

BRIDGES project

Additional activities progress and results

1.10.2021 - 31.8.2022

Closing meeting
Helsinki, 27.9.2022

REGIONAL COUNCIL OF KAINUU, PP2/LP
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Activities implemented

1. Value chain mapping
2. Good practice identification and selection
3. Policy instrument improvement recommendations
4. Meetings with stakeholders

1. Value chain mapping

- **Value chain mapping timetable:** October 2021 - June 2022
- **Value chain mapping focus:** Forest industry side streams
- **Value chain mapping results**
 - **Peaks:** **1)** Raw materials, **2)** several medium and large forest-industry businesses with possible interest in diversification through circular economy solutions, **3)** localised research unit focusing on bio-based industry research and on measurement technology.
 - **Valleys:** **1)** The economy: the economic base has critical mass challenges; small businesses face absorptive capacity challenges in relation to research. **2)** Commercialisation of research.
 - **Interregionality:** **1)** Joint RDI projects with research and businesses across the EU; **2)** a research-to-business model must be devised, supporting the densification and competitiveness of the economic base. This can be done by near-shoring into Kainuu from other regions and involving gradually Kainuu businesses.
 - **Explicit linkages to the RIS3** (or other policy instrument): **1) RIS3:** Theme 2 on sustainable forest industry, Theme 3 interregional collaboration including S3 networks, Theme 1 research on measurement technology, research on circular economy, Theme 4 Green transition. **2) The Finnish sustainable development strategy.**

1. Value chain mapping

- Assessment

— Resilience and transformative impact:

- Positive resilience effects through increase in 1) the productive base (densification, competitiveness, and green transition); 2) re-shoring business plans knowledge; 3) improvement of targeted services offered by intermediaries.

— Usefulness of the approach:

- Positive and with potential.

— Difficulties:

- To find relevant operators to implement recommendations found in VC. Lack of investment funding expertise in the region, problems to find FDI investments to investment needs based on research results.

— Any recommendations

- The Value chain approach to be integrated into regional policy, through specialisation options and industrial policy focus - segments.
- Interregional collaboration schemes based on interregional complementarities & VC relatedness.

2. Good practice identification & selection

- Good practice selection: November 2021 - July 2022
- Selected good practices: GP 2,5,6,7
- Reasons for selection: 1) GP 2 & GP7: methodologies for VC mapping and identification of interregional complementarities; 2) GP5: business plans and business models for re-shoring; 3) GP6: supporting specialised clusters for VC-based development, national and across the EU.
- To which aspect (-s) of the RIS3/ OTHER PI are the selected GPs contributing
 - Specialisation through diversification (Theme 2); Circular economy (Theme 4); S3 collaboration & interregional investments (Theme 3).
- To which aspect of value chain-based development are the good practices contributing?
 - VC mapping, interregional complementarities, business models for re-shoring and in-shoring, improvement of the regional innovation system through collaboration of specialised clusters. Specialisation through exploitation of the RDI resources in combination with raw materials, strengthening the localised productive base.
- Assessment
 - Usefulness (mainstreaming) of the GPs selected:
 - The GPs 1) facilitate the adoption of the VC approach as part of the region's industrial policy at strategic level; 2) provide tools for re-shoring and in-shoring business plans; 3) give inspiration for VC-related FDI services.
 - Barriers, -if any of the GPs selected:
 - VC approach needs to be better understood & operationalised by linking to industrial policy.
 - Any recommendations:
 - Diffusion of the VC approach & and its implications, among the regional stakeholders are required.

3. Policy instrument improvement recommendations

- Policy instrument improvement recommendations: June 2022 - September 2022
- List of proposed recommendations
 - Mapping regional competitive advantage of selected value chains and liaise with EU value chains for further development.
 - Funding new business models for re-shoring & in-shoring.
 - Implementation of the above business plans.
 - Identification of interregional complementarities and strategic alliances between/ among 2-3 regions for joint development.
- Reasons for selection
 - Effectiveness of industrial policy improved, growth, attraction of investments (GP6)
 - Diversification, new products (GP3)
 - Targeted interregional collaboration through the identification of interregional complementarities (GP2,3,7,8).
 - Innovation system, a more complete, a more effective innovation system (GP6 and GP11)

3. Policy instrument improvement recommendations

- Has the issue of increasing region's resilience been answered? Is reasearch-to-business a plausible option for your region? What is the role of interregionality?
 - Positive resilience effects through increase in 1) the productive base (densification, competitiveness, and green transition); 2) re-shoring business plans knowledge; 3) improvement of targeted services offered by intermediaries.
 - The focus **is** on Research-to-Business, by including companies in different roles in development projects: 1) producing side streams, 2) processing of side products to new products producers, 3) as end users. In order to get to manufacturing level relevant operators to starting production is needed. Investment funding expertise should be included to process from the beginning.
 - The key aspect in relation to interregionality is the awareness of the potential for growth and specialisation through interregional complementarities.

- From where to where in the VC smiling curve?
 - From R&D to manufacturing, collaborations with product design, product branding and distribution; development of interdisciplinary skills.
- Is there an economic model?
 - Economies of scope for emerging industries to economies of scale by raising with end users and medium to large end-producers.

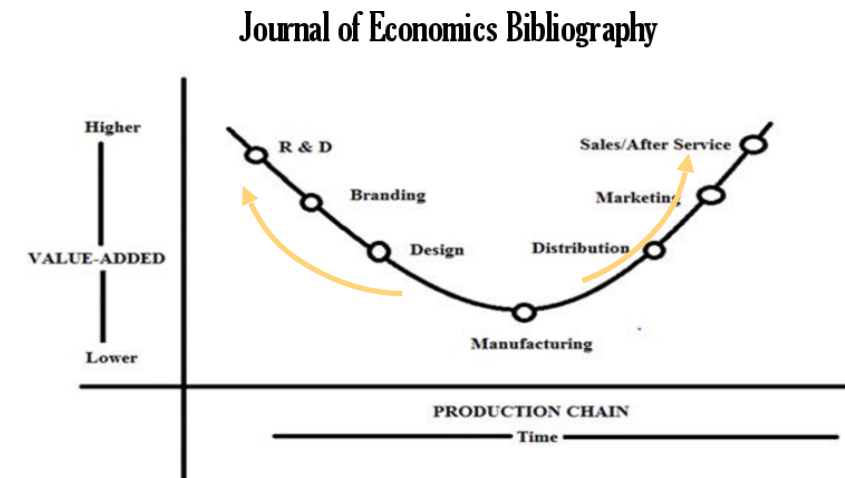


Figure 2. The Smile Curve
 Source: Mudambi (2008)

Aggarwal, S. (2017). Smile Curve and its linkages with Global Value Chains. Page 4; https://mpra.ub.uni-muenchen.de/79324/1/MPRA_paper_79324.pdf

4. Stakeholder meeting

INTERNAL STAKEHOLDER MEETINGS

Date (-s)

Participants (departments)

Results

Any comments

REGIONAL / NATIONAL STAKEHOLDER MEETINGS

Date (-s)

Participants (types and number of organisations)

Results

Any comments