



Integrated Country Strategy

The Netherlands

FOR PUBLIC RELEASE

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1. Chief of Mission Priorities

The United States and the Netherlands have a strong and enduring relationship based upon shared values that directly contribute to the security and prosperity of both countries. Our relationship with the Dutch is the longest peaceful, unbroken connection the United States has to any country in the world. Global events -- such as Brexit, the resurgence of a more militaristic Russia, and the continued rise of China as an economic and military power -- call for strengthening this strategic relationship. Our focus at Mission the Netherlands is to leverage our historic cooperation to advance common priorities, notably in: 1) ensuring shared responsibility for international security and strengthening the cohesion of the Western Alliance; 2) extending our shared economic prosperity through freer and fairer trade; 3) advancing energy security and the role of U.S. companies in the Dutch energy transition; and 4) deepening the commitment to our shared values.

Shared Responsibility for International Security

The Netherlands is a strong partner for the United States in counterterrorism efforts, including co-chairing the Global Counterterrorism Forum. The Dutch have robust law enforcement and intelligence connections with the United States, which are integral to protecting the safety and interests of the approximately 40,000 U.S. citizens who call the Netherlands home, and the more than 1.4 million who visit each year. The presence of 11 U.S. federal law enforcement agencies in our mission reflects the central role of bilateral and multilateral (through Europol) cooperation in addressing global security challenges ranging from the trafficking of narcotics and weapons to terrorism and cyber attacks. The Mission will emphasize to the Dutch the urgency of timely law enforcement measures to prevent the export of source materials for opioids, a plague that claimed 72,000 U.S. deaths in 2017. We will also stress the socio-economic costs of current Dutch drug policy. To further enhance mutual security, prosperity, and economic competitiveness, the Mission will work to establish Preclearance Operations at Schiphol Airport, the first arrangement of its kind on continental Europe. The United States and the Netherlands have shared interests in developing and promoting effective EU-wide countermeasures to prevent Russia from disrupting our democratic institutions and elections while protecting commercial interests and infrastructure. The Netherlands continues to be the target of Russian disinformation and malicious cyber activity as the Dutch begin the trials of suspects implicated in the shoot down of Malaysia Airlines Flight 17 (MH-17).

Shared Economic Prosperity

The U.S.-Netherlands economic relationship is one of our deepest and most important trade and investment partnerships. With a GDP of \$824 billion (17th largest nominal GDP globally and sixth largest in the EU), the Netherlands is historically the third largest direct investor in the United States, and the United States is the largest foreign investor here. Dutch investment supports 835,000 American jobs. Over 2,700 U.S. companies -- nearly a quarter of all foreign-owned companies in the Netherlands -- directly employ a quarter of a million Dutch

workers. The United States enjoys a \$24 billion goods trade surplus with the Netherlands, which is the United States' eighth largest goods export market (worth \$40.4 billion). U.S. and Dutch companies are engaged in a wide range of commercial partnerships in cutting-edge business sectors including electronics/high-tech, life sciences and health, transportation, logistics, financial services, petrochemicals, agriculture, horticulture, energy, and water management.

The Mission prioritizes assisting U.S. businesses and exporters as well as Dutch investors who create jobs in the United States. We will work with the Dutch on Prime Minister Mark Rutte's "drive to a million" U.S. jobs from Dutch investment and seek to expand participation of Dutch investors in the SelectUSA program. We will work with Agriculture and Commerce to help eliminate trade barriers to U.S. products, especially in the agricultural sector. The Mission looks forward to having the Dutch co-host the next Global Entrepreneurship event, which we will use to open doors for U.S. entrepreneurs in the European market and to help start-ups on both sides of the Atlantic find investors to grow their businesses.

Brexit and China's commercial entry into European markets pose significant challenges to the dynamic U.S.-Dutch economic and trade relationship. The Netherlands' dependence on international trade means Brexit will likely have a more negative impact on the Netherlands than on most other EU countries. At the same time, the departure of the UK from the EU will leave the Netherlands as one of our most like-minded partners in Brussels, creating the possibility of closer cooperation on a broad range of European economic and security issues.

Energy Security and Transition

The Dutch commitment to transition to renewable energy sources and a zero carbon footprint by 2050 will provide both challenges and opportunities for the U.S.-Dutch relationship. The closure of the Groningen gas fields by 2030 will result in the Netherlands turning from a net exporter into a net importer of energy; it will also increase Dutch reliance on external energy supplies. At the same time, the transition provides new opportunities for commercial partnerships in the energy sector. U.S. companies, renewable energy technologies, and LNG facilities are well positioned to assist in the energy transition and make further inroads into the rest of Europe. While pursuing this goal, we must remain mindful of the risk of energy dependency on Russia through projects such as the Nordstream 2 pipeline, which Dutch companies are currently co-financing.

A Framework of Shared Values

Dutch values align with those of the United States on economic freedom, rule of law, and representational government. Because U.S. and Dutch ideals are so deeply intertwined, we can address together many challenges that affect each of our societies. We will continue our long history of working with the Dutch to advance human rights, women's empowerment, the rights of LGBTI persons, freedom of religion, and the rule of law around the world. As host to the

greatest concentration of the world's international courts and tribunals, The Hague will continue to serve as a global center for justice and promotion of the international order. We will seek to capitalize on the Netherlands' unique status in this sphere to hold accountable the perpetrators of the destruction of Malaysia Airlines Flight 17 (MH-17) and to counter more broadly Russia's defiance of international norms in Ukraine and elsewhere.

Dutch popular perceptions of the United States are among the most favorable in Europe. We will seek to ensure that this relationship endures into future generations through effective engagement with Dutch youth, minorities, and opinion leaders. We will promote and expand awareness of U.S.-Dutch shared heritage in both countries through the formation of a U.S. Contact Group in the Dutch Parliament and Caribbean countries (as a partner for the Congressional Caucus on the Kingdom of the Netherlands in the U.S. Congress), the commemoration of the 75th anniversary of U.S. participation in the liberation of the Netherlands, and better utilization of diaspora communities to support joint activities.

2. Mission Strategic Framework

Mission Goal 1: The United States and the Netherlands collaborate on global security and convince partner nations to share responsibility.

Mission Objective 1.1: The Netherlands assumes a more equitable share of the security burden and presents a plan to reach the NATO target of two percent of GDP on defense spending.

Mission Objective 1.2: The Netherlands increases political, diplomatic, and military support for U.S. political and security objectives.

Mission Objective 1.3: U.S.-Dutch law enforcement, cybersecurity, and counterterrorism cooperation is enhanced to better protect U.S. citizens and territory.

Mission Goal 2: The Netherlands Contributes to Economic Growth in the United States and Worldwide.

Mission Objective 2.1: The United States and the Netherlands deepen our bilateral trade and investment relationship, particularly in innovation and entrepreneurship.

Mission Objective 2.2: The United States and the Netherlands enhance our bilateral economic cooperation to support American jobs and to promote fairer trade policies within the EU and the WTO.

Mission Goal 3: The United States and the Netherlands act in concert to ensure energy security and the efficient use of resources throughout Europe.

Mission Objective 3.1: The United States and the Netherlands promote energy security for the Netherlands and other EU member states.

Mission Objective 3.2: The United States and the Netherlands cooperate on the Dutch energy transition and the efficient use of resources.

Mission Goal 4: The Netherlands embraces our shared values and works with us to confront global challenges.

Mission Objective 4.1: The Mission increases contacts at all levels with Dutch society, business, and government, including through Congressional and VIP interaction.

Mission Objective 4.2: Mission relationships and engagements with The Hague-based international legal institutions enhance shared commitment to international justice and the rule of law.

Management Objective 1: The Mission ensures appropriate resources to manage Mission growth and safety of Mission personnel and facilities.

Management Objective 2: The Mission implements global best practices across the management platform with a focus on efficiency and sustainability in support of foreign policy goals.

Management Objective 3: The Mission prepares for the impending establishment of Customs and Border Protection (CBP) pre-clearance operations at Amsterdam's Schiphol airport.

3. Mission Goals and Objectives

Mission Goal 1: The United States and the Netherlands collaborate on global security and convince partner nations to share responsibility.

Description and Linkages: Mission the Netherlands will seek to enhance our strong bilateral defense and security partnerships with the Netherlands to ensure a strong and free Europe. Our Mission strategy supports the goal of the EUR Joint Regional Joint Strategy Framework to “strengthen the cohesion of the Western Alliance” and the National Security Strategy pillar of “Peace through Strength” by urging the Dutch government to fulfill its commitment to spend two percent of GDP on defense and to maintain its participation in international security missions. Leveraging our strong security and law enforcement partnerships with the Netherlands, we will encourage the Dutch government to take a more active leadership role within the European Union on counterterrorism, cyber defense, and trafficking issues post Brexit. This Mission Goal supports the National Security Strategy’s pillar to “Protect the American People, Homeland, and American Way of Life.”

Mission Objective 1.1: The Netherlands assumes a more equitable share of the security burden and presents a plan to reach the NATO target of two percent of GDP on defense spending.

Justification: The Netherlands, along with all NATO partners, pledged in 2014 to spend two percent of GDP on defense by 2024. While the Dutch have ended decades of cuts and begun to increase defense spending, they are likely to be at less than 1.3 percent by 2021. The United States, NATO, and other Allies have repeatedly urged the Dutch to develop a plan to meet the two-percent commitment. An increase in defense spending by the Netherlands and other Allies is crucial for NATO to maintain a credible deterrence to outside threats—including a resurgent Russia and to meet the operational requirements of the Alliance. Following decades of significant defense cuts, the Dutch ability to support and sustain operations has been significantly degraded. An increase in defense spending will allow the Dutch to focus not only on force modernization but also military readiness. The Mission will utilize events marking the 75th anniversary of World War II in the Netherlands to emphasize the need for more equitable burden-sharing among NATO allies.

The Netherlands continues to pursue acquisitions including the F-35 Joint Strike Fighter and the MQ-9 Reaper Remotely Piloted Aircraft (RPA) to help modernize its armed forces. They are also continuing to develop their ballistic missile defense (BMD) capability and continue to have a leadership role on BMD in NATO.

Mission Objective 1.2: The Netherlands increases political, diplomatic, and military support for U.S. political and security objectives.

Justification: A top priority in the coming four years will be to cultivate the Netherlands as a strong and reliable NATO partner to increase security in key regions with renewed focus on Europe’s eastern and southern flanks. This objective requires continued Dutch

defense investments, political support for international deployments, and diplomatic cooperation to address proliferation of weapons of mass destruction and arms trafficking.

We will encourage the Dutch to increase public support for international security deployments to address – in a NATO, United Nations, or coalition context – the many security challenges in the Middle East, North Africa, Eastern Europe, and the Baltic regions. Current Dutch missions include fighting against ISIS, peacekeeping efforts in Mali, and NATO-led assurance measures in the Baltics. These missions require continued Dutch defense investments, political support to pressure Russia to respect the sovereignty and territorial integrity of its neighbors, and diplomatic cooperation to counter Russian actions that undermine peace and security in Europe. We will continue to encourage the Dutch to remain engaged with their limited but highly capable military.

Mission Objective 1.3: U.S.-Dutch law enforcement, cybersecurity, and counterterrorism cooperation is enhanced to better protect U.S. citizens and territory.

Justification: The Netherlands supports counterterrorism efforts with leadership, personnel, and material. It is a party to all 12 UN counterterrorism conventions and works closely with the United States and other countries on international programs against drug and human trafficking and organized crime. The Dutch are influential in the EU on judicial affairs and Dutch members of the European Parliament play an important role in shaping privacy policy. The Hague is home to EU law enforcement organizations Europol and Eurojust, which will likely grow in importance in the years ahead. As host of the Port of Rotterdam, a major international airport at Schiphol, an innovative cyber culture, and large financial sector, the Netherlands takes the threats posed by criminals and terrorists seriously. The Netherlands hosts the Amsterdam Internet Exchange (AMS-IX) where the networks of Internet Service Providers (ISPs) from Europe, the Middle East, Africa, and Central Asia exchange Internet traffic. As a result, malicious cyber actors use the country's critical cyber infrastructure for targeting U.S. interests.

Mission Goal 2: The Netherlands Contributes to Economic Growth in the United States and Worldwide.

Description and Linkages: Mission the Netherlands will support the National Security Strategy pillar to “Promote American Prosperity” by building upon our deep bilateral trade and commercial relationship with the Netherlands and promoting American exports to – and foreign direct investment from – the Netherlands. In line with the EUR Joint Regional Strategy Framework goal to “Strengthen and Balance the Transatlantic Trade and Investment Relationship,” we will urge the Netherlands to advocate for fairer and more balanced trade policies within the European Union. By co-hosting the Global Economic Summit (GES) with the Netherlands, the Mission will link to the State Department priority to “Renew America’s Competitive Advantage for Sustained Economic Growth and Job Creation.” The Mission will cooperate with the Dutch

government and private sector to encourage China to adhere to free and fair trade regimes, rule of law, and protections of intellectual property rights.

Mission Objective 2.1: The United States and the Netherlands deepen our bilateral trade and investment relationship, particularly in innovation and entrepreneurship.

Justification: U.S. and Dutch companies are engaged in a wide range of commercial partnerships in cutting-edge business sectors including electronics and technology, life sciences and health, transportation, logistics, financial services, petrochemicals, agriculture, energy, and water management. Given the significance of trade to the Dutch economy, the Netherlands has oriented its economic growth strategy to focus on “top sectors” of transportation, agriculture, energy, high-tech research and development, financial services, and water management, which were chosen for their export potential and commercial interest to U.S. companies.

The U.S. government-initiated Global Entrepreneurship Summit (GES) brings together entrepreneurs, investors, and thought-leaders each year to advance entrepreneurship on a global scale. The Netherlands is the next country to co-host the GES and the first country to host it in Europe. The Netherlands would also be a strong candidate to host a future Consumer Electronics Show (CES). Both events showcase innovation, support increased investment, foster supply-chain partnerships, and provide U.S. companies with EU market-entry opportunities. The U.S.-Netherlands Economic Dialogue, led by the Department of Commerce International Trade Administration, is intended to improve bilateral trade and investment ties while addressing market access and regulatory issues.

The Dutch are emerging as a critical strategic partner in the area of global and EU digital, technology, and internet policies. Increasing U.S. technology-sector investments and partnerships in the Netherlands, from both large companies and startups, will help strengthen the Dutch voice in the EU to ensure the EU’s Digital Single Market (DSM) proposals do not disadvantage U.S. firms.

Mission Objective 2.2: The United States and the Netherlands enhance our bilateral economic cooperation to support American jobs and promote fairer trade policies within the EU and the WTO.

Justification: The U.S.-Netherlands economic relationship is one of our deepest and most important trade and investment partnerships. The Netherlands is historically one of the largest foreign direct investors in the United States, supporting an estimated 850,000 American jobs. The United States enjoys a \$24 billion goods trade surplus with the Netherlands, due in part to re-exports of cargo out of the Port of Rotterdam. In the Netherlands, over 2,700 U.S. companies – nearly a quarter of all foreign-owned companies in the country – directly employ a quarter of a million Dutch workers. Recent policy changes present new challenges to the U.S.-Dutch economic relationship. Dutch political leaders have expressed disappointment over U.S. steel and aluminum tariffs and support European countermeasures in response. U.S. tax reform has strongly

incentivized U.S. companies to repatriate profits, and the significantly lower U.S. tax rate has made the United States a more attractive destination for foreign direct investment (FDI) than the Netherlands.

Global events, such as Brexit and the continued rise of China as an economic power, have also put a new focus on the U.S.-Dutch economic relationship. The Netherlands' strong trade and investment links with the UK mean Brexit will likely pose a greater economic challenge to the Netherlands than to many other EU countries. Economic experts predict that in the case of a hard Brexit the Dutch economy could possibly suffer a cumulative GDP loss of up to 4.25 percent. China has begun to push aggressively to establish new commercial relationships in the EU. China's competitive advantage in labor coupled with its unfair trading practices threatens to disrupt U.S.-EU commercial relations. The Dutch share U.S. concerns over Beijing's trade practices and are willing to cooperate with Washington to ensure that China and other countries adhere to free, fair, and reciprocal trade regimes, rule of law, and protection of intellectual property rights.

The Netherlands ranks as one of the world's most innovative countries and generally shares U.S. business values on regulation, corporate taxation, and the significant economic contributions made by small- and medium-sized enterprises. The development of an enhanced U.S.-Dutch economic relationship will serve to maintain influence and grow the transatlantic connection with Europe. Increasing the visibility of Dutch innovation and increasing opportunities for U.S. investors in the Netherlands will help orient Dutch society towards the west.

Mission Goal 3: The United States and the Netherlands act in concert to ensure energy security and the efficient use of resources throughout Europe.

Description and Linkages: Protecting America's security at home and abroad requires ensuring energy security and the diversity of supply to the United States and its European partners. With its recent decisions to cease domestic gas production by 2030 and commit to a low-carbon policy by 2050, the Dutch will become more dependent on external energy supplies and more vulnerable to Russian energy pressure. The Mission will pursue strategies in support of the EUR Regional Joint Regional Strategy Framework goal to "Strengthen the Western Alliance" that promote European energy security, including a change in the Dutch position on Nord Stream 2. We also will work to realize the potential of North America energy exports to Europe.

Mission Objective 3.1: The United States and the Netherlands promote energy security for the Netherlands and other EU member states.

Justification: The Netherlands has traditionally served as a nexus of a secure liquid- gas market for northwestern Europe. With its strong interconnections, liquid hub, and Liquefied Natural Gas (LNG) and storage infrastructure, the Netherlands can potentially increase transmission capacity via pipelines throughout Europe, once connected to other networks. The Port of Rotterdam can also serve to move diversified energy

supplies, which could come from the United States and other countries, into and out of Europe. In the domestic energy market, the Netherlands is seeking alternative energy sources to replace natural gas from Groningen, while meeting ambitious climate targets by 2050 of a 95 percent reduction of CO2 emissions compared to 1990 levels.

The Dutch government has expressed concerns about political and energy security, but has officially taken a neutral position towards the construction of the Nord Stream 2 pipeline (NS2) from Russia. Dutch companies are co-financing the pipeline. NS2 would increase the Netherlands' energy reliance on Russia at a time when Dutch domestic gas production and use of fossil fuels should be decreasing.

Mission Objective 3.2: The United States and the Netherlands cooperate on the Dutch energy transition and the efficient use of resources.

Justification: The Dutch commitment to transition to renewable energy sources and a low carbon footprint by 2050 will provide both challenges and opportunities for the U.S.-Dutch relationship. The closure of the Groningen gas fields by 2030 will result in the Netherlands turning from a net exporter into a net importer of energy, increasing its reliance on renewable energy and external energy supplies. The Dutch government released its new energy agenda in December 2017, a roadmap for transitioning the Netherlands to low carbon energy supply by 2049. The government proposed measures to increase energy efficiency, re-use heat from greenhouses and industries, invest in carbon capture and storage, increase the number of alternative fuel cars, and encourage bicycle usage. U.S. companies, renewable energy technologies, and LNG facilities are well positioned to assist in the Dutch energy transition and make further inroads into the rest of Europe.

Mission Goal 4: The Netherlands embraces our shared values and works with us to confront global challenges.

Description and Linkages: The United States and the Netherlands share a deep and fundamental commitment to economic freedom, rule of law, and representational government. Mission the Netherlands will leverage these shared values to support the goal of the EUR Joint Regional Strategy Framework to “preserve Western democratic values.” Our public engagement and diplomacy will support the National Security Strategy priority of “Advancing American Influence” within the Netherlands and more broadly in Europe. We will also expand our community of contacts to promote American values to Dutch society.

Mission Objective 4.1: The Mission increases contacts at all levels with Dutch society, business, and government, including through Congressional and VIP interaction

Justification: U.S. and Dutch ideals and values are deeply and historically intertwined. This allows us to address, together, challenges that impact both of our societies such as immigration, integration, and cultural and religious diversity. The Netherlands is a valued partner in our global efforts to promote security, prosperity, and human rights. We often take similar positions on global issues and work together bilaterally and in

multilateral fora, such as NATO and the UN, to achieve our shared objectives. Our engagement in The Hague's international courts and organizations reinforces our shared values of promoting accountability and justice, including in the investigation of the shoot down of Malaysia Airlines Flight 17. Common values allow us to leverage Dutch political, diplomatic, military, and economic resources to support joint goals in world affairs.

Mission Objective 4.2: Mission relationships and engagements with The Hague-based international legal institutions enhance shared commitment to international justice and the rule of law.

Justification: In view of The Hague's unique role as host to a number of international courts and organizations, the Mission promotes U.S. interests in the areas of international justice, dispute resolution, and private international law. Led by the Office of the Legal Counselor, the Mission's unique engagement with and assistance to these tribunals and organizations has proven invaluable to their work. These efforts demonstrate the United States' commitment to the role of international law and institutions, protecting U.S. equities, and promoting the values of accountability, justice, and rule of law in international diplomacy.

Mission engagement with these institutions has also spurred increased bilateral engagement with the Dutch on other international legal issues, including with regard to its efforts to hold accountable those responsible for the nearly 300 civilian deaths, including 193 Dutch and one U.S. citizen, in the 2014 shoot down of a Malaysia Airlines passenger jet (MH-17) by a Russian BUK missile.

4. Management Objectives

Management Objective 1: The Mission ensures appropriate resources to manage Mission growth and the safety of Mission personnel and facilities.

Justification: Mission Netherlands has already experienced 50% growth in the past four years, primarily due to non-State agencies. A large part of that growth is the result of the sharp increase in terrorist attacks in Western Europe since 2014, which has led U.S. law enforcement to assign an increasing number of agents to the European Union's Police Agency (Europol), located in The Hague. In 2014, there were 98 American direct-hire personnel in the Netherlands, and today there are over 150, with most of those coming within the past two years. Over the same period, there has not been any corresponding increase in USDH RSO or ICASS support staff. Rapid growth has put tremendous strains on the Mission's ability to sustain support and security operations. New NSDD-38 requests for other agencies are being submitted regularly and growth is expected to continue. The establishment of a Customs and Border Protection pre-clearance operation at the airport would result in an increase of up to 175 USDH staff and their families (see Objective 3).

Management Objective 2: The Mission implements global best practices across the management platform with a focus on efficiency and sustainability in support of foreign policy goals.

Justification: The U.S. Mission to the Netherlands takes seriously our responsibility to safeguard taxpayer dollars by limiting waste, proactively identifying cost-saving initiatives, and efficiently spending the entrusted to our care. We have done so in various ways, including consolidating contracts for utilities, vehicle insurance, and newspaper subscriptions under single vendors to reduce the amount of staff time required to process hundreds of individual invoices and to take advantage of corporate discounts. We have used technology to reduce costs, such as going to online subscriptions for newspapers. When the move to a new embassy compound increased our need for warehouse space, we saved over \$200,000 by utilizing existing Department of State warehouse facilities in Antwerp, Belgium, instead of renting costly commercial space. Post will continue to explore other potential cost savings initiatives. Housing has become a problem with the government unable to rent acceptable and safe premises for employees in the overheated housing markets of Amsterdam and The Hague.

Management Objective 3: The Mission prepares for the impending establishment of Customs and Border Protection (CBP) preclearance operations at Amsterdam's Schiphol airport.

Justification: CBP is currently in talks with the Dutch government to establish what will likely be the largest preclearance program in Europe at Amsterdam Schiphol airport. Operations are planned to commence within 24-36 months. By early 2021, CBP expects to be ramping up to 125-170 officers in the Netherlands. This would represent additional 100-percent growth above the already significant 50-percent growth the Mission has experienced in recent years due to the increase in U.S. law enforcement personnel from other agencies stationed in The Hague. This operation would require additional USDH and local staff in both RSO and ICASS in order to provide the needed support. Post has been in contact with CBP and with the Department on how best to manage this growth. We would maximize the use of the contract support model, currently in use in the UAE for CBP operations there. Even with such an arrangement, there are many services that the Mission will still be required to provide, including Basic Package, housing, and furniture and appliance pools.