U.S. DEPARTMENT OF STATE
DIPLOMACY IN ACTION

Executive Summary

The Netherlands consistently ranks among the world's most competitive industrialized economies. It offers an attractive business and investment climate and remains a welcoming location for business investment from the United States and elsewhere.

Distinguishing strengths include the Netherlands' stable political and macroeconomic climate, a highly developed financial sector, strategic location, well-educated and productive labor force, and the high quality of its physical and communications infrastructure. Investments in the Netherlands take advantage of its highly competitive logistics industry, anchored by the largest port and fourth-largest airport in Europe. In telecommunications, the Netherlands has the highest internet penetration in the European Union (EU) and hosts the largest data transport hub in the world.

The Netherlands is the largest recipient and source of foreign direct investment in the world and the largest historical recipient of direct investment from the United States. This position partly reflects the Netherlands' competitive economy and a tax climate that many corporations find favorable. However, the majority of investment flows to the Netherlands are not ultimately destined for the Dutch market but rather pass through the Netherlands en route to another destination. Nonetheless, the Dutch economy is characterized by a high degree of foreign investment in a wide range of sectors including logistics, information technology, and manufacturing.

In the past year, the Dutch government has initiated significant reforms to labor market policy, the housing sector, the energy market, and the pension system. Reflecting common Dutch practice, these reform policies were crafted following close consultations with key stakeholders including business associations, labor unions, and civil society groups.

Following a protracted recession that ended in late 2013, the macroeconomic outlook in the Netherlands is modestly positive for 2014 and 2015. The Dutch government projects economic growth of 0.75 percent in 2014 and 1.25 percent in 2015. Projected drivers of growth include increased exports and growing business investments. Domestic consumption, which has been depressed due in large part to housing market weakness, will remain stagnant.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude Toward FDI

The Netherlands is the world's eighteenth largest economy and the fifth largest in the European Monetary Union (the Eurozone), with a gross domestic product (GDP) of over $770 billion (€543 billion). According to the International Monetary Fund (IMF), the Netherlands is **the**

largest source and recipient for foreign direct investment (FDI) in the world, though the Netherlands is not the ultimate beneficial destination for the majority of this investment. The government of the Netherlands maintains **liberal policies toward FDI** and adheres to Organization for Economic Cooperation and Development (OECD) investment codes and guidelines.

The Netherlands is the recipient of 8 percent of all FDI inflow into the EU. It is the single largest recipient of American foreign direct investment, at 14.5 percent of all U.S. FDI abroad on a historical cost basis as of 2012. The Netherlands has become a key export platform and pan-regional distribution hub for U.S. firms. Roughly 60 percent of total U.S. foreign affiliate sales in the Netherlands are exports, with the bulk to other EU members.

A more friendly tax regime introduced in the late 1990s and a drop in the corporate tax rate to 25 percent in 2011 make the Netherlands an attractive location to base a European headquarters. Dutch tax authorities provide a high degree of customer service to foreign investors. Transparent, precise tax guidance lets investors know what to expect regarding long-term tax obligations. Advance Tax Rulings (ATR) and Advance Pricing Agreements (APA) are guarantees given by local tax inspectors regarding long-term tax commitments for a particular acquisition or greenfield investment. More detailed description of Dutch tax policy for foreign investors can be found at http://nfia.com/images/shared/location_factors/WiH_fiscal_Oct12.pdf.

Dutch corporations and branches of foreign corporations are subject to a corporate tax rate of 25 percent on taxable profits, which puts the Netherlands in the medium third of the corporate tax bracket in the EU. Profits up to €200,000 (approximately $270,000) are taxed at a rate of 20 percent. Dutch corporate taxation generally allows for the exemption of dividends and capital gains derived from a foreign subsidiary. Surveys into the corporate tax structure of EU member states observe that both the corporate tax rate and the effective corporate tax rate in the Netherlands are average. Nevertheless, the Dutch corporate tax structure ranks among the most competitive in Europe given other beneficial tax measures. No local Dutch income taxes are levied on corporations. The Netherlands also has no branch profit tax and does not levy a withholding tax on interest and royalties.

Maintaining an investment-friendly reputation is a high priority for the Dutch government, which provides public information and institutional assistance to prospective investors through the Netherlands Foreign Investment Agency (NFIA) (http://www.nfia/com). Additionally, an EU format information gateway, http://www.answersforbusiness.nl, is readily accessible for information on regulations, taxes, and investment incentives that apply to foreign investors in the Netherlands.

The Netherlands maintains six regional offices of the NFIA in the United States (in Washington DC, Atlanta, Boston, Chicago, New York City, and San Francisco). Similarly, the American Chamber of Commerce in the Netherlands (http://www.amcham.nl) promotes U.S.-Dutch business interests.

Other Investment Policy Reviews

The Netherlands has not recently undergone an investment policy review by the OECD, World Trade Organization (WTO), or United Nations Committee on Trade and Development (UNCTAD).

Laws/Regulations of FDI

Commercial laws and regulations accord with international legal practices and standards, and **apply equally to foreign and Dutch companies**. The rules on acquisition, mergers, takeovers, and reinvestment are nondiscriminatory. The Social Economic Council (SER), an official advisory body consisting of government, business, and labor representatives, administers Dutch mergers and acquisitions rules. SER rules are intended – first and foremost – to protect the interests of stakeholders and employees. They include requirements for the timely announcement of mergers and acquisitions (M&A) plans and for discussions with trade unions.

Industrial Strategy

FDI is concentrated in growth sectors including information and communication technology (ICT), biotechnology, medical technology, electronic components, and machinery and equipment. Investment projects are predominantly in value-added logistics, machinery and equipment, and food.

The right-left coalition government that assumed office in October 2012 emphasizes the importance of business and trade. It has identified "top sectors" (creative industries, logistics, horticulture, agro & food sector, life sciences, energy, water, chemical industry, and high tech) at the center of the government's industrial policy. The policy focuses on improving cooperation between businesses, knowledge institutions, and the government. At the same time, partially due to government's austerity measures, business subsidies have been reduced. For more information see paragraph 5 and http://www.government.nl/issues/entrepreneurship-and-innovation/investing-in-top-sectors.

Limits on Foreign Control

With few exceptions, **the Netherlands does not discriminate between national and foreign individuals** in the establishment and operations of private companies. Although the government has reduced its role in the economy by introducing market forces in public utility sectors, it has taken measures to ensure key infrastructure remains government-controlled. There are a number of strategic sectors in which private investment, including foreign investment, may be subject to limitations or conditions. These include transportation, energy, defense and security, finance, postal services, public broadcasting, and the media.

Air transport is governed by EU regulation and subject to a bilateral agreement between the United States and the EU. U.S. nationals can invest in Dutch/European carriers as long as the airline remains majority-owned by EU governments or nationals from EU member states. Additionally, the EU and its member states reserve the right to limit U.S. investment in the voting equity of an EU airline on a reciprocal basis to that allowed by the United States for foreign nationals in U.S. carriers.

Privatization Program

There are **no ongoing privatization programs in the Netherlands**. Government-controlled entities will retain dominant positions in gas and electricity distribution, rail transport, and the water sector. The government was forced to nationalize ABN Amro Bank and ASR insurance company in 2008 due to their exposure to the U.S. subprime mortgage crisis. It nationalized the bank and insurance company SNS Reaal in February 2013 due to steep losses in the bank's real estate portfolio. However, the government has announced its intention to privatize these financial institutions, likely through a public offering.

Screening of FDI

The Netherlands has **no formal foreign investment screening mechanisms** and no foreign ownership quotas with the exception of certain limitations in the strategic sectors noted earlier (transportation, energy, defense and security, finance, postal services, public broadcasting, and the media). There is also no requirement for nationals to have an equity stake in a Dutch-registered company.

Competition Law

Structural and regulatory reforms are an integral part of a major reorientation of Dutch economic policy. Market competition is being strengthened through laws aimed at stimulating market forces, liberalization, deregulation, and legislative quality, along with a tightening of competition policy.

As an EU and Eurozone member, the Netherlands is firmly integrated in the European regulatory system with national and European institutions exercising authority over specific markets, industries, consumer rights, and competition behavior of individual firms.
In early 2013, the new Authority Consumer and Market (ACM) was established through the merger of three separate market regulators for Consumer Protection (Consumenten Autoriteit), Post and Telecommunications (OPTA), and Market Competition (NMA).

Investment Trends

In summary, Dutch domestic restrictions on foreign investment remain minimal, with no new restrictions planned. Maintaining an investment-friendly reputation is a high priority for the Dutch government.

Measure	Year	Rank or value	Website Address
TI Corruption Perceptions index	2013	8 of 177	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2013	15 of 177	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	28 of 189	http://doingbusiness.org/rankings
Global Innovation Index	2013	4 of 142	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	USD 47,970	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

2. Conversion and Transfer Policies

The Netherlands is a founding member of the EU and one of the initial participants in the Eurozone. As such, monetary policy is under the supervision of the European Central Bank; the president of the Dutch Central Bank (DNB) sits on the European Central Bank's Governing Council.

There are **no restrictions on the conversion or repatriation of capital and earnings** (including branch profits, dividends, interest, royalties), or management and technical service fees, with the exception of the nominal exchange license requirement for nonresident firms.

3. Expropriation and Compensation

The Netherlands **maintains strong protection on all types of property**, including private and intellectual property, and the right of citizens to own and use property. Expropriation of corporate assets or the nationalization of industry requires a special act of parliament, as seen in the nationalization of ABN Amro during the 2008 financial crisis. In the event of expropriation, the Dutch government follows customary international law, providing prompt, adequate compensation and ample process for legal recourse. The U.S. Mission to the Netherlands is unaware of any recent expropriation claims involving the Dutch government and U.S. or other foreign-owned property.

4. Dispute Settlement

Dutch contract law is based on the principle of party autonomy and full freedom of contract. Signing parties are free to draft their agreement in any form and any language, based on the legal system of their choice.

Dutch corporate law provides for a legal and fiscal framework that is designed to be flexible. This element of the investment climate makes the Netherlands especially attractive to foreign investors. Since January 1, 2013, a further liberalization of corporate law has been implemented that allows for more flexibility in corporate governance structure.

Bankruptcy

Dutch bankruptcy law is governed by the Dutch Bankruptcy Code ("Faillissementswet") which applies both to individuals and companies. The code covers three separate legal proceedings. The first is bankruptcy ("faillissement") with the goal to liquidate the company's assets. The second legal proceeding is receivership aiming at reaching an agreement between the creditors and the company. The third proceeding – which applies only to individuals – is debt restructuring ("schuldsanering").

The World Bank's Doing Business Report lists the Netherlands as number 5 in resolving insolvency. The Netherlands ranks better than OECD average on time, cost, and recovery rate on bankruptcies.

Investment Disputes

The Dutch civil court system has a chamber dedicated to business disputes, the Enterprise Chamber. This feature is unique among EU member states and the Enterprise Chamber has received positive reviews from institutional investors, companies and investors. The Enterprise Chamber judges include experts in commercial fields as well as the legal profession. They generally act swiftly and decisively in a wide range of corporate disputes, including conflicts regarding corporate control.

International Arbitration

The Netherlands **accepts binding international arbitration of investment disputes** and domestic courts enforce foreign arbitral awards.

The Netherlands has maintained a treaty of Friendship, Commerce and Navigation with the United States since 1956 that generally provides for national treatment and free entry for foreign investors, with certain exceptions. This Dutch-American Friendship Treaty – also known as DAFT or Dutch American Residency Treaty – gives American citizens preferential treatment to operate a business in the Netherlands. In contrast to other non-EU nationals who want to work in the Netherlands on a self-employed basis, Americans applying under the treaty do not need to satisfy the points-based test which is applied to non-EU businesses. As far as the embassy is aware, there have not been any investment disputes raised by an American company in the Netherlands during the last 10 years.

ICSID Convention and New York Convention
As a member of the International Center for the Settlement of Investment Disputes (ICSID), the Netherlands accepts binding international arbitration between foreign investors and the state. The Netherlands is one of the initial signatories of the New York Arbitration Convention (UNCITRAL) and permits local enforcement of arbitration judgments decided in other signatory countries.

5. Performance Requirements and Investment Incentives

WTO/TRIMS
The Netherlands is a member of WTO and does not maintain measures that it has notified the WTO to be inconsistent Trade Related Investment Measures (TRIMs).

Investment Incentives

There are **no trade-related investment performance requirements** in the Netherlands. General requirements to qualify for investment subsidy schemes apply equally to domestic and foreign investors.

There are **no requirements for employment of local capital or managerial personnel**. In practice, however, many chief executives of major American subsidiaries in the Netherlands are Dutch or other EU nationals. Professional managers are often available at a cost lower than that of posting an American abroad.

Industry-specific, **targeted investment incentives** have long been a tool of Dutch economic policy to facilitate economic restructuring and to promote energy conservation, regional development, environmental protection, research and development (R&D), and other national socioeconomic goals. Such subsidies and incentives are available to foreign and domestic firms alike and are spelled out in detailed regulations. Subsidies are in the form of tax credits that are usually disbursed through corporate tax rebates or direct cash payments in the event of no tax liability.

Since 2011, successive Dutch governments have pursued a program designed to stimulate research and development investments in the nine top sectors. The stated ambitions for this policy are to improve the Dutch knowledge-intensive industries, to reach a top 5 rank among global knowledge-based economies by 2020, to increase the percentage of R&D efforts to 2.5 percent of GDP by 2020, and to establish sector-specific Innovation Consortia wherein both public and private sectors participate with a budget over €500 million. In a joint effort with academia and the private sector, the government has instituted preferential policy that releases over €1 billion in additional funding for R&D and product innovation in the top sectors.

Nearly a quarter of all firms in the Netherlands are active in one of the top sectors, which generate 21 percent of overall employment and account for 27 percent of value added. These sectors are also highly export-orientated, accounting for 40 percent of Dutch exports. Over 95 percent of R&D expenditures on proprietary research within the Netherlands take place in these sectors. In the coming years, more funding is expected to be available as additional government policies in taxation, small and medium sized enterprises (SME) support, and product development are rolled out. By 2015 the government share in the national top sector program is expected to amount to €2 billion.

Foreign investors are free to apply for government grants as the Dutch government reviews applications on a case-by-case basis with no preference for nationality of the bidder.

Although much coordination of investment support is executed at the Ministry and NFIA level, the Netherlands has a strong tradition of regional development agencies. These agencies advise both business and local authorities on the best use of regional development funds. Many have evolved into investment agencies that provide equity participation for up-and-coming enterprises in the region. EU regional development is distributed through regional development agencies. Regional non-tax incentives are available in the form of cash grants, low interest loans, and local government participation and export guarantees for selected areas.

6. Right to Private Ownership and Establishment

Rights of private ownership and establishment of business enterprises are guaranteed in the Netherlands except in some cases in the strategic sectors noted earlier. Legal guidelines on mergers, acquisitions, and reinvestment are applied without regard to nationality.

As of 2013, 22 Fortune 500 companies maintain global headquarters in the Netherlands. However, this number includes 11 companies which have a joint British-Dutch headquarters. Of the 400,000 registered companies in the Netherlands, nearly 6,000 enterprises are 100% -owned by foreign firms. Most of these have EU origins, but outside the EU area the United States is the most important country of origin: approximately 20 percent of foreign owned enterprises in the Netherlands are American.

7. Protection of Property Rights

Real Property

The Netherlands **fully complies with international standards on protection of real property**. The World Bank's Doing Business Report ranked the Netherlands 47th in "registering property." The number of procedures is equal to the OECD average while processing time is only 10 percent of the OECD average time. Costs, however, are higher than the OECD average.

Intellectual Property Rights

IPR: The Netherlands has a generally strong set of laws and regulations that protect intellectual property rights (IPR). With the implementation of EU Directive 2004/48 on the enforcement of intellectual property rights, IPR holders have more instruments at their disposal to enforce their rights in civil court.

The Netherlands is a member of the World Intellectual Property Organization (WIPO), has signed on to the Paris Convention for the Protection of Industrial Property, and conforms to accepted international practice for the protection of technology and trademarks.

Despite its participation in the negotiations on the Anti-Counterfeiting Trade Agreement (ACTA) treaty, the Netherlands, like other EU member states, has stated it will not sign the treaty in its current form. The EU has requested the European Court of Justice to advise on the compatibility of ACTA with existing European treaties, in particular with the EU Charter of Fundamental Rights.

The Netherlands is not listed in United States Trade Representative's (USTR's) Special 301 Report, but it is listed as hosting infringing websites in USTR's Notorious Markets list: http://eb.e.state.sbu/sites/tpp/IPE/Pages/Special301NotoriousMarkets.aspx.

Copyright: The Netherlands has implemented the European directive 98/44/EC in 2006, bringing domestic legislation in line with the WIPO 1996 Copyright Treaty (WCT) and the WIPO Performance and Phonogram Treaty (WPPT). There is consensus among policy makers on the need for measures aimed at raising awareness of IPR rules and regulations and to strengthen enforcement.

Patents: The Netherlands is a **signatory to the European Patent Convention**, which provides for a centralized Europe-wide patent protection system. This convention has simplified the process for obtaining patent protection in EU member states. Infringement proceedings remain within the jurisdiction of the national courts, which could result in divergent interpretations detrimental to U.S. investors and exporters. The Netherlands has been a staunch supporter of the forthcoming single, harmonized European patent procedure that will allow for easier application in just three languages. This unitary patent will be under jurisdiction of a single European patent court to adjudicate disputes.

Patents for foreign investors are granted retroactively to the date of the original filing in the home country, provided the application is made through a Dutch patent lawyer within one year of the original filing date. Dutch patents are valid for 20 years. Legal procedures exist for compulsory licensing if the patent is inadequately used after a period of three years, but these procedures have rarely been invoked. Patent applications can be filed in English, but the conclusion must be written in Dutch.

Since the Netherlands and the United States are both parties to the Patent Cooperation Treaty (PCT) of 1970, patent rights in the Netherlands may be obtained if a PCT application is used.

Beside possible civil remedies, all IPR laws contain penal bylaws and reference to the Criminal Code. In 2012, parliament passed legislation that strengthened the oversight and coordination of

seven different collective institutions that concern themselves with the control, administration, and remuneration of commercial use of works under IPR holdership.
The Dutch government has recognized the need to protect intellectual property rights, and law enforcement personnel have worked with industry associations to find and seize pirated software. Dutch IPR legislation currently in place explicitly includes computer software as intellectual property under copyright statutes.
The Netherlands has resisted criminalizing online copyright infringement for personal use, instead placing a surcharge on the sales of blank media such as CDs, DVDs, and USB storage devices to remunerate rights holders. However, a ruling by Court of Justice of the European Union in April 2014 requires the government to change this policy and ban online infringement. Though the Dutch government has affirmed it will comply with the ruling, it is not yet clear how Dutch laws will be amended to comply with the Court's ruling.
For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Resources for Rights Holders

Contact at American Embassy The Hague:
Christina Hardaway
Economic Officer
Telephone: +31 (0)70 310 2270
E-mail: HardawayCED@state.gov

Country-Specific Resource:
BREIN Foundation
http://www.anti-piracy.nl/english.php
P.O. Box 133
2130 AC Hoofddorp
The Netherlands
Telephone: +31 (0)23 799 7870

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Local lawyers list: http://amsterdam.usconsulate.gov/legal_assistance3.html

8. Transparency of the Regulatory System

Laws and regulations that affect direct investment, such as environmental rules and health and safety regulations, are non-discriminatory and apply equally to foreign and domestic firms.

As an EU member and as a Eurozone country, the Netherlands is firmly integrated in the European regulatory system with national and European institutions exercising authority over specific markets, industries, consumer rights, and competition behavior of individual firms.
In April 2013, the new Dutch Authority for Consumers and Markets (ACM) was established through the merger of three separate market regulators for consumer protection, post and telecommunications, and antitrust law.
Financial markets are regulated in an interconnected EU and national system of prudential and behavioral oversight. The domestic regulators are the DNB and the Netherlands Authority for the Financial Market (AFM). Their EU counterparts are the European Central Bank (ECB) and the European Securities and Markets Authority (ESMA).
The Netherlands has a pilot program for public comment on proposed laws and regulations at the discretion of the drafting ministry, though the majority of legislation and regulations does not go through this process. New laws and regulations must be approved by the Second and First Chamber of Parliament.

9. Efficient Capital Markets and Portfolio Investment

The Netherlands is home to the world's oldest stock exchange – established four centuries ago – and to Europe's first options exchange, both located in Amsterdam. The Amsterdam financial exchanges are part of the Euronext group that operates stock exchanges and derivatives markets in Amsterdam, Brussels, London, Lisbon, and Paris.
Dutch financial markets are fully developed and operate at market rates, facilitating the free flow of financial resources. The Netherlands is an international financial center for the foreign exchange market and for Eurobonds and bullion trade. There are no restrictions on foreign investors' access to sources of local finance.
Dutch financial institutions were hit hard by the 2008 global financial crisis. The government nationalized Fortis Bank Nederland and the Dutch activities of ABN Amro Bank and provided capital injections and guarantees to other large financial institutions including the ING Group, bank and insurance company SNS Reaal, and insurance company Aegon.
More recently, the government bailed out SNS Reaal in February 2013 due to problematic investments in commercial real estate. However, the Dutch financial sector is recovering from the financial crisis and banks have largely paid back state support received in 2008 and 2009. The government has announced its intent to return ABN Amro and SNS Reaal to private ownership.

Hostile Takeovers

The failed bid for former state monopoly telecommunications company Royal KPN N.V. by Mexican telecom company America Movil in 2013 represents a **recent, though rare, example of the prevention of a takeover bid.** KPN Foundation, an independent foundation tasked with protecting the interest of KPN shareholders, blocked Movil's offer to purchase all remaining

KPN shares in August 2013. KPN Foundation used a "poison pill" construction due to perceived "considerable uncertainty" about America Movil's intentions. America Movil withdrew its bid in October 2013.

10. Competition from State-Owned Enterprises

There is very little state intervention in the private sector. The number of enterprises in which the state maintains an equity stake has been decreasing for decades. Nonetheless, the Dutch government maintains equity stakes or complete ownership in companies that play an important role in strategic sectors. Government-controlled entities retain dominant positions in gas and electricity distribution, rail transport, and the water sector. The Netherlands has an extensive public broadcasting network, which generates its own income through advertising revenues but also receives government subsidies.

The following sectors include companies and organizations in which the government is the majority shareholder (with at least 51 percent ownership): transportation and infrastructure, energy, gas trade, nuclear energy, gambling, and finance. For a list with government owned entities please see http://www.rijksoverheid.nl/bestanden/documenten-en-publicaties/publicaties/2013/10/18/overzicht-staatsdeelnemingen/overzicht-staatsdeelnemingen.pdf.

Private enterprises are allowed to compete with public enterprises with respect to market access, credits, and other business operations such as licenses and supplies.

State-owned enterprises (SOEs) operate with government oversight through the appointment of a supervisory board. In some instances, SOEs must consult with the cabinet ministry that oversees them on large investment decisions. As with any other firms in the Netherlands, SOEs must publish annual reports, and their financial accounts must be audited.

OECD Guidelines on Corporate Governance of SOEs

The Netherlands fully adheres to the OECD Guidelines on Corporate Governance of SOEs.

Sovereign Wealth Funds

The Netherlands has no sovereign wealth funds.

11. Corporate Social Responsibility

The Netherlands is a global leader on corporate social responsibility (CSR). **Principles of CSR are promoted and prescribed** through a range of corporate, governmental, and international guidelines. In general, companies closely guard their reputation for CSR, and consumers are increasingly opting for products and services that are produced in a sustainable manner.

The Dutch government strongly encourages foreign and local enterprises to follow the United National Guiding Principles on Business and Human Rights based on the guiding principle that businesses have a social responsibility to apply the same human rights norms both in the

Netherlands and elsewhere. For more information, please see http://www.business-humanrights.org/Links/Repository/1024964.

The Netherlands has strong standards for corporate governance and publicly listed companies are required to publish audited financial reports.

OECD Guidelines for Multinational Enterprises

As the Netherlands adheres to the OECD Guidelines for Multinational Enterprises, the Dutch Ministry of Economic Affairs houses the National Contact Point (NCP) that promotes the Guidelines and helps mediate any concerns that persons, non-governmental organizations (NGOs) and enterprises may have regarding the implementation of the OECD Guidelines by a specific company. For more information, visit http://www.oecdguidelines.nl.

12. Political Violence

The Netherlands has a **stable political environment.** Although political violence rarely occurs in the highly consensus-oriented Dutch society, public debate on issues such as immigration and integration policy has been contentious. While rare, there have been politically and religiously inspired acts of violence, including the 2004 killing of controversial filmmaker Theo van Gogh and the 2002 assassination of the populist politician Pim Fortuyn.

The Dutch economy derives much of its strength from a stable business climate fostered by partnership between unions, business organizations, and the government. Industrial action is rarely regarded as the primary means to settle labor disputes and strikes are unusual. Despite years of economic crisis and austerity measures, including raises in the retirement age, the frequency of strikes continues to be very low. There have not been any general or large-scale strikes in recent years.

13. Corruption

The Netherlands **fully complies with international standards on combating corruption.** Transparency International ranked the Netherlands 8th on its 2013 Corruption Perception Index. The Netherlands signed and ratified the UN Anticorruption Convention and is a party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Anti-bribery legislation to implement the 1997 OECD Anti-Bribery Convention (ABC) became effective in 2001. The anti-bribery law reconciles the language of the ABC with the EU Fraud Directive and the Council of Europe Convention on Fraud. It makes corruption by Dutch businessmen in landing foreign contracts a criminal offense.

At a national level, the Ministry of the Interior and Kingdom Relations and the Ministry of Security and Justice have taken steps to enhance regulations to combat bribery in public

procurement and in the issuance of permits and subsidies. Most companies have internal controls and/or codes of conduct that prohibit bribery.
Several agencies combat corruption. The National Integrity Office serves as a knowledge center, develops new instruments for tracking problems, and identifies trends on matters of integrity. The Independent Commission for Integrity in Government is an appeals board for whistleblowers in government and law enforcement agencies.

Government Agency responsible for combating corruption:
National Integrity Office
Lange Voorhout 13
2514 EA The Hague
The Netherlands
Telephone: 070-3765937
E-mail address: info@integriteitoverheid.nl

Watchdog organization:
Transparency International Nederland
Benoordenhoutseweg 23
2596 BA The Hague
The Netherlands
E-mail address: communicatie@transparency.nl

14. Bilateral Investment Agreements

As mentioned in paragraph 4, the Netherlands has maintained a treaty of Friendship, Commerce and Navigation with the United States since 1956 that generally provides for national treatment and free entry for foreign investors, with certain exceptions. This Dutch-American Friendship Treaty is also known as DAFT or Dutch American Residency Treaty.

The Netherlands shares **bilateral investment treaties** (BITs) which afford certain investor protections with more than 100 countries in Asia, Latin America, Africa, and Eastern Europe including: Albania, Algeria, Argentina, Armenia, Bahrain, Bangladesh, Belarus, Belize, Benin, Bolivia, Bosnia-Herzegovina, Brazil, Bulgaria, Burkina Faso, Burundi, Cambodia, Cameroon, Cape Verde, Chile, China, Costa Rica, Croatia, Cuba, Czech Republic, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Estonia, Ethiopia, Gambia, Georgia, Ghana, Guatemala, Honduras, Hong Kong, Hungary, India, Indonesia, Ivory Coast, Jamaica, Jordan, Kazakhstan, Kenya, Kuwait, Laos, Latvia, Lebanon, Lithuania, Macau, Macedonia (FYROM), Malawi, Malaysia, Mali, Malta, Mexico, Moldova, Mongolia, Montenegro, Morocco, Mozambique, Namibia, Nicaragua, Nigeria, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Poland,

Romania, Russia, Senegal, Serbia, Singapore, Slovak Republic, Slovenia, South Africa, South Korea, Sri Lanka, Sudan, Surinam, Tajikistan, Tanzania, Thailand, Tunisia, Turkey, Uganda, Ukraine, Uruguay, Uzbekistan, Venezuela, Vietnam, Yemen, Zambia, and Zimbabwe.
For updated list and legal status of these agreements please see http://www.rijksoverheid.nl/onderwerpen/internationaal-ondernemen/documenten-en-publicaties/besluiten/2007/04/16/teksten-ibo-overeenkomsten.html.

Bilateral Taxation Treaties
The Netherlands has a bilateral taxation treaty with the United States. Treaty documents are available at: http://www.irs.gov/Businesses/International-Businesses/Netherlands---Tax-Treaty-Documents.

15. OPIC and Other Investment Insurance Programs

The Overseas Private Insurance Corporation (OPIC) does not operate in the Netherlands. However, OPIC insurance and funding is available for American companies partnering with Dutch companies in third markets where OPIC operates. The Netherlands is a member of the Multilateral Investment Guarantee Agency (MIGA).
Dutch-registered companies investing abroad can insure their investments against non-commercial risks through the privately-owned Atradius Dutch State Business N.V., which issues export credit insurance policies and guarantees to businesses on behalf of the Dutch government. The legal basis for investment insurance is laid in the Framework Act for Financial Provisions. Insurance covers assets and cash, as well as loans related to an investment. Both new and (under certain circumstances) existing investments are eligible.

16. Labor

The Netherlands has a **strongly regulated labor market** (nearly 85 percent of labor contracts fall under some form of collective labor agreement), comprised of a well-educated, multilingual, and motivated workforce. Legislation has been passed or is in progress to increase labor market flexibility. Labor/management relations in both the public and private sectors are generally good in a system that emphasizes the concept of social partnership between industry and labor. Although wage bargaining in the Netherlands is increasingly decentralized, there still exists a central bargaining apparatus where labor contract guidelines are established.
The terms of collective labor agreements apply to all employees in that sector, not only the union members. To avoid surprises, potential investors are advised to consult with local trade unions to determine which, if any, labor contracts apply to workers in their business sector prior to making an investment decision. Collective bargaining agreements negotiated in the past few years have, by and large, been accepted by the rank and file without much protest.

The Dutch economy derives its strength from free trade and a stable industrial climate fostered by partnership among unions, employers' organizations, and the government. There is substantial labor involvement in corporate decision-making on matters affecting workers. Each company in the Netherlands with at least 50 workers is required by law to institute a Works Council ("ondernemingsraad"), which management must consult on a range of issues including investment decisions. The Dutch government has introduced legislation governing employee participation of European companies (companies operating in at least two EU member states). Under this legislation, company management and workers must conclude an agreement on employee participation. Trade unions and management are generally receptive to foreign investment, especially where this leads to improved employment possibilities and related benefits. U.S. companies generally perceive Works Councils as contributing to better management-worker relations and a benefit to the company.

The annual unemployment rate was estimated at 6.7 percent in 2013, well below the EU average. The working population consists of 7.9 million persons. Workers may be found through government-operated labor exchanges, private employment firms, or through direct hiring. Since 2002, the Netherlands has had the highest part-time work rate in the OECD. An increase in the participation of women in the workforce led to a 37 percent increase in the share of part-time workers in the total working population. Two-thirds of women and one quarter of men work less than a 36-hour week. Labor market participation, especially by older workers, is gradually growing. The number of independent contractors is rapidly increasing, creating a more flexible workforce.

Increased labor market participation is regarded as critical to ensuring continued economic growth and to coping with the impact of an aging population. The age to qualify for a state pension (AOW) will gradually increase from 65 to 67 years by 2023. Beginning in 2024, increases in the retirement age will be linked to life expectancy. Government labor market policies are targeted at increasing the productivity of the labor force, including by expanding working hours. The maximum average workweek was increased from 50 to 60 hours in 2004. In a related move, 2007 legislation increased the number of hours a worker must complete before earning a break. New legislation has also been adopted which will increase the flexibility of operating hours for companies and shops.

Effective January 1, 2014, the minimum wage for employees older than 23 years is €1,485.60 ($2,052) a month.

17. Foreign Trade Zones/Free Ports

The Netherlands has no free trade zones (FTZs) or free ports in the sense of territorial enclaves where commodities can be processed or reprocessed tax-free. However, FTZs exist which are reserved for bonded storage, cargo consolidation, and reconfiguration of non-EU goods. This reflects the key role transport, transit, logistics, and distribution play in the Dutch economy.

Dutch customs authorities oversee a large number of customs warehouses, free warehouses, and free zones along many of the Netherlands trade routes and entry points.
Schiphol Airport alone handles over 1.5 million tons of goods for distribution. Specific premises in the Schiphol area are designated customs-free zones. The Port of Rotterdam is Europe's largest seaport by volume, handling over 37 percent of all cargo shipping on the Le Havre – Hamburg coastline and processing over 442 million tons of goods in 2012, the most recent year for which data is available. Many agents operate customs warehouses under varying customs regimes on the premises of the Port of Rotterdam.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

TABLE 2: Key Macroeconomic data, U.S. FDI in host country/economy

	Host Country Statistical source*1		USG or international statistical source		USG or international (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (*Millions U.S. Dollars)*	2013	$749.4 billion	2012	$770.6 billion (current US$)	http://www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*2		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (*Millions U.S. Dollars, stock positions)*	2012	$802,219 million	2012	$645,098 million	BEA
Host country's FDI in the United States (*Millions U.S. Dollars, stock positions)*	2012	$579,006 million	2012	$274,904 million	BEA

Total inbound stock of FDI as % host GDP	2012	277%			Based on numbers by World Bank (for GDP) and IMF (for total inward direct investment to the Netherlands). *3

1) Dutch Central Bank: http://www.statistics.dnb.nl/en/key-statistics-dutch-economy/index.jsp
2) Dutch Central Bank: http://www.statistics.dnb.nl/en/balance-of-payents-and-international-investment-positions/index.jsp. These numbers include the "special financial institutions (SFIs)," for a definition of SFIs please see http://www.dnb.nl/en/statistics/eline-bb/application-forms/sfi/
3) International Monetary Fund: http://cdis.imf.org/

TABLE 3: Sources and Destination of FDI
The Netherlands, 2012

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	3,670,121	100%	Total Outward	4,504,713	100%
United States	766,405	21%	United Kingdom	556,673	12%
Luxembourg	540,185	15%	United States	551,164	12%
United Kingdom	458,445	12%	Luxembourg	461,729	10%
Switzerland	205,942	6%	Germany	275,724	6%
Germany	165,317	5%	Switzerland	263,095	6%
"0" reflects amounts rounded to +/- USD 500,000.					

Source: http://cdis.imf.org/

The Netherlands is the largest recipient and source of foreign direct investment in the world. However, according to the 2011 IMF report "Where Investment Goes" most of the funds passed through the Netherlands to a different ultimate beneficial destination. The IMF noted that the Netherlands has "special legislation that provides advantages to multinational corporations using these countries as pass-throughs." However, the Netherlands is not considered to be a tax haven.

TABLE 4: Sources of Portfolio Investment
The Netherlands, end of 2012

Portfolio Investment Assets		
Top Five Partners (Millions, US Dollars)		
Total	**Equity Securities**	**Total Debt Securities**

World	1,657,965	100%	World	720,123	100%	World	937,841	100%
United States	350,707	21%	United States	233,291	32%	Germany	241,262	26%
Germany	266,771	16%	Luxembourg	75,113	10%	France	154,412	16%
France	185,484	11%	United Kingdom	72,407	10%	United States	117,416	13%
United Kingdom	122,787	7%	Ireland	53,145	7%	Italy	50,810	5%
Luxembourg	89,631	5%	France	31,072	4%	United Kingdom	50,380	5%

Source: http://cpis.imf.org/

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