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FOREIGN DIRECT INVESTMENT

According to UNCTAD's [World Investment Report 2023](#), FDI flows to the Netherlands were negative by USD 67.3 billion in 2022, a trend that continued from the previous year, when net divestment stood at USD 77.4 billion. Overall, FDI inflows have been negative since 2019. In 2022, the total stock of FDIs reached USD 2.68 trillion, around 270% of the country's GDP, one of the highest shares in the world. In 2021, the most recent year for which data are available, 25,100 multinationals were active in the Dutch business economy, representing 1.8% of the Dutch business economy as a whole. In the same year outflows from the Netherlands - usually among the largest investing countries in Europe - were negative by USD 1.6 billion. According to data by CBS, the countries holding the majority of the FDI stock as of 2022 were the U.S. (USD 553 billion), the UK (USD 519 billion), Germany (USD 280 billion), and Luxembourg (USD 186 billion). The majority of foreign-owned multinationals in Netherlands are active in the wholesale and retail trade sector (around 37%), followed by specialised business services (17%), manufacturing (13%), and information and communication (12% - CBS). According to the latest figures from the OECD, FDI inflows to the Netherlands reached USD 16.2 billion in the first semester of 2023, compared to a record inflow of USD 35.3 billion recorded in the same period one year earlier.

The Dutch investment policy is characterized by a strong international orientation and a liberal policy towards foreign investment. Many Dutch companies are multinational by nature and some of these are listed on foreign stock markets. The Netherlands offer a competitive fiscal climate, advanced infrastructures, and a strategic location. On the other hand, the country has a small internal market and is heavily dependent on the economic performance of its partners (especially in the EU). Sector-specific screening regimes are in place for the telecommunication sector, electricity and gas. On June 1, 2023, the FDI Act, officially known as the Security Screening of Investment, Mergers and Acquisitions Act, came into effect. This legislation imposes a mandatory notification requirement for investments in target undertakings across various sectors, including nuclear energy, gas and extractable energy, transportation, heat transport networks, banking and financial sectors, military goods, and items classified as dual-use, among others. Unlike FDI screening mechanisms in certain EU member states, the FDI Act adopts a "country-neutral" approach, encompassing Acquisition Activities not only from non-EU investors but also from those within the EU and, notably, within the Netherlands. The country is ranked 4th out of 82 economies in the Business Environment ranking published by The Economist and 5th out of 64 in the [Global Competitiveness Ranking](#). It also ranks 7th among the 132 economies on the [Global Innovation Index 2023](#) and 11th out of 184 countries on the [2023 Index of Economic Freedom](#).

Foreign Direct Investment	2020	2021	2022
FDI Inward Flow <i>(million USD)</i>	-86,507	-77,453	-67,340
FDI Stock <i>(million USD)</i>	2,721,329	2,744,450	2,683,600
Number of Greenfield Investments*	293	319	322
Value of Greenfield Investments (million USD)	6,841	8,482	8,980

Source: UNCTAD - Latest available data.

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Country Comparison For the Protection of Investors	Netherlands	OECD	United States	Germany
Index of Transaction Transparency*	4.0	6.5	7.0	5.0
Index of Manager's Responsibility**	4.0	5.3	9.0	5.0
Index of Shareholders' Power***	6.0	7.3	9.0	5.0

Source: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.

WHAT TO CONSIDER IF YOU INVEST IN THE NETHERLANDS

Strong Points

The main assets of the country's economy are :

- An overall stable political and macroeconomic environment above the European average, healthy public finances and a highly developed financial sector;
- Highly developed communication and transport infrastructures
- A qualified, productive and multilingual workforce that makes it suitable for export trade
- A strategic geographical location, which makes it a gateway to the main European markets
- Exports are diversified and external accounts are in surplus thanks to export-friendly structures and infrastructure.

Weak Points

The main weaknesses of the country for FDI are:

- High costs of the workforce
- The small size of the internal market
- A great dependence on the world economic situation and, in particular, the EU
- Banks dependent on wholesale financing and real estate

Government Measures to Motivate or Restrict FDI

The Dutch government offers several types of **financial support**: grants, tax incentives, guarantees, credits, participations, subordinated loans stimulating innovation and sustainable foreign investment and entrepreneurship.

- The WBSO (Research and Development Act). This is an R&D tax credit from the Ministry of Economic Affairs and Climate Policy. It aims to offer entrepreneurs an incentive to invest in R&D, allowing companies to decrease costs for R&D.
- Energy Investment Allowance (EIA): allows companies to deduct 45% of the investment cost of energy-saving equipment from the taxable profit in addition to the deduction of the customary depreciation.

- Environmental Investment Deduction (MIA): allows companies to deduct up to 36% of the investment costs for an environmentally friendly investment on top of the regular investment tax deductions
- Arbitrary depreciation of environmental investments (Vamil): allows companies to amortize 75% of the investment costs of a qualifying environmentally friendly investment at once.
- Innovation box: Income that is a result from R&D is taxed at an effective rate of 7% (the normal tax rate is 25%).
- Dutch Good Growth Fund supports SMEs that are prepared to invest in developing countries and emerging markets.
- Export Credit Insurance is focused on promoting Dutch exports.

Moreover there are the regional incentives offered by the EU:

[The European Regional Development Fund \(ERDF\)](#). The ERDF is mainly focused on strengthening economic and social cohesion in the EU by correcting imbalances between its regions.

[The European Territorial Co-operation \(INTERREG\)](#). This programme, which is financed by the European Regional Development Fund (ERDF), finances and supports international co-operation within particular European regions.

All government measures can be consulted on the website of the [Netherlands Foreign Investment Agency](#).

INVESTMENT OPPORTUNITIES

The Key Sectors of the National Economy

Agro industries, fishing, metal and engineering products, electrical machinery and equipment, chemicals, petroleum, construction and microelectronics.

High Potential Sectors

Computer software, computer services, automotive parts and accessories, seaport & airport security equipment and systems, transport and distribution services, aircraft parts and associated equipment, medical equipment and supplies and pollution control equipment.

Privatization Programmes

There are no ongoing privatization programs in the Netherlands.

Tenders, Projects and Public Procurement

[EBP](#), Tenders and Projects in Netherlands

[Tenders Info](#), Tenders in Netherlands

[Ted - Tenders Electronic daily](#), Business opportunities in EU 27

[DgMarket](#), Tenders Worldwide

Sectors Where Investment Opportunities Are Fewer

Monopolistic Sectors

The Dutch state monopoly on Holland Casino was to be privatised by 2020, but a surprise political opposition in early 2019 forced the process to stop.

The government has divested its complete ownership of many public utilities, but in a number of strategic

sectors, private investment – including foreign investment – may be subject to limitations or conditions. These include transportation, energy, defense and security, finance, postal services, public broadcasting, and the media.

Sectors in Decline

The textile sector, like other parts of the manufacturing sector, agriculture and fishery.

Finding Assistance For Further Information

Investment Aid Agency

[Invest in Holland](#) (Foreign Investment Agency of the Netherlands)

[Holland Trade and Invest](#) (Foreign Trade Agency of the Netherlands)

Other Useful Resources

[Business.gov.nl](#) (Dutch Government's information platform for entrepreneurs)

Doing Business Guides

[Investment in the Netherlands](#) (KPMG)

[Deloitte Tax Guide - Netherlands](#)

[Doing business in the Netherlands](#) - UHY