



Ministry of Foreign Affairs

Investing in Global Prospects

For the World,
For the Netherlands

Policy Document on Foreign Trade
and Development Cooperation



Executive summary

The Netherlands in the world

Prosperity and security in the Netherlands are closely connected to the world around us. This presents opportunities and challenges. In many ways the world keeps getting better. For example, the number of people living in extreme poverty has declined sharply, while access to basic services such as clean water, healthcare and education has improved dramatically. In many developing countries, these improvements have been supported by economic growth. The Netherlands, too, is thriving economically. It is an important trading nation and one of the world's most innovative and competitive economies.

At the same time, the Netherlands' policy on Foreign Trade and Development Cooperation (BHOS) must respond to major changes and serious challenges: growing conflict and instability, large flows of refugees and migrants, the continued existence of extreme poverty in developing countries, high levels of population growth in certain regions, climate change, inequality of opportunity, rapid technological developments and digitalisation, rising protectionism, steep international competition and a looming trade war.

This policy document shows how the government responds to these international challenges and opportunities in the interests of the Netherlands. In doing so, it fleshes out various policies announced in the coalition agreement, in particular that development cooperation, as an integral part of foreign policy, aims at tackling the root causes of poverty, migration, terrorism and climate change. Also, the policy document indicates how the cabinet will work on its ambition to maintain the Netherlands' position as one of the top-five most competitive economies in the world. The document is aligned with other policies, such as the Integrated International Security Strategy, the Defence White Paper and the Integrated Migration Policy.

Objectives and approach

The updated BHOS policy promotes four closely connected objectives:

- preventing conflict and instability;
- reducing poverty and social inequality;
- promoting sustainable and inclusive growth and climate action worldwide;
- enhancing the Netherlands' international earning capacity.

This includes improving the protection and prospects of refugees and displaced persons in host countries in the region of origin, and preventing irregular migration.

Another cross-cutting goal of BHOS policy is to advance gender equality and improve the position of women and girls. Discrimination against women is visible in all aspects of society, which means that gender equality requires active attention in all areas of BHOS policy.

The 17 Sustainable Development Goals (SDGs) for 2030, as agreed by the United Nations, are the international guiding principles for BHOS policy. Together they constitute the ultimate prevention agenda,

in the sense that working towards them helps prevent conflict and instability, which is a key goal of the new policy. The SDGs promote human rights and the rights of women and girls and seek to improve the lives of the most disadvantaged (under the motto 'Leave no one behind'). The SDGs also constitute an agenda for innovation and provide businesses with an opportunity to tap into new markets by developing innovative solutions for achieving them. Finally, for the first time, the SDGs offer a universal agenda for international cooperation.

In order to bring the SDGs closer, we need to work in new ways, mobilise innovative financing mechanisms and employ – and stimulate the development of – digital and other new technologies. Through its new BHOS policy, the Netherlands will promote innovation in support of the SDGs. We will pursue an innovative approach ourselves wherever possible and challenge our partners to do the same.

When it comes to implementing BHOS policy, the Netherlands works closely with civil society, businesses and knowledge institutions. In developing countries, we tailor our activities to national plans, including those for SDG implementation. At international level, the EU and like-minded EU member states are natural partners, along with multilateral development banks and UN agencies.

In accordance with the policy changes, the result areas and indicators of BHOS policy will be aligned with the SDG framework where possible.

In order to be able to take all necessary measures to contribute as much as possible to the SDGs, the government needs to take steps that are compatible with the reaffirmation of the international agreement concluded at EU and UN level to once again work towards a development budget amounting to 0.7% of gross national income (GNI) by 2030. The spending increases outlined in the coalition agreement, which are discussed in this document, represent an important step during the present government's term of office. During this period, potential follow-up steps will be thoroughly examined at the appropriate time in the light of the prevailing humanitarian and development situation, government-wide priorities and the agreed budgetary framework.

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The focus of development cooperation is shifting to the unstable regions of the Sahel, the Horn of Africa, the Middle East and North Africa, with a view to tackling the root causes of poverty, migration, terrorism and climate change.



An additional €60 million annually for new investment in education, employment, young people and women.



An additional €290 million annually for emergency aid and improving the protection and prospects of refugees in host countries in the region of origin.



Optimising services for SMEs and startups through establishment of NL International Business, Trade & Innovate NL and Invest NL.



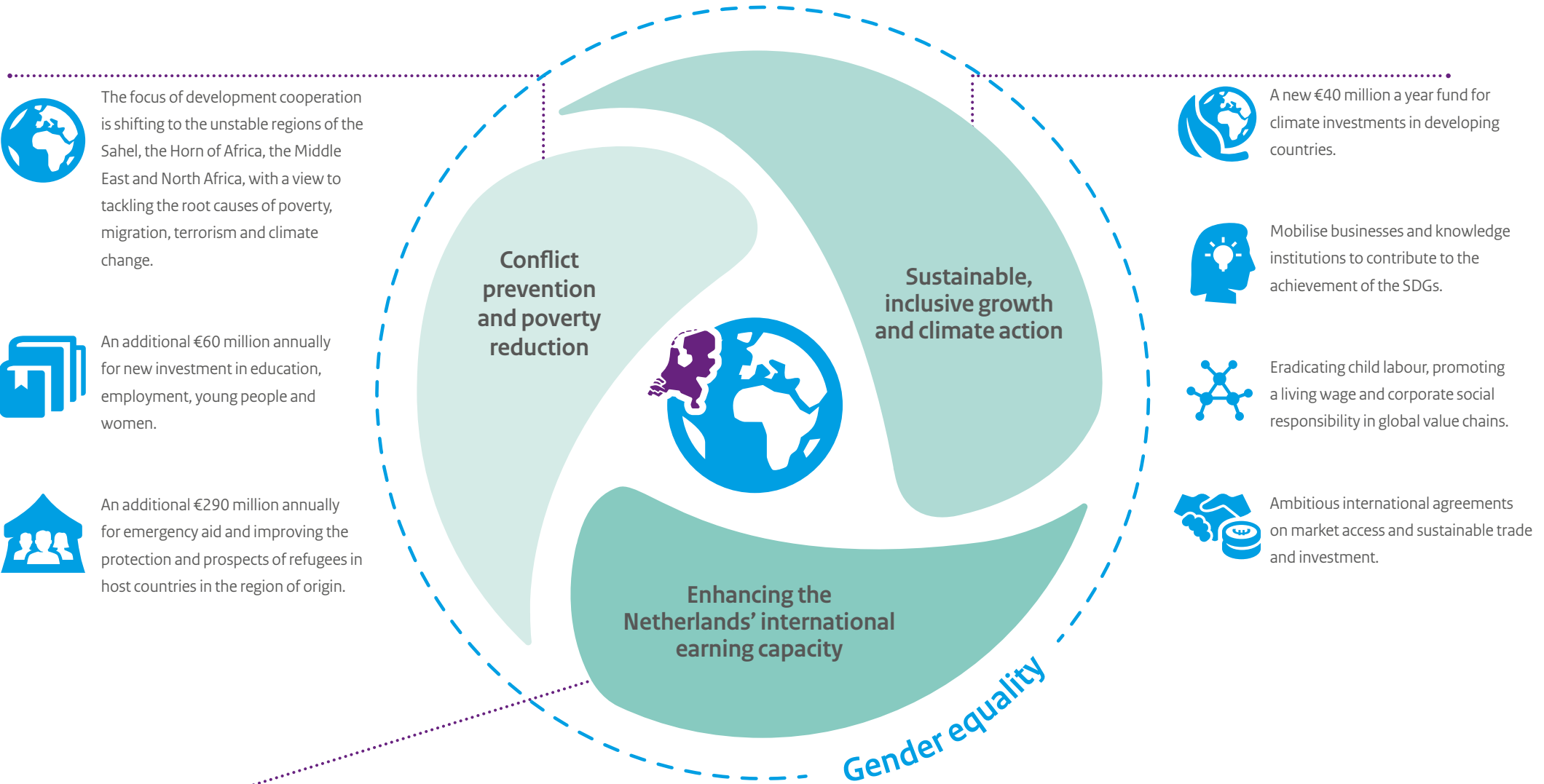
Sharper focus in economic diplomacy on international cooperation for innovation and knowledge diplomacy to tap into new markets, including those for innovative SDG solutions.



Public-private cooperation to develop and implement a joint internationalisation strategy and branding.



Helping the business community prepare for Brexit.



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A new €40 million a year fund for climate investments in developing countries.



Mobilise businesses and knowledge institutions to contribute to the achievement of the SDGs.



Eradicating child labour, promoting a living wage and corporate social responsibility in global value chains.



Ambitious international agreements on market access and sustainable trade and investment.

Development cooperation to focus more on unstable regions

BHOS policy will focus more on preventing conflicts and combating instability and insecurity. Problems like poverty, conflict, terrorism, climate change, population growth and irregular migration are closely intertwined. A growing number of countries in Europe's vicinity are wrestling with these problems, particularly in the Sahel, the Horn of Africa, the Middle East and North Africa. Moreover, extreme poverty in the world is becoming more and more concentrated in fragile regions. It is in everyone's interest to tackle the root causes of these problems in cooperation with the countries themselves. The rapidly expanding cohort of young people in these countries needs the prospect of a future that includes employment, education, equal opportunities and security. Improving the position of women and girls also plays a crucial role in this regard. The government is therefore investing in programmes that specifically target these groups. Efforts in support of stability, poverty reduction and inclusive growth also constitute a structural and long-term investment in limiting the pressures associated with refugees, internally displaced persons and migrants.

Key policy priorities:

- The Sahel, the Horn of Africa, North Africa and the Middle East will become the focus regions for development cooperation.
- The Netherlands will invest €60 million annually in new programmes supporting general and vocational education, employment and income equality for young people and women in the focus regions.
- Existing efforts in the fields of water, agriculture, sexual and reproductive health and rights (SRHR), climate change, the rule of law and private sector development will increasingly target the focus regions; spending in these regions will thus increase by at least one third.
- The Netherlands will set aside an additional €290 million for emergency aid and the humane reception and protection of refugees in the region of origin, while also intensifying its efforts in the field of humanitarian diplomacy.

Climate action and mobilising the private sector in support of sustainable and inclusive growth

The Netherlands and developing countries have a shared interest in sustainability and inclusive growth worldwide, since respect for human rights, nature and the environment and equal opportunities for all are preconditions for future prosperity and development. The government is contributing to this goal through its combined agenda on Foreign Trade and Development Cooperation, in line with the Paris climate agreement and the SDGs. In order to realise these high ambitions, we must support developing countries in their efforts to tackle the consequences of climate change and strengthen their economies. We should take advantage of the opportunities provided by digital and other new technologies and ensure that the private sector, both in the Netherlands and abroad, can tap into new markets by developing innovative solutions for achieving the SDGs. In this context, the Netherlands actively promotes corporate social responsibility, fair and sustainable global value chains and a future-proof multilateral trade and investment system that stimulates sustainable growth and development.

Key policy priorities:

- The government will establish a national climate and development fund (€40 million annually) for investments in climate adaptation and mitigation in developing countries.
- Businesses and knowledge institutions will be challenged and supported to contribute to the achievement of the SDGs. Emphasis will be placed on those specific SDGs where Dutch knowledge and expertise can truly make a difference at international level and where opportunities exist to tap into new markets.
- The government will develop a digital strategy in order to take advantage of the opportunities offered by digital technology for sustainable and inclusive growth.
- In the context of its policies on sustainable value chains and corporate social responsibility, the government will scale up its activities for eliminating child labour and for promoting a living wage, and will emphasise effective implementation and expansion of the voluntary agreements on international corporate social responsibility.
- The Netherlands is a strong advocate of maintaining and strengthening the multilateral trade and investment system. Among other initiatives, the government has produced a new model text for bilateral investment agreements, which it intends to renegotiate in order to strike a better balance between the rights and obligations of governments and investors.

A proactive trade and investment agenda

In order to secure the highest possible return on trade and investment promotion, public and private actors must join forces and concentrate their efforts more on those markets that are most important to the Netherlands, with greater emphasis on small and medium-sized enterprises (SMEs) and startups. The Netherlands is the fourth most competitive economy in the world. This pays off: the Netherlands owes a third of its jobs and national income to foreign trade. Nevertheless, this strong international position should not be taken for granted. It is vital that the Netherlands maintain access to international markets. This requires an international level playing field, maintaining our share in existing markets, tapping into new markets, encouraging companies to become active internationally and promoting an attractive business climate at home. In addition, the Netherlands must continue investing in knowledge, innovation and digitalisation, and with this position itself internationally as a valuable partner.

Key policy priorities:

- The government will optimise the services provided to SMEs and startups that wish to expand their international presence in promising markets, through the establishment of NL International Business, Trade & Innovate NL and Invest NL.
- Economic diplomacy will focus more sharply on international cooperation in the field of innovation and knowledge diplomacy in order to tap into new markets, including those for digital applications and innovative SDG solutions.
- The International Strategic Board and NL Works will be established for public-private cooperation in order to develop and implement a joint international strategy, joint branding and joint multiyear programming.
- The government is pushing for an ambitious, broad and deep trade relationship between the EU and the United Kingdom. Together with the Dutch business community, it is developing measures to support entrepreneurs in the event of Brexit.

Preparation of the policy document

This policy document was realised thanks in part to the views and ideas of the business community, civil society organisations and knowledge institutions in the Netherlands and abroad. An online consultation attracted over 200 mostly high-quality responses (<https://www.internetconsultatie.nl/bhos/reacties>).

The government regards this interactive exercise and cooperation as an important step in attracting support for and partnerships in the implementation of BHOS policy.

Key changes in BHOS policy

- The focus of development cooperation will shift to unstable regions (the Sahel, the Horn of Africa, the Middle East and North Africa) in order to tackle root causes of poverty, migration, terrorism and climate change.
- Improving the position of women and girls is a key objective in all areas of BHOS policy.
- €60 million annually for new programmes supporting general and vocational education, employment and income opportunities for young people and women in the focus regions.
- An additional €290 million annually for emergency aid and reception of refugees in their regions of origin, coupled with intensive diplomatic efforts to ensure compliance with humanitarian law.
- Additional funding for international climate action, rising to €80 million annually, including €40 million for a new climate fund for investment in developing countries.
- A larger role for the private sector and knowledge institutions, including the Dutch ‘top sectors’, with a view to tackling social challenges worldwide.
- Taking advantage of the opportunities offered by digitalisation for sustainable and inclusive growth.
- Emphasis in economic diplomacy on SMEs and startups, on new growth markets including those in the field of innovation and the SDGs, on international cooperation for innovation and on knowledge diplomacy.
- The provision of top-level services to the Dutch business community via the establishment of Trade & Innovate NL, NL International Business and Invest NL.
- Establishment of the International Strategy Board (ISB NL) to flesh out a strategy to help expand international presence in promising markets and public-private cooperation through NL Works to help implement this strategy.