

# Bilateral Economic Co-operation (BES) 'Stimulating international enterprise'



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## 'Stimulating international enterprise'

Fact sheet from the portfolio of the department of Trade and Industry version January 2008

### Status

In the months to come the Ministry of Agriculture, Nature and Food Quality (LNV) will be focusing particularly on the new EU member states in Central Europe, the 'new neighbours' of the EU and a number of 'priority' countries, such as Russia and China.

### Facts and figures

- The agro sector accounts for 10% of the Dutch GNP.
- The Netherlands is the 2nd largest exporter of agricultural products (approx. 50 billion euros).
- Agricultural products account for 15 to 20% of the total value of Dutch exports.
- Three-quarters of the Dutch trade surplus is agricultural.
- 80% of Dutch agricultural exports go to the 25 EU countries; 65% of agricultural imports come from the same 25 countries.
- Germany is the Netherlands' main agricultural trading partner.

### Period

Ongoing

### Parties involved

An extensive Trade & Industry network with the Agency for International Business and Cooperation (EVD), LNV agencies such as LNV departments, other ministries, agribusinesses, the financial sector, civil society organisations, knowledge institutes and various organisations in other countries

### More information

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*The object of the BES programme is to promote trade and investment (particularly in the SME sector), to strengthen bilateral relations and to improve the image of the Dutch agricultural product. The instruments of the BES programme are implemented in collaboration with the departments of the Ministry of Agriculture, Nature and Food Quality (LNV) and in dialogue with agribusinesses with a view to reducing informal transaction costs for agrofood and agroindustry companies on the one hand, and doing justice to social and political priorities on the other.*

### Context

Conducting international transactions involves certain costs for an agrofood company. These transaction costs are both official (such as import levies and quotas) and unofficial (such as differences in traditions and trade practices, language, difficulty accessing local networks, and the cost of maintaining relations at a distance). Transaction costs are incurred as a result of market imperfections, which include a lack of information about foreign markets, limited access to information about foreign markets, and a lack of financing and insurance capacity for emerging and developing markets. As official trade barriers disappear, the relative importance of unofficial transaction costs increases. LNV uses the instruments of the BES programme (which are often thematic) to reduce unofficial transaction costs.

### Instruments

The instruments of the BES programme are linked to social and political priorities such as promoting innovation, corporate social responsibility, organic, sustainability, the environment, animal welfare, the Millennium Goals, and so on, and can be grouped into three categories. The first category concerns instruments that promote the international orientation of Dutch businesses and primarily include activities related to information and public relations. To promote international participation by the business sector, the instruments used are primarily related to assistance, promotions and market influences. Finally, instruments are used that focus on positioning the Dutch products (nation branding and public diplomacy). This primarily involves providing information abroad and levelling non-tariff barriers.

### Challenges

The aim is to increase how closely the BES programme meets the needs of entrepreneurs – particularly those in the SME sector – and is in line with social and political priorities. Trade and Industry maintains all of the related contacts, but needs more input in order to be able to optimise the value of the programme.

### Compatibility with Ministry policy

Maintaining the international competitive strength of the Dutch agrocomplex is one of LNV's long-term goals. This issue is also reflected in the government coalition agreement: an innovative, competitive and enterprising economy, which ensures prosperity even in the face of increasing international competition. Work needs to be done on maintaining and reinforcing competitiveness. The memorandum on 'Choosing Agriculture' also reflects this principle. International enterprise is necessary in order to facilitate innovation and continue promoting sustainability worldwide. The BES programme responds to this need.

### Benefits

The BES programme promotes the international expression of national social and political priorities by means of targeted support for increasingly international agribusinesses, particularly the SME sector.