

***‘There is no such thing as an  
autarkic, self-sufficient region..’  
The external dimension of RIS3***

Dominique Foray

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# RIS3 and the place-based argument

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- Growth strategies should focus on mechanisms which build on local capabilities
  - **Colocation** of firms, research and labor forces – if adequately stimulated - is a fundamental engine for innovation and structural changes
- **RIS3 problem:**
  - In what areas should such co-location/agglomeration be stimulated?
  - S3 provides a method to help policy makers identify domains and activities for potential specialisation (entrepreneurial discovery, etc.)
- This does not mean that it is a closed process for an autarkic region!
  - At any stage of the process – external resources are central

# At any stage of the RIS3 process extra-regional resources are central

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- Entrepreneurial discovery
  - Based on knowledge integration : science, technology, insights, vision
- Development and early growth of the new activities
  - Role of extra-regional resources
- ‘Non local-agents induce more structural changes than agents from within the region’ (Neffke et al. 2014)
- Nuances
  - The existing assets in the considered region must be sufficiently developed for their combination with extra-regional resources to permit local learning processes
  - The pipe-line option cannot be a self-standing strategy
- Clearly RIS3 could not work without relying on external resources and the regional ability to be connected is a key asset
  - Instruments in the EU

# Building a RIS3 or joining a GVC?

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- 2<sup>nd</sup> unbundling theory: joining a GVC provides a much more easy and rapid access to capabilities and learning than building local innovation systems
- A strong challenge to RIS3!!
- A look at the footwear industry facing the competitive shock of Chinese firms.
  - Two modes of response :
- **Global value chains**: the Sinos Valley (Brazil)
  - Upgrading is imperative but limited : « *the danger of this strategy became evident when Chinese producers undercut Brazilian products in the US market, and Brazilian producers were faced with sharply declining prices* »
- **Smart specialisation** (Portugal)
  - Upgrading is imperative and has been fully accomplished!

*CEI / Zipor  
Group  
Water jet  
cutting systems* ★



- \*Entrepreneurial discovery
- \*Priority at activity level
- \*Inclusive strategy

**\*Modernisation & diversification through research and innovation**

Second largest European exporter  
Second highest value shoes in Europe

**\*Spillovers to other sectors**

Metal working, furniture, automotive

**\*The process has two faces**

Transforming a sector  
Building capabilities

# The challenge of RIS3 in the GVC age

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- Should the Brazilian government have been active in encouraging diversification, in upgrading to more niche products?
- How can the local production stage (of a GVC) become a building-blocks of a RIS3?
- What is the nature of value chain governance and how does it influence learning and upgrading processes?
- Similar type of questions regarding FDI role in host country's system of innovation

# SMART SPECIALISATION

OPPORTUNITIES AND CHALLENGES FOR  
REGIONAL INNOVATION POLICY



Thank

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