
Mediterranean Way of Competitiveness

Art Kovačič¹

The Mediterranean area have a special concept of competitiveness topic. Normally is that region not so industrial and knowledge based oriented as a North Europe. That countries can't reach the same development level as the north one. Lisbon's and Goethenburg's strategies create the main framework of development programme. Mediterranean programme is such a case. European internal market has forced the EU countries to increase competitiveness. The economic prosperity of countries is associated with their ability to generate or attract economic activities which are able to increase income by performing well on the market. Financial crisis in the EU has changed the look on the competitiveness research. Economy in the main countries has to find way of recovery. Former giants of the financial world have found themselves suddenly facing bankruptcy. Inevitably, the crisis is also having an effect on households and businesses - economic growth has slowed sharply and in some EU countries unemployment has begun to increase for the first time in several years. Form that perspective we have to find the right solution of European competitiveness.

Key words: productivity and competitiveness, benchmarking, development strategy, national development

JEL classification: 011, 024, 038, 057

¹ Art KOVAČIČ, PhD, Institute for Economic Research, Ljubljana, Slovenia, artkovacica@gmail.com

1. Introduction

Mediterranean countries have to benefit with wider EU. European projects has changed the characteristics of national competitiveness. Seventh framework programme, and especially Mediterranean programme has forced toward more qualitative assessment with higher awareness about South Europe characteristics. In the article I will test three hypothesis: 1) European projects have hardly changed the characteristics of measuring competitiveness, 2) Mediterranean programme has put more weight on sustainable development and environmental protection and 3) Qualitative competitiveness can be observed in main EU documents. Qualitative determinants of competitiveness are becoming more important for european countries by harder integration in globalization process. The European internal market fosters the qualitative upgrading by domestic companies. So, the basic factors of competitiveness are becoming less important. There are many reasons why are intangibles so important today. The needs for a special knowledge have increased in recent years and the information technology has bought new opportunities to business. In the six year period 1999-2005 the systems of indicators has changed for quality reasons. Survey indicators are now more important. By survey indicators we can measure the qualitative part much better. For most enterprises the concept of an asset has shifted significantly in recent years. Whereas competitive advantage was traditionally based on factors such as the exploitation of unique technology, manufacturing or scale advantages, today's leading companies deploy an factors of »non-price competition« in the bundle of goods and services that constitute their market offer (European Commission, 2000). The old methodologies for measuring national competitiveness as unit labour cost, share on foreign markets, import penetration are not so useful today. Competitiveness is defined as the quality of the economic and institutional environment for the sustainable development of private productive activities and the increase in productivity. Today we focus more on policies and strategies on

institutional and also on business level that maintain the long-term competitiveness. Competitiveness can be seen as the collection of factors, policies and institutions which determine the level of productivity of a country and that, therefore, determine the level of prosperity that can be attained by an economy. As put by Xavier Sala-i-Martin: more competitive economies tend to be able to produce higher levels of income for their citizens. However, productivity is also the key driver of the rates of return associated with investment in an economy, which, in turn, unambiguously determine the aggregate growth rates of the economy. Thus, a more competitive economy is one that is likely to grow faster over the medium to long term (Lopez-Claros, et al, 2006). Set of policies and the quality of institutions still create the conditions for long term prosperity. He makes a compelling case for their central importance to the development process: Countries with better institutions, more secure property rights, and less distortionary policies will invest more in physical and human capital, and will use these factors more efficiently to achieve a greater level of income. Management of public finances in Finland is less of a concern that is in India or Turkey, both of which have a long history of fiscal discipline. Globalization is a modern process that changed the arena of competition and market structures. Competitive players seek to capitalize on emerging events to get a competitive edge. Competitiveness is a broad concept, which can be observed from different perspectives: through products, companies, branches of the economy or national economies, the short-run or the long-run. The most complex of these is the concept of the competitiveness of the national economy. Some authors even negate its importance, particularly in a system of floating exchange rates. For example, Krugman (1994) sees the competitiveness of the national economy as a dangerous obsession, and similarly, Porter claims that national productivity is the only meaningful concept of competitiveness at the state level. States and companies should be viewed equally, as international trade is not a zero sum game and because states cannot be competitive in all branches of economic activity (Porter, 1990). The

theory of comparative advantage was developed in order to deal with goods, not with services. There are neither discussions of the service sector nor examples using a service to illustrate comparative advantage. The expansion of international activity in most service industries has turned the attention of scholars to the applicability of the theory to services. The dominating view has been that trade in services is determined by the same forces that shape comparative advantage in goods and therefore no distinction needs to be made between goods and services.

2. Mediterranean area and programme

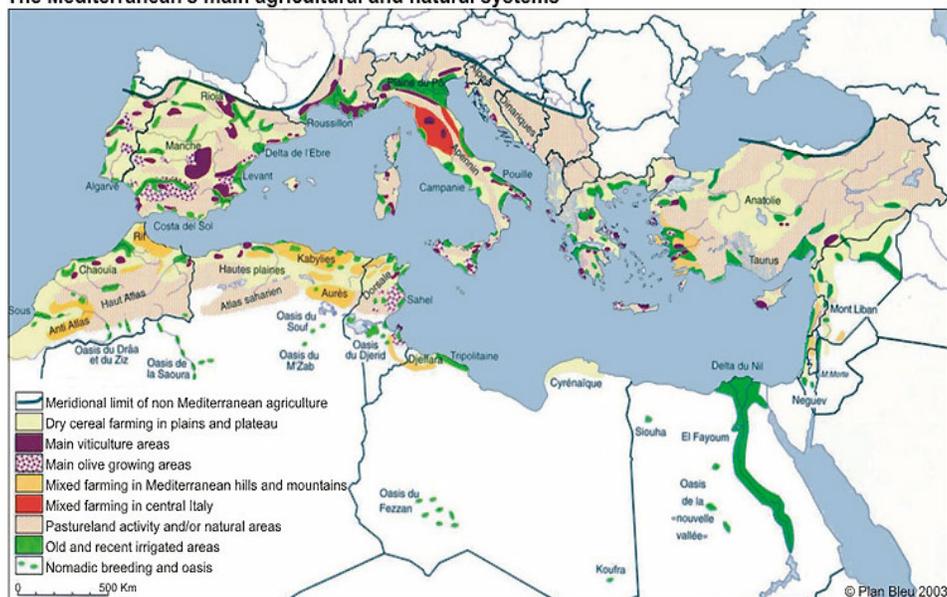
The Mediterranean Basin comprises the lands around and surrounded by the Mediterranean Sea. In biogeography, the Mediterranean Basin refers to the lands around the Mediterranean Sea that have a Mediterranean climate, with mild, rainy winters and hot, dry summers, which supports characteristic Mediterranean forests, woodlands, and scrub vegetation. As a rule of thumb, the Mediterranean Basin is the Old World region where olive trees grow. In the Italian case can be seen that south Italy has different characteristics as the north Italy (Milano). Andalusia as a Mediterranean region of Spain has strong agriculture and touristic orientation. The Mediterranean basin covers portions of three continents, Europe, Asia, and Africa. Europe lies to the north, and three large peninsulas, the Iberian Peninsula, Italian Peninsula, and the Balkan Peninsula, extend into the Mediterranean-climate zone. A system of folded mountains, including the Pyrenees dividing Spain from France, the Alps dividing Italy from Central Europe, the Dinaric Alps along the eastern Adriatic, and the Balkan and Rhodope mountains of the Balkan Peninsula divide the Mediterranean from the temperate climate regions of Western and Central Europe. The Mediterranean Basin extends into western Asia, covering the western and southern portions of the peninsula of Anatolia, excluding the temperate-climate mountains of central Anatolia. It includes the Mediterranean climate Levant at the eastern

end of the Mediterranean, bounded on the east and south by the Syrian and Negev deserts. The northern portion of the Maghreb region of north-western Africa has a Mediterranean climate, separated from the Sahara Desert, which extends across North Africa, by the Atlas Mountains. In the eastern Mediterranean the Sahara extends to the southern shore of the Mediterranean, with the exception of the northern fringe of the peninsula of Cyrenaica in Libya, which has a dry Mediterranean climate. Climate at that part of Europe has a strong influence on the overall economy. So, the economic progress is similar in the Mediterranean area. Competitiveness can be observed through Mediterranean programme. Programming period 2007-2013 is characterised by a significant shift in European structural policy. The Lisbon agenda clearly indicates that Europe should become a strongly competitive space, based on the knowledge economy. Its economic potential and attractiveness should be strengthened since European countries are insufficiently innovative to face international competition. Countries in the Mediterranean area should stand up for themselves in front of other European regions, and use the exceptional opportunity that the Mediterranean Sea represents for international connections of European markets and for a better use of Med space potentials. This aim implies that conditions of cooperation and intervention which have been favoured during the 2000-2006 period are reassessed. It is now a matter of ensuring priority to projects with a strong strategic value in line with Lisbon and Gothenburg objectives, and which will have a direct and significant impact on the competitiveness of local, regional, national and transnational economic systems of the Med space. More than ever, the transnational dimension of projects is an essential prerequisite to success. Beyond establishing international partnerships, should be realised objectives which differ because of their clear transnational dimension from those pursued through Convergence and Regional Competitiveness and Employment Objectives. Apart from the specific issues outlined in this document (innovation, environment, accessibility, sustainable urban development), the Med operational

programme pays particular attention to the programme's implementation conditions (quality of partnerships, integrated and strategic nature of projects). This approach should guarantee the optimal use of funding within a restricted budgetary framework whilst enabling the respect of key conditions related to the sustainable development of Med space (respect and protection of the environment, territorial cohesion, polycentrism). Natural resources are much diversified within the Mediterranean countries and include large areas of forested and agricultural land, mountainous areas, rivers and coasts with specific landscapes like lagoons, deltas, dunes and wetland areas. They represent a very rich and sensitive asset for Med regions. There are also substantial differences within the Mediterranean countries as to what regards the present state of the environment and the scale of the problems existing. The prevailing common issue amongst the Mediterranean regions is the challenge of managing coastal zones', land- and water- use, protected areas.

Picture 1: The Mediterranean's main agricultural and natural systems

The Mediterranean's main agricultural and natural systems

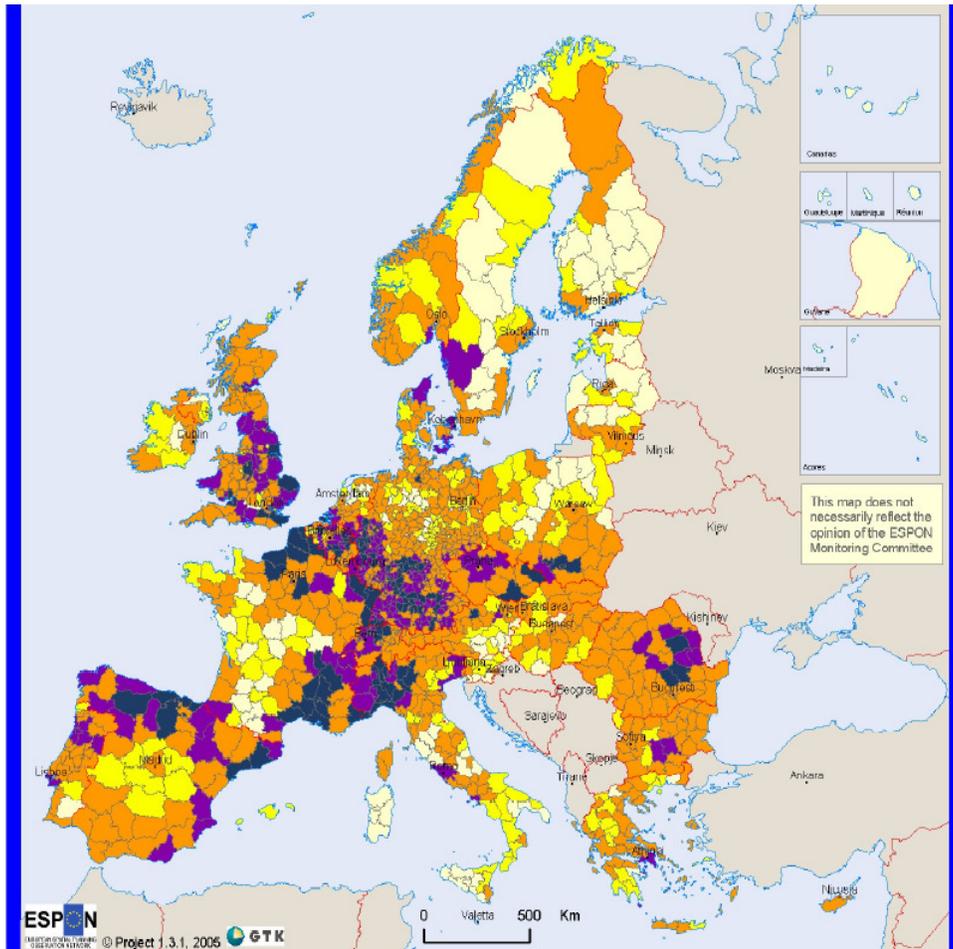


Source: Revue géographique des pays méditerranéens, 2001

Source: MED programme

There are severe problems in terms of degradation of the environment and growing vulnerability to natural disasters. The causes of these problems are to be found in weak connections between the Mediterranean societies and their environment, forests, industrial and agricultural activities, coastal over-development, traffic and intensive tourism. The Med regions are very sensitive to natural hazards. The dangers of draught and fires are particularly worth attention, especially concerning forests management. According to ESPON29 studies, the Mediterranean areas have been classified as main cluster threatened by forest fires and droughts in Europe.

Picture 3: Natural hazard



Origin of the data: © EuroGeographics Association for the administrative boundaries
 Source: ESPON Data Base

This map shows the aggregated hazard typology based on 15 hazard indicators. Every indicator gives the value from 1 to 5 depending on the magnitude of the hazard in the NUTS3 area. For the class "No data" value is 0. These values are then weighted on base of expert opinion (Delphi method questionnaire). At the end the sum of 15 weighted indicators are classified on base of percentile rank. For instance, NUTS3 areas that belong in 90-100 percentile have their score greater than or equal to 90% of the total of all the summed hazard values.

Source: MED programme

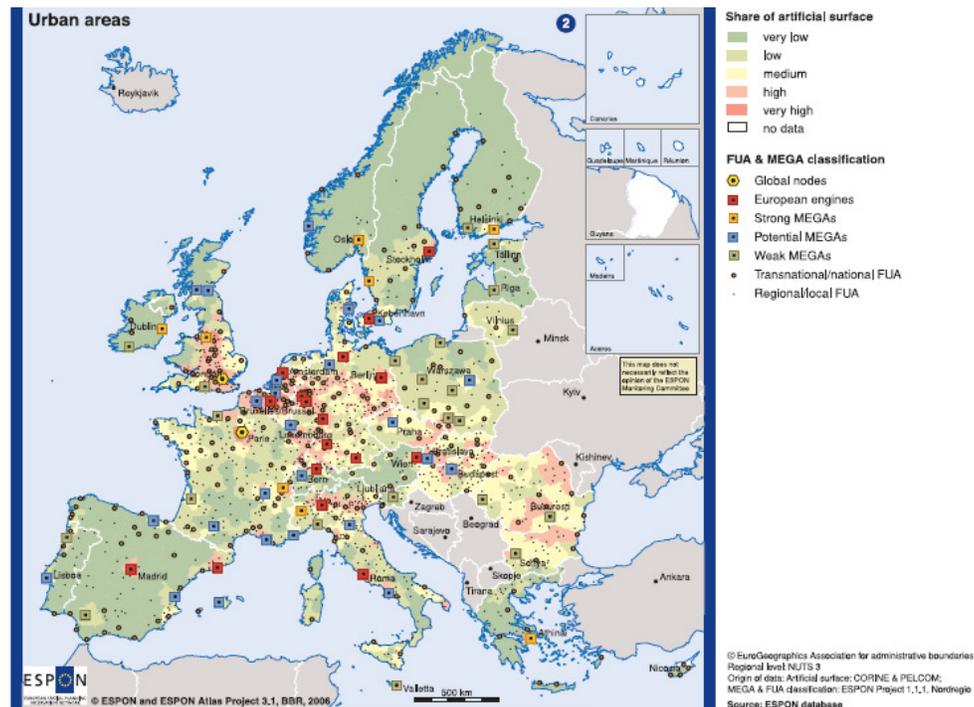
But not only do fires and droughts threaten the natural environment of the Mediterranean Space. There are other natural hazards too: earthquakes mainly in Italy and Greece, floods (northern Italy, south of France, Slovenia) etc. The aggregated map of natural and technological hazards reveals that particularly the Central and Western Mediterranean coastal regions are endangered by hazards. Cities are very important nodes for socioeconomic development. These nodes generate a large share of the GDP of a nation. In the EU context the Mediterranean cities, however, do not generate as much activities as they possibly could. Apart from a small group of strong international cities (Barcelona, Lyon, Turin, Milan, Rome, Athens, ...), the city network is fragmented and competes with difficulties on international markets. The geographical configuration of the Med area doesn't facilitate transnational territorial cooperation. The settlement structure in the eligible regions of the Med space programme, present a very varied picture. Very large urban areas that are functioning as magnets for further developments (often characterized as urban sprawl and urbanization of the coastal zones) exist along side areas that are characterized by the existence of very many but also small

settlements. Cities could however play a stronger role in the setting up of transnational management, governance or development strategies in relation with rural areas. The very large cities in the Med space region are the homes of most of the population of the respective regions. As an example, 72% of the Greek population lives in Athens, Thessalonica, Piraeus and Patras. The situation can be even more accurate in islands as in Malta which presents the highest population density in Europe with 1280 inhabitants per sq km (92% of urban population). The most characteristic element though is that mainly the Northern parts of the eligible area of the Med space programme, namely Slovenia and Northern Italy, can be characterized by the existence of a polycentric system of urban development, whereas in the areas further away from Central Europe, the urban development can be characterized by the existence of large urban areas that function

as magnets for development, in a drop wise and often uncontrolled way. Dynamic cities and urban regions are recognized as vital assets in regional and economic development. In this respect it is necessary to take into account the linkages between

cities and their hinterland, meaning the functional links between the urban core and the area around it, which is economically connected with the centre. Differing in size and functions the functional urban areas of the Med space stand weaker in relation to Central and Northern Europe. However, there are several areas that possess potential to further the development of a polycentric urban system. Amongst these areas are, for example, Montpellier and Marseille in France, Athens in Greece, Barcelona in Spain and Rome and Naples in Italy.

Picture 4: Urban areas



Source: MED programme

Year XIII, no. 38

December 2010

3. Mediterranean cities and cultural identity

In the year 2000 the population density in the coastal areas of the Mediterranean was 128 persons pr. Km². This figure is foreseen to reach 156 in 2025. Most of the urban areas around the Mediterranean coast could be called the pearls around the Sea. The cultural heritage of the Mediterranean territories is invaluable to the world. Tradition, history and culture are all very powerful common denominators and can provide an important strand of economic development for the future. The cultural heritage of the Mediterranean Sea is to be found indeed in the urban historic centres. However, the increasing population in the coastal zones and the demographic growth in urban centres are leading to degradation of the quality of urban life (traffic congestion and urban pollution problems), difficulties in provision of access and services, increasing pressures on the environment, on agricultural areas and forests and particularly on the coastal environment. Good examples for illustrating such problems are the Marbella –Malaga region in Spain, the French Riviera or Halkidiki in Greece as well as a significant part of the Southern Italian coasts. In this context, it is necessary to improve the management of the urban development and the overdevelopment of coastal zones with the setting up of cooperation strategies not only taking into account functional development of the urbanized territories, but also considering the cultural heritage as an important strand of the economic development. The Med programme allows carrying out transnational actions taking into account Community Strategic Guidelines on cohesion, Member States' National strategic reference frameworks, specificities, needs and specific potentialities of the Med space as well as the results of the ex-ante evaluation. These elements, as well as the diagnosis, the SWOT analysis and the ex-ante evaluation, represent the basis of the strategy of the programme. The identification of the Mediterranean space related issues allows to define programme objectives through a dynamic methodology. This

methodology traces the logical framework of the programme and represents the starting point for the elaboration of its structure. This should be consistent with the objectives and take into account specific issues of the Mediterranean space. Main orientation of Lisbon and Gothenburg Agendas as well as the conclusion of the diagnosis and of the SWOT analysis lead to the following general objectives for the Med programme: to make the whole Med space a territory able to match international concurrence in order to ensure growth and employment for the next generations. Support territorial cohesion and actively intervene in favour of environmental protection in a logic of sustainable development. These various issues cannot be tackled efficiently, neither at the regional nor at national scale: they require a significant effort in terms of transnational coordination and consultation. Following the definition of the general objectives of the Med programme and according to the orientation given in the EU regulations, four priority axes have been identified for the Med programme.

PRIORITY AXIS I: Strengthening innovation capacities

According to the general objective of the Med programme, to the revised Lisbon strategy and to the Community Strategic Guidelines, economic growth and employment are key objectives and should be supported by encouraging entrepreneurship, innovation, research and the knowledge economy.

In the Med area, these fields of action are even more important, since Southern Europe was hit by globalisation later than Northern Europe and is scarcely prepared to face the consequences of global competition and the restructuring of economic sectors. A significant effort must be made in this field so as to avoid a widening of existing gap between the Med space and north European regions on which most of the investment related to innovation and research is concentrated. In this context, the first priority axis of the Med

programme aims at strengthening innovation capacities, taking the specific situation of the Med space into account : the area is home to a high number of dynamic and creative SMEs that do not have the critical mass required to enhance their growth potential. Strengthening innovation capacity first requires a stimulation and a better dissemination of innovative technologies and know-how at the regional, national and transnational scale. This objective implies a strengthening of organisations that can support businesses, improved cooperation between clusters, improved links between businesses and applied research. Such a dissemination of technology and know-how can however not be efficient on the medium and long term without a coordinated approach and a strengthening of strategic cooperation between economic development stakeholders and public authorities at various spatial levels. This objective requires the setting up of wide-ranging partnerships in which businesses, clusters, science and research poles, local and regional public authorities, state services or financial institutions etc. are involved.

PRIORITY AXIS II: Protection of the environment and promotion of a sustainable territorial development

The Community's strategic orientations and the Gothenburg agenda lay great emphasis on the need to promote sustainable development in countries and regions of the European Union. This concern, which also appears in the general objectives of the Med programme, has a specific dimension when applied to the Mediterranean area insofar as the latter is faced with environmental threats which are often higher than what would be the case in most other European regions: rich but fragile natural resources and heritage; pressure on sensible areas; insufficient use of renewable energy; climate change; regular threats in terms of water supply; terrestrial and maritime pollution; high levels of natural risks. Priority Axis II of the Med programme is clearly related to this context since it considers sustainable development, associating

social, economic and environmental aspects, and more specifically its territorial dimension, as being one of the main priorities in the years to come. As such, protecting and enhancing natural resources, heritage and their cultural dimension is part of the main objectives of Priority Axis II. Amongst these resources, water is a major issue in the Med area and should be subject to better management and wiser use in order to safeguard resources that are currently under threat. The Med programme must encourage the implementation of the Water Framework Directive which is establishing a legal framework to guarantee sufficient quantities of good quality water across Europe. Promoting renewable energy and improving energy efficiency falls within this priority aiming at reducing greenhouse gas emissions and limit climate change. This objective is not specific to the Mediterranean area but it is both a necessity from an environmental point of view and an opportunity in terms of economic development. Transnational initiatives that favour technological innovation and renewable energy use (solar, geothermal) should be supported. Actions that aim at changing behaviour should be coordinated to as to reduce consumption and diversity supply sources (evolution in terms of building materials, diversification of energy production systems at the local level...) The Mediterranean Sea is in itself a major transnational issue with a number of environmental implications. This area is characterised by high levels of maritime and industrial activity. These are both a significant potential for economic development and a source of pollution and risk. Such a situation requires that a number of specific actions be undertaken particularly in favour of maritime risks prevention and strengthening of maritime safety. These initiatives concern notably the elaboration of transnational and integrated strategies and the setting up of prevention and intervention systems that are coordinated between regions and states. It is necessary to note the implication of the Civil Protection services which play a crucial role and whose actions can benefit from strengthened cooperation measures within the Med space⁴⁴. Apart from industrial risks, it is essential that Mediterranean regions demonstrate a high level of

prevention with regards to natural risks which are higher in this area than in many others in Europe. Such prevention requires, amongst other aspects, an effort in terms of cooperation (observation, interventions etc.), the evolution of shared techniques and standards between regions and the Member States.

PRIORITY AXIS III: Improvement of mobility and territorial accessibility

The principle of territorial cohesion as set out by the European Union and reiterated in the Med programme's general objectives, along with the specific geographical context of the Mediterranean area, has led to the definition of a priority axis which aims at improving mobility and spatial accessibility. This objective, which is related to physical connexions and to the exchange of virtual data is twofold – its dimensions are mutually complimentary. First, the Med area is made up of a high number of isolated areas, particularly islands. The main objective in terms of territorial cohesion means that exchanges between mainland and islands and also among islands are supported so as to increase their development potential and reduce disparities. Promoting maritime accessibility and connection with logistics hubs on land also regards economic activity in Mediterranean Sea ports to able them to strengthen their position as gateways to the European continent. At a wider scale, some transnational Mediterranean corridors have an insufficient relation with their territories to support development and to favour economic and territorial integration of the entire Med area (east-west links, large corridors, outside maritime links...). Initiatives that allow raising awareness amongst political actors should be supported, so should actions that favour exchange and decision-making in terms of adapting or developing strategic transport axes (improving transit capacities). The objective consists notably in attracting and organising flows of people and goods in support of sustainable regional development strategies. This strategy

should as well help to adapt and strengthen economic activities and services related to transports. Information and communication technology is a further opportunity for developing this strategy: enhancing services, economic activity and the information society despite issues stemming from a lack of physical accessibility. More generally, these technologies are an asset to promote innovation (businesses, public services), to promote social cohesion and to facilitate coordination between partners in strategic fields (metropolitan cooperation, transport policy, maritime flows, risks, pollution...).

PRIORITY AXIS IV: Promotion of a polycentric and integrated development of Med space

As stated in the diagnosis, the Mediterranean area is relatively fragmented from a geographic, economic and institutional point of view. Despite the existence of large development poles, the distribution of growth is still uneven. Different regions are struggling to develop coordinated strategies and actions to strengthen the competitiveness of the whole area and to ensure its cohesion. In such a context, the transnational coordination of development policy and the improvement of governance between the different spatial levels (metropolitan areas, medium sized towns, rural areas...) are matters of strategic importance. Following an integrated approach, collaboration should take into account the interactions between cities and rural areas, between sea ports and their hinterlands so as to promote polycentric and environmentally friendly development. Collaboration should also consider the economic, environmental, social and territorial implications of specific patterns of Mediterranean urban development i.e. the intertwining of permanent and seasonal occupancy. Promoting cultural identity and heritage resources can also lead to a better integration of the Med area. This objective aims at favouring cooperation between regions and better enhance common resources that are of significant interest at the transnational scale.

Cooperation actions can, in particular, be related to developing services and innovative activities in the cultural field and in heritage management. Enhancing these resources should allow the vision of a culturally diverse area with shared issues of development to be strengthened.

The competitive pressures, coupled with the rapid advantages in production, information and transport technology is accelerating the spread and intensity of globalized manufacturing systems. The need for increased adaptability and flexibility to rapidly changing markets is changing the nature of work and its organization. At the same time, there is a growing concern that economic growth should be accompanied by social justice. Indeed, countries must build the competitiveness framework that achieves the complementarities of national economic and social development. The concept of competitiveness is somewhat elusive particularly at the national level. There is an on-going academic debate over the merits of emphasising price (i.e., exchange rates and wages) and non-price factors (i.e., technology, design, productivity, human capital etc.) in such a definition. A high qualitative products are a goods which possesses one or more additional characteristics, which are valued by buyers. The characteristics which increase the willingness to pay may be either physically measurable, like speed, size, and durability; or they may be intangible, like reliability, design, goodwill, and trust. Quality may even arise simply through flexibility in use, compatibility, information, maintenance contract. The consequence of higher quality is to allow a higher price without losing the market. The phenomenon that goods of different quality are supplied and bought on a market is called vertical product differentiation. Activities that upgrade quality are more or better skilled labour, machines, more sophisticated material inputs, but also superior organization on the plant or firm level. Governments are increasingly seeking to improve the international competitiveness of their economy rather than shield it behind

protective walls. Developing countries have made tremendous progress in education and steady improvements in physical capital and infrastructure, thus boosting their productive capacity and enabling them to compete in world markets. This shift in development strategy has been reinforced by communication technologies which have made the world easier to navigate. Goods, capital, people and ideas travel faster and cheaper today than even before. For measuring the intangible part of competitiveness we need a questionnaire. By capturing a broad array of intangible factors that cannot be found in official statistics but that nonetheless affect a country's ability to achieve sustained economic growth, the WEF's survey provides a key instrument for assessing the macro and microeconomic foundations of competitiveness. Such crucial underlying growth factors include hidden import and export barriers, quality of education, administrative red tape, corruption, and the nature of local supply networks. In many cases, the Survey provides unique insight into the gaps between economies' de jure regulatory frameworks and their de facto enforcement. The important is an evaluation of business environment from business leaders. It is the business leaders and entrepreneurs whose success depends on fair and efficient economies who's are best placed to assess their business environment on a global scale. These people on the ground best understand the nuances of their economy across a range of dimensions, so it is their experience about evaluation strengths and weakness of competitiveness (Cornelius, McArthur, 2002) The Survey aims to obtain accurate information about the economic environment in which firms operate. It aims to provide much richer information than is available through hard data sources by soliciting the opinions of senior managers with international perspectives. With the help of the Survey, we are able to develop a much more sophisticated understanding of the underlying dynamics of an economy. This is particularly relevant when assessing topics such as bureaucratic efficiency, quality of the legal system, quality of infrastructure, or the hidden costs within an economy. To the extent that business management performance reflect the abilities, skills and

knowledge of particular workers managerial skills can be considered as a component of the human capital stock in a country. It is a key factor for the entrepreneurship capacity of a country and an input to the growth process in modern economies. However it is defined, management performance is an elusive concept, and difficult to apprehend.

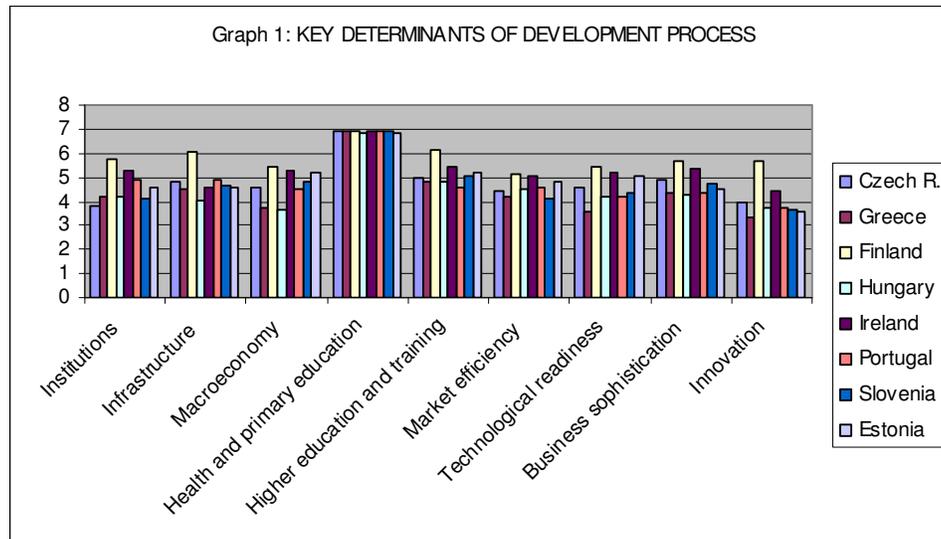
Globalization of new member countries faster the evaluation in the economic and financial sector and subsequently generate more challenges and opportunities on Single market. Enlargement accelerates rapid changes in the priorities and strategic positions of nations and firms alike. We can see globalization as a process that enhances and strengthens the quality and effectiveness of business, professional and personal interactions through unrestricted access to world commodities, technologies and information. Dunning has emphasized that multinationals may have good or bad welfare (competitiveness and growth) consequences for national economies depending upon country, industry and firm specific characteristics of the particular activity; the form of involvement; time period under study; government policies and from whose perspective one is trying to assess their impact (Dunning, 1993). Globalization process has changed the way of competition between nations, firms and also between regions. Productivity measurement is an attempt to measure productivity gaps between foreign and domestic firms and changes in technology. That is an aspect of technology, but it is a narrow view of it. The technology advantages of foreign firms may involve more their knowledge of world markets or of ways of coordinating production and distribution in many countries than their efficiency in manufacturing processes themselves, although manufacturing efficiency is presumably part of these technology advantages. To increase the competitive position you don't need only the sufficient technology level, but also the entrepreneurship activity. The experience of Japan and Germany during the past decade, during which both experienced relatively poor growth despite being

international technological leaders in several fields, makes it difficult to argue that revving the innovation engine is enough. It is also true that even for larger samples of countries, innovation indicators sometimes do not correlate strongly with rates of economic growth, even after a number of controls are introduced for the level of development and macroeconomic conditions (Warner, 2002). Entrepreneurs' activities are important factors in development process. The most prevalent and compelling views of entrepreneurship focus on the perception of new economic opportunities and the subsequent introduction of new ideas in the market. As Audretsch (1995) argues, entrepreneurship is about change, just as entrepreneurs are agents of change; entrepreneurship is thus about the process of change. This corresponds to the definition of entrepreneurship proposed by the OECD, Entrepreneurs are agents of change and growth in a market economy and they can act to accelerate the generation, dissemination and application of innovative ideas. The problem is seen when we try to measure the entrepreneurship activity. Studies focusing on a single country, either in a cross sectional or time series context, have deployed a variety of proxy measures, spanning self-employment rates, business ownership rates, new-firm startups, as well as other measures of industry demography, such as turbulence, or the extent of these different measures reflecting a different aspect of entrepreneurship. However, systematic measurement conducive to cross-country comparisons is limited (Audretsch, 2003). Firms exhibiting exceptionally high growth over the prolonged duration are classified as gazelles. Birch (1999) measures the number of gazelles to reflect entrepreneurship. Lundstrom and Stevenson (2001) followed the precedent of the Global Entrepreneurship Monitor (GEM) study by defining and measuring entrepreneurship as mainly people in the pre-start, startup and early phases of business. Availability of skill on labour market also determines the entrepreneurship activity. I can explain this by other words. When we had different currencies in European Union, the macro competitiveness indicators were more important. Monetary and institutional indicators create an important part of competitiveness

framework. The unemployment problem in the 90s shows that we can't solve the problem with macroeconomic instruments. For reducing unemployment we need to foster SME development, changes on labour market, the educational system and the entrepreneurship activities. These factors became more important in competitiveness framework in recent years. This can be seen in IMD yearbook, WEF report and also in European Competitiveness report.

5. Position of selected economies by main determinants

To understand the competitive position of selected countries I have created the benchmarking by key factors of economic development process. The benchmarking of Slovenian economy is done with Czech R., Greece, Finland, Hungary, Ireland and with Poland. The basic requirements for economic development are (1)institutions, (2) infrastructure, (3) macroeconomy and (4) health and basic education. The problem of Slovenian economy is that it ranks well by basic requirements. These factor are less important after Slovenian integration into the European Union. A well developed infrastructure is common in European Union.



Source: WEF 2006

The second group efficiency factors are really important for European internal market. Higher education and training (5), market efficiency (6) and technological readiness (7) can increase the efficiency of national competitiveness. Estonia ranks high especially by these factors. Slovenia has a problems by market efficiency. The last group are the innovation and sophistication factors of competitiveness. Czech Republic ranges higher than Slovenia by these factors. Finland ranks the best by all factors of competitiveness. The importance of qualitative competitiveness can be seen also from the other side. The EU countries have accepted the concept of sustainable development in their documents, including the strategic guidelines. Therefore, entrance to the EU is also depend upon the implementation of the Lisbon strategy of Competitiveness and the Gothenburg strategy of sustainable development. Thus, Slovenia accepted the European *acquis communautaire* because it was a condition for entrance to the EU, and at the same time the country accepted higher cultural and environmental standards (Kovačič, Slabe-Erker, 2006). Qualitative

view on competitiveness is now more implemented also on industrial level. Industries or sectors may be analyzed because data on individual firms are proprietary. Industry analysis assumes that industry averages are meaningful. Intra-industry differences may, in fact, be large-there may be few, if any, average or representative firms. These differences may be a consequence of location, product or input mix, age, scale, historical circumstance or other factors. Michael Porter's cluster analysis, in particular, has brought both business organisation and the region back into focus. Business enterprises operate within a regional production system which is constituted by principles of production and organization. Regions that enjoy a high per capita income are generally regions with a critical mass of business enterprises with the capacity to add value to the resources they use. The idea of regional specialization implies that firms do not compete alone in the global marketplace but as members of networked groups of firms sharing and building on distinctive regional capabilities. A region's capacity to initiate and sustain high value added production depends upon its capability to foster and reproduce entrepreneurial firms (Best, 2001). Regional specialization results from cumulative capability development and the unique combinations and patterns of intra-and inter-firm dynamics that underline enterprise and regional specialisation. Successful industrial districts are the outcome of historical processes of capability development often of a technological character. To contribute to economic growth, technologies must be embedded in production systems. The processes by which technological capabilities are embedded in a company's and a region's production system are an extension of the ongoing operations of entrepreneurial firms. The technology capability and market opportunity dynamic that drives the entrepreneurial firm is, simultaneously, a single step in a cumulative sequence by which a region's technological capability is extended. Currently there are a number of publicly available statistics that help indicate the conduciveness of a country's business environment to investment and competitive business development. There are two reports on international competitiveness which play an important role

in the intensely growing world debate about the productivity and competitiveness of countries. These are The World Competitiveness Yearbook (IMD) and the Global Competitiveness Report, issued by WEF. WB's World Development Report also deals with the question of achieving a successful development policy in the long run. The Transition Report, issued annually by EBRD (European Bank for Reconstruction and Development), is particularly useful as the IMD and WEF reports don't specifically regard transition countries and their problems. The above reports confirm the end of the single-indicator view of development. Country's performance is now evaluated in terms of many indicators, so that the general evaluation of a country's success is formed through the use of different groups of indices. This approach gives us a better view of the factors that determine economic success and improve the quality of life. The weakness of using many indicators is the difficulty of interpretation, especially the summary view, and this is the reason why the above mentioned reports have gradually decreased the number of indicators they use. The problem of correlation between indicators has shown that it is possible to decrease the number of indicators used and still preserve the integrity of country classification rankings. There are number of competitiveness studies, and also the studies that have calculated a competitiveness index. Perhaps the best-known competitiveness indexes at country level are those by World Economic Forum and International Institute for Management Development. The international studies use wide range of indicators that are relevant for competitiveness at country level. Nevertheless, these indicators do not tell much at regional level. Porter and Stern (1999) developed innovation index, also for national level, using fewer indicators and also indicators that are more relevant from a regional perspective. There are also competitiveness studies at regional level. They usually include fewer indicators than do international competitiveness indexes. UK's Department on Trade and Industry publishes twice a Regional Competitiveness Indicators. According to IMD methodology, international comparisons of national competitive

capabilities are a useful basis for the formation of a development strategy as the national, not only governmental policy must form goals that are acceptable and achievable in the synthesis of a higher quality of life for all citizens, not only in terms of the standard of living, but also in terms of security and the economic and natural environment. It is important to start with a diagnosis of the weakest parts of the economy and the role they play in the construction of a country's national competitive capability.

6. Coordination of the Med programme with European and national orientations

a) Compliance with Community Strategic Guidelines

Community Strategic Guidelines, adopted on October 6th 2006 by the Council of the European Union, form the basis of the 2007-2013 period to elaborate national strategic frameworks and operational programmes. The CSG have identified 4 main themes /directions for the 2007-2013 programming period: Making Europe and its regions more attractive places to invest and work, Improving knowledge and innovation for growth, More and better jobs, Territorial dimension of cohesion policy. European programmes, depending on their specificities, focus on particular aspects of these directions. In terms of transnational cooperation, CSG insist on the need to strengthen transnational cooperation between States in fields that are important from a strategic point of view, for example: physical and virtual interconnections between different areas; natural risk prevention; water management; integrated maritime cooperation; promoting sustainable urban development and R&D/innovation network development. These fields of intervention are all reiterated in the Med operational programme's four axes. It sets out a hierarchy of objectives depending on the priorities identified according to the Mediterranean context and to the level of available funding. More generally, CSG draw attention to the fact that, as required both by the

integrated guidelines for growth and jobs and by the revised Lisbon agenda, operational programmes should focus their resources on: Knowledge, research and innovation; Sustainable development and synergies between its economic, social and environmental dimensions. These two points are the two main axes of the Med operational programme. The territorial dimension of the CSG is clearly present throughout the Med programme due to the nature and areas of cooperation (accessibility, the environment, natural risks...) and due to the will to promote integrated development projects that involve the key actors of the affected areas (businesses, local and regional authorities, State services...). Amongst other objectives, the Med programme aims at promoting cooperation between territorial systems (metropolis, cities, rural areas...) to coordinate development policies (economy, transport, environment...) and spread growth to less prosperous areas. This concern follows the aim stated in the CSG, i.e. the improvement of governance and of the range of projects in order to optimise the impact of funding. Part of the Med operational programme is devoted to the cross-cutting principles that Lead partners should respect to reach these objectives (transnationality, partnership, concentration, sustainability, capitalisation...)60 In a similarly cross-cutting way, the CSG emphasise equality between men and women and non- discrimination which should be taken into account at all stages of the programme/projects implementation even when they are not areas of specific intervention.

b) Coherence with national strategies

Partner states of the Med space have jointly contributed to elaborating the axes and objectives of the programme and have ensured that they are consistent with the directions taken by national reform programmes and with national strategic reference frameworks. Some states have included a chapter specifically dedicated to European territorial cooperation in their NSRF (Greece, France, Italy, Portugal...). In such a case, it is possible to make a direct comparison

between the operational programme and national directions in the «transnational cooperation» section of the NSRF. For other countries, comparisons are based on the NSRF's general orientations and on possible additional information made available in terms of territorial cooperation. Generally speaking, concerns related to economic development, innovation, protecting the environment and sustainable development are reflected in fairly similar ways in the various Member States. Some States lay greater emphasis on reducing territorial disparities and on rural development within the context of their economic development policy. Similarly, Cyprus, Greece, Italy, Malta or Portugal emphasise the promotion of culture, the protection and enhancement of the heritage as well as the preservation of the natural environment. This orientation is found in Axes n° 2 and 4 of the Med operational programme; the need to promote integrated and innovative actions is emphasised. In national strategies, the issue of employment, of social inclusion, of training and enhancement of human capital are important but are more relevant in the context of programmes funded by the ESF. Similarly, in the field of accessibility, some Member States insist on the development of transport and telecommunications infrastructure (Malta, Cyprus) that will nevertheless be taken into account as priorities in the light of the convergence objective. The Med programme aims at enabling access to transport and communication rather than developing heavy infrastructure. In the field of «sustainable urban development», the will to promote cooperation actions between different territorial systems and different territorial scales appears in all national strategies. These strategies also emphasise the socio-economic dimension of sustainable urban development (regenerating depressed areas) which fall within the regional convergence and regional competitiveness and employment objective due to their social dimension (EFS funding) and to the amount of investment required in terms of urban renewal. For these reasons, the coordination between the Med programme and Regional operational programmes requires exchanges between the Managing Authorities of the different programmes. The Monitoring

Committee can specify the activities which can be implemented to promote this integration at the level of the programme (ex: organization of specific meetings with Managing Authorities of other programmes). The level of coordination between the programmes is one of the elements which are taken into account in the monitoring and evaluation system of the Med programme. In addition, the partners must take into account the public policies and programmes existing at local, regional, national and European level to avoid implementing similar projects and to promote capitalisation of experiences and initiatives. Regional operational programmes generate many projects with important financings. They can be a strong source of work and inspiration for the definition and the implementation of Med projects. The contributions must come from both sides emphasising exchanges of know-how, of good practices, of innovative actions. It is about using other resources to promote new approaches and avoid duplication of similar initiatives in different programmes. Regional operational programmes can as well be used as a support to prolong actions initiated by the Med programme. It is essential that Lead Partners have a good knowledge of existing Regional operational programmes so that they can capitalise experiences, initiatives, and produce more efficient projects with larger impact. This aspect will be part of the selection criteria of the Med programme to assess the projects submitted by the Lead Partners.

c) Coordination with other European programmes

The Med programme will look closely to the complementarities between its projects, the orientations of Convergence and Regional competitiveness and employment objectives, and with other specific instruments. Complementarities should exclude double funding and projects which would have contradictory aims with other community programmes. The Med programme is based on the orientation of the Lisbon - Gothenburg agenda which constitutes the main reference for the “Convergence” and “Regional competitiveness and employment”

objectives. As such, the Med programme doesn't show strong differences with the intervention fields of these objectives but seeks to adapt them to the specificities of the Med area. More important is that the Med programme is exclusively focused on transnational projects. Thus, with each Axis or objective of the Med programme, it is possible to implement coordinated interventions with Convergence and Regional competitiveness and employment objectives. Moreover, taking into account the limited budget of the Med programme, Lead partners are invited to promote actions which could be further implemented or developed with more important financial means through these two main objectives. In the light of the European territorial cooperation objective, the Med programme must specifically ensure that its interventions are coordinated with other transnational and crossborder cooperation programmes partly or wholly included in the eligible Med area, including cooperation programmes co-funded by ERSF and the IPA instrument. The European Commission's will to boost innovation in the Member States and to help regions make the most of experience and best practice has led it to suggest a new initiative called « Regions for economic change ». The objective is to encourage regional networks in implementing the revised Lisbon strategy agenda through actions of economic modernisation. These networks select a development theme that is of particular interest for them amongst those defined by the European Commission. These themes largely refer to the content of the Community Strategic Guidelines on which the objectives of the Med programme are also based. This new initiative is particularly interesting in terms of implementing the Med programme since it aims at improving governance and increasing private sector involvement in partnerships in a cross-cutting way. This objective reflects the rationale underpinning the Med programme : it emphasises the need for strong partnerships and the development of integrated projects from a territorial point of view (associating horizontal and vertical partnerships, involving key actors from the public and private sectors) Actions carried out in the context of the Med programme can be

based on cooperation and coordination with projects stemming from this new initiative.

7. Seventh research framework programme (FP7)

The 7th research framework programme, which runs from 2007 to 2013, will allow the European Union to make sure its research policy meets its economic and social ambitions by consolidating the European Research Area (ERA). For this period, four main objectives have been identified. They match four specific programmes that should structure European research activity: a « Cooperation » programme, an « Ideas » programme ; a « People » programme ; a « Capacities » programme. Amongst these, the « cooperation » and « capacity » programmes are the ones which are most likely to generate actions that are coordinated with projects of the Med programme. The objective of the « cooperation » programme is to stimulate cooperation and to strengthen the links between industry and research in a transnational context. European leadership should be strengthened in the various key aspects of research. The terms of intervention largely reflect the specific issues that have been highlighted for Mediterranean areas : agriculture and biotechnology ; information and communication

technology ; nanosciences, nanotechnologies, materials and new production technologies ; energy ; environment (including climate change) ; transport (including aeronautics) ; security. These fields are also of interest for Axes n°1, 2 and 3 of the Med programme. The « capacities » programme aims at investing in research infrastructure in regions whose performance lacks in efficiency, in creating regional research poles and in research for SMEs. This objective is quite closely related to the types of actions foreseen in the context of the Med programme's Axis N°1. Using the « Capacities » and « Cooperation » programmes, coordinated actions can clearly be undertaken between the 7th research framework programme and the Med programme. For

the 2007-2013 period, a Competitiveness and research framework programme has been adopted to address the objectives of the revised Lisbon strategy and to stimulate growth and employment in Europe. The CIP includes three specific sub-programmes: the entrepreneurship and innovation programme; the ICT Policy Support Programme; the Intelligent Energy-Europe Programme. Working document of the EU Commission published with the Commission communication "Regions for economic change » SEC(2006) 1432. Eco-innovation will be a transversal theme of the whole programme. It draws on the Med programme's priority axes in promoting industrial competitiveness and innovation and in paying particular attention to the environmental sector (eco-innovations, eco-technologies). In this field, the Intelligent Energy-Europe programme aims at speeding up the realisation of objectives in sustainable energy. It supports the improvement of energy efficiency, the adoption of new and renewable energy, a better marketing of these products, the diversification of energy and fuel sources, an increase of the share of renewable energy.

8. Conclusion

European projects have strongly changed the characteristics of European competitiveness. All hypothesis in the article stand. Economic strategy of EU has for the goal »Lisbon strategy« that the EU will become in ten years the most modern and most competitive economy in the world. EU will liberalize the markets and the process of privatization, encourage the enterprise policy and give more money for science and technology. The direction of harder integration process is the wish of supporting global competitiveness and development catching-up to USA. While some progress has been scored in some EU countries by regulation, privatization and by competitiveness, it can be seen that reforms have not reached the important goals compared to USA. European enterprises still make a

business in more difficult business environment. European competitiveness, compared to USA, still lags in creation of supporting environment for innovative oriented enterprises, especially small and medium sized enterprises, in efficiency of financial markets, and in mechanisms for supporting entrepreneurship, in implementing of new technologies, and in labour market flexibility. European enterprises are successfully by high quality of products and services, the lead the innovation in chemical industry, in car industry, and also in engineering. Global pressure are in more developed countries strong in labour intensive industries, from the view of internationalization of low qualified labour force in the middle of 90s (Palier, Sykes, 2000). So, we can see the decline of labour intensive industries in North America and in EU. European industry is competitive in middle capital intensive industries, while we can see the weaknesses in high-tech industries. European enterprises have compared to EU the limited access to tools that support innovativeness (research, patents, venture capital, and clustering possibilities) (European Commission, 1999). US Council on Competitiveness put a weight on four factors: investments, productivity, exchange and export. The key role of advanced country is increasing the quality of life. In the hardly integrated world economy we can achieve this by trade flows, especially by export. The export under fair rules is connected with the growth of productivity. Level of productivity is based on investments in education, R&D, in equipment, that support the long term development process. Concept of european competitiveness gives a strong weight on quality of life and on satisfaction of citizens. Standard of citizens is based on productive level of economy, which can be measured by value of produced goods and services on unit of national sources (capital, human, natural source). The key question from the view of economic development is how to build the circumstances for high and sustainable growth of productivity. While the countries does not have the same standard of living, social standard, family vales and culture the tools for supporting competitiveness differ among them. In the more globalized world

economy we have to protect the culture heritage. French produce around 200 sort of cheese. Each French region has an own sorts of cheese, while production is not totally open to foreign competition. According on american way of competitiveness, French have to open their cheese producers to foreign competition. But after that the number of french cheese will decrease on ten. From the side of investments, productivity and international trade can be fine to open the cheese market. But from the side of quality of life is better to protect the cultural heritage and european tradition. In European union is very common the notion »sustainable competitiveness«, that support competitiveness and also the quality of life. Some differences compared to USA can be seen in film production. European film production is not so business oriented, compared to Hollywood. The combined impact of policies that effect enterprise competitiveness is crucial to Europe's ability to achieve long-run improvement in productivity, growth, jobs and living standards. Policy makers across Europe are taking an ever closer interest in the crosscutting effects of these policies (e.g. industry, the single market, research and competition) on the economy as a whole. Coordination to exploit synergies among these policies at EU and national levels can pay off. The European Competition Report 2003 suggests that if the EU is to achieve its long term competitiveness goal, it will have to improve both its employment performance and the efficiency with which labour is used in the production process. This will require structural reforms leading to more flexible labour and product markets, investments in innovation and education and wider use of new technologies (EC, 2004). The European Union's prosperity is based on its capacity to compete in the global market. For this reason, we need to measure and study our economy's position in terms of competitiveness. Competitiveness creates the necessary conditions for sustainable development, for the creation of new production activities and new jobs, and for a better quality of life. Further to the Council resolution, every year the European Commission issues an annual report on competitiveness. Another regular source of information on

competitiveness comes from the annual report of the World Economic forum (WEF). The EC reports are part of the background knowledge base on which Community policies for sustainable development are conceived. These reports shed light on the role and effect of public incentives that can stimulate competitiveness. Such initiatives include: education, lifelong learning, research and technological development, standardization, innovation, technology transfer, facilitating the access to financing, taxation, public spending, infrastructures, and the regulatory framework (Stajano, 2006). According on Porter the EU has possibilities to became more competitive than USA. European students usually have higher scores than american, and the technological base of labour force is widening. EU shows a good results on fields as telecommunications and in energy sector (Reyes, 2001). The USA remain the most productive and competitive area from many reasons. Porter sees the explanation in strong european government involvement in economy, in small supplements for employed persons and managers, in small competitive pressure inside the enterprises, in not accepting the Anglo-Saxon capitalism and in barriers for migration (Mcadoo, 2001). While the european concept of competitiveness »sustainable competitiveness« is close to the concept of sustainable development I can still see the difference.

References

Anyadike-Danes, M., Fothergill, S., Glyn, A., Smith, J.G., Kitson M., Martin R., Rowthorn R., Turok I., Tyler P., Webster D. (2001) Labor's new Regional Policy: An Assessment, Regional Studies Association: Seaford.

Asheim B.T. (1996) Industrial districts as learning regions: a condition for prosperity, European Planning Studies, No 4, pp 379-400

Becattini, G. (1990) The Marshallian industrial district as a social-economic notion, in Pyke, F. Industrial Districts and inter firm Co-operation in Italy, pp. 37-51. International Institute for labour Studies:Geneva

Begg, I.(2002) Urban Competitiveness: Policies for Dynamic Cities, Policy press: Bristol

Best, M. (1990) The New Competition: Institutions of Industrial Restructuring, Cambridge. Policy Press

Camagni, R (1991) Innovation Networks, Spatial Perspectives, Bellhaven: London

Camagni, R. (2002) On the concept of territorial competitiveness, Sound of misleading? Urban studies No. 39, pp 2395-2411

Capello, R. (1999) Spatial transfer of knowledge in high technology milieux: learning versus collective learning processes, Regional Studies No 33, pp 353-365

Carter, A.P. (1994) Measuring the Performance of a Knowledge-based Economy, working paper no. 337, OECD Paris

Castells, M. (1996) The Rise of the Network Society, Oxford, Blackwells

Cheshire P., Gordon, I. (1996) Territorial competition and the predictability of collective action. International Journal of Urban and Regional Research, No 20, pp 383-399

Cooke P. (2001) Regional innovation system, clusters, and the knowledge economy, Industrial and Cooperate Change, No 10, pp 945-974

Cornelius, McArthur (2002) Global Competitiveness Report, WEF Geneve

Daniels, P.W (1996): The Global Economy in Transition, Longman, London

DeBresson, C., Lampel, J. (1985) Bombardier's mass production of the snowmobile: the Canadian exception?, *Scientia Canadensis* No 29, str 133-149

Dore, R. (1973) *British Factory-Japanese Factory*, London: Allen and Unwin

Drnovsek, M. Kovačič, A. (2003) Why Slovenia Lags in National Competitiveness Development, *Economic and Business Review*, Vol 5, No 3, pp 183-201

Dunning, J.H. (1993) *The Globalization of Business: The Challenge of the 1990s*, Routledge New York

EC (2002) *European Competitiveness Report 2002*, Brussels

Enright, M.J. (1994) *Regional Clusters and Firm Strategy in The Dynamic Firm* 12-14 June, Stockholm

Esping-Andersen, G. (1999) *Social Foundations of Postindustrial Economies*, Oxford University Press

European Commission (2004) *The 2004 Update of the Broad economic policy guidelines for the period 2003-2005*, EC Luxemburg

Fagerberg, J. (1988) International Competitiveness, *The Economic Journal* No 98, pp. 355-374

Foss N.J. (1996) Higher order industrial capabilities and competitive advantage, *Journal of Industrial studies* no 3, pp 1-20

Grant RM (1991) *Contemporary Strategy Analysis: Concepts, Techniques and Applications*, Blackwell Ltd.

Grupp, H. (1995) Science high technology and the competitiveness of the EU countries, *Cambridge Journal of Economics* 19, str 209-223

Hall, G., Johnson, R. (1970) Transfer of united aerospace technology to Japan, in R.Vernon: *The Technology Factor in International Trade*, New York, Columbia University Press

Hallin, G., Malmberg, A.(1996) Attraction, competition and regional development in Europe, *European Urban and Regional Studies* 3, 4, pp 323-337

IMAD (2001) *Strategy for the Economic Development of Slovenia 2001-2006*

IMD (2002) *The World Competitiveness Yearbook*, IMD Lausanne

IMD (2003) *The World Competitiveness Yearbook*, IMD Lausanne

Landry C.(2000) *The creative City*, Earthscan: London.

Lopez-Claros, A. (2006) *The Global Competitiveness Report*, WEF Geneve

Malecki, E.J.(2004) Jockeying for Position, *Regional Studies* N0 38, pp 1093-1112

Maskell, P. Eskelinen, H., Hannibalsson, I., Malmberg, A., Vatne, E. (1998) *Competitiveness, Localised Learning and Regional Development*, Routledge London.

National Competitiveness Council: *Annual Competitiveness Report 2003*

Nelson, R.R., Winter, S.G. (1985) *Evolutionary Theory of Economic Change*, Belknap Press

OECD (1997) *Industrial Competitiveness in the Knowledge-based Economy, The New Role of Governments*, Paris OECD

Porter, M.E. (2000) *Human Development and Global Competitiveness*, World Bank

Rodrigues, M.J (2002) *The New Knowledge Economy in Europe*, Edward Elgar

Rosenthal, D (1993) *Some Conceptual Considerations on the Nature of Technological Capability Build-Up*, Berkeley California

Sternberg, R (1999) Innovative Linkages and Proximity, *Regional Studies* 33(6), pp 529-540

Storper, M. (1997) *The Regional World: Territorial Development in Global Economy*, Guildford: New York

Turok I. (2003) Cities, clusters and creative industries: The case of film and television in Scotland, *European Planning Studies*, No 11, pp 549-565

Zanakis, S.H., Becerra-Fernandez, I. (2005) Competitiveness of nations, A knowledge discovery examination, *European Journal of Operational Research*, pp 185-211

WEF (2003) *Global Competitiveness Report*, WEF Geneva

WEF (2004) *The Lisbon Review*, WEF Geneva