

## Potentials for cluster development within transport and logistics in the Green STRING Corridor (*English SUMMARY*)

*Green STRING corridor facilitates collaboration between private and public actors and research institutions which is aiming to promote innovative solutions within the transport and logistics sector. The project has Region Zealand as lead partner and focuses on innovative and efficient transport and logistics solutions, benefitting on the Fehmarn Belt fixed link.*

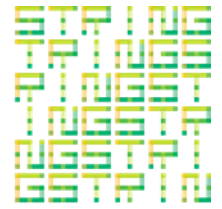
The Green STRING Corridor project is coming to an end. To continue and develop the cooperation, five of the project partners have signed a cooperation declaration aiming to strengthen the transport and logistics sector within the corridor by creating new, innovative transport and logistics solutions across industries and geography.

This analysis has three purposes.



One, to create an overview of current transport and logistics clusters in the corridor. This section of the analysis shows that:

- the most developed cluster formation is seen in Hamburg, where the cluster organisation Logistics Initiative Hamburg e.V. holds considerable resources, experience and network, which may be useful to future cooperation.
- the corridor is seeing significant development of other cluster initiatives such as the cluster Logistics-Initiative Schleswig-Holstein e.V., which in just a few years has established itself as an important cluster initiative with strong ties to the region's companies. Furthermore, on Zealand and in Scania, specific initiatives have been commenced, aiming at establishing cluster organisations.
- the inclusion of Copenhagen Capacity provides a clear point of entry to cooperation with other industries, such as health care, foods and green tech.



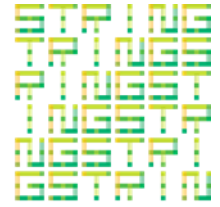
## GREEN STRING CORRIDOR

The second part of the analysis treats how the future Fehmarn Belt Fixed Link may be expected to affect the transport and logistics sector. The analysis builds on the assumption that changes to infrastructure affects the supply side of the traffic market, where the transport and logistics sector represents the demand. In other words, there is a direct link between changes to infrastructure and the development of the transport and logistics sector.

Among other things, the analysis indicates that:

- the fixed link will reduce distances and thereby increase density within the corridor and thereby expand market areas for the transport and logistics sector, and also for industries where transport and logistics make up a key part of the value chain. This means an increase in the volume and speed by which goods move through the corridor. The increased density will mean that new markets reach beyond critical mass and may form the basis for new business areas for transport and logistics companies. Via the tunnel, it will be possible to increase the frequency of transport in the corridor, making it possible to deliver goods within tighter time frames.
- the three large cities in the corridor – Hamborg, Copenhagen and Malmö – will be closer linked, and that the tunnel may be expected to boost growth and development in the three cities in general, but increase the derived need for transport to, from and between the three cities. However, the increased density between the three cities means that the areas in-between increasingly have to define their own roles and, based on existing strengths, translate the improved infrastructure into growth opportunities.
- the consequence of the improved infrastructure will be increased competition within the transport and logistics sector. The potential for growth and development in the sector will depend on internal differences within the industry, based on the assumption that the greater differences across the corridor, the better the opportunities for mutual benefits in the three regions. Also, it is likely that the budding clusters in the corridor will benefit from the strengthened link to the Hamburg cluster and the access to the rest of Europe. Thereby, the improved infrastructure will contribute positively to developing these budding clusters.

The third part of the analysis identifies three industries which hold the potential to create growth in the transport and logistics industry. The starting point is to uncover the possibility of developing transport and logistics solutions as a competency shared by the transport and logistics sector and by one or more of the identified industries.

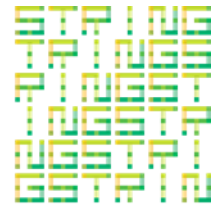


As the basis for this part of the analysis, it is assumed that the tunnel under Fehmarn Belt may potentially affect the transport and logistics sector on four levels:

- 1) Logistic structures – the number of warehouses, administration, terminals etc.
- 2) Commercial relations – the geographical distribution of sub-suppliers and customers
- 3) Organisation of transport flows – planning and implementation of specific flows of transport to and from companies
- 4) Organisation of transport resources – choice of modes of transport and route, use of terminals etc.

On this basis, the analysis shows the following:

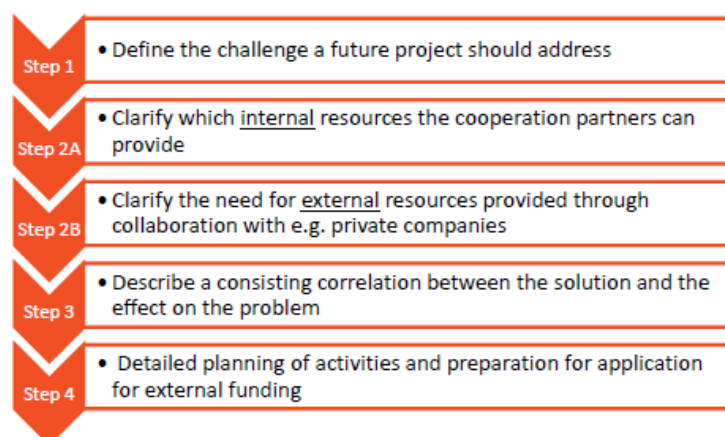
- The health care and welfare sector is generally strong in the corridor and undergoing a rapid development where new technological solutions such as telemedicine and new centralised hospital units reduce the industry's demand for transport in the traditional sense. At the same time, the industry still depends on a number of specialised transport and logistics services, e.g., focusing on security, just-in-time solutions, tracking of goods and advanced storage solutions (e.g., vendor managed inventory), which along with the development within the industry opens new opportunities for cooperating on new innovative solutions. In other words, currently, changes can be seen on all four levels for the transport and logistics sector. The fixed link across Fehmarn Belt may, however, be expected to affect especially the flow of transport to and from companies (level 3).
- The food sector is affected by a range of development trends. The increasing demand for fresh organic foods, especially in large cities, provides a basis for rethinking what transport solutions are needed to meet this demand. Similarly, the abattoir industry is undergoing a series of changes, and the food industry is increasingly outsourcing production by outsourcing labour-intensive work processes to German and Polish abattoirs, which use cheaper labour. This creates an increasing need for transport across the corridor, which may form the basis for a cooperation. Although developments are seen on all levels, the current development on the organisational level (level 1) may be expected to affect the transport and logistics sector in a similar manner.
- Green transition is high on the political agendas across the corridor, and a number of initiatives are being carried out with green transition in mind. Increased use of alternative fuels, recycling and modern waste management generate a need for specialised transport and logistics solutions, which may set the setting for a future cooperation. Furthermore, the analysis points to the wind turbine industry, which is strongly represented in the corridor and depends on a number of transport services for production and installation, which may be a focal point for a cross-sector cooperation. In



this way, the relations among trading partners (level 2) are developing and will affect the transport and logistics sector.

As the result of the above three analysis elements, proposals are suggested for how to continue the cooperation in the corridor. The cooperation is proposed to continue under a new project cooperation aiming to create one or more innovative transport solutions for one or more of the industries identified. A number of recommendations are made regarding the future cooperation:

- It is recommended to involve future project partners early on in the process, to ensure that any problem targeted by a future project truly represents a relevant problem to the industry. Copenhagen Capacity is considered a central actor in terms of entering the three proposed industries. A number of cluster organisations are also considered as relevant entry points.



- It is recommended to focus on a specific delimited project where the project partners possess the competencies to solve the problem. Early on in the project, a clear link should be established between the problem to be solved, the expected results and the planned effect, as well as considerations regarding the project's relevance to other similar problems in the regions.
- In terms of selection of project partners, it is important to include regional actors that may contribute strategic resources and competencies in project management, in addition to relevant cluster organisations. Furthermore, the project will benefit from involving one or more private companies as partners. To identify relevant companies, cluster organisations may once again prove valuable.

The two EU framework programmes Interreg Baltic Sea Region and Horizon 2020 are proposed as potential sources of financing. Both programmes have innovation on their agenda, and both would offer good conditions for inter-regional cooperation.