

To the Top

Towards a new enterprise policy

Date February 4, 2011

Status Final

This letter sets out the key objectives of the government's new business policy, giving entrepreneurs more scope for their business activities and enabling them to grow. It will allow them to stand out on the world market, profit from growing world trade, exploit opportunities for growth in emerging markets, achieve sustainable economic growth and choose to become top sectors.

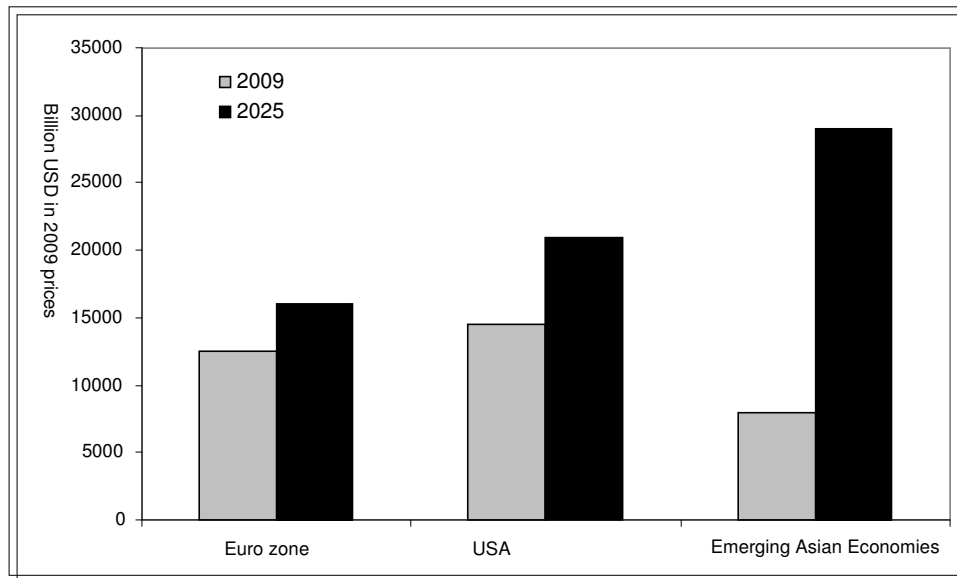
This letter explains how, together with businesses and scientists, we can help the Dutch sectors to maintain or achieve a leading position in the world. It is essential that our entrepreneurs are given more scope to do what they do best: business.

1. Ambition and vision

Globalisation provides opportunities for Dutch business...

Growth of emerging markets in Asia and Latin-America has meant increasing international competition. This has serious consequences for Dutch enterprise with its strong international orientation. A dynamic world economy should in itself be no cause for concern. On the contrary: the strong growth of emerging economies means strong growth in potential markets, the like of which has not been seen in recent history. This offers Dutch business, universities and knowledge institutes excellent potential to exploit market opportunities and attract businesses, people and knowledge institutes to form ties with the Netherlands.

Figure 1: GDP development per region



Source: Based on IMF World Economic Outlook Database. GDP 2025 figures are calculated by linear extrapolation of IMF growth figures for 2010 t/m 2015.

... as do challenges in society ...

Societal developments like an aging population, the increasing scarcity of raw materials, climate change and diminishing biodiversity are often seen as threats to growth and welfare. However, these challenges provide opportunities in abundance for innovative enterprises. After all, only innovation – the technology of tomorrow – can bring ground-breaking, affordable solutions closer. Sustainable economic growth will enable us to embrace these challenges. Innovation, creativity and enterprise is the key.

... this requires a new approach ...

If we wish to seize the opportunities described above we will need a new approach. R&D investment by the Dutch business sector is lagging behind. Businesses, particularly SMEs, are deriving too little benefit from the research in public knowledge institutes. We are missing the opportunity to exploit our world class scientific knowledge. Dutch subsidy policy has not delivered tangible results in the areas of knowledge and innovation and SMEs still have difficulty in finding funding for relatively high-risk innovative projects. Moreover, entrepreneurs do not go into business for the subsidies, but because they have a good idea and see potential in developing it successfully. This is certainly true for SMEs, where subsidies go hand in hand with relatively high implementation and perception costs. The Dutch private sector sees government policy as being incoherent and unclear. The government is organised along the lines of policy dossiers drawn up in The Hague, rather than according to Dutch private sector structure. Our task is to position the Netherlands firmly in the fast growing markets and to find innovative solutions to societal problems.

... towards a new enterprise policy ...

Against this background the key objectives of the new business sector policy are:

A sector approach ...

A cohesive policy agenda will be developed across government policy for nine top sectors; from foreign policy to education, from regulatory burden to research policy and from development cooperation to infrastructure and ICT.

... more demand-driven input by the private sector ...

This sector-oriented policy agenda will be developed in close consultation with the private sector and knowledge institutes; this will mean greater demand-driven input from the private sector in forming government policy.

... fewer specific subsidies, more generic deregulation ...

The government is abolishing €500 million worth of business subsidies and will use the proceeds to reduce business taxes; this shift from specific to generic policy will mean fewer specialist help desks, lower implementation costs, fewer civil servants and a lighter administrative burden. It also means that subsidies will be converted into loans, so that the incentive is placed where it belongs: with the entrepreneur. The lighter fiscal burden for the private sector will be elaborated in the fiscal agenda to be submitted by the State Secretary of Finance before the end of this quarter.

... more scope for entrepreneurs

This government believes in the strength of entrepreneurs as drivers of innovation, who create prosperity and employment and help to find innovative solutions to the challenges posed by society. We will be giving them greater scope and entrust them with our confidence by removing obstacles and providing opportunities.

These key objectives are explained further below. They will be translated into concrete action and set out in a memorandum to be submitted before the summer.

2 Sector-oriented agendas

2.1 Why top sectors?

Thanks to its location in north-western Europe the Netherlands has a strong position as transit country. Our special relationship with water has ensured that one of our strengths is knowing how to deal with it. Over the past century we have built up specialised knowledge and developed strong technology clusters which include high technology, food and chemicals. In short, the Dutch economy has its own unique strengths which distinguish it on the international market.

To fully exploit and build on these strengths it is important to identify the problems and opportunities for each sector, as general government policy, whether it be environmental, spatial, education or healthcare may have very different effects on the individual sectors. The government will identify the problems and opportunities for each sector in consultation with businesses and knowledge institutes who have the required expertise. In the past governments approached problems from the point of view of their own remit and too little attention was paid to sector-specific problems. With the top sector approach we aim to improve the pre-conditions for the sectors across all government policy. That is across ministries and through levels of government.

In recent years we have gained useful experience in the agriculture sector's 'golden triangle' of enterprise, knowledge institutes and government, as explained in Box 1 below. The government has chosen to roll out this approach for nine top sectors and create a totally new form of public-private cooperation.

Box 1 Golden triangle

The top sector approach derives inspiration from the former Ministry of Agriculture, Nature and Food Quality's experience of cooperation in the golden triangle of enterprise, knowledge institutes, and government in the successful agro-food complex. The Dutch agro-food complex (horticulture, arable farming, livestock production and associated processing and supply businesses) is characterised by high productivity and fulfils an important international role. The Netherlands is the second largest exporter of agricultural products in the world. A critical factor of its success is the agricultural knowledge system and collaboration between business, knowledge institutes and the government. Central to this is the development of a common vision and the multi-year agreements, the financial commitment of all parties, the linkage of education and the private sector and the close links between entrepreneurs and research. One example is Wageningen University and Research Centre's testing site for greenhouse horticulture in Bleiswijk. To aid knowledge exchange university scientists and researchers from applied research institutes have been brought together at this location in five research groups. Entrepreneurs can learn about the research results at various testing stations. Individual agro-food businesses contribute to the funding of these testing stations through their product boards. One positive result of this approach has been the use of greenhouses as energy source. Important innovations are summer heat storage for winter use, drastically reduced energy consumption through 'new cultivation', the low-energy application of lighting and the development of geothermal heating.

The top sectors are characterised by a strong market and export position, a solid knowledge base, close collaboration between entrepreneurs and knowledge institutes and the potential to provide input in solving societal challenges. It is precisely these aspects – like foreign economic relations, knowledge base – which are seriously affected by government intervention in the competitiveness of the sector. Moreover, in the top sectors the added value of knowledge-sharing by institutes, businesses and government is relatively high. Most notably in the sectors water, agriculture and food, horticulture and propagating materials, high tech, life sciences, chemicals, energy, logistics and the creative industry (see table 1). The new pre-conditions of sector policy will be evaluated regularly, to ensure that the priorities, including choice of sector, do justice to the dynamism of the economy.

Box 2 Head offices and strong financial sector

Head offices located in the Netherlands are of great importance to the Dutch economy. They strengthen the economic image of the Netherlands and create high value employment, directly and indirectly. Moreover, the presence of a head office increases the potential for further investment, in R&D or distribution for instance. The Netherlands is in a strong position for head office locations, but this position is not automatic. International competition is increasing along with a shift in the economic centre of gravity. A strong financial sector has traditionally been one of the pillars of the Dutch business sector's international approach. Improved conditions for the financial sector are essential to maintain an attractive head office climate. Extra effort will be required to ensure that head offices remain in the Netherlands, or are attracted to it. The linkage to top sectors provides new opportunities. In addition to generic factors like infrastructure (Schiphol), international orientation and fiscal climate, foreign businesses choose to locate in the Netherlands because of the specific expertise

available here and the high level of business service. Before the summer the Ministers of Finance and Economic Affairs, Agriculture and Innovation will present a plan of approach to further strengthen the climate for head offices.

Top sectors are often concentrated in one geographic area, which may be cross-border. The network advantages of regional clusters can then be fully exploited by businesses and knowledge institutes¹. Examples are Greenports, including Venlo, Westland (glasshouse growers) and *Bollenstreek* (bulb producing area), Brainport south-eastern region of the Netherlands, Food Valley in Wageningen, Maintenance Valley in central and western Brabant, Energy Valley in Groningen, BioScience park in Leiden, Health Valley in Nijmegen, Biobased in south-western region of the Netherlands, nanotechnology in Twente and Delft, the southern axis, Zuidas, in Amsterdam, Schiphol and the Port of Rotterdam. These clusters form an integral part of the relevant top sectors.

Table 1 Top sectors

	Top sector	Activities	% GNP*	R&D expenditure (billion)*
1	Agro-Food	Agro-food sector: various (animal and vegetable) food chains, Food Valley.	4.4%	0.5 <i>(including top sector 2)</i>
2	Horticulture and propagating stock	Plant breeding, vegetables, fruit and trees, flowers and bulbs, Greenports	1.4%	0.5 <i>(including top sector 1)</i>
3	High Tech materials and systems	High tech materials and systems, Brainport, nanotechnology, automotive, aircraft, Agro, security, steel	6.7%	4.2
4	Energy	Sustainable energy management, international energy market (Gas Roundabout) and Energy Valley	3.4%	2.1
5	Logistics	international supply chains, managing role at hubs, service logistics, innovation in air traffic, freight, water, mainports Rotterdam and Schiphol and hinterland connections	3.4%	0.2
6	Creative industry	Architecture, fashion, gaming, industrial design, media	1.6%	0.2
7	Life-sciences	vaccines, diagnostics, pharmaceutical, biomedical materials, preventive techniques and human and animal health remedies, Bio Science Park Leiden, Health Valley	3.7%	2.1
8	Chemicals	Petrochemicals, basic chemicals and fine chemicals, Maintenance Valley	2.2%	1.7
9	Water	Water and delta technology, maritime construction, water as resource, water purification	0.4%	0.3

¹ Netherlands Bureau for Economic Policy Analysis (CPB) 2010, *Stad en Land*, Den Haag: De Swart.

* Figures for 2008, source: *Dialogic: Nederlandse clusters in kaart gebracht*, 2010. Horticulture figures source: Agricultural Economics Research Institute (LEI): *Het Nederlandse agrocomplex*. These figures give an indication of the size and breakdown of the top sectors. R&D investment only refers to private investment.

2.2 Sector Agendas

The government will use this approach to work together per top sector with businesses and knowledge institutes to strengthen competitiveness and solve societal problems. To realise this ambition and vision an agenda for action will be drawn up for each top sector. These will identify opportunities and challengers for each top sector and address sector-specific problems and obstacles.

The agendas will include action under the following themes:

Knowledge and research agenda

Dutch universities and knowledge institutes carry out excellent research in many areas. Even so, the potential of this research to deliver innovative products and services to society is not fully achieved by knowledge institutes and business. Greater collaboration, grouping and specialisation of research effort is needed, as a certain scale is required for pioneering research. The government is therefore promoting a more demand-driven approach and the drafting of a joint knowledge and research agenda for the private sector, knowledge institutes and the government. Where possible these agendas will build on existing forms of successful collaboration, for instance in the Top Institutes and managing bodies. The Netherlands Organisation for Scientific Research (NWO) and the Royal Netherlands Academy of Arts and Sciences (KNAW) will devote a substantial portion of their research funds to research emanating from the knowledge and research agendas of the top sectors (the NWO top sectors channel). The agenda can identify research themes that the top sectors need most. The NWO will fund research proposals on the basis of scientific criteria and in competition within and between the top sectors. In addition to the top sectors channel the NWO and KNAW will have resources that can be used outside the top sectors. By gearing their programmes more to demand, the research organisation TNO and the large technological institutes, will have greater top sector orientation, as is already the case at the agricultural research service DLO. To fully integrate demand, orientation research and innovation funding will need to be co-financed from the private sector. By setting conditions for co-financing, the private sector's commitment will be guaranteed. A portion of the resources available from fiscal measures already in place for innovation will be earmarked for the top sectors. This approach devoted to sector knowledge and research agendas will also stimulate institutional regeneration of the knowledge landscape through strategic knowledge alliances and the grouping of knowledge and expertise. This is in line with the recommendations of the Veerman Committee.

Foreign policy

For each top sector we will identify, where relevant, how Dutch foreign policy can provide support to that sector. In the area of economic diplomacy, or *Holland branding*, we foresee activities such as foreign missions, exploiting the networks of our posts abroad and greater involvement of the private sector in development cooperation. A top sector's knowledge infrastructure can also be strengthened by actively seeking to attract foreign businesses and top talent to the Netherlands. Specific strategy to procure top foreign businesses, including head offices, could form part of the sector agenda. With input from knowledge institutes and the private sector, the Netherlands Foreign Investment Agency (NFIA) could actively approach suitable foreign businesses to locate in the Netherlands. We are

currently conducting a pilot for the top sectors of Food en Chemicals which could be rolled out over all the top sectors.

Sector pre-conditions

Businesses in the top sectors can experience many kinds of sector-specific problems, like procurement regulation, health and welfare regulation, spatial planning and infrastructure and tax law. Concrete solutions to these problems can be presented in the agendas. One good example of deregulation is the proposed umbrella regulation for the development of the Maasvlakte 2 for the Port of Rotterdam. The Minister of Infrastructure and the Environment has already initiated the reform of environmental law (in the spatial planning domain).

Education and training

The agendas for each top sector can explore the possibility of expanding the existing knowledge and quality of skilled workers and knowledge professionals, set up exchange programmes between the public and private sectors and promote retraining and training updates, propose measures to make it easier to attract and keep knowledge migrants and facilitate young people to become entrepreneurs. It is important that vocational training is geared to the needs of business. The MBOs, intermediate vocational training institutes, in consultation with the private sector, will draw up agreements on designing effective training, and – if necessary - on how tasks can be concentrated or divided. From 2014-2015 qualifications will be simplified and made more transparent, so that they meet the demands of the private sector and are more workable for MBO institutes. In addition, vocational training institutes will be challenged into greater specialisation by the Centres of Expertise for Higher Education and MBO centres for innovative professional skills. In this context the government has recently accepted a number of proposals in the areas of water, agriculture, chemicals and the automotive industry. In the coming years this approach will be rolled out to other top sectors. In the government reaction to the Veerman Committee proposals on higher education we will explore how higher education can further support the development of the top sectors by differentiation and specialisation.

Sustainability

Sustainable production and production methods provide businesses with opportunities to grow in new markets. Moreover, the availability of quality raw materials is crucial to the competitive strength of the Netherlands. Government, business and knowledge institutes should make an inventory for each top sector of how further sustainability can be achieved, making use of the recommendations of the *Task force Biodiversiteit & Natuurlijke Hulpbronnen* (biodiversity and natural resources). In addition, top sector efforts in the area of the bio-based economy can also be included in the agendas. There are opportunities to make more use of organic materials, especially in the chemicals, agro-food and energy sectors. The government will support the top sectors through sustainable procurement, trade and tendering, giving priority to innovative solutions. Here again, legislation, licences and funding will be reviewed.

2.3 Design of the new approach

The government, especially the relevant ministries, are involved in both phases and are committed to the agendas and activities, as are the private sector and the knowledge institutes. For each top sector one ministry will serve as contact point and be responsible for the government contribution to that sector. Table 2 below lists the ministries responsible.

Table 2 Minister responsible per top sector

Top sector	Minister responsible
Agro-food	Economic Affairs, Agriculture and Innovation
Horticulture and propagating	Economic Affairs, Agriculture and Innovation
High Tech materials and	Economic Affairs, Agriculture and Innovation
Energy	Economic Affairs, Agriculture and Innovation
Logistics	Infrastructure and the Environment
Creative industry	Education, Cultural Affairs and Science
Life sciences	Health, Welfare and Sport
Chemicals	Economic Affairs, Agriculture and Innovation
Water	Infrastructure and the Environment
General coordination	Economic Affairs, Agriculture and Innovation

Phase 1 – establish key objectives for agendas (February – May 2011)

The government wishes to make an energetic start. A top team will be appointed for each of the top sectors. The top team will comprise a leading player from the sector, a representative of the scientific world, a senior civil servant and a leading, innovative entrepreneur from an SMB. The team will focus on the sector: only by getting inside the sector will this approach be effective, in other words bottom-up. In May the top team will make recommendations to the Minister of Economic Affairs, Agriculture and Innovation about the sector's ambitions and key priorities and will draw up the broad lines of a sector agenda, including a plan of approach. As well as financial measures, other instruments like economic diplomacy and dealing with the administrative burden will be important, as outlined in paragraph 2.2. The recommendations will also explore the demarcation of the top sector's role, governance of the approach and possible tie-ins with other top sectors. They will also indicate how the agenda can best be put into practice. It will also be indicated whether, and if so how, existing structures and programmes within the various top sectors can be built on, including existing regional collaborations, top technological institutes and existing regional bodies. In evaluating the top teams' recommendations the following questions should be explored:

- Do the agendas contribute to enabling the top sector to excel?
- Are the themes of economy, society, sustainability and science sufficiently addressed?
- Do the agendas help to increase the prosperity of society?
- Has the top sector's role been given clear demarcation and have priorities actually been identified?
- Is there an integrated and cohesive agenda?
- Are the stakeholders (business, government and knowledge institutes) committed to the agenda?
- Is there an open process and open access?
- Does the agenda fit into the financial framework available?
- To what extent can the objectives be made accountable?

The government will evaluate the proposals and on its behalf the Minister of Economic Affairs, Agriculture and Innovation will give one reaction to the recommendations for each top sector. The government reaction to the recommendations will serve as starting point for the top teams to get to work on the agenda for action. In its reaction the government will indicate the accountable actions required to help realise the ambitions of the government. The recommendations of the top teams will be used in further development of the memorandum on private sector policy that will be sent to the House of Representatives of the States General before the summer of 2011.

Phase 2– development and implementation of integrated agendas (from May 2011)

From May onwards key players from business, knowledge institutes and local authorities and possibly regional development groups (ROMs) and regional collaborations will monitor the implementation of the agenda. All parties will contribute to the top sector from the point of view of their own responsibility. With this approach to the top sectors the government meets the Verburg motion (TK 2010-2011, 32500 XIII, nr. 93) on the drafting of business plans for the players in the top sectors.

2.4 Making more effective use of the available budget

Around EUR 1.5 billion of the national budget is earmarked for the top sectors (see table 3). The top teams may submit proposals to ensure this money is spent in the most effective manner possible. Timing and phasing of allocation will be decided at a later stage. The EUR 1.5 billion earmarked for the top sectors as set out in this letter will come from several ministry budgets, as detailed below. This includes programme funds already designated or planned for. Within the framework of this policy the government will make an integrated assessment of how the money will be distributed among the top sectors on the basis of the recommendations by the top teams. Although the top teams do not have budgets of their own, they do have a strong co-steering role. The ministries will remain responsible for the expenditure of their funds in line with the policy objectives.

Table 3 Budget for top sectors	Funds available for top sectors in EUR million (2005)
Knowledge, innovation & funding¹	
1. NWO/KNAW share in top sectors ²	350
2. Applied research (TNO, GTIs, DLO)	250
3. Promoting innovation in the top sectors	50
4. Profiling knowledge infrastructures ³	50
5. Innovation Fund	75
6. Fiscal support top sectors ⁴	50
<i>Total</i>	825

Sector contributions from ministries	
7. Ministry of Health, Welfare and Sport: Life sciences, health care	50
8. Ministry of Economic Affairs, Agriculture, and Innovation: Energy and innovation	100
9. Ministry of Economic Affairs, Agriculture, and Innovation: Food and horticulture	50
10. Ministry of Infrastructure and the Environment: Logistics	25
11. Ministry of Infrastructure and the Environment: Water	25
12: Ministry of Defence: High tech and water	20
<i>Total</i>	<i>270</i>
International	
13. International enterprise and development cooperation (Ministry of Foreign Affairs) ⁵	300
14. International enterprise (Ministry of Economic Affairs, Agriculture, and Innovation)	10
<i>Total</i>	<i>310</i>
European contribution to knowledge and innovation	
15. Framework Programme of the European Community ⁶	50
<i>TOTAL</i>	<i>1455</i>
Other contributions	
16. Co-funding from the sector	pm
17. Regions	pm
<i>TOTAL</i>	<i>1455m</i>

- 1) Match-funding must be secured for the implementation of European programmes.
- 2) Research resources made available by NWO/KNAW on the basis of knowledge agendas and commitment of the sector after assessment of scientific quality and impact.
- 3) This includes upgrading of the ICT research infrastructure.
- 4) An assessment is being made of how to lighten the administrative burden as provided for in the coalition agreement, preferably with the instruments already in place like WBSO and *Innovatiebox*, while substantially benefiting the top sectors. The outcome of the WBSO evaluation will decide how this is going to be put into practice. In the table 50 million is earmarked for this purpose.
- 5) New development cooperation policy increasingly seeks cooperation with the sector, notably in such areas as water management and food security. This policy will be fine-tuned with top sectors policy for water and agro-food.
- 6) The amount is based on the average contribution from the Framework Programme to the top sectors over recent years.

Alongside the resources for the top sectors there is a comprehensive set of generic policy instruments like the policy dedicated to innovation and entrepreneurship, WBSO and *Innovatiebox* which benefit the entire private sector, including the top sectors.

3. More scope and fewer restrictions for businesses

3.1 More scope less regulation for businesses

The administrative burden for businesses will be substantially reduced. In 2012 by 10% compared to 2010 and by an annual 5% after 2012. The box below gives examples of the regulation to be scrapped or simplified. For deregulation to have noticeable effect, close attention must be paid to the enforcement costs of new regulation. The government therefore wishes to introduce a framework for enforcement costs. Under this framework new regulation within this government's term of office will be compensated by reductions in the enforcement costs of current regulation. This framework will be presented at the State Opening of Parliament. Reducing regulation is not a matter to be realised by the Government alone, businesses know much better where the problems are. Input from businesses is very important for the design of the deregulation programme. As a result there will be more scope for businesses to come up with proposals to deviate from the rules, an approach that finds its origin in Denmark². The rule's objective is what counts, not the means: regulation must never stand in the way of innovation. Businesses that consistently show proper compliance and have earned the government's trust will see fewer inspection visits.

Box 3 Deregulation

- *Wages, taxes and premiums*
The government aims to simplify the wage slip for employer and employee by introducing a single concept for wages, taxes and premiums and income-dependent contributions under the Care Insurance Act. This will go a long way to simplifying administration and tax returns.
- *Starting a business*
It will be easier to start a private limited company (BV). Formalities like the required minimum capital of 18,000 EUR and a declaration from the bank are to be scrapped;
- Private limited companies are given more flexibility; shareholders can appoint their own board members and will get more freedom to establish voting ratios;
- The Certificate of No Objection (VVGB) will be abolished;
- *In addition to the 10% reduction in 2012, the administrative burden will be further reduced by an annual 5% from 2013. As a result:*
 - Taxation will be simplified further by the introduction of a wage bill levy;
 - The administrative burden for the self-employed without employees will be reduced;
 - Fewer printed statistics from Statistics Netherlands (CBS) will be required;
 - The practice of gold-plating European nature regulation will be scrapped;
 - Environmental law will be consolidated and simplified;
 - The General Administrative Law Act will be modernised and simplified;
 - The recommendations from the *Fundamentele Verkenning Bouw* committee will be implemented.

Actal will act as a watchdog and monitor the progress made in reducing the administrative burden. The government sets great store by the proper functioning of Actal and to this end Actal will be reorganised. Actal will continue to monitor the impact of regulatory pressure for citizens and businesses but it will also be an independent agency investigating complaints from the business sector. This task, formerly part of the Wientjes committee remit, will address complaints by naming and shaming.

² Provided this does not compromise the common good and does not breach European regulation.

Small and medium-sized businesses and the self-employed without employees should be given more opportunities in public procurement. A new Public Procurement bill now before Parliament already includes important elements to improve access to the public procurement process for small and medium-sized businesses. The Government sees possibilities to further improve the bill on this point. A memorandum of amendment will propose that the bill's principle of proportionality is adapted to include terms of contract and clustering of jobs. This will facilitate access to the public procurement process for small and medium-sized businesses and the self-employed. The Government is also going to use its purchasing budget more actively for innovation to resolve issues and improve access for small and medium-sized businesses to the public procurement process. The development of innovative solutions, like prototype development, is to be brought under the Small Business Innovation Programme (SBIR).

Authorities' paying conduct will also have to be improved, in line with European agreements. At present some 84% of the bills for government commissions are paid on time. Obviously every bill should be paid on time but in practice this proves to be impossible as there may be issues of full or timely delivery. The aim therefore is to ensure that a minimum 90% of the bills is paid on time. Authorities not paying within a 30-day term will therefore have to pay 8 percent default interest on top of the reference rate of interest. The debtor in default will also have to pay a EUR 40 fine as soon as the creditor presses for payment. The Government will assess whether the use of electronic bills can be encouraged by prompt payment of bills submitted electronically.

3.2 Funding support for innovative businesses via the Innovation Fund

Promising high-risk innovation projects sometimes need funding support. The under-development of informal capital markets in the Netherlands, compared to those in Anglo-Saxon countries, has led the Government to set up an Innovation Fund for successful innovations, which then generate new funds. The Fund will make it easier for entrepreneurs to invest in cost-effective, new and sustainable products, services and processes. With loans for innovations, guarantees to financial intermediaries and participation in investment funds the Innovation Fund will improve access to capital for businesses investing in innovation. The innovation loan scheme and the SEED Capital scheme will come under this Fund. The government aims for a starting capital of several hundred million euros and seeks collaboration with the European Investment Bank. The idea is that the capital finds its way back to the fund. The government has launched a study into developments in business funding in the near future. On the basis of this study and the recommendations from the *Task Force Kredietverlening* the instruments now in place for loans and guarantees will be redesigned.

Box 4 Action plan for young, innovative entrepreneurs

In the Netherlands entrepreneurs and start-up entrepreneurs on average make up a higher percentage of the workforce than in other European countries. But business indicators reveal there is still room for improvement in areas like growth, investments and ambition. The government therefore wants to draw up an action plan specifically for and with young innovative entrepreneurs and fast-growing businesses. Young entrepreneurs have already submitted a ten-point plan with some very valuable suggestions like improving access to funding (SEED and PRE-SEED schemes), improving access to university research and intellectual property of knowledge institutes for student entrepreneurs and designing a special scheme for top entrepreneurs, similar to that for outstanding sportsmen and women. Enthusiasm for entrepreneurship can also be awakened earlier if schools work with enterprise projects and successful entrepreneurs. Already there are action programmes in place like *Onderwijs en Ondernemen*, *BizWorld*, *Jong Ondernemen* and *New Venture*.

3.3 Reduced administrative burden for businesses

EUR 500 million of current subsidies earmarked for entrepreneurship, innovation and spatial economy will be used to reduce the administrative burden for businesses. Corporation tax will be reduced and more scope will be created under the R&D Promotion Act, and some R&D wage costs will become deductible. Fewer subsidies will also mean lower implementation costs for government and employers, and fewer civil servants will be engaged in implementation. The business climate will benefit from a broader, budget neutral base for corporation tax combined with generic and specific fee reduction.

3.4 One-stop shop for businesses

The current public support on offer for entrepreneurship, advice and innovation is fragmented. This must be made more efficient and more effective and at lower costs for entrepreneurs. From now on entrepreneurs will have 24 hour access to a digital one-stop shop, called *Ondernemersplein*, for objective information and advice on government matters, subsidy applications, VAT numbers and Chamber of Commerce registration. This digital one-stop shop will be supported by physical help-desks. The one-stop shop will be the result of a re-evaluation of public and private tasks, streamlining by focusing on core tasks at Syntens, the Chamber of Commerce, NL Agency and the expansion of digital services. Its architecture will be an encouraging perspective for other organisations aimed at public or private enterprise. As promised, a more detailed plan will be presented to Parliament in the first half of this year.

3.5 More knowledge for businesses

On taking office, the new government launched a programme to translate knowledge into new products and services. From 2016 on, the Government intends to use 2.5% or more of public research funding for the translation of knowledge into innovation.³ This may be realised by supporting start-up entrepreneurs at universities but also by letting young entrepreneurs use off-the-shelf patents on a no-cure-no-pay basis. NL Agency's Patent Office will start promoting this. Against this background the Government will approach top teams, universities, knowledge institutes and other stakeholders for suggestions to stimulate and reward researchers and scientists for their valorisation efforts.

In the world of small and medium-sized businesses innovation is often the result of group effort. This is why the Innovation Performance Contracts scheme will be widened to include groups with innovative ideas. This will enable small and medium-sized businesses to collaborate on innovation. The nine million euros earmarked for innovation in the 2011 budget will be supplemented by a voucher budget which adds up to EUR 26 million available for innovation in 2011. Innovation Performance Contracts will become more effective by grouping businesses engaged in innovation, tightening the collaboration requirement and ranking IPC plans according to quality. The scheme will be opened in April 2011.

In intermediate vocational education curriculums will include trade and entrepreneurial skills alongside such basic skills as language and arithmetic. The Government encourages schools to distinguish themselves, to offer a differentiated and excellent educational package, to focus their resources on mission and quality and allow more scope for selection and private funding. For vocational schools a performance box will be designed with scoring tables for industry appreciation. These scores will be

³ At present, some 1.5 to 2 % of public funds for research, or EUR 40-50 million goes to valorisation.

one determining factor in school funding. This year will also see a study into the funding options for higher education, an initiative of former Minister Veerman.

The Ministry of Education, Cultural Affairs and Science will use the study's outcome to adapt funding procedures for intermediary vocational and higher education. The measure is to come into effect during this Government's term of office. In the educational package on offer the demands of the labour market will be given greater emphasis. Too few people from knowledge institutes seek jobs in business and vice versa. Mobility has to improve for innovation to get off the ground. With the lessons learned from the success of the temporary knowledge worker scheme the Government will look into ways to improve this. A plan to improve mobility will be elaborated further in the policy memorandum to be published before the summer.

3.6 Favourable spatial conditions for businesses

The mainports, brainports and greenports of the Netherlands and their urban locations are vital to the economic strength of the Dutch economy. They are the drivers of our prosperity. These regions will get priority for new investment in spatial economic developments. Investments directly linked to these in other regions, like hinterland connections with our mainports, will be included in this prioritisation. Government urbanisation options will primarily be focused on these regions. Studies carried out in the context of the MIRT survey of key projects, MIRT area agendas and the broad policy outlines of the national Market and Capacity Analysis (NMCA), will support this geographic focus. The regions concerned include:

- Amsterdam (Mainport Schiphol, Zuidas, the greenports Aalsmeer and *Bollenstreek* (bulb producing area) and the relation with Almere and Utrecht);
- Rotterdam (mainport Rotterdam, the greenports Westland and Boskoop and the relation with The Hague);
- Eindhoven (the brainport in the south-eastern region of the Netherlands and greenport Venlo).

This prioritisation will be reflected in the current Long-term Programme for Infrastructure Spatial Planning and Transport, in projects funded by the Infrastructure Fund and those funded from the National Spatial Strategy budget and the extended Infrastructure Fund. This line will be further elaborated in the updated Policy Document on Mobility, and the National Spatial Strategy to be presented to Parliament before the summer of 2011. The new business policy set out in this letter will tie in with the updated policy documents. In view of the economic importance of the Northern Wing of the Randstad a vision is being worked out for the economic development of this area in the context of the Amsterdam letter, see Box 5.

Box 5 Amsterdam letter and financial services

The Northern Wing of the Randstad (Amsterdam, Utrecht and Schiphol mainport) has always had a strong position as provider of business services. It has specialised in internationally oriented, knowledge-intensive and high quality services like banking, insurance, pension funds, legal services, telecommunication, ICT consultancy, etc. The creative industry is also well represented here and it is an attractive location for the head offices of international companies (Zuidas) and European Distribution centres (Schiphol region). The presence of mainport Schiphol, with its network of some 300 destinations makes the Zuidas and other locations in the Northern Wing attractive for businesses operating on the international market.

In view of the economic importance of the Northern Wing of the Randstad an economic vision for the area is now being developed following the pledge to Parliament in October 2009. (Budget debate, Ministry of Economic Affairs).

In addition, the government will also give consideration to projects in other regions following the motion of De Rouwe and via the policy for nature and landscape, the consequences of declining population numbers, the innovation policy and the Delta Programme. The coalition agreement has promised an incentive policy for a number of economic top sectors and clusters covering all the relevant conditions for business establishment and business climate. These top sectors and clusters are largely concentrated in the areas just mentioned. They also include the food, maintenance and energy 'valleys' and the nanotechnology sectors in Twente and Delft. A good example is the collaboration in the area of food, health and technology in the east of the Netherlands. Here the expertise is consolidated and used for the clusters Nanotechnology, Food Valley and RedMedTechHighway (medical technology Nijmegen/Twente) and a link is made with related clusters within the Netherlands and abroad.

3.7 Utilisation of information and communication technology (ICT)

The application of ICT provides opportunities to lighten the burden and increase labour productivity. The creation of an entrepreneurial dossier is such an opportunity. Once businesses have completed such dossiers with the data required they can authorise the authorities to open them for inspection. A fixed and mobile telecom infrastructure with sufficient capacity and an excellent ICT knowledge infrastructure are very important for a good business establishment climate. In 2012 more mobile frequencies will be auctioned and at a faster rate to put a broadband infrastructure in place. Current obstacles to online trading within the EU must be removed to increase the opportunities for export. ITC as innovation axis is vital to the enhancement of the innovative strength of the economic top sectors. This will be elaborated further in the Ministry's Digital Agenda announced for 1 May and in the design of the top sector approach.

4. Conclusion

This Government believes in the strength of entrepreneurs. It will build on the strengths of the industrial sector in the Netherlands and contribute to a prosperous and sustainable society. The Netherlands must become *the* location for sustainable enterprise and innovation for businesses at home and from abroad. The government wishes the Netherlands to be a country where entrepreneurs are given the scope for expansion and innovation, a country where knowledge flows and sustainable solutions are developed. We want to be among the top 5 knowledge economies. This implies that the Netherlands will be on the short list of international businesses on the look-out for an investment location. The Government invites the business sector, knowledge institutes, regions and other stakeholders to work with it towards the realisation of this ambition.