THE NETHERLANDS
INVESTMENT CLIMATE STATEMENT
2015

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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 of the Dutch economy include the Netherlands' stable political and macroeconomic climate, a highly developed financial sector, strategic location, well-educated and productive labor force, and high quality physical and communications infrastructures. Investors in the Netherlands take advantage of its highly competitive logistics industry, anchored by the largest port (Rotterdam) 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 reflects the Netherlands' competitive economy and a tax climate that many corporations find favorable. 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; nevertheless, 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 begun implementing significant reforms in key policy areas, including the labor market, the housing sector, the energy market, the pension system, and health care. Reflecting common Dutch practices, 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 and anemic GDP growth of 0.8 percent in 2014, the macroeconomic outlook in the Netherlands is more positive for 2015 and 2016. The Dutch government projects economic growth of 1.7 percent of GDP in 2015 and 1.8 percent in 2016. Projected drivers of growth include increased exports and business investments, as well as newly invigorated domestic consumption.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

The Netherlands is the sixteenth largest economy in the world and the fifth largest in the European Monetary Union (the Eurozone), with a gross domestic product (GDP) of over USD 880 billion (EUR 656 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 eight percent of all FDI inflow into the EU. It is the single largest recipient of American foreign direct investment, at 16 percent of all U.S. FDI abroad as of 2013. 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 of them to other EU members.

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 EUR 200,000 (approximately USD 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, provides information on regulations, taxes, and investment incentives that apply to foreign investors in the Netherlands.

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

Other Investment Policy Reviews

The Economist Intelligence Unit and World Bank's "Doing Business 2015" both provide current investment profiles on the Netherlands.

Laws/Regulations of Foreign Direct Investment

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 employers representatives, labor representatives and independent experts appointed by the government, administers Dutch mergers and acquisitions rules. SER rules are intended to protect the interests of stakeholders and employees. They include requirements for the timely announcement of mergers and acquisitions (M&A) and for discussions with trade unions.

Industrial Promotion

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 center right-center 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, agriculture & food, life sciences, energy, water, chemical industry, and high tech) as the focus of the government’s industrial policy. The policy centers on improving cooperation between businesses, knowledge institutions, and the government. The government has reduced business subsidies over the past two years through austerity policies. For more information see paragraph 5 and http://www.government.nl/issues/entrepreneurship-andinnovation/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 operation of private companies. The government has divested its complete ownership of many public utilities, but in a number of strategic sectors, 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 maintain dominant positions in gas and electricity distribution, rail transport, and the water sector. The government nationalized ABN AMRO Bank and ASR insurance company in 2008 due to the global financial crisis. In February 2013, it nationalized the bank and insurance company SNS Reaal due to steep losses in the bank’s real estate portfolio. The government has announced its intention to privatize these financial institutions when market conditions have improved.

Screening of FDI

The Netherlands has no formal foreign investment screening mechanisms and no foreign ownership quotas, with the exception of certain limitations in strategic sectors for national security purposes (transportation, energy, defense and security, finance, postal services, public broadcasting, and the media). There is no requirement for Dutch 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.

The Authority Consumer and Market (ACM) provides regulatory oversight in three key areas: consumer protection, post and telecommunications, and market competition.

Investment Trends

In summary, as an extremely open economy, Dutch domestic restrictions on foreign investment remain minimal.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	8 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	27 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	5 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 46,400	data.worldbank.org/indicator/NY.GNP.PCAP.CD

2. Conversion and Transfer Policies

Foreign Exchange

The Netherlands is a founding member of the EU and one of the initial participants in the Eurozone. Monetary policy is under the supervision of the European Central Bank, and 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.

Remittance Policies

The Netherlands does not limit foreign exchange for remittances with waiting periods or other measures. Similarly, there are no limitations on the inflow or outflow of funds for remittances of profits or revenue. The Netherlands, as a Eurozone member, does not engage in currency manipulation tactics.

The Netherlands has been a member of the OECD-based Financial Action Task Force (FATF) since 1990 and - because of the membership of its Caribbean territories with the Caribbean FATF (C-FATF) - is also one of the cooperating and supporting nations of the C-FATF.

With the promulgation of additional, preventative anti-money laundering and counterfeiting legislation, the Netherlands has remedied many deficiencies that were revealed in a 2011 Mutual Evaluation Report. As a result, FATF removed the Netherlands from its "regular follow-up process" in February 2014. The Bureau of International Narcotics and Law Enforcement’s 2014 International Narcotics Control Strategy Report (INCSR) lists the Netherlands as a "country of primary concern," however, because of high levels of money laundering and financial fraud suspected around illicit drug activity. More information can be found at http://www.state.gov/j/inl/rls/nrcrpt/2014/database/index.htm.

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, and effective 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

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Dutch contract law is based on the principle of party autonomy and full freedom of contract. Signing parties are free to draft an 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.

Bankruptcy

Dutch bankruptcy law is governed by the Dutch Bankruptcy Code, which applies both to individuals and companies. The code covers three separate legal proceedings: bankruptcy, which has a goal of liquidating the company's assets; receivership, aimed at reaching an agreement between the creditors and the company; and debt restructuring, which is only available to individuals.

The World Bank's Doing Business Report lists the Netherlands as number 12 in resolving insolvency. The Netherlands ranks better than the OECD average on time, cost, and recovery rate on bankruptcies.

Investment Disputes

The Dutch civil court system has a chamber dedicated to business disputes called the Enterprise Chamber. This facility is unique among EU member states and has received positive reviews from institutional and private investors. The Enterprise Chamber includes judges who are experts in various commercial fields as well as the legal profession. They resolve a wide range of corporate disputes, including conflicts regarding corporate control.

The Embassy is not aware of any American company raising an investment dispute with the Netherlands over the last 10 years.

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 provides for national treatment and free entry for foreign investors, with certain exceptions. This Dutch-American Friendship Treaty (DAFT) gives American citizens preferential treatment, allowing them to apply to work on a self-employed basis on the same conditions as EU citizens.

ICSID Convention and New York Convention

The Netherlands is a member of both the International Center for the Settlement of Investment Disputes (ICSID), and the New York Convention on Recognition and Enforcement of Foreign Arbitral Law. As such, Dutch BITs include binding arbitration between foreign investors and the state, and Dutch courts enforce international arbitration judgments decided in other signatory countries.

Duration of Dispute Resolution

The Enterprise Chambers' stated aim is to provide a judgment within six to eight weeks after legal arguments have concluded. In its 2014 annual report, the Enterprise Chamber states that an entire case from submission to final verdict takes an average of three to 12 months, depending on the type of dispute being handled by the court.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

The Netherlands is a member of the WTO and does not maintain any measures that have been notified to the WTO as being inconsistent Trade Related Investment Measures (TRIMs).

Investment Incentives

General requirements to qualify for investment subsidy schemes apply equally to domestic and foreign investors. Industry-specific, targeted investment incentives have long been a tool of Dutch economic policy to facilitate economic restructuring and to promote economic priorities. 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 disbursed through corporate tax rebates or direct cash payments if there is no tax liability.

Research and Development

The Dutch government pursues a program designed to stimulate research and development investment in the nine top sectors. The program's goals are to improve the Dutch knowledge-intensive industries, to reach a top five ranking 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 USD 500 million. In a joint effort with academia and the private sector, the government has instituted a preferential policy that releases over USD 1 billion of 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 account for 40 percent of Dutch exports and over 95 percent of R&D expenditures on proprietary research within the Netherlands. By 2015 the government share in the national top sector program is expected to amount to USD 2 billion.

Although much coordination of investment support is executed at the Ministry and NFIA level, several regional development agencies also advise both business and local authorities on the best use of regional development funds.

Performance Requirements

There are no trade-related investment performance requirements in the Netherlands. In addition, 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.

Data Storage

The Dutch government does not follow "forced localization" policy, and does not require foreign IT providers to turn over source code or to provide access to surveillance. The Dutch Data Protection Authority monitors and enforces Dutch legislation on the protection of personal data. Dutch legislation on data protection is derived mainly from EU directive 95/94/EC and the Council of Europe's Strasbourg Treaty on Data Protection, both of which are in advanced stages of updating.

The Dutch Data Protection Agency recognizes U.S. firms that have registered and self-certified with the U.S.-EU Safe Harbor program on transfer of personal data between the EU and the U.S (see http://export.gov/safeharbor/eu/index.asp). On March 9, 2015 the Dutch Data Protection Agency signed an MOU with the FTC to improve cooperation between the two supervisory bodies.

6. Right to Private Ownership and Establishment

The Netherlands recognizes full rights of private entities to establish and own business enterprises and to engage in remunerative activities. Legal guidelines on mergers, acquisitions, and reinvestment are applied without regard to nationality.

Of the 860,000 registered companies in the Netherlands, nearly 10,000 enterprises are 100% -owned by foreign firms. Approximately 20% of these are American.

Although they amount to only 1% of the total number of firms in the Netherlands, foreign-owned companies account for nearly 18% of employment in the business economy. American-owned firms alone create around USD 26 billion in added value to the Dutch economy and employ 200,000 staff.

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 58th in “registering property.” The number of procedures is at the OECD average, while processing time of 2.5 days is nearly ten times faster than the OECD average time.

The Netherlands’ Cadastre, Land Registry and Mapping Agency (Cadastre) was established in 1832 and collects and registers administrative and spatial data on real property. The Cadastre is publicly available and can be accessed online.

Intellectual Property Rights

IPR: With the implementation of EU Directive 2004/48 on the enforcement of intellectual property rights, IPR holders have several 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 the 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). Policy makers agree on the need to raise public 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. 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.

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.

Because 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. In addition to 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 number of seizure cases in 2013 was 525, with 2,275,770 articles seized. The total number of cases is down 72% from the 1,852 cases in 2012, but the number of articles seized was up 16% from the 1,966,380 articles seized in 2012. Numbers for 2014 will be released in July.

Customs can act either on the request of a rights holder or on an ex officio basis (of its own volition, without an application being made by the right-holder) to suspend the release of goods or detain them. No ex officio procedure is possible for perishable goods.

The rights holder pays any costs that are incurred by Customs (or other parties acting for Customs) from the time of the detention or suspension of goods to the release or destruction of the goods. The rights holder can claim compensation from the infringer.

Counterfeit items seen in the local market include designer shoes, clothes, bags, watches, CDs, DVDs, and perfumes.

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 the Court of Justice of the European Union in April 2014 requires the government to change this policy and ban online infringement. The Dutch government has affirmed it will comply with the ruling, but has yet to provide details on how it will proceed to do so.

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

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.

Financial markets are regulated in an interconnected EU and national system of prudential and behavioral oversight. The domestic regulators are the Dutch Central Bank (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).

Traditionally, public consultation in the drafting of new laws is achieved by invitation of various civil society bodies, trade associations and organizations of stakeholders. Also, the SER (which seats representatives from employers' organizations, employees' organizations and academic experts) has a mandate to provide the government with advice. 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 NYSE Euronext group that operates stock exchanges and derivatives markets in Amsterdam, Brussels, London, Lisbon, New York, 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.

The flexibility that foreign companies enjoy in conducting business in the Netherlands extends into the area of currency and foreign exchange. There are no restrictions on foreign investors' access to sources of local finance.

Money and Banking System, Hostile Takeovers

The Dutch banking sector is firmly embedded in the European System of Central Banks, of which the DNB is the national prudential banking supervisor. Supervision of financial institutions and the proper functioning of financial markets is carried out by the AFM, the Dutch securities and exchange supervisor that falls under the EU-wide European Securities and Markets Authority (ESMA).

With the onset of the European Single Supervisory Mechanism, the seven "systemically important" banks in the Netherlands were submitted to the European Banking Authority's Comprehensive Assessment. The seven Dutch banks that were examined – ING Bank, Rabobank, ABN Amro, SNS Bank, BNG Bank, NWB Bank and RBS N.V. – passed the stringent Asset Quality Reviews and the stress tests and were deemed to be well-capitalized.

The Dutch banking sector is approximately four times as large as the Dutch economy, making it one of Europe's largest. The Dutch sector has a high degree of concentration, with the four main banks (ING, ABN AMRO, Rabobank and SNS bank) holding over 90% of total assets. The largest bank, ING, has a balance of EUR 993 billion.

Publicly-traded corporations can protect themselves from hostile takeovers by establishing a separate foundation for the preservation of the business.

10. Competition from State-Owned Enterprises

The number of enterprises in which the Dutch government maintains an equity stake has been decreasing for decades, but it maintains some 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.

For a complete list of all 33 government owned entities, please see http://www.rijksoverheid.nl/onderwerpen/staatsdeelnemingen/portefeuille-staatsdeelnemingen.

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 firm 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 UN Guiding Principles on Business and Human Rights, which states that businesses have a social responsibility to respect the same human rights norms in other countries as they do in the Netherlands. For more information, visit: www.businesshumanrights.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, even amid the recent economic crisis and austerity measures.

13. Corruption

The Netherlands fully complies with international standards on combating corruption. Transparency International ranked the Netherlands 8th on its 2014 Corruption Perception Index.

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.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

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.

Resources to Report Corruption

Government Agency responsible for combating corruption:
National Integrity Office

Lange Voorhout 13
2514 EA The Hague
The Netherlands
Telephone: +31-(0)70-376-5937
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

The Netherlands has maintained a treaty of Friendship, Commerce and Navigation with the United States since 1956. Known as the Dutch-American Friendship Treaty or Dutch-American Residency Treaty, this agreement provides for national treatment and free entry for foreign investors, with certain exceptions.

The Netherlands shares bilateral investment protection 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 an updated list and the legal status of these agreements, please see http://www.rijksoverheid.nl/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 World Bank Group's Multilateral Investment Guarantee Agency (MIGA).

Dutch-registered companies investing abroad can insure their investments against noncommercial 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. 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 a sector, not only union members. 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 without much protest.

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 in 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.

The annual unemployment rate was estimated at 9% in 2014, well below the EU average. The working population consists of 7.85 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% 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.

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. Government labor market policies are targeted at increasing the productivity of the labor force, including by expanding working hours.

Effective January 1, 2014, the minimum wage for employees older than 23 years is EUR 1,501.80 (USD 1,616) a month.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

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 for bonded storage, cargo consolidation, and reconfiguration of non-EU goods. This reflects the key role that 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 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 Europe's Le Havre – Hamburg coastline and processing nearly 450 million tons of goods in 2014. 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*		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) ($M USD)	2014	856,000	2013	853,000	www.worldbank.org/en/country
Foreign Direct Investment	**Host Country Statistical source***		**USG or international statistical source**		**USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in partner country ($M USD, stock positions)	2013	872,218	2013	722,786	BEA data available 3/19/14 at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Host country's FDI in the United States ($M USD, stock positions)	2013	619,758	2013	273,884	BEA data available 3/19/14 at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	2013	102%	2013	85%	

*GDP at Statistics Netherlands: http://statline.cbs.nl/Statweb/publication/?DM=SLNL&PA=82601ned&D1=1,63,71-72&D2=0,2&DS=94-99&VW=T also at Dutch Central Bank http://www.statistics.dnb.nl/betalingsbalans-en-extern-vermorgen/index.jsp

Table 3: Sources and Destination of FDI

The Netherlands leads global tables in both inward FDI (over USD 4.3 trillion) and outward FDI (over USD 5.2 trillion). This is largely explained by the presence of a large number of "Special Purpose Vehicles" and subsidiaries of foreign firms that enjoy favorable tax treatment. Other significant factors include the central role the Netherlands plays in the distribution of international trade flows and the presence of large pension funds that are required to be invested abroad.

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	4,342,358	100%	Total Outward	5,217,111	100%
United States	997,712	23	United States	720,700	14
Luxembourg	693,715	16	United Kingdom	646,304	12
United Kingdom	455,896	10	Luxembourg	578,796	11
Bermuda	263,326	6	Switzerland	347,207	7
Germany	246,134	6	Germany	314,645	6
"0" reflects amounts rounded to +/- USD 500,000.					

Source: IMF Coordinated Direct Investment Survey

Table 4: Sources of Portfolio Investment

The Netherlands ranks as eight largest in total reported portfolio investment with a total portfolio size of USD 1,959,106.

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
All Countries	1,959,106	100%	All Countries	930,121	100%	All Countries	1,028,986	100%
United States	412,375	21	United States	301,590	33	Germany	243,745	24
Germany	274,974	14	Luxembourg	86,952	9	France	175,929	17
France	213,341	11	Japan	82,172	9	United States	109,784	11
United Kingdom	137,628	7	United Kingdom	80,220	9	Italy	61,573	6
Luxembourg	105,535	5	Ireland	67,714	7	United Kingdom	57,407	6

Source: IMF Coordinated Portfolio Investment Survey

19. Contact for More Information

Gilles Everts
Economic Specialist
U.S. Embassy The Hague
Lange Voorhout 102
2614 EJ The Hague
+31-(0)70-310-2276
EvertsGE@state.gov