



INVESTMENT CLIMATE STUDY 2022

Aimed at monitoring important trends with regard to foreign direct investment and the attractiveness of the Netherlands for foreign companies, the Investment Climate Study is an important source for AmCham to shape its advocacy agenda. The 8th edition of our report focuses on Decarbonization, given its importance and urgency to the Netherlands itself and its investment climate. Bain & Company suggests the Dutch government and companies to take four actions to further decarbonize the Dutch economy – creating meaningful positive societal outcomes and additionally boosting the Dutch investment climate.



On June 2, 2022 the annual Investment Climate Study was presented during an online session. The study is commissioned by AmCham and executed by Bain & Company.

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KEY MESSAGES

- While global investments have rebounded (after years of decline and COVID-19 drop) with FDI exceeding pre-pandemic levels, COVID-19 and geopolitical circumstances continue to lead to challenges
- Amidst this global context, the Dutch investment climate has become more challenging, driven by a number of factors including public sentiment around corporates and a more challenging regulatory environment
- The climate transition now provides the Netherlands with a must-seize opportunity to decarbonize and at the same time improve its investment climate
- Given the Netherlands is currently not on track to reach its decarbonization targets, it is urgent to take further action to reach these targets, otherwise risking further adverse effects for the environment and society
- We believe the Netherlands has the potential to become a recognized leader in decarbonization, creating positive societal outcomes and in turn improving the Dutch investment climate by decarbonizing the energy-heavy investments that the Netherlands was so successful in attracting during the 60s and 70s
- The Netherlands needs to win this opportunity now, otherwise it risks becoming a laggard in the largest transition of the coming decades, therefore becoming dependent on other countries for decarbonization

SUGGESTED ACTIONS TO DECARBONIZE

The Netherlands is well positioned to capture this opportunity given its entrepreneurial, open economy and attractive ecosystem, however for a successful collaboration between Dutch government and companies needs to take four actions to not risk losing out

- 1 Create globally recognized sustainability hub** – Create a broader sustainability / decarbonization ecosystem in the Netherlands, also by leveraging existing / emerging ecosystems (e.g. in Agri, Climate adaptation and Hydrogen), will improve the Dutch investment climate and create a flywheel for sustainable FDI inflow
- 2 Stimulate green investments** – Ensure companies can fully benefit from in place public investment funds (e.g. SDE++) through ensuring the right investment criteria (incl. degree of tailoring to large project context) and speed in government investment decisions
- 3 Optimize existing legislation and procedures** – Allow for tailoring within current legislation and create swifter procedures to increase likelihood of sustainable FDI inflow into The Netherlands and thus accelerate decarbonization; additionally create an EU-wide level playing field that drives optimization of decarbonization vs. legislation
- 4 Establish relevant infrastructure** – Transition towards decarbonization contingent on having in place the right infrastructure (especially for electricity), important for government and public-private partnerships to help put this in place for transition to succeed

CONCLUSION

The Netherlands recently has become a somewhat less attractive economy for companies to invest in, therefore The Netherlands needs to invest to continue to actively attract FDI. Sustainability and more specifically decarbonization now provides the Dutch government with an opportunity to attract FDI by:

- 1) stimulating green investments,
- 2) creating a sustainability hub,
- 3) enhancing current legislations and
- 4) ensuring the right infrastructure.

These actions together with a productive public-private collaboration will not only help The Netherlands reclaim its position as leading destination for FDI, but will also significantly accelerate decarbonization and therefore meaningfully contribute to a Net Zero future.