



Sweden
Sverige



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN THE NETHERLANDS 2024

A REPORT FROM TEAM SWEDEN IN THE NETHERLANDS

TABLE OF CONTENTS

FOREWORD.....	3
ABOUT THE SURVEY	5
ECONOMIC OUTLOOK.....	6
THE MARKET	11
HOW SWEDISH COMPANIES SUCCEED IN THE NETHERLANDS.....	17
ACTING SUSTAINABLY	21
CONTACT US	25

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FOREWORD

The Dutch economy in 2023 exhibited a tale of contrasting developments. While a modest expansion in Q4 provided a positive note, it was insufficient to counteract the technical recession experienced in the preceding quarters. Consequently, De Nederlandsche Bank reported a meager 0.1 per cent GDP growth for the year. Household consumption acted as a crucial buffer, mitigating the negative effects of high energy prices and subdued global trade.

The political landscape also underwent significant transformation in 2023. The collapse of the governing coalition necessitated new elections in November, which resulted in a notable shift in political power. The right-wing Party for Freedom, led by Geert Wilders, emerged as the largest party in the House of Representatives, with all incumbent coalition parties experiencing losses. As of May 2024, the Netherlands remains without a new government, and hence sees a climate of political uncertainty.

While a growing sense of dissatisfaction with the Dutch business climate is emerging among Swedish companies operating in the Netherlands, activity levels remain relatively stable. The Netherlands continues to hold a strong position in the international competitive landscape. A government-commissioned study revealed areas for improvement that mirrored the findings of a Swedish survey conducted this year. These areas encompass the tax environment, regulatory feasibility, and the predictability and stability of policy frameworks. Depending on the specific company and industry, additional considerations may include talent availability, energy infrastructure, and support for research and development or innovation.

The political ties between Sweden and the Netherlands remain robust, the like-mindedness between the countries in the EU is striking. The Netherlands solidified its position as Sweden's seventh-largest trading partner in 2023, with exports of goods exceeding 115 billion SEK. A Team Sweden study estimates that approximately 200 Swedish subsidiaries operate in the Netherlands today, directly employing over 735,000 individuals and generating a combined turnover exceeding 350 billion EUR. It's important to note that this figure only considers fully-owned subsidiaries, suggesting an even deeper and more extensive business relationship between Sweden and the Netherlands.

From industrial titans like SKF and Atlas Copco to life science leaders like Astra Zeneca and Getinge, and tech innovators like Spotify and Klarna, the Netherlands serves as a home away from home for a diverse range of Swedish companies. This 2024 Business Climate Survey, conducted amidst shifting economic and political winds, aims to capture the viewpoints, experiences, and insights of Swedish business leaders in the Netherlands. We extend our sincere gratitude to all survey participants who contributed their valuable time and observations. Your input serves as a powerful resource in our mutual work to strengthen the enduring relationship between Sweden and the Netherlands.



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58 respondents

The Netherlands

Current business climate

57%

of Swedish companies say the business climate is good or very good

Industry turnover

72%

of Swedish companies expect their industry turnover to increase

Future investments

55%

of Swedish companies plan to increase their investments slightly or significantly in the next 12 months

Globally valued success factors

1. Sustainability
2. Brand awareness
3. Cost efficiency

Brand Sweden

79%

of Swedish companies abroad consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Personal safety
2. Distributors
3. Infrastructure

Local conditions with least satisfaction

1. Specialists & key personnel
2. Labour market regulation
3. Corporate taxation

Environmental considerations

20%

of respondents believe the environment is a considerable factor in their customers' purchasing decisions

Corruption

- The Netherlands is ranked 8th globally in the Corruption Perception Index 2023
- Few respondents report encountering corruption in operations

Human rights violation and labour rights abuse

- Only 2 per cent of survey respondents report having perceived human rights or labour rights

ABOUT THE SURVEY

Decoding the Dutch market: Insights from Swedish companies

Launched in 2020 as a global initiative by Team Sweden, the Business Climate Survey serves as an important tool providing insights from Swedish companies on the business environment across 22 markets globally. Based on responses from Swedish enterprises who have established their presence on the local market, the survey maps opportunities and challenges experienced by Swedish companies.

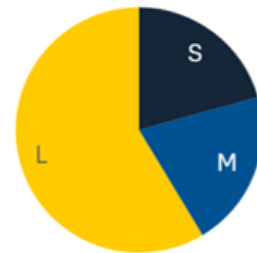
This year marks the fourth time the Business Climate Survey has been conducted in the Netherlands, providing unique insights into the local economic outlook, specific market parameters, and success factors for Swedish companies to succeed in the Dutch market. As with previous years, the survey also delves into sustainability, perceptions on corruption, and human rights across the value chain.

At the heart of Europe, the Netherlands is a key springboard for Swedish companies in their international expansion. Many of Sweden's largest companies have had a presence here since the 1900s, and the country provides a unique test bed for small and medium-sized enterprises looking to expand to their first market outside of the Nordics. The Netherlands has historically offered a dynamic and vibrant business climate, with a densely-populated consumer base and high degree of competition. Team Sweden has identified ca. 200 Swedish-owned entities in the Netherlands today, directly employing some 735,000 people and generating upwards of 350 billion EUR in revenues.

In 2024, the Business Climate Survey was distributed to a sample of 185 recipients across the Netherlands between March and April. With joint efforts of Business Sweden, the Embassy of Sweden in The Hague, and the Swedish Chamber of Commerce, 58 responses were collected representing a 31 per cent response frequency. The majority of respondents represent Sweden's larger and more mature global companies. Results are grouped into three main categories: professional services, industry, and consumer goods. Within these categories, there is a wide spread of sectors including IT/electronics, automotive, healthcare, industrial equipment, retail, and construction.

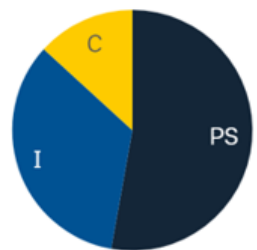
Locally however, these companies are overwhelmingly smaller in size, with 78 per cent reporting their Dutch entities employ 249 or fewer employees and mainly carrying out marketing, sales, after-sales and support functions. This underlines the fact that the Dutch economy is highly service-oriented, focused on trade and logistics, innovation and technology, R&D and to a lesser extent agriculture and manufacturing.

SIZE OF COMPANIES



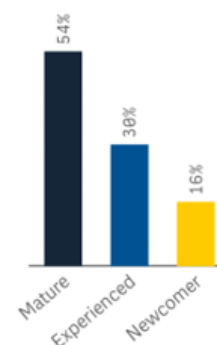
NOTE: Global employees. Large >1000. Medium 250-1000. Small 0-249

MAIN INDUSTRY



NOTE: Industrial 34%. Professional services 53%. Consumer 13%

AGE OF COMPANIES



NOTE: Mature (<2002), Experienced (2003-2018), Newcomer (2019-)

ECONOMIC OUTLOOK

Shifting winds in the Dutch business climate

Beyond its well-known cultural icons, the Netherlands has long attracted multinational corporations due to its favorable tax regime and reputation for innovation, sustainability, and robust digital infrastructure. This unique combination has positioned the Netherlands as a strategic springboard for European expansion, particularly for Swedish companies.

The 17th largest global economy and fifth largest in the EU, the Netherlands boasts consistent rankings among the world's most competitive economies. Its central European location offers excellent access to the continent's most lucrative markets. The Dutch workforce is highly skilled, with a strong emphasis on digital literacy and multilingualism. Additionally, employees benefit from a healthy work-life balance, a vibrant international community, and top-tier healthcare.

However, despite the continued strength of the Dutch business climate, recent developments suggest a shift in its previously unchallenged position. The rapid economic recovery in 2022, though initially robust, has slowed considerably in 2023. Inflationary pressures have impacted consumer spending, and a weak external environment has hindered exports. The Dutch economy even entered a technical recession during the first three quarters of 2023, with only a slight recovery in the final quarter thanks to increased household consumption. While inflation has receded from its 2022 peak of 11.6 per cent, projections for 2024 indicate it may remain around three per cent.

Another key challenge lies in the Dutch labour market. The country boasts one of Europe's lowest unemployment rates, but this translates to a tight talent pool for businesses. Companies increasingly struggle to recruit skilled personnel due to this limited availability. Wages have also seen a sharp rise, averaging a 5.9 per cent increase in 2023 with similar projections for 2024.

The housing market presents another persistent concern. With an estimated shortage of 390,000 homes in 2023, the Netherlands faces a significant housing crisis. Building permits are particularly difficult to obtain due to land scarcity, complex development processes, and legal delays. This shortage poses a major obstacle for companies seeking to attract highly skilled foreign talent. Universities have even begun advising international students to secure housing before arrival, raising concerns about the future availability of skilled workers.

The Dutch energy grid also faces growing strain. Certain areas have already reached their maximum transmission capacity, prompting concerns about potential power cuts. While efforts are underway to invest in new electricity interconnections, these projects create bottlenecks and lead to longer wait times for companies seeking new connections.

The Dutch political landscape has also undergone significant changes in 2023. The collapse of the governing coalition led to new elections in November, resulting in a shift in political power. This, coupled with policy changes perceived as stricter on sustainability, corporate social responsibility, and taxation compared to other countries, has created a climate of uncertainty for businesses. Notably, companies like Shell and Unilever have recently relocated their headquarters to the UK due to tax law modifications. Additionally, recent policy changes have prompted microchip giant ASML to consider moving operations abroad if the business environment continues to deteriorate.

While the Netherlands remains a significant player in the European market, its business climate is undergoing a period of transformation. This traditional economic powerhouse is facing a confluence of challenges, from a maturing economy and labour market to evolving policy landscapes and infrastructure constraints. Addressing these issues effectively will be critical to maintaining the Netherlands' attractiveness as a business destination.

Swedish companies continue to steadily navigate the Dutch market towards profit

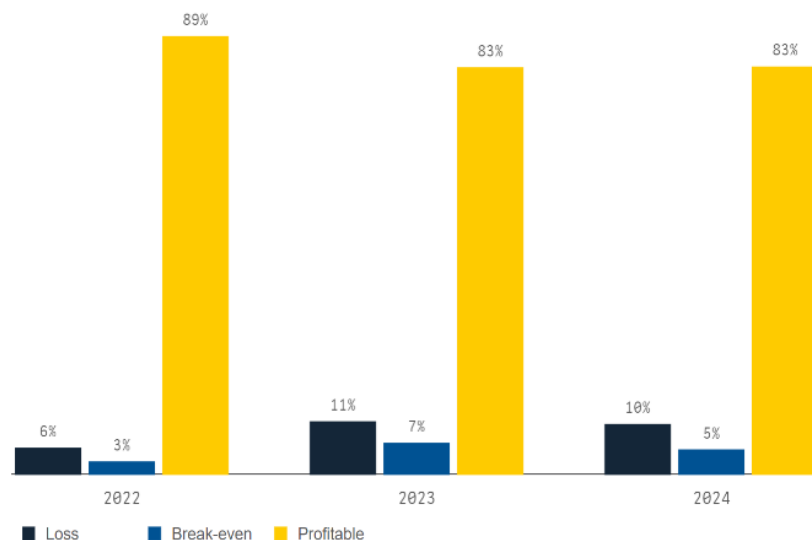
Swedish companies in the Dutch market have shown resilience. Despite a slight decline in profitability and increase in losses since 2022, their financial performance in the Netherlands shows stabilisation in 2024. This indicates an increased ability to navigate economic, political, and practical challenges. Our 2024 survey found a majority of respondents reporting profitability, with a small portion experiencing losses or breaking even.

Company size played a role in financial success. Larger companies, many who have been present since before 2002, benefited from a stronger market presence or accumulated resources, likely leading towards profitable operations. Smaller companies, lacking the economies of scale of larger firms, reported more often that they reached break even, suggesting a more cautious market approach. Interestingly, medium-sized companies reported a higher proportion of losses, possibly due to expansion efforts to build market share, or possibly delayed returns on investments.

Experience in the Dutch market also mattered. Companies with a longer presence consistently reported better financial health, while newcomers faced higher loss rates. This highlights the importance of market maturity. Sector performance variations were minimal, but professional services companies appeared most vulnerable, exhibiting lower profitability and higher losses.

In conclusion, while profitability has dipped slightly, a significant portion of Swedish companies remain profitable in the Dutch market. Larger and well-established companies performed particularly well, while the influence of specific industry sectors seemed less significant.

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN THE NETHERLANDS IN THE PAST YEAR?



NOTE: The number of respondents for this question was 58.

"Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the Netherlands 2024.

Swedish companies remain optimistic about the future: 72% of respondents expect industry turnover to increase

For three consecutive years, the data has painted a consistent picture: Swedish companies remain relatively optimistic about turnover in their respective sectors. Over 70 per cent of respondents have consistently forecasted an increase in turnover, while expectations of unchanged or decreased turnover remain in the minority. However, a slight shift towards pessimism is indicated by a small increase in respondents expecting industry turnover to decrease, reaching 12 per cent in 2024.

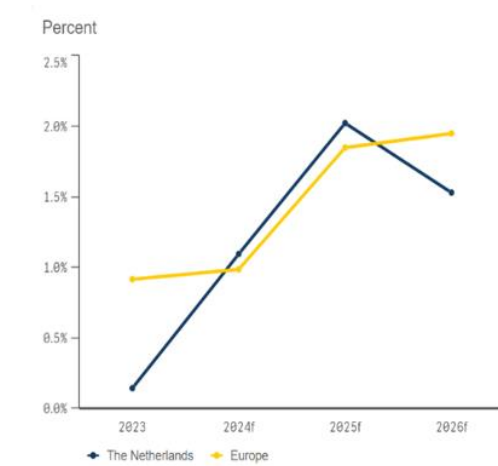
Nearly all small (92 per cent) and medium-sized (92 per cent) companies anticipate a turnover increase. Large companies have a more cautious outlook, with 59 per cent expecting an increase, 21 per cent a decrease, and 21 per cent expecting levels to remain unchanged.

Over 70 per cent of survey respondents, whether newcomers, experienced or mature, expect positive developments in their industry turnover. The remaining proportion of newcomer and experienced companies mostly expect their industry turnover to maintain similar levels. Mature companies seem to have indicated a higher degree of concern, with 20 per cent of respondents believing that their industry turnover will decrease.

A closer look at the survey data reveals some variance in concern across different sectors. Companies in the industrial sector exhibit the least optimistic outlook, with only 50 per cent predicting positive developments in sector turnover. Industrial companies often rely on public sector customers, including municipalities, ministries, and publicly owned enterprises. Consequently, they face the challenge of balancing flexibility and speed with the stringent controls and processes associated with the use of taxpayer money.

An executive director in the industrial sector highlights that while the sector is booming, competition in public procurement processes has intensified. Swedish industrial companies are renowned for their high quality and market-leading sustainability offers, yet price remains a critical factor in public procurement. Despite Sweden's leading position, higher up front prices can make it challenging for companies to win bids. Survey respondents from other two sectors – professional services and consumer – display more optimism. 82 per cent of companies within professional services, and 71 per cent within consumer goods, anticipate increased turnover and nearly all other companies foresee stable revenues.

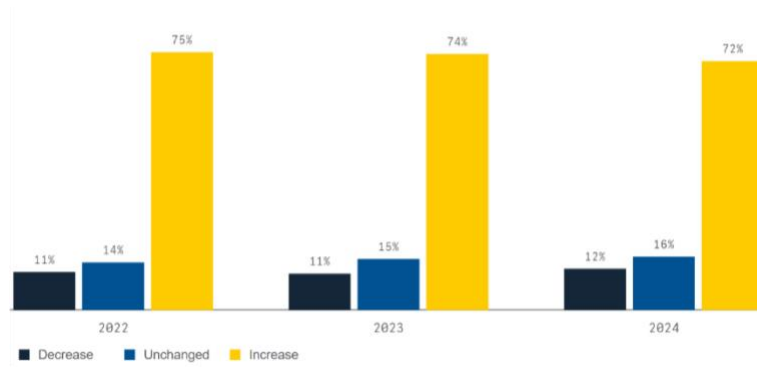
PROJECTED GDP GROWTH IN THE NETHERLANDS



NOTE: Constant prices.

SOURCE: Oxford Economics 2024

COMPARED TO THE DEVELOPMENT IN THE PAST 12 MONTHS, WHAT ARE YOUR EXPECTATIONS FOR THE COMING 12 MONTHS FOR YOUR INDUSTRY IN THE NETHERLANDS REGARDING TURNOVER?



NOTE: The number of respondents for this question was 58.
 "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in the Netherlands 2024.

A promise for the future: Over half of Swedish respondents consider increasing investments in the Netherlands

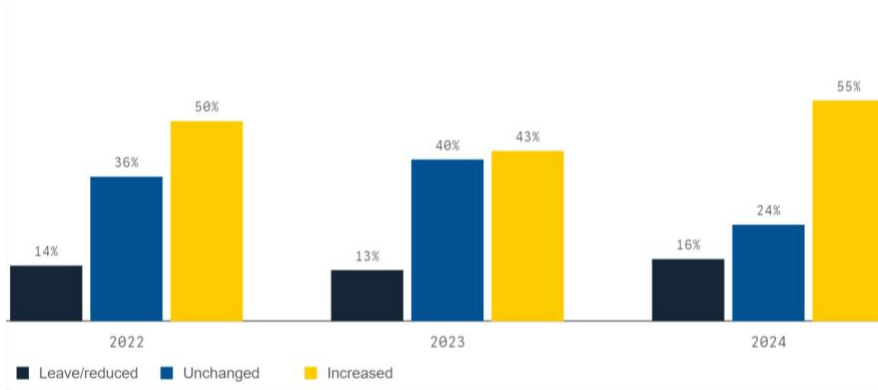
Despite the economic downturn of 2023 and an uncertain business climate, a majority of Swedish companies – 55 per cent of survey respondents – are contemplating increasing their level of investment in the Netherlands. This represents a notable uptick from 2023 and may be driven by a year of deferred investments or improved financial capacity due to lower inflation and interest rates.

Delving into the data, respondents across all sectors report plans to increase investments. This trend is most notable in professional services, where 64 per cent plan to ramp up investments and only 11 per cent anticipate a reduction. Although the investment plans of consumer sector companies do not quite match those in professional services, they remain promising. More than half – 57 per cent – of consumer sector companies plan to increase investments, while 29 per cent plan to maintain current levels and 14 per cent plan to decrease. The industrial sector shows more hesitation, with only 44 per cent planning to increase investments and 22 per cent planning a reduction, reflecting the sector's unique challenges and reliance on public sector clients.

Investments plans are advancing regardless of experience level. However, experienced companies (71 per cent) are the most eager to increase investments. Interestingly, experienced companies also dominate the category of companies planning to reduce investments (24 per cent), presenting a mixed outlook. Half of mature companies are looking to increase their investments, while 10 per cent plan for a reduction. Newcomers show some hesitation, with 44 per cent planning to increase, 22 per cent planning to maintain, and 22 per cent planning to reduce investments.

In terms of company size, those with 250-1,000 local employees are divided, with an equal split of companies that plan to increase, decrease, and leave investments unchanged. Small companies are the most inclined to invest with 75 per cent planning to increase, followed by large companies at 56 per cent.

Investment priorities vary, but a general focus lies on personnel and HR, sustainability initiatives, and adapting business models. This strategic allocation underscores the commitment of Swedish companies to not only grow but also to innovate and sustain their operations in the Dutch market.

WHAT ARE YOUR COMPANY'S INVESTMENT PLANS FOR THE COMING 12 MONTHS IN THE NETHERLANDS, COMPARED TO THE PAST 12 MONTHS?

NOTE: The number of respondents for this question was 58.

"Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the Netherlands 2024.

THE MARKET

The Netherlands: A springboard to Europe

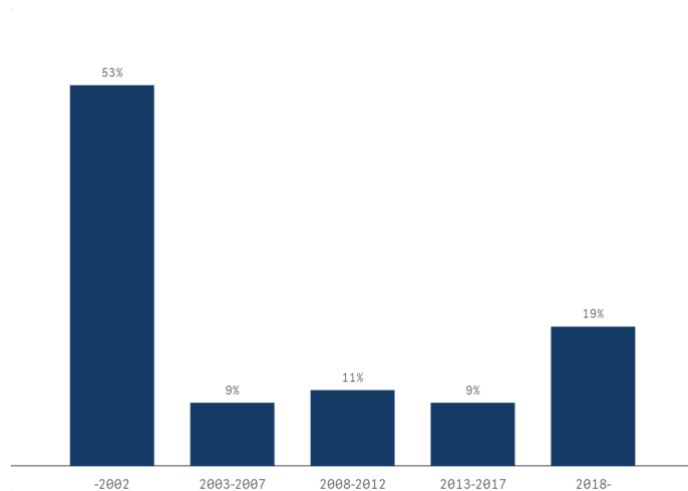
The Netherlands serves as a strategic gateway to European markets for Swedish companies aiming for international expansion. It is a market that is internationally oriented, equipped with high-level infrastructure reaching far beyond Dutch borders. Located at the heart of Europe, over 170 million consumers are all within a 500 km distance. Survey responses reveal that Swedish companies have enjoyed the Dutch market for a long time; 53 per cent of respondents indicate that their company established operations in the Netherlands in or before 2002. Approximately 30 per cent entered the market in or before 1990.

The strong bilateral relationship that has evolved over hundreds of years attests not only to the cultural compatibility of the countries but also business compatibility. As two export-dependent economies, we have similar cultures and collaborative mindset.

Moreover, both the Netherlands and Sweden are at the forefront of technical innovation. Stockholm has proven to be fertile soil for tech startups, giving rise to companies like Spotify, Skype, and Klarna. Meanwhile, the Netherlands has made a name for itself in the tech world. A significant portion of survey respondents – 15.5 per cent – represent IT and tech companies. Many of these are relatively new to the Netherlands, having entered the market after 2008. With one exception, they all have 0-249 local employees.

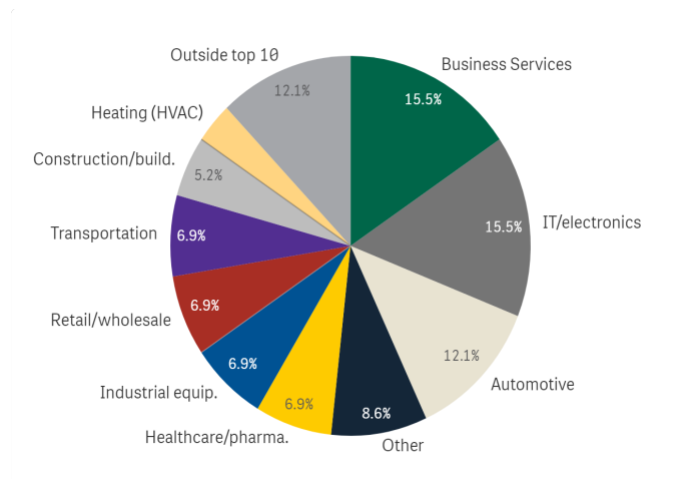
Respondents operating in the business service sector have generally been in the Netherlands for a longer time; many entering the market in the mid- to late- 1900s. A similar trend is seen in the automotive sector. Notably, automotive companies employ significantly more local employees compared to those in other industries. This long-standing presence and investment in various sectors underscore the strategic importance of the Netherlands as a stepping-stone for Swedish companies looking to expand their footprint in Europe and beyond.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN THE NETHERLANDS?



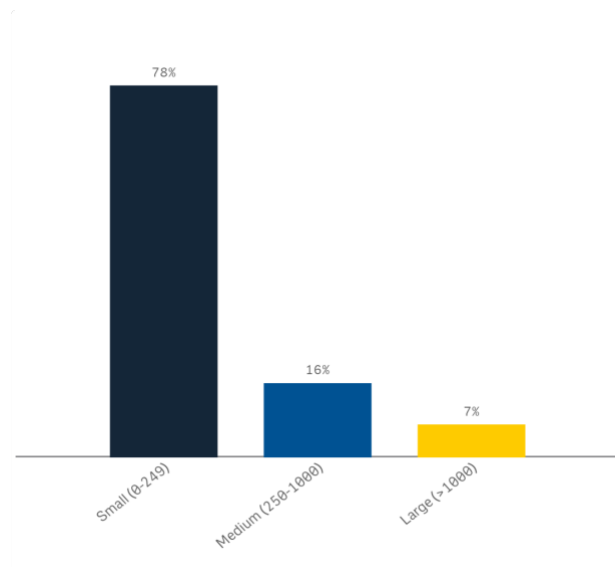
NOTE: The number of respondents for this question was 58.
"Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in the Netherlands 2024.

WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN THE NETHERLANDS?



NOTE: The number of respondents for this question was 58.
 "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in the Netherlands 2024.

SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN THE NETHERLANDS IN 2024



NOTE: The number of respondents for this question was 58.
 "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in the Netherlands 2024.

Swedish companies report increasing discontent with the Dutch business climate

Despite overall profitability and stability among survey respondents, Swedish companies are increasingly voicing concerns about the Dutch business climate. This year's Business Climate Survey data shows a rising discontent, particularly among larger companies. This sentiment is echoed by many Dutch companies who in recent years have seen larger firms like Shell and Unilever shift their corporate headquarters abroad. In the last year, firms Boskalis and ASML have also voiced concerns about the Dutch business climate and openly considered relocating abroad.

Most survey respondents this year report that the regulatory landscape in their industry is seen as stable. However, we see that there is a shift in data from previous years, with more companies noting a deterioration rather than improvement. Diving into the data we can also see this varies quite a bit depending on industry, with manufacturing and industrial companies perceiving an increasingly deteriorating climate.

This seems in line with an overarching trend in the Dutch economy. Recent regulatory challenges have arisen and with a shifting political landscape after elections in November 2023, companies – Dutch, international, and as our survey results show Swedish – are showing concern. A recurring theme is tax legislation, with the announcement that a favourable expat income tax break would be reduced in scope, receiving widespread criticism from companies across sectors in the Netherlands. Companies relying on talent from outside the Netherlands argue this makes it difficult to attract highly skilled personnel. An industrial company noted that “challenges right now come from European level,” highlighting concerns over the EU's Corporate Sustainability Due Diligence Directive (CSDDD) and fears that ensuring compliance will be challenging.

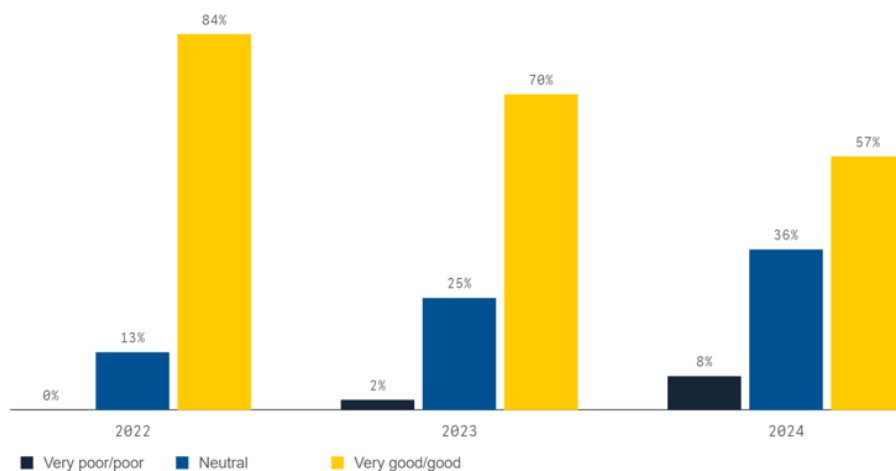
Discontent also stems from slow and volatile political processes. Dutch politics are complex and fragmented, causing lengthy decision-making and uncertainty. A small IT company describes the Dutch business climate as “unpredictable.” A large pharmaceutical company further notes that negotiations with the government are challenging. On a similar note, a large automotive company urges the Dutch government to set longer time frames for commitments, such as extending subsidy offerings. Uncertainty, they argue, discourages investments and hinders operations.

Despite these challenges, the majority of respondents still view the Dutch business climate positively. Small companies perceive it in the best light, with 75 per cent reporting that it is good or very good. Most large companies – 58 per cent – also regard the business climate as very good or good. Discontent is most evident among medium-sized companies, where 30 per cent think that the business climate is good or very good, and 30 per cent deem it poor or very poor. Remaining 40 per cent are neutral.

Experience level does not seem to be the strongest indicator of business climate perception. Surveyed newcomers to the Dutch market either rate it as neutral (50 per cent), or very good or good (50 per cent). The majority of mature (63 per cent) and experienced companies (56 per cent) are satisfied with the business climate. Notably, however, seven per cent of mature and 13 per cent of experienced companies deem it very poor or poor.

In terms of industry, 70 per cent of businesses in the professional services sector rate the business climate as very good or good. Respondents in the consumer sector are mostly neutral (71 per cent). Meanwhile, opinions are mixed in the industrial sector, with the largest portion of respondents rating it as good or very good (44 per cent) or neutral (44 per cent).

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN THE NETHERLANDS?



NOTE: The number of respondents for this question was 58.
 "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in the Netherlands 2024.

Swedish companies see most room for improvement in personnel and regulations

Swedish companies are largely satisfied with what the Dutch market has to offer. Distributors, safety, physical infrastructure, and suppliers constitute the cornerstone of the Dutch market. Satisfaction with these factors can be attributed to the geographical location and advanced infrastructure that enables the location to be effectively utilised. The high scores awarded to distributors and suppliers can further be explained by the Netherlands' long-standing trade legacy and the extensive network of businesses that has formed as a result. The Dutch economy scores high on level of digitalisation, a recognition that aligns with international cross-country comparisons. The Netherlands is climbing digital competitiveness rankings, reaching second place in the IMD World Digital Competitiveness Ranking 2023.

Areas with potential for improvement are found at the bottom of the list. Survey respondents indicate most dissatisfaction in the Netherlands with access to specialists and key personnel – reflecting the tight labour market. This challenge extends across the market and is also a topic of interest in a Dutch business climate survey conducted by the Dutch Confederation of Enterprise (VNO-NCW). A small population size and low unemployment rate partially explain the issue. Statistics Netherlands identifies a lack of job seekers and qualified people as major obstacles to staffing in the Netherlands.

Another aspect contributing to staff shortage in the Netherlands relates to women's participation in the workforce. While being a relatively liberal country in Europe, the Netherlands also has incredibly expensive childcare and often sees mothers taking care of children more than fathers. Meanwhile, the Dutch economy is highly flexible with many people working part-time jobs, but even here this tends to see mothers over-represented. Estimates from the Embassy of Sweden are that 80 per cent of mothers worked part-time in 2021. This under-employment makes it a challenge both for female representation in senior company management, but also for the wider workforce.

The tech industry is particularly affected by the talent shortage. The Amsterdam Economic Board reports a surging need for tech talent due to rapid advancements and job vacancies consistently outnumbering the cohorts of graduates. This has led to a reliance on international talent recruitment. The phasing out of the expat income tax benefit and potential restrictions on

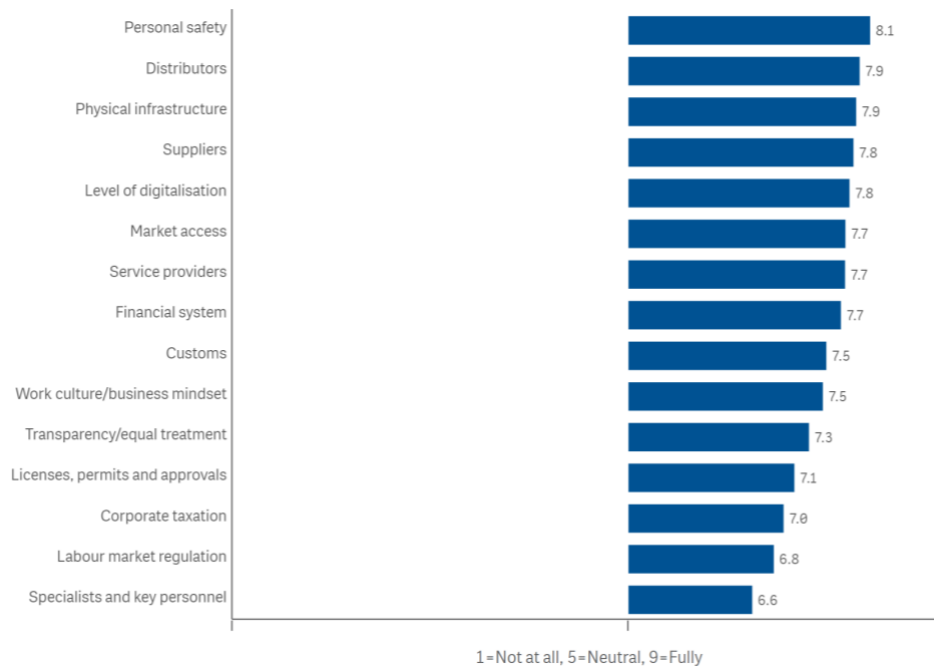
international students' access to education are therefore concerning developments for the tech industry.

Regulatory and fiscal features, such as corporate taxation and licences, permits, and approvals, also receive low ratings. Dissatisfaction with labour market regulations might be partly due to the sharp rise in the statutory minimum wage implemented in January 2024. The previous minimum wage was calculated monthly and applied regardless of whether the work week was 36, 38, or 40 hours. The new hourly minimum wage requires companies to ensure compliance for each hour worked, leading to increased labour costs when employees work longer hours.

Regarding equal treatment, some respondents highlight government support to Dutch companies as a challenge. While it is no surprise that countries want to promote their domestic industry, within the EU internal market this risks creating an extra layer of competition. This concern has been noted in many dialogues Team Sweden has had with Swedish companies in the Netherlands over the last year, and several companies have also commented similarly in their responses to this year's Business Climate Survey.

In conclusion, while Swedish companies are generally satisfied with the Dutch market, there are clear areas for improvement, namely in staffing and regulatory aspects. Addressing these concerns will be crucial for maintaining and enhancing the attractiveness of the Dutch business climate for Swedish enterprises.

HOW WELL DO THE FOLLOWING CONDITIONS MEET THE NEEDS OF YOUR COMPANY IN THE NETHERLANDS?



NOTE: The number of respondents for this question was 58.

SOURCE: Business Climate Survey for Swedish Companies in the Netherlands 2024.

Trade in the Netherlands runs smoothly with minimal and manageable concerns

Trade between Sweden and the Netherlands is conducted efficiently and effectively. Survey responses indicate that informal trade barriers are rarely experienced. As members of the EU and therefore the single market, trade barriers have long been effectively eliminated between Member

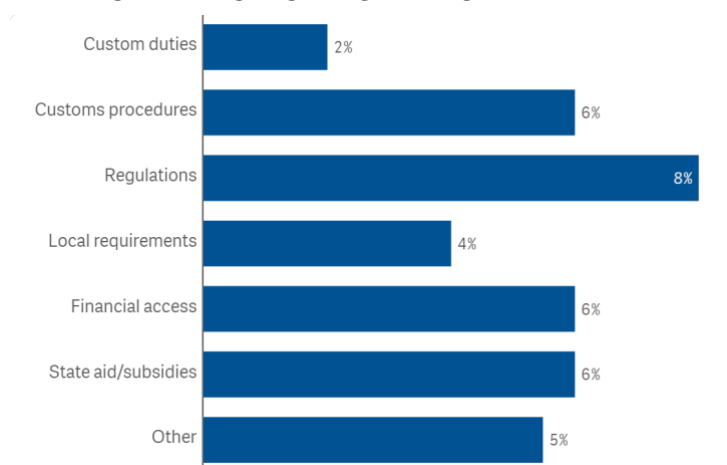
States. However, survey respondents seem to indicate that the free movement of goods and services within the EU has yet to reach its highest potential.

The Embassy of Sweden in the Hague identified no formal trade barriers in their latest report on the topic. However, the report acknowledges some obstacles faced by Swedish companies. Two such obstacles reflect issues experienced by the wider business community: the forementioned difficulties of recruiting women to fulltime positions, and of recruiting key personnel in general. The third is the challenges faced in opening a Dutch bank account especially for expats. With notably strict compliance with anti-money laundering regulation, banks in the Netherlands place stringent requirements on individuals to open personal and business accounts. This adds an extra difficulty when companies recruit temporary personnel from other EU countries as they are less able to set up essential banking services.

Small and medium-sized companies seem to face more hurdles than large companies. Small companies who responded to this year's survey report mainly encountering challenges regarding customers procedures, regulations, local requirements, and financial access. Larger companies, on the other hand, primarily report challenges related to state aid and subsidies. One argument behind this is that competition in certain sectors sees many state-owned companies, which can operate on different terms than private companies, changing the competitive landscape. Medium-sized companies point to regulations, exclusively, as an informal trade barrier, as new regulations like the CSRD are quite demanding on companies to understand and ensure compliance with.

Overall, while trade between Sweden and the Netherlands runs smoothly, Swedish companies need to navigate certain challenges. Addressing issues such as staffing difficulties and understanding local regulatory environments can help unlock the full potential of cross-border exchange, benefiting both Swedish companies and the business community in the Netherlands

HAS YOUR COMPANY IN THE PAST YEAR ENCOUNTERED TRADE BARRIERS IN THE NETHERLANDS WITH A NOTICEABLY NEGATIVE IMPACT ON OPERATIONS, IN ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 58.

SOURCE: Business Climate Survey for Swedish Companies in the Netherlands 2024.

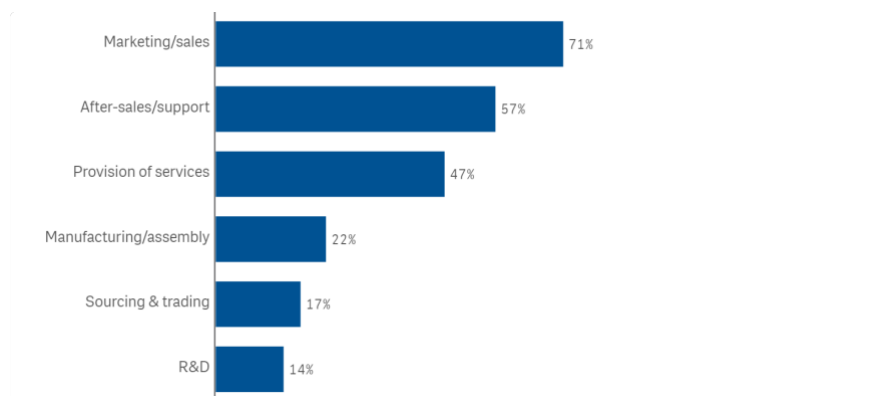
HOW SWEDISH COMPANIES SUCCEED IN THE NETHERLANDS

Swedish companies have a strong focus on marketing, sales, and after-sales support

Swedish companies in the Netherlands demonstrate a strong commitment to engaging with end-users, as evidenced by their focus on mainly marketing, sales, after-sales support, and service provision. Activities related to development and production are largely managed by other functions within the respective companies. Only 14 per cent of respondents state that their local office in the Netherlands prioritises R&D. This may be due to companies' tendency to keep R&D operations (and therefore intellectual property and patents) in their country of origin – in this case Sweden. This also reflects the Dutch economy's service-oriented nature, as many Swedish companies focus on acquiring local customers, partners, and service clients in the region.

Of the survey respondents, 22 per cent indicate that their focus is on manufacturing and assembly, which also notes the longstanding efforts of the Dutch government to attract foreign direct investment. Several large Swedish industrial companies have manufacturing or assembly in the Netherlands. Investing in a factory can bring benefits, such as proximity to partners and distributors, and access to highly skilled workers. Indeed, the Dutch geographic location at the heart of Europe again makes it an attractive place for companies to reach not only European customers, but also global export markets via the Port of Rotterdam.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET



NOTE: The number of respondents for this question was 58.

"Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the Netherlands 2024.

Sustainability, brand awareness, and cost efficiency are key to competitiveness for Swedish companies

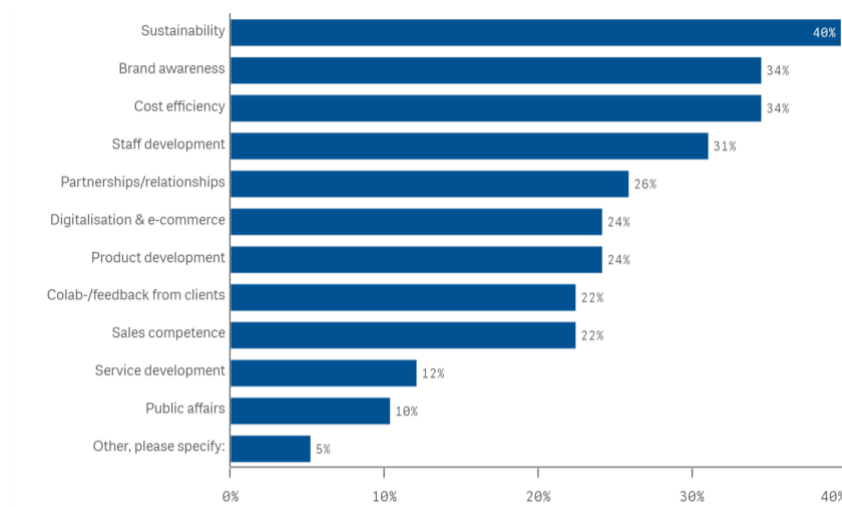
Swedish companies and Dutch consumers both highlight a promising trend for the future: sustainability is an increasingly decisive factor in purchasing behaviour. In fact, 40 per cent of Swedish survey respondents this year have ranked sustainability as the most important factor for them to maintain competitiveness in the Dutch market. Dutch consumers growing focus on sustainability is also matched in other ways, including the Netherlands' placement in global

sustainability indices, ranking eighth in the 2024 Climate Change Performance Index.

“Sustainability is getting more salient,” explains the country manager of a Swedish industrial subsidiary, “but cost efficiency remains our primary focus.”

Closely followed are brand awareness and cost efficiency, which echo the above sentiments. This notes a significant shift from previous responses in this Business Climate Survey – where last year’s edition saw sales competence and staff development as the two highest-ranking factors. This may reflect the more challenging business climate in the Netherlands. An increasing focus on cost awareness can be understood through the lens of an economy heavily impacted by inflation and high energy prices. Brand awareness is also growing, as companies are increasingly focusing on positioning towards customers but also to prospective employees. One industrial company reflected on the staff shortage issue, noting their increased focus on employer branding so as to attract newly-graduated engineering students in a highly competitive employment market.

TO DATE, WHICH OF THE FOLLOWING AREAS HAVE BEEN IMPORTANT IN MAINTAINING COMPETITIVENESS IN THE NETHERLANDS?



NOTE: The number of respondents for this question was 58.

“Don’t know/Not applicable” responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the Netherlands 2024.

The Swedish brand: Still positive, but is losing significance

Swedish products are often associated with durability, sustainability, and clean design. The Swedish brand, therefore, serves as a valuable asset and tool for companies in their marketing activities. “Swedish companies are perceived as very trusted partners,” an industrial company respondent noted. “It is a plus when we say that we are a Swedish company.” Swedish companies, especially within the industrial segment, continue to be well-known, and there are clear associations with high quality and sustainability. However, in an increasingly pressured economy, price-based competition is still large and Sweden also has more premium associations. “We never lose based on quality, we lose based on price,” as one local country manager explained.

This year’s survey responses reveal a significant shift in the perceived usefulness of the Swedish brand. Since the first Business Climate Survey was conducted several years ago in the Netherlands, the proportion of respondents reporting that the Swedish brand contributes positively to their operations has consistently exceeded 80 per cent. Last year, 74 per cent of respondents found that the brand contributed somewhat, and 15 per cent responded very positively.

In 2024, however, we see a divergence in responses. There is a sharp decline in respondents saying the brand contributes somewhat, down to 61 per cent. We see that there is a corresponding

increase in the more extremes of the data replies – there is a growth in companies saying the Swedish brand contributes very much (18 per cent; +3 from last year) but also among those who do not find the brand especially important (14 per cent; +3 from last year).

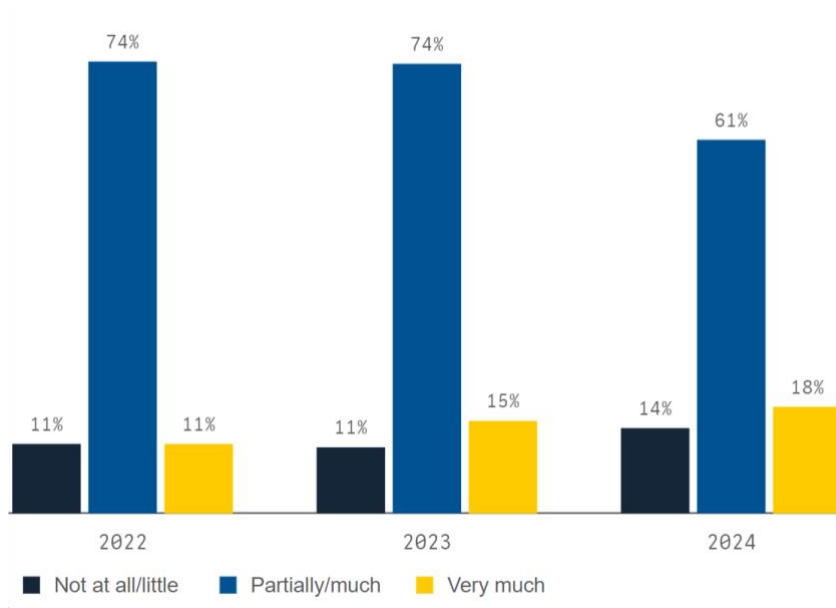
One respondent observes that newer Swedish companies are less associated with the Swedish image than older ones. IKEA and Volvo, for example, have leveraged the Swedish brand and see it as extremely useful. In contrast, newer companies like Klarna and Spotify have a more subdued connection to Sweden. Dialogues with several companies on this topic suggest some hypotheses, including one respondent suggesting that globalisation and the blurring of national borders might be a contributing factor. Globalisation opens doors to international recruitment and offshoring of business activities. While this provides unprecedented access to talent and lowers production costs, it may also foster an identity crisis as company cultures diverge from their Swedish roots.

Another reason for the shifting significance of the Swedish brand could be the increasing emphasis on corporate identities over national identities. Swedish companies are quite strong in exports and global sales, and as they grow and expand internationally, they often will set up local subsidiaries, factories, and sales offices. This means that many companies have a Swedish parent company but perhaps do not perceive themselves as Swedish, rather seeing themselves as a local Dutch company. In many cases, a company may prioritise their global brand over national origins to appeal to a broader audience, which in turn may dilute the distinctiveness of the Swedish brand.

Company respondents are also rather divergent. Respondents that deem the Swedish brand important to their operations in the Netherlands are often Sweden's larger more global companies, but several newcomers to the Dutch market also seem to rely on the Swedish brand. Strong preferences for the Swedish brand are also found among respondents from industrial companies as well as consumer goods companies. Of the consumer sector respondents, 100 per cent find positive contribution from the Swedish brand, with 43 per cent noting it is extremely valuable. Of professional service respondents, 70 per cent report that the Swedish brand contributes somewhat to their business, but only seven per cent see it as extremely valuable. Meanwhile, 56 per cent of industrial sector respondents see the Swedish brand as positive – but 22 per cent also respond that it does not contribute to their business.

In terms of company size, small, medium, and large companies all seem to reap the benefits of the Swedish brand. Medium-sized companies have the most divided stance, with 63 per cent deeming it valuable and 36 per cent deeming it of limited benefit. Meanwhile, 80 per cent of large companies and 91 per cent of small companies report that the Swedish brand contributes positively to their business. When examining the data by company experience, however, there is broad consensus from all companies whether newcomer, experienced or mature. Of more experienced companies, 88 per cent see the Swedish brand contributing positively to their business, while 78 per cent of newcomers and 73 per cent of mature companies share this sentiment.

The Swedish brand continues to retain a positive reputation in the Netherlands. It is seen as a valuable asset for many industries, but like the Dutch business climate itself, this year's Business Climate Survey notes shifting winds.

TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE “SWEDISH BRAND” CONTRIBUTES TO YOUR BUSINESS IN THE NETHERLANDS?

NOTE: The number of respondents for this question was 58.

"Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the Netherlands 2024.

ACTING SUSTAINABLY

Sustainability holds great importance in the Dutch market, presenting both challenges and opportunities for Swedish companies

As seen throughout this report, sustainability is a key priority in the Netherlands. Not only does the EU set standards for greening industries, but the Dutch themselves highly value environmentally friendly solutions. This trend has not gone unnoticed by Swedish companies in the market, with 73 per cent of respondents confirming that customers in the Netherlands consider environmental aspects when making purchasing decisions, an increase from 67 per cent in 2022 and 72 per cent in 2023.

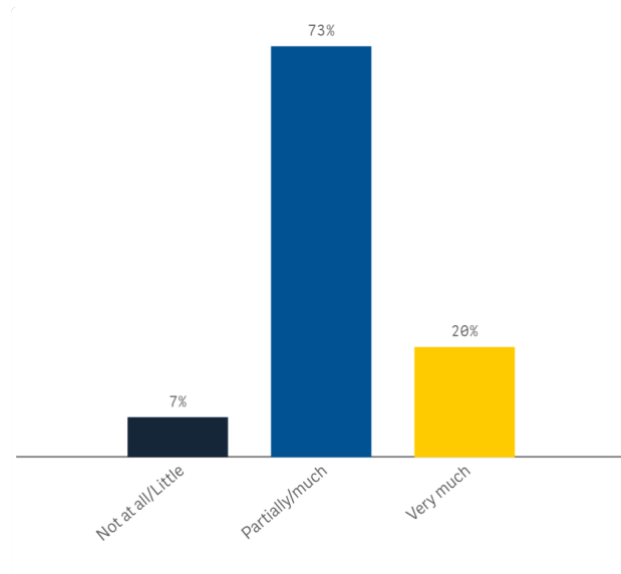
Companies representing pharmaceutical and automotive industries are highly represented among survey respondents who see environmental issues as important. One respondent noted that the life science and health segment is increasingly requesting companies to provide sustainability strategies in their effort to reduce waste, while automotive companies are at the forefront of the shift to electric vehicles. A small business services company declares, “sustainability is an opportunity rather than a risk for my firm.” A large automotive company adds, “Swedish companies usually have a high level of sustainability which is a good match with the demands in the Netherlands.”

However, sustainability is not only an opportunity – a small IT and electronics company noted in this year’s survey that the growing demand for sustainability poses a challenge. Another large automotive company commented: “A challenge is to have access to enough electric power for our factory and facilities in order to eliminate natural gas as an energy source and thereby become CO₂ free.” This issue ties back to a major challenge in the Netherlands, namely overcrowded electricity grids. Companies seeking new connections or increased capacity face long waiting times, hindering electrification efforts.

Recent years have also seen intensified efforts for waste reduction, with no signs of slowing. Companies are responsible for any packaging-related waste that arises from the products they put on the market and must meet recycling targets that rise annually. As of 2024, 47 per cent of plastics in packaging must be reused or recycled, with targets for wooden and glass packaging set at 55 per cent and 86 per cent, respectively. Respondents from the consumer goods industry and retail sector point to these recycling requirements as a challenge, noting, “waste infrastructure could be improved to enhance circularity with financial incentives for recycling.”

While stringent environmental standards can be demanding, the high level of sustainability inherent in Swedish companies aligns well with Dutch consumer values and regulatory expectations, offering a competitive advantage.

TO WHAT EXTENT DO CUSTOMERS IN THE NETHERLANDS CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISION?



NOTE: The number of respondents for this question was 58.
 "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in the Netherlands 2024.

The Netherlands' strong performance in the Corruption Perception Index is reflected in survey responses: Exposure to corruption is low

Swedish companies rarely, if ever, experience corruption in the Netherlands. The country's commitment to sustainable, transparent, and ethical practices creates a healthy business environment with minimal corruption.

Survey responses hint at the insignificance of corruption in the Netherlands, with 64 per cent of respondents reporting no exposure and 25 per cent reporting they do not know. A small proportion of respondents report exposure, with five per cent experiencing it in the internal structures and seven per cent in dealings with private counterparts along the value chain, like suppliers, contractors, or clients.

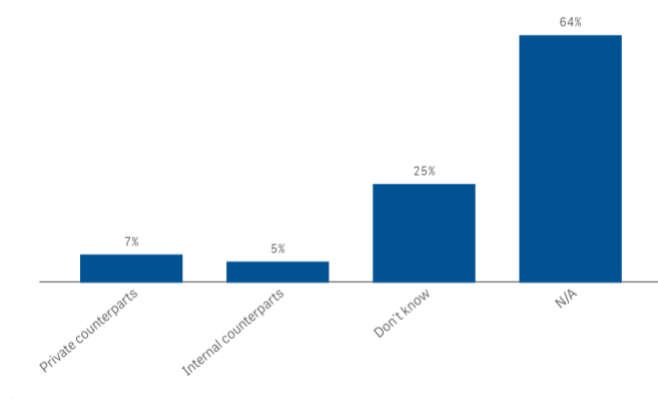
Consumer services companies report comparatively higher exposure, with 14 per cent encountering corruption in their private counterparts and another 14 per cent within internal structures. In the industrial sector, six per cent of companies have encountered internal or external corruption. Respondents in the professional services sector have not indicated any corruption encounters.

Newcomers to the market appear particularly susceptible to corruption, with 11 per cent reporting internal exposure and 22 per cent encountering issues with private counterparts. Additionally, 33 per cent of newcomers report being unaware of whether they have been exposed. In terms of company size, only large and medium-sized companies indicate exposure to corruption, though at minimal levels.

The Netherlands and Sweden both have a track record of maintaining low levels of corruption. Transparency International has reported on perceived levels of corruption globally through their Corruption Perception Index since 1995. In 2023, the Netherlands ranked eighth and Sweden sixth

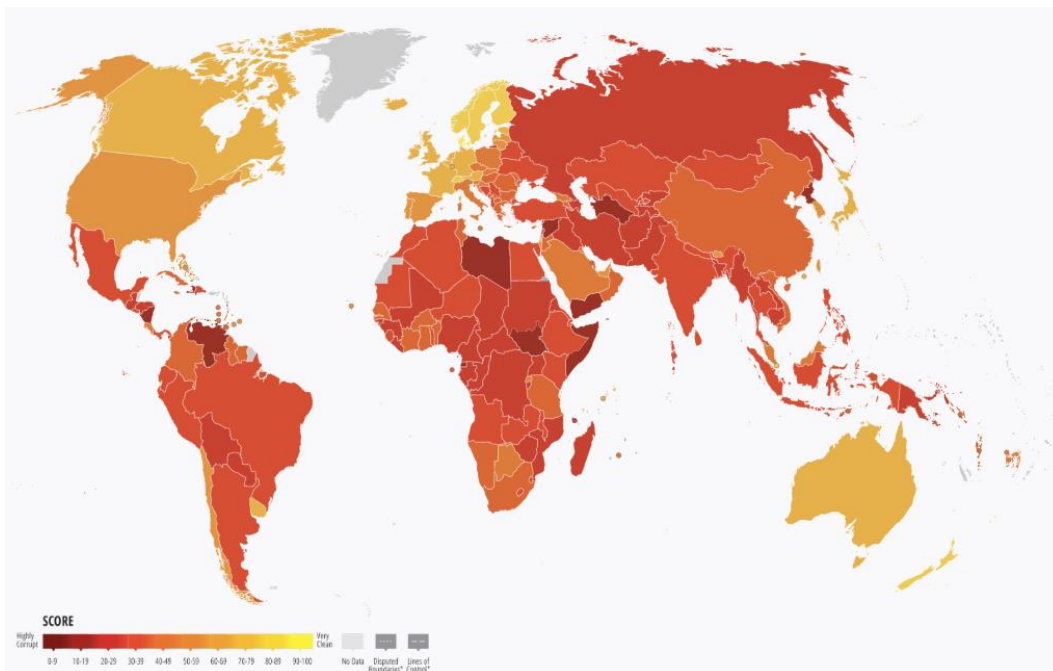
out of 180 countries. This can be attributed to societal and systemic factors that promote clean operations, as well as company cultures where corruption is deemed unacceptable.

HAS YOUR COMPANY IN THE NETHERLANDS BEEN EXPOSED TO CORRUPTIONSUCH AS, BUT NOT LIMITED TO, ATTEMPTS OF BRIBERY OR FRAUD IN CONTACTS WITH ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 58.
 "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in the Netherlands 2024.

CORRUPTION PERCEPTION INDEX 2023



NOTE: With a CPI score of 79/100 the Netherlands ranks as 8/180 in 2023, a change of -1 compared with 2022
 SOURCE: Transparency International.

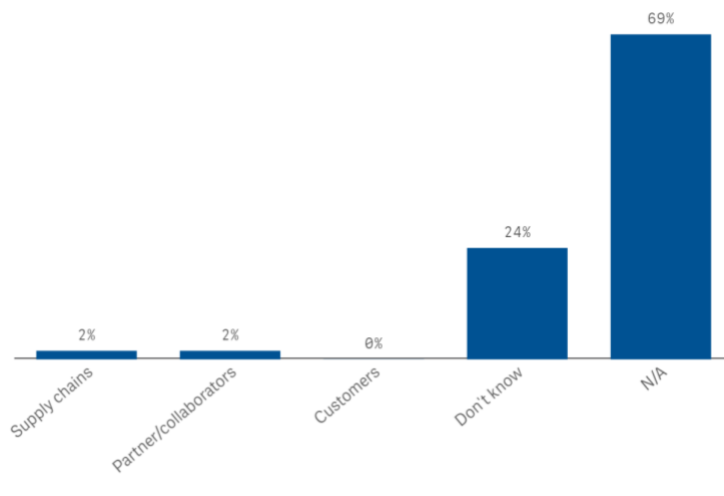
The risk of encountering human rights or labour rights violations remains low

Accelerating globalisation and value chains extending across the globe bring plenty of opportunities but also call for gatekeeping of responsible practices. The need for regulatory measures is increasingly realised by policymakers in the Netherlands and beyond. The EU's Corporate Sustainability Due Diligence Directive (CSDDD), as previously discussed, serves as a proof of the heightened efforts. Once effective, it may further reduce the Netherlands' already low levels of human rights and labour rights violations.

The Dutch business culture places high value on responsible business practices. Only two per cent of respondents have perceived or experienced human rights or labour rights violations. These violations are most evident in the consumer services (14 per cent) and professional services (four per cent) sectors. Newcomers also seem to be especially prone to exposure, with 11 per cent having encountered it through partners and collaborators.

Though human rights and labour rights violations are limited, they are more often detected in large companies, and exclusively in partners and supply chains. Moreover, it should be noted that 24 per cent of respondents indicate that they do not know if any violations have occurred in their operations in the past year.

HOW DO YOU PERCEIVE THE RISK OF ENCOUNTERING HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSES WHEN CONDUCTING BUSINESS IN THE NETHERLANDS?



NOTE: The number of respondents for this question was 58.

Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the Netherlands 2024.

