

COASTAL TOURISM AND POSSIBILITIES FOR CONSOLIDATING A REGIONAL SEA CLUSTER: INSIGHTS FROM ALGARVE’S INNOVATION ACTORS

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ABSTRACT

The coastal tradition in the Algarve, the most important Portuguese tourism destination, is well known. The region has based its economic activities in maritime and marine resources since ancient times. Nowadays, besides coastal tourism, fisheries, aquaculture and even new cutting-edge activities linked with the economic valorisation of marine sciences have an important weight in the region. This article, based on the qualitative results of the Atlantic Area KIMERAA project regional analysis, identifies critical dimensions in the vision of relevant stakeholders for the creation of a regional Sea Cluster.

KEYWORDS

Cluster, Marine Sciences, Maritime activities, Coastal Tourism, Algarve.

1. INTRODUCTION

The Algarve is the Portuguese region in the South of the continental territory. It is a region that grew in population with a big intensity in the last decade as a reflex of the attractiveness of the region based its quality of life, a good distribution of medium-small towns, job opportunities linked specially with the intensification of tourism activities and natural conditions related with the temperate weather.

As a very open and small economy based in tourism, the Algarve was very exposed to the international crisis. The regional economy based in tourism, retail commerce, real estate and construction, that was incredibly successful and push the Algarve from being one of the poorest European regions in the 60s to an above 75% average GDP region granting a phasing-out status in terms of European Structural Funds in 2007-2013, has fallen. The GDP level that was rising in an incredibly pace has stopped and the region is falling behind other comparable (European or Portuguese) regions (Guerreiro, 2008). Investments in traditional sectors like agriculture and fisheries (including aquaculture and agro-industry), were substituted in the region by investments linked with tourism with shorter economic return periods.

The Sun and Beach product is too seasonal, the Algarve has in parallel developed the Golf activities but other tourism products find in the region an ideal place for implementation. Some examples are: eco-tourism, (density of natural parks and protected ecosystems), cultural heritage (connected with Islamic traditions and the XV century Portuguese Discoveries enterprise), nautical tourism (marinas, sea sports and cruises) or events and congresses. These tourism activities have the common characteristic of its coastal profile. In this way it can be stressed that Algarve is a region where coastal tourism, in the diversity of its sub-products, has everything to flourish.

In the context of the European Atlantic Area project KIMERAA - *Knowledge Transfer to Improve Marine Economy in Regions from the Atlantic Area* - a study about the Maritime Cluster was conducted identifying the innovation actors in the participating regions (Cooke, 2011). Thus, here are presented the main contributions of the analysis to the Algarve region, identifying the actors that constitute the Maritime Cluster and their perspectives on the effective creation of regional Maritime cluster and its potential. The article is divided as follows. The first section highlights the importance of the maritime cluster in regional development contextualizing the associated policy instruments. The second section is the core of this article: it shows the main contributions of the regional Maritime Cluster study according the analytical dimensions defined. Finally, the last section presents some concluding remarks.

2. THE RELEVANCE OF THE MARITIME CLUSTER FOR REGIONAL DEVELOPMENT

2.1. REGIONAL DEVELOPMENT AND THE MARITIME CLUSTER

The consistency of the social and economic environment of regions is based on the strength of relationships established among the various actors. This perspective is consolidated through commitments raised on two levels: an explicit level and/or a tacit level. Explicit commitments in the sense that members express will and work in consortium to achieve certain objectives that are collectively assumed. The tacit level relates to creating an informal cooperation environment that, in each moment, allows constrains of available options, promoting the adoption of the alternative that is more coherent and more satisfactory to the community. This is how regional clusters are formed, by aggregating activities, promoting the circulation of the labour, multiplying the oriented training, attracting capabilities and qualifications, valuing mutually the available resources and generating density in the relationship between the members that define each region. These are the reasons that allow emphasizing the affirmation of regions. Even in cases where abundant resources exist, regions are increasingly dependent on the existence of a shared project, undertaken collectively to mobilize capabilities.

In the case of maritime regions, the Sea has proved as the catalyst for excellence, crucial in the construction of regional clusters around the activities that depend on it or exploit its resources.

Although depending on the specificity of each region, the sectors that comprise the Sea Clusters use a variety of activities ranging from the exploitation of living resources to transport, from environment to tourism, from valorization of biotechnology resources to energy, from shipbuilding to extraction of hydrocarbons and other mineral resources, in a huge sequence of activities, professions and resources that meet the diversity of sectors that define and integrate the clusters linked to the Sea. The sectors that generate higher global incomes are shipping and maritime tourism activities, particularly those associated with cruises. In recent years it was possible to assist to the increase of construction of luxury cruisers, where the courses offered are accessible only to families with higher incomes. The Sun and Beach tourism is another axis that moves crowds, often with uninteresting results just before the widespread trampling that is associated with its occupation, frequently disordered, of this desirable range. But the Sea cluster is still in its youth. The tight combination of production and research in these areas will benefit the maritime economy and, undoubtedly, will respond for a greater diversity in food, energy or subsistence material resources.

2.2. POLICY INSTRUMENTS

The economic turbulence and real estate crisis caused the postponing of a series of public and private investments. Tourist demand also was constrained and emerges the urgency in finding alternatives to the dependencies created. Currently the solutions are evident and are expressed in several reference documents, such as the Regional Development Strategy 2007-13 delivered to the European Commission (CCDR, 2006). The tourism potential is incredible but only if it is linked and creates a demand in other regional activities, stimulates the robustness of the economic base and the diversity of the tourism product. Today tourism experiences require authenticity, local productions are crucial to satisfy the new tourists. A competitive region should not completely depend on a sector or economic activity. This strategy of “*putting all the eggs in the same basket*” is very sensitive and risky to external modifications and creates path dependencies that are difficult to overcome in the case of modification of the relevance of this specific activity.

To overtake this context the Algarve has been assuming, increasingly, the ocean as a central resource for the regional economy. Thus, major programs and strategic plans for the region have set a closer look at fundamental issues related to sea, its potential and its sustainability. It is therefore possible to find in the Territorial Management Regional Planning (CCDR, 2007) the recognition of the importance of the Sea for the region. PROT Algarve argues that the strategy of the tourism sector must strengthen elements that bind to the Sea with an emphasis on coastal tourism as structuring element. Also the Regional Development Strategy for 2007-2013 recognizes the opportunities arising from multiple resources and activities related to the Sea to diversify tourism products. This strategic document was influential to the Regional Innovation Plan (Guerreiro, 2007) that focused the Sea as one of the key-areas for oriented policy intervention. It was underlined the need to interconnect two traditional sectors (fisheries and aquaculture) with the knowledge production of regional research units. These documents were critical to design the Regional Operational Programme ALGARVE 21 (CCDR, 2008). In parallel, also the National Strategic Plan of Tourism (Turismo de Portugal, 2007) reaffirms the recognition of the potential of Sea in the Algarve, associated not only with Sun and Beach but with other products like nautical tourism and reinforces the need to diversify and deepening the existing supply.

This regional vocation for Sea activities, identified in the strategic documents, was being pushed by the Regional Development Coordination Commission (CCDR), the regional authority in the Algarve, to formally constitute a Sea Cluster with all relevant stakeholders. To the creation of the cluster, Algarve’s

Sea Agenda (CCDR, 2009) was prepared providing insights for the activities in the field of structural interventions in fisheries, aquaculture and salt production, the support of nautical recreation and scientific research. This agenda originated the initiative Mar Algarve that is currently in construction and it has the goal to create a formal organization assuming the pivot role in the regional cluster constitution. Other generally accepted premise is that the region to be competitive needs to increase extremely its knowledge base. It means not only qualifying the human resources that are going to be working in public and private organizations but also gaining capacity of producing relevant scientific knowledge. The production of knowledge requires competencies, infra-structures and international networks. The Algarve has increased heavily its capacity in this specific issue. It gained a very relevant capacity, even in international terms, in Marine Sciences. This scientific domain is in the genesis of the university where important centres coexist. Today it represents a huge proportion of international research and is linked with other external R&D units like ICCE - International Centre For Coastal Ecohydrology or IPIMAR - *Instituto de Investigação das Pescas e do Mar*. The scientific activity is connected often with regional needs and is the most significant area of advanced knowledge transfer in the Algarve. Economic activities based in Marine Sciences have a great potential to affirm the region as a competitive sustainable knowledge-based touristic region.

3. MAIN CONTRIBUTIONS

3.1. METHODOLOGICAL CONSIDERATIONS

The Algarve regional analysis followed a qualitative approach and is based on semi-structured interviews with key actors within the Sea Cluster in the Algarve. These innovation actors were selected according the importance of Coastal Tourism for the regional Sea cluster consolidation (table 1). The interviews to the innovation actors in the Algarve Sea Cluster allowed the analysis in deep of three important analytical dimensions: the governance of the Cluster, the knowledge transfer and entrepreneurship, and economic turbulence.

Table 1: Actors Interviewed for Coastal Tourism Analysis

FIRMS & INTERMEDIARIES	UNIVERSITY	GOVERNMENT	LARGE INDUSTRY
RB, Founder of NATURA Algarve, Olhão	JG, Rector at UAlg, Faro	IB, Manager of Mar Algarve at CCDR Algarve, Faro	VN, President of NERA, Loulé
DM, Entrepreneur of Ecoceanus. Portimão	HB, Technology Transfer Officer at CRIA-UAlg, Faro	AMM, Vice-President of CCDR Algarve, Faro	EV, President of AHETA, Faro
MG, Co-founder of Sunquays, Faro	SV, IP legal adviser at GAPI, Faro	PM, Incentive systems manager at CCDR Algarve, Faro	MF, Direction of Mar Lagos (Marina de Lagos), Lagos
PB, Project manager at European Enterprise Network (EEN), Faro	JM, Co-coordinator of Tourism Doctoral Programme at UAlg and Researcher of CITeL, Faro	JLP, President of Direcção Regional de Economia do Algarve, Faro	
AC, President of Liga Portuguesa para a Protecção da Natureza and Researcher at CCMAR, Faro		HC, Director of DocaPesca – Delegação Sul, Olhão	
	ER, Director of FEUAlg,	BP, President of Instituto Portuário e de Transportes Marítimos – IPTM, Delegação Sul, Faro	
		MC, President of AMAL, Faro	

<p>RG, Director of ANJE – Young Entrepreneurs Association, Faro</p> <p>MB, Director of Agência do Barlavento, Portimão</p> <p>TM, Technical office of GAC Barlavento, Portimão</p> <p>RP, Responsible of GAC Sotavento, Município de Olhão, Olhão</p>	<p>Faro</p>	<p>CM, Director of IPIMAR, Olhão</p> <p>NA, President of ERTA - Entidade Regional de Turismo do Algarve, Faro</p> <p>JD, Directive Board of Ria Formosa Natural Park, PNRF, Olhão</p> <p>SC, Directive Board at POLIS Litoral Ria Formosa, Faro</p> <p>MF, Captain - Capitania do Porto de Faro, Faro</p> <p>PM, Technical staff at DRAP, Faro</p>	
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Source: Own Elaboration

3.2. IMPORTANCE OF THE SECTOR AND THE GOVERNANCE OF THE CLUSTER

The Sea Cluster is crucial to the Algarve and even Portugal. The creation of a Sea Cluster requires an institutionally assumed leadership. As referred by one of the interviews, some actors must decide what role wants to perform. CCDR Algarve needs to decide if they are capable of assuming the role of *maestro* or not, ERTA was until now incapable of projecting a consistent vision for the cluster and the general opinion is that University of Algarve can be a key-actor but as no preoccupation of dealing with some publics and issues. The cluster needs planning but also needs practical measures and implementation. In the Sea Cluster there is a huge constellation of entities that complexify the decision processes for a specific project to be implemented. This happens in several areas and it is almost a transversal problem to all sectors in Portugal. For the cluster development is crucial leadership. Until now only CCDR is promoting actively the cooperation for a cluster approach. It is important that stakeholders get more involved. Several questions limit the cooperative environment in the opinion of CCDR: lack of initiative from different entities, lack of direct public financing for cooperation activities, lack of understanding of benefits from cooperation, lack of concretization of ideas and common strategies, lack of financial capacity to create an office with human resources dedicated 100% to the cluster dynamics, difficulties in obtaining the initial budget to participate in the national cluster initiative. CCDR and UAlg may have a central role in engaging other actors' cooperation by evidencing the gains of the cluster. The Sea Agenda, developed by CCDR, does not specify or focus any sub-sector but the regular meetings of this initiative have paid particular attention to the questions associated with infrastructures (cruises), nautical (tourism and culture) and aquaculture and fisheries (linking with R&D advances). It remains crucial to discuss the questions of infrastructures and coastal tourism needs. The conclusions of the meetings stress that there are emergent areas that can be explored: maritime technologies, energy and off-shore aquaculture. In these new areas a scientific and technological infra-structure like the projected CIDO – *Centro de Inovação e Desenvolvimento de Olhão* can be crucial. Today for example with the initiative Mar Algarve there are limitations even in information sharing. The solution is very complex, because it mixes simultaneously problems of centralization and dispersion of resources. EF, the director of the Faculty of Economics, regarding the extensive number of entities in the Sea Cluster, underlines “(...) I need to criticize the centralization. It levels the standards by

the worst performer. We need coordination not concentration of competencies.” In the opinion of this specialist, CCDR tries but it lacks of political legitimacy. Portugal has no administrative regions what is the origin of several types of inefficiency and waste of resources.

Coastal tourism is the crucial economic activity in the Algarve. This opinion was underlined by all interviews. But the future of coastal tourism requires an integrated management approach because, as stated by JM, researcher in the area of coastal tourism,“(…) our coastal activities produce a series of impacts in other activities” what demands from several entities a significant effort for coordination. This researcher also underlined that the constellation of actors creates deficiencies in articulation, management problems, lack of focus in excellence and often influenced by political cycles and preferences in public entities. The ITP [*Instituto de Turismo de Portugal*] has also a very centralized work process in Lisbon that forgets often the specificities of tourism activities. Sea Cluster activities are crucial for the region and have a reflex in the incentive structure in the Operational Program ALGARVE 21. PM, manager of this program refers that “We can see that in the project with a component of research, where marine sciences are the most relevant area, and in the productive sector, were the recreational nautical, salt production, eco-efficient boat construction has a relevant representation in the obtained incentive. But the creation of a cluster is more than a statement; we need a common vision and cooperation.” BP, director of IPTM, notes that the contribution of CCDR Algarve for the creation and strengthening of the cluster was crucial trying to evolve a large number of regional actors. The respondent states that the inexistence of a formal constitution of the Sea Cluster was related with the lack to “[...] affect a professional structure to the idea of cluster, the centre and confluence of several actors [that] had the essential business, scientific and institutional skills.” BP believes that the idea of a Sea Cluster is now being consolidated and that “the Algarve has associate itself to the idea of the Sea Cluster which has now been formed at national level, but the Algarve has its own dynamics and will join a group of entities and will move [...] So if we managed to institutionalize a Sea Cluster Algarve it will be possible to increase the co-financing level of entrepreneurial ventures.” When asked about collaboration in the regional Sea cluster, MF, from the Maritime Authority, argue that the biggest problem of Sea Cluster in the Algarve is the lack of an integrated view and that is “the only way you can put into practice the Sea cluster.” In addition, MF believes that “this is a role that can be made by the CCDR that, to date, it has been only a source of funding, not as a source of integration ...” JG, Rector of UAlg, synthesizes the main problem. The institutional dispersion is the biggest constraint in the consolidation of the cluster. There are an enormous number of institutions that sometimes have confusing (overlapped) responsibilities. For the rector, IPIMAR is in an excellent position to assume a central role in the creation of the regional Sea cluster, supported by the University and its research centres, by professional associations, training organisations and municipalities.

3.3. KNOWLEDGE TRANSFER AND ENTREPRENEURSHIP

In coastal tourism, the promotion of innovation is done mainly in existing firms through collaborative R&D projects focusing mainly the reduction of environmental impacts and energetic rationalization in touristic activities. The regional knowledge transfer office [CRIA] is having an intensive activity in the last years supporting knowledge-based spin-offs related with tourism. In parallel, this office was very active in the creation and development of policies and strategies to induce the development of this cluster in the Algarve. MC, president of AMAL, considers that the bridge between knowledge production and its exploitation “is a work to be done by universities, research institutes, AMAL can facilitate, build bridges, and encourage.” MC stated that the existence of government initiatives to encourage knowledge transfer between the various stakeholders of the maritime cluster is much less than would be desirable: “There are some ideas for some investments in aquaculture, some matters which require some technology but I think there is much academic knowledge is not going to be properly applied into business. There is a need to do more this approach.” In this sense, the interviewee believes that the government

should take a more proactive attitude. Industrial property rights have a particular relevance in coastal tourism. It is particularly significant the management of the trademarks. In the coastal tourism activities, trademarks are very important instrument to differentiate products. But the connection between the university and its research centres and the tourism companies is still limited. The relation is often demanded by firm-side that looks for support. In general, SV an IP manager stresses the very limited knowledge and information about IPR rights. For other hand, PB manager in the intermediate organization EEN refers that the learning in the sector is mainly based in the recruitment of qualified personnel but companies' don't have structured connections with knowledge producers. ATA (*Associação de Turismo do Algarve*) tries to make some articulated promotion but in a casuistic way. Sub-products like nautical activities or gastronomy are central but remain unexploited. Economic activities in the protected areas, for example Ria Formosa, need to have more information available about constraints of the activities. PB underlines that coastal tourism needs to be more cooperative, with a less prohibitive and more supportive legal environment, the supply needs to be more innovative, qualified and oriented to new demands, adding value to Sun and Beach.

Regarding the entrepreneurship in the coastal tourism, the researcher JM supported that "(...) there are several generations of tourism entrepreneurs in the Algarve. We had the ones that were only focused in the summer activities and now we are beginning to have all-year entrepreneurs what requires a more sustainable business model (...) Tourism supply is not improving and lots of marketing in a bad product does not worth it. Algarve is losing ground." Nevertheless some advanced firms emerged in the last years, integrating "traditional" coastal tourism activities with research and science communication. Concerning the capture of knowledge RB, co-founder of NATURA, one of these companies, commented that "We work in very specialized areas; for example birdwatching is a world [...] we have companies that are only working in birdwatching. To work at the highest level we need to have a person specialized in birdwatching. And here we have a problem, which is the lack of means to access resources, skilled labour and specialized knowledge." RB refers to some of the obstacles he felt when trying to collaborate with other actors in the structuring the business. "[at] this time [is] almost impossible to think of a collaboration with IPTM, the municipalities, CCDR, or the Maritime Museum that belongs to the Navy." The implementation of the idea coincides with the emergence of bureaucratic obstacles (administrative authorizations, licencing) that almost prevent the creation of the company. The help of CRIA and ANJE was crucial to overcome these obstacles. The difficulties of funding have been great and only with the financial help of family was possible to finance the investment. Difficulties are also underlined by other entrepreneur [DM from Ecoceanus]. The major problems faced were related with the legislative framework that creates too demanding and frustrating bureaucratic processes. The difficulty is that often no one knows who is responsible for deciding. "It is almost impossible be legal in this business" [maritime tourism]. The relations with these public authorities, like IPTM, that grants the activity licenses are very complex. Other limitation is the definition of the company and the registration process that restricts the access to future public incentives if this situation is not fully taken in attention from the very beginning. In terms of sector contrasts, DM underlines that in coastal tourism the knowledge production and collective learning is dependent in relations between companies, when in marine sciences it relates mainly to scientific capabilities generated in the university. In coastal tourism activities, engaging benchmarking processes with other firms is particularly useful to detect and transfer best-practices. New ICT tools and open innovation practices are very beneficial for tourism SMEs. Other relevant spin-off operating in this area is Sunquays that develops its activities with respect with the ideas of ecological protection. MG, one of the co-founder states that eco-tourism is crucial to develop the region without the negative impacts "(...) the Natural Park of Ria Formosa is an area of environmental excellence and to underline this aspect is its election as one of the seven Natural Wonders of Portugal [recent national contest](...)" The environmental education is crucial and it is one of the pillars of Sunquays with the enrolment of schools in this visits. The policy instruments, in particular the financial support of ALGARVE 21,

were indispensable to structure and launch the project. For the entrepreneur, without this program the concept of Sunquays was not possible to be implemented.

In the vision of the industry, the proximity with the other related companies is very important. An example is MarLagos that referred the linkages with the other national marinas, with the national association, and the existence of direct collaborations with the American's and British's marinas associations as very significant to learning and benchmarking. The external expertise and knowledge is of particular relevance in the sector of construction industry of boat parts and was indicated of having interest for the region to structure the coastal tourism. In the view of AS, a SIPLAB researcher, there are possibilities to integrate some accumulated knowledge of the university in this kind of maritime technologies. The revenues of coastal tourism, in particular nautical activities, have an impressive imported component that could be reduced with a segment of service suppliers established in the region.

The University of Algarve is a crucial entity in regional tourism. The university has an intensive intervention in this sub-sector. Tourism studies are an area of research that is growing suggesting that regional tourism needs a new paradigm or its product is going to be obsolete very soon. In this way the informed opinions and activities of research units can give some insights for a more sustainable activity. But the relations of University and enterprises are weak in the opinion of several interviewees. There are problems to understand the potential contribution of research, sometimes connected with lack of vision from the private sector. It is crucial to emphasize the win-win potential of cooperation. Several research centres are being developed. The creation of CITeL is an example, giving coherence to the capacities that were dispersed in the University. Today it is common in this area the decision-makers, in particular CCDR and the municipalities, contract specific projects to UAlg research groups. The Sea Agenda for the Study of Nautical Tourism (CCDR, 2008) are good examples. The university is one of the crucial regional actors. It cooperates with several actors that are engaged in the territorial development. In the opinion of ER, director of FEUAlg, the interaction of university with coastal tourism activities is limited, and it is mainly related with education and training that changed deeply competencies of Algarve institutions and qualification of human resources. Consultancy is often concentrated in polytechnic schools. “The major contribution that the faculty can give to the sector is producing high quality research to produce knowledge and inform decision-makers. In consolidated areas, like marine sciences, the transfer of R&D results can be more adequate. For now, tourism research needs to improve their quality to achieve global excellence. CRIA, the KTO, has an interesting role in activities related with companies, but more effective in the scientific areas [like marine sciences] that are more relevant for local companies. Companies do not ask university solutions for their production problems.” There are translation problems but research needs to learn to give protagonism to industry.

3.4. ECONOMIC TURBULENCE

The Algarve is a tourism mono-culture very exposed to economic crisis. There was a reduction of national and international tourists. As one of the interviewed economists underlined [EF] “it is a very small and open economy, the external shocks impact strongly, for the better and for the worse.” Economic turbulence postpones expenses, investments, collaborations. Projects being launched are surrounded by uncertainty, especially those that depend from tourism companies. But JG, the rector of UAlg, gives some incentive “The economic crisis can be an opportunity. We have the majority of resources. What we lack is coordination of the several sub-activities (...).”

The crisis had impacts in the execution of some financial instruments, namely the ALGARVE 21. All institutions with managing responsibilities in several incentive schemes are trying to facilitate the

procedures, with faster advancements and payments. In response to the current economic situation, and also as a means of accelerating the implementation of approved projects was undertaken a review of incentive schemes and modified different legislation and documentation guidelines. The economic turbulence did not reduce the number of proposals because the proponents think in these incentives as a way to obtain extra resources. But when they obtain the incentive there are many entrepreneurs that withdrawal the scheme because they understand the effort of developing the specific project. In terms of execution of the approved projects it is noticed some delay. These schemes have been criticised by companies because of the minimum thresholds to access these incentives. PM argued that the goal of these amounts were to finance projects with a capacity to generate at their own some scale dynamics. In response to the incapacity of local entrepreneurs and companies obtain this support the minimum values are being renegotiated and probably are going to be reduced. JLP, director of DR Economia, about the economic panorama stated that "the regional data are conducive to what happens in the rest of the country. The dependence on tourism until 2008 was fruitful and thenceforth has reflected the problems of the economic situation ". The interviewed forecast that tourism, in the component Sea, is an activity with great potential, considering that there is potential for growth if there is some capability to invest in infrastructures, mainly ports and marinas and if there is investment capacity of the entrepreneurs themselves. People must "not always be waiting for the State, which has always to do the investment". On the impact of recession, NA from ERTA, says it could affect the number of tourists visiting the region and therefore the amount of revenue of the sector. This has economic and social consequences like the increased unemployment rate. This assessment applies especially to the traditional tourism products, like Sun and Sea or Golf, but also affects others such as nautical tourism. For NA there is some hope. It is noted a greater commitment of organizations to develop alternative and complementary products to Sun and Beach.

From the side of the industry, the responsible of AHETA, EV, stresses that his associates [hotels] are being affected by two types of problems: the global crisis and the crisis in Portugal (although the latter is affected by the first). This economic recession is causing a decline in hotel occupancy rates and a deficit economic in the performance of SMEs. For the small entrepreneurs the situation is somewhat different. These companies, like one of the entrepreneurs [DM] said, were born in the crisis. "It can be difficult but in fact I don't know. The crisis affects more the ones that don't innovate." The small knowledge-based companies criticize several decision-makers and common approaches to business in the region. For example, DM criticizes the vision of several stakeholders. This young entrepreneur is critical for the different levels of governance, not adapted to the reality and with difficulties to comprehend the needs of a SME in this activity, in tourism – competing with larger operators, and marine sciences, dependent in the knowledge dynamics. The decision-makers continue to make dubious measures. For DM the priorities in this crisis seem not correct, the rescue of banks, the activity of financial markets, the incentives to speculation, the governments are hostages of multinationals created a notion that this economic system is deadly wounded and that this model is not the answer. In parallel, a very short-term vision is considerable acceptable and still dominates the strategy for business in coastal tourism in the Algarve. It is a strategy of search, exploit and run.

4. CONCLUDING REMARKS

One region is only able to assert itself if its economic base overtakes the stage of fragmentation and if its community adopts a convergent and socially mobilizing project. According to this perspective, stakeholders in the economy of the regions should seek to structure their activities to achieve a high degree of integration, contributing to the regional added value is always greater than the sum of the sectorial parts if these were isolated.

The coastal tourism commonly accepted as the economic driver of the Algarve, was the main responsible for its development in the past three decades. The activity has an incredibly potential that is not being fully explored in complementary products like nautical or eco-tourism. The linkages between research and companies are weaker than expected. Even being the main sector of the region, the university-industry linkages remain extremely limited. In parallel, it is crucial to underline the benefits of clustering and cooperating. The companies and private projects implemented in the region lack often of local engagement and do not have any long-term perspective.

The Sea Cluster is being formalized at national level with an initiative from North and Centro regions with the support of COMPETE Efficiency collective actions [Knowledge Economy and Sea Cluster]. The Algarve, pushed by the CCDR, is debating the possibility to integrate this cluster. For now it is important to grant the institutional support of regional actors. In a posterior phase is crucial to include private agents and its necessary to create an entity, in the format of a non-profit private association, which is supposed to be the operational unit of the cluster. This association can be the engine for sharing information and cooperating. The participation in this national cluster may grant to regional stakeholders an increased possibility for cooperation and benefiting from cluster economies. A worrying note should be still underlined. Several important organizations, public and private, were not engaged in the clustering process and had felt the process as being not of their preoccupation. This should be a fact to take into account to the future.

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