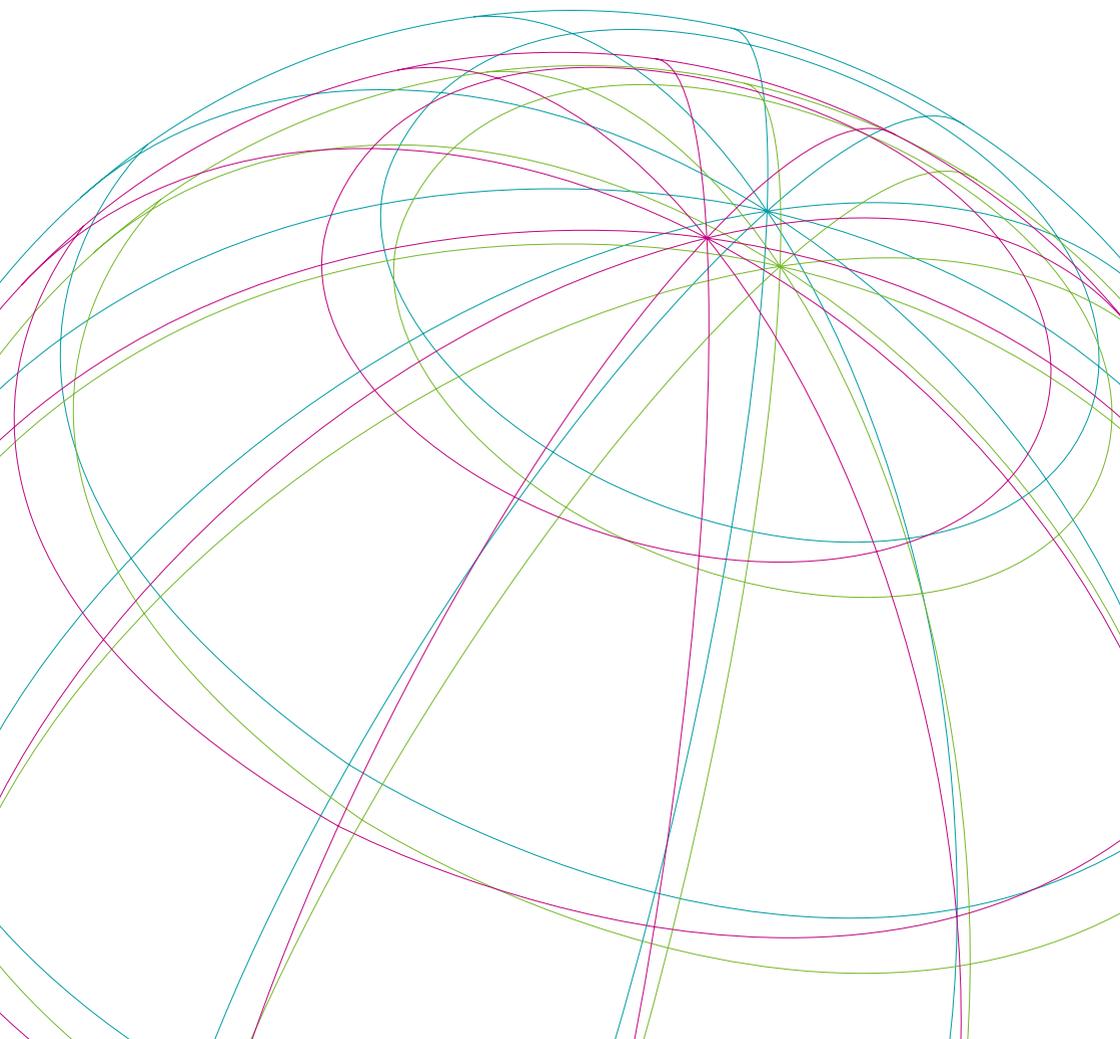


# World Business Priorities 2016 / 2017

International Chamber of Commerce Netherlands' policy agenda



The world business organization





# World Business Priorities 2016 / 2017

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## Introduction

Global trade is one of the most powerful drivers of growth and prosperity. Trade is of vital importance for the Netherlands, and ICC Netherlands will continue to encourage and facilitate international business.

The Dutch economy heavily relies on economic developments in Europe and the rest of the world. Many jobs find their origin in international trade. Global stability and growth are therefore prerequisites for Dutch prosperity. That is why it is important that the Netherlands will continue to push for the creation of the right conditions for international business, on a national, European and multilateral level.

Subsidiaries of foreign companies account for a significant part of international trade in the Netherlands. The positive effects of foreign investment for Dutch job creation should not be underestimated; an attractive Dutch business climate, the position of the main ports (Schiphol Airport, Port of Rotterdam and Amsterdam Internet Exchange) and a solid framework of laws and regulations all play a decisive role.

Governments can help boost world trade by removing trade barriers. Multilateral agreements concluded in 2015, including the WTO Agreements, the UN sustainable development goals and the COP21 climate deal have the potential to stimulate sustainable economic growth and global prosperity. Continued commitment to fair competition and further liberalization of international trade and investment is essential to secure jobs and prosperity in the years ahead.

An important item on the agenda is the implementation of the WTO Agreement on streamlining customs procedures (the trade facilitation agreement). Making sure we benefit from the Internet and ICT and their impact on global trade flows should gain public interest, including the many ways it could make international trade more efficient.

International transactions rely heavily on transparency and trust. Unfortunately, the risks of corruption and cybercrime are evident, and the consequences of non-compliant behavior are increasingly voluminous and personal. Corruption and cybercrime deserve the continued

attention and commitment of both companies and governments. Public and private parties should continue to work on prevention, both within their own organization, and in cooperation with third parties, nationally and internationally.

ICC Netherlands calls for more focus on four themes that are discussed in these 'World Business Priorities': the digital economy, combating corruption, an attractive business climate and streamlining customs procedures. There are important gains to be made in these areas to improve world trade.

## Background

The size of foreign direct investments decreased globally by 16 percent in 2014 (UNCTAD World Investment Report, 2015).

The importance of trade for the Dutch economy is shown by the export quote, 82.9% and import quote, 71.5% of the GDP (World Bank, 2014).

The Netherlands is one of the five most competitive economies in the world (WEF Competitiveness Report, 2015-2016).

## Foster a favorable business climate

The Netherlands is home to many multinational corporations and foreign subsidiaries. Quite often those subsidiaries have become European or global headquarters. In order to secure jobs, it is crucial that the Netherlands maintains its competitive position in Europe and the world.

### *Maintain competitiveness*

Subsidiaries of foreign companies account for a major share of international trade flows. The Netherlands is highly dependent on foreign trade and investment. In order to maintain its position as one of the world's most attractive business locations will require continuous efforts. Investments in its strategic position as Internet exchange point, key transport and logistics, energy and finance hub are crucial. Promoting and facilitating innovation are of invaluable importance.

The Netherlands should actively contribute to strengthening the economic position of Europe in the world and to overcome the challenges the EU is facing. To remain attractive in an increasingly competitive world, the Netherlands should commit itself to a modern, secure and innovative (digital) economy. This should be embedded in solid and predictable EU policies that contribute to an attractive business climate, jobs and prosperity.

### *Create a fiscal level playing field*

Anti-abuse provisions make the international tax system more resilient. In order to prevent the position of The Netherlands as business location to decline, including the competitiveness of Europe as whole, Europe will have to do all that is necessary to create a fiscal level playing field and to avoid double taxation. In implementing the recommendations against tax planning that is perceived as undesirable, the Netherlands and Europe should not take any measures that would distort this level playing field.

## Priorities

Maintain competitiveness and prevent a decay in the investment climate.

Stimulate and facilitate innovation.

Create a fiscal level playing field.

## Background

The Netherlands is one of the five most open economies in the world (ICC Open Market Index, 2015).

In terms of the total volume of taxes paid and related paperwork, the Dutch fiscal climate went from 23rd to 26th place in 2014 (PWC Paying Taxes, 2016).

The Netherlands attracted 7 percent less foreign investment projects over 2014 than in the year before (EY Global Investment Monitor, 2015).

## ICC policy statements and guidelines

ICC Guidelines for International Investment.

ICC Principles on Creating and Nurturing Innovation Ecosystems for High-Tech Industries.

## Enable the full potential of the digital economy

The Internet is a driving force behind internationalization of the economy. The volume of e-commerce continues to grow and the role of the Internet has become more and more prominent in business. Digitization takes place in all parts of the international supply chain.

It is important that governments recognize the impact of the Internet on the internationalization of business. The Dutch government, in cooperation with the other 27 EU member states, should seek to remove legal barriers to business processes, facilitating online global trade and investment flows.

### *Simplify identity management and strengthen authentication*

International cooperation in the field of identity management, who is who, and authentication for e-government and e-commerce services are of vital importance. Companies engaged in international online business, need to be able to track down, identify and authenticate their customers, suppliers and business partners. At the moment, identity management and authentication form a patchwork of different standards and practices. This lack of transparency makes online trading unnecessarily complex for companies. International cooperation in the fields of identity management and authentication are therefore much needed.

### *Emphasize the importance of cybersecurity awareness*

Modern information and communication technology offer companies the ability to innovate, enter new markets and work more efficiently. This is beneficial for both the companies and their consumers. In the slipstream, however, some challenges arise. Companies and governments find themselves increasingly confronted with the threat of cybercrime. Criminals try to gain unauthorized access to information of individuals, governments and businesses. They are after their money and confidential data, including personal data, contracts and intellectual property.

Companies are, as suppliers and buyers of goods and services, key partners in ensuring a secure Internet. An integrated approach and public-private partnerships are essential for an effective cyber security strategy. An initiative such as ICC's *Cyber Security Guide for Business* can help.

## Priorities

Enable the full potential of the Internet and ICTs for international trade.

Promote safe online business conduct by developing a guide on identity management and authentication.

Highlight the importance of cybersecurity awareness and strong public-private partnerships.

## Background

The potential of the digital economy is still underdeveloped. For example, on average only 16 percent of revenue is realized by e-commerce (OECD Digital Economy Outlook, 2015).

The Netherlands is the third largest digital economy in Europe (EU Digital Economy and Society Index, 2015).

Data of legal entities are made freely available by the Global Legal Entity Identifier System (GLEIS).

## ICC policy statements and guidelines

ICC Cyber Security Guide for Business, available via [www.iccwbo.org/cybersecurity](http://www.iccwbo.org/cybersecurity).

By participating in the Global Forum on Cyber Expertise, ICC supports international public-private partnerships on cybersecurity.

## Promote streamlining of customs procedures

Unnecessary red tape at border crossings remains an obstacle to international companies. It is worrisome that this costs about 775 billion euros every year. 7 percent of the total volume of world trade is swallowed up by the costs resulting from inefficient document flows.

### *Collaboration and e-government*

It is crucial to companies to be able to rely on an available, trustworthy and predictable government that is ready to cooperate – also at borders. Especially in this context there are numerous opportunities for e-government. All parties would benefit from a more efficient process of handling incoming and outgoing goods by the use of digital communication and the provision of up-to-date information such as regulations on import and export formalities and tariffs.

In recent years, the simplification of border procedures, inspections, rules and costs has received an increasing amount of attention. The WTO agreement on trade facilitation (the Bali-package) provides for the reduction of transaction costs in international trade. Ratification and implementation of this agreement is paramount. ICC stresses the importance of a swift implementation of those agreements and a speedy completion of the work programme.

### *Share Dutch knowledge and experience*

The Netherlands has been a trading nation for centuries, and is very much aware of the value of efficient border procedures. In the light of the knowledge and experience of the Dutch Customs organization, the Netherlands should take a more active role in the implementation of the WTO agreement and inspire countries with less experience in efficient border procedures. The Netherlands is widely known and internationally recognized for the way the Dutch customs and related authorities are being structured and cooperate with the private sector. This could serve as a model for other countries.

## Priorities

Promote ratification and implementation of the Trade Facilitation Agreement.

Share Dutch knowledge and experience on customs efficiency internationally.

Make use of the potential of e-government.

## Background

The Dutch customs process is one of the most efficient processes in the world, after Norway, Germany and Singapore (World Bank Logistics Performance Index, 2014).

The Dutch customs agency has implemented the most trade facilitating measures globally (UNECE, 2015).

Implementation of the WTO Trade Facilitation Agreement could lead to up to an extra 900 billion euros worth of trade in goods annually (WTO World Trade Report, 2015).

## ICC policy statements and guidelines

ICC Customs Guidelines.

ICC Policy Statement on Making Transport Smarter and Greener.

ICC, together with the WEF and the Centre for International Private Enterprise, took the initiative of creating the Global Alliance for Trade Facilitation, which is established to promote the implementation of the WTO Trade Facilitation Agreement.

## Tackling corruption is essential

Corruption threatens the integrity of the market, disturbs public confidence, increases inequalities in income and wealth, undermines the rule of law and costs society a lot of money. Corruption is also a major source for funding terrorism - and a potential cause of it. Bribery in business transactions distorts fair competition, leads to a great loss of transparency and increases the cost of trade dramatically. Only systems free from corruption will allow all participants to compete under equal conditions.

### *Increase awareness of corruption through education and training*

For decades, ICC has been a driving force behind anti-corruption conventions. Additionally, ICC develops measures and standards for businesses to combat corruption. Via seminars and training sessions, ICC Netherlands shares best practices and actively contributes to the ongoing dialogue between government and business.

Despite these efforts, the number of SMEs that is insufficiently aware of the risks, and (personal) liability for corruption in international business, is still too large. The Dutch Ministries of Foreign Affairs and of Security and Justice have an important role to play: by facilitating education and training, active implementation and enforcement of the OECD Convention, improving transparency in public procurement and by strengthening the legal anti-corruption framework.

### *Improve prosecution and investigation of corruption, fraud and money laundering*

Countries are increasingly active in the field of fighting corruption. Globally, organizations such as the OECD are evaluating governments' actions in order to determine whether they sufficiently live up to their anti-corruption obligations. In recent years, the Netherlands has become more active in the field of combating corruption, while those efforts are still being assessed as fairly limited. Corruption, bribery and fraud in both the public and private sector need to be addressed. In addition

to the prosecution of companies or persons paying bribes (active corruption), also the recipient of the bribes (passive corruption) should be prosecuted. Requests for illegal payments are often the instigator for active corruption.

## Priorities

Increase awareness of the risks of corruption through training and education.

Improve prosecution and investigation of corruption, fraud and money laundering.

Recognize the importance of ethical behaviour in business.

## Background

On a yearly basis, corruption costs more than 5 percent of global GDP, approximately 2.4 trillion euros (WEF Global Agenda Council on Anti-Corruption, 2012).

Corruption is a major source for funding terrorism and a potential cause of it, making it a threat to international security (Carnegie Endowment for International Peace, *Corruption: The Unrecognized Threat to International Security*, 2014).

ICC played an important role in establishing the *OECD Convention on combating bribery of foreign public officials in international business transactions* and the *UN Convention on Anti-Corruption*.

### ***Recognize the importance of ethical behavior in business***

Although the increase in enforcement of corruption is a positive development, rules and their enforcement alone are not sufficient to fight corruption effectively. A focus on rules can easily lead to rigidity and risk aversion, that by definition conflicts with successful entrepreneurship. An emphasis on the importance of behavior based on ethical values benefits the company's culture and its functioning. Moreover, increased focus on ethical behavior will strengthen the coherence with other business policy areas, such as corporate responsibility.

#### **ICC policy statements and guidelines**

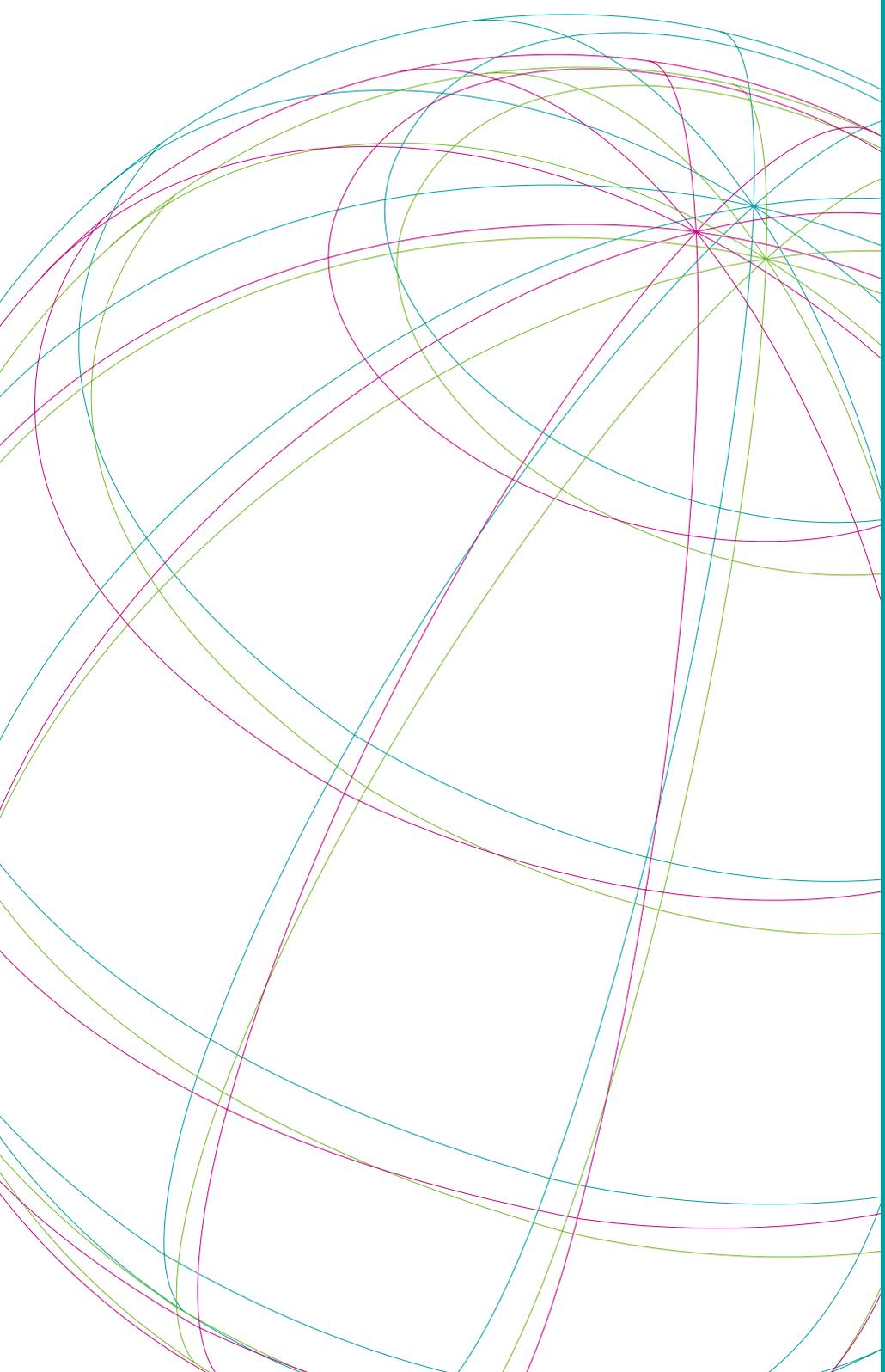
ICC Anti-corruption Third Party Due Diligence: A Guide for Small and Medium Size Enterprises.

ICC Guidelines on gifts and hospitality.

ICC Anti-corruption clause.

ICC Rules on combating corruption.

For a complete overview, please visit [www.icc.nl/anticorruptie](http://www.icc.nl/anticorruptie).



## The International Chamber of Commerce

International Chamber of Commerce (ICC) Netherlands is part of ICC The world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world. ICC, established in 1919 by entrepreneurs calling themselves the 'Merchants of Peace', promotes open international trade and investment and helps business meet the challenges and opportunities of an increasingly integrated global economy. ICC works closely with the United Nations, the World Trade Organization, intergovernmental forums including the G20 and national governments.

ICC has three main activities: rule setting, dispute resolution, and policy advocacy. Business leaders and experts drawn from the ICC membership establish the business stance on broad issues of international trade and investment, as well as on relevant technical subjects. Although ICC rules like the Incoterms® for international transportation, the letters of credit for international transactions and model contracts for international trade are voluntary, they are observed in countless thousands of transactions every day and have become part of the fabric of international trade. ICC also provides essential services, foremost among them the ICC International Court of Arbitration, the world's leading arbitral institution.

Members are directly involved in ICC's policy and rule making processes, exchange ideas and best practices with international peers and are on the front line when it comes to updates on policy developments of relevant intergovernmental organizations. Today more than 150 professionals are participating in the ICC Netherlands policy commissions. Member companies are part of a global network which comprises over 6.5 million member companies in 130 countries and utilize the services of 90 national ICC offices.

Would you like to know more about ICC Netherlands? Please contact our office in The Hague, via [www.icc.nl](http://www.icc.nl).

## ICC Commissions

Customs and Trade facilitation

Trade and Investment policy

Corporate Responsibility and Anti-Corruption

Digital Economy

Competition

Banking

Commercial Law and Practice

Taxation

Environment and Energy

Arbitration and ADR

Intellectual Property

Marketing and Advertising

# Overview ICC's World Business Priorities 2016 / 2017

## Digital Economy

Enable the full potential of the Internet and ICTs for international trade.

Promote safe online business conduct by developing a guide on identity management and authentication.

Highlight the importance of cybersecurity awareness and strong public-private partnerships.

## Anti-Corruption

Increase awareness of the risks of corruption through training and education.

Improve prosecution and investigation of corruption, fraud and money laundering.

Recognize the importance of ethical behaviour in business.

## Business Climate

Maintain competitiveness and prevent a decay in the investment climate.

Stimulate and facilitate innovation.

Create a fiscal level playing field.

## Efficient Customs Procedures

Promote ratification and implementation of the Trade Facilitation Agreement.

Share Dutch knowledge and experience on customs efficiency internationally.

Make use of the potential of e-government.





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