

## The Netherlands

### News from FTI Consulting's European affiliate network

May 2019: IvCB Public Affairs & Stakeholdermanagement is based in the Netherlands and is a Gold Affiliate partner within FTI Consulting's international affiliate network. IvCB specialises in public affairs, stakeholder management, strategic communications and public strategy. They help their clients that contribute to society and have a good story to engage in constructive dialogues with politicians, society and journalists in order to realise their objectives. Below the team provides an update ahead of the forthcoming EU Elections on the current Dutch political landscape.

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### The rise of right-wing populism and reputational difficulties for Dutch businesses

*With a splintered Dutch Senate after the provincial elections on March 20 and given the latest national developments, Dutch political parties are focussed on a variety of topics during this European election period.*

*Although the election campaigns focus on topics such as to have more or less Europe, and more or less European measures for climate adaptation, the latest polls show that the elections will especially reflect the current satisfaction with domestic affairs.<sup>1</sup> Without a clear picture it will be difficult to ensure the turnout for these European elections will be higher than those registered in previous votes (only 37.3 % in 2014).*

### A splintered political landscape

Mark Rutte is serving his third term as Prime Minister of the Netherlands. Rutte's business-friendly party, the VVD, is part of a diverse and fragile four-party government coalition with moderate CDA (Christian Democrats), progressive D66 (Social Liberals) and a more conservative Christen Union (Social Christian Democrats). The "Rutte III" government was formed in November 2017, with a mandate until 2021.

The coalition lost its majority in the Senate recently during the provincial elections on March 20. This means that Rutte is being forced to make new coalitions and compromises to deliver on his legislative agenda. The results of the elections show a splintered political landscape. The big winner of the elections was Forum for Democracy (FvD) with frontman Thierry Baudet. This right-wing, nationalist, anti-EU and climate sceptic party won the elections with an estimated number of 13/75 seats within the Senate. This 'new kid on the block' gained most of its votes from dissatisfied people that previously voted for other parties on the right side of the political spectrum. Forum for Democracy previously stated it was pro-Nexit, but it has changed its stance and is now

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<sup>1</sup> <https://eenvandaag.avrotros.nl/panels/opiniepanel/alle-uitslagen/item/peiling-europees-parlement-vvd-en-fvd-gelijk-aan-kop/>

deliberately vague to satisfy different parts of its electorate, mainly entrepreneurs. Only a month after the elections, there is turmoil within Forum for Democracy. Projected Senator Henk Otten is stepping down from the board and it is unsure what will happen with his seat. The polls indicate that FvD is not the largest party but they currently share this position with the VVD.

The other party that made a huge step is GroenLinks, the Greens, a progressive left-wing, pro-European party. To gain a majority in the Senate, Rutte will likely cooperate with Labour party PvdA, green party Groenlinks or right-wing FvD. The polls predict the Greens to win one extra seat during the EU elections.

## Dutch impact in Europe

Rutte is rumoured to be a potential candidate to succeed European Commission President Jean-Claude Juncker after the May 2019 elections, though Rutte himself states he is not interested in the position. Recent research published by Clingendael, the Netherlands Institute of International Relations, predicts a drop in the effectiveness of Dutch diplomatic efforts when Rutte departs. Dutch influence within the EU is based too much on Rutte's personal relations as opposed to Dutch diplomats. Other influential Dutch politicians within the EU are *Spitzenkandidaten* Frans Timmermans for the Party of the European Socialists (SD) and Bas Eickhout of the Greens (together with the German Ska Keller).

## Business-friendly country with nationalistic tendencies?

In general, the Netherlands offers a business-friendly environment with liberal-leaning policies. However, there are forces working in the opposite direction. Parts of the population are criticizing this clear support for businesses. As soon as Rutte III (the Dutch government coalition) came into office, they promised a tax-deal that would benefit large Dutch multinationals such as Shell and Unilever. After British shareholders of Unilever refused the proposal of transferring the British headquarters to the Netherlands and after heavy societal and political turmoil regarding the proposed tax-deal, Rutte III decided to withdraw this measurement in October 2018. It recommended Dutch multinationals seek to regain the trust of Dutch society and be publicly more active.

Since then, the Government has made **some conservative turns**. One surprising case is the merger of the two main postal companies in the Netherlands. PostNL is buying its competitor Sandd. The Dutch Competition authority ACM still has to approve the merger. If the merger is allowed, the company will have a 98% market share. If the ACM forbids the merger, the State Secretary for Economic Affairs (Mona Keijzer) can overrule them by reason of the '*common good*'. This has never happened before, but in the last year several MPs stated their support for such actions in case a merger would be forbidden by the competition authority. In case of a monopoly, the prices for the commercial market are expected to increase significantly.

In other areas, the government will increase CO2 taxes for companies, wants to roll back the free market in healthcare and surprised France by buying new shares in Air-France-KLM. The Netherlands has historically been interwoven within the global economy. Although economic nationalism is not common, Finance Minister Wopke Hoekstra's actions on Air-France-KLM were appreciated. The government is also considering the economic exclusion of Chinese companies, such as blocking Huawei's involvement in the national 5G tender, based on scandals such as data theft at ASML.

An important aspect of the upcoming European elections in the Netherlands is whether or not FvD will have a more consistent influence and should be considered as a major additional political factor. This leaves the question of whether the splintered landscape will confirm the status quo and leave the Dutch government coalition to be a lame duck or not.

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