

# Investment Climate Study 2024

AmCham Webinar  
June 2024



# Agenda & housekeeping for today's webinar



Presentation (~45 min)



Q&A (~15 min)

---

Please feel free to add questions via the  
Q&A function during the webinar



# Context and focus for this year's study

- AmCham's ambition is to support the Netherlands in thriving both economically and socially in the long-term by **creating an attractive investment climate**
- Geopolitics are intensifying and EU is starting to realize that **playing a role in technology value chains is critical for earning capacity, national security and bargaining power**
- **How can the Netherlands remain relevant in a fiercely competitive geopolitical landscape dominated by rapidly advancing technology?** How can the government, industry and academia work together to create a bold and inspiring future?



# Key messages

Investment  
climate study  
2024



The Netherlands is **currently an economic and social leader** – largely driven by the country's **openness to the world and ability to innovate**

However, this **leadership is under pressure** due to external, **geopolitical tensions** and internal challenges, **particularly lack of stability / predictability**, as well as **severe scarcities incl. talent**

And the **consequences are palpable** – the Netherlands has been **decreasing in its attractiveness to foreign investors**, with net FDI outflows in each of the last four years

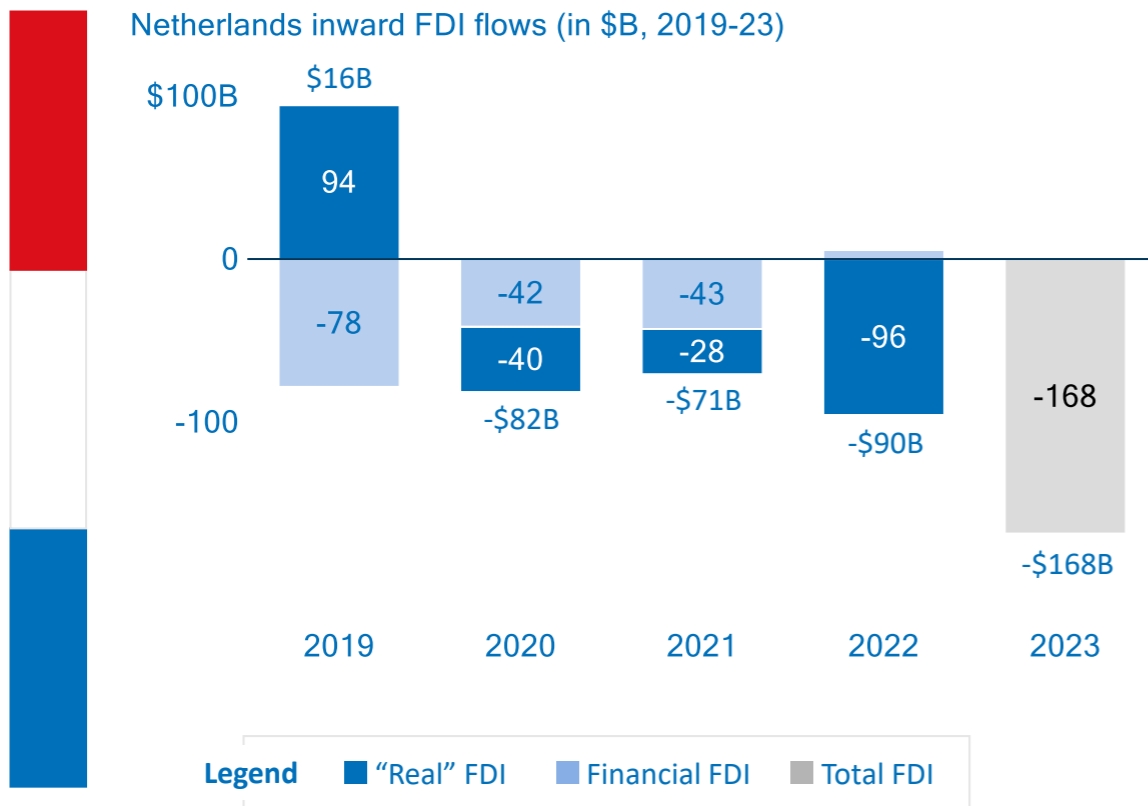
Due to the self-reinforcing nature of the current challenges, the Netherlands is at an **inflection point** – decisions made or not made today will define the long-term future

Hence, a clear focus on strategic opportunities, addressing root causes and technological leadership with talent as a key enabler is the **pathway for a future-proof and resilient economy**

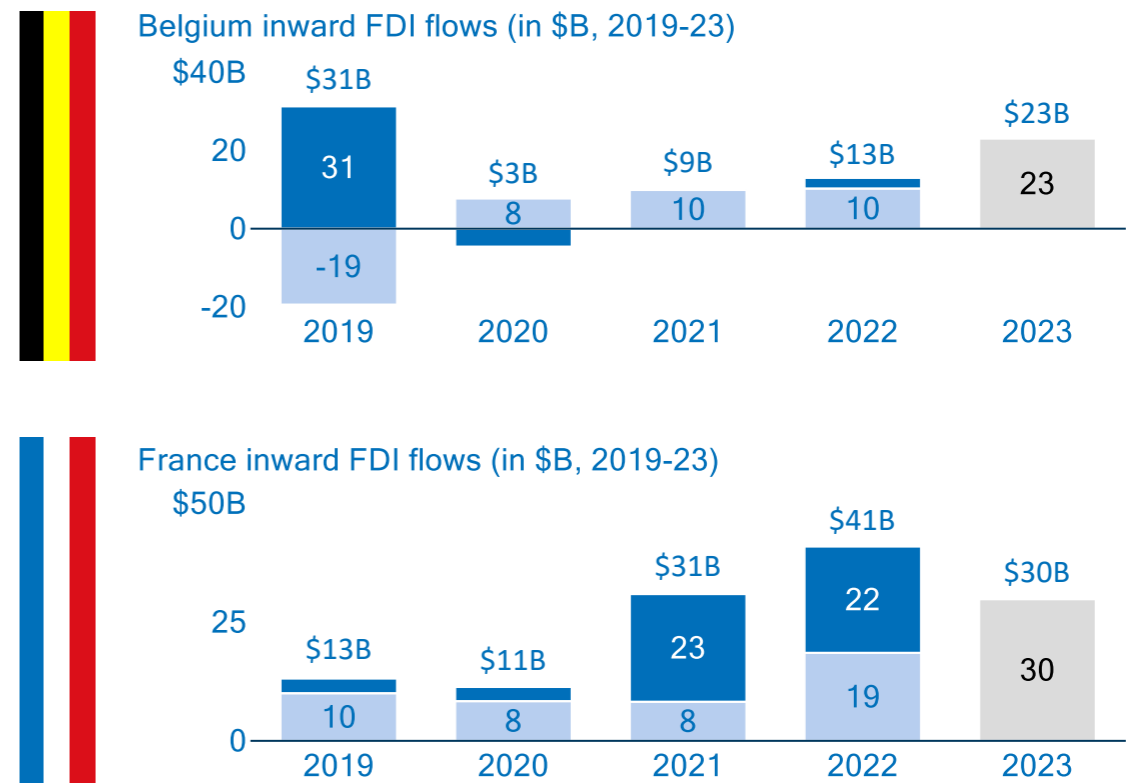
The Netherlands **needs to 'Choose' its future to ensure it 'Unlocks' its potential** in the direction that will enable it to remain competitive in a technology-dominated global economy

# NL has experienced net FDI outflows in each of the last three years, while European peers have been on an upward trajectory

## NL has been experiencing net outflows for the last four years



## However, key European peers are on an upward trajectory in year-on-year FDI inflows



Note: FDI inflow is equal to transactions that increase the investment that foreign investors have in enterprises resident in the reporting economy less transactions that decrease the investment of foreign investors in resident enterprises (flows are composed of equity, reinvestment of earnings, and debt transactions); Excludes special purpose entities; Financial FDI is "Financial and insurance activities", incl. monetary intermediation, HoldCo activities, trusts, funds and other financial entities, as well as insurance, reinsurance and pension funding | Source: OECD

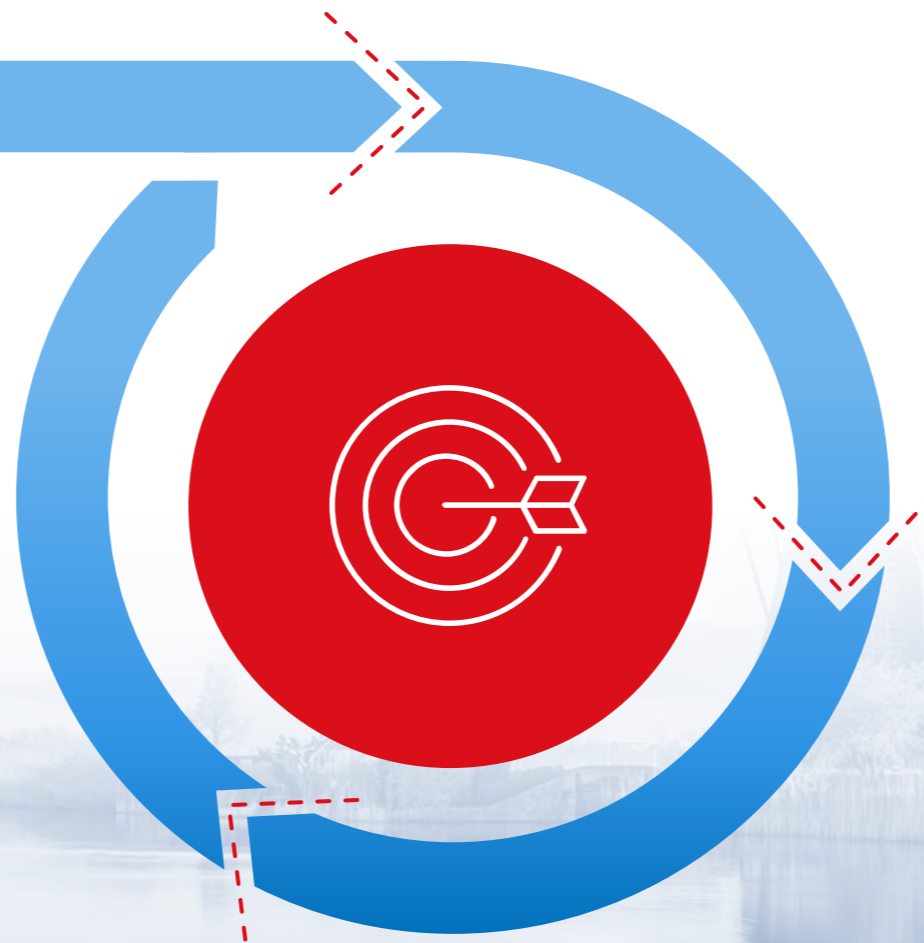
# Triggering a positive flywheel will enable the Netherlands to solve intertwined challenges and remain competitive long-term

**Clear vision, sense of urgency and predictable policy environment, incl. for innovation and talent**

**Improved long-term competitiveness and economic prospects**

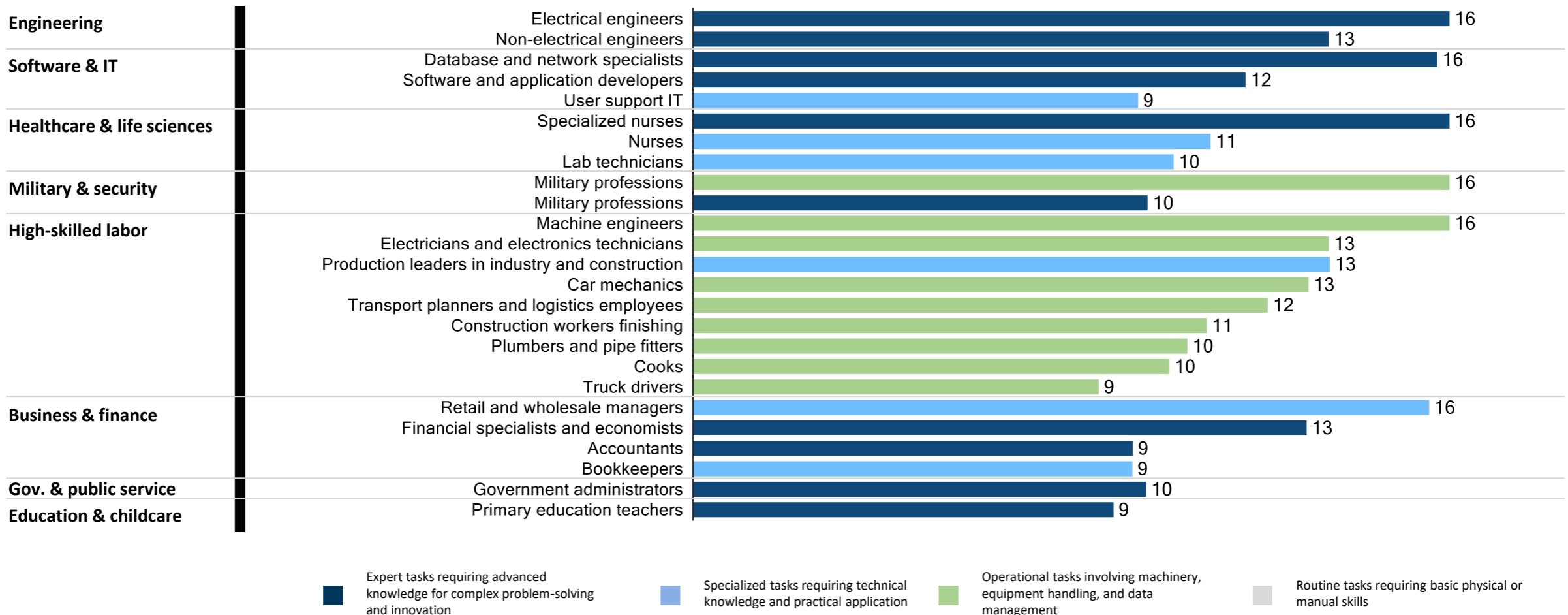
**Enhanced business climate and investor confidence for innovation and scaling**

**Increased ability to develop, attract and retain top (global) talent, unlocking capacity to grow**



# However, NL faces multiple impediments to growth and technological progress, with talent as a key constraint

Talent shortage across occupations in the top 25 based on shortage severity (2023)



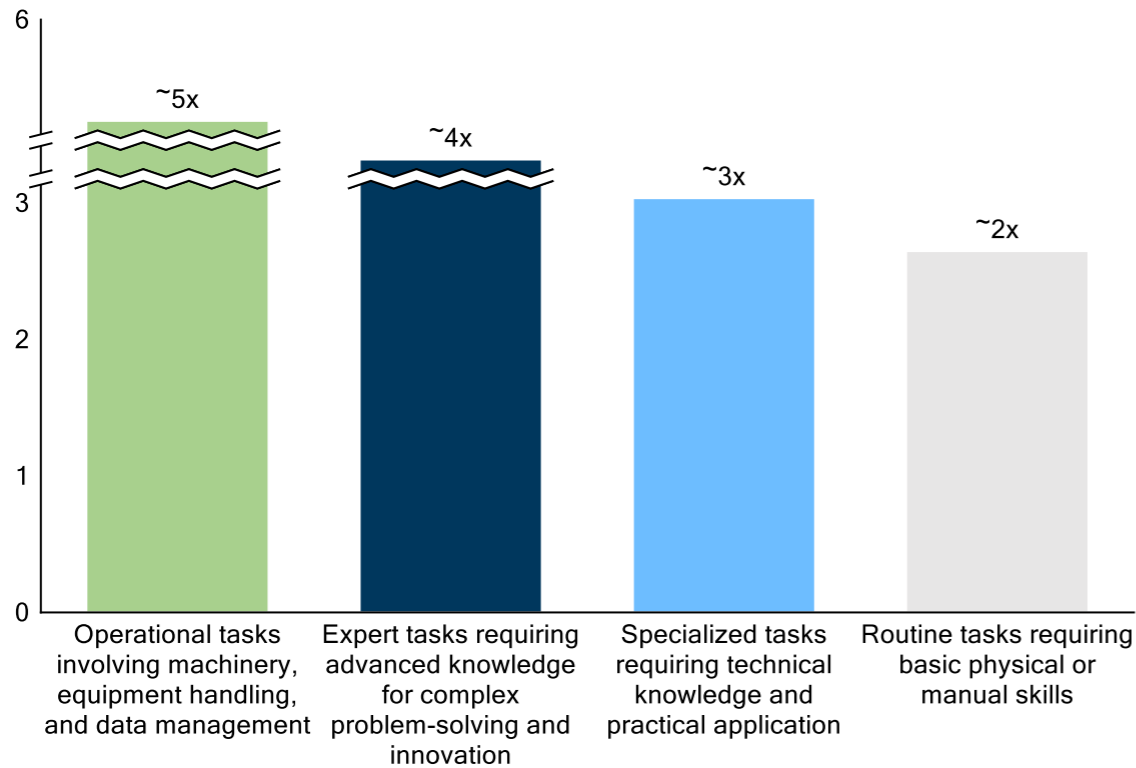
Note: (\*) Talent shortage is based on UWV's labor market tension indicator – equals the number of vacancies for a specific role divided by the number of people within the first 6 months of receiving unemployment benefits (indicates active job search / highest likelihood of engaging in the job market); Task complexity based on ISCO levels; GenAI impact based on Bain analysis inspired by aggregate sources incl. GitHub, IBM, Goldman Sachs, OpenAI Research, Accenture, and NBER | Source: UWV



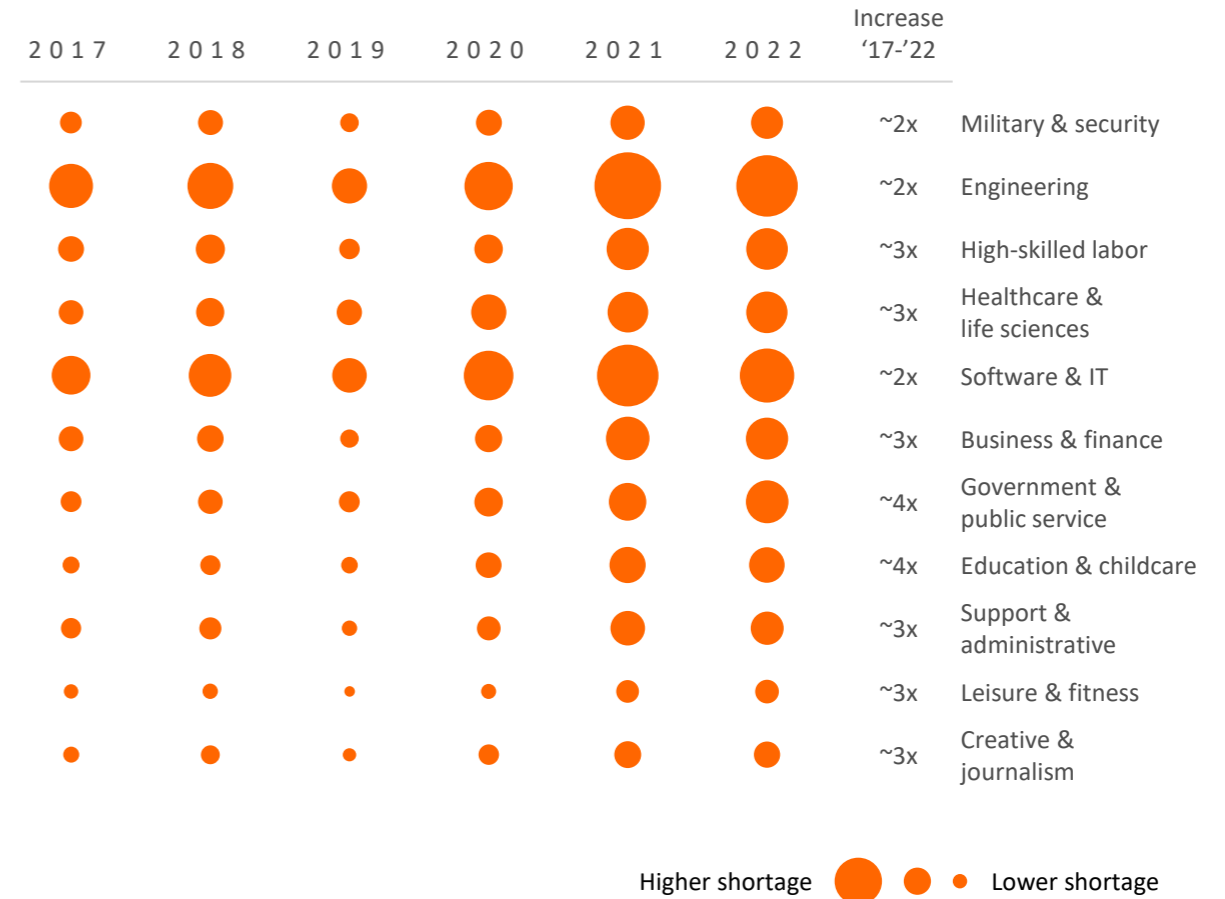
# ... and the talent shortages have only been deepening over time

## The talent shortage has grown by up to 5x across complexity levels

Talent shortage\* increase based on complexity of primary tasks in an occupation (2017-22)



## ... with the gap widening in each occupational category



Note: (\*) Talent shortage is based on UWV's labor market tension indicator – equals the number of vacancies for a specific role divided by the number of people within the first 6 months of receiving unemployment benefits (indicates active job search / highest likelihood of engaging in the job market); Comparison across key occupational categories – size of bubble represents comparison vs. all of these categories and within them | Source: UWV



The Netherlands  
needs to proactively  
**'Choose'** its future  
and **'Unlocks'** its  
potential to ensure  
long-term  
competitiveness

1

**'Choose'** what the  
Netherlands'  
future should look  
like and define the  
necessary talent  
strategy to get  
there



2

**'Unlock'** the  
Netherlands'  
potential through  
focused execution,  
pulling four key  
levers  
simultaneously



# 'Choose' what the Netherlands' future should look like and define the necessary talent strategy to get there

RECOMMENDATIONS

1

CHOOSE

## Envision



an ambitious and bold shared future

## Focus



the talent strategy to maximize impact

## Commit



to embracing and driving change

## Cluster



to bolster technological innovation

How?

**2050 vision** focused on **priority technologies** and **talent as a key enabler**

**Intentional skills-first talent strategy** for a **future-proof** workforce

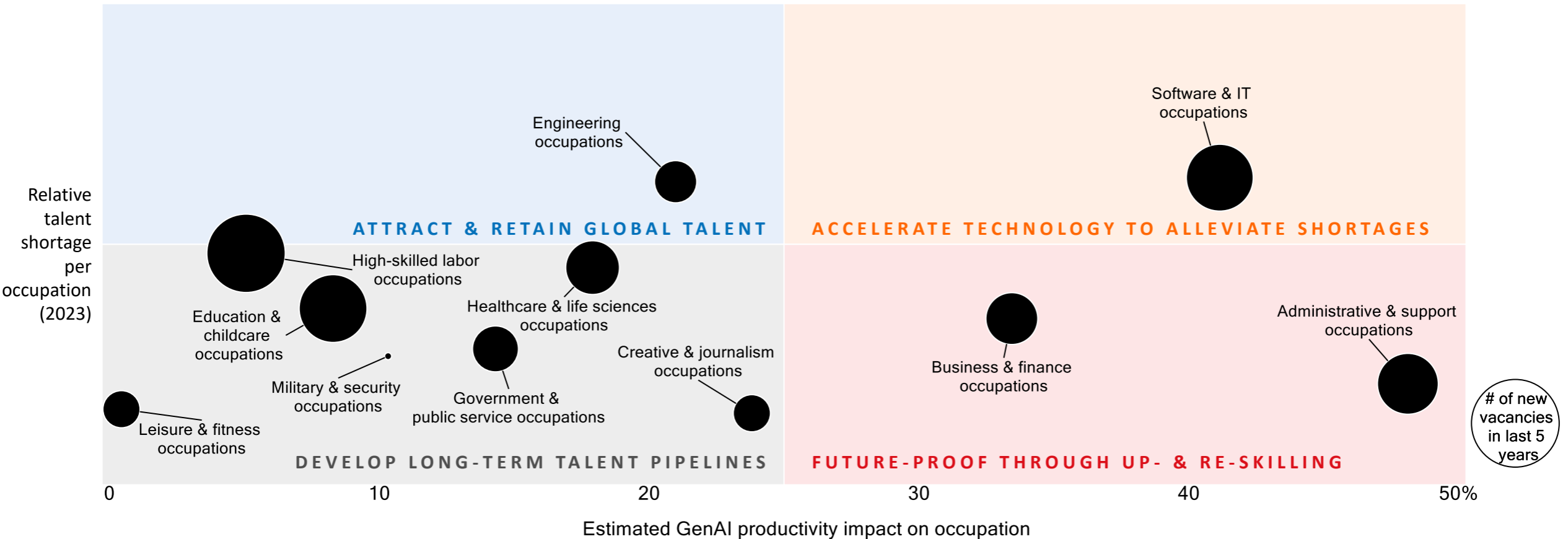
**Commitment** through **concrete investment** and **aligned, stable policies**

Building **world-leading clusters** through strong **public-private-academia ties**



# Occupations across the economy vary widely in terms of GenAI impact, requiring an intentional, skills-first talent strategy

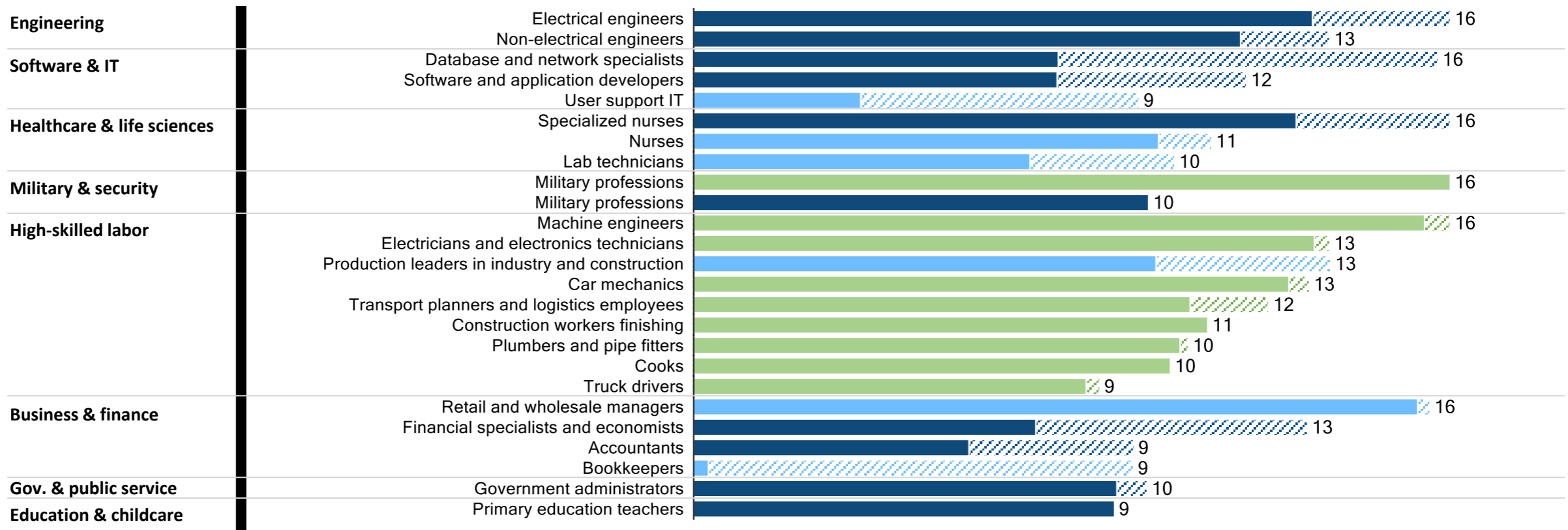
Talent shortage & estimated GenAI productivity impact across occupational categories (2023)



Note: Talent shortage is based on UWV's labor market tension indicator – equals the number of vacancies for a specific role divided by the number of people within the first 6 months of receiving unemployment benefits (indicates active job search / highest likelihood of engaging in the job market); GenAI impact based on Bain analysis, inspired by aggregate sources incl. GitHub, various sources IBM, Goldman Sachs, OpenAI Research, Accenture, and NBER Occupational categories were developed based on individual underlying occupations. To arrive at the aggregate occupational category figures for GenAI impact and relative labor shortage, weighted averages were used (weighted based on the 5-year growth of these underlying professions)

# GenAI is necessary but insufficient for reducing talent shortages to the extent needed to reach full potential economic growth

Talent shortage across occupations in the top 25 based on shortage severity (2023)

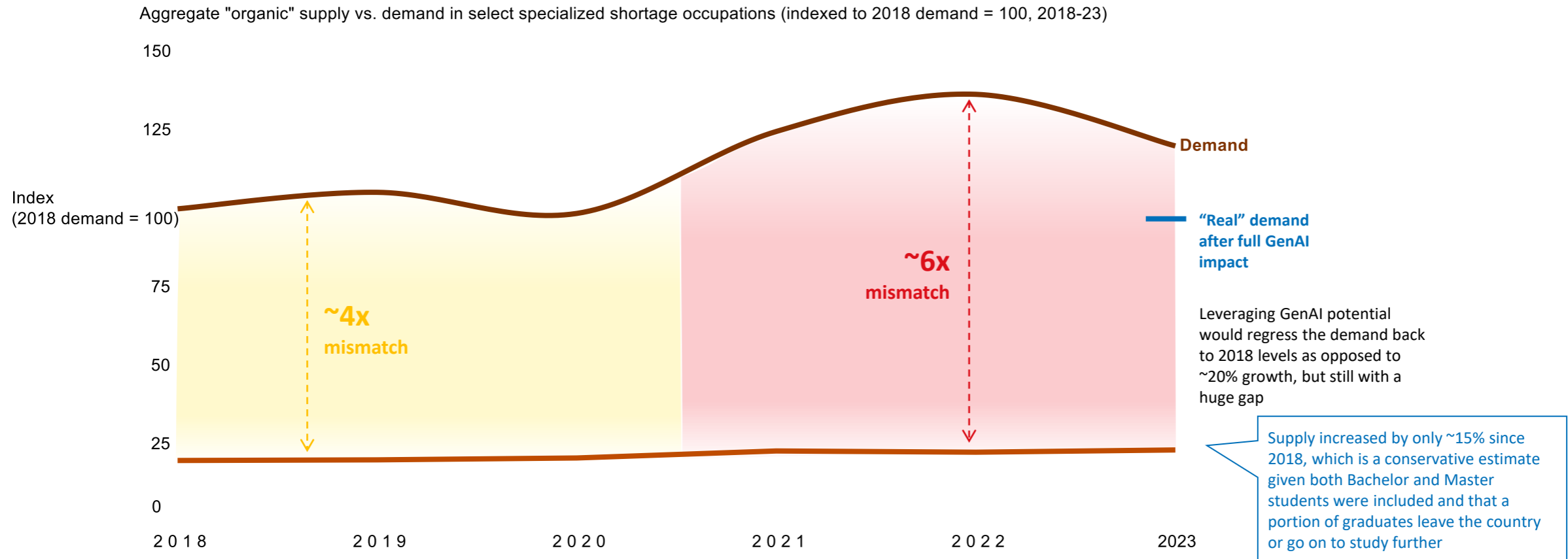


Estimated GenAI productivity impact on profession within a ~3-year time horizon
  Expert tasks requiring advanced knowledge for complex problem-solving and innovation
  Specialized tasks requiring technical knowledge and practical application
  Operational tasks involving machinery, equipment handling, and data management
  Routine tasks requiring basic physical or manual skills

Note: (\*) Talent shortage is based on UWV's labor market tension indicator – equals the number of vacancies for a specific role divided by the number of people within the first 6 months of receiving unemployment benefits (indicates active job search / highest likelihood of engaging in the job market); Task complexity based on ISCO levels | Source: UWV

# Relying only on domestic talent “production” will inevitably lead to current challenges further escalating...

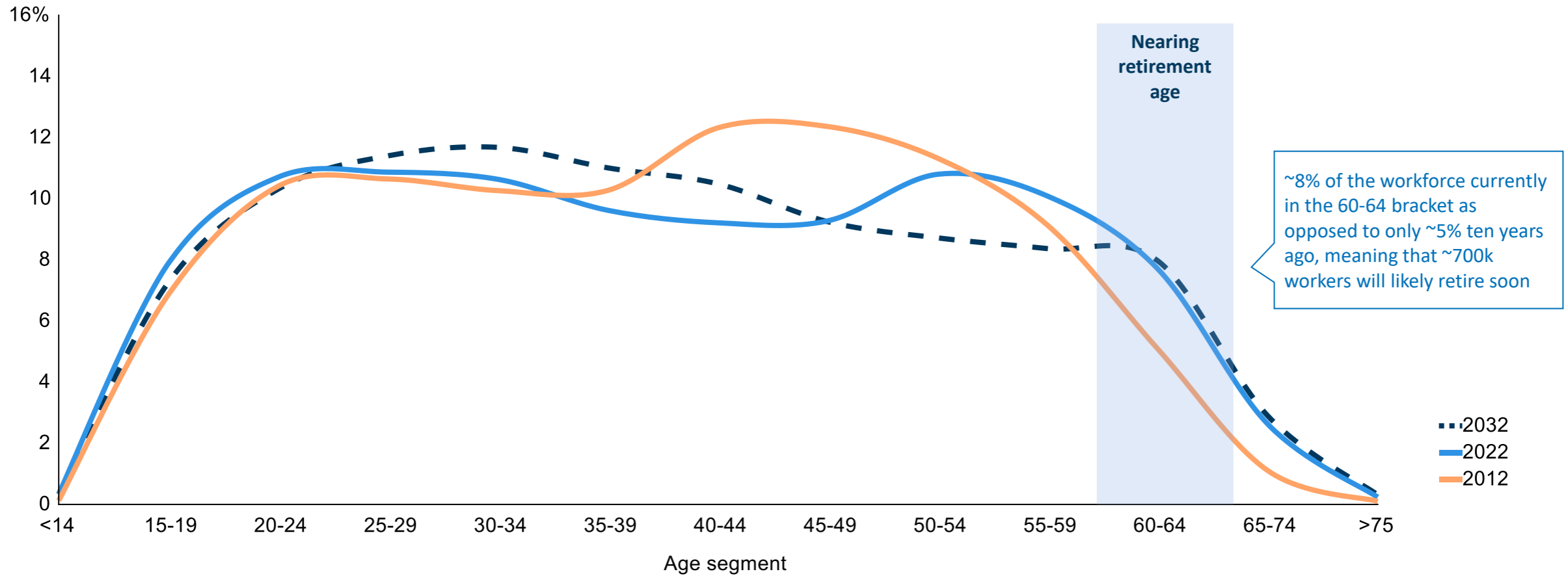
## The talent shortage is only increasing, with a widening mismatch between supply and demand



Note: Key occupations used to aggregate results are specialized nurses, database and network specialists, software and application developers, electrical engineers, non-electrical engineers, and primary education teachers; The match was not direct from UWV’s emerging / new vacancies data and CBS’s graduation statistics, but in-depth manual matching has been performed and a conservative approach was taken to not overstate the shortage in supply (i.e., HBO and science university programs were considered on both the Bachelor’s and Master’s level although a portion of the students would go on to continue their studies and not actually enter the workforce); Supply for 2018 was actually 2018/19 in CBS statistics, but was assumed to be 2018 and then 2023 supply was projected based on a ~3% 4-year CAGR to project the 2023 figure | Source: UWV, CBS

# ... especially as ~8% of the workforce is nearing retirement

Share of workforce per age segment (% of working population)



Note: Number of full-time and part-time jobs within the given age segment, excluding self-employed persons; Refers to individuals under the Collective Labor Agreement (CLA), which covers all employed persons except for the self-employed; 2032 figures projected by assuming the same ratio per segment for workforce to population in that specific segment as in 2022, but adjusted for projected population figures in 2032 (working population data projections for 2032 were not readily available) | Source: CBS

# 'Unlock' the Netherlands' potential through focused execution, pulling four key levers simultaneously

RECOMMENDATIONS

2

UNLOCK

## Attract



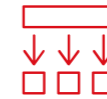
by creating a strong “pull” effect for (global) talent

## Develop



by (re-) deploying a future-proof workforce

## Retain



by leveraging our core strengths and solving root causes

## Champion



inclusion to tap into overlooked talent pools

### How?

**Selective (dis-)incentives** based on study program and shortages

Expanding **int'l student STEM intake** and offering **employee tax incentives**

Collaborating with industry to **assess needs and align education**

**Up- and re-skilling for emerging needs** with industry and academia

**Clear plans to address structural challenges** to maintain quality of life

**Facilitating responsible technology adoption** to alleviate understaffing

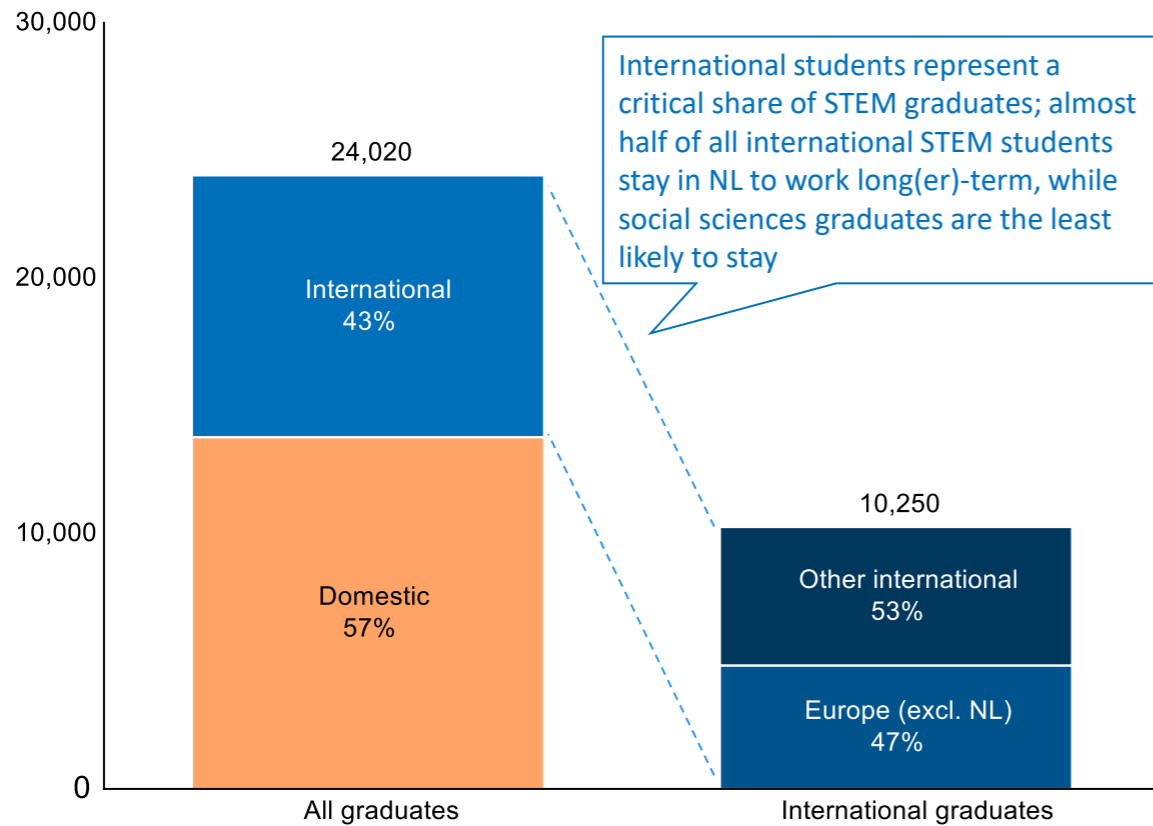
Increasing **“utilization” of current part-time workers** by solving root causes

Boosting **“latent” workforce participation** by bridging skills and barriers

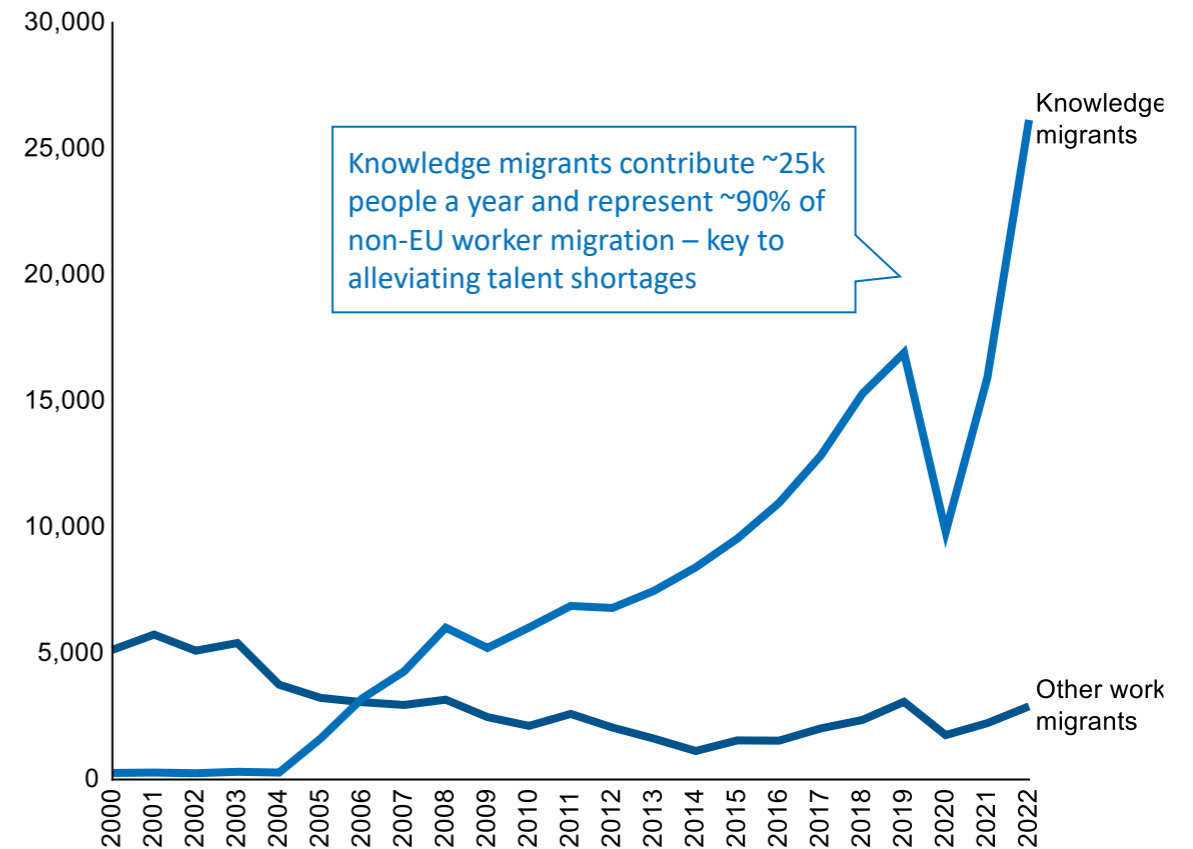


# International students and knowledge migrants are irreplaceable and drive unparalleled value for NL

Number of STEM graduates at scientific universities in the Netherlands (2022/23)



Number of non-EU/EFTA work migrants arriving in the Netherlands (2000-22)

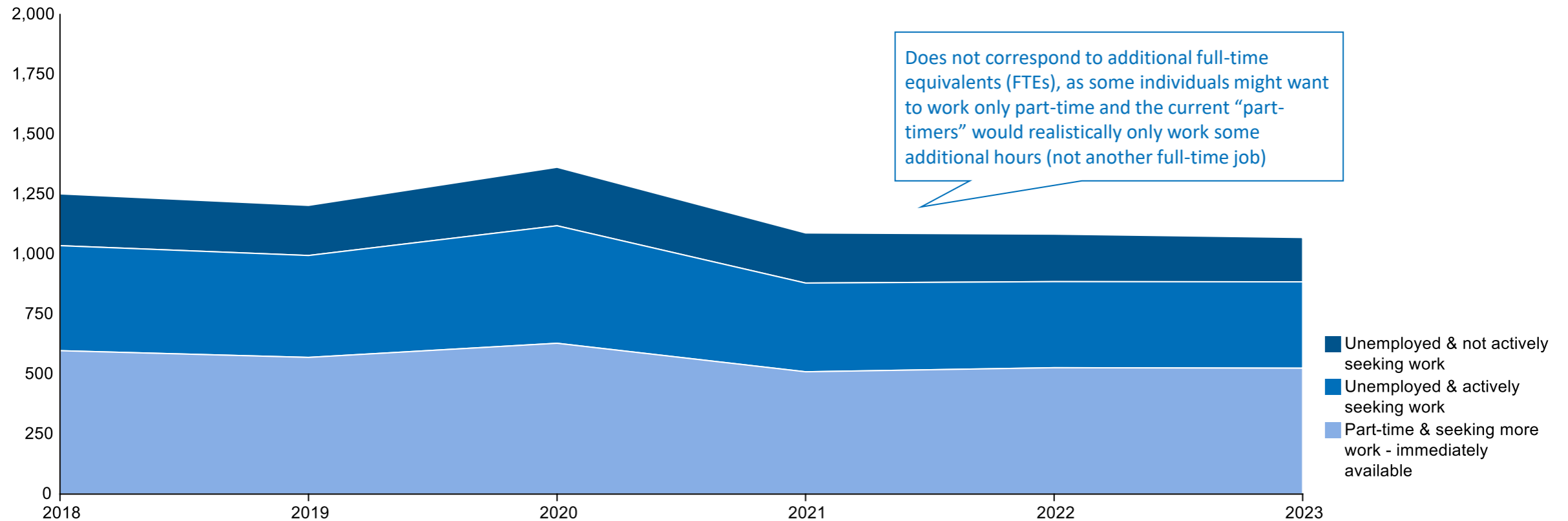


Note: STEM subjects based on the following main groups of study: "05 Mathematics, natural sciences", "06 Informatics", and "07 Technology, industry and construction"; "Knowledge migrants" is a term synonymous with "Highly-skilled migrants", which are individuals who have the requisite skills to fill a role that cannot be filled due to shortages within the EEA (not all of these migrants receive the 30% ruling due to specific requirements); Does not include other forms of immigration – e.g., family, asylum, etc. | Source: CBS



# Championing inclusion is not only the right thing to do, but it also represents a significant opportunity for growth

Unused labor potential (in '000s of people, 2018-23)



Note: Excludes people in institutions; Unused labor potential at end of each year (i.e., Q4); Only considers individuals in the 15-75 age range | Source: CBS

# Summary

## Next steps

What made the Netherlands successful in the past will not necessarily suffice in the future – change is imminent and largely driven by unstoppable external forces

The Netherlands has unique potential – it can turn current challenges into opportunities by strategically making the right choices in collaboration across stakeholder groups

Remaining competitive in a technology - dominated world requires decisive execution of a robust talent strategy and pulling key levers simultaneously



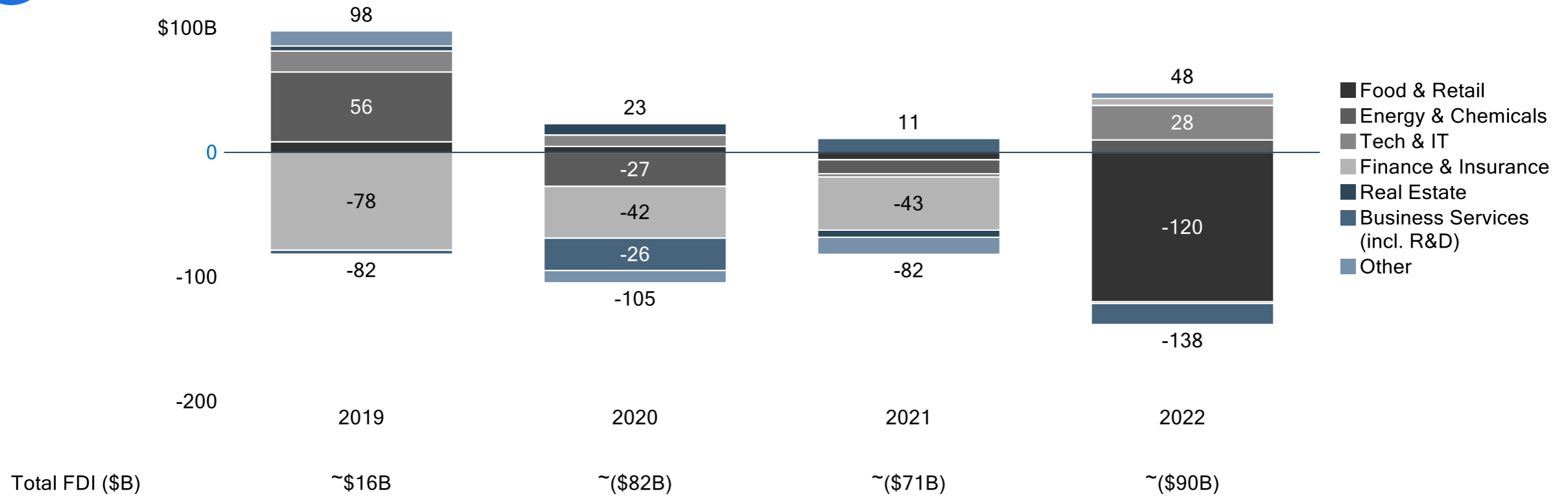
Thank you



# Appendix | NL inward FDI has been volatile across industries



Netherlands inward FDI flows split by industry (in \$B, 2019-23)

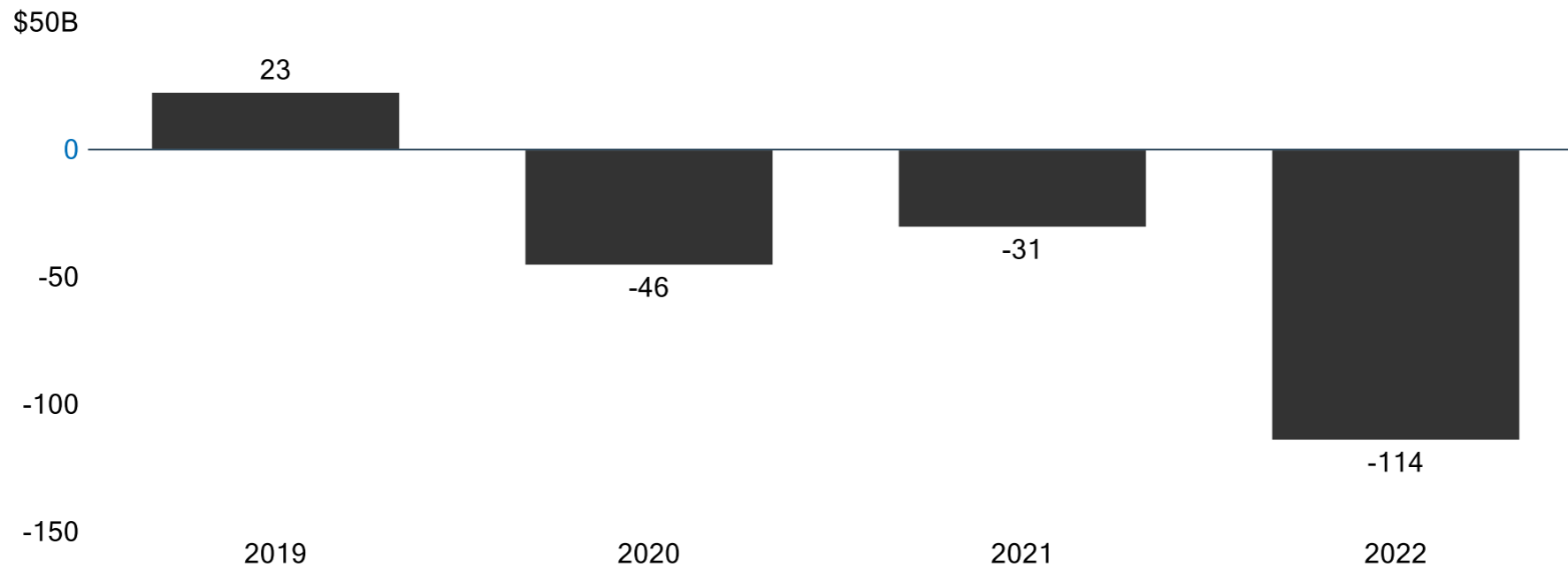


Note: FDI inflow is equal to transactions that increase the investment that foreign investors have in enterprises resident in the reporting economy less transactions that decrease the investment of foreign investors in resident enterprises (flows are composed of equity, reinvestment of earnings, and debt transactions); Excludes special purpose entities; Financial FDI is "Financial and insurance activities", incl. monetary intermediation, HoldCo activities, trusts, funds and other financial entities, as well as insurance, reinsurance and pension funding | Source: OECD

# Appendix | US investors are also increasingly drawing out more money than investing in NL



Netherlands inward FDI flows from US investors (in \$B, 2019-23)

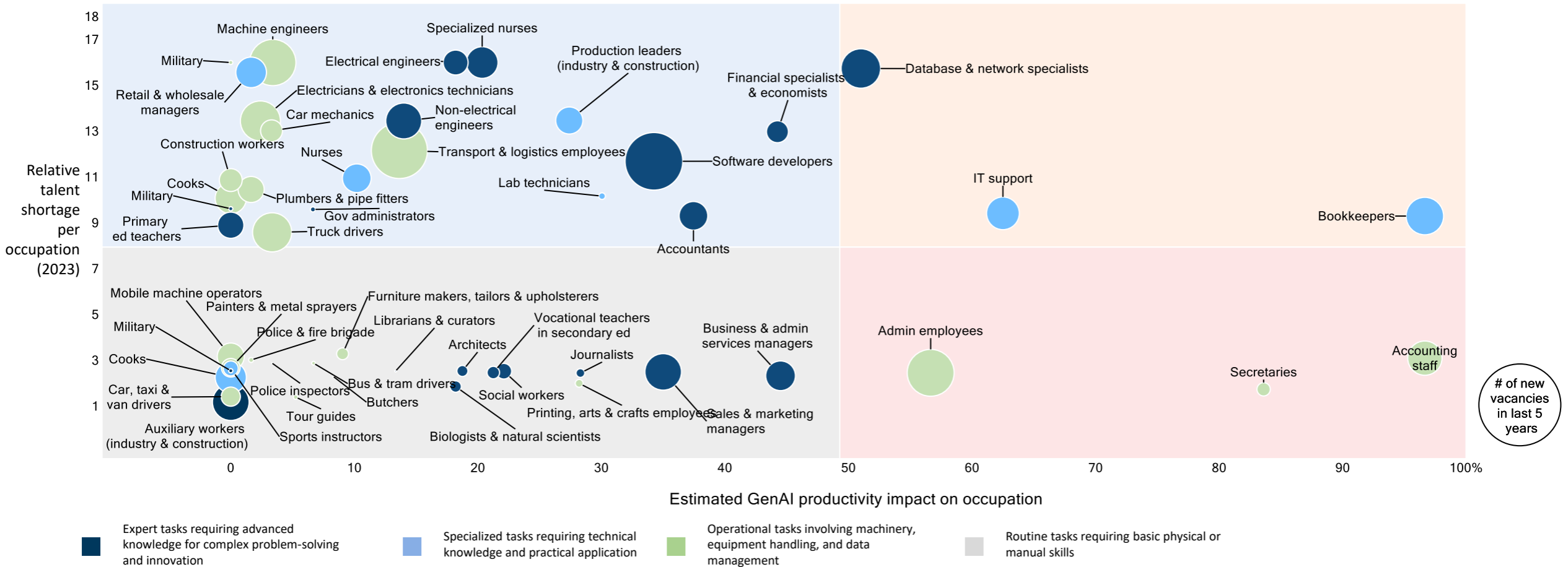


Note: FDI inflow is equal to transactions that increase the investment that foreign investors have in enterprises resident in the reporting economy less transactions that decrease the investment of foreign investors in resident enterprises (flows are composed of equity, reinvestment of earnings, and debt transactions); Excludes special purpose entities; Financial FDI is "Financial and insurance activities", incl. monetary intermediation, HoldCo activities, trusts, funds and other financial entities, as well as insurance, reinsurance and pension funding | Source: OECD



# Appendix | ~100 occupations are currently in shortage, with two-thirds considered in severe shortage

Talent shortage\* across occupations in the top 25 & bottom 25 based on shortage severity (2023)

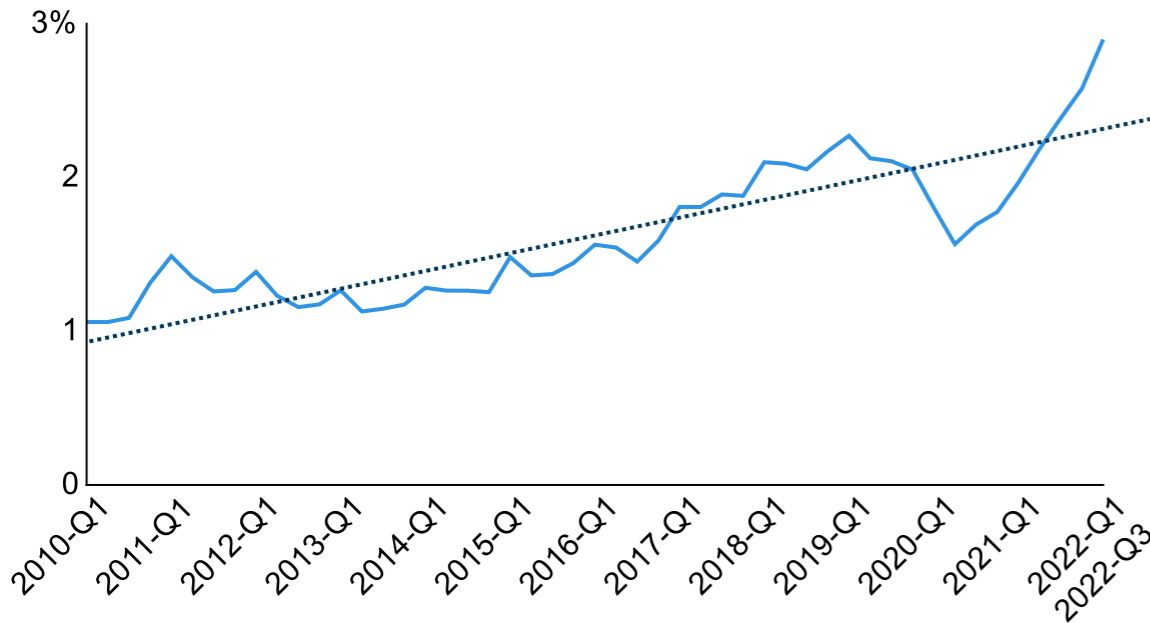


Note: Talent shortage is based on UWV's labor market tension indicator – equals the number of vacancies for a specific role divided by the number of people within the first 6 months of receiving unemployment benefits (indicates active job search / highest likelihood of engaging in the job market); GenAI impact based on Bain analysis, inspired by aggregate sources incl. GitHub, various sources IBM, Goldman Sachs, OpenAI Research, Accenture, and NBER Occupational categories were developed based on individual underlying occupations. To arrive at the aggregate occupational category figures for GenAI impact and relative labor shortage, weighted averages were used (weighted based on the 5-year growth of these underlying professions)

# Appendix | The talent shortage is intensifying globally and across EU, with very similar occupations in shortage

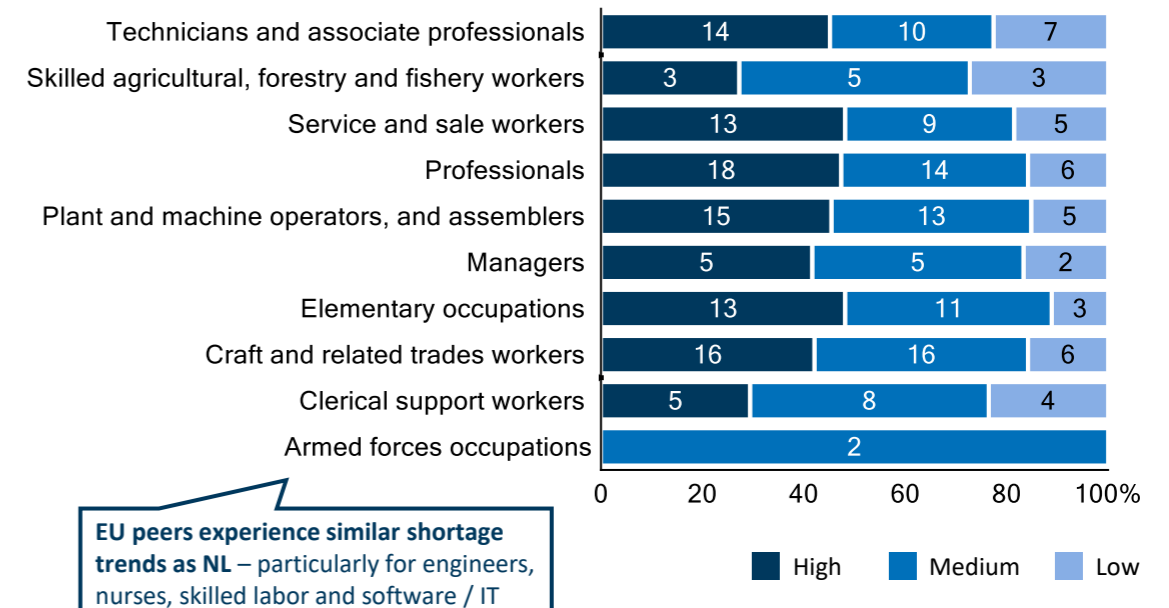
## Vacancy rates have been steadily increasing across the EU-27

Vacancy rate (in 2010-2022, EU-27)



## ... and shortages are severe across occupational classes

European countries reporting at least one occupation with shortage severity (2021)










EU peers experience similar shortage trends as NL – particularly for engineers, nurses, skilled labor and software / IT

Other countries are realizing the need for technological competitiveness and are actively addressing talent shortages, especially by attracting top global talent

Note: Analysis in the right panel based on countries participating in the EURES study – NCOs refer to EURES National Coordination Offices | Source: Eurostat job vacancy statistics; EURES Labour Shortages Report 2022

# Appendix | Key European peers are actively realizing the value of expats through dedicated tax incentive schemes

/ PRELIMINARY / NON-EXHAUSTIVE

Country	Expat tax incentive	Scheme name	Description	Potential changes
 <b>Belgium</b>	✔	Expatriate Tax Concession	Expats with a yearly income of at least €75,000 get a 30% exemption, capped at €90,000 annually, for five years if they've not been a resident or lived near the border in the last 60 months; researchers are excluded from remuneration conditions	➔ No indication of changes
 <b>Denmark</b>	✔	27% Tax Scheme for Researchers and Highly Paid Employees	Expats & researchers with monthly earnings above ~€10,000 receive a special 27% tax rate with additional allowances for seven years, vs. standard labor tax rates up to 33%	➔ No indication of changes
 <b>Finland</b>	✔	Foreign Expert Tax Regime	Foreign experts with special qualifications, earning at least €5,800 monthly, are taxed at a flat rate of 32% for a period of four years, provided they haven't been residents in Finland for the five years prior	➔ No indication of changes
 <b>Sweden</b>	✔	Expert Tax Regime	Expats with monthly earnings over €11,100 benefit from a 25% tax exemption for five years if they've not lived in Sweden in the five years preceding their employment	➔ No indication of changes
 <b>France</b>	✔	Special Expatriate Exemption Regime	Expats can opt for an income tax exemption on expatriation bonuses and certain remunerations, with a possible 30% flat-rate bonus exemption for up to eight years if they were not French tax residents in the last five years	➔ No indication of changes
 <b>Italy</b>	✔	Impatriates Regime	Expats receive favorable tax treatment, with 70% of their income exempt from tax, for the first five years, enhanced to 90% if they move to the southern regions	⬇️ Likely to be downscaled
 <b>Germany</b>	✘		<div data-bbox="666 1273 1158 1403" style="border: 1px solid blue; padding: 5px; display: inline-block;">                     17 out of 27 EU member states have schemes similar to the 30% ruling, inspired by the NL example                 </div>	❓ Potential introduction given cross-country competitiveness

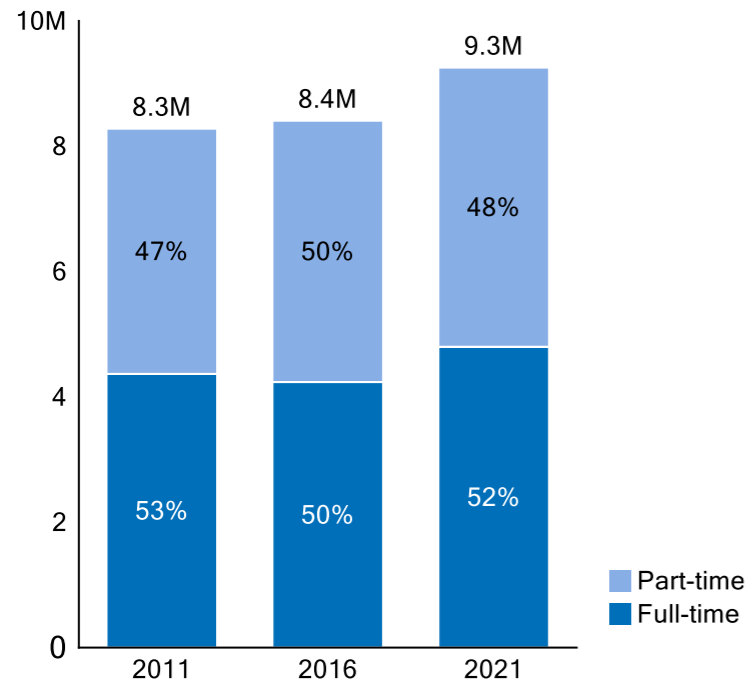
Source: Lit. search



# Appendix | Nearly half of the workforce is currently working part-time and ~70% of the “part-timers” are women

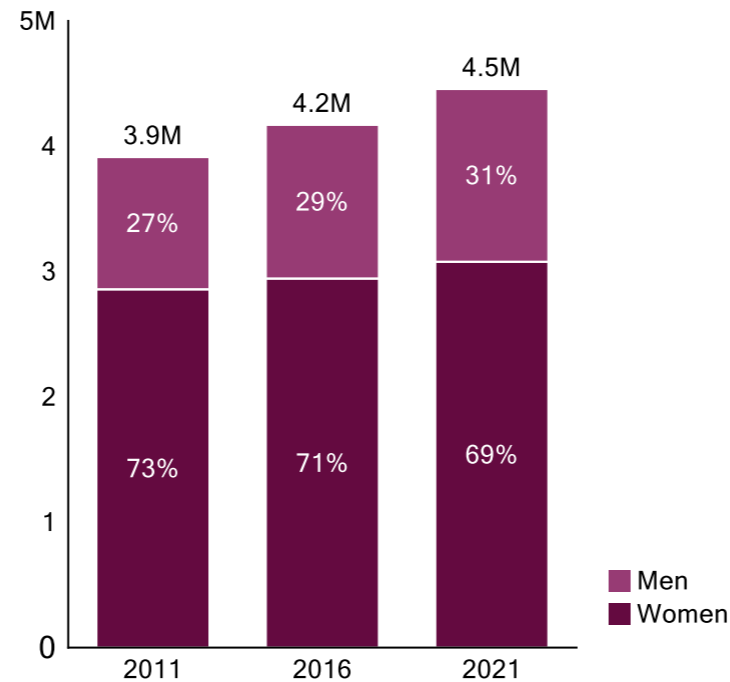
Share of workers who are part-time has remained relatively stable, hovering at ~50%

Full- vs. part-time workers (in M workers)



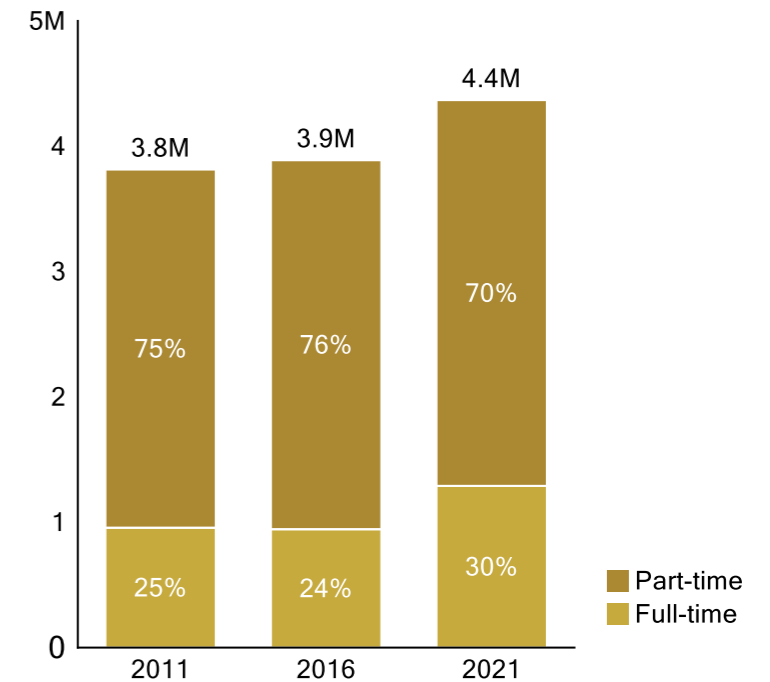
... and most of the part-time workers are women, representing 70% of all PT\* workers

Part-time workers by gender (in M workers)



When considering the female segment of the workforce, ~70% is currently part-time

Full- vs. part-time women workers (in M workers)

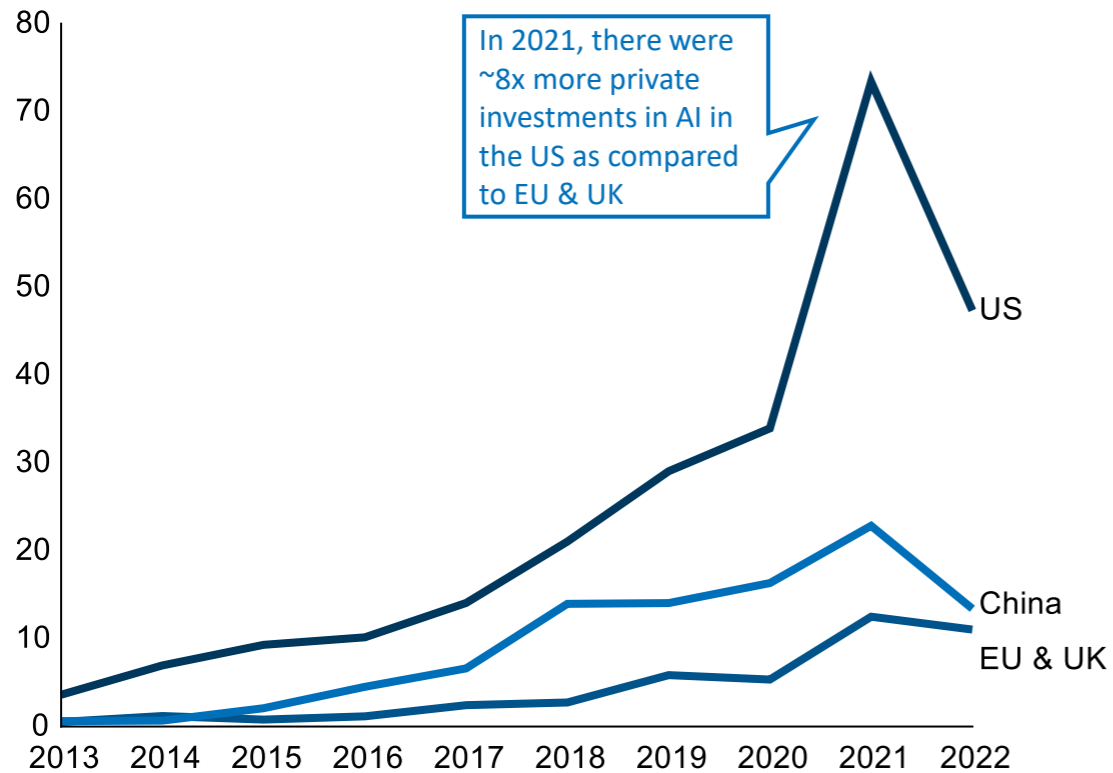


Note: (\*) PT used interchangeably with part-time; Employed labor force refers to non-institutionalized labor force participants in the 15-74 age bracket | Source: CBS

# Appendix | NL is not investing heavily enough in AI as compared to peers

## Europe has been lagging in private investment in AI

Annual private AI investment globally (2013-22, in \$B)



## ... and NL is underperforming European peers

Top-5 EU countries by public and private AI investment (in 2019, EUR M)

