

# NETHERLANDS HEADING FOR RIGHT-WING GOVERNMENT

There is a high chance that the Netherlands is heading for a government that represents several right-wing parties. This is the most likely outcome of the House of Representatives elections, which were held on November 22. Geert Wilders' nationalist Freedom Party (PVV), whose agenda is mainly focused on restricting migration, is the big winner in these elections. The party previously had 16 parliamentary seats and they have now risen to 37, twelve more than the runner up. Historically the PVV was excluded from government participation by many parties, including Mark Rutte's VVD. But Mr. Rutte's successor Dilan Yesilgöz has taken a different course: although she expressed little enthusiasm for cooperation with Wilders in the campaign, she has not ruled out a coalition with his party. This, and the fact that the previous cabinet collapsed over migration policies, of which the party of Wilders is issue owner, has greatly helped the PVV electorally.

## LEFT MISSES OUT

The largest player on the left, GL-PvdA, seems to be losing out. Admittedly, this new combination of Greens and Social Democrats has won a good number of seats: together the two separate parties had 17 seats so far, and now they will preside over 25. This number puts the party led by former European Commissioner Frans Timmermans in second place. This is a big disappointment since Mr. Timmermans returned to Dutch politics with the goal of becoming prime minister and taking over the so-called Torentje (PM office) from his predecessor Mr. Rutte. The chances that the left-wing combination will be part of the new coalition seem slim. Overall left-wing parties lost 18 seats, whilst right-wing parties gained 17 seats and expanded the traditionally larger right-wing in the Netherlands.

## HEAVY DEFEAT FOR CONSERVATIVE-LIBERALS

The election results are a severe blow to the current administration, which was halved. Outgoing Prime Minister Mark Rutte has been succeeded as party leader of the conservative-liberal VVD by Dilan Yesilgöz, who is currently Minister of Justice and Security. During much of the campaign period, it looked like Ms. Yesilgöz's party would emerge

as the largest from the ballot box, and that she would become the Netherlands' first female prime minister and the first PM of color. But the VVD lost a considerable amount of seats: they went from 34 to 24. This makes the party third in size, and the chances of a new VVD prime minister appear to be slim.

## NEW PARTY IMMEDIATELY FOURTH IN SIZE

A completely new party came out of the ballot box in fourth place: Nieuw Sociaal Contract (NSC), which is led by Pieter Omtzigt. This highly experienced parliamentarian was a member of the Christian Democratic CDA for 20 years, but he left the party several years ago after an internal conflict. His agenda (good governance, restoring trust in politics and improving livelihood) resonated strongly among the Dutch population. NSC went from non-existent to 20 seats, whilst Omtzigt's former party, the CDA, shrunk from 14 to 5 seats. The social-liberal D66, who are also represented in the current cabinet, equally suffered significant losses: of their 24 seats, D66 upheld only 9.

## **COALITION OF RIGHT-WING PARTIES**

With this, it looks like the three biggest right-wing parties PVV, VVD and NSC will participate in the new cabinet. Together, they hold a parliamentary majority. Nonetheless, it seems likely that they will seek cooperation with a fourth coalition partner, namely the relatively new party BBB. This ensures that the coalition will hold a majority in the Senate. The BBB has many supporters among farmers and residents of rural areas. BBB, led by Caroline van der Plas, had 4 seats in the House of Representatives and ended up with 7. The party was the biggest in the country in the provincial elections in March this year. The rise of PVV and NSC stifled BBB's expected growth after the November elections. Nevertheless BBB's win in the Provincial Council elections earlier this year made it the largest party in the Senate with 16 seats, which may prove a relevant addition to the coalition.

## **RIGHT-WING CABINET: EASING SUSTAINABILITY TARGETS**

If the expected right-wing government comes to fruition, it will focus on several issues. The new administration will be considerably less ambitious on sustainability than the current administration. The Paris targets will remain the long-term goal, but interim targets, such as nitrogen reduction, are likely to be relaxed. In addition, the cabinet, particularly under the influence of Pieter Omtzigt's NSC, will push for more livelihood security for citizens. Another focal point will be the more "reasonable" distribution of taxes, which large companies will be impacted by. SMEs are likely to be spared in this regard.

Other agenda items of this right-wing cabinet include a stronger focus on reducing all forms of migration: foreign students, migrant workers and asylum seekers. This objective will affect businesses in the short and medium term: many companies are already struggling to meet their personnel needs. Limiting the influx of migrants will not make things easier for companies. In addition, the cabinet will pursue a more critical European course, although a Brexit, an important goal for Mr. Wilders's PVV, seems out of the question. Lastly, the cabinet will work to close the gap between rural and urban areas and between citizens and government.

## **ALTERNATIVE: CENTRIST CABINET WITH AMBITIOUS SUSTAINABILITY POLICY**

Should the negotiations between PVV, VVD, NSC and BBB fail, a coalition of four parties (GL/PvdA, VVD, NSC and D66), two of which progressive and the other two conservative, can come into play. This coalition will also have to address the current distrust in politics that is indicated by the significant rise of the PVV. If this centrist cabinet comes to life it will try to be at least as ambitious on climate as the current coalition. It will probably adopt the "polluter pays" principle, which will particularly affect companies with high nitrogen and/or CO<sub>2</sub> emissions. Other key points will be a greater tax burden on all companies, with large companies bearing the heaviest absolute, and relative, burden. Livelihood security and a strict, but at the same time humane, migration policy will be other spearheads of a cabinet with this composition.

## **LONG FORMATION EXPECTED**

The Netherlands has a tradition of long coalition negotiations, and in all likelihood the upcoming formation period will be no different. There will first be a brief inventory phase, whereby an explorer, appointed by PVV as the winning party, will list the possibilities for a new coalition. The parliament will then appoint one or more so-called informateurs, who will lead the negotiations between the intended governing partners.

We can expect the negotiations to take quite some time, in part because they involve parties that are relatively new (BBB) and entirely new (NSC). In addition, there may be old sores between PVV and VVD. NSC does not seem too keen on cooperating with PVV, however it remains to be seen if, and for how long, that reluctance will last. Finally, Pieter Omtzigt is known to take ample time to make decisions and not to be rushed. Therefore, it seems likely that the Netherlands will not have a new cabinet until the second quarter of 2024.

### **FOR MORE INFORMATION:**

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