

What Is Behind The Stunning Economic Success Of The Netherlands? The Dutch Economic Miracle: A Strategic Perspective

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ABSTRACT

Keywords: Economic Miracle, Export-Oriented Economy, Transit and Transport Potential, Global Trade, Dutch Economic Miracle, Netherlands.

Purpose of the study: This paper examines the main factors and prerequisites for the intensive economic development of the Netherlands by taking into account the contribution of tourism, logistics, industry, and agriculture to the economic miracle.

Methodology: In this work, the historical methods, as well as the theory of relative advantages and the general methods of scientific research, were used.

Main findings: The preconditions for the rapid growth of the Dutch economy include successful domestic reforms carried out by the Government at the end of the 1990-is; a favorable trade regime focused on the freedom to exercise an economic or commercial activity; as well as deep integration of the country with the European Union that allows it to take full advantage of the European single market and remain one of the economic leaders within this Community.

Research limitations/implications: In this study, authors propose a roadmap for those countries that are struggling because of the lack of well-thought national planning policy. They also hope that their information may be useful for Ukraine in the process of post-war reconstruction in the future.

Novelty/Originality of this study: This article represents an attempt to create a comprehensive picture of the Dutch economic miracle that includes export performance, logistical activities of Rotterdam Port, Schiphol, and Eindhoven International Airports, and the functioning of the highly efficient tourism industry that encompasses the Netherlands and the region of the Dutch Caribbean. In the article, both authors combine historical knowledge, vital statistical data, and some information from the domain of area studies.

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1. INTRODUCTION: Is Sustainable Growth Possible?

Many experts and politicians worldwide consider the Dutch economy as a source of wonder and fascination since the Netherlands is demonstrating impressive economic success to be widely interpreted and explored. However, there is evidence to suggest that Dutch economic growth is not just a recent phenomenon. Historically, local people have universally been known as experienced sailors, explorers, merchants, painters, and architects. The comprehensive and accelerated development of shipping and maritime trade allowed the country to build one of the world's biggest empires, helped it survive the destruction of World War II, and finally became one of the leaders inspiring the process of European integration. Regardless of a relatively limited territory and more than modest strength of the population, the Dutch economic miracle has always been remarkable. But how could the Netherlands achieve such a landmark success? The answer to this question is contained in the present article aimed at exploring the main conditions of intensive economic development of the Netherlands as a small nation that could turn itself into a European economic powerhouse despite a lack of a sizable domestic market and even numerous natural disasters.

Being a semi-formal economic term used to explain a period of rapid economic expansion in a country that is entirely unexpected, an economic miracle often "refers to a situation when a relatively weak and economically obscure region manages to achieve staggering economic growth rates against all odds" (Singh, 2020). However, it is not an idealistic or abstract phenomenon. Throughout world history, there have been actual cases when "certain countries have defied all expectations and emerged as leading economic powers" (Singh, 2020). According to Immanuel Wallerstein, the rise of the Dutch economy coincided with the real breakthrough of the modern world system in the 16th century (Wallerstein, 1980). The historical period when the Netherlands became the foremost maritime and economic power in the world is known as the Dutch Golden Age. Koenraad Wolter Swart, in his turn, stressed that the abrupt rise of a country unendowed by nature to such heights of wealth and power in the late 16th and 17th centuries was the Dutch economic miracle (Swart, 2012).

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The Netherlands' strong economic performance that started in the mid-1990-it was referred to as the Dutch economic miracle for the second time. These developments were considered something of a miracle, particularly because previously, between 1975 and the early 1980-ies, the country was known for the Dutch disease ([Salverda, 2005](#)). In spite of having faced some economic challenges in the early 1990-ies, the Netherlands managed to develop all the ingredients that allowed it to show a much stronger performance than most EU countries. On the eve of a new millennium, the Dutch economy became the star of the continental class. The Netherlands was so successful that the horde of policymakers, politicians, journalists, and economists was constantly attempting to learn the secret of what was variously called the Tulip Miracle, the Dutch Model, or, often, the Polder Model by delving below the mystique of the Dutch economic miracle ([McMahon, 2000](#)).

While seeing how it really worked, most analyses concluded that the Dutch economic success was brought about by conscious action ([Schwartz & Becker, 2005](#)). It resulted from a significant policy shift being rather a set of policy alternatives than a specific scheme or model in itself. The transformation process entailed fundamental changes that rejuvenated the Dutch economy as a whole. The Government cut its expenditures and reduced taxes. Trade unions, businesses, and state authorities signed a series of wage-moderation pacts explicitly targeted at increasing profits in the Dutch economy. In order to lift a heavy burden of regulations, having apparently increased costs in the economy, the Government launched a deregulation effort and began a privatization program ([McMahon, 2000](#)). Economic, societal, and governmental advancements, thus, pointed out that there was no such model, just a series of rational political decisions sparked by the country's irrepressible desire for wealth and prosperity.

Perhaps the most appropriate metaphor, in this case, is that which refers to the engine of growth – as if there were a motor driving the performance of the Dutch economy ([Stiglitz, 1996](#)). As the economic development of a country is predominantly determined by many factors interrelated with each other, the Netherlands' impressive and sustained economic success has permanently been based on a number of factors, too. All economic dimensions are thought to be strongly correlated with geographical and political variables. In this view, geopolitical context plays a crucial role in shaping cross-national patterns of economic development. Being cited as an impressive growth blueprint, the Netherlands cannot deny the fundamental influence of geography. On the one hand, this country's extremely favorable strategic location is an important determinant of its overall trade ([Frankel & Romer, 1999](#)). On the other hand, Dutch policy and culture are strongly affected by geographic characteristics predicting the status of the Netherlands in the international arena.

In Europe, where there was no hegemonic country like China after the fall of the Roman Empire, self-governing city-states “had strong incentives to participate in trade activity in order to survive and expand in the competition between them, as did European nation-states when they grew, because of the strong competition in their environment” ([Lee, 2010](#)). Rational rulers would never establish or develop institutions or policies under which economic interests were sacrificed for the sake of non-economic goals since this strategy caused financial losses and consequent weakening of state power. That has led to a situation in when many of the richest countries in Europe turned out to be small in size ([Lee, 2010](#)). According to Alberto Alesina, the size of the state affects the size of its markets. To the extent that larger economies and market increase productivity, larger state actors should be richer. When countries become larger, however, their population's diversity of preferences, interests, culture, and language increases. Being part of the same state implies agreeing on a set of policies – from redistributive schemes to foreign policy. As heterogeneity increases, more and more diverse individuals will have to agree on them, and that seems problematic ([Alesina, 2003](#)). In this regard, economic theory states that the smaller the country, the bigger the benefits from trade ([Lee, 2010](#)).

Taking into consideration that the heterogeneity of preferences of the population grows with the size of the state territory, the Netherlands didn't need to reform its economic development policy to be more consistent with the complexities of the social development process. This country focused on the advancement of a liberal and transparent international trade regime, being one of the key ingredients in Dutch economic progress. Lying at the heart of the relationship between country size and market size, the trade regime determines the intensity of economic growth. In a complete state of autarky, a state actor's political size and market size coincide: if a country is small, it has a small market because of a closed economy and, thus, does not engage in economic transactions with any other country. Due to the intensification of economic integration in different regions around the globe, the market size of a country becomes surely larger than the political size and sometimes even corresponds to the whole world. In other words, political size is less relevant as economic integration and international openness are high. This means that small countries are especially favorable to maintaining an open world trade regime since they can prosper as long as they are open to international trade and economic integration ([Alesina, 2003](#)).

Being deeply integrated into the global economy, small countries establish supranational institutions which allow them to get richer. Having specific functions delegated to them by traditional nation-states, such multinational economic structures enforce free trade and the functioning of international markets. While the Dutch economy is obviously influenced by the global economy, and the economy of the rest of the world has long been affected by the Netherlands, the latter maneuvers geopolitical and geo-economic challenges by cultivating both domestic growth and strengthening regional integration. According to Sébastien Maillard, “Dutch influence has left its mark on the European integration process since the very beginning” ([Maillard 2021](#)). Continuing attachment to European integration, Dutch authorities realize that the “future returns to cooperation exceed the short-run gains that might accrue from the pursuit of self-interest” ([Stiglitz, 1996](#)). Being a small and very open economy dependent on exports, the Netherlands is attached to the European trade expansion ([Maillard, 2021](#)). Its investment rate and export orientation enjoy enthusiastic support since its strength seems to be pulling the whole EU economy forward. Moreover, it appears to generate beneficial spillover effects for the rest of the European economies ([Sarel, 1996](#)). Building on the successes of its economy, the country has started promoting export growth ensured by the necessary infrastructure; significant capital, and foreign exchange flows; and specific regulations have been designed to enhance the reputation of the country's exports. Thus, the Netherlands has long managed to make the European single market the hinterland of its economy – 70% of its exports are

to the EU countries, and 53% of imports come from the European Union. As the Dutch integration into the EU is one of the oldest and fullest, without any opt-outs, the country's economy is completely immersed in the European market. In addition to the free market, the Netherlands considers equally important that European integration is based on law. For this small country, the "enactment of common standards and rules is the best protection against the larger countries who would otherwise take advantage of the power relationship" ([Maillard, 2021](#)).

Many experts believe the Netherlands is in a strong position in the world economy since it has previously used all possible instruments to achieve high economic growth rates. Having fused internal capacity, necessary reforms, and globalization into a powerful engine of development, the country was able to ensure the full functioning of all sectors of its economy at such a level that allowed the world to talk about the Dutch economic miracle. These findings have important implications for the field of international political science, as they could determine the algorithm of a state's successful development based on its own geo-economic potential and geopolitical advantages.

2. GEOGRAPHY OF ECONOMIC AND SOCIAL OPPORTUNITIES

Displaying global economic competitiveness, the Netherlands is a state actor with a population of 17.240 million people living within a land area of 33,800 square kilometers. Its population density of more than 500 people per square kilometer is the highest in the European Union (*The Netherlands Compared*, 2020). Nearly half of all citizens are concentrated in the country's Southwestern part. Being made up of the cities of Amsterdam, Rotterdam, The Hague, Utrecht, and a number of smaller cities located between the former ones, the Randstad (this name means 'City on the Edge') is known as one of the largest urban agglomeration areas in Europe. In this regard, Michael Beckley points out that GDP doesn't deduct welfare costs: "consequently, populous countries generate considerable economic activity simply by existing" ([Beckley, 2018](#)). However, the Randstad has been the Netherlands' undisputed economic, cultural, and political focus since the Middle Ages. Developed deltas of its powerful rivers have always contained extensive industrial and commercial areas that contribute to the region's economy and turn the latter into the country's economic heart ([Cultural Atlas, n.d.](#)).

The Netherlands, literally meaning 'Low-Lying Lands', is a part of the coastal plain of Western Europe, with almost 26 percent of its national land area located below sea level. At least 50 percent of its territory is flat, making this country the principal target for global warming (*The Netherlands Fears*, 2021). Several important European rivers crisscross the Netherlands, which has the most sophisticated network of inland waterways in Europe. Being situated around the estuaries of the rivers Meuse, Rhine, and Scheldt, the country has improved and extended these natural waterways as important economic drivers for about 200 years (*Rivers and Lakes...*). The Dutch territory is surrounded by the Wadden Sea, having intertidal sand and mud flats and large internal bays in the North. The sea can be friendly, but it can also be the greatest enemy of the Netherlands ([Feng, 1999](#)). The country is prone to natural hazards and extreme events along the rugged North Sea coastline traversed by a number of rivers in the deep Southwest. Heavy rains and floods are typical, too. So, there is a "love-hate relationship between the Dutch and water" ([Feng, 1999](#)).

In view of the foregoing, the national authorities are making significant investments in natural flood management. In 1959, they introduced the construction of the Delta Works to protect the Southwestern region from flooding. This project resulted in the erection of giant flood control dams, dykes, and storm surge barriers that can be submerged in water from bridges or from both sides of the riverbank. In 1986, the Eastern Scheldt Storm Surge Barrier became the most impressive storm-surfing structure in the Netherlands. Consisting of 62 movable steel gates closed in case of high-water levels, this large-scale anti-flood fortification wall was constructed at the cost of around EUR 2.5 billion (*Watersnood Museum, n.d.*). As a result, the most flood-prone country in Western Europe is attractive for business and suitable for commercial shipping. The Netherlands remains a gateway to and from Europe and an entrance to the European economic core region. This strategic location enables the Dutch to cater well to the needs of a large part of Europe, a market with millions of consumers ([Feng, 1999](#)). Enjoying the depth of the internal market, the Netherlands sees itself at the barycentre of the three 'major' states, namely France, Germany, and the UK. It was more often than not pulled into the British political sphere while remaining a fully integrated Member State of the EU. Now, this state actor looks toward London, leaning on Germany and at removal from France ([Maillard, 2021](#)).

Being bounded by the North Sea to the north and west, the Netherlands acts as a middleman between a highly developed German economy and the outside world. The Netherlands and Germany share the basin of the Rhine River, and the Dutch-Belgian border runs along the current Meuse River alignment. At 1,223 kilometers long, the Rhine originates from mountain brooks in the Swiss Alps, passes through the Basel region, is a major center for chemical and pharmaceutical industries in Switzerland, and then snakes through industrial zones in Germany (Bonn, Cologne) and France (Strasbourg) before emptying into the North Sea. It provides the cheapest mode of transporting goods to Germany, Northwestern Switzerland, and Eastern France and serves as an important 'highway' for trade between the former states, Great Britain, and the Nordic Countries ([CNBC, 2019](#)). The Duisburg railway hub, located not far from Düsseldorf, Essen, and Dortmund, is the most important German delta city being home to the largest port in the hinterlands of Europe, with the capacity to handle 4.2 million standard containers and 110 million tonnes of general cargo (*duisport, n.d.*). Thus, Dutch ports are considered pivotal trade centers developed by consumers and producers from the Western regions of Germany. It's not a coincidence that the Netherlands became Germany's second-largest trading partner with a turnover of EUR 206.1 billion in 2021, preceded only by China ([Destatis, Statistisches Bundesamt, 2022](#)).

Despite a relatively small population and the constant threat of natural disasters, the Dutch economic performance is fairly impressive. With a GDP of over EUR 800 billion, the Netherlands contributes 6 percent to the EU economy. It is the fifth largest state actor in the European Union as measured by nominal GDP. On a per capita basis, Dutch citizens have about EUR 46,000 in financial assets representing one of the five richest nations in the EU ([CBS.NL, 2021, July 14](#)). The Netherlands also controls

substantial gold reserves and is ranked 10th in the world by its weight. Currently, the country holds 612 tonnes of this noble metal ([Yahoo! Finance, 2020](#)).

3. TOURISM AS AN ECONOMIC DEVELOPMENT TOOL

The tertiary sector remains a massive component of the Dutch economy, mainly contributing to GDP growth. As an integral part of the service industries, education services for international students are at the heart of the national economy. Founded in 1575, Leiden University is the oldest educational institution in the Netherlands, having 7,100 representatives of academic and non-academic staff at its disposal. The University of Groningen, situated in the Northern part of the country, is the second oldest Dutch university, opened in 1614 ([Universiteit Leiden, n.d.](#); [Listoproject EU, n.d.](#)). The Netherlands is considered a highly attractive study destination for prospective overseas students since its national population and academic staff have an excellent command of English; this country occupies an important strategic position at the crossroads between the largest EU Member States having numerous UNESCO World Heritage Sites; all its cities come alive after dark with a vibrant nightlife; and, of course, those young people can easily get to the most well-known beer country in the world, Belgium, to find countless pubs lining the streets. Some 80,000 international students are studying in the Netherlands, despite the acute shortage of free housing ([Dutch News.nl, 2021](#)).

Being at the heart of the World War II battles, the Netherlands, nevertheless, managed to save numerous historical sites. A small country, which is renowned for tulips of different colors, wooden clogs, and multiple windmills, boasts 12 UNESCO World Heritage Sites, including the canals and bridges of Amsterdam, surrounded by water fortifications (Netherlands...). Dutch windmills that still can pump water out of the lowlands and back into the rivers remain the most desired attraction for international tourists, with some 1,000 of them present in the countryside. Two of the most picturesque places containing these architectural masterpieces can be discovered in Kinderdijk, which is close to Rotterdam and Zaanse Schans, not far from Amsterdam. On the contrary, the historical city of Schiedam, located within 'Great' Rotterdam, is distinguished for some of the highest windmills in Europe ([Discover Holland, n.d.](#)).

But it is Amsterdam, the largest urban center in the country, which remains the main magnet for international tourists. Lying on the banks of the Amstel River, this old merchant city is distinguished for the Canal Ring – a system that now includes 165 artificial waterways and 1,281 bridges and hundreds of thousands of bikes ([Meininger hotels.com, n.d.](#)). The Dutch Golden Age painters made Amsterdam famous worldwide: several museums renowned for their art pieces are located in the city, particularly in the Museum Quarter. The Rijksmuseum, Van Gogh Museum, and Rembrandt House Museum are the most visited galleries in the Netherlands ([Amsterdam info, n.d.](#)). Unbelievable treasures of the city were accumulated through the actions of the United East India Company, a private entity founded in 1602 in order to conduct the spice trade between the Netherlands and European colonies in Southeast Asia and South Asia that existed until 1796. This corporation had a truly global presence and became one of the first players to issue shares and pay dividends to attract funds badly needed for maritime operations ([Taylor, 2013](#)). A contemporary observer remarked that Amsterdam was a place where commerce was absolutely free, and nothing was forbidden to the merchants. When the letters seemed to do in their own commercial interests, something contrary to the state, the state turned a blind eye and pretended not to notice ([Alesina, 2003](#)). The Amsterdam Stock Exchange was established in 1602 and, thus, became the oldest in the world. This step was necessary to finance expeditions of the United East India Company, which had the authority to create and equip private military forces and acquire ships in order to control some areas in the Asian region. Having built several working alliances with stock exchanges from Belgium and France, the Amsterdam Stock Exchange merged with them in 2000 and subsequently formed Euronext as the largest stock exchange group in Europe ([Amsa-network.com, 2019](#)). The Dutch capital developed into a trading hub for tea, silk, and spice merchants and precious stones dealers. Amsterdam and Antwerp are the two cities within the EU that are closely associated with the diamond trade. Gemstones initially came from the Brazilian State of Minas Gerais (its name means 'General Mines' in English) in 1737 and then were substituted with their counterparts from Southern Africa in 1870: as a result, the country turned into a major center for polishing of rough diamonds. The world's oldest diamond exchange was founded in Amsterdam back in 1890, and the city unveiled the Diamond Museum Amsterdam in 2007 ([Juweelco, n.d.](#)).

Amsterdam is also notorious for its tolerant drug policy. The sale of 'soft' drugs is allowed in licensed coffee shops, and the possession of no more than 5 grams of cannabis is not classified as a crime. However, foreigners have not been allowed to visit the establishments where the sale of drugs has been permitted since 2013 ([Toleration Policy...](#)). Moreover, the smoke smell from these buildings is so pervasive that ordinary tourists cannot stay in the city for more than a couple of days. Since the Netherlands legalized prostitution in 2000, this activity has widely been allowed, and sex workers are officially paying taxes. Situated just minutes away from Amsterdam Centraal Station, the Red Light District became their main hub, with about 7,000 sex workers plying their trade in this area ([France24.com, 2019](#)). Because of the smell of marijuana and showcases illuminated by red light bulbs, this urbanized center achieved world notoriety as the 'Sin City', while adding up its shady attractiveness for some international tourists.

Amsterdam is closely associated with water, and its location is suitable for serving a large number of cruise destinations. The Dutch economic core remains an important starting point for cruise ships sailing to Belgium, Iceland, Ireland, Norway, and the Baltic States, as well as a good launching pad for smaller recreational boats bypassing the castles crowning the hilltops along the stretch of the Rhine River. The Passenger Terminal Amsterdam lying to the north of the Canal Ring, is capable of handling 140 sea-going vessels and 1,500 river cruise ships to carry approximately 700,000 passengers annually. It boasts an extremely convenient location since it is in close proximity to Amsterdam Central Station and within easy reach of the Schiphol Airport ([Cruise Mapper.com, n.d.](#)). The Amstel River is a tourist attraction in itself because it is lined with about 2,500 houseboats. Some of them are used as expensive hotels, and some – are as floating homes for rich residents. In 2020, the Amsterdam

authorities created the most sustainable floating district, Schoonschip, which aims at designing traditional barges with new technologies and, thus, can be considered the first embodiment of modern multipurpose buildings to sit on stilts and use solar power ([Introducing Amsterdam.com, n.d.](#); [I am an ex-pat, 2021, August 12](#)).

In 2019, the city with under one million inhabitants hosted an estimated 21 million international tourists, which accelerated the rise in property prices, caused street pollution, and produced a disturbing noise after sunset. In doing so, Amsterdam was following in the footsteps of Venice and Barcelona, which are totally occupied by foreign visitors. As the locals protested against the overcrowding of tourism, the city authorities decided to introduce an annual limit of 20 million overnight stays, but it was unclear how this restraint could be enforced ([I am expat, 2021, July 13](#)). In 2020, Amsterdam adopted the ‘doughnut model’ representing its circular economy goals. It means that the modern sustainability of the Dutch economic capital aims to invest considerable amounts of money in green energy, plant new trees, and shrubs, and recycle organic and inorganic waste as they can be turned into raw materials and thus used again ([C40Knowledge Hub, n.d.](#)). These steps are taken to resolve the issues associated with urban roadside litter, including social, economic, and environmental impacts.

Unlike many European countries, the Netherlands has a well-developed industrial base to produce outstanding handicrafts for tourists. In this respect, blue and white ceramics from Delft, wooden clogs, artisan aged cheese, and tiny replicas of Amsterdam’s merchant houses are widely known and appreciated. Having been produced since 1602, the Delft pottery is only a cheaper version of the famous Chinese porcelain brought to the country by the United East India Company merchants. However, pictures of local landscapes with windmills, children holding hands, tulips, and clogs made these ceramics more desirable for international tourists ([Holland.com, n.d.](#)). By the way, substantial areas of the Netherlands are covered with tulips: it boasts a unique flower garden, Keukenhof, located in the small town of Lisse, southwest of Amsterdam. Unveiled in 1950, this recreational area remains open for visitors for eight weeks from March to May every year. At least seven million flowers may be on display at that time (Thiessen, 2020). Dutch street vendors sell specialty foods made out of fish from the North Sea instead of hot dogs. Hollandse Nieuwe, or ‘New Dutch Herring’, supplied to the country till the middle of the summer is very popular with the general public and was even provided as an added incentive within the country’s COVID-19 vaccination program in 2021 ([Metro, 2021](#)).

The economic success of the tourism industry also derives from the fact that the country of the Netherlands consists of a territory in Europe and several islands located in the Caribbean Sea. The Leeward Antilles, also known as the ABC Islands (i.e., Aruba, Bonaire, and Curaçao), are located very close to the coast of Venezuela and thus duly protected during hurricane season. This allows them to develop cruise tourism, with the waters around Bonaire boasting the largest number of coral reefs (The ABC Islands...). Curaçao has the most beautiful old merchant city in the region, Willemstad, which is divided into two parts – Punda having the historic core with pastel houses and Fort Amsterdam to the east and the more modern district of Otrobanda to the west ([Curaçao Monuments, n.d.](#)). Falling under the sovereignty of two different countries, Saint Martin appears to be a unique case: the southern part of this tiny island (incorporating the capital city of Philipsburg) belongs to the Netherlands, and the rest of its land area is under French rule. Famous photos of the KLM plane flying right above the heads of holidaymakers on the beach during landing at the airport are taken here ([Caribbean Islands.com, n.d.](#)). Dutch possessions in the Caribbean are well-connected to the Netherlands by KLM Royal Dutch Airlines and other European carriers. In 2019, for instance, there were 17 weekly flights from the Netherlands to the ABC Islands, and their number increased to 24 during the 2021 high season ([KLM Network in the Caribbean... 2021](#)). The former Dutch colony of Suriname is another important destination in the region since it is represented by a 450,000-strong Diaspora in the Netherlands ([Caribbeannewsglobal.com, 2020](#)).

The Netherlands tourism success story is incomplete without a famous Dutch online travel service Booking.com. Founded in 1996 and then bought by a US investor, this travel agency provides high-quality photos of the hotels, interactive maps showing their addresses, descriptions of hotel services and facilities, and feedback from their clients. This platform allows customers to create their own accounts to enjoy discounts, pay for hotel rooms in advance, etc. The company’s database includes over 28 million properties, and is considered a highly successful middleman between the hotels and their potential clients (About Booking.com™...).

4. TRANSIT-TRANSPORT POTENTIAL

The Netherlands is still characterized by a rich maritime tradition, and many companies are working in this industry. Several multinational enterprises are involved in the construction of ships and other floating vessels. For example, Damen Shipyards Group operates 35 shipyards with a global workforce numbering more than 12,000 employees ([Gcaptain, 2021](#)). Perhaps the most widely known symbol of the Dutch economic might is represented by the Port of Rotterdam, as this large multipurpose port, located in the South of the country, leverages good hinterland connectivity. During World War II, the historic center of the city of Rotterdam sustained heavy damage because of intense German aerial attacks in 1940 and later in 1943 and 1945, suffering greatly at the Allied forces’ hands. As a result, many attractions, such as the Euromast or the Erasmus Bridge, are new. International tourists are not so much interested in this city, but the Port of Rotterdam is considered a critical object of European infrastructure, as it is located at the crossroads between the Rhine-Ruhr Metropolitan Region in Germany and the North Sea. In 2020, this European hub handled 436.8 million tonnes of cargo and 15.1 million containers while employing 196,000 people and contributing substantially to Dutch GDP (Rotterdam style, 2020; Port of Rotterdam, n.d.b). Activities in the port area are supported through a comprehensive system of waterways used by river vessels such as barges, tugboats, and ships in the hinterlands.

Rotterdam has long become and remains the main port – Europort – and logistical base acting as an intermediary between the key fresh fruit producers in Asia, Africa, and Latin America and the consumers in Western Europe (Maillard 2021: 2). Having extensive storage facilities and numerous refrigerators, the Port of Rotterdam is known as a primary destination for imports of

tropical or Mediterranean fruit (e.g., bananas, oranges, grapes) and fruit juices and, at the same time, as a major route for exports of Dutch agricultural products ([Port of Rotterdam.com, 2019](#)). Longstanding historical ties between the Netherlands and Indonesia underline Rotterdam's central role as a hub for international trade in palm oil coming from Malaysia, Papua New Guinea, and Latin American countries such as Colombia. The Netherlands has consequently become an important re-exporting country supplying crude palm oil and its products ([Palm Oil Imports... 2018](#)). This commodity is highly profitable since oil palms produce high quantities of oil in every season without needing much fertilizer. As a result, palm oil makes up at least 35 percent of the vegetable oils world market ([The Importance of Palm Oil... 2019](#)).

Conducting various LNG operations whose number is increasing because of the need to switch to clean energy, Rotterdam is also seen as the leading refueling (bunkering) port in Europe. Port facilities are surrounded by five oil refineries having an annual distillation capacity of 58 million tonnes. They supply their products within the Netherlands and other areas of Western Europe using the dense web of pipelines ([Port of Rotterdam, n.d.a](#)). Today, a fresh idea is to turn Rotterdam into a fully-fledged smart port to provide digital tracking of vessels and allow them to enter the port area without navigators at a particular time. By using multiple sensor nodes and cameras, the system precisely reproduces the operations of the vessels and monitors weather conditions in the port, which is important in view of the sheer number of vessels entering and exiting its area ([IBM.com, 2019](#)).

Dutch airports provide access to every corner of the world, having earned the Netherlands the name 'Gateway to Europe'. The largest airport in the country, Schiphol, is often voted the best European airport in opinion polls ([Feng, 1999](#)). It is considered the deepest airport in the world and one of the busiest hubs, as it lies at the crossroads between Belgium, France, Germany, and the UK. In 2019, for example, it served 71.7 million passengers and handled 1.57 million tonnes of cargo. In the age of COVID-19, those achievements became less prominent: only 20 million passengers and 1.44 million tonnes of cargo were counted at Amsterdam Airport Schiphol in 2020. However, flight punctuality increased significantly (Facts and Figures...). This airport is known for its whopping six runways used to manage traffic during the daytime and nighttime hours ([Amsterdam Airport. Your Gateway...](#)). Schiphol has vast duty-free shopping areas which are directly connected to the train station located below them. Many people love Amsterdam Airport Schiphol for its stalls with tulip flowers and tulip bulbs, handicrafts, and traditional cheese. They also like its compact size since different terminals are situated in a single passenger building, and nobody has to take the bus or sky train to reach the desired location. The airport hosts a casino, a small museum of masterpiece paintings, beauty parlors, etc. However, Amsterdam Airport Schiphol has introduced the security scan for passengers, crew, and staff, a rare practice in Europe that may harm people's health ([International airport review.com, 2008](#)).

Eindhoven International Airport also serves as an important transport hub located in the Southeast of the Netherlands. In spite of using only one modest passenger terminal, it became the second largest in the country, with 6.7 million passengers in 2019 (Eindhoven Airport...). The secret to success is simple: Eindhoven International Airport serves as the principal home base of low-cost carriers such as Ryanair, Transavia Airlines, and Wizz Air which are conducting flights from the cold and rainy Netherlands and nearby countries to Southern and Eastern Europe and Turkey (Low-Cost Eindhoven Flights...).

KLM Royal Dutch Airlines, literally translated as Royal Aviation Company N.V., is the oldest airline still in service under its original name. In 2019, this carrier celebrated its 100th anniversary. KLM aircraft can easily be recognized due to the traditional blue and white livery and individual names painted on their fuselages. The company became a reliable customer of the national commercial-class aircraft manufacturer Fokker and introduced its first intercontinental flight from Amsterdam to Jakarta as early as in 1924. While reducing the layover time, KLM gradually focused on direct flights to travel between different continents very quickly ([Metroairport News, 2019](#)). Today, this carrier proposes a huge list of European destinations and more or less affordable flights pathing over long distances to the Western Hemisphere, in particular, to Mexico, the US, Central America, South America, and the Caribbean ([Aviation Pros, 2021](#)). The Panamanian carrier Copa Airlines is the most important KLM partner in Latin America since many flights of this Dutch carrier are destined for Panama, where the passengers get off and board regional jets flying to Central America. The company codeshare agreement was concluded in 2007, and the air traffic between the two capitals commenced in 2008 ([Copa Airlines, n.d.](#)).

Back in 2004, KLM and Air France formed a strategic alliance in order to create Europe's largest passenger airline performing flights to a record number of destinations, to stand up to German giant Lufthansa, to provide passengers with numerous transatlantic flights to famous post-colonial destinations in both countries and to reduce the impact of rising aviation fuel cost induced by the American-British operation against Iraq in 2003. This new group introduced the Flying Blue loyalty program to earn airline miles, the joint sale of tickets, and shared flights, but their hub airports in Amsterdam and Paris remained the same, as well as brands ([KLM Royal Dutch Airlines, n.d.](#)). Today, KLM offers meals and complimentary snacks in ticket prices, and Heineken continues to be the exclusive premium beer offering onboard airline flights (Qubein, 2021). KLM has 164 aircraft, including 53 small Embraers owned by KLM Cityhopper, a subsidiary of the main KLM Royal Dutch Airlines and dealing with passengers traveling within Europe; 13 A330 jets; 31 Boeing 777 aircraft; and 18 Boeing 787 planes used on transatlantic flights. The other jets are represented by Boeing 737 aircraft, as KLM remains a regular consumer of Boeing products. Today, the airline employs about 27,000 workers ([Simple Flying, 2021](#)).

5. MAIN INDUSTRIES TO SUPPORT ECONOMIC GROWTH

An even more fundamental part of the story is to analyze how the Dutch industries work and whom they benefit. Building a strongly industrialized country, the Netherlands is the purest example of what has become known as a market economy, and many of its economic practices are now familiar. 'Low-Lying Lands' are well-known for developed industries. This country became the source of many innovations, scientific discoveries, and inventions like the microscope, telescope, CD and DVD, wireless communication between electronic devices, artificially created islands, etc. ([10 Inventions You Didn't Know...](#)).

The Dutch colonial architectural style became the hallmark of many trading cities and areas – from Gdansk or Copenhagen to Indonesia or the Caribbean Islands.

The country with great experience fighting to floods easily constructs various flood barriers by using sand, concrete, or iron, and many of these projects are well-known and respected all over the world. Van Oord is one of the most famous players associated with the industrial-scale sand dredging that was responsible for creating artificial islands off the coast of Dubai, expanding the Suez Canal, and implementing numerous projects along the Dutch coast ([Van Oord...](#)). Boskalis dredging company gained recognition in the maritime industry due to the salvage of the stranded Ever Given container ship that blocked the Suez Canal in 2021. Having 10,000 employees at its disposal, this multinational also produces dredgers and tugs ([Boscalis, n.d.](#)). Some Dutch enterprises are building and operating numerous foreign ports. The Hague-headquartered APM Terminals, for instance, is the most recognizable corporation in this area since it controls 75 port facilities and employs about 22,000 workers worldwide. It disposes of 16 terminals in the Western Hemisphere, operates 23 terminals in Europe, and has 18 terminals in Africa and in Asia as well. Many of them are digitally controlled ([APM terminals.com, n.d.](#)).

The Netherlands is a developed country, and its agriculture is renowned overseas since it is a major part of the Dutch economic miracle ([Feng, 1999](#)). Tulips and orange carrots associated with the Dutch royal family, the House of Orange, are ‘brand ambassadors of the country, but the latter also manufactures and sells a wide variety of goods in the global market. The flat land is well suited for farming and convenient for mechanization; numerous greenhouses, convenient communications, and successful institutional systems enabled Dutch agriculture to flourish. Its products can reach consumers outside the Netherlands in a single day, as the “favorable transport conditions undoubtedly provide the solid foundation for the outward-oriented Dutch agriculture” ([Feng, 1999](#)). By using new technologies and developed export or re-export facilities offered by its principal ports, the Netherlands became the second largest exporter of agricultural products in the world behind the US. In 2020, local exporters and re-exporters sold foodstuffs worth about USD 95.6 billion to customers around the globe ([CBS.NL, 2021, January 22](#)).

Animal husbandry is also seen as a particular strength of the Dutch economy. Convenient transportation “helps adjust production structures by importing cheaper feeds to develop extensive export-oriented stock breeding” ([Feng, 1999](#)). As a result, the Netherlands has long been the EU’s largest exporter of meat, amounting to EUR 8.8 billion in 2020 ([CBS.NL, 2021, June 23](#)). Dairy products are also an important input to Dutch agriculture: fluid milk collected from 1.6 million cows and 500,000 goats is enough to produce several value-added products. In 2020, 52 plants working in this sector exported EUR 7.6 billion worth of dairy products to Belgium, Germany, and Italy, the largest consumers of Dutch cheese, milk, and butter ([Agroberichtenbuitenland, 2021](#)). Among many other products, Dutch cheese stands out as an important symbol of the national economy. Shaped in ‘heads’, Dutch hard and semi-hard cheeses are famous worldwide, and many cheese products, which are typically produced under license in other countries, also become popular because of such instantly recognizable brand names as Edam, Gouda, or Maasdam. Several towns still conduct traditional cheese markets, Alkmaar and Gouda being the most prominent ones ([Expatica.com, n.d.](#)). When foreigners refer to the Netherlands, however, they are bound to mention flowers first ([Feng 1999](#)). This is not surprising since the country dominates the global trade in cut flowers and live plants by contributing 35 percent to their total export, worth around EUR 6.2 billion annually ([Reuters, 2020](#)).

The Netherlands gains from weak competition in the European beer market. In France, known for its wines and cognac, breweries are not numerous, and the German consumer market is too big to let export sales grow significantly. So, Belgium remains the only direct adversary of the Netherlands. In 2019, the latter sold EUR 1.9 billion worth of beer and thus achieved the best result in Europe ([EFA News, 2021](#)). Heineken is aggressively buying breweries all around the globe, and they often become the largest taxpayers in many developing countries. To illustrate this point, we need to consider one of the greatest accomplishments attributed to this corporation. In 2010, Heineken assumed the indebtedness of Mexican FEMSA Cerveza in exchange for a 20 percent share in the Dutch brewer in order to extend its presence in Latin America and create a production base for large-scale supplies of alcoholic beverages to the US ([Beveragedaily.com, 2010](#)). As a result, Heineken has emerged as the most important beer manufacturer in Mexico. In turn, this North American country managed to become the world leader in beer exports since it has direct access to the third largest consumer market driven by the US population (particularly by US citizens of Mexican origin).

The Netherlands boasts a number of supermarket chains, with Albert Heijn, Coop, and Dirk being the most popular among foreigners. However, SPAR has a worldwide presence globally, as it operates 13,500 stores in 48 countries. This multinational pays considerable attention to opportunities provided by online shopping. Such a strategy proved quite successful in view of the challenges that emerged in the age of COVID-19. SPAR has launched its new integrated grocery e-commerce platform in partnership with Naveo Commerce, a unique end-to-end e-commerce and fulfillment technology provider that allows making an online selection of goods easier and more convenient ([Naveo Commerce, 2020](#)).

Trucks and spare parts remain important while developing the country, which depends on agriculture and transit traffic. In Eindhoven, DAF Trucks NV specializes in heavy-duty vehicles occupying more than 16 percent of the European market. However, it is also well represented by medium-duty trucks, different tractors, and engines. DAF is also practicing sales of used and renovated trucks ([DAF.com, 2021](#)). VDL Nedcar in Born is another serious player supplying cars it produces under contracts from Volvo, Mitsubishi, BMW, and BMW-owned MINI. Today, its local plant assembles 230,000 vehicles being sold in the local market. However, the company’s enlargement continues unabated, and its industrial output will be increasing considerably (About VDL Nedcar...). Bikes are also extremely popular in the country: the Dutch workforce, for example, preferred to travel by car or bike due to the fear of infection with the coronavirus. Since 2012, the Netherlands has been providing tax breaks to its citizens on electric cars and, more importantly, e-bikes. The installment of EV charging stations in virtually every corner of the country can be considered another step in this direction. The Netherlands boasts about 75,000 EV charging stations and thus

remains the undisputed leader of the EU in this respect ([Daily Sabah, 2021](#)). As chips are essential for making a wide range of goods, from cars to smartphones, Dutch companies also obtain key positions in the electronics industry. ASM International was founded in 1968 and then expanded its presence in China, Japan, and the US (History...). But that is ASML which makes massive machines producing ultra-modern computer chips and is probably the most prominent multinational hi-tech corporation located in the Netherlands ([CNBC, 2021, November 24](#)).

Another pillar of Dutch success one should take into consideration is the vast natural gas reserves found in the country. The Groningen gas field was discovered in 1959 by Nederlandse Aardolie Maatschappij, which subsequently received its production license. This field has become an important part of economic development since the increased extraction of natural gas allowed the electrification of many homes, the supply of energy to the citizens, and developed the production of fertilizers. The Netherlands took great advantage of natural gas: from 1959 to 2018, it managed to make a profit of EUR 416.8 billion. However, repeated quakes in the North became a serious problem for gas operators ([CBS NL, 2019](#)). In 2019, the Government decided to halt production at Groningen by 2022 while making it possible to access the reserves in cases of emergency ([Reuters, 2021](#)). The Netherlands was forced to promote clean energy investment amid growing concerns about the Groningen gas field. As Europe is being exposed to the surge in gas prices, wind farms are becoming more and more important for the country. Today, it uses eight such giant facilities having an aggregate capacity of 2,459 MW. And furthermore, many offshore windmills are placed directly in the North Sea (Netherlands Enterprise Agency, 2021).

6. FINAL REMARKS

It is a paradox that the Netherlands was once known for the Dutch disease, and this term came to epitomize the most export-dependent countries relying on a single industry. The modern country does not fit this description. For centuries, Dutch people have fought against natural disasters emanating from the North Sea and carried out international trade worldwide since they established the earliest multinationals and thus expanded their commercial links. Today, one can observe the same trend because per capita exports of goods allow the Netherlands to remain among the leaders of international markets. Dutch corporations operate in the fields of economic activity where they can gain considerable advantages and positions of international prominence. The Netherlands is famous for its agriculture, port logistics, and diversified industries, but the strategic location remains equally important: despite the small size of the territory, this state actor enjoys some advantages in the global markets due to its large-scale engagement in international trade.

Globalization has allowed the Netherlands to become an economically well-developed and powerful nation. After the country had pushed ahead with an export-oriented economic development strategy, it began to see its own economic growth flag. However, a precisely well-articulated policy to promote economic diversification and take all the economic advantages from its position transformed the Netherlands into one of the European leaders with record-high GDP and the pace of economic growth.

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