



Rijksoverheid

# Colombia, Vietnam and South Africa

*In transition from aid to investment*



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# Foreword

This brochure is about the transition facility. The concept of 'transition' has several different meanings.

Firstly, transition is about the process of moving forward from one phase to the next. This certainly applies to the three countries that previously received development aid from the Netherlands and have now been declared 'transition countries', namely Colombia, Vietnam and South Africa. These three countries are developing rapidly and their economies are growing, which has made them less dependent on development aid and has put them in a position as countries that offer increasingly more opportunities for the Dutch business sector.

Secondly, transition means that the relationship between the Netherlands and these three countries is changing from a development aid relationship to a situation that is mutually beneficial. Our aim is to achieve a robust economic relationship with Colombia, Vietnam and South Africa by working with companies that implement sustainable business practices focussing on the issues of green economics and social equality. In Colombia, the main issue is a sustainable approach to conflict sensitivity and access to land; in Vietnam, the central issue is sustainable manufacturing; and in South Africa, black economic empowerment is key.

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But what does all this mean in practice? We are moving from aid to investment: 'donor money' is making way for trade and investment. The remaining public funds will be used to support trade and investment and to further improve the investment climate. Businesses and organisations that are or aim to be active in these countries can benefit from this funding. This brochure contains examples of how that works in the three countries.

Try imagining the situation as follows: the Dutch Ministry of Foreign Affairs and the Dutch Ministry of Economic Affairs, Agriculture and Innovation are running a relay race together. The Dutch Ministry of Foreign Affairs started and funded a number of major programmes during his leg of the race. These programmes helped the three transition countries reach their current phase of economic development.

It is now time to hand the baton on to the Dutch Ministry of Economic Affairs, Agriculture and Innovation. As in a relay race, we will be running simultaneously with each other during the handover. This not only needs to happen smoothly, it must also take place at top speed.

All of the knowledge and networks built up during the development cooperation period will be very usefull in our extended relationship with these countries. We aim to build on that basis and to make this experience available to other players like companies and knowledge institutions who will find excellent business and investment opportunities in these three countries.

That is specifically the aim of the transition facility, which will provide you with advice and assistance if you are considering investing in Vietnam, South Africa or Colombia. We hope that you will be enthusiastic about the opportunities in these countries. The Netherlands has companies and knowledge institutions that are world players in key sectors that are definitely in a position to take advantage of these opportunities, providing we all work together in a smart manner and take a proactive approach.

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We are happy to help you get started with this brochure!



**Ben Knapen**  
*Minister for European Affairs and  
International Cooperation*



**Henk Bleker**  
*Minister for Agriculture and Foreign  
Trade*







*From a bilateral development relationship  
to economic cooperation*

## **Investing in economic self-sufficiency**

## Transition countries and the transition facility

### Colombia, Vietnam and South Africa – CIVETS

The transition countries of Colombia, Vietnam and South Africa are part of the 'CIVETS' group of countries (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa) that are internationally considered to have great potential because of their relatively good investment climate, sound economic policies, well-developed financial sector, rapidly growing middle class, relatively young population and stable political situation. These are key ingredients for sustained economic growth and therefore create an attractive export market for the Netherlands.

### Highly promising transition countries

The Dutch government works closely with fifteen different partner countries in the area of development cooperation. Colombia, Vietnam and South Africa were first part of this selection and have now been chosen as transition countries. Transition countries are middle-income countries or countries that have almost achieved that status. Thanks to their strong economic growth, these countries are less and less dependent on development aid and offer an increasing number of opportunities for a long-term economic relationship with the Netherlands.

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### The business sector as a partner in transition countries

The transition from a development aid relationship to a regular economic relationship is impossible without the involvement of the Dutch business sector. As a result, when the transition facility is implemented, the Dutch business sector's expertise will be incorporated as far as possible because they are the ones who know what is necessary to gain a position in the markets in the transition countries. This kind of customised approach is required, using the knowledge and tools of both the Dutch Ministry of Foreign Affairs (BZ) and the Dutch Ministry of Economic Affairs, Agriculture and Innovation (EL&I) to shape the economic relationship.

### Mutual beneficial economic relationship

Sustainable economic growth leads to increased prosperity, and both Dutch and local businesses are major players in that process in transition countries. A strong private sector creates jobs and jobs provide people with income to spend, which leads to increased economic growth. The level of

self-sufficiency increases and the population's prospects for the future improve as a result.

In addition, Dutch companies also invest in these transition countries and the two sides are able to exchange knowledge and skills in key sectors such as water, agro food and horticulture. Furthermore, in addition to Colombia, Vietnam and South Africa benefitting from the activities of the Dutch business sector, the Dutch economy also receives a boost from the extensive long-term international productivity of the Dutch business sector. A mutual beneficial economic relationship is created between the Netherlands and the transition economy in question. There are excellent opportunities available for Dutch companies and the Dutch government want to help you seize those opportunities.

*“Dutch companies also have access to vital sales channels, investment resources, expertise, innovative technologies and market knowledge.”*

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### **Towards a better business climate**

Many Dutch companies have already invested in Colombia, Vietnam and South Africa, thereby contributing to the local economy, creating jobs and helping to improve the level of education and prosperity. The Dutch business sector knows what is necessary to improve the local business climate. Dutch companies also have access to vital sales channels, investment resources, expertise, innovative technologies and market knowledge.

Nevertheless, Dutch companies still encounter obstacles in these three transition countries due to, for example, extensive government interference in the economy or the lack of well-trained workers and loan opportunities. Poorly developed infrastructure, inadequate laws and regulations and a lack of knowledge can also hamper doing business.

The Dutch government uses the transition facility extensively in the transition countries to improve the business climate and remove obstacles that paves



the way for Dutch businesses. This in order to increase the volume of trade and investment between the transition countries and the Netherlands. It is essential to establish the preconditions for sound, sustainable business activities as part of that process. These preconditions are: favourable business climate, good governance, good laws and regulations, the availability of good infrastructure services and adequate knowledge and skills of the local population.

### **What is the transition facility?**

The Netherlands government wants the Dutch business sector to provide extra support in the transition countries at least until 2015 in order to create a promising market in those countries. This additional push will shape a sustainable economic relation. The transition facility was set up for this purpose, as a joint initiative – both in policy and financial terms – of the Ministry of Foreign Affairs (BZ) and the Ministry of Economic Affairs, Agriculture and Innovation (EL&I). This transition facility brings together the BZ and EL&I Private Sector Development and business tools in countries like Colombia, Vietnam and South Africa under one roof.

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A customized approach together and blended with economic diplomacy are the main elements. The Dutch government wants to make an effective contribution to increase the opportunities for economic cooperation between Dutch and local businesses in the transition countries. The focus is on production and services in sectors where the Netherlands can contribute best, such as water, agriculture, horticulture, high tech, life sciences, chemistry, energy, logistics and the creative industries. The implementation of the transition facility is the responsibility of the Netherlands embassies and consulate general in the countries concerned and of NL Agency (which is part of EL&I).

### **Joining forces**

By means of a variety of smart methods, the Dutch government and the Dutch business community can work together to improve the local and business climate. At the same time they can join forces to improve trade and investment volumes between the Netherlands and the transition countries and boost chances for Dutch companies competing in international tenders. These methods include economic diplomacy, corporate social responsibility (CSR) programmes as well as public-private partnerships (PPP's), which is an area where the Netherlands has now acquired considerable experience.

Not only companies such as Friesland Campina, Unilever, DSM, Heineken, TNT, Vitens Evides and Rabobank, but smaller businesses as well have gone into partnership with the Dutch government. PPP projects are based on a common goal, with both the public and private parties putting in resources and sharing the risks and responsibilities. Civil-society organisations and knowledge institutes can also play an important role in PPP projects. BZ and EL&I are now increasing their focus on these public-private partnerships. There is room for upscaling the current PPP projects, and two new PPP facilities have been set up for the themes of ‘food safety & private sector development’ and ‘water’.

The Netherlands have acquired much experience as a development aid partner and are also economically active in these rapidly growing transition countries. This makes it possible for the Netherlands and its Dutch companies to do more in these countries than just create jobs and prosperity. Dutch businesses have much to offer. For example: CSR best practices, technological innovations, working conditions and sustainable production. This knowledge is precisely the reason why the Dutch business sector is highly valued. Dutch companies are dedicated to improve the manufacturing and trading chains sustainable in developing countries for example, through the Dutch Sustainable Trade Initiative (IDH).

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### **Role of the embassies: economic diplomacy**

The Dutch embassies know the local economic, social and political situation in the transition countries very well and can therefore act as ‘brokers’ in the relation from development aid to investments. As the embassies can connect Dutch companies with suitable local partners, initiatives and opportunities. Embassy staff knows how private sector endeavor can be attuned to meet the needs and priorities in the transition economy. Moreover they can also work with Dutch companies and businesses to remove the barriers to trade and investments, improve the local business climate and boost the position of Dutch companies in those markets. They achieve these goals not only by giving advice or organizing trade missions, conducting feasibility studies and implementing individual market campaigns, but also for example by deploying Ministers.

### What support can Dutch companies expect to receive from the embassies/consulates and NL Agency?

- Finance for International Business (FIB): a facility that provides financial assistance for Dutch small and medium- sized enterprises to obtain the necessary finance for international investments.
- Information about partnership programmes and business sector tools
- Feasibility studies: partnerships involving at least two Dutch businesses who wish to perform a feasibility study for projects in the transition countries can be granted a subsidy to do so.
- Demonstration projects: partnerships involving at least three Dutch businesses can be given a subsidy to demonstrate specific Dutch expertise in the transition economy.
- Knowledge acquisition. A Dutch SME can apply for a subsidy for the costs of consultancy and guidance from an external expert focussed on positioning the SME in a transition economy.
- Incoming and outgoing economic missions: organising incoming missions from the transition country and business missions from the Dutch business sector to the transition country.
- Entries for trade fairs in the transition countries.
- Government to Government (G2G): G2G activities enable governments to exchange knowledge in order to create favourable conditions for doing business with the transition economy.
- Holland Branding: economic promotion of Dutch products and expertise in the transition countries.
- Subsidies for consultancy and guidance by experts regarding the removal of obstacles. (e.g. legal advice).
- Information on calls for tenders organised by international financial institutions. (World Bank, IMF, etc.)
- Starting up public-private partnerships.
- Increasing the knowledge capacity of local organisations.
- Advice on corporate sustainable responsibility (CSR).

You are warmly invited to join this initiative!



Chapter 1

# Colombia



**Colombia, which has a population of 48 million, is one of the strongest emerging markets in Latin America. Its financial market is reasonably well developed, inflation is under control and robust economic growth is expected. Colombia is certainly of interest to foreign investors.**

Many people associate Colombia with drugs or the guerrilla organisation FARC. While it is true that Colombia is still wrestling with the effects of internal armed conflict and criminal drug cartels in some – mainly rural – areas, the security policy of recent governments and the vigorous anti-drug campaigning in collaboration with the United States has paid off. Bogotá, Medellín, Cali, Barranquilla and Cartagena are modern cities that are just as safe as other Latin American cities.

### **Characteristics**

Improved security has laid the foundation for great development in Colombia. It has the continent's third largest economy and is the only Latin American country that belongs to CIVETS, the group of countries notable for their fast-growing economies and young work forces. Colombia is an investment-friendly country for foreign companies.

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Aspects of interest to Dutch exporters include Colombia's fast-growing middle class and the 30% revaluation of the national currency in comparison to 2007, which has led to a sharp rise in demand for international consumer goods. Colombia's export industry has also been growing for a number of years, the result of which is a steadily increasing gross national product. Averaging 5.5% annually, Colombia's economic expansion is greater than that of most other Latin American countries.

Colombia represents a wealth of opportunities for Dutch companies. Around 40 Dutch companies are already active there, including Unilever, Philips, DSM, Stork, Shell, AkzoNobel and KLM, making the Netherlands the most significant foreign investor in Colombia outside the oil and mining sector. The water, energy, food and agriculture sectors are promising, and sustainability and Corporate Social Responsibility (CSR) are important issues in this regard.

### Colombia: Facts & Figures

- Colombia has the world's 33rd largest economy, ahead of Finland, Malaysia and the United Arab Emirates (328.4 billion USD in 2011 – source: IMF).
- Colombia ranks 42nd out of 183 countries on the World Bank's 'Doing Business Index' (the Netherlands ranks 31st).
- Promising sectors: agriculture, food industry, water (including ports), energy, logistics and medical.
- The Netherlands is Colombia's largest export destination within the EU (coal, nickel, coffee, bananas, flowers and palm oil exports).
- Colombia imports Dutch pharmaceutical, chemical, electronic, transport and medical-equipment products.
- A growing number of Dutch SMEs are active in the horticulture, technical-services and ship-building markets.

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### Biodiversity, nature and water

After neighbouring Brazil, Colombia has greater biodiversity than any other country in the world as well as one of the world's largest supplies of freshwater, making Colombia a key player on the global food market and in regional energy production. While the Colombian Amazon region is still relatively the most intact, the region has been made vulnerable by climate change and deforestation. The sustainable use of national resources and ecosystems is essential for the development of Colombia.

*“The sustainable use of national resources and ecosystems is essential for the development of Colombia.”*

International agreements on biodiversity and climate change, signed by both Colombia and the Netherlands, serve as an important framework for cooperation between the two countries. When it comes to negotiations involving climate and the environment, Colombia is now a permanent fixture on the world stage.

## Security and Corporate Social Responsibility

Since the beginning of the century, considerable investments have been made in improving security, both by the current Santos government and the preceding Uribe government. One result was a demobilisation process of paramilitary groups, which greatly improved general security. However, there are still armed conflicts in various rural regions in Colombia. After the demobilisation of the AUC, new illegally armed groups (BACRIM) formed, including 'Los Rastrojos' and 'Los Urabeños'. Their activities include drug trafficking and land confiscation. FARC was also dealt severe blows by both governments, causing it to lose considerable power, however, the paramilitary organisation still exists and terrorises some rural regions.

Santos, the current president, has continued the security policy of his predecessor, with positive results. He also introduced the law entitled 'Ley de Víctimas y restitución de Tierras', which is intended to ensure a more even distribution of and access to land. The law also provides for compensation for victims. This is the first time that Colombian politicians have taken measures to offer a solution to victims for damage due to loss of land.

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It is advisable for entrepreneurs interested in operating in rural conflict areas in Colombia to first conduct a risk analysis. While Colombia may be considered a middle-income country, 45% of its population still lives under the poverty line and the unequal access to land is a major source of conflict, with water and agriculture being conflict-prone areas. Nonetheless, many companies operating only in the major cities will notice little in terms of insecurity and conflicts. Experience has shown that a well thought-out Corporate Social Responsibility policy can be very beneficial.

The Dutch government supports the Colombian efforts to bring about better regulations in the area of land rights and ownership, because access to land plays a key role in the economic and social development of Colombia. A great deal of knowledge regarding sustainability and conflict sensitivity in local activities has already been amassed by the embassy and honorary consulates, NGOs and UN organisations, from earlier development cooperation with Colombia. Corporate social responsibility is key to being in a position to operate on the Colombian market. Dutch companies generally score well in this regard, so there is also an opportunity for Dutch businesses in Colombia to present themselves as strong players in the area of Corporate Social Responsibility.

## Trends

### Economic growth

%	2011 <sup>a</sup>	2012 <sup>b</sup>	2013 <sup>b</sup>	2014 <sup>b</sup>	2015 <sup>b</sup>	2016 <sup>b</sup>
GDP	5.8	4.9	4.6	4.7	4.9	5.1
Private consumption	6.3	5.1	5.1	5.0	5.1	5.2
Government consumption	2.0	2.5	2.8	3.0	3.2	3.1
Gross fixes investment	16.5	12.5	11.1	10.6	9.5	10.0
Export of goods & services	9.8	7.0	8.8	9.7	10.0	10.8
Import of goods & services	19.8	12.6	14.0	13.0	11.9	12.3
Domestic demand	8.3	6.5	6.4	6.2	6.2	6.4
Agriculture	4.0	3.5	3.5	3.8	4.0	4.1
Industry	5.5	4.3	4.5	4.8	5.0	5.3
Services	6.3	5.7	4.8	4.8	5.0	5.2

*Economist Intelligence Unit*

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### Growth sectors

The Colombian government has specified five growth sectors: infrastructure, agriculture, house construction, mining & energy and innovation and is very interested in exchanging knowledge, expertise and technological innovations in these sectors.

Most of the investments from the Dutch business sector are to be expected in the areas of sustainable trade, agriculture & horticulture, water, climate, biomass and energy. Dutch companies also have a growing market share in Colombia in the sectors logistics, transport, port development and life sciences & health (primarily biotech, medical technology and pharmacy).

*“The Colombian government is very interested in exchanging knowledge, expertise and technological innovations in infrastructure, agriculture, house construction, mining & energy and innovation.”*



The Netherlands has an excellent reputation in many of these sectors. Thanks to the years of development cooperation in the areas of peacebuilding, the environment (i.e. water, climate, sustainability) and private-sector development, close ties have been established between the two countries (not to mention the fact that they are 'neighbouring' countries). The Netherlands is seen by Colombia as a reliable, strategic partner in the area of water management, climate, biomass and sustainable trade that has a lot to offer to the country – certainly with respect to knowledge, technology and their transfer.

### **An improved business environment for Dutch companies**

In close consultation with the Dutch business sector, the Dutch embassy in Bogotá has identified opportunities in Colombia and assessed the main obstacles to trade that companies face. These were identified as bureaucracy (particularly with regards to the tendering process), delay at customs and the lack of infrastructure.

The embassy is collaborating with the Dutch Ministry of Finance, the Tax and Customs Administration (*De Belastingdienst*) and the Colombian customs service to help the latter achieve simpler procedures and greater efficiency. A customs treaty is being drawn up, as is a treaty for avoiding double taxation.

All of this will contribute to an improved business environment for Dutch companies interested in doing business in Colombia. In this respect, the Dutch government's role is increasingly shifting from financier to mediator/broker providing economic diplomacy rather than development aid. Together with SMEs and large Dutch companies, much work is being put into improving the entrepreneurial and investment climate and into the utilisation of commercial opportunities.

### **Public-private partnerships**

Public-private partnerships are characterised by a commercial, often innovative approach in which knowledge and expertise from the government, NGOs, knowledge institutes and the business world are brought together to realise a shared goal. The Dutch government has experience in successful public-private partnerships in Colombia, such as those involving energy, bananas, palm oil and coffee.



*“The Dutch government has experience in successful public-private partnerships in Colombia, such as those involving energy, bananas, palm oil and coffee.”*

Public-private partnerships enable Dutch entrepreneurs to benefit from the knowledge and experience gained in the transition countries. Companies can also benefit from sharing risks with respect to investments in sustainable development and from collaborating with others to improve the business environment. There is an increasing demand for sustainably produced products among Dutch consumers. Satisfying CSR standards not only puts companies ahead of the competition; in Colombia, this also helps lower risks and costs.

Some Dutch companies, including Unilever and Fyffes, are already participating in public-private partnerships in Colombia and the ties with Dutch companies and the Dutch market are becoming an increasingly important aspect of these public-private partnerships in Colombia.

[www.mvonderland.nl](http://www.mvonderland.nl)

[www.oecdguidelines.nl](http://www.oecdguidelines.nl)

### **Public-private partnership – peacebuilding through the reintegration of banana farmers**

The primary goal of this public-private partnership is to promote the reintegration of ex-guerrilla fighters in the Uraba and Magdalena regions in northern Colombia. Social and economic conditions have been put in place for a successful return to civil society, and this has represented a major contribution to peacebuilding in Colombia.

Unique to this initiative is the role played by the private sector. Small banana farmers' production infrastructure has been improved, access to markets has been increased and small companies, co-ops and other projects that provide income to the population have also been set up.

The majority of the products have been certified with the Fairtrade label and the products are currently sold by the Plus supermarket chain via the Dutch distributor Agrofair. PLUS supermarket only purchases Fairtrade-certified bananas, and has done so since 2010. Most of these come from the banana producers involved in the public-partnership project in Magdalena. This represents the largest Fairtrade commitment made by a Dutch supermarket to date and it increases the impact of Fairtrade on thousands of farmers and plantation workers in Colombia. Augura is responsible for implementing the project in close cooperation with local NGOs. The Ministry of Education also played an important role in training the banana farmers.

## Promising sectors for Dutch entrepreneurs

### Water

Colombia's rich hydrography provides a wealth of opportunities for Dutch delta-technology companies. There are also excellent investment opportunities in wastewater purification, water supply and water infrastructure. The Netherlands' considerable expertise in the water sector affords it a reputation of reliability in Colombia. When many Colombians fell victim to flooding in 2011, the president Santos turned to the Netherlands for support with the water management, which resulted in a public-private partnership between the two countries.

Much damage was caused by the extreme flooding in 2010, both to Colombia's infrastructure and its economy. After the flooding, a fund was established by Colombia to address these problems. Experts from various Dutch companies and knowledge institutes diagnosed the situation and provided advice regarding sustainable and integrated water management.

The economic, social, environmental and infrastructure aspects were expressly included in this advice. Work is now underway to further improve the institutions of the responsible government agencies and organisations in Colombia.

All of this led to the establishment of the Colombia-Netherlands Water Partnership (CNWP) for long-term and constructive cooperation between these countries in the water sector. The CNWP promotes networks and joint ventures between Colombian and Dutch parties. It also provides support in the tendering process and brings project partners together. The goal is to significantly improve the capacity and expertise of local water authorities.

### Agriculture & horticulture

Reciprocal trade in agricultural products between Colombia and the Netherlands is lively. This intensive relationship particularly provides opportunities for Dutch companies operating in machinery and agrarian inputs, such as seeds, artificial fertiliser and pesticides.



Joint ventures between Dutch companies and Colombian producers via public-private partnerships or via the Private Sector Investment (PSI) programme of BZ represent interesting opportunities for SMEs. The Dutch embassy focuses on activities that strengthen both parties, thus linking the development agenda and the economic agenda.

In recent years, the Colombian government has worked hard in the agriculture and horticulture sector to support local farmers by means of better rules and regulations. Energy, agriculture and biobased sectors require a lot of land and water, and thus have a considerable impact on the environment. In Colombia, communities must at least be consulted regarding the impact these activities can have on them. The general principle is 'do no harm.' Sector-specific conflict analyses are available as a means of support for Dutch businesses in Colombia.

In the Netherlands, we are striving towards using more biobased materials in innovative products, in order to gradually replace traditional fossil fuels. The Colombian chemical sector is also much interested in using biobased materials, both in conventional processes and in biorefineries. The same is true of the food industry and the pharmaceutical and cosmetics industry. The Colombian production of biobased products and materials for these products is expected to increase greatly in the coming years.

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*“The Colombian government’s active incentive policy for the biomass sector provides opportunities for Dutch companies.”*

The Colombian government’s active incentive policy for the biomass sector provides opportunities for Dutch companies. The Netherlands has a lot to offer: knowledge, advanced technology for biorefining and solutions for the processing of biomass and waste. Dutch companies can profit from the

Netherlands' positive relationship with Colombia, which was established during the time of joint development cooperation and through large joint environmental and energy programmes in recent years.

### **'Sustainable Trade Platform'**

There is a steady growing demand for sustainable products among Dutch supermarkets and consumers. Realising the importance of sustainable production, Colombia wants to emerge as a front runner in sustainable commerce. An illustration of this, over 46% of Colombian coffee production is currently certified as sustainable.

In mid-2012, a special 'Sustainable Trade Platform' will be established for the coffee, banana and flower sector. This Colombian-Dutch initiative is a cross-sectoral platform for cooperation in the area of sustainable trade. It focuses on knowledge exchange, financing, upscaling, joint promotion and quality promotion of programmes.

The platform will work closely with the Netherlands-based Sustainable Trade Initiative (IDH) on making international supply chains sustainable by means of coalitions comprised of businesses, knowledge institutes, social organisations and government agencies. The growth in the export of sustainably grown bananas to the Netherlands has partly been thanks to this initiative. Intensive efforts are underway to secure sufficient funding for such sustainable agricultural products. Sustainable trade and investments from Dutch companies are essential to the Colombian economy. In turn, it benefits the reputation of Dutch businesses, which increases our opportunities on the market.

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### **Sustainability reporting**

A growing group of Dutch and Colombian parties recognise the importance of sharing their knowledge and expertise in the area of sustainability reporting. The Global Reporting Initiative (GRI) has developed helpful guidelines for this and offers companies resources for facilitating such reporting, including the human rights' component.

[www.globalreporting.org](http://www.globalreporting.org)

“Convinced of the importance of sustainable production, Colombia wants to emerge as a front runner in sustainable commerce.”



## **CSR/Sustainability Centre of Excellence**

The CSR/Sustainability Centre of Excellence was established with the help of the Partnerships Resource Centre (PRC), a knowledge centre of the Erasmus School of Management. This centre supports Dutch companies, NGOs and local government agencies in developing their inclusive business in Colombia. The focus is on using partnerships as a means of strengthening institutional capacity. After all, more is achieved as part of a team than alone. The PRC provides training courses, tools and analyses. Entrepreneurs can turn to the CSR/Sustainability Centre of Excellence for support in developing and managing cross-sectoral partnerships for sustainable development.

[www.partnershipsresourcecentre.org](http://www.partnershipsresourcecentre.org)

## **Human rights and security**

In 2012, the Netherlands will chair the Voluntary Principles (VP), a dialogue between American, British, Canadian, Norwegian and Dutch governments, companies and NGOs on human rights and security with regards to corporate social responsibility. With guidelines based on the UN framework for business & human rights - the 'Ruggie Framework' for protection, respect and remedy - this consultation provides advice to companies that are active in conflict areas. These recommendations may pertain to the observance of human rights within a company's own business operations, or for example to protect company property with respect for human rights. A number of companies have already formulated detailed operational guidelines and codes of conduct. Embedding the VPs in the policies of companies would, in conflict areas, lower the company's security risks and those of the surrounding communities. Operating according to these 'Voluntary Principles' can also increase a company's competitiveness.

[www.unglobalcompact.org/issues/human\\_rights](http://www.unglobalcompact.org/issues/human_rights)

[www.business-humanrights.org](http://www.business-humanrights.org)

## **Improving the business environment**

Various regional agencies, such as Proexport, Analdex and the local chambers of commerce, are involved in the promotion of trade.

[www.proexport.com](http://www.proexport.com)

[www.analdex.org](http://www.analdex.org)

## Matchmaking

In Colombia, personal contacts are essential for doing business. Various matchmaking organisations, such as the Dutch Chamber of Commerce, NL Agency and the Dutch embassy in Bogotá, can be consulted in the search for business partners for the Colombian market.

[www.hollandtrade.com](http://www.hollandtrade.com)

[www.agentschapnl.nl](http://www.agentschapnl.nl)

[www.mfa.nl/bog](http://www.mfa.nl/bog)

<http://colombia.nlembajada.org>

### Holland House

The Holland House supports Dutch business in Colombia. Acting as a business support office in the form of a public-private partnership, it focuses on the promotion of trade and investment in general and on the promising water and agriculture sectors. It keeps Dutch companies abreast of business opportunities and market conditions in Colombia. The Holland House is the number one point of contact for companies wanting to do business in Colombia. The Holland House engages in branding activities to put Dutch knowledge and expertise even more in the spotlight in Colombia. More initiatives of the transition facility can be found in the Holland House, including the Holland Water House, the *Sustainable Trade Platform* and the *CSR/Sustainability Centre of Excellence*.





Chapter 2

# Vietnam

**With a population of 87 million, Vietnam is one of the fastest growing economies in the world. The country borders China and other major Southeast Asian markets, which makes it an attractive country for investors. The Dutch business sector has been well-represented in Vietnam for many years.**

Vietnam recently earned the status of middle-income country and can ultimately achieve a sustainable economic relationship with the Netherlands and become economically self-reliant. Vietnam belongs to the group of countries referred to as CIVETS (the others being Colombia, Indonesia, Egypt, Turkey and South Africa), which are characterised by robust average economic growth and good economic potential. In recent years, Vietnam has had an economic growth of approximately 6 percent. Its primary trade partners are the United States, China, South Korea, the European Union, Hong Kong and Japan. Within the EU, the Netherlands is one of the main investors in Vietnam.

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The Vietnam work force is young, with sixty percent under the age of 35. Over the years, the percentage of the population living under the poverty line has fallen significantly and is at ten percent. The government is pursuing an employment policy for the fast-growing work force. Production in Vietnam is undergoing a shift from agrarian to industrial production.

The country's political situation is stable. State-run companies still constitute an important part of the Vietnamese economy, but this is diminishing. The Vietnamese government wants to create more economic freedom and open up the market more to international activities. Structural reforms have been implemented to modernise the economy, make it more market-oriented and competitive and increase exports.

Since 2011, the focus of the government has shifted from fast economic growth to economic stability. The Vietnamese government is striving towards international political and economic integration. In 2007, the country became a member of the World Trade Organisation. Negotiations about a free trade agreement are currently underway with, amongst others, the United States and the European Union – Vietnam's largest export destinations.

- The Netherlands is the largest EU investor in Vietnam and its third largest EU trading partner.
- Major Dutch export products to Vietnam include food, vehicles, machines and chemical products.
- The Netherlands imports primarily foodstuffs, such as coffee and rice, from Vietnam. Shoes, electronics, furniture, rubber, machines and clothes also account for a large portion of imports.
- By 2050, Vietnam is expected to have the 14th largest economy in the world.
- Vietnam ranks 78th out of 183 countries on the World Bank's 'Doing Business Index' (the Netherlands ranks 31st).

### **Promising sectors in Vietnam**

Promising sectors for Dutch companies in Vietnam are: water and delta technology, energy, agriculture & horticulture, food processing, retail, transport, logistics, financial services, oil & gas and the maritime sector, including port development and management. The Netherlands has a good reputation in these sectors. The quality of the Vietnamese services sector could be improved. Examples include financial services, the tourist industry, health care and human resources management.

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*“Vietnam sees the Netherlands as a strategic partner in the area of agriculture and water management as they relate to climate change.”*

Vietnam sees the Netherlands as a strategic partner in the area of agriculture and water management as they relate to climate change. This is due to the similarities between the two countries – both are situated in river deltas and are export-oriented. However, this is also connected to the history of development cooperation in which many Vietnamese has acquired knowledge and expertise in the Netherlands or with support of the Netherlands. Dutch companies already have a prominent presence in

Vietnam. Among others, ING, TNT, Damen Shipyards, Van Oord, Heineken, AkzoNobel, Friesland Campina, Philips, Unilever, Vitens Evides International and Vopak are already active in the country.

The Dutch innovation can contribute to the Vietnamese economy in various ways. Dutch companies can adapt their existing products to the Vietnamese consumer, while also selling new products, such as vaccines, biotechnology, seed breeding and climate satellite services. The main obstacles for Dutch companies in Vietnam are the bureaucracy, corruption, the weak financial sector and the insufficiently developed infrastructure.

### Economic growth

%	2011 <sup>a</sup>	2012 <sup>b</sup>	2013 <sup>b</sup>	2014 <sup>b</sup>	2015 <sup>b</sup>	2016 <sup>b</sup>
GDP	5.9 <sup>c</sup>	5.7	7.1	6.8	7.5	7.4
Private consumption	3.6	5.1	6.9	7.1	6.9	6.0
Government consumption	7.8	8.0	7.7	7.2	7.2	7.5
Gross fixes investment	4.8	6.9	8.2	9.3	10.3	10.5
Export of goods & services	17.9	11.1	13.6	11.7	14.9	14.8
Import of goods & services	13.1	9.3	12.2	11.6	14.1	13.7
Domestic demand	5.4	4.7	7.2	7.5	8.2	7.7
Agriculture	4.0 <sup>c</sup>	3.0	3.2	3.1	3.3	3.3
Industry	5.5 <sup>c</sup>	6.5	8.5	8.0	8.0	7.0
Services	7.0 <sup>c</sup>	6.0	7.2	6.9	8.5	9.1

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### Growth sectors

#### Water

Good water management is the key to sustainable development and food security. Vietnam is faced with many water-related challenges, ranging from water scarcity and poor water quality to irrigation problems and flooding. Due to the Netherlands' good reputation in the area of water management, Vietnam has entered into cooperation with the Dutch government and water sector. This is a groundbreaking development. In the past, it was the case that the Vietnamese government took measures which excluded foreign bidders from participation in public infrastructure projects.

### Coastal protection and integrated water management

Coastal protection is a priority for Vietnam.

Coastal areas are often densely populated and are important sources of food production. Climate change has a major impact on these coastal areas.

Dutch companies have recently gained practical experience through development projects involving the monitoring of dike stability and inspection systems, and now offer Vietnam structural solutions for water and climate adaptation.

A Strategic Partnership Arrangement (SPA) provides the basis for the partnership between Vietnam and the Netherlands in the area of climate adaptation and integrated water management. This is imbedded in the so-called *Water Mondiaal* programme. The Mekong river delta is one of the deltas in which *Water Mondiaal* is looking for intensive cooperation. The Dutch government supports this initiative with feasibility studies and plays an active, coordinating role for the public and private sector partners in the *Water Mondiaal* programme. In 2011, the city government of Ho Chi Minh City entered into a partnership with the Municipality of Rotterdam to develop an integrated and climate-proof land-use plan intended to withstand the frequent flooding faced by the city and its region. It is a good example of various Dutch consortia working together and gaining access to the Vietnamese market. The business forum SPA deals with obstacles for the water sector and facilitates access to cooperation with Vietnamese partners and government agencies.

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### Partners for Water

The Partners for Water programme supports the Dutch water sector in this partnership and offers companies a springboard for realising international ambitions. This programme supports innovative projects involving cooperating organisations, where possible, and promotes Dutch technology and knowledge abroad. In the third stage of the Partners for Water programme (2010-2015), extra attention is being paid to five delta countries in particular, including Vietnam.



*“Due to the Netherlands’ good reputation in the area of water management, Vietnam has entered into cooperation with the Dutch government and water sector.”*



### **Maritime & logistics**

The Vietnamese government wants to develop good port infrastructure in the three main economic centres of the country. In addition, Vietnam has the intention to invest in improving the technological level of its shipbuilding sector, for both domestic use and exports. Various Dutch companies are already active in the Vietnamese maritime sector. Damen Shipyards is a leading partner in shipbuilding and invests in a number of shipyards that produce vessels for the global market. In particular, technological equipment and knowledge are lacking. There are therefore opportunities for Dutch companies with respect to shipbuilding technology and the development and management of ports and port-related construction.

### **Agriculture & horticulture**

Agriculture plays a very important role in the Vietnamese economy. The sector accounts for roughly 20% of the gross national product. However, the sector also has negative environmental effects caused, among others, by water pollution. The Vietnamese government is trying to prevent this as much as possible by striving towards by sustainable agricultural cultivation. Both in Vietnam and the surrounding countries, there is a rapidly growing demand for agricultural products and animal protein. Due to the undercapacity of local production, there are plenty of opportunities in this area for Dutch companies. There is a great Vietnamese demand for Dutch agricultural products and advanced Dutch technology for intensive, sustainable agriculture. Dutch companies that are able to increase the production and food safety of pork and poultry production, horticulture and dairy industry in Vietnam can also expand their business in Vietnam. The Vietnamese agriculture industry is having great difficulty satisfying the growing local demand.

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*“There is a great Vietnamese demand for Dutch agricultural products and advanced Dutch technology for intensive, sustainable agriculture.”*

Greenport Holland International (GHI) is a horticultural partnership of the Dutch business sector, knowledge institutes and the Dutch government. This organisation has identified Vietnam as an important country for the Dutch horticulture sector. Using a strategic and integrated supply chain approach, they support companies in entering the Vietnamese market. GHI's mission is to increase the turnover of the Dutch horticulture sector by means of international, sustainable projects.

[www.greenporthollandinternational.com](http://www.greenporthollandinternational.com)

### **Sustainable fishing**

Large quantities of pangasius fish are farmed in the Mekong Delta. Half of the fish farmed in the Mekong Delta is exported to Europe. However, the strict European food safety regulations also apply to these fish exports. Eighty percent of the sectors' production already complies to the EU standards of Western supermarkets and the sector is working on the implementation of the environmental standards to be able to produce the fish sustainably. An obstacle for the Vietnamese fish farmers is the lack of knowledge and investments. The Vietnamese government is working to help small producers as the fish sector is very important to the Vietnamese economy. Moreover, an advantage of aquaculture is that it offers opportunities for sustainable fishing and food security. An agreement has been signed with the World Wildlife Fund (WWF) in which the government has committed itself to make the sector more sustainable.

The WWF and the Netherlands-based Sustainable Trade Initiative (IDH) work together on the Aquaculture Stewardship Council (ASC). ASC is an independent organisation that certifies sustainably farmed seafood. Fisheries are given an ASC label when they demonstrate that they comply with the guidelines in the area of food safety and social conditions. In turn, the ASC label gives consumers the certainty that they are buying sustainably farmed fish. This is important for Dutch fish feed companies and fish traders.

### **Dairy industry**

A number of Dutch companies (such as Friesland Campina), Dutch knowledge institutes, technology suppliers, the Dutch embassy in Vietnam and the Vietnamese Ministry of Agriculture and Rural Development are working together on a pilot project to develop the dairy industry in North Vietnam. Dutch technology and knowledge are being used to improve regulations, quality standards and investment projects.



*“Dutch technology and knowledge are being used to improve regulations, quality standards and investment projects.”*

## Cattle and poultry

In Vietnam, there is an urgent need to improve the production and processing of meat in order to satisfy the ever stricter food safety standards. At the same time, the impact that the meat industry has on the environment is being reduced. As the Dutch companies have considerable experience with proper waste management systems (for example in the pork industry), opportunities exist in Vietnam.

## Energy

Vietnam has a wide range of energy sources. The production of oil, coal and hydropower is growing substantially, as is the energy consumption and the export of net energy. To ensure that the supply of energy satisfies the rising demand, the Vietnamese policy emphasises the need to diversify Vietnam's energy mix, while maximising the use of local energy reserves. For both the oil and gas industry and the presently limited cleantech industry, large investments, knowledge and expertise are needed.

The oil and gas industry offers trade and investment opportunities, particularly, in the area of exploration, production, equipment, expertise and/or technology, including offshore drilling, improved oil extraction in sinking oil fields, pipelines for oil and gas production, facilities and platforms, maintenance services, seismic research and satellite area development and environmental protection. Bottlenecks in the oil and gas industry include the access to credit and the lack of a trained work force.

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The primary challenges facing the cleantech industry – clean technology for renewable energy and energy efficiency – are: the difficult investment climate, high investment costs and the limited competitive advantages of (often expensive) Dutch services and technology. In the area of cleantech, biomass and bioethanol, the production of biofuels, projects and consultancy activities related to wind energy are potential sectors for Dutch businesses in the short term. In the longer term, energy generation from waste, wind energy and energy efficiency are attractive opportunities.

During the visit of the Vietnamese Prime Minister Dung to the Netherlands in September 2011, a declaration of intent was signed regarding cooperation in the area of energy with respect to oil and gas as well as sustainable energy. With the support of the Ministry of Economic Affairs, Agriculture and Innovation, Dutch companies are now intensifying their activities in Vietnam.



## Financial services

Vietnam is experiencing an increasing demand for financial services, both from private individuals and business clients. However, there is a lack of knowledge on financial products and experience with operation and management – such as risk management. Food producers have limited access, in particular to finance because few banks offer financial products for rural areas. FMO has been investing in local banks for years and manages a fund for emerging markets which the government uses to contribute to the access to credit for Dutch investors. Rabobank and ING commercial banking are active in Vietnam. From its headquarters in Hanoi, ING focuses among other things, on international trade and export financing as well as mergers and takeovers. ING advises both European clients with trade activities in Southeast Asia and Asian companies with international ambitions.

## What can we do for you?

The Transition facility, through NL Agency, the Dutch embassy in Hanoi and the Dutch consulate in Ho Chi Minh City, offer various services for preparing your business plan in Vietnam. They provide market information and help you look for potential partners, financial support or more information about a particular scheme. Visit the website of NL Agency:

[www.agentschapnl.nl](http://www.agentschapnl.nl)

[www.agentschapnl.nl/onderwerp/vietnam-verken-uw-kansen](http://www.agentschapnl.nl/onderwerp/vietnam-verken-uw-kansen)

## Service provided by NL representation:

### Information about sectors and potential business partners

During an intake interview with NL Agency in the Netherlands, you can discuss your plans with our country experts. During the interview your plans and needs are assessed. Together with you, we estimate your chances in the Vietnamese market.

By means of a market scan, we can offer you an overview of relevant business partners, including agents, distributors and production partners. We will facilitate so you can contact the right companies to collaborate with. Please note that the NL Agency will charge a fee. You can also come to us for information about trade fairs, trade journals or the Vietnamese business culture.

## Relevant market opportunities

The Dutch embassy in Hanoi and the Dutch consulate in Ho Chi Minh City follow the developments in the Vietnamese market closely as it pertains to the priority sectors of water, agriculture, energy, transport and logistics and the maritime industry. Relevant market opportunities – including calls for tenders from international financial institutions – are posted on the NL Agency website and in the newsletters of NL Agency and the Dutch embassy in Hanoi/ Dutch consulate in Ho Chi Minh City, but they can also be sent directly to you. If you would like to receive specific market opportunities please let us know.

## Trade missions

The Netherlands frequently organises trade missions, delegations and joint fair exhibits destined for Vietnam. In March 2011, one of the largest trade missions ever took place, headed by the Prince of Orange and Princess Máxima. This type of mission is an ideal opportunity to get acquainted with Vietnam and establish business contacts. Individual matchmaking is often part of the programme; appointments with potential business partners can be arranged specifically for you. Missions can be organised directly through NL Agency. This is often the case when a member of government is leading the mission, such as the Minister for Agriculture and Foreign Trade. In other cases, missions can be organised by network partners, such as chambers of commerce, trade associations or local authorities. They can ask the Dutch embassy in Hanoi or Dutch consulate in Ho Chi Minh City for on-site support. In 2012, the Dutch embassy in Hanoi is arranging a horticulture trade mission to Vietnam.

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## Access to markets

In countries such as Vietnam, that are dominated by the government, the Dutch embassy and Dutch consulate general may be able to provide you with help to improve your market access. For example, we can organise meetings with the Vietnamese government at the national, provincial or local level or meetings with Vietnamese public or private companies.

## Information about laws and regulations

For information on Vietnamese laws and regulations, import and export rules and setting up companies according to Vietnamese legal regulations, we can connect you to the relevant Vietnamese government agencies and law firms.

## Troubleshooting

The Dutch embassy in Hanoi and Dutch Consulate in Ho Chi Minh City can also support you to resolve conflicts or finding a law firm with relevant experience.

## Facilitation visa procedures

The Dutch embassy and the Dutch consulate can also help Dutch companies obtain simplified visa procedures for travelling between Vietnam and the Netherlands. For more information about this *Orange Carpet* facility, go to [www.hollandinvietnam.org](http://www.hollandinvietnam.org)

## Corporate Social Responsibility

Companies seeking to expand activities in Vietnam must do so in accordance with corporate social responsibility standards (CSR): negative environmental effects must be minimised.

New products and services must be good for both Vietnamese society and for the Vietnamese company's employees. Making the company's own supply chain sustainable is key. The Dutch government gladly supports companies in this effort with practical aids.

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## Also take a look at these organisations

All contact information can be found in Chapter 4.

The Netherlands-Vietnam Chamber of Commerce (NVCC), also known as the Vietnam Chamber, is a non-profit organisation that helps Dutch entrepreneurs expand their activities in Vietnam. They organise meetings, trade missions and networking events. The NVCC is a partner of the Netherlands Council for Trade Promotion.

[www.vietnamchamber.nl](http://www.vietnamchamber.nl)

NL Agency is part of the Ministry of Economic Affairs, Agriculture and Innovation and helps Dutch entrepreneurs abroad. This help varies from the procedures for start-ups to credits for foreign markets. NL Agency has tools and schemes for innovation and sustainable economic growth in developing countries and emerging countries.

[www.agentschapnl.nl](http://www.agentschapnl.nl)

The European Chamber of Commerce, better known as EuroCham, devotes its services to making Vietnam a good trading partner for European companies and creating an attractive investment climate there.

[www.eurochamvn.org](http://www.eurochamvn.org)

The Dutch Business Association Vietnam (DBAV) is an independent non-profit organisation that was established in 1999. The DBAV actively promotes our business relationship with Vietnam by focusing on social, cultural, recreational, educational and charitable activities. The DBAV is also a member of EuroCham. Since 2010, Dutch companies have been able to participate in business and social events organised by the DBAV in Hanoi.

[www.dbavietnam.net](http://www.dbavietnam.net)

The Netherlands Development Finance Company (FMO) is a development bank. FMO supports sustainable private sector development and invests risk capital in businesses and projects in emerging markets and developing countries. FMO is one of the largest European development banks, with an investment portfolio of 5 billion euros.

[www.fmo.nl](http://www.fmo.nl)

Fenedex is a professional association for Dutch exporters and other internationally operating companies. Fenedex provides its members knowledge and experience to help them do business successfully in foreign markets. The Fenedex website features a page on Vietnam.

[www.fenedex.nl](http://www.fenedex.nl)









Chapter 3

# South Africa

**With a population of nearly 50 million, South Africa is the largest and most developed economy on the African continent. Economic growth has been stable for years and is projected to average 4% over the next several years. As one of the world's emerging markets, South Africa holds tremendous potential for Dutch enterprises, including as gateway to the rest of southern Africa.**

South Africa has a robust private sector and is rich in raw materials. The retail sector, food and agricultural sector and services sectors are all well developed. The country's main trading partners are: the EU, China, the United States and Japan.

South Africa is a member of BRICS (Brazil, Russia, India, China, South Africa), an informal association of emerging economies that are growing in terms of economic and political prowess. The other BRICS countries are becoming increasingly important trading partners for South Africa.

### **Growing pains**

Although South Africa's economic growth has been stable for the past several years and is expected to be significant in the years to come, its growth potential is not being realised to its fullest. The shortage of knowledge and skills in the work force and inadequate institutional capacity (regulatory legislation and codes of conduct) are the main obstacles to greater economic growth in South Africa.

The income gap in South Africa is one of the largest in the world. Through positive discrimination programmes, such as 'black economic empowerment' legislation, the South African government hopes to end discrimination against certain segments of the population.

To a large degree, the public sector and economy are state-regulated, including the transport and energy industries. The dominant position of state-run enterprises keep other companies out of those sectors in South Africa. It is also difficult for entrepreneurs to obtain the required permits. Furthermore, South Africa's trade unions are quite powerful and the labour laws are very strict.



### Facts & figures

- The Netherlands mainly imports fruit, wine and coal from South Africa
- The Netherlands is South Africa's second largest export market for the agriculture industry
- South Africa imports mainly machinery and chemical products (particularly office equipment and pharmaceuticals) from the Netherlands
- South Africa was ranked 35th on the World Bank's 'Doing Business Index' in 2012 (the Netherlands came in 31st among 183 countries)
- Approximately 35% of the population lives below the poverty line

### Promoting employment

The South African government is investing in better infrastructure and reforms in the job market and health care, with an emphasis on promoting economic growth and investments, mainly to facilitate job creation. Currently, the primary focus of the Dutch government's is to remove the barriers for Dutch enterprises to do business in this transition economy. When South Africa signed the Trade, Development and Cooperation Agreement with the European Union, it pledged to open its market to 86% of EU products. Unilever, Heineken, Philips, AKZO Coatings, Shell, Vopak, Royal Haskoning, DHV, KLM Air France, DAF Trucks, Fugro, Mammoet, TomTom, STC, Lemnis Lighting, Smit Amandla and Damen Shipyards are all examples of Dutch companies with offices in South Africa. South Africa is one of the Netherlands' three main trading partners on the African continent.

### Knowledge transfer in growth markets

Certain South African sectors have a tremendous demand for the type of knowledge and expertise that Dutch companies can offer. South Africa holds good business opportunities for Dutch companies, particularly in the water, transport and logistics, sustainable energy and agriculture & food production sectors, and, increasingly, in the security and high-tech sector.

These industries are in need of innovative, sustainable and integrated solutions – the kind that Dutch companies specialise in. Thanks to development aid programmes, institutions of higher education have already forged ties, resulting in dependable, successful partnerships in many projects that test innovative

ideas and technologies and introduce them to the South African market. In particular, the Dutch Focus on professional training in technical skills make Dutch companies valuable partners for South Africa.

### **Improving water management**

Both manufacturers and consumers struggle to obtain an adequate water supply, due to large-scale irrigation and the limitations of the water management system. The widespread pollution of South African rivers is also to blame. In order to use the available water more efficiently, it is important to improve agricultural methods. South Africa and the Netherlands have therefore joined forces to improve the South African water sector and strengthen economic ties.

Founded by the Netherlands Water Partnership (NWP) and the Water Institute of South-Africa (WISA), the South-Africa Netherlands Water Network has over 25 Dutch members from private, public and semi-public knowledge institutions, including Norit, Paques, Wavin, DHV, Royal Haskoning, WegWise, Vitens-Evides, Waternet, the Groot Salland Water Board and Stichting Wateropleidingen training institute for the water sector. NWP and WISA are working together to improve the quality of water sources, water management and sanitation through the exchange of information and ideas and the implementation of joint projects in network and capacity improvement.

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#### **Expertise centre for municipalities**

Ethekwini Water Services (EWS) in Durban is South Africa's largest water supply company. EWS was introduced to the knowledge and experience that Dutch water company Vitens-Evides could offer when the two worked together on a development project. The Centre of Expertise for Non-Revenue Water, Asset Management, Sanitation and Energy Efficiency was born from this collaboration. Initially, various pilots were started to test Dutch innovative and sustainable solutions in South Africa, in collaboration with the Amsterdam water company Wereld Waternet and Stichting Wateropleidingen. There are plans to involve more and more Dutch companies in the Centre of Expertise to help test new methods and implement joint capacity improvement projects to benefit local municipalities in southern Africa. Dutch companies hope that the Centre of Expertise will open the door to the South African market.



*“In order to use the available water more efficiently, it is important to improve agricultural methods. South Africa and the Netherlands have therefore joined forces.”*



## Transport and Logistics

Over the coming years, South Africa plans to spend almost 30 billion euros on large-scale infrastructure projects to increase the capacity of its transport network, particularly in relation to freight transport, both in the ports and via railway. The work of the Dutch government and maritime companies focuses on both capacity improvement in ports and on port management. South Africa must improve access to and from its hinterland, because the high costs of transport limits the improvement of its business. Dutch experts in transport and logistics have a great deal to offer in this area. South African partners appreciate the opportunity to benefit from lessons of previous Dutch development aid projects.

## Trade unions and social dialogue

The Dutch embassy in Pretoria is working with the International Labour Organisation (ILO) and the Flemish government on a project in the Port of Durban to reduce the number of working days lost to strikes by improving social dialogue between port employees and employers. This naturally also benefits local labour relations. The programme's training courses teach all parties more about labour law and also help them improve their technical skills. The embassy is contributing to research on the operation of state-run companies.

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### Development of the Port of Saldanha Bay

A group of Dutch companies and the Dutch Ministry of Economic Affairs, Agriculture and Innovation are actively involved in the development of the Port of Saldanha in the Western Cape and have joined forces with main contractor Southern African - Netherlands Chamber of Commerce (SANEC) in this programme to identify trade opportunities in the Saldanha Bay region. This seaport has been designated as a potential industrial development zone by the South African government. One of the goals of the Saldanha Bay programme is also to improve access to and from the hinterland, which presents opportunities for Dutch parties wishing to share their expertise in port and infrastructure network development. For more information, please contact SANEC ([info@sanec.nl](mailto:info@sanec.nl))

## Food and agriculture

In the years to come, the South African horticulture sector is expected to develop significantly, becoming a key target group for Dutch knowledge, hardware and parent plant materials. South Africa's agriculture industry is dominated by about 40,000 businesses, primarily operated by white farmers. Above all, these businesses need an integrated, sustainable approach to force cooperation between white and black farmers. Thanks to land reforms, new black farmers have the opportunity to start agricultural businesses or take over existing ones. However, the lack of knowledge stands in the way of successful development. On various fronts, the Netherlands are helping to deliver the necessary agricultural expertise and to set-up small agricultural companies. This is essential for ensuring South Africa's medium-term food security.

There is a large export surplus in the South African fruit sector. The Netherlands is South Africa's second largest export market, after China. This is another sector in which South African farmers lack the required knowledge and skills to expand trade with the Netherlands.

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Research is conducted to discover how South African fruit growers might benefit from Dutch expertise to apply sustainable farming methods to ensure a sustainable supply for the Dutch retail sector. In addition, Dutch companies have a lot to offer to the South African horticulture sector, agro food and poultry sectors, where there is much need for quality improvement.

## Energy

South Africa is rich in renewable energy sources, such as solar power, wind power, biomass and geothermal energy. It is also one of the top 20 biggest energy consumers in the world and relies heavily on coal powered energy plants for its energy needs. Starting in 2012, CO<sub>2</sub> emissions will be taxed, in the hope to significantly boost opportunities and incentives in renewable energy.

South Africa's largest energy supplier, Eskom, cannot keep up with the growing energy demands. The country's emphasis on sustainable energy and emissions presents great opportunities for Dutch businesses, particularly with respect to biomass and geothermal energy as well as advice on decreasing energy consumption and building more energy-efficient buildings.





*“Research is conducted to discover how South African fruit growers might benefit from Dutch expertise to apply sustainable farming methods.”*

Dutch research institutes may be able to aid in the development of new technologies. Ambitious targets have been set by the South African government to reduce emissions and increase the share of renewable energy in the national energy mix over time. South Africa wants to improve services for its citizens and is enlisting the help of foreign experts for this purpose.

### **Partnering with higher education**

The lack of trained labour places limitations on the growth of South African businesses. Workers with technical skills are particularly scarce. South African knowledge institutes are forging more and more partnerships with Dutch knowledge institutes and businesses to test new technologies or set up demo projects.

The transition facility makes it possible to take the most advantage of existing networks and contacts from development cooperation initiatives. There is a great deal of potential for higher education and technical education, in particular.

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The SKILL programme (Stimulating Knowledge Innovation through Life-long Learning) is aimed at university collaboration in the water, agricultural and financial sectors. Participating institutions are the VU University Amsterdam, Wageningen University, Delft University of Technology, UNESCO-IHE, Radboud University Nijmegen, the Institute of Social Studies and Maastricht University. The goal is to expand capacity in institutions of higher learning. Among other activities, the programme awards grants to South Africans wishing to earn an MSc or PhD.

Naturally, the lack of university-educated workers also has a negative impact on South Africa's competitiveness. Given its ambitions, it is no wonder that the government wants to see a substantial increase in the number of MScs and PhDs.

### **Business climate and transparency**

If South Africa wishes to improve its business climate, transparency will have to improve. The Dutch government is working actively to this end, for example, by sharing expertise with South African authorities. The establishment of new, innovative public-private partnerships is supported by the Dutch embassy.



## Promoting trade

The Dutch government helps Dutch companies take advantage of opportunities and overcome obstacles on the South African market. The unique qualities of Dutch companies are also promoted and Dutch projects are showcased, also referred to as 'Holland branding', by organising trade missions and matchmaking and networking initiatives, and introducing businesses to relevant organisations. The Dutch embassy and NL Agency work closely to this end.

During the course of 2012, SANEC will organise a trade mission which will build on the contacts that were established during the November 2011 mission held during the COP17 conference in Durban. Several Dutch companies specialising in geothermal energy and biomass have already benefited from the previous mission, acquiring solid business contacts in South Africa.

The embassy plays an active role in promoting policy-related dialogue in South Africa and knowledge exchange with the relevant parties through seminars, participation in market studies, technical assistance and so on. These initiatives are coordinated under the transition facility. Economic growth is also promoted with the support of joint ventures and investments through programmes, such as the Private Sector Investment Programme (PSI) and Fund Emerging Markets (FMO). There is also a focus on entering the market jointly in the form of public-private partnerships.

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## Economic growth

%	2010	2011	2012	2013	2014	2015
GDP	2.8	3.7	4.8	3.8	3.5	4.0
Private consumption	4.4	8.7	6.4	6.0	5.5	5.2
Government consumption	4.6	6.5	6.0	5.0	4.5	4.2
Gross fixed investment	-3.7	-2.3	4.9	4.5	4.1	4.5
Export of goods & services	4.5	5.4	7.2	5.4	5.2	5.9
Import of goods & services	9.6	14.3	12.0	10.7	9.4	8.2
Domestic demand	4.5	6.2	6.4	5.6	5.0	5.0
Agriculture	0.9	4.0	3.7	3.3	3.5	3.2
Industry	4.5	4.0	4.5	4.7	5.0	5.0
Services	2.2	3.5	5.0	3.5	2.9	3.6

*Economist Intelligence Unit*

“The unique qualities of Dutch companies are also promoted and Dutch projects are showcased, also referred to as ‘Holland branding’.”



Social media are becoming an increasingly important tool in Holland branding. For example, the embassy has its own Facebook account. There is also a water portal, as well as links to cultural events for the promotion of Dutch knowledge and expertise.

[facebook.com/NetherlandsEmbassySA](https://facebook.com/NetherlandsEmbassySA).

In this area, SANEC also helps bridge the gap between businesses and other organisations active in the Netherlands, South Africa, the Benelux and the southern Africa region. It also provides quick scans, market research, matchmaking services and trade missions.

[www.sanec.org](http://www.sanec.org)

## Trade associations and interest groups

### Agro and foodstuffs

Greenport Holland International (GHI) takes a strategic and integrated farm to fork approach to helping businesses decide how best to enter the South African market.

[www.greenporthollandinternational.com](http://www.greenporthollandinternational.com)

### Renewable energy

Holland Solar is the Netherlands' interest group for Dutch solar energy experts.

[www.hollandsolar.nl](http://www.hollandsolar.nl)

De Koepel and Cleantech Holland are trade associations which support matchmaking between Dutch technology providers and South African organisations.

[www.cleantechholland.nl](http://www.cleantechholland.nl)

[www.dekoepel.org](http://www.dekoepel.org)

### Transport and logistics

Dinalog ([www.dinalog.nl](http://www.dinalog.nl)) and Connekt ([www.connekt.nl](http://www.connekt.nl)).

### Water

NWP (Netherlands Water Partnership) provides coordination and information for the Dutch water sector. NWP promotes cooperation in the Dutch water sector to strengthen the Netherlands' position on the international water market.

[www.nwp.nl](http://www.nwp.nl)



Chapter 4

**Contact information**

Are you interested in investing in Colombia, Vietnam or South Africa? If so, Agency NL of the Dutch Ministry of Economic Affairs, Agriculture & Innovation is your first point of contact. A transition service desk has been established to provide you with direct contact with the employees and manager of the transition facility for all the business programmes and initiatives you support through your business operations.

**How can the Dutch government assist your company in the transition country?**

The Dutch embassies, consulate general and business support offices are key partners in international business. In close collaboration with NL Agency, they support companies and knowledge institutes interested in collaboration with regards to trade, investments, research or technology. These assist you in establishing contacts and provide the branding and marketing to promote the Netherlands ('Holland branding') as effectively as possible in the transition country. When visiting Colombia, Vietnam and South Africa, it is advisable to contact the embassy's economic department.

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**Transition facility points of contact via NL Agency**

**Colombia** Corina Kerkmans

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**South Africa** Joost Staffhorst

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**Vietnam**

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T (+31) (0)88 602 1404

Transition Facility Programme Manager

*[Anne.kempers@agentschapnl.nl](mailto:Anne.kempers@agentschapnl.nl)*



## Contact information for Dutch representation in Colombia

### Dutch embassy in Bogotá

T (+57) (1)63 842 00

[www.colombia.nlembajada.org](http://www.colombia.nlembajada.org)

[www.mfa.nl/bog](http://www.mfa.nl/bog)

Email [BOG-EZ@minbuza.nl](mailto:BOG-EZ@minbuza.nl)

### Dutch honorary consulates

Cali: T (+57) (2)66 616 63

E-mail [consulaatcali@vdl.com.co](mailto:consulaatcali@vdl.com.co)

Medellín: T (+57) (4)51 407 56

E-mail [consulpaiseshijosmed@gmail.com](mailto:consulpaiseshijosmed@gmail.com)

### Netherlands-Latin American Business Council (NLAB)

T (+31) (0)70 344 1504 / (+31) (0)70 344 1551

## Contact information for Dutch representation in Vietnam

### Dutch Embassy, Economic & Commercial Department, Hanoi, Vietnam

T (+84) (4)38 315 650

E-mail [han-ea@minbuza.nl](mailto:han-ea@minbuza.nl)

### Consulate General, Economic & Commercial Department Ho Chi Minh City

T (+84) (8)38 235 932

E-mail [hcm-ea@minbuza.nl](mailto:hcm-ea@minbuza.nl)

[www.hollandinvietnam.org](http://www.hollandinvietnam.org)

### Relevant links: doing business in Vietnam

- Relevant LinkedIn groups:
  - NL EVD International Vietnam
  - ‘Public Private Partnership with IFIs in Vietnam’
- For information on importing goods from the Netherlands:
  - [www.answersforbusiness.nl](http://www.answersforbusiness.nl) (in English)
  - [www.antwoordvoorbedrijven.nl](http://www.antwoordvoorbedrijven.nl) (in Dutch)
- World Bank ‘Doing Business’ report:  
[www.doingbusiness.org/data/exploreeconomies/vietnam/](http://www.doingbusiness.org/data/exploreeconomies/vietnam/)
- Vietnam Ministry of Planning and Investment (MPI) Agency for SME Development: [www.business.gov.vn](http://www.business.gov.vn)

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### Legislation and investments

- Ministry of Planning and Investment (MPI)  
[www.mpi.gov.vn](http://www.mpi.gov.vn)
- Department of Planning & Investment, Ho Chi Minh City  
[www.dpi.hochiminhcity.gov.vn](http://www.dpi.hochiminhcity.gov.vn)
- Foreign Investment Agency  
<http://fia.mpi.gov.vn>
- Vietnam Chamber of Commerce & Industry  
[www.vcci.com.vn](http://www.vcci.com.vn)
- Vietnam Trade Promotion Agency (VIETRADE), Vietnam Ministry of Trade  
[www.vietrade.gov.vn](http://www.vietrade.gov.vn)
- Ministry of Finance, taxation regulations  
[www.mof.gov.vn](http://www.mof.gov.vn)
- Investment & Trade Promotion Centre (ITPC)  
[www.itpc.hochiminhcity.gov.vn](http://www.itpc.hochiminhcity.gov.vn)

- Vietnam Chamber of Commerce and Industry  
<http://vccinews.com>
- Investment legislation  
[www.dpi.hochiminhcity.gov.vn/invest/html/law3.html](http://www.dpi.hochiminhcity.gov.vn/invest/html/law3.html)
- Industrial Zones in Vietnam  
<http://industrialzone.vn>

### **Corporate social responsibility and corruption**

- CSR Nederland  
[www.mvonderland.nl](http://www.mvonderland.nl) (in Dutch)
- OECD guidelines for multinationals  
[www.oecdguidelines.nl](http://www.oecdguidelines.nl)
- NL Agency on CSR in Vietnam  
[www.agentschapnl.nl/onderwerp/mvo-vietnam](http://www.agentschapnl.nl/onderwerp/mvo-vietnam)
- Business Anti-Corruption Portal  
[www.business-anti-corruption.com](http://www.business-anti-corruption.com)
- Bribe payers index  
<http://bpi.transparency.org>

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### **Visa for Vietnam**

- Vietnamese Embassy in the Netherlands  
[www.vietnamembassy.nl](http://www.vietnamembassy.nl)

**For more information on Netherlands Foreign Trade Agency (EVD) and guidelines, see the Vietnam page:**

[www.agentschapnl.nl](http://www.agentschapnl.nl) and [www.agentschapnl.nl/onderwerp/vietnam-verken-uw-kansen](http://www.agentschapnl.nl/onderwerp/vietnam-verken-uw-kansen)

### **Dutch Vietnamese Business Association (DBAV) bilateral Chamber of Commerce**

[www.dbavvietnam.net](http://www.dbavvietnam.net)

### **Netherlands Vietnam Chamber of Commerce (NVCC) / De Vietnam Kamer**

The Netherlands Council for Trade Protection has established the Netherlands Vietnam Chamber of Commerce

T (+31) (0)70 344 1598

[www.handelsbevordering.nl](http://www.handelsbevordering.nl)

[www.vietnamchamber.nl](http://www.vietnamchamber.nl)

**The Netherlands Development Finance Company (FMO)**

*[www.fmo.nl](http://www.fmo.nl)*

**European Chamber of Commerce in Vietnam, EuroCham**

*[www.eurochamvn.org](http://www.eurochamvn.org)*

**Fenedex**

*[www.fenedex.nl](http://www.fenedex.nl)*

## **Contact information for South Africa**

### **Dutch embassy in Pretoria**

T (+27) (0)12 425 500

[www.dutchembassy.co.za](http://www.dutchembassy.co.za)

### **Cape Town Consulate-General**

T (+27) (0)42 156 60

### **Southern African-Netherlands Chamber of Commerce (SANEC)**

The Hague

T (+31) (0)70 347 0781

Johannesburg

T (+27) (0)11 459 2840

Cape Town

T (+27) (0)21 461 2161

[www.sanec.org](http://www.sanec.org)



## Afkortingen

ASC	Aquaculture Stewardship Council
ASEAN	Association of Southeast Asian Nations
BZ	Ministerie van Buitenlandse Zaken
BACRIM	'Bandas criminales emergentes'
CIVETS landen	Colombia, Indonesië, Vietnam, Egypte, Turkije en Zuid-Afrika
CNWP	Colombia-Netherlands Water Partnership
CSR	Corporate Social Responsibility
DBAV	Dutch Business Association Vietnam
EL&I	Ministerie van Economische Zaken, Landbouw en Innovatie
EuroCham	Europese Kamer van Koophandel
FARC	Fuerzas Armadas Revolucionarias de Colombia
FIB	Finance for International Business
FMO	Netherlands Development Finance Company
FOM	Fonds Opkomende Markten
GHI	Greenport Holland International
GRI	Het Global Reporting Initiative
IDH	Het Initiatief Duurzame Handel
IFC	International Finance Cooperation
MVO	Maatschappelijk verantwoord ondernemen
NCH	Het Nederlandse instituut voor handelsbevordering
NLAB	Het Netherlands-Latin American Business Council
NVCC	Netherlands-Vietnam Chamber of Commerce
NWP	Netherlands Water Partnership
PPP's	Publiek-private partnerschappen
PSI	Private Sector Investeringsprogramma van agentschap NL
PRC	Partnerships Resource Centre
SANEC	Netherlands Chamber of Commerce
SPA	Strategic Partnership Agreement
VP	Voluntary Principles
WNF	Wereld Natuur Fonds
WTO	World Trade Organisation



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