

*Figures on the investment climate  
in the Netherlands  
2009*

## 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
2007–2008	= 2007 to 2008 inclusive
2007/2008	= average of 2007 up to and including 2008
2007/'07	= crop year, financial year, school year etc. beginning in 2007 and ending in 2008
2005/'06–2007/'08	= crop year, financial year, etc. 2005/'06 to 2007/'08 inclusive

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

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### *Where to order*

E-mail: [verkoop@cbs.nl](mailto:verkoop@cbs.nl)  
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# *Preface*

A country's investment climate is partly determined by accidental matters that cannot be influenced, such as its climate and geographical location, and partly by matters that are susceptible to influence, such as political decisions, business investment decisions and consumer choices. This publication, which was prepared in collaboration with the Dutch Ministry of Economic Affairs, centres on those elements that can be influenced. The present publication is the fourth in a series.

This edition, more so than its precursors, places emphasis on the progress of the various indicators and thus on the development of the investment climate in the Netherlands. This is done with the aid of a benchmarking process, where a systematic comparison is drawn between the Netherlands and a fixed group of other countries.

The picture that emerges is that at the macroeconomic level the Netherlands is often among the best countries and has also managed to maintain this position over the years. In areas such as entrepreneurship and innovation, which touch on the 'heart' of the investment climate, the Netherlands has managed to improve its international position. However, the progress made was insufficient to lift the Netherlands above the middle-ranking position that it occupies in these two areas.

Alongside this publication, the underlying web dossier on the investment climate has been updated. This web dossier contains longer time series of the indicators presented in this publication and in some cases also gives more detailed insight. The web dossier can be found via [www.cbs.nl/investmentclimate](http://www.cbs.nl/investmentclimate). With the publication and the webdossier, Statistics Netherlands provides the most up-to-date picture possible of the investment climate.

Director General of Statistics Netherlands

G. van der Veen

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# Summary

The Netherlands is characterised within the group of benchmark countries by a high per capita gross domestic product (*GDP*), a high labour productivity (*GDP per hour worked*) and a high employment rate. The *GDP per person employed* looks less favourable in comparison. This is because the *number of hours worked per person employed* in the Netherlands is one of the lowest within the group of benchmark countries. These factors also indicate the determinants of economic growth. GDP growth can be realised by increasing labour productivity and increasing the number of persons employed. In the 2003–2008 period an increase in labour productivity and an increase in the number of persons employed contributed almost equally to economic growth in the Netherlands. A less sizeable, but still positive, contribution was made by an increase in the number of hours worked per person. Labour productivity and employment do not grow by themselves, however. It is the result of dynamics in numerous fields. The current state of affairs and developments in several of these areas are described below.

The current state of affairs is mainly measured by the position that the Netherlands occupies within the fixed group of benchmark countries. The developments concern the progress made in respect of the various indicators relative to a base period – typically 2001–2005 – or a base year.

The impact of the financial crisis is only expressed to a very limited degree in the figures presented in this publication. The near future will reveal which economies are best able to digest the financial crisis and which ones will fare less well.

The high level of the aforementioned macroeconomic factors is accompanied in the Netherlands by average results in the field of *ecological sustainability*. Though energy consumption, CO<sub>2</sub> emissions and green power generation have developed in a favourable sense, this has not led to an improvement of the Netherlands' international position in these areas. The *life expectancy* of men and women has risen, but is only average within the group of benchmark countries. The Netherlands' international position has deteriorated with regard to the life expectancy of women. The high level of prosperity in the Netherlands is accompanied by an average uneven *income distribution*. The *employment rate* among 15- to 25-year-olds and 25- to 55-year-olds is high from an international perspective. Though the employment rate of 55- to 65-year-olds has improved, it is only average from an international perspective. Despite the increase in the employment rate of this age group, this average international position has deteriorated further.

### *Human capital and labour supply*

In terms of the number of highly educated people, the Netherlands belongs to the middle group of the benchmark countries, and its international position has actually deteriorated. The number of highly educated people in science and technology who are also active in this field remains at an unchanged high level in the Netherlands. Similarly, the Netherlands belongs to the prominent countries in the field of life-long learning. Looking at the number of science and engineering graduates, the Netherlands' scores remains low, even though the performance of 15-year-old students in the Netherlands is above average in this field. As in all other countries, highly educated people have the highest employment rate in the Netherlands. However, the 'gap' with the employment rate of people with intermediate and lower education in the Netherlands is somewhat smaller than in many other benchmark countries. The unit labour costs increased slightly in the Netherlands compared to the base period. The Netherlands' international position has improved slightly in this area, even though the Netherlands still belongs to the middle group of the benchmark countries.

### *Innovation*

In the field of innovation the Netherlands retained its high score in the number of patent applications, though its international position has deteriorated. Business enterprise R&D expenditures have increased in the Netherlands, but not sufficiently to improve the country's international position in this area. The number of innovative companies also increased, but not enough to lift the Netherlands out of the lower regions of the benchmark countries. From an international perspective, the degree of cooperation on innovation activities is not more than average. Cooperation between innovative enterprises in the services sector is the only area in which the Netherlands has managed to improve its international position. The turnover share of innovative products has increased, however. The Netherlands also managed to improve its international position in the services sector on this aspect. In the Netherlands the services sector seems to be less affected than manufacturing by the prevailing picture of little structural progress. This is underlined by the decreasing significance of the medium and high-tech manufacturing in the Netherlands and the increasing economic importance of the high-tech services sector.

### *Capital*

The investment rate of the business sector is not particularly high in the Netherlands. By contrast, the share of ICT investments in the total investments of the Netherlands is high. About half of these ICT investments concern software, which is average compared to the other countries. Regarding financial capital, venture capital investments in the Netherlands have decreased significantly – though it should be noted that early-phase venture capital investments have increased. The Netherlands has therefore improved its position in this area. The incoming and outgoing foreign direct investments are above average for the Netherlands. On balance, the

Netherlands has invested more in foreign companies over the years than vice versa.

### *Entrepreneurship*

The self-employment rate in the Netherlands has increased to such an extent that the position within the group of benchmark countries has also improved. The birth rate of enterprises has also risen, but this was accompanied by an increase in the exit rate of enterprises. In international terms, new enterprises in the Netherlands are characterised by an above-average size of enterprise, but with a persistently low proportion of fast growers.

### *Market competition*

The overall mark-up of the Dutch economy is in proportion to that of the other countries. This suggests that the markets in the Netherlands are sufficiently competitive. The Dutch government itself, incidentally, makes only a small contribution to this; the part of public procurement that is put out to European tender is low in the Netherlands. However, the Dutch government does exercise great restraint when it comes to granting state support. The barriers to entrepreneurship have also been strongly reduced and can now be regarded as low in the Netherlands. In terms of difficulty of firing and firing cost, the Netherlands is still characterised as a country where it is difficult to fire people, but where the firing cost are low.

### *Macroeconomic conditions*

In terms of macroeconomic conditions, the Netherlands belongs to the better countries within the group of benchmark countries. On such aspects as inflation and unemployment, the Netherlands already belonged to the best-scoring countries and this position has strengthened further. The net borrowing/lending of the consolidated general government sector and the general government debt have also shown a positive development. In the case of the net borrowing/lending of the consolidated general government sector, this also led to an improvement in the Netherlands' position within the benchmark countries. This did not apply to the general government debt, as there were more countries that managed to reduce the general government debt and some by even more than the Netherlands. In 2008 the Netherlands belonged to the most open economies among the benchmark countries.

### *Functioning of the apparatus of government*

The Dutch government is characterised by a small degree of state intervention in the economic process in the form of state control of businesses or the granting of ad hoc state support. The corporate tax rate has become more competitive internationally. Within the group of benchmark countries the effectiveness of the Dutch government still ranks high, though the Netherlands' international position has

deteriorated slightly. As a provider of online basic public services the Netherlands has greatly improved its performance. Only the business start-up time and procedures merit no more than a mid-table ranking – this notwithstanding the reductions achieved in the past years.

### *Infrastructure*

The physical infrastructure in the Netherlands is not of a strikingly high quality compared to the other benchmark countries. In 2008 the Netherlands occupied a middle position regarding the efficiency of the distribution infrastructure and was not a top location for offices. On the other hand, in 2007 the Dutch airport Schiphol was the second-largest airport, after Frankfurt airport, in terms of aviation network connectivity. The Dutch knowledge infrastructure shows a mixed picture. The government-financed gross domestic expenditure on research and development (R&D) is at an average level. Similarly, educational expenditure per student is growing across the board in the Netherlands, but not sufficiently to rise above the middle group of the benchmark countries. In the area of ICT expenditures, the Netherlands also belongs to the middle group of the benchmark countries and its international position has deteriorated.

### *Society*

The Netherlands has an extreme score on part-time employment, which is much higher in the Netherlands than in other countries and the gap only seems to be growing. Dutch employees are not very mobile; job mobility is low. The Netherlands emerges as an average social society with a statutory minimum wage and social protection benefits that are similar in size to those of the other countries. Just like virtually all other benchmark countries, the Netherlands is confronted with increasing ageing (more elderly people) and, to a certain extent, dejuvenation (fewer young people). However, the (future) ratios within the population pyramid appear to be less skewed for the Netherlands than for most other countries.

# Introduction

## *The goal of this publication*

This publication aims to present an adequate account of the investment climate in the Netherlands. Emphasis is placed on those factors that 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 policymakers and society as a whole. It goes without saying that a sound investment climate is extremely important at a time when it is becoming easier for entrepreneurs to operate in the international dimension. A time where established economies – such as the Netherlands – face more direct competition from other established and from emerging economies in attracting new investors. A healthy investment climate, however, is not only relevant for attracting foreign investors, but also for creating opportunities for the existing and potential domestic entrepreneurs.

This English-language publication on the investment climate in the Netherlands is not a summary of the publication in Dutch, as it used to be, but a full equivalent of it.

## *Why this publication?*

A variety of reports and documents are being published on the various aspects of the investment climate. Examples are issues by the 'World Economic Forum' (WEF), the 'Institute of Management Development' (IMD) and 'The Economist Intelligence Unit' (EIU). Also the European Commission (EC) and the Organisation for Economic Cooperation and Development (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 practice. Complete transparency is pursued so it will be clear why we selected the indicators from which the picture is sketched and the conclusions are drawn. This also may contribute to a better understanding of other benchmark studies.

In the process of selecting the indicators preference is given to official statistics drawn up and coordinated in the international context by national statistical offices such as Statistics Netherlands. Information is only derived from non-public sources in second instance.

Compared to the previous editions, this fourth publication pays more attention to a systematic description of the development of the different indicators and in doing so of the investment climate in the Netherlands. A number of characteristics of the investment climate in the Netherlands are rather stable and the position of the

Netherlands did not change dramatically from one year to another. The development of the indicator concerned, however, tells us if we are moving in the right direction and if we are catching up with other countries or not.

### **Website**

A special section of Statistics Netherlands' website has been set up to coincide with this study ([www.cbs.nl/investmentclimate](http://www.cbs.nl/investmentclimate)); it contains background details for further reference, more detailed data and time-series which go beyond what is presented in this publication. The database, which is accessible via this website, will be kept up-to-date.

### **Reading guide**

Chapter 1 of this publication gives a detailed explanation of the term '*investment climate*' and discusses the conceptual model on which the publication 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.

Chapter 2 draws the overall picture of the study focusing on the Dutch situation vis-à-vis the reference countries. Theme by theme the developments will be systematically summarised in two figures.

The annexes give a detailed overview of all the individual indicators and reference countries' scores on these indicators. Finally in the part called 'statistical sources' we present the source and other metadata for every single indicator so it will be clear where these indicators come from and how they should be interpreted.

# 1. Theoretical framework

## 1.1 *A view on the investment climate*

The international literature frequently mentions factors of crucial importance for a country's investment climate. These 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).<sup>1)</sup> Stability of the government and social calm also play an important role. Recent debates on the investment climate focused on innovation, the human factor and (innovative) entrepreneurship. A number of these factors cannot be influenced by politics and have to be taken as a fact of life. Other factors can be influenced by politics and it is these that are the subject of this study.

Enterprises are the primary source of economic growth and the creation of jobs. Enterprises are the vehicle for entrepreneurship and the instrument of the entrepreneur. In this publication the definition of entrepreneurship of the European Commission is adopted: *"Entrepreneurship is the mindset and process to create and develop economic activity by blending risk-taking, creativity and/or innovation with sound management, within a new or an existing organisation"* (EC, 2003).

A good investment climate is almost by definition not 'hostile' to enterprises. On the other hand an investment climate cannot solely be judged by what it brings enterprises. What it brings to other residents of the country and the impact on sustainability should also be taken into account. The challenge for governments who wish to develop an active policy on investment climate and entrepreneurship is hereby defined: to define a balanced set of do's and don'ts for enterprises on behalf of the public interest.<sup>2)</sup>

### *Prosperity or growth*

One can judge an economy or society by its level of prosperity, e.g. the gross domestic product (GDP) per capita, or by the yearly growth of the prosperity. These are two separate things which lead to a different ranking order of countries. The Netherlands for instance has reached a high level of prosperity not only worldwide but also within the EU-27 (see Table 1.4.1). This expresses itself by a high level of capital use and high labour productivity (see also Paragraph 2.2). To keep on realising economic growth by a further increase of labour productivity might not be so easy for the Netherlands and similar economies. In the literature the investment climate in a country is predominantly judged by the possibilities of economic growth and not on the basis of the level of prosperity already established.<sup>3)</sup>

### *Imitation or innovation*

In some countries labour productivity is lower than in the Netherlands and similar countries. In most cases this goes hand in hand with lower labour costs. Investments in technologies in these countries may more easily give rise to growth of labour productivity. In a number of cases these investments can be characterised as imitation of technology already existing elsewhere. This is, however, not a feasible strategy for countries already belonging to the technological frontier. These countries, including the Netherlands, are faced with the challenge of developing new technologies to maintain their technological lead and so still be able to realise economic growth. This partly explains the interest of these countries in innovation and entrepreneurship.<sup>4)</sup> After all the core question is: are these countries capable to keep on mobilising knowledge to develop new products and production processes to increase labour productivity and/or to obtain (temporary) leadership on certain markets?

### *Globalisation*

The interest of governments of the different countries in the investment climate is among other things triggered by the ongoing globalisation of economies. Distances can be bridged more easily than before, by travelling but also by technologies like ICT. So, it becomes easier for enterprises to re-locate their activities abroad or expand their activities abroad instead of at home. This is especially true for multinational enterprises, which already operate on a global level. This process of globalisations confronts governments with questions like: how competitive is the investment climate in our country? And this question is not only relevant for new investors but also for the existing enterprises. This global competition takes place worldwide where labour costs play an important role, but also within the EU-27. Within the EU-27 the margins to distinguish one self are smaller than on a worldwide level. So, to a certain extent also EU member states are in competition with each other in attracting investors from outside the EU-27.

## **1.2 *A conceptual model of economic growth***

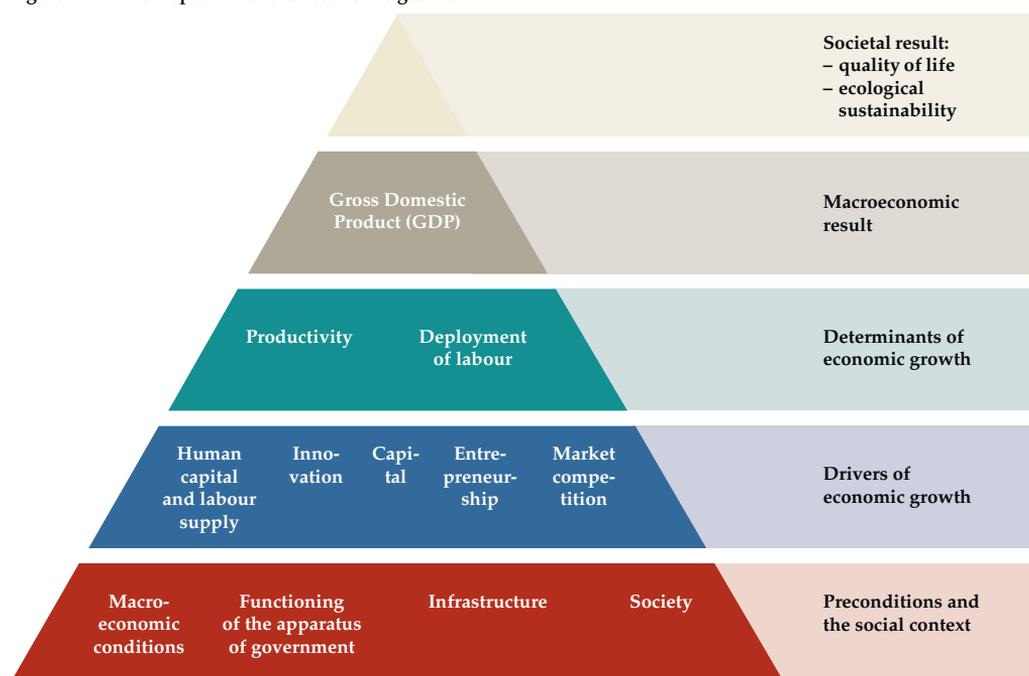
The publication '*Toets op het concurrentievermogen*' by the Dutch Ministry of Economic Affairs can be seen as a predecessor of this publication (EZ, 2002). It drew attention to factors as innovation, market competition and entrepreneurship, and policies to support these factors to increase economic growth and labour productivity. The situation in the Netherlands was also compared to other countries.

The publication at hand continues this work and 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 a document is published with public money on the national investment climate.<sup>5)</sup> 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.<sup>6)</sup> The model presented in Figure 1.2.1 is based partly on the Irish model.<sup>7)</sup>

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

Figure 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.<sup>8)</sup> The third layer pays specific attention to 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 results: the gross domestic product (GDP), ecological sustainability and the quality of life.

While each layer influences the layer above to a certain extent there are also interactions between the various factors within the different layers. For instance, entrepreneurship and market competition have a reciprocal influence. If entry barriers – to

either start-up 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 R&D and innovation require greater skills and knowledge of the population and may give rise to increasing investments in the human capital of a society.

Although the model is a simplified reproduction of the real situation, it is a useful tool for organising the various factors that play a role in the investment climate and economic growth. This study focuses primarily on the two lower layers because this is where the heart of the investment climate lies.

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.<sup>9)</sup> 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 study result in refinement of the current model in the future.

The individual factors distinguished in the conceptual model are explained in brief below.

### ***Layer 1: Preconditions and the social context***

This layer represents the socioeconomic environment of businesses and entrepreneurs – in the widest sense. 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 the entrepreneurs must operate. They include inflation and the long-term interest rate. These indicators do not always have a direct impact on the decisions of an individual enterprise, but they are an indication of the stability of the macroeconomic climate of a country. And this is relevant for an individual enterprise, in that it makes it easier to make plans for the medium long period; the bigger the uncertainty about the economic developments, the more risky it is for the individual enterprise to make investment plans. A stable macroeconomic climate also indicates to a certain extent how successful a government is in avoiding or suppressing large economic fluctuations, for example a disciplined budgetary policy may decrease the change of major budget cuts or a tax increase in the future.

**Functioning of the apparatus of government:** *'Good governance'* is a topical subject. How reliable is the government, and how efficient is it? Relevant 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.

**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. Important 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 for human knowledge and skills. The level of education is important in the actual quality of the labour force, as 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 opening up new markets). Technological innovations can also be implemented 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 production factor 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 innovative. 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 successfully in the Netherlands or re-locate 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 thereof) leads to the establishment and discontinuation of businesses. The link between entrepreneurship and economic growth is indirect and goes via intermediate factors (Carree and Thurik, 2002).

**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 the growth in GDP by definition.

**Productivity:** Productivity is approached in this study primarily as labour productivity. Labour productivity is the result of 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 percent 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 are 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. 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 reduced to a certain extent it is still easy to draw up a list of options that covers hundreds of indicators.<sup>10)</sup> 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 reference period has ended?
- Availability of time series: Has an indicator been available every year since 1990?

In the first round a gross list of potential indicators was confronted with the demands as formulated above. This has led to a first reduction of the number of potential indicators. In a second round the indicators were assigned to the different factors or themes distinguished in the model, for instance innovation. It turned out that not every theme was represented equally. So, for some themes we had to look for supplementary indicators which in the end did not always meet the criteria mentioned above.

Ultimately, some hundred core indicators are dealt with in this study on the Dutch investment climate.

An overview of the indicators selected for the various factors is presented in Table 1.3.1. The part 'statistical sources' provides a detailed explanation of the significance and the source of the indicators.

**Table 1.3.1**

**List of selected indicators per factor distinguished**

**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
- Costs to import or export a container
- Number of days required to import or export a container

**Functioning of the apparatus of government:**

- Corporate tax rate
- State control
- Number of days required to start-up a new business
- Number of procedures required to start-up a new business
- Online availability of basic public services
- Sectoral and ad hoc state support
- Government effectiveness

**Infrastructure:**

- Efficiency of the 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)
- HRST core in manufacturing
- HRST core in services sector
- Tertiary education attainment aged 25 to 65 years
- Graduates in science and engineering
- Performance of 15-year old students:
  - Performance of mathematics of 15-year old students
  - Performance of science of 15-year old students
  - Performance of reading of 15-year old students
- Employment rate by educational attainment
- Unemployment rate by educational attainment
- Employment rate of native-born population and immigrants by educational attainment
- Life-long learning
- Unit labour costs

**Innovation:**

- Business enterprise expenditure on R&D (BERD)
- BERD in manufacturing
- BERD in services sector
- BERD financed from abroad
- Innovative enterprises in manufacturing
- Innovative enterprises in services sector
- Employment in medium- and high-tech manufacturing
- Employment in high-tech services sector
- Innovative enterprises with co-operation arrangements on innovation activities
- Patent applications to the European Patent Office (EPO)
- Triadic patent applications
- High-tech patent applications to the European Patent Office (EPO)

- Turnover of new or significantly improved products in manufacturing
- Turnover of new or significantly improved products in services sector
- Non-technological innovators: in marketing and/or organisation

**Capital:**

- Investment quote business sector
- ICT investments
- ICT investments in software
- Venture capital investments
- Venture capital investments, early phase
- Incoming foreign direct investments
- Outgoing foreign direct investments
- Cumulative foreign direct investments, inflow
- Cumulative foreign direct investments, outflow

**Entrepreneurship:**

- Business ownership rate
- Self-employment rate of women
- Self-employment rate of 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
- Mark-up, manufacturing
- Mark-up, services sector
- Public procurement advertised in the Official Journal of the European Communities (as % of GDP)
- Public procurement advertised in the Official Journal of the European Communities (as % of all public procurement)
- State support
- Barriers to entrepreneurship
- Barriers to trade and investment
- Firing cost
- Difficulty of firing index

**Labour productivity:**

- Gross Domestic Product (GDP) per hour worked
- Gross Domestic Product (GDP) per person employed

**Deployment of labour:**

- Annual number of hours worked per person employed
- Employment rate of the potential working population
- Employment rate of the potential working population of men
- Employment rate of the potential working population of women
- Employment rate of the potential working population aged 15 to 25 years
- Employment rate of the potential working population aged 25 to 55 years
- Employment rate of the potential working population aged 55 to 65 years

**Macroeconomic results:**

- Gross Domestic Product (GDP) per capita

**Quality of life:**

- Income quintile share ratio
- Life expectancy of women at birth
- Life expectancy of men at birth

**Ecological sustainability:**

- Energy consumption per unit of GDP
- Emissions of carbon dioxide (CO<sub>2</sub>) per capita
- Electricity from renewable energy sources

## 1.4 Selection of reference countries

Other western economies with a level of development similar to that of the Netherlands are most worthwhile comparing with the Netherlands. OECD countries were looked at primarily because of the availability of relevant data. The total number of countries was then reduced by adding two extra criteria:

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

The above led to a selection of 15 countries in Europe, all of which belong to the EU-27. 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 1.4.1**  
Benchmark countries with some core data, 2007

	ISO country code	Member of <sup>1)</sup>	Area	Population	GDP	GDP per capita
			<i>1,000 km<sup>2</sup></i>	<i>million</i>	<i>bn current USD</i>	<i>1,000 current USD</i>
Austria	AT	EU-15	84	8.3	373	44.9
Australia	AU	OECD	7,741	21.0	821	39.1
Belgium	BE	EU-15	31	10.6	453	42.7
Canada	CA	OECD	9,984	33.0	1,330	40.3
Czech Republic	CZ	EU-27	79	10.3	175	17.0
Germany	DE	EU-15	357	82.3	3,317	40.3
Denmark	DK	EU-15	43	5.5	312	56.7
Spain	ES	EU-15	505	44.9	1,437	32.0
Finland	FI	EU-15	338	5.3	245	46.6
France	FR	EU-15	552	61.7	2,590	42.0
United Kingdom	GB	EU-15	244	61.0	2,772	45.4
Hungary	HU	EU-27	93	10.1	138	13.7
Ireland	IE	EU-15	70	4.4	259	58.9
Italy	IT	EU-15	301	59.4	2,102	35.4
Japan	JP	OECD	378	127.8	4,384	34.3
South Korea	KR	OECD	99	48.5	970	20.0
Netherlands	NL	EU-15	42	16.4	766	46.8
Poland	PL	EU-27	313	38.1	422	11.1
Sweden	SE	EU-15	450	9.1	454	49.9
United States	US	OECD	9,632	301.6	13,751	45.6

<sup>1)</sup> All the countries listed are OECD members. This is only shown for non-EU Member States. The countries marked 'EU-27' joined the European Union on May 1st 2004 or later.

Sources: CIA, World Factbook 2007 edition; World Bank.

## 1.5 *Description of the developments*

In this fourth publication the emphasis is on a systematic description of the development of the different indicators and so on the development of the investment climate in the Netherlands. This is especially visualised in the 'traffic light diagrams' which are presented for each and every individual theme in Chapter 2. These diagrams summarise the developments per theme. This development has two dimensions. The first one is over time: does the indicator develop in the 'right' direction? The second one is the development of the position of the Netherlands in the group of reference countries: Is the development of the indicator accompanied by an improvement of the position of the Netherlands in international perspective or not?

This increased focus on the development is chosen because a number of characteristics of the investment climate in the Netherlands are fairly stable. For instance, the R&D expenditure of the Netherlands is rather modest in an international context and this will not suddenly change from one year to the next. By presenting the development, it becomes clear if the indicator moves in the right direction (in this case increased R&D expenditure) and if this gives rise to an improvement of the position of the Netherlands within the group of reference countries. These 'traffic light diagrams' are explained in more detail in Chapter 2.

### **The investment climate and the financial crisis**

In this publication a large number of indicators refer to the year 2007. The consequences of the recent financial crisis are not yet captured in these data. For instance this publication writes about economic growth and decrease of public debt as if 'nothing has happened'. It is evident that the financial crisis now influences public debt and economic growth and lots of other indicators. This is already addressed in more recent statistics. However, in this publication, where international comparisons are important, the consequences of the financial crisis are by far not captured to their full extent.

However, what becomes clear in this publication is that the point of departure at the time of the onset of the financial crisis differs between countries. This different economic point of departure influences the resilience of an economy. It will be interesting to see which countries 'digest' the crisis best and which ones are hit worst.

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## Notes in the text

- 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>.
- 2) See for several views on the investment climate: World Bank, 2005, *Development Outreach, A better investment climate for everyone*. This publication is available via the Internet: <http://www.worldbank.com>.
- 3) For two pioneering publication 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. *The investment climate in the Netherlands*

### 2.1 *Introduction*

This chapter describes the developments in the investment climate in the Netherlands on the basis of various themes. These themes are dealt with individually, using radar diagrams to indicate the Netherlands' position within the group of benchmark countries for each theme. The focus here is on the level of the indicators and the position that the Netherlands occupies on the basis of that level within the group of benchmark countries. These data relate to the most recent year for which data are available. In addition, traffic lights diagrams are used to show the *development* of the various indicators for each theme relative to a base period or base year, and any resulting change for the Netherlands' position within the group of benchmark countries. So the focus here is on the development of each indicator and the Netherlands' international position.

The development relative to this base period, as well as the development relative to the previous year, are again summarised by theme in the first table of the annex that has been compiled for each theme. The second table of each annex shows for each indicator the base period or base year with which the most recent developments are compared. In addition, the number of countries for which this indicator was available is also indicated, so that the reader knows on how many countries the international comparison is based. In many cases, but by no means all, the comparison is based on twenty countries (including the Netherlands).

Finally, the scores in the base period and the most recent year are indicated in figures for practically all individual indicators, and in a few cases, a table is included in the annex compiled for each theme. This makes it possible to analyse the developments per indicator in more detail. The text in this chapter not only makes frequent reference to the scores of the Netherlands, but also to interesting scores of other countries. The figures and tables included in the annex constitute the basis for the analyses and conclusions.

#### **Radar diagrams**

This chapter shows the indicators in radar diagrams. For each theme, the scores of the Netherlands on a variety of indicators for the most recently available year are compared with the average score of the reference countries and the highest score among the reference countries. The score for the Netherlands is indicated by the orange line, the average score by the blue line and the *best in class* score by the dotted line. The name of the *best in*

*class* country is placed between brackets in the text block on the relevant axis. With some variables, a higher score is less desirable. One example is the indicator for energy consumption per unit of GDP in the section entitled Performance of the Dutch Economy, where Japan is *best in class* as is expressed in the lowest value of this indicator.

### **The Netherlands' position**

If the Netherlands scores better than average and, in addition, belongs to the best 33 percent of the reference countries, the indicator is coloured green; if the Netherlands has a middle position, the indicator is coloured orange and if the Netherlands' score is significantly below average and belongs to the worst 33 percent, the indicator is coloured red. With some indicators, opinions may differ as to what is desirable or undesirable. In these cases we have opted for the most generally accepted view. One example of such an indicator is the income quintile share ratio (a measure of the inequality of income distribution), where the choice was made to treat an even income distribution as more desirable than an uneven income distribution.

### **Normalised representation**

The data were normalised to achieve a uniform data format. Reducing the Netherlands' score on a certain indicator by the average of all countries and dividing this difference by the standard deviation of the scores of all countries produces a figure that indicates how many times the standard deviation of the Netherlands' score lies above or below the average. As a result of this normalisation, the average score of each indicator is, by definition, zero.

### **Traffic Lights diagrams**

The traffic lights diagrams indicate the Netherlands' development for diverse indicators relative to a base period or base year. The development of the score on an individual indicator is assigned one of three scores: *improved*, *deteriorated* or *unchanged*. These three options are stated on the horizontal axis of the diagram and designated with the term *development of the indicator*.

The position that the Netherlands occupies within the group of benchmark countries for a given indicator depends on the development of its score on that indicator, as well as the development of this indicator in the other countries. Here too, the change in the Netherlands' position can assume three values: *improved*, *deteriorated* or *unchanged*. These three options are stated on the vertical axis of the diagram and designated with the term *position within the group of reference countries*.

### **Determination of scores**

The countries' rankings for each indicator are determined for the most recent year. The same is done for the base period or base year. The next step involves determining whether the Netherlands' value of the indicator has developed in the desirable or less desirable

direction. A fall in unemployment is considered desirable and therefore leads to the classification *improved*.

A fall in the number of highly educated people is seen as less desirable and leads to the classification *deteriorated*. Next, the Netherlands' position within the group of benchmark countries in the most recent year is compared with its position in the base period to determine whether this position is improved, deteriorated or unchanged. Only those countries for which a score is available in both periods are taken on board in this comparison. In this way, we get a value on both the horizontal and the vertical axis for each indicator and can place the name of the indicator in the appropriate box. Colours are used to visualise the most or least desirable box for each indicator. The top right box is dark green, signifying that both the indicator score and the Netherlands' position within the group of benchmark countries have improved. This is the most desirable situation. The bottom left box is brighter red and signifies a situation where the indicator is developing in the undesirable direction and the Netherlands' international position has also deteriorated; this is the least desirable situation. Between these two extremes, all combinations are possible. For instance, the indicator for the Netherlands may have developed in a positive direction, while the country's international position has nevertheless deteriorated. This occurs if other countries have made even more progress than the Netherlands in this area.

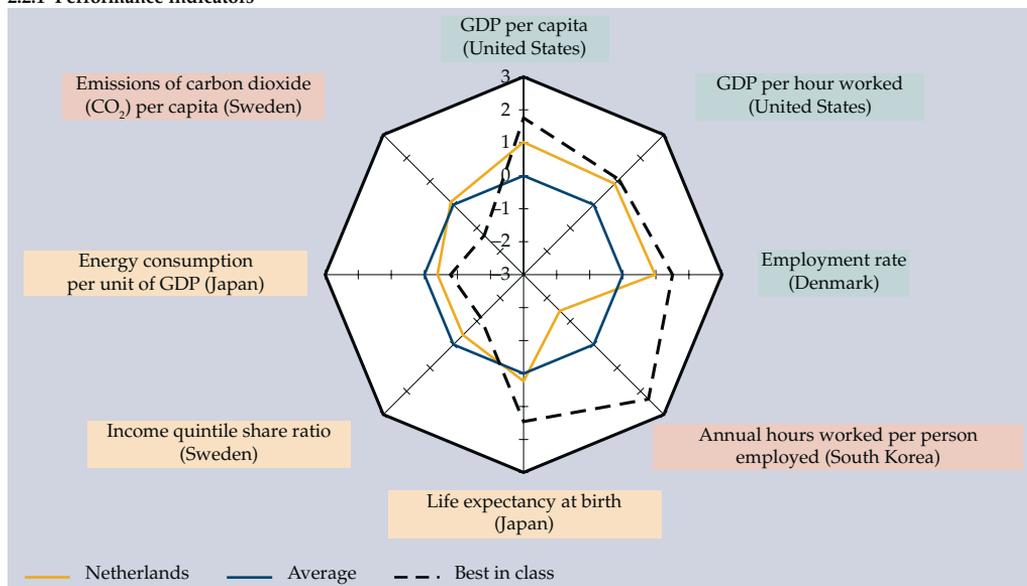
Note that improvements and deteriorations have not been quantified in any way. An improvement of only one position within the group of benchmark countries leads to the same classification as an improvement of e.g. five places. Similarly, a marginal change in an indicator score leads to the same classification as a larger change. For a more nuanced picture in this respect, reference is made to the individual figures and tables.

## 2.2 *Performance of the Dutch economy*

Economic performance is usually expressed in figures on production, employment, gross domestic product (GDP), productivity and investments – for instance, GDP is a widely accepted, and therefore commonly used, measure of prosperity in the narrow (economic) sense.

GDP volume and growth, however, do not give a complete picture of the development of prosperity in the wider sense of well-being. The wider definition includes such matters as health, environment, safety and a certain degree of economic solidarity between different social groups. Here, GDP is used as the most important measure for indicating a country's economic performance. To indicate prosperity in the wider sense of well-being, certain other indicators are also taken on board. These are indicators on employment rate, income distribution, the environment and life expectancy.

## 2.2.1 Performance indicators



*Per capita GDP* provides a good picture of the differences in prosperity between countries. In 2008 the per capita GDP in the Netherlands was just over 34 thousand euros, which was the second-highest per capita income among the benchmark countries after the United States. Compared to the average in 2001–2005, the Dutch per capita GDP in 2008 was almost a quarter – i.e. over six thousand euros per person – higher. This growth in the Netherlands was not sufficient to close the gap with the United States, which actually widened slightly. The Netherlands did remain ahead of the other benchmark countries, though Australia, South Korea, Poland, the Czech Republic, Finland and Sweden achieved a higher percentage increase in per capita GDP in 2008 versus 2001–2005 than the Netherlands.

The *GDP per hour worked* is at a high level in the Netherlands. After the United States and Belgium, the Netherlands had the highest GDP per hour worked among the benchmark countries in 2008. Compared to the 2001–2005 base period, the GDP per hour worked in the Netherlands in 2008 was two euros (i.e. two purchasing power units) higher. The GDP per hour worked in the Czech Republic, Hungary, Poland but also South Korea lagged behind the other benchmark countries.

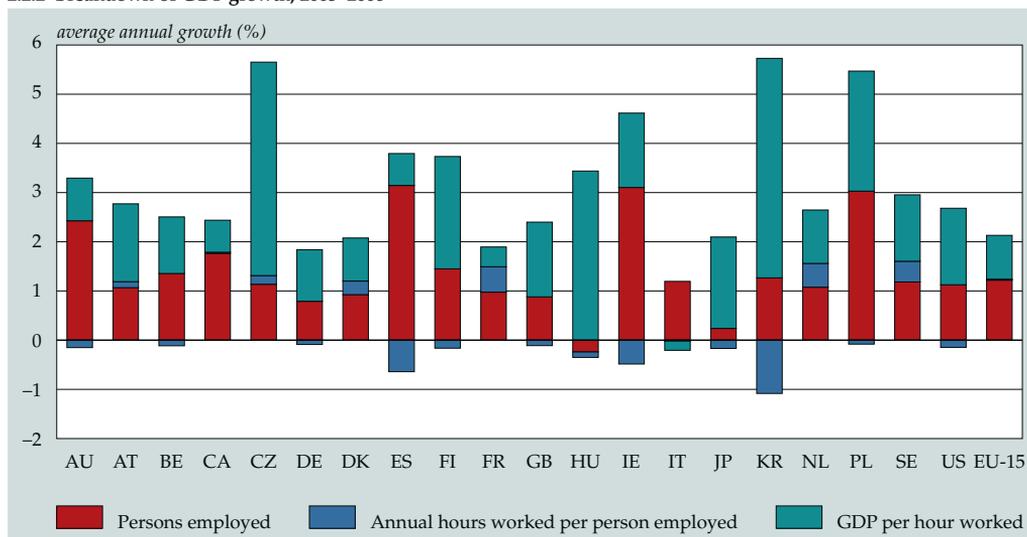
The picture is less rosy for the Netherlands when it comes to *GDP per person employed*. Though the Dutch figure for this indicator was still above the EU-27 average in 2008, this positive difference decreased fractionally compared to the base period (–2.6 points). This downward trend also applied to other countries with a higher GDP per person employed, such as Belgium, France and Austria, though not for the United States, Ireland and Sweden. All three of the new EU member

states – the Czech Republic, Hungary and Poland – showed an increase in the GDP per person employed and are thus creeping closer to the EU-27 average and the level of the older EU member states. Though it must be said that the gap remains considerable.

One cause of the relatively low GDP per person employed in the Netherlands is the low *number of hours per person employed* compared to the other countries. After Germany, the Netherlands had the lowest average number of working hours per person employed among the benchmark countries in 2008.

A high labour productivity (GDP per hour worked) does not automatically translate into high overall prosperity. Another important factor is the *employment rate*, i.e. how many people have work? The employment rate in the Netherlands is high; in 2007 over 74 percent of the potential Dutch labour force was employed. Denmark was the clear leader (over 77 percent). In 2007 the employment rate in our country increased substantially compared to the base period (+2.3 percentage points). This was principally due to the Dutch female employment rate which increased, also in international terms, by +3.9 percentage points in 2007 compared to the average employment rate in 2001–2005. However, the increase in the employment rate among older employees (aged 55–65) in the Netherlands lagged slightly behind that of the other benchmark countries. An increase in the total employment rate (men and women) in the period considered here is a general trend in the benchmark countries, with the exception of the United States and the United Kingdom.

### 2.2.2 Breakdown of GDP growth, 2003–2008



Source: processing based on OECD Economic Outlook no. 84 and the Groningen Growth and Development Centre.

The previous sections show that the actual GDP of a country consists of the product of the GDP per hour worked, the number of hours worked per person employed and the number of persons employed (see Figure 2.2.2). This means that GDP growth can be achieved by improving labour productivity, increasing the employment rate or encouraging people to work longer. In this connection the Netherlands emerges as a country with a high labour productivity and high employment rate. Accordingly, these two factors were the main drivers of Dutch GDP growth in the past. This, however, means that the bar for realising further economic growth is high. It also means that the entry level for starting businesses is high. In order to be competitive, starting businesses must achieve a high labour productivity almost from the outset (though this obviously also depends on the market in which the company operates).

The Netherlands scores average on indicators for quality of life. Quality of life comprises many aspects, such as the permitted unevenness of the income distribution and people's life expectancy. The *income quintile share ratio* is an indicator for the income distribution among the population. In 2007 the highest income inequality in the benchmark countries occurred in the United Kingdom and Italy. The Netherlands holds a middle position here. Sweden stands out as a country with a limited gap between high and low incomes. No clear correlation can be seen between the size of the per capita GDP or economic growth and the degree of income inequality. In the period 2003–2008 Ireland and Poland enjoyed substantial economic growth and this went hand in hand with growing income inequality in these countries. The Czech Republic and Spain showed comparable growth figures, but with little or no increase in income inequality.

In 2006 the *life expectancy at birth* in the Netherlands was almost 78 years for men and 82 years for women. Life expectancy increased in all benchmark countries in 2006 compared to the 2001–2005 base period, both among men and among women. Within the group of benchmark countries, however, the Netherlands' position concerning female life expectancy actually deteriorated somewhat.

Economic growth has a shadow side in causing depletion of natural resources and high energy consumption and the resulting environmental pollution. The Netherlands' score on sustainability was average to low. Though the energy intensity (*energy consumption per unit of GDP*) decreased marginally in 2006 compared to the base period, the Netherlands remained in the middle group of the selected countries. Denmark and Japan were the most efficient producers. The energy intensity is influenced by an economy's structure. The low energy-intensive services sector dominates in virtually all benchmark countries. The East European countries with formerly a strong industrial character still have relatively high energy consumption.

From an international perspective, the utilisation of renewable sources in the Netherlands' overall energy consumption is low. In 2007 *electricity from renewable energy sources* accounted for only 7.6 percent of the Netherlands' total electricity consumption. Though the share of green power grew in 2007 compared to the average in the 2001–2005 base period, the Netherlands' international position remained unchanged in this area. It should be noted in this context that countries with lots of rivers and strong natural gradients are better-placed to generate green power than a flat country like the Netherlands.

The *emissions of carbon dioxide (CO<sub>2</sub>) per capita* are not low in the Netherlands. Though the emissions were lower in 2006 than in the 2001–2005 reference period, the Netherlands is among the largest emitters within the group of European countries. After Finland, the Czech Republic and Belgium, the Netherlands had the highest emissions among the selected European countries in 2006. In this respect, Sweden is the cleanest per capita producer. It should be noted, incidentally, that the per capita CO<sub>2</sub> emissions in the United States, Australia and Canada are markedly higher than in the Netherlands and the other European countries.

### ***Conclusion***

The results of the Dutch economy compare favourably with the economic development in many other benchmark countries. The Netherlands is characterised by a high per capita GDP, sustained GDP growth, high labour productivity (GDP per hour worked) and a high employment rate. However, the growth in the employment rate among the older aged (aged 55–65) is lagging slightly behind that of other countries. In addition, after Germany the Netherlands has the lowest number of hours worked, which depresses the GDP per person employed. High prosperity is coupled with an average life expectancy of the Dutch population and, in terms of unevenness, an average income distribution. Regarding sustainability, the Netherlands scores average to low. The indicators are developing in the desired direction but, viewed in the international perspective, the Netherlands' performance is no better on balance than that of the other benchmark countries.

### 2.2.3 Development of the investment climate; performance Dutch economy (summary)

position within the group of reference countries	improved		<ul style="list-style-type: none"> <li>Employment rate</li> <li>Employment rate of women</li> <li>GDP per hour worked (PPS)</li> <li>Employment rate aged 25 to 55 years</li> <li>Annual hours worked per person employed</li> </ul>	
	unchanged	Income quintile share ratio	<ul style="list-style-type: none"> <li>GDP per capita</li> <li>Employment rate of men</li> <li>Emissions of carbon dioxide CO<sub>2</sub> per capita</li> <li>Life expectancy of men at birth</li> <li>Electricity from renewable energy sources</li> </ul>	
	deteriorated	GDP per person employed	<ul style="list-style-type: none"> <li>Employment rate aged 15 to 25 years</li> <li>Employment rate aged 55 to 65 years</li> <li>Energy consumption per unit of GDP</li> <li>Life expectancy of women at birth</li> </ul>	
		deteriorated	unchanged	improved

*development of the indicator*

## 2.3 Human capital and labour supply

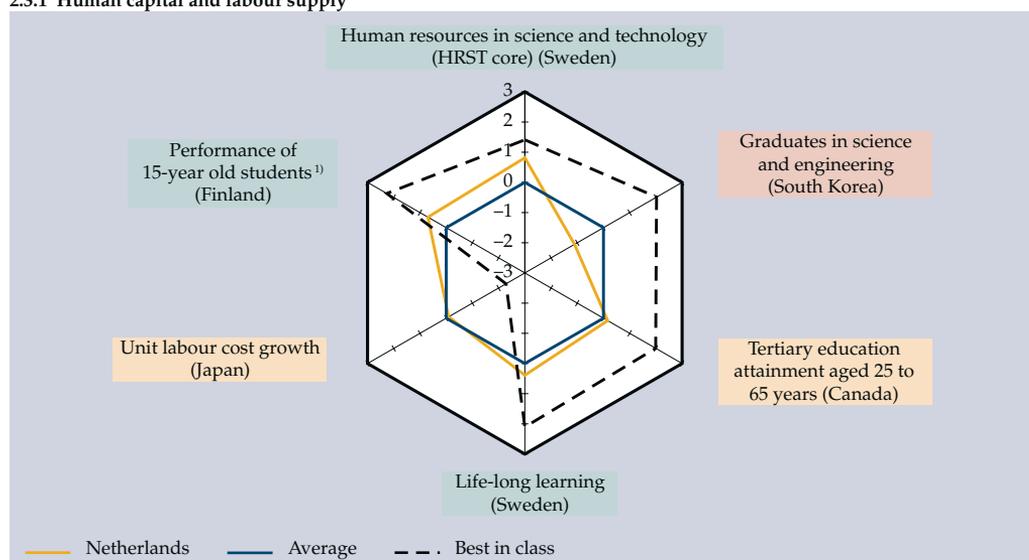
Besides the importance of classic capital goods (and incorporated technology) as a key means of production, the knowledge and skills of the workforce is now also widely recognised as a crucial factor in the performance of individual companies and, by extension, of individual sectors and an economy as a whole. This concerns both the practical knowledge and skills that are required to do existing jobs as well as creative skills for the successful origination and development of new products and processes.

Indicators pertaining to the size and quality of a country's human capital and the (future) labour supply include the employment rate by educational attainment and country of origin, the more highly educated people in a society, the unit labour costs, the performance of 15-year-old students, and life-long learning.

The availability of highly educated staff (i.e. with tertiary education) is becoming an increasingly vital driver of economic growth. The highly educated *human resources in science and technology (HRST core)* provide an indication of the actual utilisation of highly educated human resources in the labour process. In 2007 more than one in five employees in the Netherlands belonged to this group. The Netherlands was thus not far behind the Scandinavian countries and Belgium which are the European leaders. Although this HRST core grew slightly in 2007 versus the average over 2001–2005, the Netherlands' position within the group of benchmark countries did not change

markedly. Broken down by services sector and manufacturing, the *HRST core in the services sector* is higher than the *HRST core in manufacturing* in all benchmark countries. In other words, despite the more technological nature of industrial activity, the services sector manifests itself as more knowledge-intensive in this area. Both in the services sector and in manufacturing, the importance of the HRST core has increased in the Netherlands. In 2007 the HRST core in the services sector (24.5 percent) was above the average of the 2001–2005 period. This also applied to the HRST core in manufacturing (11 percent), where the Netherlands also saw its position within the benchmark countries improve.

### 2.3.1 Human capital and labour supply



<sup>1)</sup> Average performance of 15-year old students in the fields of mathematics, science and reading.

The share of *tertiary education attainment* indicates the potential supply of highly qualified labour aged 25–65 and, hence, also the limits to this supply in the short term. Despite an increase in the share of highly educated people in 2006 relative to the average in the 2001–2005 period (base period), the Netherlands continues to belong to the middle group of the benchmark countries. There is a large gap between Europe and the leaders - Canada, Japan and the United States. In addition the Netherlands was overtaken by Ireland and Sweden in the 2001–2006 period.

The share of *graduates in science and engineering* in the Netherlands fell to 11 percent in 2006. The Netherlands lagged behind almost all benchmark countries in this area. The supply of science and engineering graduates to the labour market from Dutch higher education will therefore not increase in the short term. The performance on mathematics and physics provides an initial indication of the number of higher-educated scientist and engineering employees in the future.

The *performance of 15-year-old students* in the Netherlands in the fields of physics and mathematics is fairly good from an international perspective. So, evidently mathematics and science are not too difficult for Dutch students. Dutch students perform slightly less well in reading, but still above-average within the group of benchmark countries.

The Netherlands also occupies an above-average position in the field of *life-long learning*. Life-long learning programmes are important to maintain the knowledge and skills of the (employed) labour force. One good example of this is the multitude of ICT courses attended in the past decade by people with limited or no exposure to ICT in their own education. Awareness of the importance of life-long learning appears to be strongest in the three Scandinavian benchmark countries and the United Kingdom, which have been the leaders in life-long learning since the start of the new millennium. The Netherlands comes behind these countries without showing much growth in this area.

The employment rate is closely related to the level of education. Generally speaking, the higher the level of education, the greater the chance of obtaining employment. Within the group of benchmark countries this even appears to be an ironclad law: in all countries, the employment rate among highly educated people is greater than among people with intermediate-level education; and, in turn, the employment rate of this latter group is also invariably greater than that of people with lower-level education.

The overall employment rate in the Netherlands is above average (see section 2.2). Looking at the *employment rate by educational attainment*, the United Kingdom, Denmark and Sweden emerge as the countries with the highest deployment rate of the people with *tertiary educational attainment* in society. The differences between the countries are not very big incidentally. In 2006 the tertiary employment rate varied from 88 percent (United Kingdom) to 77 percent (South Korea). The degree to which a country mobilises people with *tertiary educational attainment* also says something about the type of work that needs to be done in that society. The same, incidentally, applies to the two other education levels. Though the employment rate of people with intermediate and lower-level education in the Netherlands is lower than that of highly educated people, the ratio is more balanced than in most other countries. In 2006 the employment rate by educational attainment varied in the Netherlands from 60.6 percent (*primary or lower level*) via 79.1 percent (*secondary or intermediate level*) to 86.4 percent (*tertiary or higher level*). Strikingly, Japan had an extremely low employment rate (13.5 percent) among people with a lower level of education in 2001–2005. This appears to illustrate that in times of economic recession people with little education are the first to be made redundant.

The mirror image of the employment rate by educational attainment is the *unemployment rate by educational attainment*. Section 2.8 concludes that total unemploy-

ment is low in the Netherlands. This section takes a detailed look at this aspect by educational attainment. The unemployment rate among people with lower and intermediate education levels was higher in the Netherlands in 2006 than in 2001–2005. But the level of unemployment among these groups was significantly lower in the Netherlands than in many other benchmark countries. In Germany, France and Belgium, for instance, unemployment among people with a lower level of education was two to four times higher than in the Netherlands, both in the 2001–2005 reference period and in 2006. The Netherlands is more successful than other countries in offering employment opportunities to people with little training who are willing and able to work. Evidently, there is also demand for less skilled work. In Hungary and the Czech Republic, unemployment among low-skilled people is high. So the economic growth in these countries has in the first instance not led to more job opportunities for people with little training.

There is regular debate in the Netherlands as to whether there are sufficient highly educated people to meet the (expected) demand, particularly for science and engineering graduates. This is expressed, for instance, in the debate as to whether the work permit regime should be liberalised for highly educated foreigners. Little is known about the motives of highly educated people to immigrate to the Netherlands. The previous edition of this publication contained figures on the educational attainment of immigrants. This did not suggest that the Netherlands is attracting large numbers of highly educated immigrants. Table 3.8 and Figure 3.6 contain figures on the employment rate of immigrants by educational attainment (see Annex 3). A glance at the *employment rate by educational attainment among the native-born population versus immigrants* reveals that the pattern is more or less comparable. Though the employment rate of immigrants is somewhat lower than that of the native-born population, the more highly educated immigrants are also more frequently employed than the immigrants with little training. On the basis of this evidence, it is difficult to say whether the number of highly educated immigrants to the Netherlands exceeds the number of little trained immigrants or vice versa. Not all benchmark countries show the same picture, incidentally. The main difference lies in the employment rate of less well-trained immigrants. In some countries, most notably the United States, the employment rate of foreign-born less well-trained people (immigrants) exceeds that of native-born less well-trained people. This suggests that compared to the native-born population, immigrants are more likely to be engaged for low-skilled than for high-skilled work.

The development of *unit labour costs* is a frequently used indicator to show a country's competitive position. Differences in labour costs can be an important export success factor, particularly for products with a labour-intensive production process. It is important to note that high unit labour costs are not by definition the same as high wages. There is a continuous interaction between the development of labour productivity and the level of the wages in a sector or country. Countries with a high

labour productivity can afford to pay high wages, without this immediately leading to (excessively) high unit labour costs. In 2007 the Netherlands held a middle position on this indicator. Despite a slight increase in unit labour costs, the Netherlands continues to belong to the middle group of benchmark countries. Japan and Germany were the only countries whose unit labour costs were lower in 2007 than in 2000. The other countries were confronted with steadily rising unit labour costs. The increase in unit labour costs was high in Hungary, Ireland and Spain. These are all examples of countries that witnessed exuberant economic growth in the 2003–2008 period, which may have led to a greater chance of a temporary discrepancy between wage increases and labour productivity improvements.

### Conclusion

Regarding the number of highly-educated people (i.e. with tertiary education), the Netherlands belongs to the middle group of benchmark countries. The number of highly-educated science and technology graduates who are also active in this field remains high in the Netherlands. Looking at the number of science and engineering graduates, the Netherlands' score remains low, while the performance of 15-year-old students in the Netherlands is above average in this field. As in all other countries, highly educated people have the highest employment rate in the Netherlands. However, the gap with the employment rate of people with intermediate and lower level education in the Netherlands is somewhat smaller than in many other benchmark countries.

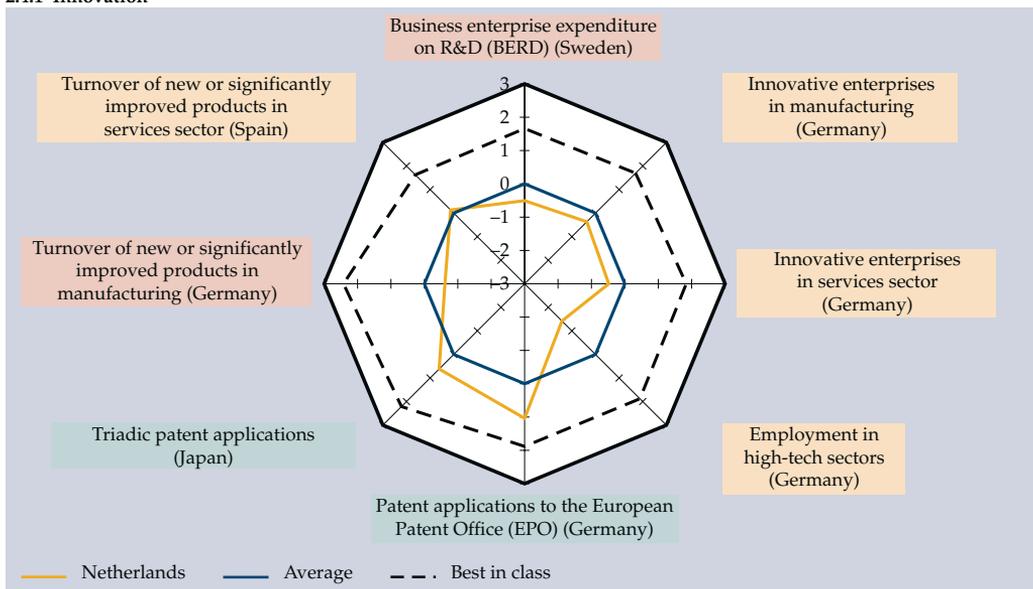
#### 2.3.2 Development of the investment climate; human capital and labour supply (summary)

position within the group of reference countries	improved	Unit labour costs		HRST core in manufacturing Employment rate, aged 25 to 65 years, tertiary education
	unchanged	Performance of mathematics of 15-year old students Unemployment rate, aged 25 to 65 years, primary education	Unemployment rate, aged 25 to 65 years, tertiary education	HRST core HRST core in services sector Life-long learning Performance of science of 15-year old students Employment rate, aged 25 to 65 years, primary education
	deteriorated	Graduates in science and engineering Performance of reading of 15-year old students Unemployment rate, aged 25 to 65 years, secondary education		Tertiary education attainment aged 25 to 65 years Employment rate, aged 25 to 65 years, secondary education
		deteriorated	unchanged	improved
				<i>development of the indicator</i>

## 2.4 Innovation

For ‘established’ economies with a high labour productivity and (consequently) high prosperity, innovation is one of the means to continue realising sustained economic growth. Capturing or recapturing market share in existing markets with existing production processes by competing on price is not a realistic option in many markets. In such cases, innovation is a way to develop new production processes and thus (temporarily) change existing relationships to one’s own advantage or to develop new products in order to (temporarily) serve new markets and thus gain an advantage in the market. Successful innovation is more likely in a fruitful network of businesses, universities and public research institutions that invest in R&D and are willing to work together in order to achieve genuine innovations. Such networks of proven success also exert a certain appeal on foreign companies and (potential) new entrepreneurs. In this section, innovation in the Netherlands is sketched on the basis of the R&D expenditures, realised innovations, the extent of cooperation arrangements on innovation activities, patent applications, the size of high-tech sectors in the economy and the turnover of new or significantly improved products.

### 2.4.1 Innovation



In 2007 the *businesses enterprise expenditures on R&D (BERD)* were higher in the Netherlands than in the 2001–2005 reference period. This however did not translate into an improvement in the Netherlands’ position within the group of benchmark countries – which means that the business enterprise R&D expenditures increased to the same extent or more in the other countries. The difference with the countries

with the highest businesses enterprise R&D expenditures also remained as large as before. The *R&D expenditures in the services sector* increased by more in the Netherlands than the *R&D expenditures in manufacturing*. Accordingly, the Netherlands' position in service sector R&D expenditures did not deteriorate further, though it should be noted that the Netherlands was already in the bottom group of benchmark countries in this area. The leading country, Sweden, spent over three times more on services R&D than the Netherlands. Regarding the manufacturing sector R&D expenditures, the Netherlands' position worsened, but in this case the Netherlands still ranks among the middle group of benchmark countries. The leader, Sweden, spent twice as much on manufacturing R&D as the Netherlands.

The *BERD financed from abroad* is high in the Netherlands. This concerns R&D assignments from foreign-based businesses or institutions or from foreign-based subsidiaries. In the case of the Netherlands, these cross-border cash flows come predominantly from subsidiaries of large multinational companies headquartered in the Netherlands. The differences between countries are large in this respect and these can indeed be influenced by the presence of a larger or smaller number of multinational companies. BERD financed from abroad is very rare in Japan and South Korea, but also in Australia and Germany.

In 2006 the number of *innovative enterprises in manufacturing* as well as the number of *innovative enterprises in the services sector* was higher than in the 2004 reference year. In the services sector this also went hand in hand with an improvement in the Netherlands' international position. However, compared to most other countries, the number of innovative enterprises in both manufacturing and the services sector remained as low as before. In terms of *innovative enterprises with co-operation arrangements on innovation activities* the Netherlands is in the forefront of the benchmark countries with regard to manufacturing and in the middle group with regard to the services sector. Compared to the 2004 reference year, the cooperation in both sectors diminished somewhat. In manufacturing, the cooperation with both *universities* and *public research institutions* increased in the Netherlands compared to 2004. By contrast, the services sector in the Netherlands saw the cooperation with both parties diminish. Finland invariably gets the highest scores on all indicators concerning cooperative innovation, sometimes leaving the others trailing at some distance. In an international perspective the degree of cooperation in the Netherlands is no more than average. Cooperation on innovation activities between innovative enterprises in the services sector is the only area in which the Netherlands managed to improve its international position, despite a small decline in the extent of this cooperation.

Ultimately, the commercial success at the end of the innovation process is measured by the *turnover of new or significantly improved products*. For Dutch *manufacturing* this share was over 15 percent in 2006. Though higher than in 2004, this still left the

Netherlands in the bottom group of benchmark countries. The leader in manufacturing innovation was Germany, with a turnover share of almost 30 percent.

In the *services sector* the Netherlands belonged to the middle group of benchmark countries. The turnover of new or significantly improved products in the services sector amounted to almost nine percent in the Netherlands in 2006. This was considerably higher than in 2004. Not surprisingly, therefore, the Netherlands substantially improved its international position in this area. In the services sector Spain was leader with a turnover share of almost 13 percent.

The number of *patent applications to the EPO (European Patent Office)* from the Netherlands and the number of *triadic patent applications* is high in international terms, indicating that Dutch businesses and institutions are making inventions that are worth patenting. Particularly triadic patents – patents applications made to the European (EPO) and Japanese (JPTO) patent agencies and awarded by the US patent agency (USPTO) – tend to concern inventions with great (commercial) potential. However, it is precisely in these triadic patents that the Netherlands' international position has deteriorated. In the case of the Netherlands, incidentally, large multinational companies headquartered in the Netherlands account for a large number of these patent applications. The Netherlands also has a high share of *high-tech patent applications to the EPO* and was able to consolidate this position. High-tech patents include patents in the fields of communication technology, lasers and micro-organic and genetic technologies. These are fields of technology that are still undergoing rapid development and patent applications in these areas are an indication of the 'presence' of Dutch enterprises in these fields of technology.

A comparable indicator is *employment in the medium and high-tech manufacturing and employment in the high-tech services sector*. The medium and high-tech manufacturing comprises sectors such as the pharmaceutical and medical industries. The high-tech services sector includes the telecom sector. These are knowledge-intensive sectors where high-grade technologies are employed and where new technologies and applications succeed one other at a rapid pace. The share of these sectors in an economy indicates the extent to which that economy is able to hold its own in this market for high-grade products. The share of the medium and high-tech manufacturing in employment in the Netherlands is the lowest of all benchmark countries. In 2007 this share was even lower than in the 2001–2005 reference period. This sector is the biggest in the Czech Republic, Germany and Hungary. It was mainly in the new EU member states – the Czech Republic, Hungary and Poland – that this sector grew in size. The significance of this sector also decreased in Sweden, the United Kingdom and Ireland. The picture in the services sector is different, however. The high-tech services sector has a strong share in the Dutch economy and this share was greater in 2007 than in 2001–2005. Here, the Czech Republic, Hungary and Poland lagged behind the other European

countries, though the high-tech services sector also increased in size in Hungary and Poland.

### Conclusion

In innovation the Netherlands retained its high score regarding the number of patent applications, but without improving its position. Business enterprise R&D expenditures have increased in the Netherlands, but not sufficiently to improve the Netherlands' international position in this area. The number of innovative companies also increased, but not enough to lift the Netherlands out of the lower regions of the benchmark countries. The turnover share of innovative products has increased, however. Here the Netherlands managed to improve its international position in the services sector. It is worth noting that the services sector in the Netherlands seems to be less affected than manufacturing by the prevailing picture of little structural progress. This is underlined by the decreasing significance of the medium and high-tech manufacturing in the Netherlands and the increasing economic importance of the high-tech services sector.

#### 2.4.2 Development of the investment climate; innovation (summary)

position within the group of reference countries	<b>improved</b>	Innovative enterprises with co-operation arrangements on innovation activities in services sector		Innovative enterprises in services sector Employment in high-tech services sector Turnover of new or significantly improved products in services sector
	<b>unchanged</b>	Employment in medium- and high-tech manufacturing Patent applications to the European Patent Office (EPO) High-tech patent applications to the European Patent Office (EPO)		Innovative enterprises in manufacturing BERD in services sector BERD financed from abroad Turnover of new or significantly improved products in manufacturing
	<b>deteriorated</b>	Innovative enterprises with co-operation arrangements on innovation in manufacturing Triadic patent applications Innovative enterprises with co-operation arrangements on innovation with universities in services sector Innovative enterprises with co-operation arrangements on innovation with public research institutes in services sector		Business enterprise expenditure on R&D (BERD) BERD in manufacturing Innovative enterprises with co-operation arrangements on innovation with universities in manufacturing Innovative enterprises with co-operation arrangements on innovation with public research institutes in manufacturing
		<b>deteriorated</b>	<b>unchanged</b>	<b>improved</b>

*development of the indicator*

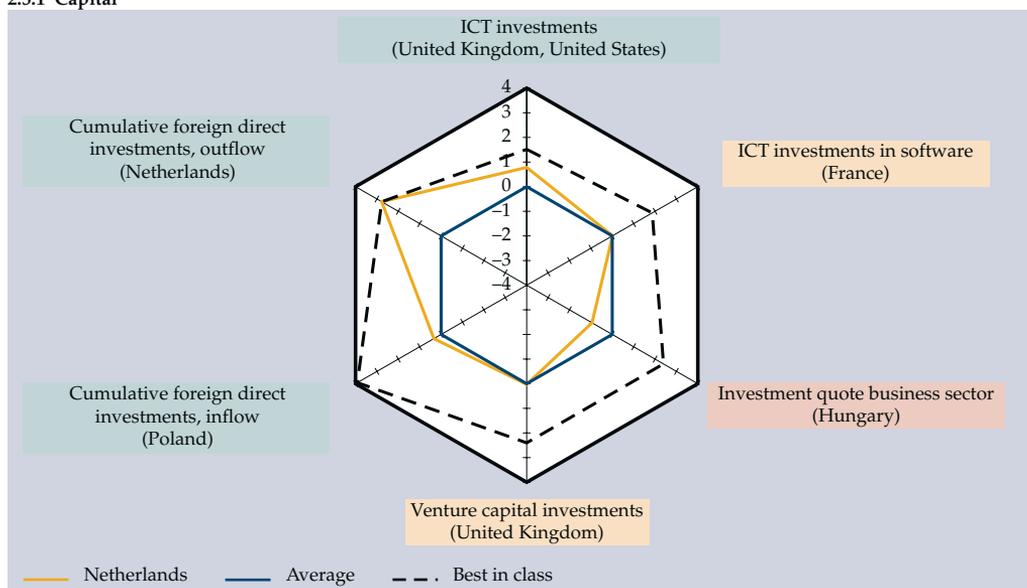
## 2.5 Capital

Capital takes two forms. First, there is physical capital in the form of production means such as machinery and buildings as well as e.g. computers and software. Investing in physical capital involves replacing economically written-off capital goods or expanding the stock of capital goods (typically to increase production

capacity). Both are good for an enterprise, sector or country. Replacement of obsolete capital goods frequently goes hand in hand with a certain degree of technical progress: the new capital goods incorporate improved state-of-the-art technology compared to the previous version. Computers are one notable example. Expansion investments point to an increase in production or a changing ratio in the production process between the production factors labour and capital.

The second form of capital is financial capital. Investments must be financed. Financial capital has become extremely mobile and tends to gravitate towards those investment projects that promise to yield the highest return. This could concern the classic financing of normal investments, but also venture capital flows for riskier projects or company acquisitions. Both aspects of capital are discussed in this section.

### 2.5.1 Capital



The *investment rate of the business sector* was not particularly high in the Netherlands in 2007. Though it was higher than in the 2001–2005 reference period, the Netherlands remains among the bottom group of benchmark countries in this area. Both in the reference period and in 2007, Hungary had the highest business sector investment rate: twice that of the Netherlands, but also more than twice that of Ireland and the United Kingdom. However, the share of *ICT investments* in the overall investments was high in the Netherlands. Here the Netherlands belongs to the first group of benchmark countries and even improved its position compared to the reference period. Within the ICT investments, *investments in software* are distinguished separately. A high share of the investments in software points to more emphasis on the (advanced) usage of ICT and to less investments in hardware which has a different character and status. In 2007 almost half of the ICT investments made in the

Netherlands consisted of software, which was comparable with the 2001–2005 period. Internationally this puts the Netherlands in the middle group. In France and Finland the share of software in the ICT investments rose considerably, accounting for, respectively, over two thirds and just under two thirds of their total ICT investments in 2007.

Regarding financial capital, we describe the venture capital investments and the foreign direct investments. In 2007 the *venture capital investments* in the Netherlands were significantly lower than in the 2001–2005 reference period. This applied to several countries. In the United Kingdom and Belgium, by contrast, venture capital investments rose substantially. Such fluctuations are not uncommon for venture capital investments, which are inherently fickle and typically gravitate towards the highest potential returns. This is only natural, given that venture capital is extended to unlisted companies and usually only comes into play when companies are unable to raise normal finance via the bank. This applies to an even greater extent to *early-phase venture capital investments* which are used to finance the research and development of business cases before the new business is actually started up – i.e. at a stage when there are no commercial activities yet. In 2001–2005 the Netherlands was characterised by a relatively small portion of early-phase venture capital investments. In the Netherlands the venture capital component used to consist mainly of the less risky option of financing commercial start-ups. In 2007, however, the situation was different. The share of early-phase venture capital investments was substantially greater than in 2001–2005. The Netherlands also improved its international position in this area.

Identifying and defining cash flows involved in *foreign direct investments* is no simple matter. Foreign direct investments are investments of (legal) entities in an enterprise based in a different economy (country) with the intention of acquiring a permanent interest. A permanent interest is defined here as holding a share of at least ten percent in the company in question. Absolute control or a majority interest is not required. Like invested venture capital, foreign direct investments are inherently fickle and these cash flows can be dominated in a specific year by a single major transaction. This appears to be the case in 2007 for the Netherlands. Though the Netherlands also stood out in the 2001–2005 reference period as a country with above-average *incoming foreign direct investments*, this amount was extremely high in 2007. Though the motives of foreign investors are not always clear and the popular press often brands foreign ownership of Dutch companies as a ‘national sell-out’, incoming foreign direct investments are still perceived to be good for the investment climate in the Netherlands.

The same reasoning applies to *outgoing foreign direct investments*. Though this means that Dutch (legal) entities invest in an economy other than the Dutch economy, the overriding consideration is that investors must be free to invest their money where they see fit. In 2007 the outgoing foreign direct investments were substantially

lower for the Netherlands than in 2001–2005. A more balanced picture is possibly obtained by looking at the accumulated foreign direct investments of the various countries. This is basically the cumulative value over time of the interests held in foreign companies and, vice versa, the cumulative value of the interests taken by foreign companies in e.g. Dutch companies. This approach helps to neutralise much higher than normal investments in any given year. In 2006 the balance of outgoing and incoming foreign direct investments was positive for the Netherlands and represented a value of almost one third of Dutch GDP in 2006. This positive balance indicates that over the years the Netherlands has invested more in foreign companies than vice versa. Though the figure is high compared to the other benchmark countries, it is not unique. The United Kingdom, France and Finland also had a positive balance to the tune of 12 to 13 percent of GDP. What is striking, though also understandable, is that emerging economies such as the Czech Republic, Hungary and Poland – but also a more established economy like Ireland – have built up a negative balance. On balance, therefore, foreign countries invest more in the enterprises of these countries than vice versa.

### *Conclusion*

The investment rate of the business sector is not particularly high in the Netherlands. By contrast, the share of ICT investments in the total investments of the Netherlands is high. About half of these ICT investments concern software, which is average compared to the other countries. Regarding financial capital, venture capital investments in the Netherlands have decreased significantly – though it should be noted that early-phase venture capital investments have increased. The Netherlands has therefore improved its position in this area. The incoming and outgoing foreign direct investments are above average for the Netherlands. On balance, the Netherlands has over the years invested more in foreign companies than vice versa.

### 2.5.2 Development of the investment climate; capital (summary)

position within the group of reference countries	improved		ICT investments Venture capital investments, early phase Incoming foreign direct investments	
	unchanged			
	deteriorated	Venture capital investments Outgoing foreign direct investments	Investment quote business sector ICT investments in software	
		deteriorated	unchanged	improved

*development of the indicator*

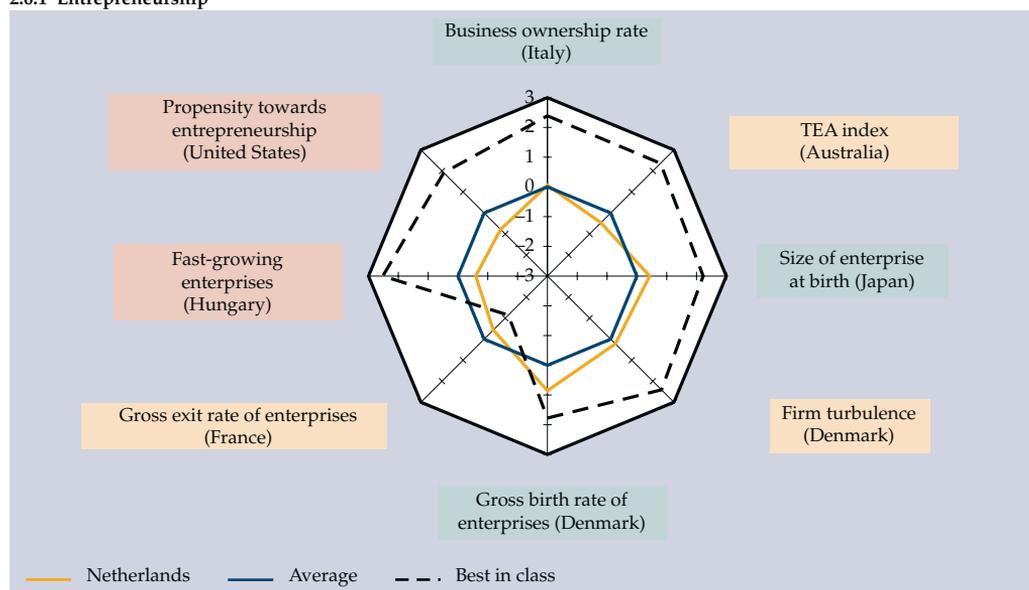
## 2.6 Entrepreneurship

Alongside innovation, entrepreneurship is another theme that touches on the heart of this publication. No matter how hard a government tries to create favourable conditions, no matter how good the past economic performance has been, ultimately it is the business sector that is the primary source for wealth creation and economic growth. New entrepreneurship is key to an economy. New enterprises are often more innovative than incumbent enterprises and are therefore more likely to develop new products and new forms of organisation and production. This puts incumbent enterprises to the test: they must adapt or go under. In this section we gauge the level of (new) entrepreneurship in the Netherlands on the basis of indicators such as the birth and exit rate of enterprises, the new business survival rate and the number of fast growing new enterprises.

The *business ownership rate* in the Netherlands was higher in 2007 than in the 2002–2005 period, indicating an increase in the number of people engaged in entrepreneurial activity. The business ownership rate has in fact risen in most countries, but the increase in the Netherlands was so marked that the Netherlands improved its international position in this area. In 2007 the business ownership rate in the Netherlands was practically at the same level as the average of the OECD countries, the EU-25 and the EU-15. Remarkably the business ownership rate in Finland, Sweden and Denmark, countries that are seen as an international example in so many areas, belongs to the lowest of the benchmark countries. In addition, the

business ownership rate of numerous European countries, including the Netherlands, is higher than that of the champion of the free market: the United States. In the Netherlands both the number of *self-employed women* and the number of *self-employed men* increased. In practically all countries, the number of self-employed men exceeds that of self-employed women.

### 2.6.1 Entrepreneurship



With regard to *young and upcoming entrepreneurship* (TEA index) the Netherlands belongs to the middle group of the benchmark countries. In 2007, however, this indicator was higher than in the 2001–2005 reference period. This indicator shows how many people are in the process of setting up a company or who have owned or directed a new company for less than 3.5 years. Here, too, the Netherlands has improved its international position. So the number of existing and upcoming entrepreneurs in the Netherlands has developed favourably, though the Netherlands is not among the absolute top countries in any area. This development does not correspond entirely with the *propensity towards entrepreneurship* in the Netherlands. In 2007 over a third of the Dutch population said they preferred self-employment to a salaried job. This was more than in the 2001–2004 reference period. In this area the Netherlands was only ahead of Belgium and found itself at the same level as Sweden and Finland. In the United States over 60 percent of those surveyed said they preferred self-employment to salaried employment, while the figures presented show that the United States does not perform better than the Netherlands or several other European countries in terms of the number of entrepreneurs. Evidently the difference between dream and reality in the United States is greater in this area than in most European countries.

In 2007 *gross birth rate of enterprises* in the Netherlands expressed as a percentage of the total number of enterprises was 11.6 percent. This was higher than in the 2001–2005 reference period. The increase was also greater than in many other countries. This development therefore is consistent with the aforementioned increase in the self-employment rate in the Netherlands. As a result of this development, the Netherlands belonged to the better countries within the benchmark group in 2007. The average *size of enterprise at birth* was above two employed persons in the Netherlands, which is ‘large’ in international terms. This also makes it clear that it is not exclusively self-employed people without staff who start up their own business.

Regarding the *gross exit rate of enterprises*, the Netherlands belonged to the middle group of benchmark countries in 2007. In 2007 the exit rate of enterprises was slightly higher than in 2001–2005. The international position remained unchanged here.

Few countries are able to provide data on the *business survival rate* – i.e. enterprises that are still active two years after birth. For this reason, no international comparison was made here. Of the seven countries for which data on this aspect are available, the number of survivors is highest in Sweden (88.1 percent) and lowest in the Czech Republic (61.1 percent). The Netherlands occupied a middle position with 73.1 percent (see Figure 6.8 in Annex 6).

The number of *fast growing enterprises* remains on the low side in the Netherlands. Looking at the entire spectrum of business births and exits, we find Denmark at one end of the spectrum. This country is characterised by a large number of start-ups, a small size of enterprise at birth and a high exit rate, but also a higher than average number of fast growing enterprises. This can be characterised as the high-risk version. On the other side of the spectrum we find Japan and, to a lesser extent, France. These countries are characterised by a small enterprise birth rate, an above-average size of enterprise at birth, a small exit rate and a small number of fast growing enterprises. This side of the spectrum can be characterised as the conservative version. The Netherlands occupies a middle position in this spectrum and not for the first time.

### **Conclusion**

The self-employment rate in the Netherlands has increased to such an extent that the position within the group of benchmark countries has also improved. The birth rate of enterprises has also risen, but this was accompanied by an increase in the exit rate of enterprises. New enterprises in the Netherlands are characterised by an above-average size of enterprise, but with a persistently low proportion of fast growers.

### 2.6.2 Development of the investment climate; entrepreneurship (summary)

position within the group of reference countries	improved			Self-employment rate of men Self-employment rate of women Business ownership rate TEA index Gross birth rate of enterprises Firm turbulence
	unchanged	Fast-growing enterprises		Size of enterprise at birth Propensity towards entrepreneurship
	deteriorated		Gross exit rate of enterprises	
		<b>deteriorated</b>	<b>unchanged</b>	<b>improved</b>

*development of the indicator*

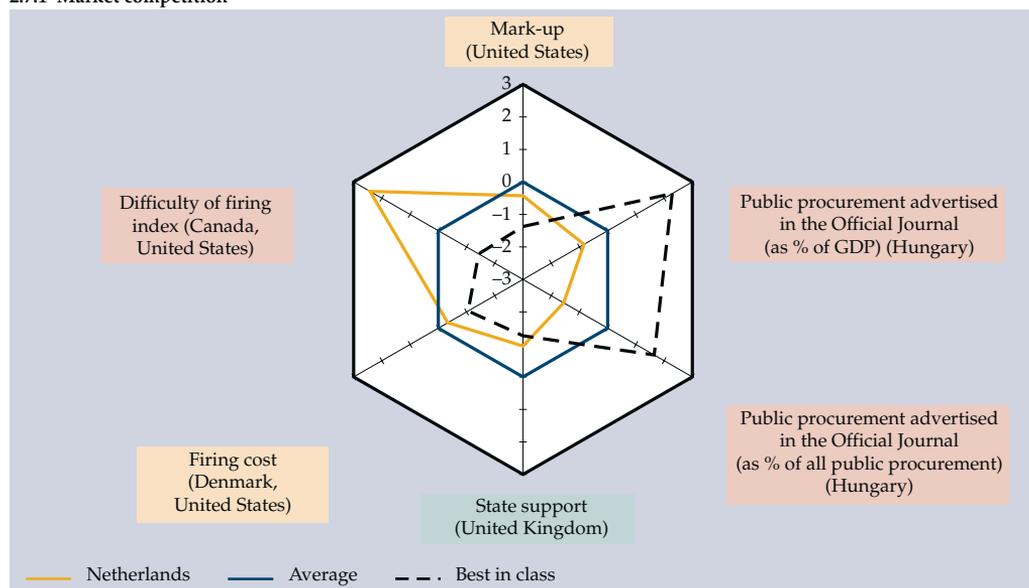
## 2.7 Market competition

Market competition is seen as a driving force in ensuring the efficient allocation of production means. Sufficient market competition contributes towards reasonable prices for the consumer and sufficient product renewal to meet the changing demands of that same consumer. Among other things, this entails that new enterprises must be able to enter markets in order to compete with the incumbents. The government can also promote market competition by allocating contracts to the most suitable enterprises via public tenders. A certain flexibility in the labour market also helps to create sufficient space for enterprises to recruit the skills they need most. The position and development of the Netherlands in these areas is presented via a number of indicators.

The *mark-up* in the Netherlands is normal compared to other countries. Though the mark-up in 2008 in the Netherlands was practically equal to that in 2001–2005, the Netherlands’ international position nevertheless showed a slight improvement in this area. In 2008 this mark-up in the Netherlands was also below the average of the EU-15 and the EU-27. In Ireland the mark-up had decreased substantially in 2008 compared to 2001–2005. This reflects the fact that the Irish GDP growth rate has slowed after the exuberant early years of the millennium, thus literally and figuratively bringing the margins under more pressure. On average the mark-up in *manufacturing* is fractionally lower than in the *services sector*. The reason is that manufacturing is subject to more international competition than the services sector.

This situation did not apply to the Netherlands in 2007, as the manufacturing mark-up and services sector mark-up were at the same level in that year. Compared to the 2001–2005 base period, the manufacturing mark-up also increased more than that of the services sector. In terms of the manufacturing mark-up, the Netherlands was in the middle group of benchmark countries in 2007 and its international position deteriorated slightly. The services sector mark-up in the Netherlands was among the lowest of the benchmark countries and had increased very little relative to 2001–2005. Judging by this mark-up, the Dutch services sector appears to be fairly competitive. The differences between the countries are not particularly large. The United Kingdom and Denmark have a low mark-up both in the manufacturing and in the services sector, but only slightly lower than that of the Netherlands. Countries that are going through or just coming out of a period of stronger economic growth have a higher mark-up. This applies to Poland, the Czech Republic and Ireland but also to South Korea.

### 2.7.1 Market competition



The government can also contribute to the transparency of the market by awarding its investment projects and other contracts via public tenders to the most suitable market parties. Within the EU, member states are obliged to put contracts above a certain financial value out to European tender. In 2006 European *public procurement* in the Netherlands amounted to just over two percent of GDP. Though more than in the 2001–2005 reference period, this was still relatively low in an international perspective. The share of publicly awarded government contracts was particularly high in the economies of Hungary, Poland and the Czech Republic. But in Finland and Sweden, these contracts also accounted for a significantly higher share than in

the Netherlands. Indirectly the European *public procurement advertised in the Official Journal as a percentage of GDP* includes the size of public expenditures. For this reason the European *public procurement advertised in the Official Journal as a percentage of total public procurement* is used as an additional indicator. Here too, however, the percentage in the Netherlands is low: not even ten percent in 2006. The average in the EU-15 was twice as high that year. Again, Hungary and Poland, and also Spain got a high score.

When it comes to state support, the Dutch government exercises great restraint. This applies to sectoral and ad hoc state support (see Paragraph 2.9), but also to the *total state support*. After the United Kingdom, the state support granted in the Netherlands was the lowest of all benchmark countries in 2006. In the 2001–2005 reference period the Netherlands was also characterised by a low level of state support. This indicates that – compared to other countries – the Dutch government is good at resisting the temptation to intervene in the outcomes of the economic process. State support tends to be rather opportunistic. Despite being subject to EU regulations, it can easily rear its head in times of adversity. The crisis in the financial sector is one clear example. Similarly, a large national company such as a well-known car maker that hits on hard times can also evoke sentiments that clear the way for state support.

When it comes to reducing the *barriers to entrepreneurship* the Netherlands has made great strides forwards compared to 2003, particularly in unclear laws and regulations, administrative costs and other restrictions on market competition. Consequently, the Netherlands' international position has also improved in this area. After the United Kingdom, the Netherlands had the least barriers to entrepreneurship within the benchmark countries in 2008. *Barriers to trade and investments* were also low in the Netherlands in 2008. This, incidentally, was already the case in 2003. This aspect concerns laws and regulations that mainly impede international trade and cross-border investments or discriminate against foreign companies. The Czech Republic and Poland are in the bottom group of the benchmark countries (more than Hungary) for both indicators. The countries are evidently still in the process of reducing laws and regulations that impede entrepreneurship and cross-border trade and investments.

Regarding the labour production factor, the Netherlands is characterised as a country where, compared to the other benchmark countries, it is difficult to fire employees but where the firing cost is fairly low. The Netherlands' position remained more or less unchanged here, though it has gone up one position with regard to firing costs.

### Conclusion

The overall mark-up of the Dutch economy is in proportion to that of the other countries. This suggests that the markets in the Netherlands are sufficiently competitive. The Dutch government, itself makes only a small contribution to this: the part of public procurement that is put out to European tender is low in the Netherlands. However, the Dutch government does exercise great restraint when it comes to granting state support. The barriers to entrepreneurship have also been strongly reduced and can now be regarded as low in the Netherlands. In terms of difficulty of firing and firing cost, the Netherlands is still characterised as a country where it is difficult to fire people, but where the firing cost are low.

#### 2.7.2 Development of the investment climate; market competition (summary)

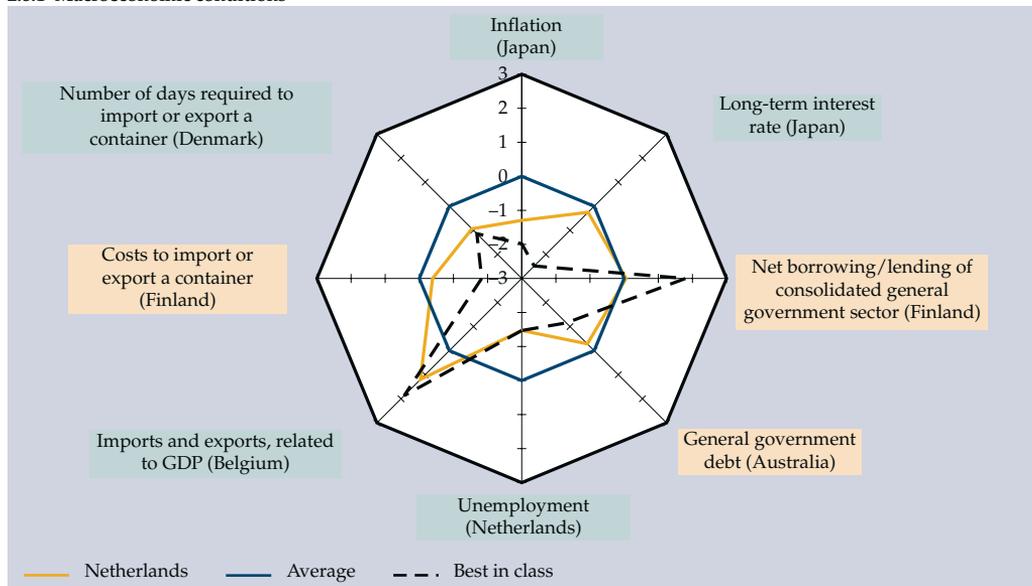
position within the group of reference countries	improved		Mark-up Firing cost	Barriers to entrepreneurship State support
	unchanged		Mark-up in services sector Difficulty of firing index	Public procurement advertised in the Official Journal (as % of GDP)
	deteriorated	Mark-up in manufacturing		Public procurement advertised in the Official Journal (as % of all public procurement) Barriers to trade and investment
		deteriorated	unchanged	improved

*development of the indicator*

## 2.8 Macroeconomic conditions

The macroeconomic climate in a country or economy influences the behaviour of the individual entrepreneurs. In times of uncertainty entrepreneurs will be more inclined to defer certain decisions than in times of stable and balanced economic growth. After all, if an economy is not stable, this results in extra uncertainty and gives rise to extra risks, thus making it more difficult for entrepreneurs to make decisions in the mid-term. Elements that determine the macroeconomic climate are inflation, long-term interest rates, the net borrowing/lending of consolidated general government sector, general government debt, unemployment and the imports and exports, related to GDP.

### 2.8.1 Macroeconomic conditions



The *inflation* is an increase in the average price level. This means that it takes more euros than before to buy a commodity or service. The term monetary depreciation is also used in this context. In 2008 inflation in the Netherlands ran to 2.2 percent. After Japan, the Netherlands had the lowest inflation of the benchmark countries. Compared to the average inflation in the 2001–2005 reference period, inflation in the Netherlands was over half a percentage point lower in 2008. The fact that the inflation percentage was lower in 2008 than the average inflation rate over the period 2001–2005 is remarkable. The only other benchmark country where this occurred besides the Netherlands is Ireland. The Netherlands' position within the group of benchmark countries has consequently improved in inflation. Another important characteristic of inflation, besides level, is the year-on-year fluctuation in inflation: i.e. the predictability of the rate of inflation. In 1998–2008, substantial fluctuations can be discerned in the Dutch inflation percentage. This resulted in relatively high *inflation volatility* in the Netherlands. East European countries like Poland, the Czech Republic and Hungary witnessed by far the largest inflation fluctuations in 1998–2008.

The level of *long-term interest rates* indirectly determines the costs of borrowing money and thus influences decisions on investments, expenditures and savings. Sharp economic growth generally leads to rising interest rates, while an economic downturn leads to falling interest rates. The yield on a 10-year government bond was used to compare the developments in the capital market. The differences in long-term interest rates among European countries are small. After Germany and Sweden, the Netherlands had the lowest interest rate on a 10-year government bond in Europe in 2008. The interest rate in the Netherlands in that year was 4.3

percent. Of the benchmark countries, the long-term interest rates in the United States, Canada and Japan were still lower than in these three European countries. In 2008 the level of long-term interest rates in the Netherlands was virtually equal to the average in 2001–2005. This applies to more benchmark countries. In Poland, Canada, Sweden and the United States, by contrast, long-term interest rates fell relatively sharply versus the base period. More specifically, the interest rates in Sweden and the United States fell in 2008 by 0.6 percentage point versus the base period and by more than one percentage point in Poland and Canada.

The *net borrowing/lending of the consolidated general government sector* is the balance of borrowing and lending by the public sector. This is important for an economically stable climate as structural deficits can limit the government's room for manoeuvre. And this, in turn, can affect the entrepreneurial climate – because a government confronted with deficits may decide to raise taxes such as VAT or corporate tax in order to replenish its finances. In 2007, the Netherlands had a positive net borrowing/lending of the consolidated general government sector (0.3 percent of GDP). Within Europe it is mainly the Scandinavian countries which have consistently managed to realise a positive year on year balance in recent years. For the non-European benchmark countries this applies to South Korea, Australia and Canada. Compared to the base period, the net borrowing/lending of the consolidated general government sector improved sharply in the Netherlands in 2007, after being negative on balance in 2001–2005. For many countries the net borrowing/lending of the consolidated general government sector was less negative or even positive in 2007 compared to the base period. Only the United Kingdom (more negative) and Ireland (less positive) saw their net borrowing/lending of the consolidated general government sector deteriorate in 2007.

Alongside the net borrowing/lending of the consolidated general government sector the *general government debt* influences the government's financial position. In 2007 the Dutch general government debt amounted to over 45 percent of GDP, placing the Netherlands in the middle group of benchmark countries. Japan was confronted with the highest general government debt among the benchmark countries, namely 171 percent of GDP, while Australia had the lowest (just over 15 percent of GDP). Compared to the base period, the Dutch general government debt decreased by 5.7 percentage points. Not all benchmark countries saw their general government debt decrease in 2007 compared to the base period. Large economies like the United States, Germany and France saw the general government debt rise in 2007 compared to the base period. Sweden, by contrast, has managed to substantially reduce the general government debt, causing the Netherlands to drop a position within the group of benchmark countries.

*Unemployment* is closely related to the economic developments in a country and indicates the extent to which the capacity of people who are willing and able to

work is utilised. Unemployment also influences the ratio between active and non-active people in a society and thus the income redistribution between these two groups, as well as financing this redistribution. In 2008 the Netherlands had the lowest unemployment of the benchmark countries. Unemployment in the Netherlands was just above three percent in 2008. In South Korea and Denmark, too, unemployment was relatively low. Spain, Hungary, Germany and France belonged to the benchmark countries with the highest unemployment rates in 2008. Compared to the base period, the Dutch unemployment rate decreased in 2008. This applies to most benchmark countries. The only countries where unemployment rose in 2008 compared to the base period were Hungary, Ireland, the United Kingdom, Spain and the United States.

The *imports and exports, related to GDP* indicates among other things the extent to which an economy is subject to import and export barriers. In a general sense an open economy is favourable for GDP growth. It leads to competitive pressure (which in turn can lead to innovation incentives), access to new technologies and it gives countries the opportunity to exploit the comparative cost advantage. In 2008 the Netherlands, together with Belgium, Hungary, Ireland and the Czech Republic, belonged to the most open economies among the benchmark countries. The sum of Dutch exports and imports amounted in 2008 to over 148 percent of GDP. Compared to the reference period, the Dutch economy has thus become more open. On average the sum of imports and exports ran to over 125 percent of GDP in the Netherlands in 2001–2005. Belgium was the most open economy in 2008, the United States was the least open economy. The smaller countries are more open than the large ones. That is not surprising, given that in most cases large countries are more self-sufficient. In 2008 almost all benchmark countries became more open than in the reference period, the only exceptions being Ireland, Canada and Australia.

Besides the sum of imports and exports relative to the size of a country's economy (the GDP), the costs and time expended on transacting international business provide another indication for the openness of the economy and the attendant barriers. The *costs to import a container* in the Netherlands is substantially below the average of the benchmark countries in 2009. The most expensive country for importing a container is Canada, the cheapest is Finland. In the Netherlands the costs of importing a container was almost the same in 2009 as it was in 2006. In Canada the costs more than doubled. The only benchmark countries that saw a reduction in these costs in 2009 are Ireland and South Korea. The *costs to export a container* from the Netherlands is also well below the average of the benchmark countries in 2009. The most expensive country for exporting a container is Canada, the cheapest is Finland. The costs of exporting a container increased in the Netherlands by 1.7 percent in 2009 relative to 2006. In Canada the costs more than doubled in this period. South Korea is the only country where the costs decreased.

The *number of days required to import a container* is relatively low in the Netherlands

in 2009 (6 calendar days). Of the benchmark countries, this period is only shorter in the United States and Denmark. The number of days for the Netherlands remained unchanged in 2009 relative to 2006. Most countries saw the number of days required to import a container remain unchanged or decrease, the only exception being the Czech Republic.

In 2009, the *number of days required to export a container* is also relatively low in the Netherlands (6 calendar days). This period is only shorter in Denmark. In Italy and Hungary exporting a container takes the longest (20 and 18 calendar days respectively). The number of days required to export a container in 2009 remained unchanged relative to 2006 in the Netherlands. The Czech Republic is the only country where it increased from 2006 to 2009. In all other benchmark countries it remained unchanged or decreased. The Netherlands' position on the costs involved in importing and exporting a container improved in an international perspective, while its position on the required import and export time remained unchanged.

### 2.8.2 Development of the investment climate; macroeconomic conditions (summary)

position within the group of reference countries	improved	Cost to export a container Cost to import a container		Inflation Unemployment Net borrowing/lending of consolidated general government sector
	unchanged		Number of days required to export a container Number of days required to import a container	Imports and exports, related to GDP
	deteriorated		Long-term interest rate	General government debt
		<b>deteriorated</b>	<b>unchanged</b>	<b>improved</b>

*development of the indicator*

### Conclusion

In terms of macroeconomic conditions the Netherlands belongs to the better countries within the group of benchmark countries. On such aspects as inflation and unemployment, the Netherlands already belonged to the best-scoring countries and this position has strengthened further. The net borrowing/lending of the consolidated general government sector and the general government debt have also shown a positive development. In the case of the net borrowing/lending of the consolidated general government sector, this also led to an improvement in the Netherlands' position within the benchmark countries. This did not apply to the

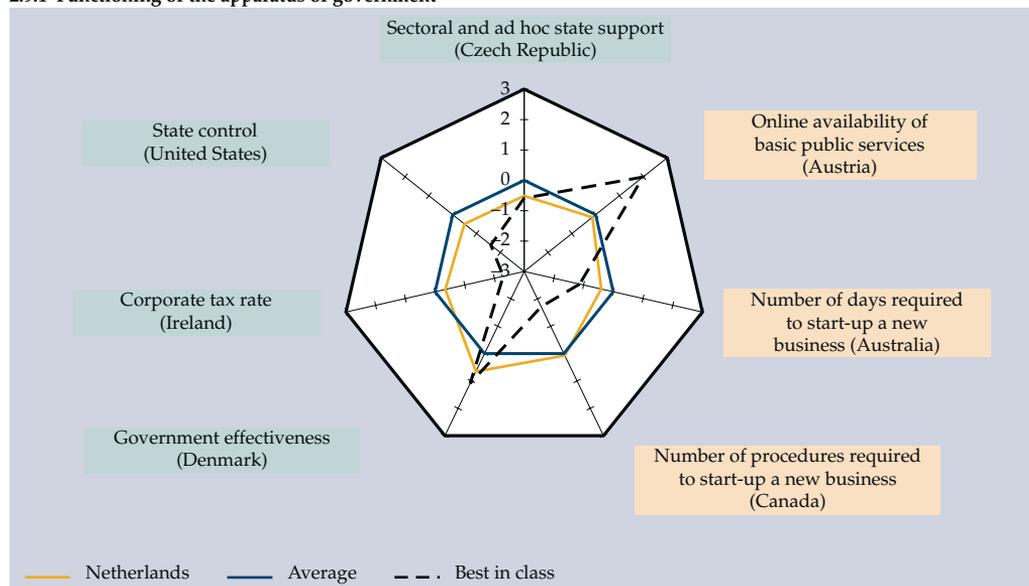
general government debt, as there were more countries that managed to reduce the general government debt and some by even more than the Netherlands.

## 2.9 Functioning of the apparatus of government

The government has a relationship with entrepreneurs in various capacities. In essence the government plays two roles. Firstly, regulatory: in this capacity it determines the entrepreneurial conditions in the country and the entrepreneur's scope for engaging in business undertakings. This concerns such aspects as state control, state support, and laws and regulations, as well as e.g. the level of corporate tax. Secondly, the government plays a facilitating role as service provider, for instance by offering basic public services via the internet or assistance in starting up a business.

Due to large differences between countries in the way in which their national governments are organised, it is difficult to make an international comparison of the functioning of the governments. Some countries have a centralised government, while others allocate more responsibilities to decentralised authorities.

2.9.1 Functioning of the apparatus of government



*Corporate tax* is one example of a government measure that has a strong bearing on a country's investment climate in that it has a direct impact on corporate profits. A low tax on corporate profits means that businesses can invest more. Compared to the benchmark countries, the Netherlands has a relatively low rate of corporate

tax, which makes it potentially attractive to (foreign) companies. In 2008, the corporate tax rate in the Netherlands was 25.5 percent, a decrease of 8.5 percentage points relative to the 2001–2005 base period. Many other benchmark countries also had a lower rate in 2008 than in 2001–2005, but in most countries the decrease was less substantial than in the Netherlands. Only Germany saw an even larger corporate tax reduction (–9 percentage points), but it still had a higher rate than the Netherlands in 2008. Some larger countries like Japan, the United States and France maintained their already high tax rate in 2008. Ireland, Poland and Hungary, by contrast, offer relatively favourable tax conditions. The Netherlands' international position improved in 2008 compared to the 2001–2005 reference period.

The government can also directly influence the market through *state control in the form of state involvement in or ownership of enterprises*. The level of state control decreased slightly in the Netherlands in the 2003 and 2008 period. The decrease in government involvement is an international trend, with governments in many countries loosening their grip on the economy. The Netherlands' position thus remained unchanged within the group of benchmark countries: some distance behind economies such as the United States, Canada and Japan while catching up on the United Kingdom, where the level of state involvement actually increased. Strikingly, several benchmark countries with a relatively high level of state influence in 2003 (Japan, Spain and Hungary) realised the strongest reduction of state control between 2003 and 2008.

The government can also exert direct influence on the outcomes of the economic process, namely by granting state support. This section concerns *ad hoc and sectoral state support*, i.e. state support that the government grants on an incidental basis or to specific sectors. Ad hoc state support includes support to help individual companies avoid bankruptcy or finance a reorganisation. For many years the Dutch government policy has been to be sparing with state support: an average of 0.01 percent of the gross domestic product (GDP) in the 2001–2005 reference period and the same marginal amount in 2006. In almost all EU countries, the level of ad hoc and sectoral state support decreased between 2001 and 2006. Within this downward trend, however, there are some countries – Hungary, Austria, France and also Germany – where state support had not yet reached zero level in 2006. In the years preceding their accession to the EU, the Czech Republic and Poland still tended to grant large amounts of state support. This support has been strongly reduced since their accession in 2004. Within the EU state support is subject to EU regulations, which explains why a certain levelling out has taken place between the countries.

The *number of days required to start-up a new business* is a yardstick for the ease with which a company can be started up in the various benchmark countries. This start-up time averaged ten days in the Netherlands in 2008, the same as in the preceding year and almost unchanged compared to the reference year 2003 (eleven days).

Though businesses can be started up relatively quickly in the Netherlands, the start-up time in other countries was reduced even more between 2003 and 2008. In this area the Netherlands has been overtaken by e.g. Belgium and France. The differences between the countries have narrowed, but remain considerable. In Spain it took an average of 47 days to start up a business, while an upcoming entrepreneur in Australia could get a business up and running within two days. However, the general trend is towards shortening the business start-up time. Not a single country showed an increase in this start-up time between 2003 and 2008.

The *number of procedures required to start-up a new business* gives an impression of the effort required to start up a business. The indicator exclusively comprises procedures that are prescribed for all companies (both before and after the start-up). Sector-specific procedures are left out of consideration. In 2008 the number of required procedures in the Netherlands was average relative to the other benchmark countries. This middle position has remained virtually unchanged for the Netherlands since 2003. The scores on the number of required days and procedures make it clear that entrepreneurs in, notably, Canada and Australia can be up and running in a short space of time. Judging by these indicators, there are also nearby countries where businesses can be started up more quickly than in the Netherlands, examples being Belgium and Denmark. Here too, the international trend is towards reducing the number of procedures. In all countries surveyed here, the number of procedures decreased or remained unchanged. Not a single country showed an increase.

The *online availability of basic public services* is an indicator of the government's efforts to make its services more effective with the aid of ICT. This concerns standard services that are frequently requested by citizens and businesses, such as tax returns and permit applications. In 2003 the Dutch government was not in the forefront of governments offering online services. However, in the 2003–2007 period, these services more than doubled to 63 percent of all basic public services. With this score the Netherlands joined the international mid-table countries. Austria was the clear leader in 2007 with the maximum percentage. The online availability of basic public services in the United Kingdom showed the strongest growth in the 2003–2007 period (+39 percentage points). Online basic public services became more widely available in virtually all benchmark countries in recent years. The growth in the Netherlands was such, however, that its position within the group of benchmark countries improved.

Another measure of the quality of public services to citizens and businesses is *government effectiveness*. This includes such matters as the government's competence in the form of e.g. reliability, political stability and transparent policies. A reliable government is very important for companies in helping to create a stable investment climate. The Dutch government performs well compared to the other bench-

mark countries, though the differences between the various countries are small. The Netherlands occupies a position just below the top, which is mainly made up of the Scandinavian countries, Australia and Canada. However, the effectiveness of the Dutch government did decrease slightly in 2007 compared to the 2002–2005 period, and to a sufficient extent to be overtaken by Sweden, Denmark, Australia and Canada.

### Conclusion

The Dutch government is characterised by a small degree of state intervention in the economic process in the form of state control of businesses or the granting of ad hoc state support. The corporate tax rate has become more competitive internationally. Within the group of benchmark countries the effectiveness of the Dutch government still ranks high, though the Netherlands' international position has deteriorated slightly. As a provider of online basic public services, the Netherlands has greatly improved its performance. Only the business start-up time and procedures merit no more than a mid-table ranking – this notwithstanding the reductions achieved in the past years.

2.9.2 Development of the investment climate; functioning of the apparatus of government (summary)

position within the group of reference countries	improved		Sectoral and ad hoc state support	Corporate tax rate Online availability of basic public services
	unchanged			State control Number of procedures required to start-up a new business
	deteriorated	Government effectiveness		
		deteriorated	unchanged	improved

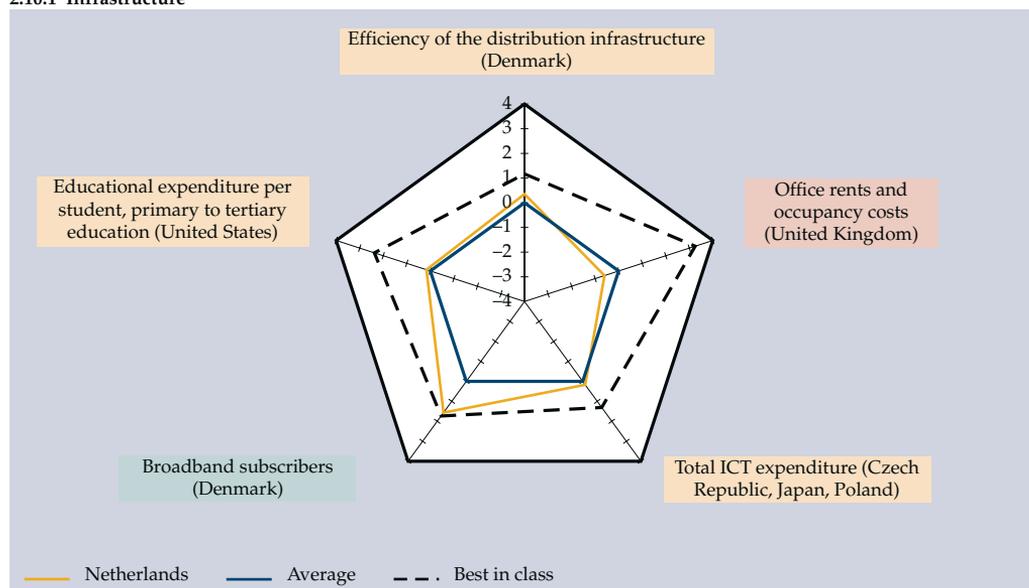
*development of indicator*

## 2.10 Infrastructure

A good and cohesive infrastructure provides an important basis for a favourable investment climate. Three forms can be distinguished: physical infrastructure for the transportation of goods, services and people, ICT infrastructure for the trans-

portation of information, and knowledge infrastructure for the distribution of knowledge within society. High-quality infrastructure attracts business activity and makes an important contribution to economic growth and increased labour productivity in a country. A good infrastructure increases the return on investments of individual companies.

### 2.10.1 Infrastructure



The *efficiency of the distribution infrastructure* for goods and services gives an indication of the capacity and interconnectedness of transport systems by land, water and air with their main hubs such as railway stations and ports. This not only concerns kilometres of asphalt or steel, but above all the question whether the infrastructure meets the quality demands of businesses and citizens. In 2008 the Netherlands had an average score on this indicator compared to the benchmark countries. Managers of large international companies gave the Netherlands a rating of 8.2 (on a scale from 1–10). So the rating for the effectiveness of the distribution infrastructure was one point higher than the average figure in the 2001–2005 base period. Though the Netherlands’ position improved slightly within the benchmark countries, the Netherlands continued to belong to the middle group of countries selected here. In virtually all countries, the infrastructure received more positive scores in 2008 than in 2001–2005. The only exception was Finland. The importance of good air links within Europe is increasing with the ongoing globalisation of the economy. This could be a major plus point in attracting international businesses. The *aviation network connectivity*, expressed in the number of destinations from the large European airports, is an indicator for this. In 2007, Schiphol was Europe’s second-largest airport after Frankfurt in this field. Schiphol also occupied this

position in the 2004–2005 base period. What is striking is the relatively sharp increase in the number of destinations from British and Spanish airports (see Figure 10.2 in Annex 10).

The availability of land and commercial space at suitable locations is an important precondition for entrepreneurial activity. The *office rents and occupancy costs* indicate the rental costs of office space in dollars per square metre per year at the country's most important office location. Amsterdam was chosen for the Netherlands. High office rents and occupancy costs are a sign of economic power pulling on the one hand, but may also chase entrepreneurs away. In the Netherlands office rents and occupancy costs are relatively low. In line with the international trend, these costs increased sharply in Amsterdam in the 2001–2008 period, but the Netherlands continues to belong to the bottom group of benchmark countries. Judging by the office rents and occupancy costs, Amsterdam is not an international top location.

Regarding the ICT infrastructure, the Netherlands has a high position. In terms of *broadband subscribers* the Netherlands is in the international forefront. In mid-2008, the Netherlands was only second to Denmark. In all benchmark countries the number of subscribers increased sharply in 2008 relative to the average for the 2001–2005 period. What is crucial is that virtually all Dutch households are served by at least two competing broadband infrastructures, namely cable and DSL. This is conducive to the creation of an efficient market. High-quality and reliable ICT infrastructure is vital in enabling businesses to optimise their operations and pursue innovation.

In view of the effects of ICT on economic growth, *total ICT expenditure* has been selected as a measure for investments in and use of new technology. The indicator comprises two components, namely expenditure on telecommunications and expenditure on information technology. In 2006, Dutch ICT expenditure was slightly above the average of the EU-27 countries. In the 2002–2005 reference period this difference was much greater and the Netherlands belonged to the countries with the highest ICT expenditure. However, a decrease in ICT expenditure in the Netherlands (–0.8 percentage point in 2006 relative to the average level for the base period) and strong growth elsewhere, notably in the Czech Republic (leader in 2006) and Poland, has meanwhile pushed the Netherlands back to a certain extent. This may be due to a catch-up effect in the Czech Republic and Poland; these countries started to invest in ICT at a later stage, which is why their expenditures are now at a higher level, corresponding with that of e.g. the Netherlands a few years back.

In most countries the government plays an important role in investing in the knowledge infrastructure. *Government financed gross domestic expenditure on R&D* as a percentage of GDP indicates the direct public expenditures on research and

development. Between 2001 and 2003 this percentage remained virtually unchanged in the Netherlands (0.64 percent). No data on Dutch public expenditure are available after 2003. In 2006, Austria took the lead by overtaking Sweden, Finland, France and the United States, where public expenditure retreated as a percentage of GDP.

Expenditure on educational institutions constitutes a good measure for the investments in the education and knowledge infrastructure. The expenditure need not say much about the quality of education. An efficient education system can also deliver good education with relatively little money. The total *educational expenditures per student, primary to tertiary education* in the Netherlands are comparable with those in most benchmark countries. The Netherlands' international position improved in this area, although the Netherlands remains in the middle group of the benchmark countries. The increase in educational expenditure per student and the aforementioned improvement of the international position can be attributed to the *educational expenditure per student, primary education* and, above all, the *educational expenditure per student, secondary education*. The *educational expenditure per student, tertiary education* increased, but not to a greater extent than in the other benchmark countries. The Netherlands' international position in this area has therefore deteriorated and the gap with the leading group of benchmark countries has actually grown. The United States is leader for all levels of education distinguished here. Among the European countries, Denmark and Austria are structurally high scorers.

### **Conclusion**

The physical infrastructure in the Netherlands is not of a strikingly high quality compared to the other benchmark countries. In 2008, the Netherlands occupied a middle position regarding the efficiency of the distribution infrastructure and was not a prime location for offices. On the other hand, in 2007 the Dutch airport Schiphol was the second-largest airport, after Frankfurt airport, in terms of aviation network connectivity. The Dutch knowledge infrastructure shows a mixed picture. The government financed gross domestic expenditure on research and development (R&D) is at an average level, but is not growing. Similarly, educational expenditure per student is growing across the board in the Netherlands, but not sufficiently to rise above the middle group of the benchmark countries.

### 2.10.2 Development of the investment climate; infrastructure (summary)

position within the group of reference countries	improved			Efficiency of the distribution infrastructure Broadband subscribers Educational expenditure per student, secondary education Educational expenditure per student, primary to tertiary education
	unchanged			Educational expenditure per student, primary education
	deteriorated	Total ICT expenditure		Office rents and occupancy costs Educational expenditure per student, tertiary education
		deteriorated	unchanged	improved

*development of the indicator*

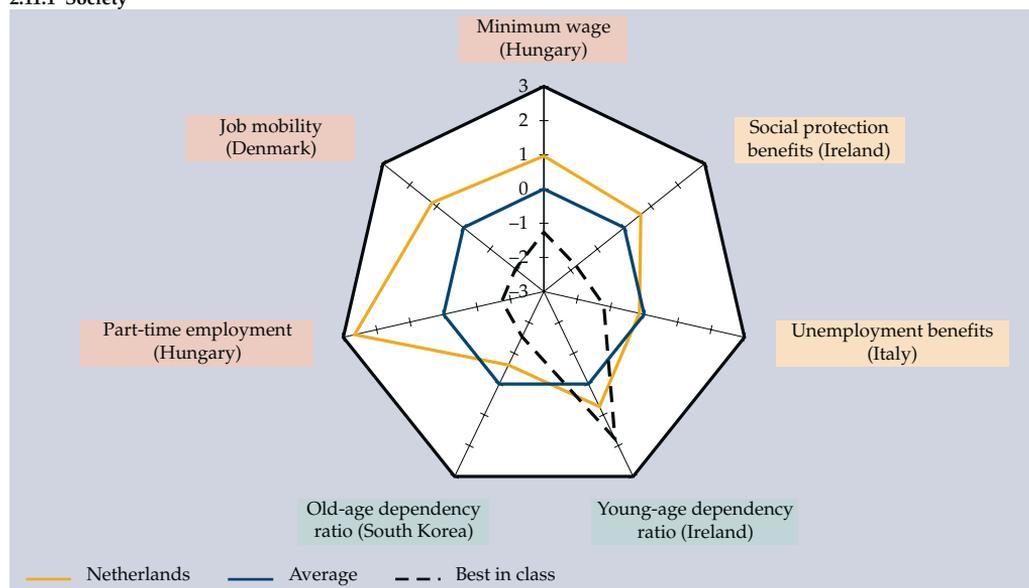
## 2.11 Society

The society theme comprises a number of indicators that depict the boundaries within which companies, workers and non-workers are able or permitted to operate. This concerns indicators such as part-time employment, the existence (or absence) of a statutory minimum wage and job mobility. Another factor is the income redistribution via social protection benefits. These indicators reveal the minimum conditions that a society imposes on itself regarding the outcomes of the economic process. These, therefore, are also politically coloured to a certain extent. Some countries, for instance, have a statutory minimum wage while others see this as a matter that employers and employees must arrange between themselves. A number of these aspects (e.g. the minimum wage and social protection contributions payable) have a direct influence on individual companies. The society's population structure is included in this section as an indicator of the future relations between active and non-active people and labour supply.

Of all benchmark countries, the Netherlands has by far the highest number of part-timers (*part-time employment*). Though this is not equally applicable to all sectors, it is fairly common in the Netherlands to only work part-time. In 2007, one in three employed people worked part-time in the Netherlands. The difference with other countries is sometimes fairly extreme. In 2007 over twice as many people worked part-time in the Netherlands than the average for all OECD countries. The difference with the countries that came closest to the Netherlands (Australia, United

Kingdom and Germany) is more than ten percentage points. In Hungary, the Czech Republic and South Korea, part-time employment accounted for less than ten percent. The difference with most countries had even widened in 2007 compared to the 2001–2005 reference period. Part-time work appears to be a typical Dutch entitlement that employers must learn to live with.

### 2.11.1 Society



In 2007, there was less *job mobility* in the Netherlands than in 2001–2005. Job mobility is expressed here as the share of employees who have held their current (main) job for five years or longer. In 2007, this applied in the Netherlands to two thirds of everyone employed. After Italy, Dutch employees thus showed the greatest tendency to stay in the same job. The Netherlands' position within the benchmark countries therefore deteriorated in 2007. Denmark was the country with the greatest job mobility and this even increased in 2007 compared to the 2001–2005 period. Less than half of the employees stayed in their main job for five years or longer. In 2007 the difference with the Netherlands was twenty percentage points.

Not all countries have a statutory *minimum wage*. This is not to say that there is no question of a minimum wage, but in some countries this aspect is left to the employers and employees in the individual sectors (comparable to the collective labour negotiations in the Netherlands). Of the countries with a statutory minimum wage, Ireland had the highest in 2008 and this even increased substantially compared to the 2001–2005 period. The Netherlands came second. Hungary, the Czech Republic and Poland have a statutory minimum wage. Though many times lower than in the Netherlands, the level of the statutory minimum wage increased

strongly in 2008 relative to 2001–2005. The United States is the only country where the statutory minimum wage decreased in the period considered here. The difference between the Netherlands and neighbouring countries with a comparable standard of living, such as Belgium and France, is not very large and did not grow larger either.

The Netherlands has an average level of *social protection benefits* expressed as a percentage of GDP. The size of these social protection benefits is an indication of the size of the income redistribution between the various groups in society. This concerns social benefits such as pensions, unemployment benefits, social assistance and child benefit. In the Netherlands these social protection benefits amounted to over 27 percent of GDP in 2006, which is 1.6 percentage points more than in 2001–2005. These benefit payments were the highest in Sweden, namely 30 percent of GDP, and the lowest in the Czech Republic and Ireland where they were (well) below twenty percent both in 2001–2005 and in 2006. The *unemployment benefits* are a special case of these social protection benefits, for instance because they are more susceptible to cyclical fluctuations. The Netherlands also occupies an average position for unemployment benefits. In all countries, incidentally, unemployment benefits only account for a small part of the total social protection benefits. Of all indicators dealt with in this section, unemployment benefits is the only one that developed in the desirable direction for the Netherlands (i.e. by decreasing). The position within the benchmark countries remained unchanged.

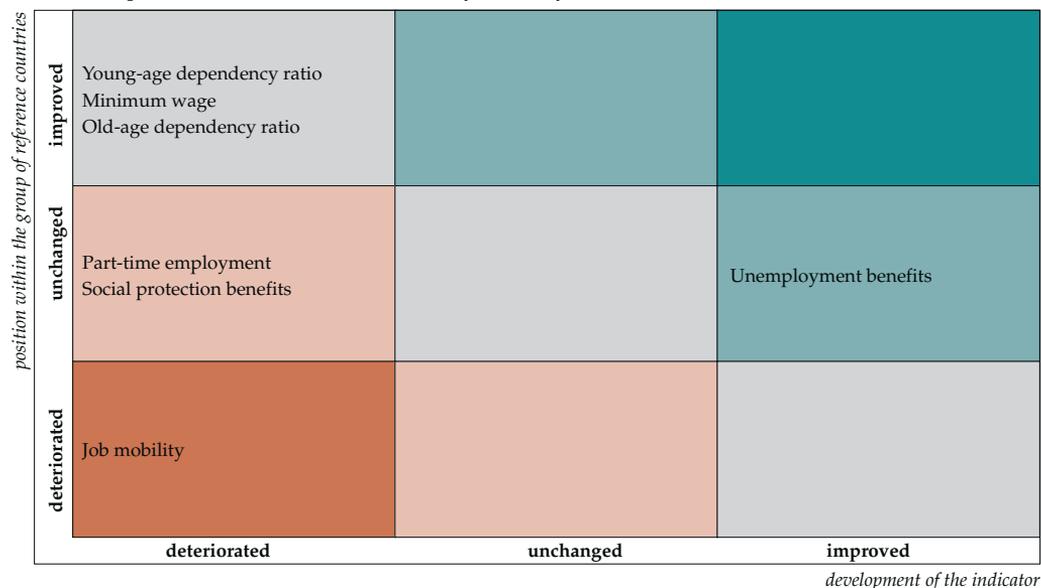
The development of the population structure is of a fairly structural nature and not easy to influence in the short term. In addition, the pattern for all benchmark countries, both within and outside Europe, is identical. Practically all countries are confronted with a growing number of people of 65 and older (ageing) and a decreasing number of people aged 0 to 14 (dejuvenation). Ageing influences the future ratio between active and non-active people (the *old-age dependency ratio*) and, linked to this, the economic solidarity between these two groups. Dejuvenation affects the future supply of labour (expressed as the *young-age dependency ratio*). Both key figures are casting a shadow over the future economic growth potential of the diverse societies. Aside from the direction in which these indicators are moving, there are differences in the weight of the problem in the various countries. Here, the Netherlands finds itself on the right side of the score: ageing and dejuvenation are occurring, but to a lesser extent than in most other countries. In 2000, the ratio between the potential working population and the number of people over 65 was four to one in the Netherlands. In other words: for every four potential workers there was one person over 65. By 2050 this ratio is expected to have increased to two to one in the Netherlands. This, however, is considerably less skewed than in many other countries. In Italy, for instance, the ratio between the potential workforce and people aged 65 or older is expected to be one to one by 2050.

The proportion of young people aged 0 to 14 is also decreasing compared to the potential working population, but again the outlook for the Netherlands appears to be relatively favourable. In 2008, the ratio between the number of people aged 0 to 14 and the potential working population was one to four. However, in countries such as the Czech Republic, Germany, Spain and Italy, the ratio was one to five.

**Conclusion**

The Netherlands has an extreme score on part-time employment. It is much higher in the Netherlands than in other countries and the gap only seems to be growing. Dutch employees are not very mobile. Job mobility is low. The Netherlands emerges as an average social society with a statutory minimum wage and social protection benefits that are similar to those of the other countries. Just like practically all other benchmark countries, the population structure is characterised by increasing ageing (more elderly people) and to a certain extent dejuvenation (fewer young people). However, the (future) ratios within the population pyramid appear to be less skewed for the Netherlands than for most other countries.

2.11.2 Development of the investment climate; society (summary)



## *Statistical annexes*

# *Annex 1: Statistical annexes*

- Annex 2: Performance of the Dutch economy
- Annex 3: Human capital and labour supply
- Annex 4: Innovation
- Annex 5: Capital
- Annex 6: Entrepreneurship
- Annex 7: Market competition
- Annex 8: Macroeconomic conditions
- Annex 9: Functioning of the apparatus of government
- Annex 10: Infrastructure
- Annex 11: Society

## Annex 2: Performance of the Dutch economy

**Table 2.1**  
Development of the investment climate; performance of the Dutch economy (summary)

	Development compared to the reference period		Development compared to the previous year	
	Indicator	Reference <sup>1)</sup>	Indicator	Reference <sup>1)</sup>
Gross Domestic Product (GDP) per capita	improved	unchanged	improved	unchanged
Gross Domestic Product (GDP) per hour worked (PPS)	improved	improved	improved	unchanged
Annual number of hours worked per person employed	improved	improved	improved	unchanged
Gross Domestic Product (GDP) per person employed	deteriorated	deteriorated	deteriorated	deteriorated
Employment rate of the potential working population	improved	improved	improved	improved
Employment rate of the potential working population of men	improved	unchanged	improved	improved
Employment rate of the potential working population of women	improved	improved	improved	improved
Employment rate of the potential working population aged 15 to 25 years	improved	deteriorated	improved	deteriorated
Employment rate of the potential working population aged 25 to 55 years	improved	improved	improved	improved
Employment rate of the potential working population aged 55 to 65 years	improved	deteriorated	improved	unchanged
Income quintile share ratio	unchanged	unchanged	deteriorated	deteriorated
Life expectancy at birth of men	improved	unchanged	improved	unchanged
Life expectancy at birth of women	improved	deteriorated	improved	unchanged
Energy consumption per unit of GDP	improved	deteriorated	improved	deteriorated
Electricity from renewable energy sources	improved	unchanged	deteriorated	unchanged
Emission of carbon dioxide (CO <sub>2</sub> ) per capita	improved	unchanged	improved	improved

<sup>1)</sup> Position of the Netherlands (NL) within the group of reference countries.

**Table 2.2****Development of the investment climate; performance of the Dutch economy (metadata)**

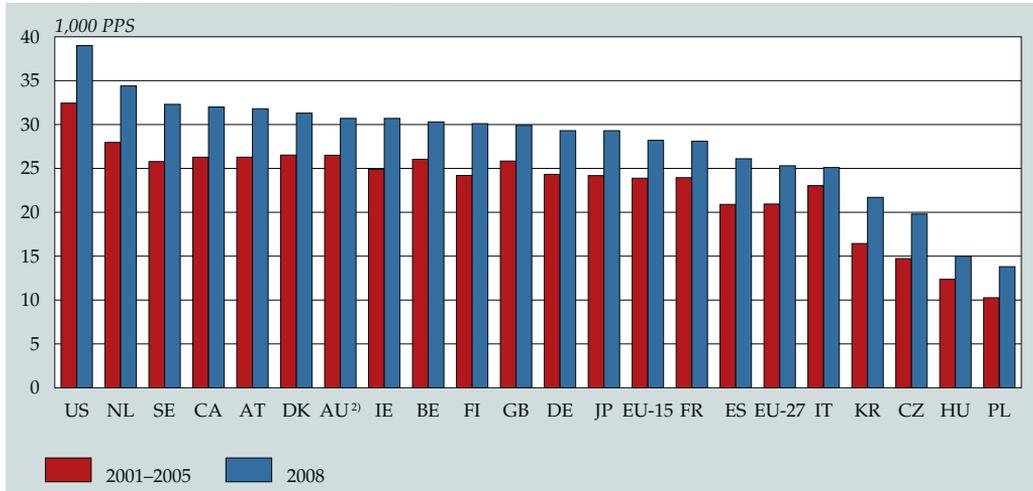
	Reference period	Most recent year	Number of reference countries, reference period	Number of reference countries, most recent year
Gross Domestic Product (GDP) per capita <sup>1)</sup>	2001–2005	2008	20	20
Gross Domestic Product (GDP) per hour worked (PPS)	2001–2005	2008	20	20
Annual number of hours worked per person employed	2001–2005	2008	20	20
Gross Domestic Product (GDP) per person employed	2001–2005	2008	17	17
Employment rate of the potential working population	2001–2005	2007	20	20
Employment rate of the potential working population of men	2001–2005	2007	20	20
Employment rate of the potential working population of women	2001–2005	2007	20	20
Employment rate of the potential working population aged 15 to 25 years	2001–2005	2007	20	20
Employment rate of the potential working population aged 25 to 55 years	2001–2005	2007	20	20
Employment rate of the potential working population aged 55 to 65 years	2001–2005	2007	20	20
Income quintile share ratio	2001	2007	15	15
Life expectancy at birth of men <sup>2)</sup>	2001–2005	2006	20	20
Life expectancy at birth of women <sup>2)</sup>	2001–2005	2006	20	20
Energy consumption per unit of GDP	2001–2005	2006	17	17
Electricity from renewable energy sources <sup>3)</sup>	2001–2005	2007	15	15
Emission of carbon dioxide (CO <sub>2</sub> ) per capita	2001–2005	2006	20	20

<sup>1)</sup> AU: 2003–2005 instead of 2001–2005.

<sup>2)</sup> CA, IT, GB and US: 2005 instead of 2006.

<sup>3)</sup> AT: 2006 instead of 2007.

## 2.1 GDP per capita <sup>1)</sup>

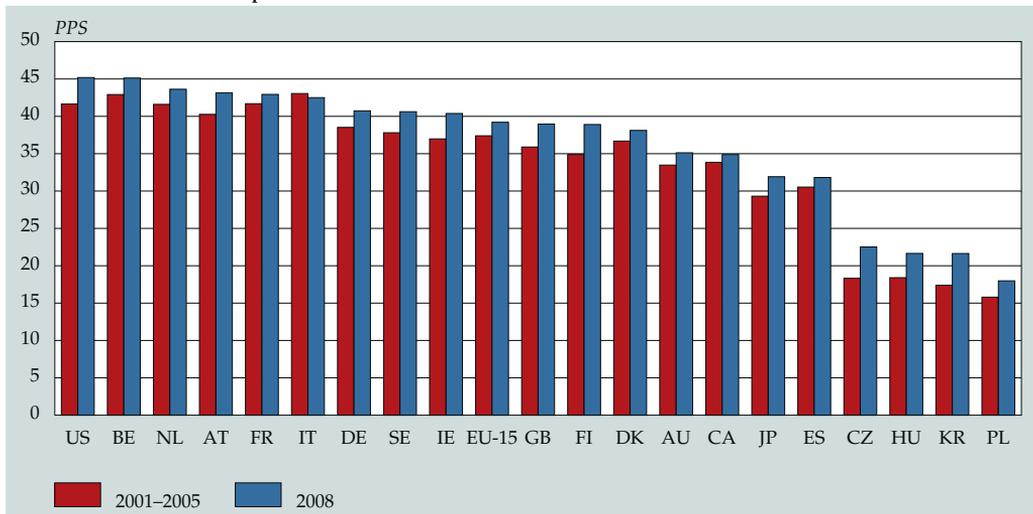


<sup>1)</sup> GDP per capita is measured in purchasing power units or PPS.

<sup>2)</sup> AU: 2003-2005 instead of 2001-2005.

Source: European Commission, AMECO database.

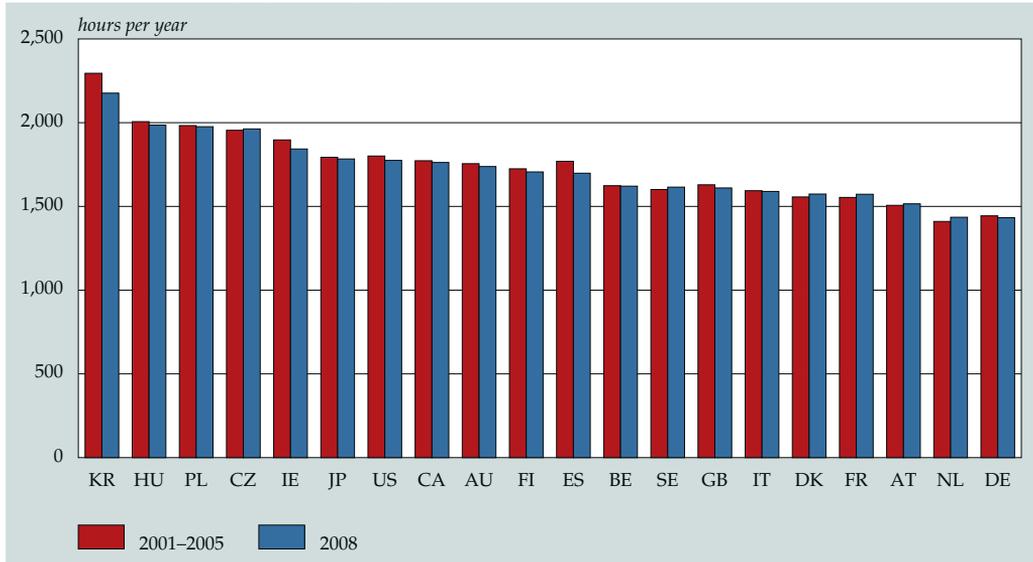
## 2.2 Gross Domestic Product per hour worked <sup>1)</sup>



<sup>1)</sup> GDP per capita is measured in purchasing power units or PPS.

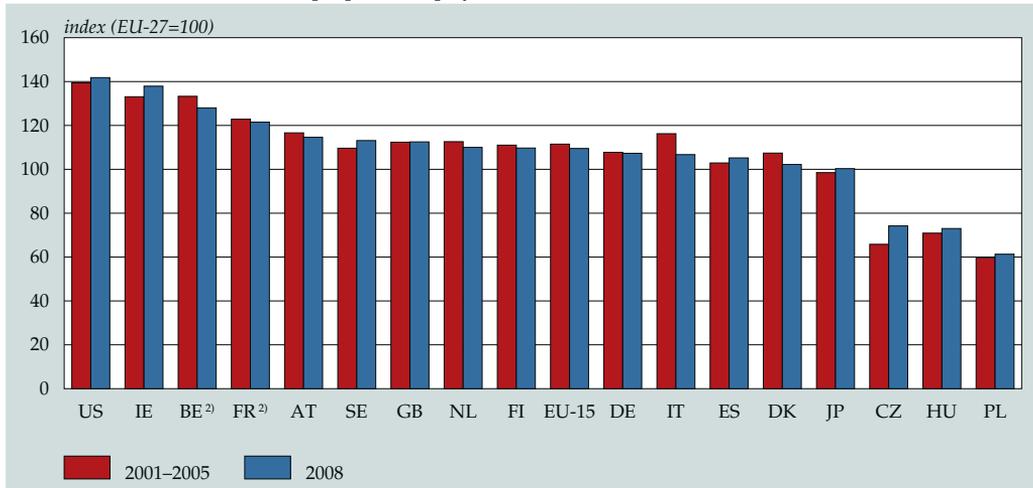
Source: OECD, Economic Outlook no. 84 and the Groningen Growth and Development Centre.

### 2.3 Annual hours worked per person employed



Source: The Conference Board and Groningen Growth and Development Centre, Total Economy Database, January 2009.

### 2.4 Gross Domestic Product (GDP) per person employed <sup>1)</sup>

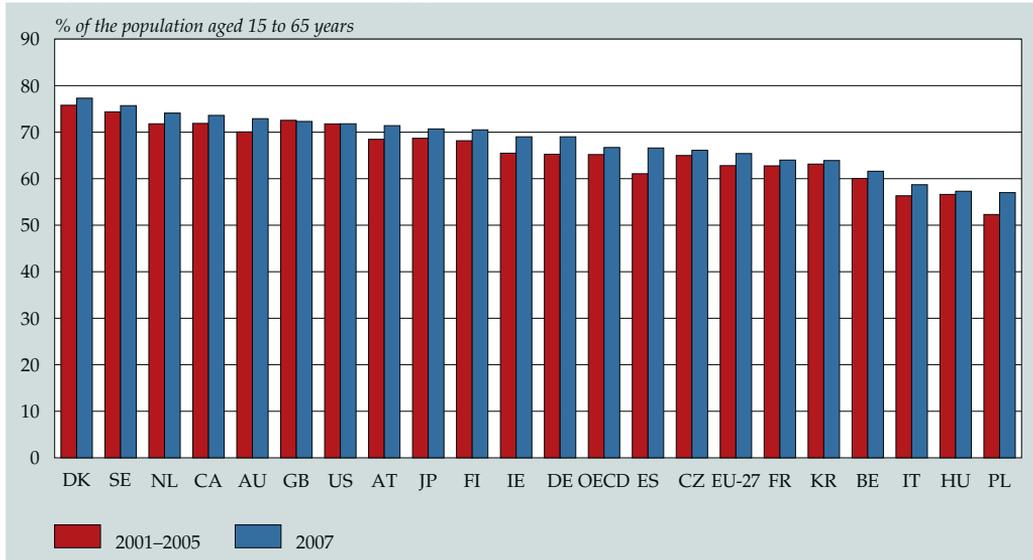


<sup>1)</sup> GDP per capita is measured in purchasing power units or PPS.

<sup>2)</sup> Break in series from 2004 onward.

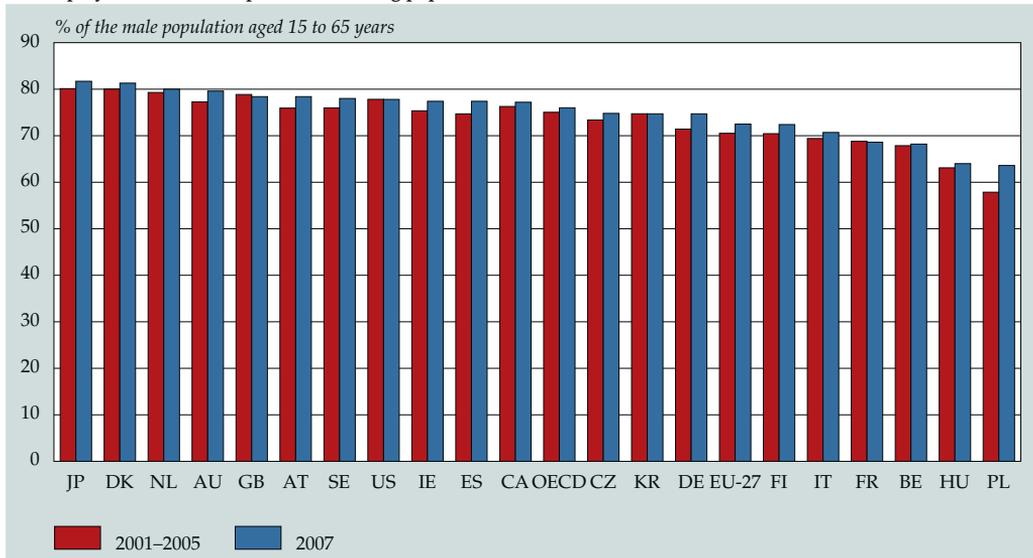
Source: Eurostat, Structural Indicators.

### 2.5 Employment rate of the potential working population



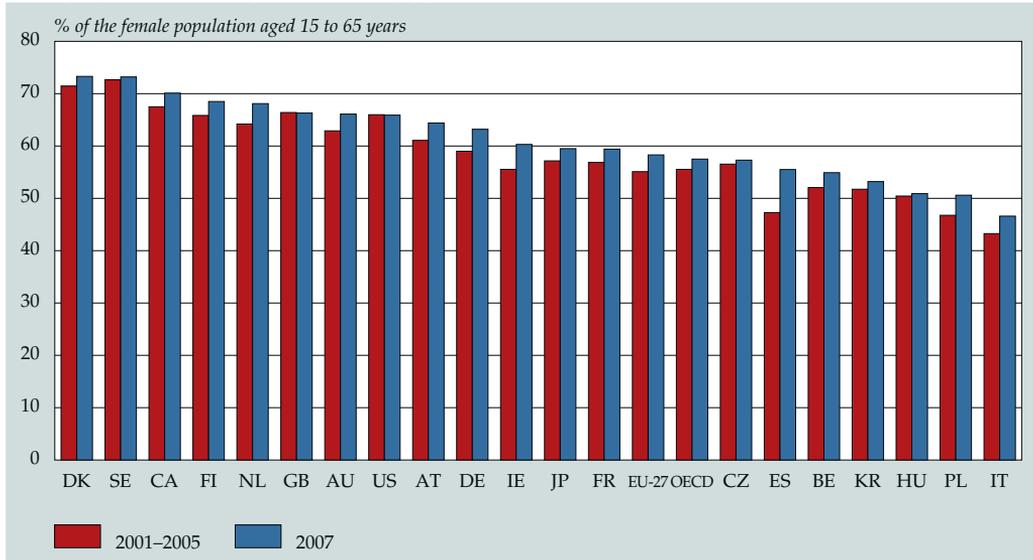
Source: OECD, Factbook 2009; OECD, Employment Outlook.

### 2.6 Employment rate of the potential working population of men



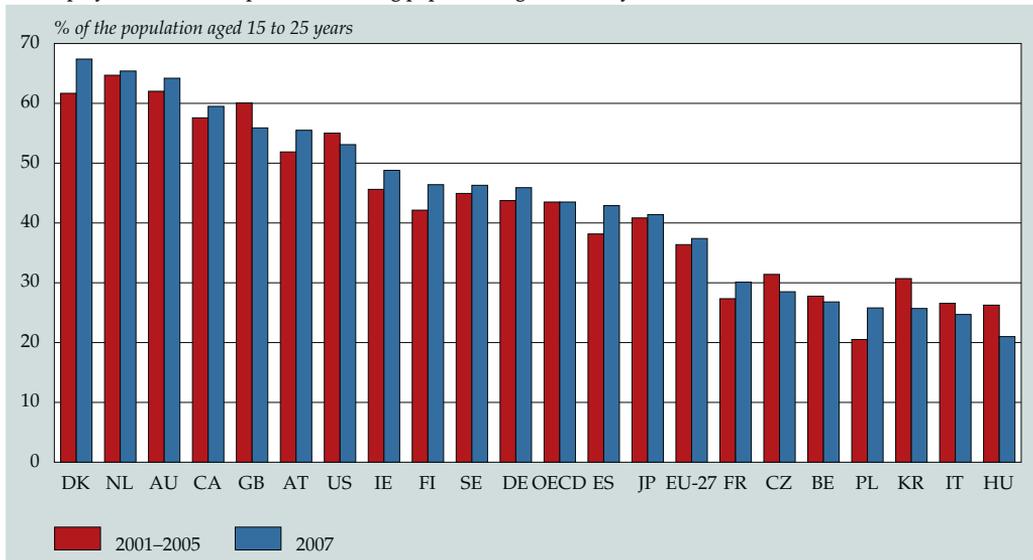
Source: OECD, Factbook 2009; OECD, Employment Outlook.

### 2.7 Employment rate of the potential working population of women



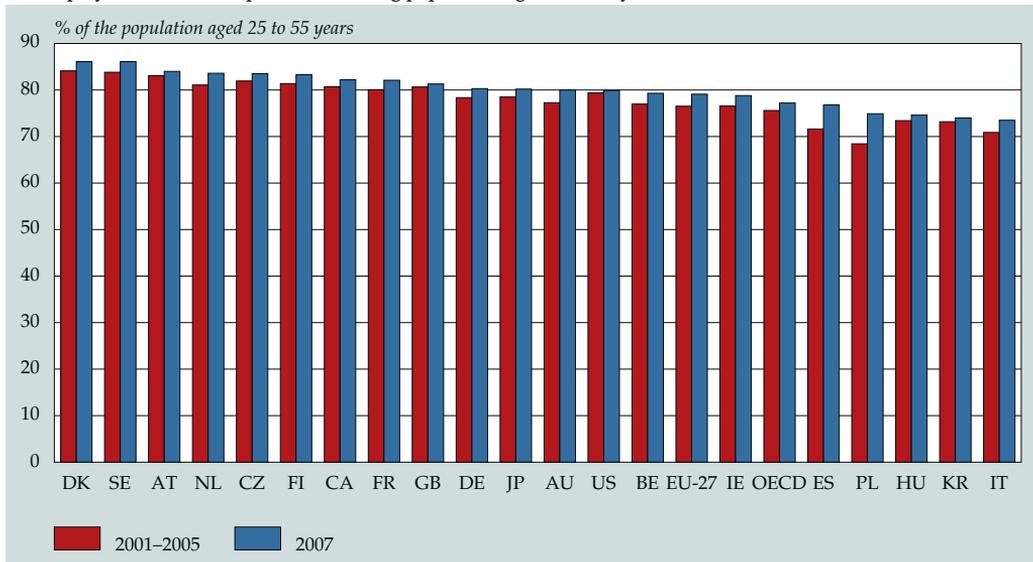
Source: OECD, Factbook 2009; OECD, Employment Outlook.

### 2.8 Employment rate of the potential working population aged 15 to 25 years



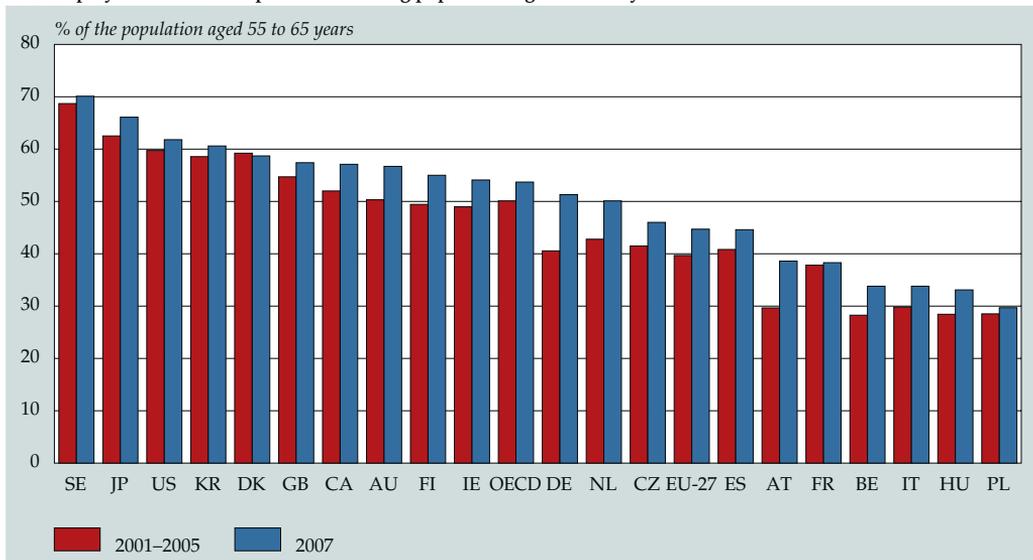
Source: OECD, Factbook 2009; OECD, Employment Outlook.

### 2.9 Employment rate of the potential working population aged 25 to 55 years



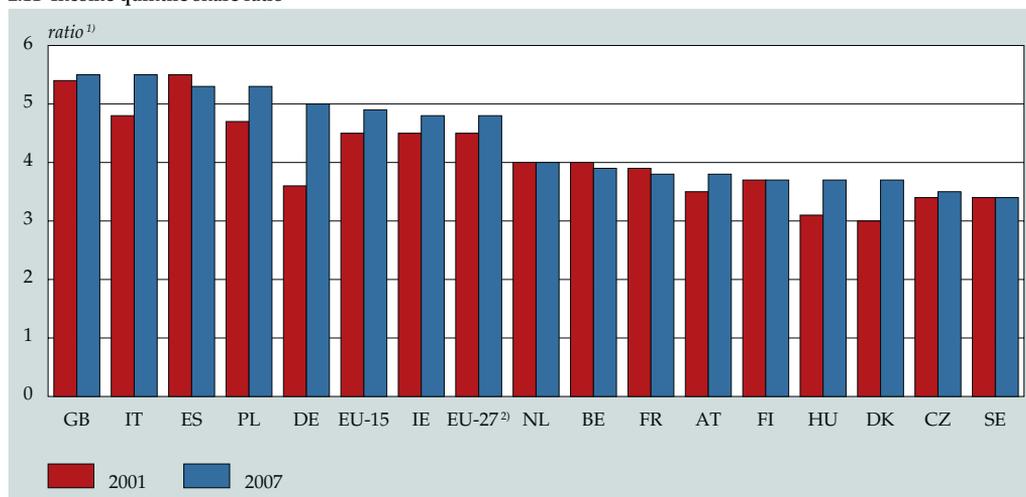
Source: OECD, Factbook 2009; OECD, Employment Outlook.

### 2.10 Employment rate of the potential working population aged 55 to 65 years



Source: OECD, Factbook 2009; OECD, Employment Outlook.

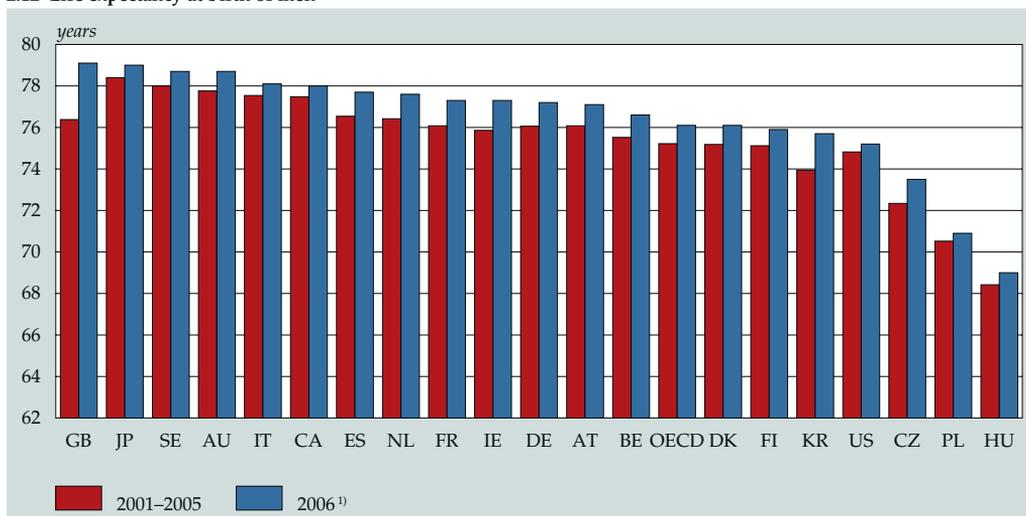
## 2.11 Income quintile share ratio



¹) Sum of the 20 percent highest incomes in the population, divided by the sum of the incomes of the 20 percent lowest incomes in the population.

²) EU-25 in 2001.

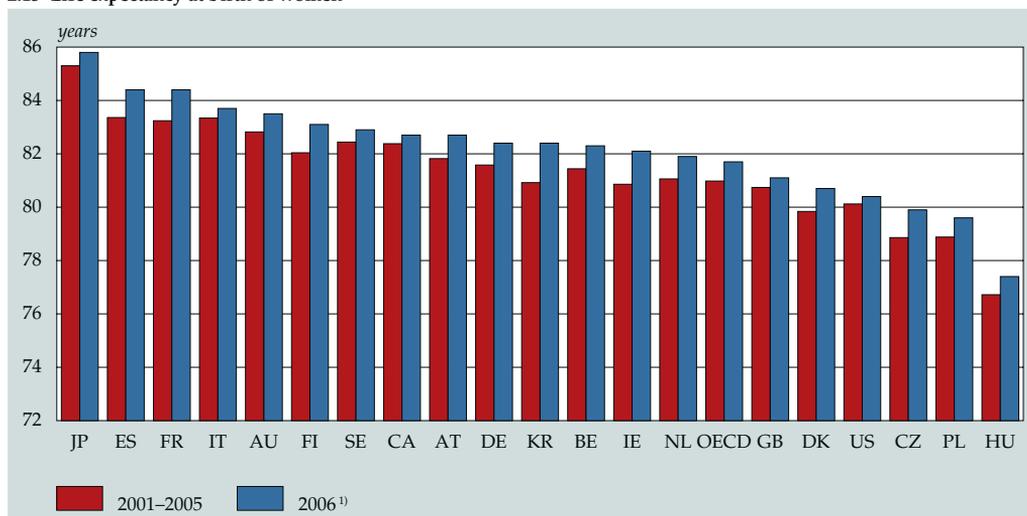
## 2.12 Life expectancy at birth of men



¹) CA, IT, GB and US: 2005 instead of 2006.

Source: OECD, Factbook 2009.

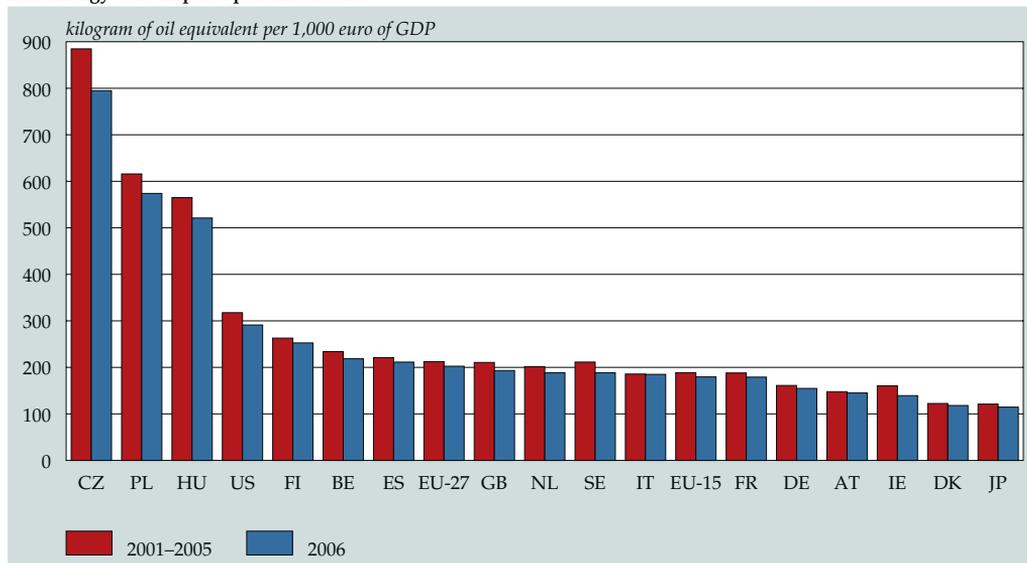
### 2.13 Life expectancy at birth of women



<sup>1)</sup> CA, IT, GB and US: 2005 instead of 2006.

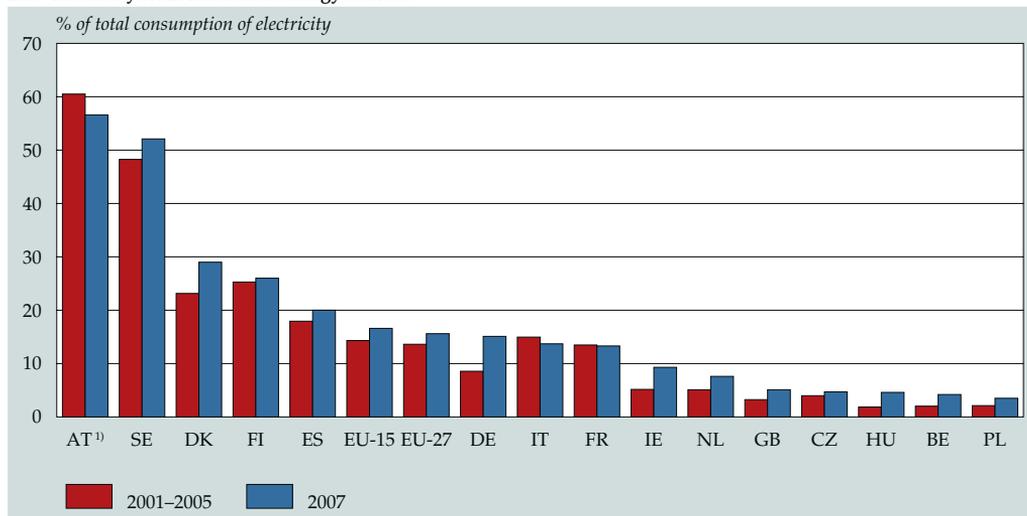
Source: OECD, Factbook 2009.

### 2.14 Energy consumption per unit of GDP



Source: Eurostat, Structural indicators.

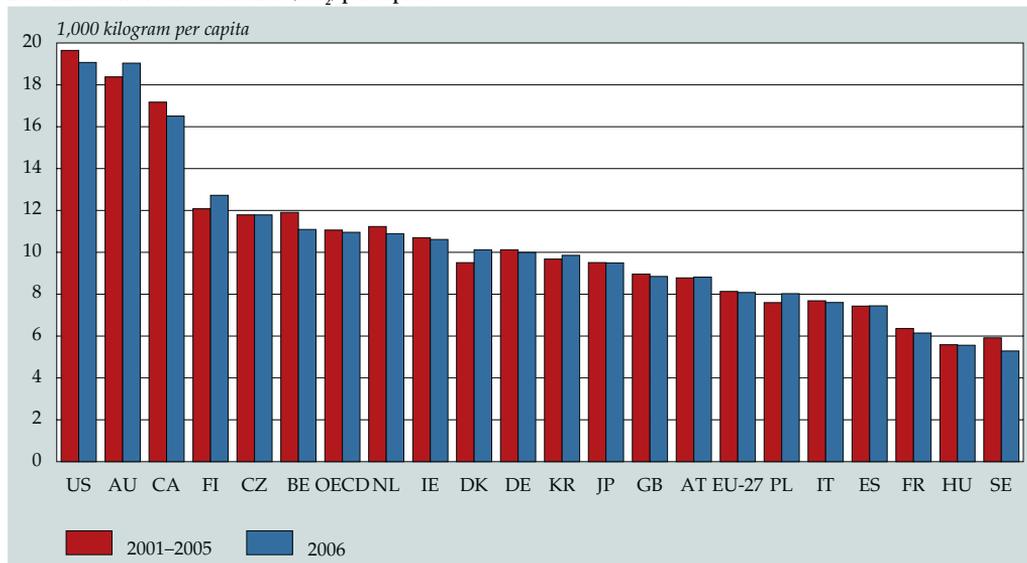
### 2.15 Electricity from renewable energy sources



<sup>1)</sup> AT: 2006 instead of 2007.

Source: Eurostat, Structural Indicators.

### 2.16 Emission of carbon dioxide (CO<sub>2</sub>) per capita



Source: OECD, Factbook 2009.

## Annex 3: Human capital and labour supply

**Table 3.1**  
Development of the investment climate; human capital and labour supply (summary)

	Development compared to the reference period		Development compared to the previous year	
	Indicator	Reference <sup>1)</sup>	Indicator	Reference <sup>1)</sup>
Human resources in science and technology (HRST core)	improved	unchanged	improved	unchanged
HRST core in services sector	improved	unchanged	improved	unchanged
HRST core in manufacturing	improved	improved	improved	improved
Tertiary education attainment aged 25 to 65 years	improved	deteriorated	improved	deteriorated
Graduates in science and engineering	deteriorated	deteriorated	deteriorated	deteriorated
Life-long learning	improved	unchanged	improved	unchanged
Unit labour costs	deteriorated	improved	deteriorated	unchanged
Performance of mathematics of 15-year old students*	deteriorated	unchanged		
Performance of science of 15-year old students*	improved	unchanged		
Performance of reading of 15-year old students*	deteriorated	deteriorated		
Employment rate of persons aged 25 to 65 years, primary education	improved	unchanged	improved	unchanged
Employment rate of persons aged 25 to 65 years, secondary education	improved	deteriorated	improved	unchanged
Employment rate of persons aged 25 to 65 years, tertiary education	improved	improved	improved	improved
Unemployment rate of persons aged 25 to 65 years, primary education	deteriorated	unchanged	improved	improved
Unemployment rate of persons aged 25 to 65 years, secondary education	deteriorated	deteriorated	improved	improved
Unemployment rate of persons aged 25 to 65 years, tertiary education	unchanged	unchanged	improved	improved

Note: Data marked with a \* are from the three-yearly PISA-survey of the OECD. 2003 is chosen as reference period. So there is no comparison with a previous year, because that would be the same as the reference period.

<sup>1)</sup> Position of the Netherlands (NL) within the group of reference countries.

**Table 3.2****Development of the investment climate; human capital and labour supply (metadata)**

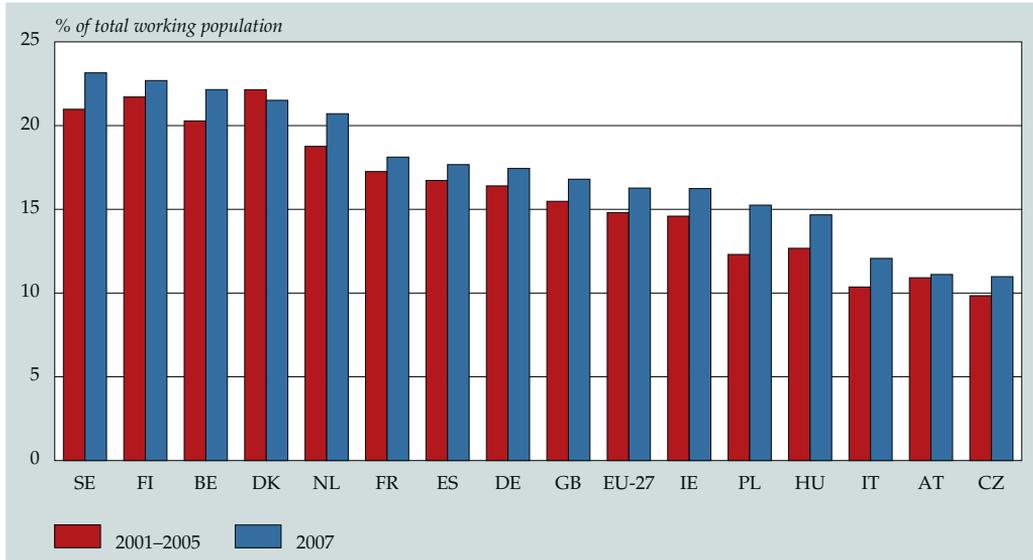
	Reference period	Most recent year	Number of reference countries, reference period	Number of reference countries, most recent year
Human resources in science and technology (HRST core)	2001–2005	2007	15	15
HRST core in services sector <sup>1)</sup>	2001–2005	2007	15	15
HRST core in manufacturing <sup>1)</sup>	2001–2005	2007	15	15
Tertiary education attainment aged 25 to 65 years	2001–2005	2006	20	20
Graduates in science and engineering	2001–2005	2006	20	20
Life-long learning <sup>2)</sup>	2001–2005	2007	15	15
Unit labour costs	2001–2005	2007	20	20
Performance of mathematics of 15-year old students*	2003	2006	20	20
Performance of science of 15-year old students*	2003	2006	20	20
Performance of reading of 15-year old students*	2003	2006	19	19
Employment rate of persons aged 25 to 65 years, primary education	2001–2005	2006	19	19
Employment rate of persons aged 25 to 65 years, secondary education	2001–2005	2006	20	20
Employment rate of persons aged 25 to 65 years, tertiary education	2001–2005	2006	20	20
Unemployment rate of persons aged 25 to 65 years, primary education	2001–2005	2006	19	19
Unemployment rate of persons aged 25 to 65 years, secondary education	2001–2005	2006	20	20
Unemployment rate of persons aged 25 to 65 years, tertiary education	2001–2005	2006	20	20

Note: Data marked with a \* are from the three-yearly PISA-survey of the OECD. 2003 is chosen as reference period. So there is no comparison with a previous year, because that would be the same as the reference period.

<sup>1)</sup> PL: 2004 and 2005 instead of 2001–2005.

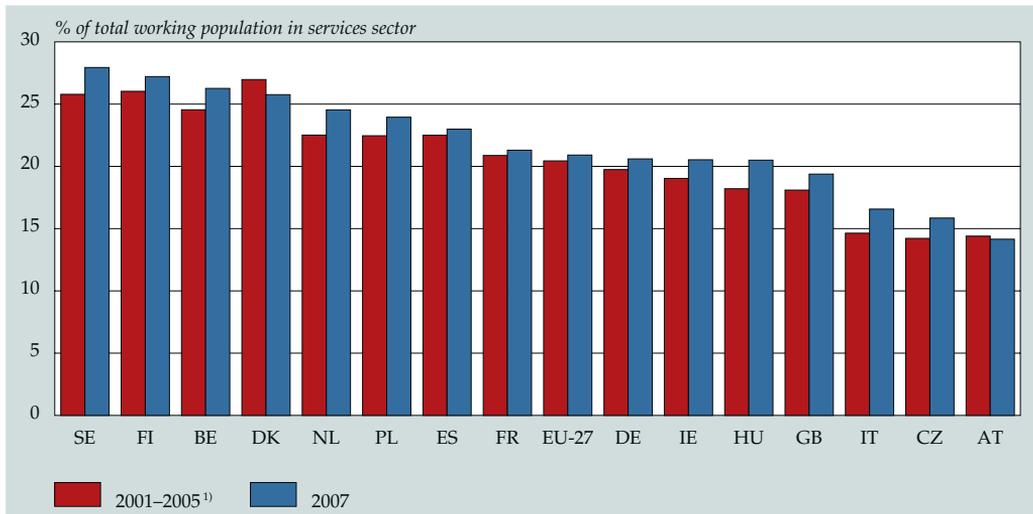
<sup>2)</sup> IE and CZ: 2002–2005 instead of 2001–2005.

### 3.1 HRST core



Source: Eurostat.

### 3.2 HRST core in services sector



<sup>1)</sup> PL and EU-27: 2004 and 2005 instead of 2001-2005.

Source: Eurostat.

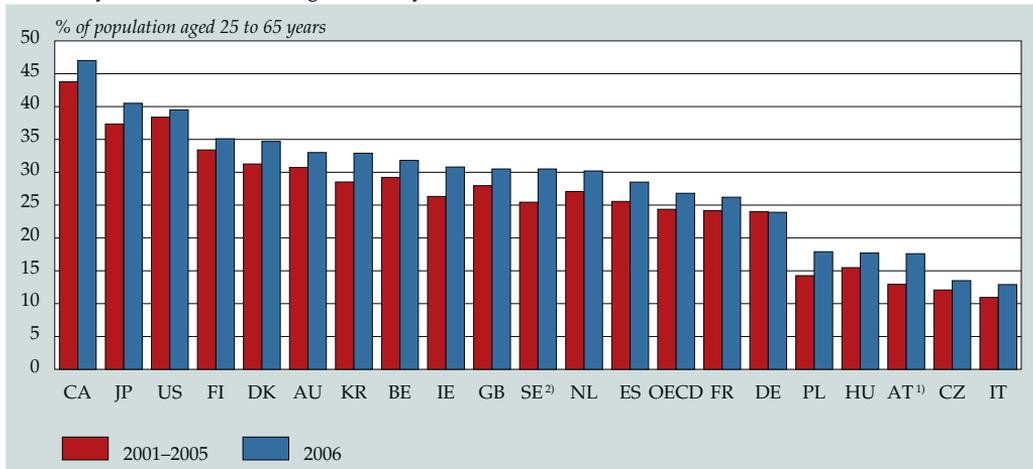
### 3.3 HRST core in manufacturing



<sup>1)</sup> PL and EU-27: 2004 and 2005 instead of 2001-2005.

Source: Eurostat.

### 3.4 Tertiary education attainment aged 25 to 65 years

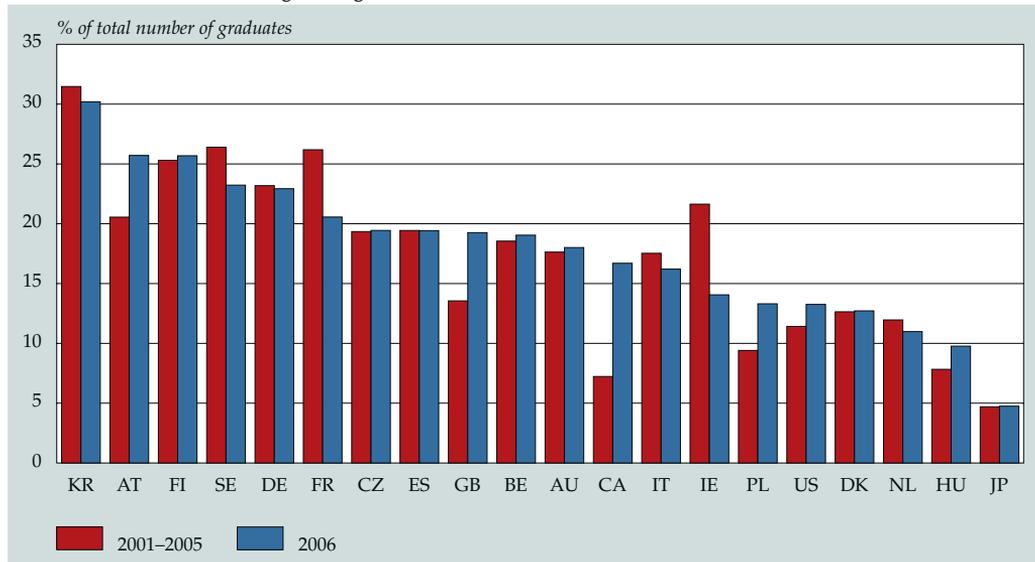


<sup>1)</sup> Break in series from 2003 to 2004 caused by modifications in the methodology of the survey.

<sup>2)</sup> 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.

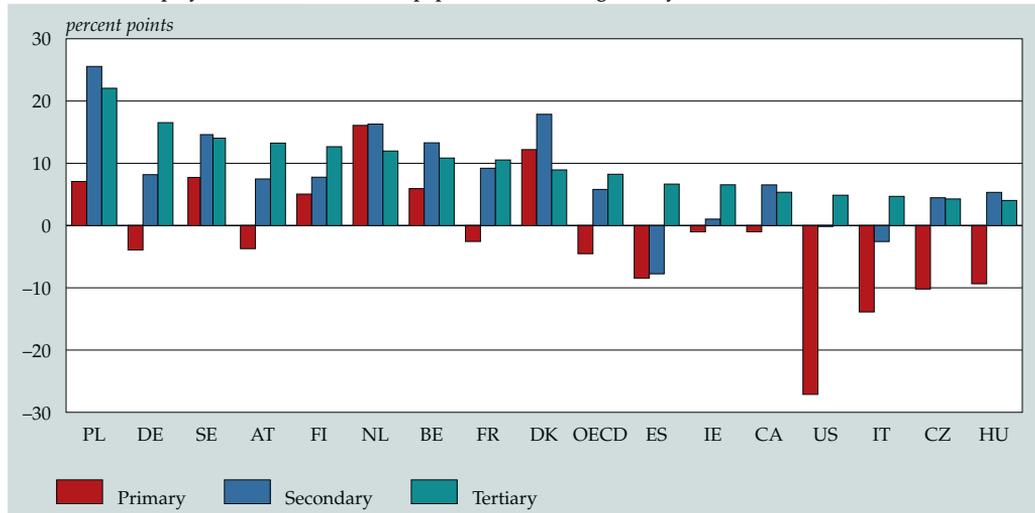
Source: OECD, Factbook 2009.

### 3.5 Graduates in science and engineering



Source: OECD, Education Database.

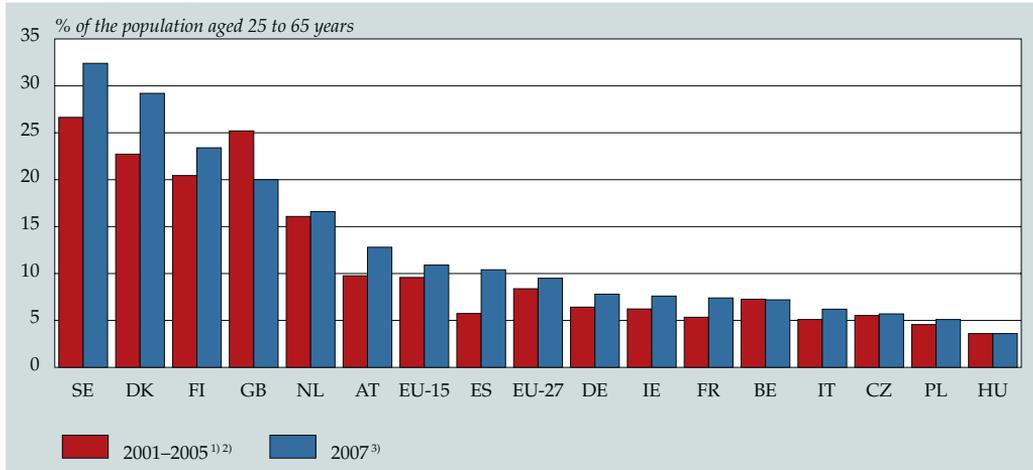
### 3.6 Balance of employment rate of native-born population and immigrants by educational attainment, 2006<sup>1)</sup>



<sup>1)</sup> Balance of employment rate is here: employment rate of native-born population -/- employment rate of immigrants.

Source: OECD, Factbook 2009.

### 3.7 Life-long learning



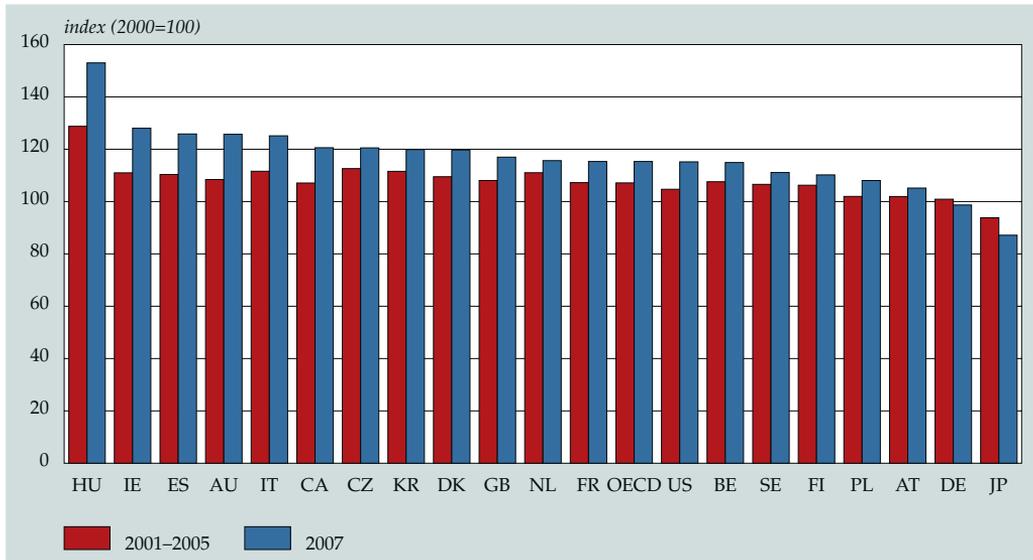
<sup>1)</sup> CZ and IE: 2002-2005 instead of 2001-2005.

<sup>2)</sup> Break in series. 2001: SE; 2003: AT, DK, FI, FR, GB, HU, IE, NL, SE; 2004: BE, IT, PL; 2005: ES.

<sup>3)</sup> Break in series: GB.

Source: Eurostat, Structural indicators.

### 3.8 Unit labour costs



Source: OECD, Economic Outlook No. 84.

**Table 3.3**  
**Performance of mathematics of 15-year old students**

	2003	2006
	<i>index (OECD-average = 500)<sup>1)</sup></i>	
Finland	544	548
South Korea	542	547
Netherlands	538	531
Canada	532	527
Japan	534	523
Belgium	529	520
Australia	524	520
Denmark	514	513
Czech Republic	516	510
Austria	506	505
Germany	503	504
Sweden	509	502
Ireland	503	501
OECD	500	500
France	511	496
United Kingdom	508	495
Poland	490	495
Hungary	490	491
Spain	485	480
United States	483	474
Italy	466	462

<sup>1)</sup> Average performance of 15-year old students on an average scale for OECD-countries (reference = 500).

Source: OECD, PISA 2006.

**Table 3.4**  
**Performance of science of 15-year old students**

	2003	2006
	<i>index (OECD-average = 500)<sup>1)</sup></i>	
Finland	548	563
Canada	519	534
Japan	548	531
Australia	525	527
Netherlands	524	525
South Korea	538	522
Germany	502	516
United Kingdom	518	515
Czech Republic	523	513
Austria	491	511
Belgium	509	510
Ireland	505	508
Hungary	503	504
Sweden	506	503
OECD	500	500
Poland	498	498
Denmark	475	496
France	511	495
United States	491	489
Spain	487	488
Italy	486	475

<sup>1)</sup> Average performance of 15-year old students on an average scale for OECD-countries (reference = 500).

Source: OECD, PISA 2006.

**Table 3.5**  
**Performance of reading of 15-year old students**

	2003	2006
	<i>index (OECD-average = 500)<sup>1)</sup></i>	
South Korea	534	556
Finland	543	547
Canada	530	527
Ireland	515	517
Australia	525	513
Poland	497	508
Sweden	514	507
Netherlands	513	507
Belgium	507	501
Japan	498	498
United Kingdom	507	495
United States	495	.
Germany	492	495
Denmark	492	494
OECD	494	492
Austria	490	490
France	496	488
Czech Republic	488	483
Hungary	482	482
Italy	476	469
Spain	481	461

<sup>1)</sup> Average performance of 15-year old students on an average scale for OECD-countries (reference = 500).

Source: OECD, PISA 2006.

**Table 3.6**  
**Employment rate of people aged 25 to 65 years, by educational attainment**

	2001–2005			2006		
	Primary education	Secondary education <sup>1)</sup>	Tertiary education <sup>2)</sup>	Primary education	Secondary education <sup>1)</sup>	Tertiary education <sup>2)</sup>
<i>% of the population by the level of education concerned</i>						
United Kingdom	65.74	81.38	87.90	66.33	80.75	88.12
Denmark	61.72	80.17	86.07	62.76	81.28	87.44
Sweden	67.51	81.42	86.38	66.91	81.93	87.27
Ireland	57.53	76.42	86.47	58.72	77.31	86.46
Netherlands	59.57	78.88	85.92	60.58	79.14	86.38
Austria <sup>3)</sup>	53.77	74.67	84.89	55.73	75.85	85.89
Czech Republic	44.29	75.62	86.69	43.94	75.55	85.07
Finland	57.77	74.62	84.73	58.41	75.59	85.02
OECD	57.88	75.11	84.18	58.42	75.85	84.44
Australia	60.89	78.64	83.50	63.47	80.39	84.35
Germany	50.62	70.13	83.10	53.77	72.53	84.34
Belgium	48.88	73.51	83.98	48.99	73.19	83.60
Poland	52.26	65.75	82.95	53.58	65.62	83.49
Spain	56.72	72.75	81.47	59.77	75.93	83.42
France	58.42	76.16	83.25	58.10	75.57	83.02
United States	57.37	73.84	82.84	57.96	73.35	82.74
Canada	55.91	76.13	82.04	56.91	76.03	82.62
Hongary	37.15	71.28	82.63	38.19	70.38	81.81
Italy	50.81	72.76	81.50	52.45	74.39	80.60
Japan	13.50	72.48	79.38	.	73.14	79.80
South Korea	67.00	69.91	76.32	66.15	70.34	77.24

<sup>1)</sup> Graduated comparable with HAVO, VWO or MBO (types of education in the Netherlands).

<sup>2)</sup> Graduated comparable with HBO or university (types of education in the Netherlands).

<sup>3)</sup> From 2003 to 2004 onward change of methodology.

Source: OECD, Education at a Glance 2008.

Table 3.7

## Unemployment rate of people aged 25 to 65 years, by educational attainment

	2001–2005			2006		
	Primary education	Secondary education <sup>1)</sup>	Tertiary education <sup>2)</sup>	Primary education	Secondary education <sup>1)</sup>	Tertiary education <sup>2)</sup>
<i>% of the population by the level of education concerned</i>						
Hungary	10.9	4.9	1.7	14.8	6.1	2.2
Czech Republic	20.7	6.1	2.0	22.3	5.5	2.2
Ireland	5.9	2.9	2.1	5.7	3.2	2.2
United Kingdom	5.5	3.4	2.2	5.7	4.0	2.2
Netherlands	4.4	2.9	2.3	4.8	3.5	2.3
Australia	6.9	4.1	2.9	5.6	3.8	2.3
Austria	7.5	3.5	2.2	7.9	3.7	2.5
United States	9.5	5.3	2.9	8.3	4.6	2.5
South Korea	2.6	3.4	3.1	2.6	3.5	2.9
Japan	.	5.2	3.5	.	4.6	3.0
Denmark	6.8	4.1	4.0	5.5	2.7	3.2
OECD	9.6	5.8	3.8	9.6	5.4	3.5
Belgium	10.7	6.4	3.5	12.3	6.7	3.7
Finland	11.4	8.3	4.4	10.1	7.0	3.7
Canada	10.5	6.3	4.9	9.3	5.6	4.1
Sweden	6.6	5.2	3.7	7.3	5.1	4.2
Germany	17.5	9.9	5.0	19.9	9.9	4.8
Italy	8.6	5.9	5.4	6.9	4.6	4.8
Poland	21.7	13.9	6.1	16.5	10.6	5.0
France	11.2	6.7	5.3	11.0	6.6	5.1
Spain	10.6	8.8	7.1	9.0	6.9	5.5

<sup>1)</sup> Graduated comparable with HAVO, VWO or MBO (types of education in the Netherlands).

<sup>2)</sup> Graduated comparable with HBO or university (types of education in the Netherlands).

Source: OECD, Education at a glance 2008.

**Table 3.8**  
**Employment rate of native-born population and immigrants by educational attainment, 2006**

	Native-born population			Immigrants		
	Primary	Secondary	Tertiary	Primary	Secondary	Tertiary
	<i>% of total population</i>					
Ireland	48.9	73.7	86.8	49.9	72.7	80.2
Czech Republic	22.9	72.0	84.0	33.1	67.5	79.8
Denmark	61.5	81.0	87.8	49.3	63.2	78.9
United States	35.2	71.7	83.7	62.3	71.6	78.8
Canada	50.6	75.5	82.7	51.6	68.9	77.4
Hungary	27.5	65.2	81.3	36.9	59.8	77.3
OECD	44.9	70.3	84.4	49.4	64.5	76.1
Spain	55.3	65.9	81.9	63.8	73.6	75.3
Netherlands	60.7	80.5	87.2	44.6	64.2	75.2
Austria	47.7	75.6	88.0	51.4	68.2	74.8
Sweden	54.7	81.1	88.3	47.0	66.5	74.3
Italy	45.1	67.6	78.6	59.0	70.2	73.9
Finland	47.4	73.6	85.6	42.4	65.8	72.9
Belgium	41.1	66.6	83.7	35.2	53.3	72.9
Germany	43.0	72.4	87.8	47.0	64.3	71.3
France	46.5	69.8	79.3	49.1	60.6	68.8
Poland	23.3	58.4	81.9	16.3	32.9	59.9

Source: OECD, Factbook 2009.

# Annex 4: Innovation

**Table 4.1**  
Development of the investment climate; innovation (summary)

	Development compared to the reference period		Development compared to the previous year	
	Indicator	Reference <sup>1)</sup>	Indicator	Reference <sup>1)</sup>
Business enterprise expenditure on R&D (BERD)	improved	deteriorated	improved	improved
BERD in manufacturing	improved	deteriorated	improved	unchanged
BERD in services sector	improved	unchanged	improved	unchanged
BERD financed from abroad	improved	unchanged		
Innovative enterprises, manufacturing *	improved	unchanged		
Innovative enterprises, services sector *	improved	improved		
Employment in medium- and high-tech manufacturing	deteriorated	unchanged	improved	unchanged
Employment in high-tech services sector	improved	improved	improved	improved
Innovative enterprises with co-operation arrangements on innovation activities *				
– in manufacturing	deteriorated	deteriorated		
– in services sector	deteriorated	improved		
– with universities in manufacturing	improved	deteriorated		
– with universities in services sector	deteriorated	deteriorated		
– with public research institutes in manufacturing	improved	deteriorated		
– with public research institutes in services sector	deteriorated	deteriorated		
Patent applications to the European Patent Office (EPO)	deteriorated	unchanged	improved	unchanged
Triadic patent applications	deteriorated	deteriorated	deteriorated	unchanged
High-tech patent applications to the European Patent Office (EPO)	deteriorated	unchanged	improved	improved
Turnover of new or significantly improved products *				
– in manufacturing	improved	unchanged		
– in services sector	improved	improved		
Non-technological innovators: in marketing and/or organisation <sup>2)</sup>				

Note: Data marked with an \* are from the innovation surveys of 2004 and 2006. 2004 is the reference period. So there is no comparison with a previous year, because that would be the same as the reference period.

<sup>1)</sup> Position of the Netherlands (NL) within the group of reference countries.

<sup>2)</sup> A comparison is not made due to a too small number of countries with data available.

**Table 4.2**  
**Development of the investment climate; innovation (metadata)**

	Reference period	Most recent year	Number of reference countries, reference period	Number of reference countries, most recent year
Business enterprise expenditure on R&D (BERD) <sup>1)</sup>	2001–2005	2007	20	20
BERD in manufacturing <sup>2)</sup>	2001–2005	2006	15	15
BERD in services sector <sup>2)</sup>	2001–2005	2006	15	15
BERD financed from abroad <sup>3)</sup>	2001–2005	2006	19	
Innovative enterprises, manufacturing *	2004	2006	15	
Innovative enterprises, services sector *	2004	2006	14	
Employment in medium- and high-tech manufacturing <sup>4)</sup>	2001–2005	2007	15	15
Employment in high-tech services sector <sup>4)</sup>	2001–2005	2007	15	15
Innovative enterprises with co-operation arrangements on innovation activities *				
– in manufacturing	2004	2006	15	
– in services sector	2004	2006	14	
– with universities in manufacturing	2004	2006	13	
– with universities in services sector	2004	2006	11	
– with public research institutes in manufacturing	2004	2006	12	
– with public research institutes in services sector	2004	2006	11	
Patent applications to the European Patent Office (EPO)	2001–2003	2004	20	20
Triadic patent applications	2001–2005	2006	20	20
High-tech patent applications to the European Patent Organisation (EPO)	2001–2003	2004	20	20
Turnover of new or significantly improved products *				
– in manufacturing	2004	2006	14	
– in services sector	2004	2006	13	
Non-technological innovators: in marketing and/or organisation *	2004	2006	7	

Note: Data marked with an \* are from the innovation surveys of 2004 and 2006. 2004 is the reference period. So there is no comparison with a previous year, because that would be the same as the reference period.

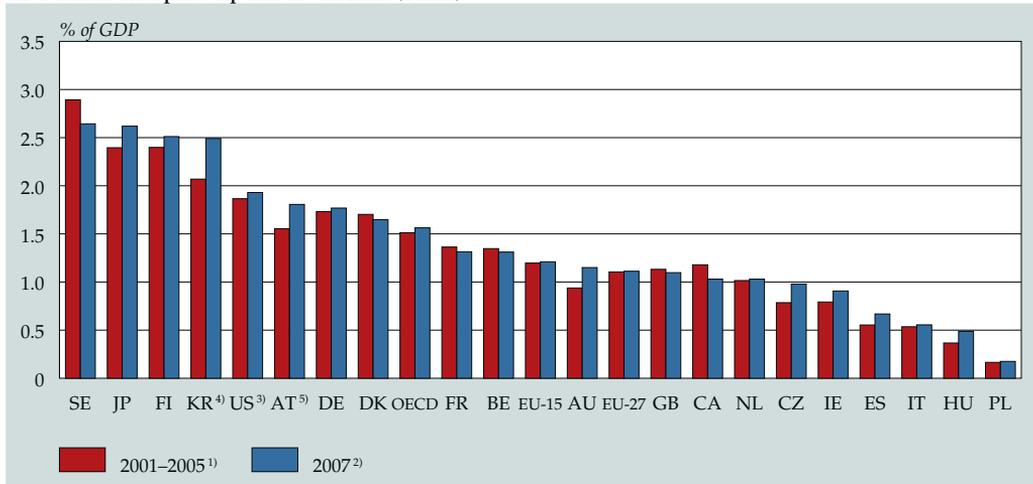
<sup>1)</sup> JP, KR, GB, AU, ES and PL: 2006 instead of 2007. AT: 2002, 2004 en 2005 instead of 2001–2005.

<sup>2)</sup> Instead of reference period 2001–2005: AT: 2002 and 2004; IT: 2001, 2002, 2004 and 2005; SE: 2001, 2003 and 2005. IE and SE: 2005 instead of 2006.

<sup>3)</sup> Instead of reference period 2001–2005: DK and SE: 2001, 2003 and 2005; NL: 2001, 2002, 2003 and 2005; AT: 2002 and 2004. DK, NL and SE: 2005 instead of 2006.

<sup>4)</sup> PL: 2004–2005 instead of 2001–2005.

#### 4.1 Business enterprise expenditure on R&D (BERD)



<sup>1)</sup> FR (2004), ES (2002) and SE (2005) modifications in the method of measurement, therefore figures may not be completely comparable with previous years.

<sup>2)</sup> JP, KR, OECD, GB, AU, ES preliminary figures and PL: 2006 instead of 2007.

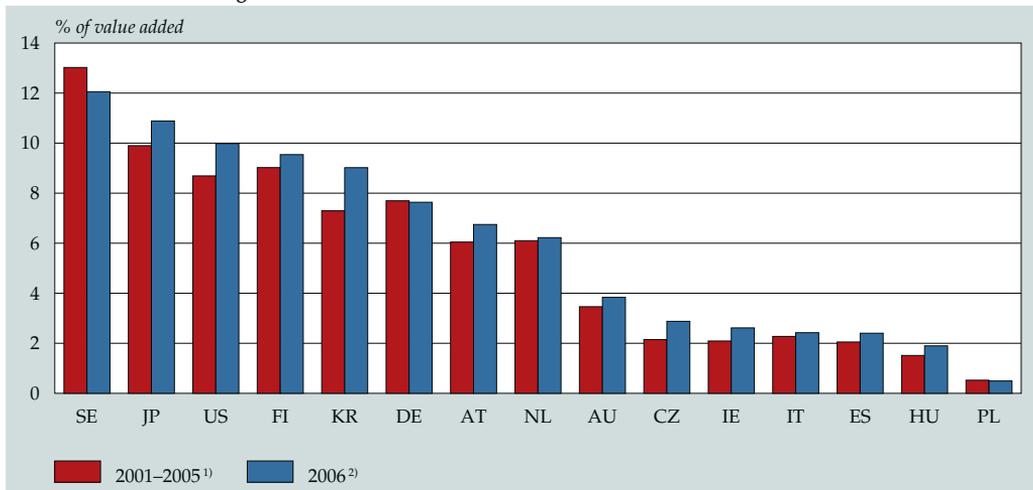
<sup>3)</sup> US: excluding expenditures on capital.

<sup>4)</sup> KR: excluding R&D in social sciences, humanities and classics.

<sup>5)</sup> AT: 2002, 2004 and 2005 instead of 2001-2005.

Source: OECD, Main Science and Technology Indicators, 2008-2; Statistics Netherlands.

#### 4.2 BERD in manufacturing

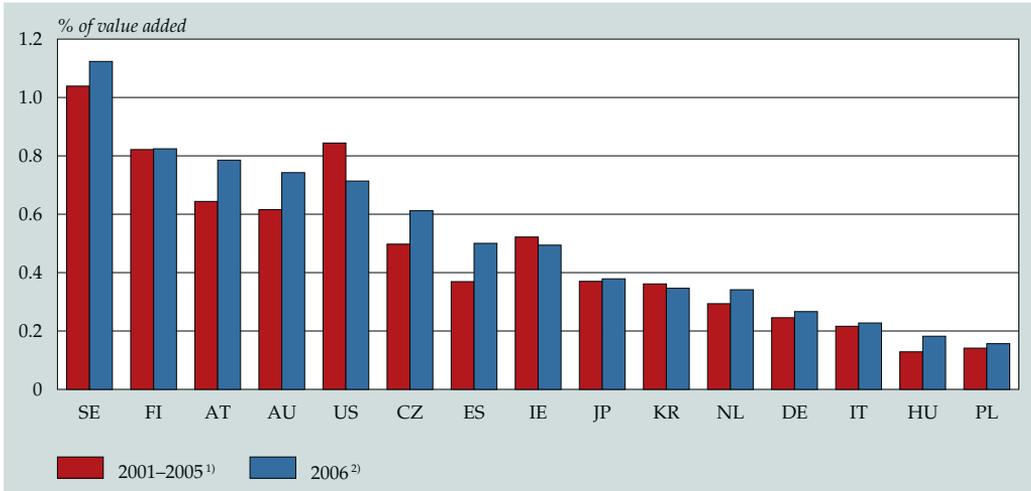


<sup>1)</sup> AT: 2002 and 2004; IT: 2001, 2002, 2004 and 2005; SE: 2001, 2003 and 2005.

<sup>2)</sup> IE and SE: 2005 instead of 2006.

Source: OECD.

#### 4.3 BERD in services sector

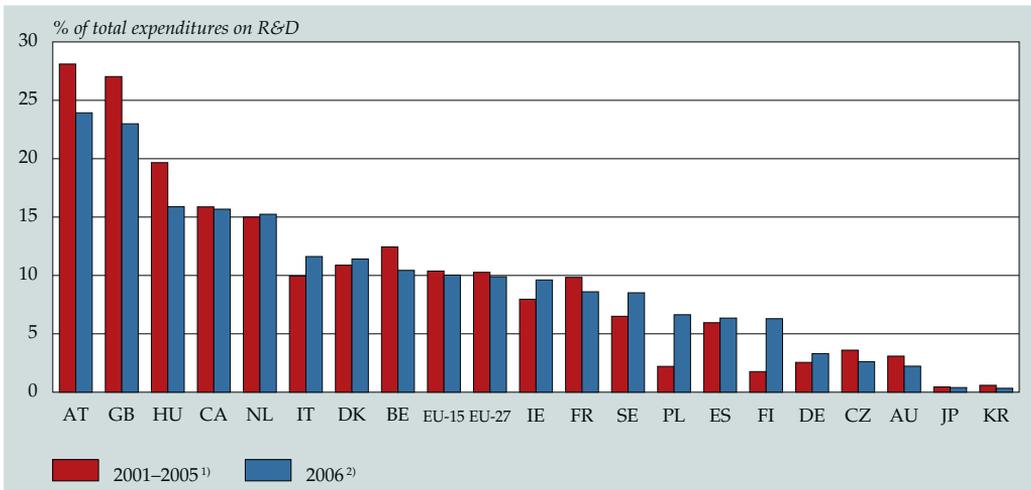


<sup>1)</sup> AT: 2002 and 2004; IT: 2001, 2002, 2004 and 2005; SE: 2001, 2003 and 2005.

<sup>2)</sup> IE and SE: 2005 instead of 2006.

Source: OECD.

#### 4.4 BERD financed from abroad

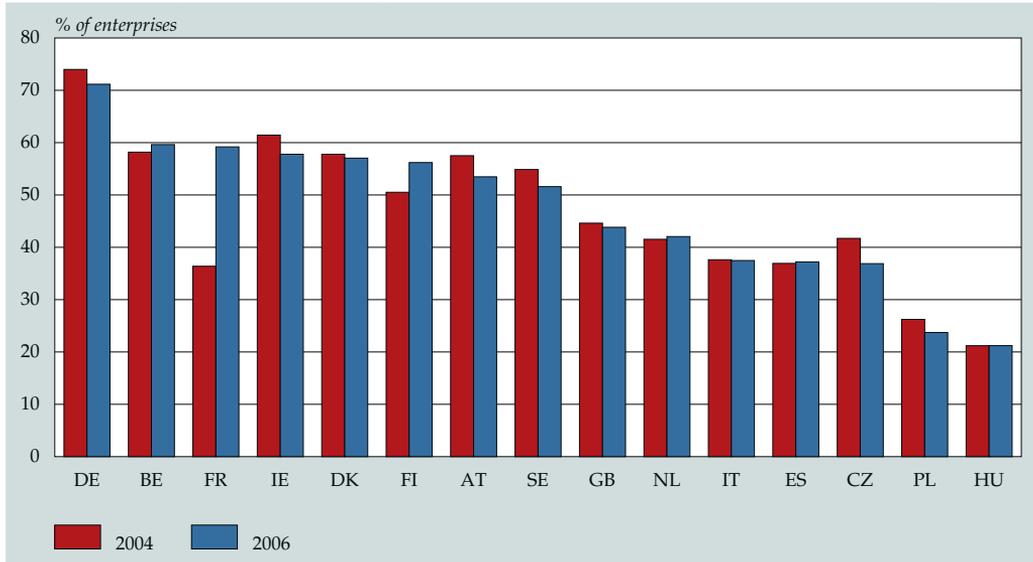


<sup>1)</sup> DK and SE: 2001, 2003 and 2005; NL: 2001, 2002, 2003 and 2005; AT: 2002 and 2004.

<sup>2)</sup> DK, NL and SE: 2005 instead of 2006. BE, CA, FR and IE: preliminary figure.

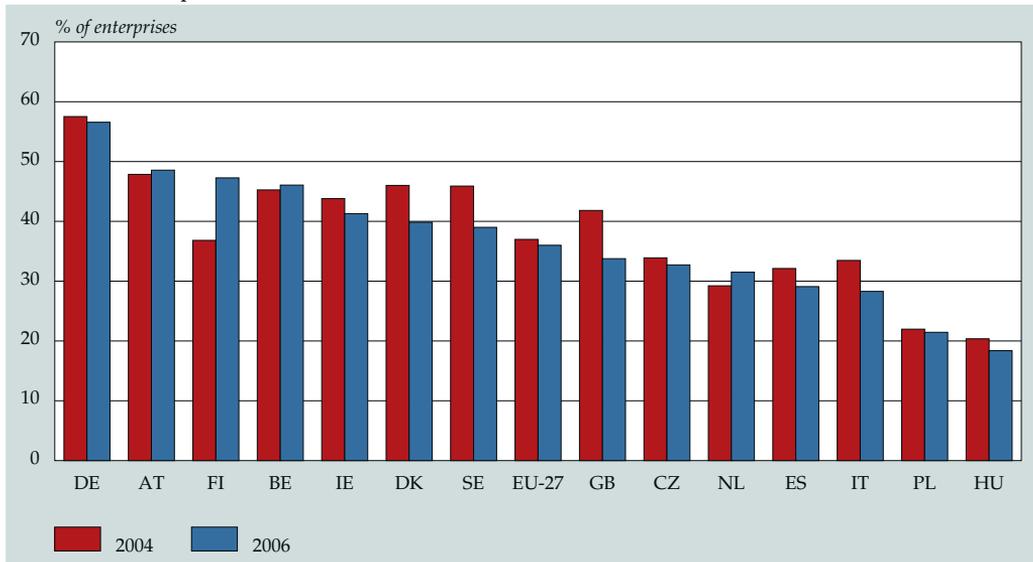
Source: OECD, Main Science and Technology Indicators 2008-2; Statistics Netherlands.

#### 4.5 Innovative enterprises in manufacturing



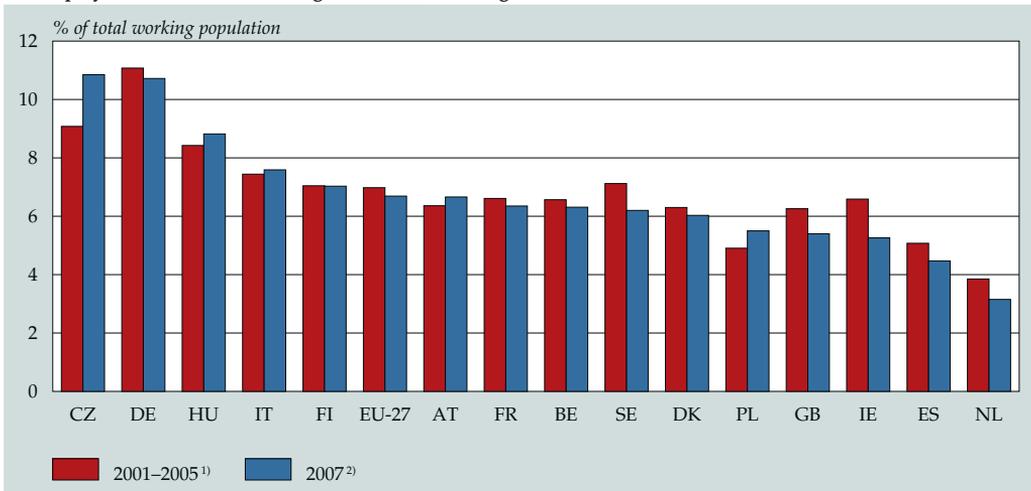
Source: Eurostat (CIS-4 and CIS-2006).

#### 4.6 Innovative enterprises in services sector



Source: Eurostat (CIS-4 and CIS-2006).

#### 4.7 Employment in medium- and high-tech manufacturing

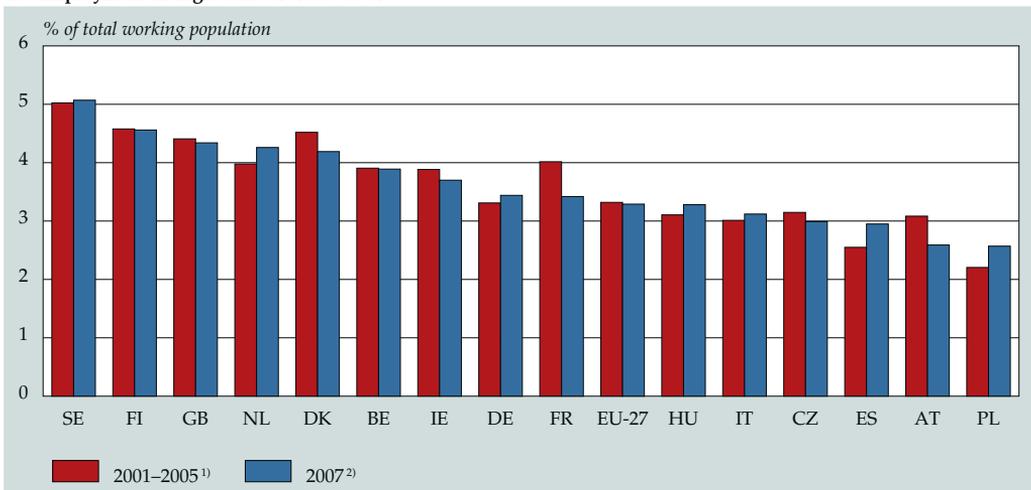


<sup>1)</sup> PL: 2004-2005 instead of 2001-2005.

<sup>2)</sup> In 2006 modification of the method of measurement for most countries.

Source: Eurostat, Science and Technology Indicators.

#### 4.8 Employment in high-tech services sector



<sup>1)</sup> PL: 2004-2005 instead of 2001-2005.

<sup>2)</sup> In 2006 modification of the method of measurement for most countries.

Source: Eurostat, Science and Technology Indicators.

#### 4.9 Innovative enterprises with co-operation arrangements on innovation activities in manufacturing



Source: Eurostat (CIS-4 and CIS-2006).

#### 4.10 Innovative enterprises with co-operation arrangements on innovation activities in services sector



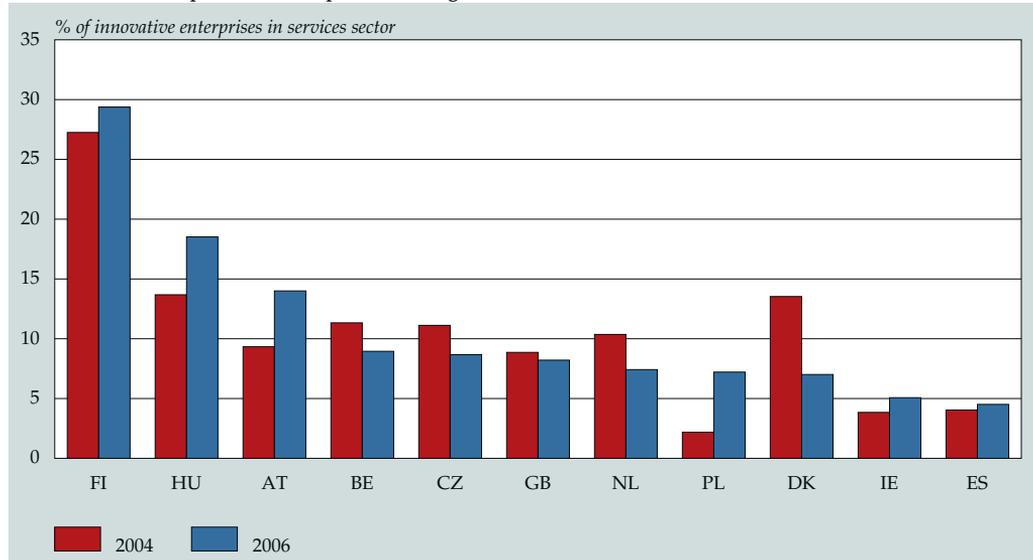
Source: Eurostat (CIS-4 and CIS-2006).

**4.11 Innovative enterprises with co-operation arrangements on innovation activities with universities in manufacturing**



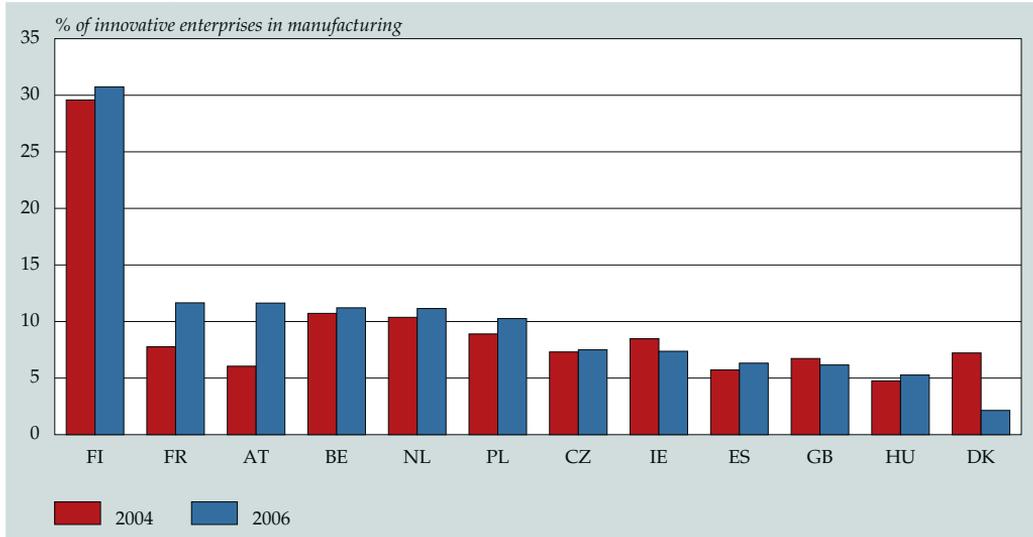
Source: Eurostat (CIS-4 and CIS-2006).

**4.12 Innovative enterprises with co-operation arrangements on innovation activities with universities in services sector**



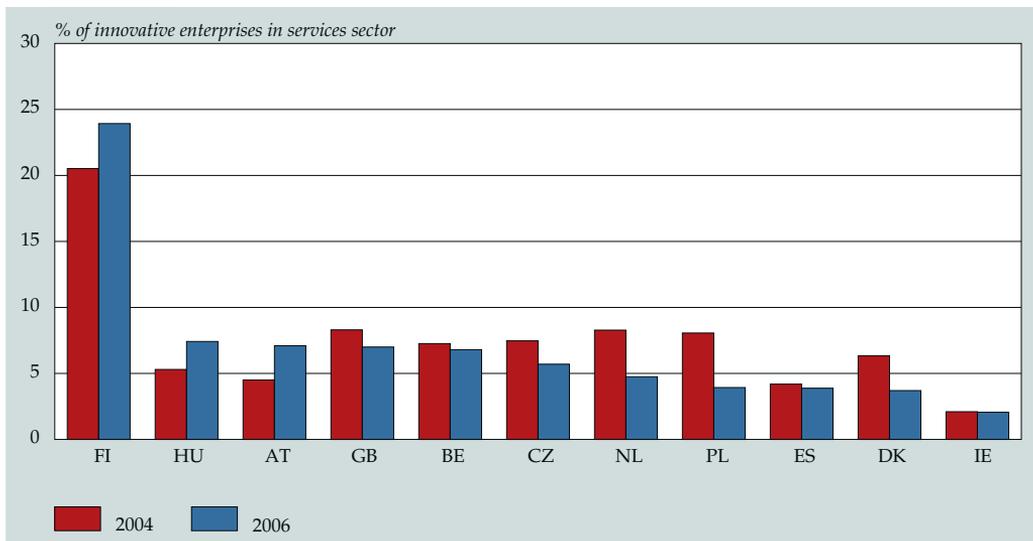
Source: Eurostat (CIS-4 and CIS-2006).

**4.13 Innovative enterprises with co-operation arrangements on innovation activities with public research institutes in manufacturing**



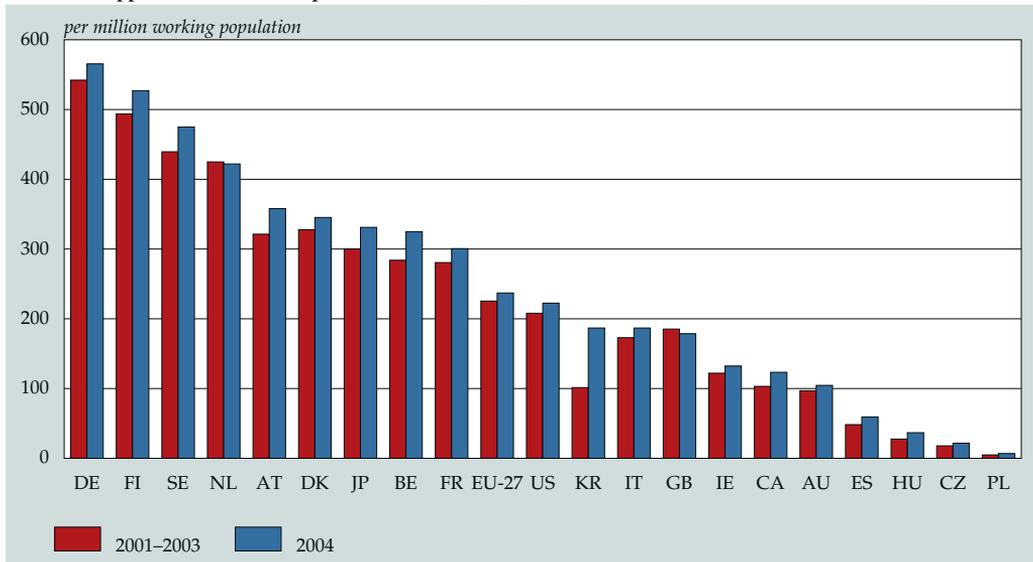
Source: Eurostat (CIS-4 and CIS-2006).

**4.14 Innovative enterprises with co-operation arrangements on innovation activities with public research institutes in services sector**



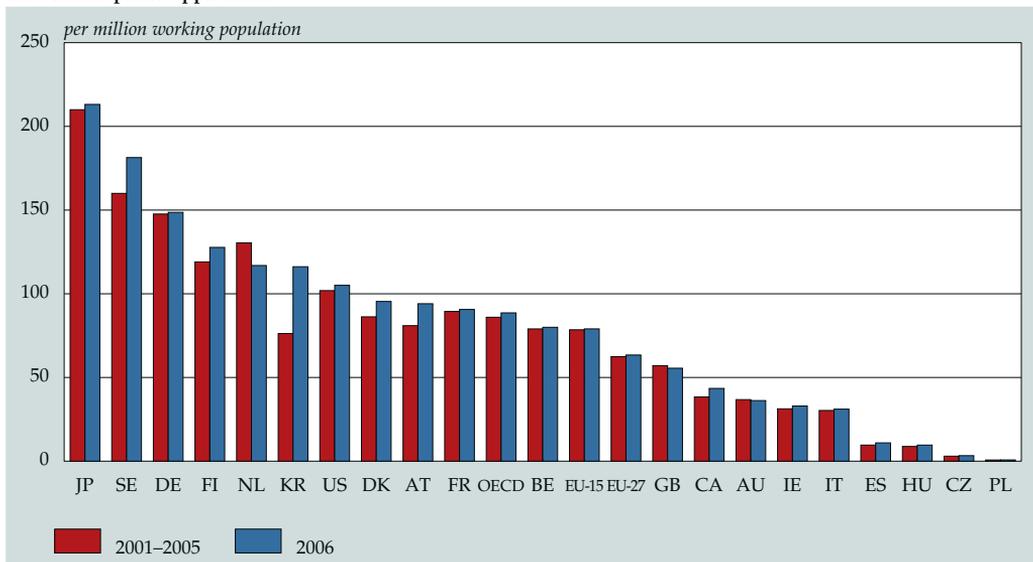
Source: Eurostat (CIS-4 and CIS-2006).

#### 4.15 Patent applications to the European Patent Office (EPO)



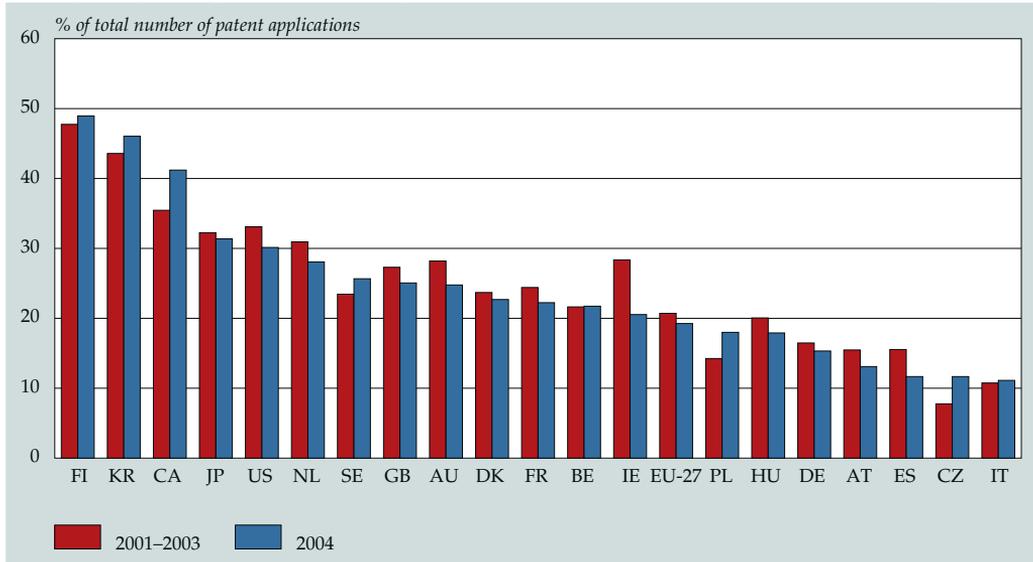
Source: Eurostat.

#### 4.16 Triadic patent applications



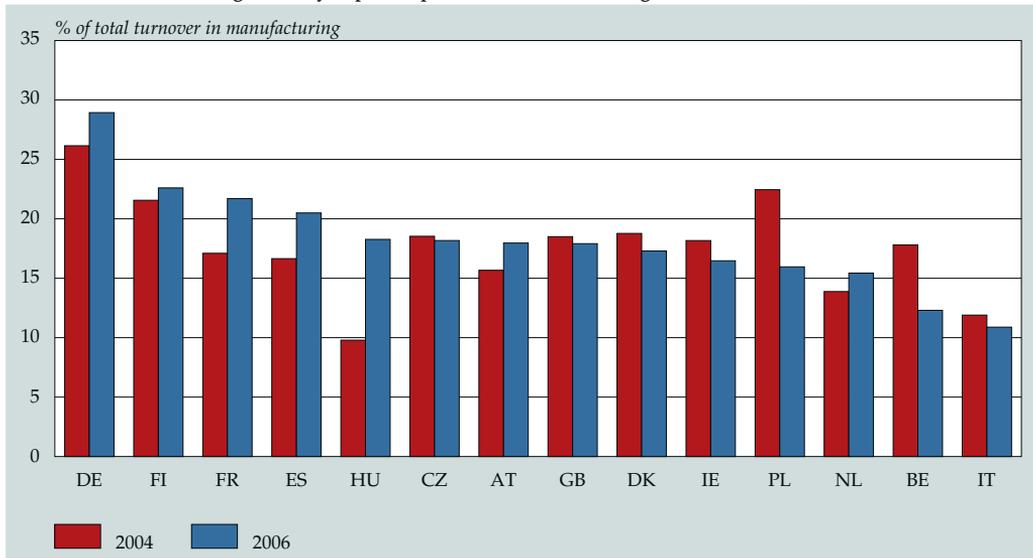
Source: OECD, Main Science and Technology Indicators 2008-2.

#### 4.17 High-tech patent applications to the European Patent Office (EPO)



Source: Eurostat.

#### 4.18 Turnover of new or significantly improved products in manufacturing



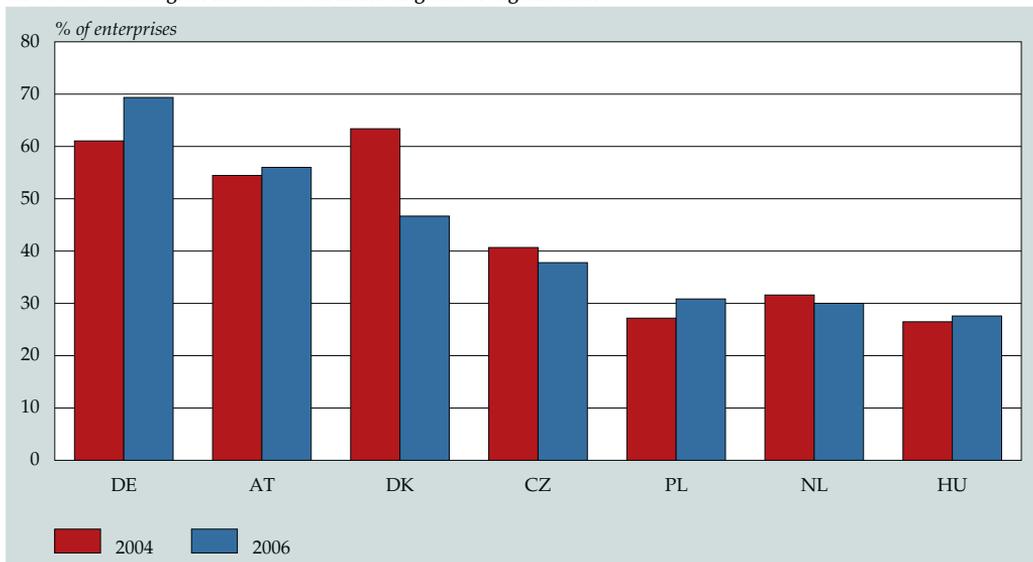
Source: Eurostat (CIS-4 and CIS-2006).

#### 4.19 Turnover of new or significantly improved products in services sector



Source: Eurostat (CIS-4 and CIS-2006).

#### 4.20 Non-technological innovators: in marketing and/or organisation



Source: Eurostat.

# Annex 5: Capital

**Table 5.1**  
Development of the investment climate; capital (summary)

	Development compared to the reference period		Development compared to the previous year	
	Indicator	Reference <sup>1)</sup>	Indicator	Reference <sup>1)</sup>
Investment quote business sector	improved	deteriorated	improved	unchanged
ICT investments <sup>2)</sup>	improved	improved		
ICT investments on software <sup>2)</sup>	improved	deteriorated		
Venture capital investments	deteriorated	deteriorated	improved	improved
Venture capital investments, early phase	improved	improved	improved	improved
Foreign direct investment:				
inward	improved	improved	improved	improved
outward	deteriorated	deteriorated	deteriorated	deteriorated
cumulative, balance (inward -/- outward) <sup>3)</sup>				

<sup>1)</sup> Position of the Netherlands (NL) within the group of reference countries.

<sup>2)</sup> No score, because the previous year is unavailable for the Netherlands.

<sup>3)</sup> No score, because it is not clear what 'improved' or 'deteriorated' means.

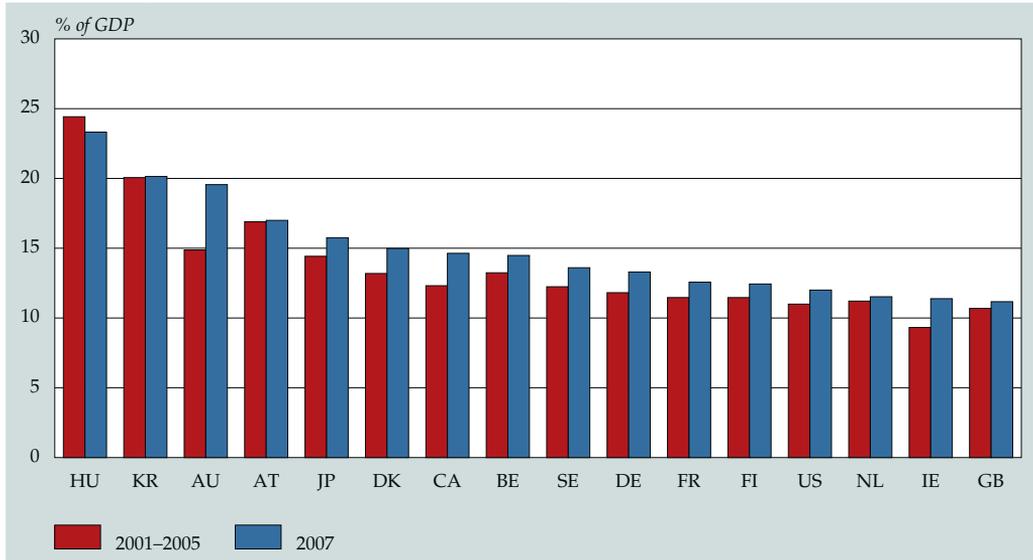
**Table 5.2**  
Development of the investment climate; capital (metadata)

	Reference period	Most recent year	Number of reference countries, reference period	Number of reference countries, most recent year
Investment quote business sector	2001–2005	2007	16	16
ICT investments <sup>1)</sup>	2001–2005	2006	17	17
ICT investments in software <sup>2)</sup>	2001–2005	2007	17	17
Venture capital investments	2001–2005	2007	16	16
Venture capital investments, early phase	2001–2005	2007	16	16
Foreign direct investment:				
inward	2001–2005	2007	20	20
outward	2001–2006	2008	20	20
cumulative, balance (inward -/- outward)	2001	2006	19	19

<sup>1)</sup> AU, AT, DK, FI, KR, NL and GB: 2005 instead of 2006. BE: 2004 instead of 2006.

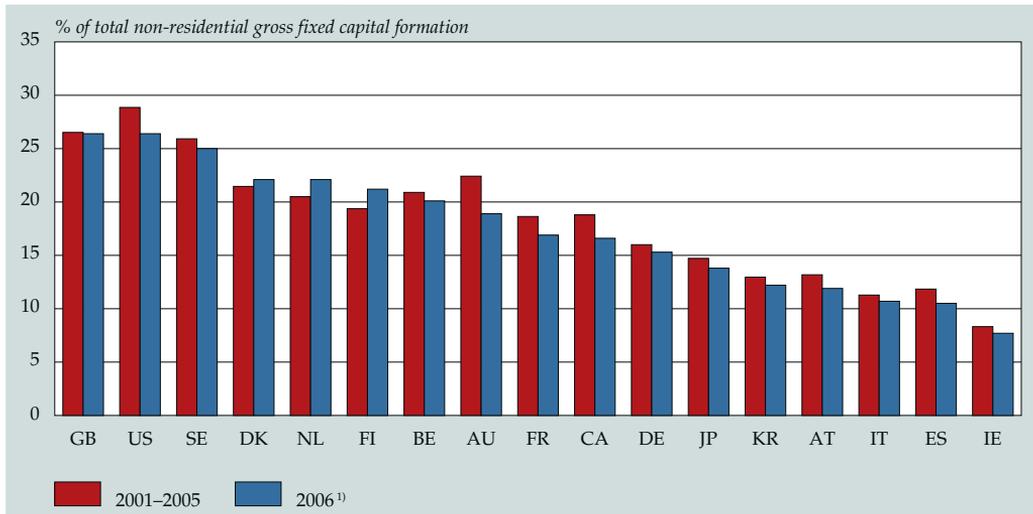
<sup>2)</sup> AU, AT, DK, FI, KR, NL and GB: 2005 instead of 2007. BE: 2004 instead of 2007.

### 5.1 Investment quote business sector



Source: OECD, Economic Outlook No. 84.

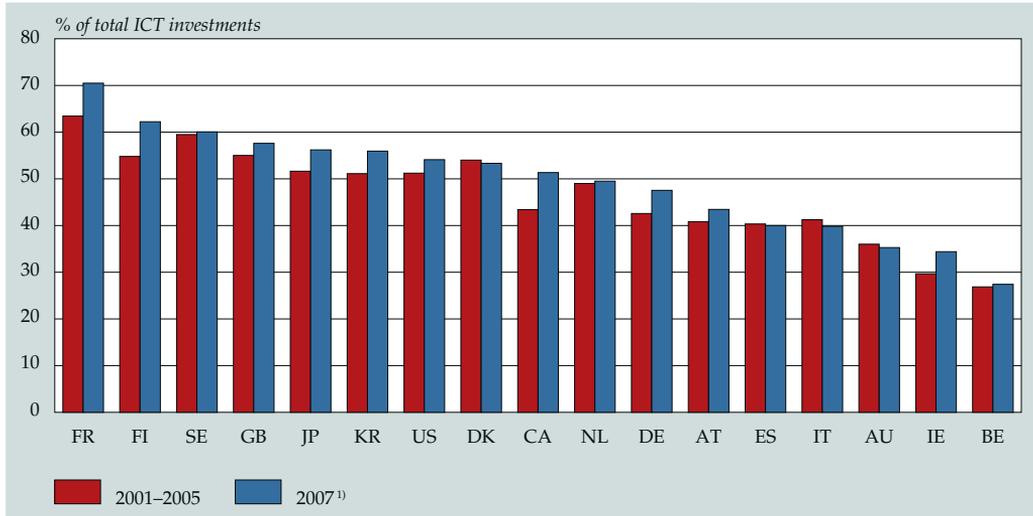
### 5.2 ICT investments



<sup>1)</sup> AU, AT, DK, FI, KR, NL and GB: 2005 instead of 2006. BE: 2004 instead of 2006.

Source: OECD, Factbook 2009; OECD, Productivity database; EU-Klems.

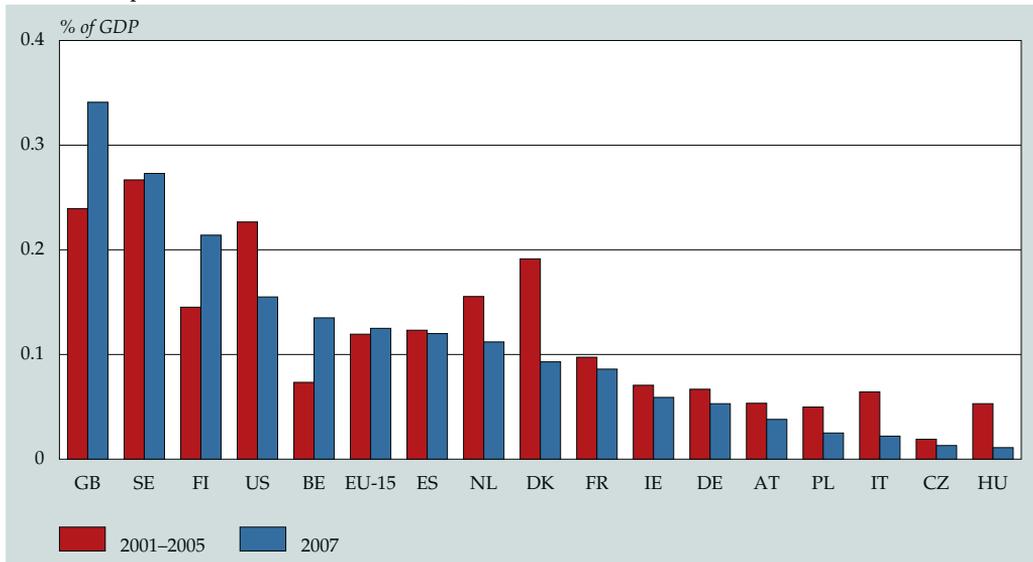
### 5.3 ICT investments in software



<sup>1)</sup> AU, AT, DK, FI, KR, NL and GB: 2005 instead of 2007. BE: 2004 instead of 2007.

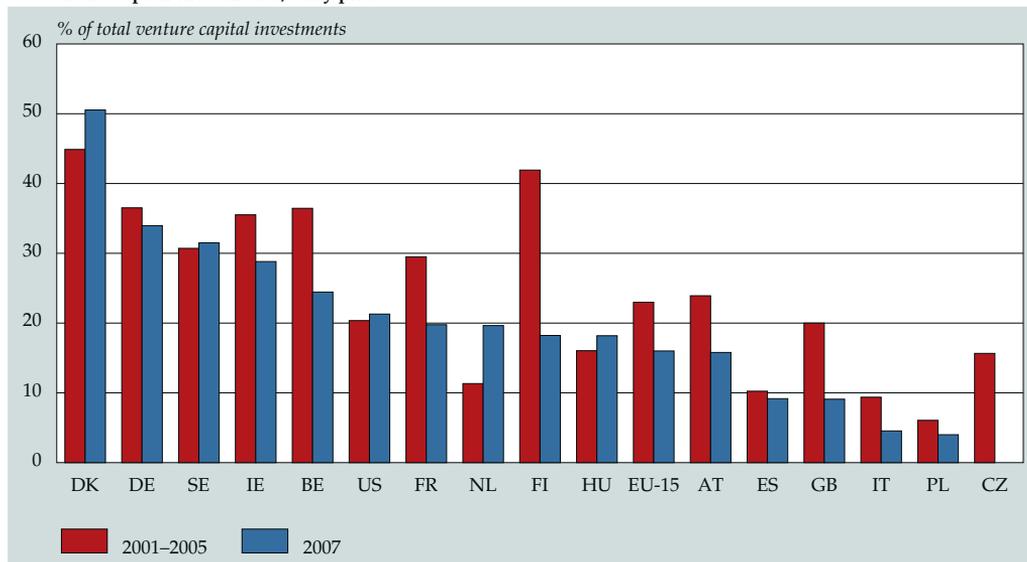
Source: OECD, Factbook 2009; OECD, Productivity database; EU-Klems.

### 5.4 Venture capital investments



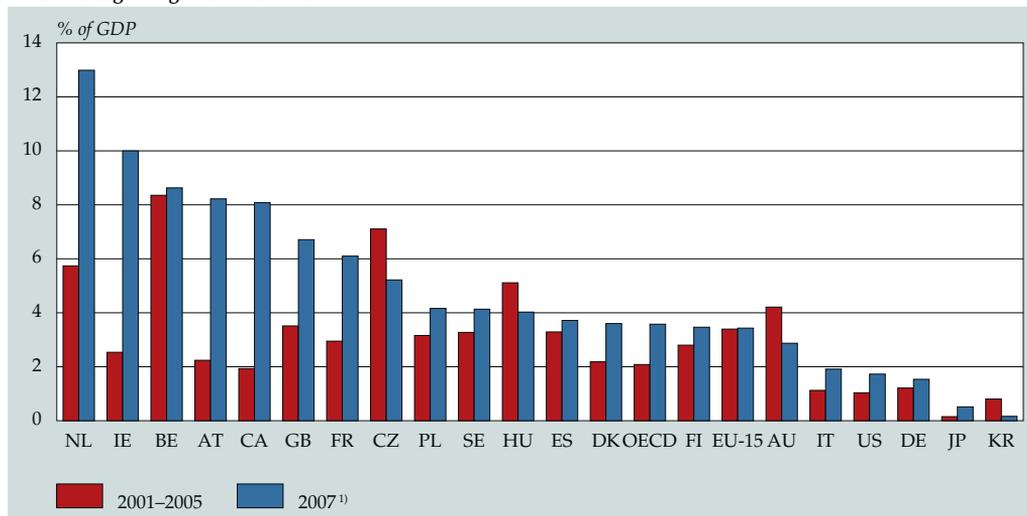
Source: Eurostat, Structural Indicators.

### 5.5 Venture capital investments, early phase



Source: Eurostat, Structural Indicators.

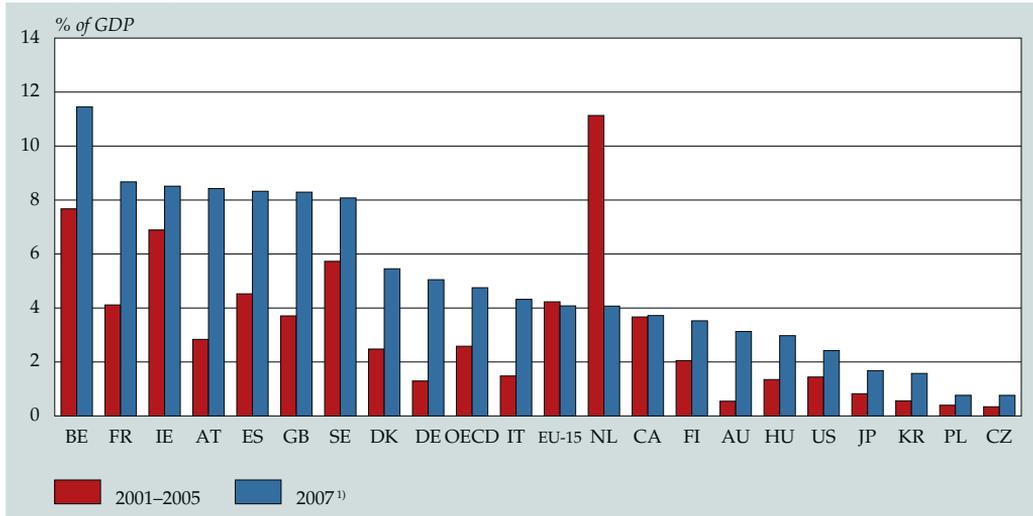
### 5.6 Incoming foreign direct investments



<sup>1)</sup> EU-15: 2006 instead of 2007.

Source: OECD, Factbook 2009; World Bank.

### 5.7 Outgoing foreign direct investments



<sup>1)</sup> EU-15: 2006 instead of 2007.

Source: OECD, Factbook 2009; World Bank.

**Table 5.3**  
**Cumulative foreign direct investment**

	2001			2006				
	Inward	Outward	Balance <sup>2)</sup>		Inward	Outward	Balance <sup>2)</sup>	
	<i>billion US-dollar<sup>1)</sup></i>			<i>% of GDP<sup>3)</sup></i>	<i>billion US-dollar<sup>1)</sup></i>			<i>% of GDP<sup>3)</sup></i>
Australia	112	110	-2	-0.6	250	227	-22	-3.1
Canada	214	251	37	5.2	377	455	78	6.1
Denmark	75	78	3	1.8	135	149	14	5.0
Germany	417	551	134	7.1	750	1,025	275	9.4
Finland	24	52	28	22.5	68	95	27	12.7
France	295	509	214	15.9	771	1,055	283	12.5
Hungary	27	2	-26	-48.4	82	12	-69	-61.4
Ireland	134	41	-93	-89.1	157	123	-33	-15.2
Italy	113	182	69	6.2	295	379	84	4.5
Japan	50	300	250	6.1	108	450	342	7.8
Netherlands	283	332	49	12.3	502	719	217	32.3
Austria	34	29	-6	-3.0	84	83	-1	-0.2
Poland	41	1	-40	-21.0	126	14	-111	-32.6
Spain	177	192	14	2.4	443	517	74	6.0
Czech Republic	27	1	-26	-42.0	80	5	-75	-52.6
United Kingdom	507	870	363	25.1	1,132	1,442	310	12.9
United States	1,518	1,693	175	1.7	2,152	2,936	784	6.0
South Korea	53	20	-33	-6.9	119	49	-70	-7.9
Sweden	92	123	31	13.9	226	262	36	9.1
OECD	5,195	5,724	529	2.2	9,731	10,877	1 146	3.3

<sup>1)</sup> Amounts are converted to US-dollar by means of the average exchange rate.

<sup>2)</sup> Outward -/- inward.

<sup>3)</sup> GDP is GDP World Bank (current US-dollar).

Source: OECD; World Bank.

# Annex 6: Entrepreneurship

**Table 6.1**  
Development of the investment climate; entrepreneurship (summary)

	Development compared to the reference period		Development compared to the previous year	
	Indicator	Reference <sup>1)</sup>	Indicator	Reference <sup>1)</sup>
Business ownership rate	improved	improved	improved	unchanged
Self-employment rate of women	improved	improved	unchanged	unchanged
Self-employment rate of men	improved	improved	unchanged	unchanged
TEA index	improved	improved	deteriorated	deteriorated
Size of enterprise at birth	improved	unchanged	unchanged	unchanged
Gross birth rate of enterprises	improved	improved	improved	improved
Gross exit rate of enterprises	unchanged	deteriorated	deteriorated	deteriorated
Business survival rate <sup>2)</sup>				
Firm turbulence	improved	improved	improved	improved
Fast-growing enterprises	deteriorated	unchanged	deteriorated	deteriorated
Propensity towards entrepreneurship*	improved	unchanged		

Note: For data with a \* no previous year is available. Therefore, comparisons with the previous year could not be made.

<sup>1)</sup> Position of the Netherlands (NL) within the group of reference countries.

<sup>2)</sup> No comparison possible, due to lack of data.

**Table 6.2**  
**Development of the investment climate; entrepreneurship (metadata)**

	Reference period	Most recent year	Number of reference countries, reference period	Number of reference countries, most recent year
Business ownership rate	2002–2005	2007	19	19
Self-employment rate of women <sup>1)</sup>	2001–2005	2007	20	20
Self-employment rate of men <sup>2)</sup>	2001–2005	2007	20	20
TEA index <sup>3)4)</sup>	2001–2005	2007	17	17
Size of enterprise at birth <sup>5)</sup>	2004	2007	15	15
Gross birth rate of enterprises <sup>6)7)</sup>	2001–2005	2007	16	16
Gross exit rate of enterprises <sup>8)9)</sup>	2001–2005	2007	16	16
Business survival rate <sup>10)</sup>	2001–2004	2005	8	8
Firm turbulence <sup>11)12)</sup>	2001–2005	2007	16	16
Fast-growing enterprises <sup>13)</sup>	2001–2003	2006	15	15
Propensity towards entrepreneurship*	2001–2004	2007	13	

Note: For data with a \* no previous year is available. Therefore, comparisons with the previous year could not be made.

<sup>1)</sup> BE: 2006 instead of 2007.

<sup>2)</sup> US and BE: 2006 instead of 2007.

<sup>3)</sup> HU: 2001, 2002, 2004 and 2005 instead of 2001–2005; PL: 2001, 2002 and 2004 instead of 2001–2005.

<sup>4)</sup> AU, CA, DE and CZ: 2006 instead of 2007.

<sup>5)</sup> BE, JP, AT, CZ, ES, HU and SE: 2006 instead of 2007.

<sup>6)</sup> JP: 2001–2004 instead of 2001–2005.

<sup>7)</sup> BE, HU, JP, AT, ES, CZ and SE: 2006 instead of 2007.

<sup>8)</sup> JP: 2001 and 2004 instead of 2001–2005.

<sup>9)</sup> BE and JP: 2006 instead of 2007; HU, AT, ES, CZ and SE: 2005 instead of 2007.

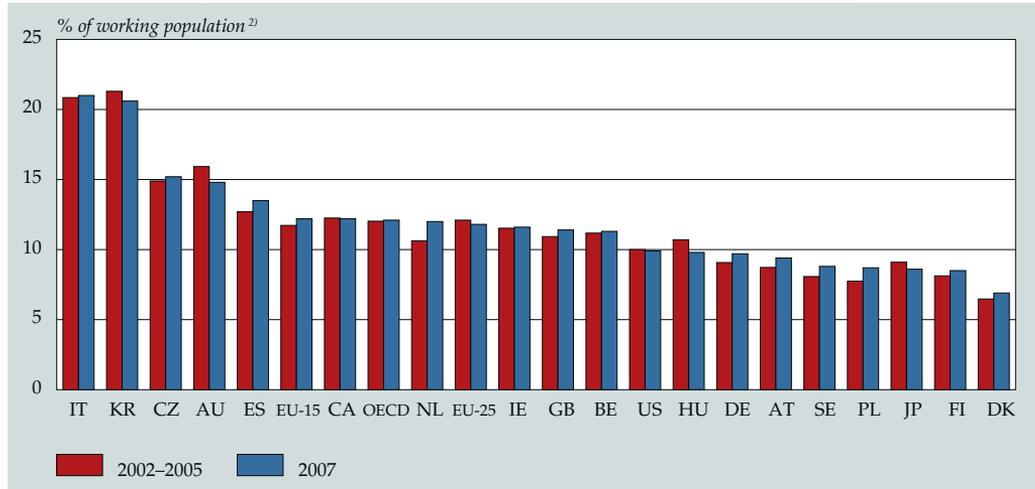
<sup>10)</sup> HU: 2002, 2003 and 2004 instead of 2001–2004; CZ: 2003 and 2004 instead of 2001–2004.

<sup>11)</sup> JP: 2001 and 2004 instead of 2001–2005.

<sup>12)</sup> BE and JP: 2006 instead of 2007; HU, AT, ES, CZ and SE: 2005 instead of 2007.

<sup>13)</sup> HU: 2001–2002 instead of 2001–2003.

### 6.1 Business ownership rate<sup>1)</sup>

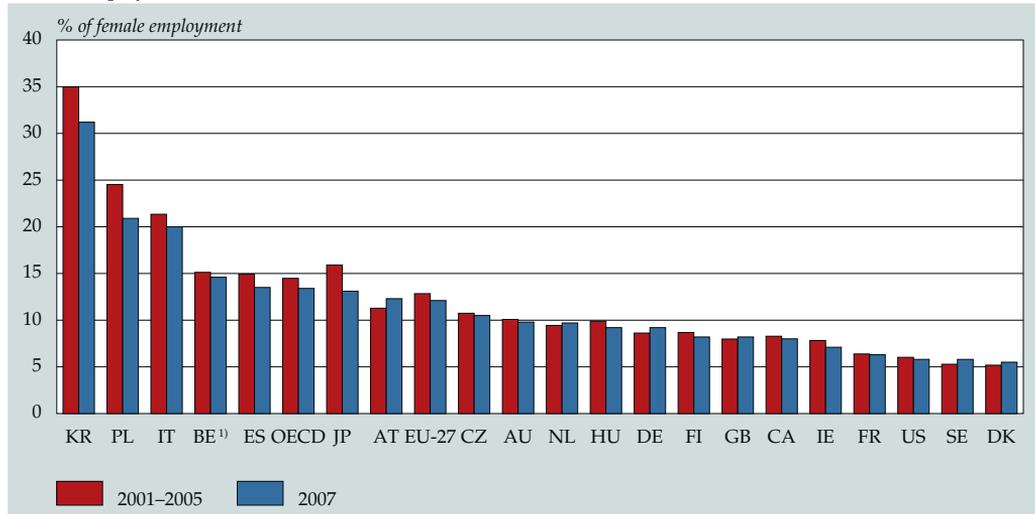


<sup>1)</sup> Excluding the agricultural sector.

<sup>2)</sup> Including job-seekers.

Source: EIM, on the basis of Labour Force Statistics database (LFS) of the OECD; Eurostat.

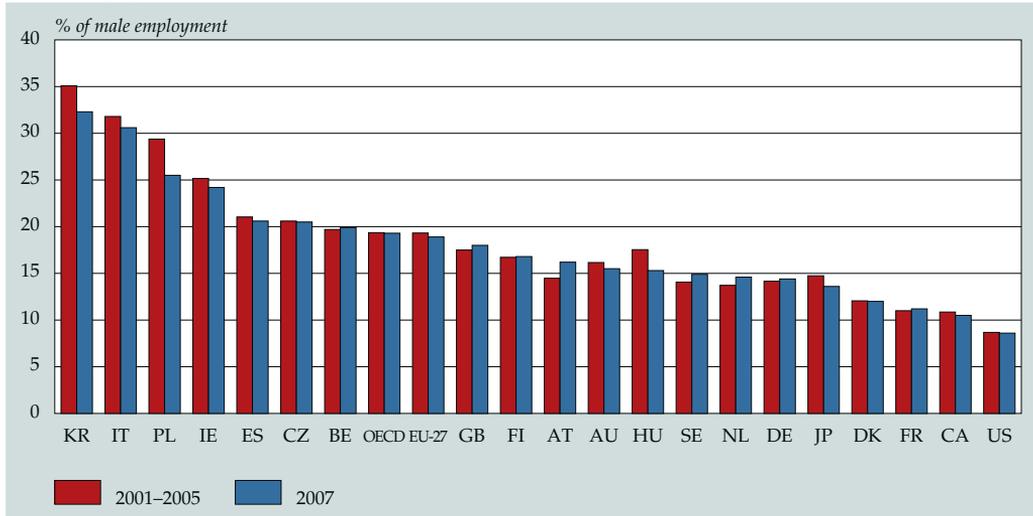
### 6.2 Self-employment rate of women



<sup>1)</sup> BE: 2006 instead of 2007.

Source: OECD, Factbook 2009.

### 6.3 Self-employment rate of men



<sup>1)</sup> US, BE and OECD: 2006 instead of 2007.

Source: OECD, Factbook 2009.

### 6.4 Young and upcoming entrepreneurship (TEA index)

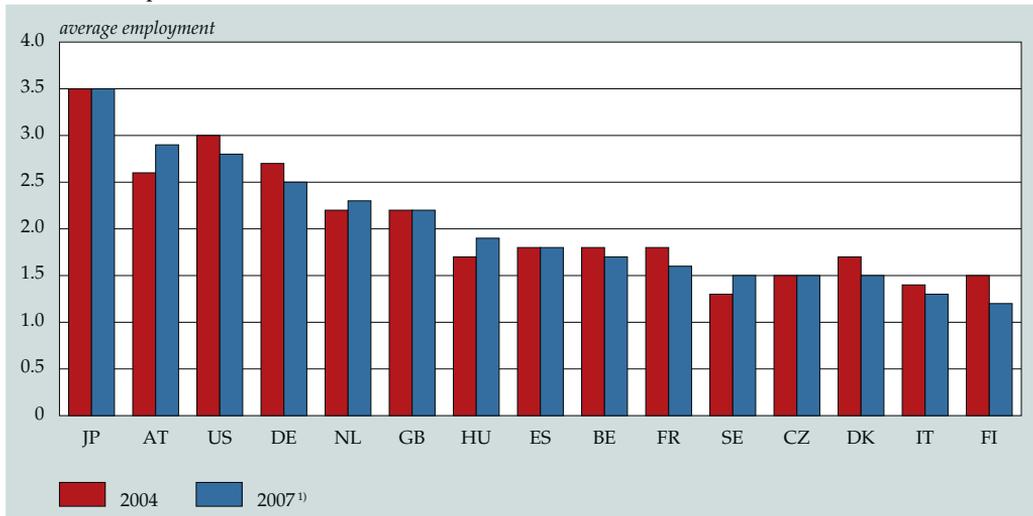


<sup>1)</sup> HU: 2001, 2002, 2004 and 2005 instead of 2001-2005; PL: 2001, 2002 and 2004 instead of 2001-2005.

<sup>2)</sup> AU, CA, DE, CZ: 2006 instead of 2007.

Source: EIM, Global Entrepreneurship Monitor (GEM).

### 6.5 Size of enterprise at birth



<sup>1)</sup> BE, JP, AT, CZ, ES, HU and SE: 2006 instead of 2007.

Source: EIM, International Benchmark on Entrepreneurship.

### 6.6 Gross birth rate of enterprises



<sup>1)</sup> JP: 2001-2004 instead of 2001-2005.

<sup>2)</sup> BE, HU, JP, AT, ES, CZ and SE: 2006 instead of 2007.

Source: EIM, International Benchmark on Entrepreneurship.

### 6.7 Gross exit rate of enterprises

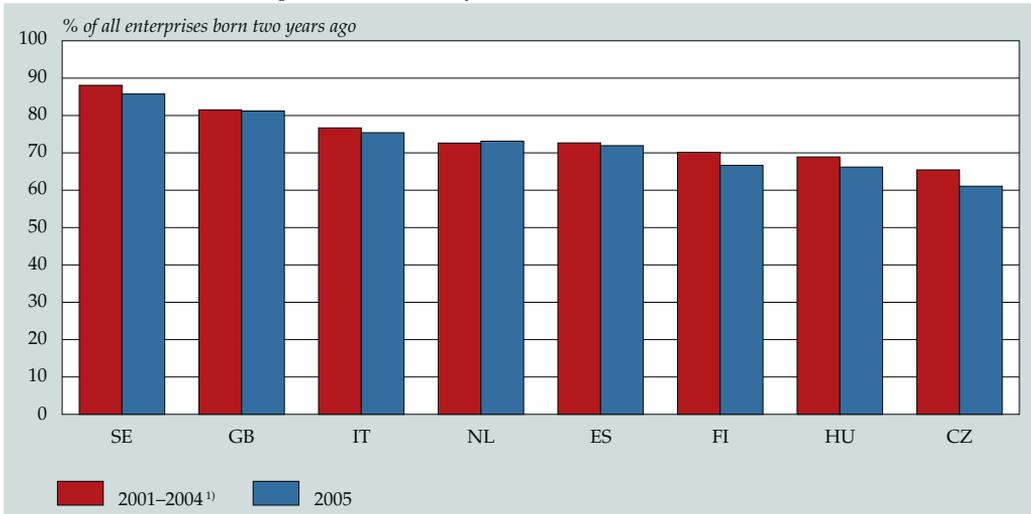


<sup>1)</sup> JP: 2001 and 2004 instead of 2001-2005.

<sup>2)</sup> BE and JP: 2006 instead of 2007; HU, AT, ES, CZ and SE: 2005 instead of 2007.

Source: EIM, International benchmark on entrepreneurship.

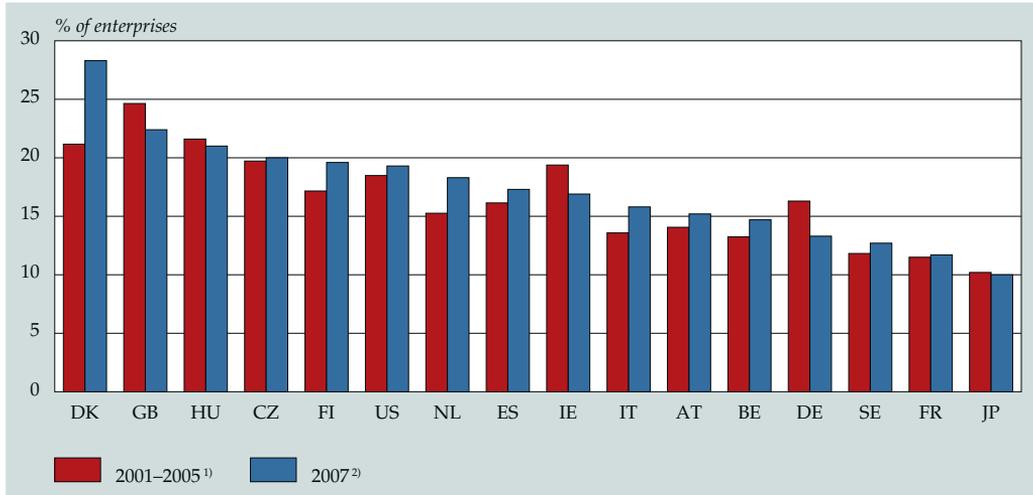
### 6.8 Business survival rate: enterprises still active two years after birth



<sup>1)</sup> HU: 2002, 2003 and 2004 instead of 2001-2004; CZ: 2003 and 2004 instead of 2001-2004.

Source: Eurostat.

### 6.9 Firm turbulence

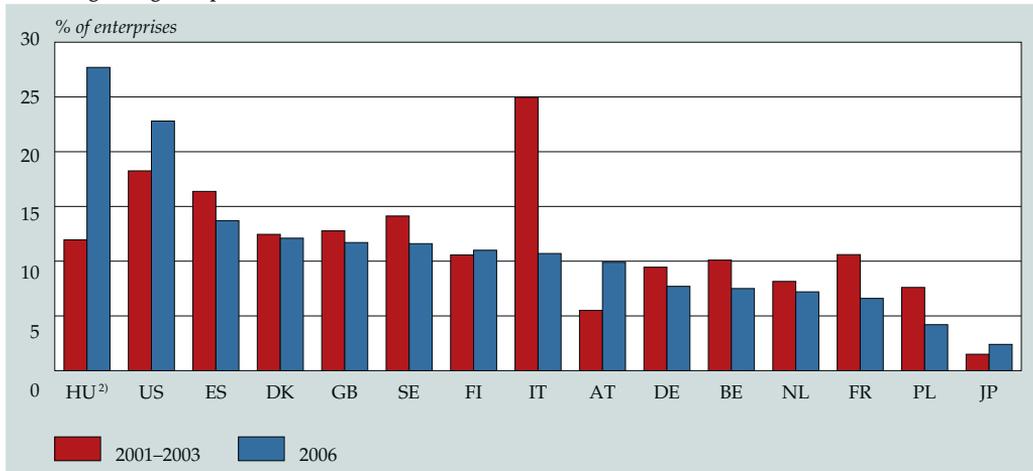


<sup>1)</sup> JP: 2001 and 2004 instead of 2001-2005.

<sup>2)</sup> BE and JP: 2006 instead of 2007; HU, AT, ES, CZ and SE: 2005 instead of 2007.

Source: EIM.

### 6.10 Fast-growing enterprises<sup>1)</sup>

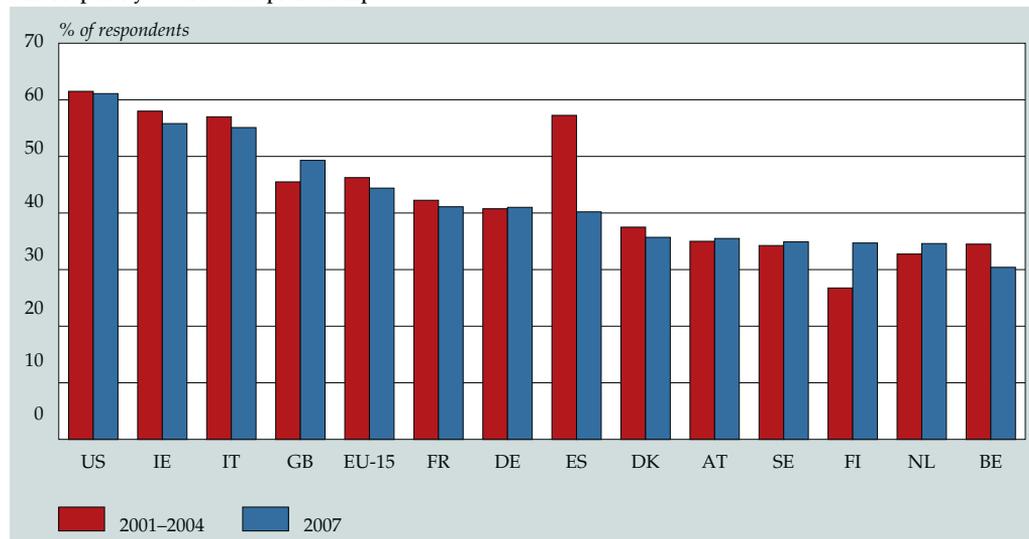


<sup>1)</sup> Enterprises with 50 to 1,000 employees. A fast-growing enterprise is an enterprise which grows 60 percent or more in terms of jobs in three years.

<sup>2)</sup> HU: 2001-2002 instead of 2001-2003.

Source: EIM.

### 6.11 Propensity towards entrepreneurship



Source: European Commission, Flash Eurobarometer 160 'Entrepreneurship' (2004) and Flash Eurobarometer 192 'Entrepreneurship survey' (2007).

# Annex 7: Market competition

**Table 7.1**  
Development of the investment climate; entrepreneurship (summary)

	Development compared to the reference period		Development compared to the previous year	
	Indicator	Reference <sup>1)</sup>	Indicator	Reference <sup>1)</sup>
Business ownership rate	improved	improved	improved	unchanged
Self-employment rate of women	improved	improved	unchanged	unchanged
Self-employment rate of men	improved	improved	unchanged	unchanged
TEA index	improved	improved	deteriorated	deteriorated
Size of enterprise at birth	improved	unchanged	unchanged	unchanged
Gross birth rate of enterprises	improved	improved	improved	improved
Gross exit rate of enterprises	unchanged	deteriorated	deteriorated	deteriorated
Business survival rate <sup>2)</sup>				
Firm turbulence	improved	improved	improved	improved
Fast-growing enterprises	deteriorated	unchanged	deteriorated	deteriorated
Propensity toward entrepreneurship*	improved	unchanged		

Note: For data with a \* no previous year is available. Therefore, comparisons with the previous year could not be made.

<sup>1)</sup> Position of the Netherlands (NL) within the group of reference countries.

<sup>2)</sup> No comparison possible, due to lack of data.

**Table 7.2**  
Development of the investment climate; market competition (metadata)

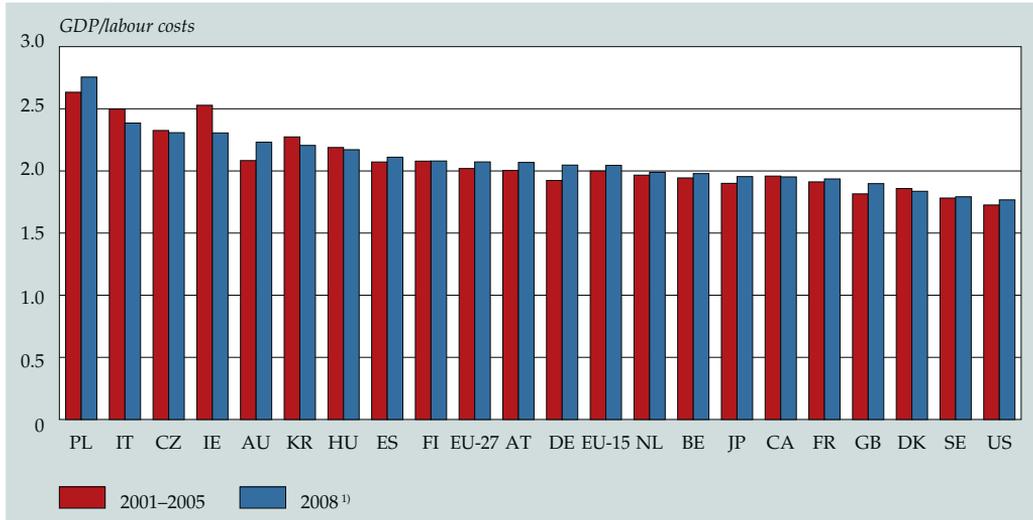
	Reference period	Most recent year	Number of reference countries, reference period	Number of reference countries, most recent year
Mark-up	2001–2005	2008	20	20
Mark-up, manufacturing <sup>1)</sup>	2001–2005	2007	19	19
Mark-up, services sector <sup>2)</sup>	2001–2005	2007	19	19
Public procurement advertised in the Official Journal of the European Communities (as % of GDP) <sup>3)</sup>	2001–2005	2006	15	15
Public procurement advertised in the Official Journal of the European Communities (as % of all public procurement) <sup>3)</sup>	2001–2005	2006	15	15
Barriers to entrepreneurship	2003	2008	19	19
Barriers to trade and investment	2003	2008	19	19
State support	2001–2005	2006	15	15
Firing cost	2003	2008	20	20
Difficulty of firing cost	2003	2008	20	20

<sup>1)</sup> FR, PL and JP: 2006 instead of 2007; AU: 2005 instead of 2007.

<sup>2)</sup> PL, JP and AU: 2006 instead of 2007.

<sup>3)</sup> HU, PL and CZ: 2004–2005 instead of 2001–2005.

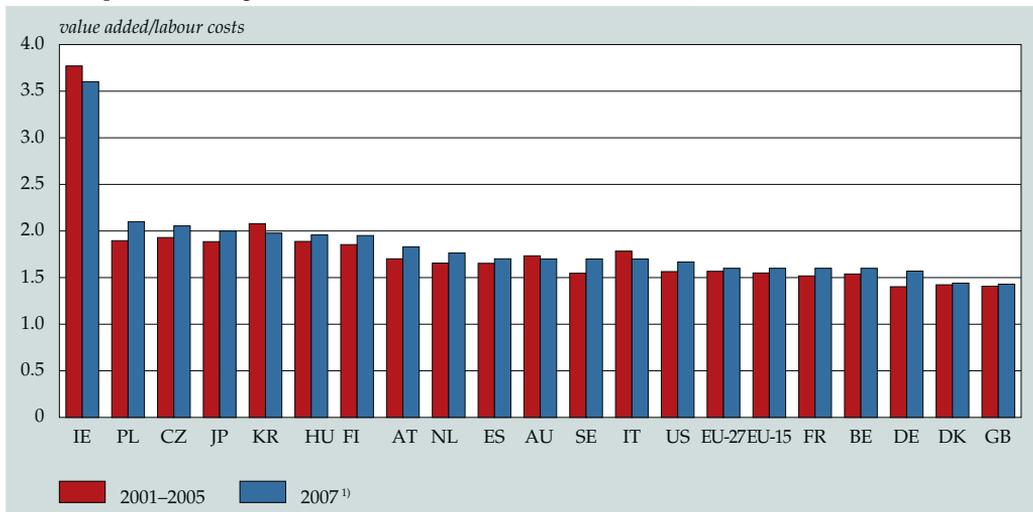
## 7.1 Mark-up



<sup>1)</sup> Provisional figures.

Source: European Commission, AMECO database.

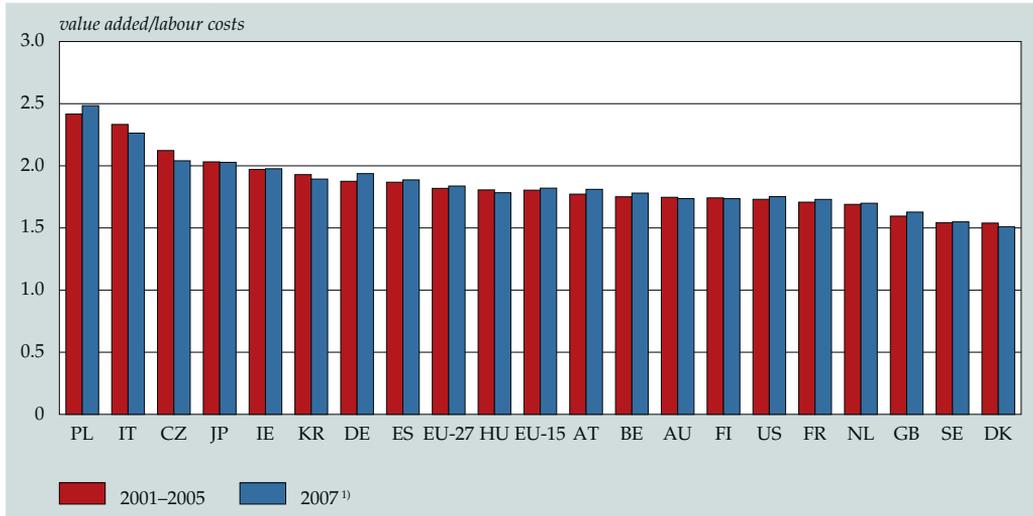
## 7.2 Mark-up, manufacturing



<sup>1)</sup> EU-27, EU-15, FR, PL and JP: 2006 instead of 2007; AU: 2005 instead of 2007.

Source: European Commission, AMECO database.

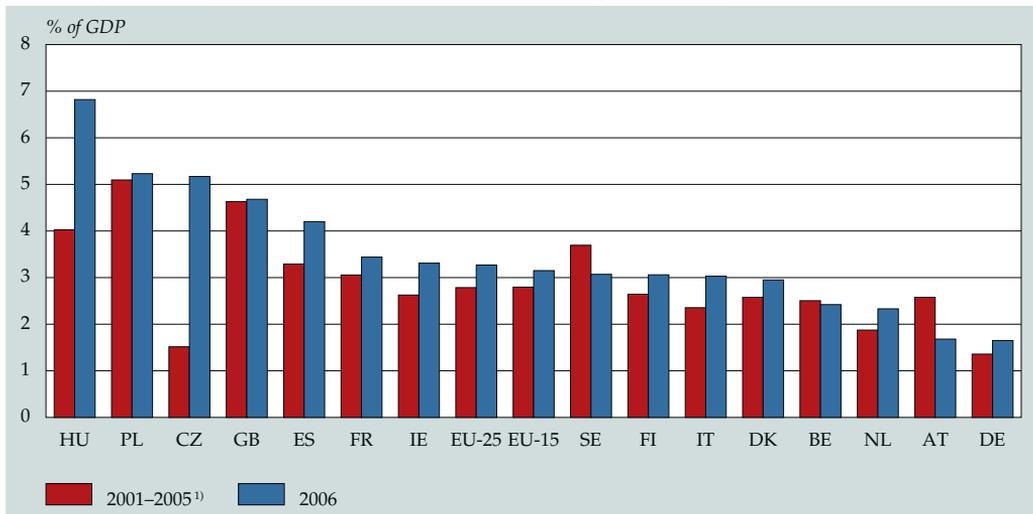
### 7.3 Mark-up, services sector



<sup>1)</sup> EU-27, EU-15, PL, JP and AU: 2006 instead of 2007.

Source: European Commission, AMECO database.

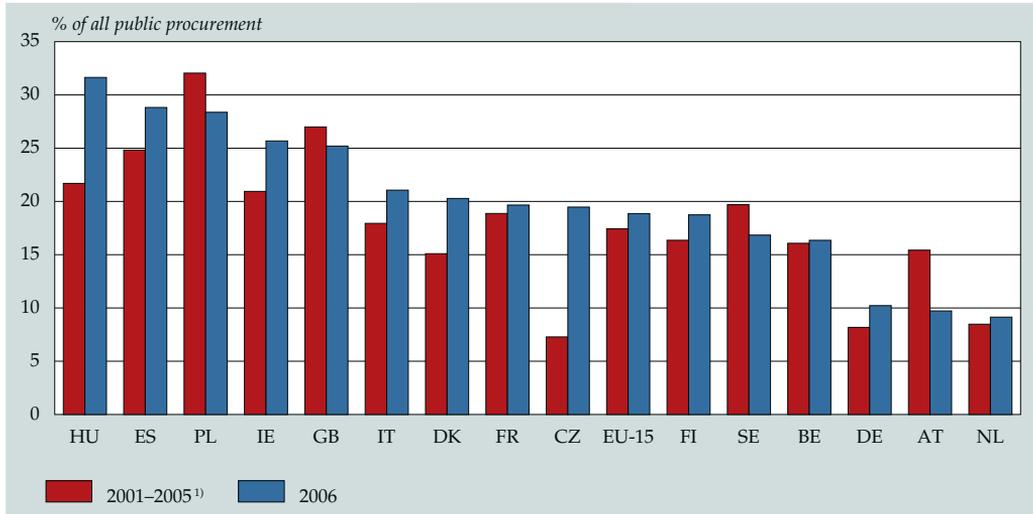
### 7.4 Public procurement advertised in the Official Journal of the European Communities (as % of GDP)



<sup>1)</sup> EU-25, HU, PL and CZ: 2004-2005 instead of 2001-2005.

Source: Eurostat, Structural Indicators.

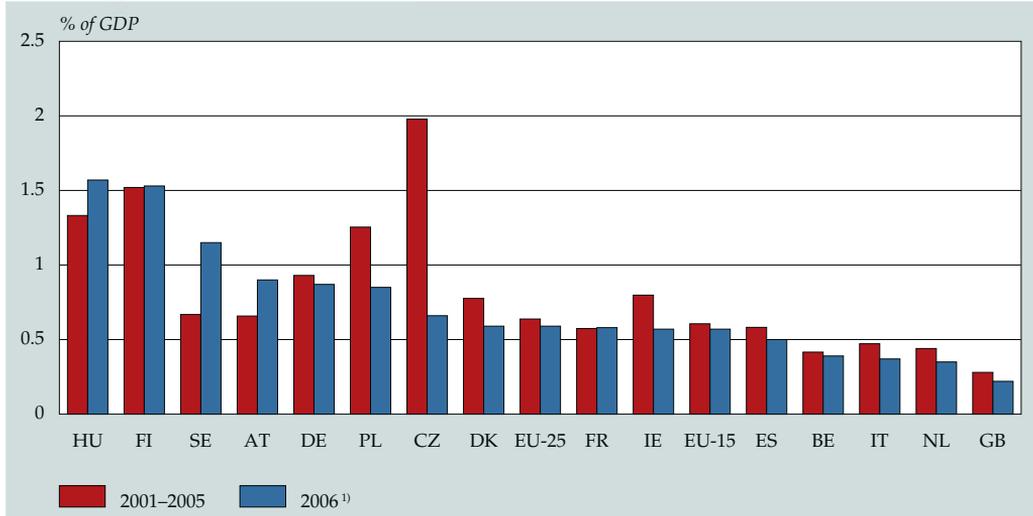
**7.5 Public procurement advertised in the Official Journal of the European Communities (as % of all public procurement)**



<sup>1)</sup> HU, PL and CZ: 2004-2005 instead of 2001-2005.

Source: Eurostat, Structural Indicators.

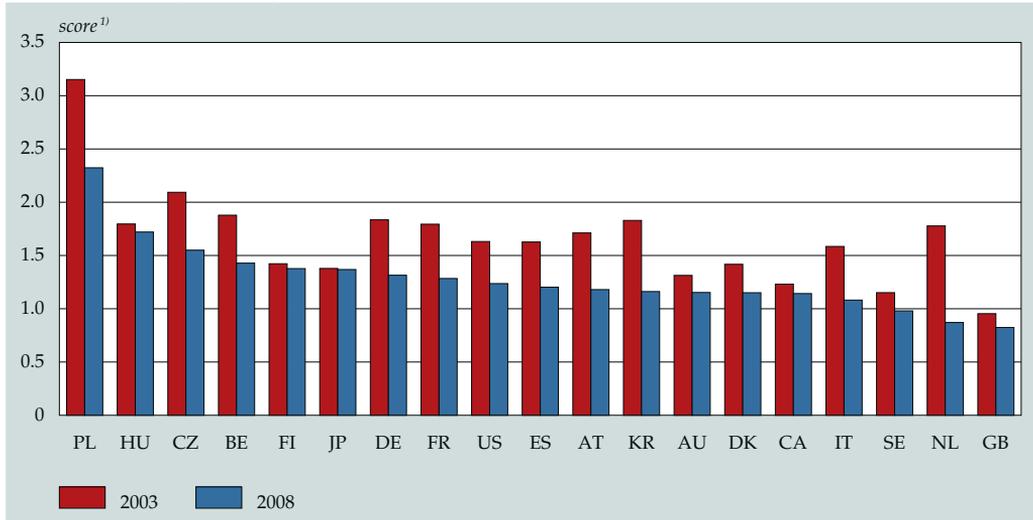
**7.6 State support**



<sup>1)</sup> EU-25 and EU-15: 2005 instead of 2006.

Source: Eurostat.

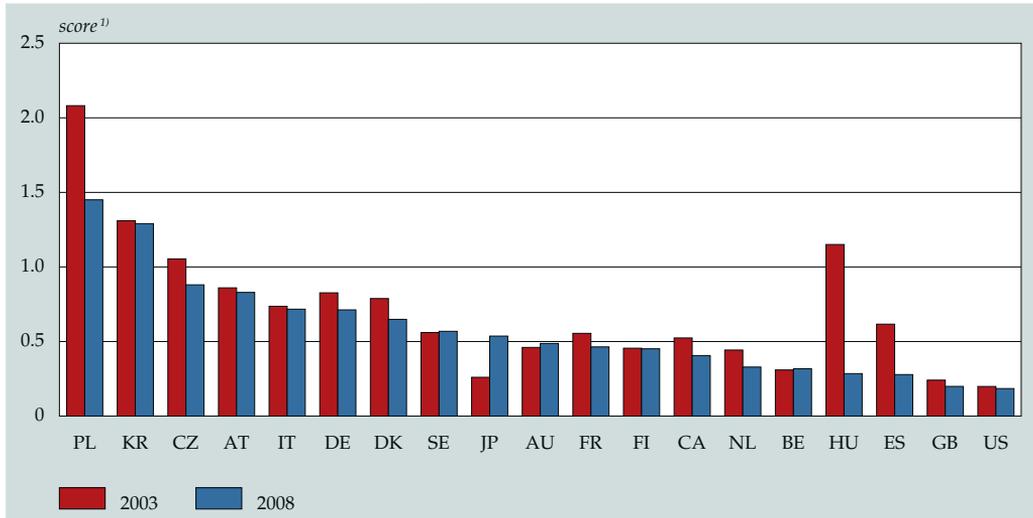
### 7.7 Barriers to entrepreneurship



<sup>1)</sup> The score ranges from 0–6. The higher the score, the greater the obstacles for entrepreneurship.

Source: OECD, Indicators of Product Market Regulation.

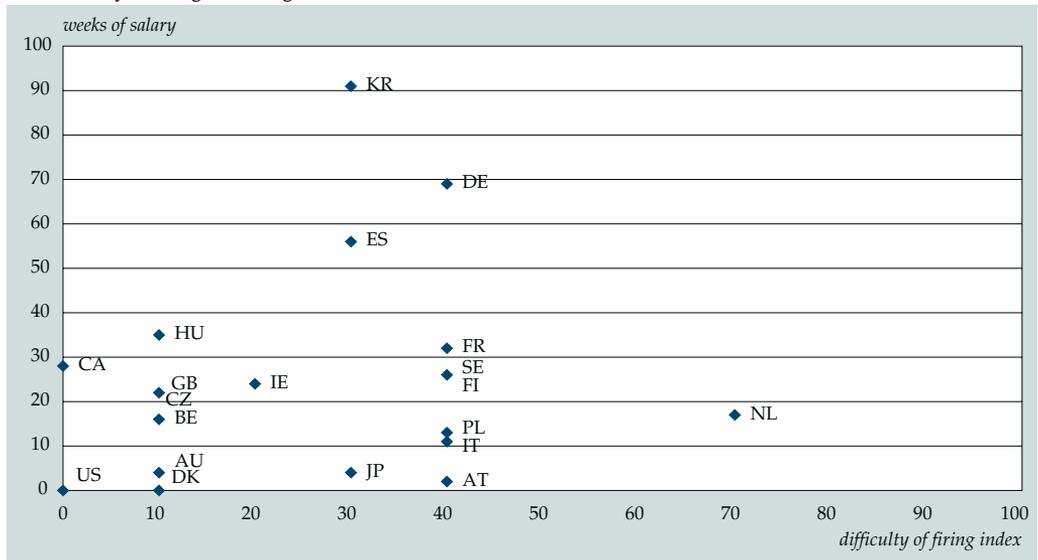
### 7.8 Barriers to trade and investment



<sup>1)</sup> The score ranges from 0–6. The higher the score, the greater the obstacles for trade and investment.

Source: OECD, Indicators of Product Market Regulation.

### 7.9 Difficulty of firing and firing cost



Source: World Bank, Doing business 2009.

## Annex 8: Macroeconomic conditions

**Table 8.1**  
Development of the investment climate; macroeconomic conditions (summary)

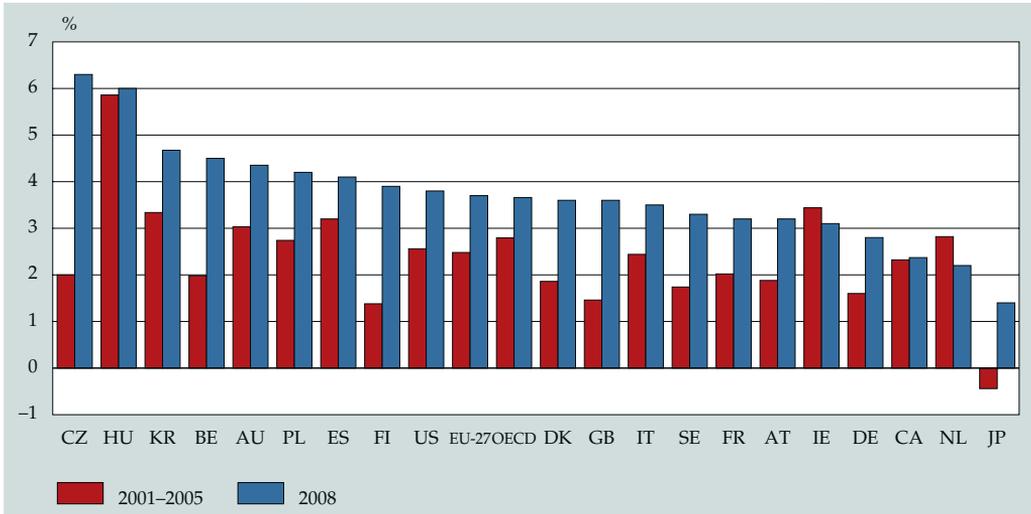
	Development compared to the reference period		Development compared to the previous year	
	Indicator	Reference <sup>1)</sup>	Indicator	Reference <sup>1)</sup>
Inflation	improved	improved	deteriorated	unchanged
Long-term interest rate	unchanged	deteriorated	unchanged	unchanged
Net borrowing/lending of consolidated general government sector	improved	improved	improved	improved
General government debt	improved	deteriorated	improved	deteriorated
Unemployment	improved	improved	improved	improved
Imports and exports, related to GDP	improved	unchanged	improved	unchanged
Cost to export a container	deteriorated	improved	deteriorated	improved
Cost to import a container	deteriorated	improved	deteriorated	improved
Number of days required to export a container	unchanged	unchanged	unchanged	unchanged
Number of days required to import a container	unchanged	unchanged	unchanged	unchanged

<sup>1)</sup> Position of the Netherlands (NL) within the group of reference countries.

**Table 8.2**  
Development of the investment climate; macroeconomic conditions (metadata)

	Reference period	Most recent year	Number of reference countries, reference period	Number of reference countries, most recent year
Inflation	2001–2005	2008	20	20
Long-term interest rate	2001–2005	2008	20	20
Net borrowing/lending of consolidated general government sector	2001–2005	2007	20	20
General government debt	2001–2005	2007	20	20
Unemployment	2001–2005	2008	20	20
Imports and exports, related to GDP	2001–2005	2008	20	20
Cost to export a container	2006	2009	20	20
Cost to import a container	2006	2009	20	20
Number of days required to export a container	2006	2009	20	20
Number of days required to import a container	2006	2009	20	20

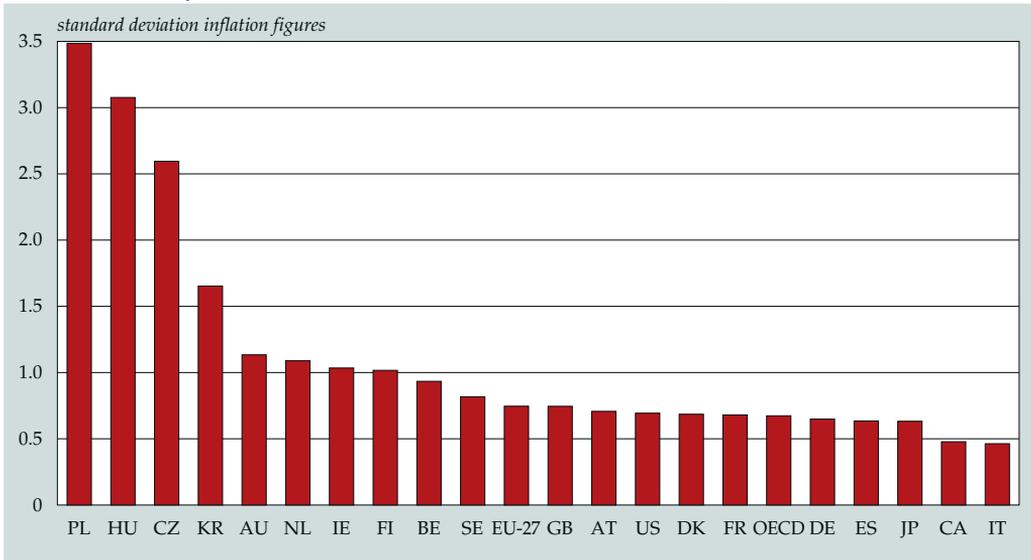
### 8.1 Inflation<sup>1)</sup>



<sup>1)</sup> Inflation is based on the harmonised European method, 'Harmonised Index of Consumer Prices' (HICP), except for AU, CA, KR, OECD, US, JP.

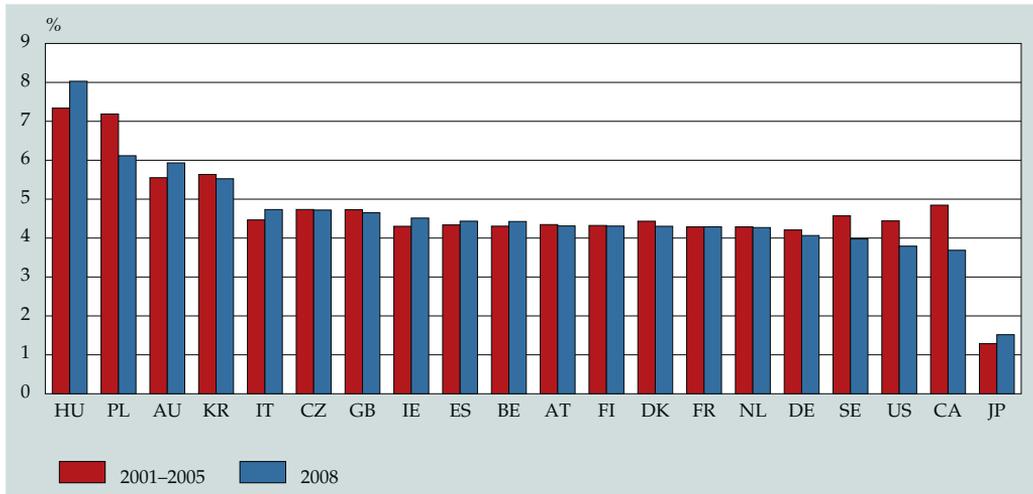
Source: Eurostat, Structural Indicators; OECD, Main Economic Indicators (MEI).

### 8.2 Inflation volatility, 1998-2008



Source: Eurostat, Structural Indicators; OECD, Main Economic Indicators.

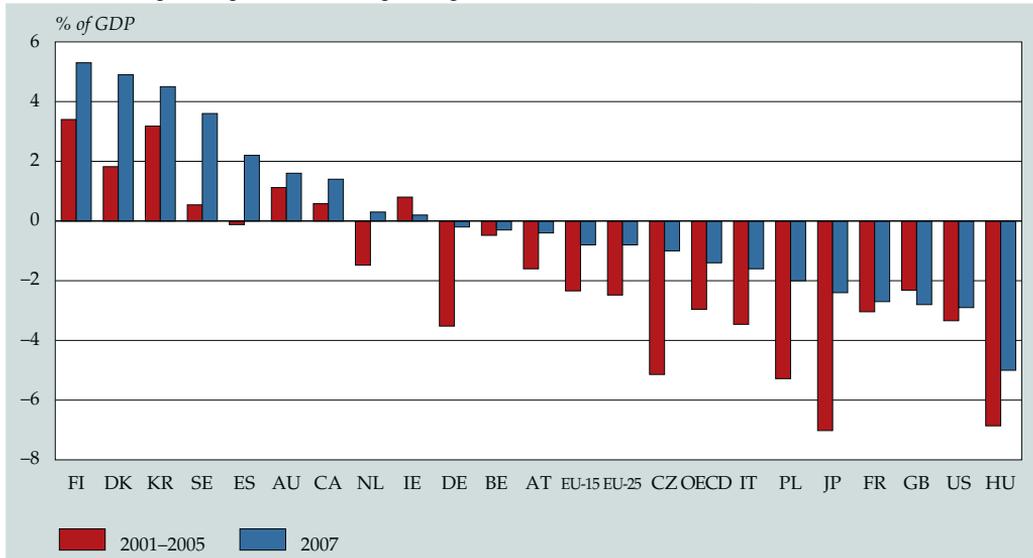
### 8.3 Long-term interest rate<sup>1)</sup>



<sup>1)</sup> HU; yield of 90 days government bonds, BE; yield of more than 5 years government bonds, KR; yield of 5 years government bonds.

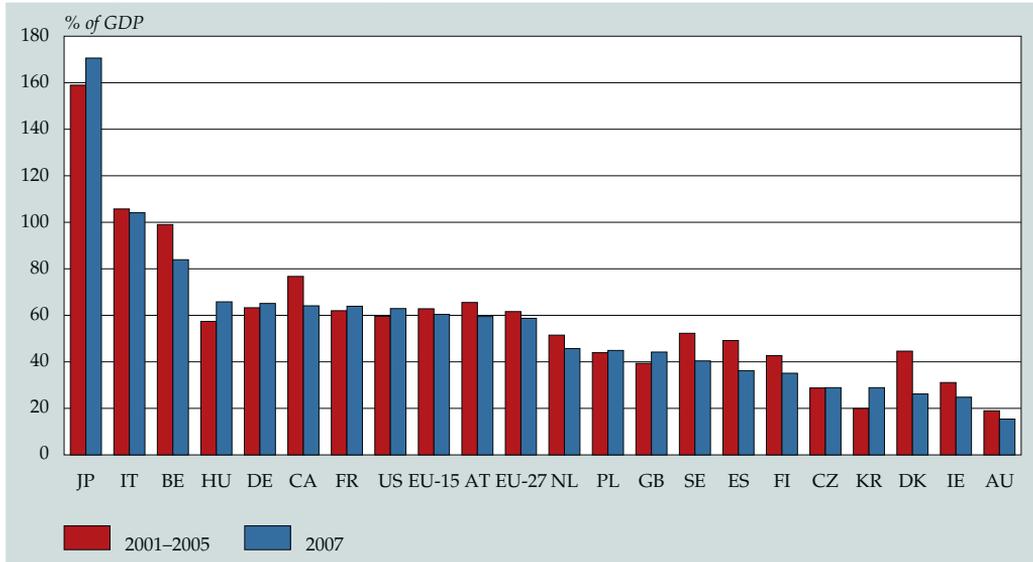
Source: OECD, Economic Outlook No. 84.

### 8.4 Net borrowing/lending of consolidated general government sector



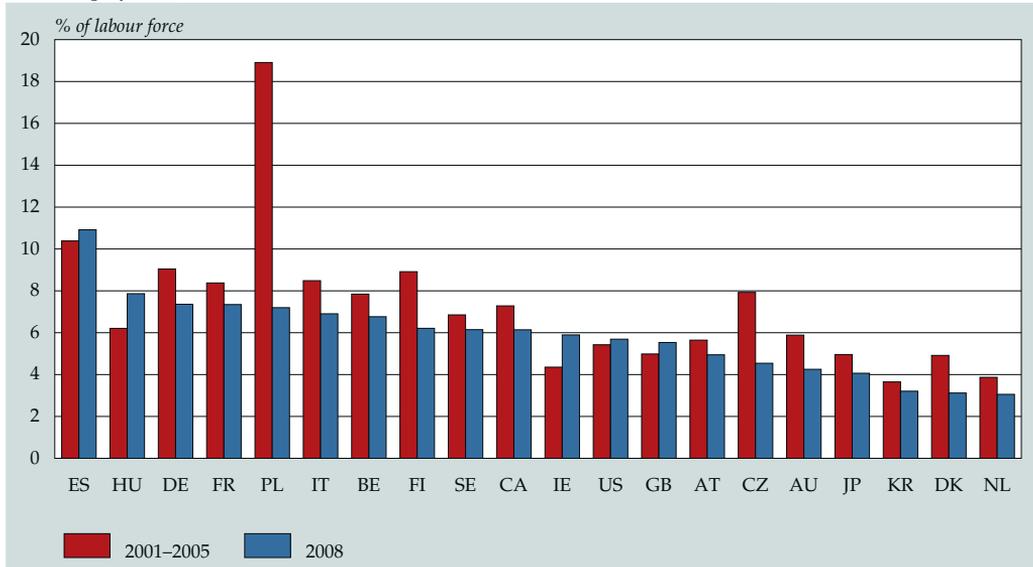
Source: Eurostat, Structural Indicators; OECD, Factbook 2009.

### 8.5 General government debt



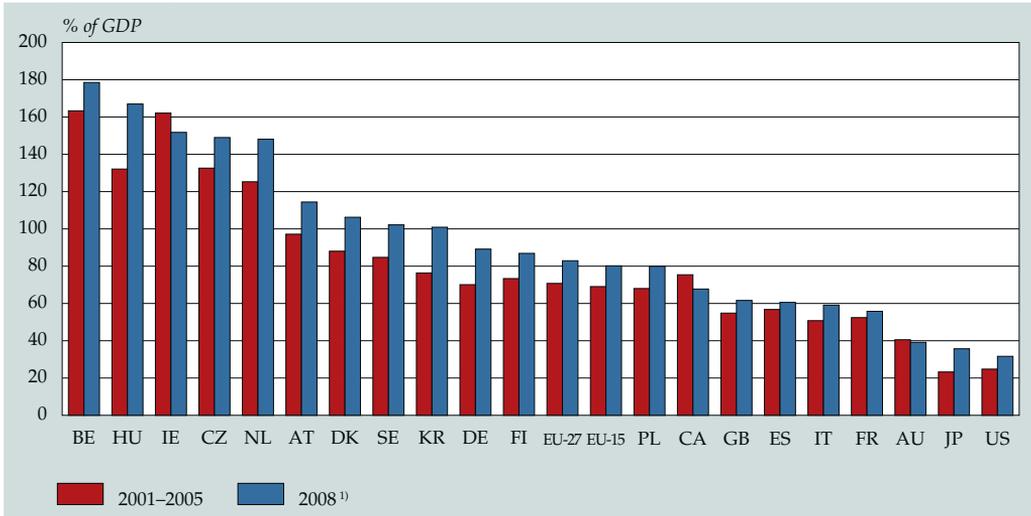
Source: Eurostat, Structural Indicators; OECD, Factbook 2009.

### 8.6 Unemployment



Source: OECD, Economic Outlook No. 84.

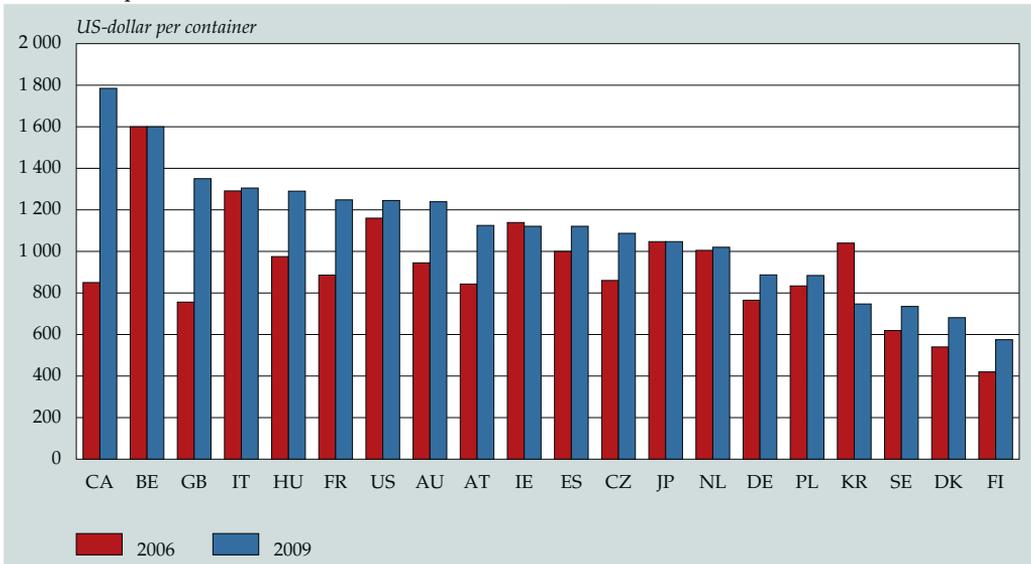
### 8.7 Imports and exports, related to GDP



<sup>1)</sup> Provisional figures.

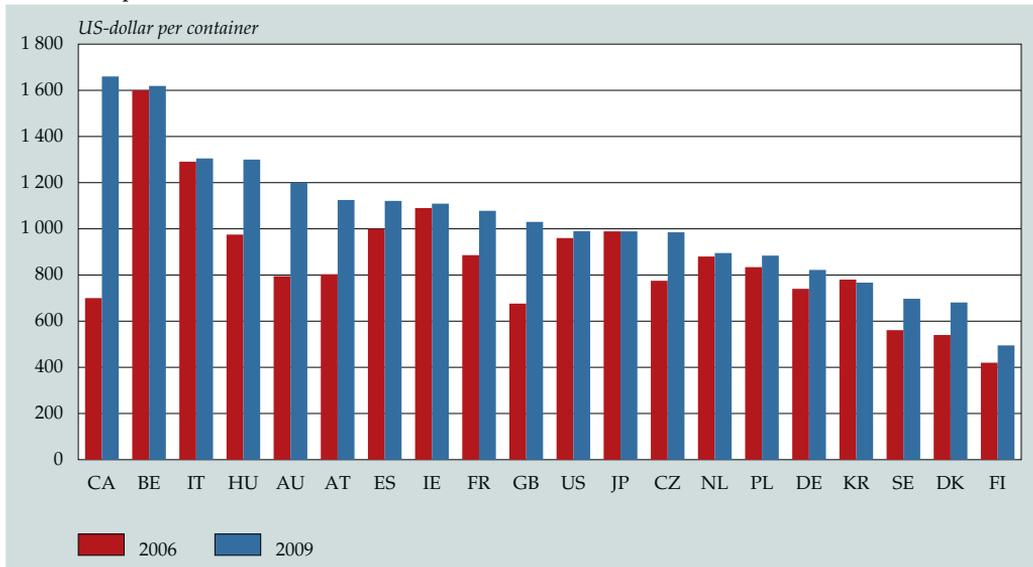
Source: European Commission, AMECO-database.

### 8.8 Cost to import a container



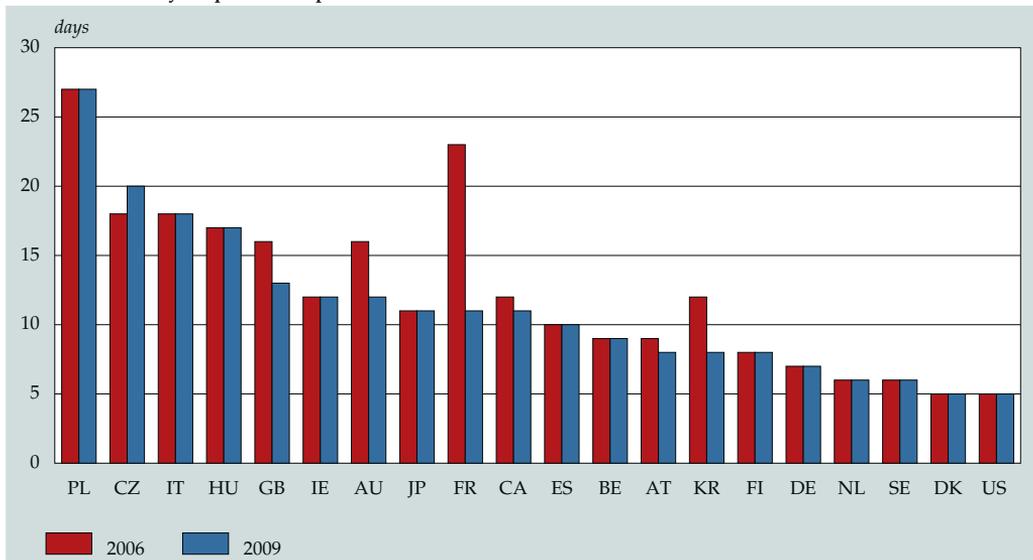
Source: World Bank.

### 8.9 Cost to export a container



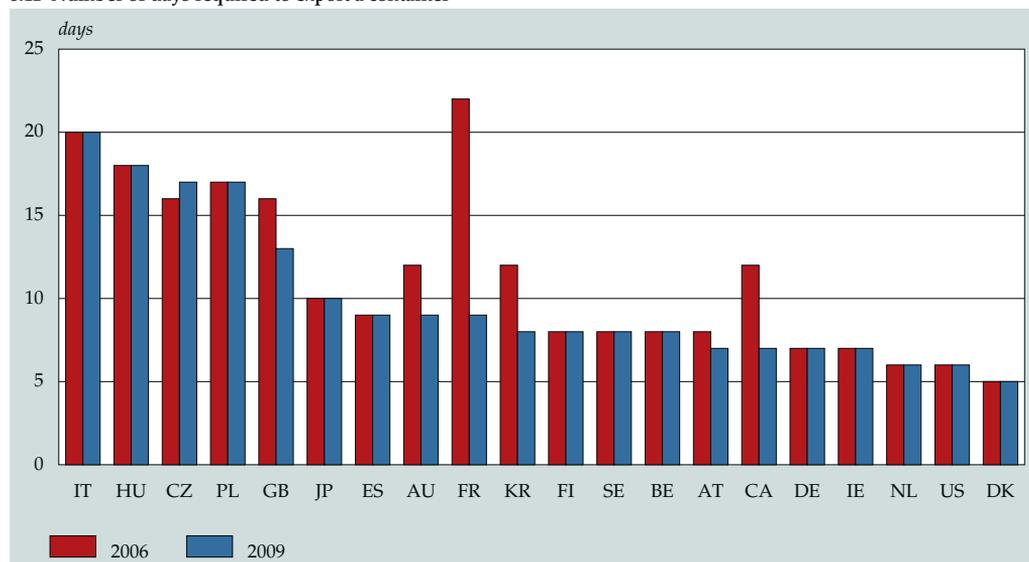
Source: World Bank.

### 8.10 Number of days required to import a container



Source: World Bank.

### 8.11 Number of days required to export a container



Source: World Bank.

# Annex 9: Functioning of the apparatus of government

**Table 9.1**  
Development of the investment climate; functioning of the apparatus of government (summary)

	Development compared to the reference period		Development compared to the previous year	
	Indicator	Reference <sup>1)</sup>	Indicator	Reference <sup>1)</sup>
Corporate tax rate	improved	improved	unchanged	unchanged
State control <sup>2)</sup>	improved	unchanged	improved	unchanged
Sectoral and ad hoc state support	unchanged	improved	unchanged	improved
Number of days required to start-up a new business	improved	deteriorated	unchanged	deteriorated
Number of procedures required to start-up a new business	improved	unchanged	unchanged	deteriorated
Online availability of basic public services	improved	improved	improved	unchanged
Government effectiveness	deteriorated	deteriorated	deteriorated	unchanged

<sup>1)</sup> Position of the Netherlands (NL) within the group of reference countries.

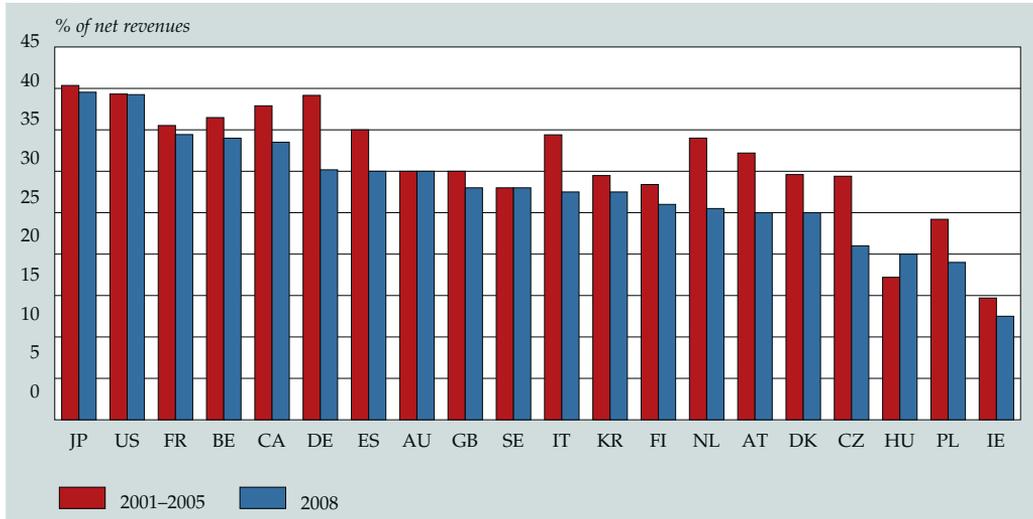
<sup>2)</sup> No individual score given for the previous year, since this year equals the reference period

**Table 9.2**  
Development investment climate; functioning of the apparatus of government (metadata)

	Reference period	Most recent year	Number of reference countries, reference period	Number of reference countries, most recent year
Corporate tax rate	2001–2005	2008	20	20
State control	2003	2008	19	19
Sectoral and ad hoc state support	2001–2005	2006	15	15
Number of days required to start-up a new business	2003	2008	20	20
Number of procedures required to start-up a new business	2003	2008	20	20
Online availability of basic public services <sup>1)</sup>	2003	2007	15	15
Government effectiveness	2002–2005	2007	20	20

<sup>1)</sup> CZ, HU, PL: 2004 instead of 2003.

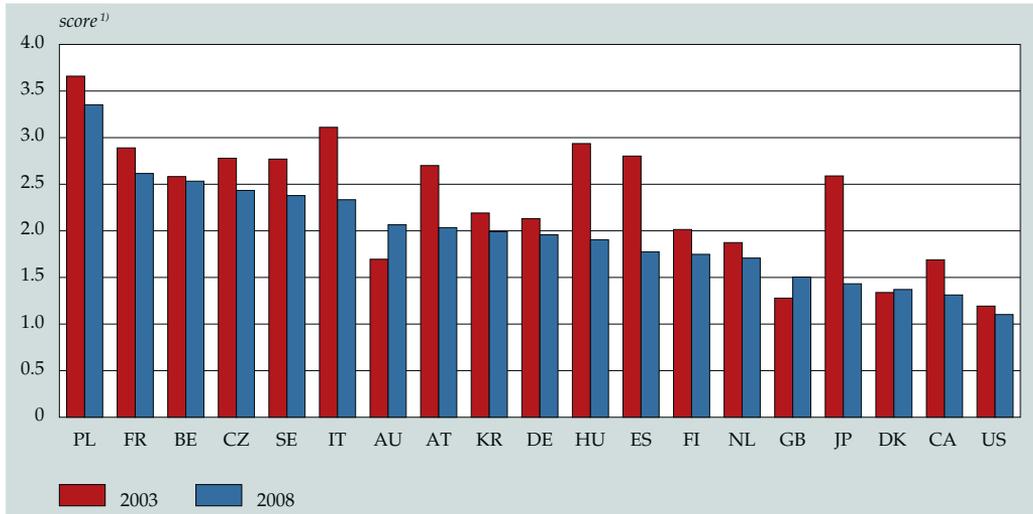
### 9.1 Corporate tax rate<sup>1)</sup>



<sup>1)</sup> Rules for the corporate income tax rate are different in the selected countries. For more information see the metadata.

Source: OECD, Tax Database.

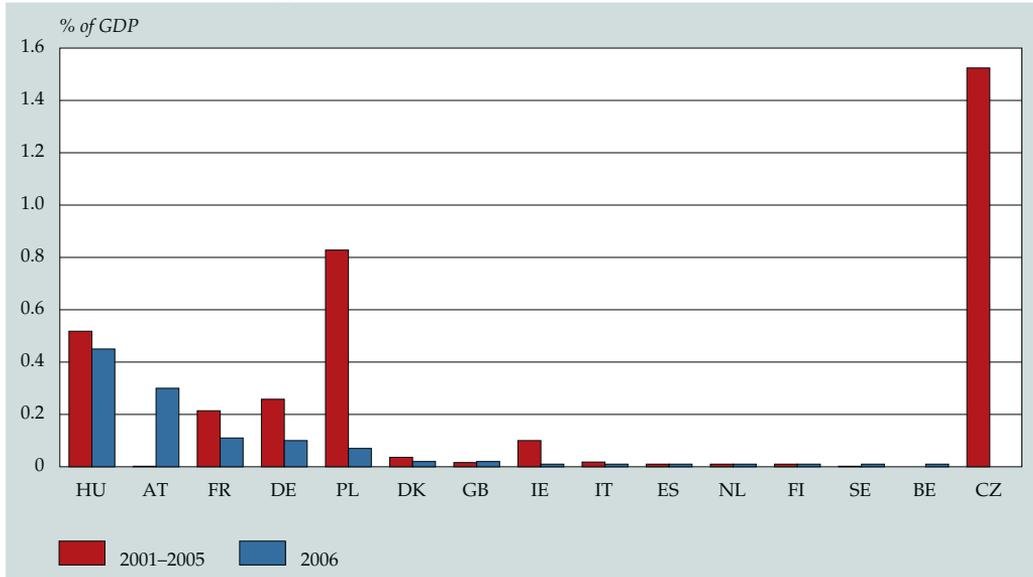
### 9.2 State control



<sup>1)</sup> The score ranges from 0–6. The higher the score, the greater the state control.

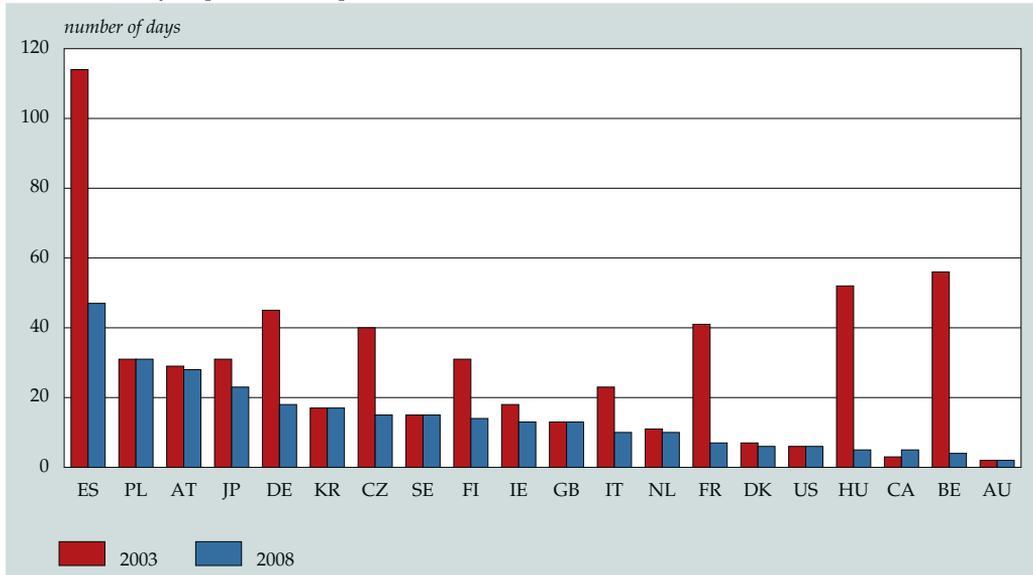
Source: OECD, Indicators of Product Market Regulation.

### 9.3 Sectoral and ad hoc state support



Source: Eurostat, Structural Indicators.

### 9.4 Number of days required to start-up a new business



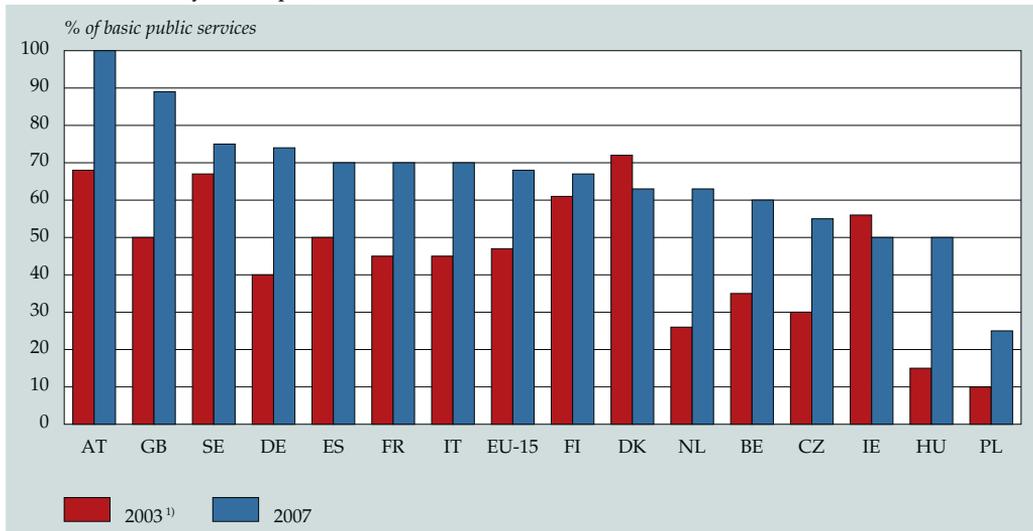
Source: Institute of Management Development (IMD) (2003); World bank (2008).

### 9.5 Number of procedures required to start-up a new business



Source: World Bank, The Global Competitiveness Report 2007–2008; World Economic Forum, Ease of doing business 2009.

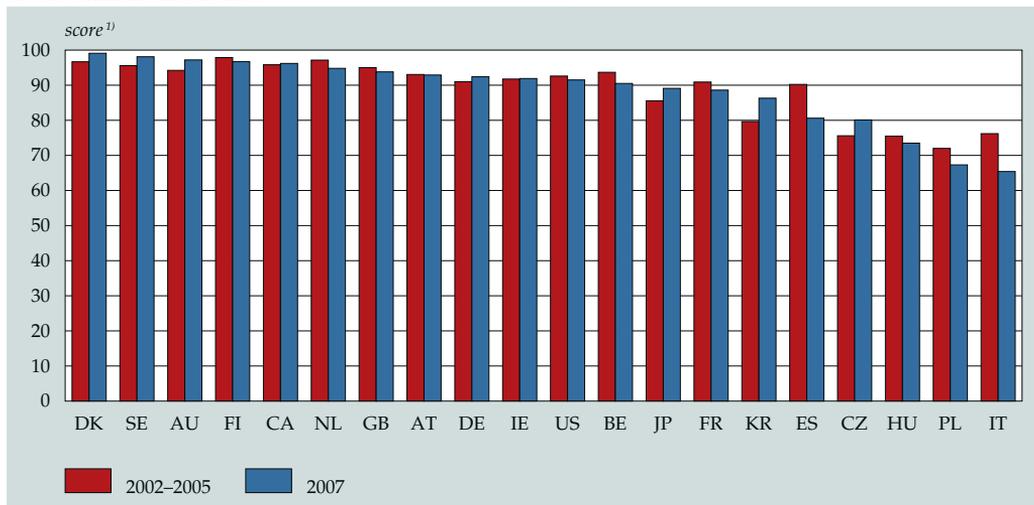
### 9.6 Online availability of basic public services



<sup>1)</sup> CZ, HU and PL: 2004 instead of 2003.

Source: Capgemini; Eurostat.

### 9.7 Government effectiveness



<sup>1)</sup> The score ranges from 0–100. The higher the score, the more effective the government.

Source: World Bank.

# Annex 10: Infrastructure

**Table 10.1**  
Development of the investment climate; infrastructure (summary)

	Development compared to the reference period		Development compared to the previous year	
	Indicator	Reference <sup>1)</sup>	Indicator	Reference <sup>1)</sup>
Efficiency of the distribution infrastructure	improved	improved	improved	unchanged
Office rents and occupancy costs	improved	deteriorated	improved	deteriorated
Total ICT expenditure	deteriorated	deteriorated	deteriorated	unchanged
Broadband subscribers	improved	improved	improved	unchanged
Government financed gross domestic expenditure on R&D <sup>2)</sup>				
Educational expenditure per student, primary education	improved	unchanged	improved	deteriorated
Educational expenditure per student, secondary education	improved	improved	improved	improved
Educational expenditure per student, tertiary education	improved	improved	improved	unchanged
Educational expenditure per student, primary to tertiary education	improved	improved	improved	improved

<sup>1)</sup> Position of the Netherlands (NL) within the group of reference countries.

<sup>2)</sup> No score due to unavailability of recent figures for the Netherlands.

**Table 10.2**  
Development of the investment climate; infrastructure (metadata)

	Reference period	Most recent year	Number of reference countries, reference period	Number of reference countries, most recent year
Efficiency of the distribution infrastructure	2001–2005	2008	20	20
Office rents and occupancy costs	2001	2008	20	20
Total ICT expenditure	2002–2005	2006	17	17
Broadband subscribers	2001–2005	2008	20	20
Government financed gross domestic expenditure on R&D <sup>1)</sup>	2001–2005	2006	19	19
Educational expenditure per student, primary education	2001	2005	19	19
Educational expenditure per student, secondary education <sup>2)</sup>	2001	2005	20	20
Educational expenditure per student, tertiary education <sup>3)</sup>	2001	2005	20	20
Educational expenditure per student, primary to tertiary education <sup>4)</sup>	2001	2005	20	20

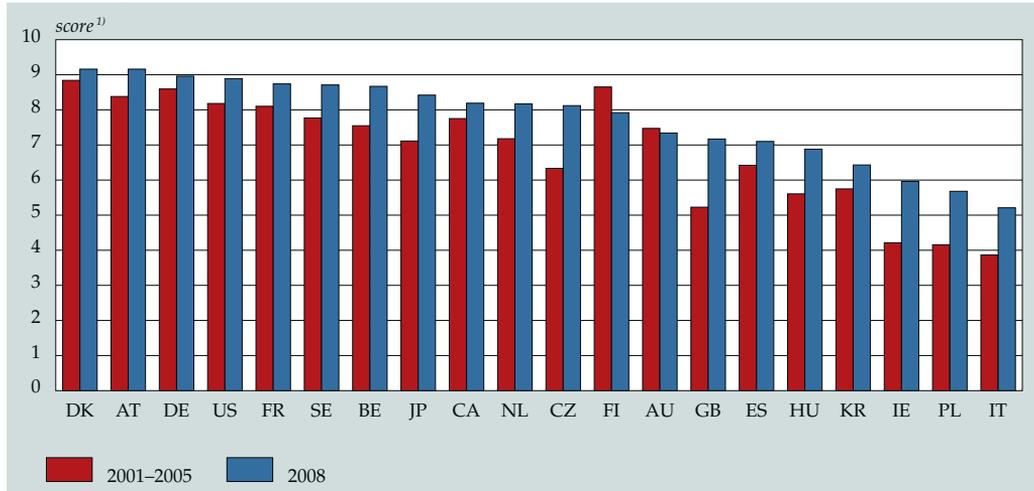
<sup>1)</sup> DK and SE: 2001, 2003 and 2005 instead of 2001–2005; NL: 2001–2003. AU: 2002. IT: 2005; AT, CA, CZ, FI, HU and US: 2007 instead of 2006; BE, DK and SE: 2005 instead of 2006.

<sup>2)</sup> PL: 1999 instead of 2001, CA: 2000 instead of 2001.

<sup>3)</sup> CA: 2003 instead of 2005.

<sup>4)</sup> CA: 2000 instead of 2001 and 2003 instead of 2005.

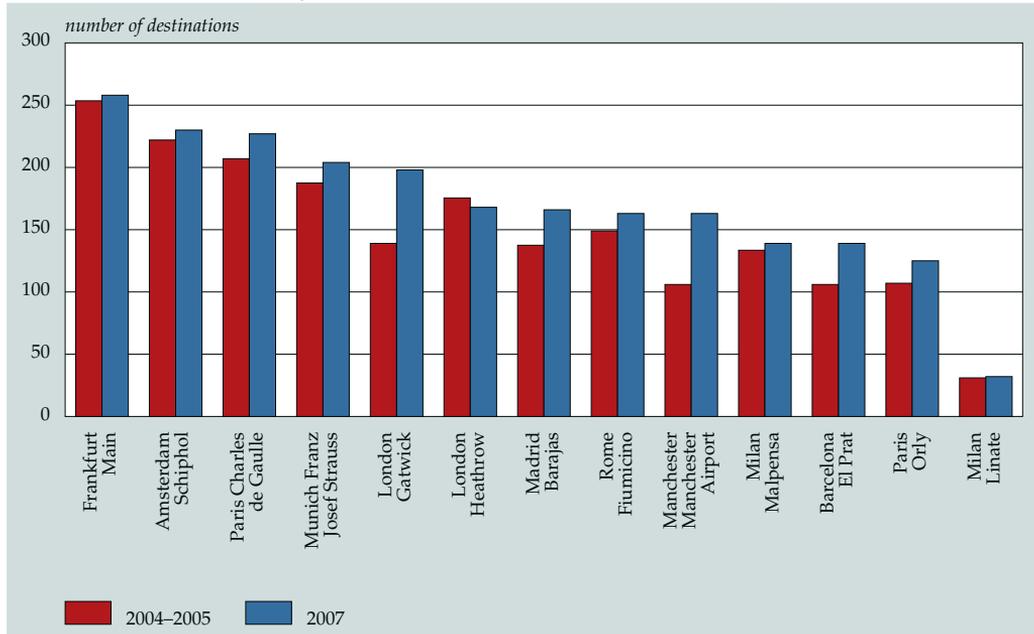
### 10.1 Efficiency of the distribution infrastructure



<sup>1)</sup> The score ranges from 1–10. The higher the score the more efficient the infrastructure. This indicator measures how a large number of managers of big international enterprises perceive the efficiency of the distribution infrastructure of the country in which they have lived and worked for the past year.

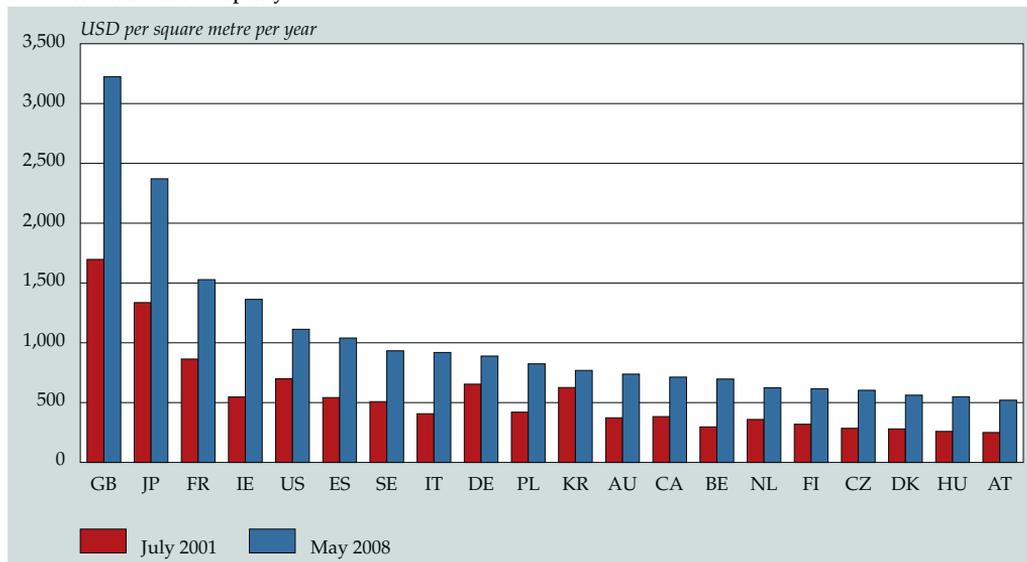
Source: Institute of Management Development (IMD), World Competitiveness Yearbook.

### 10.2 Aviation network connectivity



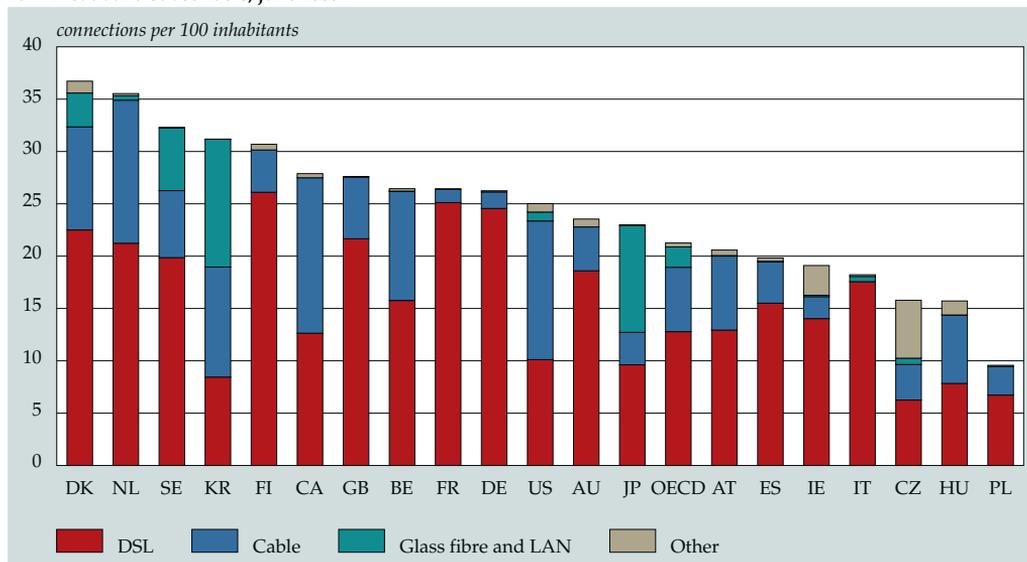
Source: SEO, Luchthavenmonitor November 2008 (Dutch title) (processed by OAG).

### 10.3 Office rents and occupancy costs



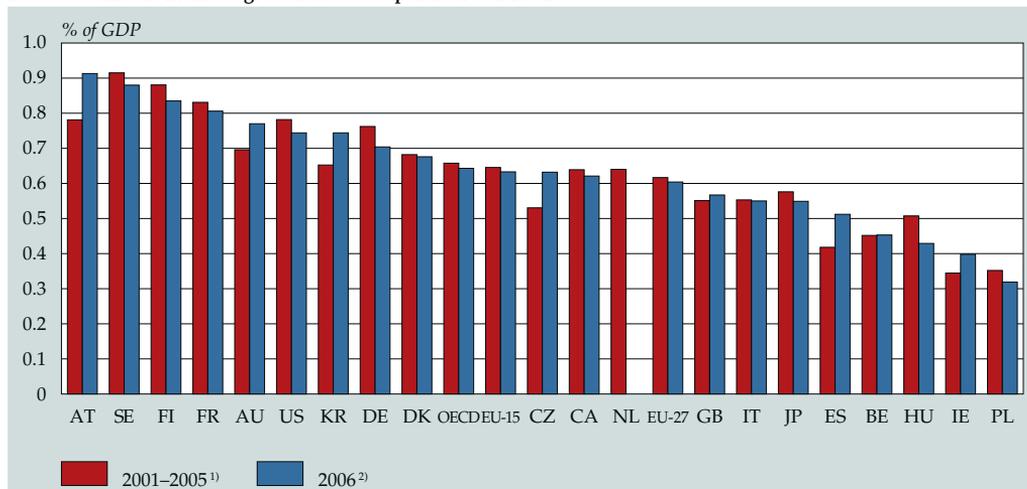
Source: CB Richard Ellis, Global market rents.

### 10.4 Broadband subscribers, june 2008



Source: OECD, Broadband Statistics 2008.

### 10.5 Government financed gross domestic expenditure on R&D

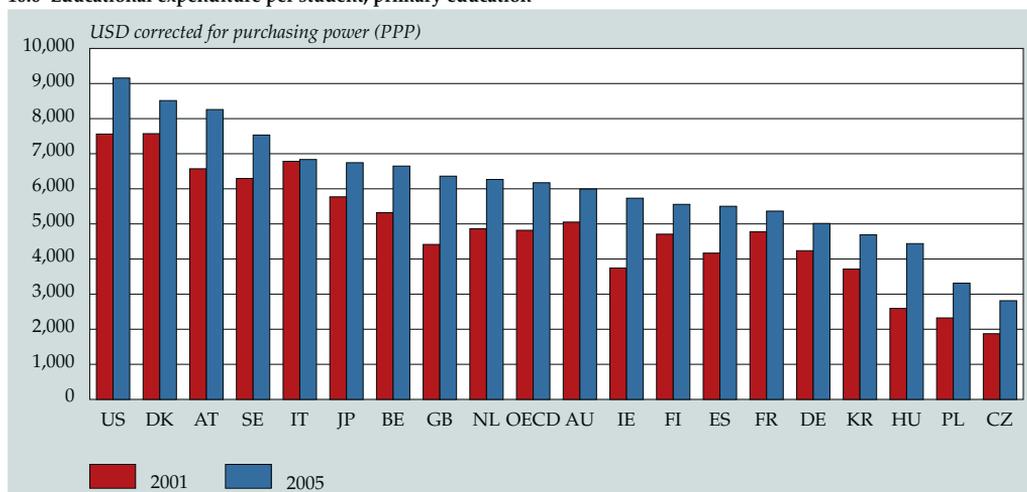


<sup>1)</sup> DK and SE: 2001, 2003 and 2005 instead of 2001-2005; NL: 2001-2003. AU: 2002. IT: 2005.

<sup>2)</sup> AT, CA, CZ, FI, HU and US: 2007 instead of 2006; BE, DK and SE: 2005 instead of 2006.

Source: OECD, Main science and technology indicators.

### 10.6 Educational expenditure per student, primary education<sup>1)</sup>

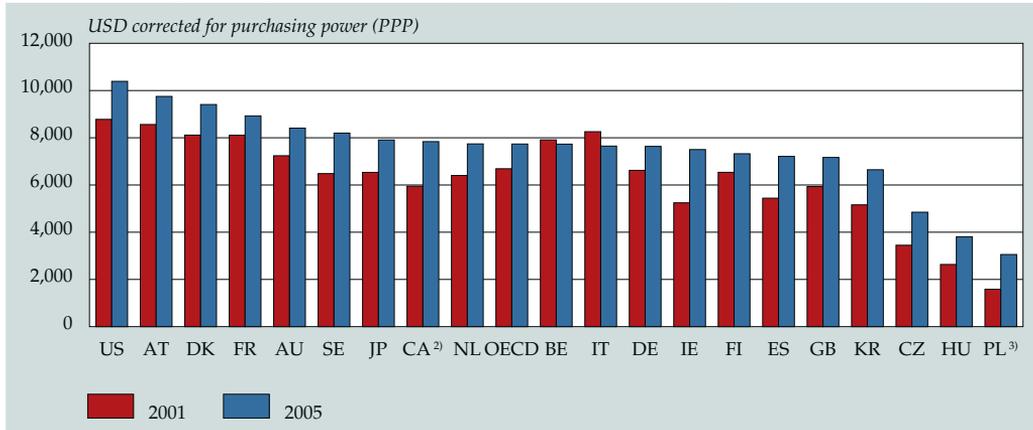


<sup>1)</sup> Figures for HU, IT and PL only refer to expenditure on public educational institutes.

The figure for 2001 for US only refer to expenditure on public and independent private educational institutes.

Bron: OECD, Education at a Glance 2008.

**10.7 Educational expenditure per student, secondary education <sup>1)</sup>**



<sup>1)</sup> Figures for HU, IT and PL only refer to expenditure on public educational institutes.

The figure for 2001 for US only refer to expenditure on public and independent private educational institutes.

<sup>2)</sup> CA: 2000 instead of 2001.

<sup>3)</sup> PL: 1999 instead of 2001.

Source: OECD, Education at a Glance 2008.

**Table 10.3**  
**Total ICT expenditure**

	2002–2005			2006		
	Telecommu- nication	Information- technology (IT)	ICT (total)	Telecommu- nication	Information- technology (IT)	ICT (total)
	<i>% of GDP</i>					
Czech Republic	4.0	2.8	6.8	4.4	3.2	7.6
Japan	4.2	3.5	7.7	4.2	3.4	7.6
Poland	4.7	2.0	6.7	5.0	2.6	7.6
Hungary	5.1	1.7	7.4	5.0	2.5	7.5
Sweden	4.0	4.3	8.2	3.5	3.8	7.3
United Kingdom	3.5	4.0	7.5	3.0	3.5	6.5
Netherlands	3.4	3.7	7.1	3.0	3.3	6.3
Finland	3.2	3.5	6.7	2.8	3.2	6.0
Denmark	3.1	3.4	6.5	2.8	3.2	6.0
Belgium	3.4	2.9	6.4	3.1	2.8	5.9
Austria	3.3	2.9	6.2	3.0	2.8	5.8
Germany	3.0	3.0	6.0	2.8	2.9	5.7
EU-27 <sup>1)</sup>	3.2	2.8	6.0	3.0	2.7	5.7
EU-15	3.2	3.0	6.1	2.9	2.7	5.6
United States	2.7	3.9	6.6	2.1	3.3	5.4
France	2.6	3.2	5.8	2.3	3.1	5.4
Italy	3.2	1.9	5.1	3.1	1.7	4.8
Spain	3.6	1.6	5.2	3.2	1.4	4.6
Ireland	3.0	1.9	4.9	2.3	1.5	3.8

<sup>1)</sup> 2002 and 2003: EU-25 instead of EU-27.

Source: Eurostat, Structural Indicators.

**Table 10.4**  
**Educational expenditure per student, tertiary education<sup>1)</sup>**

	2001			2005		
	Financed publicly	Financed privately	Total	Financed publicly	Financed privately	Total
<i>1,000 USD corrected for purchasing power (PPP)</i>						
United States	7.6	14.7	22.2	8.5	15.9	24.4
Canada <sup>2)</sup>	8.7	6.2	14.9	11.3	8.7	20.0
Sweden	13.3	1.9	15.2	14.1	1.9	15.9
Denmark	14.0	0.3	14.3	14.5	0.5	15.0
Austria	10.7	0.6	11.3	13.7	1.0	14.8
Australia	6.5	6.2	12.7	7.0	7.6	14.6
Netherlands	10.1	2.8	13.0	10.8	3.1	13.9
United Kingdom	7.6	3.1	10.8	9.0	4.5	13.5
Germany	9.6	0.9	10.5	10.6	1.8	12.4
Japan	4.8	6.3	11.2	4.2	8.2	12.3
Finland	10.6	0.4	11.0	11.8	0.5	12.3
Belgium	9.7	1.8	11.6	10.8	1.1	12.0
OECD	9.6	2.7	12.3	8.4	3.1	11.5
France	7.6	1.3	8.8	9.2	1.8	11.0
Ireland	8.5	1.5	10.0	8.8	1.7	10.5
Spain	5.6	1.8	7.5	7.9	2.2	10.1
Italy	6.5	1.9	8.3	5.6	2.4	8.0
South Korea	1.1	5.6	6.6	1.8	5.8	7.6
Czech Republic	4.7	0.8	5.6	5.4	1.2	6.6
Hungary	5.5	1.6	7.1	4.9	1.3	6.2
Poland	2.5	1.1	3.6	4.1	1.5	5.6

<sup>1)</sup> Figures for HU, IT and PL only refer to expenditure on public educational institutes.

The figure for 2001 for US only refer to expenditure on public and independent private educational institutes.

<sup>2)</sup> CA: 2003 instead of 2005. The figure for 2003 only refer to expenditure on public educational institutes.

Source: OECD, Education at a Glance 2008.

**Table 10.5**  
**Educational expenditure per student, primary to tertiary education<sup>1)</sup>**

	2001			2005		
	Financed publicly	Financed privately	Total	Financed publicly	Financed privately	Total
<i>1,000 USD corrected for purchasing power (PPP)</i>						
United States	7.5	3.3	10.9	8.6	4.2	12.8
Austria	8.0	0.5	8.5	9.5	0.9	10.4
Denmark	8.7	0.4	9.1	9.3	0.8	10.1
Sweden	7.4	0.2	7.6	8.9	0.3	9.2
Canada <sup>2)</sup>	6.2	0.6	7.8	6.7	2.0	8.6
OECD	6.0	0.8	6.8	7.3	1.2	8.6
Japan	5.3	1.8	7.0	5.8	2.6	8.4
Australia	5.3	1.7	7.0	6.1	2.2	8.3
Netherlands	6.1	0.6	6.7	7.4	0.7	8.1
France	6.6	0.6	7.1	7.4	0.7	8.1
Belgium	7.0	0.5	7.5	7.6	0.5	8.0
Germany	5.4	1.2	6.7	6.5	1.4	7.9
United Kingdom	5.1	0.9	6.0	6.2	1.5	7.7
Finland	6.6	0.1	6.8	7.5	0.2	7.7
Italy	7.1	0.7	7.8	6.8	0.7	7.5
Spain	4.7	0.7	5.4	6.3	0.8	7.1
Ireland	4.9	0.4	5.3	6.7	0.5	7.1
South Korea	2.9	2.2	5.0	3.7	2.6	6.2
Czech Republic	2.9	0.3	3.2	4.0	0.6	4.5
Hungary	2.9	0.4	3.3	4.0	0.4	4.4
Poland	.	.	2.6	3.3	0.3	3.6

<sup>1)</sup> Figures for HU, IT and PL only refer to expenditure on public educational institutes.

The figure for 2001 for US only refer to expenditure on public and independent private educational institutes.

<sup>2)</sup> CA: 2000 instead of 2001 and 2003 instead of 2005. The figure for 2003 only refer to expenditure on public educational institutes.

Source: OECD, Education at a Glance 2008.

# Annex 11: Society

**Table 11.1**  
Development of the investment climate; society (summary)

	Development compared to the reference period		Development compared to the previous year	
	Indicator	Reference <sup>1)</sup>	Indicator	Reference <sup>1)</sup>
Part-time employment	deteriorated	unchanged	deteriorated	unchanged
Job mobility	deteriorated	deteriorated	improved	improved
Minimum wage	deteriorated	improved	deteriorated	unchanged
Social protection benefits	deteriorated	unchanged	deteriorated	unchanged
Unemployment benefits	improved	unchanged	improved	unchanged
Old-age dependency ratio	deteriorated	improved	improved	improved
Young-age dependency ratio	deteriorated	improved	deteriorated	unchanged

<sup>1)</sup> Position of the Netherlands (NL) within the group of reference countries.

**Table 11.2**  
Development of the investment climate; society (metadata)

	Reference period	Most recent year	Number of reference countries, reference period	Number of reference countries, most recent year
Part-time employment <sup>2)</sup>	2001–2005	2007	20	20
Job mobility <sup>4)</sup>	2001–2005	2007	16	16
Minimum wage	2001–2005	2008	10	10
Social protection benefits	2001–2005	2006	15	15
Unemployment benefits	2001–2005	2006	15	15
Old-age dependency ratio <sup>1)</sup>	2000	2050	20	20
Young-age dependency ratio <sup>3)</sup>	2001–2005	2008	15	15

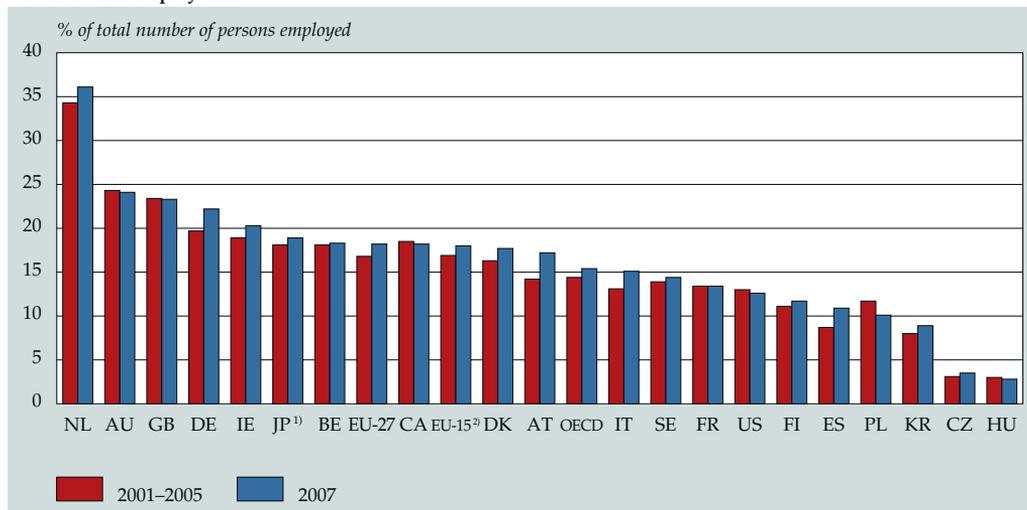
<sup>1)</sup> Previous year is 2040.

<sup>2)</sup> JP: 2002–2005 instead of 2001–2005.

<sup>3)</sup> GB: 2007 instead of 2008.

<sup>4)</sup> AT: 2003–2005 instead of 2001–2005.

### 11.1 Part-time employment <sup>1)</sup>

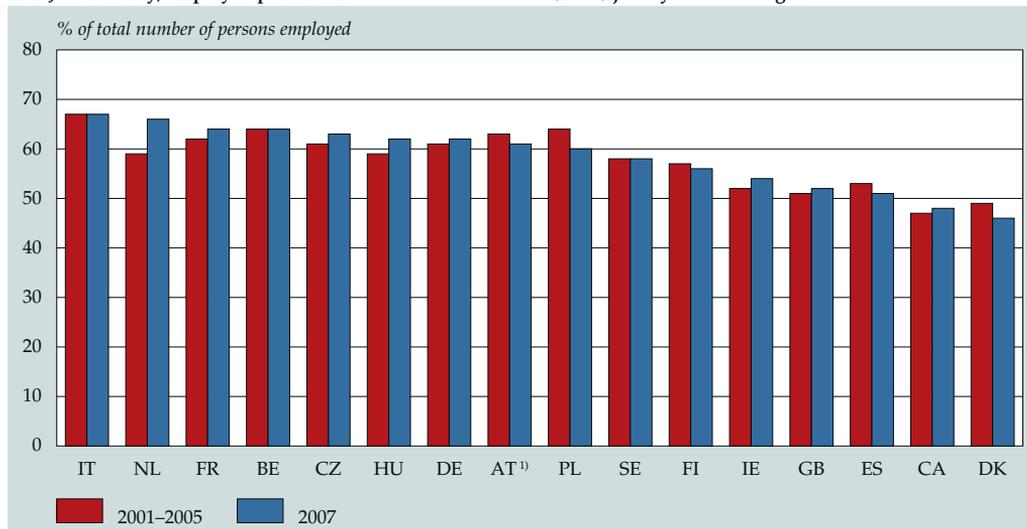


<sup>1)</sup> JP: 2002-2005 instead of 2001-2005.

<sup>2)</sup> EU-15: 2006 instead of 2007.

Source: OECD, Factbook 2009; OECD, Labour Force Statistics; OECD.Stat (April 2009).

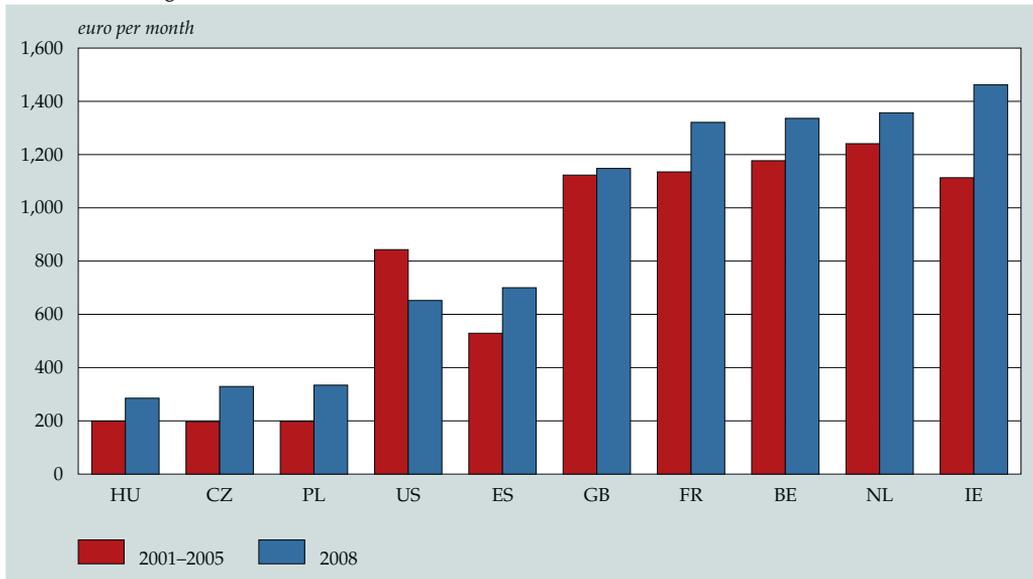
### 11.2 Job mobility; employed persons that work in their current (main) job 5 years and longer



<sup>1)</sup> AT: 2003-2005 instead of 2001-2005.

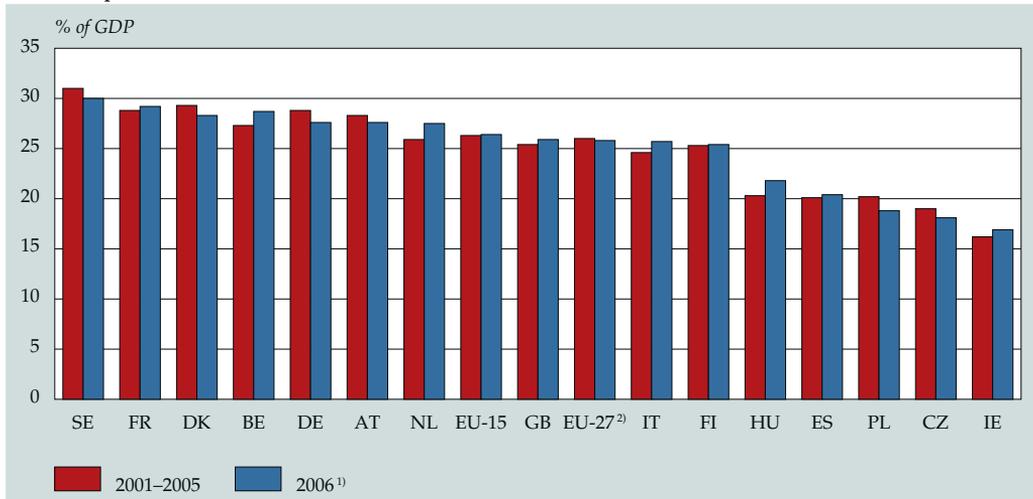
Source: OECD, Labour Force Statistics.

### 11.3 Minimum wage



Source: Eurostat.

### 11.4 Social protection benefits

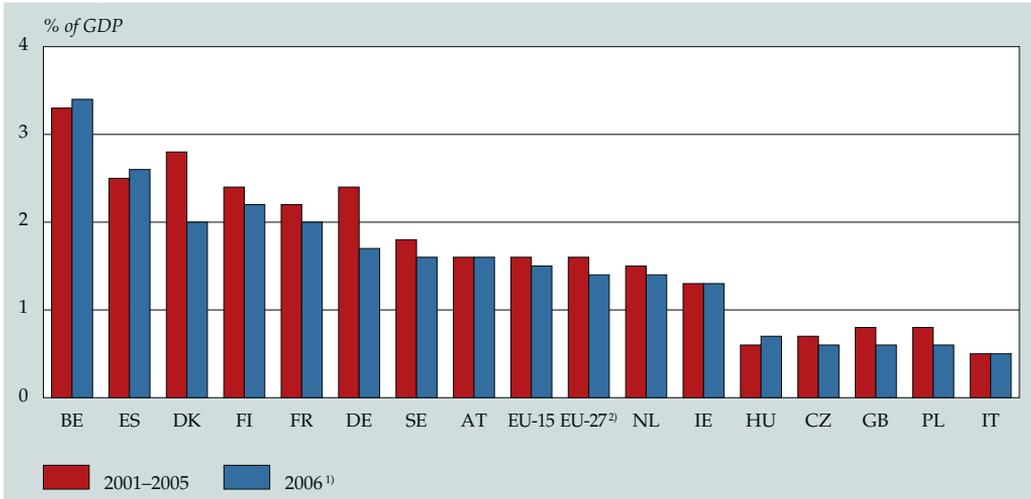


<sup>1)</sup> SE, FR, DK, DE, NL, EU-15, GB, EU-27, IT, FI, ES: provisional figure.

<sup>2)</sup> For 2001-2005: EU-25 instead of EU-27.

Source: Eurostat (ESSPROS).

### 11.5 Unemployment benefits

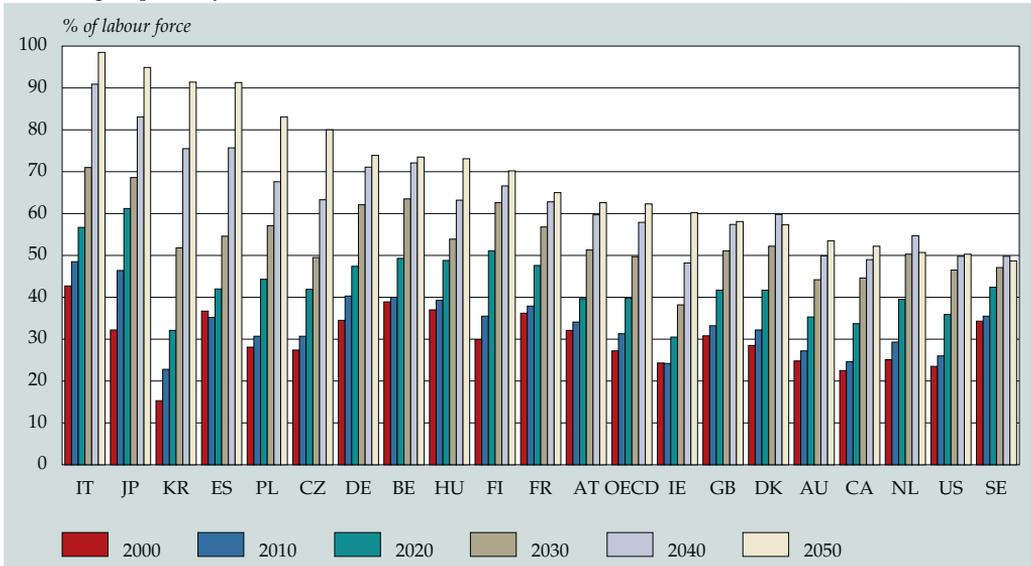


<sup>1)</sup> FR, DE, SE, EU-15, EU-27, NL, GB, IT: provisional figure.

<sup>2)</sup> For 2001-2005: EU-25 instead of EU-27.

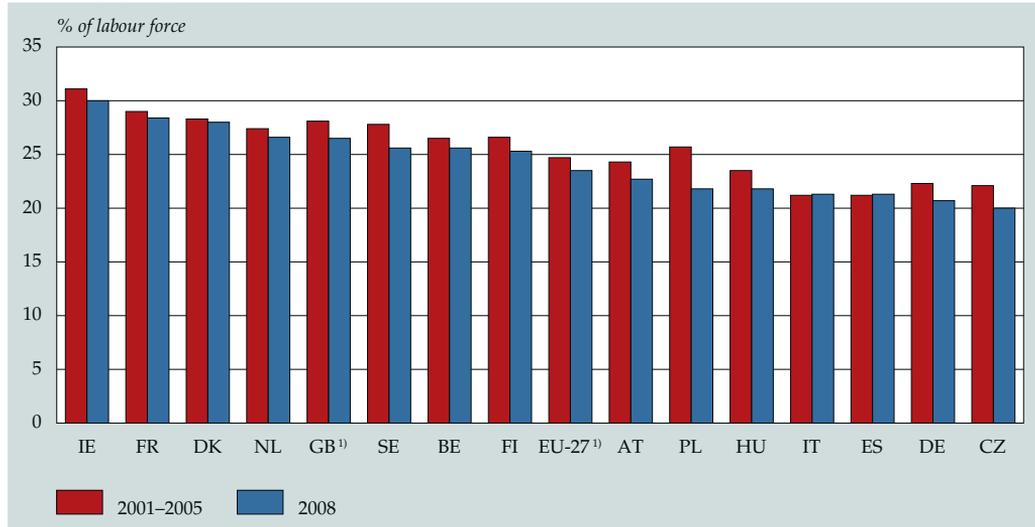
Source: Eurostat (ESSPROS).

### 11.6 Old-age dependency ratio



Source: OECD, Factbook 2009: Economic, Environmental and Social Statistics.

### 11.7 Young-age dependency ratio



<sup>1)</sup> GB and EU-27: 2007 instead of 2008.

Source: Eurostat, Population and social conditions.

## *Statistical sources*

The different indicators are described in this annex. Information of the source of the indicators is given as well as issues which are of interest for a sound technical interpretation of the data. This information can be found via ([www.cbs.nl/investmentclimate](http://www.cbs.nl/investmentclimate)).

The following data are given for each indicator:

**Name**

The name of the indicator.

**Used in**

The tables and figures in which the indicator is used.

**Definition**

A definition of the indicator.

**Unit**

The unit in which the indicator is expressed.

**Available period**

The years for which the data are available on the website.

**Source**

The publication or body the figures are extracted.

**Link to source**

If the information is available on the internet the link is given.

**Missing countries**

The countries or group of reference countries for which no data is available.

**Remarks**

Additional information which is of interest for a sound understanding of the indicator and/or the scores of individual countries.

## Chapter 2 Dutch investment climate

Indicator	Breakdown of GDP growth
Used in	Figure 2.2.2
Definition	Contribution to GDP: the growth of GDP per hour worked, growth of persons employed and growth of hours worked per person employed.
Unit	Average annual growth (%)
Available period	1995–2008
Source	Processing based on OECD, Economic Outlook no. 84 and the Groningen Growth and Development Centre
Link to source	<a href="http://www.oecd.org/eco/Economic_Outlook">www.oecd.org/eco/Economic_Outlook</a> en <a href="http://www.ggdc.net">www.ggdc.net</a>
Missing countries	
Remarks	

## Annex 2 Performance of the Dutch economy

Indicator	Gross Domestic Product (GDP) per capita
Used in	Figure 2.1
Definition	Gross Domestic Product (GDP) in current market prices, per capita, in Purchasing Power Standards (PPS).
Unit	1,000 PPS
Available period	1990–2008
Source	European Commission, AMECO database
Link to source	<a href="http://ec.europa.eu/economy_finance/ameco/user">http://ec.europa.eu/economy_finance/ameco/user</a>
Missing countries	
Remarks	
Indicator	Gross Domestic Product (GDP) per hour worked
Used in	Figure 2.2
Definition	Gross Domestic Product in current market prices, corrected for differences in Purchasing Power Standards (PPS), per hour worked.
Unit	PPS
Available period	1994–2008
Source	OECD, Economic Outlook no. 84 and the Groningen Growth and Development Centre
Link to source	<a href="http://www.oecd.org/eco/Economic_Outlook">www.oecd.org/eco/Economic_Outlook</a> , <a href="http://www.conference-board.org/economics/database.cfm">www.conference-board.org/economics/database.cfm</a> , <a href="http://www.ggdc.net">www.ggdc.net</a>
Missing countries	
Remarks	
Indicator	Annual number of hours worked per person employed
Used in	Figure 2.3
Definition	Average number of hours worked per year, per person employed.
Unit	Hours per year
Available period	1990–2008
Source	The Conference Board and Groningen Growth and Development Centre, Total Economy Database, January 2009
Link to source	<a href="http://www.conference-board.org/economics/database.cfm">www.conference-board.org/economics/database.cfm</a> , <a href="http://www.ggdc.net">www.ggdc.net</a>
Missing countries	
Remarks	
Indicator	Gross Domestic Product (GDP) per person employed
Used in	Figure 2.4
Definition	Gross Domestic Product, in market prices, corrected for differences in Purchasing Power Standards (PPS), per person employed.
Unit	Index (EU-27 = 100)
Available period	1997–2008
Source	Eurostat, Structural Indicators
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, KR
Remarks	
Indicator	Employment rate
Used in	Figure 2.5
Definition	Employed persons aged 15 to 65 years within the total population aged 15 to 65 years. The definitions according to international directives are used. Someone is part of the employed labour force when he or she is 15 years or older and works more than 1 hour a week.
Unit	% of the population aged 15 to 65 years
Available period	1990–2007
Source	OECD, Factbook 2009; OECD, Employment Outlook
Link to source	<a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a> . Regional: <a href="http://statline.cbs.nl/StatWeb/publication/?VW=T&amp;DM=SLNL&amp;PA=71887NED&amp;D1=67-79&amp;D2=a&amp;D3=198-209&amp;D4=a&amp;HD=090608-1545&amp;HDR=T&amp;STB=G1,G2,G3">http://statline.cbs.nl/StatWeb/publication/?VW=T&amp;DM=SLNL&amp;PA=71887NED&amp;D1=67-79&amp;D2=a&amp;D3=198-209&amp;D4=a&amp;HD=090608-1545&amp;HDR=T&amp;STB=G1,G2,G3</a>
Missing countries	
Remarks	

Indicator	Employment rate of men
Used in	Figure 2.6
Definition	Employed men aged 15 to 65 years within the total male population aged 15 to 65 years.
Unit	% of the male population aged 15 to 65 years
Available period	1990–2007
Source	OECD, Factbook 2009; OECD, Employment Outlook
Link to source	<a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a>
Missing countries	
Remarks	
Indicator	Employment rate of women
Used in	Figure 2.7
Definition	Employed women aged 15 to 65 years within the total female population aged 15 to 65 years.
Unit	% of the female population aged 15 to 65 years
Available period	1990–2007
Source	OECD, Factbook 2009; OECD, Employment Outlook
Link to source	<a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a>
Missing countries	
Remarks	
Indicator	Employment rate of persons aged 15 to 25 years
Used in	Figure 2.8
Definition	Employed persons aged 15 to 25 years within the total population aged 15 to 25 years.
Unit	% of the population aged 15–25 years
Available period	1990–2007
Source	OECD, Factbook 2009; OECD, Employment Outlook
Link to source	<a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a>
Missing countries	
Remarks	
Indicator	Employment rate of persons aged 25 to 55 years
Used in	Figure 2.9
Definition	Employed persons aged 25 to 55 years within the total population aged 25 to 55 years.
Unit	% of the population aged 25 to 55 years
Available period	1990–2007
Source	OECD, Factbook 2009; OECD, Employment Outlook
Link to source	<a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a>
Missing countries	
Remarks	
Indicator	Employment rate of persons aged 55 to 65 years
Used in	Figure 2.10
Definition	Employed persons aged 55 to 65 years within the total population aged 55 to 65 years.
Unit	% of the population aged 55 to 65 years
Available period	1990–2007
Source	OECD, Factbook 2009; OECD, Employment Outlook
Link to source	<a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a>
Missing countries	
Remarks	

Indicator	Income quintile share ratio
Used in	Figure 2.11
Definition	The sum of the incomes of the 20 percent highest incomes in the population, divided by the sum of the incomes of the 20 percent lowest incomes in the population.
Unit	Ratio
Available period	1995–2007
Source	Eurostat, New Cronos; Income and living conditions
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, JP, KR, US
Remarks	To determine someone's income, first the total disposable income of a household is determined. Then this income is corrected for the household composition (equivalised). Then all persons within the household are attributed the same equivalised income.

Indicator	Life expectancy at birth of men
Used in	Figure 2.12
Definition	Life expectancy is the average number of remaining years of life of a man on a certain age, based on a given collection of age- and gender-linked mortality figures. The figures published are related to the life expectancy at birth.
Unit	Year
Available period	1960–2006
Source	OECD, Factbook 2009
Link to source	<a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a>
Missing countries	
Remarks	

Indicator	Life expectancy at birth of women
Used in	Figure 2.13
Definition	Life expectancy is the average number of remaining years of life of a woman on a certain age, based on a given collection of age- and gender-linked mortality figures. The figures published are related to the life expectancy at birth.
Unit	Year
Available period	1960–2006
Source	OECD, Factbook 2009
Link to source	<a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a>
Missing countries	
Remarks	

Indicator	Energy consumption per unit of GDP
Used in	Figure 2.14
Definition	The gross domestic energy consumption divided by the Gross Domestic Product in constant prices (base year is 1995).
Unit	Kilogram of oil equivalent per 1000 euro of GDP
Available period	1991–2006
Source	Eurostat, Structural Indicators
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, KR
Remarks	

Indicator	Electricity from renewable energy sources
Used in	Figure 2.15
Definition	Contribution of electricity from renewable energy sources to total gross electricity consumption. Renewable non-fossil energy sources are: wind, solar, geothermal, wave, tidal, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogases. The total gross national electricity consumption of a country is defined as the total gross national electricity generation (from all domestic sources), plus electricity imports, minus exports.
Unit	% of total consumption of electricity
Available period	1990–2007
Source	Eurostat, Structural Indicators
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, JP, KR, US
Remarks	

Indicator	Emissions of carbon dioxide (CO <sub>2</sub> ) per capita
Used in	Figure 2.16
Definition	Emissions of CO <sub>2</sub> (carbon dioxide) according to IPCC standards, per capita. IPCC stands for International Panel on Climate Change. It concerns the emissions released by burning oil, coal and gas for energy use. Emissions released by burning wood and waste, and by some industrial processes such as the production of cement, have not been taken into account. For more information see 'The Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories'.
Unit	1,000 kg per capita
Available period	1990–2006
Source	OECD, Factbook 2009
Link to source	<a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a>
Missing countries	
Remarks	

## Annex 3 Human capital and labour supply

Indicator	Human resources in science and technology (HRST core)
Used in	Figures 3.1, 3.2 and 3.3
Definition	People who graduated from higher education and are working in the field of science and technology. Training must fall under ISCED97 classes 5a (in the Netherlands including masters or hbo), 5b (including shortened hbo) or 6 (aio, oio or other Ph D training). ISCED97 stands for the International Standard Classification of Education of the year 1997. Working activities must fall under ISCO-1988 codes 2 (professionals) or 3 (technicians and associate professionals). 'Science and Technology' does not only include science and engineering, but also medicine, agricultural research, social sciences and education.
Unit	% of total working population
Available period	1994–2007
Source	Eurostat, Statistics Netherlands
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, JP, KR, US
Remarks	According to the ISCED97 classification some other forms of education also count as higher education. According to the Dutch interpretation these are private or company training with a duration of at least 2 years full-time after havo/mbo-4. For example ICT and commercial training. There are also differences between countries in what training is considered higher education. See for example Bernelot Moens, W.E., 'Heeft Nederland wel zo weinig hoger opgeleiden? Associate degree vult gaten in onderwijssysteem', Statistics Netherlands, 2005.
Indicator	Performance of 15-year-old students
Used in	Tables 3.3, 3.4 and 3.5
Definition	Average performance of 15-year-old students in the fields of mathematics, science and reading.
Unit	Average score. OECD average = 500
Available period	2000, 2003 and 2006
Source	OECD, PISA 2006: Science competencies for tomorrow's world
Link to source	<a href="http://www.oecd.org/pisa">www.oecd.org/pisa</a>
Missing countries	US (performance of reading for the year 2006 is unknown)
Remarks	The 2003 figures for the Netherlands are not fully reliable because the sample size was too small. The OECD score is an average weighted pro rata of the number of 15-year-old students per country.
Indicator	Tertiary education attainment
Used in	Figure 3.4
Definition	People aged 25 to 65 years, who graduated from higher education. Training must fall under ISCED97 classes 5a (in the Netherlands incl. masters or hbo), 5b (incl. shortened hbo) or 6 (aio, oio or other Ph D training).
Unit	% of the population aged 25 to 65
Available period	1991–2006
Source	OECD, Factbook 2009, Economic, environmental and social statistics
Link to source	<a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a>
Missing countries	
Remarks	According to the ISCED97 classification some other forms of education also count as higher education. According to the Dutch interpretation these are private or company training with a duration of at least 2 years full-time after havo/mbo-4. For example ICT and commercial training. There are also differences between countries in what training is considered higher education. See for example Bernelot Moens, W.E., 'Heeft Nederland wel zo weinig hoger opgeleiden? Associate degree vult gaten in onderwijssysteem', Statistics Netherlands, 2005.

Indicator Used in	Graduates in science and engineering Figure 3.5
Definition	Number of graduates and Ph Ds in mathematics, sciences and informatics (science: International Standard Classification (ISC) 4) and engineering (engineering: ISC 52) in the year concerned, as a share of the total number of graduates and Ph Ds in the higher education in a year. Higher education has been defined here as ISCED97 classes 5a (in the Netherlands including masters or hbo), 5b (including shortened hbo) or 6 (aio, oio or other Ph D training).
Unit	% of total number of graduates
Available period	1998–2006
Source	OECD, STI; OECD, Education database
Link to source	<a href="http://www.oecd.org">www.oecd.org</a> and <a href="http://www.oecd.org/sti/scoreboard">www.oecd.org/sti/scoreboard</a>
Missing countries	
Remarks	It concerns the year in which students obtained a diploma, with exception of Denmark, Finland, France (up to 2002) and Italy, where students have been registered who graduated in the previous year. According to the ISCED97 classification some other forms of education also count as higher education. According to the Dutch interpretation these are private or company training with a duration of at least 2 years full-time after havo/mbo-4. For example ICT and commercial training. There are also differences between countries in what training is considered higher education. See for example Bernelot Moens, W.E., 'Heeft Nederland wel zo weinig hoger opgeleiden? Associate degree vult gaten in onderwijssysteem', Statistics Netherlands, 2005.

Indicator Used in	Employment rate of native-born population and immigrants by educational attainment Figure 3.6 and table 3.8
Definition	Employed persons aged 15 to 65 years within the total population aged 15 to 65 years, subdivided into the native population and immigrants, by educational attainment. Education has been classified into three classes: 1) 'primary education' (ISCED97 levels 0–2). In the Netherlands for example primary school, vmbo and the junior forms of havo and vwo; 2) 'secondary education' (ISCED97 levels 3–4). In the Netherlands for example the senior forms of havo and vwo, mbo-2, 3 and 4, modern apprenticeship; 3) 'tertiary education' (ISCED97 levels 5–6). Hbo, university and Ph D tracks. Someone is part of the employed labour force when he or she is 15 years or older and works more than 1 hour a week.
Unit	% of the population aged 15 to 65 years
Available period	2006
Source	OECD, Factbook 2009
Link to source	<a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a>
Missing countries	AU, GB, JP, KR
Remarks	

Indicator Used in	Employment rate by educational attainment Table 3.6
Definition	Employed persons aged 25 to 65 years, by highest level of education attained. Persons employed are employees, self-employed persons and unpaid cooperating family members who work at least 1 hour per week. Education has been classified into three classes: 1) 'primary education' (ISCED97 levels 0–2). In the Netherlands for example primary school, vmbo and the junior forms of havo and vwo; 2) 'secondary education' (ISCED97 levels 3–4). In the Netherlands for example the senior forms of havo and vwo, mbo-2, 3 and 4, modern apprenticeship; 3) 'tertiary education' (ISCED97 levels 5–6). Hbo, university and Ph D tracks.
Unit	% of the population aged 25 to 65 years
Available period	1991–2006
Source	OECD, Education at a Glance
Link to source	<a href="http://www.oecd.org">www.oecd.org</a>
Missing countries	
Remarks	According to the ISCED97 classification some other forms of education also count as tertiary education. According to the Dutch interpretation these are private or company training with a duration of at least 2 years full-time after havo/mbo-4. For example ICT and commercial training. Furthermore, there are differences between countries in what training is considered higher education.

Indicator	Unemployment rate by educational attainment
Used in	Table 3.7
Definition	Number of registered unemployed persons aged 25 to 65 years, as a percentage of the labour force (25 to 65 years), by highest level of education attained. Education levels has been classified according to the international classification of education ISCED97 of UNESCO. Education has been classified into three classes: 1) 'primary education' (ISCED97 levels 0–2). In the Netherlands for example primary school, vmbo and the junior forms of havo and vwo; 2) 'secondary education' (ISCED97 levels 3–4). In the Netherlands for example the senior forms of havo and vwo, mbo-2, 3 and 4, modern apprenticeship; 3) 'tertiary education' (ISCED97 levels 5–6). For example hbo, university and Ph D tracks. Persons not employed are people without work, active looking for work and for this moment available for work.
Unit	% of labour force aged 25 to 65 years
Available period	1991–2006
Source	OECD, Education at a glance
Link to source	<a href="http://www.oecd.org">www.oecd.org</a>
Missing countries	EU-15, EU-25
Remarks	According to the ISCED97 classification some other forms of education also count as tertiary education. According to the Dutch interpretation these are private or company training with a duration of at least 2 years full-time after havo/mbo-4. For example ICT and commercial training. Furthermore, there are differences between countries in what training is considered higher education. See for example Bernelot Moens, W.E., 'Heeft Nederland wel zo weinig hoger opgeleiden? Associate degree vult gaten in onderwijssysteem', Statistics Netherlands, 2005.

Indicator	Life-long learning
Used in	Figure 3.7
Definition	People aged 25 to 65 years, who indicated that they had received education or had followed a training in the four weeks preceding the survey.
Unit	% of population aged 25 to 65 years
Available period	1992–2007
Source	Eurostat, Structural Indicators
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, JP, KR, US, OECD
Remarks	The information shown refers to all forms of education and training, irrespective of whether these are important for the current or future job of the respondent. This includes formal education, training, company training, modern apprenticeship, learning on the job, seminars, correspondence courses, evening courses, and alike. From 2004 onward self-teaching is not counted.

Indicator	Unit labour costs
Used in	Figure 3.8
Definition	Labour costs divided by the Gross Domestic Product (GDP). The labour costs are expressed in nominal prices. The Gross Domestic Product is corrected for price developments, and by doing so it is possible to examine how the labour costs for a standard production entity develop through the years.
Unit	Index (2000 = 100)
Available period	1990–2007
Source	OECD, Economic Outlook, No. 84 – December 2008
Link to source	<a href="http://www.oecd.org/eco/Economic_Outlook">www.oecd.org/eco/Economic_Outlook</a>
Missing countries	IE
Remarks	The 2008–2010 figures are provisional or forecasts.

## Annex 4 Innovation

Indicator	Business enterprise expenditure on R&D (BERD)
Used in	Figures 4.1, 4.2 and 4.3
Definition	Business enterprise expenditure on Research and Development (R&D).
Unit	% of GDP
Available period	1990–2007
Source	OECD, Main Science and Technology Indicators 2008-2; OECD, STAN Research and Development Expenditure in Industry; STAN Database for Structural Analysis; Statistics Netherlands, R&D surveys and National Accounts.
Link to source	<a href="http://www.oecd.org">www.oecd.org</a> ; <a href="http://www.cbs.nl">www.cbs.nl</a>
Missing countries	
Remarks	
Indicator	BERD financed from abroad
Used in	Figure 4.4
Definition	Business enterprise expenditure on R&D financed from abroad.
Unit	% of total enterprise expenditure on R&D
Available period	1990–2007
Source	OECD, Main Science and Technology Indicators 2008-2
Link to source	<a href="http://www.oecd.org">www.oecd.org</a>
Missing countries	US
Remarks	
Indicator	Innovative enterprises
Used in	Figures 4.5 and 4.6
Definition	Successful innovative companies with product and/or process innovations in the last three years. These are companies which introduce new or considerably improved products (goods) or services for the market, or implement new or considerably improved processes. Innovations are based on the results of new technological developments, new combinations of existing technology, or using other knowledge.
Unit	% of enterprises
Available period	1996, 2000, 2004, 2006 (for the Netherlands also 1998 and 2002)
Source	Eurostat, Community Innovation Surveys CIS-2, CIS-3, CIS-4 and CIS-2006; Statistics Netherlands
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, JP, KR, US
Remarks	Figures are available for manufacturing (NACE D) and for the services sector (NACE sectors I and J and NACE branches 51, 72, 74.2 and 74.3). Only companies with 10 or more employed persons. Exception: the figures for manufacturing in 1996 and 1998 were based on companies with at least 20 employed persons. EU-15 average in the services sector for 1996 excludes Greece, Spain and Italy.
Indicator	Employment in high-tech sectors
Used in	Figures 4.7 and 4.8
Definition	Employment in the knowledge-intensive high-tech services sector, and employment in medium and high-tech manufacturing.
Unit	% of total employment (all persons of 15 years and older, who perform paid work during at least one hour a week)
Available period	1994–2007
Source	Eurostat, Science and Technology Indicators
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, KR, JP, US
Remarks	High-tech manufacturing includes: pharmaceutical and medical industry, industry for office equipment and computers, industry for radio, TV and other means of communication, industry for medical, precision and optical instruments, aerospace industry. Medium-tech manufacturing includes chemical industry (excluding pharmaceutical and medical manufacturing), machinery and equipment industry, electric machinery and equipment industry, motor vehicles and other means of transport (excluding building and repairing ships). The knowledge-intensive high-tech services sector includes: post and telecommunication (64, NACE Rev 1.1), computer and related activities (72) and research and development (73).

Indicator	Innovative enterprises with co-operation arrangements on innovation activities
Used in	Figures 4.9 to 4.14
Definition	Percentage of (technological) innovative companies in manufacturing and services sector, which co-operated with other companies and institutions in the field of innovation. Distinguished are 'co-operation with the government or public research institutes' and 'co-operation with universities or other higher education institutes'.
Unit	% of innovative enterprises
Available period	1996, 1998, 2000, 2002, 2004, 2006
Source	Eurostat, Community Innovation Surveys CIS-2, CIS-3, CIS-4, CIS-2006; Statistics Netherlands
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, JP, KR, US
Remarks	Data are available for the manufacturing (NACE D) and for the services sector (NACE sectors I and J and NACE branches 51,72, 74.2 and 74.3). For 1996 and 1998 results are based on only companies with at least 20 employees in manufacturing and only enterprises with at least 10 employees in the services sector. For 2000 onward results are based on only companies with at least 10 employees both in services sector and manufacturing.

Indicator	Patent applications to the European Patent Office (EPO)
Used in	Figures 4.15 and 4.17
Definition	An application is counted when it is submitted to the European Patent Office (EPO) under the European Patent Convention or if it is submitted to the EPO under the Patent Cooperation Treaty (PCT). Not counted are applications that are submitted at the national level only. The number of applications is counted according to specific criteria related to the innovative potential. Therefore the numbers given here can differ from for example the numbers given in the annual report of the EPO. When an application was made by several inventors in various countries, a portion is counted in each of the countries. Patents are only granted if they are new, the invention must contain an inventive step and are industrial applicable. Not considered innovations are new mathematical models, software improvements, and improving plants. This means that innovations in the services sector cannot lead to patent applications under the European Patent Convention. Information is also given about the share of high-tech patents as a percentage of the total number of patent applications to the EPO. High-tech patents are defined according to the criteria of the Trilateral Statistical Report. The following technology areas are considered high-tech: computers and other automated office equipment, micro-organic and gene technology, aviation, communication technology, semiconductors and lasers (IPC classification).
Unit	Applications per million persons in the labour force
Available period	1990–2005
Source	Eurostat. Additional data on the size of the labour force from OECD, Main Science and Technology Indicators 2008-2
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	
Remarks	Note: it lasts up to some years before a submitted patent application is published. It is also possible to submit a patent application to the EPO based on an application submitted earlier at the national level (priority application). Figures for the recent years can therefore still increase considerably.

Indicator	Triadic patent applications
Used in	Figure 4.16
Definition	Patent applications which are submitted at the same time at European (EPO) and Japanese (JPO) patent offices and are granted by the American USPTO. It concerns data about the year of first international application. It is measured on 1 January of each year. Patents are counted by the inventor's country of origin (not the applicant's country of origin).
Unit	Applications per million persons in the labour force
Available period	1990–2006
Source	OECD, patent database; OECD, Main Science and Technology Indicators 2008-2
Link to source	<a href="http://www.oecd.org">www.oecd.org</a>
Missing countries	
Remarks	The number of years between the application of a patent and the approval varies between the institutions. At the EPO and the JPO it can take up to 4 years, at the USPTO it can take 6 to 10 years. In the OECD publication MSTI 2007-2 it is assumed that data on triadic patents up to 2000 are more or less complete. From 1998 onward the data on triadic patents are estimates. The time series are revised in the publication 'Figures on the investment climate in the Netherlands 2008', because the method of estimating has been changed. The estimates are now computed from the number of biadic patents (EPO and JPO) and from only the number of patent applications to the EPO in the last couple of years.

Indicator	Turnover of new or significantly improved products
Used in	Figures 4.18 and 4.19
Definition	The products are new for the company, but not necessarily new for the market as a whole. Only companies with 10 or more employed persons.
Unit	% of total turnover
Available period	2000, 2002, 2003, 2004 and 2006
Source	Eurostat, Community Innovation Surveys CIS-3, CIS-light, CIS-4 and CIS-2006; Statistics Netherlands
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, GB, JP, KR, US
Remarks	Data are available for manufacturing (NACE D) and for the services sector (NACE sectors I and J and NACE branches 51, 72, 74.2 and 74.3). Ireland is not included in the EU-15 average for 2000.

Indicator	Non-technological innovators: in marketing and / or organisation
Used in	Figure 4.20
Definition	The percentage of companies that implemented non-technological innovation in the period 1998–2000, 2002–2004 respectively 2004–2006, in the following areas: strategy, management, organisation, marketing and aesthetic adaptations of products. Strategy concerns the implementation or modification of a company's long-term goals. Management refers to the application of sophisticated management techniques, not previously used by the company. Organisation refers to carrying out serious changes in the organisation structure of the company. Marketing concerns the application or development of substantial new marketing concepts. Aesthetic product adaptations are non-technical changes in the way products look, such as changes in colour or packaging.
Unit	% of total number of enterprises
Available period	1998–2006
Source	Eurostat; Community Innovation Survey CIS-3, CIS-4 and CIS-2006.
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, IE, JP, KR, US
Remarks	

## Annex 5 Capital

Indicator	Investment quote business sector
Used in	Figure 5.1
Definition	Gross fixed capital formation by enterprises, divided by the Gross Domestic Product.
Unit	% of GDP
Available period	1990–2007
Source	OECD, Economic Outlook No. 84
Link to source	<a href="http://www.oecd.org/eco/Economic_Outlook">www.oecd.org/eco/Economic_Outlook</a>
Missing countries	CZ, IT, ES, PL
Remarks	
Indicator	ICT investments
Used in	Figures 5.2 and 5.3
Definition	Nominal gross investments in information and communication technology (ICT) broken down by investments in IT equipment, investments in communication equipment and investments in software. The definition of investments is according to System of National Accounts (SNA) 1993.
Unit	% of total non-residential gross fixed capital formation
Available period	1980–2005
Source	OECD, Factbook 2009; OECD, Productivity database; EU-KLEMS
Link to source	<a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a> , <a href="http://www.oecd.org">www.oecd.org</a> , <a href="http://www.euklems.net">www.euklems.net</a>
Missing countries	
Remarks	
Indicator	Venture capital investments
Used in	Figures 5.4 and 5.5
Definition	Venture capital made available to companies not quoted on the stock exchange to finance activities in various stages of the enterprise. The data have been divided into two groups: the early phase ('seed' and 'start-up') and the follow-on phase ('expansion' and 'replacement'). 'Seed' money means financing research, evaluating and developing the business case prior to the start. 'Start-up' money means financing product development and the first activities in marketing, production and sales. 'Expansion' means financing the extension of production capacity and further product and market development and/or additional working capital. 'Replacement' means buying existing shares in a company. Refinancing debts to a bank is also included.
Unit	% of GDP
Available period	1990–2007
Source	Eurostat, Structural Indicators
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, JP, KR
Remarks	
Indicator	Incoming foreign direct investments (FDI)
Used in	Figure 5.6
Definition	Foreign direct investments (FDI) are defined as a direct investment of money by a natural or legal person in a company of another economy with the intention of acquiring a permanent interest. The permanent interest means that a long-term relationship between the investor and the company will develop, and the investor will have considerable influence on how the company is run. Direct investment refers to the first investment as well as subsequent transactions between both legal bodies. Absolute control by the foreign investor is not required. With a share of at least 10 percent an investor has substantial influence on a company or can take part directly in running it.
Unit	% of GDP
Available period	1990–2007
Source	OECD, International direct investment database; OECD, Factbook 2009
Link to source	<a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a> ; <a href="http://www.oecd.org">www.oecd.org</a>
Missing countries	
Remarks	Comparability: in spite of improvements in the application of international standards in recent years, methodological differences between countries exist. A joint survey of IMF and OECD studies the degree to which the international standards are applied in the OECD countries and in about 30 non-OECD countries. See for more results OECD Factbook.

Indicator Used in	Cumulative foreign direct investments, inflow Table 5.3
Definition	Foreign direct investments (FDI) are defined as a direct investment of money by a natural or legal person in a company of another economy with the intention of acquiring a permanent interest. The permanent interest means that a long-term relationship between the investor and the company will develop, and the investor will have considerable influence on how the company is run. Direct investment refers to the first investment as well as subsequent transactions between both legal bodies. Absolute control by the foreign investor is not required. With a share of at least 10 percent an investor has substantial influence on a company or can take part directly in running it.
Unit	billion USD and % of GDP
Available period	1990–2006
Source	OECD, International direct investment database
Link to source	<a href="http://www.oecd.org">www.oecd.org</a> and <a href="http://www.worldbank.org">www.worldbank.org</a>
Missing countries	BE
Remarks	According to international standards assets and liabilities are valued against market prices. The cumulative foreign investments can therefore also change as a result of currency mutations.

Indicator Used in	Outgoing foreign direct investments (FDI) Figure 5.7
Definition	Foreign direct investments (FDI) are defined as a direct investment of money by a natural or legal person in a company of another economy with the intention of acquiring a permanent interest. The permanent interest means that a long-term relationship between the investor and the company will develop, and the investor will have considerable influence on how the company is run. Direct investment refers to the first investment as well as subsequent transactions between both legal bodies. Absolute control by the foreign investor is not required. With a share of at least 10 percent an investor has substantial influence on a company or can take part directly in running it.
Unit	% of GDP
Available period	1990–2007
Source	OECD, International direct investment database; OECD, Factbook 2009
Link to source	<a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a> ; <a href="http://www.oecd.org">www.oecd.org</a>
Missing countries	
Remarks	Comparability: in spite of improvements in the application of international standards in recent years, methodological differences between countries exist. A joint survey of IMF and OECD studies the degree to which the international standards are applied in the OECD countries and in about 30 non-OECD countries. See for more results OECD Factbook.

Indicator Used in	Cumulative foreign direct investments, outflow Table 5.3
Definition	Foreign direct investments (FDI) are defined as a direct investment of money by a natural or legal person in a company of another economy with the intention of acquiring a permanent interest. The permanent interest means that a long-term relationship between the investor and the company will develop, and the investor will have considerable influence on how the company is run. Direct investment refers to the first investment as well as subsequent transactions between both legal bodies. Absolute control by the foreign investor is not required. With a share of at least 10 percent an investor has substantial influence on a company or can take part directly in running it.
Unit	billion USD and % of GDP
Available period	1990–2006
Source	OECD, International direct investment database
Link to source	<a href="http://www.oecd.org">www.oecd.org</a> and <a href="http://www.worldbank.org">www.worldbank.org</a>
Missing countries	BE
Remarks	According to international standards assets and liabilities are valued market prices. The cumulative foreign investments can therefore also change as a result of currency mutations.

## Annex 6 Entrepreneurship

Indicator	Business ownership rate
Used in	Figure 6.1
Definition	The rate is defined as the number of entrepreneurs as a percentage of the employed and job seeking labour force. Entrepreneurs are defined as: all owners of companies managing the company and where for the concerning persons entrepreneurship is the main activity. This definition includes therefore both self-employed persons of non-legal bodies, and directors/large shareholders of legal persons. The rate excludes the agricultural sector.
Unit	% of the employed and job seeking labour force
Available period	1972–2007
Source	EIM, on the basis of Labour Force Statistics database (LFS) of the OECD; Eurostat
Link to source	
Missing countries	
Remarks	The OECD uses no uniform definition of entrepreneur in the LFS, but the definition in use in the country concerned. The result is that country figures are not fully comparable. Besides, the statistic has a lot of breaks in the time series. EIM has developed a method to compare data from several countries with each other on the basis of an uniform definition. EIM examined which definition of an entrepreneur is used by the various countries in various statistics. Then for one year raising factors c.q. split-off factors have been determined per country (mostly for the year 1992) to reach an uniform definition. In some countries (among which the Netherlands and the USA) estimates have been made for the directors/large shareholders, whereas for some other countries estimates have been made of the so-called cooperating family members who have been deducted from the number of entrepreneurs in the statistics. The raising factors and split-off factors have been kept constant in the time for a number of countries for lack of information per year. In addition, corrections have been made for the time series discontinuities in the OECD material by taking in the year of the times series discontinuity the average development of the preceding and the following year as the growth figure.
Indicator	Self-employment rate of women
Used in	Figure 6.2
Definition	Share of female employed persons that is an entrepreneur. Self-employed persons include employers, own-account workers, members of producers' co-operatives, and unpaid family workers (this last group is particularly important in farming and retail trade). Company directors are not considered to be self-employed entrepreneurs. Someone is part of the employed labour force when he or she is 15 years or older and works more than 1 hour a week.
Unit	% of female employment
Available period	1990–2007
Source	OECD, Factbook 2009
Link to source	<a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a>
Missing countries	
Remarks	
Indicator	Self-employment rate of men
Used in	Figure 6.3
Definition	Share of male employed persons that is an entrepreneur. Self-employed persons include employers, own-account workers, members of producers' co-operatives, and unpaid family workers (this last group is particularly important in farming and retail trade). Company directors are not considered to be self-employed entrepreneurs. Someone is part of the employed labour force when he or she is 15 years or older and works more than 1 hour a week.
Unit	% of male employment
Available period	1990–2007
Source	OECD, Factbook 2009
Link to source	<a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a>
Missing countries	
Remarks	

Indicator Used in Definition	Young and upcoming entrepreneurship (TEA index) Figure 6.4 The sum of the number of persons starting a business (starting entrepreneurs) and the number of owners of businesses that were established less than 3.5 years before the reference date (young entrepreneurs), as a percentage of the labour force.
Unit Available period Source Link to source Missing countries Remarks	Index 2001–2007 EIM, Global Entrepreneurship Monitor (GEM) <a href="http://www.eim.net">www.eim.net</a> AT, CZ The Total Entrepreneurial Activity Index (TEA-index) is an index for the degree of new entrepreneurship by country and is calculated as the percentage of people who undertake such activities in comparison to the labour force (population aged 18 to 65 years). The GEM started in 1999, on the initiative of 10 countries. Since 2001 the EIM has taken part in the GEM within the programme 'MKB en Ondernemerschap' (SME and Entrepreneurship). Annually more than thirty countries take part in this study, among which 20 OECD countries, so that a good international comparison is possible of the degree of new entrepreneurship and of the investment climate.
Indicator Used in Definition Unit Available period Source Link to source Missing countries Remarks	Size of enterprise at birth Figure 6.5 Average number of people employed when the company started. Average employment 2000–2007 EIM, International Benchmark on Entrepreneurship. <a href="http://www.eim.net">www.eim.net</a> AU, CA, KR, PL
Indicator Used in Definition	Gross birth rate of enterprises Figure 6.6 The definition for births of companies used here differ from the definition used elsewhere for figures published by Statistics Netherlands for the Netherlands. In the national figures Statistics Netherlands only counts companies where at least 1 person works at least 15 hours a week or more. In this international comparison a company is counted when at least 1 person works at least one hour a week. The differences are shown below.
Unit Available period Source Link to source Missing countries Remarks	<b>International comparison (this publication):</b> <b>Population:</b> businesses excluding agriculture and fishery (NACE Rev 1.1 sectors C–K; N–O). Health care is included; government and education are not. The NACE Rev 1.1 is the English standard industrial classification, which is used by Eurostat. <b>Entity:</b> legal unit <b>Definition birth:</b> starting enterprises and new daughters, when active. <b>Definition active company:</b> at least 1 person works 1 hour or more a week in the company.  <b>National Statistics Netherlands figures (published elsewhere):</b> <b>Population:</b> businesses excluding enterprises in agriculture, fishery, financial institutions, government and the subsidised sector. <b>Entity:</b> company <b>Definition establishment:</b> new economically active companies. Continuations of one or more existing companies (merger, take-over, independence, change of owner or name) are not considered new. <b>Definition active company:</b> at least 1 person works 15 hours or more a week in the company. % of total number of enterprises 1995–2007 EIM, International Benchmark on Entrepreneurship. <a href="http://www.eim.net">www.eim.net</a> AU, CA, KR, PL The EIM uses the trade register or the VAT register, and sometimes also the social security register as a source for data on births of companies. France, United States and Japan use a statistical register. As far as countries use another definition for births of companies, EIM made these uniform using a fixed procedure. For this procedure, EIM looked primarily at Dutch ratios. Internationally, corrections are needed among others for the non-active, and for counting removals and transfers. See the 'International Benchmark on Entrepreneurship' of EIM for an exact description of the procedure per country.

Indicator Used in	Gross exit rate of enterprises Figure 6.7
Definition	<p><b>Definition exit of a company:</b> The company is no longer part of the active business population in year (t+1), whereas it was in the previous year (t). An additional condition is that no other companies are involved in the event. That is, a change in structure (merger, take-over, split, separation) does not count as the exit of the company.</p> <p>The definition for exits of companies used here differ from the definition used elsewhere for figures published by Statistics Netherlands for the Netherlands. In the national figures Statistics Netherlands only counts companies where at least 1 person works at least 15 hours a week or more. In this international comparison a company is counted when at least 1 person works at least one hour a week. The differences are shown below.</p> <p><b>International comparison (this publication):</b>  <b>Population:</b> businesses excluding agriculture and fishery (NACE Rev 1.1 sectors C–K; N–O). Health care is included; government and education are not. The NACE Rev 1.1 is the English standard industrial classification, which is used by Eurostat.  <b>Entity:</b> legal unit  <b>Definition exit of a company:</b> active companies stopping or going bankrupt. Mergers and take-overs are not counted, except for single owner companies.  <b>Definition active company:</b> at least 1 person works 1 hour or more a week in the company.</p> <p><b>National Statistics Netherlands figures (published elsewhere):</b>  <b>Population:</b> businesses excluding enterprises in agriculture, fishery, financial institutions, government and the subsidised sector.  <b>Entity:</b> company  <b>Definition exit of a company:</b> the company is no longer part of the active business population in year (t+1), whereas it was in the previous year (t). An additional condition is that no other companies are involved in the event. That is, a change in structure (merger, take-over, split, separation) does not count as the death of the company.  <b>Definition active company:</b> at least 1 person works 15 hours or more a week in the company.</p>
Unit	Percentage of total number of enterprises
Available period	1995–2007
Source	EIM, International benchmark on entrepreneurship
Link to source	<a href="http://www.eim.net">www.eim.net</a>
Missing countries	AU, CA, KR, PL
Remarks	The EIM uses the trade register or the VAT register, and sometimes also the social security register as a source for data on births of companies. France, United States and Japan use a statistical register. As far as countries use another definition for exits of companies, EIM made these uniform using a fixed procedure. For this procedure, EIM looked primarily at Dutch ratios. Internationally, corrections are needed among others for the non-active, and for counting removals and transfers. See the 'International benchmark on entrepreneurship' of EIM for an exact description of the procedure per country.
Indicator Used in	Business survival rate: enterprises still active two years after birth Figure 6.8
Definition	Percentage of all companies started in a certain year t, still active in terms of employment and/or turnover 2 years after the start (t+2). A company has started only when it engages in activities from the start. The population includes the private sector (NACE rev 1.1 sectors C–K).
Unit	% of all enterprises born two years ago
Available period	2000–2006
Source	Eurostat
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, AT, BE, CA, DE, DK, FR, IE, JP, KR, PL, US
Remarks	

Indicator	Firm turbulence
Used in	Figure 6.9
Definition	Firm turbulence is the sum of gross births and exits of enterprises. See the definitions of these indicators for more information.
Unit	% of the total number of enterprises
Available period	1995–2007
Source	EIM
Link to source	<a href="http://www.eim.net">www.eim.net</a>
Missing countries	AU, CA, KR, PL
Remarks	

Indicator	Fast-growing enterprises
Used in	Figure 6.10
Definition	A fast-growing enterprise is an enterprise that grows at least 60 percent in 3 years in terms of employment. It concerns medium-sized enterprises (50–1,000 employees).
Unit	% of enterprises
Available period	1995–2006
Source	EIM, International benchmark on entrepreneurship; international benchmark on fast-growing enterprises
Link to source	<a href="http://www.eim.net">www.eim.net</a>
Missing countries	AU, CA, KR
Remarks	EIM used data from filed annual reports for the calculations concerning fast-growing enterprises. The sources are: the commercial databases AMADEUS (Europe) and JADE (Japan) of Bureau Van Dijk and COMPUSTAT (USA) of Standard & Poor's. For the USA a bias can occur compared to other countries, because in the USA only enterprises which are listed on one of the stock markets in the country have to file. ICT and industry are overrepresented. Enterprises file at the supervisory body SEC (Securities and Exchange Commission). In other countries enterprises file depending on the legal form and partly on the size. To determine the share of fast-growing enterprises, a selection of enterprises was made per country. It concerns enterprises which had between 50 and 1,000 employees in manufacturing (NACE C–F), trade (NACE G–H) and services (NACE I and K) in 2003. The selected variables are turnover, employment and wage costs. The absolute number of enterprises per sector and size class were taken from the official statistics. For Europe this is 'New Cronos' by Eurostat; for the USA this is the 'Census of Enterprises' of the US Census Bureau and the US Small Business Administration; for Japan the 'Census of Enterprises' of the Japanese statistical bureau.

Indicator	Propensity towards entrepreneurship
Used in	Figure 6.11
Definition	Percentage of people interviewed (sample of residents of the EU and some other countries, among which the United States, Norway and Iceland) who prefer being an entrepreneur over being an employee. The exact wording of the question was: Suppose you could choose between different kinds of jobs, which one would you prefer: being an employee; being self-employed; none of these.
Unit	% of respondents
Available period	2000–2007
Source	European Commission, Flash Eurobarometer 160 'Entrepreneurship' (2004); European Commission, Flash Eurobarometer 192 'Entrepreneurship survey' (2007)
Link to source	<a href="http://europa.eu.int/comm/public_opinion/flash/fl160_en.pdf">http://europa.eu.int/comm/public_opinion/flash/fl160_en.pdf</a>
Missing countries	AU, CA, JP, KR
Remarks	

## Annex 7 Market competition

Indicator	Mark-up
Used in	Figures 7.1, 7.2 and 7.3
Definition	For the total economy (all branches of industry) the mark-up is calculated as the Gross Domestic Product (GDP) divided by the labour costs.
Unit	GDP / labour costs. Broken down by sector: value added / labour costs
Available period	1990–2008
Source	European Commission, AMECO database
Link to source	<a href="http://ec.europa.eu/economy_finance/ameco/user">http://ec.europa.eu/economy_finance/ameco/user</a>
Missing countries	
Remarks	Only the labour costs of employees. Virtual wages of self-employed persons are not taken into account.
Indicator	Public procurement advertised in the Official Journal of the European Communities
Used in	Figures 7.4 and 7.5
Definition	Value of the part of public purchase of goods or services that is put out to tender in public via the 'Official Journal of the European Communities, Supplement S'. The indicator is expressed as a percentage of the Gross Domestic Product, and / or as a percentage of all public procurement. Public procurement here is defined as the sum of the value of procurement for public works, and intermediate expenditure (ESA 95 P2), investments (P51) and social transfers regarding expenditure for products delivered to households via several market parties (D6311_D63121_D63131PAY) for the public sector (S.13 of table 2 ('main aggregates of general government') from the ESA 95 transmission programme).
Unit	% of GDP, and % of all public procurement
Available period	1993–2006
Source	Eurostat
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, JP, KR, US
Remarks	
Indicator	State support
Used in	Figure 7.6
Definition	State support to specific industries (agriculture, fishery, manufacturing, coal, transport excluding railways and other services), and state support which is given on ad hoc basis to individual companies, for example to save or reorganise a company. Also subsidies for Research & Development, environmental subsidies, subsidies for specific regions, subsidies for small companies, and subsidies for creating jobs.
Unit	% of GDP
Available period	1990–2006
Source	Eurostat, Structural indicators
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, JP, KR, US
Remarks	
Indicator	Barriers to entrepreneurship
Used in	Figure 7.7
Definition	Weighted average of indicators on a lower level in the OECD's PMR system. Barriers to entrepreneurship covers three subject areas: 'Non-transparency in the field of regulation and management', 'Administrative burdens on new entrepreneurs' and 'Limiting the effects of the market'.
Unit	Score. The score ranges from 0–6. The higher the score, the greater the obstacles for entrepreneurship.
Available period	1998, 2003 and 2008
Source	OECD, Indicators of Product Market Regulation
Link to source	<a href="http://www.oecd.org/eco/pmr">www.oecd.org/eco/pmr</a>
Missing countries	
Remarks	The weighting of the OECD PMR indicators is revised. Therefore, figures for 2003 and 2008 changed radically.

Indicator Used in	Barriers to trade and investment Figure 7.8
Definition	Weighted average of indicators on a lower level in the OECD's PMR system. Barriers to trade and investment covers two subject areas: 'Explicit barriers to trade and investment' (barriers against foreigners owning companies, procedures which discriminate against foreign companies, import duties, and so on) and 'Other barriers to international trade' (legislation in particular).
Unit	Score. The score ranges from 0–6. The higher the score, the greater the obstacles for trade and investment.
Available period	1998, 2003 and 2008
Source	OECD, Indicators of Product Market Regulation
Link to source	<a href="http://www.oecd.org/eco/pmr">www.oecd.org/eco/pmr</a>
Missing countries	
Remarks	The weighting of the OECD PMR indicators is revised. Therefore, figures for 2003 and 2008 changed radically.

Indicator Used in	Difficulty of firing index Figure 7.9
Definition	<p>The difficulty of firing index has 8 components:</p> <ul style="list-style-type: none"> <li>- Whether redundancy is disallowed as a basis for terminating workers;</li> <li>- Whether the employer needs to notify a third party (such as a government agency) to terminate 1 redundant worker;</li> <li>- Whether the employer needs to notify a third party to terminate a group of 25 redundant workers;</li> <li>- Whether the employer needs approval from a third party to terminate 1 redundant worker;</li> <li>- Whether the employer needs approval from a third party to terminate a group of 25 redundant workers;</li> <li>- Whether the law requires the employer to reassign or retrain a worker before making the worker redundant;</li> <li>- Whether priority rules apply for redundancies;</li> <li>- Whether priority rules apply for reemployment.</li> </ul> <p>For the first question an answer of yes for workers of any income level gives a score of 10 and means that the rest of the questions do not apply. An answer of yes to question 4 gives a score of 2. For every other question, if the answer is yes, a score of 1 is assigned; otherwise a score of 0 is given. Questions 1 and 4, as the most restrictive regulations, have greater weight in the construction of the index. (The total score is scaled to a score between 0 and 100 by multiplying with 10.)</p> <p>Assumptions about the employee:</p> <p>The worker:</p> <ul style="list-style-type: none"> <li>- Is a 42-year-old, non-executive, full-time male employee;</li> <li>- Has worked at the same company for 20 years;</li> <li>- Earns a salary plus benefits equal to the economy's average wage during the entire period of his employment;</li> <li>- Is a lawful citizen who belongs to the same race and religion as the majority of the economy's population;</li> <li>- Resides in the economy's largest business city;</li> <li>- Is not a member of the labour union, unless membership is mandatory.</li> </ul> <p>Assumptions about the business:</p> <p>The business:</p> <ul style="list-style-type: none"> <li>- Is a limited liability company;</li> <li>- Operates in the economy's largest business city;</li> <li>- Is 100% domestically owned;</li> <li>- Operates in the manufacturing sector;</li> <li>- Has 201 employees;</li> <li>- Is subject to collective bargaining agreements in economies where such agreements cover more than half the manufacturing sector and apply even to firms not party to them;</li> <li>- Abides by every law and regulation but does not grant workers more benefits than mandated by law, regulation or (if applicable) collective bargaining agreement.</li> </ul>
Unit	Index (0–100). A high index corresponds with relatively complicated dismissal procedures
Available period	2003–2008
Source	World Bank
Link to source	<a href="http://www.doingbusiness.org">www.doingbusiness.org</a>
Missing countries	
Remarks	

Indicator	Firing cost
Used in	Figure 7.9
Definition	<p>The firing cost indicator measures the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of salary. One month is recorded as 4 and 1/3 weeks.</p> <p>Assumptions about the employee:</p> <p>The worker:</p> <ul style="list-style-type: none"> <li>- Is a 42-year-old, non-executive, full-time male employee;</li> <li>- Has worked at the same company for 20 years;</li> <li>- Earns a salary plus benefits equal to the economy's average wage during the entire period of his employment.;</li> <li>- Is a lawful citizen who belongs to the same race and religion as the majority of the economy's population;</li> <li>- Resides in the economy's largest business city;</li> <li>- Is not a member of the labour union, unless membership is mandatory.</li> </ul> <p>Assumptions about the business:</p> <p>The business:</p> <ul style="list-style-type: none"> <li>- Is a limited liability company.</li> <li>- Operates in the economy's largest business city;</li> <li>- Is 100% domestically owned;</li> <li>- Operates in the manufacturing sector;</li> <li>- Has 201 employees;</li> <li>- Is subject to collective bargaining agreements in economies where such agreements cover more than half the manufacturing sector and apply even to firms not party to them;</li> <li>- Abides by every law and regulation but does not grant workers more benefits than mandated by law, regulation or (if applicable) collective bargaining agreement.</li> </ul>
Unit	Weeks of salary
Available period	2003–2008
Source	World Bank
Link to source	<a href="http://www.doingbusiness.org">www.doingbusiness.org</a>
Missing countries	
Remarks	

## Annex 8 Macroeconomic conditions

Indicator	Inflation
Used in	Figures 8.1 and 8.2
Definition	Development of the general price level, based on the European harmonised consumer price index (Harmonised Index of Consumer Prices; HICP).
Unit	%
Available period	1997–2008
Source	Eurostat, Structural Indicators; OECD, Main Economic Indicators (MEI)
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a> , <a href="http://www.oecd.org/std/mei">www.oecd.org/std/mei</a>
Missing countries	
Remarks	The figures for Australia, Canada, Japan, South Korea and the United States were not harmonised with the European indices, and therefore they are not directly comparable.
Indicator	Long-term interest rate
Used in	Figure 8.3
Definition	Yield of 10-year government bonds.
Unit	%
Available period	1990–2008
Source	OECD, Economic Outlook No. 84
Link to source	<a href="http://www.oecd.org/eco/Economic_Outlook">www.oecd.org/eco/Economic_Outlook</a>
Missing countries	
Remarks	
Indicator	Net borrowing/lending of consolidated general government sector
Used in	Figure 8.4
Definition	Net borrowing/lending of consolidated general government sector. Income and expenditure with a capital character are included, such as land purchases and sales, sale of UMTS licences (Universal Mobile Telecommunications System), investments, investment contributions, turnovers from sales of gas and (specifically Dutch) the buying off of the annual subsidy to housing corporations in 1995. Financial transactions like the sales of participations or providing credit, for instance to companies or student loans, are not considered as relevant income or expenditure for the balance.
Unit	% of GDP
Available period	1990–2007
Source	Eurostat, Structural Indicators; OECD, Factbook 2009
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a> , <a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a>
Missing countries	
Remarks	
Indicator	General government debt
Used in	Figure 8.5
Definition	General government debt; nominal value on 31 December of the year concerned. Government includes national and local government and social security funds.
Unit	% of GDP
Available period	1990–2007
Source	Eurostat, Structural Indicators; OECD, Factbook 2009
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a> , <a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a>
Missing countries	
Remarks	Differences exist between the national definitions of government debt, and the EU definition (EMU balance). For this indicator, the EU definition is used for the EU countries.
Indicator	Unemployment
Used in	Figure 8.6
Definition	The number of unemployed aged 15 to 65 years
Unit	% of labour force
Available period	1990–2010
Source	OECD, Economic Outlook No. 84
Link to source	<a href="http://www.oecd.org/eco/Economic_Outlook">www.oecd.org/eco/Economic_Outlook</a>
Missing countries	
Remarks	

Indicator	Imports and exports, related to GDP
Used in	Figure 8.7
Definition	(Exports in current prices + imports in current prices) divided by (Gross Domestic Product (GDP) in current prices).
Unit	% of GDP
Available period	1990–2008
Source	European Commission, AMECO database
Link to source	<a href="http://ec.europa.eu/economy_finance/ameco/user">http://ec.europa.eu/economy_finance/ameco/user</a>
Missing countries	
Remarks	

Indicator	Costs to import or export a container.
Used in	Figures 8.8 and 8.9
Definition	Costs which are made for the import/export of a container with standard goods. The costs exist of procedure costs, transshipment costs and transport charges. At the import the costs are counted as from the moment that the container comes in the port up to the moment that it is at the factory/wholesale trade for further processing. At the export this applies as from the moment of loading at the factory to the departure from the port. The importer or exporter has 60 or more employees, is located in or around densely populated areas, is a private enterprise which does not operate in the export processing zone or an industrial state with special export or import privileges. The company is domestically owned and exports more than 10 percent of its sales. Traded goods are dry shipped in 20 foot fully loaded containers. The goods are not dangerous goods, no military items, do not need to be cooled or undergo another special treatment, and belong to Standard International Trade Classification (SITC) Revision category SITC 65, SITC 84 or SITC 07 (mainly textile, clothing, cocoa, coffee, tea and derivatives of it).
Unit	USD per container
Available period	2006–2009
Source	World Bank
Link to source	<a href="http://www.doingbusiness.org">www.doingbusiness.org</a>
Missing countries	
Remarks	The figures for the years 2006–2009 are based in this edition on companies which have more than 60 employees. The figures used for 'Figures on the investment climate in the Netherlands 2008' were based on companies which have more than 100 employees.

Indicator	Number of days required to import or export a container.
Used in	Figure 8.10 and 8.11
Definition	Number of days that it takes for a container with standard goods to go through procedures, from arrival in the port to the arrival at the factory or wholesaler (or from loading at the factory to departure from the port). The importer or exporter has 60 or more employees, is located in or around densely populated areas, is a private enterprise which does not operate in the export processing zone or an industrial state with special export or import privileges. The company is domestically owned and exports more than 10 percent of its sales. Traded goods are dry shipped in 20 foot fully loaded containers. The goods are not dangerous goods, no military items, do not need to be cooled or undergo another special treatment, and belong to Standard International Trade Classification (SITC) Revision category SITC 65, SITC 84 or SITC 07 (mainly textile, clothing, cocoa, coffee, tea and derivatives of it).
Unit	Days
Available period	2006–2009
Source	World Bank
Link to source	<a href="http://www.doingbusiness.org">www.doingbusiness.org</a>
Missing countries	
Remarks	The figures for the years 2006–2009 are based in this edition on companies which have more than 60 employees. The figures used for 'Figures on the investment climate in the Netherlands 2008' were based on companies which have more than 100 employees.

## Annex 9 Functioning of the apparatus of government

Indicator	Corporate tax rate
Used in	Figure 9.1
Definition	The sum of the taxes levied by the national and local authorities on the income (profits) of companies. For countries with a progressive tariff system, where a lower tax rate is paid when profit falls below a certain tax threshold, we show only the top rate.
Unit	% of net revenues
Available period	2000–2008
Source	OECD, Tax Database
Link to source	<a href="http://www.oecd.org/ctp/taxdatabase">http://www.oecd.org/ctp/taxdatabase</a>
Missing countries	
Remarks	<p>Australia and the United Kingdom: Tax years do not run parallel with calendar years. The values refer to the situation starting in July and April.</p> <p>Belgium (as from 2006): The corporation tax can be partly compensated by deductions of notional interest. The deduction is not related to the results of the company, but only to the amount of assets and the yield of long-term government bonds. The deduction means that a relative low result (before taxes) on the net assets of a company leads to a lower effective tax rate. The effective tax rate is half of the nominal tax rate if the stock capital before tax deduction amounts to twice the notional interest percentage (4.307% in 2008).</p> <p>France: The tariff includes allowances, but excludes local company tax (Taxe professionnelle) and turnover-related solidarity tax (Contribution de Solidarité).</p> <p>Germany: Including regional company tax (Gewerbesteuer) and allowances.</p> <p>Hungary: Excludes turnover-related local company tax and, as from 2004, innovation tax and, as from 2005, special allowances for financial and credit institutions.</p> <p>Italy: Excludes regional company tax (Imposta Regionale sulle Attività Produttive; IRAP).</p> <p>the Netherlands: (from 2008): concerns the taxable income above EUR 200.000.</p> <p>Poland: (from 2008): there is no decentral government tax, but local authorities share in tax revenues to a certain percentage (for all local authorities).</p> <p>United States: The tariff of the states is a weighted average of the 'state corporate marginal income tax rate' that is levied by individual states.</p>
Indicator	State control
Used in	Figure 9.2
Definition	Weighted average of indicators on a lower level in the OECD's PMR system. State control covers two subject areas "public ownership" and "involvement in business operations".
Unit	Score. The score ranges from 0–6. The higher the score, the greater the state control.
Available period	1998, 2003 and 2008
Source	OECD, Indicators of Product Market Regulation
Link to source	<a href="http://www.oecd.org/eco/pmr">www.oecd.org/eco/pmr</a>
Missing countries	
Remarks	The weighting of the OECD PMR indicators is revised. Therefore, figures for 2003 and 2008 changed radically.
Indicator	Sectoral and ad hoc state support
Used in	Figure 9.3
Definition	State support given on an ad hoc basis to individual companies, for instance to 'save' a company or finance a reorganization and state support to specific sectors (agriculture, fisheries, manufacturing, coal, transport excluding railways and other services).
Unit	% of GDP
Available period	1990–2006
Source	Eurostat, Structural Indicators
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, JP, KR, US
Remarks	

Indicator	Number of days required to start-up a new business
Used in	Figure 9.4
Definition	Number of days required to start-up a new business. It concerns meeting the legal requirements, such as registration at the Chamber of Commerce and the tax authorities.
Unit	Number of days
Available period	2003–2008
Source	International Institute of Management Development (IMD) (2003–2005); World Bank (2006–2008).
Link to source	<a href="http://www.doingbusiness.org/ExploreTopics/StartingBusiness">www.doingbusiness.org/ExploreTopics/StartingBusiness</a>
Missing countries	
Remarks	<p>Assumptions about the business:</p> <p>The business:</p> <ul style="list-style-type: none"> <li>- Is a limited liability company. If there is more than one type of limited liability company in the country, the limited liability form most popular among domestic firms is chosen. Information on the most popular form is obtained from incorporation lawyers or the statistical office;</li> <li>- Operates in the country's most populous city;</li> <li>- Is 100% domestically owned and has 5 owners, none of whom is a legal entity;</li> <li>- Has start-up capital of 10 times income per capita at the end of 2006, paid in cash;</li> <li>- Performs general industrial or commercial activities, such as the production or sale of products or services to the public. The business does not perform foreign trade activities and does not handle products subject to a special tax regime. It is not using heavily polluting production processes;</li> <li>- Leases the commercial plant and offices and is not a proprietor of real estate;</li> <li>- Does not qualify for investment incentives or any special benefits;</li> <li>- Has at least 10 and up to 50 employees after the commencement of operations, all of them nationals;</li> <li>- Has a turnover of at least 100 times income per capita.</li> </ul> <p>Time is recorded in calendar days. The measure captures the median duration that incorporation lawyers indicate is necessary to complete a procedure with minimum follow-up with government agencies and no extra payments. It is assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). A procedure is considered completed once the company has received the final document, such as the company registration certificate or tax number. If a procedure can be accelerated for an additional cost, the fastest procedure is chosen. It is assumed that the entrepreneur does not waste time and commits to completing each remaining procedure without delay. The time that the entrepreneur spends on gathering information is ignored. It is assumed that the entrepreneur is aware of all entry regulations and their sequence from the beginning but has had no prior contact with any of the officials.</p>

Indicator Used in Definition	<p>Number of procedures required to start-up a new business Figure 9.5</p> <p>A procedure is defined as any interaction of the company founder with external parties (for example, government agencies, lawyers, auditors or notaries). Interactions between company founders or company officers and employees are not counted as procedures. Procedures that must be completed in the same building but in different offices are counted as separate procedures. If founders have to visit the same office several times for different sequential procedures, each is counted separately. The founders are assumed to complete all procedures themselves, without middlemen, facilitators, accountants or lawyers, unless the use of such a third party is mandated by law. If the services of professionals are required, procedures conducted by such professionals on behalf of the company are counted separately. Both pre- and postincorporation procedures that are officially required for an entrepreneur to formally operate a business are recorded. Procedures required for official correspondence or transactions with public agencies are also included. For example, if a company seal or stamp is required on official documents, such as tax declarations, obtaining the seal or stamp is counted. Similarly, if a company must open a bank account before registering for sales tax or value added tax, this transaction is included as a procedure. Shortcuts are counted only if they fulfill 4 criteria: they are legal, they are available to the general public, they are used by the majority of companies, and avoiding them causes substantial delays. Only procedures required of all businesses are covered. Industry-specific procedures are excluded. For example, procedures to comply with environmental regulations are included only when they apply to all businesses conducting general commercial or industrial activities. Procedures that the company undergoes to connect to electricity, water, gas and waste disposal services are not included.</p>
Unit	Number of procedures
Available period	2003–2008
Source	World Bank, The Global Competitiveness Report 2007–2008; World Economic Forum, Ease of doing business 2009.
Link to source	<a href="http://www.doingbusiness.org">www.doingbusiness.org</a>
Missing countries	
Remarks	<p>Assumptions about the business:</p> <p>The business:</p> <ul style="list-style-type: none"> <li>- Is a limited liability company. If there is more than one type of limited liability company in the country, the limited liability form most popular among domestic firms is chosen. Information on the most popular form is obtained from incorporation lawyers or the statistical office;</li> <li>- Operates in the country's most populous city;</li> <li>- Is 100% domestically owned and has 5 owners, none of whom is a legal entity;</li> <li>- Has start-up capital of 10 times income per capita at the end of 2006, paid in cash;</li> <li>- Performs general industrial or commercial activities, such as the production or sale of products or services to the public. The business does not perform foreign trade activities and does not handle products subject to a special tax regime. It is not using heavily polluting production processes;</li> <li>- Leases the commercial plant and offices and is not a proprietor of real estate;</li> <li>- Does not qualify for investment incentives or any special benefits;</li> <li>- Has at least 10 and up to 50 employees 1 month after the commencement of operations, all of them nationals;</li> <li>- Has a turnover of at least 100 times income per capita.</li> </ul>
Indicator Used in Definition	<p>Online availability of basic public services Figure 9.6</p> <p>Online availability of 20 basic public services for individuals and companies. It must be possible for the whole procedure to be completed online. Basic services are for example tax declarations, applications for licenses or birth certificates.</p>
Unit	% of basic public services
Available period	2001–2007
Source	Capgemini, 2007, The user challenge. Benchmarking the supply of online public services, report of the 7th measurement, European Union/Directorate General for Information Society and Media, Brussels; Eurostat
Link to source	<a href="http://www.nl.capgemini.com/resources/thought_leadership/online_availability_of_public_services">http://www.nl.capgemini.com/resources/thought_leadership/online_availability_of_public_services</a> ; <a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, JP, KR, US
Remarks	

Indicator	Government effectiveness
Used in	Figure 9.7
Definition	Combined index based on indicators on among other things the amount of government bureaucracy, quality of public services, political stability, credibility of government, and transparency and consistency of government policy.
Unit	Score. The score ranges from 0–100. The higher the score, the more effective the government.
Available period	1996, 1998, 2000, 2002–2007
Source	World Bank, 2008, Governance matters 2008: Governance indicators 1996–2007, Washington
Link to source	<a href="http://www.worldbank.org">www.worldbank.org</a>
Missing countries	
Remarks	

## Annex 10 Infrastructure

Indicator Used in Definition	Efficiency of the distribution infrastructure Figure 10.1 The efficiency of the distribution infrastructure for goods and services (air, road, rail and waterways).
Unit	Until 1992: Score 0 (inefficient) - 100 (efficient). As from 1993: Score 0 (inefficient) - 10 (efficient).
Available period	1991–2008, except 1996
Source	World Competitiveness Yearbook, editions 1991–1995 and 1997–2008, International Institute for Management Development (IMD)
Link to source	<a href="http://www.imd.ch/wcc/yearbook">http://www.imd.ch/wcc/yearbook</a>
Missing countries	
Remarks	The indicator measures how a large number of managers of big international enterprises perceive the efficiency of the distribution infrastructure of the country in which they have lived and worked for the past year.
Indicator Used in Definition	Aviation network connectivity Figure 10.2 The absolute number of continental and intercontinental destinations that can be accessed directly by passengers from major European airports. Connections with stops are counted, indirect connections are not.
Unit	Number of destinations
Available period	1995–2007
Source	SEO, Luchthavenmonitor November 2008 (Dutch title) (processed by OAG).
Link to source	
Missing countries	
Remarks	From 2003 to 2004 a break in the time series occurred.
Indicator Used in Definition	Office rents and occupancy costs Figure 10.3 The cost of hiring office space, including service costs and property tax. The indicator for the country concerned is based on the rent of high-quality office space (class A) in the most important office location in that country, such as the West End in London or Manhattan in New York. Amsterdam was selected for the Netherlands.
Unit	USD per square metre per year/Euro per square metre per year
Available period	2001–2008
Source	CB Richard Ellis, 'Global Market Rents', editions July 2001 up to and including May 2008
Link to source	<a href="http://www.cbre.com">www.cbre.com</a>
Missing countries	
Remarks	Usually the capital of a country is chosen as the 'most important office location'. Exceptions: Australia: Sydney; Canada: Toronto (Calgary from November 2006 edition); Germany: Frankfurt am Main; Italy: Milan; Japan: Tokyo Inner Central; United Kingdom: London West End; United States: New York midtown Manhattan. These (parts of) cities have the highest occupancy costs of office space in the country.
Indicator Used in Definition	Total ICT expenditure Table 10.3 Investments, intermediate use and consumption of ICT goods (hardware and software) and ICT services. ICT stands for information and communication technology.
Unit	% of GDP
Available period	2000–2006
Source	Eurostat, Structural Indicators
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, KR
Remarks	

Indicator	Broadband subscribers
Used in	Figure 10.4
Definition	Broadband subscribers to the Internet, end of June and end of December of the year concerned. The total transmission rate (sum of upload and download capacity) must be at least 256 kbit/s (kilobit per second). Includes xDSL, cable, satellite broadband Internet, glass fibre Internet access, ethernet LANs and fixed wireless connections. Excludes mobile access such as UMTS.
Unit	connections per 100 inhabitants
Available period	2001–2008
Source	OECD, Broadband Statistics 2008
Link to source	<a href="http://www.oecd.org/sti/ict/broadband">www.oecd.org/sti/ict/broadband</a>
Missing countries	
Remarks	

Indicator	Government financed gross domestic expenditure on R&D
Used in	Figure 10.5
Definition	Gross domestic expenditure on Research & Development (R&D), publicly financed.
Unit	% of GDP
Available period	1990–2007
Source	OECD, Main Science and Technology Indicators
Link to source	<a href="http://www.oecd.org">www.oecd.org</a>
Missing countries	
Remarks	The time series for the Netherlands runs up to and including 2003. Recent figures are not available because of measurement problems concerning the R&D at universities and University Medical Centres.

Indicator	Educational expenditure per student, primary education
Used in	Figure 10.6
Definition	Expenditure on public and private educational institutes, per student (in full-time equivalents), in primary education (ISCED level 1). It concerns both public (government) expenditure, and expenditure by private organisations or individuals.
Unit	USD corrected for purchasing power (PPP)
Available period	1997–2005
Source	OECD, Education at a Glance 2008
Link to source	<a href="http://www.oecd.org/edu/eag2008">www.oecd.org/edu/eag2008</a>
Missing countries	
Remarks	Please note: it concerns both expenditure directly to educational institutions (schools, universities), and expenditure to individuals, who then pay (a part of) the money to an educational institution. In the case of a study grant to a student, the part of the grant used by the student to pay tuition, is counted in this indicator. The part of the grant used by the student to pay the rent is not counted in this indicator. For more information, see OECD Education at a Glance 2007, p.170. The OECD figure is the weighted average of the OECD countries (sum of all expenditures in all countries divided by the sum of all students in all countries). In the case no figure for an OECD country is available, the average of available countries is taken. Please note the use of PPP's, they can differ from year to year.

Indicator Used in Definition	Educational expenditure per student, secondary education Figure 10.7 Expenditure on public and private educational institutes, per student (in full-time equivalents), in secondary education (ISCED levels 2 and 3). It concerns both public (government) expenditure, and expenditure by private organisations or individuals.
Unit	USD corrected for purchasing power (PPP)
Available period	1997–2005
Source	OECD, Education at a Glance 2008
Link to source	<a href="http://www.oecd.org/edu/eag2008">www.oecd.org/edu/eag2008</a>
Missing countries	
Remarks	Please note: it concerns both expenditure directly to educational institutions (schools, universities), and expenditure to individuals, who then pay (a part of) the money to an educational institution. In the case of a study grant to a student, the part of the grant used by the student to pay tuition, is counted in this indicator. The part of the grant used by the student to pay the rent is not counted in this indicator. For more information, see OECD Education at a Glance 2007, p.170. The OECD figure is the weighted average of the OECD countries (sum of all expenditures in all countries divided by the sum of all students in all countries). In the case no figure for an OECD country is available, the average of available countries is taken. Please note the use of PPP's, they can differ from year to year.
Indicator Used in Definition	Educational expenditure per student, tertiary education Table 10.4 Expenditure on public and private educational institutes, per student (in full-time equivalents), in higher education (ISCED levels 5 and 6). It concerns both public (government) expenditure, and expenditure by private organisations or individuals. R&D activities at universities are included.
Unit	USD corrected for purchasing power (PPP)
Available period	1997–2005
Source	OECD, Education at a Glance 2008
Link to source	<a href="http://www.oecd.org/edu/eag2008">www.oecd.org/edu/eag2008</a>
Missing countries	
Remarks	Please note: it concerns both expenditure directly to educational institutions (schools, universities), and expenditure to individuals, who then pay (a part of) the money to an educational institution. In the case of a study grant to a student, the part of the grant used by the student to pay tuition, is counted in this indicator. The part of the grant used by the student to pay the rent is not counted in this indicator. For more information, see OECD Education at a Glance 2007, p.170. The OECD figure is the weighted average of the OECD countries (sum of all expenditures in all countries divided by the sum of all students in all countries). In the case no figure for an OECD country is available, the average of available countries is taken. Please note the use of PPP's, they can differ from year to year.
Indicator Used in Definition	Educational expenditure per student, primary to tertiary education Table 10.5 Expenditure on public and private educational institutes, per student (in full-time equivalents). It concerns both public (government) expenditure, and expenditure by private organisations or individuals. It concerns all levels of education, from primary to tertiary education (ISCED levels 1 to 6).
Unit	USD corrected for purchasing power (PPP), also compared to GDP per capita
Available period	1997–2005
Source	OECD, Education at a Glance 2008
Link to source	<a href="http://www.oecd.org/edu/eag2008">www.oecd.org/edu/eag2008</a>
Missing countries	
Remarks	Please note: it concerns both expenditure directly to educational institutions (schools, universities), and expenditure to individuals, who then pay (a part of) the money to an educational institution. In the case of a study grant to a student, the part of the grant used by the student to pay tuition, is counted in this indicator. The part of the grant used by the student to pay the rent is not counted in this indicator. For more information, see OECD Education at a Glance 2007, p.170. The OECD figure is the weighted average of the OECD countries (sum of all expenditures in all countries divided by the sum of all students in all countries). In the case no figure for an OECD country is available, the average of available countries is taken. Please note the use of PPP's, they can differ from year to year.

## Annex 11 Society

Indicator	Part-time employment
Used in	Figure 11.1
Definition	Employed persons who work less than 30 hours a week in their main job.
Unit	% of total number of persons employed
Available period	1990–2007
Source	OECD, Factbook 2009; OECD, Labour Force Statistics; OECD, 1997, International comparisons of part-time work (Economic studies no. 29, 1997/II); OECD.Stat (April 2009)
Link to source	<a href="http://www.oecd.org">www.oecd.org</a> ; <a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a>
Missing countries	
Remarks	
Indicator	Job mobility; employed persons that work in their current (main) job 5 years and longer
Used in	Figure 11.2
Definition	Number of years that employed persons have worked in their current (main) job (including self-employed persons).
Unit	% of total number of persons employed
Available period	1990–2007
Source	OECD, Labour Force Statistics
Link to source	<a href="http://www.oecd.org">www.oecd.org</a>
Missing countries	AU, JP, KR, US
Remarks	
Indicator	Minimum wage
Used in	Figure 11.3
Definition	Legal gross minimum wage.
Unit	Euro per month
Available period	1999–2008
Source	Eurostat
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, AT, CA, DE, DK, FI, IT, JP, KR, SE
Remarks	Exceptions to this minimum wage are possible; in the Netherlands for example, the minimum wage for young people is lower (minimum youth wage). In the United States individual states can make a higher minimum wage compulsory than the federal minimum wage shown here. Denmark, Germany, Austria, Italy, Sweden and Finland do not have a legal minimum wage. In these countries, a minimum wage is agreed upon by employees and employers per sector.
Indicator	Social protection benefits
Used in	Figure 11.4
Definition	Total expenditure on social protection benefits. Social protection benefits include income assistance and other financial or material assistance for sickness and health care, infirmity, pension and widows and widowers. In addition, financial or material support (excluding health) for family (including children), unemployment, housing and socially vulnerable people.
Unit	% of GDP
Available period	1990–2006
Source	Eurostat
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, JP, KR, US
Remarks	

Indicator	Unemployment benefits
Used in	Figure 11.5
Definition	It concerns benefits in the field of complete or partial unemployment, advanced pension benefits (early retirement), appropriation professional training, compensation forced dismissal and other financial benefits (assistance particularly for long-term unemployed persons). In addition, benefits in kind, promotion labour mobility and redeployment, professional training for unemployed persons or persons with a high risk on job loss, remaining benefits for the necessities of life.
Unit	% of GDP
Available period	1990–2006
Source	Eurostat
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, JP, KR, US
Remarks	
Indicator	Old-age dependency ratio
Used in	Figure 11.6
Definition	The ratio between the number of people over 65 years and people in the productive age group of 15 to 65 years.
Unit	% of total labour force
Available period	2000–2050, every 5 years
Source	OECD, Factbook 2009: Economic, Environmental and Social Statistics
Link to source	<a href="http://www.sourceoecd.org/factbook">www.sourceoecd.org/factbook</a>
Missing countries	
Remarks	
Indicator	Young-age dependency ratio
Used in	Figure 11.7
Definition	The ratio between the population 0–14 years (inactive age) and the population aged 15 to 65 years (active age). Observation date is 1 January of the year concerned.
Unit	% of total labour force
Available period	1990–2008
Source	Eurostat, Population and social conditions
Link to source	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
Missing countries	AU, CA, JP, US, KR
Remarks	

# *Contributors to this publication*

## *Authors*

drs. H.N. de Heij  
drs. J.F.H. Hiethaar  
drs. T.J.T. van Kooten  
ir. A.D. Kuipers  
drs. D. Pronk  
drs. A.C. van Wijk

## *Project management and editor*

ir. A.D. Kuipers