



## **WORKSHOP ON SME CLUSTERING**

**Istanbul, BSEC Headquarters, 3 and 5 October 2007**

### **Summary Proceedings**

1. The Second Workshop on “SME Clustering” was held in Istanbul, at the BSEC Headquarters, on 3 and 5 October 2007.

2. The Workshop was chaired by Mr. Mehmet Attila SÖĞÜT, Counselor to the President of the Small and Medium Industry Development Organization (KOSGEB), Ministry of Industry and Trade of the Republic of Turkey.

3. The Workshop was attended by the representatives of the following BSEC Member States:

Republic of Armenia  
Republic of Azerbaijan  
Republic of Bulgaria  
Hellenic Republic  
Republic of Moldova  
Romania  
Republic of Serbia  
Republic of Turkey  
Ukraine

The list of participants is attached as Annex I and the Agenda of the Workshop is attached as Annex II.

4. Welcoming statements were delivered by Mr. Tayfun ÖNER, Head of Foreign Relations Coordination Department of KOSGEB; and Mr. Alexei NISTREAN, Executive Manager of BSEC PERMIS.

4.1. In his statement Mr. A. NISTREAN stated that the Workshop is a complementary exercise of the previous event and was in conformity with the Plan of Action of the BSEC Working Group of SMEs for 2005-2007.

At the first workshop that was held in Istanbul on 14-15 December 2006, the participants enhanced their knowledge of clustering, learned about Turkey's view on clusters and were able to share the clustering practices in the BSEC Member States adopted by the Working Group on SMEs and endorsed by the Council of Ministers of Foreign Affairs of the BSEC Member States.

SMEs constitute the backbone of modern market economy. They play an important role in transition countries as well as in developed market economies. They are considered one of the principal driving forces in economic development. SMEs promote private ownership, stimulate innovations and develop entrepreneurial skills. Their flexibility enables them to match quick changes in market demands. They generate the majority of jobs, promote diversification of economic activities, support sustainable development and make a significant contribution to exports and trade. It is estimated that more than three million of SMEs in 12 BSEC Member States employ over 21 million workers in total.

The globalization of economic activity has a dual impact on SMEs. For some it provides new opportunities for expansion and growth by taking advantage of international market possibilities. These are able to adapt and become internationally competitive. For the majority, however, globalization is an inward process that brings competitive challenges and threats. For those SMEs globalization brings risks that they unlikely survive in their present form without improving quality, cost competitiveness and management practices.

Regional cooperation makes possible the coordinated development of basic infrastructure, from cross-border power grids and telecommunications links to railways, highways, and waterways. Transport projects, in particular, can reduce physical barriers to the movement of goods and people across national boundaries, which may in turn expand regional trade and tourism, increase foreign exchanges earning capability and create employment-intensive activities. There is a growing evidence that cross-border co-operation can contribute to strengthening the economic base of the region. In particular cross-border co-operation can open up new and greater opportunities for economic development through the combined use of the indigenous resources of the border region.

As it was discussed at the previous Workshop, through successful clustering, SMEs' competitiveness can increase at regional level. The productivity of the sector can be enhanced and new products can be developed. The time and cost in personnel recruitment processes may be reduced and costs may decrease as a result of using closer suppliers. The text of the statement of Mr. A. NISTREAN is attached as Annex III.

**4.2.** Mr. Stanislav SOKOLENKO, President of the International Market Support Foundation of Ukraine, stated in his speech that innovation and competitiveness at the present stage of development of world economy play an important role in the activities of SMEs. Due to the clustering approach some countries from South-East Asia become very competitive. Other countries, including Turkey, used their experience and approach to cluster development and made progress in the field of SMEs development. Ukraine and other BSEC countries shall use that experience and implement it in their respective countries. Kazakhstan, through clustering, made a considerable progress in the development of its economy. Mr. S. SOKOLENKO also stated that financial support for cluster development

from Governments of the BSEC Member States would be crucial for sound cluster development and would increase the competitiveness of economies of the BSEC Member States.

**4.3.** In his statement, Mr. Tayfun ÖNER, Head of Foreign Relations Coordination Department, Small and Medium Industry Development Organization (KOSGEB) of the **Republic of Turkey** pointed out that SME development, which is one of the major areas of cooperation for the Black Sea Economic Cooperation, has been given increasing emphasis since its establishment in 1992. KOSGEB has taken active part in SME related activities of BSEC. In line with developments in the world, “clustering” is regarded as an effective tool for SME development which is especially suitable for creating synergies. The BSEC countries pay special importance to the issue of “clustering” in order to improve our understanding of it and develop our capabilities of fostering clusters among our member countries.

Mr. T. ÖNER identified the objectives of the Workshops as follows:

- Deepening our knowledge of clustering in a way to improve our practices in the field;
- Making Turkey’s view to the clusters subject known;
- Sharing clustering practices of representatives of the BSEC Member States.

The text of the statement of Mr. T. ÖNER is attached as Annex IV.

**5.** The Participants of the Workshop delivered presentations with regard to SMEs clustering mechanism in the BSEC Member States.

**5.1.** Ms. Meral SAYIN, Deputy Team Leader, Development of a National Clustering Policy Project, Undersecretariat of Foreign Trade of the **Republic of Turkey**, made a presentation on Governance and Cluster Based Economic Development.

In her presentation Mrs. M. SAYIN referred to governance and related components of clustering as well as to building governance in the GAP region for clustering. She also mentioned the case of Adiyaman Cluster Development Projects and concluded her presentation with evaluatory remarks on cluster development. The text of the presentation is attached as Annex V.

**5.2.** Mrs. Özlem AKALIN, Foreign Trade Expert at the Undersecretariat of Foreign Trade of the **Republic of Turkey**, also made a presentation. In her comprehensive paper, ‘Development of a Clustering Policy in Turkey’, she revealed the objectives and purpose of clustering policy in the Republic of Turkey, implementation mechanism and its components as well as the task group time plan. The text of the presentation is attached as Annex VI.

**5.3.** Ms. Selma TEZYETİŞ, Process Consultant of KOSGEB, the **Republic of Turkey**, made a presentation on ‘Ikitelli Shoemaker Clustering’. She informed on the activities of the Ikitelli cluster, KOSGEB support to the sector as well as on the training programs and projects. The presentation of Ms. S. TEZYETİŞ is attached as Annex VII.

**5.4.** Mr. Barbaros DEMİRCİ, General Secretary of the Plastics Manufacturers Research, Development and Educational Foundation (PAGEV) and the Plastics Industry Association (PAGDER) of the **Republic of Turkey** made a presentation on the development of the Turkish Plastics Industry, investment opportunities in the sector and future plans for the companies involved in the sectoral industry. The presentation of Mr. B. DEMİRCİ is attached as Annex VIII.

**5.5.** Mr. Karen GEVORGYAN, Information Programs Coordinator, Small and Medium Entrepreneurship Development National Center of the **Republic of Armenia**, made a general presentation regarding state policy for SMEs development in Armenia. He pointed out that the policy of his Government is aimed at encouraging entrepreneurship, increasing competitiveness and creating new jobs. At the same time he stated that the Government of Armenia has adopted a set of legislative measures aimed at regulating business activities, including SMEs. Mr. K. GEVORGYAN informed the participants of the Workshop on the role of diaspora in implementing several projects in the field of SMEs.

**5.6.** Ms. Veni KLEONAKOU, International Relations Expert of the Hellenic Organization of Small and Medium Sized Enterprises and Handicraft (EOMMEX) of the **Hellenic Republic**, made a presentation on “Clusters in Greece”. After giving a presentation of the clusters and revealing their characteristics, she informed the participants of the Workshop on the “Hellenic Technology Clusters Initiative (HTCI)”, the contribution to Strategic National/ EU objectives and other activities in the field of SMEs. The presentation of Ms. V. KLEONAKOU is attached as Annex IX.

**5.7.** Ms. Elena GUZUN, Main Specialist within SMEs Development Division of the Ministry of Economy and Trade of the **Republic of Moldova**, informed the participants of the Workshop on the policy of the Government of Moldova towards developing and assisting SMEs as well as on the recent activities of the Ministry of Economy and Trade of Moldova concerning the implementation of the government’s strategy in the field of SMEs development.

**5.8.** Ms. Anca SIMION, Executive Director of the Plastics Processor Employers’ Association (ASPAPLAST) of **Romania**, made a presentation on the activities of ASPAPLAST, its development over the last period as well as on the prospects of the Association and its relations with partners SMEs. The presentation of Ms. A. SIMION is attached as Annex X.

**5.9.** Mr. Stanislav SOKOLENKO, President of the International Market Support Foundation of **Ukraine**, made two presentations:

In his first presentation entitled “Increase of Competitiveness of Regions on the Basis of Innovative Clusters”, he acknowledged the participants of the Workshop on the system of clusters in different regions of Ukraine, their activities and functions as well as the prospectives of their development. His second presentation was devoted to the role of innovative clusters in the establishment of a competitive regional economy and revealed, inter alia, the interaction between clustering structures of Ukraine and Russia and the mechanism of cooperation between clusters of the same profile. Both presentations of Mr. S. SOKOLENKO are attached as Annex XI.

**5.10.** Ms. Jadranka PETROVIC, Associate of the Ministry of Economy and Regional Development of the **Republic of Serbia**, informed the participants of the Workshop on the activities of the Serbian Government towards development of clusters in the country, allocation of financial resources from national budget aimed at establishing a number of clusters as well as on the main objectives of the Government in supporting SMEs.

**5.11.** The Chairman of the Workshop, Mr. Mehmet Atilla SÖĞÜT, Counselor to the President of KOSGEB of the **Republic of Turkey**, also made a presentation on the development of a clustering policy in Turkey. He revealed the role of the Government at micro, macro, meso and meta levels, as well as the ways and means of establishing a network of contacts among the respective clusters in the BSEC countries. The presentation of Mr. M.A. SÖĞÜT is attached as Annex XII.

**6.** With a view of exchanging experience among the business companies in the BSEC Member States and in order to ensure a constant flow of information related to clusters, the participants asked the BSEC Business Council to host a portal on its website where information on clusters and clustering mechanisms could be stored and exchanged. As a first step in this direction the participants suggested to place on the BSEC Business Council website the presentations made by the participants during the Workshop.

**7.** On 5 October 2007, the participants of the Workshop had the opportunity to pay study visits to Gebze Organized Industrial Zone, PAGEV Plastic Vocational High School, Plastic Industry Firms and Ikitelli Shoemaker Zone.

**8.** The representative of BSEC PERMIS expressed his sincere thanks to all Participants for their presentations and for their active debates regarding SMEs clustering mechanism. He also expressed deep gratitude to the Small and Medium Industry Development Organization (KOSGEB) of the Ministry of Industry and Trade of the Republic of Turkey for its contribution to the Workshop and for the hospitality extended to the Participants during the Workshop in Istanbul.

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