



E Kamakani Noi'i: Wind that Seeks Knowledge  
Competing in the 21st Century: Building 21<sup>st</sup> Century Economy

January 13, 2011



# Unprecedented Challenges Unprecedented Opportunities

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U.S. ECONOMIC DEVELOPMENT ADMINISTRATION

Key Characteristics	20 <sup>th</sup> Century Economic Development	21 <sup>st</sup> Century Economic Development
Focus	Domestic competition; Zero sum game	Global competition & collaboration; Positive sum game
Goal	Growth of jobs	Increasing productivity & per capita income; Growth of jobs
Approach	Incentives to attract or retain cost-driven firms & industries	Investments in talent & infrastructure to support innovation- driven clusters
Role of Economic Development Practitioners	Lead industry attraction and marketing efforts to firms & industries	Broker innovation networks, connecting inventors, financiers, & transformers, to produce results
Performance Metrics	Quantity of jobs, number of firms attracted/retained	Quality of jobs, wage and income growth, innovation





## Regional Clusters

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High-Performance Framework  
for Advancing Regional Prosperity



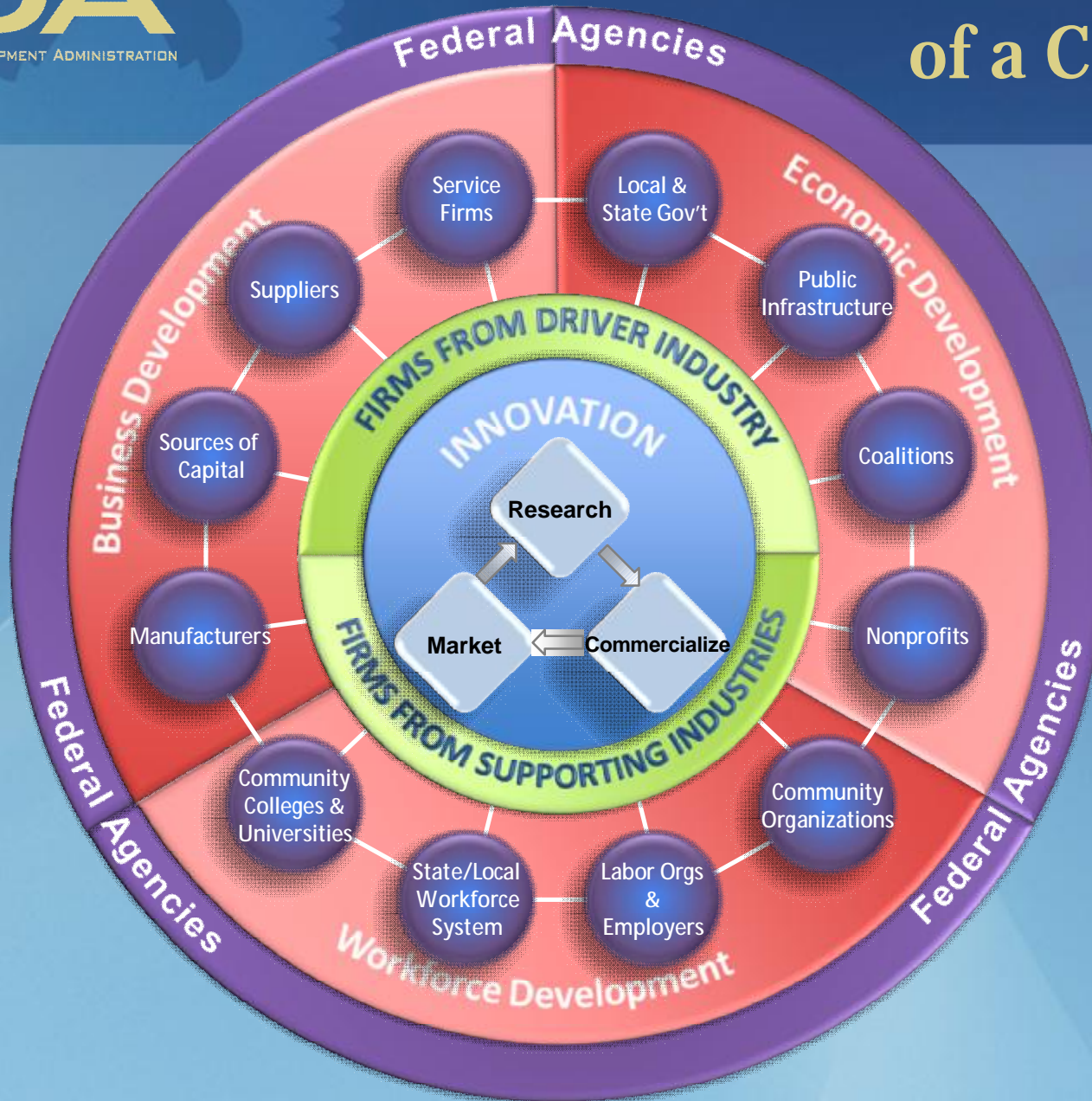


## Defining Regional Clusters

A regional cluster is a geographically-bounded, active network of similar, synergistic or complementary organizations in a sector or industry that leverages the region's unique competitive strengths to create jobs and broaden prosperity.



# The Anatomy of a Cluster







## Cluster Development Best Practices

- ☐ Regional leadership
- ☐ Customized cluster development
- ☐ Strong partnerships
- ☐ Commitment to collaboration
- ☐ Understanding of markets in their context
- ☐ Self-sustainability





## Clusters Drive High ROI

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- ☐ Create Jobs
- ☐ Cultivate Business Formation
- ☐ Foster Competitiveness
- ☐ Increase Innovation
- ☐ Spur Commercialization





*“If the recession has taught us anything, it’s that we cannot go back to an economy that’s driven by too much spending, too much borrowing, running up credit cards, taking out a lot of home equity loans, paper profits that are built on financial speculation. We’ve got to rebuild on a new and stronger foundation for economic growth.”*

-President Barack Obama





## The Federal Role

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- ☐ Advance Common Framework
- ☐ Support Self-Identified, Locally-Driven Initiatives
- ☐ Convene Stakeholders
- ☐ Invest Smarter







## EDA Mission

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To lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy.





## EDA's Role: Jobs and Innovation Partnership

- ☐ Spur Job Creation
- ☐ Foster Vibrant Regional Economies
- ☐ Encourage Business Creation/Expansion





## EDA Investment Priorities

- ☐ Collaborative Regional Innovation
- ☐ Public/Private Partnerships
- ☐ National Strategic Priorities
- ☐ Global Competitiveness
- ☐ Environmentally-Sustainable Development
- ☐ Economically Distressed and Underserved Communities



## Programs Supporting 21<sup>st</sup> Century Economic Development



Economic  
Adjustment



Research &  
Evaluation



Technical Assistance



Global  
Competitiveness



21<sup>st</sup> Century  
Infrastructure



Recovery Support  
Function



Sustainable Economic  
Development



Planning



Trade Adjustment  
Assistance





## EDA Cluster Initiatives

- ☐ Taskforce on Advancing Regional Innovation Clusters (TARIC)
- ☐ Regional Innovation Acceleration Network (RIAN)
- ☐ National geospatial cluster mapping initiative
- ☐ Registry of organized cluster partnerships
- ☐ Urban RIC pilot project
- ☐ Regional Entrepreneurship Action Plans





## Collaboration with Federal Partners

- ☐ Task Force on Advancing Regional Innovation Clusters
- ☐ Task Force on Space Industry Workforce and Economic Development
- ☐ Energy Regional Innovation Cluster Competition
- ☐ National Incident Command
- ☐ White House Council on Auto Communities and Workers
- ☐ Pollutec International Trade Mission
- ☐ CommerceConnect
- ☐ i6 Challenge





## EDA Invests in Hawaii's Ecosystem

- ❑ EDA invested \$19.5M between 2006 and 2010 in Hawaii
- ❑ \$3M in **state of Hawaii** to renovate a downtown Honolulu warehouse to create an import/export small business incubator
- ❑ \$3 M in **Maui Economic Development Board** to construct a Renewable Energy Resource Center in Kihei
- ❑ \$300K to **High Tech Development Corporation** for business start-up assistance





## EDA Contacts

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EDA Seattle Regional Office  
Jackson Federal Building, Room 1890  
915 Second Avenue  
Seattle, WA 98174  
Phone: (206) 220-7660

Seattle Regional Director: Len Smith

Hawaii Economic Development Rep: Gail Fujita  
Phone: (808) 541-3391, [gfujita@eda.doc.gov](mailto:gfujita@eda.doc.gov)



## Duluth, MN Aviation Cluster



- ❑ EDA \$3.45M investment (2001)
- ❑ Targeted investment in hard and soft infrastructure to support cluster needs
- ❑ Significant leverage of private capital – Cirrus Aircraft has grown from an early stage business to 1,000+ employees



## Northeast Ohio Advanced Energy



- ☐ EDA \$300K investment (2010)
- ☐ Regional innovation strategy
- ☐ *Recovery and long-term growth – leveraging region's traditional strengths in auto industry to build tomorrow's energy economy*





## Gainesville, FL Innovation Hub

- ❑ EDA \$8.2M investment (2010)
- ❑ Accelerating public-private partnerships and commercialization of research
- ❑ *Jobs and Innovation* – creating high-wage jobs immediately *and* investing in long-term innovation assets



## Flanders, Northern Belgium



- ☐ Institute for the Promotion of Innovation by Science and Technology (non-profit)
- ☐ *\$300 million* annual budget
- ☐ Attracted significant private investment – Leuven University region now among European leaders in R&D spending per employee (\$7,011 USD)



## Hong Kong, China



- Government invested *\$1 billion* to create Hong Kong Science & Technology Park
- 250 companies, 20 buildings, 330,000 sq meter facility on 22 hectares land area
- Information Technology, Electronics, Green Technology, Biotechnology, and Precision Engineering



## Brazil



### An Innovation Call To Arms: Brazil's Option For Science Education

A nationwide plan to enfranchise all citizens through education will allow Brazil to reach its full potential  
by Luiz Inácio, Lula Da Silva, Fernando Matted and Miguel A. L. Nicolletti

Illustration by Aaron McKinney

Less than a quarter of a century after emerging from a military dictatorship, Brazilians have built a stable and vibrant democracy in which more than 80 million voters freely decide the future of their beloved country in each and every election. Lately, by becoming a world leader in food production, spearheading the search for biofuels as a new source of renewable energy and seeking ways to grow its economy while still protecting its unique natural ecosystems, Brazil has started to address a broad range of difficult and unavoidable issues that currently challenge most developing nations worldwide.

- ❑ Innovation is a national priority
- ❑ Strategically focusing on the talent pipeline – \$550M spent to create 226 technology schools in last 8 years
- ❑ Significant results – incubators up from 150 in 2001 to 423 in 2008; R&D spending and scientific research articles tripled





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