

Position Paper

The Northern Netherlands and the EU 2020

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1. Introduction

The European 2020 objectives, focused on smart, sustainable and inclusive growth, will influence the content of policy in European Member States over the next 10 years. It goes without saying that 2020 will take central place in the new programmes the European Union (EU) will deploy from 2014. This document expresses the ambitions of the Northern Netherlands in respect of this European 2020 agenda. It is a dynamic document that can be adjusted on the basis of new knowledge and insights. The starting point is that we, the cooperating partners in the Northern Netherlands, have the ambition to make an important contribution to realising the EU 2020 objectives and to translate those into policy and implementation at a regional level. It goes without saying that this includes the instruments to realise our 2020 objectives. Our efforts are focused on:

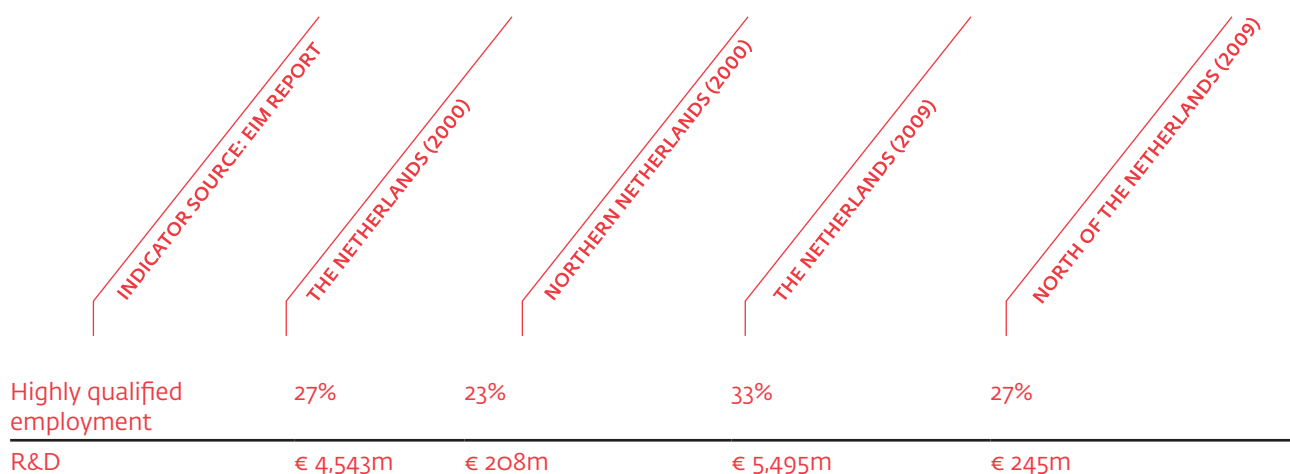
- Continuing the cohesion policy (with our control over policy and means)
- Compensation for reduced agricultural support
- Cross-border and international cooperation

In order to realise our ambitions we work in partnership with Northwest Germany.

2. The strength of the Northern Netherlands

We are successful in our regional economic policy, because this policy has reduced the phase difference between the Northern Netherlands and the national average for a large number of economic indicators. European input (structural funds) and State input have enabled us to create a solid basis for a knowledge economy since 2000. Those efforts need to be continued vigorously for the future and they need to be embedded in our regional economy. We want to build on the successes of the existing programme and realise the European agenda under our own steam. We make choices and as the Northern Netherlands we join forces to realise the objectives of the Northern Netherlands 2020. That is the only way in which we can contribute to the European challenges and at the same time strengthen our own spatial economic structure. How do we score on important indicators for the regional economic policy?

	INDICATOR SOURCE: EIM REPORT	THE NETHERLANDS (2000)	NORTHERN NETHERLANDS (2000)	THE NETHERLANDS (2008)	NORTHERN NETHERLANDS (2008)
Participation rate	64.5%	60.3%	67.5%	65.3%	
Unemployment	3.8%	5.4%	3.9%	5.0%	
Gross Regional Product	€ 32,605	€ 23,909	€ 34,713	€ 26,245	



Where the Netherlands scores 1.76% on R&D expenditure as a percentage of GNP, the Northern Netherlands scores 1.16%, of which 0.49% can be attributed to the universities. In this respect the Northern Netherlands does not differ from the Netherlands. The difference is in the contribution from businesses and research institutes, where the Northern Netherlands scores 0.67% compared with 1.26% for the Netherlands.

Although the Northern Netherlands still scores below the national average, we have made progress over the past few years and the phase difference has been caught up considerably. The elements on which the Northern Netherlands scores less can be related to the sector structure, the fact that more than 95% of companies is part of the SME sector, and to the composition of the labour force with relatively few highly educated people. In 2020 we want to score the same as the national average, which requires making full use of the potential of the strong presence of knowledge infrastructure of the Northern Netherlands, with the University of Groningen, the UMCG, colleges and academies, and the existing alliances.

The knowledge economy is inextricably linked to urban networks. All over the world there is a noticeable move to the city. In Western Europe and the Netherlands urban networks develop and, in connection with national and international infrastructure networks, they form national and international corridors. In the Northern Netherlands networks of cities develop along the principal infrastructure, whilst the population shrinks in the surrounding areas. Living and working is mainly concentrated in and near the conurbations. The development of a strong and internationally competitive northern economy will benefit from this bundling of economic activities and realising attractive urban networks in which the knowledge economy can flourish.

3. EU 2020 and the Northern Netherlands

EU 2020 is the strategy, planned by the European Council, for economic development with three priorities: An economy based on knowledge and innovation (smart growth), with more efficient use of natural resources (sustainable growth) and this produces high employment rates and social and territorial cohesion (inclusive growth). The three European priorities are mutually reinforcing and will help the EU and Member States to deliver high levels of employment, productivity and social cohesion. In order to increase the impact of this strategy, Europe will direct by means of multilevel governance and accountability on quantitative objectives per priority. In the Strategic Agenda (2007-2013) Northern Netherlands, realising a sustainable knowledge economy is the central plank through enhancing the economic sector structure and promoting innovation. The focus is on strong cities with a vital countryside. We are faced with important social tasks

in relation to demographic changes (ageing population, dejuvenation, decreasing population) and climate and energy. We see our contribution to Europa 2020 concentrated on enhancing the knowledge economy with the most important areas being water technology, sustainable energy, healthy ageing, agribusiness/biobased economy and sensor technology. These northern drivers fit seamlessly with the challenges the European Commission set out in the area of climate, low-carbon economy and demographic change. By combining the different competencies, many different innovation options arise (detailed in the Appendix).

4. Perspectives for the Northern Netherlands in European budget 2014-2020

The European Commission announced its proposals for reforms in the multiannual financial framework with the motto 'realise maximum value from EU policy'. Brussels wants more flexibility in the budget and a focus on a limited number of themes. The proposals for 'modernisation' of the multiannual budget are expected in the middle of 2011. It is certain that EU 2020 will be the strategic framework for the new European multiannual budget. Setting new priorities in the multiannual budget (more money for knowledge and innovation, sustainability, ageing) will lead to shifts within the European budget, which may have major consequences for us if this will be at the cost of regional policy and CAP.

We prefer the availability of programme-based means for implementing our agenda through regional policy. A territorial approach to EU 2020 facilitates an integral approach and with a focused effort and committed regional partnership it will lead to the impact desired at local and regional level.

Assuming that the structural funds and the sector programmes supplement each other, we want to improve access, including for SMEs, to sector programmes, such as Research, Energy, Climate Action and Innovation and Science.

5. Principles for the focus of the Northern Netherlands in EU 2020

In order to have our agenda match future European policy programmes as closely as possible, we take account of the following points of attention:

- The agenda matches the EU 2020 strategy. The focus is on knowledge and innovation;
- The agenda builds on the foundation that was laid by the former programmes;
- The agenda is based on a thorough evaluation of the existing programmes, including a properly substantiated evaluation of the effects;
- The emphasis is on using subsidies. We will also explore more indirect instruments to support business, such as guarantee funds and risk capital.

Europe asks for a focus. We see our most important tasks and contributions to a competing Europe in the priority "Smart growth". From objectives in the area of smart growth (knowledge and innovation, education and training) we will be able to realise other European objectives in the area of sustainable and inclusive growth in part. In order to realise energy and climate tasks, we will focus on developing a biobased economy. We believe that this represents excellent chances for the economy of the rural area.

Our focus in relation to regional economic policy is more and more focused on the development of favourable clusters, the so-called "key clusters". They are Water Technology, Energy, Sensor Technology, Agribusiness and Healthy Ageing. These five clusters are strongly interlinked and they are all organised in cluster organisations from the "triple helix" thought (close cooperation between business, knowledge institutes and government). From the different competencies, the clusters will all contribute to meeting the challenges of EU 2020.

Energy

The Northern Netherlands is the region where knowledge on sustainable energy converges.

Sensor Technology

The Northern Netherlands has an internationally renowned position in the development of sensor technology (observing, recording and processing large amounts of data in a short period of time).

Water Technology

The top of Dutch expertise in the area of water technology is in the Northern Netherlands with the top water technology institute Wetsus as an important centre.

Healthy Ageing

In Europe, the Healthy Ageing Network Northern Netherlands (HANNN) offers the most integrated approach to healthy ageing.

Agribusiness

Support the agricultural sector in the transition to sustainable production and an independent position in the world market.

The strength of the clusters is predominantly in their cohesion. The mentioned clusters contribute individually and in cohesion to realising the social agenda and offer many opportunities for education and business, which is also required for further continued development. This is where we have an important task and opportunity. The conversion of knowledge into products, into jobs and into exporting knowledge can be improved, and that is where we need support from the European Union. We also ask the European Union support for promoting cooperation with other regions with the objective of actually achieving European knowledge clusters. This enhances the European knowledge infrastructure and there is significant added value for and by the Northern Netherlands.

All knowledge clusters have an explicit international orientation. By participating in international networks, the regional knowledge economy can be strengthened. We want to join forces further by means of solid cooperation with Northern Germany. This does not only concern our nearest neighbours Lower Saxony and Bremen, but also regions within the northern development axis. The key clusters develop and strengthen partnerships with Northern Germany and regions beyond. This cooperation will have to result in joint cross-border programmes.

Substantive themes and programmes

1. Smart growth/Knowledge economy

In EU 2020, the Council of Europe sets out that an economy based on knowledge and innovation would need to be shaped by means of more focus on research and development, improving the quality of education and improving the transfer of knowledge and innovation. Innovation needs to be converted into new products and services and in quality jobs. Europe wants to direct on clusters that are characterised as “excellent”. The control mechanism is therefore “innovation partnership”. Other lines that are recognised are that regions ensure regional embedding and that cross-border innovation approaches will be facilitated better.

The priority ‘smart growth’ has three flagship initiatives, being the Digital agenda, the Innovation Union and Youth on the Move. From our possibilities we are looking to link in with these themed agendas, for example where it concerns ICT and Healthy Ageing - e-Health.

We award the highest priority to the knowledge economy and we will focus on further transition during the coming ten years. This means enhancing the favourable clusters and broadening the base. Every single one of our five clusters is relevant to the European agenda, which means that there are perspectives for participation by the Northern Netherlands in EU projects and programmes. In short, clusters will operate as “drivers” for the regional knowledge economy by:

- encouraging business development
- knowledge development and forming business and social networks
- participating in European projects
- international profiling and partnership
- open innovation networks
- increasing the appeal of the region.

We would like additional attention for our small and medium-sized companies (SMEs). Some 70% of our labour force is employed by SMEs. We will need to involve SMEs more closely in knowledge development. We will do so by facilitating so-called incubators for starting companies. The participation of SMEs in European projects is insufficient and requires special attention. The lead times are long and deter. With close cooperation between the government, clusters, knowledge institutes and SMEs, we will devise solutions.

Another important driver for the knowledge economy is the presence of sufficient and good-quality human capital. A labour force with more and better skills is a condition for realising the objective of a knowledge economy. We want to increase the employment percentage of highly educated people. We are convinced that this will also create employment for people with lower levels of education in its wake. The ageing population means a reduced supply on the employment market. In certain sectors, such as healthcare for example, the demand, or even replacement, for labour will rise strongly. In order to achieve our objectives it is crucial to invest in human capital. The existing cooperation between the colleges and academies and the other education institutions forms a solid basis for arriving at an actual agenda for Lifelong Learning. In this framework, the labour market is seen from the perspective of increasing employment participation and productivity. Education plays a crucial role in this respect. In order to realise the objective of a transition to a knowledge economy Northern Netherlands, we will need to focus on a general upscaling of the level of knowledge and competencies of the northern labour force.

B. Sustainability/greener economy

For us, sustainable growth is the second pillar of EU 2020. Besides an economy based on knowledge and innovation, Europe wants to move to a greener and more competitive economy, where natural resources are used more efficiently.

From the objective of a knowledge economy, and the focus on the northern clusters, we see clear opportunities to contribute to making society more sustainable. In other words, we approach the sustainability theme from an integrated strategy.

The Northern Netherlands wants to focus vigorously on energy savings, contribute to the development of sustainable energy sources and promote efficient and clean use of finite energy sources. This needs to happen by means of different lines, including research and development. An integrated approach means direct links can be made between the different clusters, such as Energy, Water Technology and Agribusiness (biobased economy).

C. Demographic change

EU 2020 describes demographic changes as one of the major challenges. The Northern Netherlands is characterised by relatively strong ageing and a situation where a decreasing population (in the rural area) and population growth (in urban centres) exist alongside each other. The decreasing population and the ageing population are autonomous facts in the view of the Northern Netherlands.

In some areas, particularly in the peripheral parts of the Northern Netherlands, the demographic development can result in a concentration of socio-economic problems in the underside of society. In a positive sense, the ageing population also offers many opportunities for innovation and employment. For example, consider services and provisions related to information and

communication technology, such as e-health, but also sensor technology. Promoting active and healthy ageing is an important pillar in limiting the negative effects of the ageing population. With the Healthy Ageing cluster, the Northern Netherlands has an important knowledge carrier in this area. The challenges in the area of a decreasing population form part of the provincial area-specific programmes and municipal policy. The extent and the effects of demographic changes (shrinking, ageing, dejuvenation) in the Northern Netherlands require policy intervention, and they are an issue for the next ten years.

Instruments and Organisation

a. Cohesion policy

The European Union wants to reduce the phase differences within Europe, and there is a cohesion policy to achieve that purpose. This happens along three lines, being social, economic and territorial cohesion. At the same time, Europe wants to develop into the most innovative region in the world. The Northern Netherlands wants to play an important role in realising that ambition.

The Northern Netherlands has some distance to go in relation to economic cohesion, and therefore the Northern Netherlands requires the use of a substantial sum of means from the structural funds. For example, investments from the structural funds can be used to invest in research infrastructure, infrastructure and facilities. Public-private collaboration and financial engineering are extremely important in that respect.

b. Common Agricultural Policy (CAP)

There are changes afoot in relation to the CAP; there may be a possible reduction in direct income support for farmers. We want this reduction in agricultural monies to be compensated, and we believe that this compensation needs to be used for supplying other products in demand.

We are focusing on realising innovation and a biobased economy. Important themes include food (security) and Healthy Ageing. Our innovative approach for the sector is described in the Innovation Agenda Agro Northern Netherlands. We give priority to developing renewable raw materials and realising objectives in the area of energy. These themes offer many opportunities for enhancing the economy in the rural area. In realising our ambitions for a Biobased Economy we have an excellent starting position with our Energy and Agribusiness knowledge clusters.

c. Sector programmes

In order to realise knowledge development and valorisation, it is important that we know how to use the European sector programmes. A relevant programme is the Framework Programme (FP). Research has demonstrated that the Northern Netherlands, compared with other regions, has a limited participation in the sector programmes. As framework programmes are likely to have a more programme-based angle in future and will have a greater scope, the opportunities for the Northern Netherlands will increase. It is justifiable to assume that the framework programmes will be more specifically focused on social/applied innovation, instead of pure fundamental scientific research, which will bring governments/SMEs into the picture. In order to have science financed, "excellence and cooperation" are the criteria.

d. International Cooperation

In view of promoting European integration by means of territorial cohesion, the European Union wants to stimulate cross-border cooperation. We support this principle with full conviction. The Northern Netherlands and Northern Germany have excellent opportunities to take on the European challenges. The focus is on Niedersachsen. We argue for a continuation of regional economic policy, supported by means from the structural funds over which the regions themselves have control and determination. The themes Energy, Healthy Ageing and Agribusiness offer the greatest opportunities in terms of content for international cooperation. An example is the Hanze Energy Corridor.

Furthermore, this cooperation will allow an improved match with macro-regions that may be set up. Research has demonstrated that specific cluster organisations, such as in the Northern Netherlands, do not exist in Northern Germany, with one or two exceptions. The aim of the Council of Europe to enhance innovation partnerships and to facilitate cross-border innovative cooperation may offer opportunities, which we would like to explore.

In terms of international cooperation we are focused on cooperating with the regions on the Northern Development Axis, where there are good opportunities to develop new knowledge markets.

e. Partnership and Organisation

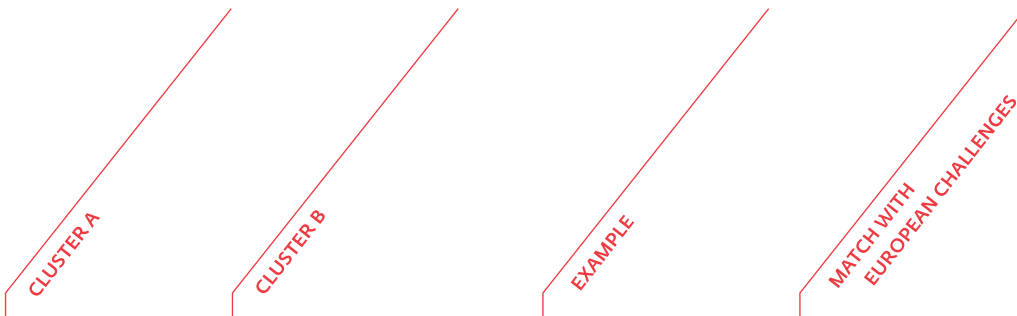
We are aware that in times of economic hardship we need to perform with fewer means in order to realise our objectives in the light of the European challenges. This means that all partners will be asked to join forces. We want to opt for a joint approach in the area of lobby and strategy, of means and human power, in order to improve our knowledge and innovation policy efficiently and in a targeted manner in the implementation of policy and to enhance our national and international position. The Northern Netherlands Alliance (SNN) will act as the director.

Appendix

The key clusters in the Northern Netherlands and EU 2020

One strong cluster network

The key clusters are interlinked in the Northern Netherlands, but also with knowledge institutes and clusters in Northwest Germany and beyond. The network between the clusters makes it possible to create important links between energy and water technology (such as climate adaptation), energy and agribusiness (such as the biobased economy), Healthy Ageing and agribusiness (for example food). All clusters can be seen in relation to sensor technology (sensor development, data processing and measuring techniques). The table below presents an overview of the crosslinks.



Cluster A	Cluster B	Example	Match with European Challenges
Energy	Sensor Technology	Decentralised energy/ Smart grids	Innovation/climate/energy/ low-carbon economy
Water Technology	Sensor Technology	Smart dykes	Innovation/climate
Agribusiness	Sensor Technology	Precision agriculture	Innovation
Healthy Ageing	Sensor Technology	Remote healthcare / e-Health	Innovation, demographic change, health, digital agenda
Healthy Ageing	Agribusiness	Healthy carbohydrates	Innovation, health
Energy	Agribusiness/BBE	Bio-energy	Innovation, climate/energy, low-carbon economy
Water Technology	Energy	Blue energy	Climate/energy/low-carbon economy
Healthy Ageing		Labour force that lives actively and healthily for longer	Inclusive growth

Energy

The Northern Netherlands is the region where knowledge on sustainable energy converges. The concentration of the gas industry and a growing position in electricity production give the Northern Netherlands a leading role in the area of sustainable energy and climate policy. Businesses will be investing several dozens of billions of Euro in the energy sector of the Northern Netherlands (Energy Valley region).

This concerns a broad package of projects in oil and gas exploitation, constructing power stations, green-gas production, wind energy, etc.

Sensor Technology

Sensor technology makes it possible to monitor, record and/or process large amounts of data quickly and extremely accurately. The Northern Netherlands has an internationally renowned position in the development of this technology. Its application can be found in the development of large radiotelescopes at Astron, but this technology is also used in the area of fossil and sustainable energy, mobility, water and sound, cure and care, agriculture, cattle farming, safety, etc. The Northern Netherlands has the knowledge institute HIT and the scientific institute INCAS₃.

Water Technology

The top of Dutch expertise in the area of water technology is in the Northern Netherlands with the top water technology institute Wetsus as an important centre. The cooperation between business and research institutes leads to tangible innovative solutions for global water issues. The ambition is to develop into a European water hub: education, knowledge, research, incubators, the water campus in Leeuwarden and specialised businesses.

Healthy Ageing

In Europe, the Healthy Ageing Network Northern Netherlands (HANNN) offers the most integrated approach to healthy ageing. Government, businesses, and knowledge institutes in the Northern Netherlands, together with partners from Europe, turn the integrated Healthy Ageing approach into an economic growth engine. Medical research, including 'care & cure', and innovative developments in the food sector that are focused on enabling human beings to age healthily, must be encouraged. The dejuvenation and the ageing population lead to a reduction in the labour force. In order to absorb this, it is essential that people continue in the employment process healthy and longer.

Agribusiness

The agricultural sector must be supported by a conversion to sustainable production and an independent position in the world market, partly due to the possible reduction of direct income support from the Common Agricultural Policy.

The Northern Netherlands targets the relationship between the agricultural sector and agribusiness. An example is the innovative strength in the area of carbohydrate-containing biomass, which is joined in the Carbohydrate Competence Centre (CCC) and plays an important role in the transition to a 'biobased economy'.