

#### Article History:

Received: 02-03-2022 Accepted: 05-06-2022 Publication: 28-12-2022

#### Cite this article as:

Ignatiev, P., & Tsyrfa, I. (2022). What Is Behind The Stunning Economic Success Of The Netherlands? The Dutch Economic Miracle: A Strategic Perspective. International Journal of Social Sciences and Economic Review, 4(4), 11–23. https://doi.org/10.36923/ijsser. v4i4.156

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

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Abstract: This study aims to explore the primary factors and prerequisites that have contributed to the intensive economic development of the Netherlands. By examining the roles of tourism, logistics, industry, and agriculture, the research seeks to understand how these sectors have driven what is often referred to as the Dutch economic miracle. The study employs historical methods, the theory of relative advantages, and general scientific research methodologies. It analyzes the impact of successful domestic reforms, a favorable trade regime, and deep integration with the European Union on the Netherlands' economic growth. The study identifies key factors that have facilitated the Netherlands' rapid economic growth, including government-led reforms in the late 1990s, a trade regime that emphasizes economic freedom, and strategic integration with the European Union. These elements have collectively enabled the Netherlands to maximize the benefits of the European single market and secure its position as a leading economy within the EU. The research concludes that the Netherlands' economic success is largely due to a combination of well-executed domestic policies and strategic international partnerships. The country's ability to leverage its geographical advantages, coupled with its commitment to free trade and integration into the European market, has been pivotal in sustaining its economic growth. This study provides a potential roadmap for other nations facing economic challenges due to insufficient national planning. The insights gained could be particularly beneficial for Ukraine as it embarks on post-war reconstruction efforts, offering guidance on how to implement effective economic policies and strategies for long-term development.

<u>Keywords:</u> Economic Miracle, Export-Oriented Economy, Transit and Transport Potential, Global Trade, Dutch Economic Miracle, Netherlands

### 1. Introduction: Is Sustainable Growth Possible?

Many experts and politicians worldwide consider the Dutch economy a source of wonder and fascination, as the Netherlands demonstrates impressive economic success that merits widespread interpretation and exploration. However, there is evidence to suggest that Dutch economic growth is not just a recent phenomenon. Historically, the Dutch people have been universally 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, survive the destruction of World War II, and eventually become one of the leaders inspiring the process of European integration. Despite having a relatively limited territory and a modest population, the Dutch economic miracle has always been remarkable. But how did the Netherlands achieve such landmark success? This article explores the primary conditions that facilitated the intensive economic development of the Netherlands, a small nation that transformed itself into a European economic powerhouse despite lacking a sizable domestic market and enduring numerous natural disasters.

An economic miracle is a semi-formal term used to describe a period of rapid economic expansion in a country that is entirely unexpected. It often refers to a situation where 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 history, there have been actual cases where 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 emphasized 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).

The Netherlands' strong economic performance that started in the mid-1990s was referred to as the Dutch economic miracle for the second time. These developments

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were considered something of a miracle, particularly because previously, between 1975 and the early 1980s, the country was known for the Dutch disease (Salverda, 2005). Despite facing some economic challenges in the early 1990s, the Netherlands managed to develop all the ingredients necessary to outperform most EU countries. By the eve of the new millennium, the Dutch economy had become the star of the continental class. The Netherlands was so successful that policymakers, politicians, journalists, and economists were constantly attempting to learn the secret of what was variously called the Tulip Miracle, the Dutch Model, or often the Polder Model, by delving into the mystique of the Dutch economic miracle (McMahon, 2000).

Most analyses concluded that the Dutch economic success was brought about by conscious action (Schwartz & Becker, 2005). It resulted from a significant policy shift, which was more a set of policy alternatives than a specific scheme or model. 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. To lift the heavy burden of regulations that had apparently increased costs in the economy, the government launched a deregulation effort and began a privatization program (McMahon, 2000). Economic, societal, and governmental advancements pointed out that there was no singular model, but rather 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). Economic development is predominantly determined by many interrelated factors, and the Netherlands' impressive and sustained economic success has been based on a number of such factors. All economic dimensions are thought to be strongly correlated with geographical and political variables. In this view, the geopolitical context plays a crucial role in shaping crossnational patterns of economic development. Being cited as an impressive growth blueprint, the Netherlands cannot deny the fundamental influence of geography. On the one hand, the 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, which predict 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 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. This has led to a situation where 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 markets increase productivity, larger state actors should be richer. However, when countries become larger, the 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, which seems problematic (Alesina, 2003). In this regard, economic theory states that the smaller the country, the bigger the benefits from trade (Lee, 2010).

Considering that the heterogeneity of preferences in the population grows with the size of the state territory, the Netherlands did not need to reform its economic development policy to be more consistent with the complexities of the social development process. The country focused on the advancement of a liberal and transparent international trade regime, one of the key ingredients in Dutch economic progress. The trade regime determines the intensity of economic growth by lying at the heart of the relationship between country size and market size. 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 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).

Deeply integrated into the global economy, small countries establish supranational institutions that allow them to become richer. Having specific functions delegated to them by traditional nation-states, these multinational economic structures enforce free trade and the functioning of international markets. While the Dutch economy is obviously influenced by the global economy, the economy of the rest of the world has long been affected by the Netherlands. The country 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 its 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 European trade expansion (Maillard, 2021). Its investment rate and export orientation enjoy enthusiastic support since its strength seems to be pulling the entire 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 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 EU countries, and 53% of its imports come from the European Union. As Dutch integration into the EU is one of the oldest and most complete, without any opt-outs, the country's economy is completely immersed in the European market. In addition to the free market, the Netherlands considers it 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 larger countries that 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

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# 3. Tourism As An Economic Development Tool

The tertiary sector remains a massive component of the Dutch economy, significantly 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,

with 7,100 representatives of academic and non-academic staff. 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 because its national population and academic staff have an excellent command of English. The country occupies an important strategic position at the crossroads between the largest EU Member States, has numerous UNESCO World Heritage Sites, boasts vibrant nightlife in all its cities, and is in close proximity to Belgium, the most well-known beer country in the world. Despite the acute shortage of free housing, some 80,000 international students are studying in the Netherlands (Dutch News.nl, 2021).

Being at the heart of World War II battles, the Netherlands managed to preserve numerous historical sites. Renowned for tulips of different colors, wooden clogs, and multiple windmills, the country boasts 12 UNESCO World Heritage Sites, including the canals and bridges of Amsterdam, surrounded by water fortifications (Netherlands...). Dutch windmills, which still 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 found in Kinderdijk, near Rotterdam, and Zaanse Schans, not far from Amsterdam. In contrast, the historical city of Schiedam, located within 'Greater' Rotterdam, is distinguished by some of the highest windmills in Europe (Discover Holland, n.d.).

However, it is Amsterdam, the largest urban center in the country, that remains the main magnet for international tourists. Situated on the banks of the Amstel River, this old merchant city is renowned for the Canal Ring—a system that now includes 165 artificial waterways, 1,281 bridges, and hundreds of thousands of bikes (Meininger hotels.com, n.d.). The Dutch Golden Age painters made Amsterdam famous worldwide, and 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.). The city's incredible treasures were accumulated through the actions of the United East India Company, a private entity founded in 1602 to conduct the spice trade between the Netherlands and European colonies in Southeast Asia and South Asia. This corporation had a truly global presence and became one of the first entities to issue shares and pay dividends to attract funds 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 merchants. When merchants did something contrary to the state's interests, the state turned a blind eye and pretended not to notice (Alesina, 2003). The Amsterdam Stock Exchange, established in 1602, 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 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, the largest stock exchange group in Europe (Amsa-network.com, 2019). The Dutch capital developed into a trading hub for tea, silk, spice merchants, and precious stone dealers. Amsterdam and Antwerp are the two cities within the EU most closely associated with the diamond trade. Gemstones initially came from the Brazilian State of Minas Gerais in 1737 and were later replaced by counterparts from Southern Africa in 1870. As a result, the country turned into a major center for polishing 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, since 2013, foreigners have not been allowed to visit establishments where the sale of drugs is permitted (Toleration Policy...). Moreover, the pervasive smell of smoke from these buildings makes it difficult for ordinary tourists to stay in the city for more than a couple of days. Since the Netherlands legalized prostitution in 2000, this activity has been widely allowed, and sex workers officially pay 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 urban center achieved world notoriety as the 'Sin City', while adding to its shady attractiveness for some international tourists.

Amsterdam is closely associated with water, and its location is ideal for serving numerous 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, located north of the Canal Ring, is capable of handling 140 sea-going vessels and 1,500 river cruise ships, carrying approximately 700,000 passengers annually. It boasts an extremely convenient location, as it is close to Amsterdam Central Station and within easy reach of 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 as floating homes for wealthy residents. In 2020, the Amsterdam authorities created the most sustainable floating district, Schoonschip, which aims to design traditional barges with new technologies and can be considered the first embodiment of modern multipurpose buildings on stilts, powered by solar energy (Introducing Amsterdam.com, n.d.; I am expat, 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 disturbing noise after sunset. In doing so, Amsterdam followed in the footsteps of Venice and Barcelona, which are completely overrun by foreign visitors. As 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. This 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 reused (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. Produced since 1602, Delft pottery is only a cheaper version of the famous Chinese porcelain brought to the country by 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.). Substantial areas of the Netherlands are covered with tulips, and the country 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 each year. At least seven million flowers may be on display at that time (Thiessen, 2020). Dutch street vendors sell specialty foods made from fish from the North Sea instead of hot dogs. Hollandse Nieuwe, or 'New Dutch Herring', supplied to the country until 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 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 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, with the historic core 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 is a unique case: the southern part of this tiny island (incorporating the capital city of Philipsburg) belongs to the Netherlands, while the rest 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, as it is represented by a 450,000-strong diaspora in the Netherlands (Caribbeannewsglobal.com, 2020).

The Netherlands' tourism success story is incomplete without mentioning the famous Dutch online travel service, Booking.com. Founded in 1996 and later bought by a U.S. investor, this travel agency provides high-quality photos of hotels, interactive maps showing their addresses, descriptions of hotel services and facilities, and feedback from 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 hotels and their potential clients (About Booking.com<sup>TM</sup>...).

## 4. Transit-Transport Potential

The Netherlands is still characterized by a rich maritime tradition, and many companies are active 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 of more than 12,000 employees (Gcaptain, 2021). Perhaps the most widely recognized symbol of Dutch economic might is the Port of Rotterdam. This large multipurpose port, located in the south of the country, leverages good hinterland connectivity. During World War II, the historic center of Rotterdam sustained heavy damage due to intense German aerial attacks in 1940 and later in 1943 and 1945, suffering greatly at the hands of the Allied forces. As a result, many attractions, such as the Euromast or the Erasmus Bridge, are new. While international tourists are not as interested in this city, the Port of Rotterdam is considered a critical part of European infrastructure, 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, 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 been and remains the main port – Europort – and logistical base acting as an intermediary between key fresh fruit producers in Asia, Africa, and Latin America and consumers in Western Europe (Maillard, 2021:2). With extensive storage facilities and numerous refrigerators, the Port of Rotterdam is known as a primary destination for imports of tropical or Mediterranean fruits (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 from Malaysia, Papua New Guinea, and Latin American countries such as Colombia. Consequently, the Netherlands has 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 accounts for at least 35 percent of the vegetable oils world market (The Importance of Palm Oil, 2019).

Conducting various LNG operations, whose number is increasing due to 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 with an annual distillation capacity of 58 million tonnes. They supply their products within the Netherlands and other areas of Western Europe using a dense web of pipelines (Port of Rotterdam, n.d.a). Today, there is a fresh idea to turn Rotterdam into a fully-fledged smart port, providing digital tracking of vessels and allowing them to enter the port area without navigators at specific times. 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 crucial given the sheer number of vessels entering and exiting its area (IBM.com, 2019).

Dutch airports provide access to every corner of the world, earning 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 six runways, which manage traffic during daytime and nighttime hours (Amsterdam Airport. Your Gateway...). Schiphol has vast duty-free shopping areas 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 appreciate its compact size, with different terminals situated in a single passenger building, eliminating the need to take a bus or sky train to reach their destination. The airport hosts a casino, a small museum of masterpiece paintings, beauty parlors, etc. However, Amsterdam Airport Schiphol has introduced a security scan for passengers, crew, and staff, a rare practice in Europe that may pose health risks (International Airport Review.com, 2008).

Eindhoven International Airport also serves as an important transport hub located in the southeast of the Netherlands. Despite having only one modest passenger terminal, it became the second largest in the country, serving 6.7 million passengers in 2019 (Eindhoven Airport...). The secret to its 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 conduct 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 1924. While reducing layover time, KLM gradually focused on direct flights to travel between different continents quickly (Metroairport News, 2019). Today, this carrier offers a huge list of European destinations and more or less affordable flights to long-distance locations in the Western Hemisphere, including 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 of KLM's flights are destined for Panama, where passengers disembark and board regional jets flying to Central America. The companies' codeshare agreement was concluded in 2007, and air traffic between the two capitals commenced in 2008 (Copa Airlines, n.d.).

In 2004, KLM and Air France formed a strategic alliance 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 costs 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 their brands (KLM Royal Dutch Airlines, n.d.). Today, KLM offers meals and complimentary snacks included 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 that deals 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 Dutch industries work and whom they benefit. Building a strongly industrialized country, the Netherlands is a pure example of what has become known as a market economy, and many of its economic practices are now familiar. The 'Low-Lying Lands' are well-known for their 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, and more (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.

With great experience in fighting floods, the country easily constructs various flood barriers using sand, concrete, or iron, and many of these projects are well-known and respected worldwide. Van Oord is one of the most famous players associated with industrial-scale sand dredging, 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, a dredging company, gained recognition in the maritime industry for salvaging the stranded Ever Given container ship that blocked the Suez Canal in 2021. With 10,000 employees, 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 operates 16 terminals in the Western Hemisphere, 23 terminals in Europe, and 18 terminals in Africa and Asia. Many of them are digitally controlled (APM terminals.com, n.d.).

The Netherlands is a developed country, and its agriculture is renowned overseas as 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 it 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 have enabled Dutch agriculture to flourish. Its products can reach consumers outside the Netherlands in a single day, as the "favorable transport conditions undoubtedly provide a 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 part of 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, typically produced under license in other countries, have also become popular due to such instantly recognizable brand names as Edam, Gouda, or Maasdam. Several towns still conduct traditional cheese markets, with 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, 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 allow export sales to grow significantly. So, Belgium remains the only direct adversary of the Netherlands. In 2019, the latter sold EUR 1.9 billion worth of beer, achieving the best result in Europe (EFA News, 2021). Heineken is aggressively buying breweries worldwide, and they often become the largest taxpayers in many developing countries. For instance, in 2010, Heineken assumed the indebtedness of Mexican FEMSA Cerveza in exchange for a 20 percent share in the Dutch brewer 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, having 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, operating 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 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 makes the online selection of goods easier and more convenient (Naveo Commerce, 2020).

Trucks and spare parts remain important in 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 also practices the sale of used and renovated trucks (DAF.com, 2021). VDL Nedcar in Born is another serious player, supplying cars produced under contracts from Volvo, Mitsubishi, BMW, and BMW-owned MINI. Today, its local plant assembles 230,000 vehicles sold in the local market. However, the company's enlargement continues unabated, and its industrial output will increase 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 fear of infection with the coronavirus. Since 2012, the Netherlands has provided tax breaks to its citizens on electric cars and, more importantly, e-bikes. The installation 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 hold 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 ASML, which makes massive machines producing ultra-modern computer chips, is probably the most prominent multinational hi-tech corporation located in the Netherlands (CNBC, 2021, November 24).

Another pillar of Dutch success to consider 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 been an important part of economic development, as the increased extraction of natural gas allowed for the electrification of many homes, the supply of energy to citizens, and the development of fertilizer production. 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 faces a surge in gas prices, wind farms are becoming increasingly important for the country. Today, it uses eight such giant facilities, having an aggregate capacity of 2,459 MW. 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," a term that came to epitomize the most export-dependent countries relying on a single industry. The modern Netherlands does not fit this description. For centuries, the Dutch have fought against natural disasters emanating from the North Sea and have engaged in international trade worldwide since establishing the earliest multinationals, thus expanding their commercial links. Today, the same trend can be observed because per capita exports of goods allow the Netherlands to remain among the leaders of international markets. Dutch corporations operate in 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 its strategic location remains equally important: despite the small size of its territory, this nation enjoys significant advantages in 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 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 leverage its strategic position transformed the Netherlands into one of Europe's leaders, boasting record-high GDP and a rapid pace of economic growth.

**Acknowledgement Statement:** The authors would like to thank all participants and the reviewers for providing comments in helping this manuscript to completion.

**Conflicts of interest:** The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Funding statements: This research has not received any funding.

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