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PM Modi Netherlands Visit: India-Netherlands Strategic Partnership and Semiconductor Diplomacy

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CURATED & WRITTEN BY

**Bharat Choudhary**

UPSC Educator & Content Creator

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)**ALSO FROM THE CREATOR****BharatNotes**Free UPSC notes, MCQs, PYQ analysis. **100% Free.**bharatnotes.com →**ADVERTISE****Advertise with Ujiyari**

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WHY IN NEWS

Prime Minister Narendra Modi arrived in **The Hague, Netherlands on May 15, 2026** for a two-day official visit (May 15-17), the second leg of his five-nation tour. The visit will formalise a **Strategic Partnership between India and the Netherlands**. The Netherlands is India's **4th largest investor** (cumulative FDI ~USD 55.6 billion) and home to **ASML** – the world's sole manufacturer of **Extreme Ultraviolet (EUV) lithography machines**, which are essential for advanced semiconductor fabrication. India's **India Semiconductor Mission (ISM)** makes this visit strategically significant.

INDIA-NETHERLANDS BILATERAL – SNAPSHOT

INDICATOR	VALUE
Bilateral trade (2024-25)	~USD 27.8 billion
Netherlands FDI into India (cumulative)	~USD 55.6 billion
India's ranking as a Netherlands trade partner	Top 10 non-EU destinations
Key sectors	Semiconductors, water management, agri-tech, logistics, green hydrogen, defence
Diplomatic ties since	1947

THE STRATEGIC PARTNERSHIP – SIGNIFICANCE

A "Strategic Partnership" is a formal diplomatic upgrade denoting sustained, structured engagement across multiple high-priority domains. For India, strategic partnerships are relatively selective:

COUNTRY	YEAR OF INDIA'S STRATEGIC PARTNERSHIP
Russia	2000
France	1998
Germany	2000
Japan	2000
United States	2004
United Kingdom	2004
Netherlands	2026 (proposed)

The India-Netherlands partnership will cover: semiconductors and technology, water management, green hydrogen, AI and digital infrastructure, and defence cooperation.

ASML AND SEMICONDUCTOR DIPLOMACY

What Is ASML?

Advanced Semiconductor Materials Lithography (ASML), headquartered in **Eindhoven, Netherlands**, is the world's only manufacturer of **EUV (Extreme Ultraviolet) lithography machines** – the equipment needed to print transistor patterns on chips at **5 nm, 3 nm, and 2 nm nodes**.

Why It Matters for India

- Advanced chip fabrication (below 7 nm) requires EUV machines – no EUV = no leading-edge chips
- India's **India Semiconductor Mission (ISM)** – launched **February 2024**, outlay **Rs 76,000 crore** – aims to build domestic fab capacity
- ASML machines are export-controlled (Dutch and US government permission required); access is geopolitically gated
- The Netherlands controls technology transfer in this space; a Strategic Partnership opens the pathway for technology dialogue

Current Status

- ASML has agreed to engage with India on training, component manufacturing, and R&D collaboration (not yet machine sales – those require government-level export approvals)
- Dutch government has strategic interest in diversifying its semiconductor customer base beyond China

WATER MANAGEMENT – A UNIQUE DUTCH EXPERTISE

The Netherlands is the global leader in **delta and coastal water management** – relevant to India's:

- **Flooding vulnerabilities** (Assam, Bihar, coastal Andhra Pradesh)
- **Urban flooding** (Mumbai, Chennai, Hyderabad)
- **Agricultural water management** (command area development, drip irrigation)

Existing cooperation: **Indo-Dutch Joint Working Committee on Water Management** (active since 2013); Dutch companies like **Deltares**, **Royal HaskoningDHV**, and **Arcadis** have India projects.

GREEN HYDROGEN – NETHERLANDS ANGLE

- Netherlands is building **Delta Rhine Corridor** (a hydrogen pipeline network)
- Indian green hydrogen exporters (ACME, Adani Green, NTPC) have discussed potential supply to European hydrogen markets
- **India-EFTA TEPA** (October 2025): EFTA includes Norway but not Netherlands (Netherlands is EU); however, the India-EU bilateral also has a green energy partnership track
- Netherlands' **Rotterdam port** is positioned as Europe's hydrogen import hub – India as a future supplier

UPSC RELEVANCE

GS Paper 2 – International Relations

- India-Europe bilateral relations; strategic partnerships
- India's semiconductor diplomacy; technology access and geopolitics

GS Paper 3 – Science and Technology, Economy

- India Semiconductor Mission; chip manufacturing; EUV technology
- Green hydrogen; water management

Mains Angles

- 1 India's semiconductor mission requires access to advanced lithography technology controlled by the Netherlands (ASML). Discuss how technology diplomacy shapes India's strategic partnerships with European nations.

- 2 The Netherlands is India's 4th largest investor despite being a small European country. Examine the sectors and institutional mechanisms that drive this economic relationship.
- 3 Water management cooperation with the Netherlands can address India's flood and drought vulnerabilities. Assess the potential and the implementation challenges.

*Advanced Semiconductor Materials Lithography; HQ Eindhoven, Netherlands; world monopoly on **EUV** (Extreme Ultraviolet) lithography machines; also makes **DUV** (Deep Ultraviolet) machines; essential for semiconductor fabrication below 7 nm.*

*Launched **February 2024** under **MeitY**; outlay **Rs 76,000 crore** (USD ~9 billion); aims to support fabrication, OSAT (Outsourced Semiconductor Assembly and Test), and design.*

Tata Electronics (Dholera, with PSMC of Taiwan); CG Power (Sanand, with Renesas of Japan); Kaynes Semicon (Sanand, with SJ Semiconductor of China – later revised); ISMC (with Tower Semiconductor of Israel, paused).

*Costs approximately USD 150-200 million per machine; uses 13.5 nm wavelength light; produced **only by ASML** in Eindhoven; each machine contains 100,000 parts from 5,000 suppliers across 40 countries.*

Partly routing; many multinationals incorporate in Netherlands (Shell, Unilever, IKEA) for tax/legal structures before investing in India – so the cumulative figure of ~USD 55.6 bn includes pass-through investment.

Underground hydrogen pipeline network connecting Rotterdam, Antwerp, and German industrial zones; operational target 2026.

Trade and Economic Partnership Agreement; signed in March 2024; operational since October 2025; EFTA = Iceland, Liechtenstein, Norway, Switzerland (NOT Netherlands – Netherlands is EU member).

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[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)[Read Full Article on Ujiyari →](#)<https://ujiyari.com/daily/2026/05/15/india-netherlands-strategic-partnership-semiconductors/>

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