

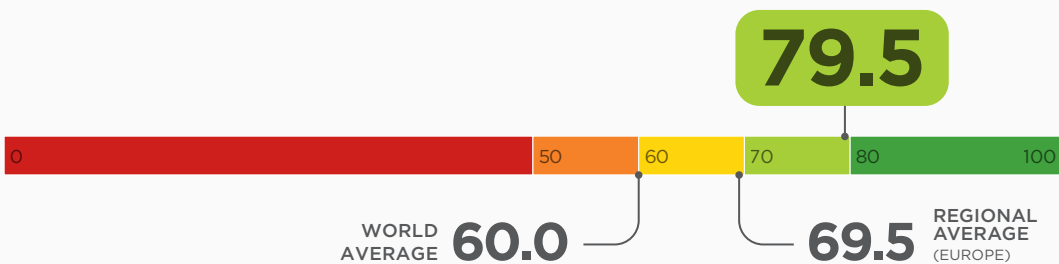
NETHERLANDS

The Netherlands' economic freedom score is 79.5, making its economy the 8th freest in the 2022 *Index*. The Netherlands is ranked 5th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

The Dutch economy slowed from 2017 to 2019, turned negative in 2020, and rebounded in 2021. During those five years, economic freedom has expanded. Lifted by improvements in scores for rule of law and **fiscal health**, the Netherlands has recorded a 3.7-point overall gain of economic freedom since 2017 and has moved to the top of the "Mostly Free" category. Nine of the Netherlands' indicators are strongly positive, but the economy remains burdened by heavy taxation and **government spending**.

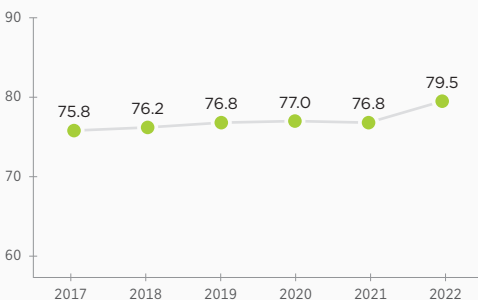
IMPACT OF COVID-19: As of December 1, 2021, 19,909 deaths had been attributed to the pandemic in the Netherlands, and the government's response to the crisis ranked 53rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.8 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +9.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
17.4 million

GDP (PPP):
\$1.0 trillion
-3.8% growth
in 2020
5-year compound
annual growth 1.1%
\$57,534 per capita

UNEMPLOYMENT:
4.1%

INFLATION (CPI):
1.1%

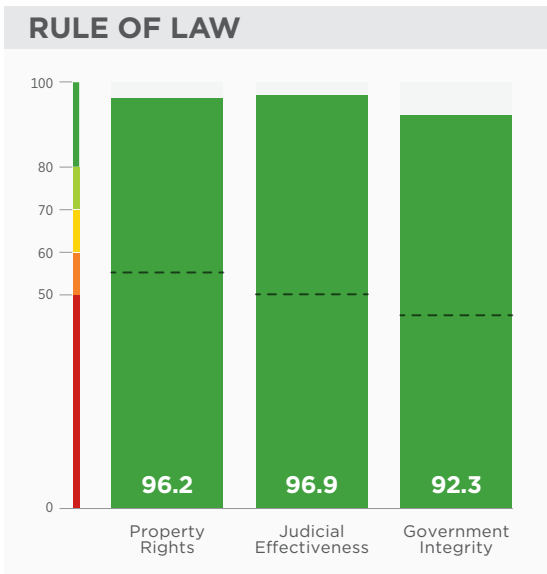
FDI INFLOW:
-\$115,300.0 million

PUBLIC DEBT:
54.0% of GDP

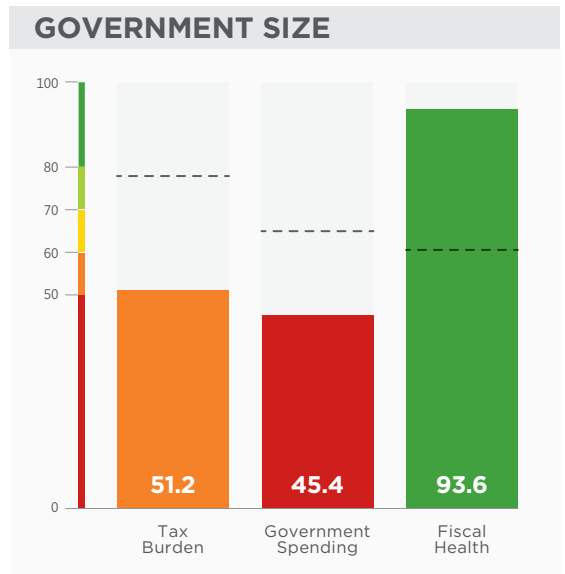
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Prime Minister Mark Rutte resigned in January 2021 after a scandal involving child welfare payments. His center-right People's Party for Freedom and Democracy lost seats in the March 2021 elections but remains the largest party in Parliament. Coalition negotiations to form a new government, which Prime Minister Rutte is expected to lead, were ongoing in December. Reductions in the Netherlands' annual budget contributions helped to secure Dutch support for the EU's coronavirus recovery fund. A European transportation hub, the Netherlands has the EU's fifth-largest economy, supported by exports of chemicals, refined petroleum, and electrical machinery as well as by a highly mechanized and profitable agricultural sector.

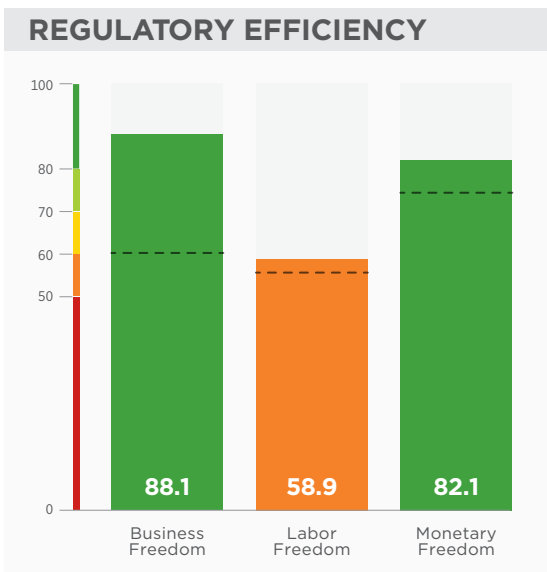
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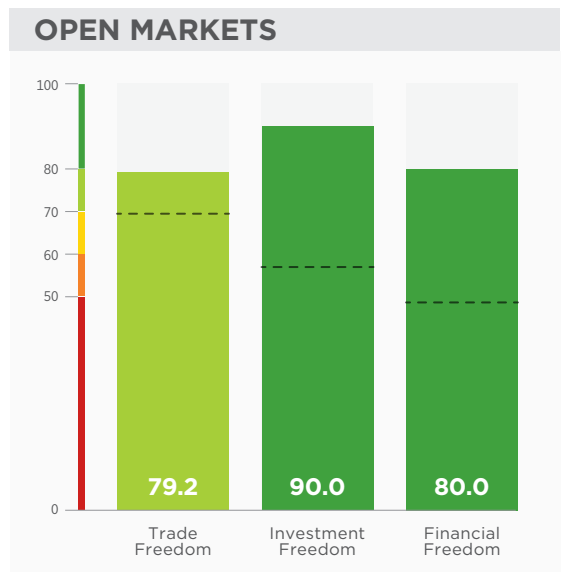
Private property rights are strongly protected, and contracts are reliably enforced. The judiciary is independent of political interference and provides impartial adjudication of disputes. Tolerance for political corruption is very low, and any cases that do arise are prosecuted expeditiously. Anticorruption laws are effective and promote government integrity. The Netherlands is a signatory to major international anticorruption conventions.



The top individual income tax rate is 52 percent, and the top corporate tax rate is 25 percent. Other taxes include value-added and environmental taxes. The overall tax burden equals 39.3 percent of total domestic income. Government spending has amounted to 42.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.6 percent of GDP. Public debt is equivalent to 54.0 percent of GDP.



It is not hard to start a business or resolve insolvency in the Netherlands. The business community is known for its innovation. The labor market is heavily regulated. Participation in the labor market by older workers is growing. The number of independent contractors has been rising. The government has funded a \$2.4 billion subsidy for construction of one of the world's largest carbon capture and storage projects.



As a member of the EU, the Netherlands has 46 preferential trade agreements in force. The trade weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. The Netherlands has an additional four country-specific nontariff barriers. There is no restrictive screening of foreign investment, and most sectors are open. Sensible banking regulations facilitate entrepreneurial growth.