

The Netherlands: Home to Global Trade

Perhaps no other country has embraced international trade as a domestic business driver more than the Netherlands.

Surrounded by great powers such as France, England and Germany, and with marshy land hampering agriculture and natural resource exploitation, the Dutch turned to the sea (and to international trade) centuries ago to make their mark and gather their profits from around the globe.



While these intrepid world traders are now just as likely to catch a plane out of Amsterdam's Schiphol airport as they are to use the ocean to facilitate trade, the spirit of global trade still runs strong through the country, helping to ensure that it remains a welcoming, cosmopolitan and business-oriented world culture. Unemployment is low (currently 3.6%), education is excellent and broad-ranging and the country functions as a key logistics hub for much of Western and Central Europe. Major corporations such as Unilever, Shell, Philips, AEGON, Wolters Kluwer and even Booking.com are based out of the Netherlands, and continue to drive innovation across diverse sectors.

[The Netherlands ranks second](#) in the world in the Cornell/INSEAD supported WIPO **World Innovation Ranking**, well ahead of the United States. They were also considered fourth in the latest European Commission's innovation rankings. Regardless of how you review or rank



countries, they are world leaders in innovation, ahead of major European competitors such as the UK, Germany and France.

Innovation continues to be the daily bread of Dutch businesses. Limited living space and a history of leading technological changes (such as inventing the microscope and CDs) continue to [push creative growth in the Netherlands](#). The Netherlands is among the [vanguard of nations for the use of robotics](#). Driverless

technology flourishes, such as with the joint Amsterdam – MIT project for driverless boat deliveries (the ‘roboat’, **pictured right**), or in the Port of Rotterdam, where automated transportation and craning has been used for over 25 years.



The Netherlands is simply buzzing with global business. On the World Bank’s Ease of Doing Business rankings, the Netherlands in fact has the number ranking one in the category of ‘Trading across borders.’* The largest port in Europe, the Port of Rotterdam (connecting sea traffic with both the Meuse and the Rhine rivers), processes over 8 million containers of goods annually. The Netherlands’ entire economic focus is on global trade – at approximately one-quarter the population of France, they are almost equal when it comes to exporting and importing. The Netherlands is the world’s 8th largest exporter, ahead of the United Kingdom and Italy. All of this in a country of 17 million, about the same as the combined population of Illinois and Wisconsin, but squeezed into the space that equates to less than one-third of the size of Wisconsin.

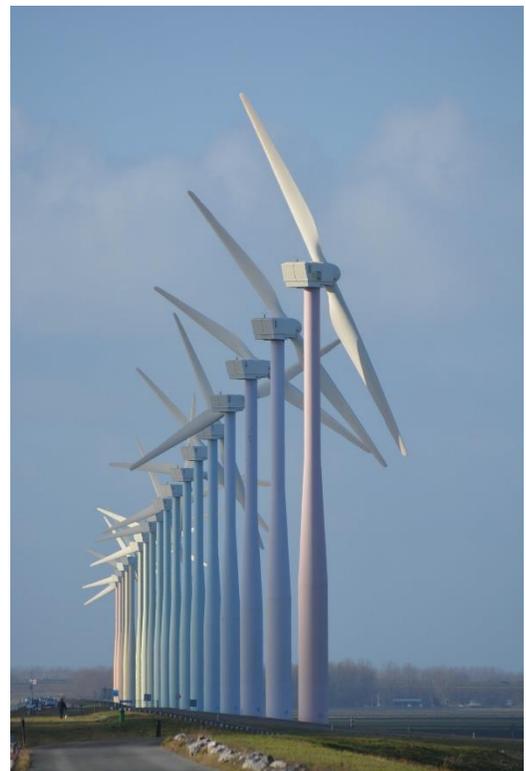
* The Netherlands did not score very well overall, due to the very low, and arguably unjust, rating the country received for issues involving *credit*. The nation’s overall ranking was 36th, but they were ranked 112th in the world for ‘getting credit’, which is misleading – the Netherlands (very focused on consumer privacy) received zero points for ‘credit registry coverage.’



Politics and the business environment – safely in the EU for business reasons

The Dutch government, currently led by Dutch Prime Minister Mark Rutte, has been an important political counterpoint to the Franco-German axis within the EU. [As a nominal leader of the ‘Hanseatic League 2.0’](#), he resisted calls for a more tightly integrated EU, and has worked with other nations such as the Baltic states to keep EU discussions focused on pragmatic and cost-effective business issues rather than more nebulous (and potentially expensive) concerns of common defense, security, and foreign policy. PM Rutte is balancing an awkward and fragile government coalition, and there is significant Euroscepticism in the Netherlands, especially where voters see the Netherlands footing the bill for other EU countries such as Greece, Italy or Spain in the wake of years of financial crisis. Nevertheless, the business environment is vibrant, and the Netherlands is tightly wedded to the benefits of the Common Market. Any calls to leave the EU have been from fringe political voices, and even those have grown silent as they’ve watched the UK get mauled by the EU in Brexit negotiations.

Environmental issues have always been important in Dutch politics, which has led the Netherlands to push for clean energy and public transportation development as major priorities. Public transportation use is high, and the government will continue to work with the private sector to expand and [improve the mass transit options in the next few decades](#). Modern windfarms are now a ubiquitous sight throughout the Netherlands, as they take advantage of the natural topography and a tradition of wind energy in the country, and the government plans to be [reduce greenhouse gas emissions to zero](#) by the year 2050. Due to these policy priorities, Cleantech-oriented companies will find a warm welcome in the Netherlands.





The reasons why the Netherlands could be a great match for your company

For an American firm entering the Netherlands, there are several distinct advantages which make the country extremely attractive as an investment location. The first is transparency and a national dedication to the rule of law, the second is the wide-spread use of English (and other languages) and the third is close cultural matching for American companies. The three of these factors combine to make it remarkably comfortable and straight-forward to do business in the Netherlands.

The first factor; transparency, is a crucial concern for any business investment. In the latest Corruption Perception Index by Transparency International, the Netherlands tied for 8th best overall, beating out countries such as Germany, Austria and Ireland (as well as the United States). The culture of transparency and the rule of law really help to level the playing field for foreign investors. Companies that have intellectual property concerns will love the reliable protections under Dutch law, and the keen focus on privacy issues is often beneficial to most companies (although it can make customer surveys and marketing a bit difficult!). The recently-established [Netherlands Commercial Court](#) even allows private parties to litigate matters before a domestic court in English.

The Netherlands is a linguistic heaven for foreign companies. English is spoken almost everywhere in the Netherlands at a remarkably high level. In the business environment, English levels among senior management are almost universally at near-native fluency. The public-school system has even started [to introduce bilingual \(Dutch-English\) education](#) in certain districts. Students will have had between 10 and 12 years of English language instruction before they graduate high school[†]...and it shows. Operating in English in the Netherlands is standard (even though learning the local language is always best for business!). Equally important, Dutch employees can generally be relied on to speak an additional European language or two at a high

[†] Thanks to Dr. Erik Koppe of Leiden University for his thorough discussion on the Dutch educational system.



level, so finding support staff to talk to German, Spanish, Italian or French business partners is a snap (not so in many other European countries).

From a cultural perspective, the Dutch are renowned as straight shooters. For Americans, they match up especially well from a communication perspective. They are closely aligned with American communication styles (both being considered prime examples of [low context cultures](#)) and pride themselves as a nation at being open and honest in their dialogue. Although sometimes this directness can be a bit abrupt or even seem rude to Americans, Dutch business partners rarely leave you guessing as to where you stand.[‡] This means that there are fewer cultural traps to get in the way of effective business communication in the Netherlands for American businesspeople – and as a nation that prides itself on tolerance, they will generally put up with your cultural errors and calmly correct you if you do something foolish and counter to Dutch norms.

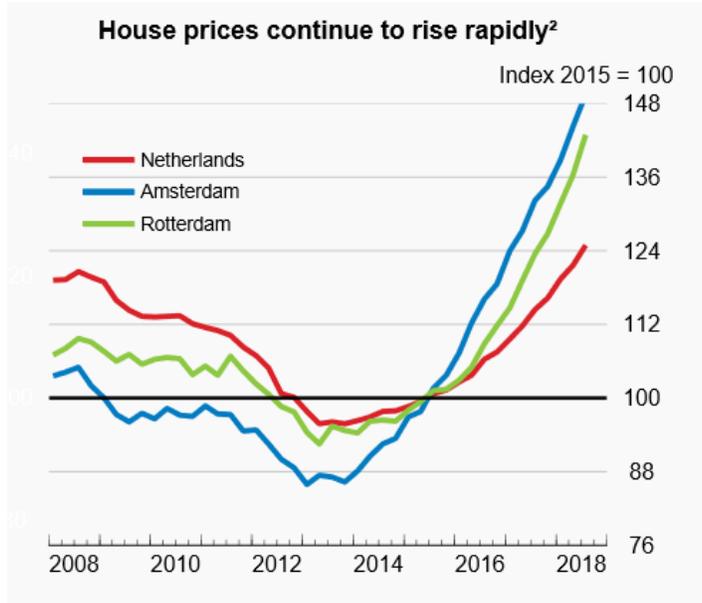
Challenges and concerns for foreign companies in the Netherlands

Low unemployment and a high average annual wage of circa \$57,000 means that the labor market is rather tight and expensive in the Netherlands. Additionally, the culture and politics of the country tend to favor workers' rights over employment flexibility for employers. For example, Dutch law generally imposes a notice period of over two months for redundancies, and a substantial severance payment. In fact, the Netherlands ranks very low on the OECD employment flexibility ratings, [coming in at 31st overall](#). For employers that go in with their eyes open and are informed about the law and workers' rights, this is not a major issue, but one worth highlighting as EU countries such as Denmark, Ireland and the Czech Republic have significantly more employer-friendly regimes.

[‡]Obviously, this is a generalization. There are many sub-cultures in Dutch culture (just as there are in the United States) that take very different approaches to communication.



Related to the low unemployment is the growth of wages, inflation, and (most problematic) housing prices. One thing that the Netherlands does not have is open space near the industrial centers of the country. Population densities are among the highest in Europe and zoning regulations are very strict. **As the chart (right) shows[§]**, this combination of factors and a growing urban population is pushing housing prices up very rapidly. General real estate costs will go up as a matter of course and there is no foreseeable solution to this problem, which will inevitably be shouldered by businesses as both land purchasers and employers. Recent announcements that over 250 companies are moving from the UK to the Netherlands as a result of Brexit will likely further tighten the real estate market for businesses.



A great market for almost any business, if you can afford it

The Netherlands is a great market for many companies, and an excellent location to easily and efficiently support business operations throughout Western and Central Europe. Despite the two concerns mentioned above, the Netherlands is absolutely a tax-friendly, cosmopolitan and welcoming location in which to do business. If the relatively high-price of labor and real estate does not scare you off, it may be the perfect market in which to expand your business. Contact Samson Atlantic to discuss how the Netherlands compares to other opportunities in the European market. With all of the great possibilities out there, we are certain we can find the perfect location to help your business grow...with confidence.

[§] Courtesy of the OECD and Statistics Netherlands (CBS).