

The Netherlands 'top' for foreign companies

Study shows that the business climate in the Netherlands is more attractive in many fields than in Switzerland, Germany and the UK.

For foreign investors the Netherlands is an extremely attractive country to set up a business, and not only for fiscal reasons. This is shown by a study published by a tax consultancy. The Netherlands often has more advantages for American as well as for Asian companies than competing countries such as Switzerland, Germany and the United Kingdom.

The studies show that although the favourable fiscal business climate in the Netherlands is important in attracting foreign companies, the emphasis on this aspect is too one-sided. Other factors, such as accessibility, wage and housing costs and a skilful professional population are at least as important. With regard to these aspects the Netherlands has an excellent score.

Tax environment

In recent months in particular the favourable Dutch tax environment was in the news, also because of publications in the newspaper *Financieele Dagblad*. In the tax-free channelling of capital flows the Netherlands is a major intermediate station for multinationals. This is in particular the result of the extensive network of tax treaties in the Netherlands. The low tax rate with regard to revenues from royalties and other intellectual property rights makes it attractive for companies to use Dutch private limited companies and cooperatives.

The other five business location factors that are neglected, are the good location and connections, the competing cost structure, the highly educated and multilingual professional population, the international business environment and the balanced and predictable legislation and regulations.

Good location

The excellent location of the Netherlands is exemplified by the port of Rotterdam, the third largest port in the world, and Schiphol airport, which handles more than 10% of the European passengers. Compared with Switzerland the road network is much more extensive. However, Switzerland has a denser railway network. But Switzerland scores significantly less well when the flight connections with the US and Asia are compared. For example, there are no direct flights from Geneva to Atlanta, Chicago, Hong Kong, Singapore, Shanghai, Peking and Tokyo. There are more than ten flights a week from Schiphol to these places.

The costs in the Netherlands are considerably lower than in Switzerland. Compared to the UK and Germany it takes up a middle position. Subsidies and other investment incentives are more available than in Germany and the UK. However, Switzerland scores equally with regard to the latter aspect. In most cases the costs of office space, hotels and apartments are also lower than in the neighbouring countries, and certainly than in Switzerland.

Better personnel

On the basis of figures of four international organisations the researchers find that the Netherlands scores higher with regard to the availability and level of education of Dutch employees compared to that of German and British employees. However, Switzerland surpasses the Netherlands with regard to multilingualism, financial know-how and trained personnel.

This is also the case with regard to motivation, quality of the managerial courses and the ease with which personnel can be employed and dismissed. In addition, the percentage of part-time employees in the Netherlands is substantially higher (more than 35%) than in Switzerland (25%). Moreover, Dutch employees score higher than their German and British counterparts with regard to work attitude and values.

The Netherlands distinguishes itself from its European competitors in its attitude towards globalisation and being receptive to other ideas. The work and social climate in the Netherlands for foreign employees is certainly not valued less than in Germany and the UK. However, Switzerland is valued slightly higher with regard to this aspect.

Honest and predictable legislation and regulations

Finally, the Netherlands has honest and predictable legislation and regulations. There are clear regulations to set up main offices, shared service centres, branches, production research, and development facilities.

Transparency International, the organisation that exposes corruption, places the Netherlands just above Germany and the UK and just below Switzerland. Despite the political fragmentation and the financial crisis the Netherlands is also regarded as politically and financially stable.