Dutch Economic Diplomacy in the Western United States,

Strategies for Entrepreneurs and Investors

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Abstract

How is the economic diplomacy on the West Coast of the United States? This research provides a unique insight in the effectiveness of economic diplomacy of the Dutch government. While this research looks to the United States and West Coast economy, it also looks to the future of the Transatlantic Trade and Investment Partnership. All the states within the jurisdiction of the Consulate General in San Francisco are subjected to a set of economic indicators. Together with the focus industries, the economic indicators determine the two states that appear to be the most promising. The economies of Arizona and Washington State are investigate in detail, as they are the two most promising states. Together with analyzing the states economies, main industries and major cities this research determines that the GDP, state's imports, job support, state growth and industries determine the effectiveness of the economic diplomacy. Not surprisingly, it turned out that other states hold a number of new opportunities for Dutch economic diplomacy. This research also shows that the strategy developed by the Consulate General in San Francisco is not suited for all the thirteen states.

Keywords: Consulate General in San Francisco, Economic Diplomacy, Economic Indicator, Industries, Strategy, United States West Coast

Contents

1. Introduction

The Kingdom of the Netherlands is a nation that has been involved in international business for centuries. The Netherlands has a strong relationship with the United States that dates back to the discovery of America. The bilateral relationship between the Netherlands and the United States is based on historical and cultural ties as well as common ideas on topics such as human rights, individual freedom and democracy. The Netherlands and the United States therefore often work together in bilateral and multilateral institutions such as World Trade Organization, the North Atlantic Treaty Organization and the United Nations (Consulaat Generaal San Francisco, 2017b). The relationship between the two nations already resulted in numerous jobs, sound investments and international trade. The Netherlands has been in the top five of largest foreign investors in the United States for years. Vice versa, the United States is the leading single-country investor in the Netherlands. All the investments support the job market in both nations with approximately 740.000 jobs (Koninkrijk der Nederlanden in de VS, 2016). Maintaining diplomatic relationships with a foreign power such as the United States implies accreditation of an Ambassador to the head of state of that particular power. This does not necessarily means that the Netherland has an Embassy in all nations in which it maintains diplomatic relations as an Ambassador can be accredited to several governments. The Embassy is the formal and official channel through which two governments communicate in the foreign nation (Nationaal Archief, 2010). A Consul or Consul General manages the Consular Post, whether or not honorary. Where the duties of an Embassy focuses on the political relationships, the Consulate General focus is on the economy and obviously consular tasks. The Consulates General are always subordinate to the Embassy, which is located in the capital of the "receiving" nation or state. Diplomatic and consular missions[1] can be active in multiple states, often the jurisdiction reaches geographically further than the state in which they are established, which is also the case for the Consulate General in San Francisco. The jurisdiction of a Consulate or Consulate General can be several districts, for the purpose of a number of small Honorary Consulates (Horbach, Lefeber and Ribbelink, 2007). The tasks carried out by a Consulate General are:

a. Representing the Kingdom of the Netherlands in other countries or states

[1] Worldwide, the Ministry of Foreign affairs of the Kingdom of the Netherlands has some 150 Embassies and Consulate General. Additionally there are 345 honorary consulates, which have limited power. All of these governmental bodies represent the Kingdom of the Netherlands. Together they are called 'missions' (Government of the Netherlands, 2012)

b. Maintaining the foreign relationships through contacts with the government of the receiving state
c. Outside the territory of the Kingdom of the Netherlands, defending and protecting the interests of Dutch civilians
d. With all lawful means, collect information of countries and states which could be of interest for the Dutch government and its civilians
e. Outside the territory of the Kingdom of the Netherlands to perform legal, judicial and administrative acts and activities which, under international agreements and the laws and regulations of the Kingdom diplomatic and consular officials are assigned or to which they are entitled to
f. Maintain and strengthen the relationship between the Kingdom of the Netherlands and the receiving state and enabling the development of economics, scientific and cultural aspects
g. Providing of passports and travel documents to citizens of the receiving state for entering the Kingdom of the Netherlands
h. Perform other acts and activities on behalf of the Dutch government.

All these tasks have to be executed in accordance with the customs of the Kingdom of the Netherlands, international law, national law, international treaties and other agreements (Nationaal Archief, 2010). Economic diplomacy is typically an interdisciplinary subject to the field of international economics and international relations (Bergeijk, Melissen & Okono-Heijmans, 2011b). It aims to influence decisions on cross-border economic activities pursued by governments and non-state actors (Woolcock & Bayne, 2007, Okana-Heijenmans, 2011). Economic diplomacy is the use of government relations and influences in order to stimulate international trade and investment. Alternatively, Yakop et al., (2011) states, economic diplomacy is the use of international political tools to obtain economic objectives. Economic diplomacy is increasingly used by numerous countries to stimulate the internationalization of companies, which found their origin in their country (Moons and de Boer, 2014). Within this research, economic diplomacy is outlined as follows: "economic diplomacy is the use of traditional diplomatic tools such as intelligence gathering, lobbying, representation, negotiation and advocacy to further the foreign economic policies of the state" (Donna & Hocking, 2010, p. 1221).

1.1 Introduction of the Topic

Diplomatic and consular missions of the Netherlands located in the United States are as follows: the Embassy in Washington D.C., the Consulates General in Chicago, Miami, New York and San Francisco. Furthermore, the Netherlands Foreign Investment Agency in Atlanta, Boston, San Francisco, the NBSO in Houston and twenty-five Honorary Consuls are also part of the Dutch diplomatic and consular missions (Koninkrijk der Nederlanden in de VS, 2016). The Consulate General in San Francisco provides the exemplary case study of this research. The Consulate General has thirteen states under its jurisdiction, from which the focus is mainly on California with an emphasis on Silicon Valley and the Bay Area. The Consulate General's strategy of 2017 until 2021 originated in regards to the Silicon Valley success story. The question arises here is how successful is this strategy for the other states? The narrow focus of the Consulate General could result in, new opportunities in other states are not actively explore. Nevertheless, how do we define the effectiveness of the Dutch economic diplomacy? In 2010, the Consulate General relocated from Los Angeles to San Francisco where it handles economic, consular and minor diplomatic tasks within their jurisdiction. The core task is to promote economic and trade relations between the Netherlands and the United Stated. Analyzing the market in terms of local investment climate, international trade, economic policies and trends (Government of the Netherlands, 2012). By doing so, the Consulate General contributes and stimulates the Dutch competitiveness in the international market. Figure 1 shows the company structure of the Consulate General in San Francisco. The *Office of the Consul General* functions as the overarching representation of the Netherlands in San Francisco and consists of the Consul General and the Deputy Consul. Both the Consul General and the Deputy Consul are maintaining the relationship with the local governance of their jurisdiction. The *Netherlands Foreign Investment Agency* (NFIA) assists American companies located at the West Coast to jump-start or either expand their pan-European operations, free and on a confidential basis. The NFIA services include in-person meetings to discuss needs, general background and personalized insight on site selection and logistics strategies, guidance and data on tax regulations, labour issues, permit procedures and introductions to Dutch networks, supplies and government authorities. *Consular Affairs* (CA) offers a wide range of consular services to both Dutch and non-Dutch citizens in the United States and WW-II victims (Vienna Convention, 1963). *Economic Affairs* (EA) supports the economic health of Dutch market by consulting with relevant state and local authorities and business communities, providing the Dutch business community with pertinent information, organizing trade promotional events and other activities that focused on knowledge exchange and business development. The department's activities are focused on water management, agriculture, the environment, IT and the creative

industries with a main emphasis on start-ups and scale-ups. The core task of Economic Affairs is to assist Dutch entrepreneurs and investors to generate business in the jurisdiction of the Consulate General. The *Public Diplomacy, Communications & Creative Industries* (PCC) officers promote a greater understanding of the Netherlands through special events, campaigns, partnership with non-profit organizations and participation in conferences. The department encourages and facilitates cooperation and exchange between the Netherlands and the United States in relevant fields such as water management, sustainable urban planning, international law and human rights and the creative industries. *Bedrijfsbureau and Management Support* (BB) facilitate the day-to-day operations by providing administrative, logistical and technical support to all departments in order to ensure productivity and efficiency. The *Holland innovation Network* (HIN/IA) provides expertise concerning local science, technology trends and developments in the areas of life science and health, high-tech systems, IT, agriculture and food, sustainability, creative industries, innovation and entrepreneurship. The network provides local contacts to technology companies, research institutes, incubators, governments and universities from the Netherlands. The Holland Innovation Network specializes in finding the relevant information and best partners for interested parties form the Netherlands and the United States (Kingdom of the Netherlands, 2017). In total thirteen states are served by the Consulate General: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington State and Wyoming. At this point, seven states (Arizona, California, Colorado, Hawaii, Oregon, Utah and Washington State) have an Honorary Consuls, which represents the Netherlands in their district. Honorary Consuls are recognize under international law by the Vienna Convention (1963), which provides the judicial basis and general framework for the consular relationship between nations. The tasks and competences performed by an Honorary Consul support a modern proactive and public economic diplomacy and image. In order to be eligible for recognition as an Honorary Consular officer in the United States, an individual has to meet a set of criteria (Department of State, 2003; United Nations, 1963). First, possess a consular title recognized by the United States government, while being a citizen or legal permanent resident of the United States. Furthermore, the individual should not hold an office of profit or trust with the United States government or position with a state, county or other municipality by such entity to be incompatible with the duties of a foreign consular officer, reside in the area where recognition is requested and be over 21 years of age. The Netherlands also set criteria, which have to be met before appointing a new Honorary Consul. The person has to exercise or have exercised a professional activity with the exception of positions resulting in clear risk of conflict of interest, have a spotless reputation for both local authorities and the business community, have the ability to defend the interests of the

Dutch citizens, has to live in the consular district and have the maximum age of 80. It is not necessary that a new Honorary Consul has or had the Dutch citizenship. They are foremost recognized by the Dutch government as a person of influence, capable of furthering the objectives. Honorary Consuls perform their duties from their own district. Being an Honorary Consul comes with a limitation on authorizations, on the contrary to government officials, the Honorary Consul is not an employee or part of the government itself but acts under the organizations responsibility. They are not professional diplomats and often make their living in other industries. Fulfilling the function of an Honorary Consul does not come with a monetary compensation, it is a voluntary position. Typically, Honorary Consuls have two primary tasks: support bilateral economic relations and consular support. The first involves promoting trade, investment and technology transfer vice versa. The second too safeguard and protect the interests of the Netherlands and the citizens traveling or resident in their district (Stringer, 2007; United Nations, 1963).

The Consulate General in San Francisco has developed a strategy, which is the foundation for the way of operating. The strategy is part of the broader nationwide multi-annual plan headed by the Embassy in Washington D.C. The strategy is design for the period of 2017 up and until 2021. The Consulate General has reoriented their strategy and now consists out of the following aspects: (i) recalibrating of mission, vision and goals, (ii) improving the collaboration and synergy between the different teams, (iii) streamlining and formulating of consistent policy on the requests that the Consulate General receives and (iv) making the choices for which activities and industries to focus on. The reorientation of the Consulate General is created upon the success and main activities of the last years. The Dutch government has identified the top industries in, which the Netherlands performs above average. Based upon this information, the Consulate General main industries became the Tech, Life Science & Health, Energy Transition Francisco, 2017a).

1.2 Research Approach

In literature, multiple articles address the concept of economic diplomacy. There seems to be a focus on the economic diplomacy effects on the international economic flow. According to Rose (2007), the opening of an Embassy or Consulate is associated with 6 to 10 percent higher exports from the sending country. Van Veenstra et al., (2011) however, find a smaller effect of 0.5 to 0.9 percent additional exports when increasing the number of Embassies and Consulates by 10 percent. Exploring micro data for the Netherlands, Creusen and Lejour (2011) find an export promoting effect of trade missions of 5 to 20 percent, where the higher number refers to the effect for low-income countries, but their estimates for missions to high-income countries are insignificant. Additionally, the interactions between measures of economic

diplomacy are explored. The type of diplomatic representation seems to matter. Embassies have a larger impact on trade than Consulates, while Honorary Consuls on average do not add value to international trade (van Bergeijk, de Groot and Yakop, 2011a). In addition, the effectiveness of Embassies and Consulates as well as export promotion agencies depends on the level of development of the trade partners. The impact of economic diplomacy seems to be the strongest in North-South, South-South and South-North trade and weak for the flows between rich (OECD) countries (van Veenstra et al., 2011, Creusen and Lejour, 2012). The activities of a broad range of semi-permanent international representations (Embassies, Consulates and other public sector business support facilities), domestic institutions (investment and export promotion offices) and diplomatic bilateral activities (trade and state visits) are part of the field of economic diplomacy (Woolcock et al., 2007; Bergeijk et al., 2011a; Moons, 2012; Moons and Bergeijk, 2013). It seems that economic diplomacy is successfully used for opening up new markets for domestic companies, i.e. increasing the extensive margin of trade (Gil-Pareja et al. 2007; Volpe Martincus et al, 2010a, 2010b; Volpe and Carballo, 2011; Segura-Cayuela et al., 2008; Moons, 2012). Effects of economic diplomacy on the intensive margin of trade seem to be more pronouncing for developed countries rather than developing countries (Moons, 2012).

When looking in particular to economic diplomacy on the West Coast of the United States, there is no research that looks to the specific combination of economic indicators used in this research. This research is written with qualitative data from industry and states statistics. There is a still a grey area for the Consulate General in San Francisco regarding the effectiveness of their strategy and the economic diplomacy. The available literature does not provide enough insight to determine the effectiveness or new possibilities for Dutch entrepreneurs and investors. Additionally, the Consulate General has yet failed to research the effectiveness of their economic diplomacies and possibilities connected to this. Therefore the central question of this research is:

Which indicators define the effectiveness of the economic diplomacy of the Netherlands in the Western United States?

This research question aims to examine the effectiveness of economic diplomacy exercised by the Consulate General in San Francisco. The literature does not provide a specified answer for the Consulate General, which can be used in order to measure the effectiveness of Dutch economic diplomacy. This research will function as a parameter for the strategy and the effect on the economic diplomacy on the Western United States. Numerous Dutch entrepreneurs and

investors have crossed the sea to expand or invest in the United States. However, the question remains how does the Consulate General serves the interests of the Dutch business community. In order to assess the effectiveness of economic diplomacy on the West Coast, there will looked in detail to the economic situation of the different states. The following two sub question will contribute in answering the research question:

Which two states are the most promising for Dutch entrepreneurs and investors based on economic indicators?

To what extent are the focus industries from the Consulate General key industries for the state's economy?

With a set of economic indicators, the thirteen states will be examined in the first sub question. In order to measure the effectiveness of the economic diplomacy a variety of economic indicators is chosen which reveal the economic status of each singular state. The following economic indicators will determine which two states are most promising for Dutch entrepreneurs and investors: the size of the state, the populous size, gross domestic product (GDP), the personal income per capita (PCPI), the economic rank[2], import per state as a total of the United States import, the product specification from import from the Netherlands, jobs supported by Dutch investments, the foreign direct investment (FDI), the top 30 seaports and finally the state's main industries based upon their contribution to the state's GDP. After the different indicators are ranked, the two most promising states will appear. The two states with the most economic indicators will be further examined in the second sub question. The focus industries of the Consulate General are important when answering this sub question. A more detailed structure of the state's economy is described. Eventually this research will function as a parameter to check whether the strategy is suitable for the different states and how effective the Dutch economic diplomacy is on the West Coast. It could be possible that the strategy is suited for thirteen states or that the strategy should be adapted in order to serve all the states.

[2] In comparison with all the American States and the District of Columbia. Business Insider (2015) ranked the economies of the states on seven measures: unemployment rates, gross domestic product per capita, average weekly wages, and recent growth rates for nonfarm payroll jobs, house prices and wages. Additionally, Business Insider also looked to the location of the headquarters of the Fortune 1000 companies and which industries were disproportionately important

1.3 Outline of the Research

This research is structured as follows: the current chapter introduces the topic and defines the area of research. Chapter 2 provides the necessary background information needed to complete the research. The chapter provides information about the economy of the United States and the West Coast and the Transatlantic Trade and Investment Partnership. Chapter 3 addresses the first sub question: "which two states are the most promising for Dutch entrepreneurs and investors based on economic indicators?" In order to answer the first sub question, this research uses multiple economic indicators in order to score the states. The economic indicators are selected due to their contribution to the states (economic) growth. Chapter 4 will address the second sub question: "To what extent are the focus industries from the Consulate General key industries for the state's economy?" The two states, which scores the most economic indicators, import products, seaports and industries will be further examined in this chapter, where key industries are an important indicator. Ultimately, the research question: "which indicators define the effectiveness of the economic diplomacy of the Netherlands in the Western United States?" will be discussed and answered in chapter 5. The most important findings of chapter 3 and 4 will be combined and analyzed, which leads to answering the research question. Finally, the last chapter will provide a recommendation for not only future research but also for the focus of the Consulate General's strategy.

2. Background Information

The following section provides the necessary background information needed to get a clear understanding of the research area. The background information exists of the economy of the United States and the West Coast, furthermore a brief explanation of the Transatlantic Trade and Investment Partnership is provided. Although the Netherlands and United States have many similarities, both nations have a different economy and market. The Transatlantic Trade and Investment Partnership is an important aspect in the time of change. The partnership is from vital importance to encourage international trade especially for smaller companies as many Dutch entrepreneurs seek to export to the United States.

2.1 The United States and West Coast Economy

The Netherlands and the Unites States both have a highly developed international market. Both economies are among the biggest and strongest in the world. Hence, the markets are in many ways connected to one another. Although both economies have suffered the consequences of the global economic crisis, both nations recovered while still being among the most important economies and markets in the world. The following section provides background information about the United States and West Coast economy and market. Over the previous years the

United Sates economy has experienced numerous positive developments such as improvements of the broad trade balance, energy production has risen while prices have decreased and the United States has maintained strong performance in services export. The trade and investments have risen strongly relatively to the size of the economy. The economy of United States is influenced by the risen global economy, the nation will benefit from staying engaged in the global economy. (Consulaat Generaal San Francisco, 2017b).

According to the World Bank (2016), the United States has the world's largest economy with a GDP of $17.9 trillion and one of the strongest economies in the OECD (OECD, 2016). Besides the highest GDP, the United States is also one of the leading nation in trade, exporter and global investors in terms of direct investment. The United States is innovative in multiple industries and often frontrunner in the development and use of new technologies. Hence, the economy of the United States is considered to be the most innovative economy of the world (Koninkrijk der Nederlanden in de VS, 2016). As a result, the United States experienced a transformation in the economic sectors where developments such as artificial intelligence, big data, cyber security, nanotechnology and e-health found their place. Some of these industries are also among the top industries from the Netherlands. For the Dutch economic diplomacy, this creates unique opportunities. The Netherlands has done groundbreaking research, which resulted in a unique knowledge position in several of the industries.

2009 was the end of the global economic crisis and at the same time the year that President Barack Obama was elected President of the United States. In 2009, the nation was recovering from, among others, a historically low GDP due to the global economic crisis and the collapse of the United States markets. Thanks to the low inflation percentage, the nominal GDP growth was low (Table 1). The table shows that in 2014 the GDP growth increased while the inflation remained low. The transition from 2015 to 2016 also experienced a decrease. Due to the strong dollar, exports decreased and oil prices collapsed the nation experienced a higher inflation while experiencing a lower GDP growth. However, after the official end of the global economic crisis, the GDP started to recover and the GDP per capita of 2016 is almost to its pre-recession level (Bureau of Economic Analysis, 2017; Trading Economics, 2017). Although these numbers are overall positive, it must be mentioned that the economic diversity in the United States is big, the economic climate of the different states is shaped largely by non-federal level. Economic growth in the recent years mainly occurred in the urban agglomerations, which have a sufficient supply of human and financial capital, good quality technical universities and connectivity (Consulaat Generaal San Francisco, 2017b). As a result,

the metropolitan areas experienced a population growth while the rural areas experienced a reduction.

The United States is the third largest import and export nation in the world after China and the European Union. International trade supports over 39.8 million jobs in the United States alone. In other words, 1 in 5 jobs are related to international trade (Census, 2017), which makes it an important aspect of the nation's economy. In case of this research, it is more interesting to look the nation's import rather than the export. The Netherlands is 23rd based on import, which implies there are opportunities for enhancement. Table 2 shows that overall the import has decreased comparing 2015 to 2016. 2017 however, shows an increase in import within the first month. Table 3 shows that the most important collaborates in trade are China, Mexico and Canada. Looking at 2014 and 2015, the import from Canada and the Netherlands decreased with a minimum of 15 percent, while Mexico rather remained the same and China experienced a slight increase. In 2015 and 2016 all the major trade partners, including the Netherlands, experiences a decrease although the deterioration is less extensive. Table 4 shows an overview of the United States economy, which shows the recovery after the global economic crisis. In a healthy economy, the GDP, unemployment and inflation are in balance. The GDP has experienced growth since 2009, unemployment rates have fallen and inflation has become rather low. The forecast in table 5 shows that the GDP will increase until 2018 but is likely to decline again after. The import on the other hand, will remain increasing in the near future. However, it is expected that there will be a gradual strengthening in world trade over the next couple of years provided President Donald J. Trump do not follow through on his protectionist threats (Talavera, 2016 and 2017). The new policy focus of President Donald J. Trump is about strengthening the United States economy with a great emphasis on defense, energy and infrastructure. The energy policy has the ultimate goal of being independent of oil from the OPEC countries. Over the last couple of years, the United States experienced a revolution in clean and sustainable energy. President Donald J. Trump wants to shift once again towards using coal instead of renewable and clean energy (Rabobank, 2017). With the focus on infrastructure, the President is aiming for a better quality in telecommunication network (Trump, 2016a). Defense is the one policy area that could have a positive effect on the Dutch economic diplomacy. Expanding defense will directly mean the need for new materials and technology. However, President Donald J. Trump wants to end the trend of increasing international investments and trade (EC, 2016a) by withdrawing and renegotiating the TTIP and NAFTA[3]. On the other hand, the President policy focus of

[3] The North America Free Trade Agreement (NAFTA) is the international trade agreement between Canada, United States and Mexico, which creates a trilateral trade bloc in North America. The trade agreement came

international trade is directed more towards China and Mexico instead of the European Union (Trump, 2016b). The trading route between the European Union and the United States has been solid for numerous of years. For the last couple of years, there has been put a lot of time and energy in improving the trade- and investors conditions. Given the current preoccupation of the United States in trade relations with neighboring countries and China, it is expected that the TTIP negotiations continue the earliest in the second half of President's Donald J. Trump term (Consulaat Generaal San Francisco, 2017b). There is still the hope that the current president will focus on the pro-growth fiscal agenda rather than the anti-trade agenda. Ever since the presidential election of 2017, there is much uncertainty about the functioning of the United States in the world. For example, unemployment is low at this point, medium level jobs are disappearing which raises concerns about future standard of living of many Americans. The earning gap between groups of different levels of education has been widening. Although looking at the long run, all groups have gained ground in nominal terms. In addition, the aging population also creates a longer-term challenge. Overall, the employment growth in the United States has been relatively good, with total average monthly non-farm employment growth of 157.000 since the global economic crisis ended in 2009 (Shatz, 2016). However, non-governmental organizations are concerned about lowered health and environmental standards, unions fear a further weakening of labor conditions and economists debate whether there will actually be any noticeable impact on employment and GDP growth (Pelkmans, 2015).

Still the United States has a complex economy where all the states have their own identity and economic system. While often reviewed as one, the economy of the United States is complex economy with significant differences between the state's economies. There is not only diversity in business but also a geographic diversity that often influence or define the industries. For example, the capital Washington D.C. is the political center while Silicon Valley is the location for high-tech innovation. The West Coast of the United States plays an important part in the international market and is therefore called the gatekeeper for international trade in the United States. (West Coast Corridor Coalition, 2008). The West Coast counts numerous ports that distribute to the rest of the United States. The business environment on the West Coast is often experienced as a relax atmosphere with an entrepreneurial attitude. Currently, the rural areas experiencing the brain drain effect while the metropolitan areas have experienced extensive growth over the last years. Between 1970 and 2000, the West Coast

into effect on January 1, 1994. The agreement established the largest free trade region in the entire world in both means of populations and GDP (North American Free Trade Agreement, 2016)

absorbed about one-quarter of the total United States population. Most likely, this number will only grow in the near future (California Chamber of Commerce, 2017).

2.2 Transatlantic Trade and Investment Partnership

Originally, TTIP should create equal trade opportunities for big and small companies. It aims at creating economic growth and jobs for both parties by removing trade barriers such as (European Commission, 2015): opening up the Unites States to European Union firms and vice versa, helping cut the red tape firms face when exporting, setting rules to make it easier and fairer to export, import and invest. As a result, TTIP should stimulate economic growth, cut prices and provide the consumers with more choice. For companies it lowers the barriers and open ups the overseas market, which is expect to result in more export and investments. In particular, smaller companies could benefit from the TTIP agreements. The objective from the European Union is to ensure an ambitious and balanced outcome across the three main market access areas: tariffs, services and public procurement. The market access is all about a better market access by removing customs duties on goods and restrictions on services better access is gained to the public markets which makes it easier to invest (Pelkmans et al, 2014; European Commission, 2015). Figure 2 provides an overview of the current structure of the TTIP agreement. Trade in goods and customs duties cuts or scrap customs taxes on goods that nations export. Services that make it easier to sell services, public procurement to let the European Union firms bid for United States public contracts. Furthermore, rules of origin, which agrees on rules that determine where a product is from. Improve regulatory coherence and cooperation by dismantling unnecessary regulatory barriers such as bureaucratic duplication of effort. Regulatory cooperation is about cutting red tape, costs without cutting corners, while being split into horizontal chapters and specific industries. Regulatory cooperation which agrees on ways to cooperate to set new rules, technical barriers to trade in TTIP which are cutting the cost of complying witch each other's standards, food safety and animal and plant health in TTIP which ensures food, animal and plant imports are safe, while cutting unnecessary red tape and vehicles. Rules are new rules to make it easier and fairer to export, import and invest. TTIP stimulates to improve cooperation when it comes to setting international standards by the means of sustainable development that is protecting people at work. Furthermore, the environment, energy and raw materials that ensures firms access to energy and raw materials. Customs and trade facilitation, which cuts red tape at customs and simplifies paperwork, enterprises that help smaller firms benefit fully from the TTIP agreement. Additionally, investment protection and investor-state dispute settlement, which encourages the United States to invest in the European Union while protecting the European Union government's rights to regulate as they see fit. State to state dispute settlement, which

helps governments sort out disagreements, competition policy that allows the European Union and United States firms to compete on equal terms and intellectual property rights and geographical indications which ensures firms can profit from research and help shoppers choose food from a particular region.

All of this creates possibility for Dutch entrepreneurs and investors in the United States, which could lead to an increase in the Dutch economic diplomacy. However, the presidency of Donald J. Trump makes the situation uncertain. Not only has the President withdrawn the United States from the current TTIP, also new national regulations caused concerns. Trade with individual states could become interesting in terms of economic diplomacy, as several policies are arranged on the local level instead of the federal level. At the same time, which consequences the new policy focus will have on the Dutch trade with United States remains uncertain at this point.

3. Two Promising States

This section discusses different economic indicators of the thirteen states in order to answer the first sub question: *Which two states are the most promising for Dutch entrepreneurs and investors based on economic indicators?* The economic indicator are chosen, either due to their influence on the state's economy or as an indicator of the effectiveness of Dutch economic diplomacy. After the discussion, the different indicators determine which two states are the most promising for Dutch entrepreneurs and investors. Because the Consulate General's strategy has been developed by the means of the success story of California, this state will not be up for detailed investigation.

3.1 General State Information

The resort of the Consulate General in San Francisco reaches thirteen states on the United States West Coast. This section provides a general description of the state's economies including the top industries based upon their GDP. Alaska, located in the northwest of North United States and is the largest state in size and received statehood in 1959. The state has experienced a massive brain drain during the last years as approximately half of the residents currently live in the metropolitan areas of other states. Fishing, oil and minerals attraction, which is more than 90 percent of the state's exports goods, are the driving factor behind the economy (Bureau of Economic Analysis, 2016). The oil and gas extraction accounts for 17.5 percent or $8.7 billion of the state's GDP (24/7 Wall Street, 2015). The other main industries are tourism and timber (Census, 2016; Independent America, 2017). In the southwest region, Arizona is located, which has become a state in 1912. The GDP growth outpaced the nation

during the past two years, which resulted in a strong labor market. Arizona has a diverse economy with multiple key industries (Business Insider, 2015; Bureau of Economic Analysis, 2016). The ambulatory[4] healthcare is at this moment the main subsector with a GDP of 4.6 percent or $11.8 billion of GDP. Of the 2.2 million private employees, approximately 6.6 percent are employed in the subsector, which makes the healthcare the biggest state's industry (24/7 Wall Street, 2015). The other main industry is the aerospace and defense, which experienced a growth over the last years of six percent. Other main industries in Arizona are technology & innovation, renewable energy and agriculture (Arizona Commerce Authority, 2013; NetState, 2016). Although California has a strong economy, the state will not be considered for further research. The focus of the Consulate General is already on the state and therefore the state is not eligible for further research. California's economy is the largest in the United Stated with a gross state product over $2 trillion. "International trade and investment is a major economic engine for the state of California that broadly benefits businesses, communities, consumers and state government" (California Chamber of Commerce, 2017, p.126). The computer and electronic products manufacturing is the largest industry with 3.6 percent or $74.7 billion GDP (24/7 Wall Street, 2015). Other main industries are agriculture, aerospace, service and motion pictures industry more commonly known as Hollywood (Census, 2016; Independent America, 2017). The five seaports are the port of Los Angeles, Long Beach Port, Port Hueneme, Oakland Port and the San Diego Port are in the top 30 of ports of the United States. The Los Angeles Port and Long Beach Port are among the most important ports in the United States (Burnson, 2012; U.S. Maritime Administration, 2009). Furthermore, 10 percent of the Fortune 1000 headquarter in California (Business Insider, 2015). Colorado is located in the mid-west and receive statehood in 1876. With 5.2 percent or $13.8 billion GDP, broadcasting and telecommunications is the largest industry (24/7 Wall Street, 2015). Other main industries include services, leisure and hospitality, education and health and agriculture (Adams, 2009; Census, 2016; Colorado, 2016; Independent America, 2017). Twenty-three Fortune 1000 companies headquartered in Colorado (Business Insider, 2015). Hawaii received statehood in 1959 and therefore the most recent state, which exists entirely out of islands. Due to favorable weather, beautiful nature and a relaxing atmosphere, Hawaii is a popular tourist destination, which is at the same time also the main industry. The tourism industry generates $3.8 billion or 5.4 percent GDP (24/7 Wall Street, 2015; Business Insider, 2015). The other main industries are defense, agriculture products, manufacturing and the

[4] Ambulatory care covers most outpatient services such as preventive care and routine procedures. Activity in the industry is mainly driven by the health practitioners themselves, as ambulatory care typically does not depend heavily on facilities or equipment (24/7 Wall Street, 2015)

services industry (Census, 2016; Independent America, 2017). Honolulu is ranked number 30 among the most important and biggest seaports in United States (Burnson, 2012). Idaho is located in the northwest and has received statehood in 1890. The computer and electronic products manufacturing is the state's main industry with a 5.5 percent or $3.1 billion GDP (24/7 Wall Street, 2015). The other main industries are advanced manufacturing, healthcare, aerospace and agriculture & food production (Census, 2016; Idaho Commerce, 2017; Independent America, 2017). Since 1889, the northwestern region state Montana has officially received its statehood. The state main industry is hospitalities, nursing and residential care facilities with a GDP of 4.8 percent or $1.9 billion (24/7 Wall Street, 2015). Furthermore, Montana is a big and wide-open state and known for its large cattle ranching industry (Business Insider, 2015). Other important industries are construction, agriculture, mining and retail trade (Census, 2016; Independent America, 2017; Wagner, 2014). Nevada received its statehood in 1864 and is known worldwide for its entertainment industry. Every year the industry with a 10.9 percent or $13 billion GDP attracts millions of tourists and casino-goers (24/7 Wall Street, 2015). Other large industries for the state of Nevada are logistics, manufacturing, energy and aerospace (Census, 2016; Independent America, 2017; Nevada Governance's Office, 2017). The state of New Mexico is in the southwest region. The main industry with 4.5 percent or $3.7 billion GDP is the oil and gas extraction (24/7 Wall Street, 2015). The other main industries are healthcare, accommodations and foodservices and educational services (Census, 2016; Independent America, 2017). In the Pacific Northwest, Oregon is located, which received its statehood in 1859. The state's largest industry is computer and electronic products manufacturing with a GDP of 18.9 percent or $41.13 billion (24/7 Wall Street, 2015). Other major industries are trade & transport & utilities, federal & state & local government, education & health services and professional business services (Census, 2016; Independent America, 2017). Besides, the seaport of Portland is in the top 30 of the most important seaports of the United States (Burnson, 2012). Utah is located in the western region of the United States and has received the statehood in 1896. Currently, the largest industry in Utah is the Federal Reserve Bank, credit intermediation and related services industry. Accountable for $6.8 billion or 5.5 percent of Utah's GDP (24/7 Wall Street, 2015). Other important industries for Utah are aerospace, renewable resources, digital media and distribution (Census, 2016; Export.gov, 2016; Independent America, 2017). Furthermore, four Fortune 1000 companies headquartered in Utah (Business Insider, 2015). Washington State is situated in the Pacific Northwest region and has received the statehood in 1889. The state's largest industry is information and communication technology. The industry is accountable for $30.2 billion or 8.0 percent of the states GDP, which is rather high. Just eleven states in the

entire United States have a larger percentages contributing to their state's GDP (24/7 Wall Street, 2015). Besides the publishing industry, Washington State also has a large agriculture industry. The other main industries of Washington State are life science & global health services, aerospace and clean technology (Census, 2016; Chamber of Commerce State of Washington, 2015; Independent America, 2017). Besides, both Seattle and Tacoma are in the top 10 seaports in the United States (Burnson, 2012; U.S. Maritime Administration, 2009). Eleven Fortune 500 companies headquartered in Washington State (Business Insider, 2015). Finally, Wyoming is located in the Mountain Region and has received statehood since 1890. Mining is the largest industry from, which nearly $4.9 billion or 14 percent from Wyoming's GDP comes from this industry (24/7 Wall Street, 2015). The other four main industries are agriculture, real estate, manufacturing and logistics (Census, 2016; Independent America, 2017; Wyoming department of agriculture, 2017).

3.2 Economic Indicators and State Selection

Twelve economic indicators will help define the top five and ultimately the two most promising states for further investigated. Table 7 gives an overview of the states km^2 and population (incl. rank). Although both numbers are not economic indicators, it is important to include these in order to get a reliable indication of the most promising states. Table 8 provides the GDP and the PCPI[5] per state (incl. rank). The GDP is one of the primary economic indicators, which reveals the economic health of the states. California has the highest GDP of the United States followed by Washington State, Colorado, Arizona and Oregon. Among the latter four states, the GDP is not outspokenly high. The PCPI of mainly Alaska and Wyoming are interesting. Although Alaska has the lowest GDP of the thirteen states it has the highest PCPI. This is often due to changes in income, which can obscure discrepancies between demographic groups and concentration of wealth, however some demonstrate key economic trends of the last few years. In the case of both Alaska and Wyoming, the latter is more likely the case. Oil, coal and natural gas rich states experiencing strong income growth and therefore have a higher PCPI. Table 9 shows the economic ranking in, which Colorado is second. The import as a share of the United States total is exceptional high for New Mexico which is ranked 48th on the states economies. Oregon has the highest share of 4.2 percent of the total import while Utah is the lowest with 0.0. When looking to the import from the Netherlands in table 10, we see big differences between the states and the changes percentages throughout the years. Looking at the top five of the value of 2015 some states experienced a percentage change of more than a 100 percent, other states experienced a decrease of almost fifty percent. There is no clear

[5] PCPI is calculated as the total personal income of the residents of a state divided by the population this state. In computing per capita personal (Bureau of Economic Analysis, 2016)

explanation for this big difference in import from the Netherlands, it could however depend on the supply and demand of products. Figure 3 shows the product specification of the import from the Netherlands. Notable is that all the states imported computers and electrical equipment, in the case of four states it was even their main import product. Furthermore, products that seems to be the most imported are agriculture products, processed food, machinery and chemicals. Table 11 shows the jobs generated by international trade including the percentage based upon the population of table 7. The trade and investments with California, Washington State and Utah created the most jobs (Economic Ties Holland, 2016). The percentage of California and Washington State are explainable by the amount of Dutch companies in the state; the high number in Utah is a mystery. Table 12 selects the two most promising states based upon the indicators. Table 12 is created with the information from figure 3 and tables 6 up to and including 11. The different indicators are chosen based upon their contribution to either the state's growth or economies or as an indicator of Dutch economic diplomacy. California, Washington State, Arizona, Colorado and Oregon are the top five of the most promising states. When we simply count the total amount of indicators in table 12 and add the amount of imported products from the Netherlands, seaports and corresponding industries, we conclude that Arizona and Washington State have the most economic indicators.

Table 12: Economic Indicators

State Selection based upon Economic Indicators[6]

Indicators **States**	**Size**	**Populous Size**	**GDP rank**	**PCPI**	**Economic Rank**	**Import of total US**	**Import from Netherlands**	**Import from NL product specification**	**Jobs generated by investment[7]**	**Dutch FDI**	**Seaports (top 30 in the US)**	**Industry Focus of State Economy**
Alaska	X			X				Computers and electrical equipment	X			
Arizona	X	X	X			X	X	Computers and electrical equipment Agricultural products		X		Agriculture Healthcare Renewable energy Technology and innovation
California[8]	X	X	X	X	X	X	X	Computers and electrical equipment Agricultural products	X	X	Los Angeles, Long Beach, Port Hueneme, Oakland, San Diego	Agriculture High-tech
Colorado		X	X	X	X	X	X	Computers and electrical equipment	X	X		Healthcare Agriculture
Hawaii								Computers and electrical equipment			Honolulu	Agriculture products
Idaho								Computers and electrical equipment				Healthcare High-tech Agriculture/Food products
Montana	X							Computers and electrical equipment Processed foods				Healthcare Agriculture
Nevada								Computers and electrical equipment Processed foods				Energy
New Mexico	X					X		Computers and electrical equipment				Healthcare
Oregon		X	X		X	X	X	Computers and electrical equipment Processed foods Agricultural products			Portland	Healthcare High-tech
Utah					X			Computers and electrical equipment	X	X		Renewable energy
Washington		X	X	X	X		X	Computers and electrical equipment Processed foods Live animals and animal products	X	X	Seattle, Tacoma	Agriculture Clean technology Life science and global health
Wyoming				X				Computers and electrical equipment				Agriculture

Table 12: Bureau of Economic Analysis (2016); Business Insider (2015); Census (2015 and 2016); City Population USA (2016); Economic Ties Holland (2016); Kingdom of the Netherlands (2012)

[6] Only the top 5 per indicator is selected and shown in this table
[7] In perspective of the state's population presented in table 7: General Overview of the States
[8] California is will not be taking into consideration for selection. The Consulate General in San Francisco already has their main focus on California

4. Arizona's and Washington State's Economy

This chapter explores the economy of the two states with, according to table 12, the most economic indicators, Arizona and Washington State. The aim of this chapter is to answer the second sub question: To what extent are the focus industries from the Consulate General key industries for the state's economy? The chapter will provide a general overview of the state's economy with a narrow focus on the key industries.

4.1 Arizona's Economy

Arizona also referred to as Grand Canyon State or Copper State, has a nine-hour time difference with the Netherlands. Phoenix is the capital and biggest city in population with 1.5 million residents (Census, 2015). When Columbus discovered the United States, Arizona was inhabit by ancestors of the present day Indians. The Spanish priest Marcos de Niza was the first European to arrive in Arizona in 1539. Arizona was originally part of Mexico, the land was ceded to the United States in 1848 and became a separate territory. After the American-Mexican War, the United States gained control over the southwest that includes Arizona, which became a part of the Territory of New Mexico. At the start of the Civil War, Arizona separated from the United States and joined the Confederacy. In 1863, President Lincoln signed a bill making the western half of the Territory of New Mexico a separate territory, which is currently known as Arizona (Kessell, 2003). Moreover, Arizona is famous for the many Wild West stories in its history and has therefore been subject and decor of many Hollywood movies. Beginning of the 20th century, Arizona's economy was thriving on cattle, cotton, citrus and copper (Office of the Governor, 2016). Arizona always has been a predominantly urban area, especially since the mid-20th century, when urban and sub urban areas grown rapidly. The population was estimate a little over 7 million in 2017 (World Population Review, 2017), which shows over half a million growth compared to the official 2010 Census results. With a fast growing population, Arizona was the second fasted growing state in the United States from 1990 to 2000. The state's population had nearly grown with 40 percent. Looking at the current situation, Arizona is the seventh fastest growing state from 2010 to 2015, with a cumulative growth of 6.82 percent. According to Census (2015), the five main cities of Arizona, based upon population are Phoenix (1.563.025), Tucson (531.641), Mesa (471.825), Chandler (260.828) and Gilbert (247.542). Of these five main cities, Phoenix and Tucson are the most important cities of Arizona. Both of the cities have the most residence, the largest economies, generate the most jobs and play an important role in the international market.

4.1.1 General Economic Overview

For the general economic overview, this research looks to economic indicators. Table 13 shows Arizona's economy at a glance and starts with the unemployment rate, which is one percent higher than the United States average. On the other hand, the future and current job growth are far above the national average. Sales Taxes are rather high compared to the average while the incomes taxes are below average. The household income however is significant lower than the national average. When looking at the percentage of poverty it is considered high, with more than 3.5 percent above the national average. Table 14 shows the growth in population from 2010 to the estimated population in 2020. 2010 shows the highest increase in population with 2.22 percent. Although Arizona has known an explosive growth before the global economic crisis, the table shows that the growth in population becomes less extensive. Before the global economic crisis, Arizona populations had an average growth of 3.2 percent a year. Both Phoenix and Tucson experienced slow moving population growth. In Phoenix the population increased by 67.500 in 2016 which is accountable for 87.3 percent of state's growth. Phoenix's population growth decelerated form 1.8 percent in 2015 to 1.5 percent in 2016. Although these numbers are consider to be well above the national average, before the global economic crisis Phoenix's population grew with an average of 3.6 percent per year. When looking at Tucson, population's gains accelerated slightly in 2016, rising from 0.2 percent in 2015 to 0.4 percent last year. Overall, the Tucson population grew with 3.700 residents, which accounted for 4.8 percent of state's gains. The population growth in Tucson remained below the national average and well below average population growth before the global economic crisis with 2.4 percent a year (Hammond, 2017). Table 15 shows the unemployment rates from 2010 until 2017. The table shows Arizona's unemployment rates remains above the United States average. In 2010 and 2015, the unemployment rates had the largest difference with the national average. In 2010, Arizona was still recovering from the economic global crisis. However, for the extensive difference in 2015, no direct explanation could be find in this research. In 2017 however, the unemployment rate is almost equal to the average United States level. Looking at table 16, which shows the real median household income, we see the same trend as in table 15. The Arizona real median household incomes remain under the United States average every year. In 2011, we see a decrease in the median household that corresponds with the United States average. Although the latest numbers on real median household incomes have decreased compared to 2014. Currently Arizona's economy is declining rather than growing. The economy slowed during the fourth quarter of 2016, with jobs rising very little over the year. Job growth was down from the third quarter performance and even slower than national gains. Furthermore, the merchandise exports have declined the

last year. Overall, the economy continues to expand but slower than was predicted a couple of years ago. Currently, there are many uncertainties for the state such as: federal tax, the future of international trade, immigration and regulatory policy (*ibid.)*.

Multinationals and start-ups more often choose Arizona over other states. The state has a variety of industries on a more affordable location. The state is trying to stimulate business with favorable taxes such as, no unitary tax, no inventory tax, no franchise tax and no municipal income tax. Another example is that Phoenix collects, instead of sales taxes, the privilege taxes for the privilege of doing business with the city. Arizona has developed targeted incentives, which encourage the recruitment of desirable new business and stimulates the growth of already existing business in the state (City Data, 2017). Four of the Fortune 500 companies headquartered in Arizona. A couple of years ago, the government has decided to put the focus on life science and high-tech.

4.1.2 Arizona Industries

According to the Arizona Commerce Authority (2016), the state selected eight focus industries for the coming years: agriculture, natural resources, technology & innovation, aerospace & defense, astronomy & astrophysics, vineyards & wine, bioscience & life sciences and renewable energy. In 2014, the export of agricultural products exceeded the $1.4 billion with the majority of cotton and fresh products. The top five commodities by market value include vegetables ($764+ million), dairy products ($762+ million), cattle and calves ($700+ million), greenhouse/nursery ($315+ million) and cotton ($224+ million) (2012 Ag Census). Additionally, Arizona is considered the second producer of lettuce, cauliflower and broccoli production. Because of the cotton industry, Arizona's cotton farms generate enough cotton to produce 100 million pairs of jeans, or in other words, provide 30 percent of the United States population with jeans. Natural resources is another important industry and is subdivided into mining, potash and forestry. Arizona is particularly focused on copper mines, as the state is responsible for 65 percent of all the copper in the United States and the sixth-largest producer in the world. There are 27 major mines in Arizona, which produce copper, gold, coal, cement, uranium and lime. All together, the industry accounts for $4.87 billion. The Arizona Geological Survey estimates that there are between 682 million and 2.27 billion metric tons of potash in east-central Arizona. Potash mining in northern Arizona has the potential to produce over 2.5 tons of potash, a vital crop nutrient that supports the world's agricultural, food supply and mining market. Furthermore, with more than 2.4 million acres of pines, Arizona's national forests are important in the national forestry industry. The biomass industry uses the byproducts of forest management to produce bio-based products such as ethanol, furniture and lumber. Arizona is poised for continued growth and strong economic performance in the

high-tech and innovative industries. Among the top employment sectors are aerospace and defense, semiconductors, electronics and software and IT. TechAmerica Foundation's 2015 Cyberstate Report notes that over 132.000 jobs in Arizona are directly from the high-tech industry. Arizona has over 75 incubators, accelerators and co-working spaces around the state (Arizona Commerce Authority, 2016). Arizona is a frontrunner in the aerospace and defense industry; communities in Arizona are significant contributors to the national aerospace and defense industry. The industry's GDP experienced a growth of nearly six percent, the third highest concentration in the state. Being accountable for more than 52.000 states jobs directly and 150.000 indirect, the industry is a key driver of the state's economy. When looking at the astronomy and astrophysics industry, Arizona is home to some of the world largest and leading observatories, which contribute to national security, global navigation and scientific discoveries. In addition, Arizona counts more than 80 bonded wineries, which represent 1.000 acres of planted vines. Allied with the wine industry is also the sustainable feature such as net zero for water usage and provision of sufficient use of natural light, which makes it possible during daylight to use no artificial lighting. Bioscience and life science are the current focus industry. From leading edge research in genomics, biodefense and public health, to best-in-class health care, bioscience and life science are flourishing in Arizona. In particular, Flagstaff plays an important role in the industry, as 64 times more medical device manufacturing is located here compared to the rest of the state. Several long-time presences of leading firms still make Flagstaff the most important city in the state in terms of bioscience and life sciences. The last focus industry is the renewable energy whereas Arizona is the world leader in the renewable energy sector. Several solar and hydroelectric power installations are located throughout Arizona. Due to the Renewable Energy Standard and Tariff, 15 percent of the energy should come from renewable energy resources by 2025. Arizona is number one in the United States for solar power per capita and number two for annual solar installation (Growth Nation, 2017).

4.1.3 Phoenix and Tucson Economy

Phoenix is, with a variety of industries, the center for international business and trade in Arizona. The manufacturing industry for instance is diverse but particularly strong in aerospace and electronics, which makes that several frontrunners in the industry are located in Phoenix. Additionally, the information technology industry represents hundreds of companies, which are involved in software development, computer system integration and providing internet service. Furthermore, the healthcare services and bioscience industries have experienced a growth since 2002 of three times of the national average. The city has a high concentration of hospitals, biomedical campuses and research institutes. In addition, the

Renewable Energy Tax Incentive Program makes Phoenix the primary location for solar and renewable energy companies. The program allows the companies of renewable energy to receive tax breaks when they either growing or expanding in Arizona. Due to the variety of industries, Phoenix's labor force is not reliant on a single industry (Growth Nation, 2017). Because of this, numerous companies decide to headquarter in Phoenix. Among these companies, there are three Fortune 500 companies. The highest ranked in the Fortune 500 is Avnet. The technology distributor on the 102nd place with a revenue of $27.925m. Second, on number 175 the mining company Freeport-McMoran with revenue of $15.877m. On place 312 is the Republic Services, which focus on waste management. With a revenue of $9.115m, it is the lowest ranked in the Fortune 500 located in Phoenix (Fortune 500, 2017). The most recent measure in 2013 for Open Data Network shows that the Phoenix Metro Area has a GDP per capita of $44.803. Tucson's economy has traditionally been about mining. However, in the early 1990s Tucson experienced a slowdown in the main industry and looked to the economic diversity. Today, the Tucson economy mainly exists out of arts, tourism, manufacturing and the high-tech industry. Tucson has primarily promoted the expansion in the high-tech industry. Currently, over 300 local companies are directly involved in information technology. Other fast growing high-tech areas are the bio-industry, aerospace, environmental technology, plastics and advanced composite materials. Tucson had a GDP per capita in 2013 of $33.471.

4.2 Washington State's Economy

Washington State, which is also referred to as the Evergreen State, was named in honor of the first president of the United States, George Washington. Washington has a nine-hour time difference with the Netherlands. Originally, Washington State was a part of Oregon Country. Spanish explorers visited the territory in 1775. In 1790, the British-Spanish Nootka Convention ended the claim of exclusivity from the Spanish, opened the northwest coast to other traders and explores from foremost European nations. During this time, the American captain Robert Gray discovered the mouth of the Columbia River, which he named after the ship and to which the state's territory was originally named. In 1863, the final eastern boarder for the state was established by the creation of the Idaho Territory (Ritter, 2003). After the European settlements, prominent industries for Washington State included agriculture, fishing, lumber and mining. During the Second World War, the state focus shifted to the war industries with a prominent role for the Seattle Seaport. Additionally, the atomic energy plant played a significant role in the construction of atomic bombs during the Second World War.

Over the previous years, Washington State has experienced a population growth mainly in the metropolitan areas. Seattle is an example of a city that experienced a massive growth after the global economic crisis. According to Census Bureau (2010), half of the state's

population was located in Seattle, Tacoma and Bellevue Metropolitan Area's. In 2015 (Census Bureau, 2016) the population was estimated on 7.17 million up from 6.72 million that was recorded in 2010. The state has enjoyed a healthy growth rate of 1.27% (World Population Review, 2017). The five main cities of Washington State, based upon population are Seattle (684.451), Spokane (213.272), Tacoma (207.948), Vancouver (172.860) and Bellevue (139.820). Although Olympia is the state's capital, with a little more than 50 thousand residents it is a rather small capital (Census Bureau, 2015). Seattle and Tacoma have the largest economies, generate the most jobs and play an important role in international.

4.2.1 General Economic Overview

As stated before, Business Insider (2015) ranked the different states according to their economic status. In 2015, Washington ranked number five. However, the most recent numbers of Business Insider (2016) actually ranks Washington State economy as number one in the United States. Washington scored extremely high on the different economic indicators of Business Insider. Especially the second quarter annualized GDP stands out with 8.0 percent. For the general economic overview, this research looks to table 13, 14, 15 and 16. Table 13 shows the Washington State unemployment rates that are above the United States average. However, when comparing to Arizona, the unemployment rates in Washington State are more than 0.50 percent lower. On the contrary, the recent job growth is lower compared to Arizona but higher than United States Average. Future job growth is centered between the United States average and the future job growth in Arizona. When we look at the states taxes, it is interesting to see that Washington State has no income taxes, which could explain why labor intensive industry prefer Washington over other states. Washington is no exception in not charging income taxes as a state, however, the state often finds another source of taxes. Washington State has high sales taxes, which is 4.50 percent above the United States average. Looking at the household income, compared to Arizona and the United States average the household income is far above average, with a difference over $10.000. Furthermore, the poverty percentage is lower than Arizona and the United States, which shows a growing state. Table 14 shows the increase in population from 2010 to the forecast of 2020. Like stated before, the population of Washington State remains growing in the coming years. After the global economic crisis, Washington State's population experienced an increasing curve for the first two years. In 2012, the population experienced a decrease of almost 1 percent. However, when we look at the population forecast we see a stable growth. Table 15 shows the unemployment rate from 2010 to 2017. What especially seems interesting is the fact that, the unemployment rate, except from 2016, is always lower in Washington State compared to Arizona. When we compare the rates to the United States average however, the majority rates are above the

national average. Table 16 shows the trends in the real median household Income. The trend, which we see in table 13, had continued in the years 2010 to 2015. The real median household income is far above the national average and Arizona. Especially 2014, which has a difference of more than $11.000 with Arizona and more than $7.700 with the national average. It is argued that the high household income can be explained by different factors. First the rise of Seattle as a business district. Furthermore, the increase in international trade since the global economic crisis. Together with the state's economic growth, the household income has increased over the years.

Washington State's economy remains growing, however, there are multiple skeptics that fear a major setback for the state. Especially when President Donald J. Trump follows through on his anti-trade policies, which could have a negative effect especially on such a trade depending state as Washington. The state is host to eleven Fortune 500 (2017) companies from which the majority is located in Seattle. The highest ranked on the list is Costco Wholesale on number 15. One of the reason why these Fortune 500 companies decided to headquarter in Washington State is due to the state's infrastructure. Washington State has a good infrastructure when looking at the state's different ports. Furthermore, Washington State has become more affordable compared to locations such as Silicon Valley and New York. The state does not have a personal tax, franchise tax or corporate income tax however, it has some of the highest sales taxes in the nation (Smart Asset, 2017). Washington businesses are responsible for various other state levies such as business and occupation tax, a gross receipts tax that charges varying rate for different types of businesses. Persons that engage in Washing State's business are subject to business and occupation and/or public utility tax. These taxes are based on gross receipts of the business (Department of Revenue Washington State, 2016). The Business and Occupation Tax is measured on the value of products, gross proceed of sales or gross income of a business. The tax is calculated on the gross income from activities. This means there are no deductions for labor, materials, taxes or other cost while doing business. The tax varies by classification. Additionally, the state has retail sales taxes for business, which are making retail sales in Washington State that collect sales tax from their customers. Retail sales tax entails the sale of tangibles personal properties (*ibid.*).

4.2.2 Washington State Industry

According to Wieck and Wahl (2007), Washington State is one of the most trades depending states of the United States. The different ports contribute to the import and export from which the state's economy benefits. The importance of international trade for the regional economy should not be underestimated. "Import of goods or services into another economy mainly serves two purposes: they either enter the production change of the regional economy as

inputs in the manufacturing process or enter the marketing or transportation chain to satisfy final consumption and service demands by household or other institutions" (Wieck and Wahl, 2007, p. 6). Washington State's economy is driving on a variety of industries: information and communications, agriculture and food manufacturing, aerospace, life science & global health and clean technology. When looking at the information and communication industry, the ICT sector strategy facilitates sustainable investments, top talent capacity and growth in the state's innovative technology sector, including software, networks, gaming, ecommerce and big data. Fourteen thousand companies and nearly 200,000 tech-based workers are changing the way we manage, manipulate and interact with information. Legendary businesses such as Microsoft, Cray, Expedia and Amazon.com are joined by a new generation of companies such as Google and Facebook to bring new ideas to market quickly and efficiently (Department of Commerce, 2015a; Washington State Department of Commerce, 2012). Agriculture and food manufacturing need to have rich soils, a diverse climate and large-scale irrigation, which makes Washington State a leading state in agriculture. According to the Washington State Department of Agriculture (2017), the state total value of agricultural products was $10.2 billion. The 39.500 farms in the state produce and ship over 300 different crops, which ranks Washington State second in the United States. The food and beverages production support over 131.000 jobs in the state, where apples, sweet cherries, pears, raspberries and hops are the leading products (Department of Commerce, 2015a; Washington State Department of Commerce, 2012). After California, Washington State has the largest product of wine in the United States. The state has over 31.000 acres of vineyards and exports to more than 40 countries worldwide. Furthermore, Washington State is the undisputed global leader in aerospace, Washington's aviation industry goes back more than a century. The state has more than 1,400 firms in its aerospace cluster, developing and building products and services for major manufacturers and airlines throughout the world, including Boeing, Airbus, Embraer and Bombardier. Aerospace has a large and significant impact on the economy of Washington State. "Washington's aerospace cluster is anchored by the Boeing Company, with final assembly facilities for the 737, 747, 767, 777, 787, and the P-8 and KC-46 military aircrafts. Boeing activities support an extensive ecosystem of machine ships, composites manufacturers, avionics firms and many other important segments of the aerospace supply chain. Washington State is also home to firms engaged in unmanned aerial vehicles and more recent space technology" (Community Attributes Inc., 2016, p4.). In 2015, the aerospace industry directly generated $68.6 billion in business revenue. Almost 75 percent of the revenue was due to exports worldwide. Additionally, the industry was directly responsible for 93.800 jobs. Figure 4 presents the impact of the aerospace industry on the economy of Washington State from

2012 to 2014. The industry experienced a growth in all three economic aspects. However, looking at 2014 and 2015, it shows that wages and jobs have decreased. However, the revenue has increased with more than $8 billion. The aerospace industry is dominated by the King and Snohomish counties with a wide range of support activities and manufactures spread across the state. There is at least one aerospace related company in 35 of Washington's 39 counties (Department of Commerce, 2015b). The industry is exporting commercial aircrafts all over the globe and manufacture defense aircrafts used in the United States national defense. 19.2 percent of the United States total aerospace manufacturing employment is located in Washington State. Life science and global health is another important industry for the Washington State economy. This industry is comprised of excellent research institutions, motivated and talented entrepreneurs and well-established organizations that are recognize for their groundbreaking discoveries. The life science and global health industry is focused on recruiting new companies and organizations to Washington State, helping existing companies to expand and grow, increasing the number of internationally researchers and federal funding for Washington's research institutions. Some of the most important advances in medicine and global health have come from Washington State, including revolutionary new treatments for cancer, kidney disease and heart attacks. The critical mass of excellent research facilities, nimble life science companies and global health organizations is improving health around the world (Department of Commerce, 2015a; Washington State Department of Commerce, 2012). Last, the clean technology industry is one of the top priorities of Washington State. The state strives to create an economic climate where innovation and entrepreneurship can continue to thrive and create well-paying jobs. The clean technology industry works with a cross-section of industries and stakeholders to explore and perfect new technologies in production processes to improve their environment and business performance. Washington State is a major player in developing new, renewable and sustainable energy sources while protecting the environment. Businesses are engaged in an array of research and development projects utilizing wind, solar, tides, biofuels and biomass technologies that will reduce our carbon footprint or dependence on fossil fuels (*ibid.)*.

4.2.3 Seattle and Tacoma Economy

Seattle and Spokesman are the largest cities in Washington State. However, we cannot ignore the fact that the second largest seaport is located in Tacoma. Both Seattle and Tacoma have the largest GPD, generate the most jobs, have the largest seaports of the state and the most significant impact on the state's economy. For this reason, Seattle and Tacoma will be discussed in the following section. Seattle is a seaport city in King County and has a GDP per capita of $74.701. According to the Balk in the Seattle Times (2014), Seattle was the fastest

growing major city in the United States in 2013. Until the late 19th century, logging was Seattle first industry. After the Second World War, the main industries shift to shipping and aircraft manufacturing. With the founding of Amazon.com and Microsoft, the city experienced a massive population growth. Large players dominate the city's business industry in international business. Six Fortune 500 (2017) companies headquartered in Seattle. The list starts with number 18 Amazon.com, with revenue of $107.006m. The internet retailer created numerous jobs, which stimulate the city economy. Second, the coffee chain Starbucks on place 146 has revenue of $19.163m. Department Store Nordstrom is on place 197 and has revenue $14.437m. The forest products company Weyerhaeuser is with revenue of $7.082m ranked on place 373. On number 390 is the logistics company Expeditors International of Washington with revenue of $6.617m. Last is Alaska Airlines on place 459. The airline has revenue of $5.598m. Additionally, the success of Boeing and Amazon.com has caused a boost in the economy and Washington State's workforce (Seattle Business, 2016). Seattle was America's number 1 "smarter city" based on the government policies and the initiatives for a green economy. In 2005, Mayor Greg Nickels launched the US Conference of Mayors Climate Agreement that encourages United States cities to meet the goals of the Kyoto Protocol[9]. The government of Seattle announced the climate goals in 2010 for the coming years. One of the goals includes becoming North America's first climate neutral city by 2030 (Seattle City Council, 2017). Tacoma on the other hand is a mid-sized urban port city in Pierce County area that counts over 200.000 residents. Tacoma is the second largest city in the Puget Sound area. The connection of the railroad with the bay and seaports makes Tacoma an interesting distribution and international trade location. Tacoma's motto is therefore "When rails meet sails". Tacoma is home to several international companies, however none of these are in the Fortune 500.

Washington's ports are economic engines, which helps facilitating commerce, supports local and regional economic development and provides public goods such as marinas and parks. Across the state, the ports support economic activities through supply chain linkages. Washington is the most trade depending state in the entire United States. Approximately 40 percent of the state's workforce is related to international trade. Washington has multiple seaports and harbors, from which the most important are the Seattle and Tacoma seaport. Both the Port of Seattle and Tacoma are considered the economic engines when it comes to the state's international trade (Port of Tacoma, 2015). The ports of Tacoma

[9] The Kyoto Protocol is an international treaty which extends the 1992 United Nations Framework Convention on Climate Change that commits State Parties to reduce greenhouse gas emissions (United Nations, 2014)

and Seattle are the second largest container load center in the United States (Wieck &Wahl, 2007). Seaports marine cargo operations are a cornerstone for a region-wide economic cluster related to trade, transportation and logistics. The ports support a variety of direct jobs such as dockworkers, truckers and freight forwarders. Yet the economic significance of port facilities extends beyond the transportation sector to industries as diverse as agriculture, aerospace, retail and bioscience. The ports connect the regional farmers and manufacturers to the world market (Port of Seattle, 2013). The Seattle Seaport is operated by a government agency, is made up of 1.543 acres of waterfront land and nearby properties and is the fourth-largest container gateway in North America. On 21 April 2017, full imports brought year to date volumes to 462.427 TEUs (20-foot equivalent units) and exports to 324.743 TEUs. The seaport also has his own fire- and police department, portfolio of industrial and commercial real estate. Generating over 200,000 jobs and $20 billion in business revenue (Port of Seattle, 2013; The Northwest Seaport Alliance, 2017). The Port of Tacoma is an independent seaport, the port started with only 240 acres of land. Nowadays the seaport grew to a respectable size of 2.400 acres of land. Every year the port processes 13 million tons of cargo and over $25 billion of commerce. The majority of the exports exist out of agricultural products, grains and forest products, while imports mainly exist out of electronics and automobiles. Tacoma's marine cargo operations generate more than 29.000 jobs and nearly 3 billion dollars in economic activities. Combined, marine cargo operations at the ports of Seattle and Tacoma support 48.000 jobs and generate nearly 4.3 billion in economic activities (Port of Tacoma, 2015). In 2014, the Port of Seattle and the Port of Tacoma co-signed the agreement to jointly market and operate the marine terminals of both ports as a single entity, though they were not merging. Joint operations began with the formation of the Northwest Seaport Alliance in 2015, which created the third-largest cargo gateway in the United States. By the end of the year, more than 3.5 million twenty-foot equivalent units were handled by the Alliance (Port of Tacoma, 2015; The Northwest Seaport Alliance, 2017). The seaports could be a possibility for Dutch economic diplomacy as the Netherlands has advanced knowledge and technology in distribution logistics.

5. The Effectiveness of Dutch Economic Diplomacy

The following section is focusing on the primary question of this research: "Which indicators define the effectiveness of the economic diplomacy of the Netherlands in the Western United States?" The research question is answered by means of the two sub questions discussed in the two previous chapters.

5.1 Discussion

Geographically the Netherlands has a favourable position in both Europe and the Caribbean. The Netherlands is also referred to as the gateway to Europe. Together with the seaport in Rotterdam and Schiphol International Airport, the Netherlands is an attractive and ideal location for international trade. After the recent election, the Netherlands is reforming its own government for the coming four years. The future government formation will face several challenges in the now so divided and changing United States. Although the United States follows a new path, which is not entirely in line with the Dutch believes, the Consulate General in San Francisco still tries to create opportunities and offers a helping hand for Dutch entrepreneurs and investors in the western United States. With a reformed strategy, the Consulate General in San Francisco is trying to stimulate the economic diplomacy on the West Coast. The question however arises how effective is the Dutch economic diplomacy on the West Coast of the United States? By the means of five top industries, the Consulate General aims to stimulate the opportunities for Dutch entrepreneurs and investors. This research has looked to a variety of indicators. While some indicators contribute to the economic growth of the state, others reflect the actual effectiveness of economic diplomacy. The future of the Dutch economic diplomacy depends on a variety of factors. The combination of the different indicators shows the effectiveness but also the possibilities for necessary improvement. Currently, the United States faces several economic challenges, starting with the dollar surged upward in the fourth quarter of 2016 against many other currencies. When the dollar appreciates it puts downwards pressure on the United States exports and upward pressure on imports. Furthermore, ever since the inauguration of President Donald J. Trump the policy focus is shifting. During the previous term, former President Barack Obama, negotiated TTIP in order to strengthen the United States economy. The current President takes a different perspective on international trade and withdraws from the current TTIP and start new negotiations. By withdrawing the United States from the TTIP the future of economic diplomacy has become highly uncertain. President Donald J. Trump has a protectionist view and therefore focuses its political agenda for the next four years on: defense, energy and infrastructure. By focussing on these three policy areas, the President believes that the United States economy will be strengthened. However, by withdrawing from the current TTIP, the actions from the current President could be marked as an opposite move towards strengthening the United States economy.

Chapter three investigates the economy of the thirteen states within the jurisdiction of the Consulate General in San Francisco. Based upon economic indicators the states are ranked on their economic prospect for Dutch entrepreneurs and investors. Although chapter

three uses a variety of economic indicators, among these there are some key indicators which suffice as a head start when looking at effectiveness of economic diplomacy on the West Coast of the United States. The GDP is not directly an indicator on Dutch economic diplomacy, it does however functions as a parameter to the health of the state's economies. Furthermore, import from the Netherlands, import products from the Netherlands, jobs supported by Dutch investments, FDI and key industries are direct indicators of the effectiveness of the Dutch economic diplomacy on the West Coast. After ranking all the economic indicators in table 12, the top 5 most promising states appeared: Arizona, California, Colorado, Oregon and Washington State. California was the highest ranked of all the states. The majority of the Consulate General in San Francisco activities is already practice in California and therefore the state is excluded from this case study. Prove that the Dutch economic diplomacy is successful in California can be seen by the many Dutch investments and start-ups founded or expanding to Silicon Valley. Arizona is the second highest ranked state in this research and counts twelve economic indicators. Arizona's GDP shows that the state has a strong and healthy economy with a GDP of 290.9. When we look at the indicators directly linked to Dutch economic diplomacy, the import from the Netherlands in 2015 had the second highest value of Dutch import with a change over 25 percent. In 2010, Arizona's main import from the Netherlands existed out of agricultural products, computers and electrical equipment. Although the state has four of the Consulate General key industries, health care, renewable energy, technology & innovation and agriculture, the jobs supported by investments did not reach the top 5. Colorado scored eleven on the economic indicators. The GDP of the state is rather average and ranked on number 19. Although the import from the Netherlands is above average compared to the other states, the import has declined in 2014-2015 with nearly 50 percent. The state also made the top 5 when looking to the jobs supported by trade and investment between the Netherlands and the United States. The state mainly imports computers and electrical equipment from the Netherlands. Colorado only has two matching industries: health and agriculture. Oregon is the third most promising state in this research with eleven economic indicators. The state's GDP is around the United States average. Noticeable is that Oregon has the highest import from the Netherlands and experienced a growth of 117.7 percent in 2014-2015. On the one hand, for a state which experienced such a significant growth in import from the Netherlands, it is remarkable that the jobs supported by trade and investment between the Netherlands and the United States are the second lowest of all the states. On the other hand, both the high-tech and healthcare industry are equal to the Consulate General's focus industry from which the high-tech industry contributes 18.9 percent to the state's GDP. Besides, the main import products from the Netherlands are computers and electrical equipment,

processed foods and agricultural products. Last, Washington State scores fifteen on the economic indicators. On the one hand, the state has the highest GPD of the four states while on the other hand the imports from the Netherlands have declined with more than 40 percent. Still, jobs supported by the trade and investments are among the highest of the thirteen states. Import from the Netherlands mainly concerns computers and electrical equipment, processed foods and live animals and animal products. While the three key industries: agriculture, life science & global health and clean technology match the Consulate General strategy.

State Growth		
	Arizona	Washington State
Population growth 2010-2017	9.93	9.82
Future Population Growth 2017-2020	4.24	4.35
Unemployment Rate Change 2010-2017	- 6.1	- 5.7
Average Real Median Household Income	49.813	60.162

Chapter 4 examines the economic structure of the two most promising states: Arizona and Washington State. A successful economic diplomacy depends not only on the input from the Dutch government also the economic growth of the states plays a significant role in the effectiveness. The table above shows the state's growth in the previous and the future years. By means of this table, we can partly see the economic potential of the two most promising states. Although Arizona scores high on the different economic indicators, among the four the state is clearly no frontrunner. For the past 20 years, Arizona's economy was one of the fastest growing economies in the United States. Table 13 shows the economy of Arizona at a glance. The numbers on unemployment, household income and the poverty percentage show that Arizona is a struggling state, while on the other hand the number on recent and future job growth display prosperity. The economy of Arizona has experienced a slow down since the fourth quarter of 2016 which is expected to continue. This trend also continues in table 14, which shows a tempered population growth in the future. From 2010 to 2017, Arizona's population has grown with 9.93 percent. However when we look to the future growth, we see a slight decrease compared to Washington State. Table 15 shows a positive curve on the unemployment rates. Although the rates are above the national average, the unemployment rate has more than halves in 8 years. From 2010 to 2017, unemployment rate dropped with minus 6.1 percent while the national average dropped with only 5 percent. The real median household in table 16 however shows a big difference with the Washington State and national level. The average real median household income stays far behind the national average and does not exceed the 50.000. The industries that currently determine the effectiveness of economic diplomacy in Arizona are agriculture, healthcare, renewable energy, technology and innovation. While the agricultural industry produces enough cotton for 100 million pairs of jeans annually, the healthcare industry continues with leading edge research in genomics,

biodefense and public health. Where Arizona sometimes falls behind on the key economic indicators that determine the effectiveness of economic diplomacy on the West Coast, Washington State is always in the top 5. The state's economy has expanded over the last years, which resulted in being the strongest economy according to Business Insider. Table 13 shows the overview of the state's economy. Besides the current unemployment rate, the table shows a positive overview of the state's economy. Not only the recent and future job growths are above the national average, so is the household income. The poverty percentage on the other hand is well below the national average and Arizona. The growth in population in table 14 also shows a positive outlook. Over the last years, Washington State has experienced a steady and healthy growth in population; mainly the metropolitan areas had experienced the growth in population. From 2010 to 2017, the population growth was less extensive compared to the population growth of Arizona. However, the forecast shows a slight increase compared to Arizona. Compared to Arizona the unemployment rate has been lower on average. Hence, Washington State experienced a smaller unemployment change rate. Especially, the household income in table 16 shows a positive development in Washington State. The average real median household income is above 60.000, which is high compared to the national average. In total, Washington State has three main industries, which determine the effectiveness of economic diplomacy: agriculture, life science and global health and clean technology. The state is not only one of the largest suppliers of agricultural products they are also a frontrunner in the development and use of clean technology. Still, the scope of effectiveness in economic diplomacy can be broad interpreted. In this research, the effectiveness is determined by the GDP, the import from the Netherlands, jobs generated, FDI and industries. By means of these indicators, we see that the Consulate General is San Francisco serves the best interests of the Dutch business community. However, the effectiveness of economic diplomacy on the West Coast seems to lack in some of the states. The two states, which are determined to be the most promising based upon economic indicators, are not a perfect fit to the Consulate General's strategy. When looking at the states with less economic indicators and who are ranked lower, it is clearly that the effectiveness of Dutch economic diplomacy is less in these states. The Consulate General lacks a detailed insight in the different states economies. Looking at the future, the effectiveness of economic diplomacy on the West Coast of the United States could experience a drastic change, which potentially makes it more challenging to practice economic diplomacy. With the withdrawal from the TTIP but also from the Paris Climate Agreement and the new policy focus, it could become more challenging to exercise Dutch economic diplomacy. Together with the current strategy not being suitable to all the different states, the future of Dutch economic diplomacy and the bilateral relations has become highly uncertain.

6. Recommendation

The economic network of the Dutch government in the United States counts one Embassy, four Consulate Generals, one NBSO, three NFIA offices and twenty-five Honorary Consuls. In a nation, which has more than 323 million residents, the author considers this rather small for such an important partner. Because of this, the resorts jurisdictions exists out of multiple states that all have their own identity and economic structure. Although twenty-five Honorary Consuls assist the missions, it remains difficult to be active in different states and business environments. Around the United States, there are multiple major cities where opportunities are not fully utilized. Although van Bergeijk, de Groot and Yakop (2011a) argue that Honorary Consuls have no benefit to trade, it is the authors believe that more presence and partnership would be preferable in order to strengthen relationships on the local level and create new opportunities. Furthermore, it seems that the Consulate General in San Francisco has general knowledge instead of a detailed insight on the different states economic and business environments. Based upon the economic indicators in table 12, we can conclude with the strategy mainly suites the five states with the strongest economy rather than states that have lesser strong economies. Although it is imaginable that the Consulate General aims at the stronger economies, they are also representing the Dutch government in the other states, which at this point clearly fall behind. Chapter 3 shows many differences between the states, therefore it would suffice to research the states individually. It is recommendable to first start with the other two most promising states: Colorado and Oregon. Particularly interesting in Oregon is the high-tech industry, which contributes 18.9 percent to the state's GDP. Based upon the economic indicators that determine the economic diplomacy's effectiveness, the three key industries of Idaho equal to the Consulate General's strategy are interesting to investigate. Looking specifically to the industries, the aerospace and defense industry could hold new opportunities for the economic diplomacy on the West Coast. In Arizona the aerospace and defense industry is possibly an untapped source for economic diplomacy. With a GDP growth of six percent, Arizona is one of the frontrunners in the nation. Besides, in Washington State aerospace is a significant industry, which is the undisputed global leader as several leading manufactures headquartered in Washington State. The state has a variety of aerospace related companies for both the commercial industries and national defense. Also among the remaining states aerospace is an important industry. Although the Netherlands has several incubators, universities and organizations, which are involved in the aerospace industry, the Consulate General does not point it as one of its focus industries. The new policy focus of Presidents Donald J. Trump will create, besides new challenges, new opportunities for the Netherlands. Expanding defense and infrastructure directly means the need for new

materials and technology, which the Netherlands can provide. If the policy focus does shift, there could be an increase in imports of goods and services when looking at the forecasts. On the other hand, it is questionable if the Netherlands can significantly attribute to the energy sector. The focus of the Netherlands is on renewable energy source, precisely the opposite of the new policy focus from President Donald J. Trump. Overall, it seems that one strategy based upon the California success story is not suited for thirteen states with all their own identity, society and economy. The strategy best suits the states that are considered the economic frontrunners. The knowledge of the other states is however too little to fully explore the opportunities. Furthermore, the strategy is rather general and does not really go into detail on how the economic diplomacy should be exercised in all the different states.

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Appendix

Figure 1: Company Structure Consulate General in San Francisco

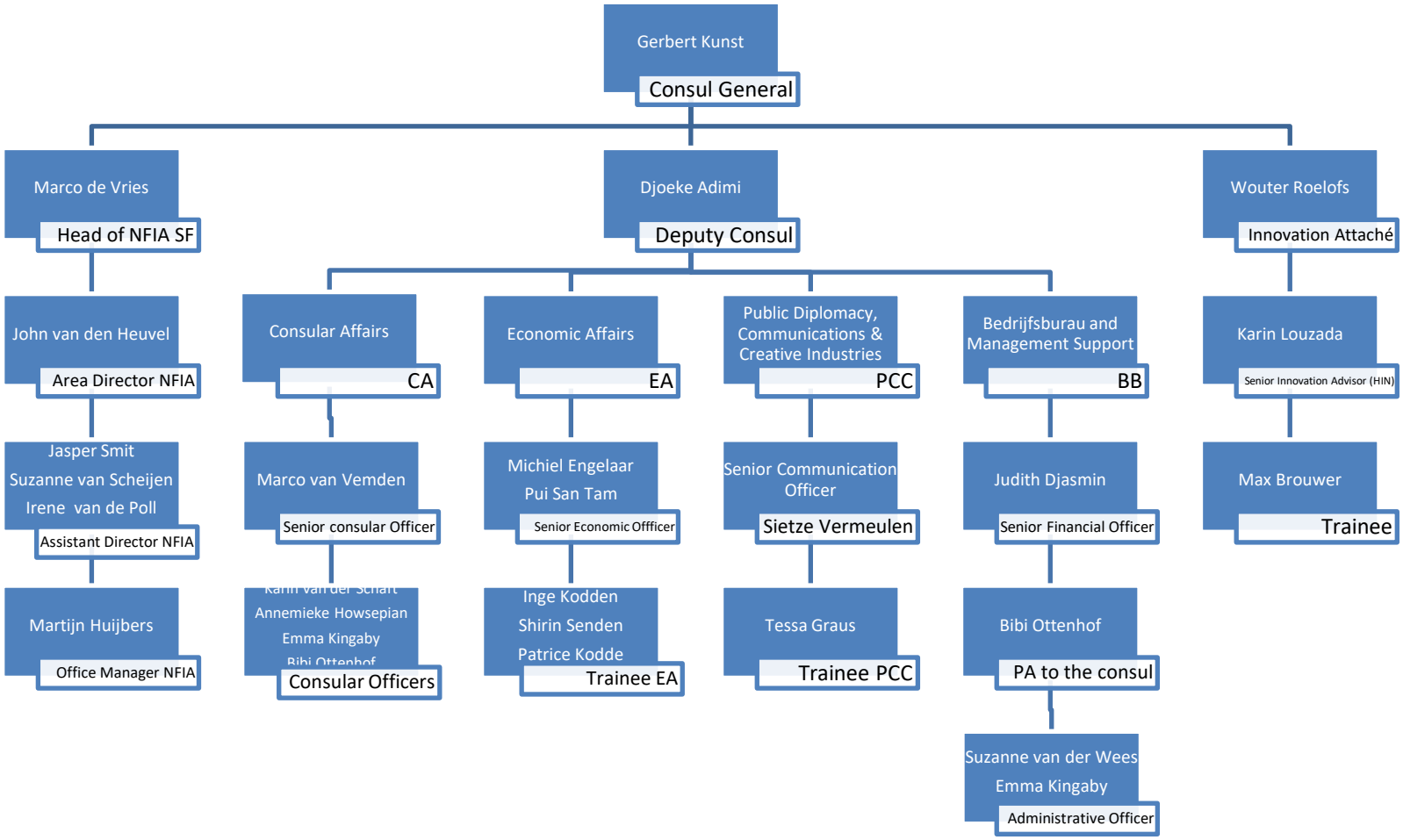


Figure 2: TTIP Overview

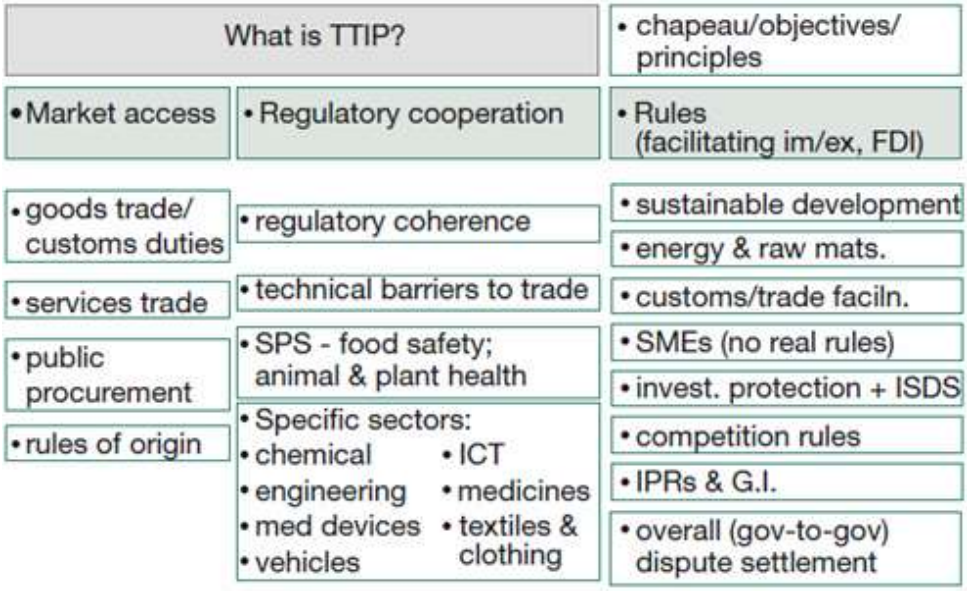
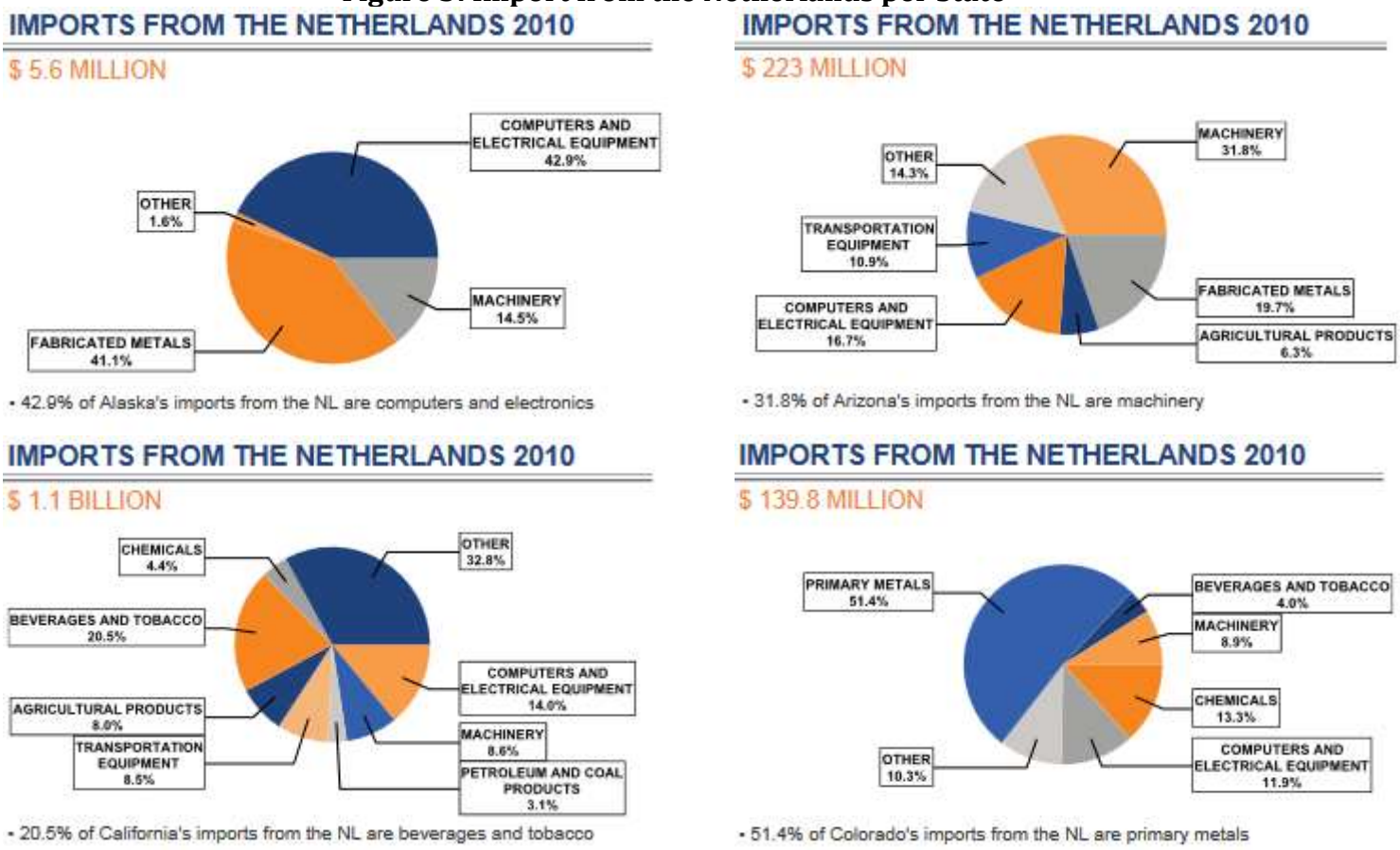


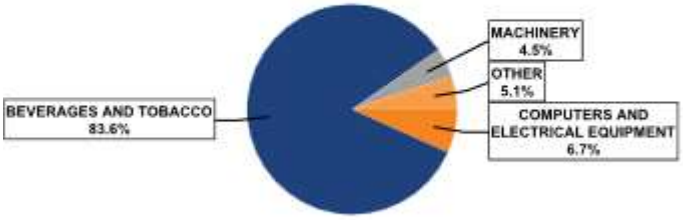
Figure 2: Hamilton & Pelkamans (2015)

Figure 3: Import from the Netherlands per State



IMPORTS FROM THE NETHERLANDS 2010

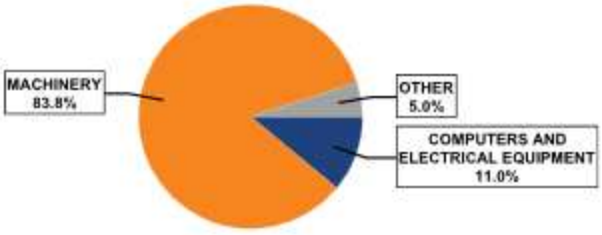
$ 10.3 MILLION



• 83.6% of Hawaii's imports from the NL are beverages and tobacco

IMPORTS FROM THE NETHERLANDS 2010

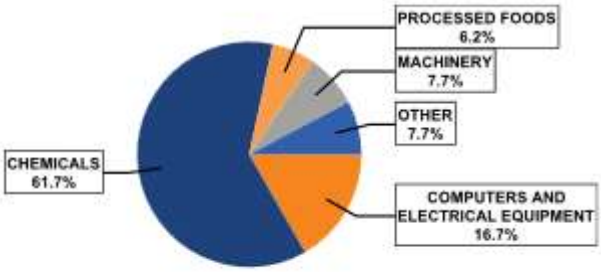
$ 79.6 MILLION



• 83.8% of Idaho's imports from the NL are machinery

IMPORTS FROM THE NETHERLANDS 2010

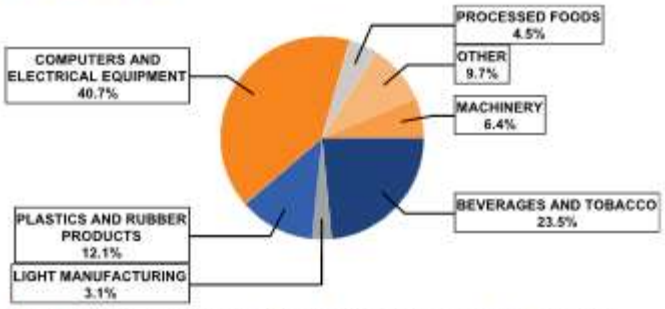
$ 1.1 MILLION



• 61.7% of Montana's imports from the NL are chemicals

IMPORTS FROM THE NETHERLANDS 2010

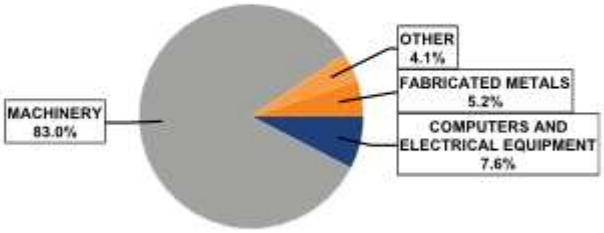
$ 29.7 MILLION



• 40.7% of Nevada's imports from the NL are computers and electronics

IMPORTS FROM THE NETHERLANDS 2010

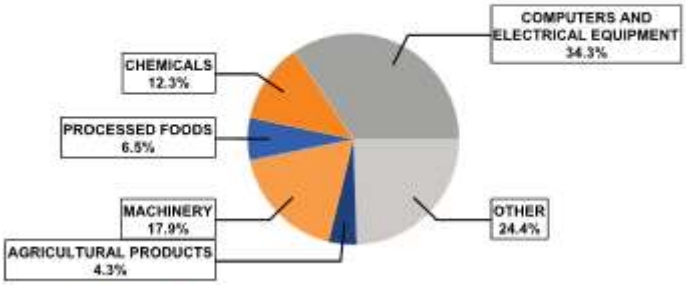
$ 137.7 MILLION



• 83% of New Mexico's imports from the NL are machinery

IMPORTS FROM THE NETHERLANDS 2010

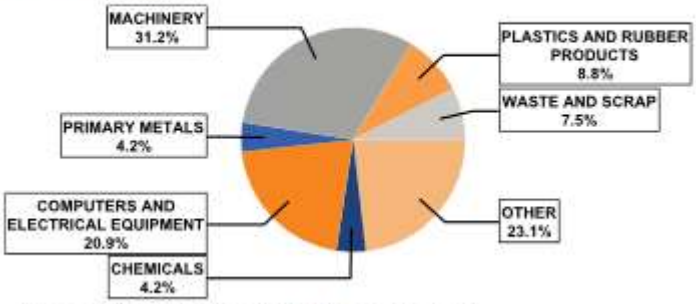
$ 58.8 MILLION



• 34.3% of Oregon's imports from the NL are computers and electronics

IMPORTS FROM THE NETHERLANDS 2010

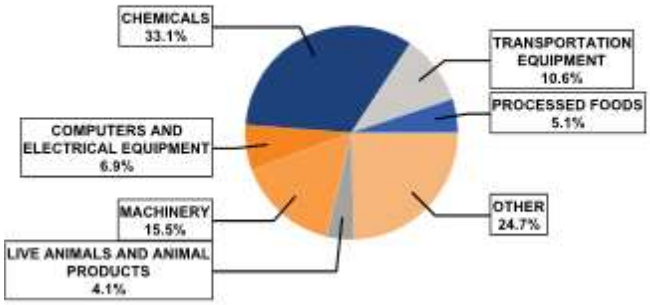
$ 19.2 MILLION



• 31.2% of Utah's imports from the NL are machinery

IMPORTS FROM THE NETHERLANDS 2010

$ 409 MILLION



• 33.1% of Washington's imports from the NL are chemicals

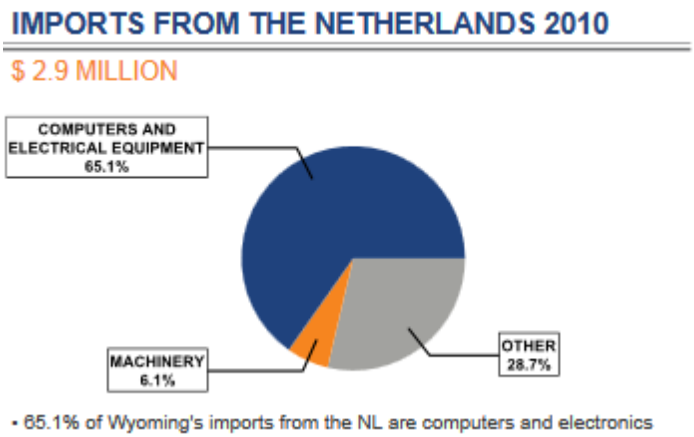


Figure 3: Kingdom of the Netherlands (2012)

Figure 4: Aerospace Industry Washington State

Figure 4: Community Attributes Inc., (2016)

Table 1: United States GDP

US GDP by year since 2009					
Year	GDP Growth Rate	Real GDP (trillions)	Nominal GDP (trillions)	GDP per Capita	Inflation
2009	(-) 2.8%	$ 14.419	$ 14.419	$ 47.280	2.7%
2010	2.5%	$ 14.784	$ 14.964	$ 47.806	1.5%
2011	1.6%	$ 15.021	$ 15.518	$ 48.757	3.0%
2012	2.2%	$ 15.612	$ 15.155	$ 49.039	1.7%
2013	1.7%	$ 15.612	$ 16.692	$ 49.472	1.5%
2014	2.4%	$ 15.982	$ 17.393	$ 50.718	0.8%
2015	2.6%	$ 16.397	$ 18.060	$ 51.123	0.7%
2016	1.6%	$ 16.660	$ 18.556	$ 57.300	2.1%

Table 1: Bureau of Economic Analysis (2017) and Trading Economics (2017)

Table 2: United States Import of Goods and Services

US Import Goods and Services (in millions US$)			
Year	**Total**	**Goods**	**Service**
2015			
January – December	2.761.525	2.272.868	488.657
January	234.024	193.537	40.488
2016			
January – December	2.712.639	2.209.592	503.047
January	222.170	181.048	41.122
2017			

January	240.586	197.638	42.948

Table 2: Census Foreign Trade (2017) and Bureau of Economic Analysis (2016)

Table 3: Top United States Trade Partners

Top US Trade Partners (Ranked by 2016 US Total Import Value for Goods, in millions of US$)							
Imports							
Rank	Country	2014	2015	% Change	2015	2016	% Change
1	China	468.484	483.245	3.2	483.245	462.813	-4.2
2	Mexico	295.739	296.408	0.2	296.408	294.151	-0.8
3	Canada	349.278	296.156	-15.2	296.156	278.067	-6.1
23	NL	20.899	16.836	-19.4	16.836	16.152	-1.4

Table 3: U.S. Department of Commerce, Census Bureau, Economic Indicators Division (2016)

Table 4: United States Overview

US Unemployment Rate since 2009 Compared to Growth			
Year	GDP Growth	Unemployment Rate (December)	Inflation (December Year-over-Year)
2009	(-) 2.8%	9.9%	2.7%
2010	2.5%	9.3%	1.5%
2011	1.6%	8.5%	3.0%
2012	2.2%	7.9%	1.7%
2013	1.7%	6.7%	1.5%
2014	2.4%	5.6%	0.8%
2015	2.6%	5.0%	0.7%

Table 4: Bureau of Economic Analysis (2016) and Bureau of Labor Statistics (2017)

Table 5: United States Forecast

Summary of International Forecast						
	2015	2016	2017	2018	2019	2020
Real GDP	2.6	1.6	2.3	2.5	1.7	1.6
-Imports of Goods and Services	4.6	0.8	2.5	3.3	4.0	Not Available

Table 5: Talavera (2016 and 2017)

Table 6: Dutch FDI in the United State

Value of the Dutch FDI per state	
State	FDI
Alaska	Data N/A
Arizona	1.3 B
California	6.6 B
Colorado	1.4 B
Hawaii	Data N/A
Idaho	11 M
Montana	1 M
Nevada	214 M
New Mexico	41 M
Oregon	200 M
Utah	280 M
Washington	2.0 B
Wyoming	Data N/A

Table 6: Kingdom of the Netherlands (2012)

Table 7: General Overview of the States

General Overview States				
Name	Area (km²)	Ranked Size	Population 2016	Most Populous state
United States of America	9.148.020		323.127.513	
Alaska	1.481.347	1	741.894	49
Arizona	295.254	6	6.931.071	14
California	403.489	3	39.250.017	1
Colorado	269.837	8	5.540.545	22
Hawaii	28.311	43	1.428.557	41
Idaho	216.632	14	1.683.140	40
Montana	380.831	4	1.042.520	45
Nevada	286.585	7	2.940.058	36
New Mexico	315.194	5	2.081.015	37
Oregon	255.026	9	4.093.465	27
Utah	220.080	13	3.051.217	32
Washington	184.827	18	7.288.000	13
Wyoming	253.554	10	585.501	52

Table 7: City Population USA (2016)

Table 8: GDP and PCPI of 2016

Gross Domestic Product and Per Capita Personal Income				
	GDP ($ billion)	Rank	PCPI ($)	Rank
Alaska	52.7	46	56.147	5
Arizona	290.9	22	39.156	42
California	2.481.3	1	53.741	10
Colorado	313.7	19	50.899	13
Hawaii	80.4	38	42.288	20
Idaho	65.5	42	38.392	44
Montana	45.2	48	41.809	37
Nevada	139.7	33	41.889	38
New Mexico	93.9	37	37.938	48
Oregon	217.6	25	43.783	29
Utah	147.5	32	39.308	41
Washington	445.4	14	51.898	12
Wyoming	39.9	49	56.081	6

Table 8: Bureau of Economic Analysis (2016)

Table 9: Economic Rank and Import

Economic Rank and Import per State 2014		
State	Economic Rank	Import (%share US total)
New Mexico	48	2.8
Arizona	40	2.2
Alaska	38	0.3
Nevada	31	0.4
Montana	28	0.1
Hawaii	24	0.5
Idaho	15	0.5
Wyoming	13	0.1
California	11	1.5
Oregon	10	4.2
Utah	7	0.0

Washington	5	0.6
Colorado	2	1.5

Table 9: Business Insider (2015)

Table 10: Dutch Import per State

Dutch Import per State (Values in millions of US$)					
State	**2012 Value**	**2013 Value**	**2014 Value**	**2015 Value**	**% Change, 2014-2015**
Alaska	6	5	2	6	151.2
Arizona	300	280	353	443	25.6
California	143	156	237	199	- 16.2
Colorado	156	237	199	101	-49.1
Hawaii	12	25	19	19	- 0.2
Idaho	12	18	16	28	71.6
Montana	5	2	4	3	- 14.6
Nevada	30	35	33	38	17.0
New Mexico	145	146	156	62	- 60.2
Oregon	243	133	284	618	117.7
Utah[10]	n/a	n/a	n/a	n/a	n/a
Washington	364	397	525	312	- 40.6
Wyoming	2	3	4	2	- 59.0

Table 10: Census (2015 and 2016)

Table 11: Jobs Generated

Jobs supported in NL-US trade and investment		
State	Total Jobs Generated	Percentage of Population
Alaska	1.050	0.14
Arizona	8.340	0.12
California	65.540	0.16
Colorado	8.120	0.15
Hawaii	1.040	0.07
Idaho	890	0.05
Montana	650	0.06
Nevada	2.540	0.09
New Mexico	1.240	0.06
Oregon	4.330	0.11
Utah	4.700	0.16
Washington	11.760	0.16
Wyoming	490	0.08

Table 11: Economic Ties Holland (2016)

Table 13: Arizona, Washington State and United State Economy

Economy at a glance			
Economy	Arizona	Washington	United States
Unemployment rate	6.20%	5.60%	5.20%
Recent Job Growth	2.53%	1.95%	1.59%
Future Job Growth[11]	38.87%	38.37%	37.98%
Sales Taxes[12]	8.60%	9.50%	6.00%

[10] Looking at Utah, the Netherlands is not in the top 25 countries of Utah's import. Therefore, there are no numbers available.

[11] The Future job growth is based upon the projected change in job availability over the next ten years based on migration patterns, economic growth and other factors

[12] The total of all sales taxes for the area, including state, county and local taxes

Income Taxes[13]	3.36%	0.00%	4.60%
Household Income[14]	$ 49.928	$ 60.294	$ 53.482
Poverty Percentage[15]	18.2%	13.2%	14.8%

Table 13: West and Odum (2016)

Table 14: Population Growth Arizona and Washington State

	Arizona		Washington State	
Year	Population	% Change	Population	% Change
2010	6.392.017	2.22	6.724.540	1.33
2011	6.468.732	1.20	6.823.229	1.47
2012	6.553.252	1.31	6.897.292	1.09
2013	6.630.799	1.18	6.973.281	1.10
2014	6.728.783	1.48	7.063.166	1.29
2015	6.828.065	1.48	7.170.351	1.52
2016	6.927.347	1.45	7.277.536	1.49
2017	7.026.629	1.43	7.384.721	1.47
2018	7.125.911	1.41	7.491.906	1.45
2019	7.225.193	1.39	7.599.091	1.43
2020	7.324.475	1.37	7.706.276	1.41

Table 14: World Population Review (2017)

Table 15: Unemployment Rates

	Arizona	Washington State	United States
Year	Unemployment rate	Unemployment rate	Unemployment Rate
2010	11.1	10.4	9.8
2011	9.7	9.6	9.1
2012	8.7	8.6	8.3
2013	7.8	7.3	7.4
2014	7.1	6.4	6.6
2015	6.2	5.6	5.2
2016	5.5	5.8	4.9
2017	5.0	4.7	4.8

Table 15: Bureau of Labor Statistics (2017)

Table 16: Real Median Household Income

	Arizona	Washington State	United States
Year	Real Median Household Income	Real Median Household Income	Real Median Household Income
2010	50.864	60.477	54.405
2011	49.226	59.897	53.223
2012	49.372	59.434	53.031
2013	49.361	59.429	53.166
2014	50.126	61.437	53.719
2015	49.928	60.294	53.482

Table 16: (2016)

[13] The total of all income taxes for the area, including state, county and local taxes. Federal income taxes are not included in the calculation

[14] Household Income is based upon the median income of all households in the given geographic area

[15] The poverty rate are the incomes below the poverty line – about $24,000 for a family of four – in 2014. Source: U.S. Census Bureau, American Community Survey, 2014, Table B17006