

# STL PARTNERSHIP

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## **39 North is a model for successful industry cluster initiatives nationwide, according to new Brookings report**

ST. LOUIS, MISSOURI – A new report from the Brookings Metropolitan Policy Program argues that initiatives to support and grow industry clusters remain a potentially powerful strategy to jumpstart local economic growth, but only if certain market and civic fundamentals are in place.

“One of the strongest economic sectors we have in the St. Louis County is agriculture, particularly agtech,” said St. Louis County Executive Steve Stenger. “The growth of this sector has created new high-tech jobs. The 39 North AgTech district and the presence of major agriculture companies such as Monsanto and KWS demonstrate that St. Louis County’s reputation as the global center for research and development in agriculture is well-deserved.”

The report, [\*Rethinking Cluster Initiatives\*](#), by Ryan Donahue, Brookings fellow Joseph Parilla, and Brookings nonresident senior fellow Brad McDearman, takes a fresh look at the concept of industry clusters—groups of firms that gain a competitive advantage through local proximity and interdependence—and offers practical guidance for metropolitan leaders considering investments in cluster initiatives, drawing on five in-depth case studies. Agriculture Technology in St. Louis is cited as a successful model and national case study.

“We put a great deal of thought into growing this sector,” said Sheila Sweeney, CEO of the St. Louis Economic Development Partnership. “It is not every day a region can say they are the global dominant leader in something – we are that for AgTech. It’s been incredible to take this message around the county and the world, then watch St. Louis very quickly reap the benefits. It would not be possible without the support of our public sector leaders and the research universities.”

According to the report’s authors, regions grow based on their ability to provide environments where firms want to cluster and concentrate, and therefore cluster initiatives offer one justifiable foundation to lay long-term economic development strategies.

“St. Louis is shaping its global identity by solving a global problem – world food security,” said Executive Director of World Trade Center St. Louis, Tim Nowak. “This directly speaks to the Brookings findings that cities must establish an appealing global identity and relevance in international markets, not only to sell the city, but also to shape and build the region around a common purpose.”

Implementing cluster initiatives is challenging. It requires significant institutional and financial commitment, and local, regional, and state leaders must correctly identify industry specializations, prioritize investments in them, and organize strong public-private partnerships to facilitate and sustain cluster initiatives as a long-term economic development strategy. The report aims to help regional leaders confidently and knowledgeably pursue cluster initiatives where they make sense; and where they do not, recognize that there are potentially equally powerful alternatives.

"At a time when a few elite coastal metro areas seem to be solidifying their hold on the most innovative, high-growth sectors of the economy, regions across the U.S. are under more pressure than ever to figure out how they can secure a foothold in the next economy," said co-author Ryan Donahue of the Metropolitan Policy Program at Brookings Institute. "St. Louis offers a model for how to do so: for nearly two decades, it has patiently and collaboratively made strategic investments in the capital, facilities, and skills that its agriculture technology cluster needs. These investments have made St. Louis a better place to start and grow an ag-tech firm, put the region on the radar of global firms and talent, and positioned it as a leader in solving the global challenge of creating more sustainable food sources."

The authors note five distinct traits of successful cluster initiatives:

1. Focused on establishing a robust ecosystem, not job gains
2. Industry-driven, university-fueled, government-funded
3. Placing a collective big bet on a unique opportunity
4. Championed by passionate, dedicated leaders
5. Anchored by a physical center

"KWS was meticulous in its search," said Dr. Derek Bartlem, Head of USA Research for German-based KWS. "What we found in St. Louis was a vast community of scientists who were highly connected and willing to collaborate. St. Louis quickly rose to the top of the list. We have grown here and are pleased to be part of something that is bigger than any one company or project."

The paper draws on a literature review, interviews with cluster experts, and five in-depth case studies that reflect successful cluster initiatives focused on diverse industries, including bioscience and life sciences (Central Indiana), water technology (Milwaukee), agricultural technology (St. Louis), unmanned aerial systems (Syracuse) and the automotive industry (Upstate, South Carolina).

"This report illustrates the St. Louis region's strength in ag innovation and commercialization and how the Danforth Plant Science Center has been a driver in the effort. We will continue to work to grow the cluster which is providing quality jobs and critical solutions to the global challenges facing humanity," said Sam Fiorello, Chief Operating Officer, Danforth Plant Science Center and President of BRDG Park.

The 39 North district is within St. Louis County in the City of Creve Coeur and borders the City of Olivette to the east. A \$500,000 federal planning grant awarded in May 2015 funded the development of the 39 North project. The St. Louis Economic Development Partnership spearheaded the planning work.

"As the Brookings findings note, the St. Louis region continues to elevate its standing as a leader in agricultural innovation and biosciences, which didn't happen by accident," said Donn Rubin, President

and CEO of BioSTL, a key organization in St. Louis that built a foundation for plant science and AgTech over the past two decades. “Our collective work to establish a bioscience cluster has transformed the St. Louis economy as the global leader in agriculture technology and agricultural research and development.”

St. Louis has risen to the top as having the highest concentration of plant science PhDs in the world. 39 North continues to attract emerging AgTech businesses and entrepreneurs with diverse talent and vision.

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