



## Summary and analysis Dutch China-Strategy

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Concerning: Summary and Analysis of the new Dutch policy strategy towards Dutch-Sino relation: *The Netherlands and China: A New Balance Strategy*, [Summary](#), [Letter to Parliament](#)

Co-operate whenever possible, protect whenever necessary. That is the main approach of the Netherlands in its new policy concerning the future relationship between the Netherlands and China. Last week, the ministry of Foreign Affairs shared this new policy strategy with Dutch Parliament. Dutch minister of Foreign Affairs Stef Blok emphasized this policy complements the current EU-policy towards China ([EU Strategy on China](#) (2016), supplemented by [EU-China Strategic Outlook](#) (2019)).

The Dutch cabinet takes a constructive-critical position towards China. It is in favor of cooperation based on shared interests, while emphasizing the ideological differences. The Dutch government wants to protect the Dutch rule of law, the open Dutch society and economy and security. It acknowledges the growth of China as a major player on the world stage, but this growth should take place in a fair way, without frustrating the global level playing field and international treaties. The Netherlands acknowledged it needs international cooperation with the European Union and other like-minded actors all over the world to achieve these goals.

The strategy is mainly a balanced presentation of information. It carefully presents the bottlenecks in current Dutch-Sino relations, but lacks a complete new international policy. The strategy builds upon existing policies, and any new policy measures are presented without elaboration. There are two main reasons for this lack of depth: the fact that the strategy is complementary to the existing EU-China policy, and the choice for a careful approach towards a key player in international relations with a non-Western background. The fact that the 5G rollout in the Netherlands - with the debate on Huawei one of the most tense issues in current Dutch-Sino relations - is held completely out of the strategy is exemplary.

The first chapter focuses on sustainable trade and development. China is seen as an important trading partner, creating significant opportunities for Dutch companies and institutions. Economic cooperation is important, the government can open doors for Dutch organizations. Interesting sectors for Dutch-Sino trade relations are (renewable) energy, circular economy, sustainable mobility and environmental technology. Dutch trade and industry are positive about Dutch-Sino trade relations due to a fast growing sales market, big R&D budgets and high-end knowledge infrastructure.

At the same time the Chinese economy and civics differ greatly from other trading partners. Therefore the Dutch government wants to address unfair trading practices (and aims for more reciprocal trade relations. Important goals are to protect intellectual property, avoid undesirable technology exchange and to ensure investments risks are manageable. Also the Dutch economy should not become dependent on China concerning key technologies and critical raw material.

Concerning Dutch-Sino trade relations, the following policy actions are most relevant

- **Increase access to the Chinese market;** by concluding a new investment treaty, more reciprocity in public procurements and setting up a multiannual market strategy focusing on important sectors, key technologies and SDG's.
- **Improve Dutch-Sino cooperation** on (renewable) energy, circular economy and sustainable mobility. NL aims for more cooperation in tackling emission by aviation, shipping and road

transport. It also wants to inspire China to enhance sustainability in the Belt and Road Initiative.

- **Improve international pressure on China** to tackle unfair trading practices( i.e. corruption, dumping, infringement of intellectual property rights) by using international platforms.
- **Protect and reinforce the Dutch and EU market**, by reducing dependency on China, supporting defensive trade regulations towards China when WTO-rules are undermined, improve investments in cyberespionage, and creating more awareness concerning espionage and infringement of intellectual property rights.
- **Make investment risks more manageable**, by stricter tests of export of strategic and dual-use goods, and better protection of national security in Chinese investments / acquisitions.

## **Main outline**

### **In general**

- The Dutch government wants to work together on the basis of shared interests, while acknowledging the differences
- Grasp opportunities while paying attention to the (economic) security issues, cyberespionage and undesirable influencing.
- The Dutch government shall act if the openness of the Dutch economy and society is under threat. Openness comes with a careful deliberation of exploiting chances while protecting our security, business model and values as rule of law and human rights.
- Dutch policy on China falls under the umbrella of the EU's China policy and is complementary to it.
- Progress on climate change is impossible without China.

### **Chapter 1: Sustainable trade and investment**

- The Dutch government wishes to address unfair trading practices, strive for more balance and more reciprocity in its trade relations with China.
- The Netherlands must not become dependent on China regarding key technologies and critical raw materials. Protect intellectual property, prevent unwanted technology transfer and ensure investment risks are manageable.
- The fast-growing selling market, the big R&D-budgets, the many talents and the high-end knowledge infrastructure in China offer Dutch companies and knowledge institutes many opportunities.
- Enhancing the international business and innovation ability: an investment treaty, to enhance the access to the Chinese market; increasing international pressure on China to address unfair trade practices; protection of the Dutch market by counter-acting cyberespionage.
- A new governance structure in which economic, political and security interests are considered integrally.

### **Chapter 2: Peace, security and stability**

- The Netherlands must take account of the expanding Chinese military potential and increasingly assertive self-assured posture.
- Issues like espionage (including cyberespionage), undesirable influencing and economic security demand our attention.
- National security risks posed by China will be made manageable.

### **Chapter 3: Values**

- The Chinese Communist Party and the Netherlands disagree mainly when it comes to freedom, particularly individual freedoms.

- The Netherlands will continue working to maintain the international legal order.

#### **Chapter 4: Climate change, raw materials and energy**

- China was instrumental in establishing the climate goals laid down in the Paris Agreement, and its participation is vital if these goals are to be achieved.
- Climate adaptation is a major challenge, on which China and the Netherlands can join forces. Working together on energy, the circular economy, sustainable mobility and environmental technology creates opportunities both for companies and for the climate and the environment.
- At the same time, it is important to be vigilant of risks like technological leaks.

#### **Chapter 5: Development cooperation**

- The Netherlands would like to raise awareness about China's role in developing countries, work with China on SDGs and sustainability, address the issue of debt sustainability and push for a fairer loan policy on the part of international financial institutions, and deploy the comparative advantages of Europe in developing countries (especially in Africa) in a more deliberate fashion.

#### **Chapter 6: Cooperation within the Dutch Kingdom**

- Because China links economic and foreign policy, effective cooperation within the Kingdom is needed with regard to relations with China.
- In cases where China is looking to invest in other parts of the Kingdom, the government has agreed to work with the other Kingdom countries from the outset and share expertise.

#### **Chapter 7: Cooperation within Europe**

- Dutch policy on China falls under the umbrella of the EU's China policy and is complementary to it. The government sees the EU as the main channel for its relations with China.

#### **Chapter 8: The multilateral system**

- China takes part in this system, changing it from the inside out while also creating alternative institutions.
- To maintain the Dutch prosperity and security, the Netherlands has an interest in upholding the current system and its associated values.
- Together with its partners the government will therefore take action in cases where China's activities run counter to these interests.

#### **Chapter 9: Players in the bilateral relationship with China and cooperation within the Netherlands**

- Dutch-Sino relations are shaped in part by knowledge institutions, artists, cultural institutions and local authorities.
- Dutch institutions must be aware of the great influence of the Chinese state on Chinese players and strike a balance between opportunities and possible drawbacks, such as unwanted technology transfer.