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Bekker, S.

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European Employment Observatory

EEO Review: Promoting green jobs throughout the crisis, 2013

Netherlands

Sonja Bekker

ReflecT, Tilburg University

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1. Introduction: employment in the green economy

Over recent years numerous publications and pieces of advice have been issued emphasising the importance for the Netherlands to progress towards a green economy (e.g. SER, 2010). However, it has proven to be much more difficult to turn ideas into practice (van het Kaar, 2009). The current Government is in favour of a transition towards a sustainable economy and green growth, with the aim of also improving the competitiveness of the Dutch economy (see the coalition agreement of October 2012). The Government wishes to partner businesses and knowledge-based institutions by setting frameworks and facilitating initiatives (PBL, 2012). Moreover, the Dutch Ministry of Economic Affairs, Agriculture and Innovation has initiated an integral monitor of the renewable energy sector in the Netherlands, which was carried out for the first time by Statistics Netherlands in 2011 (CBS, 2011). Very recent initiatives have aimed at further developing Dutch statistics and at making these more comparable with international definitions. They also use the OECD's conceptual framework to measure the greening of the economy and Eurostat indicators to explore the environmental goods and services sector (EGSS) (CBS, 2012).

With regard to the EGSS sector, economic development stagnated during the crisis and resulted in a 3 % decrease in added value in 2009 compared to 2008 (current prices). Production (in current prices) also fell (CBS, 2012). Conversely, employment increased by 2 % (see Figure 1). In 2010, value added increased by 6 % compared to 2009 and production rose by 3 %, whilst employment remained more or less stable. Different activities within the EGSS sector show different trends. Recycling firms began to recover in 2010, although the increase in labour volume in recycling was much smaller than the increase in value added. Looking at labour volume changes in other sector activities, wholesale in waste and scrap and environmental related education showed the largest percentage increase in labour volume between 2009 and 2010. The largest reduction in labour volume between 2009 and 2010 was seen in insulation activities, organisations and associations on the environment, and environmental advice, engineering and other services.

There are also statistics available on the renewable energy sector, and Statistics Netherlands defines this as organisations (both profit and not for profit) that produce renewable energy as well as organisations that operate in the pre-exploitation phase, such as the production of renewable energy systems, research and development in sustainable energy technology, transportation of windmills, trade in biomass and energy saving schemes. The first monitor shows that in 2008 the renewable energy sector provided employment equalling 17 300 person years (full-time equivalent) and offered a production and added value of EUR 5 160 million and EUR 1 710 million respectively (CBS, 2011). Companies developing schemes to save energy (energy efficiency) form the largest proportion in this sector, along with wind energy, geothermic, solar energy, biomass and biogas. The sector exists mainly of small and medium sized companies. The renewable energy sector generates 0.32 % of the Dutch Gross Domestic Product (GDP), whereas it has a share of 0.25 % of employment. The latter figure, which may seem quite low, may be explained by the fact that the energy sector is relatively a capital intensive sector.

Figure 1: the environmental goods and services sector in the Netherlands 2009-2010

	Production		Value Added		Employment	
	1995	2010	1995	2010	1995	2010
Activities	Billion Euros (billion = 1 000 million)				Person-years (x 1 000)	
Sewage and refuse disposal services	3.8	9.5	1.5	3.4	20.7	27.6
Wholesale in waste and scrap	1.5	2.7	1.2	2.3	4.8	5,6
Environmental related inspection and control	0	0.2	0	0.1	0.1	2,5
Government related to the environment	0.7	1.4	0.4	0.6	6.9	6,4
Organisations and associations on the environment	0	0.1	0	0.1	0.9	1,7
Internal environmental activities and companies	1.3	1.4	0.6	0.5	10.5	5
Renewable energy production	0.1	1	0.1	0.6	0.4	2,3
Insulation activities	0.3	0.8	0.1	0.4	4	6,3
Organic agriculture	0.1	1.3	0.1	0.5	0.9	2,5
Recycling	0.3	1.2	0.1	0.2	1.4	2,9
Second hand shops	0.1	0.2	0	0.1	2.1	5
Water quantity control by water boards	0.5	1.2	0.3	0.6	3.6	4
Energy saving and sustainable energy systems	1.6	4	0.5	1.3	8.1	15,8
Environmental advice, engineering and other services(1)	0.6	1.9	0.3	0.9	5.4	11,5
Industrial environmental equipment (1)	0.8	1.3	0.2	0.4	4.2	6,2
Environmental technical construction (1)	1	2.4	0.3	0.7	7.7	11,2
Environmental related education	0	0.1	0	0	0.6	0,5
Total Environmental Goods and Services Sector	12.9	30.8	5.7	12.7	82,3	116.9

(1) Not related to energy saving and sustainable energy systems

Source: Statistics Netherlands (2012).

2. Selection of green employment promotion strategies and programmes with low-carbon / environmental objectives or activities

The Government has set out to achieve 'green growth' and a sustainable economy, as described in the recent coalition agreement (October 2012). Green growth means economic growth without generating negative effects on the climate, water, soil, raw materials or biodiversity. While the ambition is to develop green growth, the policies and regulation that accompany this choice do not directly aim at the growth of employment. Rather, the conviction is that by supporting the green economy and its companies in some way, this sector will grow and subsequently generate employment and economic growth (see PBL, 2012). The Dutch ambitions are not necessarily visible in the national targets which were formulated under the Europe 2020 Strategy. The Dutch aims are below EU targets or non-existing. For example, the Netherlands aims for a reduction of greenhouse gas emissions by 16 % compared to 1990, for 16 % of energy from renewables by 2020, and has no target regarding energy efficiency. However, it is positive that the new Government raised the target of renewable energy from 14 % to 16 %. According to the Netherlands Environmental Assessment Agency (PBL, 2011) this is a very ambitious target which will demand a tremendous effort from the Government and other stakeholders. Currently only 4 % of energy comes from renewable sources.

The Government predominantly wants to set the framework and act as a facilitator (PBL, 2012). It is being recommended that local actors should (jointly) develop initiatives that support green growth, encompassing all relevant stakeholders such as private companies, public-private bodies and households. The development and implementation of such policies in joint cooperation with other stakeholders is supported by other important bodies such as the Social-Economic Council (SER). The SER delivered advice on an Energy Agreement for Sustainable Growth in November 2012 (SER, 2012). Two large schemes that support the green economy are Green Growth and Green Deals.

In addition, the Government wants to support innovation and therefore offers a mix of subsidies, such as the subsidy scheme for renewable energy (Subsidierегeling duurzame energie - SDE+), supplier obligation and the obligation to add 10 % of biofuel to petrol. The SDE+ scheme amounted to EUR 1 700 million in 2012 and for 2013 EUR 3 000 million is reserved. Despite the seemingly non-existing Dutch target within the Europe 2020 Strategy, the Government has prioritised energy efficiency and the so-called Green Deals will be extended with energy use reduction agreements for energy companies and housing corporations in order to speed up the process of making houses more energy efficient. Energy companies in the private sector should therefore encourage offices, schools and other premises to become more energy efficient. The Government aims at supporting such initiatives by removing legislative obstacles. In addition, the small scale production of sustainable energy, such as solar energy generated by households that is not supported by national subsidies, will fall under a more relaxed tax regime. Moreover, the Government plans to reduce the costs of collecting offshore wind energy by taking initiatives jointly with private companies to stimulate innovation. It wants to promote the use of electricity in logistics and transport and plans to increase the number of places at which electric-powered vehicles can collect electricity. It also wants to explore the options of using biomass to generate energy and to improve the European market for recycling and second hand goods.

The Dutch Government is focusing on facilitating green growth by supporting locally created initiatives, but various financial schemes and tax arrangements also exist. One should bear in mind however, that these schemes mainly aim at improving the prospects for green economic growth, or at reducing pollution, and much less at job creation. The subsidies and schemes include: environmental taxes, environmental fees, and implicit or explicit subsidies. An environmental tax is targeted at a physical unit of something that has a proven, specific negative impact on the environment. An example is tax on petrol or energy, and revenues from such taxes may be used for all kinds of purposes. Environmental fees are introduced to bear the costs of specific environmental services that are provided or financed by the Government and the use of revenues stemming from such fees are allocated to specific governmental tasks, such as maintaining sewage systems (CBS, 2012). In addition, the Netherlands has subsidy schemes, for instance aiming at mitigating expenditures for environmental protection or resource management activities by economic agents (the SDE+ scheme). Other schemes focus on reducing (private) costs that result from investments in equipment, installations and accessories directly used for environmental protection. Schemes may consist of actual payments or tax exemptions (see Table 2).

Table 2: Overview of main subsidy / transfer schemes stimulating green growth

<p>Subsidy - Environmental Quality of Electricity Production (Milieukwaliteit Elektriciteitsproductie) (MEP): a scheme for subsidising electricity producers that produce renewable energy (wind, solar, biomass, or hydro). The MEP is succeeded by Encouraging Sustainable Energy (Stimulerend Duurzame Energieproductie) (SDE), which is a grant that pays for a proportion of costs for renewable gas and electricity projects that are not yet economically profitable, and is therefore wider than the MEP.</p>
<p>Subsidy - Society Organisations and the Environment (Subsidieregeling Maatschappelijke Organisaties en Milieu) (SMOM): a scheme for non-governmental organisations that supports societal initiatives in the domain of environment and sustainable development.</p>
<p>Environment and Technology Programme (Programma Milieu Technologie) (ProMT): this subsidy encourages the development and application of innovative processes, products and services from which environmental benefits can be expected. ProMT supports small and medium sized enterprises in the development and demonstration phase of environmental innovations.</p>
<p>Free Depreciation of Environmental Investments (Vrije of willekeurige Afschrijving MILieuinvesteringen) (VAMIL): a scheme which allows freedom of choice for the rate and timing of depreciation of environmental investments. During a period of accelerated depreciation this will result in benefits in the form of reduced profit taxes. The VAMIL is not supposed to provide net tax reduction over the entire life of an investment, because in later years with a lower depreciation profit, taxes will be higher. VAMIL is only advantageous for entrepreneurs in terms of gained liquidity. As long as environmental investment is increasing, the total benefits are likely to be positive. In periods when environmental investment is decreasing, the possibilities for accelerated benefits will reduce and as a result benefits in this period may be lower than higher profit taxes, with a negative total implicit subsidy as a result.</p>

Environmental Investment (Milieu Investerings Aftrek) (MIA): a tax relief scheme for entrepreneurs willing to invest in environmentally friendly or environmentally improved equipment. This environmental investment deduction scheme provides up to a 40 % deduction from taxable profit.
EIA (Energy Investment Deduction): a tax deduction of up to 40 % from taxable profit for entrepreneurs that invest in energy-efficient equipment or renewable energy technology. EIA and MIA provide net tax reduction over the lifetime of the related investment, which VAMIL does not.
Green Investment: a tax incentive scheme for investments in green projects that benefit nature and the environment. Investors are exempted from the usual 1.2 % tax on wealth and in addition obtain an additional 1.3 % tax break, so in total a reduction of 2.5 % is obtained. These investments go to green funds, with which environmental projects such as wind turbines and organic farms are funded. That can be done at rates below the market rates, benefiting investors in green projects.
Promotion of Research and Development (Wet bevordering Speur- en Ontwikkelingswerk) (WBSO): a tax incentive scheme for innovation and promotion of research. Resident companies investing in research and development can receive a grant that partly compensates for labour costs. A part of these grants can be assigned to environmental research and development.

Source: CBS (2012, p. 101).

Private companies may also invest in innovation contributing to a greener economy. Statistics Netherlands reports that private investment (pre-exploitation phase) in renewable energy was EUR 234 million in 2008 (CBS, 2011). Investments in capital goods to produce renewable energy or to save energy (exploitation phase) amounted to EUR 1 200 million. Private companies within this field may use subsidies, and if they do, these are most often national subsidies. Around 35 % of large and medium sized companies that are active in the pre-exploitation phase use at least one national subsidy to support their activities. Moreover, these companies often use special tax measures such as WBSO (see Table 2) and innovation programmes. Subsidies provided by the EU or local governments are used by less than 10 % of companies that are active in the pre-exploitation phase.

3. Detailed description of practices

Two large schemes that support the green economy are 'Green Growth' and 'Green Deals'. In 2011, the Government published the agenda for sustainability (Duurzaamheidsagenda) which offers opportunities for green growth. However, again, the Dutch Government envisages that private companies are key actors in developing sustainable activities and it sees itself merely as a facilitator of activities developed by the market or by citizens. The Government finds five economic sectors especially relevant to support green growth.

- i. Raw materials and production chains: one of the aims is to become the main port for biomass materials in Europe for the production of fuel, energy and chemicals.
- ii. Use of water and land: in 2012, 10 business cases have begun, one of which has the theme 'more crop per drop'. It aims at the high quality supply of fresh water for the production of food and biomass.

- iii. Food: the aim is to safeguard or improve the production of food, also in the long-term. The agro food sector for instance develops ‘innovative proteins’.
- iv. Transport and logistics: this is one of the main sectors in the Netherlands and the Government aims at having one of the most efficient logistic systems in Europe by 2020. The sector should be using at least 10 % renewable energy by 2020, for instance by using biofuel or by using electricity as an energy source. The Dutch railway company seeks to become carbon neutral in passenger transport.
- v. Climate and energy: the Netherlands wants to become a climate neutral economy by 2050 and has published Roadmap 2050 (Nationale Routekaart Klimaat 2050).

The Green Deals initiative helps to put green growth into practice and gives organisations and citizens the responsibility for green initiatives. The Government facilitates these initiatives by removing red tape or other legal obstacles and by bringing stakeholders together. Such Green Deals should also contribute to growth, revenues and jobs. At this moment more than 150 Green Deals have been concluded between citizens, companies, non-governmental organisations (NGOs) and local Government, and the National Government expects to conclude many more in the coming years. The current Green Deals encompass 440 parties, of which 70 % are businesses or sectoral organisations, 14 % local governments, 8 % NGOs, 6 % knowledge-based institutions, and 2 % financial institutions. It seems that individual initiatives of citizens are rather difficult to translate into a Green Deal (Ministry Economic Affairs, 2012).

The Green Deals predominantly focus on finding greener solutions for the economy and businesses. They much less describe the employment that is created with these initiatives. However, the list of initiatives below indicates their proposed contribution to employment, although this contribution may not always be substantial.

- i. The Green Deal study to assess a national fund for energy efficiency (Haalbaarheidsstudie Nationaal Fonds Energiebesparing, NFEB) aims to create new jobs within the construction and installation sector;
- ii. The Green Deal Land of Reflection in the Province of North Holland (Land van Bezinning Noord-Holland) aims to create employment related to recreational activities amounting to 150 person-years (full-time equivalents);
- iii. The Green Deal Expanding a Campsite Near Amsterdam (Uitbreiding Camping Zeeburg) expects employment growth of four person-years (full-time equivalent);
- iv. The Green Deal project Recreation Area and Nature in Mid-Netherlands (Icoonproject Recreatiegebieden en Natuur Veluwe) expects direct employment growth related to recreation by 35 person-years (full-time equivalents);
- v. The Green Deal Green Chemistry Campus aims to create 270 extra jobs by 2020;
- vi. Green Deal Bio-based Innovations is a further development of research and development related employment in the provinces of Zuid-Holland, Zeeland and Vlaanderen.

The two Green Deals that are expected to generate the most jobs will be described in more detail. It shows that the Government indeed acts as a facilitator of the projects, but does not

provide financial means. The impact of the Green Deals is not evaluated yet, as they are newly established. The Green Deal Green Chemistry Campus is a deal between the green chemistry campus and the National Government. The green deal focuses on performance materials, chemicals and coatings and offers research facilities to young entrepreneurs. It thus contributes to a transition towards a bio-based economy. For instance, the SABIC petrochemical company will open a number of research facilities to young entrepreneurs. The young companies can grow via demonstration plants as well as make use of the network of the participants in the project. By the end of 2014, Green Chemistry Campus aims to include around 14 companies. For small and medium sized companies in particular, this is an opportunity to get support during a rather difficult start-up phase and grow into a viable enterprise. This will lead to more business investments, products, return on investment and jobs. The National Government supports the Green Deal by offering non-financial assistance in acquiring the required permits and will look at obstacles imposed by law and regulations concerning biomass (e.g. regulations concerning waste and transport). Moreover, the National Government will actively promote the Green Chemistry Campus initiative, for instance by placing the initiative on the internet (Internet: <http://www.biobasedeconomy.nl>) and by inviting the projects to join events. Moreover, the Government offers non-financial support to acquire national and European subsidies, e.g. by providing letters of recommendation.

The Green Deal Land of Reflection in the province of North Holland is an initiative of the province of North Holland, a private company, and foundation bodies operating in professional education and recreation. These parties wish to create estates on which recreational activities will be developed related to wellness. Such estates will combine recreation with nature and offer local and regional economic activities on a sustainable basis. The National Government will support this initiative by bringing together relevant public and private actors with the aim of making more concrete proposals and plans. Depending on the location of a project, the Government will also discuss the availability of land for the project (in accordance with market prices), and talk to the Dutch nature reserve management body (Staatsbosbeheer) about the use of land for this project.

Apart from the Green Deals, regional clusters have been formed over the past few years within the Netherlands, with a high proportion of activities falling within the scope of a green economy. For instance, the region Rijnmond (in the western part of the Netherlands, including the port of Rotterdam) hosts the largest amount of companies that are active in the pre-exploitation phase (CBS, 2011). This is likely facilitated by the port of Rotterdam and its traders. The south-east end of the province of Noord-Brabant has a cluster of companies on renewable energy. This may be related to the large electro-technical industry and the presence of a University of Technology. This positive influence of Universities of Technology may also be witnessed around the city of Delft and the Twente region in the east of the Netherlands. The south of the Netherlands (province of Limburg) has many activities on renewable energy, including solar energy (CBS, 2011).

4. Conclusion

It seems that the Netherlands is only at the first stage of putting its ideas about a green economy into practice. Its ambitions are quite high, but to date, ideas remain without implementation. The Government mainly wants to stimulate green growth, to improve the economy and Dutch competitiveness. Job creation is seen as a positive consequence of

economic growth. Moreover, the Government finds that green initiatives should spring from private companies, local organisations and citizens, and it therefore especially wants to set a framework and act as a facilitator. What is helpful though is that Statistics Netherlands has recently begun monitoring Dutch activities that fall within the scope of a green economy. This provides insight into the range of activities in the Netherlands, its growth or decline, and its contribution to the Dutch economy in terms of value added and employment creation.

The Netherlands has a range of subsidies and transfer schemes, but these are mostly aimed at stimulating green growth and green innovation and to a lesser extent, at job creation. The schemes described in detail here, the Green Deals, also show this bias towards the economy and innovation, as only a few specifically state job creation as a goal. Even the two schemes that aim to create jobs speak about low numbers (270 to 150 extra jobs) and thus will only influence the local economy to a limited extent.

Even though the Dutch strategy of acting as a facilitator for local initiatives may be a valuable one (i.e. it could ensure that projects become viable and may run long term without the need for financial support), the small scale of the green economy in the Netherlands and its vulnerability to the influence of economic crises may eventually require firmer state support. Also, up-scaling the size of initiatives may need additional strategies other than the ones currently being developed. As such, it is good that extra funds have been made available for the subsidy scheme for renewable energy 2013. However, future schemes may benefit from the inclusion of targets on job creation and this could very well become one of the criteria on which state support may be based.

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