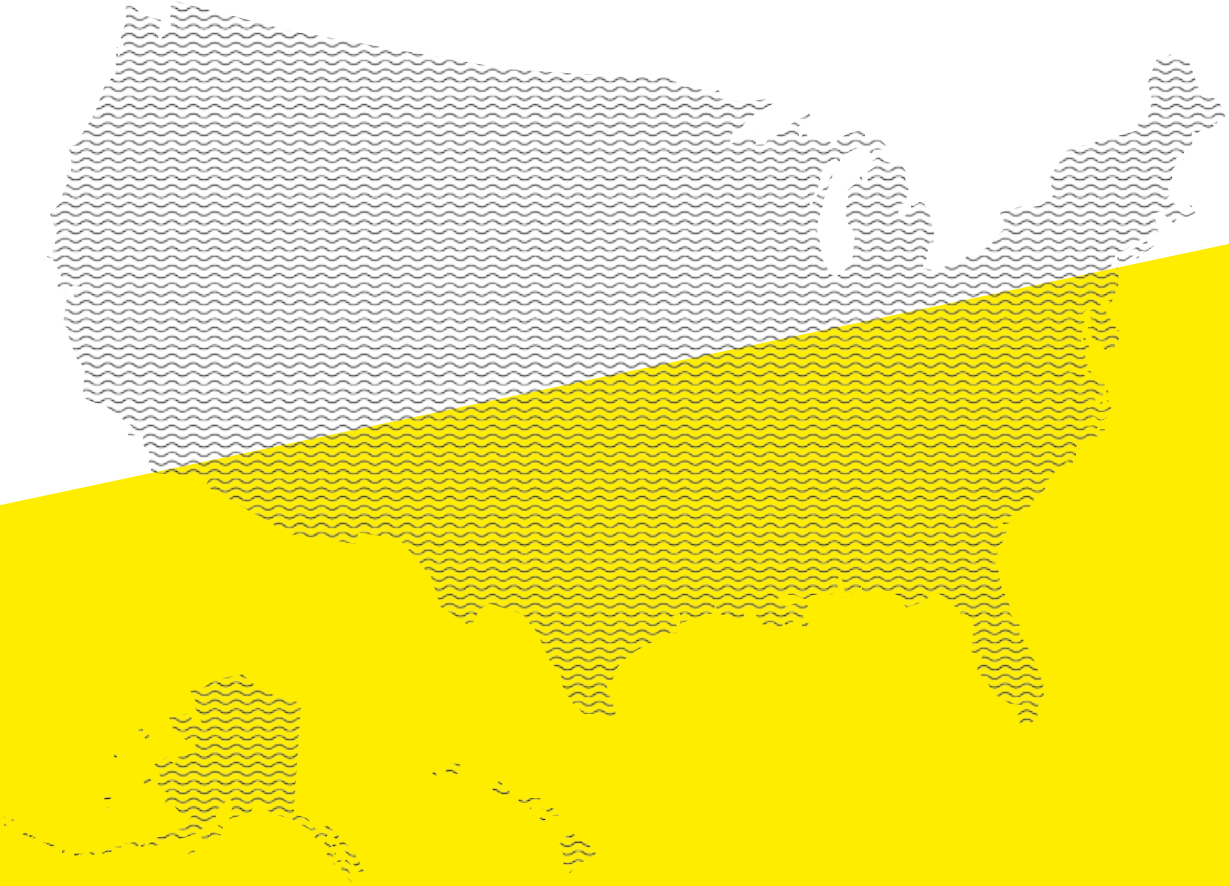
STRATEGY PAPER

FLANDERS - UNITED STATES OF AMERICA



Flanders
State of the Art

Government of Flanders

content

CONTENT

In its ´Vision 2050´, the Government of Flanders depicts the Flanders it would like to see in 2050: a social, open, resilient and international Flanders that creates prosperity and well-being in a smart, innovative and sustainable way and one where everyone counts. As an open society and an open economy, the future of Flanders is tied to development in the rest of the world. The Government of Flanders thus wishes to see Flanders more connected than ever with other countries. After all, a number of major challenges can only be effectively dealt with in an international context and via good cooperation with foreign partners. Maintaining good relations with our foreign partners is necessary for effectively promoting Flemish interests, a key task of Flemish foreign policy.

This strategy paper fits within the policy objective of the Government of Flanders to concretize the cooperation with its foreign partners. Its purpose is to outline why and how the government establishes relations with the United States of America (US), Flanders´ leading partner outside of the EU. Rather than a comprehensive description of everything that Flanders does in the US, the document is conceived as an overview of the most important objectives that the government has set for itself with regard to the US, as well as the instruments that should make it possible to attain these objectives. In this way it offers a basis for streamlining the actions of the Government of Flanders while also forming a guideline for other Flemish players (civil society organizations, etc.) looking for American partners. Further expanding and strengthening ties with the US and valorizing them for the benefit of Flanders and the Flemish economy over the long term requires a joint effort of public and private players on both sides of the Atlantic.

Besides being of concrete importance to Flanders (see chapter 1), the US is a major player at global level. This global importance of the US is undeniable: political, military, economic, cultural and scientific developments in the US have consequences for the entire world, and thus for Flanders as well. Ever since the Second World War the US has been regarded as an engine of modernity and progress, as a result of which the country has a huge influence on the rest of the world. This influence derives from its economic and military dominance (hard power), an active foreign policy, but also from the great power of attraction (soft power) that the country still exerts. Its appeal is linked to the ideals that the country has stood for from its very founding. The 1776 Declaration of Independence was inspired by the ideals of the Enlightenment, with freedom and equality at the center. The provisions in that document, which is so important to the Americans, would form the philosophical basis for the later constitution of 1789 and the appended Bill of Rights, which established the fundamental rights of the American people. The guarantee of these values (freedom, equality, democracy, respect for law and constitution, etc.) on top of the American pioneering spirit (in which self-reliance, a focus on the future and entrepreneurship are central), was supposed to enable every American to reach the top through hard work. This belief is encapsulated in the idealized image of the ´American Dream´ and also lies at the basis of American exceptionalism, or the notion that the US in one way or another is a special or exceptional country based on ideas and values (´a city upon a hill´). The American spirit is summarized succinctly in the following quotation from former president Harry S. Truman: "America

> America was not built on fear. America was built on courage, on imagination and an unbeatable determination to do the job at hand.
>
> Harry S. Truman

was not built on fear. America was built on courage, on imagination and an unbeatable determination to do the job at hand." In addition to these values, American society is also characterized by its great diversity. In this respect, one speaks about the US as a ´salad bowl´. Historically considered, the US is a nation of immigrants. The majority of the population is white, although this term hides a great diversity (Anglo-Saxons, Italians, Germans, Scandinavians, etc.). The largest ethnic minority group is the Afro-Americans (13%), most of whom have ancestors who were brought to North America as slaves. Although they are not regarded by the US Census Bureau as forming a separate ethnic group, the so-called Hispanics (i.e. people with a Spanish-language background) form another important minority group. Hispanics originate from the former Spanish/Mexican areas on the present territory of the US and from Latin America. Today around 15% of the American population regards itself as Hispanic.

Although economic growth in the US is picking up once again, the financial-economic crisis shook the foundations of American society. In 2016 the unemployment figure is at its lowest point in several years, but labor participation and the income level are lagging behind. Social mobility, the basis of the American dream, is becoming ever more difficult, especially for minority groups. The decrease in opportunities to move forward is increasing the degree of inequality in American society. The US has the fourth highest level of inequality (as measured by the Gini coefficient) of all OECD countries, after Turkey, Mexico and Chile. In addition, many Americans feel physically unsafe because crime - after years of a falling trend - is rising once again. This feeling of insecurity is further strengthened by the threat of terrorist attack. The traditional American positivism therefore has, in certain segments of the population, been replaced by uneasiness and bitterness - just as in Europe. This bitterness expresses itself in a rejection of the political elite, of (more) immigrants and of further globalization. The latter is connected to the ever louder call for a more protectionist trade policy. This malaise has also led to an ideological polarization of American politics.

Numerous academics and opinion makers see in this symptoms of decline, of a decaying country that will not be able to maintain its status as dominant world power for much longer. Visions presenting an optimistic view of the future of the US as the most important power in world affairs are in the minority at the moment. But we must not forget the country's historical genius for innovation and resurgence. Even after the American Civil War (1861-1865), after the Great Depression (1929) and more recently, after the Vietnam War (1965-1975), the country always succeeded in climbing out of the mire. Moreover, the country still possesses the world´s largest economy. A strong economy is a vital prerequisite for political power and influence. Although the distance from the largest emerging economies is steadily narrowing, in absolute figures it is still unbridgeable in the short term. Notwithstanding the fact that a part of the population wants to see a return to a protectionist trade policy, many Americans still see the importance of an open economic system that can compete with other markets worldwide. The country still holds third place on the Global Competitiveness Index 2016, just behind Singapore and Switzerland. In terms of human capital and technological innovation, year after year the US, with several leading research centers, tops numerous international rankings. For example, the country occupies third place on the Global Innovation Index 2015. This means that this enormous country, despite the internal difficulties it is currently grappling with, nevertheless still has many advantages in order

to successfully weather worldwide megatrends[1] and consequently to be an enduring player on the world stage in the 21st century as well. It is true that the aftermath of the wars in Afghanistan and Iraq and the subsequent developments in the Arab world have made many Americans skeptical about the merits of an active foreign policy. It is argued that the costs of such a policy outweigh the benefits, and moreover that the burdens are not always proportionally borne by the allies. This, added to the domestic problems, means that it is not surprising that some Americans are calling for a more isolationist foreign policy. However, most policymakers are convinced of the necessity of conducting an active foreign policy. Europe has always had a central place in this. Although it is true that for several years now US foreign policy has gone through a ´rebalance´, regarding Asia, it appears that the creation of a strong Trans-Pacific Partnership will be a long process. Particularly with the new and assertive superpower China, the US must strive for an equilibrium that is acceptable to both players. Beyond this, the current geopolitical situation and the related challenges, the still-growing interdependence between the US and Europe with regard to prosperity and security and a shared value pattern in which democracy and respect for the law and human rights are of paramount importance, continue to make the US a natural partner for Europe and consequently for Flanders as well.

Chapter 1 draws a picture of what the US concretely signifies for Flanders and the Flemings, both today and in the past. From this starting point, chapter 2 focuses on the opportunities that the US offers for Flanders and which Flanders can capitalize on from its own strengths. On the basis of this context, the two last chapters then identify the objectives and accompanying instruments.

1 Already visible global change processes on the demographic, technological, ecological, economic, political and social levels, with a broad scope and with radical, far-reaching implications.

1
FLANDERS AND THE US

HISTORICAL TIES

As inhabitants of the Low Countries, Flemings played a role in founding the first European settlements in the US. For example, Francis Rombouts - born in Hasselt in 1679 - was for some time the Mayor of the then still very young New York. But Flanders and the US have also shared more recent historical ties. For example, the Anglo-American War of 1812 formally came to an end in Flanders, with the signing of the Treaty of Ghent in 1814. From the second half of the 19th century through the end of the First World War, the US was an important immigration country for Flemings who wanted to escape the impoverished and famine-plagued Flemish countryside. Many made the crossing from Antwerp with the Red Star Line. This emigration movement peaked between 1900 and 1920. According to estimates, around 1 million Americans can currently claim a link with Belgium as descendants of Belgian emigrants, two-thirds of whom were Flemings. Through chain migration, concentrations of compatriot immigrants developed. For this reason, the majority of the so-called ´Flemish Americans´ or descendants of Flemish immigrants can be found in the Midwest, and more specifically in the states of Wisconsin, Illinois and Michigan. In these states one finds various initiatives intended to preserve the heritage of these immigrants, such as the Gazette van Detroit or the Belgian Heritage Center. In addition, several Flemish historical figures have left their mark on American history. For example, Father Damien is very well known among the American populace for his work with leprosy patients on the Hawaiian Islands in the 19th century (for which moreover Father Damien was canonized in 2009). In 2015, 33rd Street in New York City was named after him in recognition. In addition, the Flemish Jesuit missionary, Pieter Jan De Smet, acted on behalf of the American government in peace negotiations with the Indians, particularly with the Sioux, again in the 19th century. Another compatriot worth mentioning is the chemist Leo Baekeland, who emigrated from Ghent to the US and who at the beginning of the 20th century invented Bakelite, thus earning the nickname "The Father of the Plastics Industry". A final element that should be mentioned in historical respect is the role that the US played in and for Flanders during the two World Wars. For example, the US, and particularly the later President Herbert Hoover, played an important role in assuring Belgium´s food supply during the First World War by means of the ´Commission for Relief in Belgium´. In addition, after 1917 American troops fought in the European conflict on the Allied side, thus playing a role in the liberation of Belgium, to which the ´Flanders Field American Cemetery and Memorial´ in Waregem offers solemn testimony. After the war, the country also contributed to the rebuilding of the burned-out Leuven university library. In the Second World War as well, the Americans helped liberate Belgium, and with the Marshall Plan stimulated the economic reconstruction of Europe.

Father Damien Way in New York

FLANDERS´ MOST IMPORTANT ECONOMIC PARTNER OUTSIDE OF EUROPE

Along with these historical ties, Flanders and the US have relations in various areas today as well. For one thing, the US is Flanders' most important economic partner outside of Europe, ahead of India and China. For many years the US has been Flanders´ most important investor. In 2015, with 53 files, the country once again heads the list - after our neighboring countries - of countries with the largest number of investment projects in Flanders. These recent investments (together with many other older ones) account for tens of thousands of jobs. With an export portfolio of 18.12 billion euros, the share of the US in Flemish global exports rose from 5.51% in 2014 to 6.03% in 2015. The US is thus maintaining itself as our 5th largest export market, behind neighboring countries Germany (17.08% share in total Flemish exports), France (12.67%), the Netherlands (11.94%) and the United Kingdom (9.13%), and ahead of Italy (5.07%), India (2.54%), Spain (2.43%), China (2.10%) and Poland (1.89%). The most important export products are pharmaceuticals (28.85%), organic chemicals (15.84%), mineral fuels and petroleum products (8.49%), machines and mechanical equipment (8.26%), transport equipment (6.63%) and precious stones and diamonds (5.18%). As a supplier, Flanders accounted for 0.87% of America's total imports (in 2014: 0.89%). By contrast, Flanders - with imports amounting to 26.35 billion euros – accounted for 1.94% of total American exports. This means that Flanders gained importance as a customer of the US in 2015 (in 2014: 1.82%). On the Flemish side, in 2015 the US accounted for 9.12% of all Flemish imported goods. Only the Netherlands (17.38% of Flemish imports) and Germany (12.28%) were more important as suppliers to our region. Just as with exports, the chemical and pharmaceutical sector accounted for around one-half of the total import figure. The Flemish ports play an important role in the goods trade between Flanders and the US. With almost 26 million tons of maritime traffic between Flanders and the US, the country is one of the leading partners of our ports. The maritime goods flows are highly concentrated in Antwerp (90%) and several ports in the US, the five most important of which are Houston, New York & New Jersey, Baton Rouge, Charleston and Norfolk. The distribution of maritime flows (measured in tons) between Flanders and the US according to goods categories differs sharply among the Flemish ports. For the port of Antwerp, it involves several very important container flows. In certain niches, the ports of Ghent (agricultural products) and Zeebrugge (export of new cars) also play an important role. The port of Antwerp has a Memorandum of Understanding with the port of Houston and exchanges knowledge with the port of New York & New Jersey.

No regional data are available on the import and export of services. Nevertheless, payment balance data of the National Bank of Belgium indicate that the US is an extremely important partner for Belgium in terms of services trade as well, with export sales that reached a record level in 2015, at 10.52 billion euros. The 19.2% increase in 2014 was followed the next year by a very solid increase of 7.07%. With that, the US remained the number three sales market in 2015, with a share of 10.49% in the total Belgian export of services (after France – with a 14.06% input – and ahead of the United Kingdom, which purchased 8.74% of the services exported in 2015). In the Belgian services export to the US, the category ´other commercial services[2]´ has for many years stood at the top of the list. In 2015 too this variegated category accounted for an impressive 63.76% of total exports, after increasing sharply (by 15.2%) over 2014. In 2015, transport (14.49% share) remained the number two export item in the direction of the US, even after a slightly above-average increase in exports headed that way of 8.5%. Together the two sector categories accounted for more than three-fourths (78.25%) of the total annual exports to the US. Just as in preceding years, the services balance with the US tipped substantially in Belgium´s favor once again in 2015. Moreover: the surplus in 2015 even tripled from 1.06 billion to no less than 3.17 billion euros. In 2015 Belgium imported 7.34 billion euros worth of goods from the US, down by 16.23% on the import figure in 2014 (8.76 billion euros). Nevertheless, it must be said that in 2014 the services import from the US saw a hefty increase of almost 39% over the preceding year. On the basis of these 7.34 billion euros in imports, the US was the number five provider of services to Belgium with a share of 7.71%, behind the United Kingdom (9.52% share) and ahead of Switzerland (5.74%).

2 This category includes: market research and consultancy services, recruitment and selection, accountancy and legal advice, research and development, PR, advertising, architecture, engineering, scientific inspection and certification services, broker´s fee and commissions, leasing transactions, agricultural and mining operations and local processing and environmental management.

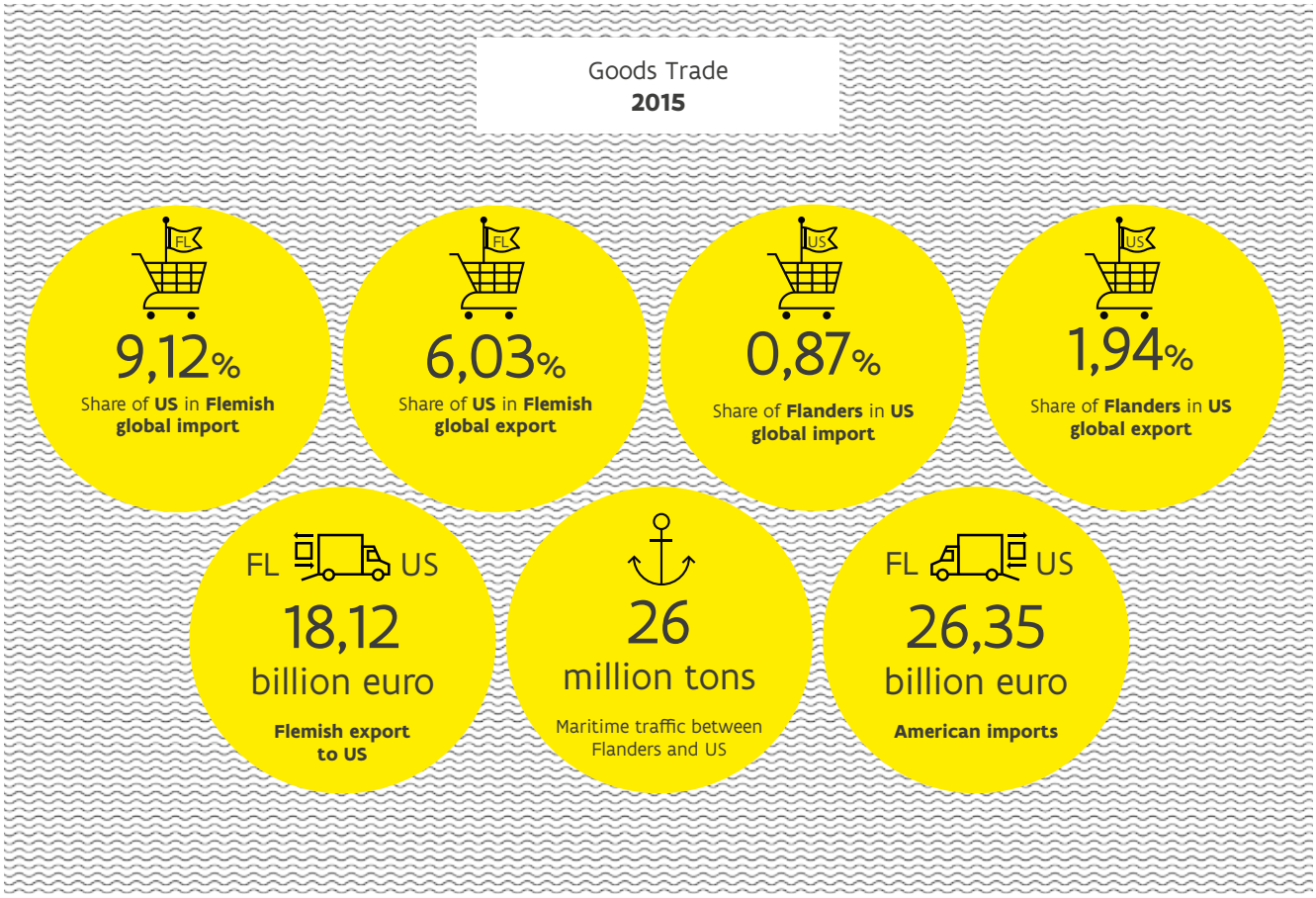
3 Figures from "Bilateral Trade Flanders - United States" Knowledge Acquisition unit Flanders Investment & Trade.

This intensive trade relationship[3] can in the future possibly be further strengthened, given that the EU and the US are currently negotiating an ambitious bilateral trade agreement, the ´Transatlantic Trade and Investment Partnership´ (TTIP), with the goal of reinforcing the economic and strategic ties between the two trade blocs. While it is important to remain prudent regarding several sectors (see chapter 2), Belgium in general and Flanders in particular would benefit as an open economy from such a free trade agreement. According to an impact study performed for the European Commission, Belgian exports would increase by around 20%, while the gross domestic product (GDP) would rise by 1.2%. That is around 5 billion euros per year.

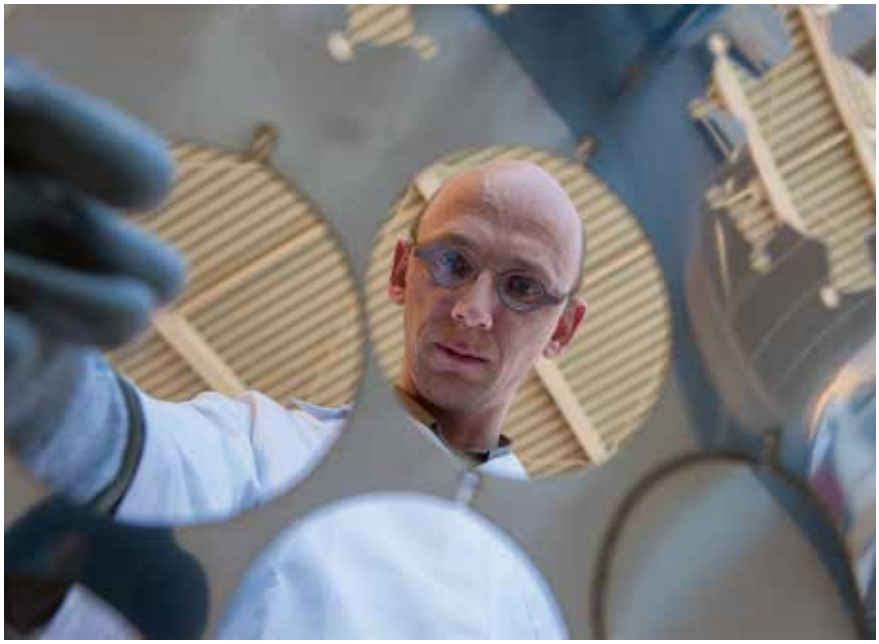
Finally, the US is also a very important growth market in the tourism sector. In 2015, 367,400 Americans chose Flanders as a tourist destination. 48% of these visitors picked Flanders as a place for relaxation, 42% visited in the context of a conference or congress, and 10% were in Flanders for other business-related reasons. These figures make the US the number five foreign market and number one non-European market for tourism. 87% of these travelers stayed in one of the Flemish art cities. On average, the American tourist remains for two nights in Flanders and spends an average of around 272 euros per day[4]. Statistics show that the impact of the terrorist attacks in Belgium and other European countries is significant. During the first half of 2016 the American market dropped by 25%.

COLLABORATION ON HIGHER EDUCATION AND RESEARCH

The US is a hotly sought-after destination for Flemish students. About 160 students left to spend an academic year in the US on an exchange program. This figure does not include the number of Flemish students who went to the US in order to follow a complete educational program and earn a degree. These data are not available at present, so the actual figure lies a good deal higher. The traffic in the other direction is much



4 Market data 2015 Tourist Office of Flanders.



Flemish universities co-publish most often with research institutes from the US and the Netherlands.

lighter, although it is not exceptional for American students to also opt for (partial) training in Flanders, particularly in the human or cultural sciences/arts. This Flemish-American student mobility is stimulated and financed via several channels. On the Flemish side there is the action plan ´Brains on the Move´. Within the framework of this action plan, structural cooperation on traineeships via the ´Washington Center for Internships and Academic Seminars´ is provided for, along with the financing of generic scholarships for student mobility. For example, each year approximately 200,000 euros are invested in scholarships for Flemish students wishing to study in the US. From the EU there is the Erasmus+ program. In addition, there is also the cooperation at national level between Belgium and the US within the Fulbright program. The KU Leuven and UGent both have active alumni relations activities in the US. Along with the students, the Flemish knowledge institutions themselves also have a great interest in cooperation with the US, so it isn´t surprising that many Flemish knowledge institutions have formal cooperation agreements with American partner institutions. Flemish universities co-publish most often with research institutes from the US, in addition to the Netherlands. Around 30% of the winners of scholarships financed by the Fonds voor Wetenschappelijk Onderzoek Vlaanderen (FWO - Fund for Scientific Research Flanders) opted in 2015 for a stay or conference in the US. Within the European Commission's seventh framework program for research and technological development, Flanders and the US collaborated on around 90 projects. The successor program, Horizon 2020, provisionally includes 13 projects. These figures clearly demonstrate the impact that international cooperation with the US has on the Flemish research landscape.

CULTURAL COOPERATION

With regard to culture, cooperation between the Flemish and American governments is limited. The 1948 cultural cooperation agreement between Belgium, Luxembourg and the US has lain dormant for a long time now, and moreover there is no American counterpart to the Flemish Minister of Culture. Notwithstanding this limited official cooperation, cooperation in the field is intensive. For both the cultural heritage and for the arts there are many contacts between professionals and institutions on both sides of the Atlantic. Leading museums in the US regularly put on exhibitions with the works of Flemish artists and/or call upon Flemish experts and curators. In addition, museums in the US together have more than 150 works of art on loan from the Flemish Art collection. From a market study[5] conducted by the Tourist Office of Flanders on foreigners' knowledge of the old Flemish Masters, it appeared that the American tourist market may be regarded as having a moderate to high interest in art and culture, but with a moderate to poor knowledge of the Flemish Masters. Van Eyck is a particularly well-known name there. The reputation of Van Eyck in the US is linked to works by him which hang in museums on Washington, New York and Philadelphia. The study showed that knowledge of contemporary Flemish painters is quite high compared with that of European interviewees. Thus, as far as contemporary arts (visual arts, performing arts, music, film) are concerned, there are many good ties. Festivals, institutions and organizations in the US regularly work together with Flemish groups and individual artists. The latter can apply for support for this via the Arts Decree. In 2015 about thirty Flemish cultural players were supported for initiatives in the US. Also worth mentioning is the fact that several Flemings hold influential positions within American cultural institutions.

International organizations in the US and Belgium

Although not of direct importance for the bilateral relations between the US and Flanders, the US hosts several major international organizations which are important to Flanders, not least the headquarters of the United Nations (UN) in New York. Numerous UN forums and bodies are closely aligned substantively with the Flemish authorities, in particular the

The Annunciation - Jan Van Eyck, National Gallery of Art, Washington, DC

5 An online survey explored the interest in art and culture when going on holiday and the reputation of the Flemish Masters. The Tourist Office of Flanders conducted this survey in 17 countries, including the US.

environment, well-being, the international fight against poverty and for sustainable development, agriculture, human rights and arms trade control. Experts from the Flemish administration therefore regularly participate in meetings within the UN context. The US is also home to the IMF, the World Bank and the Inter-American Development Bank (IADB). Conversely, Brussels, as the home of NATO headquarters and the EU, also has a large concentration of American diplomats, and American officials and lobbyists often visit our country.

MODERN FEDERALISM

Finally, the US is also interesting for Flanders on the administrative level, as a self-confident region within federal Belgium. After all, the first modern implementation of federalism as a concept for ordering society took shape with the independence of the US from Great Britain, and so the US has served as a model on the institutional level for many other countries. The American constitution of 1789 created a federal system, with the underlying intention of preventing a concentration of power in the hands of any single person or institution. The basis of the American system lies in two fundamental balances. Firstly, a shared sovereignty between the federal government and the state governments, whereby the unity of the whole and the diversity of the States vis-à-vis one another are kept in equilibrium through a division of powers, where each subject matter that is not explicitly allocated to the federal government falls within the authority of the States (allocated versus residual powers). This last point was explicitly described in the tenth amendment of the Constitution. Each administrative level is thus sovereign in terms of its own powers, without hierarchy (vertical equilibrium). Secondly, the American constitution puts into practice the ´trias politica´ principle of the French philosopher Montesquieu: the legislative, executive and judicial branches operate autonomously on each administrative level and keep one another in balance via so-called ´checks and balances´ (horizontal equilibrium). The latter works so long as the respective institutions remain in dialogue with one another and the ideological positions are not too far apart. On the Federal level this system of ´checks and balances´ therefore sometimes leads to impasses when the President (executive branch) and the Congress (legislative branch) use it to interfere with one another´s functioning.

Due to its conciseness, the American Constitution offers plenty of room for interpretation, and the Supreme Court of the United States (SCOTUS) plays an important role in this. Throughout the country´s history, therefore, American federalism has had various interpretations, so that it evolved from a dual federalism with a strict division of powers and a modest federal level in the 19th century, to a cooperative federalism with a fuzzier division of powers and a strong central level ever since the New Deal policies of President F. D. Roosevelt in the 30´s in the 20th century. During the late 20th century, discussion again flared up concerning the division of power between the federal state and the States, and a countercurrent developed, the ´New Federalism´, whereby a gradual (re)transfer of government power back to the States was proposed (States´ rights). An important reason for this was that the political elite in Washington DC was felt to be too far removed from the average citizen. During the nineties the federal Congress initiated legislation designed to transfer more resources and responsibilities to the States. This campaign entered the history books as the ´devolution revolution´. Although the balance of power still tilts towards the federal state even in the 21st century, the New Federalism still has adherents. In 2009-2010, the Congresses of fourteen States adopted a so-called ´10th Amendment Resolution´ in order to denounce the far-reaching exercise of power by the federal government (by appropriation of so-called implied powers).

> "The first modern implementation of federalism as a concept for ordering society took shape with the independence of the US."

2 OPPORTUNITIES AND CHALLENGES

The US offers opportunities for Flanders in several areas. This chapter outlines the opportunities Flanders that can capitalize on, based on the strengths of our region.

2.1 ECONOMIC AND COMMERCIAL OPPORTUNITIES

As mentioned in the introduction, the American economy is by far the largest economy in the world, with more than 20% of global GDP. The American economy is supported by an abundance of natural resources, vigorous technological development and consumers who, on average, spend more than European consumers. The competitiveness of the American economy is also boosted by the American creative (IT) economy. The strong technological development and high spending on Research & Development in the US offer numerous opportunities on economic and commercial levels. Flemish technology companies and service providers find buyers or technological partners in the US. Start-ups or scale-ups raise capital from American financiers, thus allowing them to keep on growing. Such companies very often look firstly to the US in order to grow because of the presence of technology, capital and know-how, combined with low linguistic, cultural and physical hurdles (at least with regard to the East Coast). The US is thus a good matrix for new growth companies in specific technological areas, and offers great potential to companies that are developing new technologies. There is significant potential in respect of American technology companies that wish to grow on the European continent and which are seeking a connection with knowledge centers for further research, and mature or budding ecosystems of knowledge centers, companies, infrastructure in which their company can grow in Europe. The strong Flemish Strategic Research centers and clusters in different areas are a strong magnetic pole for them.

Historically, the US has also been an important country of origin for foreign investments in Flanders. Since the 1960s, a large number of major establishments of American companies has taken place in Flanders, especially production companies. These companies are still regularly expanding their production facilities, and thus account for a substantial share of the investments for production in Flanders. New investors are also important for other types of investments. Both are very important to Flanders.

The government is convinced that intensive ongoing economic cooperation with the US in the following promising sectors will help Flanders to transform the current industrial production system (´industry 3.0´) into an ´industry 4.0´ and into a low-carbon economy, circular economy, bio-economy and sharing economy. Such a conversion is a major future ambition for Flanders, as explained in ´Vision 2050´.

BIOTECHNOLOGY

The strong technological development and high spending on Research & Development in the US offer numerous opportunities on economic and commercial levels.

The US regards biotechnology as strategically important and has invested heavily in it with considerable public financing, measures to ensure innovation (intellectual property, financial instruments), favorable regulations for innovative drugs and an economically favorable regime for the pharmaceutical industry. In 2010 President Obama signed the new health care reform law. Along with the greater accessibility for Americans to health insurance policies for which this law is primarily known (Obamacare), it also provides for financial stimuli for biotech companies. In the US, the most interesting developments in biotechnology occur in the subsectors focusing on the development of drugs (above all for cancer, neuro-degenerative diseases, infectious diseases) and vaccines, genetically modified crops and pesticides and foodstuffs. In terms of regional distribution, the largest concentrations of biotech companies (and research institutes) are located on the coasts (roughly evenly distributed between East and West). In the East, the number one region is still Boston, followed by New York/New Jersey. On the West Coast, San Francisco and the entire Bay Area has in recent years profiled itself as the largest biotech hub of California. Although San Diego still has a very strong biotech industry, the Bay Area has become substantially larger, and along with Silicon Valley we can now speak of biotech valley. These developments offer opportunities for Flanders, since it has built up a strong reputation in the field of biotechnology through pioneering discoveries and innovative applications. The biotech industry in Flanders has achieved major breakthroughs in the area of genetics and botany. The Flemish Institute for Biotechnology is doing pioneering research on the bases of life, health and illness. The Flemish biotechnology and life sciences cluster today belongs among the five best in Europe. As a result of these developments, many Flemish biotech companies have become major players on the international market. At the same time, American biotech companies want to further test or develop their technology in Europe in collaboration with Flemish research institutions, and are potential growth companies for Flanders.

Flemish biotech companies and research centers at the 2015 BIO International Convention in Philadelphia.

OIL AND GAS INDUSTRY

Since 2013 the US has been the largest oil producer in the world, outstripping Saudi Arabia and Russia. American oil production has increased spectacularly, from 8,325 barrels per day in 2005 to 14,021 barrels per day in 2014 (an increase of 68%!). Since 2011 the US is also the largest natural gas producer in the world, ahead of Russia and Iran. Gas production in the US increased from 511 million m^3 in 2005 to 728 million m^3 in 2014 (increase of 42%). The reason for the spectacular growth of both oil and gas production in the US was the American shale gas and shale oil boom. Technological breakthroughs in the first decade of the 21st century have made it possible to tap extremely hard-to-access underground oil and gas reserves via horizontal drilling in combination with hydraulic fracking. There are enormous underground shale gas and shale oil reserves to be found in the US, spread across a large part of the country, above all in the Great Plains. Due to the drop in oil prices, however, the extraction of shale gas is no longer as profitable, and the market has declined again somewhat. Despite such fluctuations, the oil and gas sector still offers opportunities for supplying the oil and gas companies and EPC (Engineering, Production & Construction) companies that are active in the American oil and gas industry. However, by acting upon opportunities in this sector, it's important not to disregard the goals of the government in tackling climate change.

Year after year, American companies in this sector make major and capital-intensive investments to expand their activities in Flanders.

CHEMICAL INDUSTRY

The chemical industry is one of the most important industrial sectors in the US. The country is the world´s second most important chemical producer (after China). The American producers of basic chemicals are primarily concentrated in the states ringing the Gulf of Mexico, where raw materials based on petroleum and gas are produced in refineries. Texas and Louisiana are the largest producers of basic chemicals. The production of other chemical products, such as plastics, pharmaceutical products and fertilizers, is more broadly distributed throughout the US, with important concentrations in the northeast and the Upper Midwest[6]. In this major economic sector the US is regarded as both an importer and an exporter. As already explained in chapter 1, around half of the current Flemish exports to the US are chemical and pharmaceutical products. This is hardly surprising: today the chemical sector in Flanders has attained one of the highest degrees of specialization in the world, making Flanders and the US natural partners in this area. Yet prudence is called for. Although the American import of chemical and pharmaceutical products until recently was greater than the American export of these products, since 2012, the US has been booking trade surpluses in this sector. The lower gas prices in the US have made the American chemical industry more competitive.
The larger American pharmaceutical companies that are already established in Flanders are strengthening their presence and the ecosystem in Flanders, and are continuing to invest in Flanders. The strong value chain that Flanders has in the chemical sector (since virtually all links are present) is also attractive to new investors.

The Zeebrugge LNG terminal (Photo Fluxys)

6 Iowa, Michigan, Minnesota, North Dakota, South Dakota, Wisconsin

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) AND MECHATRONICS

Considering the number of new technology jobs of the last 5 years relative to the total number of private jobs, the US has 25 technology hotspots, the largest of which is around San Francisco and Silicon Valley. Others are distributed primarily over the West and East Coasts, along with several in the center of the country (see also 2.2). With regard to the so-called ´industry 3.0´, Flanders has already earned its spurs in the US in the fields of semiconductors, telecom, cyber security, etc. The strong American ecosystem in ICT and the many professional events once again offer opportunities for the many Flemish companies with proven strength in the new areas of the Internet of Things, internet and cloud, image processing, fintech and intelligent transportation systems - areas that are at the basis of disruptions in society and ´industry 4.0´. For many start-ups in these fields, the US is a crucial component in their growth. The Flemish strengths resulting from the ´industry 3.0´ stage also have great growth opportunities in the following ´industry 4.0´ decade, as appears from their growing American customer base and the venture capital that they have raised in the meantime. The number of Flemish corporate executives in listed American ICT multinationals is also significant. The last two decades have proven that Flemish ICT companies in the US have a strong reputation and are much sought after. Existing strengths of Flanders (a data traffic crossroads in Europe, state-of-the-art telecommunication networks and data storage infrastructure), a first generation of successful ICT entrepreneurs and a new generation of young ICT specialists who are starting up their own ICT companies with an eye on the US ensure a momentum for achieving the Flemish ´Vision 2050´ objectives. For example, there are burgeoning growth opportunities for ICT companies in digital health. The combination of a world-class hospital infrastructure and ICT companies in Flanders will ensure cross-fertilization with results that can stand up to the competition on the American market, and which can support the ´Vision 2050´ transition ´making care work´ (see also 2.6.). The same applies for ICT companies in intelligent transportation systems which have already proven their strength on the American market, and can help achieve the transition ´working on a smooth and safe mobility system´ through their growth in the US and contributions to the evolution towards smart cities (see also 2.5.).

The last two decades have proven that Flemish ICT companies in the US have a strong reputation and are much sought after.

FOOD AND DRINK

The American food and drink sector is a promising one for Flemish exporters. It is a sector that is highly competitive, mature and varied. Both the demand and the value within this sector increased during the period 2013-2014. This shows that the American consumer is looking for specific products with unique characteristics. Non-GMO food products are also an up-and-coming trend within the sector. The Specialty Food segment is and remains the ideal one for Flemish exporters. Belgian food products are often regarded as a genuine specialty. It is a segment that has a total value of $ 88 billion and it grew by 19% in 2014. Compared with Belgium, the American market is strictly regulated, and Flemish exporters have to be ready for that. The most important government authorities for the regulation of foodstuffs are the ´Food and Drug Administration´ (FDA) and the American Department of Agriculture (USDA).
Flemish sites of American food groups invest not only in the expansion of their production facilities, but also in R&D.

AIR AND SPACE TRAVEL

The aerospace industry is one of the most successful economic sectors of the US. The leading cause of its growth are the increased defense expenditures. Approximately 40% of the production of this sector is delivered to the American Defense Department, followed by NASA, other government institutions, private and commercial aviation. Airplanes and airplane parts form the largest segment. The aviation industry is primarily established in California, Texas, Washington and Connecticut, while the aerospace industry is strongly present in California, Arizona, Texas and Alabama. The most important players on the American market account for a national market share of 75.7 percent. The Midwest also makes its contribution, above all in the area of engine and turbine construction (including in the Ohio Aerospace Corridor). In addition there is another important cluster in Wichita, Kansas, which brings together a number of leading Business Jet & Aircraft builders. Flanders has numerous companies and SMEs which develop high-tech applications in Flanders and supply the aviation and aerospace sector worldwide. The Flemish cluster (Flemish Aerospace Group (FLAG)) is mature and still has great growth potential.

THE CONSTRUCTION MARKET FOR RESIDENTIAL HOUSES

The US is the second largest construction market in the world. The real estate market has been growing again in recent years. New housing projects are expected to rise 7.8% to 1.27 million units in 2016, while the sale of existing homes is estimated at 5.46 million, a robust 14.7% higher than in 2015. Double-digit growth is also expected for the sale of new houses, estimated to be a total of 565,000 in 2016, up from around 490,000 sales in 2015. With the top 15 most important urban areas in the US, it is calculated that 33% of the total number of inhabitants has already been reached. States such as New York, Florida, Texas and California and cities such as New York City, Los Angeles, San Francisco, Miami and Chicago have high income and expenditure levels. In this sector there are opportunities for Flemish exporters of high-end building materials, such as flooring, wall coverings, aluminum windows and terrace structures, etc. The market for residential furniture in the US is closely linked to the growth in the real estate market. The American furniture range is largely what would be regarded as ´classic´ in Belgium. Classic and genuine antique furniture from Belgium thus are very highly appreciated by American consumers. Our modern design is much sought after in the higher segment. Design is an increasingly important factor in the purchase choice of American consumers, although it is not as central as it is in Flanders. Flemish high-end design furniture and design interior products definitely find a market in the US.

Design Museum Ghent – temporary exhibition Bike to the Future

TTIP

Bilateral trade between Flanders and the US could get a boost in the coming years through the abolition of import levies within the framework of the TTIP negotiations. This free trade agreement between the US and the EU can offer numerous opportunities for further internationalizing the Flemish economy, but it also faces several challenges. Along with eliminating the (already relatively low) import levies in the EU and the US, special emphasis is placed on regulatory aspects and how greater mutual coherence and cooperation can be attained therein, given their potential impact on bilateral trade. This concerns various forms of regulations (standards, procedures, requirements, qualifications, etc.) in a wide range of different sectors (including the automotive sector, financial sector, ICT, cosmetics, chemistry, food products, etc.). There are several possibilities for achieving greater convergence, from harmonization (the same rules on both sides of the Atlantic) to mutual recognition. A good deal still needs to be done with respect for the fundamental principles on which our environmental policy is based (high protection level, no relaxation of our existing environmental standards and legislation). Along with agreements on regulations, the TTIP would have to contain all elements that the EU traditionally includes in its ambitious free-trade agreements. This is market access for goods, services and access to public calls for tenders, as well as agreements on intellectual property rights, competition, customs procedures, and so on. There will also be a chapter on the protection of foreign (direct) investments, at least if a number of essential points are contained herein that are important for the EU. Flanders has committed itself to giving audiovisual services the necessary protection. The European Commission's negotiating mandate states that these services will not be subject to the "trade in services" chapter.

In the agricultural sector, Flanders has offensive interests in the US, including, besides tariff interests (e.g. the dismantling of American import levies on fruit or dairy products), the elimination of non-tariff barriers and greater discipline concerning the export competition of US agriculture and domestic agricultural support in the US. On the defensive side, the tariff reductions on sensitive agricultural products (e.g. the reduction of EU import levies on beef, pork, poultry or sugar) have a direct impact on the Flemish agricultural sector. Furthermore, the Government of Flanders believes that the streamlining of the regulations may not lead to a weakening of the regulations within the EU, which on some levels are stricter than in the US (e.g. in the area of hormone-treated meat or genetically manipulated organisms). The European Commission has repeatedly declared that it does not intend to lower the bar, or to deviate from certain European principles - such as the precautionary principle.

As an advanced economy, the US also offers Flanders many opportunities in the services sector. The greatest opportunities for the Flemish economy might lie in the maritime sector. The US traditionally does not conclude agreements for this sector. For this reason (among others), certain activities, such as dredging works, are prohibited to foreign operators (Jones Act). The opening of the American dredging market via the TTIP is one of the most important offensive interests for Flanders (see also 2.4). Moreover, the access for operators from the EU to public calls for tenders in the US, above all below the federal level, is also a major offensive interest for Flanders. Due to "Buy America(n)" and similar rules and customs, the opportunities for operators from the EU – for example, Flemish bus manufacturers – to win public calls for tenders are often very limited.
In general, Flanders also places importance on a strong chapter on trade and sustainable development.

MULTILATERAL ORGANIZATIONS: IMF & WORLD BANK

As noted in chapter 1, both the headquarters of the IMF and the World Bank are located in the US, more specifically in the capital, Washington DC. The IMF's most important objectives are promoting exchange rate stability and free international payment transactions, meeting the need for international liquidities and granting financial assistance to members that are having problems with their balance of payments.
As a specialized UN organization, the World Bank extends loans to developing countries and middle-income countries, with the primary goal of fighting poverty. In Washington DC the projects are defined and monitored, and the standards drawn up which the tenders must satisfy. Access by Flemish companies to these institutions can be improved by active matching of the expertise in Flanders with the projects that are financed by these institutions. This requires a constant effort at the heart of the international institutions in Washington, linked to outreach in the countries where the projects are implemented.

2.2 RESEARCH & DEVELOPMENT (R&D)

Despite the fact that emerging countries such as China and India are working hard to catch up, the US remains the leader in R&D. The US has an R&D intensity (this is the relation of the total expenditures for R&D to the gross domestic product) of 2.74% and, in absolute figures, spends the highest amount on R&D worldwide. Important places in the US for R&D include Boston, the San Francisco Bay Area (with Silicon Valley) and the Research Triangle (Durham, Raleigh, Chapel Hill) in North Carolina. For the Government of Flanders, the growth and flourishing of pioneering scientific research in Flanders is an important policy objective. The R&D intensity for Flanders evolved from 2.32% in 2011 to 2.51% in 2012 and 2.54% in 2013. With this result, Flanders joins the European innovation leaders and is therefore well on its way to reaching the 3% standard. These figures explain the major impact that the US has today on the Flemish research landscape, but also demonstrate the possibility of continued development of pioneering scientific research in Flanders. Well-conceived internationalization is an important aspect in the aim for excellence in scientific research. As yet, the FWO-Flanders does not have bilateral agreements with the US. Participation in the ´GROW´ (Graduate Research Opportunities Worldwide) and ´PIRE´ (Partnerships for International Research and Education) programs of the National Science Foundation (NSF) offers possibilities for strengthened cooperation. The Flemish knowledge institutions too are calling for a facilitating role of the government in order to encourage cooperation. Moreover, the Flemish knowledge and strong R&D areas and facilities are a powerful argument for attracting direct and expansion investments to Flanders and an opportunity for American companies that are looking for R&D partners.

2.3 HIGHER EDUCATION

The extensive investments in R&D have ensured that many American knowledge institutions are among the world´s best and most prestigious. This makes them especially attractive for international students and teachers striving for academic excellence. No fewer than 39 American knowledge institutions are in the top 100 of the Times Higher Education World University Ranking 2015-2016, with the California Institute of Technology, Stanford University, the Massachusetts Institute of Technology and Harvard University being the leaders. The preceding chapter showed that Flemish students and teachers also have a great interest in training/

traineeships in the US. As is explained in the action plan of the Education & Training Department ´Brains on the move´, such international exchange of both teachers and students is crucial for the internationalization of Flemish higher education. Internationalization plays an important role in maintaining and strengthening the quality of our (higher) educational system and is necessary for guaranteeing the place of Flanders within a globalized knowledge society. The opposite movement is also relevant, given that students and teachers from abroad who study or work in Flanders also contribute to the international character of the higher educational system. The continuing interest from Flemish higher education and the asymmetrical character of student mobility between Flanders and the US offers an opportunity to further encourage reciprocal mobility. In addition, it can also be an added value, on the policy level, to be able to collaborate with the US and thus to better get to know each other´s (higher) educational systems and be able to eliminate any obstacles to international cooperation in this area.

2.4 LOGISTICS, WATER MANAGEMENT AND URBAN POLICY

Parts of the US are regularly afflicted by hurricanes and other severe storms, often coupled with major flooding. There is therefore a great deal of interest in the US for foreign expertise in this field, since water management has long been neglected there. This offers opportunities for our region, given that Flanders has great expertise in water management. This is disseminated and promoted by the Vlaams Waterbouwkundig Laboratorium [Flemish Hydraulic Engineering Laboratory]. Along with water management, Flanders can also provide expertise on sustainable shipping and management/modeling of water and waterways. The latter is obviously linked to the comment made earlier about the necessary opening up of the dredging market (see 2.1).
Flanders is also putting considerable effort into innovation in logistics and infrastructure. This offers opportunities to build further on the existing port cooperation agreements and possibly for new forms of cooperation to be established between Flemish and American port authorities on optimization of logistics and making port activities more sustainable.

By 2050, two-thirds to three-fourths of the world´s population will live in cities (in the present year of 2016 that figure is 50%), with ever more rapidly growing megacities of over 10 million inhabitants. The US too has many major cities, of which New York with around 8.5 million inhabitants is the largest. And more than 23 million inhabitants live in the so-called metropolitan area around this city. Besides a few megacities, the US naturally also has numerous medium-sized and smaller cities. Ensuring quality of life and competitiveness when (mega)cities are attracting economic activities calls for a well-considered policy covering infrastructure, living, care and innovation climate, pollution, security and job market. As a densely populated and urbanized region, Flanders is facing this policy challenge too. The Government of Flanders is meeting the challenge and with its urban policy wishes to ensure that by 2030 our cities and cores satisfy the 11th Sustainable Development Goal (SDG) of the UN, which proposes making cities and human settlements inclusive, safe, resilient and sustainable. More specifically, the government has set itself

The Deurganck dock in the Port of Antwerp

the objective of transforming our cities into so-called "smart cities" that use digital technology in order to link needs and functions and to ensure high-quality public services. The City Fund and subsidization of innovative urban projects are important instruments for this. Investments are being made in sustainable urban development in the US as well. Cities like New York (with the Hudson Yards project), San Francisco, Boston and Seattle are busily experimenting with the concept of the smart city. The so-called American Legacy Cities such as Detroit, Cleveland, Pittsburgh and Buffalo are also demanding a smart urban policy. These are cities in the so-called Rust Belt, characterized by a sharp reduction in population, economic decline, major infrastructural problems and a concentration of poverty. This offers the opportunity to share best practices and administrative knowledge with one another. It can take place bilaterally, but also via the UN Habitat[7] office in New York.

Flanders' urban policy aims at inclusive, safe, resilient and sustainable cities.

2.5 (SHARED) CULTURAL HERITAGE

It is a commonplace to say that America´s popular culture since the end of the Second World War has had a major impact on the rest of the Western world. Its cultural (hyper)diversity, in particular in the major cities where numerous subcultures have taken root, also speaks to the imagination. Along with a flourishing and influential entertainment industry, with Hollywood as its epicenter, the US is also teeming with more elevated arts. The US plays a central role in modern visual art, with institutions such as the Guggenheim Museum (New York), the Museum of Modern Art (New York), the Whitney Museum of American Art (New York), the J. Paul Getty Museum (Los Angeles), the Art Institute in Chicago, the National Gallery of Art (Washington DC) and many others. But there are also numerous opportunities for other contemporary art forms. Alongside modern art, the interest in classical arts and heritage is also great there. In all of this, New York City retains its role as an international cultural center and springboard to the rest of the world, although other American cities are challenging New York's preeminence as an international cultural center. This effervescent but at the same time highly competitive cultural scene offers opportunities for the Flemish cultural sector, both in terms of heritage and contemporary visual arts, performing arts, music and film[8]. After all, the quality of the Flemish cultural landscape is very high. This reality is a particularly great advantage for the international positioning and impact of Flanders. Also for the cultural sector itself, internationalization today forms one of the critical success factors for professionalization, sustainable career development and the viability of artists and organizations.
As explained in the preceding chapter, Flanders and the US also have a shared historical heritage. Flemish emigration in the 19th century, the two World Wars and several historical figures and events give the possibility, in collaboration with American partners, to keep the memory of this heritage and its commemoration alive for the benefit of present and future generations. In addition, this shared heritage can offer a point of departure for introducing contemporary Flanders to the US.

7 The United Nations Human Settlements Programme (UN-HABITAT) is a UN program whose objective is to promote social and sustainable urban development.
8 As far as these last two areas are concerned, one must take into account the linguistic limitations of the American market. The commercial impact of Dutch-language films and music is very limited. There do exist commercial opportunities for making Flemish and American English-language co-productions, which might achieve commercial success in the US.

Poster Red Star Line Museum

2.6 HEALTHCARE

The better accessibility for Americans to medical insurance as a result of the reforms in American healthcare, increasing international patient mobility and the impact of new communication technologies (e.g. remote operations, etc.) create opportunities for international cooperation with the US in terms of healthcare. In this domain Flanders has a good reputation, both in terms of research (brain research, nanotechnology, heart surgery, in-vitro therapy, stem-cell research, etc.) and the provision of services, infrastructure and companies. Such international cooperation can support the ´Vision 2050´ transition ´making care work´ and joins with the policy objective of (more) strongly positioning the efforts that the Government of Flanders has made on care innovation within the framework of the Flanders´ Care program at international level. Flanders´ Care is a Government of Flanders program which aims to improve care quality by stimulating - via innovation - responsible entrepreneurship in the care economy. The program is taking shape via the Action Plan Flanders´ Care 2.0.

2.7 CLIMATE AND ENERGY

Climate change and the search for alternative energy sources are vital challenges that Flanders and the US share as partners in the Paris Climate Agreement, adopted by 192 countries in December 2015. After all, global development must take place within our planet's ecological boundaries.

The Government of Flanders therefore wants a transition to a low-carbon energy system in Flanders that is as renewable as possible and which provides for a realistic energy mix. The Flemish energy system is firstly embedded in Europe (European Energy Union), but this does not preclude important links with the US in terms of energy supply[9] and the opportunities that this can entail for the Flemish economy. For several years now, diversification of the natural gas supply has been an important theme in European energy policy. In February 2016 the European Commission published a Communication on an LNG (liquefied natural gas) strategy. LNG supplied from the US can contribute to greater gas supply security in the EU - and the US wishes to export a part of its shale gas in the form of LNG. The American federal government recently, for the first time in decades, authorized an energy company to build an LNG export terminal, and thirteen other companies have permit applications under review. Although the largest share of American LNG may be shipped to Asia, it is also the intention to export a part to Europe. This can be important for our ports (LNG terminals) and companies that are specialized in the transport and processing of LNG gas. The capacity utilization of the European LNG terminals is not very high, so that such additional imports would not necessitate extra investments. LNG is also increasingly being regarded as an interesting fuel for shipping and large trucks. The ports of Antwerp and Ghent have contacts with the American port of Jacksonville within the "Focus Group on LNG" in order to promote the use of LNG as ship fuel.

Although it is true that some American public opinion and policy makers are skeptical about the seriousness of climate change, some states have profiled themselves as genuine leaders in combating this evolution. California deserves particular mention here. With such states, Flanders can share administrative knowledge and exchange best practices. For example, Flanders is highly rated in terms of administrative measures that promote the energy efficiency of buildings (such as the EPB regulation for new construction, introduction of the residential EPC, loans specifically for energy-saving measures, the renovation pact, etc.).

Finally, there is also a great deal of expertise relating to energy in Flemish research institutes such as VITO and Energyville. Also worth mentioning in this respect is the GreenBridge Science Park in Ostend of UGent where intensive focus is being placed on Blue Growth, the sustainable exploitation of oceans and seas. Research fields that fall under this heading include blue energy (offshore wind, wave and tidal energy), aquaculture, marine biotechnology, seabed mining and coastal defense. The port of Los Angeles has a marine research center with which opportunities for cooperation can be sought in these areas.

9 Supply security and energy generation from fossil fuels fall under federal authority.

3
GOALS AND AMBITIONS

Taking the above observations into account, the Government of Flanders has adopted seven central objectives for its bilateral relations with the US. Firstly the government wishes to maintain and further develop the close economic ties with the US. In addition, it wants to strengthen academic relations with the US, with regard to both scientific research and student mobility. Furthermore, the Government wants to facilitate cultural exchange, sustainably attract American tourists to Flanders and develop a ´Flemish Community´. Finally, the Government has the ambition to more strongly promote Flemish policy expertise in several relevant areas (urban policy, care, energy, etc.) in the US. For all of this, it is vitally important to be known by American partners and public in a positive way. The Government of Flanders therefore intends to effectively monitor and manage the name recognition and accompanying reputation of Flanders in the US.

Naturally, these objectives are not independent of one another, but rather mutually reinforcing.

1

MAINTAIN AND STRENGTHEN THE ECONOMIC TIES WITH THE US AS A STRATEGIC TRADE PARTNER AND INVESTOR

Internationalization of the Flemish economy is an absolute priority of the Government of Flanders. It is of crucial importance for the prosperity of every Fleming to continue to promote international growth and thus to create jobs. Given the importance of the US as a trading partner, it makes obvious sense to further promote a strong and innovative Flanders, in line with the multiannual internationalization strategy for the Flemish economy, and in response to the further developments in the TTIP file. The US must be retained as a strategic trade partner, and as a major matrix for Flemish companies searching for business, technological or financial partners or wishing to establish a branch there.

Furthermore, we must constantly work to attract American investments to Flanders, since foreign investors are essential to the Flemish economic fabric and employment, and can strengthen Flemish clusters. For rapid growth in Flanders, it is above all important to bring the latest technologies from the US to Flanders and to couple them with strong developments in the Flemish knowledge domains. At the same time, Flanders must continue to cater to the existing local establishments of American companies, which in Flanders regularly deliver expansion investments. Favorable factors for the economic relations between Flanders and the US include the limited language gap, a similar value pattern and a business culture that differs only to a limited extent from the Flemish.

2

INTENSIFY COOPERATION WITH KNOWLEDGE INSTITUTIONS, RESEARCH AND INNOVATION CENTERS WITH PARTICULAR ATTENTION FOR A RECIPROCAL EXCHANGE OF STUDENTS, TEACHERS AND RESEARCHERS

The asymmetrical student mobility between Flanders and the US creates space to further foster reciprocal mobility, both at the level of credit mobility (short exchanges up to 1 year, with exchange of credits and obtainment of diplomas from the home institution) and diploma mobility (full education in the host country, including obtainment of a diploma). Therefore the second objective is to promote Flemish scientific research and the Flemish higher educational system among American students and researchers and to encourage exchange and collaboration. The focus will be placed on the American Northeast and the innovation centers.

Academic diplomacy is thus a central part of the bilateral policy vis-à-vis the US. Academic diplomacy has two aspects. Firstly, it consists of actively supporting the Flemish knowledge institutions, including the Strategic Research Centers, from a demand-driven approach in order to maximize the international opportunities for these actors. Secondly, it also means actively getting the Flemish knowledge institutions to intervene in the execution of the general foreign policy of the Government of Flanders so as to contribute to the image of Flanders as an innovative and learning region of the finest quality and as an ideal investment location on the European continent. In this way academic diplomacy also contributes to the image of Flanders as a knowledge region. Access to alumni networks of Flemish knowledge institutions in the US is extremely important, since many graduates go on to hold key positions in the economic and academic world in the US.

3

STRENGTHEN FLEMISH CULTURAL RELATIONS WITH THE US

Flanders finds it important to have a dynamic cultural relationship with the US. Although American cities such as Los Angeles, Chicago and Washington are also increasingly evolving into international cultural centers, New York remains the reference for the cultural scene worldwide. This has both advantages and disadvantages: one can´t not be there, but it is very difficult to get noticed in the crowd. The size, complexity and competition on the American market in general and in New York in particular are huge. The cultural sector benefits from having an intermediary which facilitates the international ambitions in respect of the US, identifies opportunities or overcomes thresholds for cooperation. Flanders therefore wants to leverage its role as a bridge builder and facilitator.

4

THE US AS ONE OF THE FOCUS MARKETS OF THE TOURIST OFFICE OF FLANDERS TO DEVELOP TOURISM INTO AN ECONOMIC GROWTH ENGINE BY 2020

By 2020, the Tourist Office of Flanders aims, together with the players of the tourism sector, to sustainably develop tourism in and to Flanders and Brussels into an economic growth engine, thus achieving greater return, employment and well-being. For this purpose, the Tourist Office of Flanders is building the reputation of Flanders as a high-quality tourist destination and striving to raise the satisfaction of international tourists. We distinguish Flanders from competing destinations by strongly leveraging the Flanders brand. In so doing, Flanders is positioning itself on the basis of its distinctive advantages: Heritage, Art & Culture, Cuisine and Cycling. Flanders also has many advantages as an international meeting destination, and the Tourist Office of Flanders is exploiting its attractiveness and added value in this respect. With the brand positioning and distinctive advantages of Flanders, the Tourist Office of Flanders is targeting the international cultural added-value seekers, the multi-day visitors for whom cultural experience is a decisive factor in their choice of destination. Although neighboring countries remain the most important target group for the Flemish tourism sector, the Tourist Office of Flanders is also focusing on those markets that offer the highest potential for Flanders and where the Tourist Office of Flanders can offer the largest added value for our tourist industry, and the American market is one of them[10]. After all, the US is a major growth market for Flanders, for both recreational visitors and for the conference industry. The Tourist Office of Flanders is concentrating strongly on both segments, something that is in any case necessary because of the impact of the terrorist attacks in Belgium and other European countries on the American travel behavior.

5

ACTIVELY INVOLVE THE FLEMISH DIASPORA IN THE US IN FLEMISH FOREIGN POLICY

"An analysis for the American State Department talks about emigrants as living links with their homeland, lines that throughout the world ensure a reciprocal flow of people, products and ideas. Such a global sense of "connectedness" is, more than money or status, the key to success in the contemporary world."[11]
The government has decided to actively involve Flemings who reside abroad in Flemish foreign policy. These expats are in many cases top professionals and often hold socially important positions. The Flemish diaspora can therefore (informally) significantly reinforce the Flemish foreign network. Along with these temporary or permanent expats, the US also has a significant group of descendants of Flemish emigrants, primarily in the Midwest (see chapter 1). Americans often attach great importance to their genealogical origins. By giving these people a better sense of their ancestral birthplace, and keeping them informed about the Flanders of today, members of this group can act as ´ambassadors´ of Flanders. They are also an ideal target group for "back to the roots" tourism. Mapping out this ´Flemish Community´ and connecting them with one another (community outreach) is the objective.

10 The other focus markets are Ireland, Spain, Italy, Central Europe, Scandinavia, Japan, Russia, China, India, Brazil and the Asian region. For the project on the Great War work was also done on Canada, Australia and New Zealand.
11 From: "In America: Travelling with John Steinbeck", Geert Mak.

6

PROMOTING FLEMISH POLICY EXPERTISE MORE STRONGLY IN THE US

The previous chapter showed that the US offers opportunities in many areas for working together on policy and sharing administrative knowledge with American authorities, on the basis of Flemish strengths. Particularly in the areas of urban policy, water management, logistics and ports, healthcare, energy and climate, Flanders has the right expertise to represent Flemish professionalism in the US and forge partnerships in these areas.

7

EXPANDING THE NAME RECOGNITION OF FLANDERS

Awakening the interest of American players in Flanders begins with name recognition and the associated development and maintenance of a well-conceived image on the ground. In line with the brand policy of the Government of Flanders, Flanders must become known to the American public, companies and governments as ´state of the art´. Flanders as an autonomous Belgian federal state in the heart of the European Union, with a strong democracy, an open economy, high-performance companies, top research institutes, innovative clusters, logistical advantages, talented, multilingual and well-educated people, where culture and creativity are respected and where life is good. In this way not only will the interest in Flanders grow but there will also develop a better understanding of Flanders´ population, language, government and history. Flemish emigration in the 19th century, the two World Wars and several historical figures and events offer points of departure for introducing contemporary Flanders in the US. At the same time, in this way the memory of this heritage can be kept alive in collaboration with American partners.

4
INSTRUMENTS AND WORKING METHODS

In order to establish a good collaboration with its foreign partners and defend its interests abroad, the government possesses a network of its own services abroad. In the US this is an Algemene Afvaardiging van de Vlaamse Regering (AAVR - General Delegation of the Government of Flanders), six branches of Flanders Investment & Trade (FIT) and one branch of the Tourist Office of Flanders. This network of the Government of Flanders in the US is thus the primary means for achieving the proposed objectives, and this under the name ´Team Flanders USA´. There are four central starting points:

1/ In the interest of Flanders, acting coherently and effectively vis-à-vis the outside world is a conditio sine qua non. The common objective of Team Flanders USA is to boost the position Flanders in all of its facets and to maximally promote the interests of Flanders. In order to deal with the outside world in a coherent manner, the various players in Team Flanders USA therefore act complementarily to one another. This complementarity derives from the differences in remit and target groups, by making use of one another´s network and by, where relevant and useful, acting jointly vis-à-vis the outside world. In order to identify these synergies and potential joint actions, the General Delegate of the Government of Flanders functions as the coordinator on the basis of the principle of primus inter pares, benefiting from its "helicopter view" and close contacts with the political field in our own country and in the host country.

2/ The development and monitoring of a carefully crafted image in the field as a ´state of the art´ region at the heart of the EU forms an overarching mission of Team Flanders USA, in line with the remit and target group of each player;

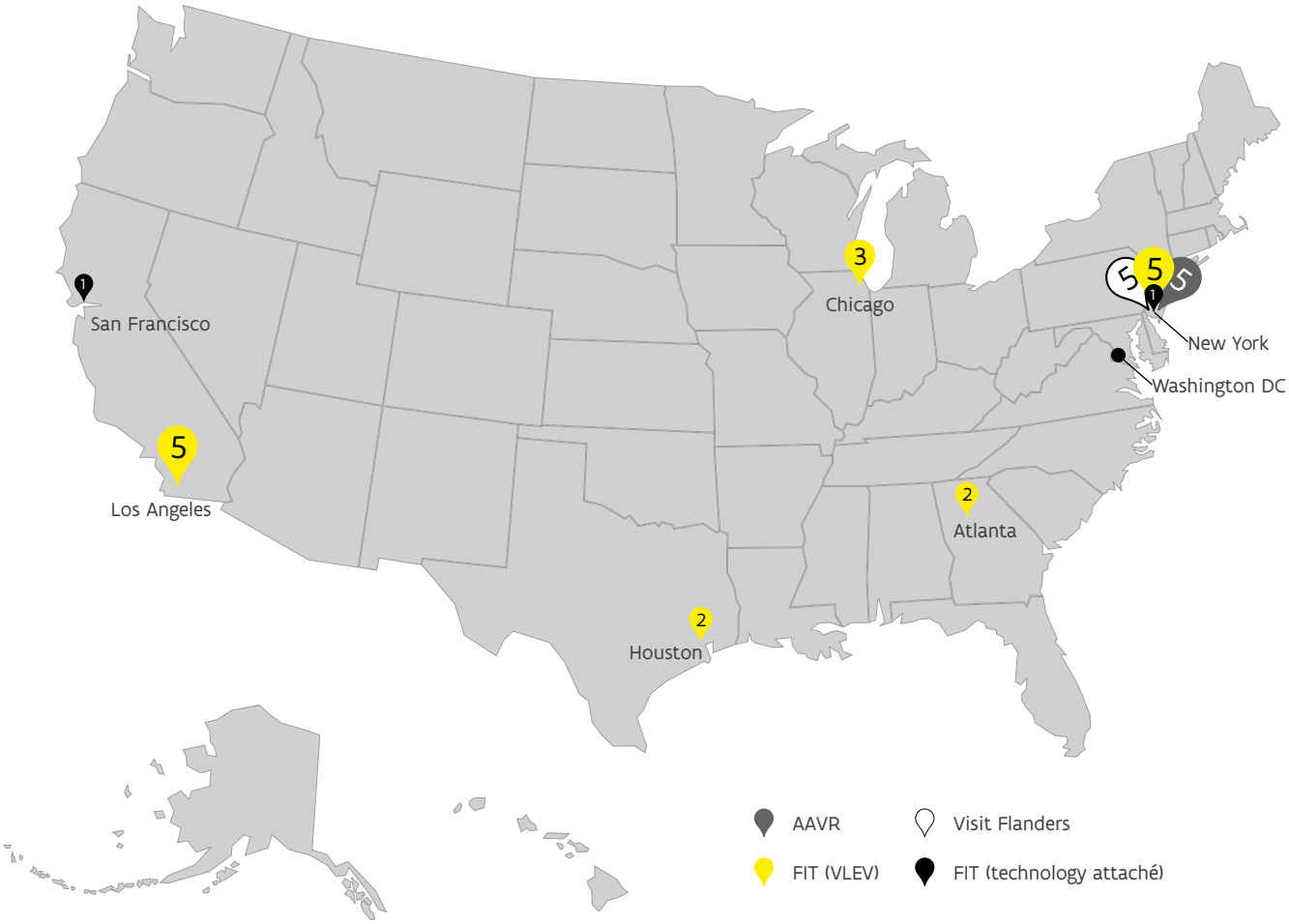
3/ Due to the nature of the political landscape in the US and the difference in scale, the available resources should be deployed in a focused manner, i.e. more on concrete cooperation, promotional and prospection activities, and on service provision, within the Flemish powers rather than on general foreign policy, and in line with the above objectives;

4/ The objectives will be achieved where relevant and useful, in collaboration with the federal diplomatic network (Belgian Embassy and General Consulates) and the network of honorary consuls in particular for political contacts, and with other institutions and associations that support bilateral ties between Flanders/Belgium and the United States (notably Flemings in the World, the Belgian-American Chamber of Commerce (BelCham), the King Baudouin Foundation in the US (KBFUS) and alumni networks of Flemish knowledge institutions).

Alongside its network abroad, the Government of Flanders also has several additional instruments from Brussels at its disposal in order to help achieve the proposed objectives. These are explained briefly in 4.2.

Team Flanders USA is the primary means for achieving the proposed objectives.

4.1 TEAM FLANDERS USA



Below is an explanation of the operation and division of tasks within Team Flanders USA. The Government of Flanders provides a budget of 4,500,000 euros per year for the Team Flanders USA operation. The figures in parentheses refer to the objectives from chapter 3.

GENERAL DELEGATION OF THE GOVERNMENT OF FLANDERS IN THE US

Apart from the assignments of FIT and the Tourist Office of Flanders, the General Delegation of the Government of Flanders (AAVR) represents all the interests of the Government of Flanders in the US. On the basis of its general mission, the AAVR firstly assumes responsibility for achieving the objectives (2, 3, 5, 6 and 7) with regard to cultural and academic cooperation, as well as more strongly promoting Flemish policy expertise in several relevant areas (urban policy, care, energy, etc.), mapping out and developing a ´Flemish Community´ in the US and expanding Flanders´ name recognition via public-diplomatic actions.

On the academic level, the AAVR facilitates contacts between Flemish and American higher education institutions and other stakeholders, and promotes reciprocal student mobility. This is done in close collaboration with the Flemish higher education institutions and other relevant players in Flanders and the US. In order to foster cultural cooperation, the AAVR acts as an intermediary to facilitate the international ambitions of Flemish cultural players

Ministers-president Geert Bourgeois and Mark Rutte visited the Governor of Georgia, Nathan Deal, during the Flemish – Dutch trade mission to Atlanta in October 2015. Flemish General Representative Geert De Proost (left) and the Dutch Ambassador Hennie Schuwer (second from the right) coordinated the mission.

vis-à-vis the US. The AAVR identifies opportunities for this and removes impediments to cooperation. In addition, the AAVR monitors political developments that are relevant for Flanders, such as the development and trends concerning federalism in the US, human rights, development cooperation, international climate policy, the TTIP, etc. US policy is also scrutinized in the context of the activities of leading American think tanks. The AAVR tests Flemish policy and ´Vision 2050´ against policy that is conducted by the US and the States. This should enable the AAVR to detect specific opportunities for bilateral cooperation and establish contacts for this with relevant American partners, both at government level and with civil society. Such targeted cooperation with various American (government) partners should make it possible to better leverage Flemish policy expertise for US-relevant policy areas. Within the framework of the cooperation with American governments and institutes we will work closely with the Belgian national diplomacy, as well as with the diplomatic representations of Flanders´ privileged partners, such as the Netherlands, Catalonia, Scotland, the Basque Country and Quebec.

Given the cultural intensity in New York City and surrounding region, the academic advantages of the American Northeast and the presence of a historical Belgian/Flemish diaspora along the eastern seaboard of the US, the AAVR will have its office in New York, where (to ensure maximum coherence and efficiency) it will be housed together with FIT New York and Visit Flanders in Flanders House New York. And given that the formal remit of the AAVR covers the entire territory of the US, the AAVR is building a broad network not only in the region in and around New York City, but also throughout the rest of the country, particularly in the national capital. In order to achieve targeted cooperation with the various American government levels, it is also necessary to operate in Washington DC, because the most important federal institutions are established there, as well as representations of the States, influential think tanks and the Belgian embassy.

FLANDERS INVESTMENT & TRADE US

Given the objective (1) to maintain and further develop the close economic ties with the US, a strong presence of Vlaamse Economische Vertegenwoordigers (VLEV - Flemish Economic Representatives) and Technology Attachés is necessary, focusing on attracting investments to Flanders, supporting Flemish companies in the US and expanding economic relations. In addition, FIT plays a role in collaboration with knowledge centers (2), which are important for Flemish companies wishing to grow in the US or for American companies interested in investing or doing research in Flanders.

FIT has a network of five VLEVs with branches in New York, Los Angeles, Houston, Chicago and Atlanta, and also has two Technology Attachés established in New York and San Francisco. These locations were chosen because of their role as regional and/or international economic or knowledge centers. Each of these offices have several States as their formal jurisdiction.

The VLEVs have various objectives in the area of economic diplomacy. They promote the interests of Flemish economic stakeholders in the US, building a relevant network of contacts in the business world, knowledge institutions and government authorities in the US. They develop the image of Flanders as an innovative and economically strong region (7). They closely monitor economic policy and trends in the market and inform the Flemish business community and civil society partners about opportunities (or threats). They support and advise companies wishing to embark on the American market. Flemish companies and organizations can obtain from FIT information on trade figures, specific sectors, products, services in the US (prices, margins, distribution channels, competition, etc.), starting up a company in the US, regulations, etc. FIT brings companies into contact with potential partners in the US and supports the prospecting activities and market access, individually or via joint actions such as economic missions, participations in trade fairs and conferences. The VLEVs carry out targeted prospecting in order to attract American investments to Flanders. They build a wide network of contacts with companies and influential individuals. Flemings in key positions at companies or organizations form part of this network. Concretely they also organize road shows in collaboration with Flemish partners for potential investors, high-level networking events and investment seminars, and they maintain close contacts with the headquarters of American companies having bases in Flanders. A VLEV can, within his or her existing network, disseminate requests concerning traineeships.

The two technology attachés strive for the same general goals as the VLEVs, but with specific objectives (2) relating to (high-)tech and knowledge-intensive activities, and this both in terms of attracting investments by foreign companies and of the promotion of international enterprise. They form a bridge between knowledge and the economy, between Flanders and the technology market in the US, each from their own specialization (one ´IT and Mechatronics´, the other ´Bio- and nanotechnology´). The Strategic Research centers are structural partners of FIT; the technology attachés facilitate their demand-driven activities in the US. The remit of both technology attachés covers the entire US, but of course their focus lies on the centers on the East and West Coasts that are important for their specializations.

VISITFLANDERS

Given that the Government of Flanders by 2020 wishes to sustainably develop tourism in and to Flanders and Brussels into an economic growth engine, and that attracting American tourists contributes to achieving this objective (4), it is altogether logical for the Tourist Office of Flanders to have a presence in the US. The marketing strategy of the Tourist Office of Flanders is translated in the different markets into actions appropriate to specific target groups and then implemented. The target group in the US is constituted by the cultural added-value seekers, in both the recreational and the business segment. The cultural added-value seeker is a multi-day visitor for whom the cultural experience is a decisive factor in his or her choice of destination. The experience of culture goes further than heritage, art and creative industries. We also involve the culture specific to the population (for example, traditions, cuisine, language, etc.). As far as the conference industry is concerned, efforts are firstly aimed at international associations and companies that are active in the economic growth sectors for Flanders, whereby the main focus is on attracting association congresses.

The Tourist Office of Flanders applies the principles of region-focused action. From a permanent office (in this case Flanders House New York), opportunities are studied and actions organized. In this way, the Tourist Office of Flanders can flexibly deploy people and resources. In determining the cities or regions where the Tourist Office of Flanders will concentrate its resources, the air connections and flight duration are important. As a result, with its actions VISITFLANDERS visits primarily the East Coast of the US and joint promotions are concluded with air carriers. The cultural added-value seeker is also strongly represented on the East Coast. For the conference industry, Washington DC and Chicago are important centers.

For both target groups, in line with the proposed Flemish image, Flanders is being promoted as a high-quality tourist destination (7). In this, the Tourist Office of Flanders opts for actions that are organized in collaboration with partners. Intermediaries help to reach the target group. For example, each year VISITFLANDERS enters into a substantial partnership with a professional organization that brings together the high-end travel sector. In press relations, opportunities are sought for bringing American journalists to Flanders. The Tourist Office of Flanders has also built up a major operation around bloggers and the social media.

By 2020, the Government of Flanders wishes to sustainably develop tourism in and to Flanders and Brussels.

4.2 GOVERNMENT OF FLANDERS BRUSSELS

In close cooperation and complementarity with Team Flanders USA, the various policy areas of the Government of Flanders naturally also contribute from Brussels to the achievement of the proposed objectives. This takes place in various ways.

FINANCIAL INSTRUMENTS

The mobility scholarships for students and researchers from respectively the Department of Education and Training and the Research Foundation Flanders as well as the support from the Department of Culture, Youth, Sport and Media for cultural initiatives via the Arts Decree are of crucial importance for achieving the objectives (see also chapter 1). In addition, Flemish companies can call on subsidies from FIT in order to conduct prospecting on the American market, and FIT organizes actions (participations in trade fairs and conferences, group business trips, actions with capital providers, etc.) in which Flemish companies and organizations can take part[12].

An indication of how much the Government of Flanders is spending each year on bilateral cooperation with the US is joined as an annex.

VLAMINGEN IN DE WERELD (VIW - FLEMINGS IN THE WORLD)

VIW is an interest group for Flemings who live, work and reside abroad (or who would like to). Via its worldwide and active network, VIW maintains contacts with thousands of emigrant Flemings, thus also in the US. It advises and informs them on emigration and expatriation issues and functions as their spokesperson to the Government of Flanders. VIW is an autonomous foundation but receives an annual operating subsidy from the foreign policy budget.

A GOOD RELATIONSHIP WITH AMERICAN PARTNERS IN FLANDERS

In order to promote bilateral cooperation, a positive relationship with American partners in Flanders is indispensable. For this reason, the Department of Foreign Affairs is in close contact with the American embassy in Brussels, the official representation of the American authorities in Belgium. The Department of Foreign Affairs monitors the coherence of the Flemish foreign policy and functions as a first point of contact for international partners with regard to Flemish authorities.

12 These amounts are not included in the overview in annex

ANNEX

ANNEX 1
INDICATION OF EXPENDITURE IN BILATERAL COOPERATION WITH THE US

Based on 2015 expenditures, amounts in euros:

Policy area	Costs Personnel & Organization	Activity costs	Total
Flanders Foreign Affairs [13]	2,228,492.76 [14]	2,233,355.73	4,461,848.49
Education & Training		200,000 [15]	200,000
Culture, Youth, Sport and Media		131,769.52 [16]	131,769.52
Economy, Science and Innovation		1,106,427.53 [17]	1,106,427.53
Total Government of Flanders	2,228,492.76	3,671,552.25	5,900,045.01

13 Figures for 2014
14 Including the Facility Management contribution of 594,613.46 euros for renting offices in New York
15 Generic scholarships and scholarships within Washington Center Program
16 Support for cultural initiatives via the Arts Decree (118,650) + contribution to the AAVR to support the achievement of the cultural objectives (13,119.52)
17 Excluding possible indirect financing via specific international cooperation programs for R&D. Amount devoted to scholarships via FWO.

NOTES