

# INDO DUTCH RELATIONS

By Ram Lakhina

The Prime Minister of The Netherlands, Mr. Jan Peter Balkenende is visiting India from the 18<sup>th</sup> to the 20<sup>th</sup> of this month at the invitation of Government of India. The purpose of the visit is to strengthen the friendly relations between India and The Netherlands and to carry forward the dialogue which he and Dr. Manmohan Singh, the Prime Minister of India, started during the latter's visit to The Netherlands in November 2004 at the time of the India-Europe Summit. This is a very suitable occasion to review the relations between the two countries and to suggest a course of action for broadening and deepening this relationship, particularly in the fields of trade, investment and technical collaboration.

At a first glance, there does not seem to be much in common between India and The Netherlands. The Netherlands is a very small, highly developed and relatively young kingdom. India on the other hand is a very large, underdeveloped and ancient country. Whereas the Dutch subjects enjoy the benefits of social security network from birth to death, Indian citizens enjoy hardly any social security worth mentioning.

What can be common between two such divergent countries? A closer look will reveal that there are many areas of common interest. Both countries are democratic and secular. Both believe in the rule of law and peaceful social change. Both share a tradition of religious tolerance. Both are staunch supporters of the United Nations and multilateralism in international relations. Both are active supporters of the Convention Prohibiting Chemical Weapons. Both call for an enlargement of the U.N. Security Council to provide suitable representation for developing countries.

The Dutch interest in India's art, culture, music, religions and philosophy is very widespread. The Dutch scholarly interest in India is well known. A prominent Dutch University, University of Leiden, has a department of Indian studies. A number of Indian languages including Hindi, Urdu, Sanskrit and Tamil are taught there. At the popular level there are many institutes of Indian music, dances and yoga in The Netherlands. Thus, in the fields of art, culture and spiritual pursuits India is playing a role in enriching Dutch life.

The Dutch interest in Indian food is growing. In fact there are more than 100 Indian restaurants in the Netherlands, a small country with only 16.4 million people. The numbers of Dutch tourists going to India and Indian tourists coming to the Netherlands are steadily growing.

About 20,000 persons of Indian origin have gone to The Netherlands directly from India since 1950 and have settled there. They are active in various professions and businesses. They are regarded highly for their competence, hard work and integrity. They are playing an important role in promoting cooperation between the two countries.

In addition there are other about 150,000 persons of Indian origin who have come to The Netherlands from Surinam, which was once a Dutch Colony. They are Dutch citizens. Their ancestors were taken from India to Surinam as indentured workers. They have strong cultural bonds with India.

India and the Netherlands firstly came into contact with each other more than 400 years ago when Dutch trading ships visited South and East coasts of India in search of spices and textiles. The Indo Dutch interaction of this period was driven primarily

by trade and remained unspectacular except for individual achievements of note here and there. In time this was over shadowed by British interest in India. The willing cooperation between India and The Netherlands started only after 1947, when India became a free country.

The relations between the two countries from 1947 and now can be divided broadly into three periods.

Indo Dutch relations between 1947 and 1962 were generally distant and subdued. During this period both countries were busy in recovering from their respective traumatic experiences, India from the partition of the country and The Netherlands from the ravages of the Second World War; consolidating their economies and rebuilding their respective institutions. During this period, whenever India faced a natural calamity or another emergency, the Dutch gave to India generous and spontaneous support. Apart from this, there was not much affinity between the two countries as both of them had entirely different views of the world: The Netherlands, as a firmly committed member of NATO and India as the leading light of the Non-aligned Movement.

The next phase of the relations between the two countries started in 1962, when The Netherlands joined the so called "Aid India" consortium of countries and India became the first and in time the largest recipient of the Dutch development assistance. In the early years Dutch aid to India was primarily used for financing Dutch export of items which India needed but was unable to finance because of shortage of foreign exchange resources. In 1970s the focus of Dutch assistance to India shifted decisively in favour of India's development. The Dutch side chose to concentrate on a few development projects which were valuable for India and in which Dutch resources and expertise could make a difference. The Dutch development co-operation projects in the states of Gujarat and Kerala are note worthy in this regard.

During this phase a number of high profile visits from each country to the other country took place. The Dutch Prince Claus visited India in 1981. Mr. Rajiv Gandhi, the then Prime Minister of India, visited The Netherlands in October 1985. HM Queen Beatrix of The Netherlands and Prince Claus visited India in January 1986. Mr. Ruud Lubbers, the then Prime Minister of The Netherlands, paid a visit to India in March 1987 and then President of India Mr. Venkataraman visited The Netherlands in October 1988.

As a direct result of these and other intensive consultations a number of important agreements between the two countries were signed. Among them following agreements are particularly worth mentioning:

- Agreement on Economic & Technical Cooperation (1983)
- Cultural Agreement (1985)
- Agreement on Cooperation in Science & Technology (1985)
- Agreement on Avoidance of Double Taxation (1988)
- Agreement on Bilateral Investment Protection (1995)

As a consequence of the above agreements the interaction between the two countries increased very substantially.

This phase lasted until 2004 when India decided unilaterally that it did not need and would not accept bilateral economic aid from a number of countries including The Netherlands. This surprised the Dutch Government and people as economic aid to India was the most important and successful part of their bilateral assistance programme. In time the Dutch Government has understood India's rationale for taking this decision but they would have certainly appreciated mutual consultations before this decision was announced.

The current phase started in 2004 when The Netherlands ceased to be a donor country to India and a new relationship based purely on mutual interests and benefits started. The primary focus of this relationship is trade, investment and outsourcing.

The economic relation between the two countries is modest, steadily growing but has great scope for further expansion. The two way trade between India and The Netherlands crossed one billion Euros mark for the first time in 1997. Since then it has increased steadily. In the year 2004 it was 1.815 billion Euros. As it is evident from the figures below the balance of trade has been consistently in India's favour:

Year	India's exports	India's imports	Balance in Euros
2001	881.3	537.4	+343.9
2002	889.8	511.4	+378.4
2003	1031.3	547.2	+484.1
2004	1044.4	771.1	+273.3

But India's share of total Dutch imports and exports is very tiny and there is a scope for substantial improvement.

The Dutch investment in India started very modestly but it has been increasing steadily. In 2004 The Netherlands became the third largest investor in India after Mauritius and USA. The Dutch investments in India are primarily in telecommunications, financial and non financial services, agro processing and chemicals. There is a big scope for further expansion in these and other areas.

To a large extent, the Dutch and Indian economies are complementary in nature. India has a rapidly growing economy, expanding markets and young and skilled manpower. The Netherlands, on the other hand, has a mature and slow moving economy. The Dutch population is aging and is not being adequately replaced by new births. At the same time the Netherlands has substantial capital resources seeking secure and rewarding avenues for investment. India needs such resources on reasonable terms for rapid development of its infrastructure and acceleration of its economic development. The Netherlands also has specialized know-how in dredging, logistics, port management, water management, agro processing and several other fields which can be of great benefit to India and rewarding to the Dutch. India is also able to provide to the Dutch highly skilled and reasonably priced manpower for research & development, outsourcing and for joint ventures in third countries. Thus further broadening and deepening of economic cooperation between India and The Netherlands can be a win win situation for both countries.

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