Figures on the investment climate in the Netherlands 2008

Explanation of symbols

.	=	data not available
*	=	provisional figure
x	=	publication prohibited (confidential figure)
–	=	nil or less than half of unit concerned
–	=	(between two figures) inclusive
0 (0,0)	=	less than half of unit concerned
blank	=	not applicable
2005–2006	=	2005 to 2006 inclusive
2005/2006	=	average of 2005 up to and including 2006
2005/'06	=	crop year, financial year, school year etc. beginning in 2005 and ending in 2006
2003/'04–2005/'06	=	crop year, financial year, etc. 2003/'04 to 2005/'06 inclusive

Due to rounding, some totals may not correspond with the sum of the separate figures.

Publisher
Statistics Netherlands
Prinses Beatrixlaan 428
2273 XZ Voorburg

End of August 2008:
Henri Faasdreef 312
2492 JP The Hague

Prepress
Statistics Netherlands
Facility Services

Printed by
OBT bv, The Hague

Cover
TelDesign, Rotterdam

Information
Telephone .. +31 88 570 70 70
Telefax .. +31 70 337 59 94
Via contact form:
www.cbs.nl/information

Where to order
E-mail: verkoop@cbs.nl
Telefax .. +31 45 570 62 68

Internet
www.cbs.nl

Price: € 15.30 (price does not include postage and administration costs)
ISBN: 978-90-357-2007-7
ISSN: 1873-300X

Preface

A country's investment climate is in part determined by factors such as climate and geography, elements that cannot be influenced. In addition to this the investment climate is determined by political decisions, investment decisions of businesses and choices made by consumers, elements that can be influenced. These latter factors are studied in this publication, an abridged English version of the Dutch publication *'Het Nederlandse ondernemingsklimaat in cijfers 2008'*. Both publications are the result of a collaboration between the Dutch Ministry of Economic Affairs and Statistics Netherlands. The publication at hand is the third in a series.

Using approximately one hundred indicators, the Dutch investment climate is put in an international perspective. It can be concluded that the Netherlands ranks as 'average' to 'good' on many aspects of the investment climate. This applies especially with respect to the preconditions for economic growth, such as the macroeconomic conditions and functioning of government. Innovation and entrepreneurship – both of which are crucial for the development of productivity and ultimately economic growth – are apparently the main bottlenecks for the Netherlands. However, in the area of entrepreneurship some improvement is visible.

A special section of Statistics Netherlands' website has been set up to coincide with this study (www.cbs.nl/investmentclimate); it contains background details for future reference. The intention of the website, this publication and the original Dutch publication is to feed the debate about enterprise climate using figures that are reliable, internationally comparable and as up to date as possible.

Director-General of Statistics Netherlands

G. van der Veen

Contents

Introduction

The goal of this publication

This publication is an English-language, abridged version of the Dutch-language publication *'Het Nederlandse ondernemingsklimaat in cijfers 2008'* that aims at presenting an adequate account of the investment climate in the Netherlands. Emphasis is placed on those factors which according to economic theory contribute to economic growth and a healthy investment climate and that can be influenced by governments. These factors are crucial, not only for entrepreneurs but also for policy makers and society as a whole. It goes without saying that a sound investment climate is extremely important at a time when it is becoming constantly easier for entrepreneurs to operate in the international dimension and when established economies – such as the Netherlands – are being faced with more direct competition from emerging new economies when attracting new investors.

The study sets out the economic performance and the related investment climates of twenty nations on the basis of some hundred indicators, focusing mainly on the situation in the Netherlands. The analysis is based on the most recent and reliable internationally-comparable figures. For many of the indicators the figures consequently relate to 2006. Trends are preferably analysed over the period 1990–2006. All statements concerning the level and trend-related development of indicators therefore relate to the recent past.

Why this publication?

A variety of reports and documents have been published on the various aspects of the investment climate. Examples being publications issued by the *'World Economic Forum'* (WEF), the *'Institute of Management Development'* (IMD) and *'The Economist Intelligence Unit'* (EIU). Also the EU and the OECD regularly publish studies that make use of indicators to compare countries on certain aspects. Each benchmark study has its own focus and its own strengths and weaknesses.

This publication is geared specifically to the Dutch (policy) practice. It is the third edition and continuity, comparability and reliability of figures will have priority in subsequent editions. As far as the latter is concerned official statistics drawn up and coordinated in the international context by national statistical offices such as Statistics Netherlands will be given preference. Only in the second instance will information be derived from non-public sources.

Website

A special section of Statistics Netherlands' website has been set up to coincide with this study (www.cbs.nl/investmentclimate); it contains background details for

future reference. The database, which is accessible via this website, will be kept up to date.

Reading guide

Chapter 1 of this abridged version of the Dutch-language publication gives a detailed explanation of the term *'investment climate'* and discusses the conceptual model on which the study is based. A coherent, general description of various factors that influence the investment climate and economic growth is given on the basis of this conceptual model. Chapter 1 also explains how the indicators and countries were selected. Readers not interested in the underlying methodological choices can pass over this chapter.

Chapter 2 summarises the findings of the study focusing on the Dutch situation vis-à-vis the reference countries. In the annexes an overview is given of the reference countries' scores on the various indicators.

1. Theoretical framework

1.1 A view on the investment climate

In the international literature, frequently mentioned factors of crucial importance for a country's investment climate are: the unique geographical situation (climate, availability of natural resources, size of the domestic market, and the distance to other markets), infrastructure, socioeconomic policy, and the quality of the institutions (especially in the areas of labour and finance). [1)] Stability of the apparatus of government and social calm also play an important role. In recent debates on the investment climate attention has been given to innovation, the human factor and (innovative) entrepreneurship.

Attention devoted by governments to the investment climate implies a focus on factors which, in the wider sense, are ultimately critical in terms of the willingness of entrepreneurs to invest. Entrepreneurs have certain expectations concerning the stability or further development of these factors. And in so far as these developments have not yet been embedded in reasonably stable legislation they form a part of the political decision-making process.

Modern economic growth theories also focus attention on the benefits of a sound investment climate. [2)] In this respect, ensuring the right conditions and creating opportunities for businesses and individuals predominates. In the more traditional economic growth theories frequently the government is labeled as an effective allocator that need not concern itself about its performance or the motives of investors. Moreover a great deal of faith is placed in market forces. When looking at the aspect of growth in these older theories a great deal of attention is also given to the traditional factor of capital; social trends and how institutions and government behaves often being underexposed. [3)]

In the empirical literature to explain productivity growth there is also a growing interest in supplementing data on physical and human capital and R&D/innovation with data on factors such as ICT, entrepreneurship and market competition. [4)]

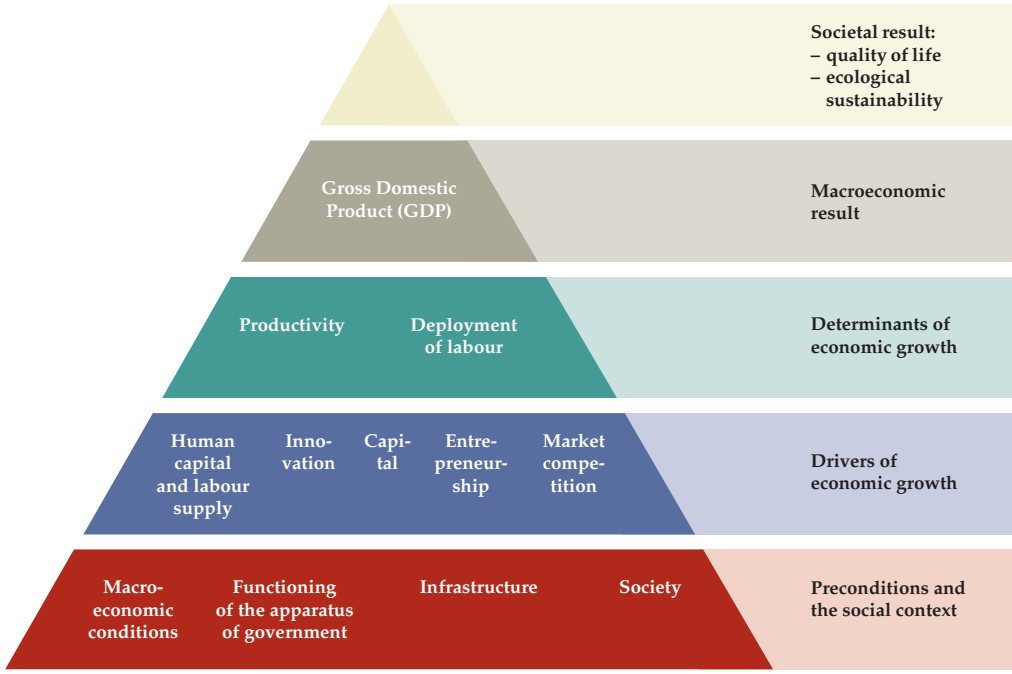
1.2 A conceptual model of economic growth

This publication describes the investment climate on the basis of a combination of interrelated factors, starting with the preconditions at which enterprises operate and ending with the macroeconomic and social outcomes. The conceptual model is illustrated in Figure 1.2.1.

The Netherlands is not the only country where with public money a document is published on the national investment climate. [5] Denmark, Ireland and the United Kingdom issued publications of this kind before the Netherlands, and they too made use of conceptual models of economic growth. [6] The model presented in Figure 1.2.1 is based partly on the Irish model. [7]

The model contains five layers, each of which contain relevant factors. The bottom layer covers factors which are preconditional for economic growth: the societal situation, macroeconomic conditions, functioning of the apparatus of government, and infrastructure.

1.2.1 A conceptual model of economic growth



The second layer contains factors that boost economic growth: innovation, entrepreneurship, market competition, human capital and labour supply and capital. [8] The third layer devotes specific attention to factors that are the determinants of economic growth: labour productivity and the deployment of labour. And finally the fourth and fifth layers focus on aspects which ultimately shape the economic and social result: the gross domestic product (GDP), ecological sustainability and the quality of life.

While to a certain extent each layer influences the layer above there are also interactions between the various factors within the different layers. For instance, entre-

preneurship and market competition have a reciprocal influence. If entry barriers – to either startup or discontinue a business, for instance – are low, then businesses experience a higher level of competition from one another (more market competition) and members of the working population have more incentives to become entrepreneurs.

In addition to the interactions within a layer itself, the layers above also influence the layers beneath. One example of this is the fact that innovation leads to an increase in human capital and thus to a better knowledge infrastructure. However, innovation promotes growth and consequently innovation also makes an indirect contribution – via taxation – to public finances, and public finances are co-decisive for the macroeconomic conditions.

Obviously, the model is a simplified reproduction of the real situation. However, it is a useful tool for organising the various factors that play a role in the investment climate and economic growth. Attention in this study focuses primarily on the two lower layers given that this is where the investment climate components are located.

In Figure 1.2.1 the importance that can be attached to the different factors is not taken into account. The exact significance of each factor and the possible causality of the various factors is debated in the economic literature.[9] The *'Centraal Planbureau'* (Netherlands Bureau for Economic Policy Analysis) has started a study in an attempt to integrate into its models the extent to which innovation (including R&D), education and market competition contribute to economic growth. It is quite possible that the results of that study will lead to a refinement of the current model in the future.

To conclude this section the individual factors distinguished in the conceptual model are explained in brief below.

Layer 1: Preconditions and the social context

This layer represents – in the broad sense – the socioeconomic environment of businesses and entrepreneurs. To a certain extent the various factors can be influenced or determined by the government.

Macroeconomic conditions: These conditions determine the economic climate in which entrepreneurs must operate. This concerns inter alia inflation and the long-term interest rate.

Functioning of the apparatus of government: 'Good governance' is a topical subject. How reliable is the government, and how efficient is it? Of relevance in this respect is the government-instigated burden of regulations businesses are faced with, and other forms of state intervention that affect the opportunities available to businesses.

Quality of the infrastructure: Infrastructure in this context must be seen in the widest sense: not only the physical infrastructure (roads, rail track, waterways, flight routes and the telecom infrastructure), but also the information infrastructure (level of ICT penetration in businesses and households) and the government-funded knowledge infrastructure (the R&D facilities of public research institutes, universities, etc.).

Society: This relates to the societal-institutional domain insofar as it is able to promote or hinder business activities. Of importance in this respect are culture and traditions as well as the civil, political and labour climate.

Layer 2: Drivers of economic growth

The focus when studying the factors of this layer is on the conduct of businesses and individuals. The factors distinguished are regarded as the drivers of economic growth.

Human capital and labour supply: The term *'human capital'* is also used as far as human knowledge and skills are concerned. The level of education is important regarding the actual quality of the labour force, as also is the degree to which existing knowledge is maintained, supplemented and kept up to date.

Innovation: Innovation ensures the introduction of new processes and products that are able to increase business productivity and raise the level of prosperity. Research (R&D) is a significant motivation for technological innovations. Also important in this respect are non-technological innovations (e.g. organisational changes within a company or the opening up of new markets). Implementation of technological innovations can also be realised in a business without the need for internal R&D. Such businesses are generally the type of firm that purchases ready-made innovative solutions or commissions a third party to develop solutions for them.

Capital: Whereas capital is an important factor of production not all types of capital have an equally great influence on economic development. Of particular importance for economic development is the amount of venture capital available. After all, venture capital is used to finance high-risk projects which are often of an innovative nature. The availability of capital is also associated with the degree to which foreign companies wish to invest in the Netherlands, or the extent to which Dutch companies see opportunities to invest with success in the Netherlands or relocate to a foreign country.

Entrepreneurship: Creative entrepreneurship is a driving force for innovation if it is able to break through existing economic relations. Entrepreneurship (or the lack of) leads to the establishment and discontinuation of businesses.

Market competition: Market competition prompts businesses to operate effectively, to create economic value and to share that value with their customers. Sound market competition encourages innovation and entrepreneurship. This means that it must be possible (temporarily) to obtain high profits by launching new, better products or services, but that the actual position of a business cannot be protected indefinitely by preventing others from introducing similar or even better products or services. Among other things, an accumulation of regulations can lead to undesirable barriers and consequently to a level of competition which is too low.

Layer 3: Determinants of economic growth

The growth potential of the economy is determined by two structural factors: an increase in the labour supply and the structural increase in labour productivity. A combination of these two factors determines by definition the growth in GDP.

Productivity: Productivity is approached in this study primarily as labour productivity. Labour productivity is the result of a greater capital intensity, technological and organisational progress and an increase in the quality of labour supply. These are factors from layer 2.

Deployment of labour: A growing level of labour deployment, made possible by increasing the number of new jobs, is directly related to the GDP. As long as the potential labour force is not one hundred per cent active the GDP has the potential to continue to grow.

Layers 4 and 5: Macroeconomic and societal results

The two top layers of the model in economies such as the Netherlands – where the aim is to achieve sustainable growth – are considered in coherence.

GDP: The economic achievements ultimately expressed in the Gross Domestic Product reflect the current economic status. The size of the GDP also reflects what has been achieved in the past in the form of investments, innovations and learning experiences. The statistics that reflect today's economy are not necessarily indicative of a country's future competitive strength.

Quality of life: The quality of life is a subjective theme. It has to do with the feelings of individuals that is derived from the situation in which they live. For many people, personal economic prosperity increases their quality of life.

Ecological sustainability: Striving to achieve sustainable economic growth implies that when utilising today's growth potential we must ensure that the growth potential of future generations is not lost from sight. In matters of economic growth there must also be an integral assessment of the economic, ecological and social interests.

1.3 Selection of indicators

Even if the number of areas that seemingly have a direct effect on the investment climate is lowered to a certain extent it is still easy to draw up a list of options that covers hundreds of indicators. [10] Supplementary statistical criteria were used to make a selection:

- Validity: Does an indicator measure what it should measure?
- Objectivity: Is an indicator based on facts?
- Timeliness: How quickly does an indicator become available after the measuring period has finished?
- Availability of a time series: Has an indicator been available every year since 1990?

Ultimately, some hundred core indicators are dealt with in this study of the Dutch investment climate.
An overview of the indicators selected for the various factors is presented in Table 1.3.1. See the annexes for a detailed explanation of the significance of the indicators.

1.4 Selection of reference countries

It is evident that other western economies with a level of development similar to that of the Netherlands are the ones most worthwhile comparing with the Netherlands. OECD countries were looked at in this respect, primarily because of the availability of relevant data. This total number of countries was then reduced by adding two extra criteria:

- the geographical proximity to the Netherlands;
- the degree of competition in terms of export destinations which are of significance to the Netherlands.

The above led to a selection of 15 countries in Europe, all of which belong to the EU-25. These 15 countries were then supplemented with 5 non-European countries: the United States, Japan, Canada, South Korea and Australia. An overview of several core data of the selected countries is given in Table 1.4.1.

Table 1.3.1
List of selected indicators per factor distinguished [1)]

Macroeconomic conditions:
- Inflation
- Long-term interest rate
- Net borrowing/lending of consolidated general government sector
- General government debt
- Unemployment*
- Imports and exports, related to GDP
- Time necessary to import or export a container
- Cost to import or export a container

Functioning of the apparatus of government:
- Corporate income tax rate
- Number of days to start-up a new business
- Number of procedures required to start a business*
- Online availability of public services
- Sectoral and ad hoc state aid
- Government effectiveness

Infrastructure:
- Efficiency of distribution infrastructure
- Aviation network connectivity
- Office rents and occupancy costs
- Total ICT expenditure
- Broadband subscribers
- Government financed gross domestic expenditure on R&D
- Educational expenditure per student, primary education
- Educational expenditure per student, secondary education
- Educational expenditure per student, tertiary education
- Educational expenditure per student, primary to tertiary education

Society:
- Part-time employment
- Job mobility
- Minimum wage
- Social protection benefits
- Unemployment benefits
- Old-age dependency ratio
- Young-age dependency ratio

Human capital and labour supply:
- Human resources in science and technology (HRST core)
- Tertiary education attainment
- Graduates in science and engineering
- Performance of 15-year old students
- Employment rate by educational attainment
- Unemployment rate by educational attainment
- Educational attainment of immigrants*
- Life-long learning
- Unit labour costs
- Hourly labour costs

Innovation:
- Business enterprise expenditure on R&D (BERD)
- BERD financed from abroad
- Innovative enterprises
- Employment in high-tech sectors
- Innovative enterprises with co-operation arrangements on innovation activities
- Patent applications to the EPO
- Triadic patent applications
- Turnover of new or siginificantly improved products
- Non-technological innovators

Capital:
- Capital stock
- ICT capital stock
- Investment quote business sector
- ICT investments
- Venture capital investments
- Foreign direct investment, inward
- Foreign direct investment, outward
- Cumulative foreign direct investment, inward
- Cumulative foreign direct investment, outward

Entrepreneurship:
- Business ownership rate
- Self-employment rate, women
- Self-employment rate, men
- TEA index
- Size of enterprise at birth
- Gross birth rate of enterprises
- Gross exit rate of enterprises
- Firm turbulence
- Business survival rate
- Fast growing enterprises
- Propensity towards entrepreneurship

Market competition:
- Mark-up
- Public procurement advertised in the offical Journal*
- Price convergence in the EU*
- Total state aid
- Difficulty of firing index*
- Firing cost*

Labour productivity:
- GDP per hour worked
- GDP per person employed
- Labour productivity growth

Deployment of labour:
- Annual hours worked per person employed
- Employment rate
- Employment rate, men
- Employment rate, women
- Employment rate, ages 15 to 25
- Employment rate, ages 25 to 55
- Employment rate, ages 55 to 65

Macroeconomic results:
- Gross Domestic Product (GDP) per capita
- GDP-growth

Quality of life:
- Income quintile share ratio
- Life expectancy at birth, women
- Life expectancy at birth, men

Ecological sustainability:
- Energy consumtion per unit of GDP
- Emissions of carbon dioxide (CO_2), per capita
- Electricity from renewable energy sources

Note: indicators that have been added this edition are marked with a *.
[1)] The following indicators from the previous edition are no longer included: barriers to entrepreneurship, barriers to trade and investment, administrative burden for start-ups, state control, employment protection legislation and the indicators on foreigners and expatriates.

Table 1.4.1
Benchmark countries with some core data, 2006

	ISO country code	Member of [1]	Area	Population	GDP	GDP per capita
			1,000 km²	*million*	*bn current USD*	*1,000 current USD*
Austria	AT	EU-15	84	8,2	322	39,1
Australia	AU	OECD	7 687	20,5	768	37,4
Belgium	BE	EU-15	31	10,5	392	37,4
Canada	CA	OECD	9 976	32,6	1 251	38,4
Czech Republic	CZ	EU-25	79	10,2	142	13,9
Germany	DE	EU-15	357	82,4	2 907	35,3
Denmark	DK	EU-15	43	5,4	2 752	50,7
Spain	ES	EU-15	505	43,5	1 224	28,1
Finland	FI	EU-15	338	5,3	209	39,9
France	FR	EU-15	547	61,0	2 231	36,5
United Kingdom	GB	EU-15	245	60,4	2 345	38,8
Hungary	HU	EU-25	93	10,1	113	11,2
Ireland	IE	EU-15	70	4,2	223	52,9
Italy	IT	EU-15	301	58,6	1 845	31,5
Japan	JP	OECD	338	127,6	4 340	34,0
South Korea	KR	OECD	98	48,4	888	18,3
Netherlands	NL	EU-15	42	16,4	658	40,2
Poland	PL	EU-25	313	38,1	339	8,9
Sweden	SE	EU-15	450	9,0	385	42,6
United States	US	OECD	9 629	299,0	13 202	44,2

[1] All the countries listed are OECD members. This is only shown for non-EU Member States. The countries marked 'EU-25' joined the European Union after May 1st, 2004.

Sources: CIA, World Factbook 2005 edition; World Bank.

Notes

1) See for instance Stern, N. and H.P. Lankes, 1998, "Making the Most of Markets: The Role of IFIs", Volume 3 No 2, pp. 104 in: European Investment Bank, *International financial institutions in the 21st century,* European Investment Bank, Luxembourg. This publication is available via the Internet: http://www.eib.org/Attachments/efs/eibpapers/y98n2v3/y98n2a06.pdf.

2) See for instance Stern, N., J. J. Dethier and F. H. Rogers, 2005, *Growth and Empowerment; Making Development Happen,* MIT Press, Cambridge.

3) For two pioneering publications in the field of the neoclassical growth theory, see Solow, R.M., 1956, "A Contribution to the Theory of Economic Growth", in: *Quarterly Journal of Economics,* Volume 70, pp. 65–94 and Mankiw, N.G., D. Romer and D. Weil, 1992, "A Contribution to the Empirics of Economic Growth", in: Quarterly Journal of Economics, Volume 107, pp. 407–437.

4) For overviews of the (empirical) literature in the field of productivity growth, see e.g. OECD, 2003, "The Sources of Economic Growth in OECD Countries", Paris and Gelauff, G., L. Klomp, S. Raes and T. Roelandt (eds.), 2004, *Fostering Productivity: Patterns, Determinants and Policy Implications,* Elsevier, Contributions to Economic Analysis 263, Amsterdam.

[5] Some of the international benchmark studies, for instance those of the World Economic Forum and the Institute of Management Development, also use conceptual models. The extent to which those models are formalised differs from study to study.

[6] The Danish study from 2004 is entitled *Innovation Monitor an Assessment of Denmark's Innovation Capacity* and was carried out by FORA, a research group affiliated with the Danish Ministry of Economic Affairs. In Ireland, Forfás, the advisory body on policy in the fields of enterprise, trade, science, technology and innovation under the authority of the Ministry of Enterprise, Trade and Employment and the *National Competitive Council* has been publishing the *Annual Competitiveness Report* since 1998. And last of all, in the United Kingdom, the Department of Trade and Industry (DTI) issued the first publication of *UK productivity and competitiveness indicators* in 2003.

[7] See Forfás, 2004, "National Competitiveness Framework Model", *National Competitiveness Report 2004,* Dublin. This publication is available via the Internet: http://www.forfas.ie/ncc/.

[8] Because natural resources are a constant theme in terms of policy they are not included as a factor.

[9] See for instance: Bartelsman, E.J. and H.L.F de Groot, 2004, "Integrating Evidence on the Determinants of Productivity, in: Gelauff, G., L. Klomp, S. Raes and T. Roelandt (eds.), *Fostering Productivity: Patterns, Determinants and Policy Implications,* Elsevier, Contributions to Economic Analysis 263, Amsterdam.

[10] For a comprehensive list of potential indicators see the feasibility study *Benchmarking the benchmarks in entrepreneurship, innovation and competitiveness* carried out by Dialogic in 2005.

2. *An overview of the investment climate in the Netherlands*

In this publication figures are presented on the investment climate in the Netherlands and nineteen other countries. A healthy investment climate encourages investment and is therefore favourable for economic growth. Investments in knowledge and skills (human capital), in research and development (R&D) and in capital goods can lead to new products, processes and sustainable solutions to social problems (innovation). At the same time it is important that individuals and businesses spot and seize opportunities (entrepreneurship) and that markets offer space not only to existing businesses but also encourage new enterprises (market competition). All these investments and other economic activity are ultimately expressed in the development of the gross domestic product (GDP).

Using these figures the investment climate is described in two parts. Attention is paid first to what are known as the drivers of economic growth, such as human capital, innovation, capital, entrepreneurship and market competition. Secondly, the focus will be on the secondary conditions required for economic growth: macro-economic conditions, functioning of government, infrastructure and the social context. These secondary conditions are a fact for entrepreneurs but nevertheless are a factor in their willingness and ability to do business successfully.

The analyses use the most recent, reliable and internationally comparable figures, summarised in around one hundred indicators, most consideration being given to the situation in the Netherlands. Much of the data covers 2006 and 2007, while trends are generally measured from the year 1990. Any comments on the level and trends of indicators therefore relate to the recent past.

Main conclusion: good secondary conditions, moderate innovation, improved entrepreneurship

The Netherlands has an average to good score for many aspects of the investment climate. This applies especially to the secondary conditions for economic growth, such as the macro-economic conditions and functioning of government. The country also has high scores for human capital and supply of labour.

In the field of innovation – crucial for the development of productivity and ultimately economic growth – the Netherlands scores less than most other countries with which it would like to compare itself. The opportunities that are presented by markets and newly developed knowledge appear not to be exploited as much in the Netherlands as they are in other nations. Entrepreneurs also spend relatively little on R&D, which puts pressure on the future prospects for growth and innovation.

As far as market competition is concerned, a notable feature in the Netherlands is the relatively high level of protection from dismissal for employees.
The rate at which businesses start up, close down and experience fast growth is still greater in many countries than is the case in the Netherlands. However, the ratio of start-ups to closures has improved, the number of entrepreneurs as a proportion of the labour force has increased and the number of people who are involved in setting up their own business or who have recently done so is growing. It is not clear whether or not these positive developments are structural.

Radar charts
In this summary the indicators are shown in so-called radar charts. For each theme, the scores for the Netherlands (from the most recent year for which figures are available) are compared to the average score of the reference countries and the highest score amongst the reference countries. The score for the Netherlands is given by the orange line, the average score by the blue line and the top score by the dotted line, with the name of the country in question – the *'best in class'* – in brackets in the section of text next to the relevant axis. With certain variables a higher score does not mean best, such as in the case of the 'energy consumption per unit of GDP' indicator under the 'Performance' theme, in which Denmark is *'best in class'*: it has the lowest value for this indicator.

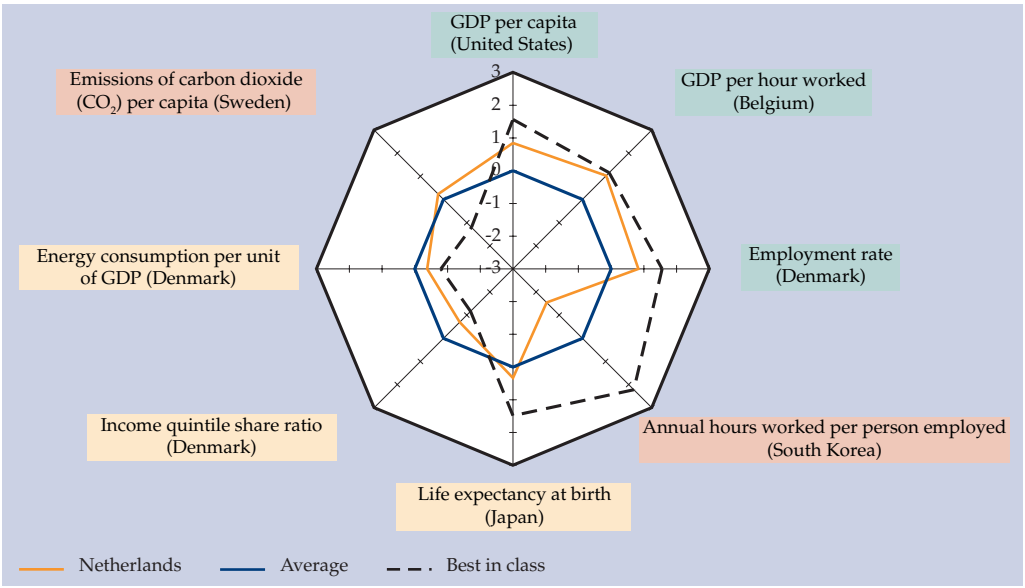
Position of the Netherlands
If the Netherlands scores better than average and is also among the best 33 per cent of the reference countries, then the indicator is coloured green; if it has a middle position, orange, and red is used if the country's performance is markedly worse than the average score and is in the worst 33 per cent. With some of the indicators there may be a difference of opinion as to whether a particular position is a good thing or not, and in these cases the most generally accepted opinion is used. An example of this is the 'income quintile share ratio' indicator (a measure of the inequality of income distribution), where a uniform income distribution is considered more desirable than a distorted distribution.

Normalised representation of data
It has been decided to normalise the data in order that they can be presented in a uniform format. Reducing the Netherlands' score for any given indicator by the average of all the countries and dividing the difference by the standard deviation of the scores of all countries produces a figure that shows how many times the standard deviation the Netherlands' score lies above or below the average. As a result of the normalisation the average score for every indicator is, by definition, zero.

Performance of the Dutch economy: a varying picture

A good investment climate is not a goal in itself. A good investment climate ultimately translates into sound economic, ecological and social achievements. Taken over the last twenty years, the Dutch economy has performed well in comparison with other EU and OECD countries. There has been no deterioration in the situation in relation to the previous edition of this monitor and several indicators have shown a relative improvement, such as the gross domestic product per hour worked and life expectancy at birth.

Performance indicators



Per capita gross domestic product (GDP) is high, while the growth in GDP has been above average, especially during the nineties. However, after the year 2000 the growth of both GDP and per capita GDP have levelled off. Nevertheless, in 2006 the Netherlands still occupied the third position for per capita GDP of the benchmark countries, behind the United States and Ireland. In spite of the slower rate of growth, the level of GDP per hour worked is still high in comparison to other nations, with only Belgium scoring slightly better in 2006. The Netherlands also performs well in terms of employment rate. At 64 percent in 2006, the Netherlands had the highest employment rate of 15–25 year olds of all the benchmark countries, closely followed by Denmark.

The number of annual hours worked per person employed in the Netherlands is low. At 1409 hours, it was ranked last of all EU and OECD countries in 2007. Significant causes of the limited number of hours worked are the high proportion of part-time employees and the relatively short working week.

As far as the more social indicators are concerned, such as life expectancy and income inequality (income quintile share ratio), the Netherlands is near the average of the group of benchmark countries. Life expectancy at birth for males and females is fluctuating around the European average. In addition, incomes in the Netherlands are relatively evenly distributed; of all the sample countries, the greatest income inequality is found in Poland, while those in Denmark are the most evenly distributed.

Indicators in the field of ecological sustainability show that the Netherlands scores only moderately here. Although energy intensity is about average, the country scores worse than most of the other countries when it comes to CO_2 emissions, and especially so in the use of green energy.

The radar chart summarises some of the performance indicators of the Dutch economy. The varying picture is clearly visible, but in most cases the Netherlands is not far from the average of the benchmark countries.

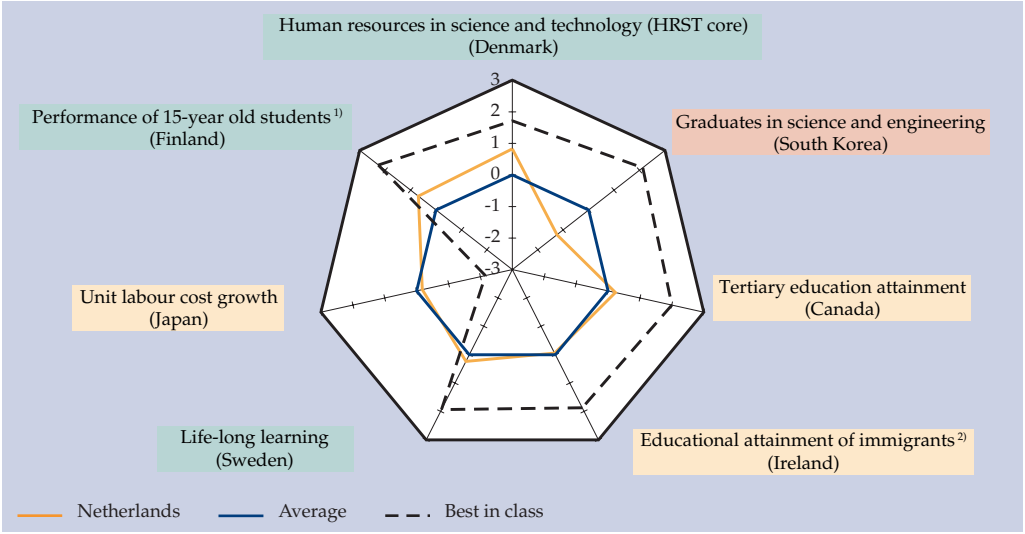
Human capital and labour supply: average to good

The picture with regard to human capital and labour supply in the Netherlands that that was painted in last year's monitor is more or less unchanged. The quality of human capital in the country is generally high, and it also compares well quantitatively with most benchmark nations. Human capital encompasses personal knowledge and skills that represent a competitive advantage, and for which there is no real substitute.

On balance, the Netherlands has average to good scores for the indicators selected for this theme, but the picture is rather mixed. The radar chart shows that the Netherlands scores well compared with the benchmark countries as far as 'lifelong learning' is concerned: this refers to the percentage of adults that take part in education and training during their working lives. Although it is easily above the average for the EU-15, it hardly grew at all between 2000 and 2006. The percentage of people in the Netherlands with tertiary education who are employed in science and technology (HRST core) is high. This HRST core showed clear growth between 2000 and 2006, more than in most other countries in the EU-15.

In 2005, the number of people in the Netherlands who had attained tertiary education exceeded one in five. The proportion of the population that has completed a tertiary degree has risen in the past ten years. As this is also true in virtually every country, the Netherlands has maintained the same average position it has occupied since 1995. In comparison with the other countries, only a small percentage of graduates in the Netherlands have a degree in a science or engineering subject, with just Hungary and Poland having an even lower proportion in 2005. However, it should be pointed out that in 2006 Dutch schoolchildren aged 15 scored well in

Human capital and labour supply



[1] Average performance of 15-year old students in the field of mathematics, science and reading.
[2] The percentage of immigrants that has attained tertiary education is shown here.

science and mathematics examinations in comparison with their counterparts in the benchmark countries.

With regard to the share of immigrants who are educated to a high level, the Netherlands had an average position in 2005. The proportion of highly educated people in the native population is greater in the Netherlands than the average of the benchmark countries: one in three members of the native labour force has completed tertiary education.

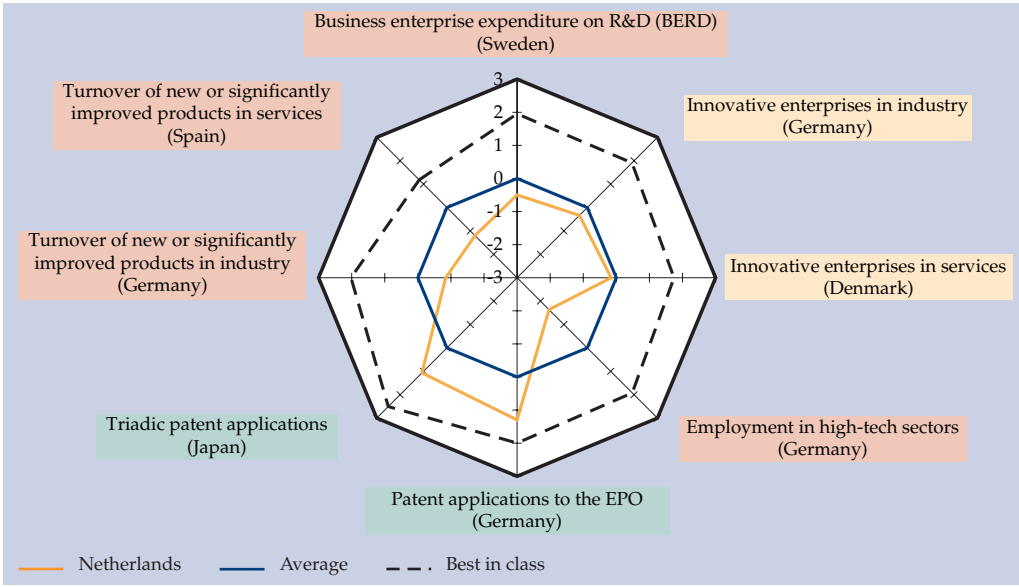
Labour participation in the Netherlands is above average and the rate of unemployment is relatively low; this applies to all levels of educational attainment. In each of the benchmark countries, labour participation is lower among people with a lower level of educational attainment than among those who are more highly educated, although there are clear differences from one country to the next with regard to the former group. The rate of unemployment among the less well educated is greater than that of those with more qualifications in virtually every benchmark country and in 2006 the differences in unemployment levels among the former were greater than those of the latter.
During the past decade, labour costs in the Netherlands have risen more strongly than in a number of other selected countries. The competitive position of the Netherlands has therefore deteriorated for this aspect, although the country still occupied a middle position among the benchmark countries in 2007.

A summary of these aspects is given in the radar chart. It can be seen that the Netherlands has average to good scores on most subjects when compared to the reference countries. Only the number of graduates in science and engineering is markedly lower than elsewhere.

Innovation: negative picture

Innovation is an important aspect of gaining a competitive advantage. Businesses have to innovate in order to be successful. The power to innovate is determined to a significant extent by the capacity of businesses, universities and public research institutes to translate, whether jointly or not, ideas and knowledge into practical applications. There also needs to be a will to invest. Positive achievements in the field of innovation are favourable for the investment climate.

Innovation



The power of innovation of a country is strengthened by the R&D activities of businesses, universities and public research institutes. R&D expenditure by businesses in the Netherlands has been fluctuating around the one per cent of GDP mark since the early nineties, while in many other countries business R&D expenditure has increased since that period and has been higher than in the Netherlands.

The degree of innovation, the percentage of innovative businesses, grew slightly in the Netherlands between 2002 and 2004, following a period of decline that had started in 1996. However, there were still fewer innovative companies than at the end of the nineties. In comparison with the benchmark countries, the number of innovative companies in the Netherlands is below average, both in industry and the service sector.

The proportion of employment that was created in the Netherlands by medium and high-tech industries in 2006 was, at three per cent, the lowest of all the benchmark nations, although the share of employed persons in the knowledge intensive high-tech service sector was at an average level.

Collaboration on innovation activities between businesses or between businesses and public organisations can be a driving force behind innovation. In 2004, the percentage of innovative Dutch industrial companies involved in some sort of collaboration was relatively high internationally, and the figure for the service sector was also above average. Businesses in the Netherlands carry out relatively many projects in cooperation with public research institutes, but cooperated relatively little with universities.

The Netherlands was among the best-performing countries, behind only Germany and Sweden in 2004, when it came to the number of patent applications to the European Patent Office (EPO) as a ratio to the labour force. It was also in the top three countries from which relatively the greatest number of triadic patent applications originated (these are patents that apply in Europe, the US and Japan). The score on these indicators was strongly influenced by a few large multinationals whose headquarters are located in the Netherlands. This leading position in comparison to the reference countries has hardly changed during the last ten years. However, the number of high-tech patents that were applied for showed a decrease and in international terms, this figure is lagging behind somewhat.

The share of innovative products in terms of turnover was relatively low in 2004, both in industry and the service sector. Looking at this indicator, it appears that companies in the Netherlands are not so good at marketing their technological knowledge.

Non-technological innovations such as different organisational models or aesthetic product modifications are also pursued less often in the Netherlands than in many of the other reference countries. An exception to this is the number of companies that have implemented a strategic innovation.

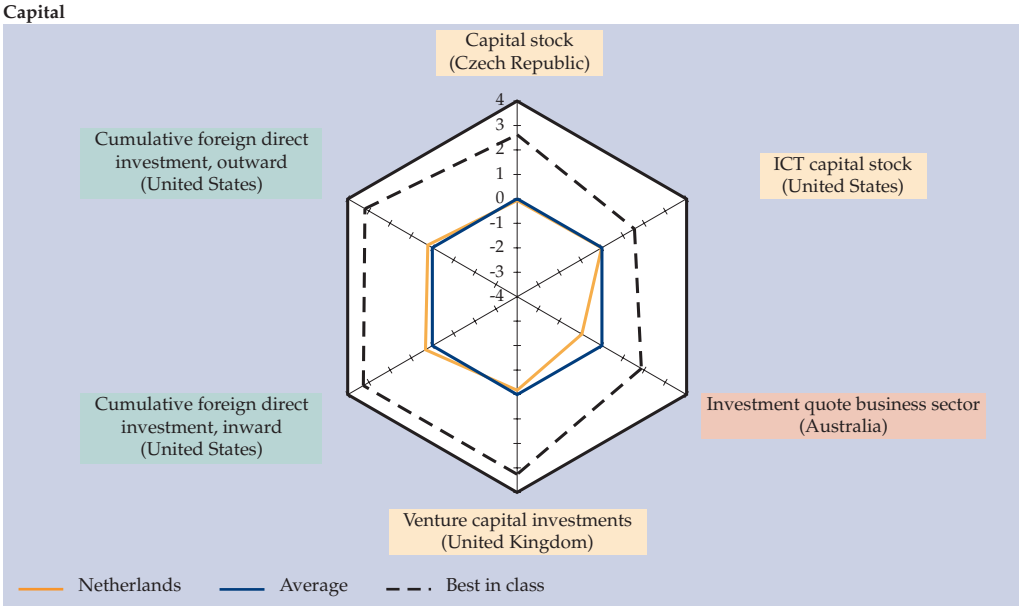
The radar chart shows some of these aspects side by side. Although the Netherlands has a high score as far as patent applications are concerned, the country is among the worst scoring for many of the other innovation indicators. The picture has not improved since the previous monitor. The position regarding R&D expenditure by businesses has deteriorated slightly further.

Capital: reasonably positive picture

Capital relates to both stocks of physical capital goods like buildings and machinery and to monetary capital – in particular venture capital – that is needed to finance

investments in these items. There is also an international dimension in the sense of Dutch investments abroad, and foreign-based investments in the Netherlands.

Capital



The picture of the Netherlands is looking better in this monitor with regard to ICT capital stock, but slightly worse as far as invested venture capital and the overall capital stock are concerned. Capital stock in the Netherlands, when measured against GDP, is at an average level in comparison with the reference countries. The relative quantities of stock have hardly changed at all in recent years. The share of ICT capital in the total capital stock in the Netherlands is also at an average level, although since 1995 it has increased at a slightly faster rate than in most of the other countries in the sample. As a result, the position of the Netherlands has improved. Nevertheless, the distance from the countries at the top of the table, the United States and the United Kingdom, has grown larger.
The investment quote of the Dutch business sector was low in 2006 when compared to the other countries and has improved only marginally in comparison with the situation in 1995.

In the year 2000, the Netherlands ranked among the nations with the highest level of venture capital investment, as a percentage of GDP. However, by 2006 the country had moved to an average position. In particular, investors cut back on the amount they were putting into the start-up phase of businesses.

The Netherlands occupies an important position when it comes to international investment flows. The cumulative investments of the Netherlands in foreign coun-

tries, as well as the cumulative investments by other countries in the Netherlands are among the most extensive of all the nations covered in this survey. However, the capital flows related to foreign direct investments do fluctuate strongly from year to year, apparently the result of the fact that the Netherlands depends on several large investments in any given year. Outgoing foreign direct investment flows from the country are usually greater than those in the opposite direction. Foreign direct investment has been falling since 2000, reflecting a trend that has been visible in other countries.

As can be seen in the radar chart, the Netherlands has an average position in several of the categories although it ranks near the top as far as international investment is concerned. It is only investments made by the Dutch business sector that lag behind those of its foreign competitors.

Entrepreneurship: positive developments

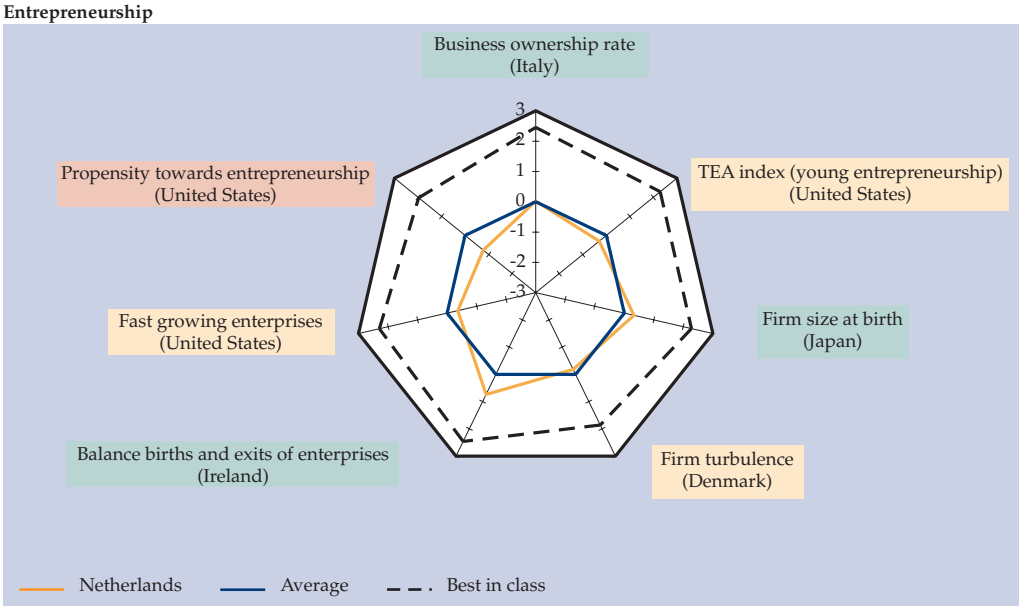
New entrepreneurs are important to an economy as they often develop new goods and services, and conceive and apply new organisational forms and production methods. This provides a challenge to existing businesses to adapt and to innovate or face the risk of being squeezed out of the market. Fast-growing businesses are of great importance for economic growth and new employment opportunities. They introduce new products and services more frequently, they have a more aggressive innovation strategy and spend a larger proportion of their turnover on R&D.

As illustrated in the radar chart, the situation in the Netherlands with regard to entrepreneurship is a mixed one with both positives and negatives in comparison to the average for the benchmark countries. However, this monitor does indicate that the country is performing relatively better in most areas.

A positive factor is that in 2006 in the Netherlands the number of entrepreneurs as a proportion of the working population grew noticeably more strongly than in its immediate neighbours – Germany, Belgium, France and the United Kingdom. Nevertheless, the number of entrepreneurs in the Netherlands is still only average when compared with all the benchmark countries. This also applies to the number of new and prospective entrepreneurs.

The size of new companies in the Netherlands, and hence the contribution made by these companies to providing employment, is greater than average, internationally speaking. New companies in the Netherlands also have a better chance of survival than their counterparts in the other countries in the survey. Almost 74 per cent of new businesses were still active after two years. It would seem that most start-up businesses have carefully thought through their plans or – looking at it more negatively – only relatively few entrepreneurs are prepared to take risks.

Entrepreneurship



The number of businesses in the Netherlands has been growing annually since 1995, given that more companies have been founded every year than have been wound up. During the last decade this growth has gradually levelled off, especially after the period of economic prosperity. In spite of this, in 2005 the net growth of the number of businesses in the Netherlands is among the highest of the countries under review. Firm turbulence (the sum of start-ups and closures) in the Netherlands is at an average level.

There are few fast-growing businesses in the Netherlands when measured as the growth in employment. From 2002 to 2005 there was a slight decrease in the number of fast growers, although the rate of the fall was less than was the case in most of the reference countries.

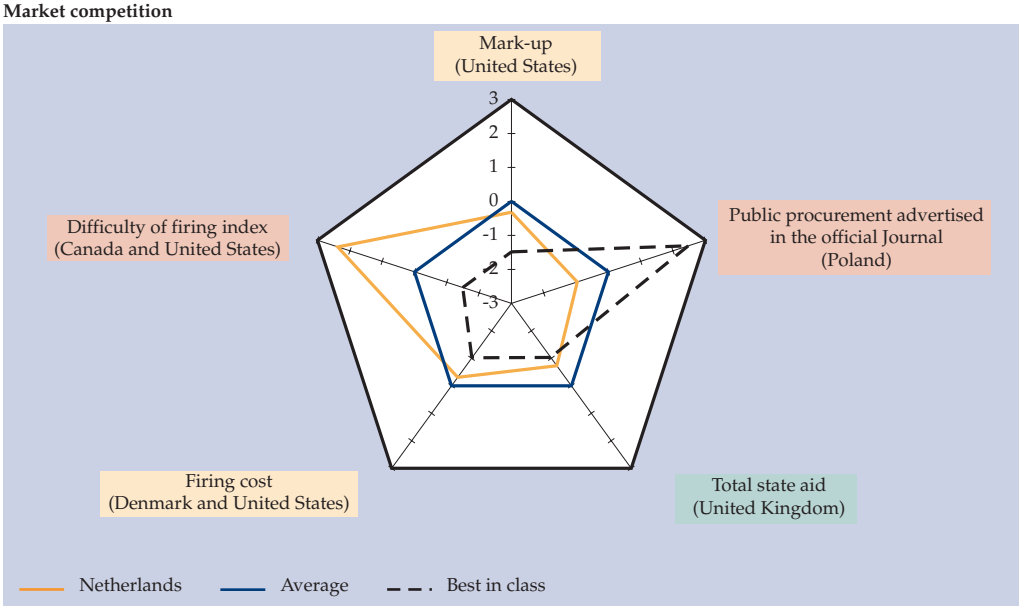
This modal picture of entrepreneurship in the Netherlands is backed up by the fact that, from an international point of view, few people in the country consider that starting their own business is a serious option. It is only in Belgium and the Czech Republic that there are even fewer people who regard this as a realistic way of earning a living.

In the previous edition of this publication, the position of the Netherlands with regard to this theme was described as moderate, and although the country is still not among the top-ranking nations, there seems to be some improvement since the last period that was covered. The near future will show whether this is structural or just temporary.

Market competition: less flexible labour market due to greater employee protection

It is considered better for the investment climate if market forces (national and international) are allowed to operate as much as possible without restrictions or barriers that make it difficult for companies to gain access to markets. In that respect, there is a direct relationship with the theme of entrepreneurship. High entry and exit barriers hinder entrepreneurship. Markets that function properly help produce reasonable prices and sufficient levels of innovation. Market competition contributes to the growth of productivity and therefore to the growth of GDP. Healthy competition is regarded as an indication that a market is working as it should.

Market competition



Profit margins (mark-up) in industry and the service sector do not show large differences in market competition between most reference countries. In 2007, the Netherlands had an average position, while Ireland and several former eastern bloc nations experienced higher mark-up.

In order to promote the liberalisation of market forces and the creation of a single market, the EU is attempting to have governments put out tenders internationally. All national governments are obliged to do so for orders above a certain value. Together with Germany, the Netherlands has very low scores in this area. Government projects with a total value of just 1.8 per cent of GDP were put out to international tender by the Dutch government in 2005, while the figure for the EU-15 was 3.5 per cent.
If market competition is improving, the market would show price convergence. There are still wide price differences from one country to another within the 27 member states of the EU, although they are decreasing. Among the EU-15 the

differences are much smaller although no further convergence appears to be taking place. Price levels in the Netherlands itself are stable and in 2006 were near the EU-15 average.

State aid for the benefit of specific sectors or cross-sector areas like R&D and energy conservation also represents, in principle, a threat to the operation of the free market. The total volume of national state aid in the EU fell between 1998 and 2005. The Netherlands is one of the countries giving the least state aid in percentage terms: 0.4 per cent of GDP in 2005.

The labour market in the Netherlands is less flexible than in other countries. Dutch employees enjoy greater protection from dismissal than do their counterparts in other EU member states. On the other hand, redundancy payments are lower than in many other member states.

The radar chart highlights a number of these indicators. The most important conclusion that can be drawn is that on several points the Netherlands has less market competition than in other countries with which it seeks to compare itself. This applies particularly to the employment market, as a result of the high degree of employee protection. It is difficult to compare the overall picture on market competition with the previous monitor, as a number of new indicators are now being used.

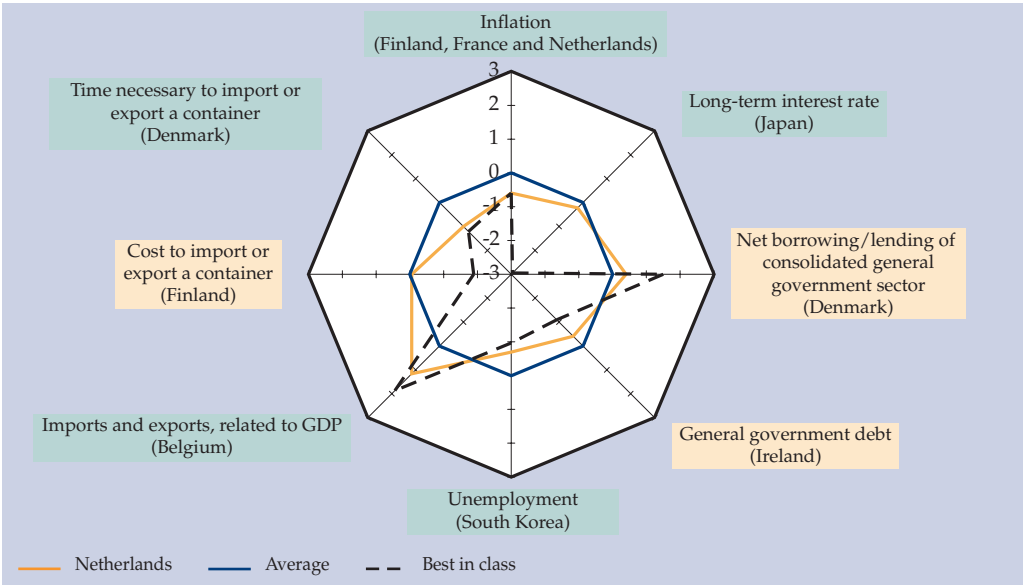
Macro-economic conditions: the Netherlands among the leaders in many areas

Macro-economic conditions, such as inflation and interest rates and the openness of the economy, influence the behaviour of entrepreneurs. Entrepreneurs benefit from stable and balanced economic growth as this provides a firm footing on which to make economic plans with more confidence. A stable economic climate limits uncertainty and extra risks for entrepreneurs.

In recent years, macro-economic conditions for entrepreneurs in the Netherlands have been relatively favourable. Inflation and interest rates have been relatively low, with the added factor that inflation has been less prone to fluctuations. Indeed, the rate of inflation in 2007 was the lowest of all the countries in the survey. Because the capital markets are so closely interrelated internationally, the differences in interest rates between the countries were small – this is especially true of the countries in the euro zone.

For the first time in many years, the Netherlands had a budget surplus in 2006 (positive EMU balance). Provisional figures show that this was also the case in 2007. There were several other benchmark countries with an even larger surplus in 2006, one effect of which was that the Netherlands found itself ranked among the middle category of countries. This is the only point where the Netherlands has shown a deterioration in its position in comparison with last year's monitor.

Macro-economic conditions



The size of the national debt fell and the downward trend is continuing. The Netherlands has a national debt that is easily below the 60 per cent norm of the EMU. There are various other benchmark countries whose national debt is even lower, so again, the Netherlands is in the middle group of nations as far as this indicator is concerned.
Unemployment in the Netherlands was low, including in comparison with other countries. The 2005 unemployment rate was well under the EU average.

The economy of the Netherlands was and is very open. This was reflected in the relatively large volume of imports and exports of goods and services, measured against GDP. The level of trade in goods between the Netherlands and non-EU countries was among the highest of any of the benchmark countries in 2007.
For entrepreneurs who trade with foreign countries, the openness of the economy is a rather abstract concept. To them, the costs and time that are taken up by the business of importing and exporting are of much greater importance. In 2008, the costs of importing a container are just slightly above the average for the group of countries as a whole, while export costs are a little below average. The number of days that an entrepreneur needs to export or import a container (including all the formalities) is relatively low.

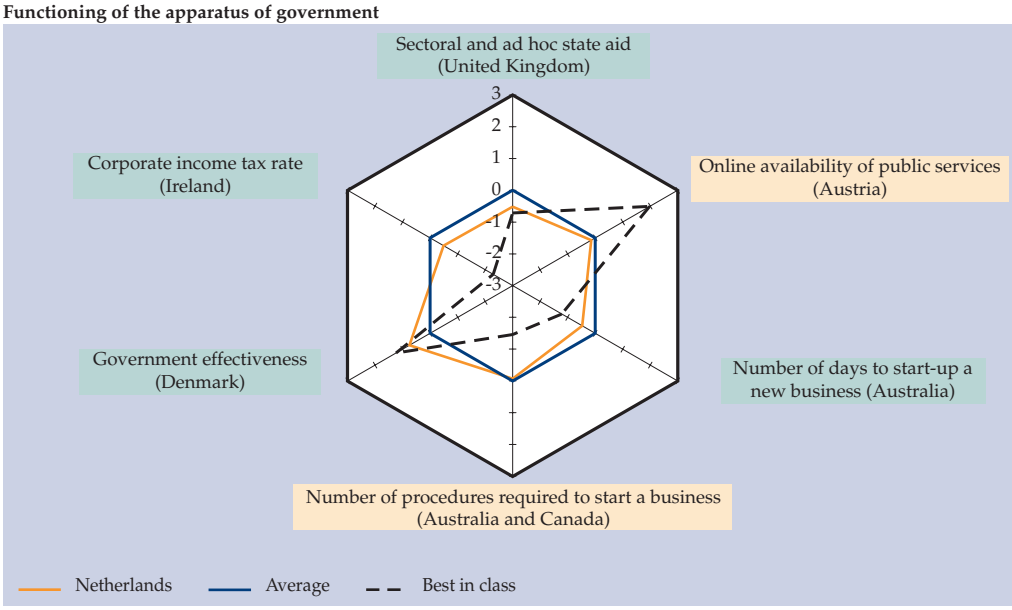
These favourable macro-economic conditions are highlighted in the radar chart. The Netherlands can be regarded as one of the most successful countries on almost every measure, and certainly scores above average on the remainder.

Functioning of government: better than average

In most developed countries, the performance of the government in relation to the investment climate comes under critical scrutiny. Government interference in economic affairs in the Netherlands has decreased markedly over the last decade. This is also in keeping with the international trend.

When considered alongside the other countries, the Netherlands is doing better than average when it comes to how the government functions. It is hard to make a comparison with the previous monitor as a result of changes that have been implemented in the selection of indicators. The Netherlands is among the leaders for most of the indicators, and in the middle group for the remainder.

Functioning of the apparatus of government



The Dutch government has made significant progress in providing basic government services on the internet. In 2004 the country was still lagging behind most countries. By 2007, it had climbed to a middle position in spite of the fact that the provision of such services had grown in most other countries as well. The use of these electronic services, by both citizens and businesses, is still on the increase in the Netherlands. Strengthening online service provision for businesses – new or otherwise – is doubly important as it represents an opportunity to cut the burden of red tape.

The Netherlands also has above average scores for the other indicators in relation to the functioning of government. Ad hoc state aid to individual companies or specific branches of industry was at a very low level in 2005. This kind of support

– which is often regarded as market interference – has in fact fallen in recent years in most EU member states, with the exception of eastern European countries like Hungary. Part of the reason for this decrease is the measures that have been initiated at European level, designed to reduce government interference. Examples of such liberalisation can be found in the telecommunications, energy and transport sectors.

The average number of days needed to start up a new business in the Netherlands in 2007 was ten, the same as the previous year – a short period, when considered against the international picture. The number of procedures to be followed that are required for setting up a company was at an average level in the Netherlands in 2007, and therefore more than might be expected given the ten-day start up period.

The relatively low level of the top rate of corporate income tax in the Netherlands is attractive for businesses, including foreign ones. The Dutch government has followed in the footsteps of other nations in reducing the rate in recent years. As a result the Netherlands has, since 2007, been able to consider itself part of the group of countries with low levels of corporate income tax.

With regard to the competence of the government and the quality of its services the Netherlands, together with the Scandinavian countries, is among the world leaders.

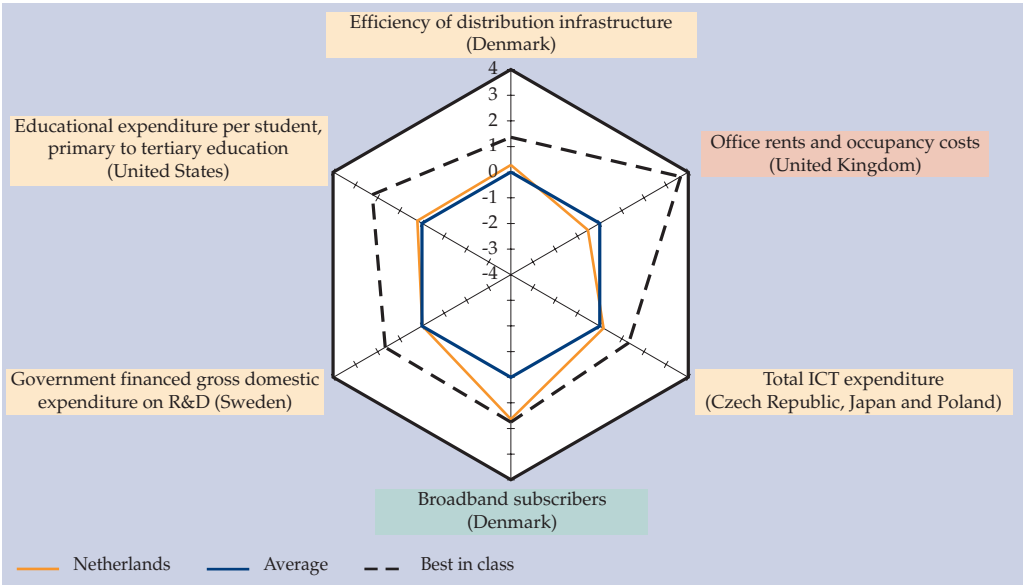
The results are summarised in the radar chart. It will be noticed that the Netherlands does not lag behind in any of the areas in comparison to the reference countries. In most areas, it has above average scores.

Infrastructure: average, with some exceptions

Physical infrastructure (such as roads and offices), ICT infrastructure (such as broadband internet) and knowledge infrastructure (such as education and research) are essential preconditions for businesses. Good-quality and competitively priced infrastructures help companies increase the return on their investments, which in turn contributes to the GDP, and mean that entrepreneurs do not have to be concerned about such matters as accessibility, transport costs, or the reliability of ICT. The availability of a highly educated labour force and a varied supply of knowledge employees are of great importance in this context. The infrastructures in the Netherlands can generally be considered average.

As a major distribution centre, it is very much in the Netherlands' interest to have a sound physical infrastructure. The quality of the physical infrastructure in the country is good, in parts. Managers judge the efficiency of the distribution infrastructure to be average, while the size of the aviation network is relatively large. Expressed in terms of the absolute number of continental and intercontinental destinations, Schiphol Airport was second in Europe behind Frankfurt in 2005. In terms of passenger numbers for 2007, Schiphol was one of the busiest airports in

Infrastructure



Europe. In the same year, office space at leading locations in the Netherlands was relatively inexpensive. Compared to top international locations like London's West End, the Netherlands does not even come close.

However, the Netherlands is better placed as far as ICT infrastructure is concerned. Although investments in ICT may only be around the average of the benchmark nations, the number of broadband connections in the country is very high, and in the last few years this has increased at a relatively very strong pace and is now one of the highest in the world. In mid-2007, only Denmark had more broadband connections per 100 inhabitants. From a competitive point of view, it is also vital that more or less every Dutch household has the ability to connect to at least two broadband networks (DSL and cable).

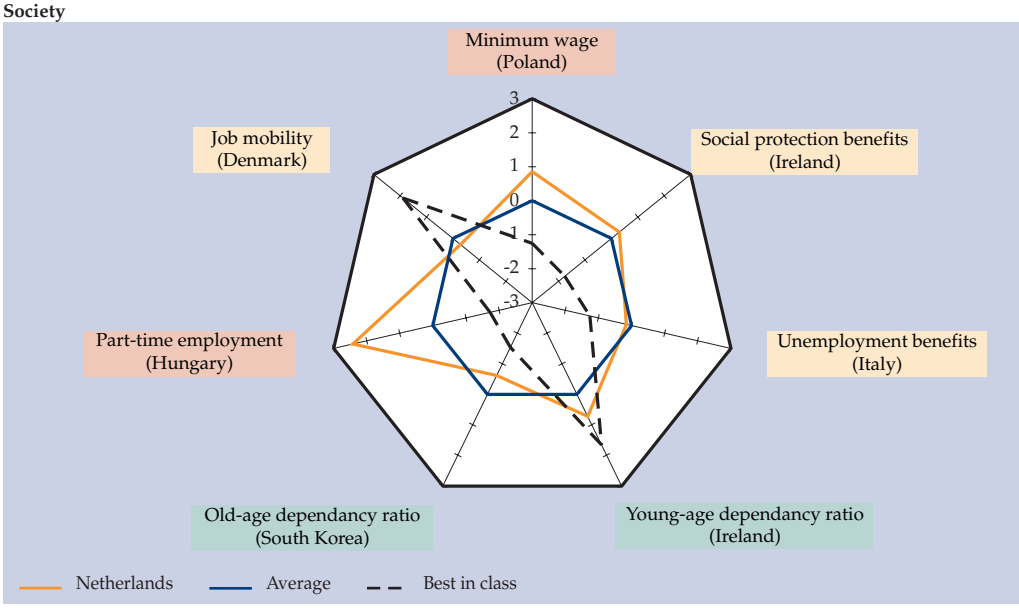
The knowledge infrastructure of the Netherlands is showing a mixed picture. Public expenditure on R&D as a percentage of GDP fell in the years 1990–2000, and indeed the rate of decrease was greater than the average for OECD countries. Since 2001, the percentage in the Netherlands has remained constant. However, other OECD nations have seen an increase, which means the Netherlands is lagging further and further behind.
With regard to expenditure on education (as a whole), the Netherlands is close to the average of the other benchmark countries. This includes the level of spending per pupil on primary education, which in recent years has seen an increase from a previously below average position.

The various aspects of the quality of infrastructure are set out in the radar chart. Most areas have not changed much when compared to the previous monitor, apart from the fact that the Netherlands has performed relatively less well in the field of ICT expenditure. In general, the country occupies an average position. A negative exception is the user costs of offices in leading locations, which in the Netherlands are lower than those in several large world cities. On the positive side, there is the infrastructure for broadband internet and aviation (which is not shown in the diagram).

Social context: a changing picture

The social context is also important for a country's investment climate. Entrepreneurs have to operate within such a context, and it includes such matters as the choices that people make with regard to their work-life balance. Political choices about solidarity and differences in income between people in employment and those who are not, also play a role, as do demographic developments.

Society



As far as attitudes to work are concerned, it is noteworthy that a large proportion of the Dutch population is in part-time employment, and that the number of men in this category is on the increase. More than a third of the working population of the Netherlands is employed part-time, more than any other nation. This means a relatively large proportion of the country's labour capacity remains unused in the economic production process.

The Dutch stay in the same job for slightly longer than average. In 2006, around 60 per cent of all employment positions in the Netherlands had been occupied for

less than ten years by their present incumbent. This relatively low rate of job mobility could be an indication of job satisfaction, but also a reflection of the lack of flexibility of the labour market in the Netherlands.

The legal minimum wage in the Netherlands is one of the highest in Europe. This political choice is less favourable for businesses, and can be considered as a competitive disadvantage, in spite of the fact that it has a positive effect on the role of employees as consumers. It should be pointed out, however, that in relation to average wage levels, the Dutch minimum wage ranks among the middle group in Europe.
The percentage of GDP that is spent on social security benefits, including unemployment benefit, was just over 25 per cent in 2005, which was slightly below the average for the EU-15.

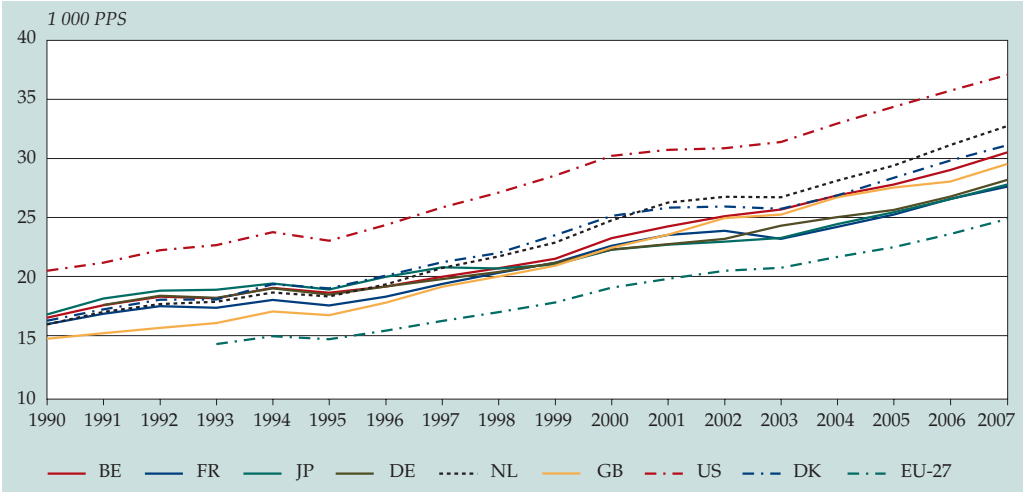
In comparison to the other countries in the survey, current and future demographic patterns are looking reasonably positive. Demographic factors, such as an ageing population and dejuvenation, are creating greater political pressure in terms of choices that have to be made, although to a lesser extent than in other countries. In the long term (35 to 40 years) it is expected that the proportion of elderly people in the population as a whole will decrease again in the Netherlands, even though it is forecast to be still rising in other benchmark countries.

This mixed picture can be seen in the radar chart. Since the last monitor, the picture of the social context in the Netherlands has hardly changed. There are areas where the country scores well (demographic developments), and others in which it performs less so (minimum wage and part-time employment opportunities).

Statistical annexes

Annex 1: Performance indicators

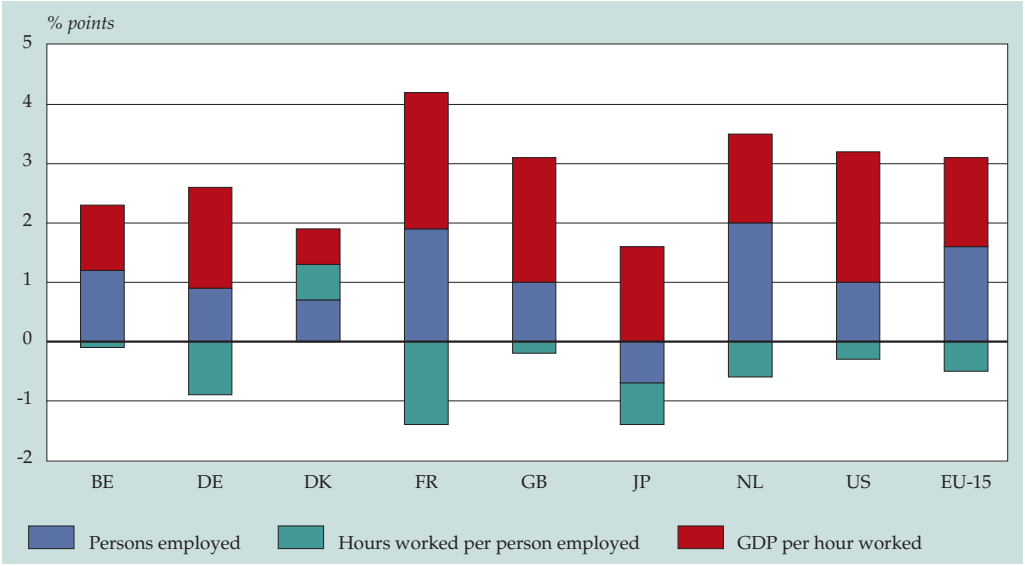
A.1.1 GDP per capita



Notes
Real growth in GDP is corrected for population growth by dividing GDP by population. GDP per capita is measured in purchasing power units or PPS.

Source: European Commission, AMECO database.

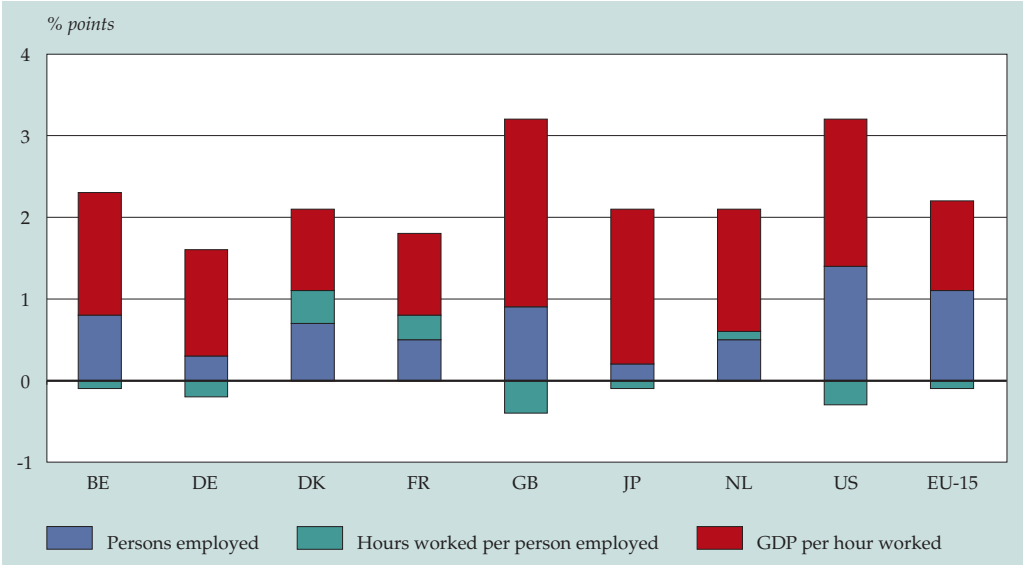
A.1.2 Breakdown of GDP growth, 1997–2002



Notes
(Real) GDP growth is divided into three components here: GDP per hour worked, hours worked per person employed and persons employed. This GDP is not corrected for population growth here by dividing GDP by population.

Source: processing based on OECD Economic Outlook no. 82 and the *'Groningen Growth and Development Centre'*.

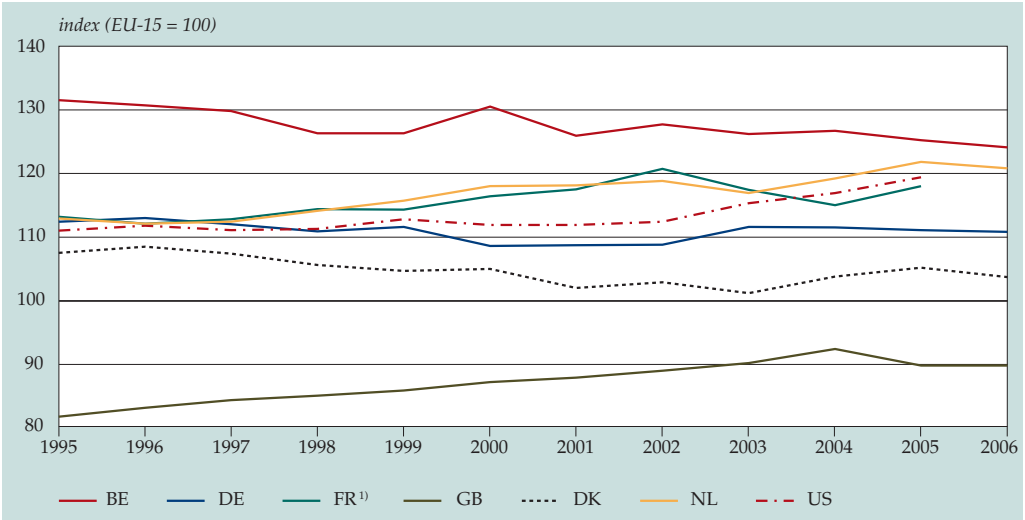
A.1.3 Breakdown of GDP growth, 2002–2007



Notes
(Real) GDP growth is divided into three components here: GDP per hour worked, hours worked per person employed and persons employed. This GDP is not corrected for population growth here by dividing GDP by population.

Source: processing based on OECD Economic Outlook no. 82 and the *'Groningen Growth and Development Centre'*.

A.1.4 Labour productivity growth: GDP per hour worked

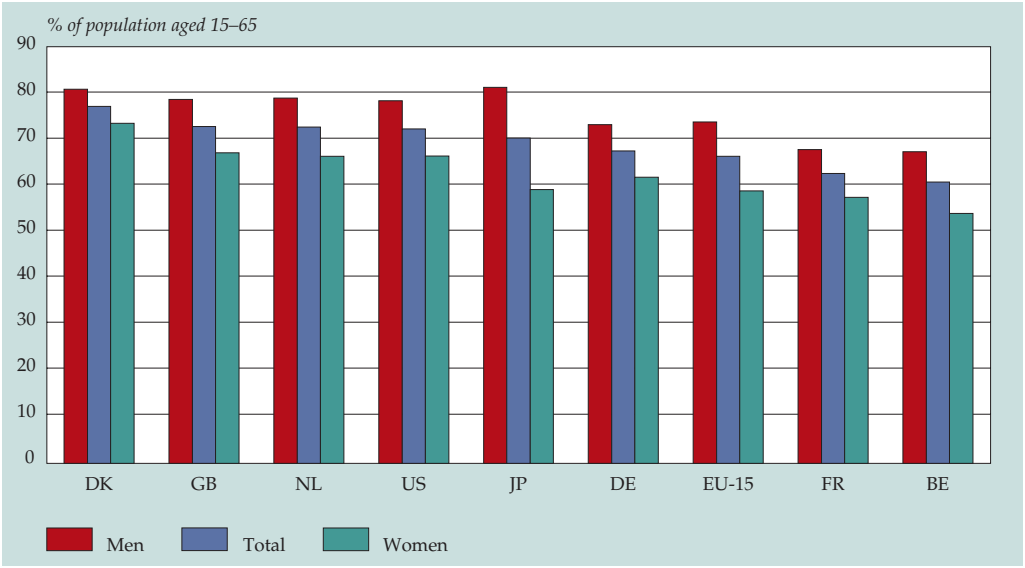


1) Break in series in 2004.

Notes
GDP per hour worked, as a yardstick of labour productivity, is reproduced as an index figure based on the EU-15 (EU-15=100).

Source: Eurostat, Structural Indicators.

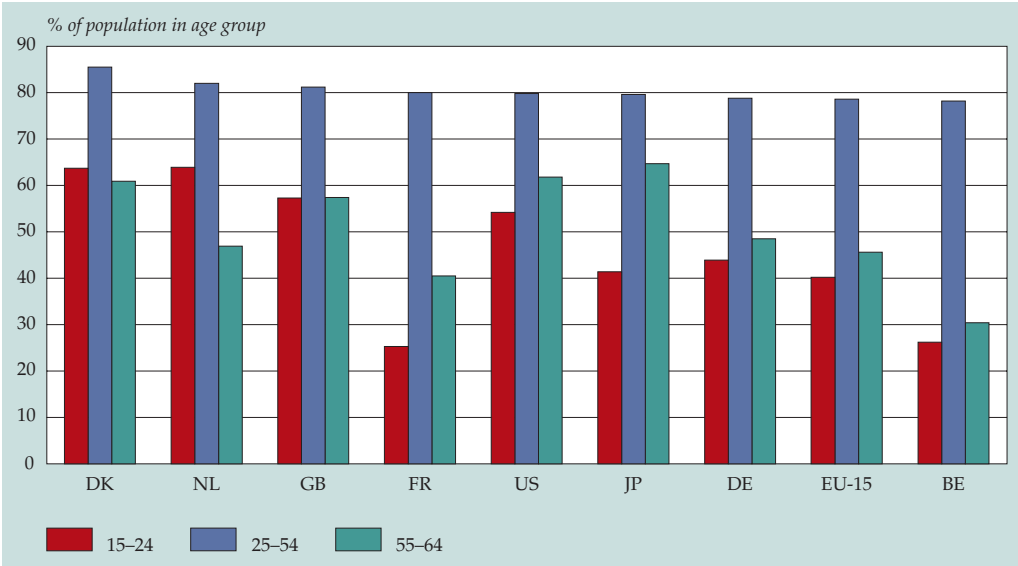
A.1.5 Employment rate of the potential working population by sex, 2006



Notes
The employment rate is the percentage of the population aged 15–65 which is actually involved in the labour process.

Source: OECD Factbook 2007; OECD Employment outlook 2007.

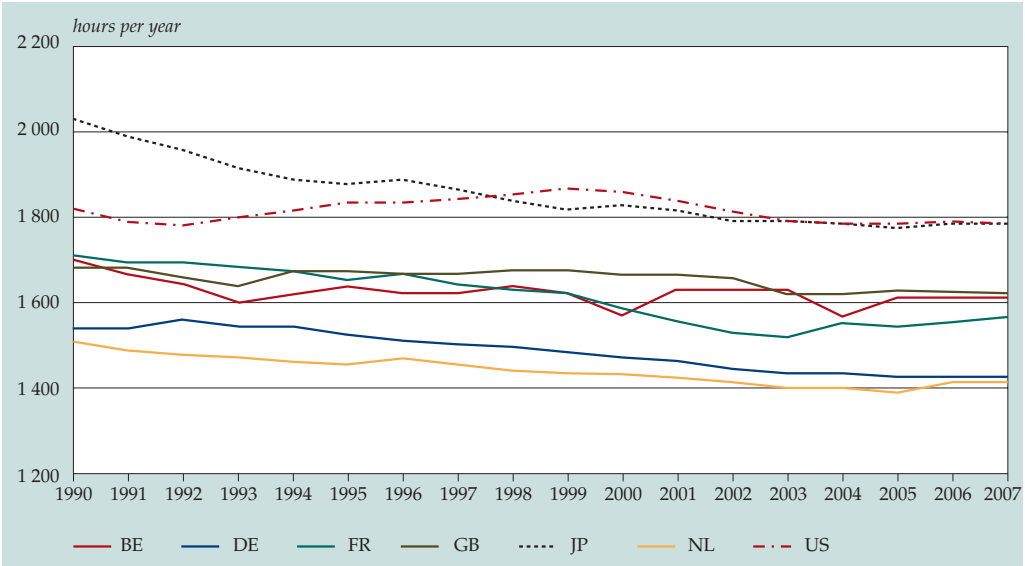
A.1.6 Employment rate of the potential working population by age group, 2006



Notes
The employment rate is the percentage of the population in an age group which is actually involved in the labour process.

Source: OECD Factbook 2007; OECD Employment outlook 2007.

A.1.7 Annual hours worked per person employed

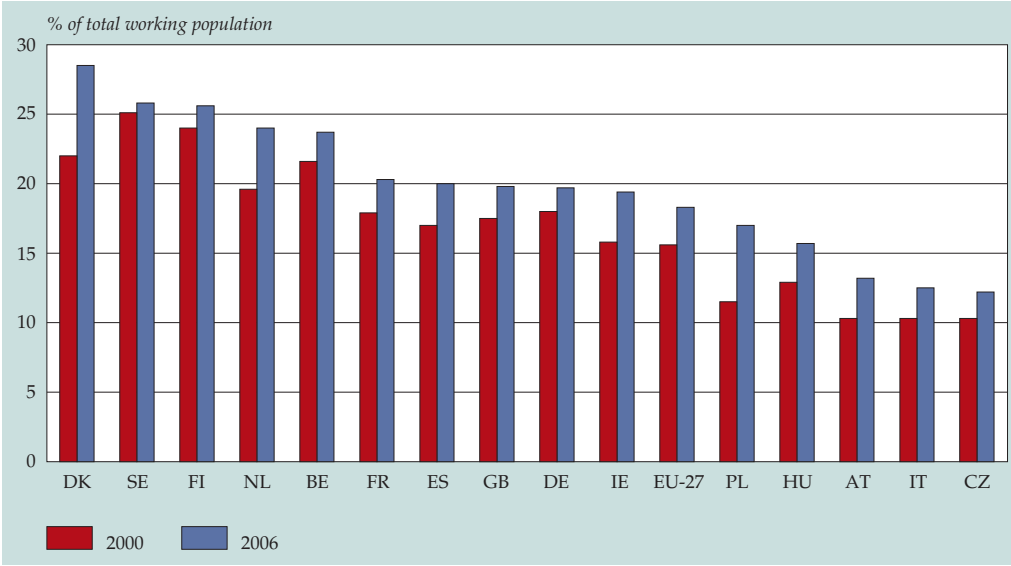


Notes
Measurements of the annual hours worked per person employed are often not entirely complete.
Unpaid hours are often not counted (or counted completely).

Source: Groningen Growth and Development Centre and the Conference Board, Total Economy Database, January 2008.

Annex 2: Human capital and labour supply

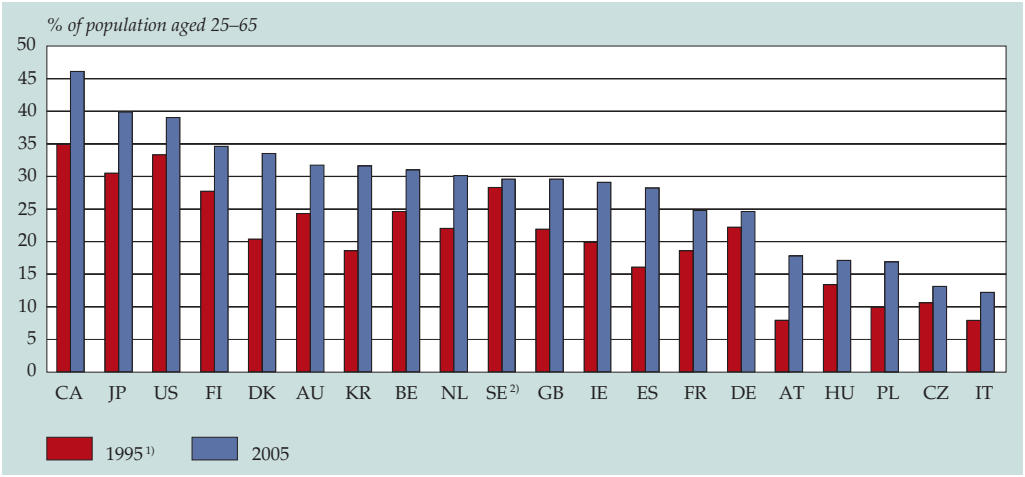
A2.1 HRST core



Notes
'Human Resources in Science and Technology (HRST) Core' include everyone who has completed tertiary education in the field of science and technology, and is also employed in this field. 'Science and technology' does not only include science and engineering, but also medicine, agritultural research, social sciences and education.

Source: Eurostat, Statistics Netherlands.

A.2.2 Tertiary education attainment aged 25–65

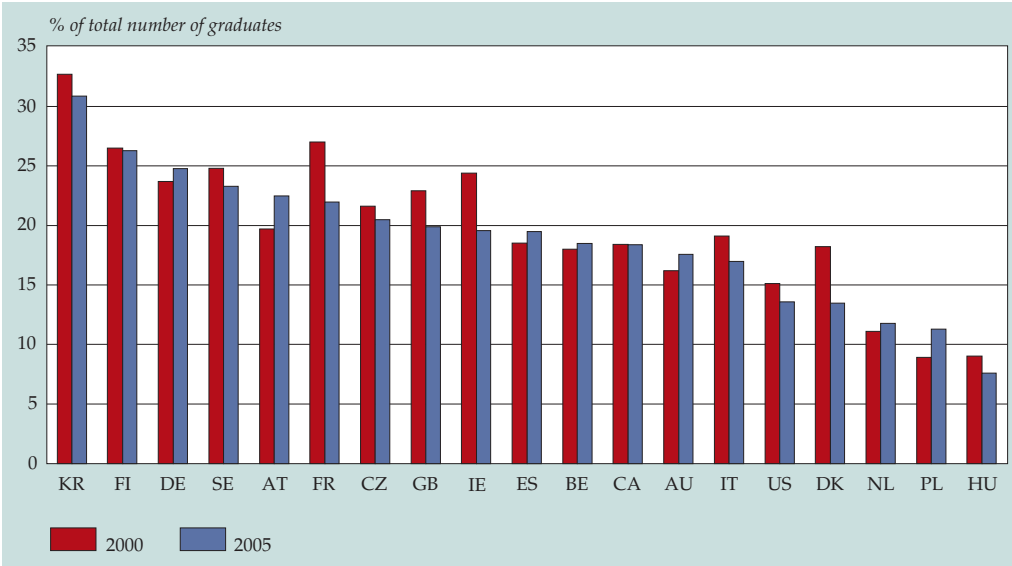


1) The figure for Japan is 1997 instead of 1995. The figure for Hungary is 1996 instead of 1995.
2) Break in series in 2005 caused by separation of ISCED 4 and 5B, which enables removing ISCED 4 (post-secondary non-tertiary education) from the tertiary education figures.

Notes
The indicator *tertiary education attainment* indicates the proportion of the population aged 25–65 who have completed education at tertiary level (higher vocational education or university), whatever their discipline or position.
What is understood by 'tertiary education' is based on the international education classification ISCED 1997. According to this classification, other forms of education also count as tertiary. According to the Dutch interpretation, these are private or vocational training courses lasting at least two years full time after havo/mbo-4.
Think of IT and commercial training, for example.
This indicator plays a major part in governing the supply of highly trained people, and gives a ceiling for that supply so to speak.

Source: OECD Factbook 2008.

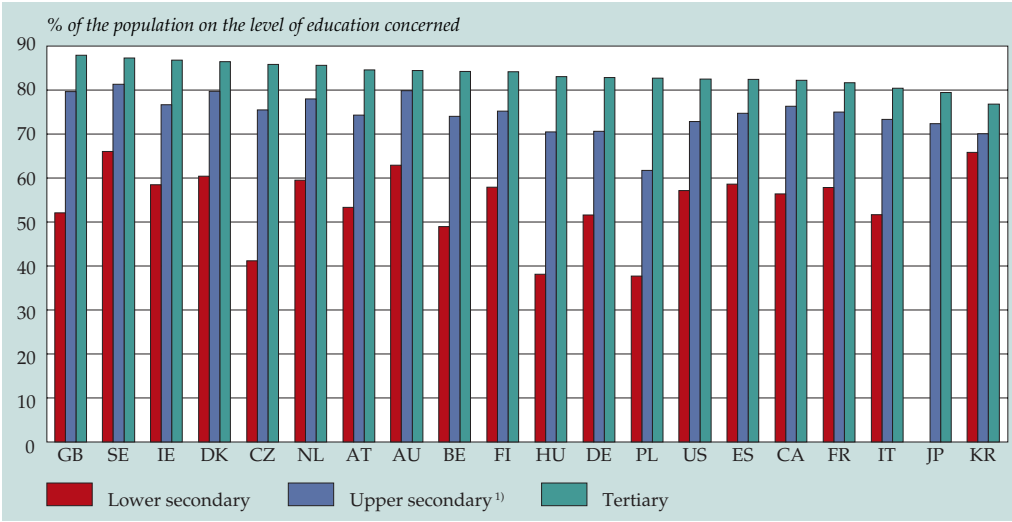
A.2.3 Graduates in science and engineering



Notes
Graduates in science and engineering during a given year, as a percentage of the total number of graduates in tertiary education in that year. The registered year is equal to the year of graduation, except for Denmark, Finland, France (2000 only) and Italy, where students who graduated in the past year were counted.

Source: OECD.

A.2.4 Employment rate people aged 25 to 65, by educational attainment, 2005

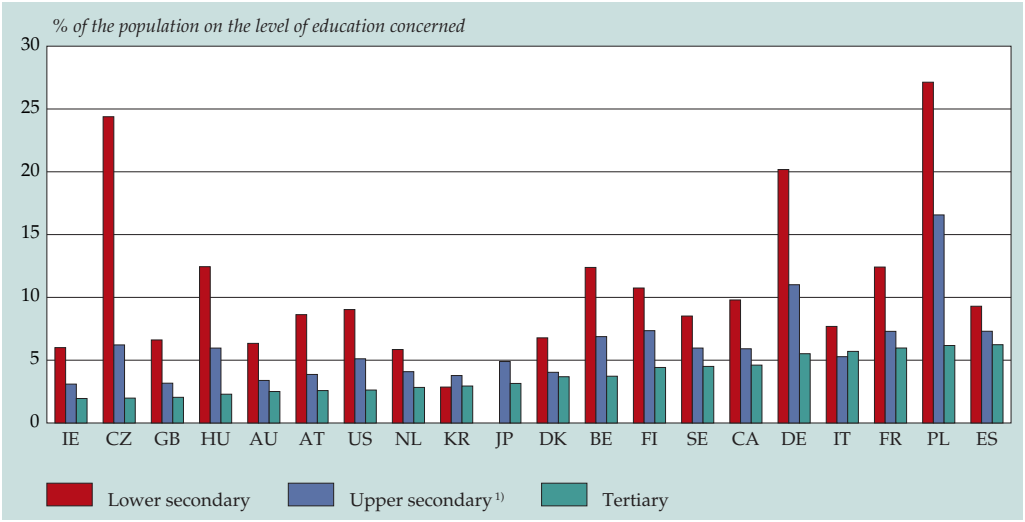


1) Including post-secondary non-tertiary education.

Notes
Employed persons between 25 and 65 years of age, by highest level of education completed.

Source: OECD Education at a glance.

A.2.5 Unemployment rate ages 25 to 65, by educational attainment, 2005

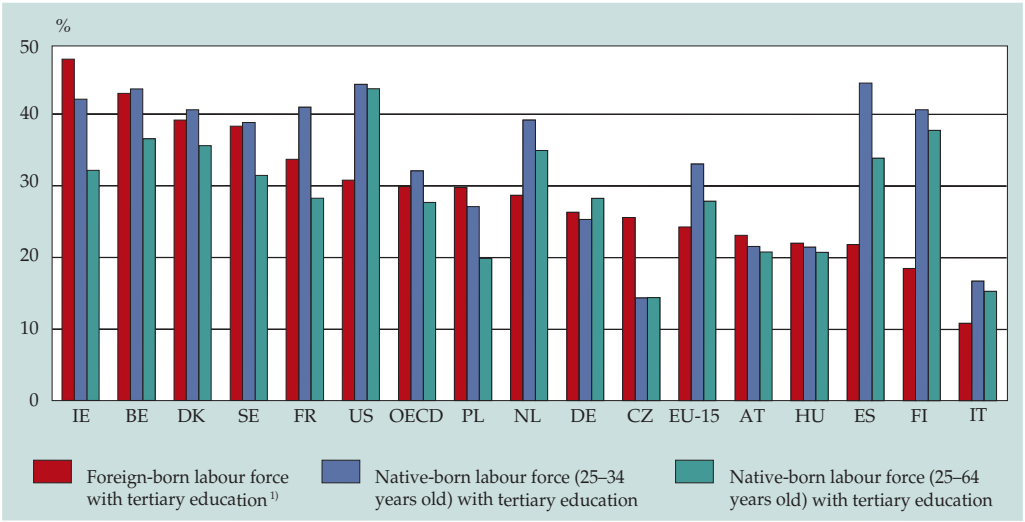


1) Including post-secondary non-tertiary education.

Notes
Number of 25 to 65 year olds registered as unemployed as a percentage of the total population aged 25 to 65, by level of educational attainment.

Source: OECD Education at a glance.

A.2.6 Educational attainment of recent immigrants compared with that of native-born, 2005

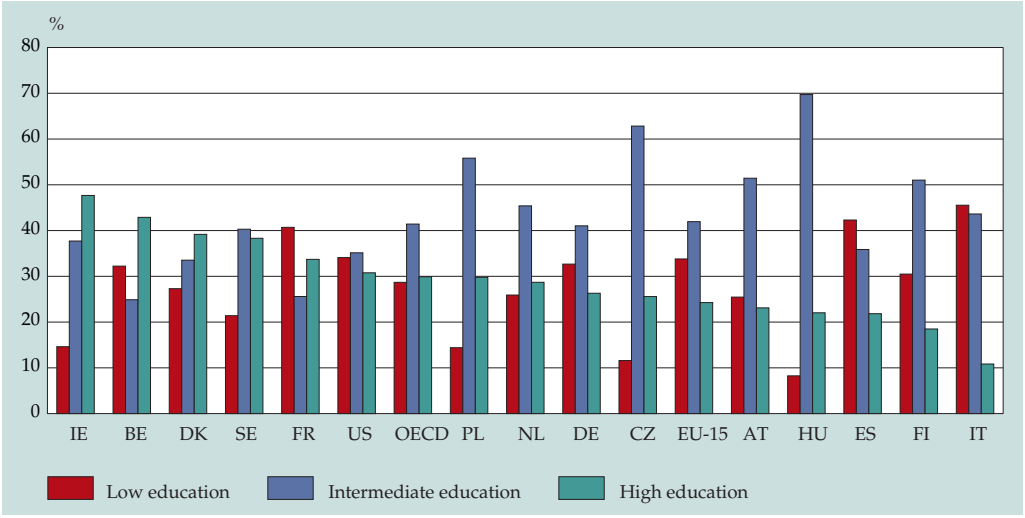


1) Immigrants present in the country for 10 years or less.

Notes
The percentage of immigrants that has attained tertiary education is compared here to the percentage amongst the native-born labour force. A distinction is made between the 'young' labour force (25–34 year old) and the labour force 25–64 year old.

Source: OECD Factbook 2008.

A.2.7 Educational attainment of recent immigrants, 2005 [1)]

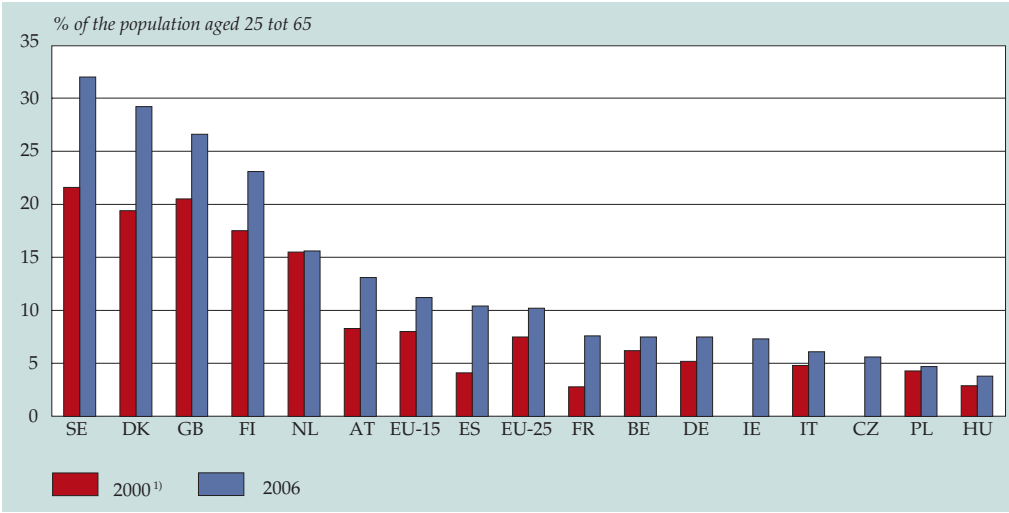


[1)] Foreign-born labour force (25–64 year old), that has been present in the country ten years or less.

Notes
The educational classification shown is a regrouping of the International Standard Classification of Education (ISCED) categories. Generally speaking, 'low' corresponds to less than upper secondary education, 'intermediate' to upper secondary education and 'high' to tertiary education. The latter includes high-level vocational education feeding into technical or semi-professional occupations.

Source: OECD Factbook 2008.

A.2.8 Life-long learning



1) Poland: 2001 instead of 2000.

Notes
Data on the number of adults aged 25 to 65 involved in education and training are limited to the EU. They give an indication of the extent of life-long learning. The information shown relates to all forms of education and training, whether it is relevant to their present or future career or not. This comprises formal education, training, vocational training, apprenticeships, learning while you work, seminars, distance learning, evening classes and suchlike.

Source: Eurostat, Structural Indicators.

Table A.2.9 Unit labour costs

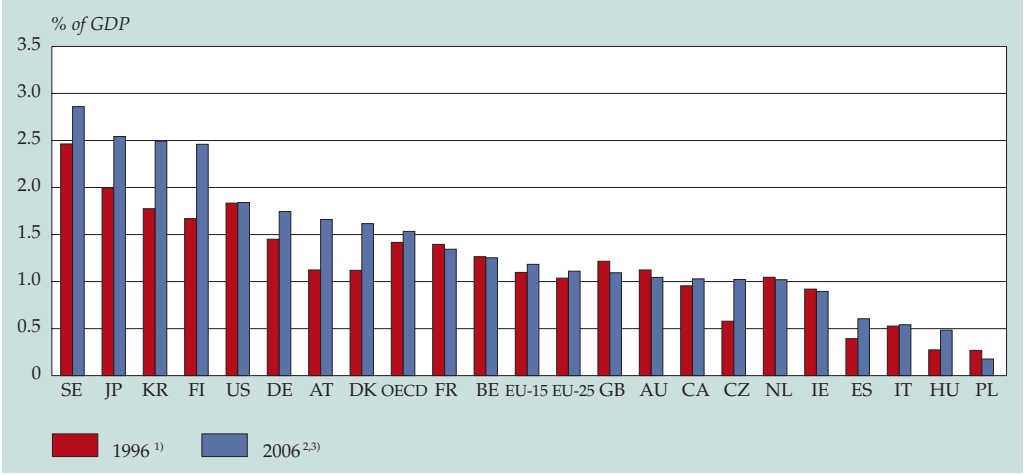
	1995	2000	2005	2007
	index (2000=100)			
Hungary	55	100	142,4	156,6
Ireland	91	100	120,9	129,6
Italy	92	100	120,2	125,5
Australia	93	100	115,5	125,4
Spain	86	100	116,6	123,6
Korea	93	100	117,7	121,9
Czech Republic	74	100	116,1	120,7
United Kingdom	85	100	114,2	118,0
Canada	94	100	112,3	121,2
Denmark	90	100	112,3	118,9
Netherlands	90	100	112,6	114,8
France	95	100	110,8	115,2
United States	88	100	108,4	115,9
Belgium	95	100	109,5	113,0
Finland	96	100	108,9	109,1
Sweden	90	100	108,2	111,5
Austria	101	100	104,0	106,2
Poland	58	100	101,0	109,4
Germany	100	100	100,0	98,9
Japan	104	100	89,5	88,3

Notes
'Unit labour costs' is frequently used as an indicator of how competitive a country is in terms of labour costs. This indicator is obtained by taking labour costs at current prices and dividing them by the value of output at constant prices. This shows how labour costs are developing per unit product.

Source: OECD Economic Outlook.

Annex 3: Innovation

A.3.1 Business enterprise expenditure on R&D (BERD)

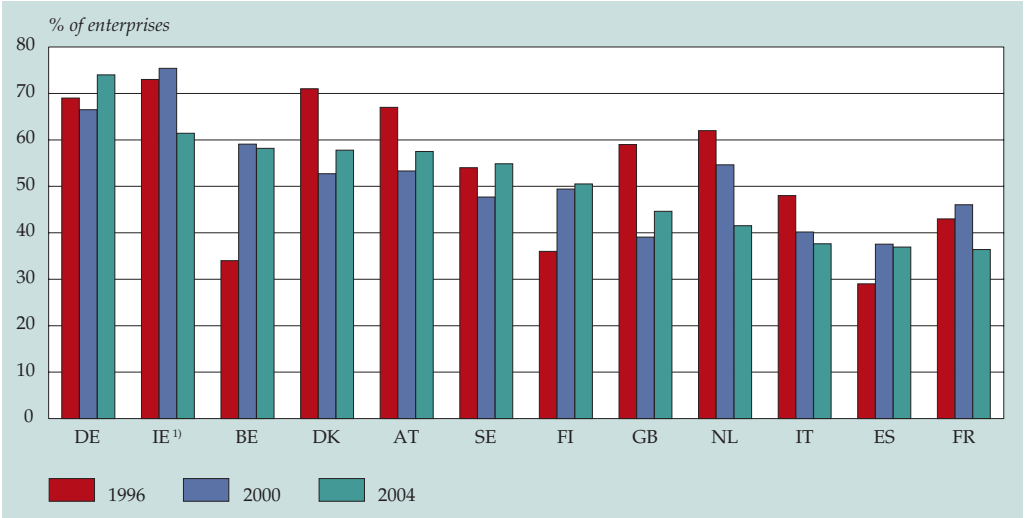


[1] Austria: 1998 instead of 1996, Sweden: 1995 instead of 1996.
[2] Australia, Japan, Netherlands, Spain, United Kingdom, OECD and EU-15: 2005 instead of 2006.
[3] Belgium, Canada, Denmark, France, Germany, Ireland, Italy, United States, EU-25 and OECD: preliminary figures.

Notes
Business enterprise expenditure on R&D (BERD) as a percentage of GDP is frequently used as an indicator for R&D levels in an economy. Because of the relationship between R&D and innovation, this indicator also says something about a country's capacity to innovate.

Source: OECD Main Science and Technology Indicators, 2007-2 October.

A.3.2 Innovative enterprises in industry

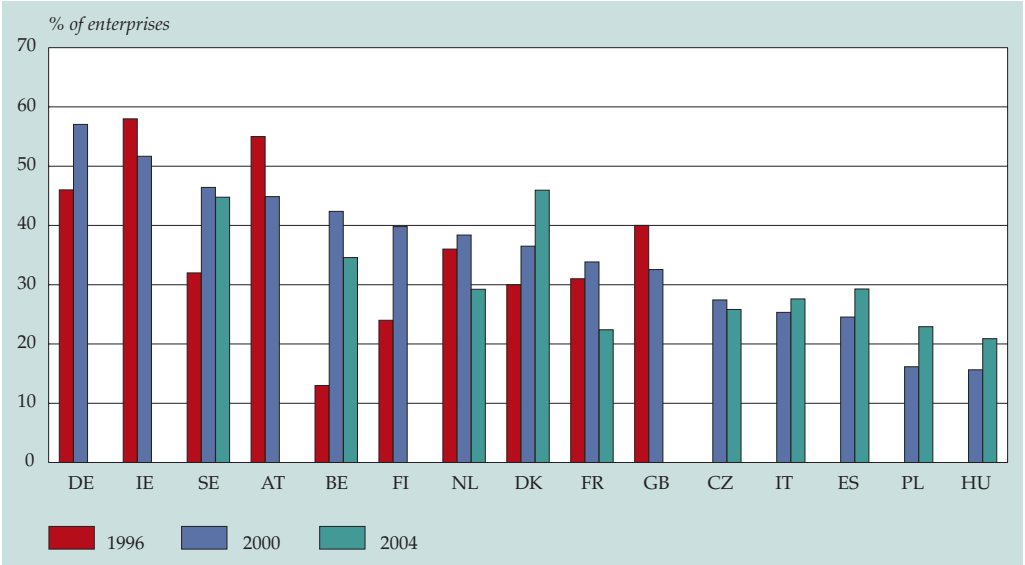


1) 2004: provisional figure.

Notes
The percentage of innovative enterprises in industry indicates what proportion of businesses with 10 or more employed persons have launched new or improved products in the last three years or which have introduced a new or greatly improved method of production during that time. Fig. A.3.2 relates to the industrial sector.

Source: Eurostat (CIS-2, CIS-3 and CIS-4).

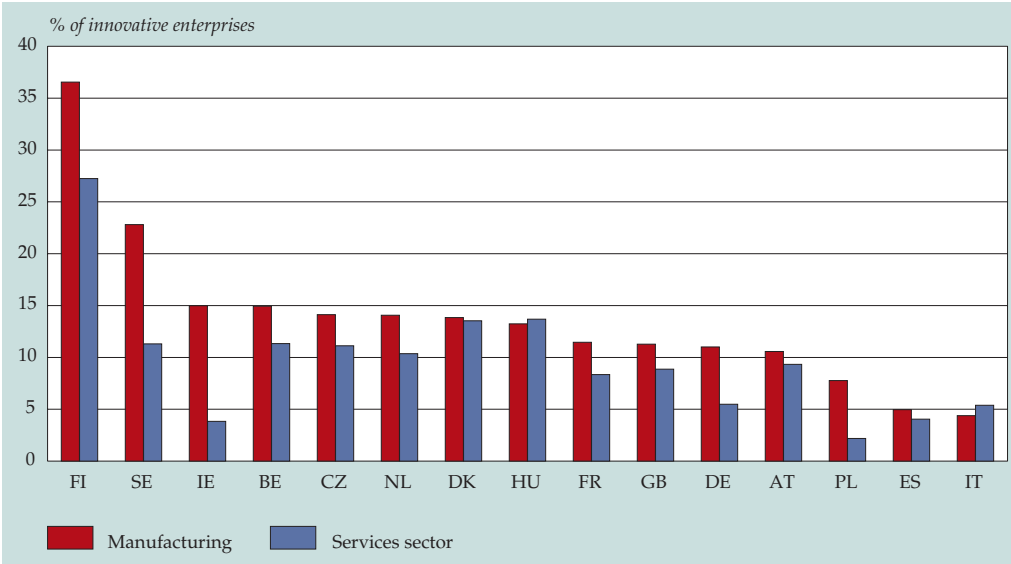
A.3.3 Innovative enterprises in services



Notes
The percentage of innovative enterprises in services indicates what proportion of businesses with 10 or more employed persons have launched new or improved products on the market in the last three years or a new or greatly improved method of production during that time. Fig. A.3.3 relates to the service sector.

Source: Eurostat (CIS-2, CIS-3 and CIS-4).

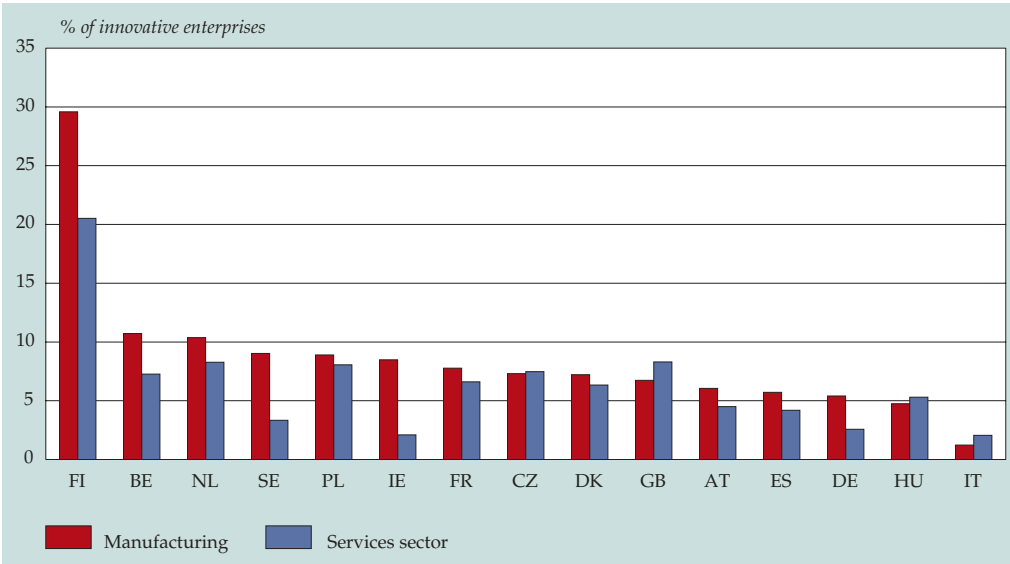
A.3.4 Innovative enterprises co-operating with universities, 2002–2004



Notes
Technologically innovative enterprises having co-operation arrangements on innovation activities with universities or other institutes for higher education.
Enterprises with 10 or more employed persons only.

Source: Eurostat (CIS-4).

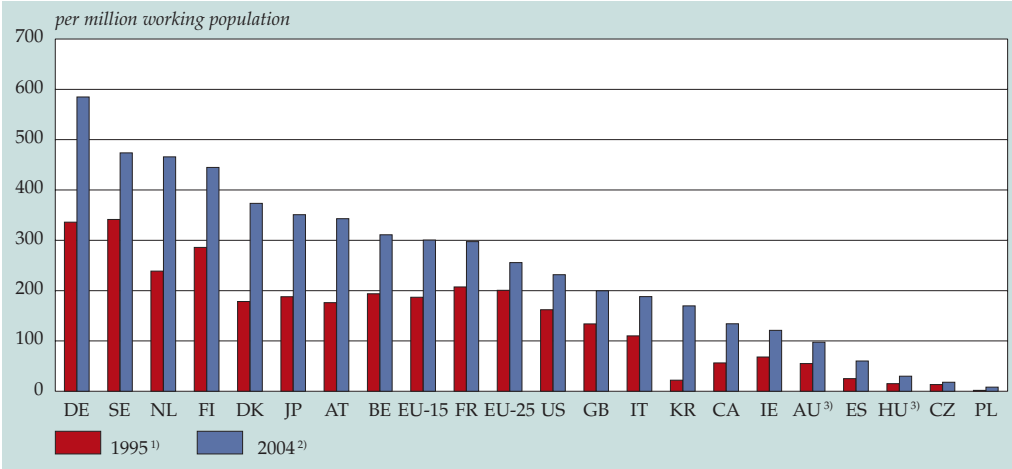
A.3.5 Innovative enterprises co-operating with public research institutes, 2002–2004



Notes
Technologically innovative enterprises having co-operation arrangements on innovation activities with the government or public research institutes.
Enterprises with 10 or more employed persons only.

Source: Eurostat (CIS-4).

A.3.6 Patent applications to the European Patent Office (EPO)

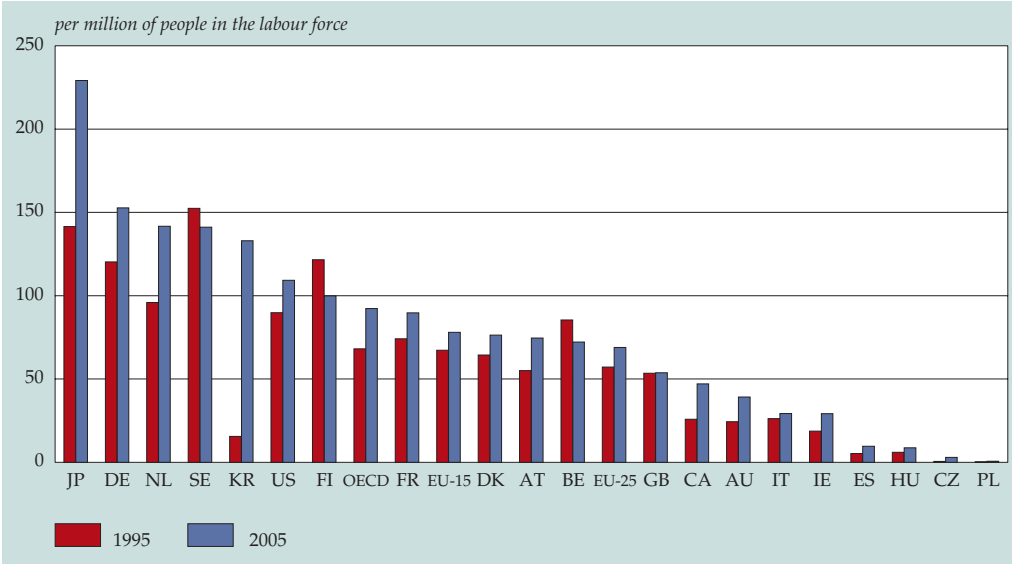


1) Poland and EU-25: 1997 instead of 1995, Czech Republic: 1998 instead of 1995, Hungary: 1996 instead of 1995.
2) 2004: Eurostat estimates.
3) Australia and Hungary: 2003 instead of 2004.

Notes
This indicator shows the number of patents applied for (as a function of working population) at the European Patent Office (EPO), by country of residence of the inventor. Patents are counted in the year of first filing.

Source: Eurostat; OECD.

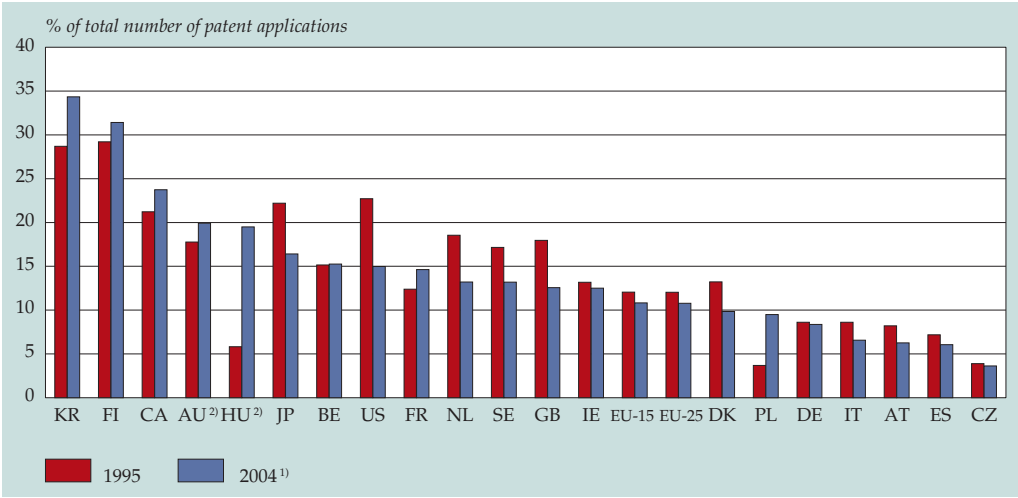
A.3.7 Triadic patent applications



Notes
Patent applications submitted simultaneously to the European Patent Office (EPO) and Japanese Patent Office (JPO), and also granted by the US patent office (USPTO), by year of first international filing. Patents are counted by country of inventor, not by country of applicant.

Source: OECD, Main Science and Technology Indicators, 2007-2, October 2007.

A.3.8 Share of high-tech patent applications to the EPO

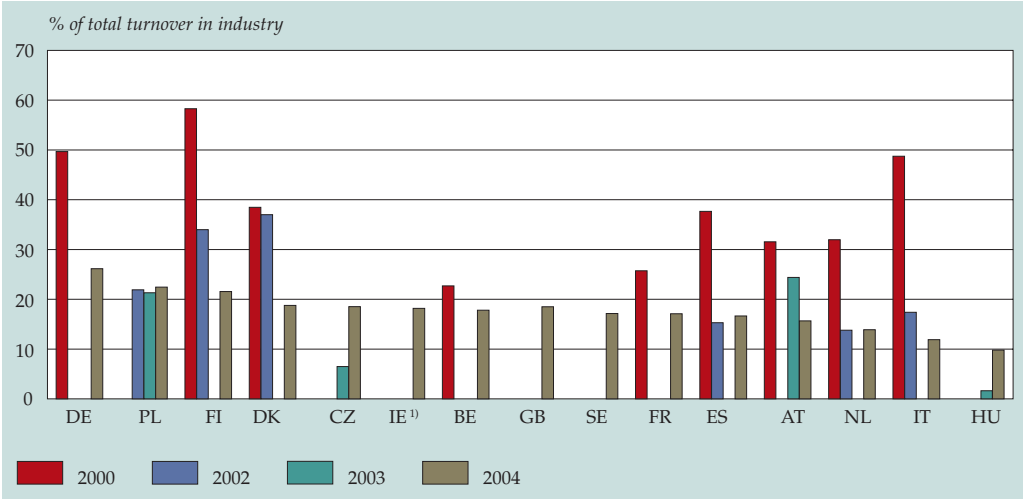


1) Eurostat estimate.
2) Australia and Hungary: 2003 instead of 2004.

Notes
The following International Patent Classification (IPC) classes were selected as high-tech: computer and automated business equipment, micro-organism and genetic engineering, aviation, communication technology, semiconductors and lasers.

Source: Eurostat, Science and Technology (Patent Statistics).

A.3.9 Turnover of new or significantly improved products in industry

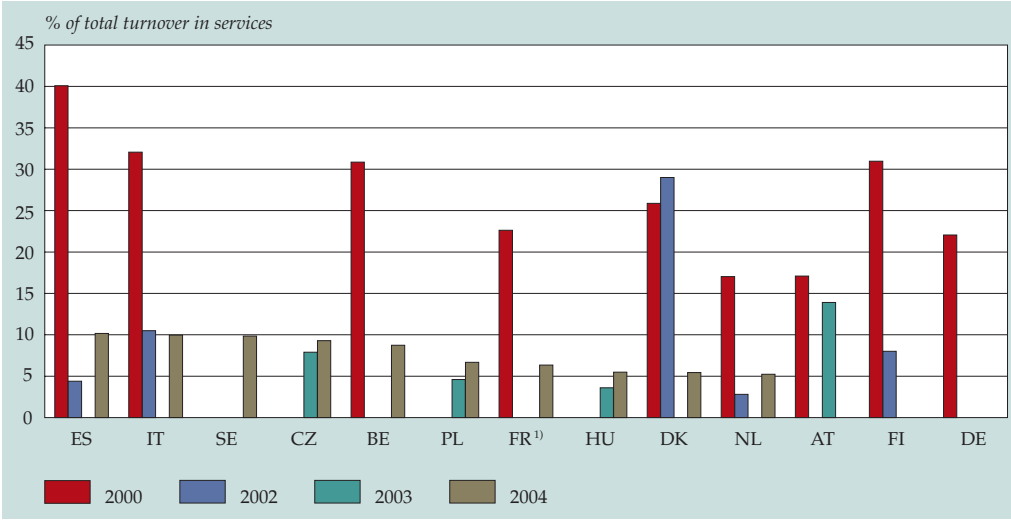


1) 2004: provisional data.

Notes
The indicator turnover of new or significantly improved products is an output indicator: it refers to turnover businesses had with products which were launched as new on the market in the last three years or which had been significantly improved in the last three years, expressed as a percentage of total turnover by businesses with 10 employed persons or more.
Fig. A.3.9 refers to the industrial sector.

Source: Eurostat (CIS-2, CIS-3, CIS-light and CIS-4).

A.3.10 Turnover of new or significantly improved products in services



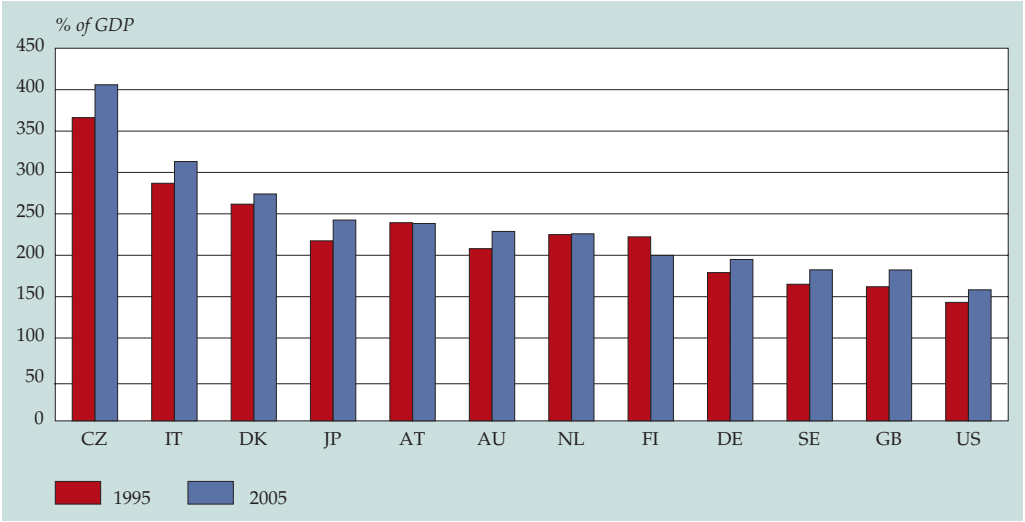
1) 2004: provisional data.

Notes
The indicator turnover of new or significantly improved products is an output indicator: it refers to turnover businesses made with products which had been launched on the market in the last three years or which had been improved significantly in the last three years, expressed as a percentage of total turnover by businesses with 10 employed persons or more.
Fig. A.3.10 relates to the service sector.

Source: Eurostat (CIS-2, CIS-3, CIS-light and CIS-4).

Annex 4: Capital

A.4.1 Capital stock [1)]

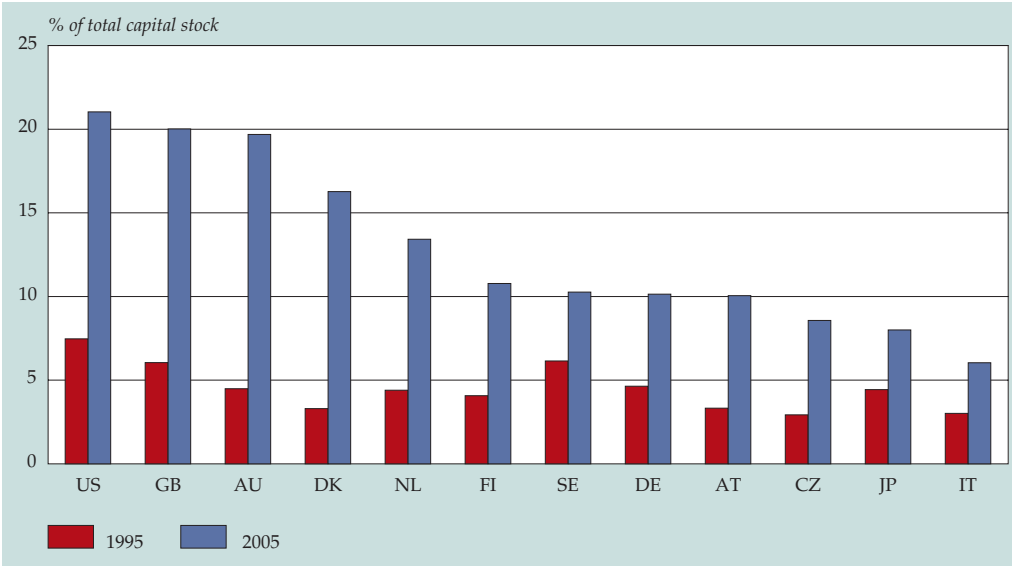


[1)] Excluding residential structures, except for Italy where residential structures are included.

Notes
Fig. A.4.1 shows real fixed capital stock as a percentage of GDP.
This covers tangible goods only, it does not include investment in human capital and knowhow.

Source: EU-KLEMS.

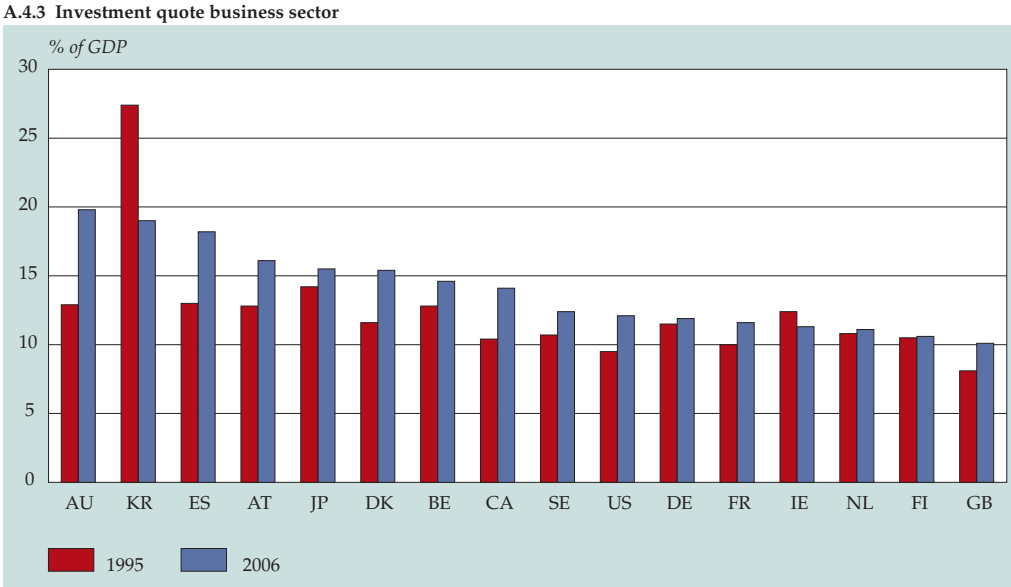
A.4.2 ICT capital stock



Notes
ICT capital goods as a proportion of the total capital stock indicates how involved an economy is in using the latest technology and ICT in particular.
This is about computers, communication equipment and software used for different purposes in business.

Source: EU-KLEMS.

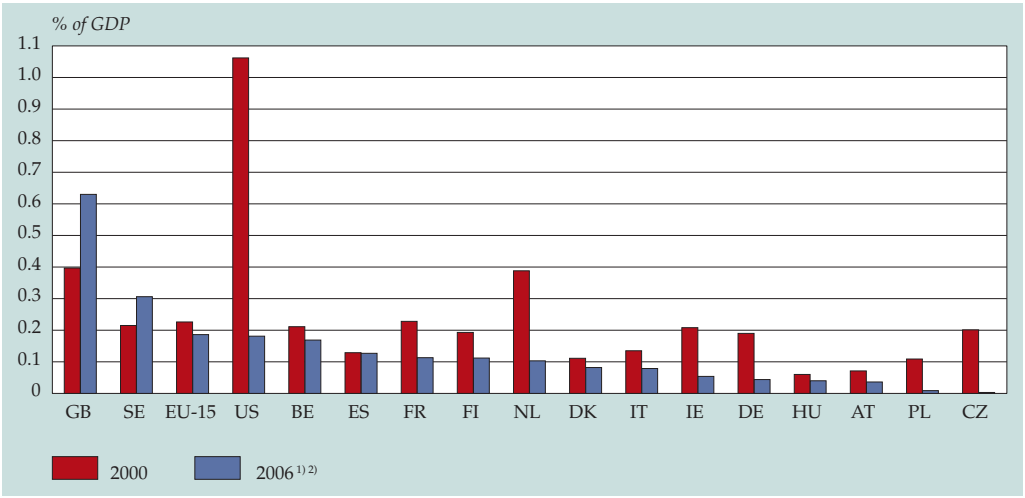
A.4.3 Investment quote business sector



Notes
The investment quote shows gross investment in fixed assets as a percentage of GDP. Fixed assets are productive resources which last for more than one year and which represent a considerable value.
This includes tangible assets such as buildings and machinery, but also software.

Source: OECD Economic Outlook.

A.4.4 Venture capital investments

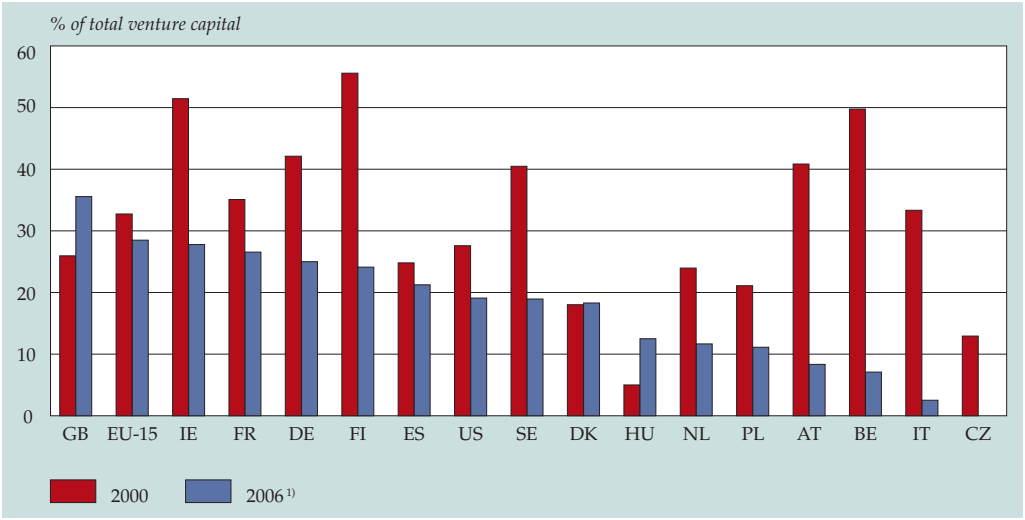


1) The 2006 figure for the EU-15 is an estimate.
2) United States: 2005 instead of 2006.

Notes
Venture capital is risk capital provided to non-publicly-quoted companies. Having venture capital around is an important condition for making risky investments, which may also include major inventions.

Source: Eurostat, Structural Indicators.

A.4.5 Venture capital investments: early phase



1) United States: 2005 instead of 2006.

Notes
The early phase of venture capital investments consists of 'seed' and 'startup'.
'Seed' means funding research, assessing and developing the business case before the startup phase.
'Startup' is about funding product development and initial activities in the fields of marketing, production and sales.

Source: Eurostat, Structural Indicators.

Annex 5: Entrepreneurship

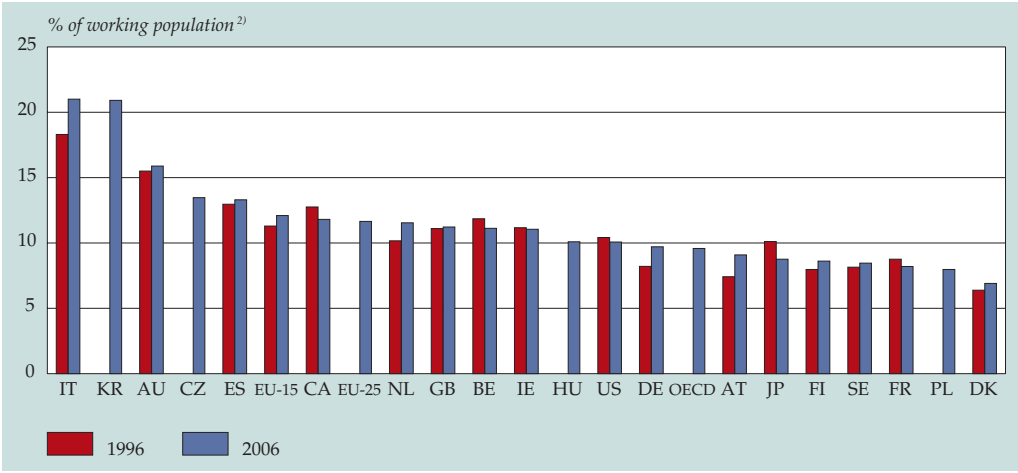
Table A.5.1 Propensity towards entrepreneurship

	2000	2001	2002	2003	2004	2007
	% of respondents					
United States	69	59	67	59	61	61
Ireland	63	56	61	57	58	56
Italy	56	59	57	57	55	55
Poland	.	.	.	.	.	51
United Kingdom	48	47	48	46	41	49
EU-25	.	.	.	.	.	45
EU-15	51	48	45	47	45	44
Hungary	.	.	.	.	.	43
France	55	42	42	43	42	41
Germany	48	45	35	44	39	41
Spain	62	60	56	57	56	40
Denmark	38	38	37	37	38	36
Austria	38	33	35	35	37	36
Sweden	31	36	32	34	35	35
Finland	27	27	26	26	28	35
Netherlands	41	33	30	35	33	35
Belgium	36	36	34	34	34	30
Czech Republic	.	.	.	.	.	30

Notes
The European Commission conducts a survey into 'propensity towards entrepreneurship' each year.
This indicator measures attitudes towards entrepreneurship by asking respondents whether they see being self-employed entrepreneurs as a serious career option.

Source: European Commission; Flash Eurobarometer 160 and 192.

A.5.1 Business ownership rate [1]

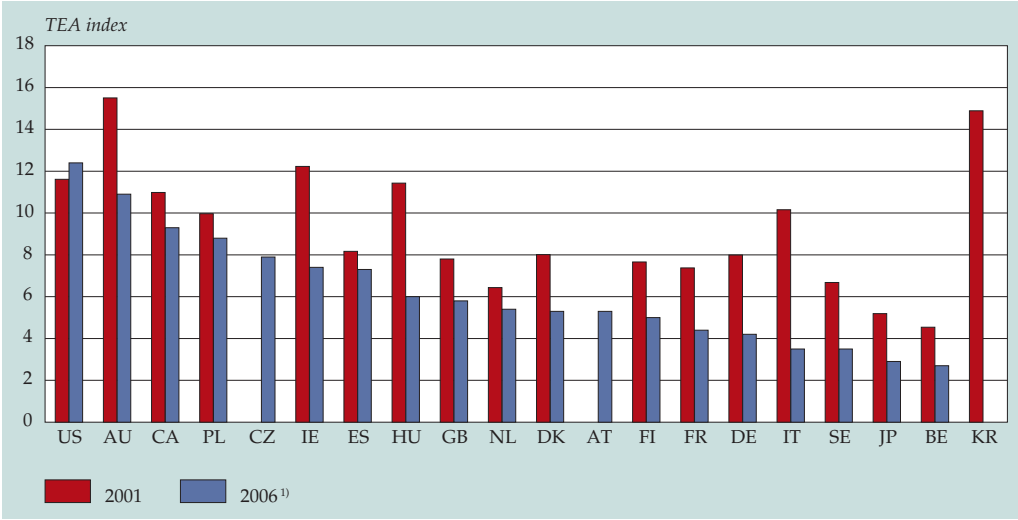


[1] Excluding the agricultural sector. France: 2004 instead of 2006.
[2] Including job-seekers.

Notes
Business owners (entrepreneurs) are defined here as persons who own the business and are primarily running the business. The business ownership rate is also governed by attitudes to entrepreneurship in a country and the administrative obstacles to being an business owner.

Source: OECD; Eurostat; processing EIM.

A.5.2 Young and upcoming entrepreneurship (TEA index)

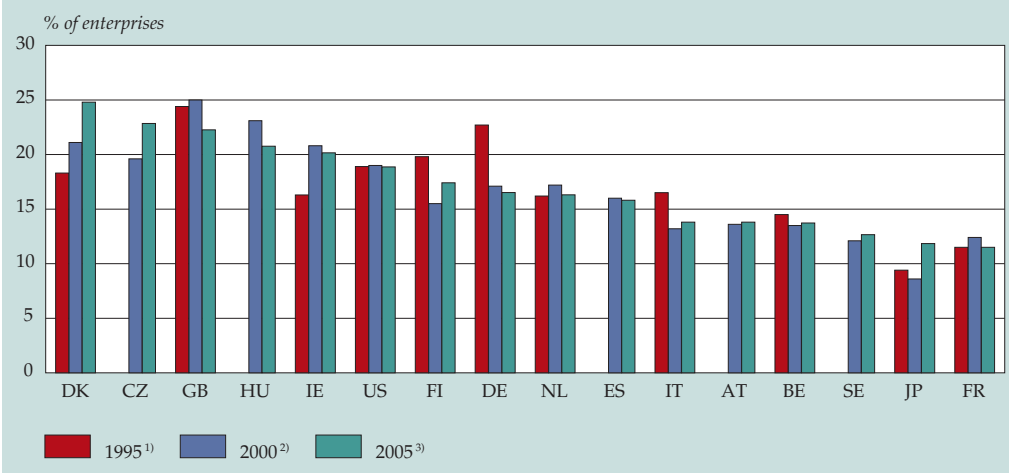


[1] Poland: 2004 instead of 2006; Austria, Australia, Finland and the United States: 2005 instead of 2006.

Notes
The Total Entrepreneurial Activity (TEA) index gives an indication of future trends in the field of entrepreneurship. The TEA index gives an indication of the (potential) presence of entrepreneurs, and is calculated by taking the total number of people involved in starting up a business and the number of people who own businesses which were startup less than 3.5 years before the cutoff date and expressing the total as a percentage of the working population.

Source: EIM/GEM.

A.5.3 Firm turbulence

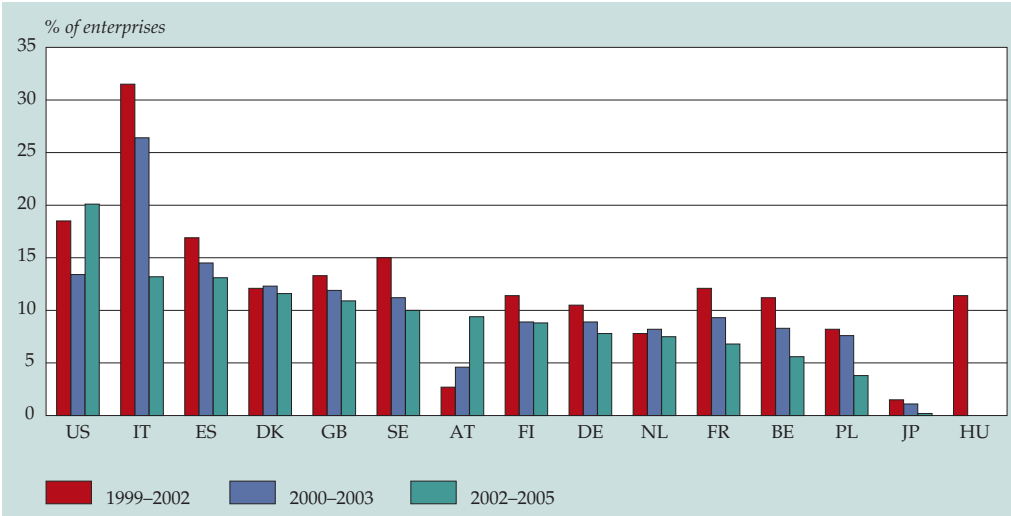


1) France and Japan: 1996 instead of 1995.
2) Austria, Czech Republic, Hungary, Japan, Spain and Sweden: 2001 instead of 2000.
3) Austria, Czech Republic, Hungary, Japan and Spain: 2004 instead of 2005.

Notes
Firm turbulence is defined as the total startups and exits as a percentage of the total number of businesses in a given period. What makes analysing turbulence important, apart from the number of new and expiring businesses, is that the dynamics give an indication of both an economy's ability to renew itself and of how the market is working.

Source: EIM.

A.5.4 Fast-growing enterprises 1)



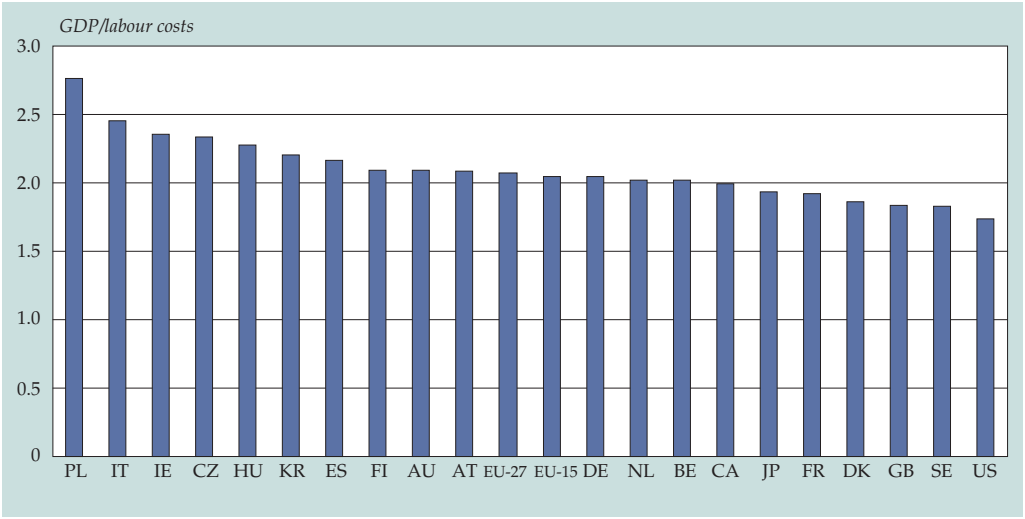
1) Enterprises with 50 to 1 000 employees.

Notes
A fast-growing enterprise is one which grows by 60 percent or more in terms of jobs in three years.

Source: EIM.

Annex 6: Market competition

A.6.1 Mark-up 2007 [1)]

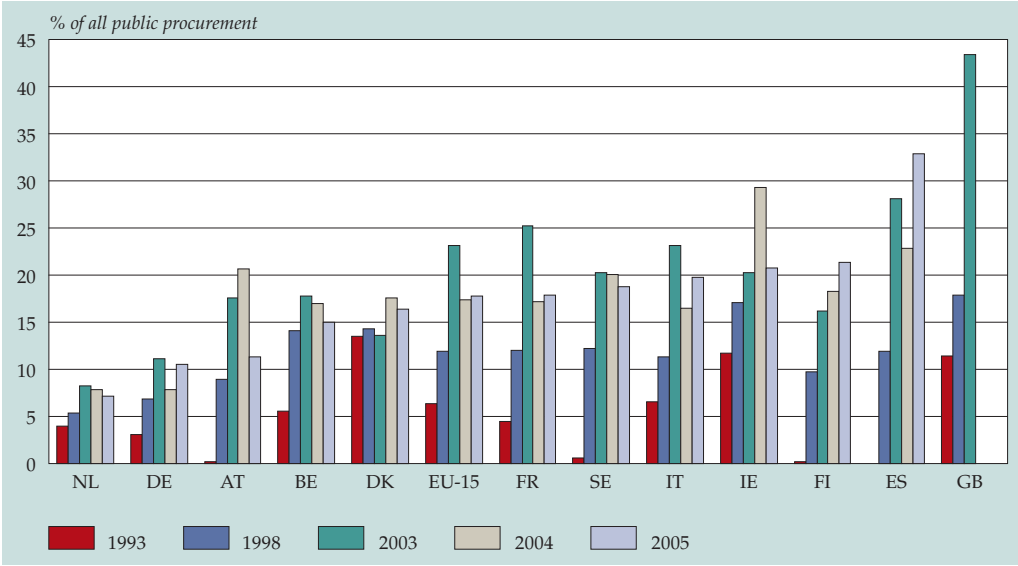


[1)] Provisional figures.

Notes
Mark-up is defined as GDP divided by labour costs. In fact, this means mark-up indicates the profits firms can make in a market, and hence how much market power the firm has.
Interpreting mark-up as an indicator is complex, and can only be done allowing for the necessary reservations.
The mark-up indicator used here is obtained by dividing GDP by labour costs, and so ignores capital as a production factor.

Source: European Commission, AMECO database.

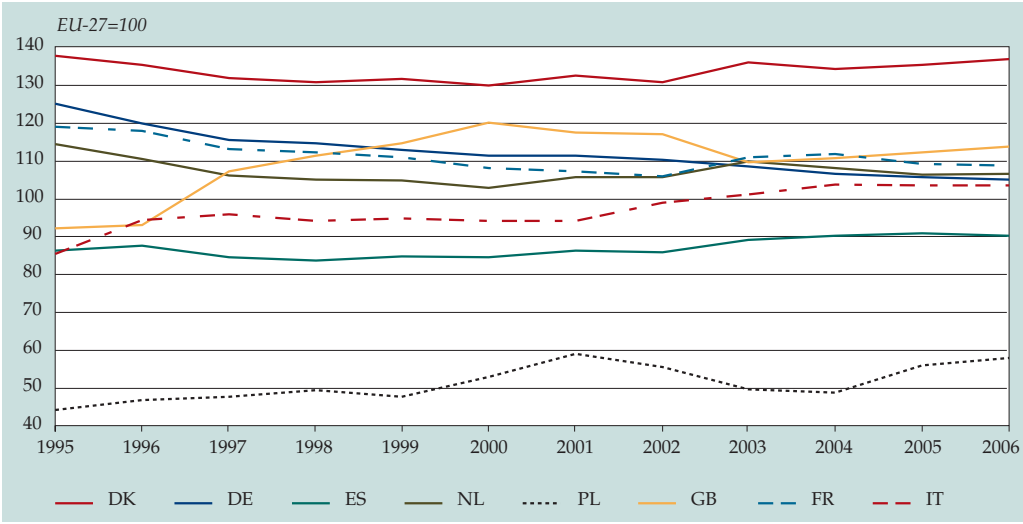
A.6.2 Public procurement advertised in the official Journal



Notes
When European governments intend to purchase goods, works or services with a value over a certain limit, the purchase must be openly advertised.
Shown here is the value of all openly advertised procurement by government, as a percentage of all procurement by government.

Source: Eurostat, Structural Indicators.

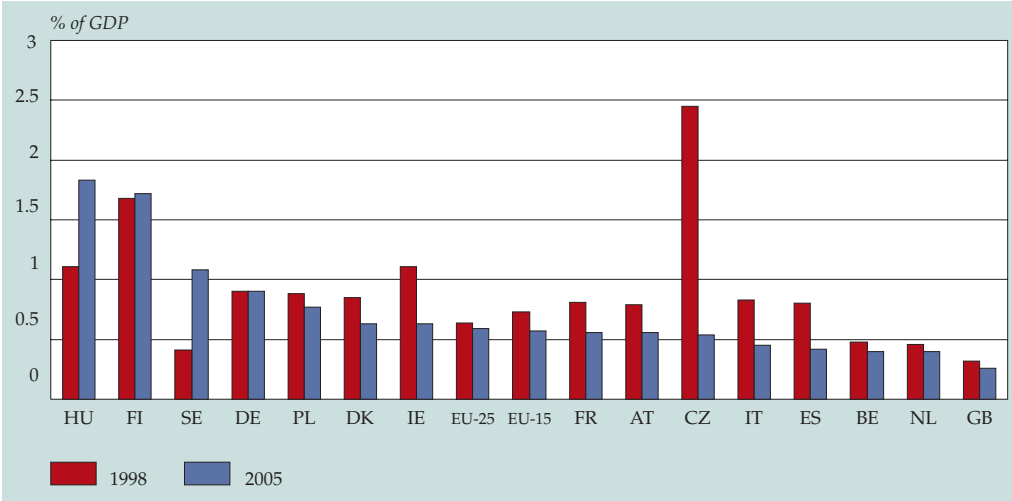
A.6.3 Price levels (PPP)



Notes
Price levels per country are based on Purchasing Power Parities (PPP's), and have been scaled to the EU-27 average.
The EU-27 average is a weighted mean.

Source: Eurostat.

A.6.4 Total state aid [1)]

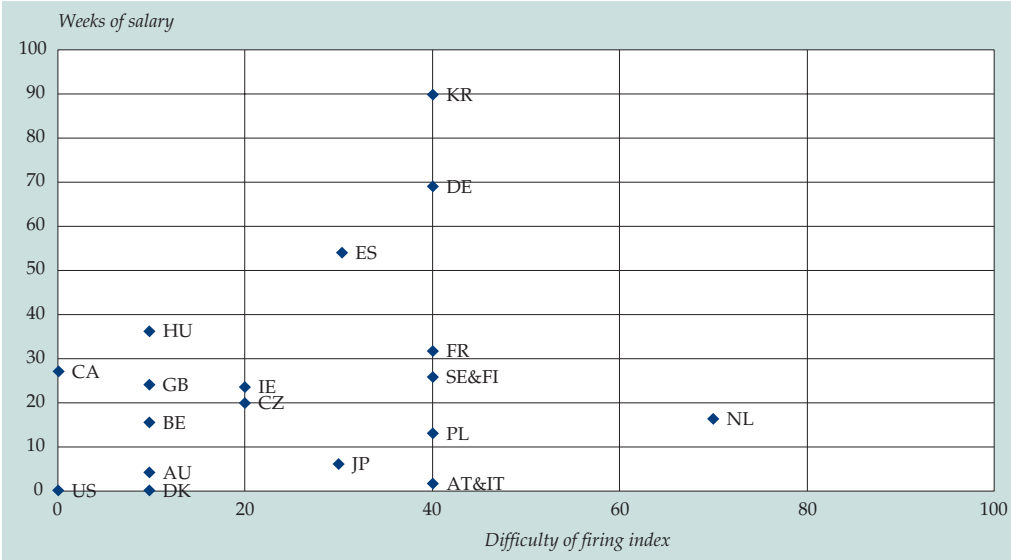


[1)] Czech Republic, Hungary, Poland and EU-25-average: 2000 instead of 1998.

Notes
State aid to specific sectors (agriculture, fisheries, manufacturing, coal, transport excluding railways and other services), and state aid given on an ad hoc basis to individual companies, for instance to 'save' a company or finance a reorganization. Also includes subsidies for R&D, environmental subsidies, subsidies for specific regions, subsidies for small firms, and subsidies for creating new jobs.

Source: Eurostat, Structural Indicators.

A.6.5 Difficulty of firing and firing cost

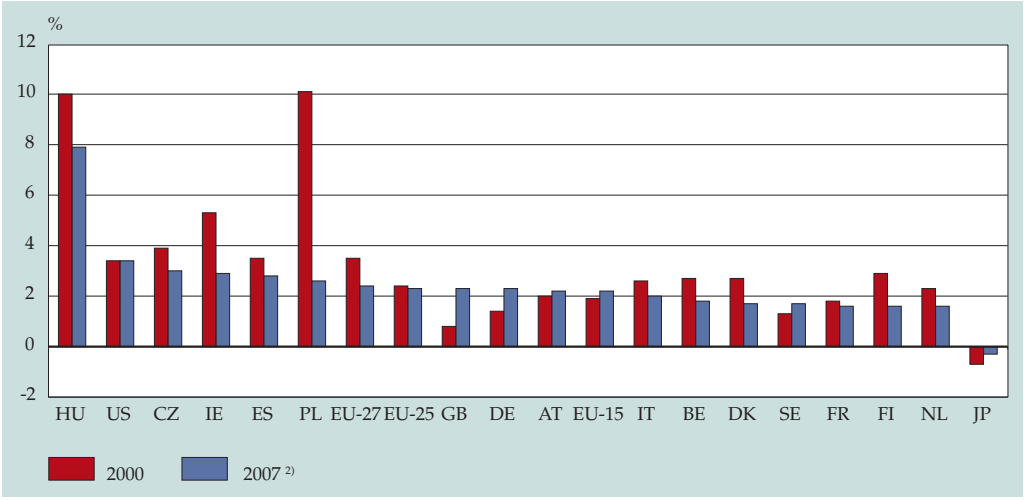


Notes
The difficulty of firing index of a country is a score between 0 and 100 that is determined using a list of objective criteria on regulations on firing employees.

Source: Worldbank Ease of doing business 2008.

Annex 7: Macroeconomic conditions

A.7.1 Inflation [1)]

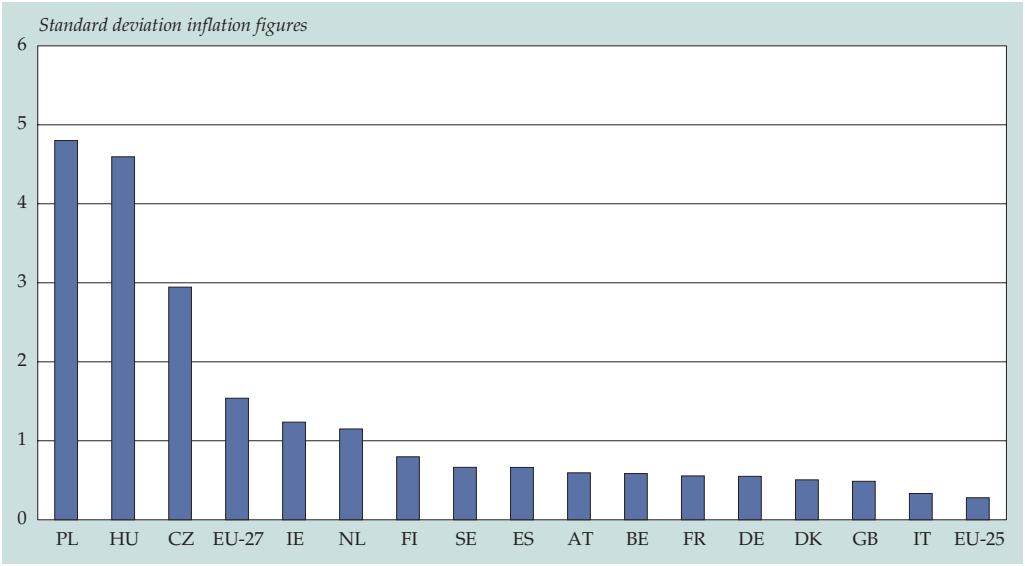


[1)] Based on Harmonised Indices of Consumer Prices (HICP's), except United States and Japan.
[2)] Japan and United States: 2005 instead of 2007; EU-15: 2006 instead of 2007.

Notes
Inflation is based on the harmonised European method, 'Harmonised Index of Consumer Prices' (HICP), and is shown as a percentage.

Source: Eurostat, Structural Indicators.

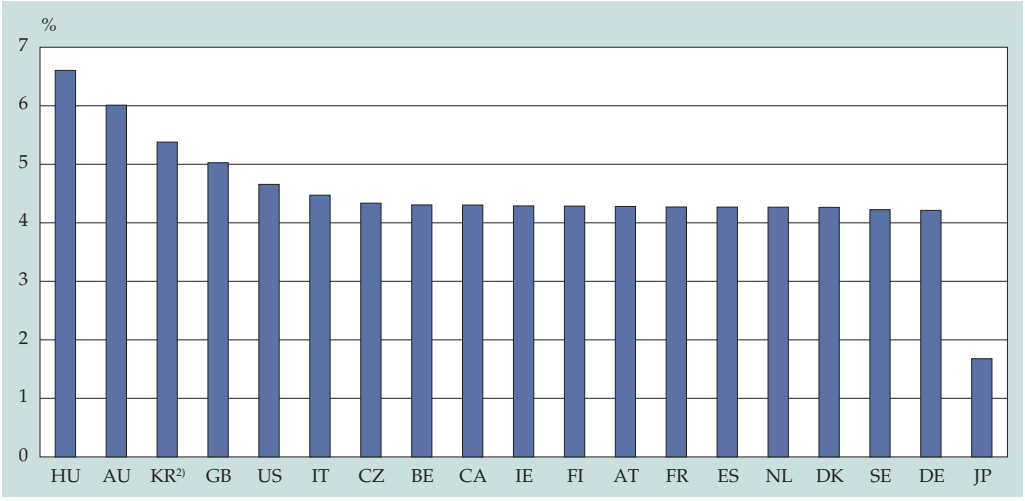
A.7.2 Inflation volatility, 1997–2007



Notes
As well as inflation levels as a whole, it is also important that the rate of inflation should not fluctuate wildly. This volatility is considered using the standard deviation of inflation figures.

Source: Eurostat, Structural Indicators.

A.7.3 Long-term interest rate, 2007 [1)]

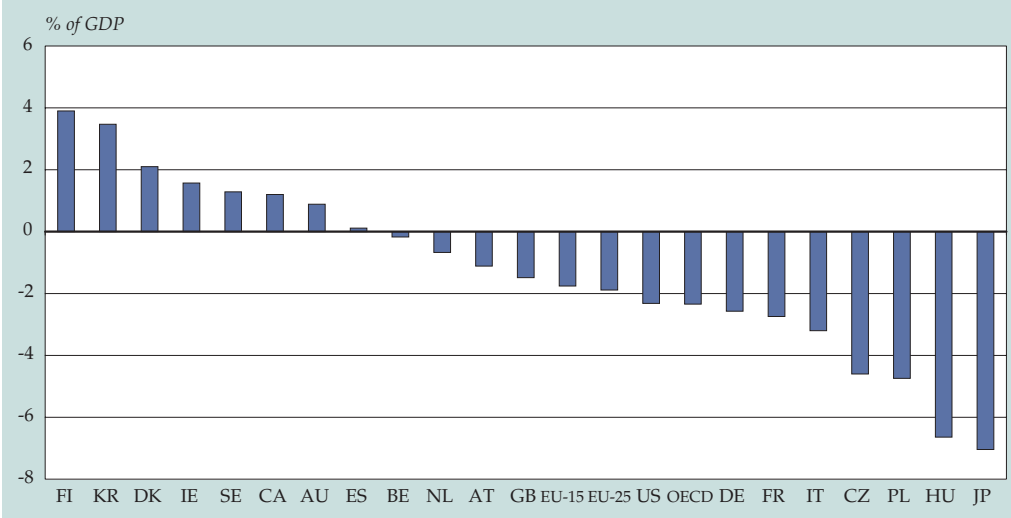


[1)] Provisional data.
[2)] For Korea, the return on 5 year government bonds was used, instead of 10 year.

Notes
Long-term interest rates are important to both businesses and consumers. They affect both how businesses invest and how consumers behave.
The return on 10-year government bonds is used as a reference for long-term interest rates here.

Source: OECD Main Economic Indicators (MEI), OECD Economic Outlook 82.

A.7.4 Net borrowing/lending of consolidated general government sector, average 2000–2006 [1)]

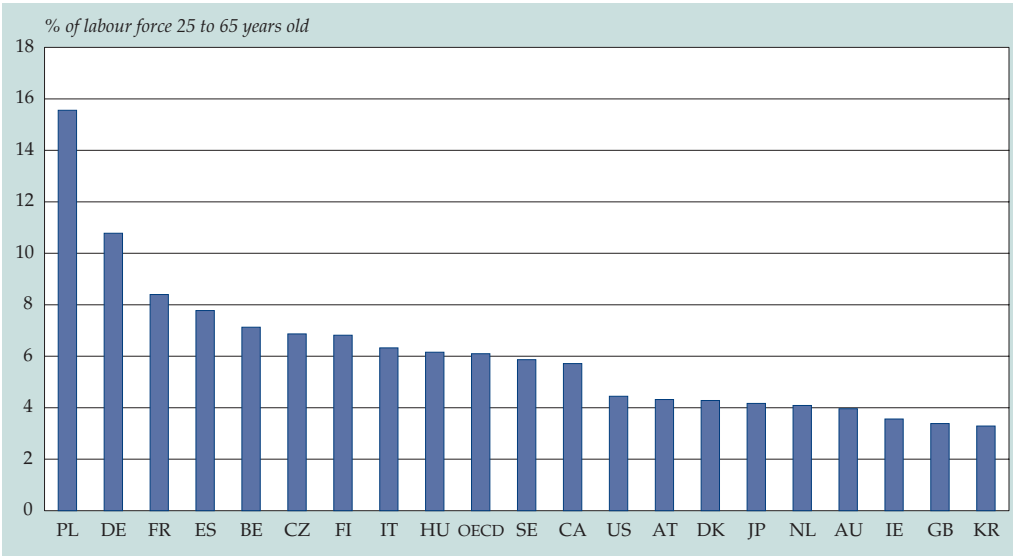


[1)] Canada, Japan and United States: 2000-2004 instead of 2000-2006.

Notes
Within the European Monetary Union (EMU), the annual government deficits or surpluses are defined as the EMU balance. The EMU balance is the net receivables of the collective sector on a transaction basis. It is the total budget deficit or surplus of all national governments and social funds. For countries outside the EMU, the definitions from national accounts are used. The EMU balance is usually stated as a percentage of GDP.

Source: Eurostat, Structural Indicators; OECD Factbook 2008.

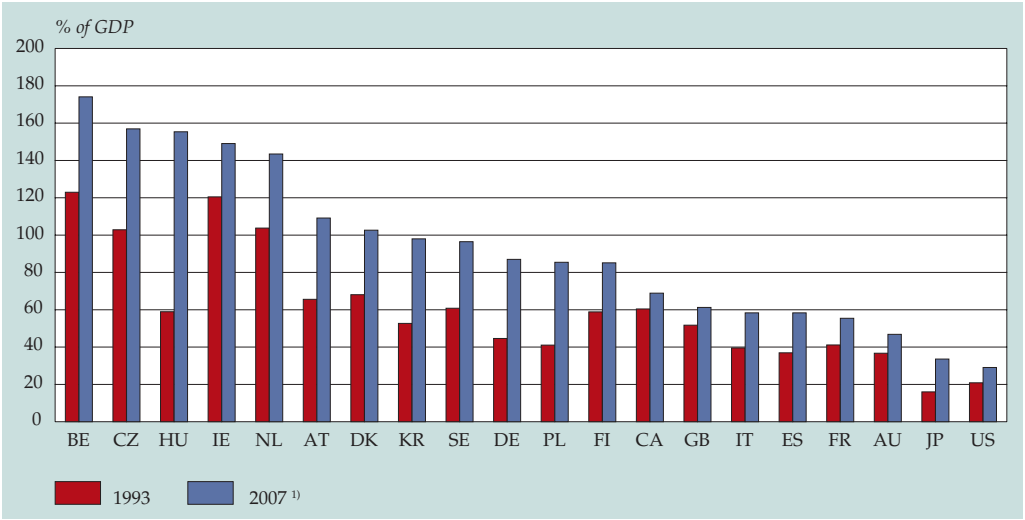
A.7.5 Unemployment rate amongst 25 to 65 year olds, 2005



Notes
Number of 25 to 65 year olds registered as unemployed as a percentage of the labour force aged 25 to 65.

Source: OECD, Education at a Glance 2007.

A.7.6 Openness of the economy: imports and exports of goods and services

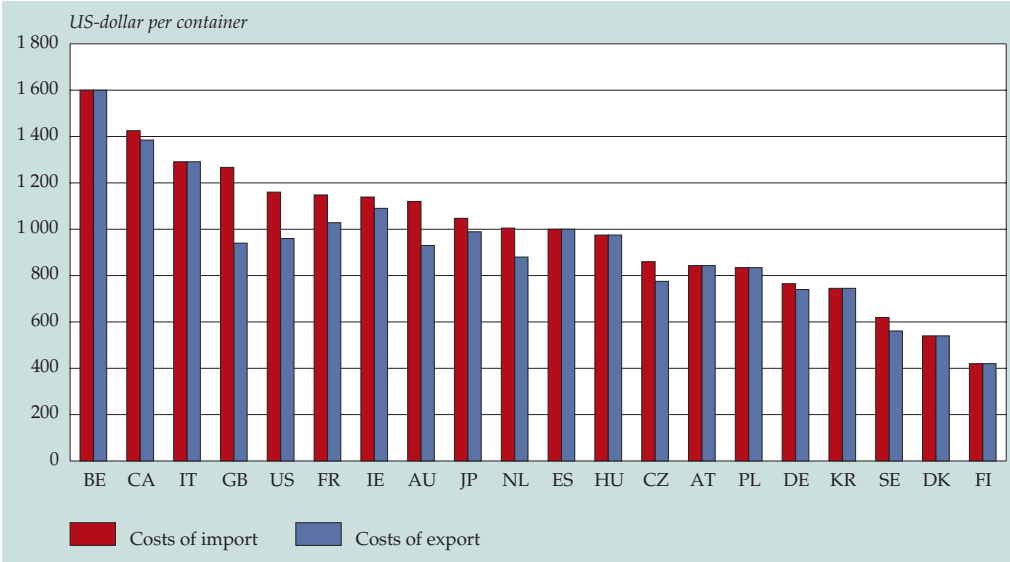


1) provisional figures.

Notes
An open economy with no import or export barriers encourages a business climate. Countries with open economies are characterised by intensive trading relationships with other countries. A country's total imports and exports in current prices as a percentage of GDP are therefore taken here as an indicator of how open the economy is.
This indicator must not be confused with the balance of trade, which is the difference between exports and imports in relation to GDP.

Source: European Commission, AMECO-database.

A.7.7 Costs to import or export a container, 2008

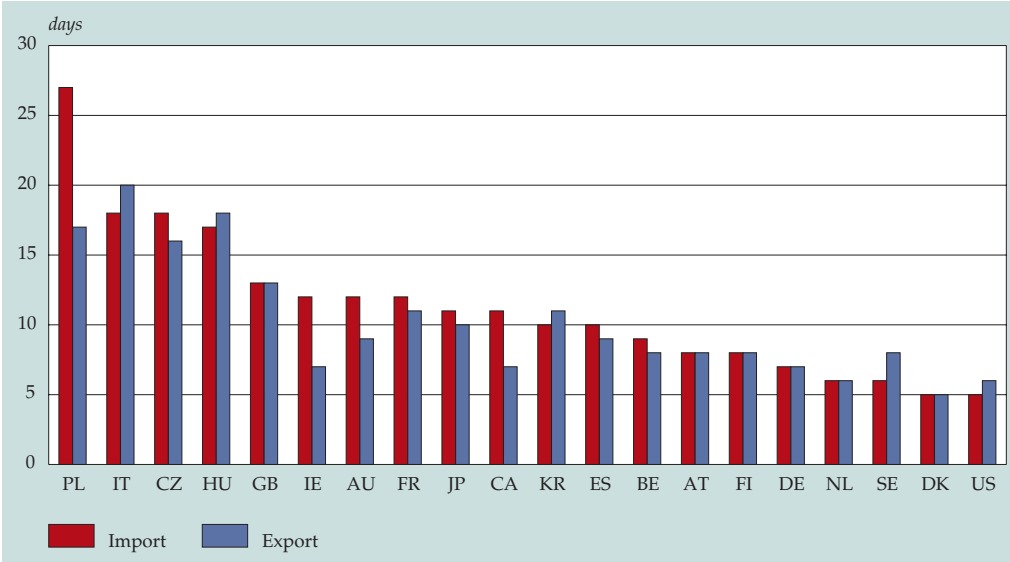


Notes

Necessary costs for importing or exporting a container with standard goods. This includes costs of procedures, transfer costs and transport costs. For import, costs are measured from the moment a container enters the harbour, until it arrives at the factory or wholesale business and is available for further treatment. For export, from the moment the container is loaded at the factory, until leaving the harbour. The exporting firm has at least 200 employees, is located in a densly populated area, is a private enterprise that does not operate in an export processing zone or an industrial state with special import or export privileges. The firm is domestic owned and exports more than 10 percent of its sales. The traded goods are shipped dry, in a 20 foot fully loaded container. The goods are not dangerous, no military items, do not need cooling or other special treatment, and belong to Standard International Trade Classification (SITC) Revision category SITC 65, SITC 84 or SITC 07 (mostly textiles, clothing, cacao, coffee, tea and derivatives).

Source: World Bank.

A.7.8 Time necessary to import or export a container, 2008



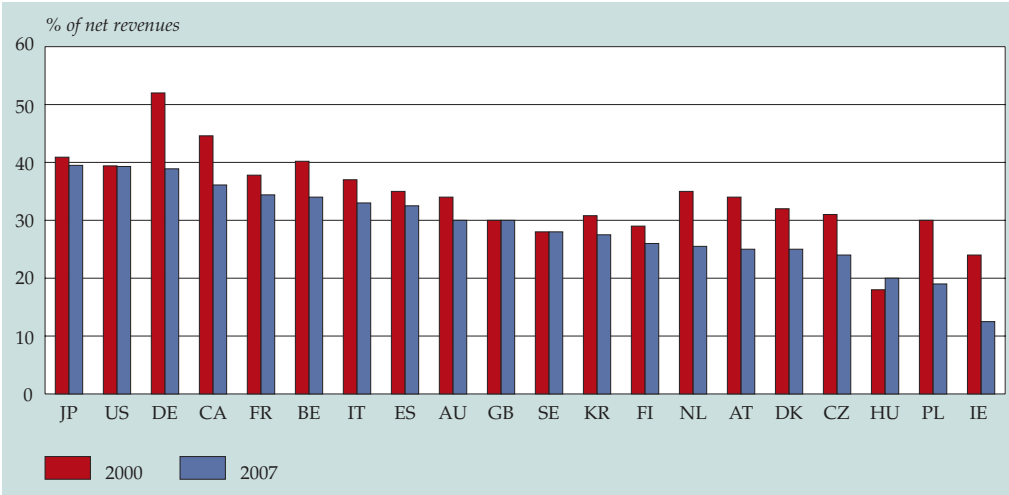
Notes

Number of days necessary to comply with all procedures for importing or exporting a container with standard goods, from the moment a container enters the harbour, until it arrives at the factory or wholesale business and is available for further treatment (or, respectively, from the moment the container is loaded at the factory, until leaving the harbour). The exporting firm has at least 200 employees, is located in a densly populated area, is a private enterprise that does not operate in an export processing zone or an industrial state with special import or export privileges. The firm is domestic owned and exports more than 10 percent of its sales. The traded goods are shipped dry, in a 20 foot fully loaded container. The goods are not dangerous, no military items, do not need cooling or other special treatment, and belong to Standard International Trade Classification (SITC) Revision category SITC 65, SITC 84 or SITC 07 (mostly textiles, clothing, cacao, coffee, tea and derivatives).

Source: World Bank.

Annex 8: Functioning of the apparatus of government

A.8.1 Corporate income tax rate [1)]

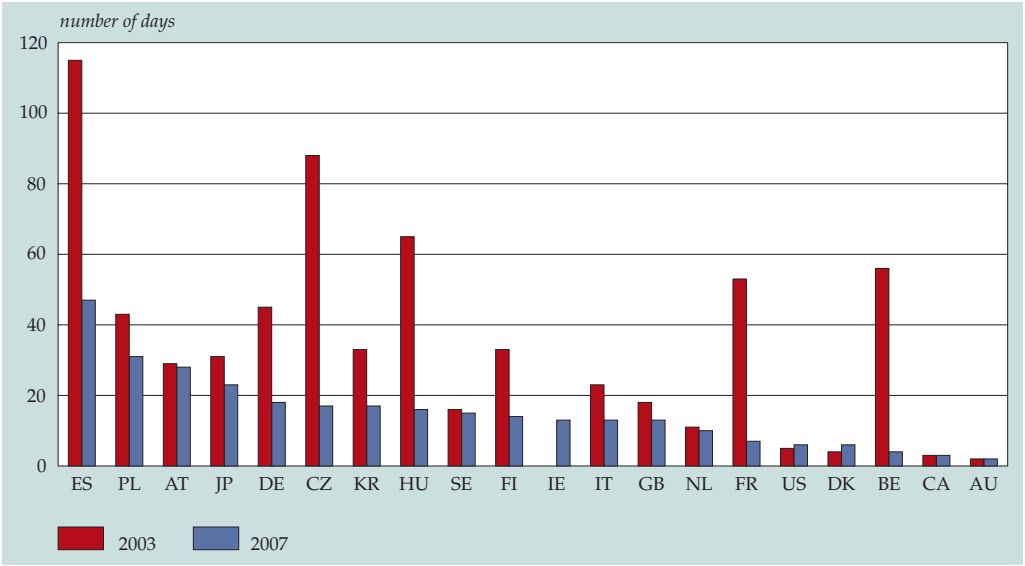


[1)] Rules for the corporate income tax rate are different for the various countries. For more information see the source.

Notes
Tax levels and regimes are notoriously difficult to compare. This is tax on business profits.
This in itself means that percentage tax rates cannot be compared per se; consideration has to be given to how the tax base is defined.

Source: OECD, Tax database.

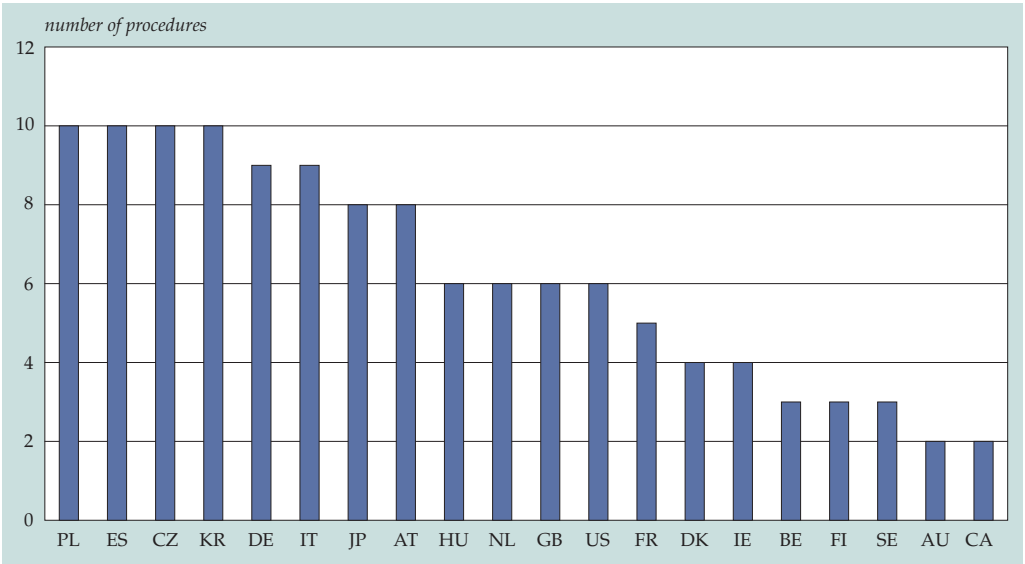
A.8.2 Number of days to start op a new business



Notes
The indicator, as shown in the diagram above, measures how many days an entrepreneur needs to set up a new business (in terms of meeting legal requirements).

Source: 2003: Institute for Management Development (IMD), 2007: World Bank.

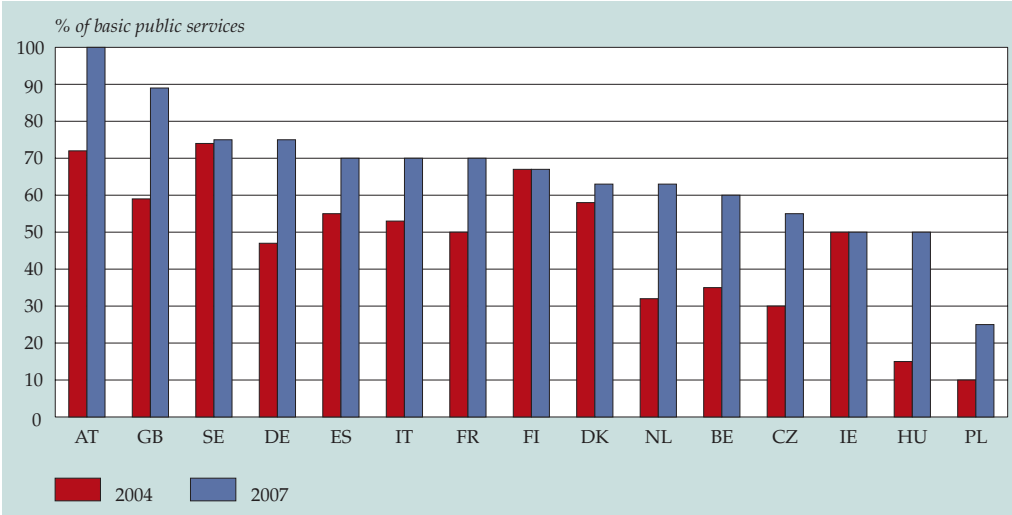
A.8.3 Number of procedures required to start a business, 2007



Notes
Procedures are counted using specific criteria, for a fictional 'standard' company.

Source: World Bank, Ease of doing business 2008.

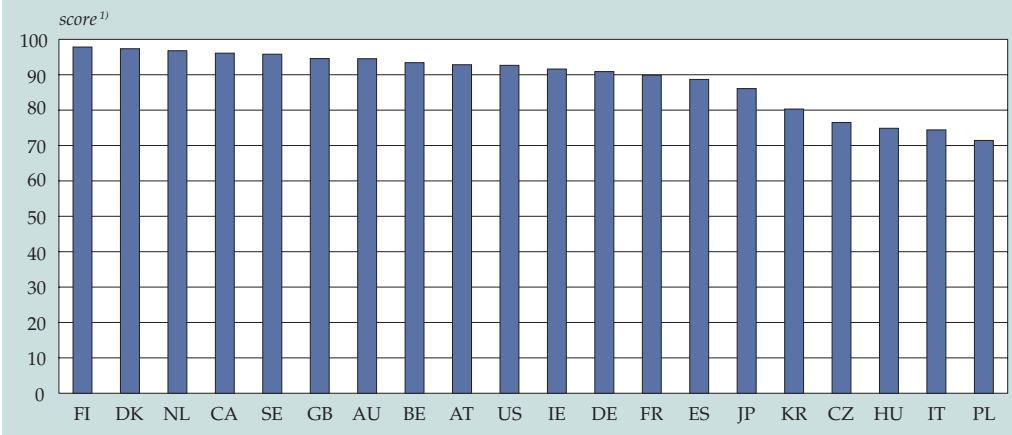
A.8.4 Online availability of public services



Notes
'Online availability of public services' are that proportion of basic government services which local, regional and national authorities offer citizens and businesses via the Internet.
Basic services are relatively simple services which are in great demand by citizens and businesses.

Source: Capgemini.

A.8.5 Government effectiveness, average 2002–2006



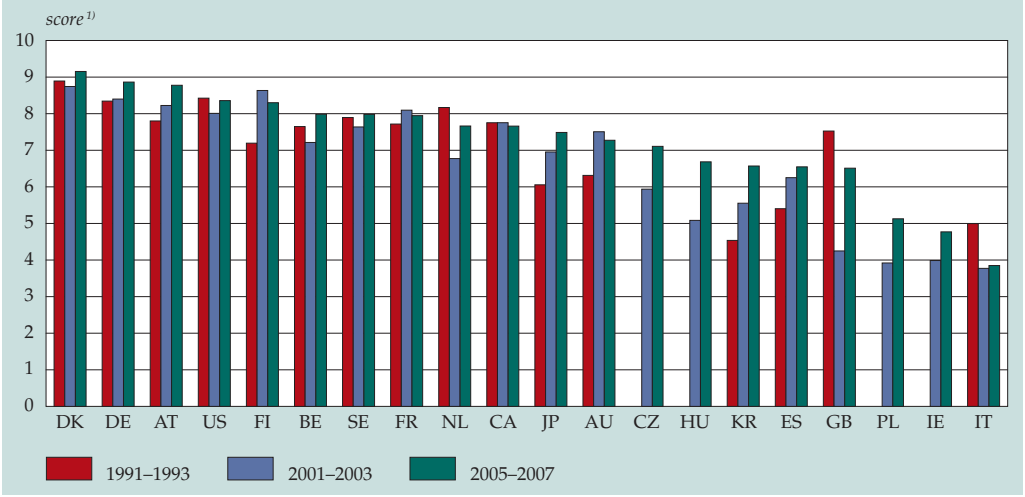
1) Scale of 0–100. Score 0 indicates a low government effectiveness. Score 100 indicates a high government effectiveness.

Notes
Index based on indicators on, among other things, the amount of bureaucracy, quality of public services, political stability, reliability of government, transparancy and consistency of policy.

Source: World Bank.

Annex 9: Infrastructure

A.9.1 Efficiency of distribution infrastructure

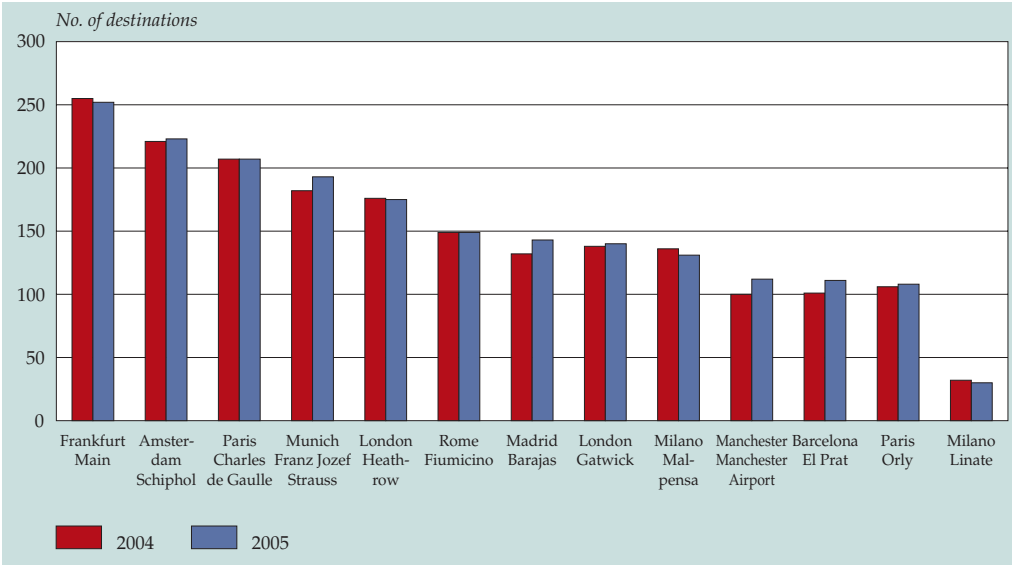


1) On a scale from 1 to 10. A score of 1 means an inefficient infrastructure; a score of 10 means a very efficient infrastructure.

Notes
A country's distribution infrastructure consists of its transport systems (land, sea and air), with their associated hubs (stations, ports and airports). All benchmark countries have at least a more or less adequate infrastructure. What this means is that it is not easy to obtain a competitive advantage on the basis of simply having an infrastructure present. What is more important is to check how far an infrastructure meets the demands made of it.
This indicator measures how a large number of managers perceive the efficiency of the distribution infrastructure of the country in which they have lived and worked for the past year.

Source: Institute for Management Development, World Competitiveness Yearbook, 1991–1996 and 1998–2007 editions.

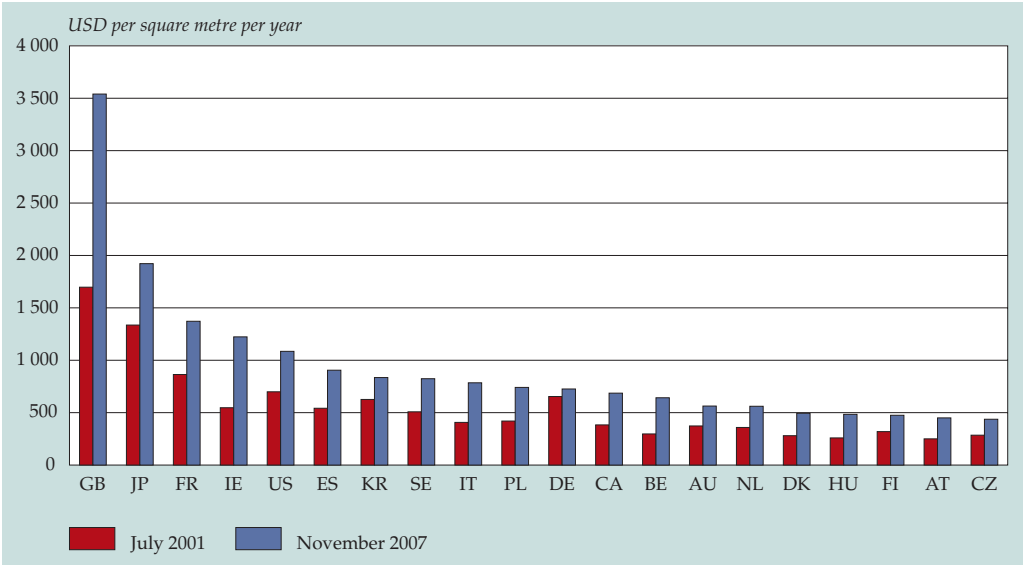
A.9.2 Aviation network connectivity



Notes
The importance of having good air links within Europe is increasing as the economy becomes more and more global, for both freight and passengers.

Source: Ministry of Transport, Public Works and Water Management/SEO.

A.9.3 Office rents and occupancy costs



Notes

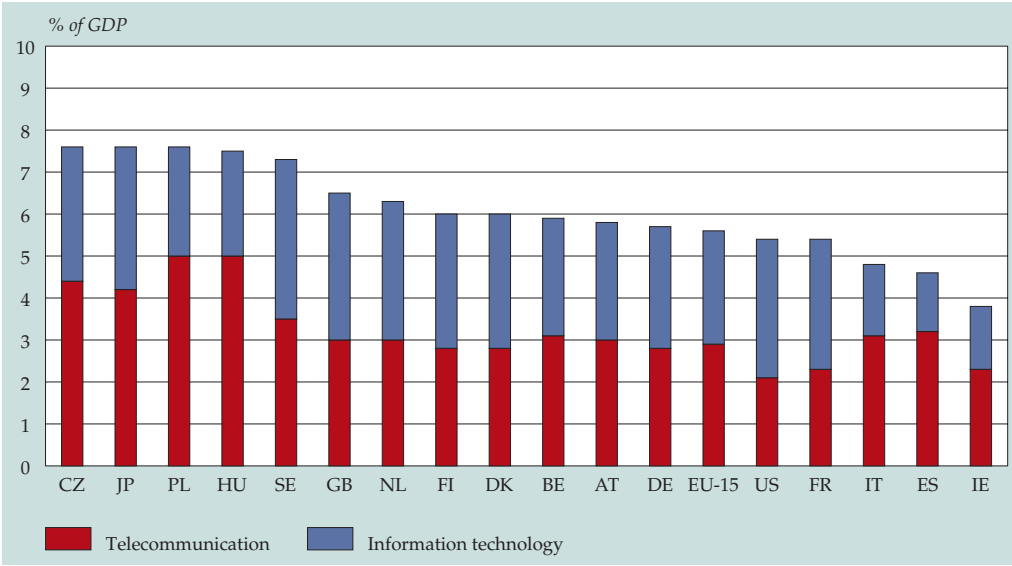
There is insufficient material to make a quantitative comparison of space availability possible. The cost of using office space is however available, and is comparable.

The costs of using office space are based on prevailing market prices for office space and reflect market relations between supply and demand. The higher the price, the more attractive the location. This indicator is about the cost of hiring office space per square metre per year, including service costs and property tax. The indicator for the country concerned is based on the cost of leasing high quality office space (class A) in the top location in the country concerned, for instance West End in London, or Manhattan in New York.

Fluctuations in the exchange rate with the US-dollar complicate the interpretation of these figures, when comparing the US with Euro-countries over time. For instance, the costs of using an office in Amsterdam have risen when measured in dollars (as can be seen from the figure above), however, measured in Euros the costs have stayed approximately the same.

Source: CB Richard Ellis.

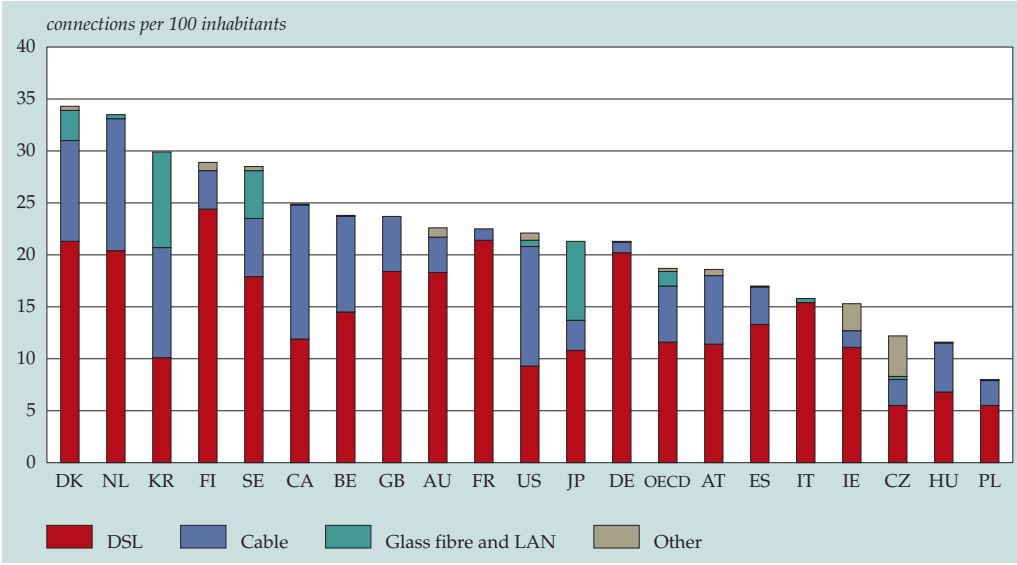
A.9.4 Total ICT expenditure, 2006



Notes
Expenditures comprise investment, intermediary use and consumption.

Source: Eurostat, Structural Indicators.

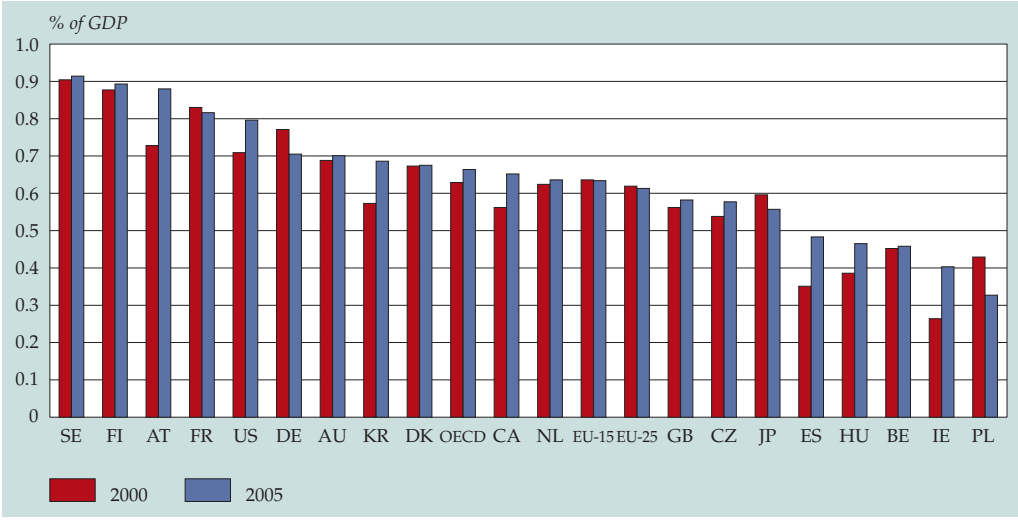
A.9.5 Broadband subscribers, june 2007



Notes
The presence of one or more broadband networks with large numbers of connections ('readiness') is essential to the development and actual use of all kinds of new services ('use') and ultimately changing how business processes and sectors are organised ('impact').

Source: OECD Broadband Statistics 2007.

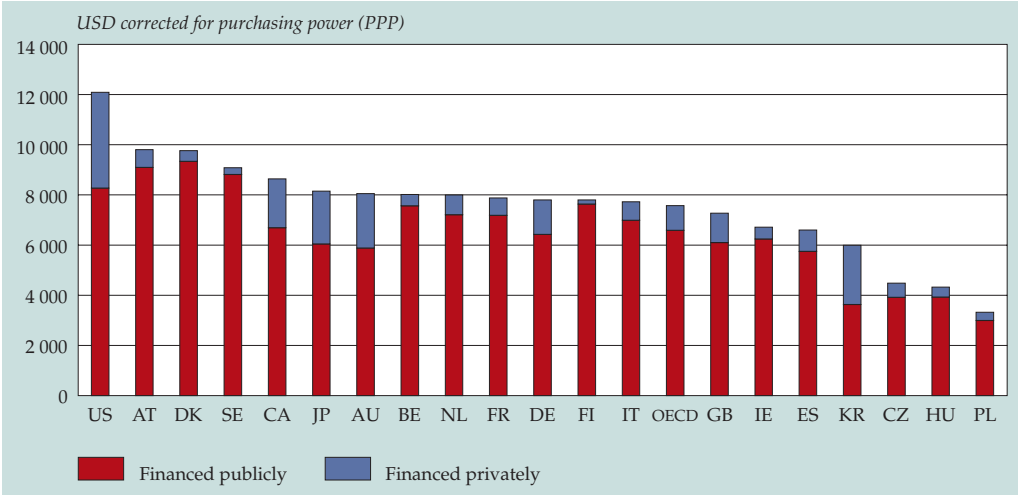
A.9.6 Government financed gross domestic expenditure on R&D [1)]



[1)] Netherlands: 2003 instead of 2005. Australia: 2004 instead of 2005. Denmark and Sweden: 2001 instead of 2000.

Source: OECD, Main Science and Technology Indicators (MSTI) 2007-2.

A.9.7 Educational expenditure per student, primary to tertiary education, 2004 [1)]



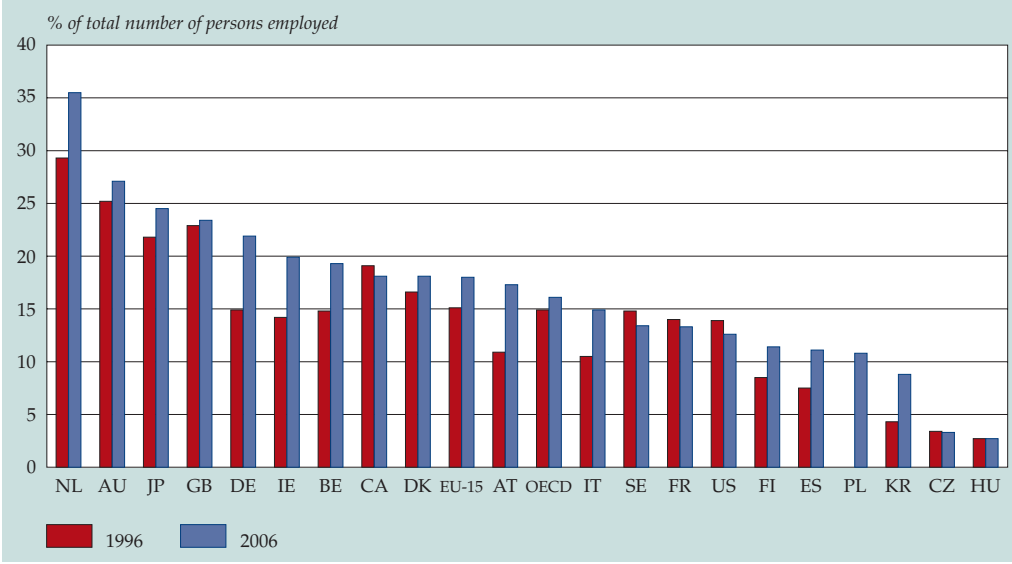
[1)] Figures for Canada, Hungary, Italy and Poland only refer to expenditure on public educational institutes. The figures for Canada refer to 2003 instead of 2004.

Notes
Expenditure on public and private educational institutes, per student (in full-time equivalents). The expenses are made by public or government organisations, private organisations, or households.

Source: OECD Education at a Glance 2007.

Annex 10: Society

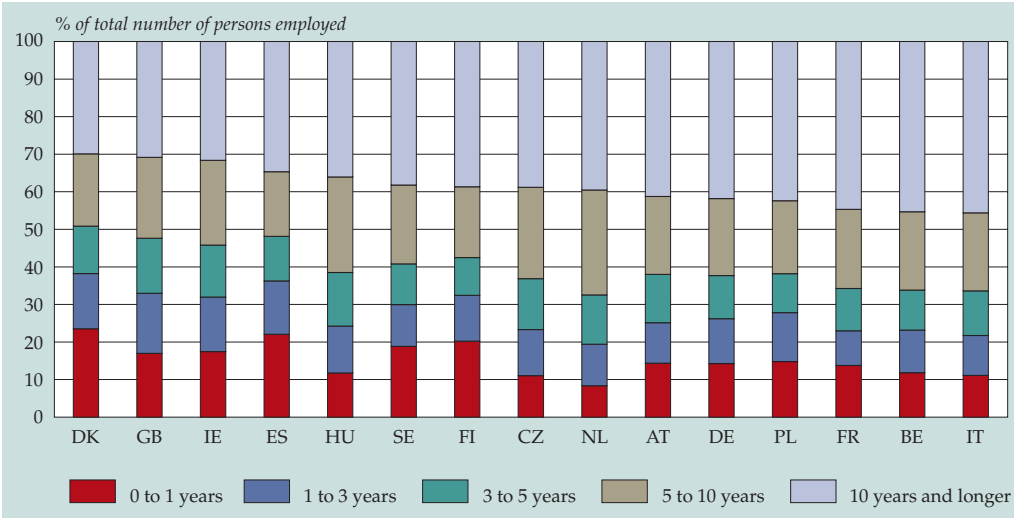
A.10.1 Part-time employment



Notes:
Part-time employment refers to persons who usually work less than 30 hours per week in their main job. Both employees and the self-employed can be part-time workers.

Source: OECD Factbook 2008.

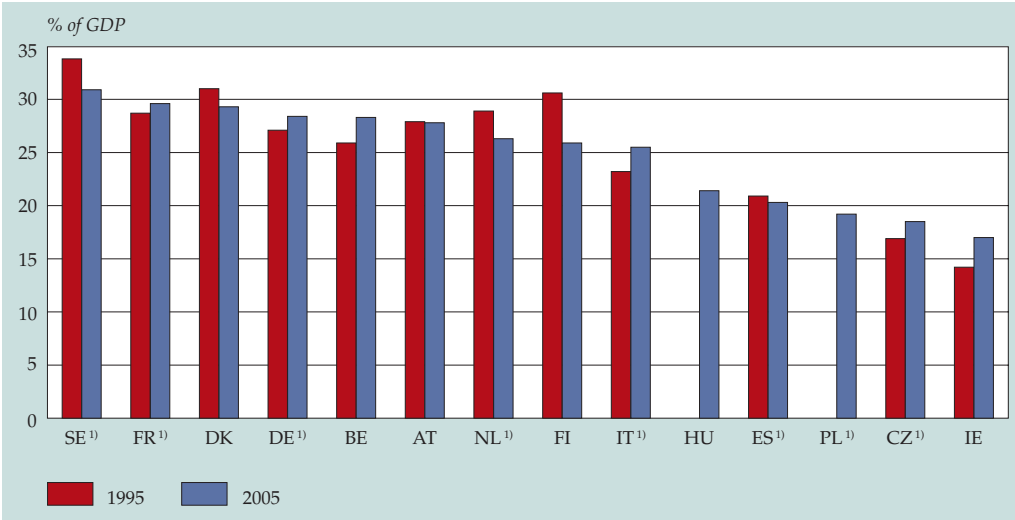
A.10.2 Job mobility, 2006



Notes
Number of years that employed persons work in their current (main) job. Including self-employed.

Source: OECD, Labour Force Statistics.

A.10.3 Social protection benefits

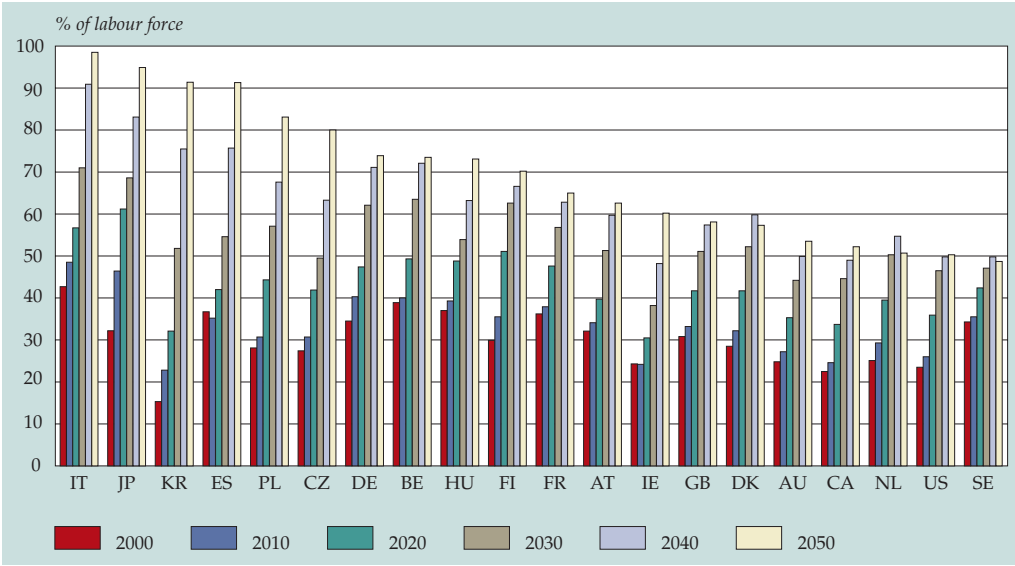


1) Preliminary figure for 2005.

Notes
Total expenditure on social protection benefits. This includes income and other financial or material benefits for sickness and healthcare, disability, pensions, and widows and widowers. Also includes financial or material support (excluding healthcare) for families (children), unemployment, housing and social exclusion.

Source: Eurostat (ESSPROS).

A.10.4 Old-age dependency ratio



Notes
Ratio of the number of persons aged 65 or older to the so-called 'productive' population aged 15 to 64.

Source: OECD Factbook 2008.

We wish to thank:

Members of the advisory board of 'Figures on the investment climate in the Netherlands 2008'

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