



Business Climate Heatmap 2026

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Foreword

This is the third annual edition of the Business Climate Heatmap, tracking the Dutch business climate from 2013 to 2025 across 67 indicators. With three consecutive years of measurement, we are now able to identify structural trends rather than merely registering year-on-year fluctuations. After first presenting those overarching, trend-based insights, we zoom in on what the 2025 data specifically show and what it means for action.

The Dutch business climate: a structural shift, not a temporary setback

When PwC published its first Business Climate Heatmap in 2024, the data showed a deterioration. The second edition in 2025 confirmed it. This third edition reveals something more fundamental: what initially looked like a post-pandemic dip has proven to be a structural downward shift in the conditions for doing business in the Netherlands.

Three years of data at depressed levels now make clear that the Netherlands is not experiencing a cyclical downturn from which it will naturally bounce back. The business climate worsened from 2018 to 2022 and has since remained stuck below its 2013 starting point. That means the economy has operated for four consecutive years in an environment that is measurably worse than at any point in the previous decade. This is no longer a warning; it is a new baseline.

What stands out from this third edition is the length and breadth of the decline in institutional quality. Government effectiveness, the rule of law, regulatory quality, and the business policy environment have not just dipped temporarily; they have moved downward in almost every year since 2018, reaching their lowest recorded levels in 2025. What makes this finding new is not the direction, which was visible before, but the duration. Seven consecutive years of institutional decline constitute a trend that cannot be attributed to any single government, any one crisis, or any temporary disruption. It points to a deeper, systemic weakening in the capacity of the Dutch state to provide the stable, high-quality governance that the business community had long taken for granted. Although other countries around the Netherlands have also experienced similar issues, institution quality has always been a differential for the Netherlands. Hence, for Dutch businesses who have been used to highly effective governments, recent declines might be particularly impactful compared to other countries with historically lower institutional quality.

A second insight that crystallises with this edition is the emerging divergence between what the Netherlands invests in and what it gets back. Net incomes rise. The knowledge base expands. R&D output grows. Yet these gains are not translating into a better business climate, because they are absorbed by rising costs, institutional friction, and physical constraints. Unit labour costs have climbed to record highs while productivity flatlines. Housing has become so unaffordable that it impedes the very labour mobility that a knowledge economy requires. Capital markets have contracted rather than deepened, meaning innovative firms cannot easily convert good ideas into scaled businesses domestically. The Netherlands is feeding the engine but losing power at the wheels.

The third new element is the persistence of uncertainty at structurally elevated levels. The pandemic spike of 2020 was acute but brief. What followed, from 2022 onwards, is different in character: a sustained state of heightened uncertainty driven by successive geopolitical shocks. The 2025 explosion in the World Uncertainty Index, the largest single-year deterioration of any indicator in the heatmap, is not an outlier. It is the latest manifestation of a world that has become fundamentally less predictable for internationally orientated economies. For a country as trade dependent as the Netherlands, this structural shift in the global operating environment changes the calculus of investment and expansion.

The story of this third heatmap is therefore not that things got worse again. It is that three years of observation now provide sufficient evidence to distinguish structural decline from temporary disruption. The institutional erosion is not self-correcting. The cost-productivity imbalance is not closing. The spatial and housing constraints are not easing. The positive trends in terms of economic recovery and resilience and human capital are valuable, but they operate on a different timescale and cannot substitute for what is being lost in governance, affordability, and market depth.

The Netherlands faces a choice. It can accept the current level as the new normal, in which case its competitive position will continue to erode gradually as peer countries that have addressed their structural weaknesses pull ahead. Or it can recognise that the trend revealed by three successive editions of this heatmap demands a deliberate, sustained effort to rebuild institutional quality, restore the balance between costs and productivity, unlock physical space, and deepen the domestic capital market. The data no longer leave room for the interpretation that the business climate will recover on its own.

What 2025 reveals at indicator level

Looking at individual indicators, 2025 presents a nuanced picture of deteriorations, improvements, and counterintuitive outcomes. Some developments appear positive at first glance but prove insufficient on closer inspection. CO₂ and nitrogen emissions continue to decline, yet not rapidly enough to meet the legal thresholds set by court rulings. As a result, the operational constraints on businesses remain unchanged regardless of the direction of the data. In other areas, the picture is less alarming than headline numbers suggest. Global uncertainty surged to extreme levels in 2025, driven by geopolitical conflict and US trade policy, yet direct impacts on Dutch trade flows have so far been more contained than the sheer scale of the uncertainty spike would predict.

Year-to-year changes can be informative, but they are also subject to substantial variation. For this reason, this report focuses primarily on the 2022–2025 period, emphasising broader trends rather than isolated annual fluctuations. The pattern is clear. The Dutch economy has partially healed from the cyclical wounds of 2022, but the underlying tissue has continued to weaken. All categories besides Infrastructure and Physical Space have declined since 2018. Of the six categories, four declined between 2022 and 2025: Human Capital; Macroeconomics; Politics, Regulation, Institutions, and Society; and Trade, Investment, and Market Opportunities. Physical Safety and Security improved but remained below the historical average in 2025, while Infrastructure and Physical Space was the only category to move from a negative score in 2022 to a positive one in 2025.

The international comparison reinforces this conclusion. The Netherlands still ranked 7th out of 27 countries in 2025, maintaining a position in the top eight throughout the entire 2013–2025 period. That is not a crisis. But it is no longer the comfortable position it appears to be at first glance. The gap between the Netherlands and the six countries above it, Switzerland, Norway, Luxembourg, Denmark, Finland, and Sweden, has been widening since 2022. Meanwhile, 15 out of 27 countries in our sample improved their relative business climate score since 2013. Countries such as Denmark, Ireland, Estonia, Slovenia, and Portugal made significant strides forward over the same period in which the Netherlands moved backward. The Dutch decline is not happening in isolation; it is happening while competitors advance. Particularly striking is the deterioration in Infrastructure and Physical Space, where the Netherlands fell from 9th to 15th place, and in Physical Safety and Security, where it dropped from 1st to 5th. These are categories where the Netherlands once held a clear edge. That edge is disappearing. The lesson from the international data is that structural decline does not announce itself through a dramatic fall in the rankings. It manifests as a gradual loss of distance to peers, until one day the gap has closed and the advantage is gone.



So what? The imperative for policymakers

The heatmap does not lack for announced policy intentions. The challenge it exposes is one of execution. Government effectiveness has fallen to its lowest measured level in the data series. The structural bottlenecks, nitrogen regulation blocking spatial development, a housing shortage throttling labour mobility, energy infrastructure lagging behind electrification needs, and a labour market so tight it physically constrains growth are not new. What the data shows is that, year after year, they are not being resolved. For government, the priority is therefore less about identifying new ambitions and more about demonstrating the capacity to deliver on existing ones. Whether a minority government can break through institutional inertia on this scale is the open question that the next edition of this heatmap will help answer.

So what? The imperative for businesses

For companies, the heatmap carries a sharper message than a general call to innovate. The data points to three specific strategic challenges.

First, growth through headcount has hit a structural ceiling. Labour will remain scarce and expensive, and companies whose growth model depends on adding people will find that model increasingly unviable. The only sustainable path to growth runs through output per hour: deploying technology, automation, AI, upskilling, better management practices, and other productivity-boosting measures—not as side projects, but as core operating logic. The question for every board is no longer whether to invest in productivity, but whether the pace of that investment is fast enough to outrun the cost curve.

Second, access to growth capital is contracting domestically. Venture capital activity and market capitalisation have declined for four consecutive years. Companies that need risk capital to scale will increasingly need to look abroad or develop alternative financing strategies. Waiting for the Dutch capital market to deepen on its own is not a viable plan.

Third, the external environment has become structurally less predictable. Supply chains designed for a stable, rules-based trading order are exposed. Data and digital infrastructure have become targets. Geopolitical alignments shift faster than investment cycles. This demands active resilience: redesigning supply chains for robustness rather than pure efficiency, treating cybersecurity and data protection as strategic assets rather than compliance costs, and diversifying market exposure to reduce dependence on any single corridor.

The international comparison shows that this trajectory is not inevitable. Denmark, Ireland, Estonia, and Portugal all improved their business climate significantly over the same period in which the Netherlands declined. What distinguishes those countries is not superior policy ideas but the consistency and speed with which known priorities were implemented. For Dutch policymakers, the lesson is specific: break the spatial deadlock through integrated decision-making rather than parallel departmental programmes competing for the same scarce space; commit to regulatory stability that allows firms to plan beyond a single coalition cycle; and invest in the execution capacity of the state itself, because every year of delayed permits, stalled infrastructure, and unresolved bottlenecks compounds into a wider gap with countries that act faster.

The Netherlands retains formidable strengths: world-class logistics, a highly educated workforce, a sound financial system, and deep international connections. But the era in which those strengths alone guaranteed a favourable business climate is over. The companies that will thrive are those that build their strategy on the conditions the data shows, not on the expectation that the old normal will return.

Executive summary

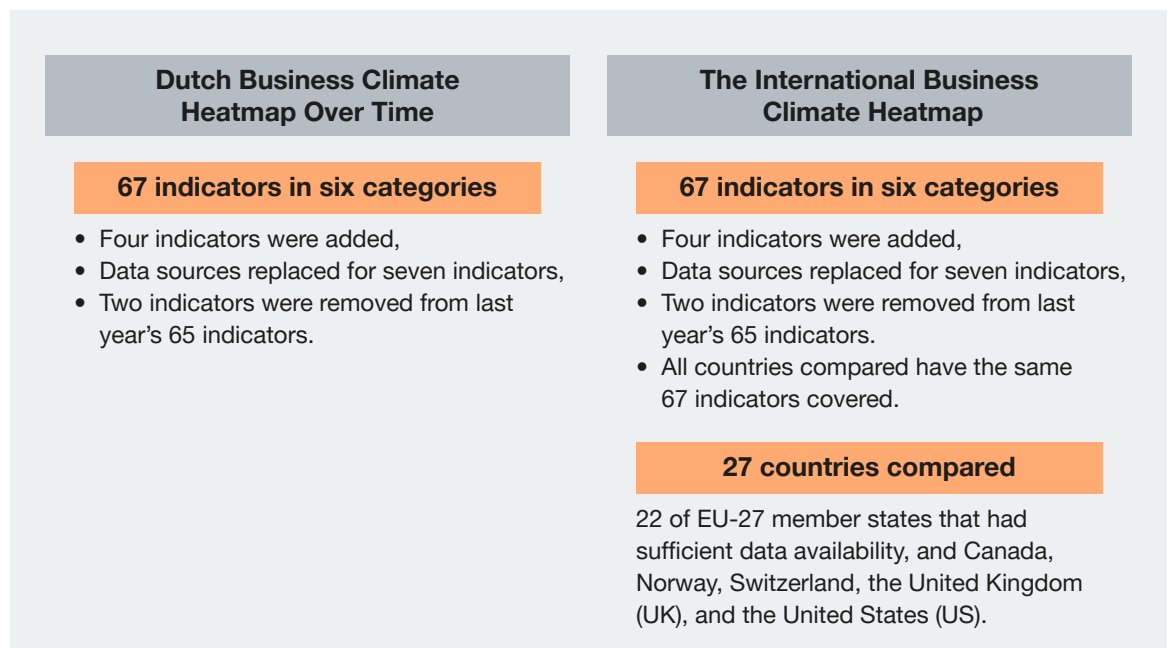
This third annual instalment of PwC's Business Climate Heatmap tracks the evolution of the Dutch business climate from 2013 to 2025. It has been worsening from 2018 to 2022 and has since stabilised at a low level, with the 2025 score edging down even further.

Comparing the Dutch business climate with that of 26 other countries reveals that it has consistently outperformed most countries in our sample, remaining in top eight over this period with 7th place in 2025. This is also confirmed measuring the business climate for EU-27 countries, which has stagnated since 2013. Nevertheless, the Netherlands has been losing ground since 2013 to Switzerland, Norway, Luxembourg, Finland, Denmark, and Sweden, with the gap between these countries widening since 2022. In addition, we can see that the Netherlands in relative terms in 2025 was slightly below where it was in 2013.

The Dutch business climate heatmap over time

The business climate is a multi-faceted issue. Hence, we developed an approach looking at the Dutch business climate from a broad perspective that includes many variables and takes two angles—changes in the Dutch business climate over time and comparison with other countries. This is the third annual edition of the Business Climate Heatmap. Figure 1 summarises the main changes from last year's edition.

Figure 1 Summary of analysis and changes from last year's edition



First, we create a **‘Dutch business climate heatmap over time’**. This heatmap evaluates the Dutch business climate from 2013 to 2025 using 67 indicators organised in the following six categories:

- **Human Capital:** measures the availability, quality, skills and productivity of the current and future labour force.
- **Infrastructure and Physical Space:** captures the quality and pressure on energy, physical infrastructure, housing, physical space and the natural environment.
- **Macroeconomics:** looks at the economic performance and stability.
- **Physical Safety and Security:** measures crime, safety and external threat levels, as well as the prevalence and preparedness for natural disasters and cyberattacks.
- **Politics, Regulation, Institutions and Society:** captures the functioning of the democratic, legal, regulatory and government institutions, policy stability and the level of equality and taxation.
- **Trade, Investment and Market Opportunities:** measures the functioning of capital markets and lending institutions, the degree of economic competition, and openness to trade and investment.

We also highlight changes from 2022 to 2025 in the Dutch business climate, looking into changes in both category and indicator level.

The business climate heatmap over time: the Dutch business climate from 2013 to 2025

Overall, the business climate improved from 2013 to 2018, with the average score across all indicators rising above the historical average. However, a marked deterioration began in 2018, temporarily disrupted by Covid-19 pandemic-related volatility in 2020–2021. Since 2022, the index has stagnated at a level below even its 2013 value.

Comparing 2022 with 2025 reveals a telling asymmetry in the direction of change across the indicators. Those that improved, such as inflation, consumer confidence (albeit still at very low levels), lending, and security risks (also at elevated levels), among others, are largely cyclical in nature: they reflect recovery from the acute inflation and energy shock of 2022.

The indicators that declined tell a different story. They are structural, institutional, and slow-moving. Global uncertainty, driven by successive geopolitical shocks, has introduced a layer of structural unpredictability. Business confidence and the policy environment have deteriorated significantly, while life satisfaction has declined and population growth has levelled off. Business dynamism is stagnating, with declining firm entry and exit rates alongside rising market concentration among incumbents. The role of trade in the economy is shrinking, and rising unit labour costs are further eroding international competitiveness. Compounding these trends, four separate governance indicators—government effectiveness, rule of law, regulatory quality, and control of corruption—have all moved downward over the same period.

The pattern is clear. The Dutch economy has partially healed from the cyclical wounds of 2022, but the underlying tissue has continued to weaken. All categories besides Infrastructure and Physical Space have declined since 2018. Of the six categories, four declined between 2022 and 2025: Human Capital; Macroeconomics; Politics, Regulation, Institutions, and Society; and Trade, Investment, and Market Opportunities. Physical Safety and Security improved but remained below the historical average in 2025, while Infrastructure and Physical Space was the only category to move from a negative score in 2022 to a positive one in 2025.

Here is an overview of the results of the comparison of the Dutch business climate since 2013 for each of the subcategories under the six main categories.

Human Capital:

- Looking at the **Demographics** indicators, on the positive side, the Netherlands has recently seen above-average population growth, driven by rising immigration and low emigration. On the negative side, population growth has slowed somewhat lately, largely due to declining immigration, especially from highly skilled knowledge migrants. In addition, an ageing population is increasing pressures on public services.
- **Education** incorporates the quantity and quality of education in the current and upcoming working population. While the share of people with tertiary education has been rising since 2018, overall performance in education, measured by PISA scores and expenditure on education, has declined since 2018 to around the historical average level.



- **Human capital and research** indicators such as, average net incomes, life expectancy, and R&D performance have all improved since 2013, and the Netherlands became increasingly attractive to foreign graduates over this period. However, this attractiveness to foreign talent has declined since 2021. Also concerning is the significant drop in subjective life satisfaction among the Dutch population since 2020, with an especially sharp decline recorded in 2025. In short, while structural indicators like income and research output continue to grow, wellbeing-related measures are showing worrying signs of decline.
- In **Labour productivity, shortages and costs** subcategory while labour productivity showed improvement last year after two years of contraction, all other indicators in this category continue to perform significantly below their historical averages in recent years, as unit labour costs have risen, labour shortages have intensified, and fewer scarce labour resources remain available to boost labour supply.

Infrastructure and Physical Space:

- **Energy and environment** subcategory shows that while CO₂ emissions per capita and nitrogen emissions per square kilometre have decreased over time, this reduction hasn't been fast enough to address already saturated nitrogen levels. Meanwhile, energy import resilience has weakened since the Groningen gas fields closed in 2024, and energy and electricity prices spiked over the past three years after the Russian invasion of Ukraine. Water stress levels, however, have remained relatively low throughout this period. Nevertheless, the available 'legal water space' remains an issue due to the Netherlands likely challenges to comply with EU Water Framework Directive by December 2027.
- **Housing and physical space** indicate that housing has become significantly less affordable in the last five years. Similarly, a lack of physical space for new housing developments remains an issue without significant reallocation of physical space.
- **Infrastructure and transport** subcategory highlights that both connectivity and infrastructure stayed at a relatively good level.

Macroeconomics:

- **Government debt and spending** shows that Dutch government spending has risen modestly since 2022 due to ageing-related healthcare costs, higher wages, defence investment, and rising interest rates. While current fiscal health remains relatively good, significant challenges are projected ahead.
- **Macroeconomic trends** show that past three years have been historically challenging, marked by high inflation, weak consumer confidence, and relatively poor business confidence. While economic growth rebounded after the pandemic, it has remained below the pre-pandemic trend.
- Both broader political and economic **Uncertainty** reached high values in 2016–2017 and 2019–2020, eased in 2023, then rose sharply in 2024–2025 amid geopolitical shocks (Middle East war, Ukraine war, Greenland tensions, and Trump's tariffs). Early 2026 data show a slight decline, though uncertainty remains historically high.

Physical Safety and Security:

- **Crime and safety** highlights that overall safety has improved since 2016, confirming the Netherlands remains a generally safe country with low crime rates. Cyber risks also decreased from 2019 to 2025, though 2026 data suggests this trend is starting to reverse.
- **Risk and disasters** point out that climate and natural hazard have increased over the past three years. External security risks, while slightly up from 2024 to 2025, remain lower than 2022 levels. Meanwhile, political stability has deteriorated substantially since 2021.

Politics, Regulation, Institutions and Society

- **Democracy** showcases that democratic quality has remained consistently and has experienced little variation, remaining close to the historical average. Interpersonal trust and control of corruption has slightly decreased lately.
- In **Equality**, income inequality has stayed near historical averages, improving slightly in 2024–2025. The gender gap, however, widened sharply in 2025.
- For **Governance**, although the Netherlands has historically excelled in this area compared to other countries, both rule of law and government effectiveness scores have recently dropped to historic lows. The country still ranks relatively high internationally, but the decline over the past four years is notable.
- **Regulatory and policy environment** highlights that regulatory quality remains below the average over the last few years, and we have also written recently [about the rising regulatory compliance costs in the Netherlands](#). Additionally, one of the sharpest declines from 2022 to 2025 has come from the worsening business policy environment.
- In **Taxes**, while the tax burden slightly improved from over the last two years, the overall Dutch tax competitiveness declined significantly from 2023 to 2024 and slightly recovered in 2025.

Trade, Investment and Market Opportunities

- **Capital markets** in terms of the size of capital market and venture capital has worsened over the past four years.
- In **Credit** rising interest rates have increased borrowing costs, though ease of lending and loan share of GDP have slightly improved over the past three years.
- In terms of **Economic dynamism and competition**, the churn rate (entries and exits of companies combined) worsened significantly from 2022 to 2024, aligning with DNB and CPB findings of declining economic dynamism, before recovering somewhat in 2025 on the back of rising firm exits. Large firms' market dominance has also increased, weakening competition, though trade openness and market scale improved in 2025 after previous declines.
- **Financial soundness** has remained solid, with well-capitalised banks and low non-performing loan shares.
- **Investment** indicators, including foreign direct investment (FDI) inward and outward positions, have slightly weakened over the past three years, while investment freedom has stayed constant since 2013.

- The role of **Trade** for the Dutch economy has grown since 2013 relative to historical averages. Even though the impact of rising protectionism on this trend remains uncertain, from 2022 to 2025 trade, as a share of GDP, has already decreased.

The international business climate heatmap

The national business climate heatmap can tell how the Netherlands has compared over time with itself. However, countries compete internationally by maintaining the attractiveness of domestic firms to expand their businesses and attract new investment from abroad. Hence, it is important to also consider how the Netherlands has performed over time compared to its peers. That's why we compare the position of the Netherlands to that of 26 European Union (EU) member states with sufficient data availability,¹ as well as Canada, Norway, Switzerland, the United Kingdom (UK), and the United States (US), using the same set of 67 indicators and categories. We refer to this as '**the international business climate heatmap**'.

The Netherlands has from 2013 to 2025 outperformed most countries in our sample, remaining in top eight over this period with 7th place in 2025. Nevertheless, the Netherlands has been losing ground since 2013 to Switzerland, Norway, Luxembourg, Finland, Denmark, and Sweden, the very countries it competes with for talent and investment. Since 2022, the gap with this leading group has widened further. In addition, we can see that the Netherlands in relative terms in 2025 is slightly below where it was in 2013.

Compared to the other 26 countries in our sample, the Netherlands has stayed in the top eight countries in all categories in 2025, except for **Infrastructure and Physical Space**. In this category, the Netherlands has slipped from 9th in 2013 to 15th in 2025, driven by the combination of worsening housing affordability, persistently high nitrogen emissions constraining spatial development, increased energy import dependency following the closure of the Groningen gas fields, and poor performance on the EU Water Framework Directive.

In **Human Capital** category, the Netherlands has decreased from 5th in 2013 to 6th in 2025, however, managing to remain in the top six. The slight decline reflects the growing pressure from record-high unit labour costs, declining life satisfaction, and slowing population growth, which outweigh continued improvements in education and R&D.

Within **Macroeconomics**, the Netherlands has increased from 16th in 2013 to 10th in 2025, largely because of notable declines for most other countries in the sample, especially since 2021. The Dutch improvement is therefore primarily a relative one: the Netherlands recovered from the 2022 inflation shock somewhat faster than peers, rather than achieving genuinely strong macroeconomic performance.

¹ The countries covered are Austria, Belgium, Czechia, Denmark, Germany, Estonia, Greece, Spain, Finland, France, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, Netherlands, Poland, Portugal, Sweden, Slovenia, Slovakia, Norway, Switzerland, UK, US, Canada. EU and EEA countries excluded because of data availability are Bulgaria, Croatia, Cyprus, Liechtenstein, Iceland, Malta, and Romania.

The relative position of the Netherlands in **Physical Safety and Security** has also decreased from number one in 2013 to number five in 2025. This reflects the increased exposure to geopolitical risks since Russia's invasion of Ukraine, the deterioration of political stability since 2021, and rising climate and natural hazard vulnerability, while other small European countries proved relatively more insulated from these shifts.

In **Politics, Regulation, Institutions and Society**, the Netherlands has maintained 6th position from 2013 to 2025 despite the score worsening by 6.8, indicating that governance erosion, declining regulatory quality, and rising policy uncertainty have been a shared challenge across advanced economies in this period, not a uniquely Dutch phenomenon.

Lastly, in the **Trade, Investment and Market Opportunities** category, the Netherlands has slipped from fourth in 2013 to fifth in 2025, having fallen as far as eighth in 2019 before recovering. The category has been held up by growing trade diversification, solid financial soundness, and a banking sector that remained well capitalised throughout the period, even as capital markets and venture capital contracted.

These developments underscore two points. First, since 2018, there has been a downward trend in the Dutch business climate, bringing the Netherlands even below 2013 levels. Back then the Dutch economy was still in the aftermath of the global financial crisis, that impacted the economy much longer than elsewhere in Northwestern Europe. Although the Dutch economy is in better shape now, the decline of the business climate has continued since 2018 with a stabilisation at a low level from 2022 to 2025.

Second, other countries in our comparison, namely Belgium, Canada, Germany, the UK, the US, and other EU countries, have experienced an even steeper decline, meaning the Dutch business climate has deteriorated less in relative terms. Nevertheless, countries such as Switzerland, Norway, Luxembourg, Finland, Denmark, and Sweden have managed to maintain or improve their relative position between 2013 and 2025. Other EU countries, including Estonia, Portugal, Slovenia, Lithuania, and Poland, have significantly improved their business climate over the same period, albeit starting from a relatively much lower base than the Netherlands. Nevertheless, it is becoming clear that the Netherlands cannot stand still if it wants to maintain its international attractiveness, as other countries within the EU are catching up while the gap with the top performers is also widening.

Although we include countries that are comparable to the Netherlands in many aspects and other advanced economies, these relative results still depend on the sample of countries included. This underscores the need for a nuanced debate on the topic. When assessing the Dutch business climate, policymakers and business leaders should consider the backdrop against which it is measured.

Introduction

Definition of business climate

In Dutch, there are two terms that are frequently used interchangeably in business climate discussions: ondernemingsklimaat (business climate) and vestigingsklimaat (investment climate for multinationals). The first term refers to the conditions that companies face when establishing, operating and expanding in a country. The second term is part of the business climate and focuses on the attractiveness of a country or region for internationally operating companies. Both the business and investment climates of a country largely overlap and are influenced by a similar set of factors.²

Here, we focus on the business climate, which can be defined as ‘the sum of factors in a country that weigh in a company’s decision to start or expand activities’.³ In our interpretation, we follow this logic and try to incorporate as many relevant factors as possible that are mutually exclusive but collectively exhaustive to capture the trends that influence the decisions of companies to establish themselves, operate and expand in a country.

Methodology and data scope

To find the categories and indicators for the heatmap, we looked at the available academic literature and the research on the Dutch business climate. Up to this point, studies have primarily been qualitative and based on survey data from companies.⁴ The main issues impacting the Dutch business climate mentioned by surveyed companies have been the instability of the tax policy, high regulatory pressure, political instability, lack of a government vision, labour shortages, less competitive financing options, and overcrowded infrastructure and physical space.

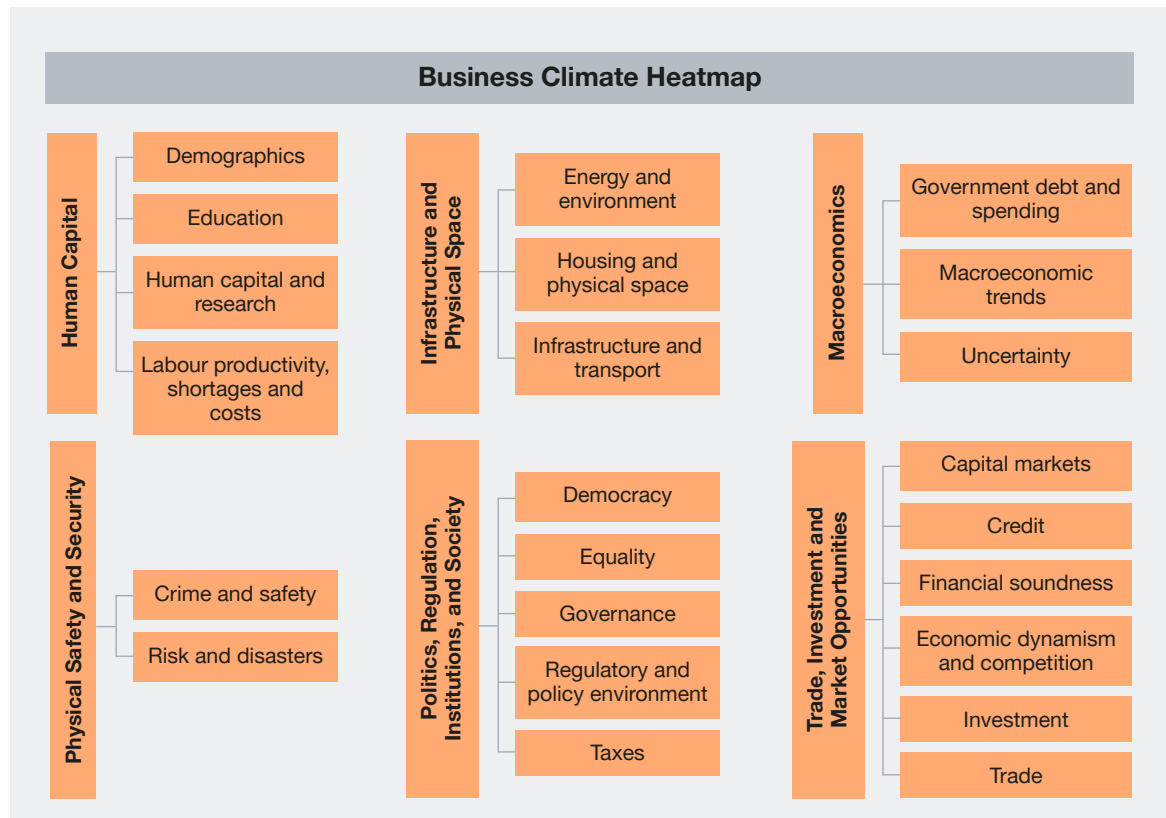
Even though such a survey-based and qualitative approach is valid and informative, we decided to follow a more data-driven approach to thoroughly understand the discussions surrounding the Dutch business climate. Hence, this edition of the Business Climate Heatmap 2026 edition follows the [Business Climate Heatmap 2024](#) and the [Business Climate Heatmap 2025](#) editions.

This year, we are updating the heatmap by using 67 indicators (see Appendix on page 47 for more information about changes compared to the previous edition). The Business Climate Heatmap consists of six categories and several subcategories of indicators to provide as broad and collectively exhaustive but mutually exclusive measure of the business climate as possible (see Figure 2).

² SEO (2023): Monitor ondernemingsklimaat.

³ Rabobank (2024): Investerings moeten prominenter op de politieke agenda.

⁴ Some of the studies that we looked at were SEO: Monitor Ondernemingsklimaat 2023, 2024, and 2025; VNO-NCW and MKB-Nederland: Nationale Peiling Ondernemingsklimaat 2023-2026; Buck (2023): Reasons Why Companies Exit the Netherlands, AmCham the Netherlands: Investment Climate Study 2025 and 2026; Team Sweden in the Netherlands: Business Climate Survey 2025 and 2026.

Figure 2 Business Climate Heatmap overview

Moreover, we focus on the time period from 2013 to 2025. That allows us to both zoom in on the latest developments while also contrasting them with medium-term trends. While we highlight some changes from last year, we mainly focus on the more persistent trends that have taken place over the three year period from 2022 to 2025 in this year's edition.

Next, the indicators in our data come from several sources and have different measurements. For example, we have measures such as inflation and population growth, which are difficult to compare against each other. To allow for comparisons across indicators, we perform standardisation of each indicator, using as many historical data points from 1990 as possible (see the Appendix on page 47 for more details).

What this means is that for each indicator, 0 represents its historical average, and the standard deviation, which measures how much the indicator deviates from the average, is 1. If an indicator is above (below) by one standard deviation from its historical average, we call that high (low) compared to the historical average. The colour intensity changes to lighter (darker) orange if the indicators are more above (below) their historical average.



In the international heatmap, we follow a similar approach to the heatmap for the Netherlands and the other countries in our sample over time. The difference is that we standardise all indicators for all countries to be in the range from 0 to 1, with 0 being the lowest value of that indicator for all countries over time and 1 being the maximum. See Appendix page 47 for more details.

Additionally, it is important to keep in mind that some categories have more indicators than others. Therefore, when reporting the average score per category, indicators in categories with fewer indicators would weigh more than indicators in categories with more indicators. Hence, it is important to contrast the average category score with the scores of each indicator within that category as well. Nevertheless, we find that both measures align very well to showcase the overall trend (see Figure x in Appendix x).

Furthermore, every year we have expanded the country coverage in the Business Climate Heatmap, with this year's international heatmap comparison including 27 countries, namely all EU-27 member states that had sufficient data availability,⁵ Canada, Norway, Switzerland, the United Kingdom (UK), and the United States (US).

⁵ Due to a lack of data for several indicators, we excluded Bulgaria, Croatia, Cyprus, Iceland, Liechtenstein, Malta, and Romania.

The Dutch business climate heatmap over time

We look at

67

indicators over
time across

6

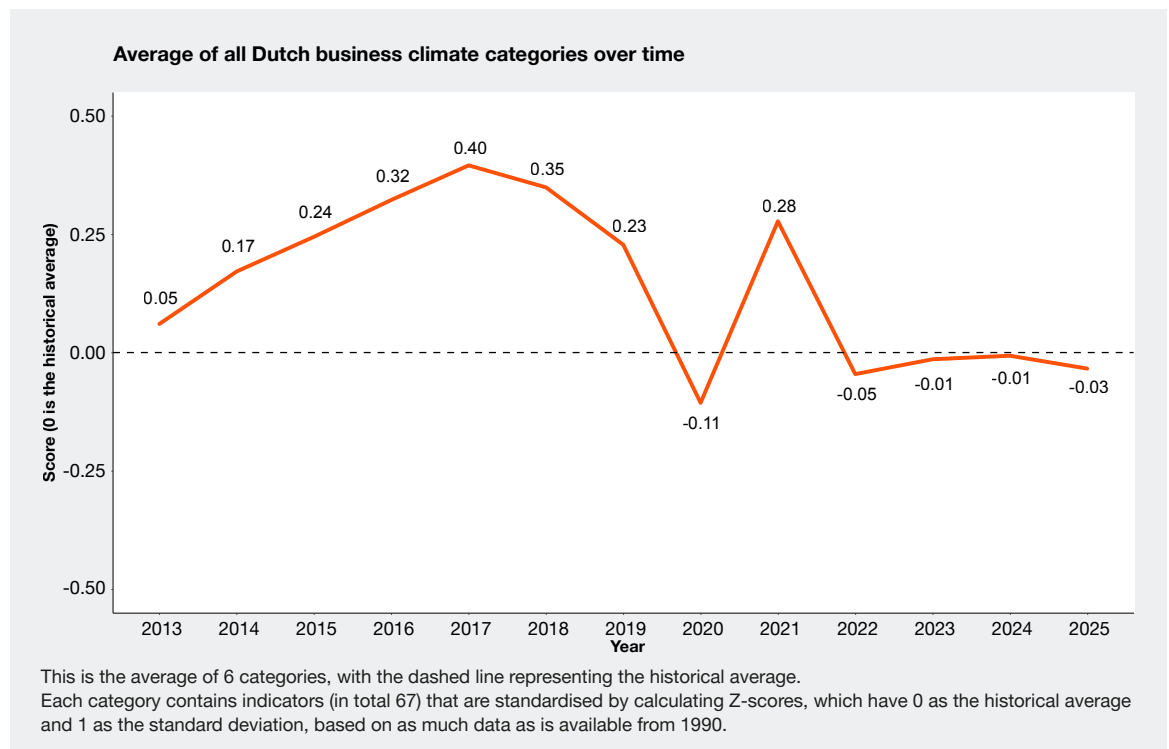
categories.

In this chapter, we look at the Dutch business climate from 2013 to 2025 and in more detail at the change in the post-Covid-19 period, using historical data from 1990 for 67 indicators organised into six categories.

Average business climate score

Figure 3 shows the average of all 67 indicators, equally weighing each category (see Appendix on page 47 for an alternative method averaging all indicators), in the Dutch business climate heatmap over time.

Figure 3 The Dutch business climate deteriorated between 2018 and 2022 and has since stabilised at a low level, with the 2025 score edging down even further



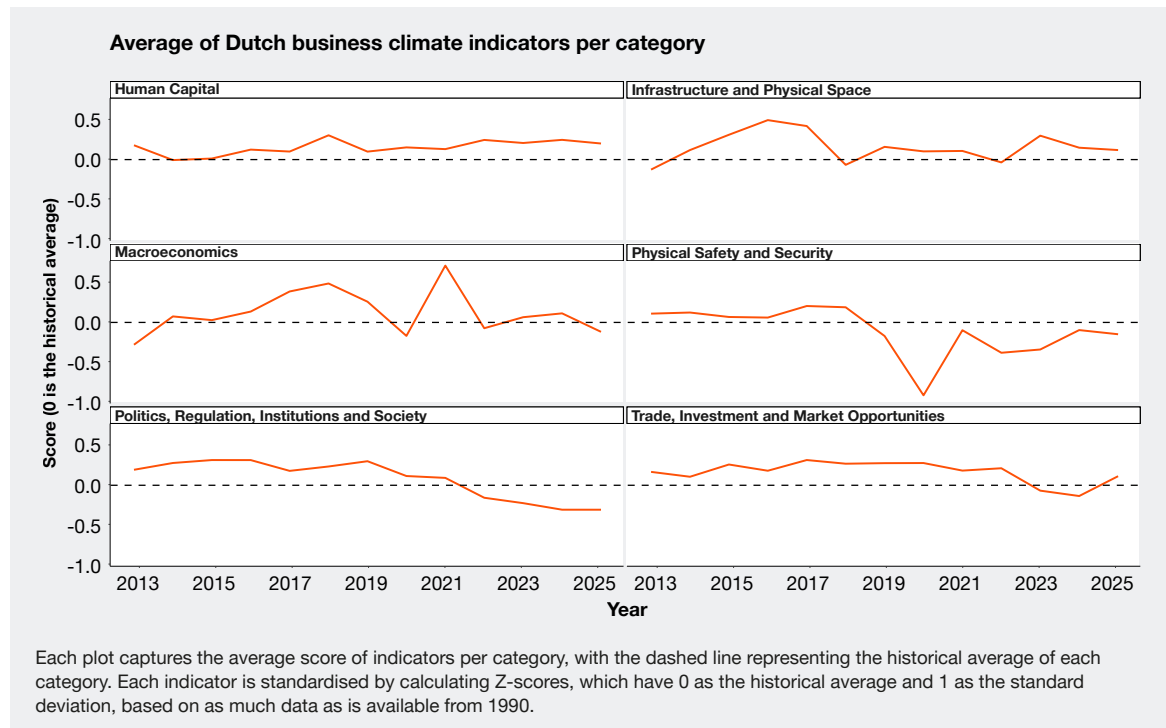
Overall, the business climate improved from 2013 to 2018, with the average score across all indicators rising above the historical average. However, a marked deterioration began in 2018, temporarily disrupted by Covid-19 pandemic-related volatility in 2020–2021. Since 2022, the index has stagnated at a level below even its 2013 value.

What have been the developments over time across business climate indicator categories?

Next, we distil the average score by looking at the 67 indicators grouped into six categories. In the next chapters, we dive deeper into the indicators behind each category. But before we do that, we give a higher-level overview per category.

Figure 4 shows the average score per category since 2013.

Figure 4 All categories in 2025 are below 2018 levels



First of all, all categories besides Infrastructure and Physical Space have declined since 2018. Second, the steepest declines have been in Politics, Regulation, Institutions and Society and Macroeconomics categories. Smaller declines have taken place in Trade, Investment and Market Opportunities and Human Capital categories. Infrastructure and Physical Space categories is slightly above the 2018 level, which is close to the historical average.



How has the business climate developed during the Covid-19 pandemic and from 2022 to 2025?

2019-2020

Between 2019 and 2020, several indicators fell substantially, including the pandemic uncertainty index, real GDP growth, and business and consumer confidence. Energy resilience also weakened, as power demand shifted from commercial users to households and critical infrastructure. Meanwhile, other indicators—such as lower inflation, reduced CO₂ emissions, and falling energy prices and other indicators—helped support the business climate score. However, these gains were insufficient to offset the sharper declines seen across most indicators.

2020-2021

From 2020 to 2021, a degree of normalisation took place: pandemic uncertainty eased, and real GDP growth and business and consumer confidence bounced back, as households and businesses adapted to pandemic conditions. At the same time, however, churn rate declined, reflecting fewer firms entering and exiting the market and weakening economic dynamism, while inflation began to rise.

2021-2022

The period 2021–2022 saw another sharp deterioration in the business climate. As the Netherlands was still recovering from the Covid-19 pandemic, Russia's invasion of Ukraine delivered a significant additional shock. It heightened security risks, weakened consumer confidence, and once again drove up inflation while disrupting energy prices and availability. During this period, several democracy-, governance-, and trust-related measures also began to deteriorate, as the Dutch government struggled to respond to the ongoing crisis alongside pressing domestic issues.

2022-2025

Since 2022, the Dutch business climate has remained stable but at a low level, despite additional disturbances such as the ongoing war in Ukraine, the war in the Middle East, and the election of US President Donald Trump, which brought significant shifts in both foreign and economic policy compared to his predecessor. Domestically, Dutch politics has also been affected by several fallen cabinets, leading to relative instability and the formation of a minority government.

Comparing 2022 with 2025 reveals a telling asymmetry in the direction of change across the indicators. Those that improved are largely cyclical in nature: they reflect recovery from the acute inflation and energy shock of 2022 (Table 1).

Table 1: Top ten indicator improvements from 2022 to 2025

Indicator	Category	Subcategory	2022	2025	Absolute change 2022-2025 (z-score)
Inflation	Macroeconomics	Macroeconomic trends	-4.84	-0.34	4.50
Human Flight and Brain Drain score of the Fragile States Index	Human Capital	Demographics	-0.30	2.41	2.71
Netherlands score in Global Innovation Index - Trade, diversification and market scale	Trade, Investment and Market Opportunities	Economic dynamism and competition	-1.46	0.86	2.32
Netherlands score in BMI Political Risk Index: External security risks	Physical Safety and Security	Risk and disasters	-1.30	0.50	1.80
Consumer confidence	Macroeconomics	Macroeconomic trends	-2.52	-1.10	1.42
Netherlands score in Global Innovation Index - Environmental performance	Infrastructure and Physical Space	Energy and environment	-1.90	-0.58	1.32
Share of foreign-born population	Human Capital	Demographics	1.58	2.77	1.19
Netherlands score in World Bank Logistics Performance Index	Infrastructure and Physical Space	Infrastructure and transport	-1.00	0.16	1.16
Netherlands score in BMI Operational Risk Index: Financial and cyber crime	Physical Safety and Security	Crime and safety	-0.68	0.47	1.15
Netherlands score in Global Innovation Index - Credit	Trade, Investment and Market Opportunities	Credit	-0.52	0.42	0.94

Logistics Performance Index data was only available for 2014, 2016, 2018 and 2023. Therefore, the 2018 value was used until 2022 and the most recent 2023 value was used until 2025.

Consumer confidence, though still well below average, to some extent recovered. Inflation normalised. Population dynamics stabilised. Lending recovered. Security risks were slightly mitigated. These are real improvements, but they represent a return toward normality after a crisis rather than genuine forward progress.

The indicators that declined tell a different story. They are structural, institutional, and slow-moving (Table 2).

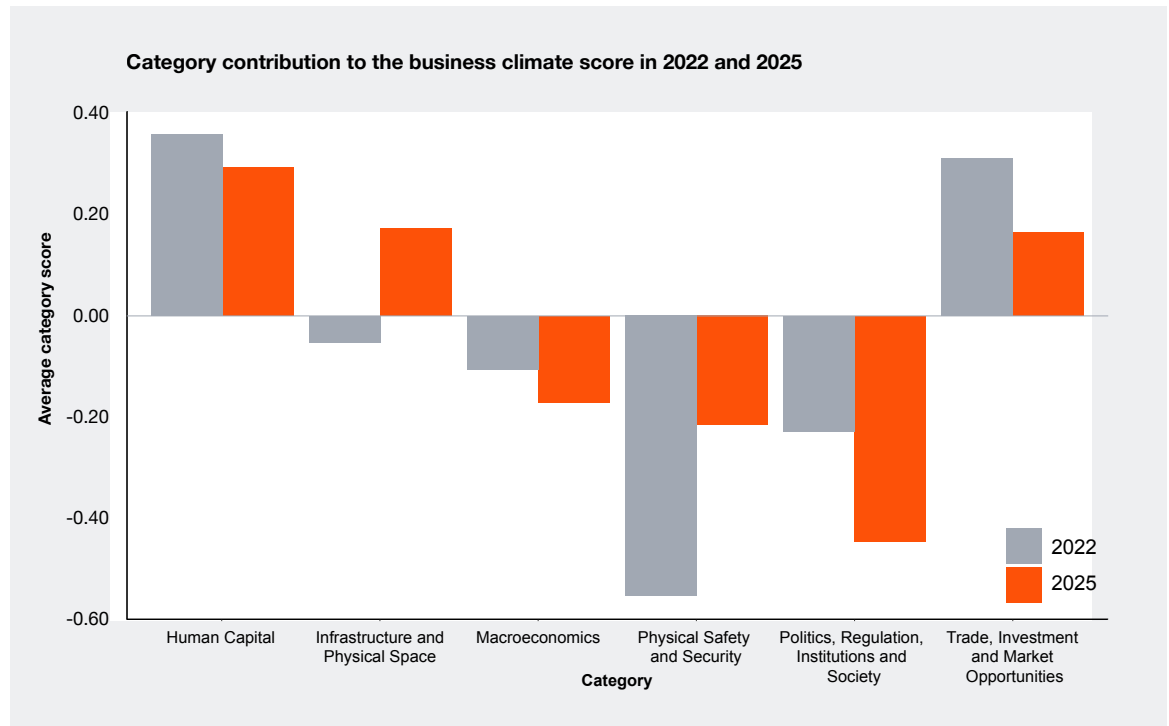
Table 2: Top ten indicator deteriorations from 2022 to 2025

Indicator	Category	Subcategory	2022	2025	Absolute change 2022-2025 (z-score)
Netherlands score in the World Uncertainty Index	Macroeconomics	Uncertainty	-0.17	-4.43	-4.25
Netherlands score in Global Innovation Index - Business environment	Politics, Regulation, Institutions and Society	Regulatory and policy environment	0.20	-2.54	-2.74
Population growth	Human Capital	Demographics	2.18	-0.12	-2.30
Life evaluation 3 year average score	Human Capital	Human capital and research	0.01	-2.12	-2.13
Share of turnover accounted for by large companies	Trade, Investment and Market Opportunities	Economic dynamism and competition	-0.50	-2.07	-1.57
Trade as % of GDP	Trade, Investment and Market Opportunities	Trade	2.22	0.76	-1.46
Real GDP growth	Macroeconomics	Macroeconomic trends	1.34	-0.08	-1.42
Unit labour costs	Human Capital	Labour productivity, shortages and costs	-1.08	-2.47	-1.39
Business confidence	Macroeconomics	Macroeconomic trends	1.09	-0.08	-1.17
Netherlands score in Global Innovation Index - R&D	Human Capital	Human capital and research	1.15	0.08	-1.07

The indicators that declined tell a different story. They are structural, institutional, and slow-moving. Global uncertainty, driven by successive geopolitical shocks, has introduced a layer of structural unpredictability. Business confidence and the policy environment have deteriorated significantly, while life satisfaction has declined and population growth has levelled off. Business dynamism is stagnating, with declining firm entry and exit rates alongside rising market concentration among incumbents. The role of trade in the economy is shrinking, and rising unit labour costs are further eroding international competitiveness. Compounding these trends, four separate governance indicators—government effectiveness, rule of law, regulatory quality, and control of corruption—have all moved downward over the same period.

Next, we aggregated all changes from 2022 to 2025 in categories in Figure 5.

Figure 5: The average score has decreased for four out of six categories from 2022 to 2025



Of the six categories, four declined between 2022 and 2025: Human Capital; Macroeconomics; Politics, Regulation, Institutions, and Society; and Trade, Investment, and Market Opportunities. Physical Safety and Security improved but remained below the historical average in 2025, while Infrastructure and Physical Space was the only category to move from a negative score in 2022 to a positive one in 2025.



Deep dive into the six business climate categories

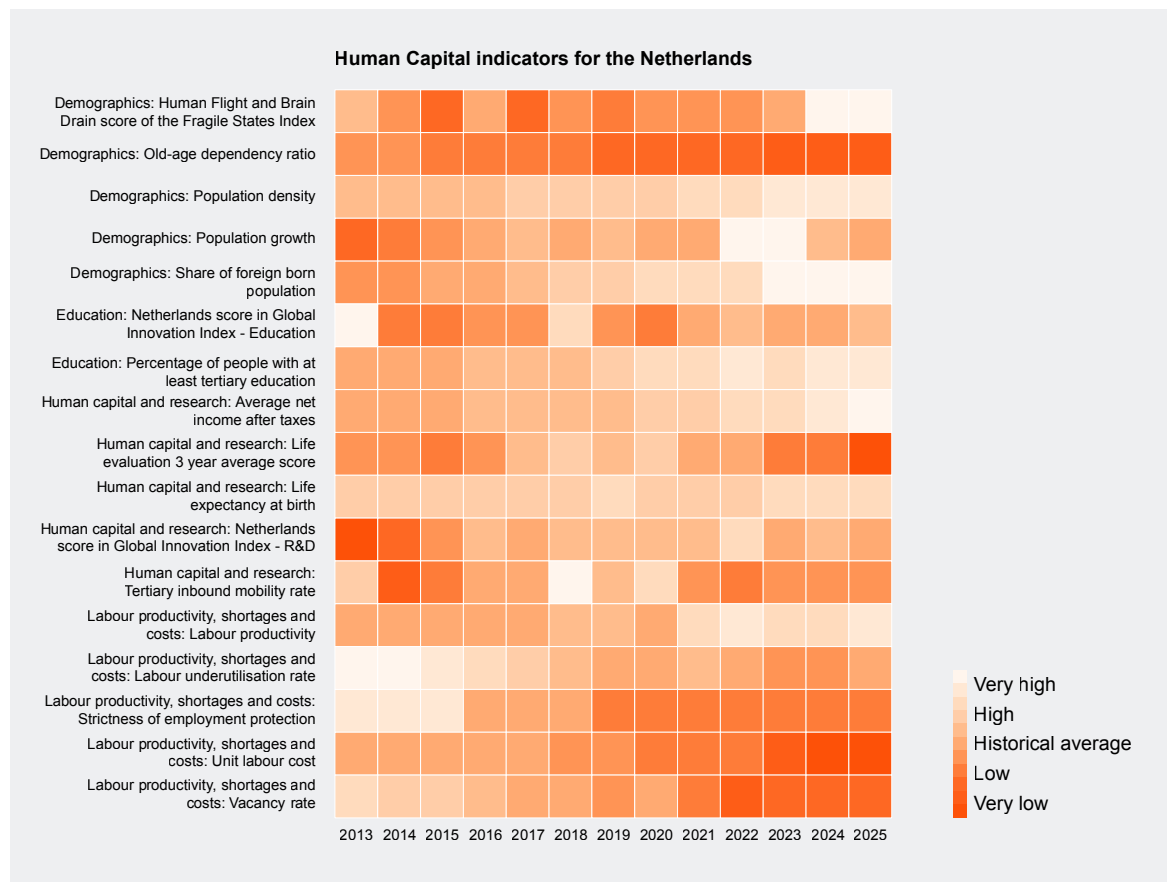
Next, we delve deeper into each of the categories of the business climate and explain the indicators used. In the Appendix on page 47, we have also included the full heatmap with all 67 indicators.

Human Capital

This category consists of four subcategories, which we will describe in the next section:

Demographics, Education, Human capital and research and **Labour productivity, shortages and costs**. Figure 6 gives an overview of the subcategories and indicators within Human Capital. More information about the data for the indicators in this category is in the Appendix on page 47.

Figure 6: Human Capital is close to its historical average in 2025, but Demographics, and Labour productivity, shortages and costs subcategories are dragging the category score down



Demographics captures trends that are negative to the business climate, such as population ageing, brain drain and population density, and positive ones, such as population growth and openness to migration.

Dutch population growth has outpaced its historical average in recent years, fuelled by rising foreign-born immigration and low emigration, though this trend has slowed slightly. Higher density strengthens agglomeration effects—boosting innovation, idea exchange, business dynamism, and access to talent and consumers—but an ageing population and growing infrastructure demands are straining public services and systems.

Education incorporates the quantity and quality of education in the current and upcoming working population.

While the share of people with tertiary education has been rising since 2018, overall performance in education, measured by PISA scores and expenditure on education, has declined since 2018 to around the historical average level.

Human capital and research captures expenditure on and quality of research and education, population health, the attractiveness of talent based on net income and opportunities for highly educated foreign talent, as well as subjective life satisfaction.

These indicators have generally improved, with average net incomes, life expectancy, and R&D performance all rising since 2013. The Netherlands has also become more attractive to foreign graduates over time, though this attractiveness has declined since 2021. Furthermore, subjective life evaluation among the Dutch population has declined substantially since 2020, with a pronounced drop in 2025. This suggests that people living in the Netherlands feel somewhat less positive about their lives, which could carry negative implications for labour productivity and consumer sentiment. In short, while structural indicators like income and research output continue to grow, wellbeing-related measures are showing worrying signs of decline.

Next, the **Labour productivity, shortages and costs** subcategory captures labour productivity (level, not growth rate), vacancy rates (a proxy for labour shortages), and the price of labour, measured by the strictness of employment protection and unit labour costs, and potential labour supply.

Within this group of indicators, from 2022 to 2025 labour productivity improved marginally with a substantial increase last year. While this increase in labour productivity could, in an optimistic scenario, mark the beginning of a “productivity boom”, with companies becoming more efficient and benefiting from advances in technologies such as AI, it is more likely a one-

off development, primarily driven by the sharp decline in the number of self-employed workers.⁶ Moreover, these are year-on-year figures. Given that labour productivity contracted in both 2023 and 2024, the stronger positive reading in the subsequent year is partly a statistical rebound from a relatively weak base rather than clear evidence of a structural improvement in productivity growth.⁷

The other indicators, in contrast, have worsened since 2022: unit labour costs have risen, labour shortages have intensified, and fewer scarce labour resources remain available to boost labour supply. The labour underutilisation rate, which captures potential labour reserves relative to the labour population, has halved since 2013. During this period, the labour force (comprising both employed and unemployed workers) has continued to grow, while the unemployed segment has also declined by half. Although some labour reserves remain in the Dutch economy, they are becoming increasingly scarce and harder to activate, as the Netherlands already has one of the highest labour participation rates in the OECD (86% in 2024).⁸ Over recent decades, nearly two-thirds of economic growth stemmed from growth in labour input, with only one-third attributable to productivity gains.⁹ Consequently, boosting labour supply is unlikely to remain a viable strategy for economic growth going forward—and in the future, labour supply could even begin to decline.



⁶ FD (April 2026): Nederland werd in 2025 efficiënter, maar is dat een echte trendbreuk?

⁷ PwC (Jul 2026): The rising cost of compliance: How regulatory burden is weighing on the Dutch economy.

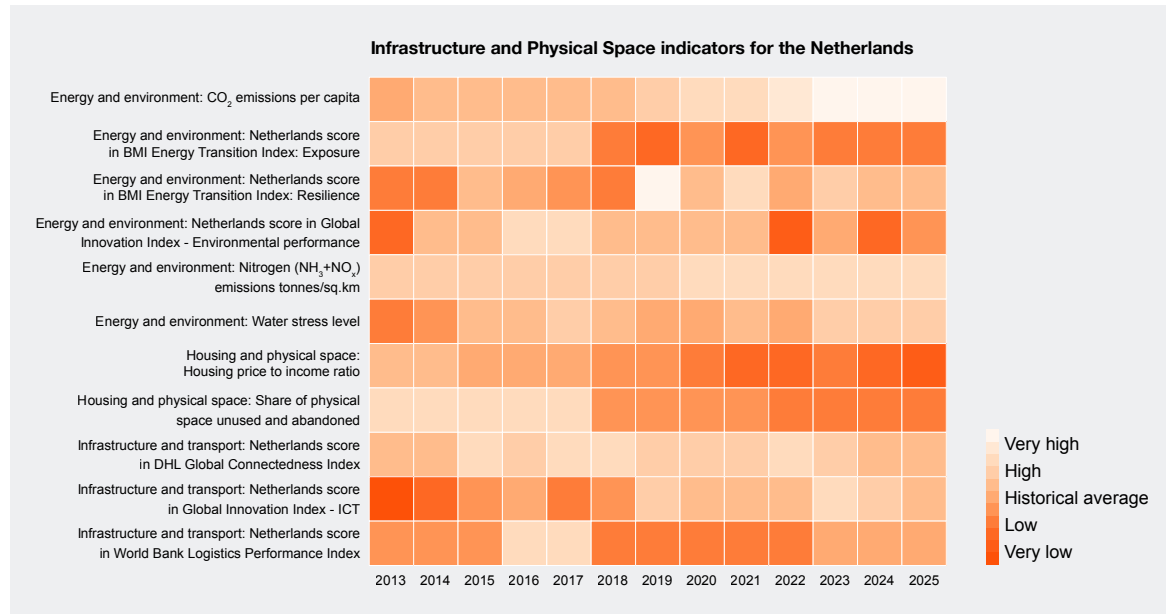
⁸ OECD: Labour force participation rate.

⁹ Rapport Wennink (December 2025): The route to future prosperity.

Infrastructure and Physical Space

This category consists of several subcategories, which we will describe here, namely **Energy and environment**, **Housing and physical space**, and **Infrastructure and transport**. Figure 7 gives an overview of the subcategories and indicators within **Infrastructure and Physical Space**. More information about the data for the indicators in this category is in the Appendix on page 47.

Figure 7: Environmental performance and Housing and physical space have been the worst performers within Infrastructure and Physical Space



Energy and environment captures the degree of decarbonisation and nitrogen-related pollution reduction, energy and electricity prices and exposure to their volatility, energy import dependency, the quality of the environment and environmental ecosystems, as well as water stress levels.

The results show improvement (i.e., reduction) in CO₂ emissions per capita and nitrogen emissions per square kilometre over time, although not fast enough to address already-saturated nitrogen levels. The space available to businesses is determined not solely by changes in emissions, but also by legal limits and how strictly these are enforced. In recent years, enforcement—particularly of nitrogen regulations—has become more stringent following court rulings. As a result, the business climate continues to be constrained by persistently high emission levels, even though these stricter enforced limits are not directly captured in this heatmap. Energy import resilience has declined since the closure of the Groningen gas fields in 2024, and energy and electricity prices have similarly spiked over the last three years. Finally, water stress levels, however, have remained relatively low. Nevertheless, the ‘legal water space’ available to the Netherlands is likely to be severely challenged, as the country must implement the European Commission’s Water Framework Directive. A February 2025 report noted that the Netherlands ranks among the poorest performers on this

front, due to chemical, pharmaceutical, and pesticide pollution alongside high nitrogen levels—with only 5.2% of Dutch waters expected to comply with the requirements by 2027.¹⁰

Housing and physical space looks at housing affordability by the housing price to income ratio and the share of available physical space.

It shows that housing has become significantly less affordable in the last five years. Similarly, a lack of physical space for new developments remained an issue without substantial reallocation of physical space use.

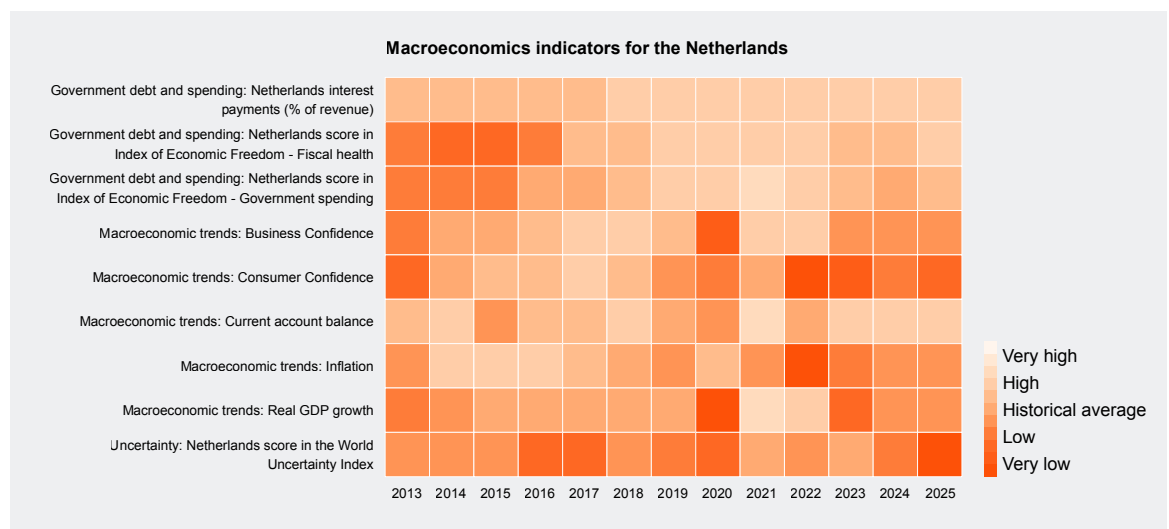
Infrastructure and transport subcategory tracks international connectivity and quality of the digital and physical infrastructure.

Over the last years, both connectivity and infrastructure improved or stayed at a relatively good level.

Macroeconomics

This category consists of the following subcategories—**Government debt and spending**, **Macroeconomic trends** and **Uncertainty**. Figure 8 gives an overview of the subcategories and indicators within **Macroeconomics**. More information about the data for the indicators in this category is in the Appendix on page 47.

Figure 8: In Macroeconomics, consumer confidence and inflation has improved since 2022, but remain under pressure compared to the historical average



¹⁰ European Commission (February 2025): Third river basin management plans, second flood hazard and risk maps, and second flood risk management plans, member state: Netherlands.

Government debt and spending capture the fiscal health of the economy (debt and deficit levels, as well as interest payments as share of revenue).

Since 2022, government spending has increased slightly, driven by rising healthcare and social security costs associated with population ageing, higher public sector wages, increased defence investment, and rising interest rates. Nevertheless, the Netherlands' fiscal health currently remains relatively good, though projections anticipate significant challenges ahead.¹¹

Macroeconomic trends incorporates measures of inflation, business and consumer confidence, current account balance and real GDP growth.

The last three years were historically bad, with high inflation, low consumer confidence and relatively weak business confidence. Economic growth rebounded after the Covid-19 pandemic but remained substantially below the pre-pandemic trend since 2022.

Uncertainty looks at broader economic and political uncertainty using the World Uncertainty Index.

The Dutch uncertainty measure in the index, after reaching high values in the 2016-2017 and 2019-2020 periods, diminished in 2023, but has picked up significantly in both 2024 and 2025 likely driven by geopolitical events such as the war in the Middle East, the ongoing war in Ukraine, the Trump administration's threats to annex Greenland, and its 'Liberation Day' tariffs. Early 2026 data show that this measure has declined slightly, though it remains at a very high level in a historical context.¹²



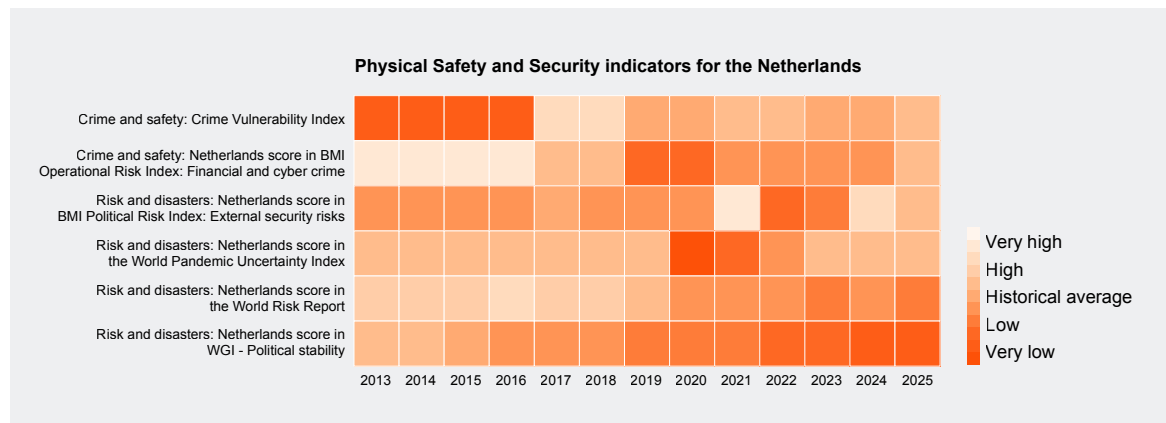
¹¹ ING (February 2026): Prudent Dutch government finances prove challenging under new NATO target.

¹² World Uncertainty Index for the Netherlands.

Physical Safety and Security

This category consists of the following subcategories—**Crime and Safety**, and **Risk and Disasters**. Figure 9 gives an overview of the subcategories and indicators within **Physical Safety and Security**. More information about the data for the indicators in this category is in the Appendix on page 47.

Figure 9: Most of the Physical Safety and Security indicators have improved since 2022



Crime and safety capture crime levels and cyber risks.

This index shows that safety levels have improved since 2016, indicating that the Netherlands remains a generally safe country with low crime rates. Cyber risk has also decreased from 2019 to 2025. However, 2026 data suggests that this measure is likely to worsen again, following several high-profile cyberattacks that year—including data breaches at Odido, Bol, De Bijenkorf, ChipSoft, Basic-Fit, and various Dutch municipalities.¹³

Risk and disasters measure geopolitical risk, disaster, natural hazard, climate and pandemic risks.

Climate and natural hazard risk and preparedness, as measured by the World Risk Report, has increased over the last three years. This measure will likely worsen further in the future, as Europe experiences record heatwaves and droughts that impact business activity and shipping.¹⁴ Similarly, external security risk—while slightly increasing from 2024 to 2025 and remaining elevated in historical terms—was lower in 2025 than in 2022. Political stability, meanwhile, has worsened substantially since 2021, falling to very low levels by historical standards.

¹³ CBS (May 2026): Cybersecuritymonitor 2025; DutchNews (June 2026): Fewer Dutch firms hit by cyberattacks, but AI threats loom.

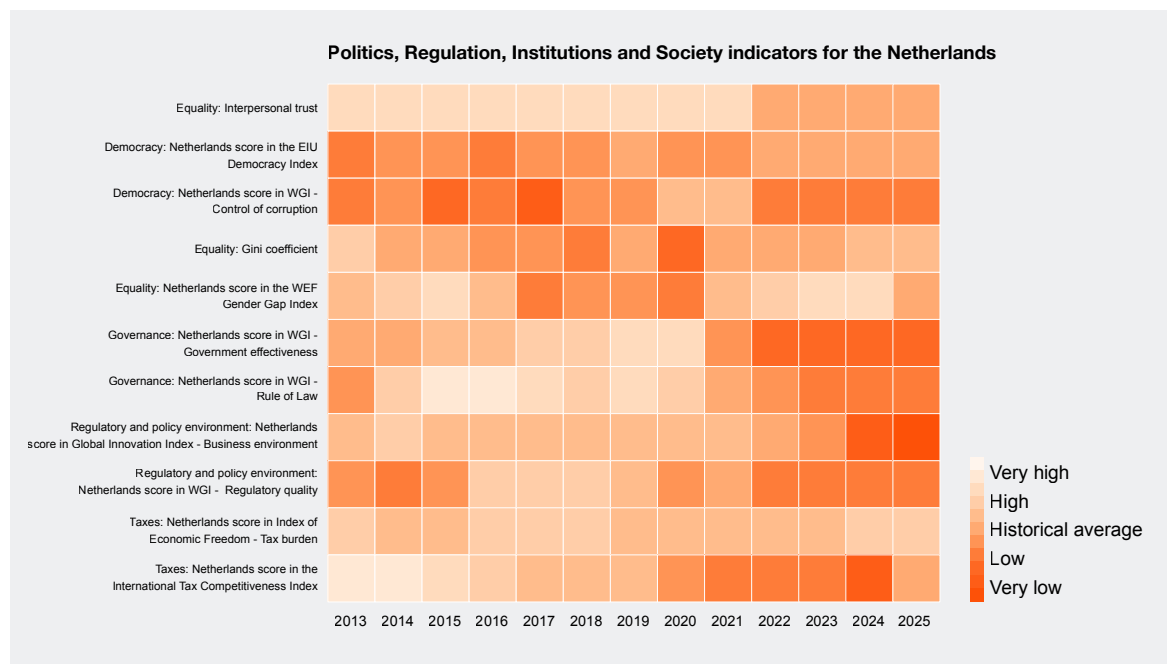
¹⁴ European Commission (August 2026): Worsening drought and record heat grip Europe, fuelling extraordinary wildfires and extremely low river flows.

Politics, Regulation, Institutions and Society

This category consists of these subcategories—**Democracy, Equality, Governance, Regulatory and policy environment** and **Taxes**.

Figure 10 gives an overview of the subcategories and indicators within **Politics, Regulation, Institutions and Society**. More information about the data for the indicators in this category is in the Appendix on page 47.

Figure 10: Concerns for the Netherlands in Politics, Regulation, Institutions and Society mainly come from worsening governance, and regulatory and policy, as well as the tax environment



The **Democracy** category measures the quality of democracy based on democratic rights and institutions, political and operational stability, and interpersonal trust.

The quality of Dutch democracy has consistently remained at high levels and has experienced little variation, remaining close to the historical average. Interpersonal trust and control of corruption have slightly decreased lately.

The **Equality** category captures income and gender inequality, both of which can indirectly weaken business conditions through several channels. High income inequality tends to dampen aggregate consumer demand, since lower- and middle-income households typically spend a larger share of their income than wealthier households. Persistent inequality can also erode social stability, trust and economic growth, both of which are core inputs to a favourable business environment.¹⁵ Gender inequality, meanwhile, constrains the effective talent

¹⁵ OECD (December 2014): Trends in income inequality and its impact on economic growth; IMF (April 2014): Redistribution, inequality, and growth.

pool available to employers and can limit innovation by reducing diversity in the workforce and leadership. Together, these dynamics can also affect longer-term demographic trends, such as population growth, insofar as inequality shapes migration and fertility decisions.

Income inequality has remained around the historical average levels with a slight improvement in 2024 and 2025. Similarly, the gender gap diminished slightly in the past few years, but increased significantly again in 2025, as the Netherlands dropped 15 places in the WEF Global Gender Gap Index from 2024 to 2025, a decline driven primarily by a worsening score in the political empowerment sub-index. While female labour force participation rose to 41.2% over the same period, women remain overrepresented in low-paid, care-oriented sectors and, despite outpacing men in educational attainment, hold only 28.8% of senior leadership roles.¹⁶

Governance captures government effectiveness and the enforcement of the rule of law, which are important for a stable business climate and the ability of the government to respond to short term and structural challenges.

While the Netherlands has historically performed very well in this area compared to other countries, recently the Dutch scores in terms of rule of law and government effectiveness indicators declined to historically low levels. The Netherlands still ranks quite high compared to other countries, but its score has declined over the past four years. The fact that the score remained high for a long time may indicate that Dutch businesses were less prepared for the recent decline in government effectiveness. As a result, the impact of this deterioration on the business climate could be greater than in countries with a similar level of government effectiveness, where businesses have already adapted to operating under those conditions.

Regulatory and policy environment indicators look at policy predictability, redundancy costs, business environment and quality of regulation.

Regulatory quality remains below the average over the last few years, and we have also written recently [about the rising regulatory compliance costs in the Netherlands](#). Additionally, one of the sharpest declines from 2022 to 2025 has come from the worsening business policy environment.

Lastly, the Taxes category measures tax competitiveness and effective tax rates.

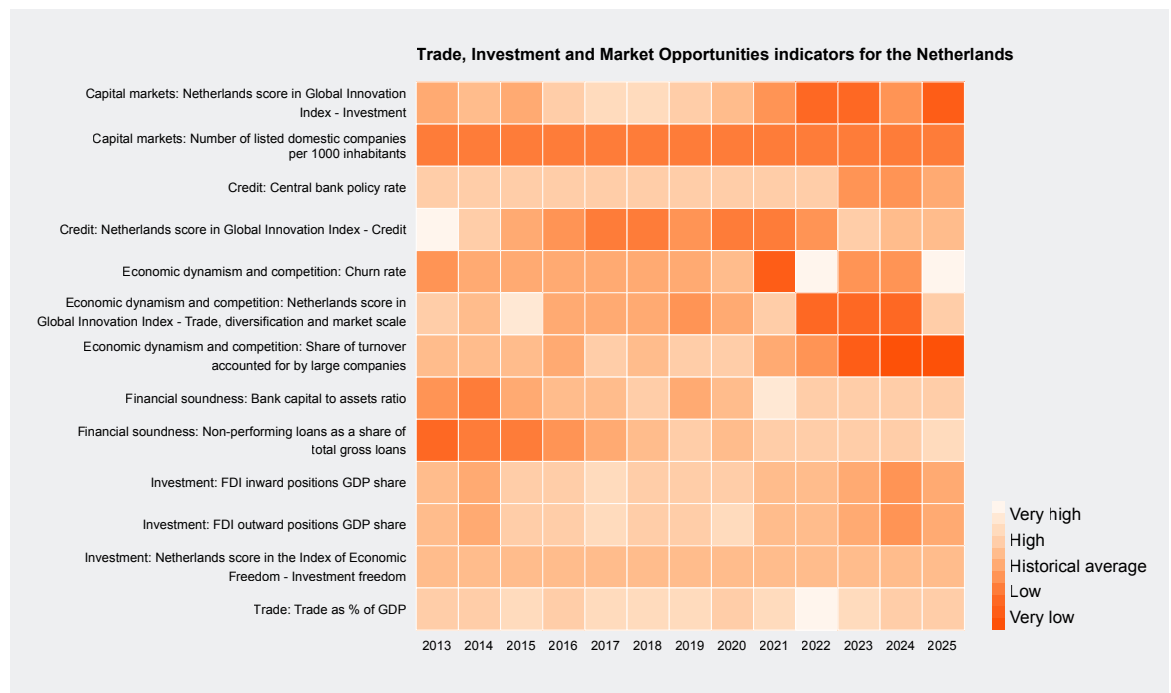
While the tax burden slightly improved from over the last two years, the overall Dutch tax competitiveness declined significantly from 2023 to 2024 and slightly recovered in 2025. Both measures were slightly above the 2022 values in 2025.

¹⁶ Amsterdam Centre for Business Innovation (June 2025): Gender equality stalls as The Netherlands drops 15 places.

Trade, Investment and Market Opportunities

This category consists of these subcategories—**Capital markets**, **Credit**, **Economic dynamism and competition**, **Financial soundness**, **Investment** and **Trade**. Figure 11 gives an overview of the subcategories and indicators within **Trade, Investment and Market Opportunities**. More information about the data for the indicators in this category is in the Appendix on page 47.

Figure 11: Within Trade, Investment and Market Opportunities, capital markets, economic dynamism and investment raise concerns



Capital markets captures the size of capital and venture capital markets in terms of total volume and the number of listed domestic companies, adjusted for population size.

The performance of capital markets and venture capital has worsened over the past four years, while the number of listed companies has remained consistently below the historical average since 2013.

Credit looks at the cost of borrowing, proxied by the central bank policy rate, ease of access to lending, and the volume of lending in the economy.

Rising interest rates have made borrowing more expensive. However, ease of lending and the loan share of GDP have improved slightly over the past three years.

Economic dynamism and competition measures the number of new firm entries and exits per 1,000 people (churn rate), the degree of dominance of large firms—as measured by their rising share of turnover—as well as weighted tariff rates, industry diversification, and domestic market scale.

Churn rate worsened significantly from 2022 to 2024. This supports the conclusions of other studies from the Dutch Central Bank (DNB) and the Netherlands Bureau for Economic Policy Analysis (CPB), which similarly find that economic dynamism is declining.¹⁷ In 2025, it somewhat recovered, largely driven by rising firm exits despite a slight decline in bankruptcies from 2024 to 2025.¹⁸ In addition, the role of large companies has been increasing, negatively impacting competition. Trade openness and market scale, meanwhile, improved in 2025 after declining in previous years.

Financial soundness captures bank stability in terms of the level of equity and a healthy loan portfolio. Financial soundness has remained at good levels, with banks being well-capitalised and the share of non-performing loans remaining low.

Investment includes total FDI inward and outward positions as the share of GDP and the ease of investing (for more context on these indicators see Appendix on page 47). FDI indicators have slightly worsened over the past three years. Investment freedom has remained at the same level since 2013.

Trade captures the importance of trade for the economy as a share of GDP. Since 2013, trade has played an increasing role in the Dutch economy compared to the historical average. Even though the effects of increasing protectionism on this indicator are still uncertain, from 2022 to 2025 trade, as a share of GDP, has already decreased.



¹⁷ DNB (May 2026): Capital and labour still too often tied up in less productive companies; CPB (November 2025): Dynamics, productivity, and innovation in the Dutch economy.

¹⁸ OECD: Timely indicators of entrepreneurship by enterprise characteristics.

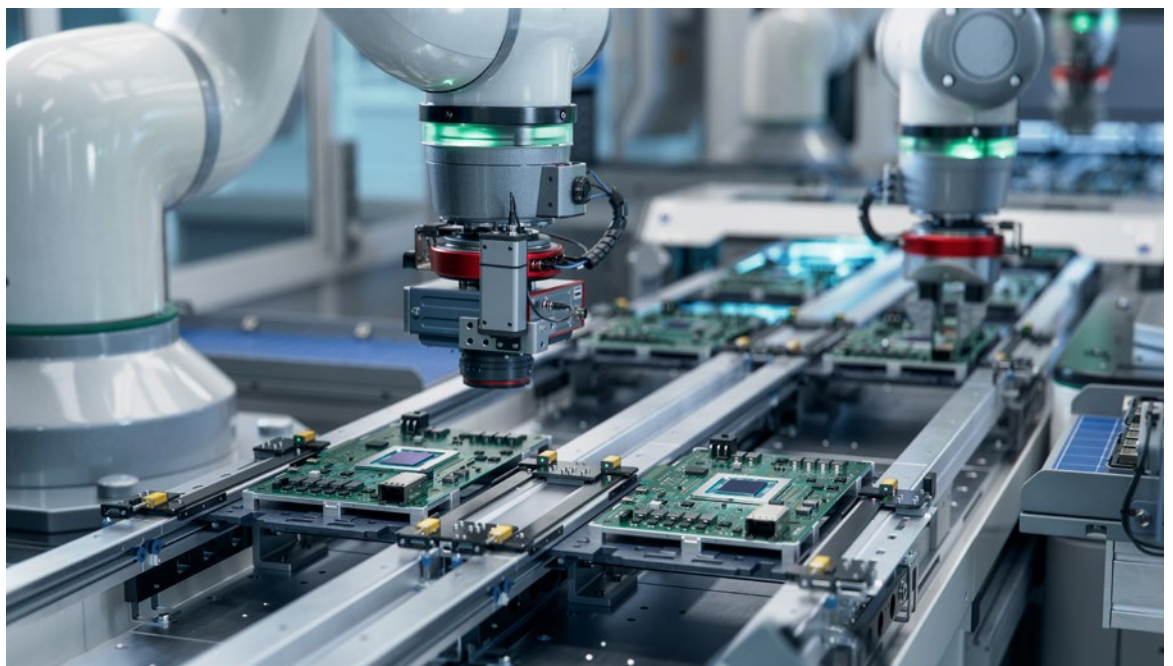
The international business climate heatmap

Comparison across 27 countries over time

European countries, such as the Netherlands, now face a two-stage competition for capital. First, Europe as a whole competes with other large economies, such as the United States and China, to attract investment. Second, once investors have decided to invest in Europe, the Netherlands must then compete against other European countries pursuing similar ambitions.¹⁹ As a result, multinationals base their location and investment decisions on a comparison of conditions across countries. We capture these comparisons in the **international business climate heatmap**, which examines 67 indicators across 27 countries,²⁰ including the Netherlands, focusing on the 2013 to 2025 period.

Compared to the previous edition of the Business Climate Heatmap, we have also included Austria, Czechia, Estonia, Greece, Spain, Finland, Hungary, Italy, Lithuania, Latvia, Poland, Portugal, Sweden, Slovenia, Slovakia, Norway, and Canada and improved indicator data coverage for all countries this year.

To obtain the results, each indicator was compared to the minimum and maximum values from the combined data across all countries, adjusting the indicators to a scale from 0 (sample minimum) to 1 (sample maximum). For more details, see the Appendix on page 47.

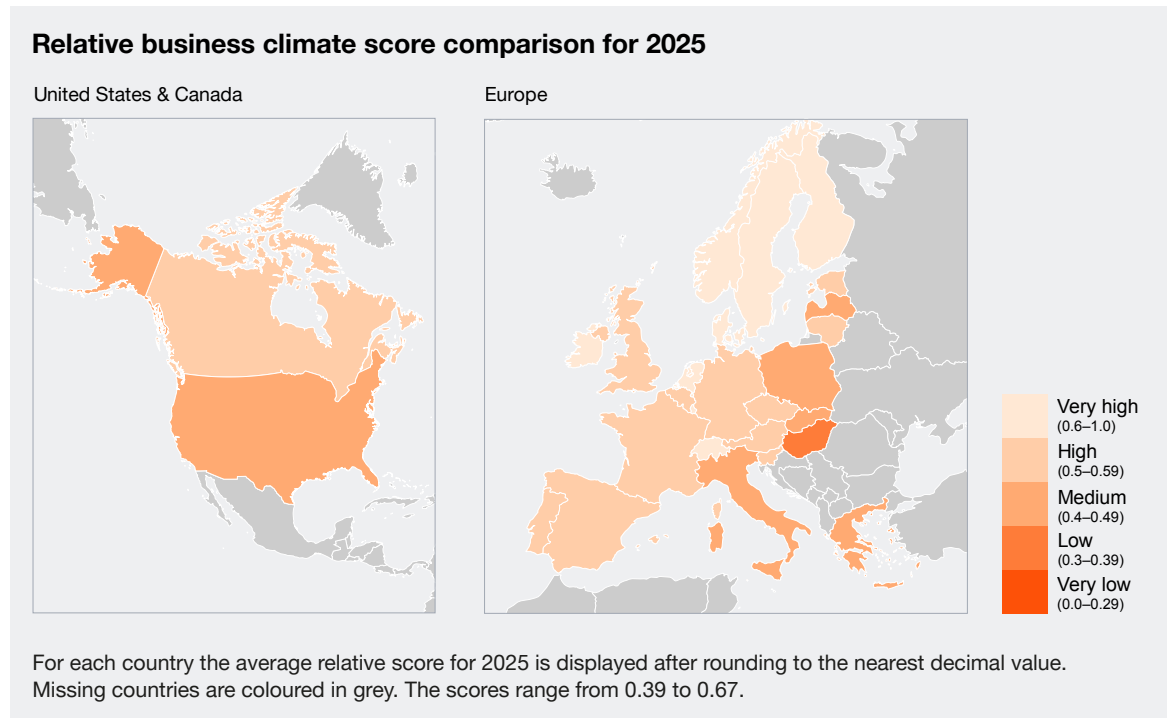


¹⁹ AmCham the Netherlands (June 2026): Investment climate study 2026.

²⁰ The countries covered are Austria, Belgium, Czechia, Denmark, Germany, Estonia, Greece, Spain, Finland, France, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, Netherlands, Poland, Portugal, Sweden, Slovenia, Slovakia, Norway, Switzerland, UK, US, Canada. EU and EEA countries excluded because of data availability are Bulgaria, Croatia, Cyprus, Liechtenstein, Iceland, Malta, and Romania.

First, in Figure 12, we show the business climate score in 2025 across the 27 countries in our sample.

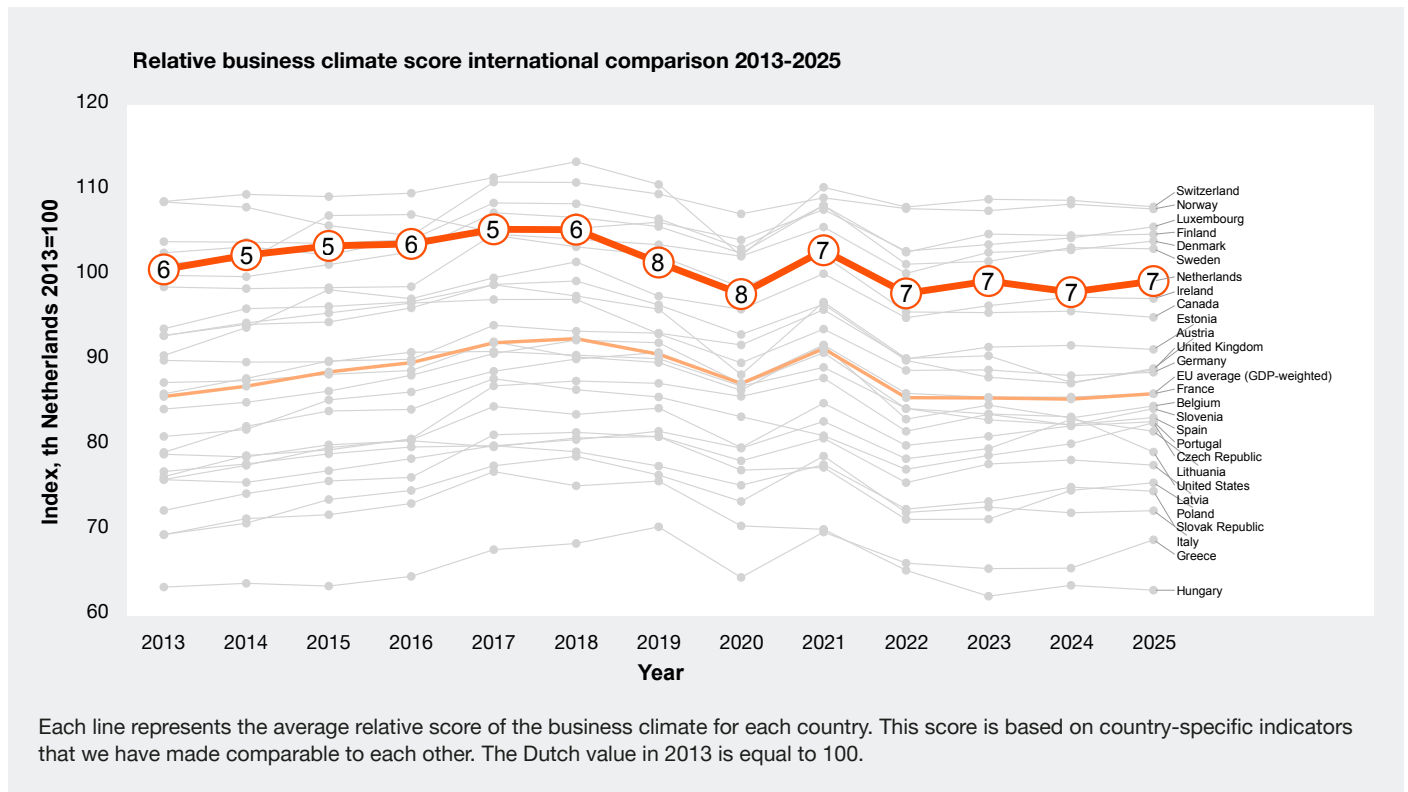
Figure 12: Top-ranked countries in the 2025 international comparison were, in descending order: Switzerland, Norway, Luxembourg, Denmark, Finland, Sweden, the Netherlands, and Ireland



In 2025, the highest scores were found in Switzerland, Norway, Luxembourg, Denmark, Finland, Sweden, the Netherlands and Ireland, while the lowest relative score was in Hungary.

Second, we compare in Figure 13 how the Dutch relative position over time has performed against that of the other countries in the sample. We adjust the relative scores for all countries so that the value for the Netherlands in 2013=100. Hence, we can measure how countries, including the Netherlands, have performed against each other, taking the Dutch score in 2013 as a benchmark.

Figure 13: The Netherlands' relative score in 2025 was below its 2013 value, corresponding to a decline in rank from sixth to seventh place over this period



Back in 2013, the Dutch economy was still recovering from the aftermath of the 2008 financial crisis, which affected it longer than other countries in Northwestern Europe. Although the Dutch economy is in better shape today, its business climate has continued to decline relative to other countries since 2018. Nevertheless, the Netherlands has consistently remained in the top eight of the countries in our sample. However, the gap with the top six countries, namely the Nordics, Luxembourg, and Switzerland has widened from 2022 to 2025.



Table 3 summarises the relative changes for all countries over the 2013-2025 period.

Table 3 summarises the relative changes for all countries over the 2013-2025 period.

Country	Rank in 2013	Rank in 2025	Change in relative rank	Change in relative score with NL 2013=100
Switzerland	1	1	0	-0.6
Norway	2	2	0	+0.4
Luxembourg	5	3	+2	+4.2
Finland	7	4	+3	+4.8
Denmark	8	5	+3	+5.4
Sweden	3	6	-3	-0.8
Netherlands	6	7	-1	-1.4
Ireland	12	8	+4	+6.7
Canada	4	9	-5	-7.6
Estonia	15	10	+5	+5.2
Austria	10	11	-1	-3.9
United Kingdom	9	12	-3	-4.8
Germany	11	13	-2	-4.3
France	16	14	+2	+1.8
Belgium	14	15	-1	-2.8
Slovenia	21	16	+5	+8.0
Spain	17	17	0	+2.2
Portugal	22	18	+4	+6.8
Czechia	18	19	-1	+3.5
Lithuania	23	20	+3	+5.7
United States	13	21	-8	-10.8
Latvia	19	22	-3	-1.3
Poland	24	23	+1	+3.3
Slovakia	20	24	-4	-2.3
Italy	25	25	0	+2.8
Greece	27	26	+1	+5.6
Hungary	26	27	-1	-6.5

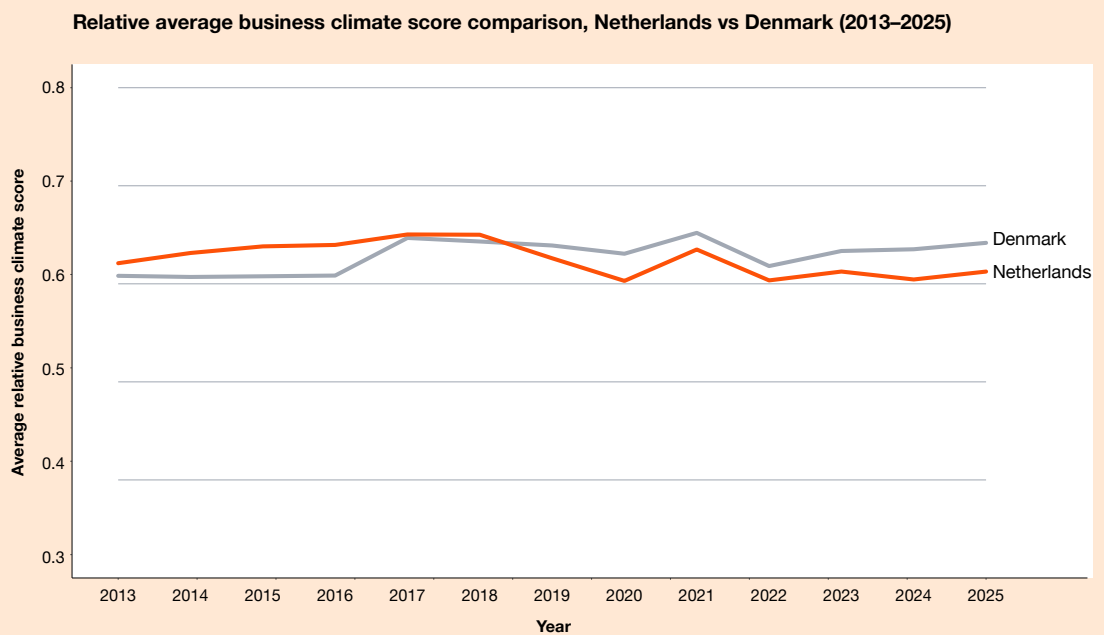
There are two ways to compare business climate across countries: by change in relative score, and by change in relative rank.

Among the countries whose relative scores improved the most, Slovenia (+8.0) saw the largest gain, followed by Portugal (+6.8), Ireland, (+6.7), Lithuania (+5.7), and Greece (+5.6). By rank, Slovenia advanced the most (+5), moving from 21st to 16th; Estonia (+5), moving from 15th to 10th, followed by Ireland (+4), from 12th to 8th; Portugal (+4), from 22nd to 18th; Finland (+3), from 7th to 4th, and Lithuania (+3), from 23rd to 20th.

The difference in the relative business climate score between the Netherlands and Denmark

Figure 14 zooms in on the difference between the trends in the relative business climate scores between the Netherlands and Denmark.

Figure 14: Relative business climate score comparison, Netherlands vs Denmark (2013–2025)

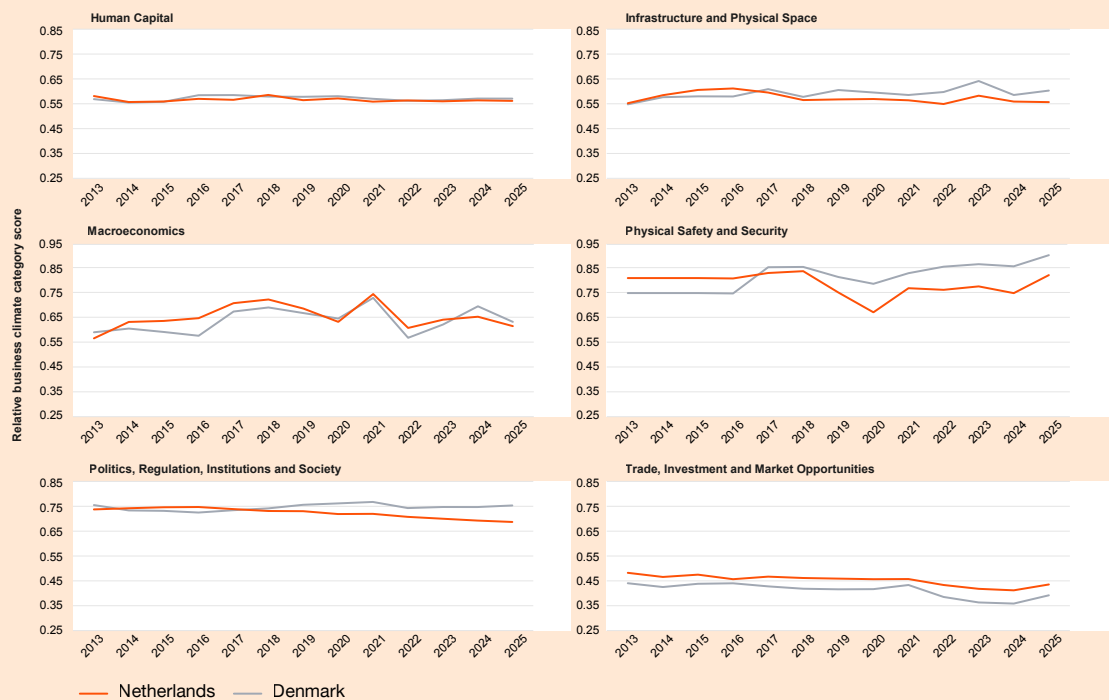


Each line represents the relative score of the business climate for each country based on 67 indicators.

First, it is visible that the Netherlands used to be ahead of Denmark in 2013. However, Denmark overtook the Netherlands from 2018, widening this gap in the last three years.

Figure 15 looks at the differences across categories.

Both countries score very close in **Human Capital**, **Macroeconomics**, and **Trade, Investment and Market Opportunities** with negligible differences. However, in the three remaining categories, namely **Infrastructure and Physical Space**, **Physical Safety and Security** and **Politics, Regulation, Institutions and Society**, Denmark has managed to increase its gap with the Netherlands.

Figure 15: Category score comparison, Netherlands vs Denmark (2013-2025)

First, in **Infrastructure and Physical Space** Denmark has widened the gap with the Netherlands since 2018 due to better environmental performance, nitrogen and CO₂ emissions, and lower energy exposure and higher resilience. Meanwhile, the Netherlands has led Denmark in terms of global connectedness and digital infrastructure.

Second, in **Physical Safety and Security** from 2016 Denmark has increased its score in this category, while it declined for the Netherlands sharply since 2017 and has been on a recovery since. This concerns better performance from Denmark in risk indicators related to natural disasters, internal, external, and cyber threats, as well as political stability.

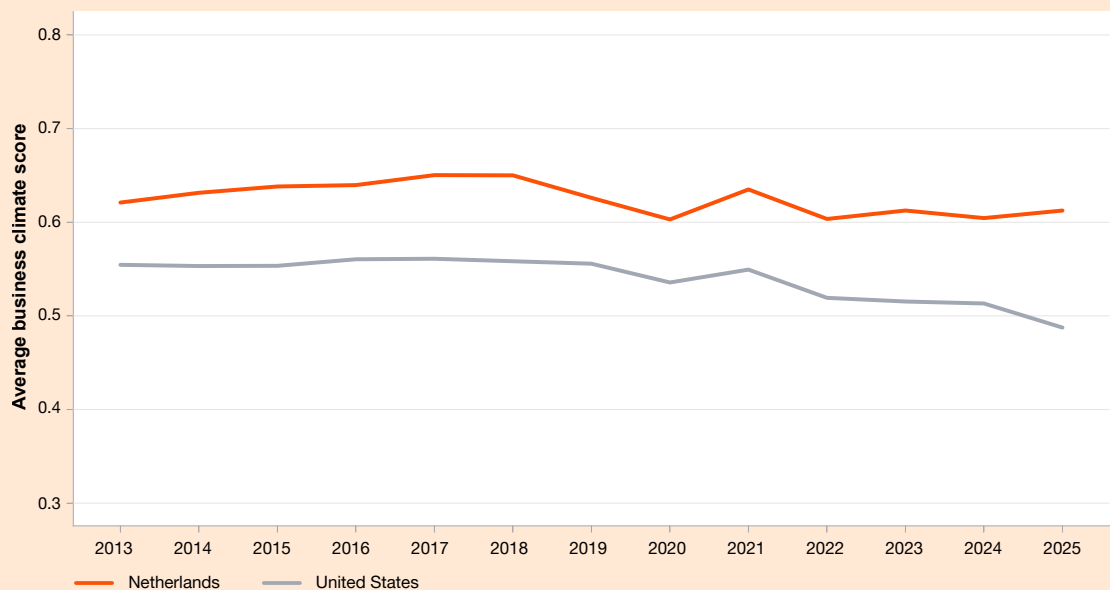
Third, in **Politics, Regulation, Institutions and Society**, both countries have scored very high. However, Denmark has managed to even increase its score in this category from 2018, while this has been a constant decline for the Netherlands, driven by weaker performance in terms of labour rigidity, interpersonal trust, control of corruption, government effectiveness, rule of law, regulatory quality, and business environment-related policies and culture. The Netherlands has, however, consistently outscored Denmark in lower tax burden and higher international tax competitiveness.

Between 2013 and 2025, the steepest declines in relative business climate scores occurred in the US (-10.8), Canada (-7.6), Hungary (-6.5), and the UK (-4.8). In terms of rank, the largest declines were also seen in the US (-8), which fell from 13th to 21st place, and Canada (-5), which fell from 4th to 9th. Slovakia (-4) dropped from 20th to 24th, while Sweden and Latvia (-3 each) both slipped three positions—Sweden from 3rd to 6th, and Latvia from 19th to 22nd.

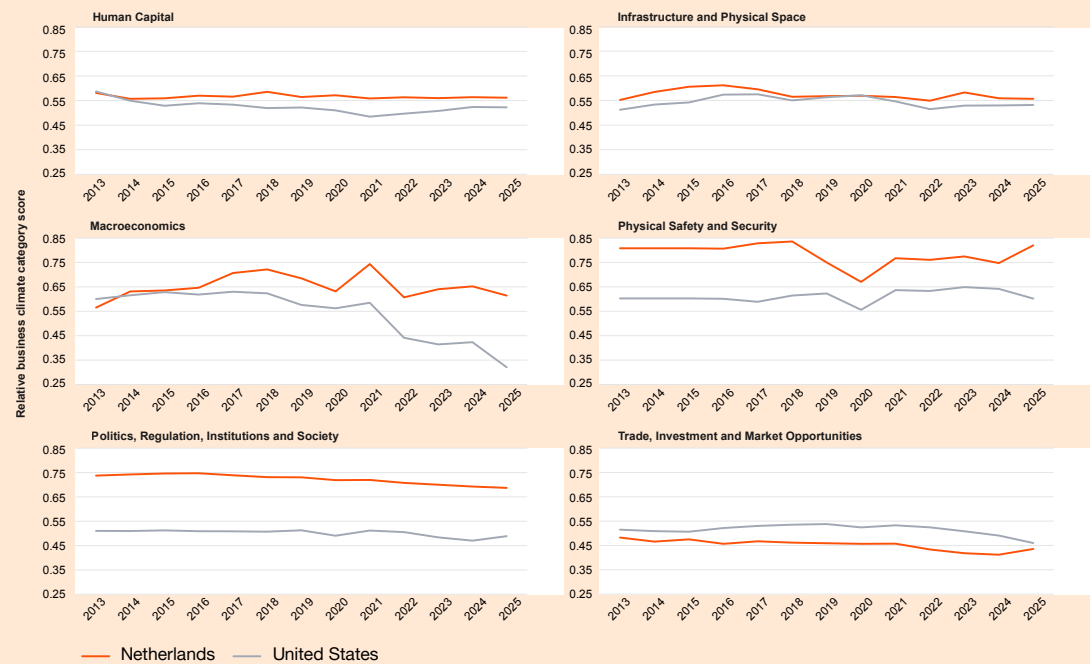
The difference in the relative business climate score between the Netherlands and the United States

Figure 16 zooms in on the difference between the trends in the relative business climate scores between the Netherlands and the United States.

Figure 16: Relative business climate score comparison, Netherlands vs United States (2013-2025)



First, it is visible that the Netherlands has managed to stay ahead of the US over the entire 2013-2025 period. While for both countries the relative business climate scores deteriorated over this period, for the Netherlands this decline has been less pronounced, while for the US there has been a sharper decrease since 2021, leading to a widening between both countries.

Figure 17: Category score comparison, Netherlands vs United States (2013-2025)

In all categories, except for Trade, Investment, and Market Opportunities, the Netherlands has managed to remain ahead of the US from 2013 to 2025. In most categories this difference has been maintained, except in Human Capital, and Infrastructure and Physical Space, where the US has caught up. At the same time, the Netherlands has slightly narrowed the gap in the Trade, Investment, and Market Opportunities category. In addition, the Dutch performance vis-à-vis the US has been boosted by maintaining strength in the Politics, Regulation, Institutions, and Society category.

However, the biggest driver behind the decreasing relative business climate score of the US is the Macroeconomics category since 2022. Here, indicators, such as deteriorating fiscal health with rising debt to GDP levels, rising interest payments to service government debt, increasing uncertainty, even exceeding the level for the Netherlands, and larger deficits in the current account, are all areas that have contributed to the decline of the US score in this category, while the US has slightly outperformed the Netherlands in areas such as inflation and real GDP growth.

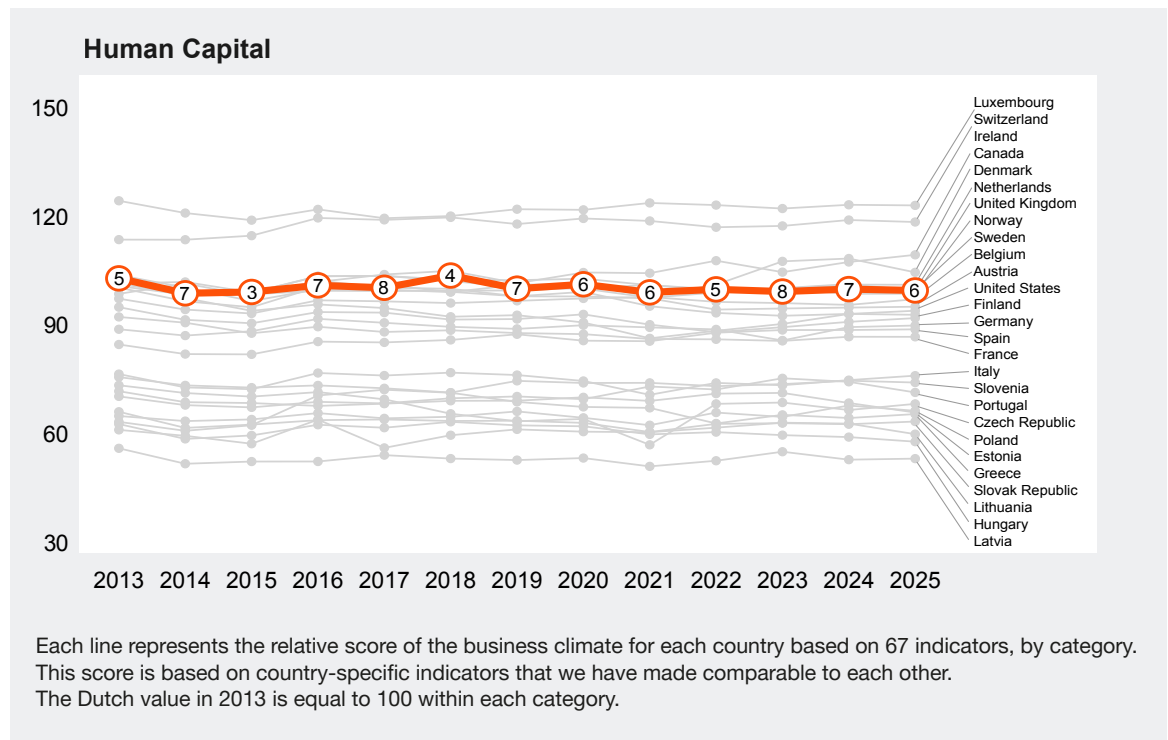
Note that these results depend heavily on the choice of comparison countries. Although we selected peers that are comparable to the Netherlands in business and investment climate, as well as other developed economies, many countries in our sample have faced major country-specific challenges during this period—such as Brexit for the UK or dependence on Russian gas for Germany.

Nevertheless, both the time-series and international comparisons show that the business climate in the Netherlands has been on a downward trend since 2018, stabilising at a lower level from 2022 to 2025. Other countries, such as Switzerland, Norway, Luxembourg, Finland, Denmark, and Sweden, have managed to improve or maintain their business climate in international comparison.

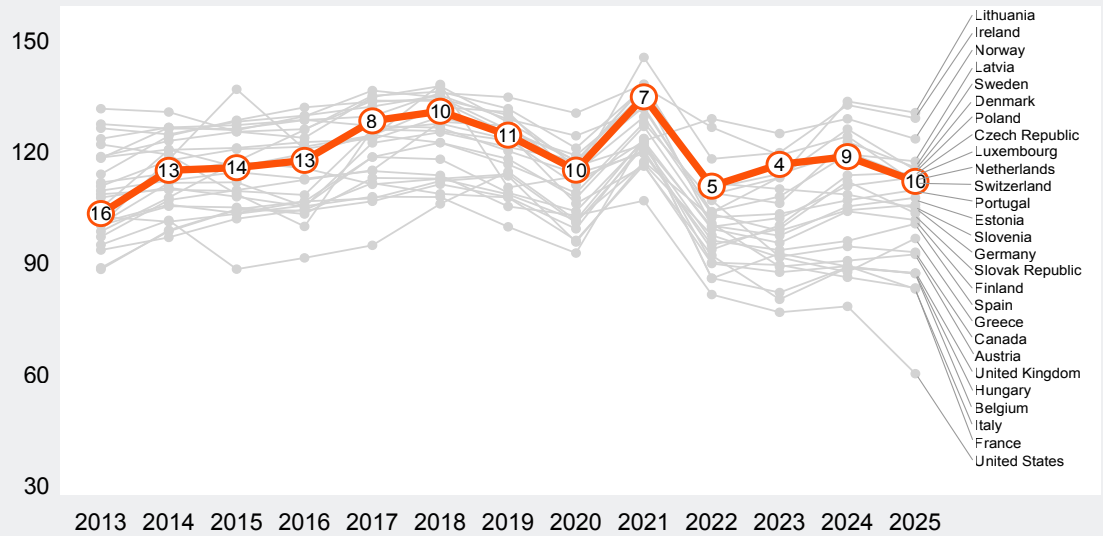
Dutch relative position by category from 2013 to 2025

Last, we also look at how the Netherlands has compared against other countries in each category of our Business Climate Heatmap in Figure 18. We adjust the relative score by making an index with the value for the Netherlands in 2013=100 for each category.

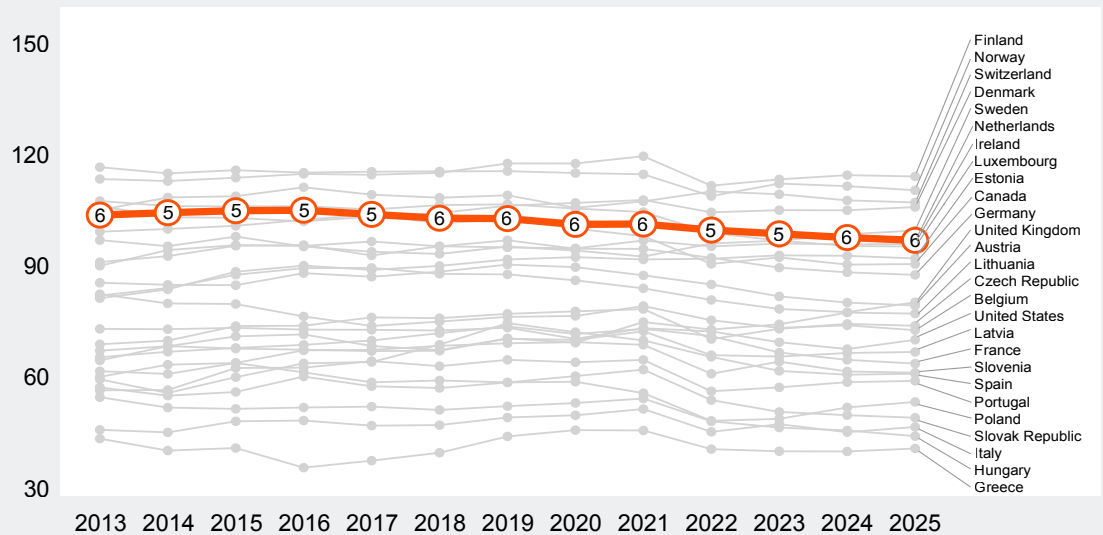
Figure 18: In all categories, the Netherlands has remained among the top eight countries, except for Infrastructure and Physical Space



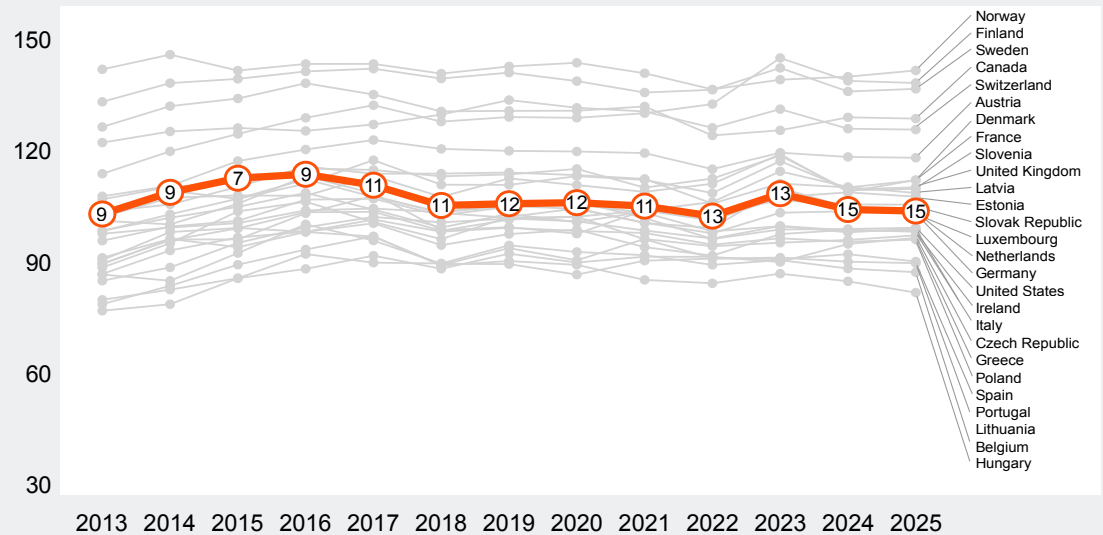
Macroeconomics

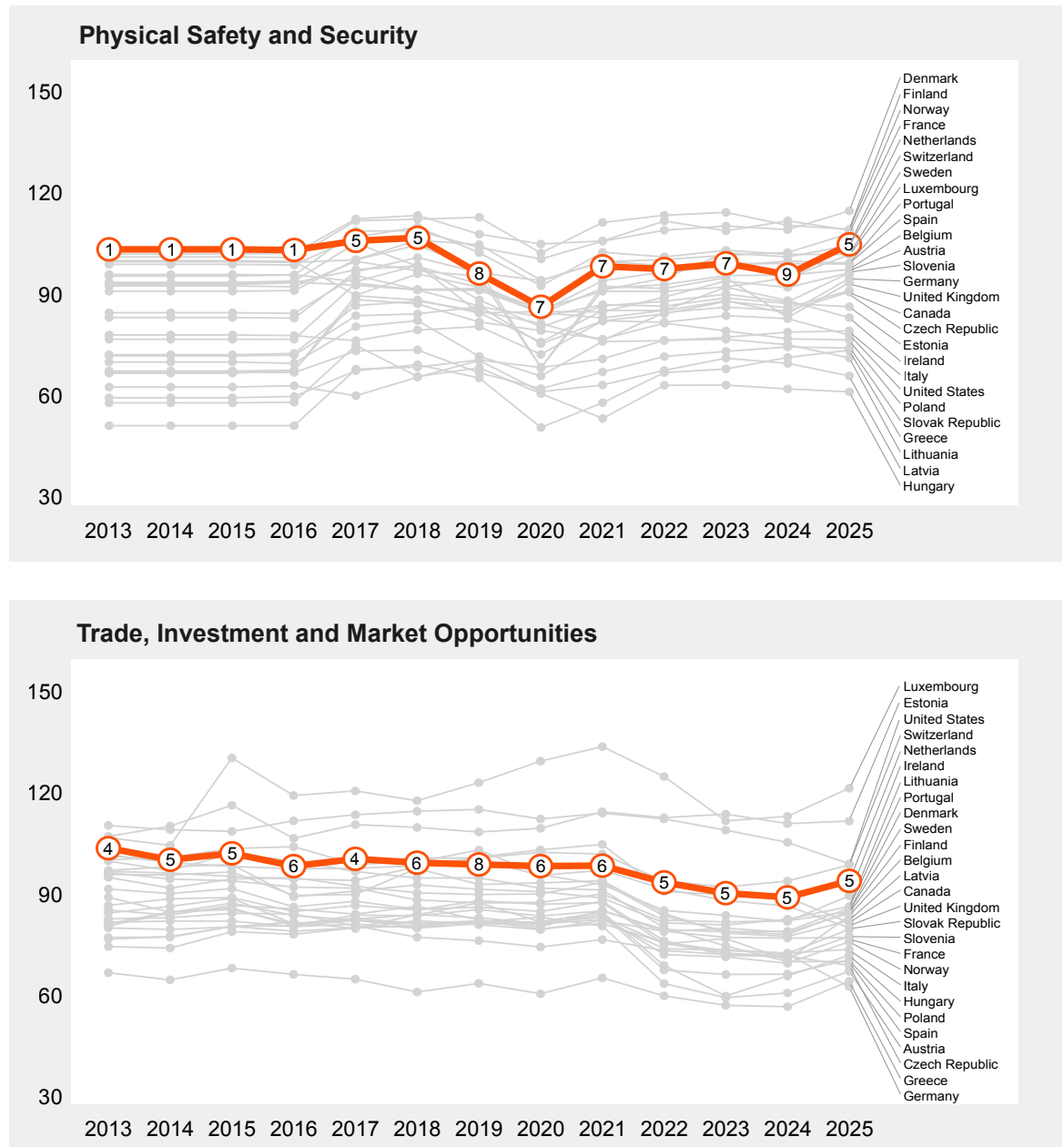


Politics, Regulation, Institutions and Society



Infrastructure and Physical Space





Compared to the other 26 countries in our sample, the Netherlands has stayed in the top eight countries in all categories in 2025, except for **Infrastructure and Physical Space**. In this category, the Netherlands has slipped from 9th in 2013 to 15th in 2025, driven by the combination of worsening housing affordability, persistently high nitrogen emissions constraining spatial development, increased energy import dependency following the closure of the Groningen gas fields, and poor performance on the EU Water Framework Directive.

In **Human Capital** category, the Netherlands has decreased from 5th in 2013 to 6th in 2025, however, managing to remain in the top six. The slight decline reflects the growing pressure from record-high unit labour costs, declining life satisfaction, and slowing population growth, which outweigh continued improvements in education and R&D.

Within **Macroeconomics**, the Netherlands has increased from 16th in 2013 to 10th in 2025, largely because of notable declines for most other countries in the sample, especially since 2021. The Dutch improvement is therefore primarily a relative one: the Netherlands recovered from the 2022 inflation shock somewhat faster than peers, rather than achieving genuinely strong macroeconomic performance.

The relative position of the Netherlands in **Physical Safety and Security** has also decreased from number one in 2013 to number five in 2025. This reflects the increased exposure to geopolitical risks since Russia's invasion of Ukraine, the deterioration of political stability since 2021, and rising climate and natural hazard vulnerability, while other small European countries proved relatively more insulated from these shifts.

In **Politics, Regulation, Institutions and Society**, the Netherlands has maintained sixth position from 2013 to 2025 despite the score worsening by 6.8, indicating that governance erosion, declining regulatory quality, and rising policy uncertainty have been a shared challenge across advanced economies in this period, not a uniquely Dutch phenomenon.

Lastly, in the **Trade, Investment and Market Opportunities** category, the Netherlands has slipped from fourth in 2013 to fifth in 2025, having fallen as far as eighth in 2019 before recovering. The category has been held up by growing trade diversification, solid financial soundness, and a banking sector that remained well capitalised throughout the period, even as capital markets and venture capital contracted.

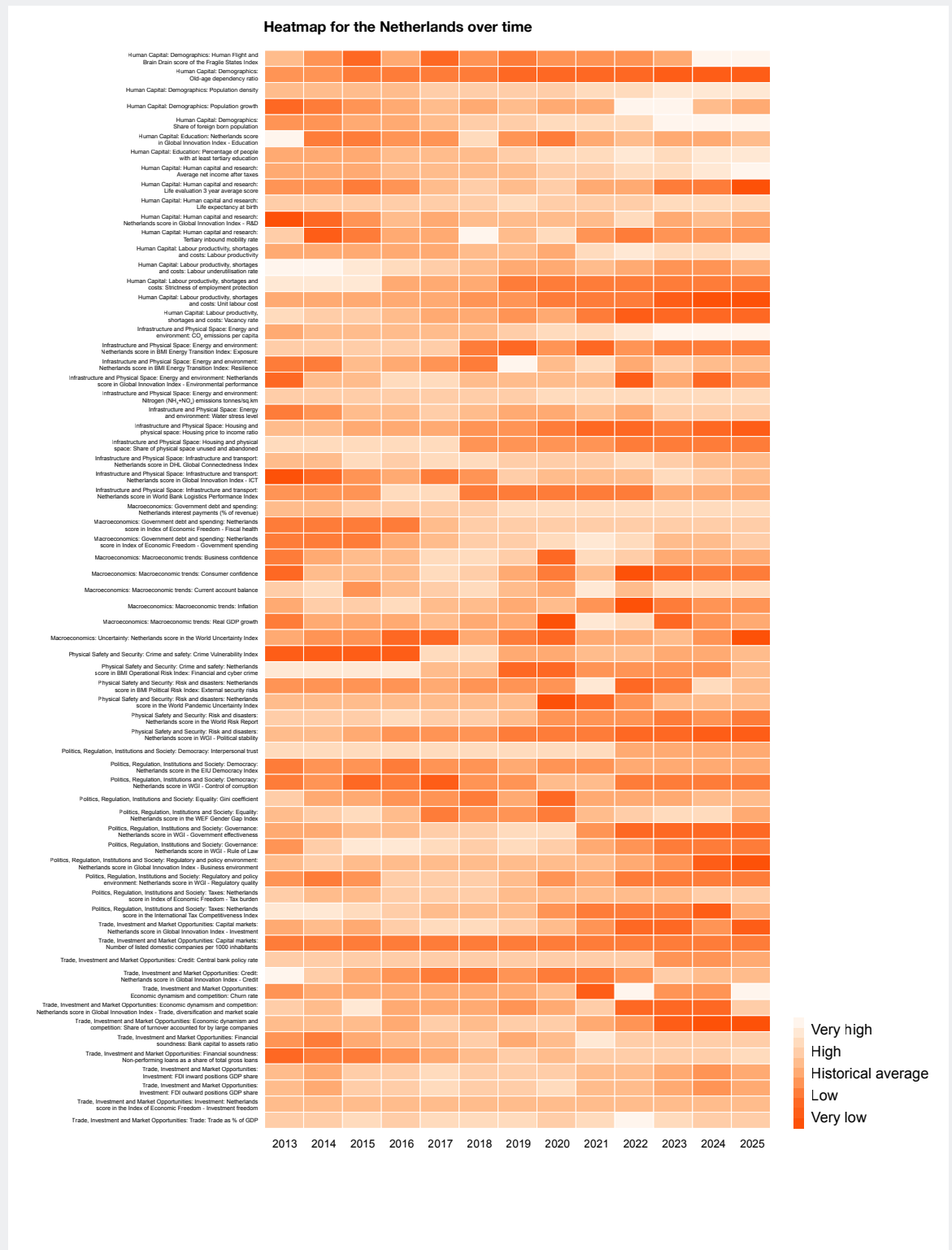


Appendix

Extended results

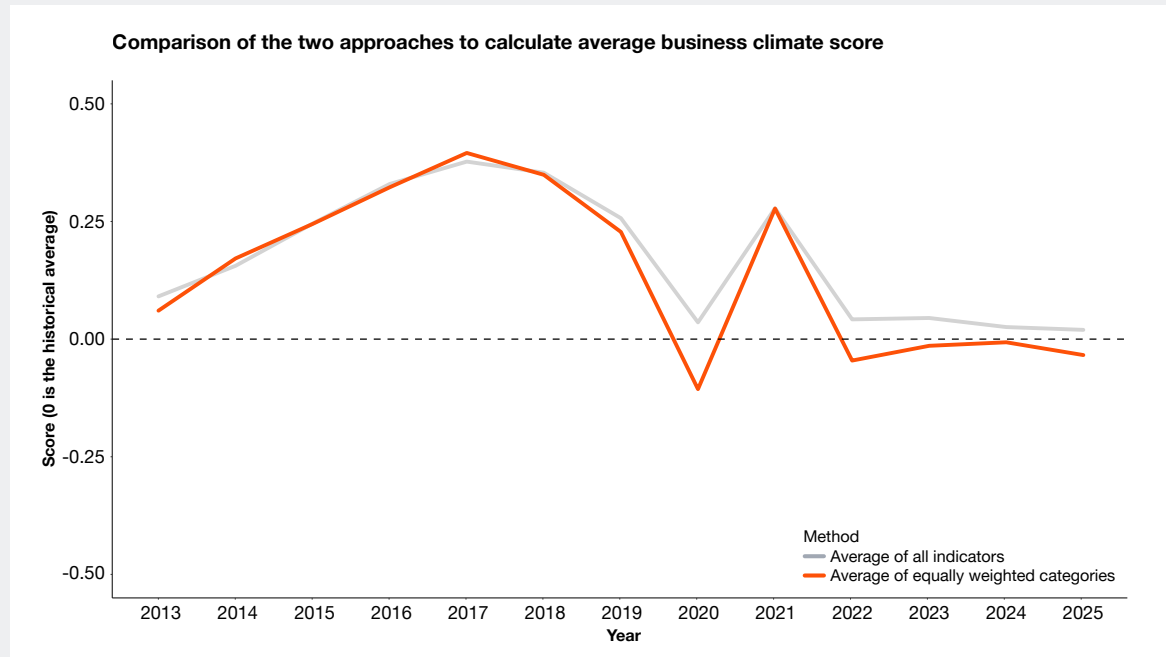
Full Dutch business climate heatmap over time with x indicators

Figure 19: After the peak in 2018, when the heatmap was most positive, many indicators have deteriorated



Methodology

Figure 20: Both methods to calculate the average business climate score match very closely



In Figure 20 we compare two different ways of calculating the average business climate score. In this publication we calculated the average score for each of the six categories and then took the average of those scores so that each category is equally weighted in the final score. If we had taken an average of all indicators directly, the numbers change slightly, but the conclusions are not substantially affected.

The Dutch business climate heatmap over time

The x indicators in our heatmap come from diverse datasets, each with distinct value ranges that are not directly comparable (such as inflation versus population growth). To facilitate meaningful comparisons across these indicators, we apply standardisation using Z-scores. To compute the Z-scores for each indicator, we subtract from a given observation in a year (X) the historical average of the series, with as many years as there are available from 1990, and then divide this value by the historical standard deviation.

$$Z = \frac{X - \bar{X}}{S}$$

The Z-scores are aligned such that 0 is the historical average of the series, which we colour orange. When an indicator is above (or below) its historical average, measured by 0.5 standard deviations, a colour tone changes to a progressively darker (or lighter) tone of orange. The colour grading goes from 3 (light orange) to -3 (dark orange) standard deviations above or below the historical average, respectively. In addition, not all data for indicators was available for each year. When that was the case, we used the latest available year's value.

Moreover, for some indicators, an increase in the value would correspond to a negative impact on the business climate (for example, inflation). For those indicators, after standardisation, we adjusted their value by multiplying by -1, so that the direction of increase in an indicator always corresponds to a positive business climate impact.

Last, while in this section we focus on the changes of the Netherlands with itself over time (absolute comparison) some indicators, such as from the Global Innovation Index and World Bank's World Governance Indicators are only available in relative comparison. Although the samples of these indicators are relatively stable over time, the Netherlands score can decline (increase) if other countries perform better (worse). Nevertheless, we believe that most of the variation comes from the performance of the Netherlands itself in these areas.

The international business climate heatmap

To compare the Netherlands to other countries, we did the following normalisation, in similar manner as in a study by the OECD. For each indicator, we pooled the data for all countries for this indicator to obtain the historical minimum and maximum in the sample for as long of a series as possible based on data availability in the 1990-2025 period. Then we normalised each indicator for each country according to this formula, obtaining a score between 0 and 1 for all observations.

$$x = \frac{(x - \text{Min}(x))}{(\text{Max}(x) - \text{Min}(x))}$$

For comparisons across countries, either on average or per category, we created a country-level score by calculating the average score per category and then using equal weights for each category, obtaining a total score as the average of category scores. From those scores, we created an index rescaling all the data so that the value for the Netherlands in 2013 would equal 100.

Data

For all indicators for all countries, we use the same set of 67 indicators, as there is data available to some degree from the 2013 to 2025 period. When there are data gaps, we fill in the missing year's data for a given indicator with the next available data point or the previous year's data.

Indicator changes

In this year's edition we added four indicators, replaced seven indicators, and removed one indicator. For some indicators we also changed the data sources to have a better data and country coverage.

Indicator replacements (indicator (category: subcategory)):

- Cost of redundancy dismissal (Politics, Regulation, Institutions & Society: Regulatory and policy environment) was replaced by Strictness of employment protection (Human Capital: Labour productivity, shortages and costs). The Strictness of employment protection indicator was moved from the 'Politics, regulation, institutions and society' category because it was considered a better fit for the category 'Human Capital'.
- Economist's Footloose Index (Human Capital: Human capital and research) was replaced by Tertiary inbound mobility (Human Capital: Education).
- The Geopolitical Risk Index (Physical Safety and Security: Risk and disasters) was replaced by BMI Political Risk Index: External Security Risk (Physical Safety and Security: Risk and disasters).
- General government net lending/borrowing (Macroeconomics: government debt and spending) was replaced with Share of government spending going to interest payments (Macroeconomics: government debt and spending).
- Political and operational stability GII (Politics, Regulation, Institutions and Society: Democracy) was replaced by Control of Corruption (Politics, Regulation, Institutions and Society: Democracy).
- Average industrial and commercial electricity price (Infrastructure and Physical Space: Energy and environment) was replaced with Energy Transition Index: Exposure (Infrastructure and Physical Space: Energy and environment).
- Energy import dependency (Infrastructure and Physical Space: Energy and environment) was replaced by Energy imports to Energy Transition Index: Resilience (Infrastructure and Physical Space: Energy and environment).

Indicators added (indicator (category: subcategory)):

- Labour underutilisation rate (Human Capital: Labour productivity, shortages and costs)
- Operational Risk Index: Financial and Cybercrime (Physical Safety & Security: Crime and Safety)
- Interpersonal trust (Politics, Regulation, Institutions & Society: Democracy)
- Political stability (Physical Safety and Security: Risk and disasters)

Indicators removed (indicator (category: subcategory)):

- INFORM Risk Index (Physical Safety and Security: Risk and disasters). This indicator had significant overlap with the World Risk Report and was therefore removed.
- Economic Policy Uncertainty (Politics, Regulation, Institutions & Society: Regulatory and policy environment). There was a large lack of data availability for this indicator.

Data scope, sources and adjustments from last year

Here is an overview of the sources and data for each indicator and the data imputations that we performed if necessary.

1. Human Capital

Demographics:

- Human Flight and Brain Drain score of the Fragile States Index (Fragile States Index, annual data, 2006-2024). Data for 2025 was unavailable and was replaced with 2024 data for all countries. This indicator was multiplied by -1 so that an increase would mean a positive business climate impact.
- Old-age dependency ratio (World Bank, annual data, 1990-2025). This indicator was multiplied by -1 so that an increase would mean a positive business climate impact.
- Population density (Our World in Data, annual data, 1990-2025).
- Population growth (OECD, annual data, 1990-2025).
- Share of foreign-born population (OECD, annual data, 1995-2024). Data for 2022-2025 was unavailable and was replaced with 2021 data for the UK. Data for 2023, 2024 and 2025 was unavailable and was replaced with 2022 data for Ireland. Data for 2025 was unavailable and was replaced with 2024 data for the other countries. Data for 2018-2021 was unavailable for Greece and replaced, as well as 2024 and 2025 data. Data for Canada was only available for 2016 and 2021, which was used for other missing years. Data for 2025 was unavailable and was replaced with 2024 data for the other countries.

Education:

- Global Innovation Index - Education (Global Innovation Index, annual data, 2013- 2025). This indicator includes expenditure on education, government expenditure on education, school life expectancy in years, pupil-teacher ratio, and PISA scores in reading, maths and science.
- Percentage of adult population with at least tertiary education (OECD, annual data, 2000-2024). Data for 2022, 2024, and 2025 was unavailable, and it was replaced with 2023 data for the UK. Data for the US was unavailable for 2020, and 2022-2025, so 2021 data was used.
- Tertiary inbound mobility (Global Innovation Index, annual data, 2013-2025). This measures the percentage of total tertiary-level enrolment in a country made up of students from abroad. Data for Canada was unavailable from 2013-2018. This indicator replaces the previous edition's Economist Footloose Index.

Human capital and research:

- Average net income after taxes (OECD, annual data, 2000-2025).
- Life evaluation 3-year average score (World Happiness Report, annual data, 2012-2025). Data for 2013 was unavailable, and it was replaced with 2014 data for all countries.
- Life expectancy at birth (United Nations, annual data, 1990-2025)
- Global Innovation Index – R&D (Global Innovation Index, annual data, 2013-2025). This indicator includes researchers/FTE per million inhabitants, gross expenditure on R&D, the top three firms' average R&D expenditure, and the QS University average ranking of the top three universities.

Labour productivity, shortages and costs:

- Labour productivity (International Labour Organization (ILO), annual data, 2005-2024). ILO modelled estimates of output per hour worked in constant 2021 international \$ at PPP.
- Unit labour costs (OECD, quarterly data, 1996-2025). This indicator was multiplied by -1 so that an increase would mean a positive business climate impact. This indicator was seasonally adjusted for every country apart from Slovakia.
- Vacancy rate (Eurostat, annual data). Defined as number of job vacancies / (number of occupied posts + number of job vacancies) * 100 for industries B-S (B-N for Denmark due to data gaps). Data coverage: Germany, Ireland, Luxembourg, Netherlands, Switzerland 2008-2024; Belgium, Denmark 2010-2024; France 2012-2024. Data for the UK was taken from ONS national statistics as bimonthly data of vacancies per 100 employee jobs (B-S industries) from April 2001 to January 2025. For the US vacancy rate calculated with the same formula as in the Eurostat data using OECD data of unfilled vacancies and FRED data of all employees of annual data from 2001 to 2025. Data for Canada was taken from Statistics Canada from 2015 to 2025.
- Strictness of labour employment protection (OECD, annual data, 2013-2025). Measured through individual and collective dismissals of regular contracts. This indicator replaces last year's 'Cost of Redundancy dismissal'.
- Labour underutilisation rate (ILO, annual data, 1991-2025). ILO represented the labour force in unemployment, time-related underemployment, or potential labour force as a share of the total extended labour force.

2. Infrastructure and Physical Space**Energy and environment:**

- CO₂ emissions per capita (Our World in Data, annual data, 1991-2024). Data for 2025 was unavailable and was replaced with 2024 data.
- Energy Transition Index: Resilience (BMI, annual data, 2011-2025). Measures a country's stability in energy provision through factors such as Refinery Utilisation Rate (%), Energy Imports vs Consumption Ratio, Diversity of Primary Energy Supply (%), Age of Energy System, Capacity Transmission & Distribution Losses (%). Data was missing for Luxembourg, so an average Energy Transition Index: Resilience scores of Belgium and the Netherlands was used as an estimate.
- Energy Transition Index: Exposure (BMI, annual data, 2011-2025). Assesses fuel prices and vulnerability to energy source imports through factors such as petroleum Import Exposure (USD and BTU), Natural Gas Imports Exposure (USD and BTU), Coal Import Exposure (USD and thousand tonnes), Net Electricity Imports, TWh. Similarly to Energy Transition Index: Resilience, data was missing for Luxembourg, so an average Energy Transition Index: Exposure scores of Belgium and the Netherlands was used as an estimate.

- Global Innovation Index – Environmental performance (Global Innovation Index, annual data, 2013-2025). This indicator ranks countries in different categories covering environmental health and ecosystem vitality. Yale University Environmental Performance Index, on which the Global Innovation Index - Environmental performance data is based, was used for data for 2024 and 2025.
- Nitrogen ($\text{NH}_3 + \text{NO}_x$) emissions tonnes/sq. km
- Annual nitrogen emissions data (for both NH_3 and NO_x , 1990-2023 for the Netherlands). Data taken from the OECD from 2013 to 2023 for all countries in international comparison. The surface area data was taken from the World Bank for the respective period.
- Water stress level (FAO, level of water stress: freshwater withdrawal as a proportion of available freshwater resources, annual data, 1990-2023). Data for 2024 and 2025 was unavailable and was replaced with 2023 data for all countries. This indicator was multiplied by -1 so that an increase would mean a positive business climate impact.

Housing and physical space:

- Housing price to income ratio (OECD, quarterly data, index 2015=100). Data coverage: 2003-2025 data for all countries, except for Luxembourg 2007-2024 data. This indicator was multiplied by -1 so that an increase would mean a positive business climate impact.
- Share of physical space unused and abandoned (Eurostat Land Use and Land Cover Survey (LUCAS)). The indicator measures unused and abandoned areas as a share of total area. As compared to last year, we included forestry in calculations for all countries in addition to the category of unused areas in order to better align the data with other sources. Data coverage: LUCAS survey data was available only for 2012, 2015, 2018 and 2022 for all countries, except for Switzerland, the US, Norway and Canada. For the UK, LUCAS data was available for 2012, 2015 and 2018. For Switzerland, only the 2018 value was available and was used for all years from the Swiss Federal Statistical Office, measuring the share of unproductive areas. For the US data available for 2012 and 2017 and taken from the USDA survey, which estimates miscellaneous or other areas as a share of total area and forest areas. The 2012 value was used for the period up to 2016, and the 2017 value was used for all subsequent years. For the UK and all other countries with LUCAS data. For Norway, data on land use and land cover by Statistics Norway was used from 2011 and 2013-2025. For Canada, land cover data from the Government of Canada was used from 2011 and 2020. For Norway and Canada, unused areas were calculated by subtracting the sum of built up and agricultural areas from total land area.

Infrastructure and transport:

- DHL Global Connectedness Index (DHL, annual data, 2001-2024). 2024 data was used for 2025.
- Global Innovation Index - ICT (Global Innovation Index, annual data, 2013-2025). It measures ICT access, use, government's online services, and e-participation.
- World Bank Logistics Performance Index (World Bank, annual data). The indicator was available for 2007, 2010, 2012, 2014, 2016, 2018, and 2023. Data for 2013 and 2015 was unavailable and was replaced with 2012 data for all countries. Data for 2017 was unavailable and was replaced with 2016 data for all countries. Data for 2019-2022 was unavailable and was replaced with 2018 data for all countries. Data for 2024 and 2025 was unavailable and was replaced with 2023 data for all countries.

3. Macroeconomics**Government debt and spending:**

- Index of Economic Freedom – Fiscal Health (The Heritage Foundation, annual data, 2009-2025). The score for the fiscal health component is based on two sub-factors, which are weighted as follows in calculating the overall component score: average deficits as a percentage of GDP for the most recent three years (80% of score) and debt as a percentage of GDP (20% of score). Data for 2013, 2014, 2015 and 2016 was unavailable and was replaced with 2017 data for all countries.
- Index of Economic Freedom – Government spending (The Heritage Foundation, annual data, 1995-2025). The government spending component captures the burden imposed by government expenditures, which includes consumption by the state and all transfer payments related to various entitlement programs. The Index does not identify an optimal level of government spending. The ideal level will vary from country to country, depending on factors that range from culture to geography to the level of economic development.
- Interest payments as share of government revenues (World Bank, annual, 1990-2024). Data for 2025 replaced with 2024 data. Data from the World Bank was used in the case of IMF data gaps.

Macroeconomic trends:

- Business confidence (OECD, annual data, 1990-2025).
- Consumer confidence (OECD, annual data, 1990-2025). For Canada, survey data was used from the Canadian Survey of Consumer Expectations (CSCE). For Norway, data from the Expectations Barometer Norway Finance. Values were z scored in order to better align all consumer confidence scores.
- Inflation (OECD, annual data). Data coverage: 1990-2026 for all countries, except for Germany (1992-2024) and Ireland (1996-2024). This indicator was multiplied by -1 so that an increase would mean a positive business climate impact.
- Real GDP growth (International Monetary Fund, annual data, 1990-2025).

Uncertainty:

- World Uncertainty Index (World Uncertainty Index, monthly data, 2008-2025). Data was missing for Luxembourg, so an average of the World Uncertainty Index scores of the nearby countries – Belgium, France, Germany and the Netherlands – was used. An estimate for Estonia was calculated in a similar manner, using the average of Latvia and Lithuania. This indicator was multiplied by -1 so that an increase would mean a positive business climate impact.

4. Physical Safety and Security**Crime and safety:**

- Crime vulnerability index (BMI, annual data, 2015-2025). Assesses the threat of crime against individuals and the qualities of the national police force. Data for all countries for 2013 and 2014 imputed with 2015 value. This indicator was multiplied by -1 so that an increase would mean a positive business climate impact.
- Operational Risk Index: Financial & cybercrime (BMI, annual data, 2015-2025). The index is formulated as an overall score for four equally weighted pillars, including labour market, trade and investment, logistics and crime and security risk.

Risk and disasters:

- Political Risk Index: External Security Risk (BMI, monthly data, 2016-2025). This acts as a replacement to the previous edition's Geopolitical Risk Index.
- Political Stability (World Bank, annual data, 1996-2024). This indicator covers perceptions of governance security from destabilization and the potential for unconstitutional challenges to authority.
- World Pandemic Uncertainty Index (World Uncertainty Index Pandemic Uncertainty, monthly data, 1996 to 2025). The World Pandemic Uncertainty Index is constructed by counting the number of times uncertainty is mentioned within a proximity to a word related to pandemics in the Economist Intelligence Unit (EIU) country reports. Data was missing for Luxembourg, so an average of the World Pandemic Uncertainty Index scores of the nearby countries – Belgium, France, Germany and the Netherlands – was used. This indicator was multiplied by -1 so that an increase would mean a positive business climate impact.
- World Risk Report (World Risk Report, annual data, 2000-2025). The World Risk Report indicates the risk of disasters from extreme natural events and negative climate change impacts. This indicator was multiplied by -1 so that an increase would mean a positive business climate impact.

5. Politics, Regulation, Institutions and Society

Democracy:

- EIU Democracy Index (Economist Intelligence Unit, annual data, 2006-2024).
- Control of corruption (World Bank, annual data, 1996-2024).
- Interpersonal trust (Our World in Data, annual data, 1984-2022). Periodic data in 1984, 1993, 1998 and 2004, 2010 and 2022 was used. In place of missing values, data from the most recent available year was used.

Equality:

- Gini coefficient (BMI, annual data). Data coverage: 2005-2025 for all countries, although some countries have further coverage. This indicator was multiplied by -1 so that an increase would mean a positive business climate impact.
- WEF Global Gender Gap Index (World Economic Forum, annual data, 2006-2025). Data for 2019 was unavailable and replaced with 2020 data for all countries.

Governance:

- WGI – Government effectiveness (World Bank, annual data, 1996-2024). Data missing for 2025 for all countries replaced with 2024 data.
- WGI – Rule of Law (World Bank, annual data, 2012-2024). Data missing for 2025 for all countries replaced with 2024 data.

Regulatory and policy environment:

- Global Innovation Index – Business environment (Global Innovation Index, annual data, 2013-2025). It uses a survey measure of the extent to which governments ensure a stable policy environment for doing business and average perception scores (five-year average) of experts on entrepreneurial policies and entrepreneurial culture.
- WGI – Regulatory quality (World Bank, annual data, 1996-2024). Data missing for 2025 for all countries replaced with 2024 data.

Taxes:

- Index of Economic Freedom – Tax burden (The Heritage Foundation, annual data, 2009-2025) The score is derived from three equally weighted quantitative sub-factors: The top marginal tax rate on individual income, the top marginal tax rate on corporate income, and the total tax burden as a percentage of GDP.
- International Tax Competitiveness Index (Tax Foundation, annual data, 2014-2025). Data for 2013 not available and replaced with 2014 data for all countries.

6. Trade, Investment and Market Opportunities

Capital markets:

- Global Innovation Index – Investment: (Global Innovation Index, annual data, 2013-2025). This index measures the market cap of listed domestic companies as a percentage of GDP and venture capital activity.
- Number of listed domestic companies (annual data). World Bank data was used until 2018, following which data from individual exchanges was collected. Euronext data was used for the Netherlands, Belgium, France, Ireland, Italy, Portugal and Norway. Euronext data was calculated by taking the number of listed companies in a given year and adding new listings and subtracting delistings. Due to a lack of data, it is assumed that Belgium had no delistings in 2016. For Denmark and Finland, 2004-2025 data was taken from the Nasdaq Nordic Surveillance Annual Reports. For Latvia, Lithuania and Estonia, Nasdaq Baltic data was used. For the UK, World Bank data from 1990 to 2014, UK Statbase data was used from 2017-2020, and World Federation of Exchanges data from 2022-2025. Data for 2015 and 2016 was unavailable and was replaced with 2017 data for the UK. For Slovakia, data from the Bratislava Stock Exchange (BSSE) was used. For Czech Republic missing data for 2016 and 2017. Compared to last year, this year's edition adjusted the number of domestic companies per 1000 inhabitants.

Credit:

- Central bank policy rates. (BIS, monthly data, 1993-2025).
- Global Innovation Index – Credit (Global Innovation Index, annual data, 2013-2025). This index includes the ease of getting credit, domestic credit to private sector as a percentage of GDP and microfinance gross loans as a percentage of GDP.

Economic dynamism and competition:

- Churn rate (OECD and Eurostat, annual data, 2007-2023 for the Netherlands). For international comparison 2013, 2014, 2024, and 2025 data missing for all countries and replaced with latest value. Churn rate was calculated as the sum of firm (all limited liability companies) entries and exits per 1000 people.
- Global Innovation Index – Trade, diversification and market scale (Global Innovation Index, annual data, 2013-2025). This measure includes the weighted mean applied tariff rate, the intensity of local competition and domestic market scale.
- Share of turnover accounted for by large companies (over 250 employees) (OECD and Eurostat, annual data). Data coverage: OECD data for Ireland, Luxembourg and the Netherlands 2005-2024; Denmark and Germany 2005-2024; France 2008-2024; Belgium 2008-2024; the UK 2009-2024 and Switzerland 2009-2022. Data for 2025 was unavailable and was replaced with 2024 data for all countries. Eurostat data was used for 2023 and 2024. For the US, census data was only available for 2012, 2017, and 2022. Missing data gaps were replaced with the latest available year. For Canada, Government of Canada data was used. Data for 2023 and 2024 was unavailable and was replaced with 2022 data for the US and Canada. This indicator

was multiplied by -1 so that an increase would mean a positive business climate impact.

Financial soundness:

- Bank capital to assets ratio (annual data, obtained jointly from BMI and the World Bank, 2005-2025). In the case of Germany and Norway, BMI data was unavailable and World Bank data was used.
- Non-performing loans to total gross loans (annual data, obtained jointly from BMI and World Bank). Data coverage: Austria 2006-2024, Belgium 2006-2025, Denmark 2010-2025, Germany 2008-2024, Estonia Greece, the Netherlands, Poland, Portugal, Czechia, Hungary, Lithuania, Slovenia, 2008-2025 , Spain 2012-2025, Finland 2007-2025, France 2008-2024, Ireland 2005-2024, Italy 2005-2025, Luxembourg and the US 2009-2025 (Data for 2014 and 2015 was unavailable and was replaced with 2016 data for Luxembourg), Latvia from 2011-2025, Sweden 2016-2025, Slovakia, the UK and Canada 2005-2025 (Data for 2006 and 2007 was unavailable for Slovakia and the UK and replaced with 2008 data), Norway 2009-2025, Switzerland 2005-2025. BMI data was used for Germany from 2008-2024.

Investment:

- FDI inward positions GDP share (OECD, annual data, 2005-2025). Data coverage for Luxembourg 2012-2025; and Switzerland 2014-2025.
- FDI outward positions GDP share (OECD, annual data, 2005-2025). Data coverage for Luxembourg 2012-2025; and Switzerland 2014-2025.
- Index of Economic Freedom – Investment Freedom (The Heritage Foundation, annual data, 2013-2026). The Index evaluates a variety of regulatory restrictions that typically are imposed on investment.

Trade:

- Trade as % of GDP (OECD, quarterly data, 1990-2025).

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