

DISCUSSION DOCUMENT

JSF Regional Support Center

The Netherlands as a valuable partner to develop and execute the European RSC

Washington
September 2003

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information of the client to whom it is addressed*



Booz | Allen | Hamilton

GENERAL COMMENT

Throughout this document Booz Allen Hamilton used the term Regional Support Center or RSC. Please note that the definition we have used differs from the definition used by Lockheed Martin

Our definition of a Regional Support Center is broader and not restricted to management capabilities. Our definition of a Regional Support Center includes all activities that are vital for the support of the aircraft throughout its entire life cycle and that can be managed and / or executed as an element of the Global Support Solution

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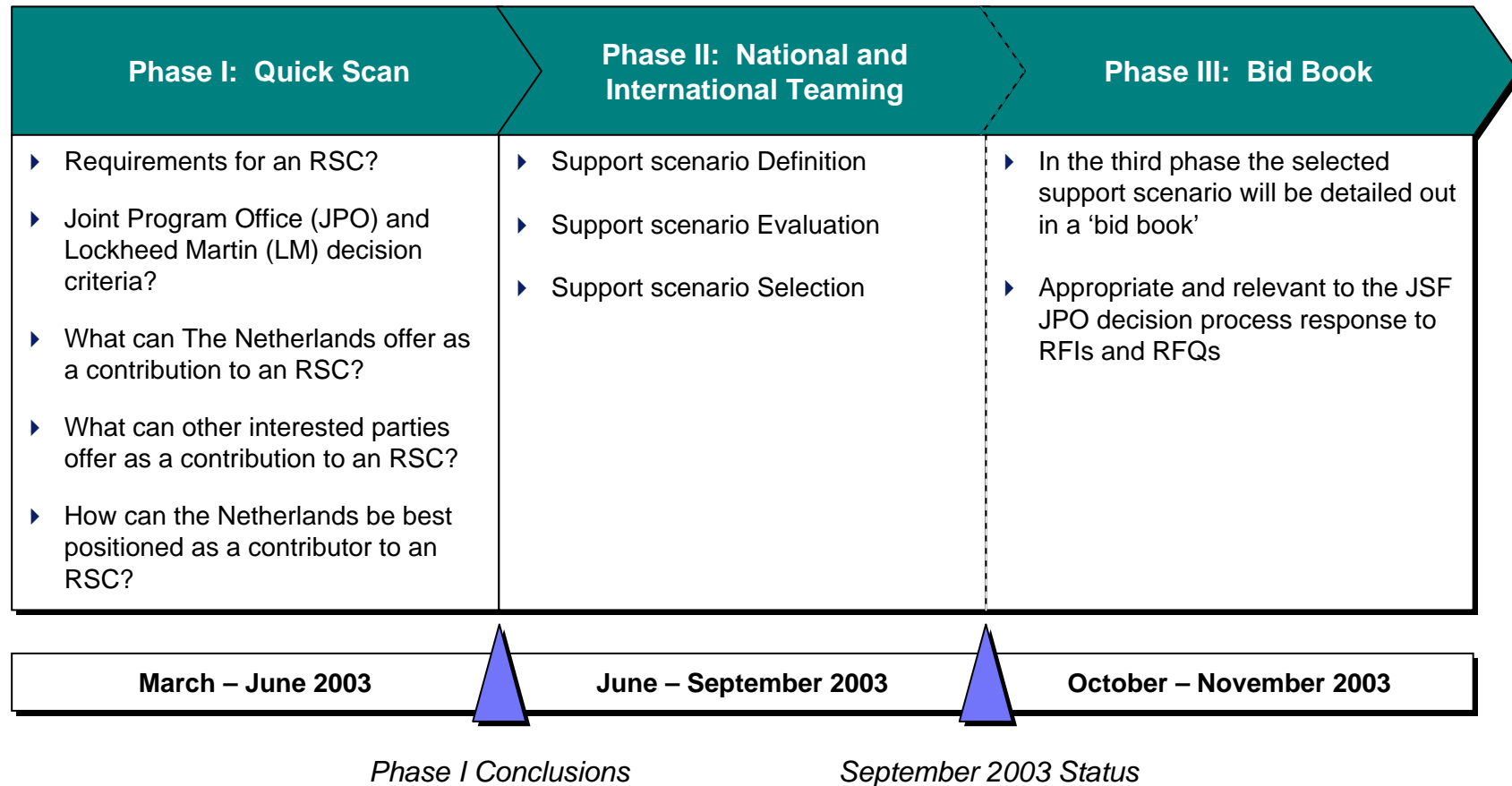


Introduction



The Dutch RSC project has three phases

Overview of Project Phases



Multiple parties provided input during Phase I

- ▶ JSF Program Leadership
 - Lockheed-Martin
 - Joint program office
- ▶ Dutch industry and institutions
 - Interviews
 - Joint workshop
- ▶ International parties
 - Australia
 - Denmark
 - Norway



Phase I Conclusions



In summary, The Netherlands is well positioned to play a substantial role (as an RSC) in the JSF Global Support Solution

- ▶ The Netherlands is well positioned to deliver Best Value support to the Global Support Solution
 - Proven integral set of key capabilities
 - Favorable other cost drivers
- ▶ The Netherlands can contribute in a flexible manner
 - Many companies and institutions can and want to contribute
 - Various assets already in place today
 - Flexible over time as the Global Support Solution requirements will change
 - Open to bringing in other JSF partners and users in Europe over time
- ▶ The Netherlands offers a good context to bring this value to bear
 - Socio-economic stability
 - Role and history of Royal Netherlands Air Force (RNLAf)
 - Commitment to the JSF program, witnessed by the Level 2 participation

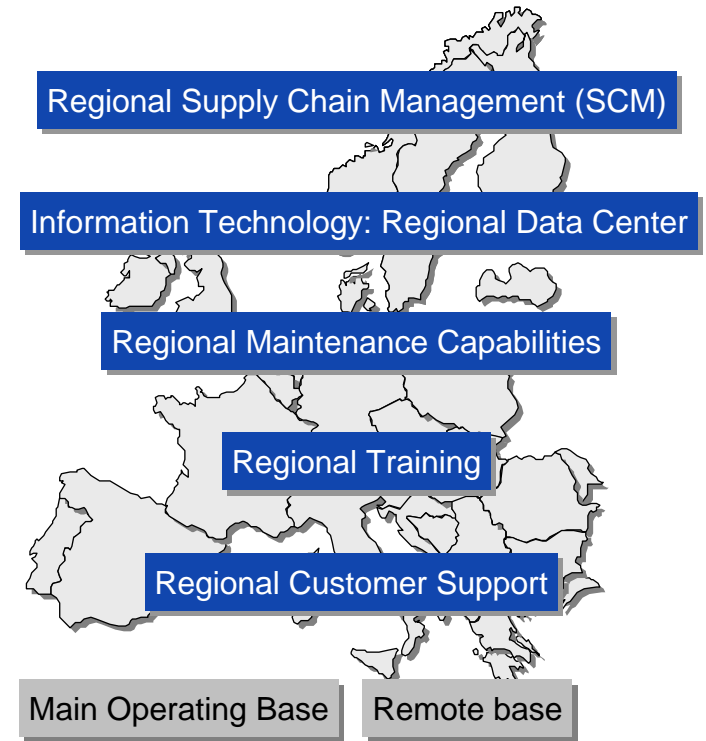


The Regional Support Center will be part of the JSF Global Support activities

The Global Support Solution

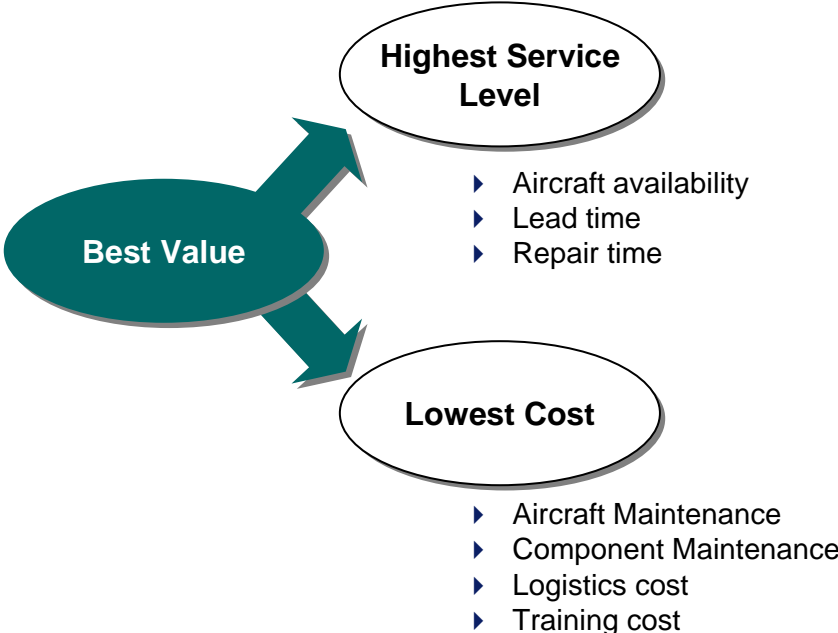


Regional Support Activities



The objective of the JSF program is to deliver Best Value, including in the post-acquisition phase

Elements of Post Acquisition Best Value
(Not exhaustive)



Key Elements of Post Acquisition Value
(Not exhaustive)

Capabilities	Cost Drivers
Supply Chain Management	Network Footprint
Maintenance	Factor Cost
Training	Scale / Utilization
International Cooperation	Regulations
Knowledge & IT	

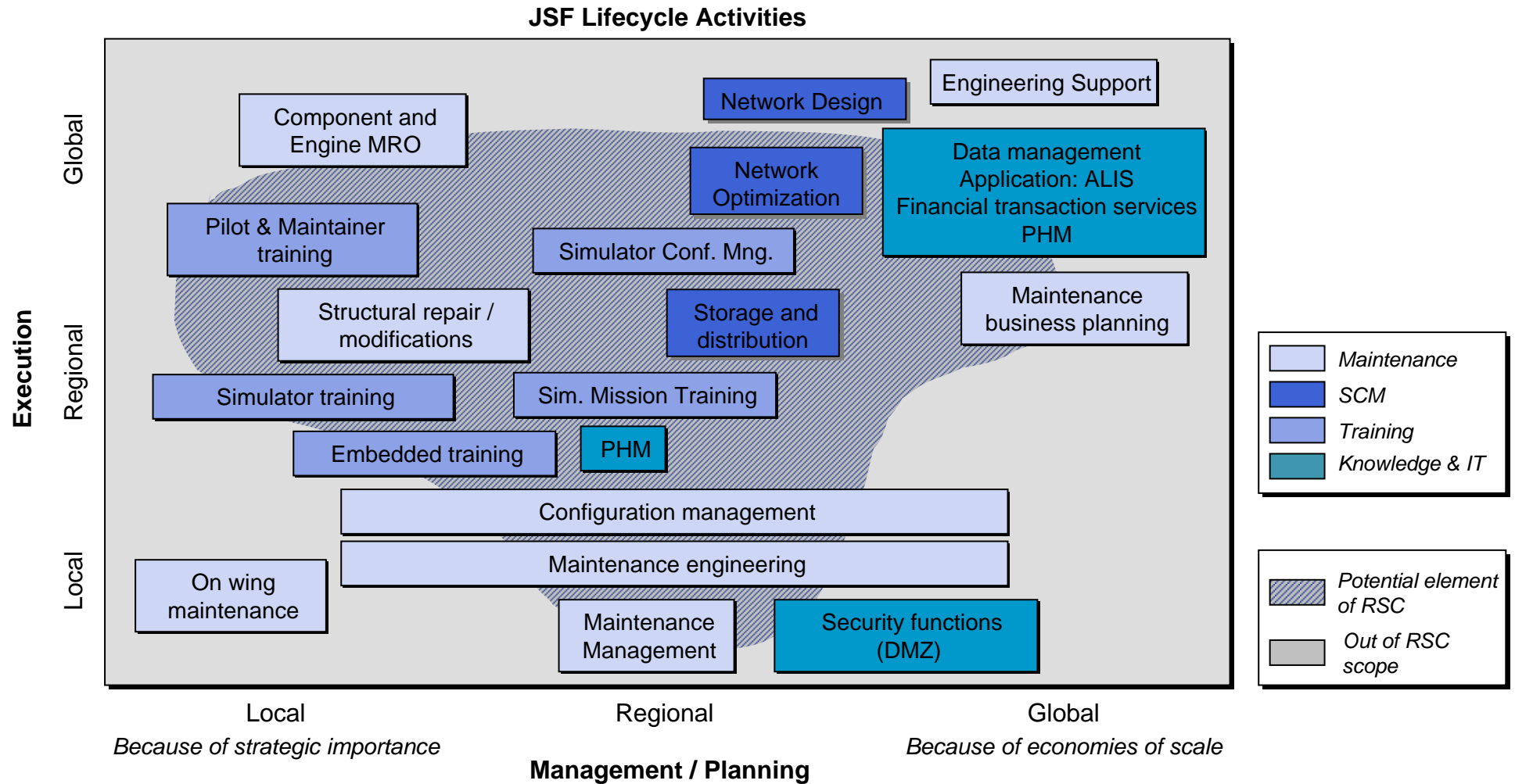


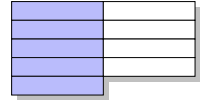
An optimum combination of global management and customer proximity will drive post-acquisition Best Value

Activity	Focus			Considerations
	Global	Regional	Local	
Data Management Platform Software Application (ALIS) Financial transaction services Prognostic Health Management				Economies of scale Centralization of Knowledge Collective training
Pilot training Engineering Support Component / Engine MRO repair Network design				Global Control Global Management
Configuration management Maintenance Engineering				
Simulator mission training Maintainer training Structural repair / modifications Network optimization				
Maintenance Management Embedded training Simulator training Simulator Configuration management Storage and distribution of goods				
On-wing maintenance Security Functions (DMZ)				
				Local implementation Local presence Local Strategic Importance

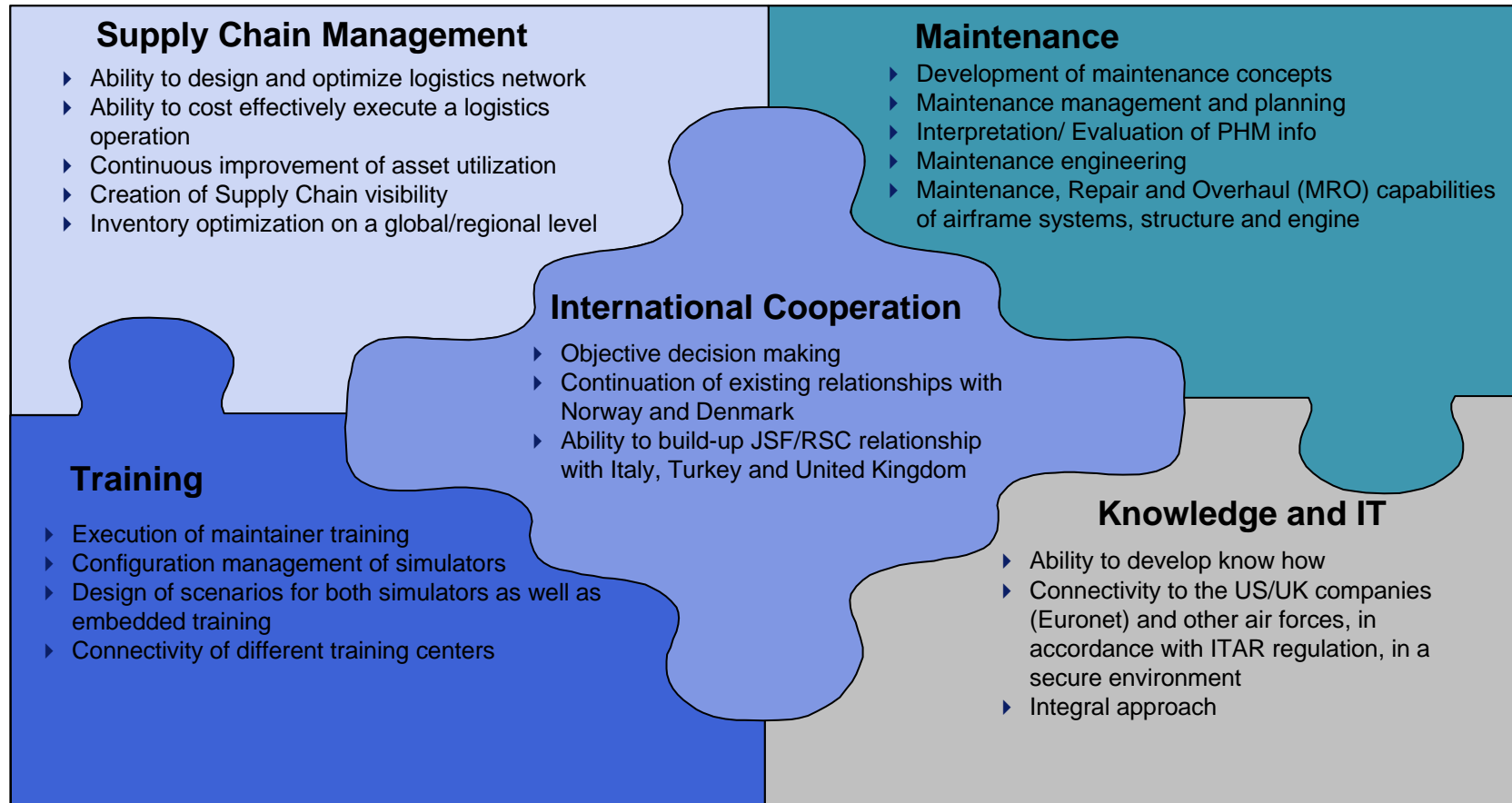


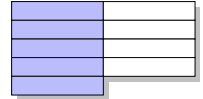
The Regional Support Center could contain global, regional and local activities





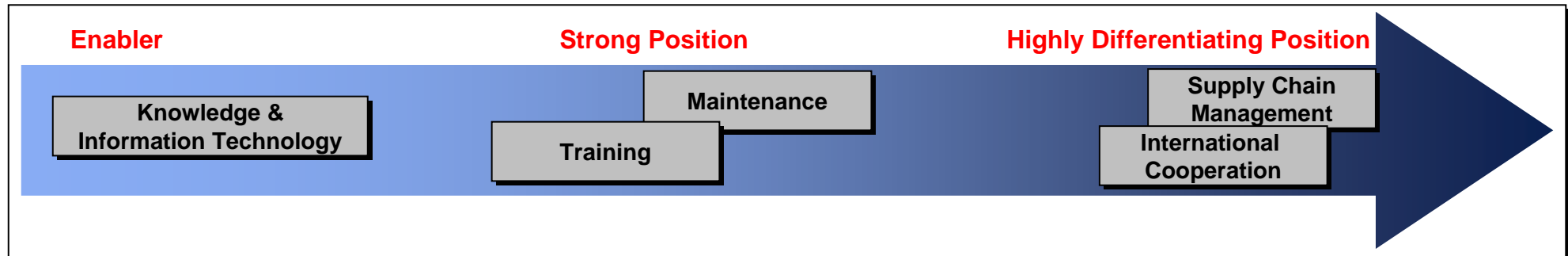
Five strong capabilities will be required to build a Best Value Regional Support Center





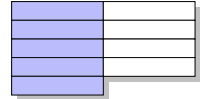
The Netherlands has these strong capabilities

Position of Dutch RSC Capabilities

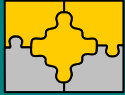




Knowledge & IT	Training	Maintenance	International Cooperation	Supply Chain Management
<ul style="list-style-type: none"> ▶ Technology is not a differentiator, it is a qualifier ▶ Capabilities of Dutch companies will not influence the location of the data center ▶ The Netherlands is strong positioned in terms of knowledge development 	<ul style="list-style-type: none"> ▶ Environmental restrictions make centralized pilot trainings unlikely for The Netherlands ▶ The Netherlands is well positioned for specific training components: embedded training and maintenance simulation training 	<ul style="list-style-type: none"> ▶ Many parties in The Netherlands have strong maintenance capabilities both in the development of maintenance concepts (e.g. performance based contracts) as well as in execution ▶ Starting Public Private Partnerships 	<ul style="list-style-type: none"> ▶ Proven concept of cooperation between the Air Forces of Norway, Denmark and The Netherlands 	<ul style="list-style-type: none"> ▶ Geographical position of The Netherlands is unmatched compared to other countries ▶ Strong Dutch players with global presence both in Supply Chain Management concepts and in logistics execution ▶ Many examples of European distribution centers in The Netherlands





In particular, combinations of these capabilities have proven very successful for Defense solutions I

 **Global Support Network**

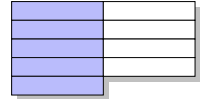
- ▶ Stork Aerospace has signed an agreement with the Boeing company to establish a European Support Center as part of a Global Support Network (GSN)
- ▶ The facility is located near Schiphol Airport
- ▶ The Global Support Network will offer life cycle maintenance and support services for military aircraft around the world
- ▶ Stork Fokker Services will provide the complete front-office, including administrative, customer services, AOG services and warehouse services for different aircrafts
- ▶ Supported aircraft: Harrier, F-15, Apache, Chinook, C-17

 **Norway
Denmark
The Netherlands**

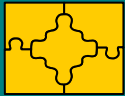
 




- ▶ The Royal Air Forces of Norway, Denmark and The Netherlands have been working together on several support elements of the F-16 during the past two decennia
- ▶ Logistics: Norway, Denmark and The Netherlands have setup pool agreements for high value/slow moving components
- ▶ Maintenance: some elements of the engine and component maintenance are executed in cooperation. Test facilities (analogue, digital and radio frequency testing) are shared
- ▶ Sourcing: The countries combined their buying efforts in order to realize buying power
- ▶ Norway and The Netherlands developed the F-16 maintainer simulation training



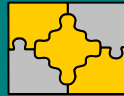






In particular, combinations of these capabilities have proven very successful for Defense solutions II

**F-16 Lifecycle Support**



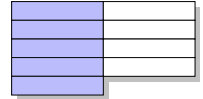
- ▶ The Royal Netherlands Air Force worked intensively with the Dutch Industry on different programs related to the F-16 life cycle Support. Most important examples include:
 - The Midlife Update (MLU) in cooperation with Stork
 - The development of the initial prognostic and health monitoring since the early 90's
- ▶ The RNLAF worked intensively with Stork Fokker Services. Stork currently operates a facility at Woensdrecht where Stork is involved in the F-16 modification program, structural repair, component repair and program management
- ▶ The RNLAF worked with the different knowledge institutions: TNO, NLR

**Supply Chain Management
International Cooperation
Knowledge and IT**

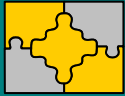


- ▶ CGE&Y and MOD UK create the Defense Electronic Commerce Service (DECS) in a Public Private Partnership
- ▶ DECS is the e-business platform to deliver trading portal and collaborative working environment capabilities and services which are applicable to all MoD business units
- ▶ Underpinning DLO business change for:
 - Improved inventory management
 - Common procurement practices
 - Improved trading relationships
- ▶ Purpose is to reduce the costs of providing joint logistics support to the MOD armed Forces by 20% by 2005
- ▶ Visibility / transparency of 'whole' supply chain
- ▶ "DECS is a service not a system"








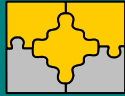
... and for non-Defense solutions I




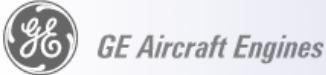
International Cooperation Supply Chain Management Information Technology



- ▶ TNT Logistics and Rolls-Royce engines have established an agreement for the transportation and supply chain management of all inbound logistics.
- ▶ TNT Logistics manages the supplier base for all UK Rolls-Royce factories and the Rolls-Royce factory in Indianapolis (US)
- ▶ TNT Logistics creates full visibility for all incoming goods and assures the stream of incoming goods is aligned with production
- ▶ TNT Express has been selected as the preferred supplier of express delivery of components (e.g. AOG). Typical customers: Fiat Avio, Pratt & Whitney



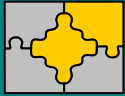
Engine Maintenance





- ▶ KLM has entered into a customized service agreement with GE Engine Services and is investing in a new Engine Overhaul Center
- ▶ The agreement with GE, relating to CF6 engines, enhances long-term productivity of KLM's engine overhaul processes. GE Engine Services and KLM cooperate in many different areas, including streamlining KLM's overhaul processes, substantially increasing efficiency and reducing required inventory levels
- ▶ Initial capacity of 350 shop visits per year



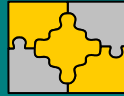
... and for non-Defense solutions II




**International Cooperation
Supply Chain Management
Information Technology**






- ▶ KLM Aerospace logistics operates Boeing service center near Schiphol Airport
- ▶ KLM Aerospace Logistics ensures that European airlines and maintenance providers can get spare parts in the shortest possible time. The center maintains inventory for about 50,000 different types of parts and has 6,317 m2 of warehouse space plus office areas and is designed for growth
- ▶ The center's stock is electronically linked to the worldwide Boeing spares inventory control system through a high-speed communications network and is fully integrated into the Boeing PART Page web site


**Supply Chain Management
International Cooperation
Knowledge and IT**



- ▶ CGE&Y Gemini Ernst & Young was asked to investigate and then to implement recommendations on the company's European distribution structure
- ▶ CGE&Y provided a first-class knowledge of the logistics market in Europe and a broad perspective that allowed it to view logistics as part of the entire supply chain process
- ▶ The identified savings amount to 19 percent of total logistics costs
- ▶ Additionally, the new centralized approach will improve logistics control and reduce the amount of managerial attention required by providing a better management information process and greater visibility into the supply chain

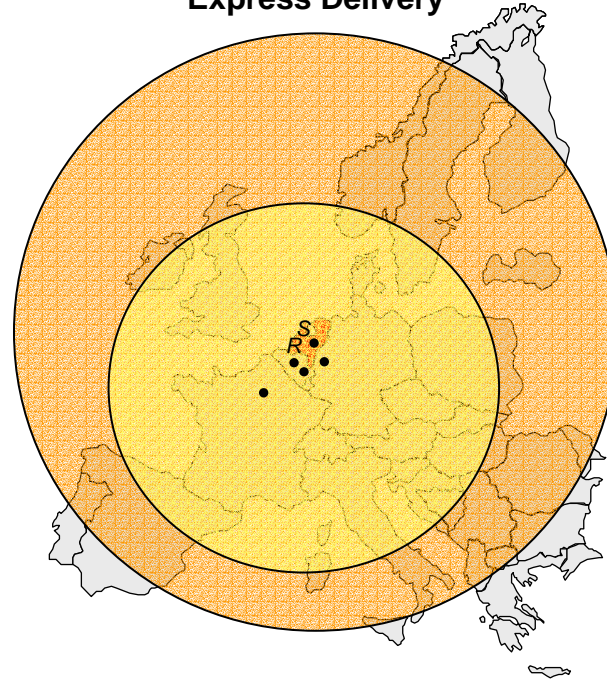


The geographical position of The Netherlands for European supply chain management footprint is unmatched

European JSF Countries as central hub location



Delivery range Express Delivery



- ▶ The central geographical position in Europe results in lowest total transportation distances and therefore total transportation cost will be low
- ▶ The central location of The Netherlands and its fast connections to important hubs of distributors, result in short delivery lead times

Hub location	Amsterdam	Copenhagen	London	Oslo	Rome	Ankara
TOTAL	5,650	5,815	6,578	7,175	7,889	11,942

Low total transportation cost



High total transportation cost

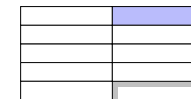
Lead Times	
	1 day
	2 days

S	Amsterdam Airport Schiphol
R	Main Port Rotterdam
•	European hub location of major distributor

(1) Equals the total distance from hub to all other cities

Source: Booz Allen Hamilton Analysis





The existing infrastructure, specially around communication, will be beneficial to the RSC concept

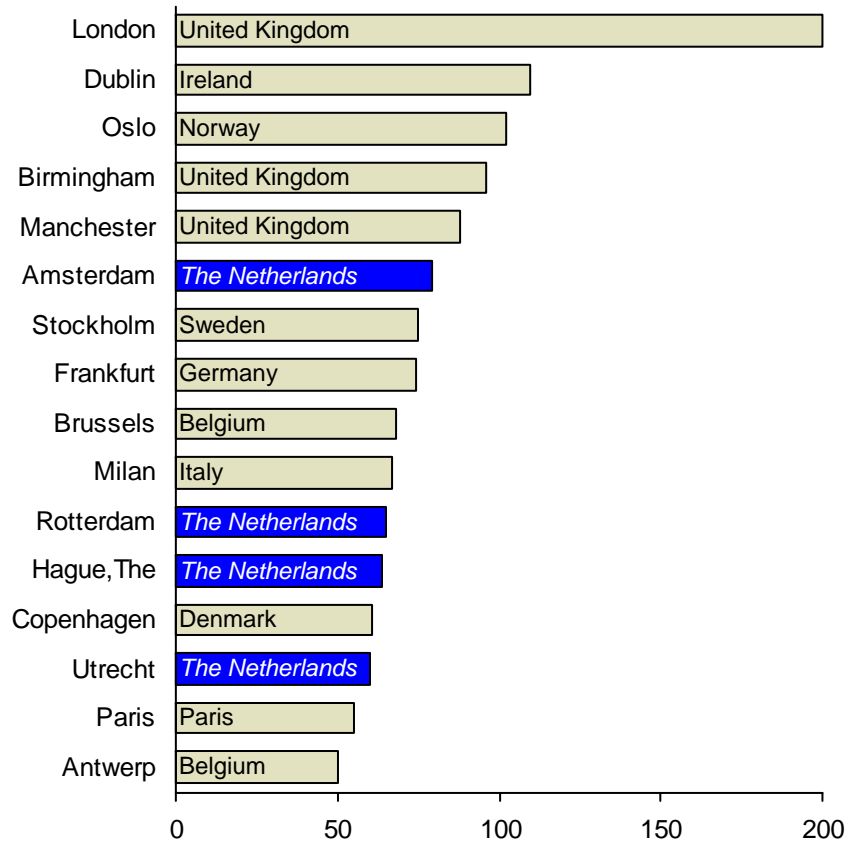
	SURFNet / GigaPort	NAFIN
Background	<ul style="list-style-type: none"> ▶ In the Netherlands, the importance of an advanced IT-infrastructure enabling scientific research and industrial Science and Engineering has been recognized in the early 1980's ▶ This resulted in a subsidized national research and education network: SURFnet5 ▶ SURFnet6, also known as GigaPort Next Generation Network is already on the drawing-board 	<ul style="list-style-type: none"> ▶ In the late nineties the Dutch department of Defense decided to realize a network infrastructure to replace several defense related telecommunication networks ▶ This has resulted in the Netherlands Armed Forces Integrated Network (NAFIN), connecting all the IT facilities ▶ Network management and operations of NAFIN are executed by the Defense Telematics Organization (DTO)
Access & Cost	<ul style="list-style-type: none"> ▶ Use of SURFnet is restricted to higher education and research institutes, academic hospitals, and scientific libraries ▶ Non-recurrent connection costs heavily depend on geographical location and situation ▶ Generally costs per bit are very low for broadband connections 	<ul style="list-style-type: none"> ▶ Due to the specific military requirements, the use of NAFIN infrastructure is restricted ▶ It is considered very unlikely that the Department of Defense would reject the possibility of deploying NAFIN infrastructure with respect to JSF programs ▶ Currently NAFIN is used for maintenance activities concerning the F16 fighter airplane in collaboration with NATO partners Denmark and Norway
Future Developments	<ul style="list-style-type: none"> ▶ The proposed GigaPort Next Generation Network project is aimed at creating a world leading research network ▶ Additionally, developments in advanced technologies concerning Security and Authentication, Grid technologies and Supercomputing will be enabled 	<ul style="list-style-type: none"> ▶ An upgrade of both network capacity and functionality is planned in the near future in order to secure future performance and extended broadband services like Voice over IP and Video ▶ Using RPR and MPLS techniques, capacity will increase to 10 Gbit/s and 2.5 Gbit/s in core and access rings, respectively

Source: Stratix Consulting Group B.V. 2003, "The Value of Dutch IT-infrastructures for JSF Science and Engineering"

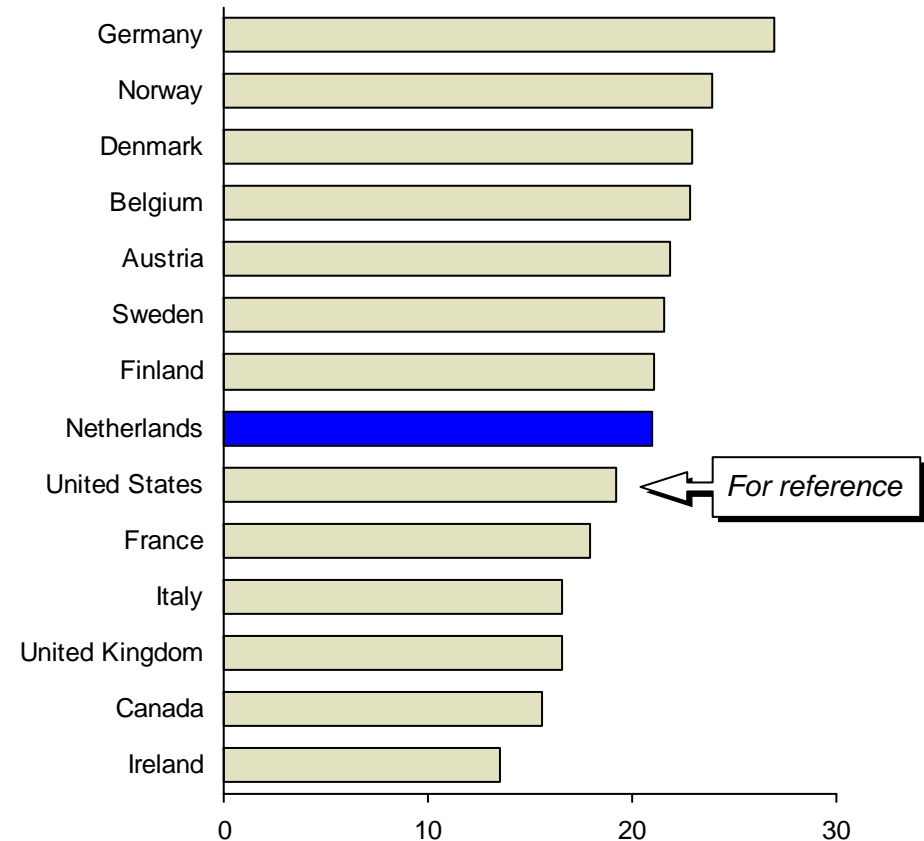


Factor Cost in The Netherlands are at average European levels or even advantaged

European Warehouse Cost
Euro/m²/year – Quarter 4, 2002



European Labor Cost
Euro/hour – Quarter 4, 2002

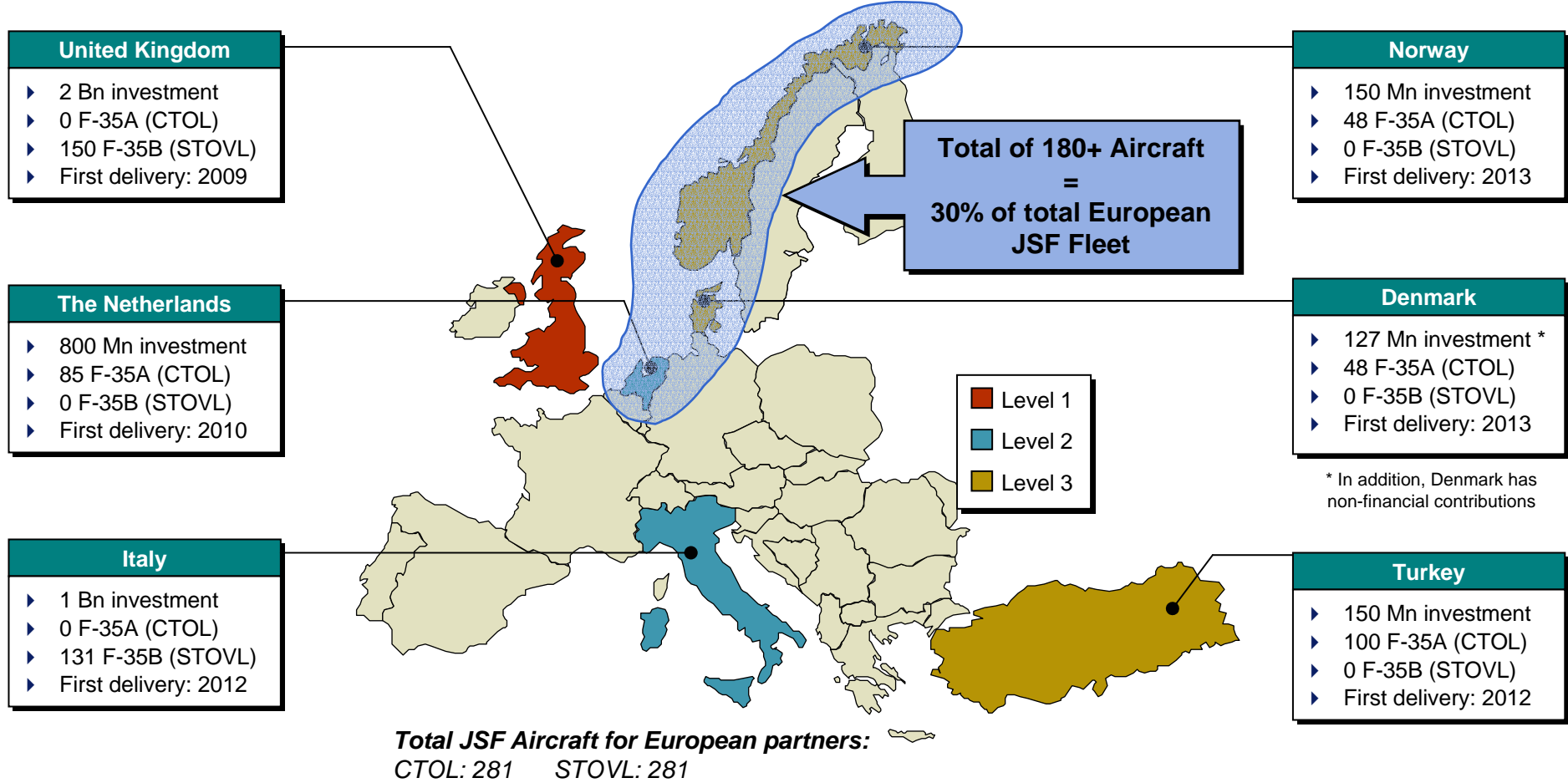


Source: Jones Lang Lasalle



International cooperation with countries such as Denmark and Norway (EPAF) would deliver significant scale

JSF Participation of European Countries



Source: Press Releases



Dutch regulations will provide additional advantages

Flexible Customs System

- ▶ Customs provision on storage, exemptions and transportation
 - Customs Bonded Warehousing
 - Import exemptions
 - Transport of goods
- ▶ Simplification of customs procedures
 - Authorized consignee
 - Local clearance procedure for import./export
- ▶ Value Added Tax
 - Deferment of VAT

Dutch Labor Regulation

- ▶ Quality of Personnel
 - High proportion of higher education
 - Low unemployment rate
 - High labor productivity
- ▶ Highest percentage of Flexible Labor Contracts in Europe
- ▶ Trade unions in the Netherlands are moderate in character
- ▶ EU Membership allows people from the EU to work in The Netherlands

Tax Regulation

- ▶ Corporate tax rates are in line with its European neighbors
- ▶ The Netherlands offers the possibility to discuss in advance the tax treatment of certain operations
- ▶ The Netherlands has signed tax treaties with over 60 countries around the world, which emphasizes the commitment to international and bilateral commerce
- ▶ The participation exemption, which makes that all benefits related to a qualifying shareholding (e.g. cash dividends, dividends-in-kind, bonus shares, hidden profit distributions and capital gains) are exempt from Dutch corporate income tax



The Netherlands would be able to deliver post-acquisition Best Value in an RSC

Position of The Netherlands – Capabilities –

- ▶ All capabilities are at par or world-class
- ▶ Cooperation and the proven ability to deliver combined capabilities is key

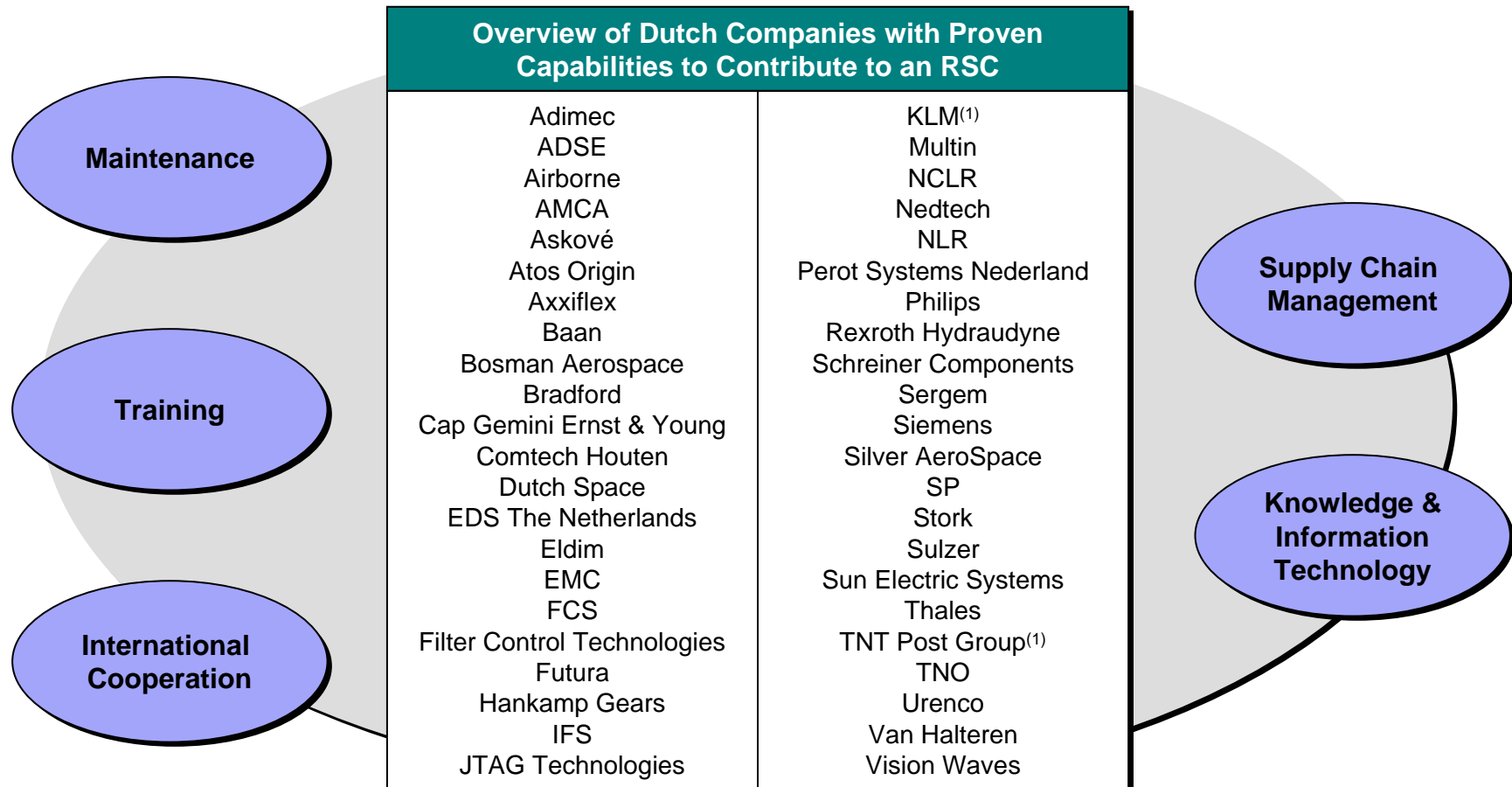
Capabilities	Cost Drivers
Supply Chain Management	Network Footprint
Maintenance	Factor Cost
Training	Scale / Utilization
International Cooperation	Regulations
Knowledge & IT	

Position of The Netherlands – Cost Drivers –

- ▶ Unmatched Geographical Position
- ▶ At par - Factor Cost
- ▶ Advantaged - Regulations




Many Dutch companies and institutions have proven capabilities to contribute to an RSC



(1) KLM and TPG Post Group have not yet signed the MFO



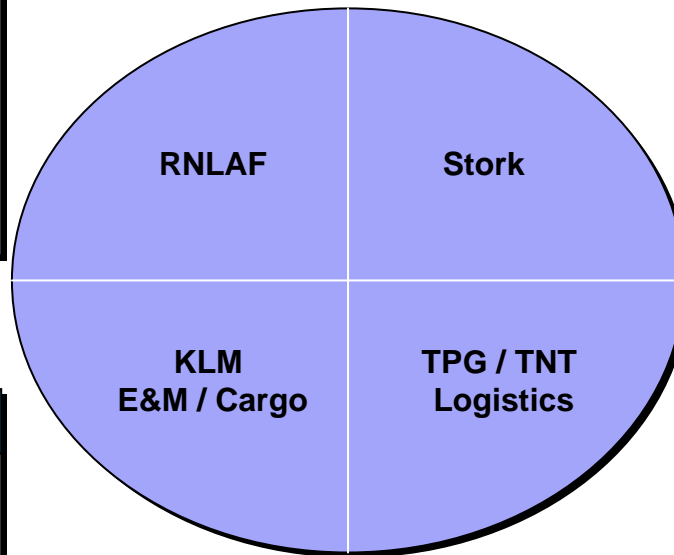
Four parties should be at the core of a continued Dutch RSC effort

Koninklijke Luchtmacht 

- ▶ Strong training and maintenance capabilities at Woensdrecht
- ▶ Leading role in EPAF cooperation
- ▶ Close connection to JPO
- ▶ Configuration Mng expertise
- ▶ Program Mng capabilities



STORK[®]

- ▶ Strong involvement in JSF program through Stork Aerospace
- ▶ Experience in defense maintenance and global logistics through Fokker Services (e.g. Woensdrecht) and cooperation with Boeing (GSN)
- ▶ Strong capabilities in maintenance training



KLM  engineering & maintenance

- ▶ Strong engine maintenance capabilities
- ▶ Solid partnership with Boeing (both maintenance and logistics) and GE (engine maintenance)
- ▶ Partner in SCM for many European airlines (e.g. Lufthansa, Air France)

TPG  **TNT** 

- ▶ Strong logistics capabilities
- ▶ Strong connection to Dutch government (both ways)
- ▶ Strong position in Italy and Australia
- ▶ Capabilities in commercial supply chain management solutions



These partners and the underlying Dutch industry base can leverage existing assets for the RSC in various ways

Overview of Potential Scenarios

EXAMPLE

Scenario 1		Scenario 2	
SCM	<ul style="list-style-type: none"> ▶ Network Optimization ▶ Storage and distribution 	SCM	<ul style="list-style-type: none"> ▶ Network Optimization ▶ Storage and distribution
Maintenance	<ul style="list-style-type: none"> ▶ Component MRO ▶ Engine MRO ▶ Configuration Management ▶ Heavy maintenance ▶ Maintenance Engineering 	Maintenance	<ul style="list-style-type: none"> ▶ Component MRO ▶ Engine MRO ▶ Configuration Management
Training	<ul style="list-style-type: none"> ▶ Embedded training ▶ Simulator training ▶ Pilot training ▶ Maintainer training ▶ Simulator Config. Mng. 	Training	<ul style="list-style-type: none"> ▶ Heavy maintenance ▶ Maintenance Engineering ▶ Embedded training ▶ Simulator training ▶ Pilot training ▶ Maintainer training ▶ Simulator Config. Mng.
Data Center	▶ Data Management	Data Center	▶ Data Management

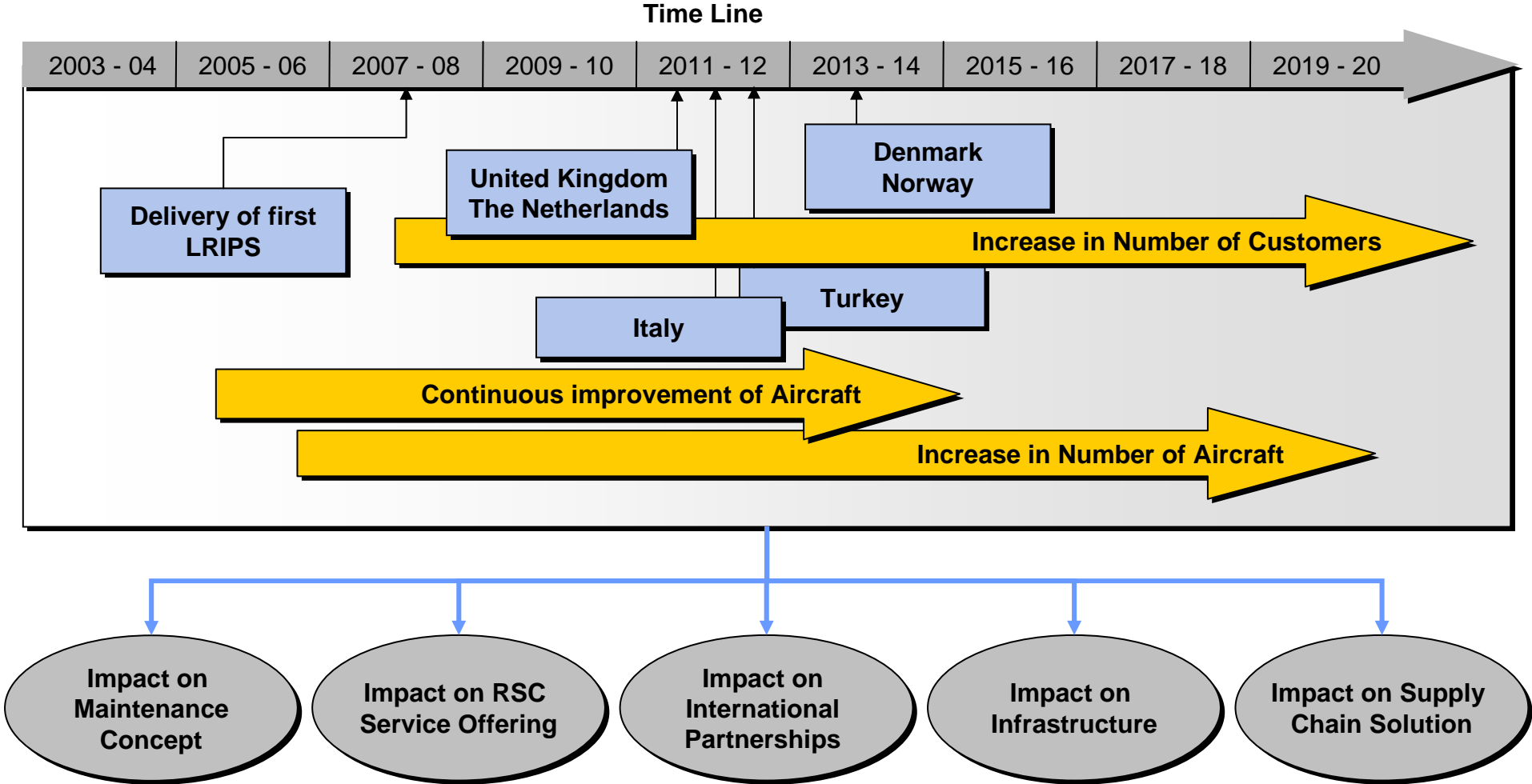


Non RSC Activities at Woensdrecht

- ▶ On wing maintenance
- ▶ Maintenance Management



The Dutch contribution to the RSC solution can be flexible over time



The Level 2 status, explicitly sought out, should position The Netherlands well for a role in the Global Support Solution

- ▶ The Netherlands is only one of two Level 2 partners in the JSF program
- ▶ The Netherlands specifically sought out this role
 - Be a major contributor to a key aircraft program
 - Continue to be an important partner in multinational Airforce cooperation
- ▶ Also given the operational role which the RNLAf may play, a role in the Global Support Solution would be appropriate



The fact that the RNLAF will aim to maintain configuration alignment to the US forces will enable a seamless role in the Global Support Solution as dictated by the Baseline

- ▶ The RNLAF will maintain configuration alignment to the US forces
 - RNLAF has shown its commitment to do this on the F-16
 - RNLAF has proven the value of this in operational assignments

- ▶ Configuration alignment will enable and facilitate a role in the Global Support Solution
 - Capabilities and expertise will be fully aligned
 - Assets will be aligned and fully effective

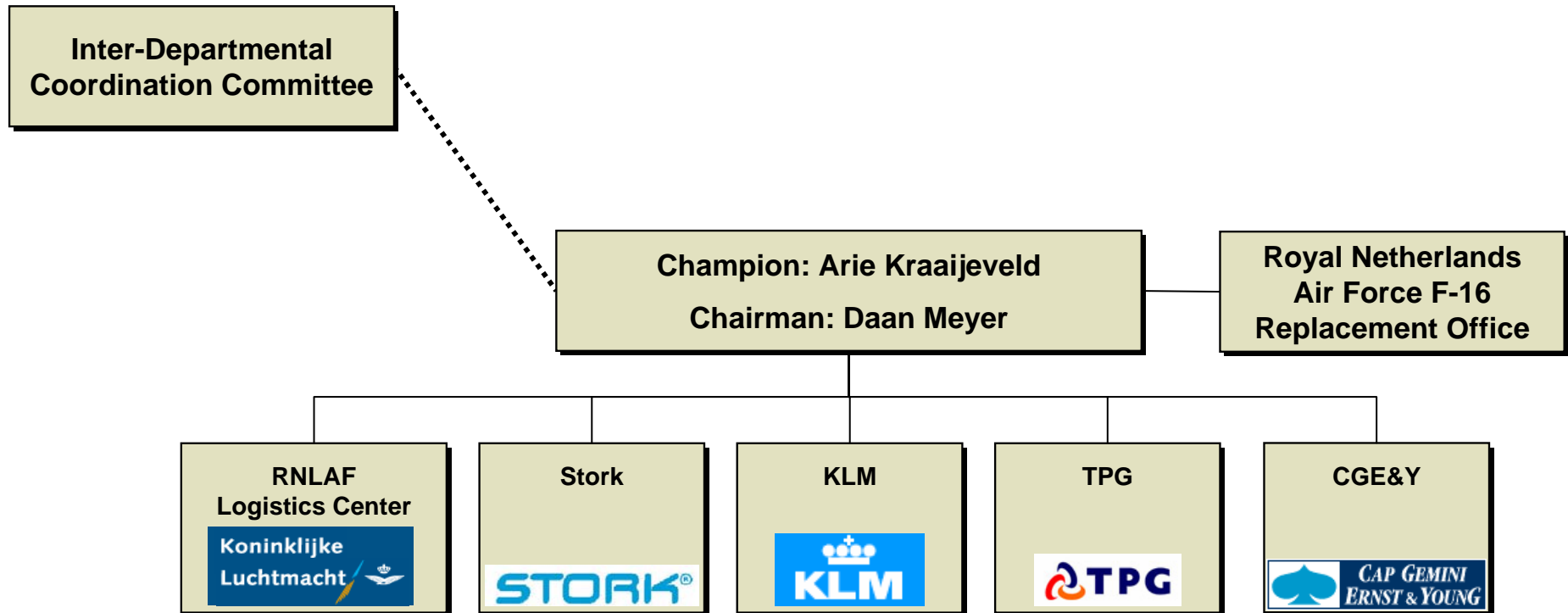
- ▶ Conversely, if the RNLAF deviate from the standard configuration it could significantly complicate an effective role in the Global Support Solution



September 2003 Status



A Working Group has formed for Phases II and III



The objectives for the Working Group are as follows:

- ▶ Develop a Dutch vision of the design and management (logistics, ICT and Public Private Partnerships) of a European RSC as part of the Global Support activities - based on customer requirements (LM, JPO, partners)
- ▶ Position defense sub-organizations and MFO-participants who could influence the process, thereby strengthening the aerospace cluster, while keeping in mind government and industry interests
- ▶ Lobby for Dutch replies to JSF related RFIs / RFPs, and enabling and initiating cooperations / strategic partnerships in support of those replies
- ▶ Develop a negotiation strategy and position towards all relevant parties, so translating 'best value scenario' into 'bid book'
- ▶ Maintain close contacts with MPV (the RCAF F-16 Replacement Project Team) as they are developing Dutch maintenance concepts
- ▶ Develop international cooperation in European countries, Australia and Canada



Phase I is only the beginning, pro-active Phases II and III (and RFI/RFP follow-up) are absolutely necessary

- ▶ A definition of the Dutch interest in and capabilities for contribution to an RSC are interesting but only that
- ▶ Well coordinated and continued interaction will be required at many levels over a sustained period of time from many parties ...
 - To JPO and LM
 - With International partners
 - By Dutch government
 - By RNLAF
 - By Dutch industry
- ▶ ... through many channels ...
 - Process channels (IPTs, RFIs, RFPs etc.)
 - More informal channels
- ▶ ... while continuing to adapt and refine the positioning to changing circumstances



Appendix

▶ Supply Chain Management

▶ International Cooperation

▶ Maintenance

▶ Knowledge & Technology

▶ Training

▶ The Netherlands

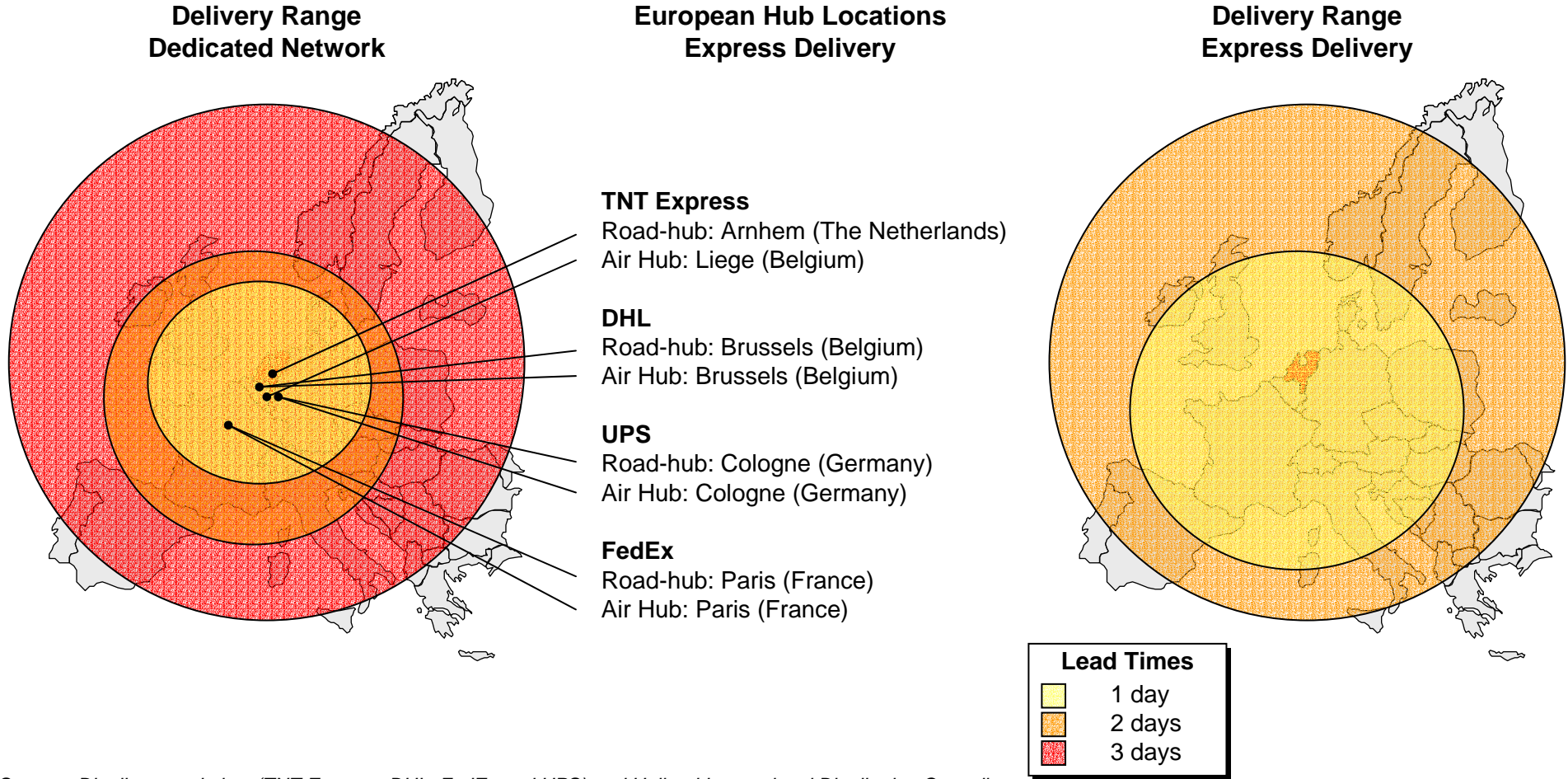


The Netherlands, or the “Gateway to Europe”, is a good location for a European Distribution Center as part of the JSF RSC

- ▶ The central location of The Netherlands and its fast connections to important hubs of distributors, result in short delivery lead times
- ▶ The central geographical position in Europe also results in lowest total transportation distances and low transportation cost
- ▶ While 85% of the total warehousing cost, represented by labor and buildings, are at par with other European countries
- ▶ The Netherlands has a flexible customs system, which offers a number of advantages such as bonded warehouses
- ▶ The existing infrastructure; main port Rotterdam and Amsterdam Airport Schiphol, are rated amongst the largest in Europe
- ▶ More than 50% of all US companies that established European Distribution Centers have set up their operations in The Netherlands



The central location of The Netherlands and its fast connections to important hubs of distributors, result in short delivery lead times



Source: Distributor websites (TNT Express, DHL, FedEx and UPS) and Holland International Distribution Council



The central geographical position in Europe also results in lowest total transportation distances and low transportation cost

European JSF Partners



Distances Between Capital Cities
- Km -

	Amsterdam	Copenhagen	London	Oslo	Rome	Ankara
Amsterdam	-	619	330	907	1,283	2,511
Copenhagen	619	-	929	480	1,514	2,272
London	330	929	-	1,132	1,403	2,784
Oslo	907	480	1,132	-	1,985	2,671
Rome	1,283	1,514	1,403	1,985	-	1,704
Ankara	2,511	2,272	2,784	2,671	1,704	-

TOTAL	5,650	5,815	6,578	7,175	7,889	11,942
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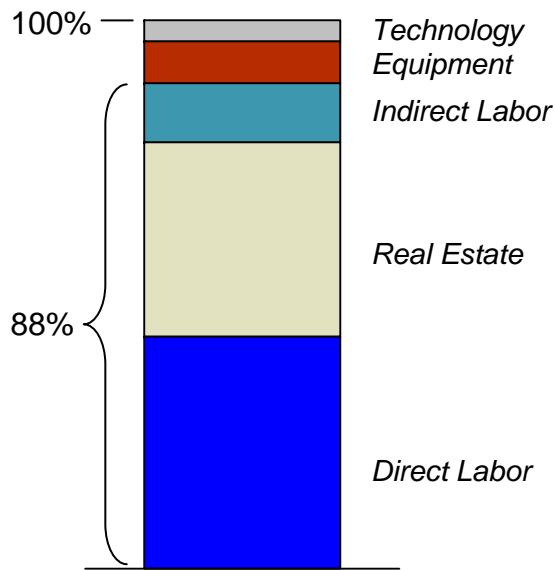


Source: Booz Allen Hamilton Analysis

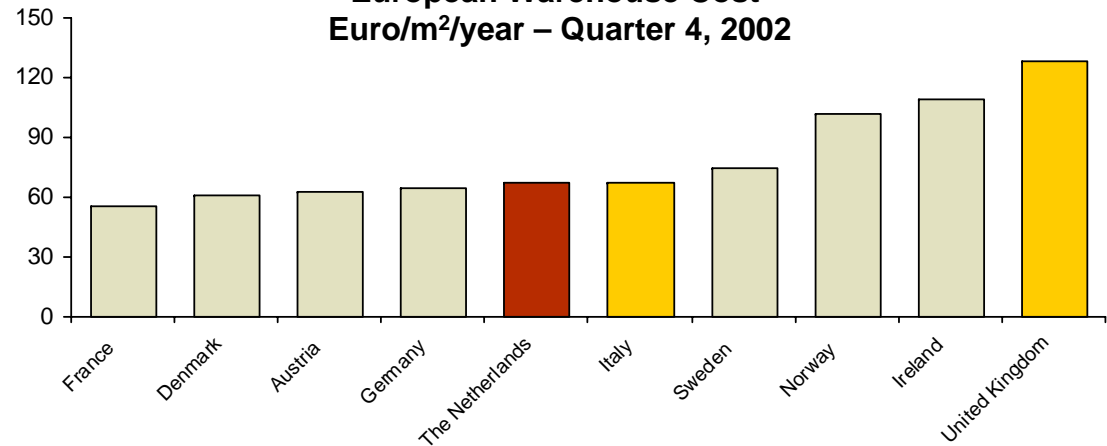


While almost 90% of the total warehousing cost, represented by labor and buildings, are at average with other European countries

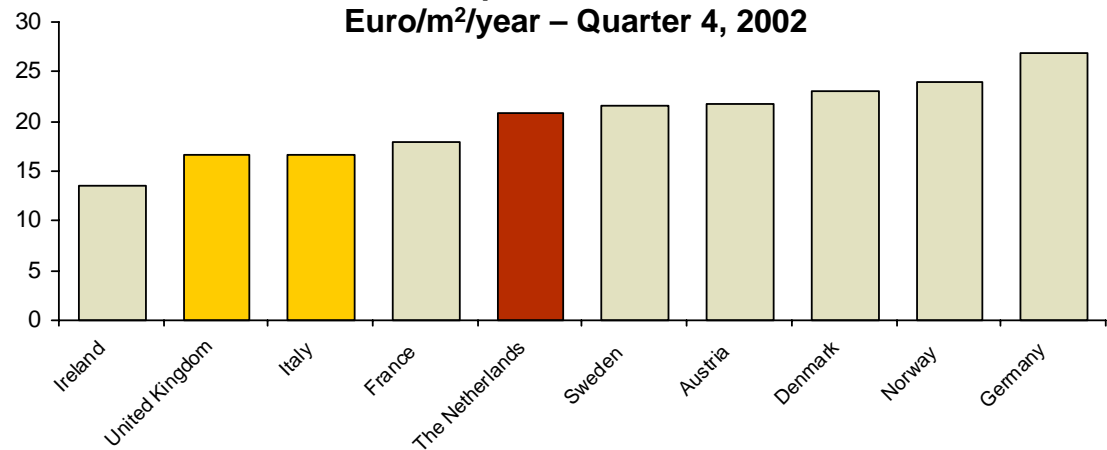
Warehousing Cost Typical Breakdown



European Warehouse Cost Euro/m²/year – Quarter 4, 2002



European Labor Cost Euro/m²/year – Quarter 4, 2002



Source: Booz Allen Hamilton Analysis, Jones Lang Lasalle
U.S. Department of Labor and Bureau of Labor Statistics



The Netherlands has a flexible customs system, which offers a number of advantages such as bonded warehouses

- ▶ A decentralized system of temporary storage, bonded warehouses and free warehouses is available throughout the country. It is possible to transfer goods to the EU and store them without duties and VAT becoming due at import date. The system is flexible allowing any warehouse in the country to be declared a customs bonded warehouse, given certain requirements
- ▶ Dutch customs has a reputation for being cooperative and flexible with respect to the acceptance of simplified customs procedures, which streamline the validation of documents and replace bureaucratic red tape and customs checks with administrative control
- ▶ The Netherlands makes use of all the possibilities the EU customs system offers to avoid unnecessary payments of customs duties and VAT at import
- ▶ In contrast to most other EU Member States, the Netherlands have implemented a specific provision with respect to the deferment of VAT at import
- ▶ In the Netherlands an important duty saving opportunity exists in the "first sale for export" provision
- ▶ Dutch customs officials make use of computerized clearance systems that speed up the flow of cargo. Due to unified and standardized documentation, costly delays are eliminated and approval time is minimized



The existing infrastructure; main port Rotterdam and Amsterdam Airport Schiphol, are rated amongst the largest in Europe

Key Logistics Centers in The Netherlands

Cargo traffic through European Airports		
Ports	Total cargo handled ²⁾	
1. Frankfurt (Germany)	1,631	
2. Paris (France)	1,397	
3. London (United Kingdom)	1,310	
4. Amsterdam (The Netherlands)	1,289	
5. Luxembourg (Luxembourg)	580	
6. Brussels (Belgium)	510	
7. Cologne (Germany)	510	
8. Liege (Belgium)	330	

Characteristics Amsterdam Airport Schiphol		
▶ Annual revenue	€ 774 Mn	
▶ Employees	2,100	
▶ Aircraft movements	400,000 p.a.	
▶ Capacity movements	550,000 p.a.	



Cargo traffic through European Ports		
Ports	Total cargo handled ²⁾	
1. Rotterdam (The Netherlands)	322.1	
2. Antwerp (Belgium)	131.6	
3. Hamburg (Germany)	97.6	
4. Marseille (France)	92.3	
5. Amsterdam (The Netherlands)	70.4	
6. Le Havre (France)	67.7	
7. Genua (Italy)	51.7	
8. London (United Kingdom)	51.2	

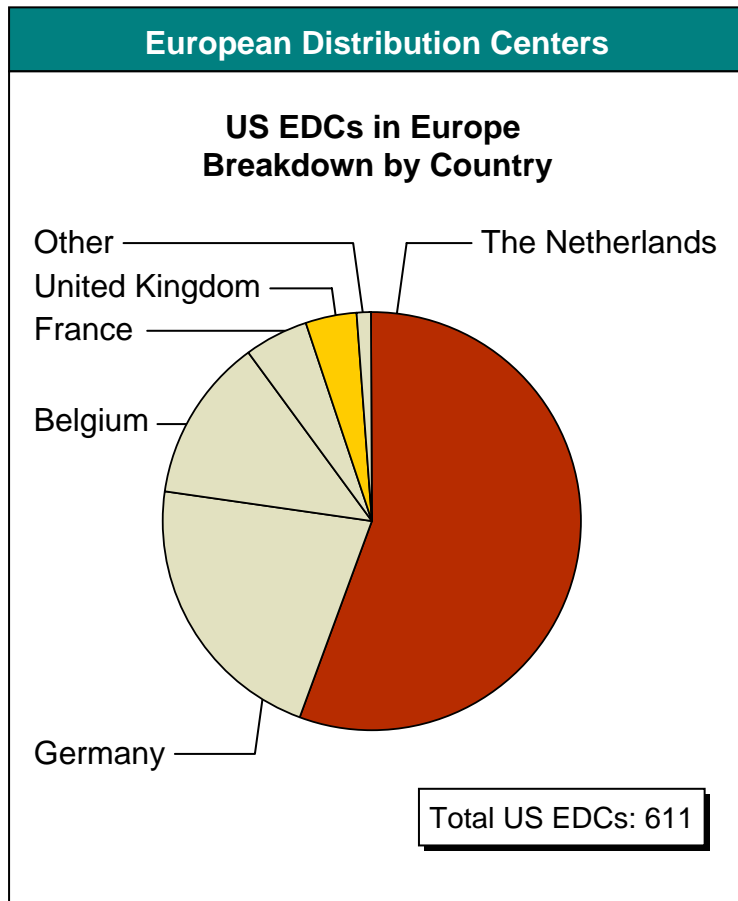
Characteristics Main Port Rotterdam		
▶ Incoming goods	284,643 ⁽³⁾	
▶ Outgoing goods	322,107 ⁽³⁾	
▶ Employees	61,000	
▶ Container / TUE movements	~10 Mn p.a.	
▶ Ship movements	~29,000	

(1) 1,000 Metric ton, Year 2002
 (2) 1,000,000 Metric ton, Year 2002
 (3) 1,000 Metric ton, Year 2002

Source: Airport Council International, Amsterdam Airport Schiphol, Rotterdam Port Statistics 2002



More than 50% of all US companies that established European Distribution Centers have set up their operations in The Netherlands



- Examples of US EDCs in the Netherlands**
- ▶ Automotive Industry
 - Eaton Corp
 - Visteon
 - ▶ Aerospace industry
 - Boeing
 - Loral Space
 - ▶ High Tech Industry
 - Canon
 - Hewlett Packard
 - Compaq
 - Cisco Systems International

Source: Holland International Distribution Council



These companies are happy to express their commendation...

- ▶ *“Actually our clients demanded it. We tested other locations and the Netherlands came out best for our clients and us. (...) In the Netherlands everything was arranged for our location in just 3 to 4 weeks. The Dutch government keeps its word and that is a major plus-point.”*
 - Neil D. Bird, former European Sales Manager for FedEx Logistics Electronic Commerce
- ▶ *“Logistically, we feel the Netherlands is the distribution leader of Europe, with its central location, excellent distribution channels, and state-of-the-art infrastructure.”*
 - John Chambers, President and CEO, Cisco Systems International
- ▶ *“Both the Ministry and the City of Amsterdam showed immense cooperation and were very eager to attract our planned new European distribution center. Dutch customs supported this with the availability of flexible clearance procedures to meet our needs, being quick to give us Type-E status, which greatly enhanced our scope of operations.”*
 - J. Boeijen, former general manager supply and distribution, Nissan European Parts Logistics Center
- ▶ Hankook’s managing director Europe Mr. Jung-Rak Chey explained the choice for Rotterdam as a result not just of the strategic European location of the Maasvlakte, but also of the flexibility of the Dutch government involved



Appendix

- ▶ Supply Chain Management

- ▶ International Cooperation

- ▶ Maintenance

- ▶ Knowledge & Technology

- ▶ Training

- ▶ The Netherlands



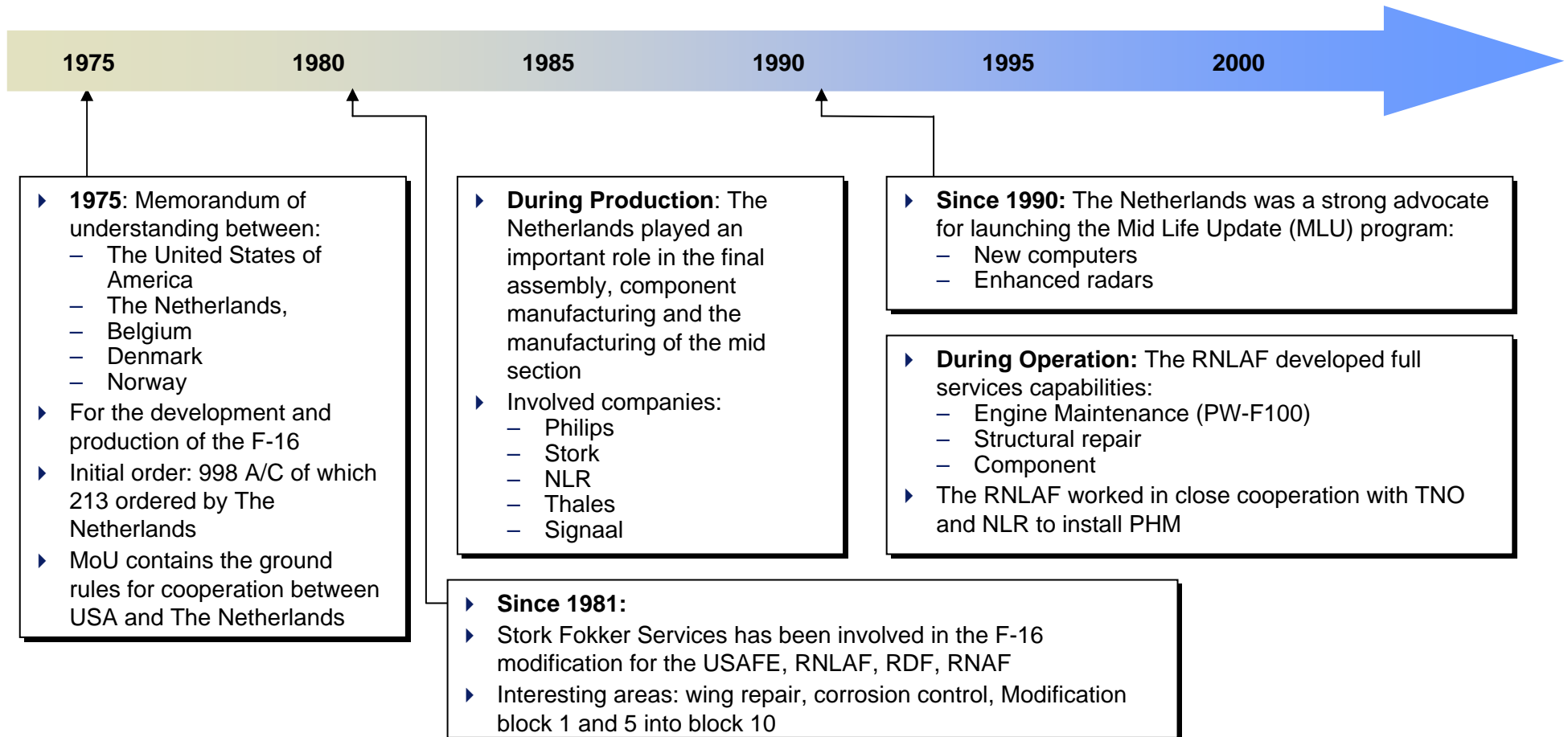
The current F-16 cooperation between different countries forms an interesting basis for the JSF Regional Support Center

- ▶ Since 1975, The Netherlands played an important role in the EPAF cooperation for the development, production and support of the F16
- ▶ This proven partnership and the continuous expansion of shared activities form a solid basis for the European RSC
- ▶ The RNLAF has also played an important role in the development of the European Air Transport Centrum (EATC)



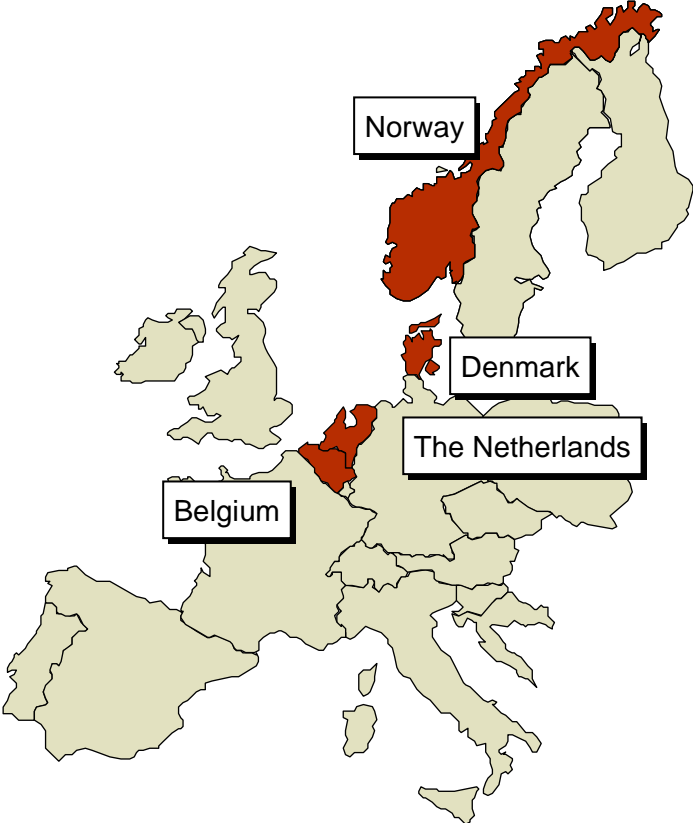
The Netherlands played an important role in the EPAF cooperation for the development, production and support of the F16 since 1975

F-16 Timeline



This proven partnership and the continuous expansion of shared activities form a solid basis for the European RSC

European Participating Air Forces



Examples of Cooperation

Logistics

- ▶ The Netherlands, Norway and Denmark are currently considering inventory Pooling Agreements

Maintenance

- ▶ Engine maintenance (PW-F100)
- ▶ Mid Life Update from 1993
- ▶ Sharing of Avionics Maintenance

Training

- ▶ Norway and The Netherlands together developed the simulated maintainer training

Sourcing

- ▶ Combined effort to increase buying power

Simulators

- ▶ Distributed mission training
- ▶ Centralization of mission training



The RNLAF has also played an important role in the development of the European Air Transport Centrum (EATC)

- ▶ On June 2001 the decision was made to establish The European Air Transport Centrum (EATC) at the RNLAF Airbase in Eindhoven (The Netherlands)
- ▶ The seven members consist of Belgium, The Netherlands, France, Germany, United Kingdom, France and Spain
- ▶ The role of the EATC is:
 - Optimization of the short term planning: act as a broker, seeking offers of capacity to match airlift requests (combining flights, optimizing dead legs, providing options to chartering)
 - Optimization of medium term and long term planning: analysis of national exercise and routine Air Traffic plans
- ▶ The EATC in Eindhoven is manned with people from all different participating countries



Appendix

- ▶ Supply Chain Management
- ▶ International Cooperation
- ▶ Maintenance
- ▶ Knowledge & Technology
- ▶ Training
- ▶ The Netherlands



The Netherlands is well positioned with respect to the development and implementation of PBH maintenance concepts

- ▶ The existing infrastructure at Schiphol and Woensdrecht is beneficial to a Regional Support Center
- ▶ KLM engineering & Maintenance developed and successfully implemented a Power-by-the-Hour maintenance concept
- ▶ Stork Fokker Services implemented a comparable global concept to support the existing Fokker fleet
- ▶ Dutch Public Private Partnerships for maintenance purposes are currently under development



The existing infrastructure at Schiphol and Woensdrecht is beneficial to a Regional Support Center

Amsterdam Airport Schiphol

- ▶ **KLM Engineering & Maintenance:** houses at Schiphol and currently employs over 5000 maintenance engineers. Annual turnover equals around 1 Bn US\$. KLM E&M provides a full range of services for KLM and third parties. Aircraft capabilities: B747, B737, B767, B777, MD11, A330. Total of 25,000 m² maintenance and test facilities
- ▶ **Martinair and Transavia Maintenance:** together are the second largest maintenance provider at Schiphol. Together they employ over 500 people. Capabilities. Aircraft capabilities: B737, B757
- ▶ **Nayak:** former Celcius Aviocomp, acquired by Saab. Mainly regional A/C capabilities (e.g. Embraer, Dornier)

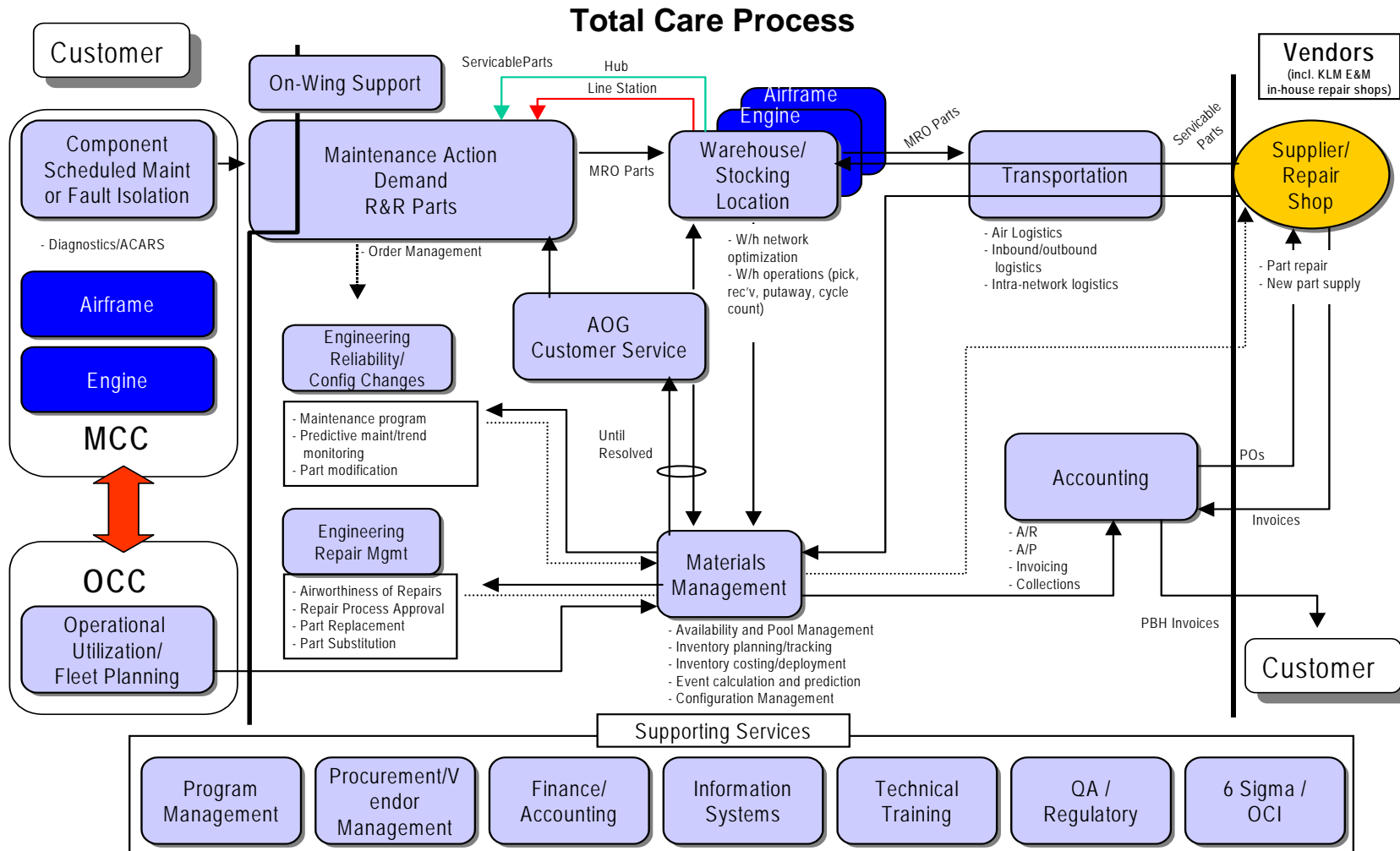


Woensdrecht

- ▶ **RNLAF:** The Logistics Center of the RNLAF is an independent unit of the Royal Netherlands Air Force. Its main base is located at Woensdrecht, where it employs over 1100 people. The RNLAF developed full service capabilities for the F-16, Chinook, Cougar and PC-7 and currently executes maintenance activities for other European Air Forces (e.g. Norway, Denmark and Portugal)
- ▶ **Stork Fokker Services:** operates 4 fully equipped military hangars for commercial aircrafts and 3 fully equipped secured military hangars for military aircraft modification and repair. Total of 12,000 m² maintenance and test facilities. Capabilities: F-104, F-16, Lynx helicopters, F-27



KLM engineering & maintenance developed and successfully implemented a PBH maintenance concept

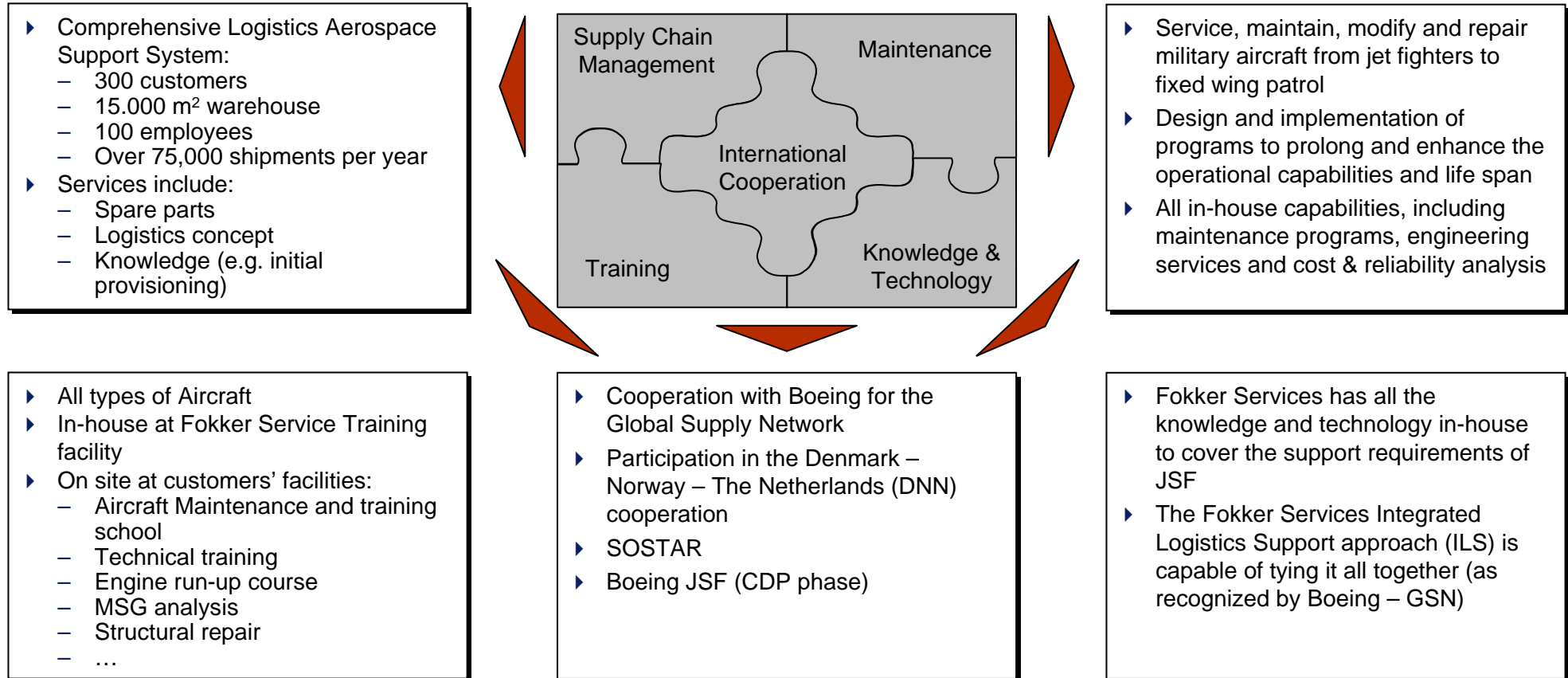


Source: KLM Engineering & Maintenance



Stork Fokker Services implemented a comparable global concept to support the existing Fokker fleet

Overview of Capabilities of Stork Fokker Services



Dutch Public Private Partnerships for engine maintenance purposes are currently under development

Different Options for the F-16 PW F-100 Engine Maintenance

Option 1

1. Invest in a new engine shop at Woensdrecht and make a split between engine components and the engine core:
 - Component maintenance: carried out by Dutch industry
 - Engine Core: carried out by Royal Netherlands Air Force

Option 2

2. Completely outsource all engine maintenance activities to KLM engineering & maintenance
 - Largest engine shop in The Netherlands
 - Current capabilities: GE CF6 engine and related components

Option 3

3. Completely outsource all engine maintenance activities to Techspace Aero in Belgium
 - Part of Snecma group
 - PW F-100 capabilities



Appendix

- ▶ Supply Chain Management
- ▶ International Cooperation
- ▶ Maintenance
- ▶ Knowledge & Technology
- ▶ Training
- ▶ The Netherlands



The Dutch Government supports the development of knowledge and technology

- ▶ The Dutch Government support different themes in the area of technology and innovation
- ▶ The Netherlands has a strong cooperation between the different knowledge institutions: TNO, NLR and the Technical University of Delft
- ▶ These knowledge institutions and Dutch industry have formed successful partnerships such as the PHM consortium
- ▶ Networks can be shared, leading to lower cost for security and connectivity providing a trusted interface towards the JSF consortium
- ▶ TNO intends to start up a cooperation with BAE-IFS in order to simulate the best value RSC solution



The Dutch Government supports different themes in the area of technology and innovation that are of help for the RSC

Overview of Most Important Government Theme's (2001)

Ministry of Economic Affairs
▶ Catalyze
▶ Partition technology
▶ Information and Communication Technology
▶ Nano-technology
▶ Biotechnology/ Life Sciences
▶ Non-food
▶ Durable energy
▶ Safety technology
▶ Infrastructure
▶ Remote sensing
▶ Sensors
▶ Creative industries
▶ Logistics systems

Ministry of Education, Culture and Science
▶ Information and Communication Technology
▶ Genomic
▶ Molecular nano-technology
▶ Ground construction
▶ Informatics & Multimedia
▶ Biotechnology,
▶ Bio-diversity
▶ Interaction knowledge infrastructure and business
▶ Patent policy
▶ International cooperation
▶ Education (Science)

Source: Booz Allen Hamilton analysis



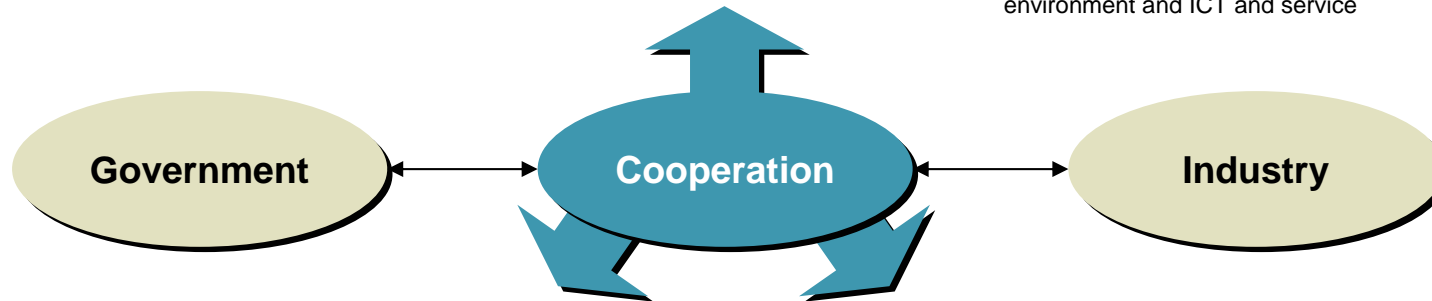
The Netherlands has a strong cooperation between knowledge institutions: TNO, NLR and the Technical University of Delft

Dutch Cluster of Knowledge Institutions



Netherlands Organization For Applied Physics & Scientific Research (TNO)

- ▶ TNO was founded in 1930
- ▶ TNO is a contract research organization (CRO). Characteristic for CROs is the way in which they operate: translating the results of fundamental research into practical applications on a commercial basis
- ▶ TNO is active in the fields of Quality of life , Defense and public safety, Advanced products, processes and systems, Natural and built environment and ICT and service



National Aerospace Laboratory (NLR)

- ▶ NLR is an independent non-profit research institute based in the Netherlands that carries out contract research for national and international customers
- ▶ The mission of the Foundation NLR is to provide expert contributions to activities in aerospace and related fields

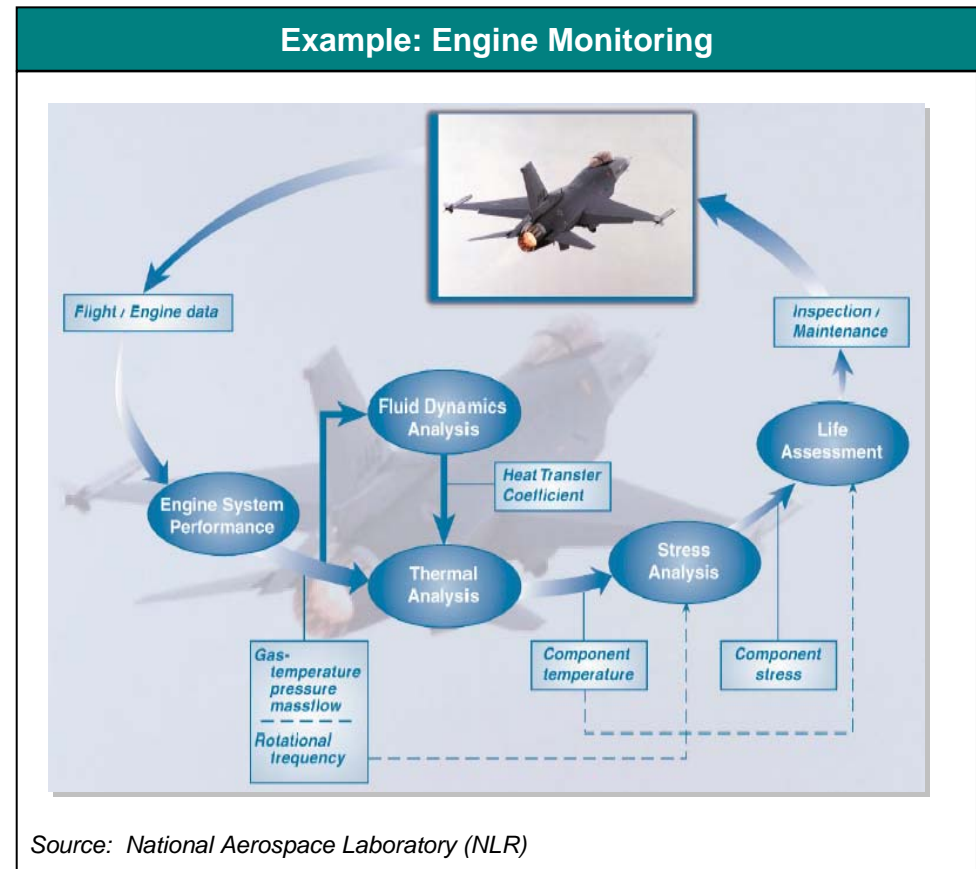
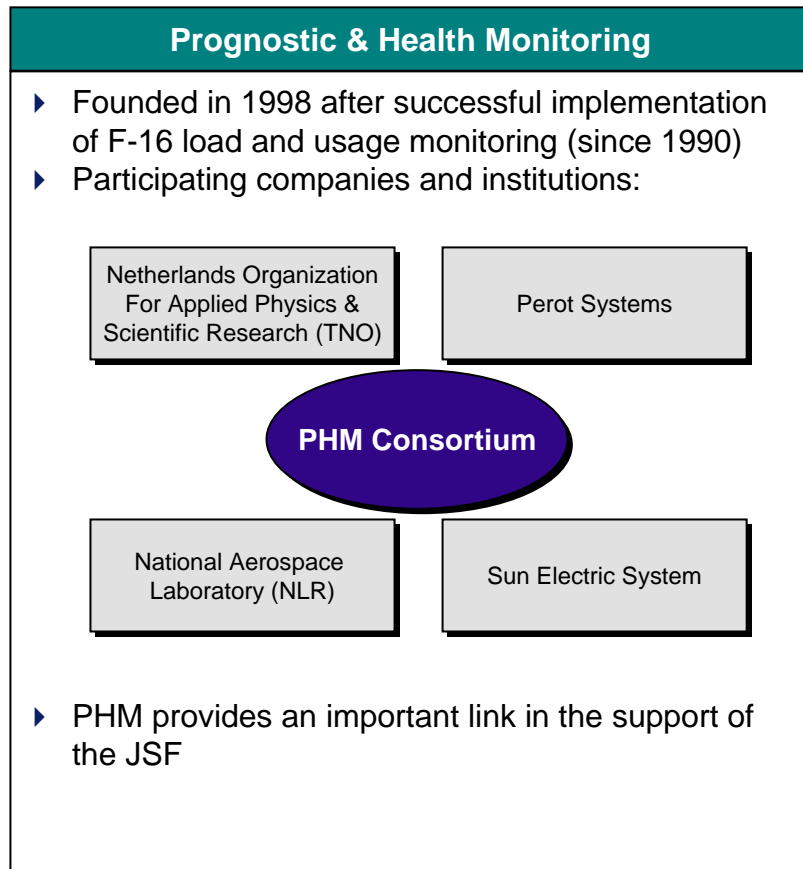
Delft, University of technology



- ▶ Founded in 1862, Delft University of Technology is the oldest, largest, and most comprehensive technical university in the Netherlands. With over 13,000 students and 2,100 scientists (including 200 professors), it is an establishment of both national importance and significant international standing
- ▶ Many of the Faculties are ABET Accredited



These knowledge institutions and Dutch industry have formed successful partnerships such as the PHM consortium



Networks can be shared, leading to lower cost for security and connectivity providing a trusted interface towards the JSF consortium

	SURFNet / GigaPort	NAFIN
Background	<ul style="list-style-type: none"> ▶ In the Netherlands, the importance of an advanced IT-infrastructure enabling scientific research and industrial Science and Engineering has been recognized in the early 1980's ▶ This resulted in a subsidized national research and education network: SURFnet5 ▶ SURFnet6, also known as GigaPort Next Generation Network is already on the drawing-board 	<ul style="list-style-type: none"> ▶ In the late nineties the Dutch department of Defense decided to realize a network infrastructure to replace several defense related telecommunication networks ▶ This has resulted in the Netherlands Armed Forces Integrated Network (NAFIN), connecting all the IT facilities ▶ Network management and operations of NAFIN are executed by the Defense Telematics Organization (DTO)
Performance & Functionality	<ul style="list-style-type: none"> ▶ More than thirty 10 Gbit/s lambdas in the backbone ▶ Connections are based on lambda technology ▶ The network offers Europe's highest capacity to the USA; currently over 2 x 10Gbit/s ▶ SURFnet connects to the European Research networks (GEANT) at 2.5Gbit/s ▶ SURFnet's availability exceeds 99.7% 	<ul style="list-style-type: none"> ▶ NAFIN is a high-capacity fiber optic network and offers a very high level of availability, redundancy and security in order to meet the international requirements for defense operations ▶ Ring capacity varies from 2.5 Gbit/s in the core to 622 Mbit/s in access rings
Access & Cost	<ul style="list-style-type: none"> ▶ Use of SURFnet is restricted to higher education and research institutes, academic hospitals, and scientific libraries ▶ Non-recurrent connection costs heavily depend on geographical location and situation ▶ Generally costs per bit are very low for broadband connections 	<ul style="list-style-type: none"> ▶ Due to the specific military requirements, the use of NAFIN infrastructure is restricted ▶ It is considered very unlikely that the Department of Defense would reject the possibility of deploying NAFIN infrastructure with respect to JSF programs ▶ Currently NAFIN is used for maintenance activities concerning the F16 fighter airplane in collaboration with NATO partners Denmark and Norway
Future Developments	<ul style="list-style-type: none"> ▶ The proposed GigaPort Next Generation Network project is aimed at creating a world leading research network ▶ Additionally, developments in advanced technologies concerning Security and Authentication, Grid technologies and Supercomputing will be enabled 	<ul style="list-style-type: none"> ▶ An upgrade of both network capacity and functionality is planned in the near future in order to secure future performance and extended broadband services like Voice over IP and Video ▶ Using RPR and MPLS techniques, capacity will increase to 10 Gbit/s and 2.5 Gbit/s in core and access rings, respectively
Intern. Benchmark	<ul style="list-style-type: none"> ▶ The core and backbone capacity of SURFnet5 is amongst the highest in Europe ▶ In terms of current external connectivity and congestion, SURFnet5 provides the best performance compared to peer networks in Europe 	<ul style="list-style-type: none"> ▶ The Dutch IT infrastructure is one of the most advanced in the world

Source: Stratix Consulting Group B.V. 2003, "The Value of Dutch IT-infrastructures for JSF Science and Engineering"

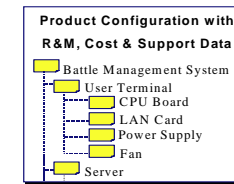


TNO intends to startup a cooperation with BAE-IFS in order to simulate the best value RSC solution

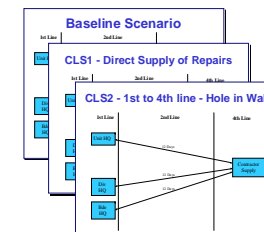
RAMLOG Capabilities

- ▶ TNO and the RNLAf are currently evaluating the potential acquisition of RAMLOG, a decision support tool provided by BAE-IFS
- ▶ The RAMLOG capability integrates reliability and maintainability data with a range of logistics data, such as: manpower, spares, test equipment, facilities and data includes the ability to allocate and accumulate support cost data
- ▶ This modeling capability provides a detailed view of the interaction between the in-service logistic functions associated with proposed maintenance and support approaches
- ▶ It is therefore able to identify any potential short falls in these proposed plans and, in comparing various approaches against each other, determine the most cost-effective approach against supportability performance measures such as operational availability
- ▶ Through the capture of the maintenance and support approach and the injection of support events, the tool aids the performance of the Logistic Support Analysis, particularly the trade-off analysis and Level of Repair Analysis.
- ▶ Through the inclusion and accumulation of cost data, it supports the performance of Life Cycle Cost (LCC) analysis

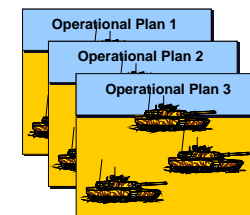
Product Information



Support Options



Operational Plans



Source: BAE Systems IFS



Appendix

- ▶ Supply Chain Management
- ▶ International Cooperation
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The Netherlands is well positioned for specific elements of the JSF training program

- ▶ The Netherlands has little interest in providing centralized initial pilot trainings as part of the Regional Support Center
- ▶ The Netherlands can play an important role in the development of embedded training and simulation
- ▶ Simulated Maintainer Training is another key component the Dutch focused on during the past ten years

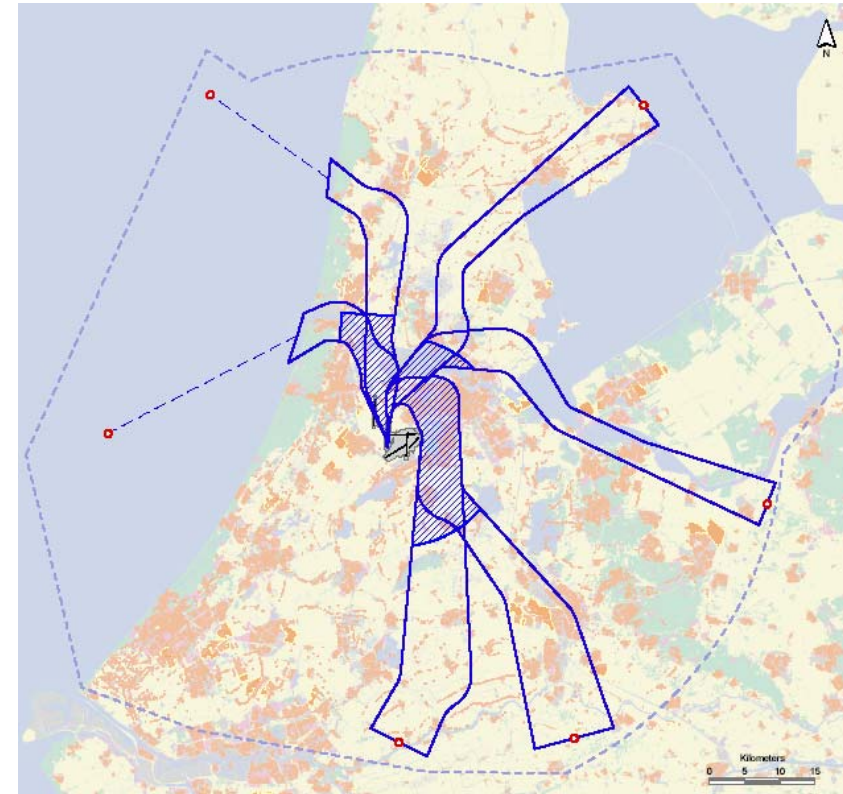


The Netherlands has little interest in providing centralized initial pilot trainings as part of the Regional Support Center

Airport Classification Decision

- ▶ Strict environmental regulations in The Netherlands hamper multiple take offs and landings
- ▶ The new environmental and safety regulation for Dutch aviation is effective as from February 2003
- ▶ This regulation is one of the most advanced and detailed regulations in Europe and every Dutch Airport has tailored regulations
- ▶ The regulation provides standards for:
 - Noise
 - Emission
- ▶ This regulation may not be applicable to Defense related aircrafts, on Government Demand

Detailed Mapping of Regulation



Source: *Directoraat-Generaal Luchtvaart*



The Netherlands can play an important role in the development of embedded training and simulation

Embedded Training

- ▶ The Dutch National Aerospace Laboratory is well positioned in the area of Embedded training and participated in several 'Training simulation combining real and simulated systems' programs
- ▶ Examples include:
 - An on-board training system for NATO fighter pilots
 - NH 90 mission preparation
 - F-16 embedded training program



On-board Weapon Simulation

- ▶ NLR worked with the EUCLID (European Co-operation for the Long term In Defense)
- ▶ Such a system will be embedded in the avionics suite of future aircraft, generating virtual targets on the pilot's displays, simulating a (hostile) tactical environment

JSA: JSF Simulation Architecture

- ▶ The JSF Simulation Architecture (JSA) is a simulation tool suite for the development of distributed simulations.
- ▶ It extends the High Level Architecture (HLA) interoperability standard down to the level of components.
- ▶ The JSA allows for:
 - Support for re-use of HLA based simulation components,
 - Seamless integration of legacy simulators and simulation components into an HLA environment,
 - Support for reconfigurability through the exchange of simulation components,
 - Support for integration of Virtual and Constructive simulations in a shared synthetic environment,
 - Support by a federation development process
 - The JSF Simulation Architecture (JSA) offers the potential to reduce JSF training system costs
- ▶ Participating Companies: Fokker Space, the Netherlands Organization for Applied Scientific Research (TNO) and the Dutch National Aerospace Laboratory-NLR in cooperation with Lockheed Martin

Source: Dutch National Aerospace Laboratory, Dutch Space



Simulated Maintainer Training is another key component the RNLAF focused on during the past ten years

Characteristics

- ▶ Today the RNLAF and the Royal Norwegian Air Force have a simulated Maintainer Training in Place for the F-16
- ▶ All training components can be accessed at different locations, such as: maintenance base, schools, at home or on a mission
- ▶ Simulation training has been developed under LE-JAR 147 & 66



Simulated F-16



*AH-64
Emulation*

Source: Royal Netherlands Air Force



Appendix

- ▶ Supply Chain Management
- ▶ International Cooperation
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Bordering the North Sea, Belgium and Germany, The Netherlands encompasses 16,000 square miles and is home to 16 Mn people

Facts and Figures of the Netherlands

General

- ▶ Government: Parliamentary democracy
- ▶ Head of State: HM Queen Beatrix
- ▶ Seat of Government: The Hague
- ▶ Capital city: Amsterdam
- ▶ Population: 16 million
- ▶ Density 472 persons per km²
- ▶ Average life expectancy men: 76 years
- ▶ Women: 81 years

Social Statistics

- ▶ National language: Dutch
- ▶ English spoken by 75% of the population
- ▶ Major religions: Catholic, Protestant, non-affiliated
- ▶ Educational attainment labor force:
 - Primary education 9%
 - Junior general secondary education 7%
 - Senior general secondary education 6%
 - Junior vocational education 14%
 - Senior vocational education 37%
 - Vocational Colleges 18%
 - University Education 9%



Geography

- ▶ Gross Domestic Product 379,8 billion US\$
- ▶ GDP per capita 23,887 US\$
- ▶ Economic growth 1.1%
- ▶ Consumer Price Inflation 4.5%
- ▶ Long-term interest rate 5.4%
- ▶ Unemployment rate 2.5% of total labor force

Economic Performance

- ▶ Gross Domestic Product 379,8 billion US\$
- ▶ GDP per capita 23,887 US\$
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- ▶ Consumer Price Inflation 4.5%
- ▶ Long-term interest rate 5.4%
- ▶ Unemployment rate 2.5% of total labor force

Foreign Trade

- ▶ Export of goods 229.83 billion US\$ or 60.51% of GDP
- ▶ Export of commercial services 52.32 billion US\$ or 14.15% of GDP
- ▶ Import of goods and commercial services 249.1 billion US\$
- ▶ Import as % of GDP 67.4%

Source: Statistical Yearbook 2002, Central Bureau of Statistics (figures relate to 2000) , IMD World Competitiveness Yearbook 2002 (figures relate to 2002)



Six Fortune Global Top-100 companies have their headquarter in the Netherlands

The Netherlands Fortune 100 Companies



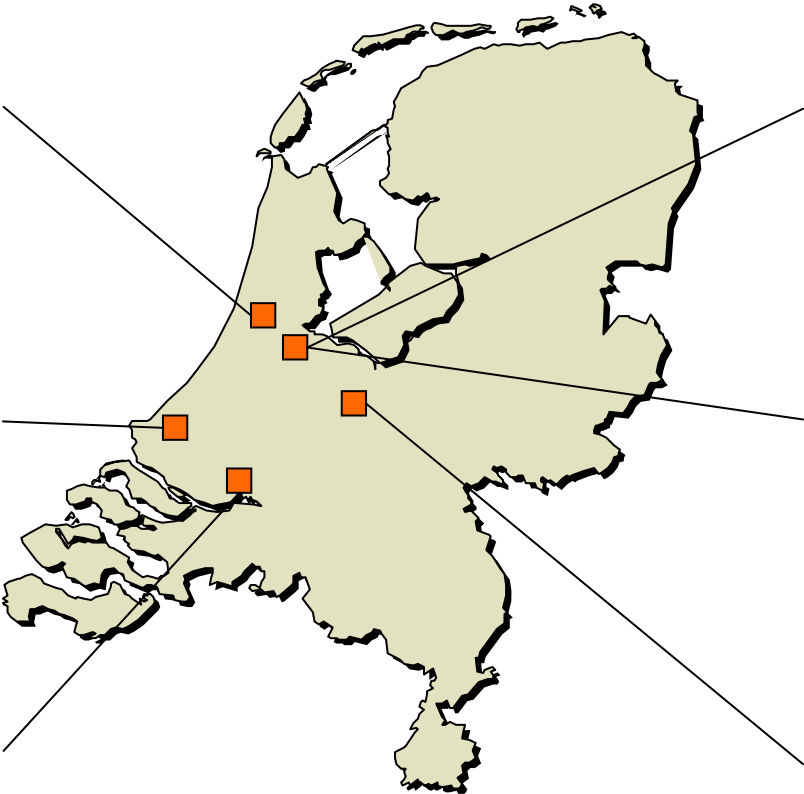
Koninklijke Ahold N.V.
 Head office: Zaanstad
 Business: Supermarket retailing
 Sales (2002): US\$ 59.6 billion
 Fortune Global-500 rank (2002): 38



Royal Dutch / Shell Group of companies
 Head office: Den Haag
 Business: Energy
 Sales (2002): US\$ 135.2 billion
 Fortune Global-500 rank (2002): 8



Unilever
 Head office: Rotterdam
 Business: Food and health care products
 Sales (2002): US\$ 46.1 billion
 Fortune Global-500 rank (2002): 68



ABN-AMRO
 Head office: Amsterdam
 Business: Financial services
 Sales (2002): US\$ 39.7 billion
 Fortune Global-500 rank (2002): 90



ING Group
 Head office: Amsterdam
 Business: Financial services
 Sales (2002): US\$ 83.0 billion
 Fortune Global-500 rank (2002): 20



Fortis
 Head office: Utrecht
 Business: Financial services
 Sales (2002): US\$ 40.5 billion
 Fortune Global-500 rank (2002): 85



And several other companies with worldwide operations are located in The Netherlands

The Netherlands Worldwide Operating Companies



Heineken
Head office: Amsterdam
Business: Beer



Reed Elsevier
Head office: Amsterdam
Business: Publishing



TPG (TNT/ PTT Post)
Head office: Hoofddorp
Business: Express, logistics, mail



KLM Royal Dutch Airlines
Head office: Amstelveen
Business: Airline



Aegon
Head office: Den Haag
Business: Insurance



Royal KPN
Head office: Den Haag
Business: Telecom



Numico
Head office: Zoetermeer
Business: Food products



ASML
Head office: Veldhoven
Business: Microlithography (semiconductors)

Royal Philips Electronics
Head office: Amsterdam
Business: Consumer electronics



Getronics
Head office: Amsterdam
Business: E-business services & solutions



SHV Holdings
Head office: Utrecht
Business: Trading, raw materials



Akzo Nobel
Head office: Arnhem
Business: Pharmaceuticals, coatings, chemicals



Rabobank
Head office: Utrecht
Business: Financial services



P&O Nedlloyd
Head office: Rotterdam
Business: Shipping












DSM
Head office: Heerlen
Business: Chemicals, polymers



US firms have nearly 1,500 subsidiaries in the Netherlands

US Companies in The Netherlands Selected Overview

 <p>Deloitte & Touche Location: Amsterdam, Rotterdam Activity: consulting, accountancy, tax advice Employees in NL: 3,400 Parent company: Deloitte & Touche Seat: New York, NY</p>	 <p>ABB Lummus Global Location: Den Haag Activity: engineering, constructing of oil and (petro)chemical plants Employees in NL: 1,800 Parent company: ABB Lummus Global Seat: Bloomfield, NJ</p>	 <p>PriceWaterhouseCoopers Location: Amsterdam + 23 other towns Activity: financial consultancy Employees in NL: 5,000 Parent company: PriceWaterhouseCoopers Seat: New York, NY</p>
 <p>Hewlett-Packard Nederland Location: Amstelveen Activity: computing & imaging solutions Employees in NL: 1,400 Parent company: Hewlett-Packard Seat: Palo Alto, CA</p>	 <p>Sterling Commerce Location: Amsterdam Activity: e-business solutions, consulting Employees in NL: 2,300 Parent company: Sterling Commerce Seat: Dublin, OH / Islandia, NY</p>	 <p>IBM Nederland Location: Amsterdam + 4 other towns Activity: development & sales of computers Employees in NL: 4,800 Parent company: International Business Machines Seat: Armonk, NY</p>
 <p>Compaq Computer Location: Gouda Activity: sales & marketing Employees in NL: 1,500 Parent company: Compaq Computer Seat: Houston, TX</p>	 <p>Sara Lee/Douwe Egberts Location: Utrecht Activity: manufacture & sales of coffee and tea Employees in NL: 3,500 Parent company: Sara Lee Seat: Chicago, IL</p>	 <p>Lucent Technologies Bell Labs Innovations Lucent Technologies Nederland Location: Hilversum Activity: telecom Employees in NL: 3,100 Parent company: Lucent Technologies Seat: Murray Hill, NJ</p>



The Dutch workforce is relative well educated, has a basic knowledge of foreign languages and has a good working attitude

- ▶ Population growth in the Netherlands is high compared to the European average, which promises a steady availability of Dutch employees for the future. Present labor availability matches the needs of business, with a relatively high proportion of the population in the 'active' age range (15-64 years of age). The Dutch unemployment rate in January 2002 stood at 2.4% (versus 8.4% for the European Union as a whole). The Netherlands boasts a high proportion of young people enrolled in higher education, especially in the fields of technology and economics
- ▶ The Dutch are renowned for their knowledge of foreign languages. Most of them speak English, German and French. For the Dutch, education in language skills begins early, often in primary school. The country's multilingual labor force is an important reason why many European head offices, shared services centers, and call centers are located in the Netherlands
- ▶ The good working attitude of the Dutch leads to their deploying of their knowledge and skills effectively. Statistics show that Dutch employees are highly motivated and receptive to learning new skills. As a result, the Netherlands workforce has higher productivity than the workforces in most other European countries. The typical Dutch employee participates in problem solving and takes an active role in the production process

Source: Netherlands Foreign Investment Agency



The Dutch labor regulation allows flexible work contracts and imposes social security while trade unions are cooperative

- ▶ The Netherlands has the highest percentage of people working as temporary employees in Europe. These flexible contracts allow employers to manage changes in workload more easily and increase responsiveness to peak times
- ▶ Social security contributions are compulsory and are payable by employer and employees under the terms of the Social Insurance Act. The Dutch system of social insurance covers medical and hospital costs and guarantees a minimum income for those unable to earn a living as a result of illness, injury, unemployment, or retirement
- ▶ Trade unions in the Netherlands are moderate in character and tend to operate with a philosophy of consensus. Union membership is low, and over the past few years the Netherlands has recorded the fewest days lost to strikes in the European Union. Industrial disputes have traditionally been rare occurrences. Employers and employees in the Netherlands cooperate in various ways through the Joint Industrial Labor Council, the Social and Economic Council, the Dutch works councils and the European works councils. This cooperation also contributes to stable labor relations
- ▶ The Netherlands' membership in the EU and the European Economic Area means that nationals of other member states can work there without a work permit. Dutch regulations regarding working conditions cover working hours, working conditions, and the health and well-being of employees, as they do in all other EU countries

Source: Netherlands Foreign Investment Agency



The Dutch Government has created a competitive tax regime that stimulates foreign investments in The Netherlands

- ▶ In general corporate tax rates are in line with its European neighbors
- ▶ The Netherlands occupies a competitive position internationally as far as providing certainty in advance is concerned. One of the specific features of the Dutch tax system is the possibility to discuss in advance the tax treatment of certain operations or transactions
- ▶ The fact that the Netherlands has signed treaties with more than 60 countries around the world, emphasizes its commitment to international and bilateral commerce. These treaties have been signed so that companies are not forced to pay double taxation
- ▶ Additional advantages include:
 - Netherlands EU membership, which secures access to the benefits of the implemented and forthcoming EC directives (e.g. the Directive on parent companies and subsidiaries and the European Merger Directive)
 - The participation exemption, which makes that all benefits related to a qualifying shareholding, including cash dividends, dividends-in-kind, bonus shares, hidden profit distributions and capital gains are exempt from Dutch corporate income tax
 - The 30% ruling, that allows a tax-free reimbursement of 30% of the employee's salary, provided that the employee has been recruited or assigned from abroad and if, in addition, the employee has specific expertise which is scarce in the Dutch labor market

Source: Netherlands Foreign Investment Agency

