



2<sup>nd</sup> step of the In-between Programme

## INTERNATIONAL ROUNDTABLE

The influence of innovation on the metropolitan scale: "How to interconnect or compose key innovation projects or policies to strengthen a metropolitan region?"

Issy-les-Moulineaux, France | 21 march 2013 | at 5Plus City Forum Programme OFF

### **1<sup>st</sup> case study: The Resilient Region, The Netherlands**

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#### **Zuid-Holland**

The province of Zuid-Holland is a versatile province with 3.5 million inhabitants in an area of almost 3,000 km<sup>2</sup>. It is the most densely populated province in the Netherlands. Zuid-Holland has universities in Leiden, Delft and Rotterdam, which are linked to knowledge centres such as Leiden's Bio Science Park and Science Port Holland in Delft. Including the metropolises of Rotterdam and The Hague, the port of Rotterdam and the greenhouse farming industry, Zuid-Holland is a province with much economic activity. This makes Zuid-Holland incredibly important for the Dutch economy. It is powerful in the agricultural sector, greenhouse farming, industry and service provision, as well as in many other activities. Zuid-Holland also has peaceful areas and space: it contains extensive areas of countryside, rivers, polders with windmills, lakes, dunes and sandy beaches.

Creating conditions for economic growth, substantially improving mobility, maintaining and developing nature and recreation, evenly distributing scarce space and linking towns to the countryside are but some of the challenges facing the political government of the province in the coming years.

**The province is constantly working to further the development of its spatial en economic policies.**

One of the instruments to do so is through the knowledge- en research agenda connected to the provinces' spatial plan for 2030.

One of the current projects involves rail, space and the economy, which is covered in the research project 'de weerbare regio' ('the resilient region'), in which the connection between spatial tools and provincial policies directed at the knowledge economy lies central.

#### The province in 2011, facts and figures



\* VVD, PvdA, PVV, CDA, SP, D66, GroenLinks, ChristenUnie and SGP, 50PLUS, Partij voor de Dieren

\*\* In the past 4 years

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## The Resilient Region

The main question for the research project 'The Resilient Region' is what spatial and economic instruments the province of Zuid-Holland can put in place to achieve greater resilience and opportunities for innovation and growth. Although the question of how to deal with the current economic crisis plays in everyone's head, we are regardlessly searching for a development strategy that applies at all times to answer this question. This is because there is more structural cause for concern in some of the major clusters in the province: they are still growing quickly in terms of their productivity levels, but their innovation levels and employment opportunities are much lower.

The economy of Zuid-Holland has new, innovative sectors (as well as innovative components within the existing clusters), but its growth and innovation power does not weigh up against the status quo of the larger sectors who are at the end of their cluster life

cycle. In the long-term, this has a negative impact on the vitality and resilience of the region. In order to bring an innovative dynamic to the regional clusters that create the greatest added value, i.e. horticulture, the industrial port complex and the water and delta technology cluster, diversification into growth segments is an effective strategy. Attracting foreign investment comes hand in hand with growth segments, and this completes the presented regional development vision.

### ***The Knowledge Economy and agglomeration advantages***

This vision is based on the potential of the knowledge economy. For the Western economies, knowledge has become the key for growth now that production can usually be carried out more cheaply and efficiently in other places. The aim of 'The Resilient Region' is to improve the international competitiveness of the clusters in Zuid-Holland, based on the (re)valuation of the provincial economic and spatial policy instruments. In general terms, larger cities tend to be better places for knowledge creation and knowledge transfer than smaller cities. More and more research and policy studies are indicating, however, that it's not the largest metropolitan regions, but the regions with medium-sized urban areas (of about 2 million inhabitants) that are the best places for economic growth. Examples include the Oresund region (Copenhagen / Malmö), the region between Düsseldorf-Köln-Bonn, the Antwerp-Ghent region and Zuid-Holland. In these types of regions, the interaction between regional and international networking is often considered optimal, with negative agglomeration effects still being relatively small. In these urban regions, the so-called service economy model and the industrial production model come together and intertwine more easily. Both, somewhat stereotypical models, have separate spatial structures and location factors. The presence of both dominant regional development types in Zuid-Holland has led to a more complex investment agenda, with potentially conflicting interests. It is difficult to serve both models simultaneously when resources are scarce. This study nevertheless argues that the dual face of Zuid-Holland is not just a threat, but that it also offers opportunities for innovation and development.

### ***Promising segments and sectors***

In 'The Resilient Region' research, strong and promising sectors and investment segments for the regional economy have been newly distinguished by skill-relatedness and network positions in foreign direct investment. Overlap in skills, knowledge and applied technologies has linked the specialised sectors more strongly to one another. By and large, they share a knowledge basis, but still make other products as well. In this context, combination, complementarity and cooperation would contribute to cluster formation and renewal. Opportunities in skill-related sectors connect to the existing clusters, but also form cross-overs to other, expected and unexpected, sectors.

Foreign investments contribute to the potential of regional development because, by definition, they are embedded in an international network, they have a larger and broader knowledge scope than local companies through their link with the parent company and other possible investment elsewhere, and because of their focus on the top end of the market (and the risk attitude that comes with it). Foreign investments know their centre of gravity when it comes to the existing clusters, and they therefore also often reinforce them.

Innovation usually comes with investments in research, development and in headquarters (the latter which usually carry greater management roles with them). An analysis of shifts in global and European investment flows has shown that these features are the most promising segments in terms of attracting investment to the existing clusters.

For the cities and clusters in Zuid-Holland, skill-related industries and foreign investments have come up with opportunities that can be jointly analysed for existing and new sectors. Interaction and the innovation capacity of urban regions seems to be one of the most important location factors for (foreign) knowledge-intensive firms and employees in the knowledge sector. These capabilities contribute to the agglomeration benefits of cities, in which firms perform better than elsewhere. Greater economic mass, density, connectivity and interaction environments are crucial factors

This economic mass and innovation power can come about in a region like Zuid-Holland by seeing all the many complementary sectors and functions as one source of knowledge (through the formation of "new combinations of existing knowledge fields"). A spatial counterpart is also created through density, connectivity and interaction environments, because different components of spatial innovation systems are spread over multiple locations in the province.

In order to realise the potential for local innovation and improving international network positions, the various reports of 'The Resilient Region' have offered recommendations for the provincial, economic and spatial policy instruments to be used. It is important to note here that the complexity of regional competitors for Zuid-Holland is large (South-West Europe for transport and chemistry, specific European knowledge regions for biotechnology, global cities for business services) because the region is characterised by both a service economy model and an industrial production model. This therefore also requires the input of various different types of policy instruments. Although an important part of this study is reserved for focusing on the shift in policy thinking from quantity (hectares, kilometres, places) to higher quality (knowledge, innovation, interaction), both should be facilitated.