



Dutch Trade in Facts and Figures

Export, investment and employment

2019

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2019

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Foreword

Whereas the *Internationalisation Monitor* explores one particular theme per quarter, *Dutch Trade in Facts and Figures 2019 – Export, investment and employment* presents a collection of key figures on the internationalisation of the Netherlands. Many such figures can be obtained from various CBS publications and datasets, but are not available in a single publication. This is why the Dutch Ministry of Foreign Affairs commissioned the CBS Expertise Centre for Globalisation to develop *Dutch Trade in Facts and Figures*, a new publication which is released annually as of 2019. It provides a broad target audience with objective information on the internationalisation of the Dutch business economy and the wider economy. It also offers independent data to support the Foreign Ministry's policy on trade. Aside from the [set of tables](#) which contains the most important figures, this publication also presents an outline of the major trends and developments as they emerge from these figures.

The Netherlands generates substantial revenues and employment from its exports. This and more is illustrated in this first edition of *Dutch Trade in Facts and Figures*. At the same time, revenues vary according to the type of exports; the highest revenue per euro is earned through exports of services, the lowest through re-exports. To be able to export goods, the Netherlands has to import large quantities of intermediate goods such as raw materials and semi-finished products. Many such intermediates are used during manufacturing, incorporated into the production process or traded. Conversely, a proportion of self-produced intermediate goods are used abroad.

Companies that import and export goods or services do not constitute a homogeneous group. They differ in many aspects, for example in the types of goods and services they trade, their location, size and ownership (Dutch or foreign). With the Rotterdam port-industrial complex, Amsterdam Airport Schiphol and numerous logistics hubs, the Netherlands is a distribution country *par excellence*. Due in part to its logistically favourable location, the quality of its infrastructure and its knowledge of international trade, the Netherlands plays a prominent role in stocking the European hinterland. Consequently, about half of the goods traded by the Netherlands are re-exports, mostly with destinations within Europe. Aside from being a trading nation and a distribution hub, the Netherlands is also a major investment country. The Netherlands takes top position in worldwide comparisons of inward and outward foreign investments. This is evidenced by the number of multinationals operating in the Netherlands and the number of people working there.

More news and reports in the field of globalisation and internationalisation can be found at <https://www.cbs.nl/en-gb/dossier/dossier-globalisation>.

Director General

Dr T.B.P.M. Tjin-A-Tsoi

The Hague/Heerlen/Bonaire, November 2019

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Introduction

Dutch Trade in Facts and Figures 2019 – Export, investment and employment

is a publication which has been developed by the Expertise Centre for Globalisation at Statistics Netherlands (CBS), commissioned by the Dutch Ministry of Foreign Affairs. The current edition (2019) is the first release of this publication. Each annual edition will carry updates on a set of key economic figures and indicators. The publication contains many time series, primarily at the upper macro or meso level, with several topics specifically geared towards the priorities that have been set in the trade agenda of the Dutch Cabinet. This publication addresses the need for quick access to the most important data on internationalisation of the Dutch business economy and the wider economy.

Dutch Trade in Facts and Figures 2019 – Export, investment and employment consists of six descriptive chapters, richly illustrated with graphs, infographics and tables. These chapters present the key trends, figures and developments. The complete datasets that form the basis of these chapters are so extensive that they have not been included in full here; they can be accessed and downloaded from [the main page](#) of this publication. The chapters are preceded by an overarching dashboard (Chapter 1), which provides an overview of the key findings from the other chapters and forms the common thread throughout this publication. It runs through essential information such as: how much is earned through Dutch exports (Chapter 2), who is involved in international trade (Chapter 3), what is being traded (Chapter 4), with whom are we trading (Chapter 5), the main markets for our intermediate goods (Chapter 6) and the size of inward and outward foreign investments (Chapter 7).

Chapter 2 presents the total earnings generated in the Netherlands by exports and the differences in earnings between domestic exports, re-exports and the export of services. The significance of exports is also illustrated by the large number of jobs across exporting industries and additional jobs that are created by their suppliers. The Netherlands is interwoven with international supply chains. Much of the manufacturing production taking place here requires raw materials and semi-finished products from other countries. In turn, the Netherlands is a supplier of inputs for products manufactured abroad. The import content of exports is an indicator of the degree to which these production chains are interconnected.

The companies which are active in international trade are different in many respects. Some of them merely export while some merely import, others trade both ways; the latter group are the so-called two-way traders. The distribution over the groups is

different for independent SMEs and large enterprises. This holds true for both Dutch and foreign companies as well as for multinational corporations. Furthermore, there are differences between the various groups of internationally active companies in terms of company age, productivity, wages and the male/female ratio of entrepreneurs. **Chapter 3** describes these characteristics for the whole Dutch business economy. The same characteristics are studied from the perspective of the so-called top sectors.

Exports and imports involve trading of different types of goods and services. All this trade is conducted by companies that are active in different industries and located in different parts of the Netherlands. The actual goods and services that are traded, by which industries and in which provinces, is described in **Chapter 4**. The same questions are also addressed for the top sectors.

International trade takes place with different countries, within and outside the European Union. As part of the Netherlands' official trade agenda, there is extra monitoring of Dutch trade relations with 40 selected countries. Which countries are the main export markets and which are the major suppliers? What is the position of the Netherlands in the external goods trade of the United States, China or Russia, for example? And how important is the European Union to the Netherlands? Conversely, how important is the Netherlands to the other EU countries? These questions are addressed in **Chapter 5**.

As mentioned earlier, the Netherlands is increasingly operating as part of global value chains. The question arises whether this is also evident from the types of goods entering and (subsequently) leaving the country. What is the role of intermediate products such as raw materials and semi-finished goods in our external goods trade? Many of these imported intermediate products are used by Dutch manufacturers. The Netherlands also produces such intermediate goods by itself, which partly ends up abroad. Where are the largest markets for Dutch intermediate goods, and how are the ratios developing? These questions are addressed in **Chapter 6**.

Aside from trading in goods and/or services, companies can also conduct international business by making foreign direct investments. The Netherlands is a substantial foreign investor, but also receives large flows of foreign direct investment. These investments are undertaken by multinational corporations that are under either Dutch or foreign control. The question how many multinational corporations are active in the Dutch business economy and how much trade and employment these corporations generate, is discussed in **Chapter 7**. Conversely, the role of Dutch multinational corporations abroad is addressed here as well.

1.

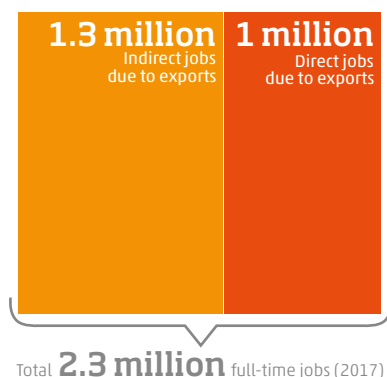
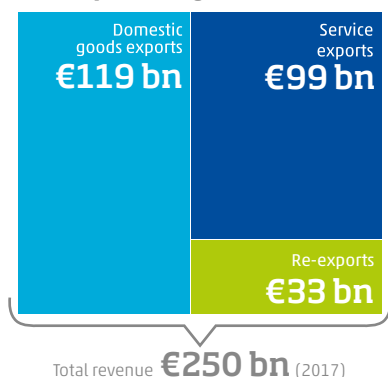
Dashboard with key findings

Author
Pascal Ramaekers



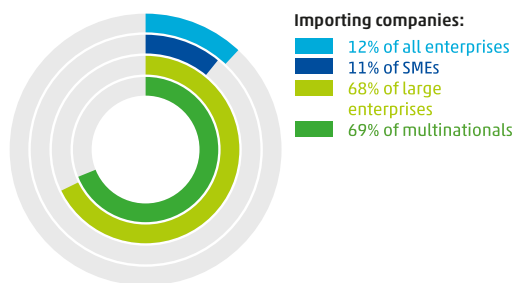
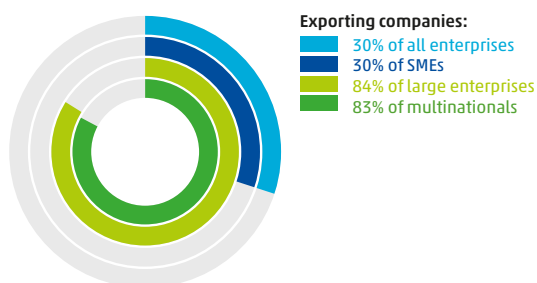
Chapter 2

Dutch export earnings



Chapter 3

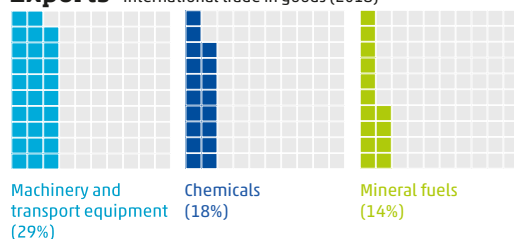
Dutch international traders



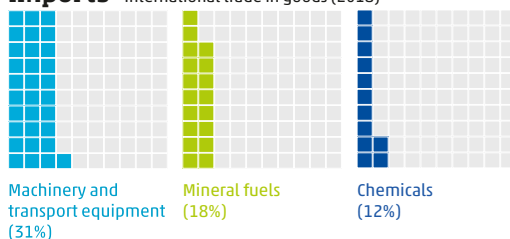
Chapter 4

Internationally traded goods and services

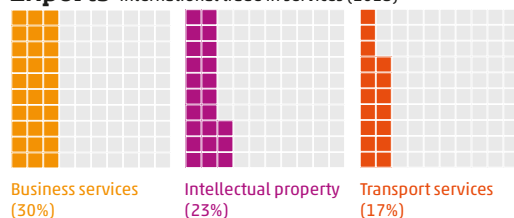
Exports International trade in goods (2018)



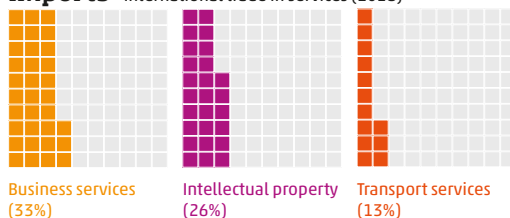
Imports International trade in goods (2018)



Exports International trade in services (2018)



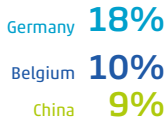
Imports International trade in services (2018)



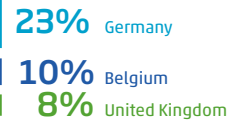
Chapter 5

Trading partners

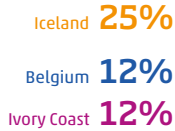
Main origin countries
in Dutch imports, 2018



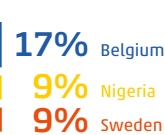
Top export destinations,
2018



Large Dutch share in 2017
exports of

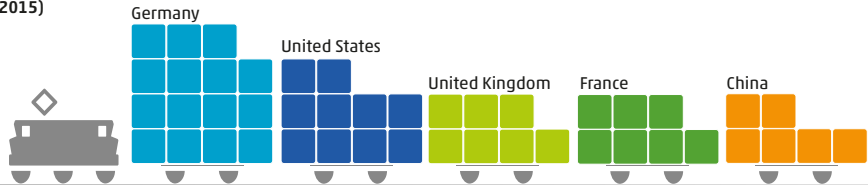


Large Dutch share in 2017
imports of

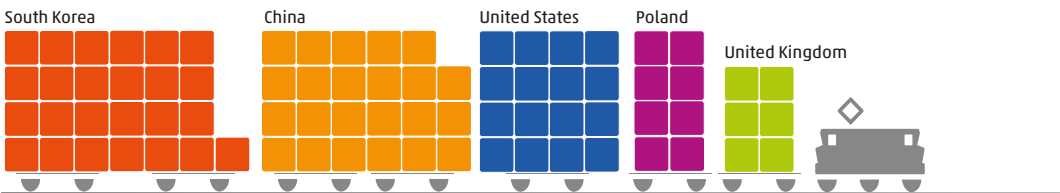


Chapter 6

Importers of Dutch intermediate goods
Top 5 markets (% share, 2015)



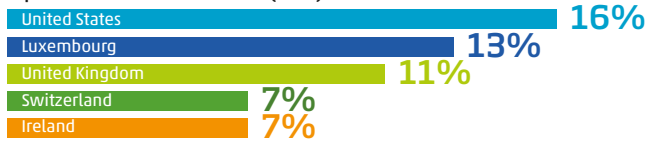
Top 5 fastest-growing major destinations (% growth, 2012–2015)



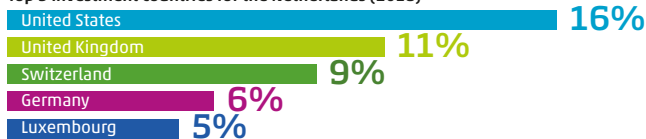
Chapter 7

International investments

Top 5 investors in the Netherlands (2018)



Top 5 investment countries for the Netherlands (2018)



2.

Dutch earnings from international trade

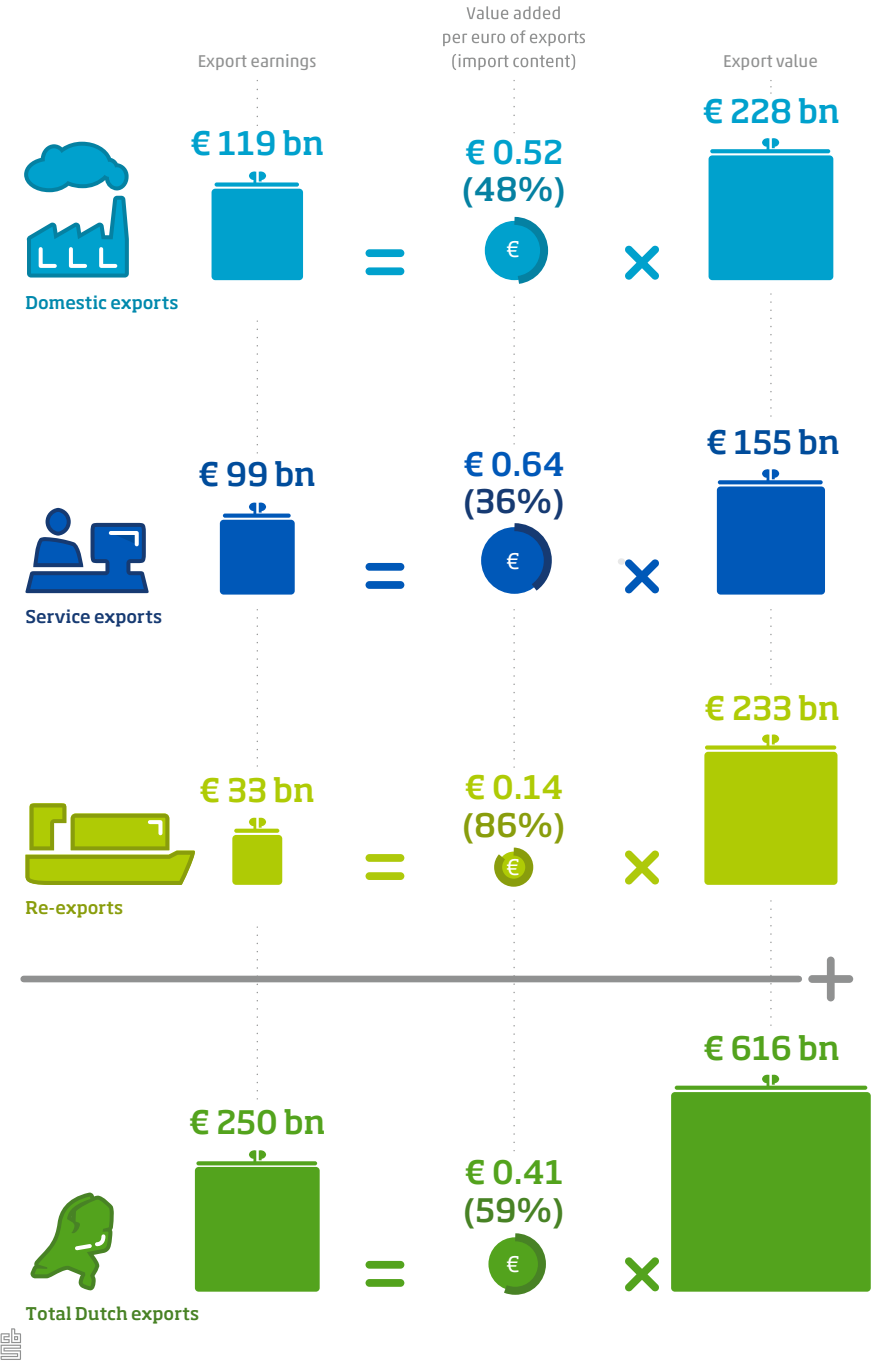
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Dutch export earnings (2017)



International trade is an important source of income for the Dutch economy. The Netherlands exports domestically produced goods, but also re-exports goods and exports services. A significant portion of these exports is organised within global value chains (GVCs). This implies the use of many imported goods and services in the production of these exports. What is the total value of Dutch external trade and how much revenue does it generate per euro? How much does trade contribute to Dutch GDP? How many direct and indirect jobs do exports create within the Netherlands? And how much import content is needed in order to produce the various types of exports?

2.1 Key findings

This chapter will show that in 2017, the largest earnings in Dutch exports were generated by exports of domestically produced goods, namely 119 billion euros. Service exports were good for 99 billion euros and re-exports were worth 33 billion euros. However, differences between the margins in domestic exports, re-exports and service exports are significant. For every euro in export turnover in 2017, the Netherlands received the most from service exports (64 cents per euro), followed by domestic exports (52 cents per euro); it earned the least from re-exports (14 cents per euro). The Netherlands' total gross export value of 616 billion euros resulted in a contribution to GDP of 250 billion euros, or 34 percent.

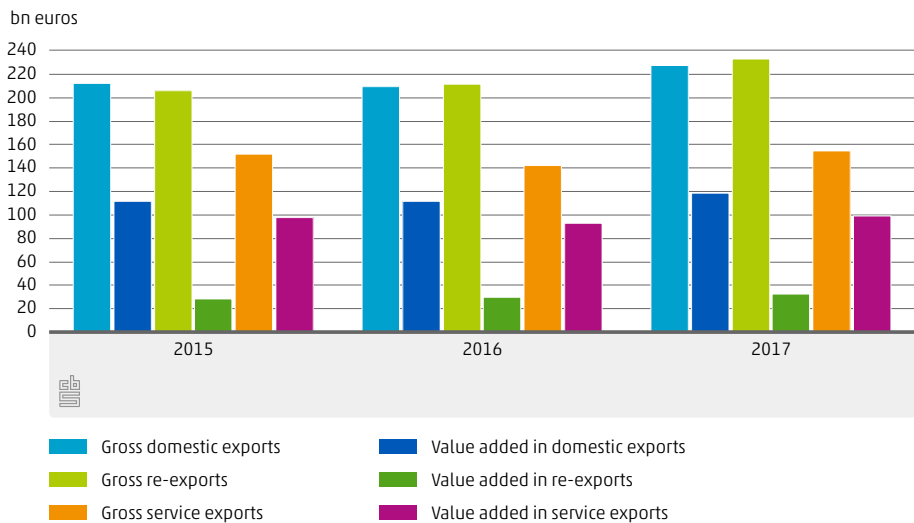
Production in the Netherlands is part of so-called global value chains (GVCs), as indicated by the extent of import (import content) that is necessary to accomplish the exports. This extent varies among the different types of exports, however. For re-exports in 2017, the required import content was 86 percent. This share was 48 percent in domestic exports and 36 percent in service exports.

In 2017, exports provided 2.3 million direct and indirect full-time jobs – more than 30 percent of total employment in the Netherlands. The largest share of indirect jobs is associated with exports of domestically produced goods, while exports of services provides the smallest share.

2.2 Contribution of exports to GDP

In 2017, total gross exports amounted to 616 billion euros, an increase of 8 percent relative to 2015. This comprised domestic exports, which rose from 212 to 228 billion euros (+7 percent); re-exports, which went from 206 to 233 billion euros (+13 percent) and service exports, rising from 152 to 155 billion euros (+2 percent), see Figure 2.2.1. In the case of re-exports, a Dutch company (temporarily) becomes the owner of the goods, which are imported and then leave the country in a completely or virtually unprocessed condition. Among exports of services, the largest categories are transport services; the use of intellectual property; and technical, trade-related and other business services (CBS, 2019a).

2.2.1 Gross exports and value added in exports by category, 2015-2017



Source: CBS, National Accounts (2015 benchmark revision)

Highest earnings per euro from export of services

To get from gross export flows to the contribution to GDP – the value added of gross exports – the consumption of the imported goods and services that serve as inputs has to be deducted from the gross export value. This indicates how much the Netherlands earns from exports. However, there are marked differences between the export categories in terms of the value added per euro of exports. In 2017, the

Netherlands earned the most per euro – around 64 cents – from exporting services. For domestic exports, the figure was 52 cents per euro and for re-exports it was only 14 cents. On average, the Netherlands earned 41 cents per euro of exports in 2017, compared with 42 cents in 2015 and 2016.¹⁾ In total, exports contributed over 250 billion euros to GDP in 2017, which is 34 percent of GDP. The bulk of this total, 119 billion euros, came from domestic exports, while 99 billion euros were earned through service exports and 33 billion euros through re-exports.

64 cents per euro in earnings from
service exports in 2017



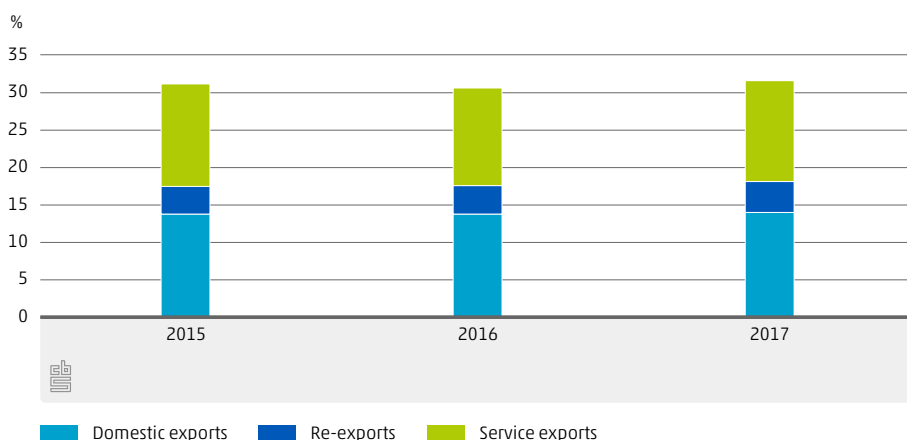
2.3 Export-related employment

Exports of goods and services accounted for approximately 2.3 million direct and indirect full-time jobs in 2017.²⁾ Nearly 32 percent of total employment in the Netherlands can therefore be attributed to exports (Figure 2.3.1). Of this total employment effect, 14 percent can be attributed to domestic exports, 4 percent to re-exports of goods and 14 percent to service exports.

1) This set of figures is based on the National Accounts after the 2015 benchmark revision and is too small to be able to draw conclusions about how stable this figure is over time. The figures for 2018 are not yet available. The previously published figures (CBS, 2017) are based on the 2010 benchmark revision of the National Accounts.

2) When determining labour volume in full-time equivalents (FTEs) over a period, the start and end date of a job as well as the weekly working hours are taken into account. Because many people work part-time, some work only part of the year and some have several jobs, the number of individual jobs is higher than the number in FTEs. For example, in 2017, there were more than 10 million jobs, whereas the number in FTEs was just over 7 million (CBS (2019b)).

2.3.1 Share in total employment in the Netherlands, 2015-2017

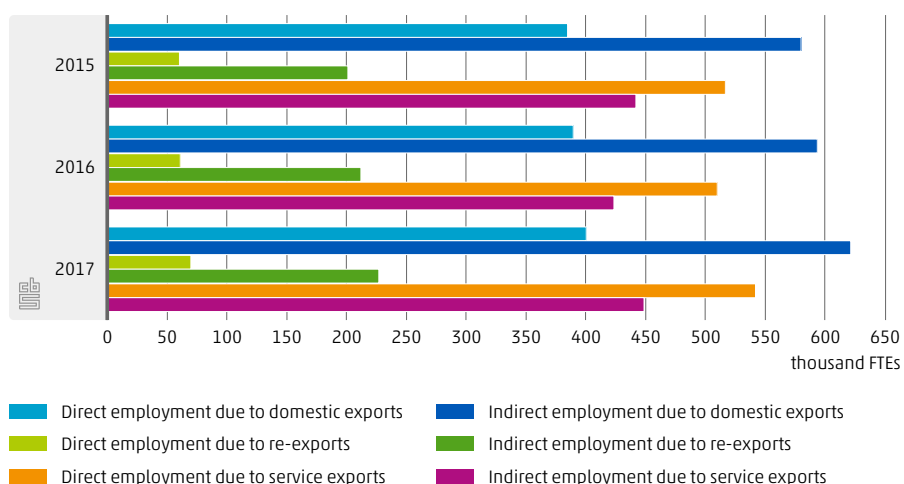


Source: CBS, National Accounts (2015 benchmark revision)

However, the amount of employment due to exports within the exporting sectors varies from one export category to the other. In 2017, domestic exports in those sectors accounted for 400 thousand full-time jobs; for re-exports the figure was 70 thousand full-time jobs; and for exports of services it was 542 thousand full-time jobs (Figure 2.3.2). The total was therefore more than 1 million direct full-time jobs. This means there was a total of 50 thousand more full-time jobs compared to 2015.

In addition to the jobs that are a direct result of international demand for Dutch goods and services, there are also jobs that are created due to other inputs and services that are needed for the production of exported goods and services. For example, there are the materials needed in the production process, but also services such as cleaning, catering, banking services, and internet services. Insofar as these goods and services originate in the Netherlands, this also provides jobs, known as indirect jobs.

2.3.2 Direct and indirect employment, by type of export, 2015- 2017

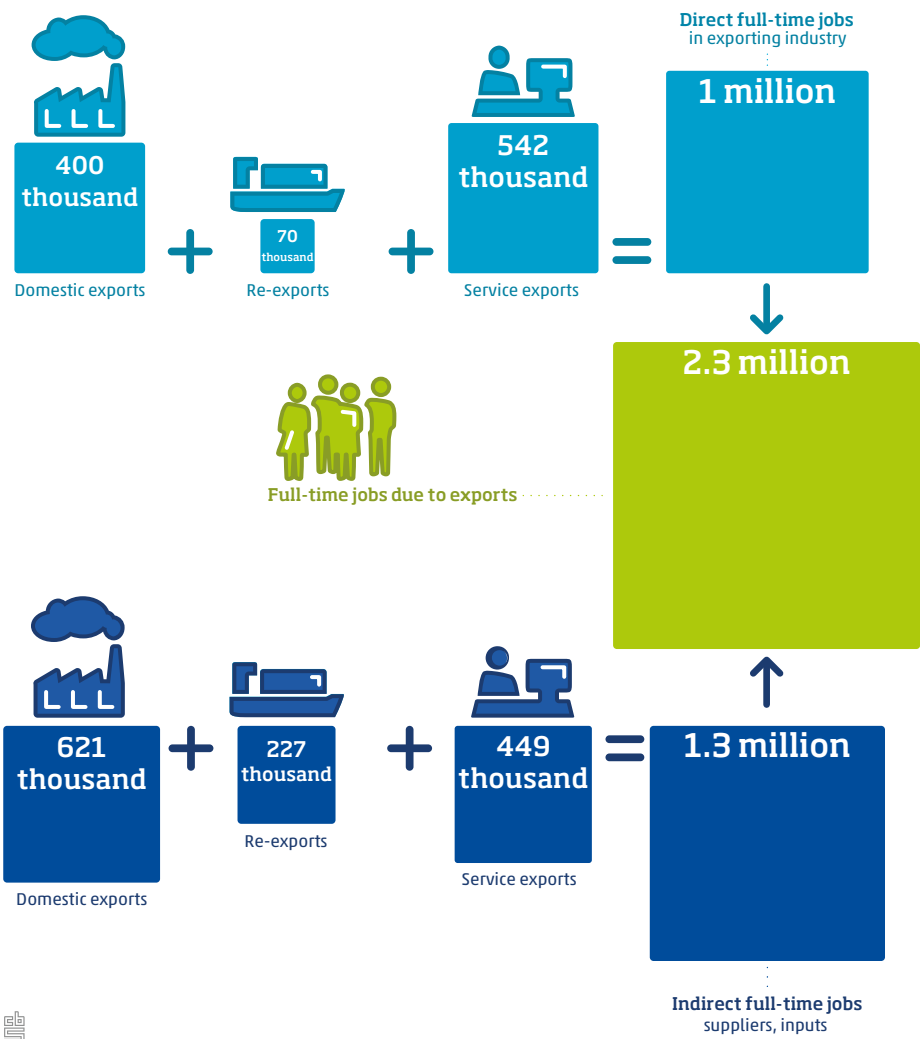


Source: CBS, National Accounts (2015 benchmark revision)

1.3 million indirect jobs through exports in 2017

In total, exports provided 1.3 million indirect jobs in 2017, which was 74 thousand more than in 2015. But not every type of export is a source of indirect employment. For example, significantly more indirect jobs than direct jobs are due to the production of domestic exports. In 2017, there were 400 thousand direct jobs against some 621 thousand indirect jobs. Therefore, for every 1 direct job there are around 1.6 indirect jobs. There are even more indirect jobs associated with re-exports, relatively speaking. In that area, there were 70 thousand direct jobs, against 227 thousand indirect jobs. This means that for every direct job in re-exports, there are more than 3 indirect jobs. In contrast, exports of services provide relatively fewer indirect jobs and the proportions are reversed. Exports of services provided 449 thousand indirect jobs, against 542 thousand direct jobs, which equates to 0.8 indirect jobs for every direct job.

Export-related employment (FTE), 2017



Many indirect jobs at (temporary) employment and in wholesale trade

Exports provide indirect jobs in a large number of sectors, but this effect is not equally strong in all sectors. Many indirect jobs are provided by job placement and temporary employment agencies and by wholesale trade in particular (Figure 2.3.3). Of the 1.3 million indirect jobs in 2017, 238 thousand were generated by job placement services and temporary employment agencies due to exports, and 203 thousand in wholesale trade.

1 300 000 indirect

jobs through exports in 2017

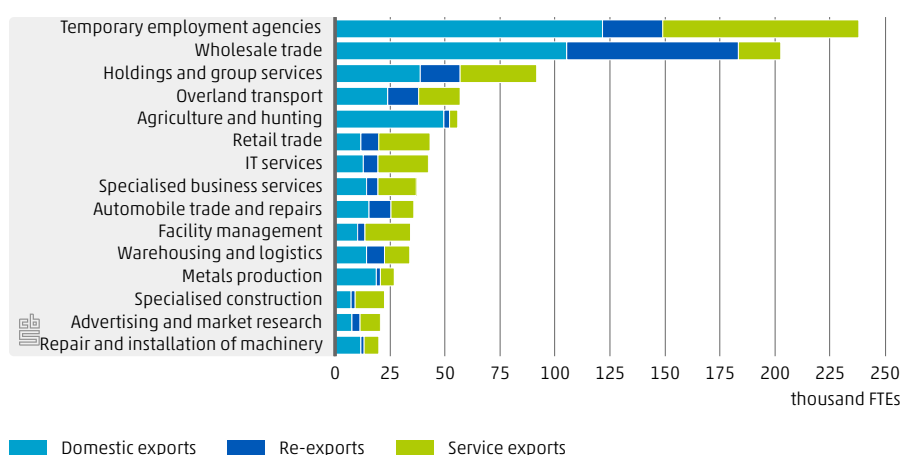


Indirect jobs attributed to domestic exports, re-exports and service exports can be broken down into different sectors. Of the 621 thousand indirect jobs in 2017 resulting from domestic exports, 122 thousand were associated with job placement services and temporary employment agencies, and 105 thousand through wholesale trade. Many jobs were also created in other sectors, though these were significantly fewer in number (Figure 2.3.3). Examples of these are holdings and group services, overland transport, and agriculture and hunting. Between 24 thousand and 50 thousand indirect jobs in these sectors were due to domestic exports.

In re-exports, indirect jobs were also spread over a large number of sectors. Here too, most of the indirect jobs were provided by job placement services, temporary employment agencies and wholesale trade. Of the 227 thousand indirect jobs associated with re-exports in 2017, 78 thousand were in the wholesale trade sector and 27 thousand through job placement services and temporary employment agencies, while the numbers were significantly smaller in other sectors. In the case of holdings and group services, overland transport, and automobile trade and repairs, for example, between 10 thousand and 18 thousand indirect jobs were generated.

For exports of services in 2017, the overwhelming majority of the 449 thousand indirect jobs were provided by job placement services and temporary employment agencies. Wholesale trade was in fifth place with 19 thousand jobs. Places two to four were occupied by holdings and group services, retail trade, and facility management.

2.3.3 Indirect employment due to exports, by industry, 2017



2.4 The import content of exports

The particular significance of imports to exports proves just how closely intertwined the international production processes are. The amount of imports needed to produce exports has changed over time, however. Due to globalisation, outsourcing and specialisation, not all goods and services used in the production of goods and services in the Netherlands are produced locally; a proportion of these are imported. A key aspect of globalisation is the increased international fragmentation of production processes. For instance, the different stages of the production process, such as the design, the manufacture of parts, the assembly, and the sale to users increasingly take place in more than one country. Imports of intermediate goods have risen much more rapidly as a result compared to those of final goods such as consumer goods and investment goods (Hanson et al. (2005), Johnson & Noguera (2012), Timmer et al. (2012) and Timmer et al. (2014)).

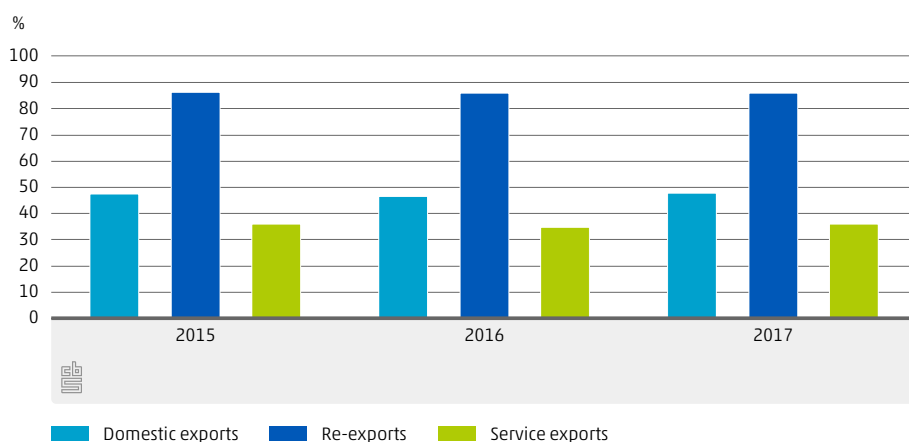
Import content of exports nearly 60 percent in 2017

To produce the total exports of 616 billion euros, around 365 billion euros in imported items was needed in 2017. Of these imports, 109 billion euros was used in the production of domestically produced goods and of services; 201 billion euros

was used towards re-exports, and 56 billion euros towards service exports. To calculate the value addition of these imports, their value is divided by the value of the exports, which gives the import intensity. Between 2015 and 2017, the import intensity rose slightly for the total of goods and service exports: from 58 to 59 percent. Rising import intensity indicates how much the Netherlands has become integrated into global value chains, also known as vertical specialisation (Hummels et al., 2001). On the other hand, it means that we earn less per euro from exports.

However, the import intensity varies according to the type of export (Figure 2.4.1). In 2017, imports were most relevant in re-exports, at 86 percent import content. Imports used in producing re-exports comprise on the one hand the re-exports themselves and on the other hand the imports used in the production processes of companies that re-export goods, as well as their suppliers. Examples are imports of energy, packaging materials and computer licences. For domestic exports, the import content was 48 percent in 2017 – considerably lower than for re-exports, although this share had increased since 2015. The lowest share in 2017 was 36 percent, which was for the exports of services.

2.4.1 Import content of exports, by type of export, 2015-2017



Source: CBS, National Accounts (2015 benchmark revision)

The share of imports necessary for the production of exports rose notably in the 2015–2017 period. In 2015, 64 percent of total imports was destined for the production of goods and services for exports. The remaining 36 percent of imports was used by, for example, consumers (imported goods that consumers buy in shops) or companies (for example machinery that is imported and used in the production process). In 2017, 68 percent of total imports was destined for the production of export goods and services – a rise of 4 percentage points relative to 2015. This is

explained by a sharp fall in imports for the purpose of business investments. The share of these imports in total imports of goods and services declined. Fewer imports were therefore needed for building up stocks of fixed capital goods. This decline specifically affected direct imports for capital accumulation.

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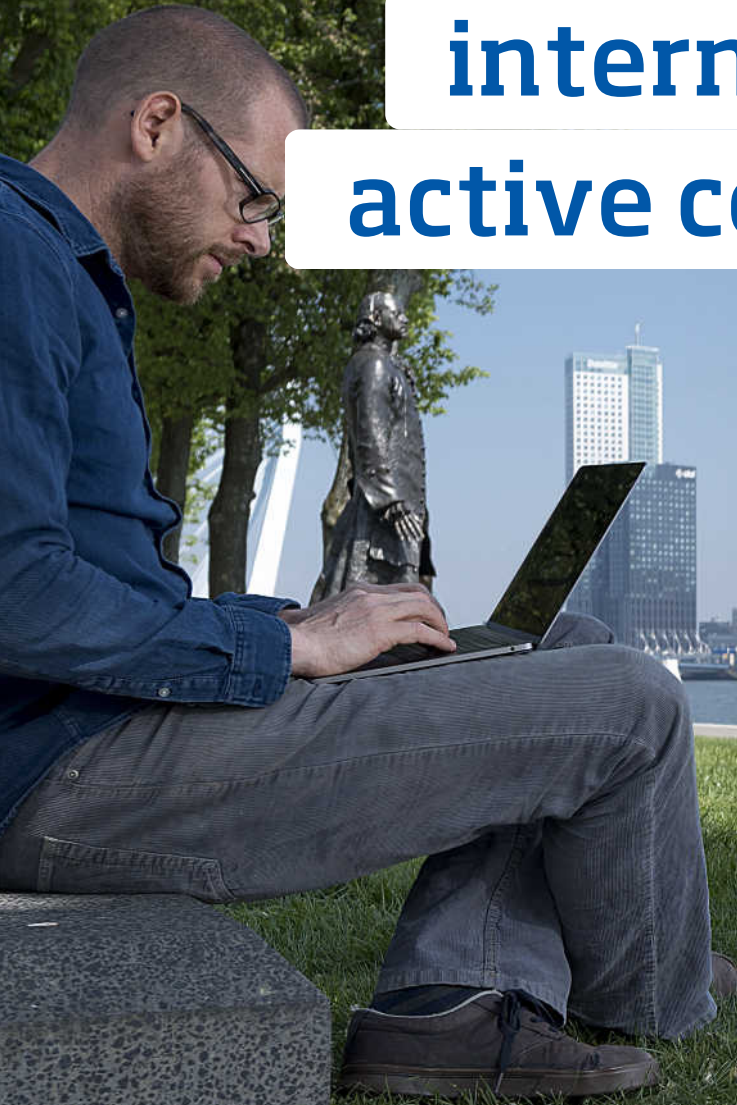
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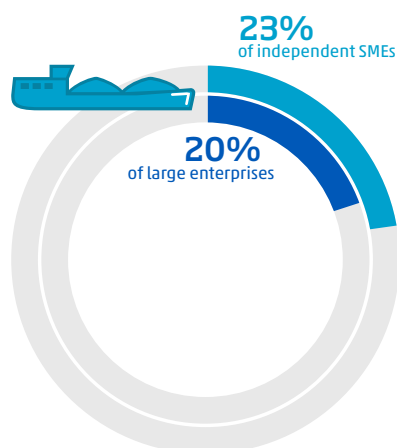
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Characteristics of internationally active companies

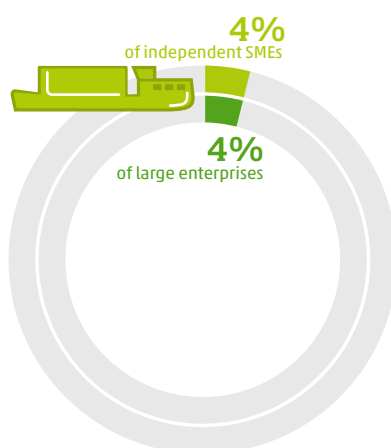
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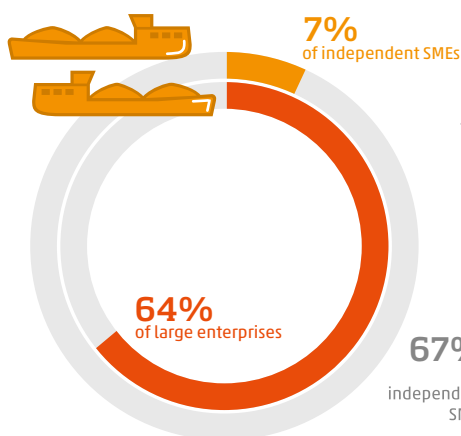
Internationally active enterprises (2017)



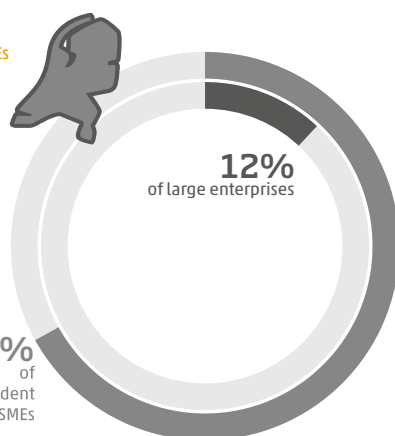
One-way importer
23%



One-way exporter
4%



Importer and exporter
(Two-way trader)
8%



No international trade
66%

35 percent female entrepreneurs in accommodation and food services in 2017



This chapter examines the characteristics of companies that are internationally active. To what extent are they exporters, importers or both? What proportion of them are independent SMEs or large enterprises; are they under Dutch or foreign control; and how many of them are multinationals? Another question is how they differ as regards key indicators such as productivity, average wages and the proportion of female entrepreneurs. And to what extent are these characteristics different among companies in the designated top sectors?

3.1 Key findings

The internationally active business economy in the Netherlands is a highly diverse group of companies. The share of multinationals is largest in the mining and quarrying sector and smallest in repairs, accommodation and food services, and the construction sector. The largest share of exporters is found in mining and quarrying at 57 percent, while in manufacturing this share is 51 percent. The highest productivity among internationally active companies is achieved in mining and quarrying, followed by the energy sector. These two sectors also have the highest average wages. In wholesale and retail trade – the sector with by far the largest number of entrepreneurs – nearly 30 percent of entrepreneurs are women. Only in the accommodation and food services are there more female entrepreneurs, with 35 percent. Between 2012 and 2017, the share of female entrepreneurs in Dutch businesses actually declined by 1 percentage point.

In 2017, approximately 66 percent of the entire Dutch business economy were not trading internationally; 23 percent were one-way importers, 4 percent were one-way exporters, and 8 percent were two-way traders. Of independent SMEs, 67 percent were not international traders in 2017, while the figure for large enterprises was only 12 percent. Most importers and two-way traders are active in the wholesale and retail sector, and this is true of both independent SMEs and large enterprises.

Of the foreign companies, 63 percent are two-way traders and only 12 percent are not international traders. Among Dutch companies, only 7 percent are two-way-traders and 66 percent do not trade internationally. Most foreign traders are active in the wholesale and retail sector. The picture is similar for Dutch companies, except that most one-way exporters are active in specialised business services. For multinationals, the breakdown into types of traders is similar to that of foreign companies.

In the 2012–2017 period, the share of internationally active companies that had been in existence for ten years or more declined from 45 percent in 2012 to 43 percent in 2017. The share of internationally active companies that have been in existence for ten years or more is largest in manufacturing, transport and storage, construction, and wholesale and retail trade. The change in the age distribution of companies is not only due to the fact that companies that continue to trade become older, but also because a proportion of companies start or stop trading internationally. In 2017, the majority of companies that started or stopped exporting were involved in business services and wholesale and retail trade. These sectors also contain the largest number of born globals, which are companies that start selling to foreign markets very soon after being set up.

In addition to the figures on business sectors, we also looked at developments according to the top sector classification. Top sectors are sectors that are knowledge-intensive; export-oriented; governed by specific legislation and regulations; and make, or could make, an important contribution to solving social problems (Section 4.4). The Chemicals top sector was the most internationally active in 2017, while the top sectors Agriculture & Food and Creative industries were the least active. Most companies are two-way traders in the top sectors of Chemicals, Energy, and Horticulture and starting materials. In the other top sectors, most traders are one-way importers. The majority of top-sector companies that are active in international trade are independent SMEs, under Dutch control, more than ten years old, and are not multinationals. Most multinationals are found in the High Tech sector and these are mostly two-way traders.

3.2 Key indicators for internationally active companies

The characteristics of internationally active companies differ greatly between sectors (Table 3.2.1). The wholesale and retail trade sector has by far the highest number of entrepreneurs. Over 32 percent of internationally active entrepreneurs were working in this sector in 2017. Entrepreneurs are people carrying out work on their own account or at their own risk in their own business or practice, or are owners of a company and employed by the company as director. The share of multinationals is largest in the mining and quarrying sector, at 35 percent, and at less than 3 percent, it is smallest in repairs of consumer goods, the accommodation and food services sector, and the construction sector. These last three sectors are almost completely focused on the domestic market. The largest share of exporters is found in mining

and quarrying at 57 percent; in manufacturing this share is 51 percent. The highest productivity in internationally active companies is achieved in mining and quarrying, followed by the energy sector. These two sectors also have the highest average wages. In 2017, the average wage in the mining and quarrying sector was 39 euros per hour and in the energy sector the average hourly wage was 33 euros.

3.2.1 Key indicators for internationally active business by sector, 2017

Sector	Number of enterprises	Share of multi-nationals (%)	Share of exporters (%)	Productivity ¹⁾	Average wage ²⁾	International entrepreneurs	Share of female entrepreneurs (%)
Agriculture, forestry and fisheries	.	.	.	79	18	14,205	29.5
Mining and quarrying	270	35.2	57.4	466	39	55	23.6
Manufacturing	32,105	10.6	51.3	103	24	17,290	21.4
Energy	395	24.1	32.9	256	33	85	11.8
Water and waste management	760	17.1	54.6	113	24	315	16.1
Construction	31,745	2.3	19.5	76	24	13,115	16.4
Wholesale and retail trade	130,320	5.9	38.1	59	20	72,625	29.5
Transport and storage	15,750	9.3	43.2	81	22	9,915	20.9
Food and accommodation	16,210	1.5	4.4	31	14	16,215	35.2
Information and communication	42,050	4.9	35.5	109	29	10,465	11.6
Real estate	5,905	6.9	12.3	136	27	3,530	24.2
Consultancy and research	101,710	3.2	33.1	71	30	30,430	21.5
Rental of movable property	20,190	5.6	29.8	31	17	8,765	25
Repairs	3,575	0.7	16.1	43	18	1,100	25.2
<i>Total Dutch business economy</i>	400,985	5.2	34	68	23	183,920	25.1

¹⁾ in 1,000 euros per year

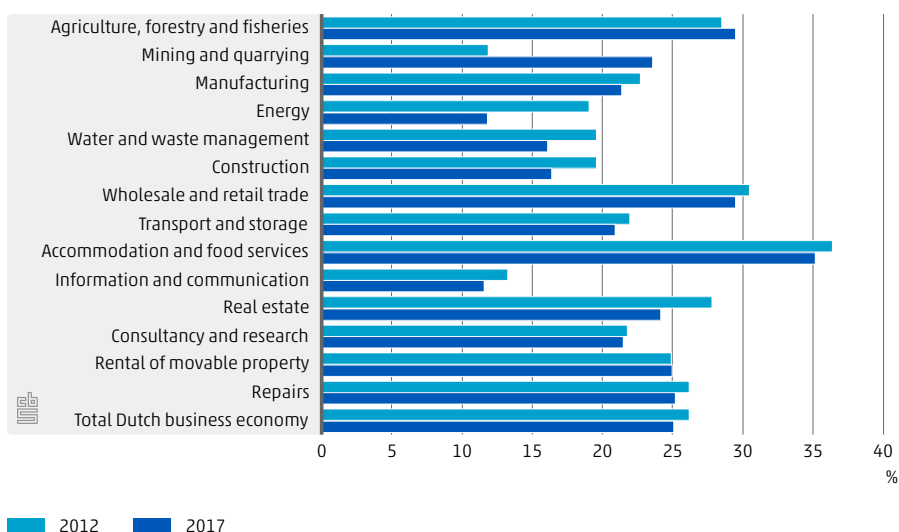
²⁾ in euros per hour

Share of female entrepreneurs fell between 2012 and 2017

In the wholesale and retail trade sector, which has the largest number of internationally active entrepreneurs, nearly 30 percent of entrepreneurs are women (Table 3.2.1). Only in the accommodation and food services sector are there more female entrepreneurs, as 35 percent of internationally active entrepreneurs are women. The share of female entrepreneurs is lowest in the information and communication sector, at 12 percent. Between 2012 and 2017, the share of female entrepreneurs in internationally active companies declined in most sectors, with the exception of mining and quarrying, and agriculture, forestry and fisheries

(Figure 3.2.2). In internationally active business as a whole, the share of female entrepreneurs declined by 1 percentage point on average.

3.2.2 Share of female entrepreneurs by sector, 2012 and 2017



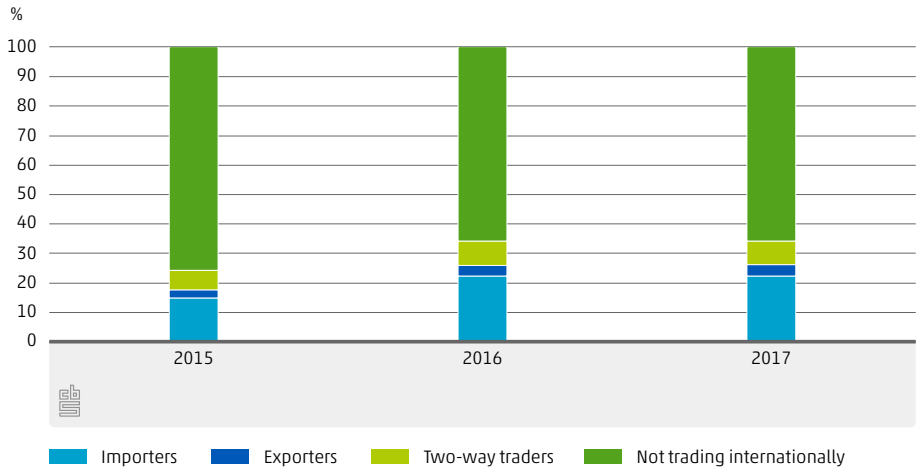
3.3 International traders by type

The group of nearly 1.2 million companies in the Dutch business economy¹⁾ in 2017 can be divided into one-way importers, one-way exporters, two-way traders (companies that both import and export) and companies that do not trade internationally.²⁾ By far the largest group is that of companies that are not active in international trade. In 2017, 66 percent of companies were not international traders. The remaining 34 percent of companies were spread over various types of traders (Figure 3.3.1). Of that group, 23 percent were importers, 8 percent were two-way traders and 4 percent were exporters.

1) Companies considered part of the Dutch business economy are those listed in the General Business Register, sections B to N plus division S95, with the exception of those in section K. Agriculture, forestry and fisheries (A), financial institutions (K), public administration (O), education (P), health care (Q), culture, sports and recreation (R), ideological and political organisations (division 94), wellness and funeral services (division 96), households (T) and extraterritorial organisations and bodies (U) are therefore outside the Dutch business economy.

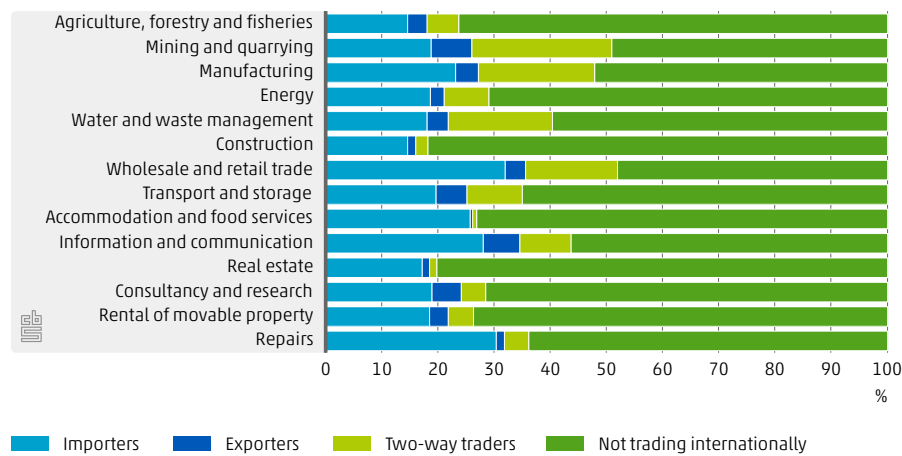
2) In defining the types of traders, no minimum threshold was used to filter out small traders. Importers (exporters) trade in goods and/or services; a two-way trader is active in both importing and exporting goods and/or services.

3.3.1 Distribution of entrepreneurs by type of trade, 2015-2017



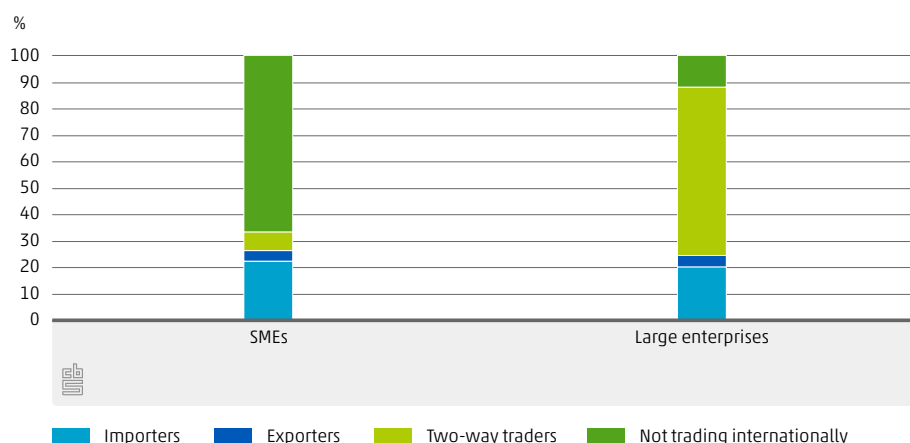
Most companies in the wholesale and retail trade sector and the mining and quarrying sector are international traders, with 52 percent of the former and 51 percent of the latter sector active as importers and/or exporters (Figure 3.3.2). Most companies in mining and quarrying, and water and waste management that trade internationally are two-way traders. In the other sectors, most companies are only importers.

3.3.2 Types of trade by sector in the Dutch business economy, 2017



The Dutch business economy consists of independent SMEs and large enterprises. Of the 1.2 million companies, there were 1.1 million SMEs and 17 thousand large enterprises in 2017. Around 99 percent were therefore independent SMEs. These two groups differ in the extent to which they do not trade internationally or are two-way traders (Figure 3.3.3). In 2017, whereas 67 percent of independent SMEs did not trade internationally, this was only the case for 12 percent of large enterprises. The opposite is true with regard to two-way-traders. Only 7 percent of independent SMEs were two-way traders, against 64 percent of large enterprises. In contrast, the percentages of companies that only export or import are similar for independent SMEs and large enterprises. In 2017, 23 percent of independent SMEs were active in imports, as were 20 percent of large enterprises. For both independent SMEs and large enterprises, around 4 percent were active in exports.

3.3.3 Types of trade among SMEs and large enterprises in the Dutch business economy, 2017



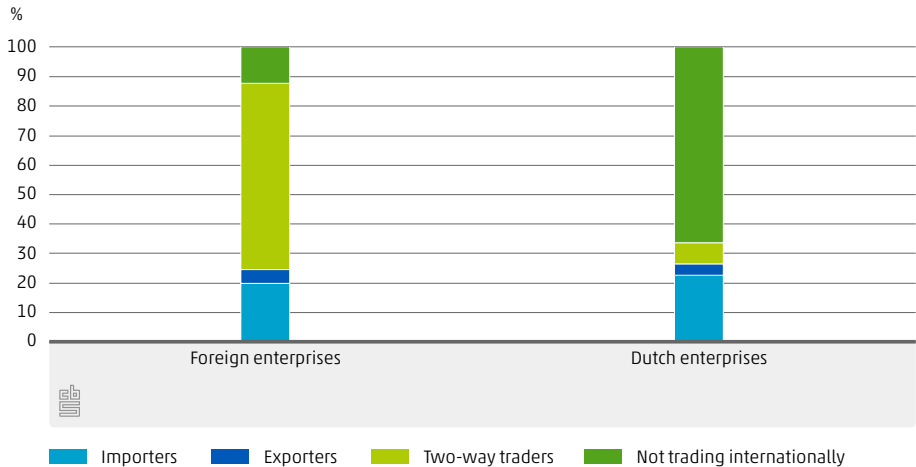
Most importers and two-way traders are active in the wholesale and retail sector. This is true of both independent SMEs and large enterprises. Most exporters are active in specialised business services³⁾ and this also applies to both independent SMEs and large enterprises. In 2017, in the case of independent SMEs, 32 percent of importers were active in wholesale and retail trade, as were 45 percent of two-way traders; for large enterprises, 31 percent of importers and 40 percent of two-way traders were active in that sector. For the same year, as regards independent SMEs, 42 percent of

³⁾ Specialised business services include activities such as legal services; accountancy; engineers and architects; research and development; advertising and market research; and industrial design and photography.

exporters were active in specialised business services, while among large enterprises, this was the case for 25 percent of exporters.

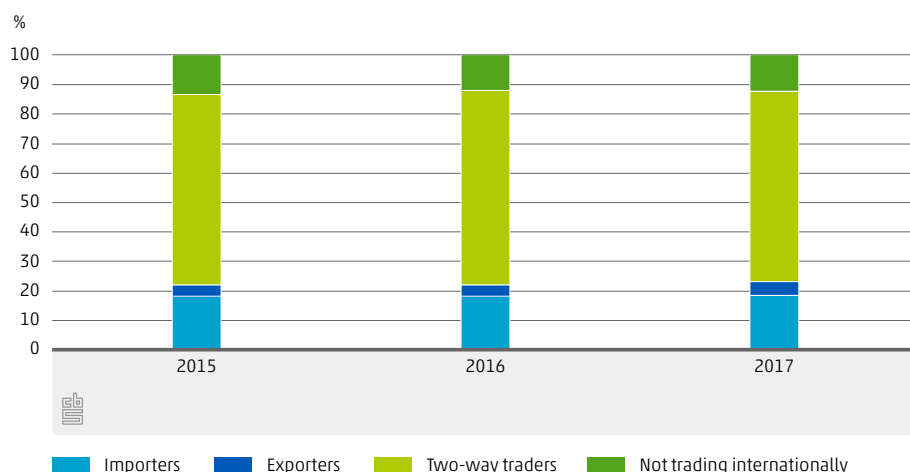
As well as the distinction between independent SMEs and large enterprises, the business economy may also be divided into foreign and Dutch companies (Figure 3.3.4). Of the 1.2 million companies in the Netherlands in 2017, some 14 thousand were under foreign control and the rest were Dutch, so that around 1 percent of the companies were in foreign hands. Of those foreign companies, 63 percent were two-way traders and 12 percent were not international traders in 2017. Among Dutch companies, only 7 percent were two-way-traders and 66 percent were not internationally active.

3.3.4 Types of trade in the Dutch business economy, 2017



Most foreign companies are active in the wholesale and retail trade sector. In 2017, 36 percent of importers under foreign control and 45 percent of two-way traders were active in wholesale and retail trade, while for exporters the share was 30 percent. Among Dutch-controlled companies, most of the importers and two-way traders were active in wholesale and retail trade in that year: 31 percent of Dutch importers and 45 percent of two-way traders were active in the sector. Most Dutch exporters were active in specialised business services in 2017, with 33 percent of exporters in the Dutch business economy involved in that sector. For multinationals, the breakdown into types of traders is comparable to that of the foreign companies (Figure 3.3.5).

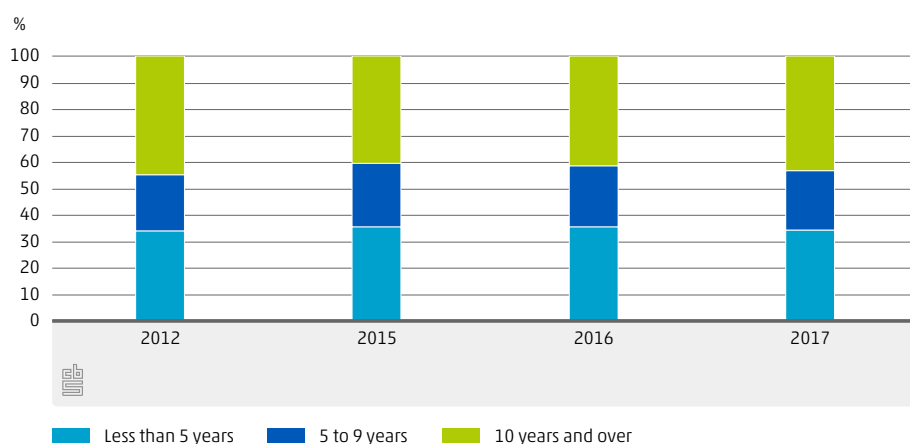
3.3.5 Types of trade among multinational corporations, 2015-2017



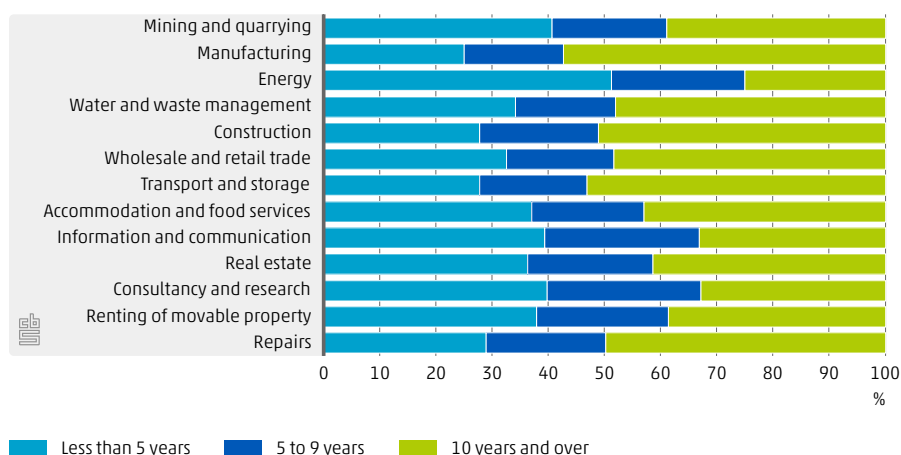
3.4 Internationally active companies by age

In the 2012–2017 period, the share of internationally active companies that had been in existence for more than 10 years declined from 45 percent in 2012 to 43 percent in 2017 (Figure 3.4.1). In contrast, the share of companies in existence for less than 5 years increased by 1 percentage point. In 2017, within the group of internationally active companies, most of the companies founded less than 5 years ago were active in mining and quarrying; energy; information and communication; and consultancy and research (Figure 3.4.2). Most of the companies in this group which were more than 10 years old were active in manufacturing; water and waste; construction; the trade sector; transport and storage; accommodation and food services; real estate; and rental of movable tangible property.

3.4.1 Internationally active companies by company age, 2012 and 2015-2017



3.4.2 Internationally active companies, by sector and company age, 2017



The shifts in the age distribution of companies are not only due to the fact that companies which continue trading internationally become older, but also because a proportion of companies start or stop trading. The share of the importers and exporters that feature every year in the total group of international goods traders does appear to be on a downward trend (CBS, 2019). This can be explained by the fact that the total group of international traders has grown significantly. Moreover,

there is a large group of companies that traded in a particular period, but changed their trading status over time, either from exporter (importer) to non-exporter (non-importer) or vice versa. In addition, there is a significant group of companies that, after taking this step, will stop trading internationally again within a few years. The majority of this group do continue to exist as companies, however. Also, there is a large group of companies that repeatedly start and stop exporting: the so-called intermittent exporters (CBS, 2019). An explanation for this phenomenon is that it is a process of failing and then trying again, as companies learn to export by experimenting in different markets before possibly developing into stable exporters. Companies that report having exported goods once make up no less than a quarter of the total number of unique exporters, but they only represent 0.5 percent of exports in terms of value. The same applies to companies that repeatedly start and stop exporting. Although together this group of intermittent exporters make up over 20 percent of the exporter population, they are responsible for less than 2.5 percent of total exports.

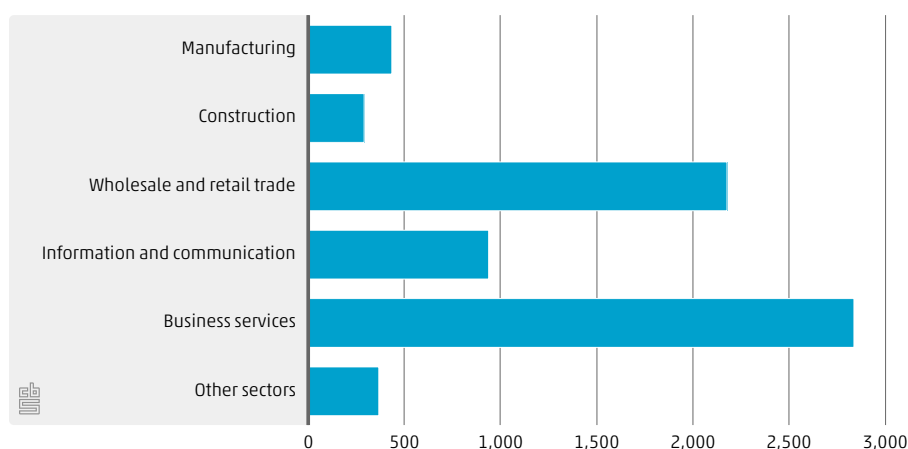
A special group of starters are the 'born globals' – companies that immediately begin to import or export goods or services in the year that they are founded (CBS, 2019). As with the starters and stoppers, in 2017 most born globals were involved in business services and wholesale and retail trade (Figure 3.4.3). However, there are also born globals in the information and communication, manufacturing, and construction sectors. This is in line with the findings from a European Union study (Eurofound, 2012), which states that in Europe, there are born globals in wholesale and retail trade, business services, manufacturing, and the information and communication sector. Around 24 percent of companies that started trading internationally in 2017 were born globals.

Dynamics of international traders, 2017



In the literature, various reasons are put forward to explain why born globals are able to internationalise so quickly. For example, companies in sectors where trade barriers, the necessary investments and transport costs are low can internationalise more rapidly. It is also suggested that born globals are expected to be most strongly represented in knowledge-intensive sectors, such as the production of software and technology products (Lopez et al., 2009). Because such products can be replicated at low marginal costs, a company can enter foreign markets at the same time as the domestic market. In addition, the international experience of the founders and employees is important for rapid internationalisation (Bengtsson, 2004; Madsen & Servais, 1997). The importance of the social networks in the country of origin for the speed of internationalisation is also mentioned (Zhou et al., 2007). Such networks help companies to spot opportunities in foreign markets, influence when and how they start exporting, help in identifying foreign partners, and help them to interpret implicit practices in international business.

3.4.3 Born Global Firms by industry, 2017



3.5 International traders by top sector

In the 2012–2017 period, the number of international traders belonging to a top sector increased from 84 thousand in 2012 to 148 thousand in 2017 (Table 3.5.1).⁴⁾ Top sectors are those that are (1) knowledge-intensive, (2) export-oriented, and (3)

⁴⁾ The 2016 top sector classification was used for 2017 and 2018 because it was not available for these two years. This could mean that the figures are somewhat underestimated.

in many cases governed by specific legislation and regulations that (4) make or can make an important contribution to solving social issues (Section 4.4).

The overwhelming majority of these companies – nearly 60 thousand – were active in the Creative sector in 2017 (Table 3.5.1). In second place was High Tech with nearly 42 thousand companies.

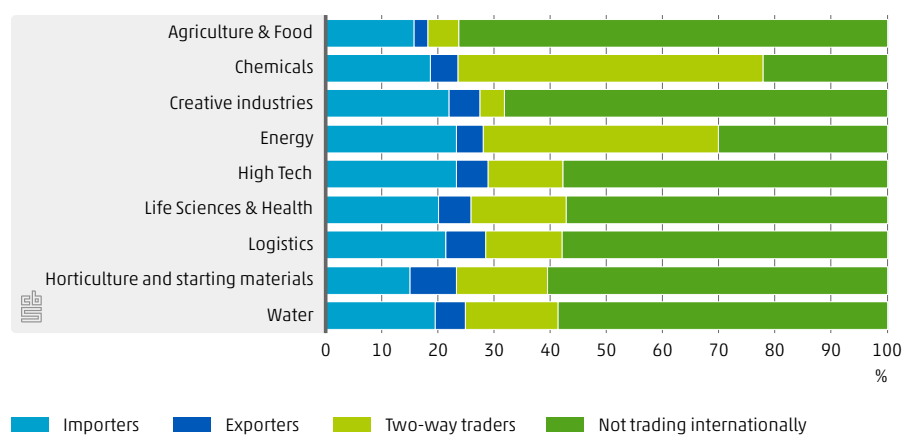
3.5.1 Number of international traders by top sector, 2012 and 2015-2017 (in thousands)

	2012	2015	2016	2017
Top sector	x 1,000			
Agriculture & Food	9.3	14.7	16	16.6
Chemicals	1.6	1.8	1.8	1.8
Creative industries	25.4	47.6	55.7	59.8
Energy	1.2	1.2	1.2	1.3
High Tech	26.5	37.4	40.2	41.6
Life Sciences & Health	0.9	1.3	1.4	1.5
Logistics	10.7	12.6	13.2	13.7
Horticulture and starting materials	7.3	9.3	9.8	9.7
Water	1.1	1.4	1.5	1.5
Total	84	127.3	140.8	147.5

In addition to the top-sector companies that trade internationally, there are also companies that do not. This varies from one top sector to another (Figure 3.5.2).

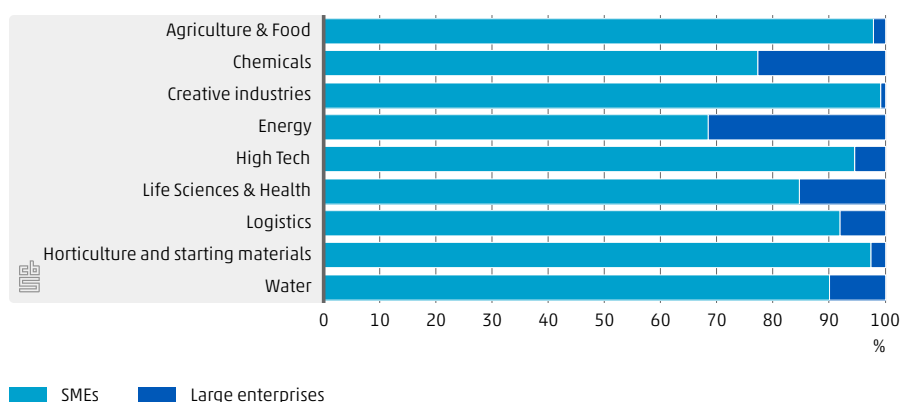
In 2017, the top sector Chemicals was most active in international trade: 78 percent of the companies in this sector imported and/or exported goods in 2017. At the other end of the scale, the Creative industries and Agri-Food top sectors traded least: 23 percent of creative industry companies and 32 percent of those in Agri-Food exported and/or imported in that year. These sectors also differed as to the type of trader. In the top sectors Chemicals, Energy, and Horticulture and starting materials, most traders were two-way traders, while most traders were exclusively importers in the other top sectors.

3.5.2 Types of trade by top sector, 2017



Of the top-sector companies that trade internationally, the majority are independent SMEs (Figure 3.5.3). However, the majority of international traders in the top sectors of Energy and Chemicals are large enterprises. In 2017, 31 percent of companies in the Energy top sector and 23 percent of companies in the top sector Chemicals were large enterprises. The shares were lower for the other top sectors. The majority of top-sector companies that are internationally active are under Dutch control. Also, for all top sectors, most of the companies active in international trade are more than 10 years old. However, in the top sectors that trade internationally, the majority of companies are not multinationals. Most multinationals in the top sectors are in the HighTech sector and these are mostly two-way traders.

3.5.3 SMEs and large enterprises trading in the top sectors, 2017



There are major differences between the shares of companies in the top sectors that trade internationally. In 2017, the vast majority of entrepreneurs were active in the High Tech sector. The Life Sciences & Health top sector had the largest share of female entrepreneurs with 23 percent, while the smallest shares were found in the top sectors of Energy and High Tech, where only 14 percent of entrepreneurs were women. The highest productivity was achieved in the top sector Chemicals (177 thousand euros per employed person), followed by the top sector Energy (149 thousand euros per employed person). Productivity was lowest in Logistics (82 thousand euros per employed person). Average wages in 2017 were highest in the Energy sector (31 euros per hour) and lowest in the Logistics sector (24 euros per hour).

3.6 References

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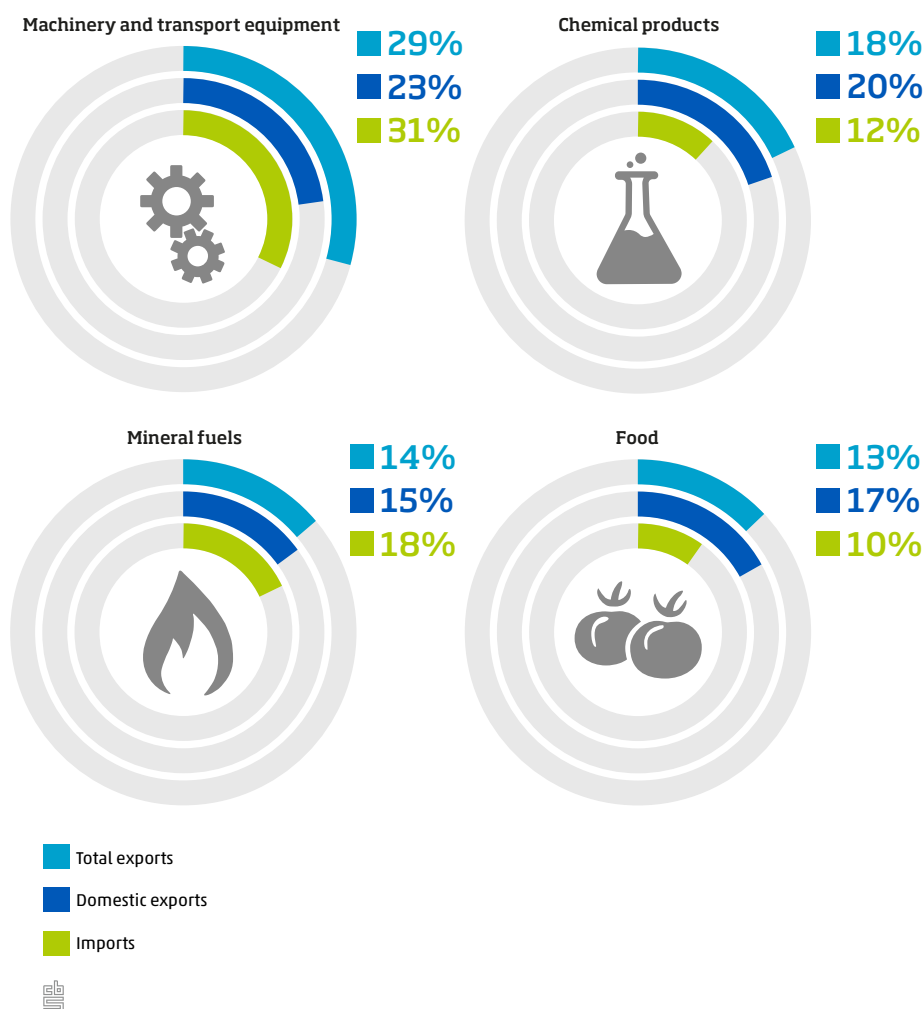
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Composition of Dutch trade

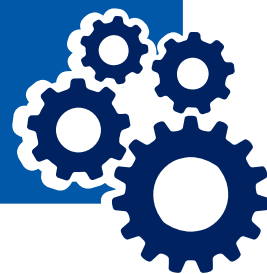
Author
Alex Lammertsma



Main products in goods trade (2018)



62% of service exports by top sectors were by High Tech and Logistics in 2017



Dutch trade with the rest of the world shows a high degree of diversity. This diversity is expressed not only in the types of goods and services traded, but also in the industries and top sectors that trade internationally and where they are located. What is interesting is how imports and exports are broken down by types of goods and services, to what extent they are Dutch-manufactured exports, which industries and top sectors trade many goods and services, how the international traders are geographically spread across the country and how important the various transport hubs (in Dutch 'mainports') and the so-called 'brainport' (breeding ground for innovation) are.

4.1 Key findings

On average, 56 percent of the goods exported in 2018 were Dutch-manufactured. This share increased slightly in the period 2010–2018. The share of Dutch-manufactured goods varies considerably between the groups of goods. Beverages, tobacco and food had the largest shares, while the smallest shares were found in machinery and transport equipment and manufactured goods. Machinery and transport equipment is the largest category here in both imports and exports. In service imports and exports, the two largest categories are business services and the use of intellectual property.

Over 80 percent of goods exports was accounted for by manufacturing and by wholesale and retail trade. The share of Dutch-manufactured goods is highest in the sectors construction, agriculture, mining and quarrying, and manufacturing. It is lowest in the sectors information and communication, consultancy and research, and repair and installation of machinery and equipment. The manufacturing and wholesale/retail trade sectors were also leading in the import of goods. For the export of services, there were several industries that made a significant contribution. The sectors consultancy and research, transportation and storage, information and communication, and wholesale and retail were responsible for more than 70 percent of service exports.

Approximately 39 percent of total goods exports in 2018 were on account of the designated top sectors. The top sectors High Tech and Chemicals accounted for nearly half of the top sector exports. On average, over three-quarters of goods exported by top sectors were Dutch-manufactured. Major differences are seen between the top sectors, however. On average, 87 percent of all goods exported by the Agriculture & Food top sector were Dutch-manufactured, while for the Life Sciences & Health top sector this was only 59 percent. Top sectors account for nearly half of all service

exports. In 2017, the two largest top sectors were Logistics and High Tech.¹⁾ More than 60 percent of top sector service exports was attributable to these two sectors.

In terms of business location, exporters of goods are concentrated in the provinces of Zuid-Holland, Noord-Brabant and Noord-Holland. Together, these provinces export more than 60 percent of the total goods exported. Zuid-Holland mainly exports mineral fuels; in Noord-Brabant and Noord-Holland the emphasis is on the export of machinery and transport equipment. These three provinces also have a number of transport hubs ('mainports') and a brainport. For example, Zuid-Holland has the Port of Rotterdam, Noord-Brabant has a technology cluster around Eindhoven while Noord-Holland has Amsterdam Schiphol Airport, the Port of Amsterdam and Amsterdam Internet Exchange. All these mainports and Brainport Eindhoven facilitate external trade. Nearly 14 percent of total Dutch goods exports in 2018 was generated by companies in and around Rotterdam; for the greater Amsterdam region this was more than 13 percent.

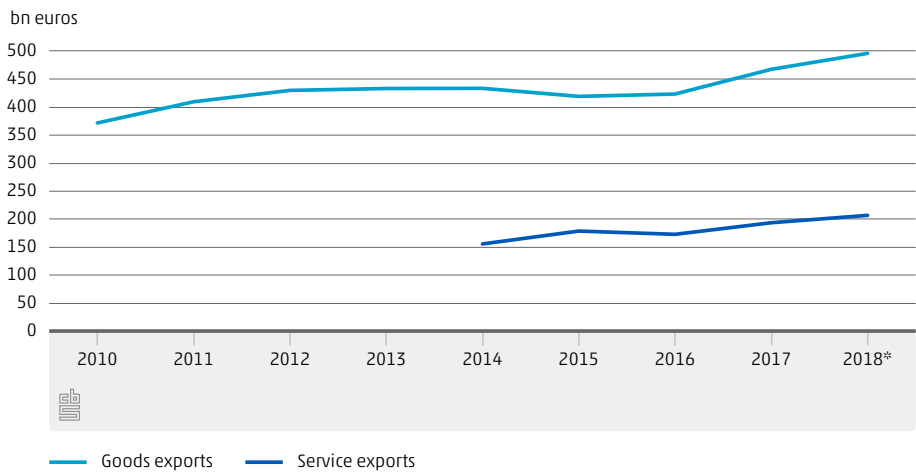
The exportation of services is – just as of goods – concentrated in the provinces of Zuid-Holland, Noord-Holland and Noord-Brabant. Together, these three provinces accounted for more than 80 percent of all Dutch service exports in 2017. The mainports and brainport are also important for the export of services. In 2017, for example, nearly 60 percent of the total Dutch export value of services was attributable to the regions of greater Amsterdam and greater Rijnmond and the region in and around Eindhoven.

4.2 Goods exports by type of product

Total exports consist of goods and services exported (see Figure 4.2.1). In terms of volume, goods exports far exceed service exports. In 2018, goods exports stood at 496 billion euros while service exports were worth 206 billion euros. This means that goods accounted for over 70 percent of total exports against less than 30 percent services. The bulk of goods exports is attributable to companies that have been exporting year after year. About 16 percent of the companies accounted for 80 percent of goods exports (CBS, 2019). In addition to the companies exporting continuously, there are companies that stopped their export activities and those that started exporting.

¹⁾ The 2017 figures for the international trade in services are the most recent figures available at company level, which means that 2017 is the latest available year in paragraphs 4.7-4.9 and 4.15.

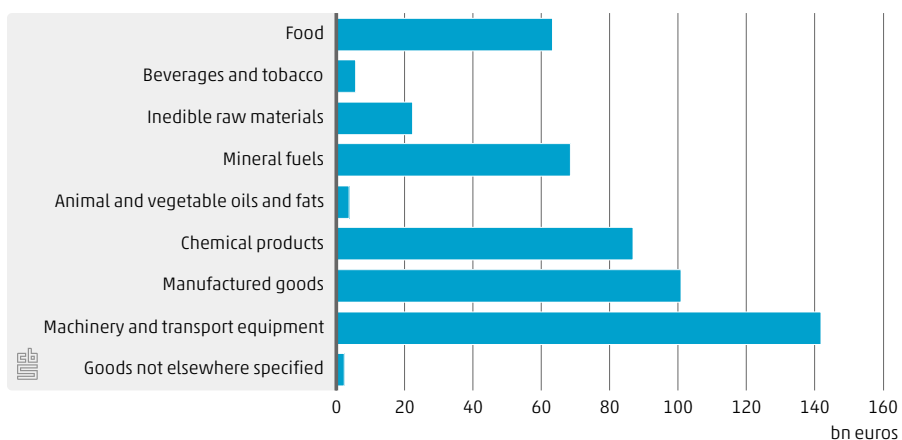
4.2.1 Export of goods and services, 2010-2018



Machinery and transport equipment main export goods

The export value of goods is highest for machinery and transport equipment with 142 billion euros being exported in 2018. This made up 29 percent of total goods exports (see Figure 4.2.2). The machinery and transport equipment sector includes telecommunication equipment, data-processing machines, office equipment and motor vehicles. The second largest group was manufactured goods with nearly 101 billion euros in export value, equivalent to 20 percent of total goods exports. Manufactured goods include paper and cardboard, clothing, metals and optical and medical instruments.

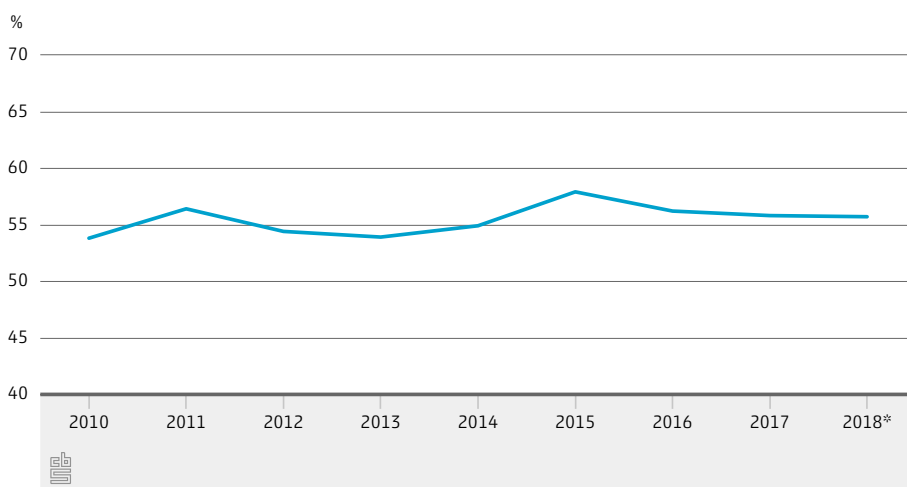
4.2.2 Goods exports by type of goods, 2018



On average, 56 percent of goods exported in 2018 were Dutch-manufactured, while the remainder were re-exports. This distinction is important because Dutch-manufactured export goods generate considerably higher returns than re-exports, see Chapter 2.²⁾ This share has risen slightly over the years (see Figure 4.2.3). There were two years that saw a slight increase in the share of domestic exports, namely in 2011 and 2015. In those two years, the Netherlands benefitted more from the increase in the growth of world trade.

²⁾ The figures presented in this chapter are based on the International Trade in Goods statistics. These figures differ from those in Chapter 2. Chapter 2 uses figures taken from the National Accounts. In the National Accounts, the figures from International Trade are adjusted for completeness and conceptual differences so as to comply with the international requirements for National Accounts; furthermore, integration in the National Accounts results in additional differences. This means that the figures in this chapter cannot be compared with those in Chapter 2. For more information on these differences, see 'De in- en uitvoercijfers van het CBS' (Import and export figures published by CBS) (CBS, 2015).

4.2.3 Domestic export share in total exports, 2010-2018



There were significant differences between the groups of goods in terms of the share of domestic exports, see Table 4.2.4. This was highest for beverages and tobacco, and food. In the period 2010–2018, Dutch-manufactured goods took up a share of 78 percent for beverages and tobacco and 74 percent for food. In the same period, machinery and transport equipment as well as manufactured goods had the lowest domestic shares with an average of 41 and 45 percent, respectively. Manufactured goods include furniture, clothing and measuring instruments.

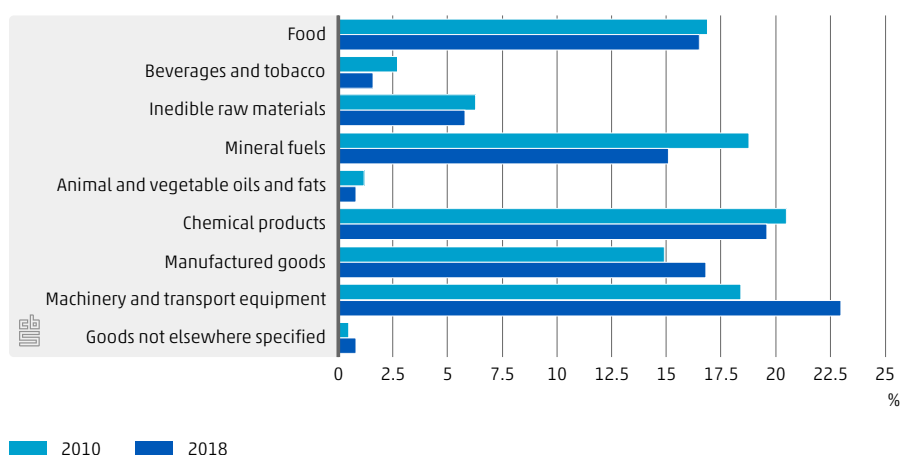
4.2.4 Share of Dutch-manufactured goods in total goods exports, 2010-2018

Share of domestically manufactured goods in %

	2010	2011	2012	2013	2014	2015	2016	2017	2018	Average 2010–2018
Food	74.6	74.2	74.5	74.2	74.2	73.7	73.2	72.6	72.1	73.7
Beverages and tobacco	88.6	84.7	82.3	81.5	76.9	72.5	71.5	70.6	75.8	78.3
Inedible raw materials	65.6	67.7	67.2	69.3	69.5	70.4	73.0	71.5	70.9	69.5
Mineral fuels	73.7	69.6	62.0	58.9	66.3	69.4	66.5	60.6	60.9	65.3
Animal and vegetable oils and fats	79.6	79.2	71.2	68.8	67.7	71.2	68.9	66.6	62.6	70.7
Chemical products	57.9	63.8	59.9	57.7	58.0	63.2	59.7	62.4	62.2	60.5
Manufactured goods	43.7	44.3	43.7	44.5	44.0	47.6	46.7	47.7	46.2	45.4
Machinery and transport equipment	34.5	39.4	37.8	38.5	39.5	45.1	44.4	43.7	44.7	40.8
Goods not elsewhere specified	44.7	49.8	54.0	54.4	66.9	65.4	56.2	62.2	87.2	60.1
Total	53.8	56.4	54.4	53.9	54.9	57.9	56.2	55.8	55.7	55.4

In the period 2010–2018, there were shifts in the composition of domestic exports (see Figure 4.2.5). The share of machinery and transport equipment, for instance, increased by 4.6 percentage points, while the share of mineral fuels decreased by 3.7 percentage points. The rising share of machinery and transport equipment was largely attributable to more exports of domestically manufactured passenger cars, trucks and motorcycles; the declining share of mineral fuels to falling exports of petroleum products. Re-exports showed a reverse pattern: the share of mineral fuels increased by 4.4 percentage points, while the share of machinery and transport equipment decreased by 4.9 percentage points. For the fuel sector this was mainly due to petroleum products, while for the machinery and transport equipment sector the fall was due to passenger cars, office equipment and spare parts, and television receivers.

4.2.5 Composition of Dutch-manufactured exports, 2010 and 2018

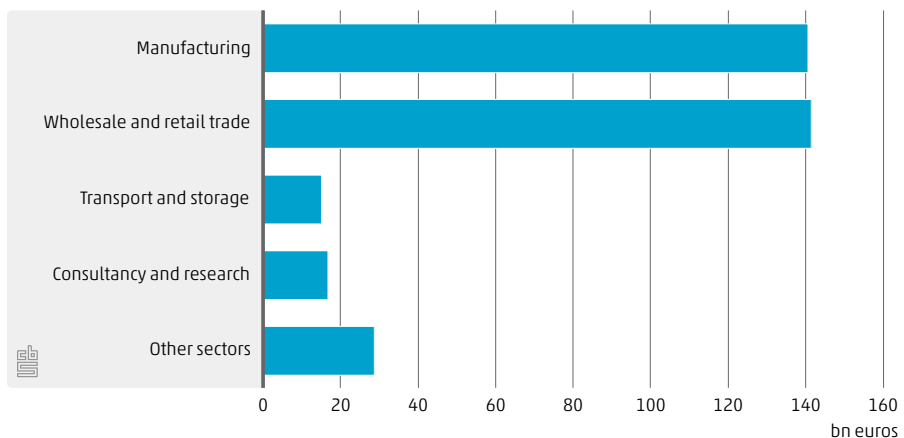


4.3 Goods exports by industry

Over 80 percent of goods exports is by manufacturing and wholesale and retail trade

More than 80 percent of total goods exports takes place in the sectors manufacturing and wholesale and retail trade (see Figure 4.3.1).³⁾ Within manufacturing, the main exporters are the food industry, the chemical industry and the machinery industry.

4.3.1 Goods exports by sector, 2018



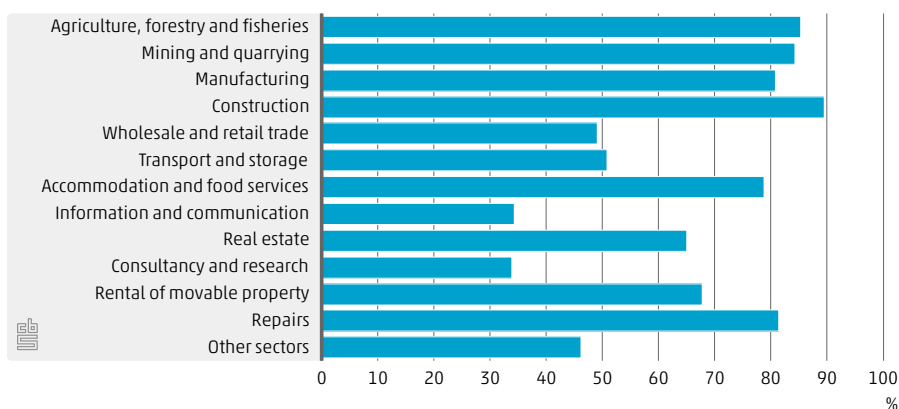
Exports by the sector wholesale and retail trade merit an explanatory note. As such, wholesale and retail trade does not normally manufacture goods, but buys the goods from the manufacturer, stores them and then trades them. Wholesalers act as intermediaries for companies that do not themselves export directly. In this role they specifically help small and medium-sized enterprises that lack knowledge of international markets, find it difficult to find international customers and consider the risks associated with trading on international markets too high (Terjesen et al., 2008). In doing so, they enable these companies to benefit from international trade

³⁾ The value of both the import and export of goods is based on BTW (Dutch VAT) units. In order to link this information to the Business Demographic Framework (BDK in Dutch), the observed BTW unit must first be linked to the General Business Register (ABR in Dutch). The branch of industry to which a business unit belongs is determined by the link to the ABR. Between 70 and 75 percent of the value can be linked when linking a business unit to the ABR. This is because foreign companies do not appear in the ABR and customs authorities sometimes receive anonymous export declarations. The linked business units are not necessarily representative of the branch.

without having to incur the costs of exporting themselves (Bai et al., 2017). However, using intermediaries also has its drawbacks. The drawbacks include the costs involved, the fact that a company has less control over the development of the export volumes and the fact that it learns less from foreign customers because there is no direct contact with them (Hessels & Terjesen, 2007; Bai et al., 2017). The fixed costs of selling through an intermediary in their own country are, however, lower than if a company exports its own goods (McCann, 2013). The direct and intermediary role of wholesalers in Dutch international trade are discussed extensively in the Internationalisation Monitor 2019, third quarter (published in September 2019).

There are major differences between the various industries in terms of their individual shares of domestic exports (see Figure 4.3.2). In 2018, the share of domestic exports was highest in the sectors construction, agriculture, mining and quarrying, and manufacturing. In the manufacturing sector, the industries with more than 85 percent domestic exports include basic metals, paper and cardboard, chemicals, machinery, wood and furniture, food and beverages, and rubber and plastics. However, this share was less than 50 percent for information and communication, and consultancy and research.

4.3.2 Share of domestic exports in total goods exports, by sector, 2018



4.4 Goods exports by top sector

Over three-quarters of top sector goods exports are Dutch-manufactured

Top sectors have been a focal point in the Dutch government's business policy since 2011. Four factors determined why these sectors were designated as top sectors: the sectors are (1) knowledge-intensive, (2) export-oriented, and (3) in many cases they are governed by specific legislation that (4) (can) make an important contribution to solving social issues (Verhagen et al., 2011). In 2015, for instance, 74 percent of all R&D expenditure was attributable to the top sectors; 39 percent of goods exported came from the top sectors, and the top sectors accounted for a quarter of GDP, see CBS (2017b).

The most recent figures show that approximately 39 percent of the total goods exported in 2018 were on account of the top sectors.⁴⁾ In 2018, the top sectors High Tech and Chemicals stood out with exports worth 59 billion and 40 billion euros, respectively (see Figure 4.4.1). This means that these two top sectors accounted for nearly half of the top sector exports.

76% of goods exported by top sectors in 2018 were Dutch-manufactured

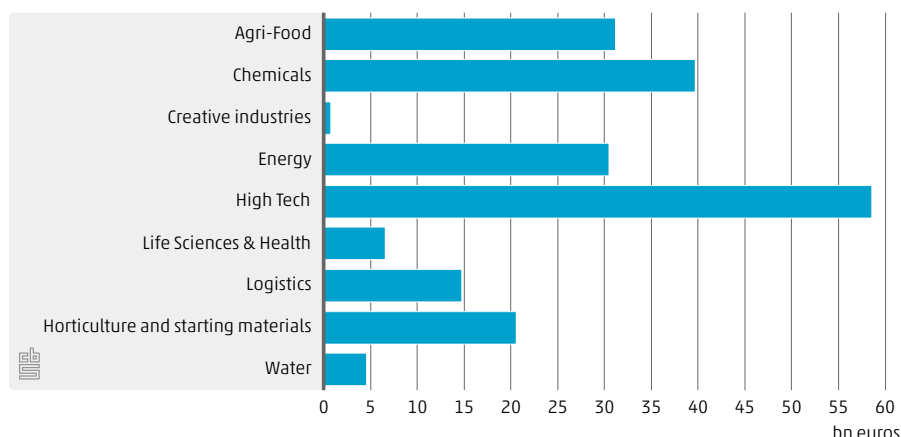


Top sectors exported considerably more Dutch-manufactured goods than non-top sectors: 76 percent of the goods exported by top sectors in 2018 were Dutch-manufactured, while this was only 43 percent for non-top sectors. On the other hand, the growth of top sector exports was lower than in overall goods exports. The latter was 3.8 percent per annum on average in the period 2010–2018, against 3.6 percent per annum on average in the top sectors.

⁴⁾ The 2016 top sector classification was used for 2017 and 2018 because it was not available for these two years. This could mean that the levels are somewhat underestimated.

However, the top sectors did differ in their share of domestic exports, with the highest share seen in Agriculture & Food. In this top sector, an average of 87 percent of the goods exports were Dutch-manufactured, while for the Life Sciences & Health top sector this was only 59 percent.

4.4.1 Goods exports by top sector, 2018



4.5 Goods exports by exporting region

Over 60 percent of goods exports from Zuid-Holland, Noord-Brabant and Noord-Holland

The location of exporters shows that the export of goods is concentrated in three provinces: Zuid-Holland, Noord-Brabant and Noord-Holland. Together, these provinces export more than 60 percent of the total goods exported. There are, however, differences in the composition of the exports in terms of types of goods (see Figure 4.5.1). Zuid-Holland exports were dominated by mineral fuels; in Noord-Brabant and Noord-Holland the emphasis was on the export of machinery and transport equipment. There was also a difference in the average export value per company between the provinces. The export of goods per business location was the highest in the province of Zuid-Holland (10 million euros) and the lowest in the province of Overijssel (1 million euros).

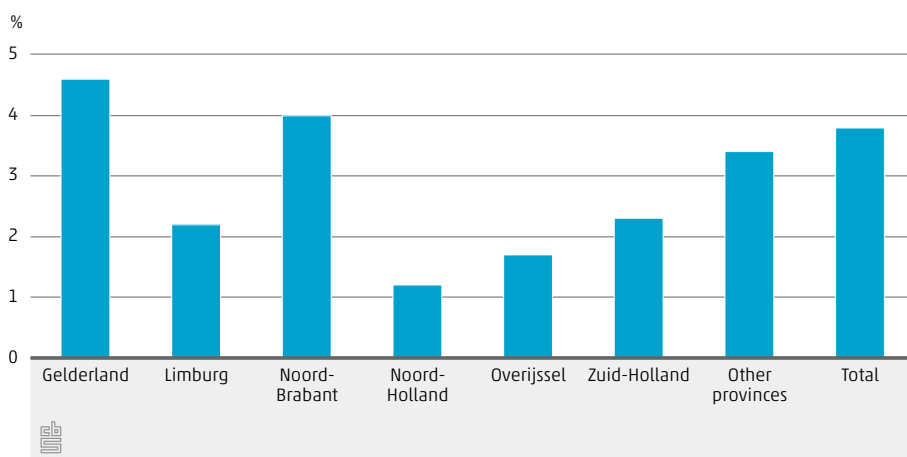
4.5.1 Largest goods export category, by province, 2017



In the period 2010–2018, there were regional differences in the growth of goods exports (see Figure 4.5.2).⁵⁾ The average growth in goods exported was 3.8 percent per year, while the provinces of Gelderland and Noord-Brabant showed above average export growth, and the provinces of Noord-Holland and Zuid-Holland were just below the national average. When it comes to the other provinces, the average export growth was lowest for Zeeland (1.5 percent) and highest in Friesland (6.6 percent).

⁵⁾ Figure 4.5.2. shows the growth for the provinces with the largest volume of exported goods. The figures for the other provinces can be found in the set of tables elsewhere in this publication.

4.5.2 Average growth of goods exports, by province (provinces with the largest exports), 2010-2018



Mainport and brainport essential in goods exports

The transport hubs (mainports) serve different purposes in the export of goods. Mainports are transport nodes where important connections and flows of activities converge and then disperse again. Many goods are transported and services provided from these hubs. In addition to being a transport node, the mainports can also serve as a passenger hub, they can attract companies from the same sector or value chain that wish to be located close to each other in order to gain competitive advantages, and they generate turnover for suppliers, see Boekholt et al. (1998).

Mainports thus make a direct or indirect contribution to the Dutch economy (RLI, 2016).⁶⁾ Since the 1980s, specific policies have been pursued to improve the mainports and to strengthen the hinterland connections. In addition to mainports, there is also the so-called brainport, where high-level knowledge is developed and shared.

⁶⁾ To express the importance of the Port of Rotterdam, Amsterdam Schiphol Airport and the technology cluster around Eindhoven for the Netherlands in terms of GDP, we should have regional accounts at COROP level. There are approximately 40 COROP regions in the Netherlands, however, there are no such regional accounts. Furthermore, to map out the relationship between a mainport and/or a brainport and the other regions and sectors, input-output tables would need to be drawn up at this level. This would also make it possible to address them from a value chain perspective. That would be an alternative demarcation method. This falls outside the scope of this publication.

The three provinces that export the most (Zuid-Holland, Noord-Brabant and Noord-Holland) each have a mainport and/or a brainport. The province of Zuid-Holland, for example, has the Port of Rotterdam, Noord-Brabant has a brainport around Eindhoven with a technology cluster of high-tech companies and high-quality manufacturers, and Noord-Holland has Amsterdam Schiphol Airport, the Port of Amsterdam and a large international internet exchange in Amsterdam (Cybersecurityraad, 2016; NOS, 2015). About 35 percent of all the goods were exported from a mainport and/or brainport. Nearly 14 percent of the total Dutch goods export in 2018 was generated by companies in and around Rotterdam; for the greater Amsterdam region this was more than 13 percent.

With the exception of Groningen, the provinces with a mainport and/or brainport had the highest exports per location, see Table 4.5.3. For the province of Groningen, the high exports were attributable to the export of natural gas. The export of goods per business location was the highest in the province of Zuid-Holland; the figures for Noord-Holland and Noord-Brabant were considerably lower (3 million euros per business location). The mainports in the Rotterdam region had the highest exports of goods, namely 5 million euros per location; for Noord-Holland (mainport) and Noord-Brabant (brainport) this was over 4 million euros.

4.5.3 Goods exports by business location, province and mainport, 2018

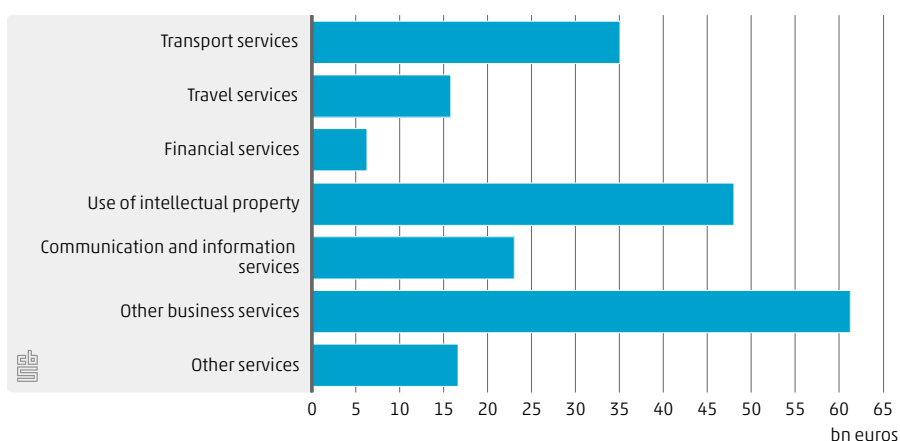
	Export of goods by business location (million euros)
Zuid-Holland	10.0
Greater Rijnmond area incl. Rotterdam	5.1
Noord-Holland	3.3
Greater Amsterdam region	4.2
Noord-Brabant	3.0
Southeastern Noord-Brabant, incl. Eindhoven	4.1
Groningen	4.9
Limburg	3.0
Flevoland	2.4
Friesland	2.3
Utrecht	2.2
Gelderland	2.1
Zeeland	1.9
Drenthe	1.8
Overijssel	1.1

4.6 Service exports by type of service

Business services the largest export category

The other business services was by far the largest category in the exports of services (see Figure 4.6.1). The other business services sector includes research and development (R&D), professional and management consulting services, and technical, trade-related and other business services. Together with the use of intellectual property, the other business services account for more than half of all the exports of services.

4.6.1 Export of services, 2018



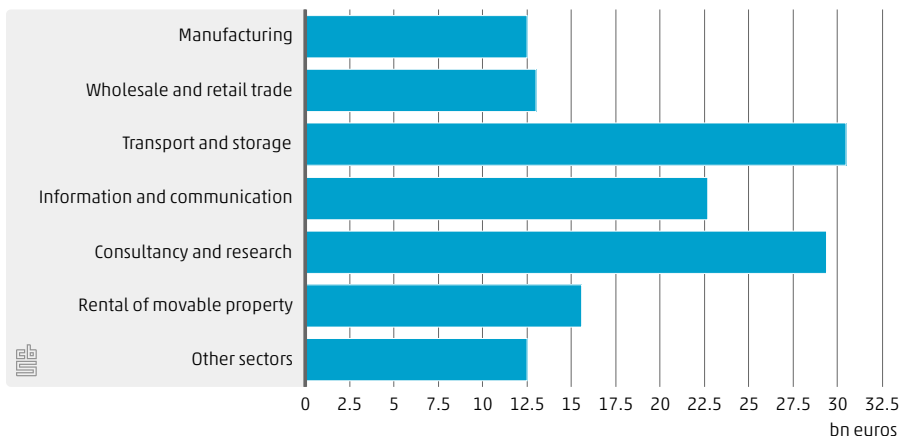
The composition of service exports has changed in recent years. In the period 2014–2018, for instance, the share of other business services increased by 3.3 percentage points and the share of transport services fell by 3.0 percentage points. The rise in exports of other business services was almost entirely due to an increase in professional and management consultancy services; the fall in exports of transport services can be accounted for by shipping, aviation and other transport.

4.7 Service exports by industry

Export of services highest in transport and storage sector

The sector that exported the most services was transport and storage. However, there were a number of industries that made a significant contribution to service exports. More than 70 percent of service exports were accounted for by four sectors, namely a) consultancy and research, b) transport and storage, c) information and communication, and d) wholesale and retail trade (see Figure 4.7.1). Of these four sectors, the information and communication sector grew the fastest. On average, the growth in this sector was 22 percent per year in the period 2012–2017. On the other hand, the service exports by the wholesale trade sector fell by 2.6 billion euros in the period 2012–2017, a decrease of just under 17 percent. The underlying figures show that this was caused by a decrease in the export of services by IT equipment wholesalers. These services provided by IT equipment wholesalers include software licenses for computers. The manufacturing sector, on the other hand, makes only a small contribution to service exports, with the pharmaceuticals sector exporting the most services. These services are mainly payments for the use of intellectual property, including licenses and royalties.

4.7.1 Service exports by industry, 2017

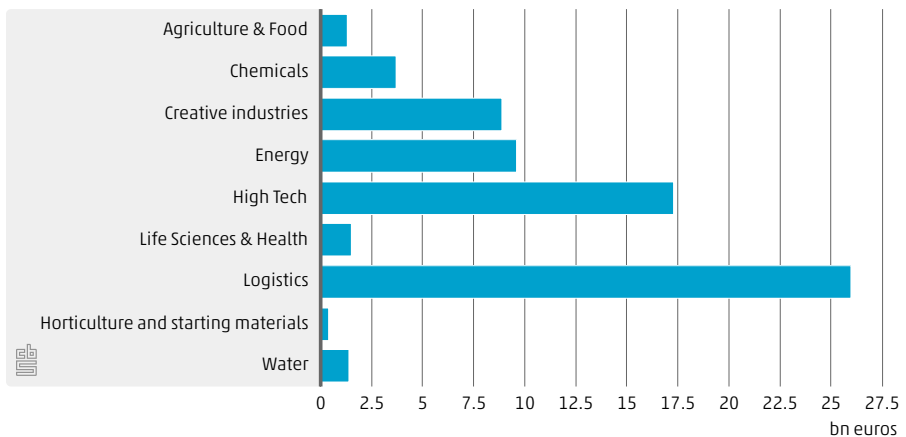


4.8 Service exports by top sector

Top sectors accounted for one-third of exports of services

Top sectors accounted for one-third of total service exports. In 2017, the two largest top sectors were Logistics and the High Tech Systems and Materials (see Figure 4.8.1). Together, these two sectors accounted for 62 percent of service exports by top sectors in 2017. Over 40 percent of the rise in top sector service exports in the period 2012–2017 was attributable to the High Tech sector.

4.8.1 Service exports by top sector, 2017



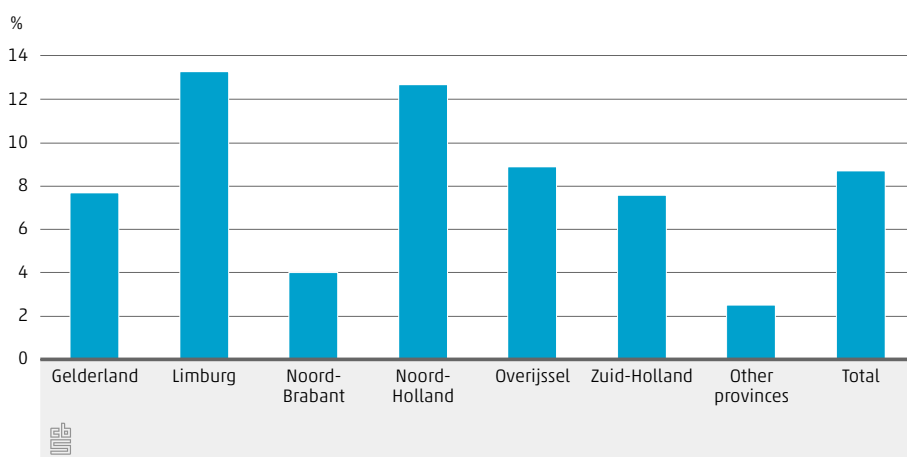
4.9 Service exports by exporting region

Over 80 percent of service exports are from Zuid-Holland, Noord-Brabant and Noord-Holland

The three provinces that export the most goods (Zuid-Holland, Noord-Holland and Noord-Brabant) also export the most services. Together, these three provinces accounted for more than 80 percent of all Dutch service exports in 2017.

There were significant differences in the growth of service exports between the provinces in the period 2012–2017 (see Figure 4.9.1). The average growth of service exports was 13 percent in Noord-Holland and Limburg and only 4 percent in Noord-Brabant, for instance.

4.9.1 Average growth of service exports, by province (provinces with the largest exports), 2012-2017



Amsterdam region the most important region for service exports

The mainports and brainport also help boost the export of services. In 2017, almost 60 percent of total Dutch service exports took place in a mainport and/or brainport region. The Greater Amsterdam region was more important in this respect than the

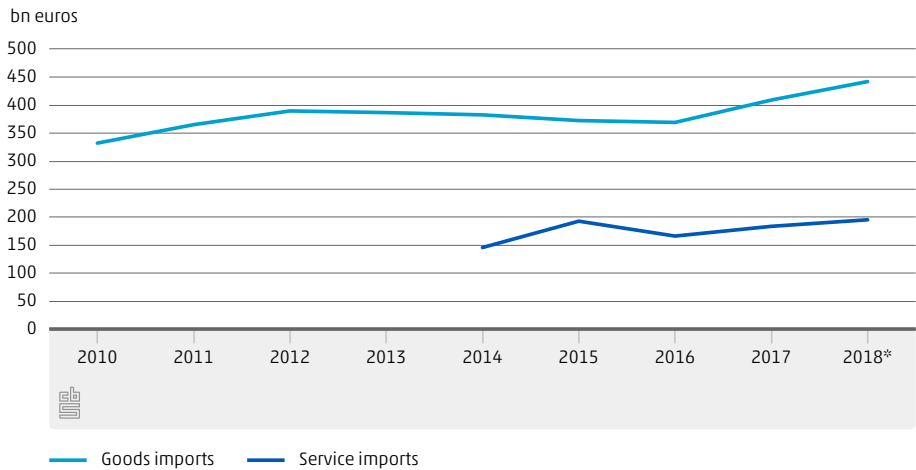
Rotterdam region. In 2017, for example, nearly 40 percent of total Dutch service exports was attributable to companies based in the Greater Amsterdam region and 14 percent to companies based in the Rotterdam region. The three largest service exporting industries in the Amsterdam region are travel agencies, information technology and air transport. The focus of service exports in the Rotterdam region, however, is on very different sectors. The three main service exporting industries here are holdings, warehousing and support activities for transportation, and water transport. In Eindhoven and the surrounding region, the three largest service exporting industries are holdings, information technology and wholesale trade.

The majority of businesses exporting services are located in Noord-Holland, Zuid-Holland and Noord-Brabant. In 2017, the Greater Amsterdam region accounted for more than 70 percent of all service exporters in the province of Noord-Holland, the Rotterdam region for almost half of all service exporters in the province of Zuid-Holland and the The Hague region for 23 percent of all service exporters in the same province. Approximately 35 percent of all service exporters in Noord-Brabant were based in the region in and around Eindhoven.

4.10 Goods imports by type of product

Total imports include the import of goods and services (see Figure 4.10.1). In terms of volume, the import of goods far exceeded the import of services. In 2018, goods worth 442 billion euros and services worth 195 billion euros were imported. This means that goods accounted for nearly 70 percent of the total imports while services accounted for about 30 percent of the total imports. A part of these imports were needed to achieve the exports, see Chapter 6.

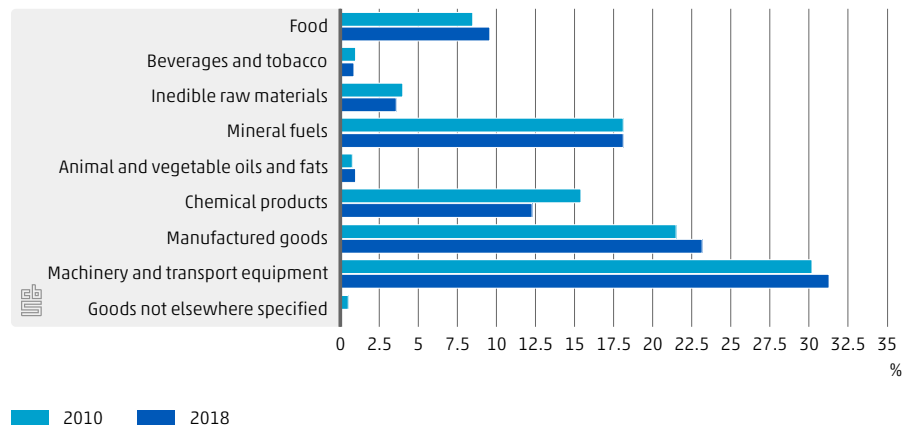
4.10.1 Imports of goods and services, 2010-2018



Machinery and transport equipment also main imported goods

The import of machinery and transport equipment represented the largest category of goods imported, as was the case for the export of goods. Its share of the total import of goods was 31 percent in 2018 (see Figure 4.10.2). The second largest group was that of manufactured goods.

4.10.2 Composition of goods imports, 2010 and 2018



In the period 2010–2018, there were shifts in the composition of goods imports. The largest shifts occurred in chemical products, manufactured goods, food, and machinery and transport equipment industries. The share of manufactured goods, for instance, increased by 1.7 percentage points, the share of foods as well as machinery and transport equipment rose by 1.1 percentage points, while the share of chemical products decreased by 3.1 percentage points (see Table 4.10.3). The increase in imports of manufactured goods was mainly attributable to a rise in imports of medical instruments, clothing, footwear and furniture. For foods the increase was mainly attributable to meat, cheese and curd, maize, nuts and fruits, and cocoa and cocoa products. For machinery and transport equipment the increase was mainly attributable to a rise in the imports of telecommunication equipment, semiconductors, electrical machinery and equipment and parts for tractors, passenger cars and motorcycles. The decline in the imports of chemical products, on the other hand, was mainly attributable to a fall in the imports of medicines and pharmaceutical products. The patents of a major share of the best-selling medicines expired in the period 2013–2015 (Jansen, 2010; Evaluate Pharma Vantage, 2011), which resulted in prices falling sharply.

4.10.3 Share of various import categories as percentage of total goods imported, 2010–2018

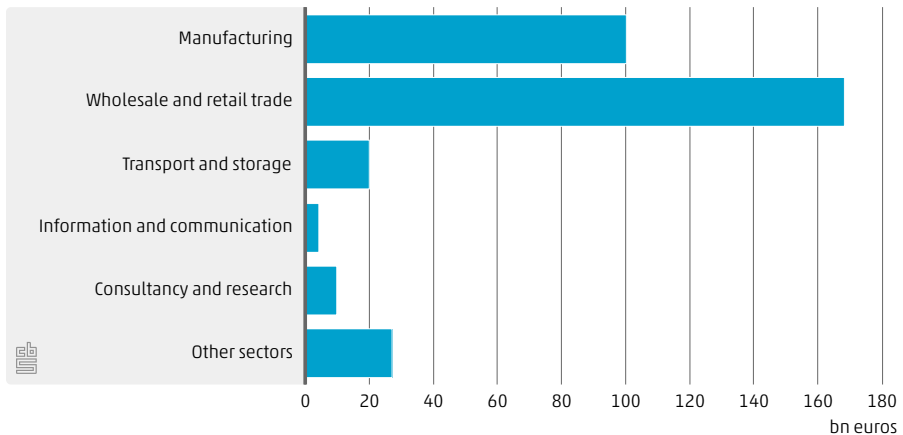
	Share in total imports (in %)									Change between 2010 and 2018
	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Food	8.5	8.8	8.6	9.1	9.4	10.2	10.4	10.0	9.6	1.1
Beverages and tobacco	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.0	0.9	–0.1
Inedible raw materials	4.0	4.4	3.8	3.6	3.5	3.7	3.5	3.6	3.6	–0.4
Mineral fuels	18.1	21.9	25.6	24.7	21.8	17.3	14.8	16.3	18.1	0.0
Animal and vegetable oils and fats	0.8	1.1	1.3	1.3	1.1	1.1	1.1	1.3	1.0	0.2
Chemical products	15.4	12.9	12.9	13.5	13.5	13.1	13.1	12.8	12.3	–3.1
Manufactured goods	21.5	21.3	19.3	19.6	20.9	23.0	23.9	23.3	23.2	1.7
Machinery and transport equipment	30.2	28.2	27.0	26.9	28.6	30.4	31.8	31.4	31.3	1.1
Goods not elsewhere specified	0.5	0.5	0.5	0.4	0.2	0.3	0.3	0.3	0.1	–0.4

4.11 Goods imports by industry

Trade and the manufacturing industry accounted for more than 80 percent of import of goods

More than 80 percent of goods imports in 2018 were accounted for by two sectors: the wholesale and retail trade and the manufacturing sector. Of the total 442 billion euros worth of goods imported, goods worth 168 billion euros were imported by wholesalers and retailers, and some 100 billion euros worth of goods by the manufacturing industry (see Figure 4.11.1). Here, too, wholesalers act as an intermediary between international suppliers and domestic users. Worth mentioning is that the share of the transport and storage sector in the import of goods fell by 8.4 percentage points in the period 2010–2018.

4.11.1 Goods imports by industry, 2018

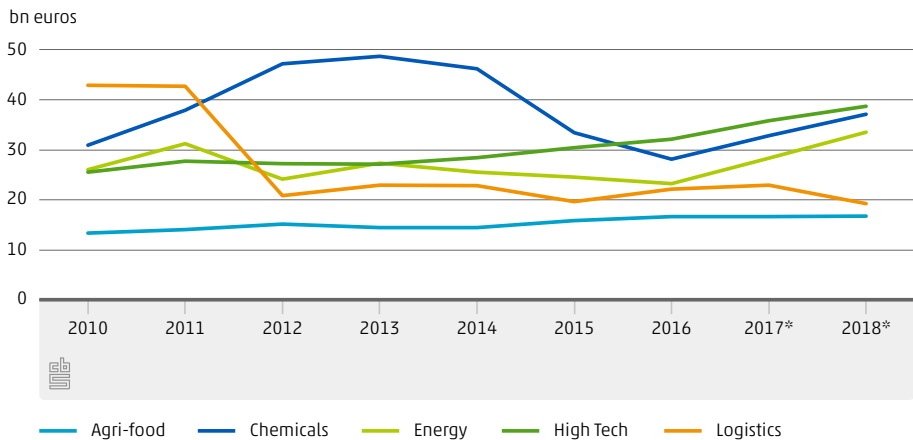


4.12 Goods imports by top sector

Nearly half of the goods were imported by top sectors High Tech and Chemicals

The share of goods imported by top sectors dropped from 41 percent in 2010 to 34 percent in 2018. Slightly more than half of the imports by top sectors in 2018 were attributable to the High Tech sector on the one hand and Chemicals on the other. The development of goods imports varied considerably among the top sectors. Imports increased gradually for the High Tech and Agriculture & Food sectors (see Figure 4.12.1).⁷⁾ However, for Chemicals, imports rose by 57 percent from 2010 to 2013, but then fell by 42 percent in the period up to 2016. The underlying figures show that this development was caused by the import of oil and oil products. It is worth mentioning that imports by the Logistics top sector fell sharply in the period 2011–2012. More than 60 percent of this decline was attributable to data-processing machines, telecommunication equipment, petroleum products, office equipment, and alcohol and related substances.

4.12.1 Development of goods imports by largest top sectors, 2010-2018



⁷⁾ Due to a change in the classification of the categories of the logistiek.nl members list, the group of companies selected for the logistics top sector for the reporting years 2010 and 2011 differs slightly from the companies selected for the reporting years after 2012 (CBS, 2018). This accounts for a small break in the trend for some indicators.

4.13 Goods imports by receiving region

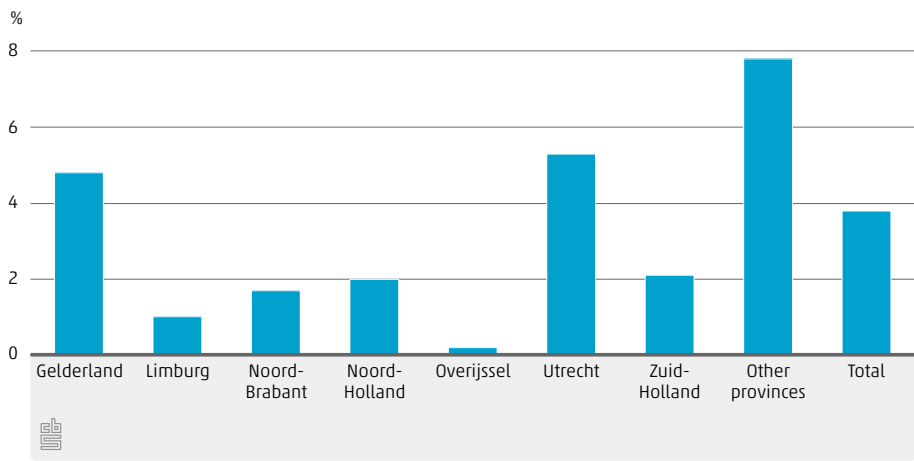
Over 60 percent of goods imported by Zuid-Holland, Noord-Brabant and Noord-Holland

The three provinces that export the most goods (Zuid-Holland, Noord-Holland and Noord-Brabant) also import most of the goods. Together, they accounted for more than 60 percent of total Dutch goods imports in 2018.

On average, the import of goods grew by 3.8 percent per year in the period 2010–2018. However, there were major differences in growth between the provinces (see Figure 4.13.1). Imports by the provinces of Utrecht and Gelderland grew the fastest, while the three provinces that imported the most saw their imports grow more slowly than the national average.

Nearly 14 percent of total Dutch goods imports was accounted for by companies based in Greater Amsterdam and 17 percent by companies based in the Rotterdam region. Companies based in Greater Amsterdam accounted for about 75 percent of goods imported by the province of Noord-Holland. In Zuid-Holland, the Rotterdam region accounted for two-thirds of the imports by Zuid-Holland and the Eindhoven region for one-third of the imports by Noord-Brabant.

4.13.1 Average growth of goods imports, by province (provinces with the largest imports), 2010-2018



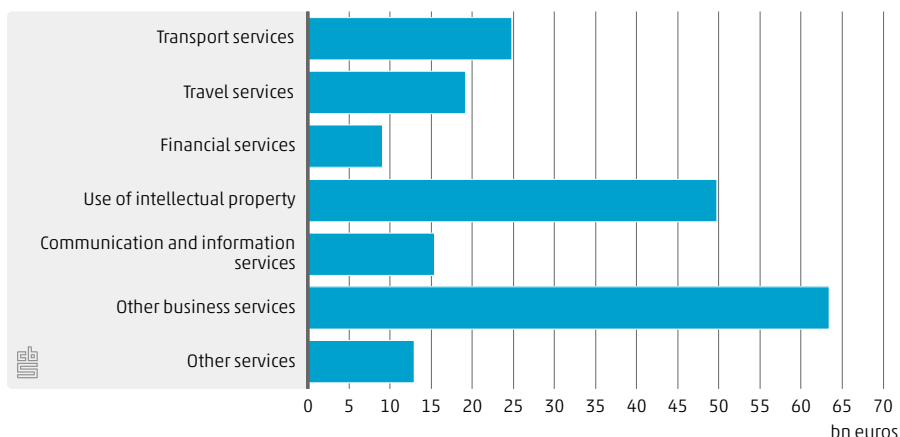
The number of business locations that import goods was successively the highest in Overijssel, Noord-Brabant and Noord-Holland. The average of imports per business location was highest in Zuid-Holland (5.7 million euros) and lowest in the province of Overijssel (0.4 million euros).

4.14 Service imports by type of service

Business services largest import category

As was the case for exports of services, the category 'other business services' was also the largest category for the imports of services (see Figure 4.14.1). Together with the use of intellectual property, the other business services account for more than half of all the imports of services. There was also a change in the composition of services imported. The share of other business services increased by 5.9 percentage points, while the share of the use of intellectual property fell by 4.0 percentage points and travel decreased by 2.1 percentage points in the period 2014–2018. The rise in imports of other business services was attributable almost entirely to professional and management consultancy services; for travel, the decrease was largely attributable to private travel.

4.14.1 Import of services, 2018



4.15 Service imports by industry, top sector and receiving region

Largest increase in imports of services in manufacturing sector

Imports of services were concentrated in three sectors, namely a) manufacturing, b) wholesale and retail trade and c) consultancy and research. Approximately 70 percent of the imports were attributable to these three sectors. The largest rise in imports of services took place in the manufacturing sector in the period 2012–2017; in 2017, imports of services were nearly 20 billion euros higher than in 2012. As was the case for exports of services, the imports of services by wholesalers fell; in 2017, the value of imports was 2 billion euros lower than in 2012, a decrease of 8 percent.

Top sectors account for one third of service imports

Nearly a third of all imports of services are attributable to the top sectors. The High Tech sector has been the fastest growing contributor to the total of top sector service imports. Their share was less than 20 percent in 2012, but rose beyond 40 percent in 2017. The High Tech sector was also pivotal in the rising imports of services by top sectors: almost 70 percent of this rise in the period 2012–2017 was on account of High Tech.

Over 80 percent of services imported by Zuid-Holland, Noord-Holland and Noord-Brabant

The three provinces that exported the most services (Zuid-Holland, Noord-Holland and Noord-Brabant) are also the largest importers of services. Together, these three provinces accounted for over 80 percent of all service imports into the Netherlands in 2017. The majority of businesses that import services are also located in these three provinces.

As was the case for imports of goods, the Rotterdam and Amsterdam regions are also important for service imports. In 2017, for example, 47 percent of total Dutch service imports were attributable to companies based in the Amsterdam region; for the

Rotterdam region this was 12 percent. Service imports In the Amsterdam region grew sharply in the period 2012–2017 with an average annual growth rate of 14 percent.

The number of business locations that import services is successively the highest in Noord-Holland, Zuid-Holland and Noord-Brabant. The average of imports per business location is highest in Noord-Holland (4.1 million euros), followed by Zuid-Holland (1.9 million euros). This average is lowest in the province of Friesland (0.4 million euros).

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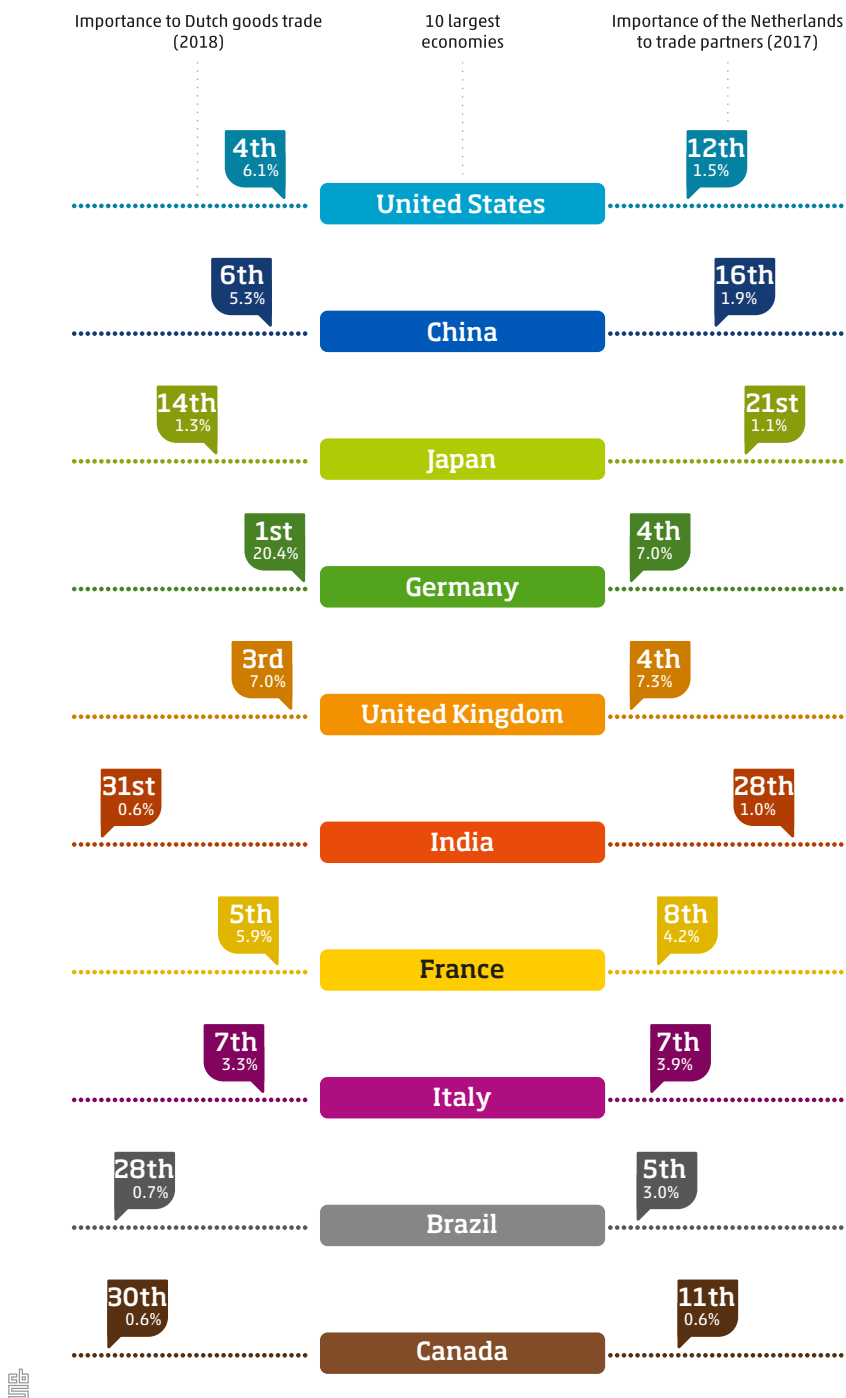
5.

Geographical dimension of Dutch goods trade

Author

Pascal Ramaekers

Goods trade (imports plus exports) with the world's largest economies



What are the main countries of origin and destination in Dutch goods trade? How well-represented is the Netherlands in the external goods trade of the United States, China, Russia and the rest of the world? How important is the European Union to the Netherlands' trading success and how large is the Netherlands' contribution to intra-EU trade? In this chapter, we answer these and many other questions by analysing the geographical dimension of Dutch imports and exports.

5.1 Key findings

As we described in chapter 2, trade in goods is of great importance for the Dutch economy. In 2017, the Netherlands earned 151 billion euros in goods trade, for example. This included 119 billion euros in Dutch-manufactured exports, while the remainder was generated by re-exports. Altogether, the export of goods accounts for 21 percent of GDP. Chapter 4 of this publication describes the composition of Dutch goods trade by type of goods and by supplying and receiving industry, top sector and region. In this chapter, we present the geographical dimension: what are the main countries of origin and destination in Dutch goods trade? Not only Germany, the United Kingdom and the United States are mentioned here, but various much lesser known trading partners will also be covered. Previous editions of the Internationalisation Monitor (CBS, 2016; CBS, 2017; CBS, 2019a) already described bilateral trade with Germany, the United Kingdom and the United States, respectively, in more detail.

A key conclusion of this chapter is that the European Union (including the UK) is a vitally important market for Dutch goods exports, with a share of almost 71 percent in 2018. However, this share has declined since 2010, when it exceeded 74 percent. Among the top ten export destinations, China and the US are the only countries outside the EU. Dutch goods imports are less focused on the EU, although here as well, the EU holds the largest share (53 percent of the total). The EU's share was equally large in 2010. Russia and Norway are included in the top ten of major goods suppliers, aside from the US and China.

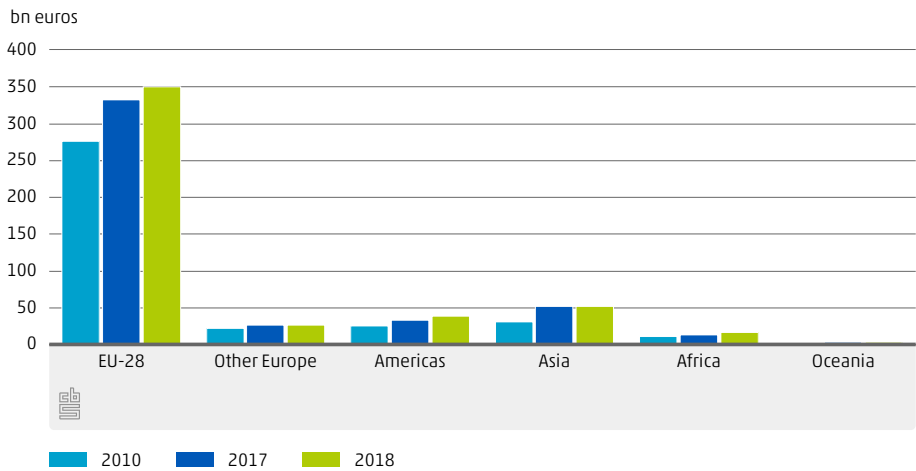
Approaching the figures from an international rather than from a Dutch perspective, the landscape takes on quite a different look. The Netherlands does not play a very large role as a goods supplier to the ten largest non-EU economies, including the US, China, Japan, India, Canada and Brazil. However, the Netherlands is a major supplier to countries such as Belgium, Nigeria, Sweden and Germany. For the ten largest non-EU economies, the Netherlands plays a more significant role as a recipient country rather than a supplier. This is particularly the case for Brazil, where the Netherlands is

the fourth largest export destination. For example, the Netherlands receives large loads of Brazilian soya beans. The Netherlands is relatively even more important as a recipient country for Iceland, Belgium, Ivory Coast and Norway. Considering total trade in goods (starting from 2 billion euros in trade value), the Netherlands is most important for Belgium, Nigeria, the United Kingdom, Sweden, Norway, Germany and Russia.

5.2 Dutch goods exports

The EU (including the UK) is still by far the largest export destination for the Netherlands in comparison with the continents outside Europe and with the rest of Europe, see Figure 5.2.1. Nearly 71 percent of Dutch goods exports go to another country within the EU. These intra-Community exports have shown the highest absolute growth (+74 billion euros) relative to 2010. However, in percentage terms, the growth rate is lower (+27 percent) than in exports to the Americas (+50 percent), Asia (+67 percent), Africa (+42 percent) and Oceania (+130 percent). The EU's share in Dutch exports declined as a result from over 74 percent in 2010 to slightly under 71 percent in 2018.

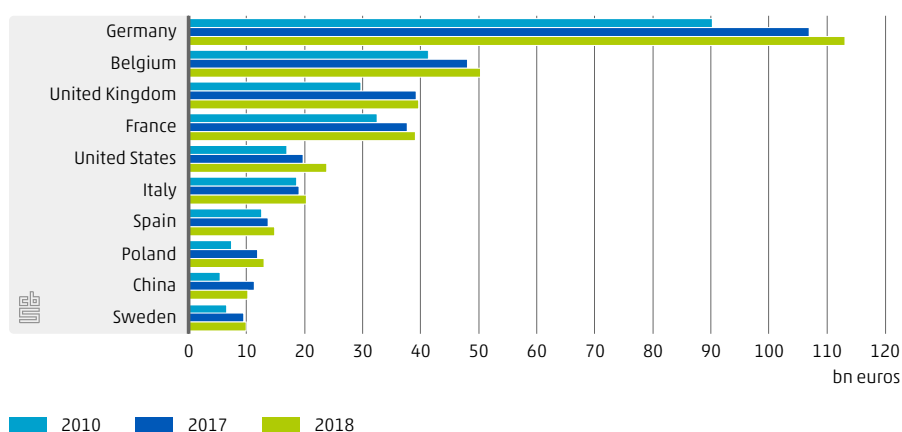
5.2.1 Dutch goods exports, by continent



The ten largest export destinations in 2018 accounted for two-thirds (334 billion euros) of the aggregate Dutch export value (496 billion euros), see Figure 5.2.2. These ten markets still constituted a combined share of 70 percent in 2010. They include eight EU countries (Germany, Belgium, the UK, France, Italy, Spain, Poland

and Sweden) and two non-EU countries (the US and China). Among these ten countries, the highest percentage growth relative to 2010 is seen in trade with China (+90 percent) and Poland (+76 percent) while the lowest growth is in exports to Italy (+9 percent). Looking at the 50 largest export destinations for the Netherlands in 2018, what stands out is the growth in exports to 47 of these countries, relative to 2010. The only declining export markets were Russia (–4 percent), Greece (–10 percent) and Luxembourg (–11 percent). In terms of their respective percentage share in Dutch exports, several more countries have lost ground including Germany (–1.5 percentage points) and Belgium (–1 percentage point). China and Poland have increased their share the most, both by 0.6 percentage point.

5.2.2 Top-10 export markets for the Netherlands



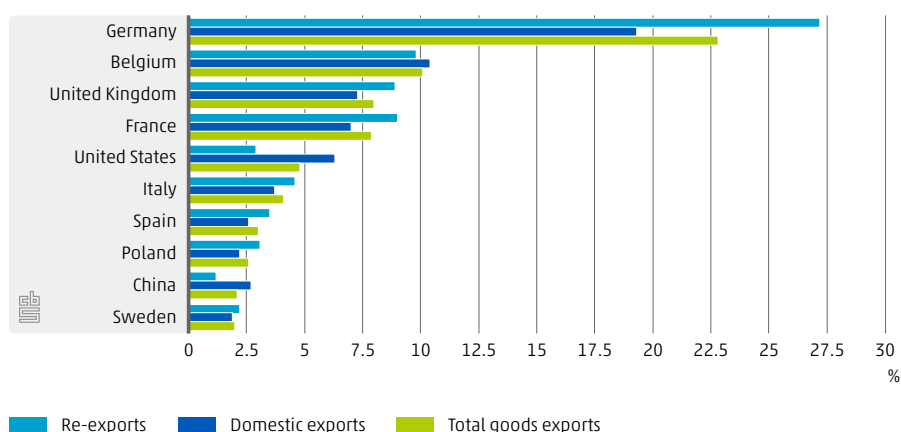
Goods are exported by both independent small and medium-sized enterprises (SMEs) and large enterprises. The latter account for nearly three-quarters of such exports, the remainder of approximately one-quarter is on account of the independent SMEs. Traditionally, the percentage share of independent SMEs is larger in exports to countries closeby and smaller in trade with more distant countries. In exports to Germany, for instance, the independent SMEs take up 30 percent of the value. The share is even 32 percent in exports to Belgium. Independent SMEs are much less frequently the ultimate exporter to important but faraway destinations like the US (15 percent) and China (19 percent).

Nearly 23 percent of Dutch goods exports have Germany as the final destination, followed at a distance by Belgium with more than 10 percent, see Figure 5.2.3. The gap becomes slightly smaller if re-exports are not considered. In that case, Germany's share drops to just over 19 percent, while Belgium's share remains more

or less the same. This is due to the fact that as much as 27 percent of total re-exports has a German destination. The UK and France also receive a relatively high volume of Dutch re-exports, while the US and China are only small re-export destinations for the Netherlands. Considering domestic exports only (i.e. not including re-exports), the country ranking is only slightly different from that of total goods exports. A higher ranking goes only to China (from 9th to 7th position) at the expense of Spain (from 7th to 8th) and Poland (8th to 9th).

Independent SMEs have a higher share in domestic exports (30 percent) compared to the share in total goods exports (26 percent); in re-exports their share is merely 19 percent. In both cases, they export relatively more to nearby countries than to destinations far away.

5.2.3 Top export destinations, by export flow, 2018

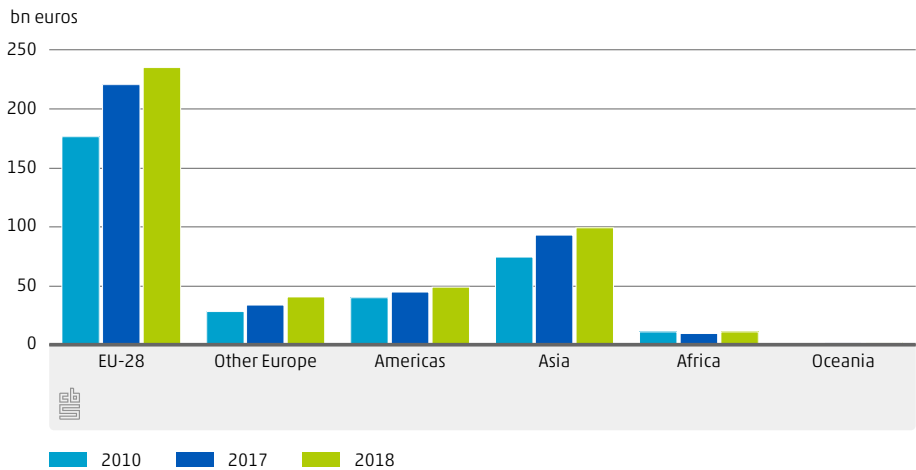


5.3 Dutch goods imports

In Dutch goods imports as well, the EU is the most important trading partner with a value of 236 billion euros and a share of 53 percent in the total (of 442 billion euros), see Figure 5.3.1. Intra-Community acquisition (imports from other EU countries) rose by 59 billion euros or 34 percent as of 2010. In percentage terms, the growth rate was only higher in trade with the other European countries (+43 percent) and with Oceania (+134 percent, but representing imports at a minimal level). Imports from Asian origin countries grew at a similar pace (+33 percent). In 2018, the EU held a share equal to 2010. Traditionally, this share is much lower in Dutch imports than in

exports. This has to do with large re-export flows from Asia and the Americas, arriving in the Netherlands but destined for other EU countries.

5.3.1 Dutch goods imports by continent

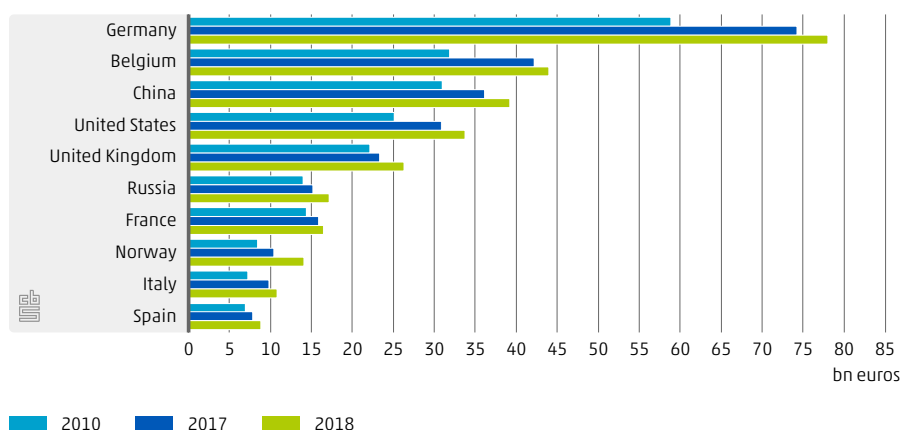


In 2018, the ten largest foreign goods suppliers were responsible for 65 percent of total Dutch imports, see Figure 5.3.2. This share was the same in 2017 and just slightly higher in 2010 (66 percent). Out of these ten top suppliers, six are countries within the EU (Germany, Belgium, United Kingdom, France, Italy, Spain) and four are non-EU (China, the US, Russia and Norway). In comparison with 2010, the list includes Spain as the only newcomer, replacing Japan. The top ten export destinations includes fewer non-EU countries (only China and the US). Russia and Norway are mainly high volume suppliers of crude oil and natural gas. The strongest absolute growth in imports as of 2010 has come from Germany (+19 billion euros or +32 percent) whereas the highest growth percentage-wise came from Italy (+51 percent), Norway (+67 percent), the US (+35 percent) and Belgium (+38 percent).

Just out of the top ten of origin countries, there has been a rapid increase in imports from Poland (+90 percent since 2010) as well as Ireland (+70 percent), Hong Kong (+186 percent) and Vietnam (+454 percent). Only five out of the 50 main countries of origin showed a decline in 2018 relative to 2010, namely: Japan (-15 percent), Brazil (-16 percent), Saudi Arabia (-8 percent), Kuwait (-22 percent) and Argentina (-18 percent).

The role of independent small and medium-sized enterprises (SMEs) is smaller in goods imports (with a 20-percent share) than in goods exports (26 percent). Furthermore, geographical distance appears to be less of a constraint to the SMEs where imports are concerned as compared to exports. For example, in 2018 no less than 39 percent of goods imports from China in 2018 were by SMEs. They occupied a relatively minor share in imports from other distant countries, however, such as from the US (13 percent) or Russia (6 percent). As for imports from neighbouring countries, SMEs contribute roughly the same share as in total goods imports, namely an average of 20 percent.

5.3.2 Top 10 import origins for the Netherlands

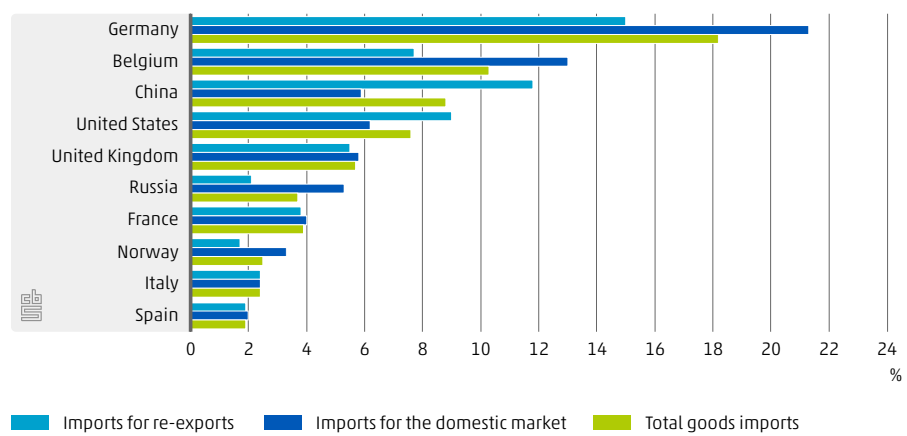


Previously, we broke down goods exports into re-exports and Dutch-manufactured exports. Likewise, we are now able to break down goods imports into imports for the domestic market (whether for consumption, intermediate consumption or as capital goods) and imports for re-exports.¹⁾ However, these data are not as recent and for now these are only available up to 2017 inclusive. For the year 2017, we have compared the various import flows from the ten main countries of origin, see Figure 5.3.3. The traditional re-export flows (from non-EU origin countries to EU destinations via the Netherlands) become visible as a result. What we see is that a major share of imports from the US and China is destined for countries elsewhere in the EU (i.e. imports for re-exports), whereas a relatively large share of imports from neighbouring countries is in fact destined for the domestic market. The exceptions to

¹⁾ This information became available as a result of new analysis techniques at CBS. For reference, see the report published recently by Lemmers & Wong (2019) for the applied methodological approach.

the rule are Russia and Norway, with a relatively large share of imports from these two non-EU countries intended for the domestic market. These are mainly extensive flows of crude oil and natural gas, which are either refined or consumed in the Netherlands.

5.3.3 Top origin countries, by import flow, 2017



5.4 Importance of the Netherlands as a supplier to other countries

So far, the status quo has been looked at from a Dutch perspective. How important are other countries in Dutch goods trade? In the paragraphs below, the roles are reversed and we look at it from the perspective of the rest of the world: how important is the Netherlands to other countries as trading partner? For this, we have made use of the United Nations Comtrade Database (UN, 2019). This paragraph starts from the perspective of goods imports by other countries, and the Netherlands' share in those imports.

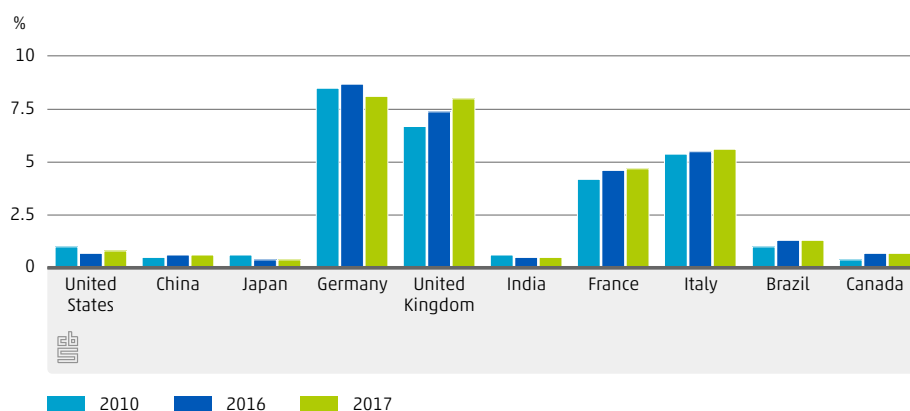
The top ten largest economies in the world in terms of nominal GDP are taken as a starting point. It is not surprising that EU countries – at a lesser distance – import relatively far more from the Netherlands than more distant countries outside the EU, but the differences are striking. Above-average quantities are imported from the Netherlands by Germany and the United Kingdom (8 percent), but also by Italy (nearly 6 percent) and France (nearly 5 percent). This is much lower in the US

(0.8 percent), China (0.6 percent), Japan (0.4 percent), India (0.5 percent), Brazil (1.3 percent) and Canada (0.7 percent), where imports from the Netherlands fall far below the world average of 2.7 percent.

Aside from looking at the importance of the Netherlands, we may also consider its trading position. The Netherlands is the second largest supplier to Germany and the fourth largest supplier to the United Kingdom and Italy. On the other hand, it is scarcely significant to China (31st), Japan (34th) and India (36th).

Not much has changed, for that matter, in the position of the Netherlands since 2010. Although it has gained some significance as a supplier to the UK, it has become slightly less important to Germany, see Figure 5.4.1. In absolute terms, imports from the Netherlands have grown since 2010 in all ten countries (as noted in paragraph 5.2). A declining Dutch share means that imports from other countries have increased more rapidly. For example, Germany's imports from China have risen more steeply than its imports from the Netherlands.

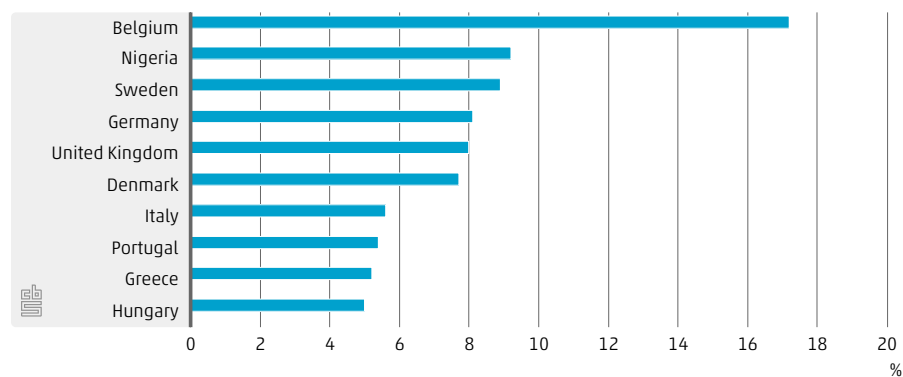
5.4.1 The Netherlands' share in goods imports of the largest economies



Source: United Nations, processed by CBS

So far, we have only looked at the world's ten largest economies. When we consider all countries with an import flow exceeding 1 billion euros in 2017, Belgium emerges as the country most dependent on the Netherlands' supply. Over 17 percent of Belgian imports are from the Netherlands, see Figure 5.4.2. Belgium is followed by Nigeria, Sweden, Germany, the UK, Denmark, Italy, Portugal, Greece and Hungary.

5.4.2 The Netherlands' share in goods imports exceeding 1 billion euros, 2017



Source: United Nations, processed by CBS

Looking at the entire world, we see that the Netherlands is also an important goods supplier to countries such as Surinam, Guinea, Aruba and Mozambique. The Netherlands is the second most important goods supplier to Aruba and Surinam after the United States, for instance; to Guinea, it is even the number one supplier and to Mozambique, the fourth largest supplier.

The current Dutch trade agenda pays special attention to 40 different countries; further details are given in the text box below.

Trade agenda of the Ministry of Foreign Affairs

The Dutch Foreign Ministry's trade agenda lists a number of international trade relations that are currently receiving extra attention. These are with 25 middle-sized to large economies with in addition 15 countries that could be clustered under the names ASEAN-5 (Indonesia, Malaysia, Singapore, Thailand and Vietnam), Gulf Region (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates) and North Africa (here Algeria, Egypt, Morocco and Tunisia).

In the table below, the 40 different countries are ranked according to the size of the Dutch share in these countries' imports. In nearly half of these countries, the Dutch market share lies between one and two percent; the share is even below one percent in one-third of these countries.

The Netherlands' share in the goods imports of selected countries (source: UN)

Market share exceeding 10 percent			Market share between 1 and 2 percent (continued)		
	2010	2017		2010	2017
België	18.6	17.2	Oman	1.0	1.6
			Jordania	1.0	1.5
Market share between 5 and 10 percent			Taiwan	1.3	1.5
	2010	2017	South Afrika	1.7	1.5
Nigeria	.	9.2	Algeria	1.2	1.5
Germany	8.5	8.1	Egypt	1.6	1.4
United Kingdom	6.7	8.0	Brazil	1.0	1.3
Italy	5.4	5.6	South Korea	1.0	1.3
			United Arab Emirates	0.7	1.2
Market share between 3 and 5 percent			Singapore	1.7	1.1
	2010	2017	Tunesia	2.0	1.1
France	4.2	4.7			
Poland	3.7	3.7	Market share less than 1 percent		
				2010	2017
Market share between 2 and 3 percent			Malaysia	0.6	0.9
	2010	2017	Iraq	0.6	0.9
Iran	1.8	2.3	US	1.0	0.8
Saudi Arabia	1.1	2.1	Australia	0.6	0.8
			Argentina	0.7	0.7
Market share between 1 and 2 percent			Canada	0.4	0.7
	2010	2017	Indonesia	0.5	0.7
Lebanon	1.3	1.9	China	0.5	0.6
Qatar	1.6	1.8	Mexico	0.9	0.6
Bahrein	0.9	1.7	Thailand	0.5	0.6
Morocco	1.7	1.7	India	0.6	0.5
Russia	1.9	1.6	Japan	0.6	0.4
Turkey	1.7	1.6	Vietnam	0.6	0.3
Kuwait	1.3	1.6			

The Netherlands only exceeds the 2-percent share in nine out of the 40 selected countries. As neighbours, Belgium and Germany are obviously heavily dependent on goods imports from the Netherlands. Furthermore, the Dutch market share is relatively high in Nigeria, the UK, Italy, France and Poland. Iran and Saudi Arabia are slightly above the two-percent threshold.

It should here be noted that the figures are those reported by the countries themselves (and not by the Netherlands) as they have been collected by the United Nations. Due to possible conceptual differences, figures reported by the importing countries are by definition not strictly equal to Dutch export figures; for example, figures on quasi-transit trade figures may be included, or the original producer country counts as the country of origin.

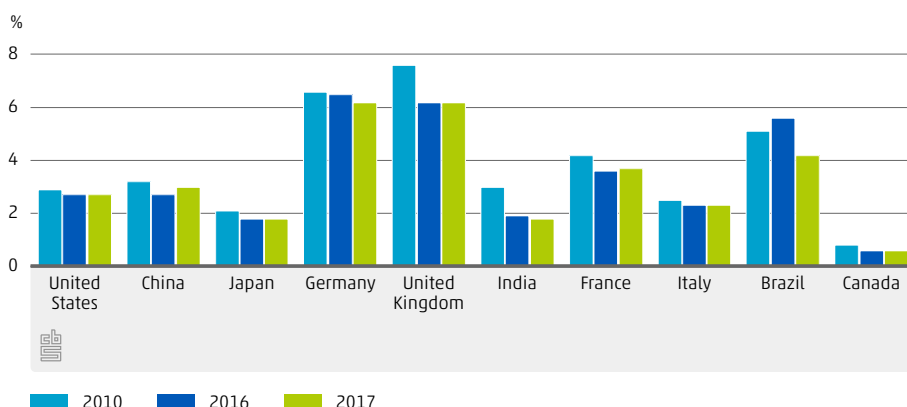
5.5 Importance of the Netherlands as a market for other countries

For the largest economies outside the EU, the Netherlands is of much greater significance in the capacity of customer rather than as a supplier, see Figure 5.5.1. Only in the case of Canada is there hardly any difference between imports from and exports to the Netherlands. Shares in the exports of the US (2.7 percent), China (3.0 percent), Japan and India (1.8 percent) as well as Brazil (4.2 percent) are however significantly larger compared to these countries' imports. With the Port of Rotterdam, the Netherlands acts as a major 'gateway to Europe' for these countries, resulting in a substantial difference with Dutch exports. Nevertheless, Brazil as a major supplier of soya beans is the only country on the list that exports more than the world average of 3.3 percent going to the Netherlands. Other countries above this average include EU countries such as Germany, the UK, France and Italy; all of them are more dependent on Dutch imports than average.

In terms of position rather than share, the Netherlands is most important to Brazil and the UK (ranking 4th in both cases) and Germany (ranking 5th). It is much less important to Japan (13th) and India (14th).

Since 2010, the Netherlands has lost some of its relevance as export market for all the major world economies, albeit with minimal differences. The only significant drop in the Netherlands' position as export destination has been recorded in the UK, India and Brazil.

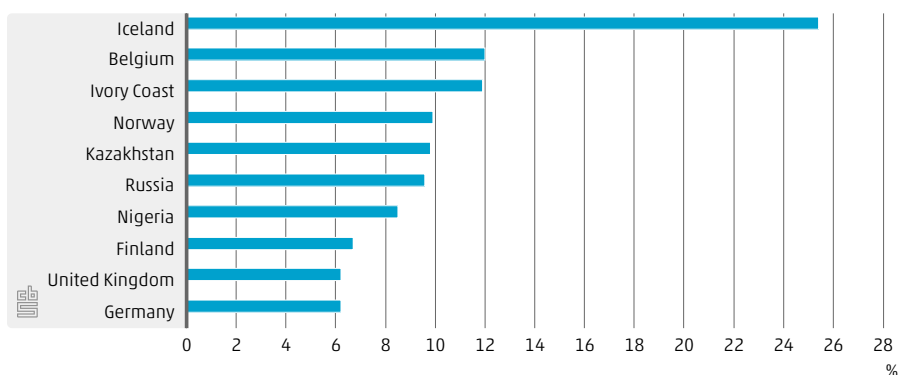
5.5.1 The Netherlands' share in goods exports of the largest economies



Source: United Nations, processed by CBS

Taking into account export flows of at least 1 billion euros in 2017, we see that the country depending the most on the Netherlands as a customer is Iceland: over one-quarter of Icelandic exports are destined for the Netherlands, see figure 5.5.2. This mainly concerns aluminium, which is produced in Iceland from local geothermal sources. The next two most dependent countries are Belgium and Ivory Coast. Exports from the latter consist mainly of cacao beans, which are processed in the Netherlands into cocoa powder, cocoa butter or chocolate, see also CBS (2019c). The large cacao flows have made the Netherlands Ivory Coast's biggest customer.

5.5.2 The Netherlands' share in goods exports exceeding 1 billion euros, 2017



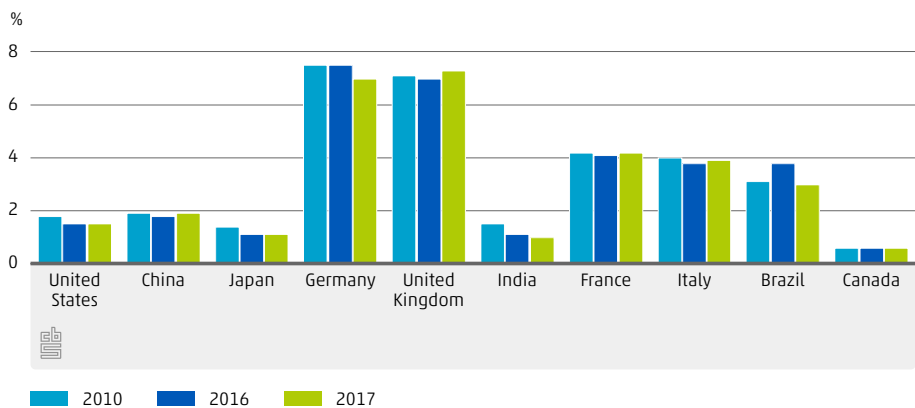
Source: United Nations, processed by CBS

Taking into consideration all countries in the world, the Netherlands is a top export market for countries such as São Tomé and Príncipe, Sierra Leone, Jamaica, Mozambique and Cameroon. This concerns relatively low-value trade, however.

5.6 Importance of the Netherlands as a trading partner

By aggregating flows of imports to and exports from the Netherlands, we can say something about the importance of the Netherlands as a trading partner to the rest of the world. Taking the world's ten largest economies as a basis, we can now see that the Netherlands is by far the largest trading partner for Germany and the UK, see figure 5.6.1. The Netherlands ranks fourth in both cases with a share of 7 percent in total bilateral goods trade. The two countries are followed by France (where the Netherlands is in 8th position with a share of 4 percent), Italy (7th with 4 percent) and Brazil (5th with 3 percent). It is worth noting that despite only 3 percent, the Netherlands' ranking is particularly high in Brazil. The reason for this is that the American continent has relatively few large economies as trading partners in comparison with other continents. The Netherlands is less important as a trading partner to the US (12th position), China (16th), Japan (21st), India (28th) and Canada (11th).

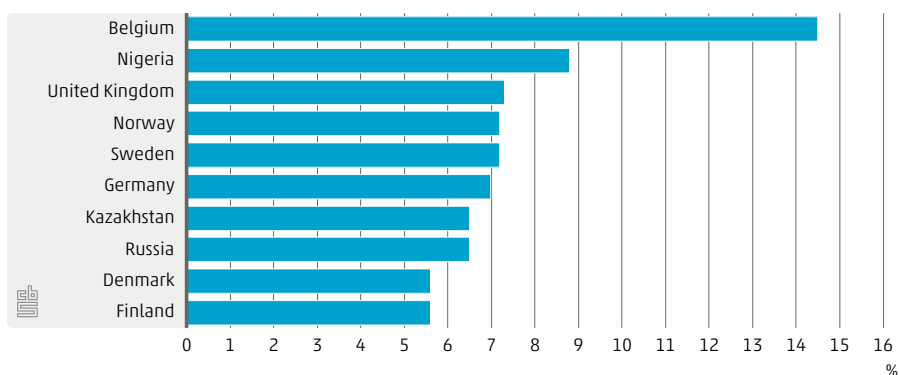
5.6.1 The Netherlands' share in the goods trade of the largest economies



Source: United Nations, processed by CBS

Out of all countries with a bilateral trade value of more than 2 billion euros, the country which attaches relatively the greatest importance to the Netherlands is Belgium. Approximately one-seventh of its total goods trade is conducted with the Netherlands. The Netherlands also holds a very important trading position in Nigeria, which is a major supplier of crude oil as well as a large market for Dutch petroleum products. The Netherlands' top 10 of trading partners in terms of relative importance further includes the UK, Sweden, Norway, Germany and Russia (in 3rd to 7th position). The Netherlands is the 2nd largest trading partner for Belgium and Russia, 3rd largest for Nigeria and Norway, 4th largest for Germany and the UK, and 6th largest for Sweden.

5.6.2 The Netherlands' share in goods trade exceeding 2 billion euros, 2017



Source: United Nations, processed by CBS

Looking at the entire world, the Netherlands is the most important trading partner for Belgium (14.5 percent) followed by Iceland (14.4 percent), Aruba (11.4 percent), Mozambique (9.2 percent), Nigeria (8.8 percent), Ivory Coast (8.1 percent), Guinea (7.9 percent), the UK (7.3 percent) and Sweden and Norway (both 7.2 percent). The Netherlands' position in Germany is only 11th with a share in German goods trade of 7.0 percent. Worldwide, the Netherlands accounts for 3.0 percent of all goods trade as of 2017.

Countries where the Netherlands is largest goods trading partner (2017)

	Dutch share in goods trade	Dutch export share	Dutch import share
Belgium	14.5%	12.0%	17.2%
Iceland	14.4%	25.4%	6.6%
Aruba	11.4%	3.7%	12.0%
Mozambique	9.2%	10.0%	8.6%
Nigeria	8.8%	8.5%	9.2%
Ivory Coast	8.1%	11.9%	3.2%
Guinea	7.9%	0.1%	13.4%
United Kingdom	7.3%	6.2%	8.0%
Sweden	7.2%	5.4%	8.9%
Norway	7.2%	9.9%	3.9%



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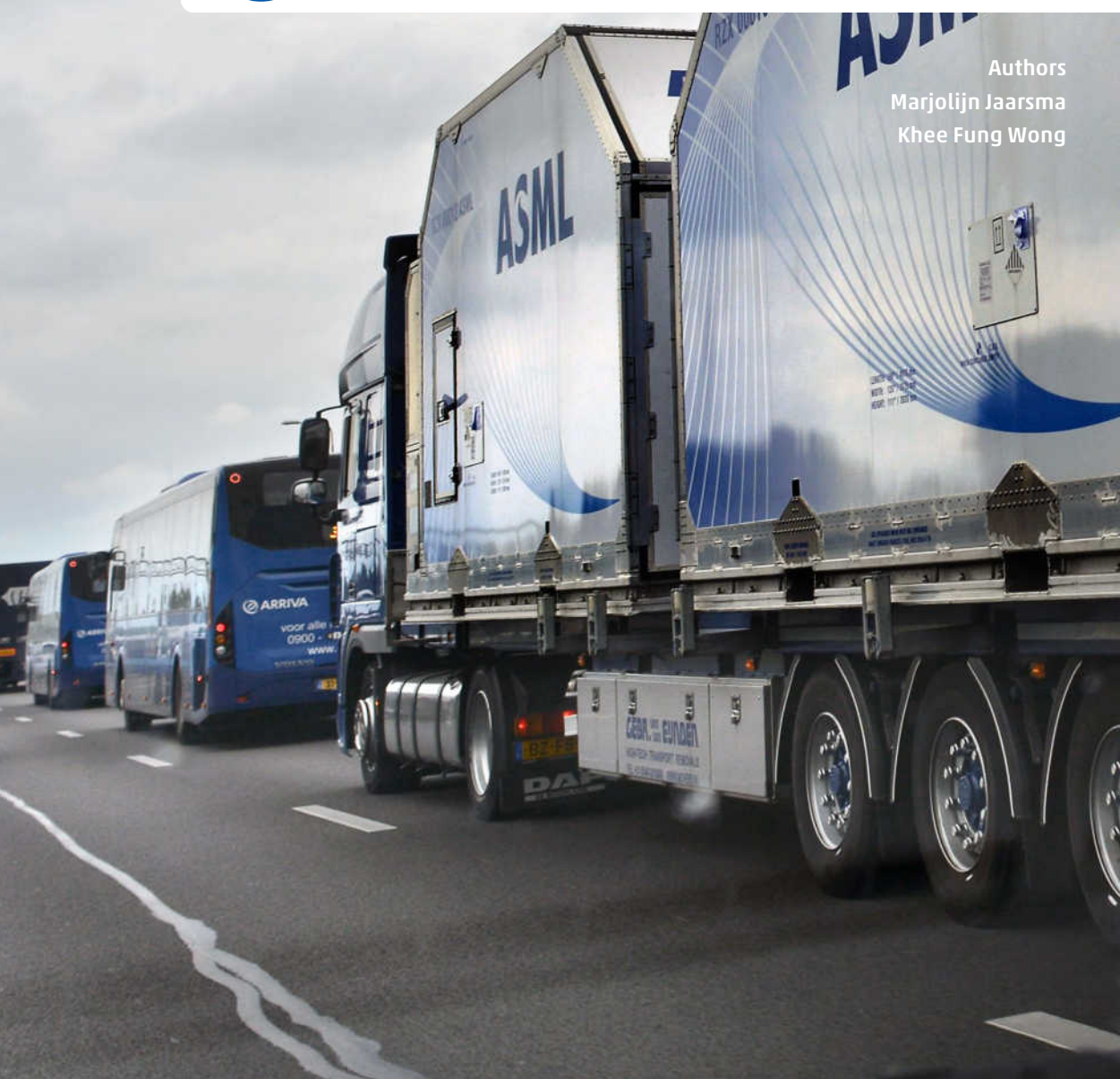
6.

The Netherlands' participation in global value chains

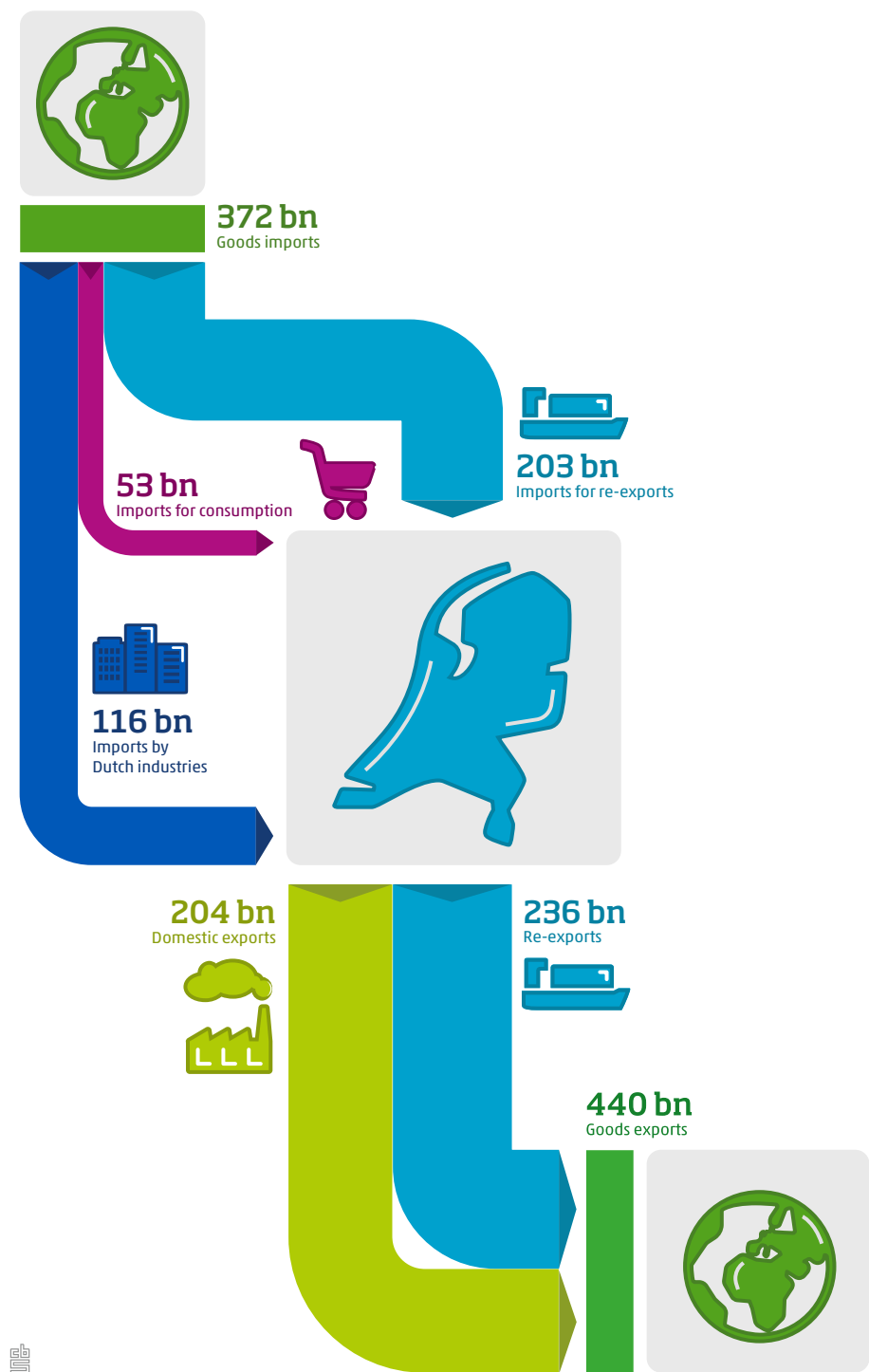
Authors

Marjolijn Jaarsma

Khee Fung Wong



Dutch goods trade, value in euros (2015, benchmark revision of 2010)



The Netherlands operates more and more within global value chains. Is this reflected in the types of import goods entering our country and types of goods exported from the country? What is the role of intermediate products, such as raw materials, machinery or semi-finished goods in our international goods trade? Many such intermediate products are consumed by manufacturers, used as inputs in the production process, or traded on the international market. A part of the self-produced intermediate products reaches foreign consumers. In which foreign countries are our intermediate goods consumed?

6.1 Key findings

The Netherlands is a trading nation, with large sums of money and substantial employment involved in the import and export of goods; see for instance CBS (2016a), CBS (2016b), and Chapters 2 and 4 of this publication. Worldwide, the Netherlands is the 6th largest exporter of goods and the 10th largest importer of goods (CIA World Factbook, 2017). A major share of these imports and exports are goods which enter and then leave the country again fairly quickly, without significant processing.

In 2015, the Netherlands imported roughly 372 billion euros in goods. These imports consist of three parts: one part is exported straightaway (re-exports); one part going to various industries in the Netherlands for further processing, and one part going directly to the Dutch consumer (without further processing). Of the 372 billion euros in imports, around 55 percent is for re-exports (203 billion euros). This share has increased slightly since 2012. At the same time, the share of goods flowing into the Dutch business economy for further processing declined. In 2012, still 34 percent of Dutch goods imports was destined for such processing, but this had dropped to 31 percent (116 billion euros) three years later. The surge in oil prices played a decisive role in this regard. When these imports are not taken into account, goods imports by the Dutch business economy did in fact increase between 2012 and 2015. The third import flow is made up of goods imported into the Netherlands which are directly intended for Dutch consumers. In 2015, these imports amounted to almost 53 billion euros, equivalent to 14 percent of total goods imports. This share remained stable between 2012 and 2015.

The types of imported goods vary per import flow. Of the imports which went directly to the Dutch market, approximately one-third consisted of consumer goods. In addition, the share of capital goods (23 percent) and other goods (22 percent) is relatively large in these imports. Imports destined for re-exports are relatively

equally distributed over the types of import goods, in comparison with the two other import flows. The bulk of goods imported by companies are intermediate goods: i.e. raw materials and/or semi-finished goods which are processed further into end products or are consumed during a production process.

In 2015, the Netherlands exported 440 billion euros in goods. This is 10.5 billion euros more than in 2014, i.e. an increase of 2.5 percent. In 2015, almost 54 percent of exports were re-exports (236 billion euros). In addition, re-exports grew more rapidly between 2012 and 2015 than domestic exports, namely by over 6 percent). The composition of both export flows is very similar, with intermediate goods forming the largest category in both of these flows. On the other hand, re-exports are more often machinery and materials which form part of the production process, compared to Dutch-manufactured (domestic) exports. The latter are more likely consumer goods, for example fresh flowers or food products, as well as mineral fuels.

An increasing part of global goods trade consists of trade in intermediate goods. The fact that trade in these intermediates is growing, indicates that countries are operating more and more in global production chains. This applies to the Netherlands as well. Intermediate goods produced in the Netherlands are most often consumed in Germany, namely 15.3 percent of these export goods. Relative to 2012, Dutch-manufactured intermediate goods were consumed less frequently in Germany, Russia, France and Brazil, but more frequently in the US, China, the UK and South Korea.

15% of Dutch-manufactured
intermediate products used in Germany



6.2 Destination of Dutch goods imports

Over half of imports destined for foreign markets

As shown in the infographic at the top of this chapter, in 2015 the Netherlands imported roughly 372 billion euros worth of goods.¹⁾ These imports can broadly be divided into three flows: 1) imports which go straight back to foreign markets (re-exports; 203 bn), 2) imports destined for further processing by a Dutch industry (116 bn) and 3) imports destined for consumers, without further processing (53 billion). The value of goods imports has grown by nearly 5 billion euros since 2012. Around 55 percent of all the goods imported into the Netherlands are directly re-exported. This is presented in Figure 6.2.1. The equivalent amount involved was 203 billion euros in 2015. These may be goods from the United States, for instance, which go through Dutch customs clearance and released to the European market, then go into transit towards a buyer in the United Kingdom. Wong et al. (2018) have demonstrated that out of the 19 billion euros worth of Dutch re-exports going to the United Kingdom, an amount of 10 billion euros comes from outside the EU. With its mainports including the large port and industrial complex in Rotterdam, Amsterdam Schiphol Airport and countless other logistics hubs, the Netherlands is particularly successful as an international distribution centre. Logistically well-placed, with a high-quality infrastructure and a wealth of knowledge about international trade, the Netherlands plays an important role in supplying goods to the European hinterland. Approximately half of all Dutch goods trade consists of re-exports, of which the bulk has a destination elsewhere in Europe.

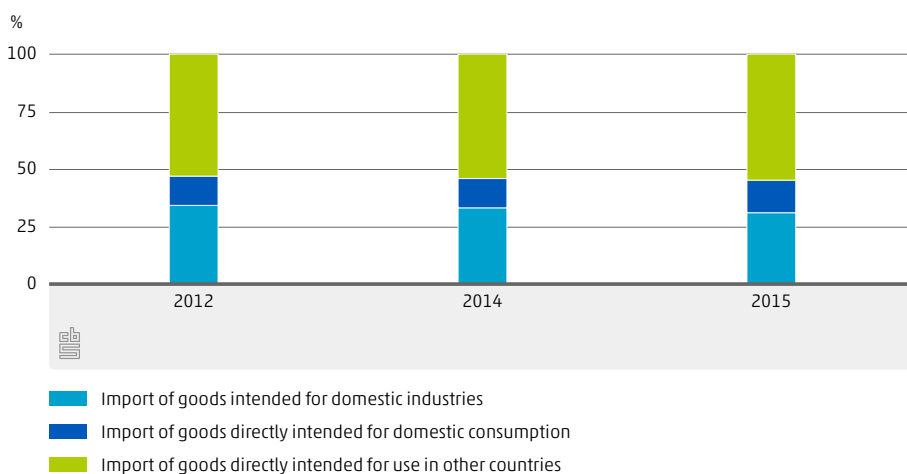
Around 31 percent of imports continue on to be processed

Not only re-exports are (logically) related to imports, but domestic exports as well are dependent on key raw materials, semi-manufactured products and services from abroad. Where in the past, most products were manufactured and consumed in one and the same place, this has become increasingly untrue in recent decades. Production chains are being 'cut up' in various places around the world, and exports are increasingly being sent to destinations other than their end destination. Nowadays, exports are increasingly being processed in the country where they are purchased, only to be exported again. CBS has conducted research on this topic; see

¹⁾ According to CBS National Accounts, benchmark revision 2010.

for example Lemmers (2013), Lemmers et al. (2014), Mounir & Lemmers (2017) and Jaarsma et al. (2018). A growing part of the international trade in goods consists of trade in so-called intermediate products such as semi-manufactured products. According to World Trade Organization figures, 44 percent of world exports in 2016 consisted of such intermediate goods (WTO, 2017). The Netherlands participates in these international production chains and this is reflected in the composition and destinations of Dutch goods trade. The share of previously imported raw materials and intermediates in Dutch exports has grown for several years, from 48 percent in 1988 to 60 percent in 2017 (Wong et al., 2018). As demonstrated by Lemmers & Wong (2019), a considerable and still rising share of Dutch imports is directly intended for foreign markets. As for Dutch imports from countries outside the EU, such as China and the United States, this is a significant share at around 60 percent. This rise is coupled with a decrease in the share of imports going to Dutch manufacturers for further processing. In 2012, still 34 percent of Dutch goods imports were destined for various industries, but this had dropped to 31 percent three years later. In absolute terms as well, the imports of goods by various industries declined between 2012 and 2015; in 2012 this still involved 126 billion versus 116 billion in 2015. However, this was influenced to a large extent by the oil price, which was over twice as high in 2012 compared to 2015. When crude oil imports are not taken into account, goods imports by Dutch industries did in fact increase between 2012 and 2015. These imports may result in manufacturing of products for the domestic market (for example cocoa beans are processed into chocolate for domestic consumption), or for foreign markets (for example iron ore from Brazil is processed into steel and subsequently exported to the German automobile industry).

6.2.1 Destination of Dutch goods imports, 2012-2015 (in %)



Stable import share of 14 percent going to Dutch customers

The infographic at the beginning of this chapter and Figure 6.2.1 show a third import flow, namely goods which are imported by the Netherlands and are directly intended for domestic consumption. These include for example footwear, clothing or telephones which are imported from China or the United States and do not undergo any processing in the Netherlands, but are sold directly to consumers. In 2015, this import flow amounted to almost 53 billion euros, equivalent to 14 percent of total goods imports. This share remained stable between 2012 and 2015.

6.3 Composition of Dutch goods imports

Goods which are sold directly to Dutch consumers are different in nature and in use from, for example, goods that are imported by Dutch enterprises. In this chapter, Dutch goods imports are classified into five types of goods: intermediate goods, capital goods, consumer goods, mineral fuels and goods not elsewhere specified.²⁾ Intermediate goods are goods which will still go through conversion or undergo processing during the production of 'final' goods; given their nature, they are mainly used in the production processes of the manufacturing and other industries. Consider for instance raw materials such as iron ore or coal, but also unprocessed agricultural products or raw materials for the food industry, such as cocoa, coffee or sugar. Capital goods are goods that are utilised or implemented in the production process, for instance in the manufacturing of consumer goods or services. Examples include lorries, cranes, robots or machinery which are deployed in the production process of all types of goods. Consumer goods include all goods which are purchased by the consumer in order to satisfy particular needs. These may be durables, such as microwave ovens or telephones. Non-durable consumer goods are purchased for immediate consumption or storage for a (very) short period of time such as food, beverages or clothing. Mineral fuels such as petrol, diesel or natural gas are not counted as intermediate goods in this classification; they form a separate category. The reason for this is that mineral fuels are exposed to sharp price fluctuations, which would distort changes in intermediate goods prices. Goods which cannot be classified under these four categories are put into the category 'goods not elsewhere

²⁾ This is a classification based on the Broad Economic Categories (BEC) classification, in which goods are categorised according to final demand/consumption as defined in the System of National Accounts (SNA).

specified'. Examples include motor vehicles, computers, certain types of military equipment such as weaponry and ammunition, postal packages and specific aircraft and shipping components (see OECD, 2017).

Lower oil price pushing down mineral fuel import value

Not entirely surprisingly, imports by the private sector mainly consist of intermediate products, i.e. raw materials and/or semi-manufactured goods which are subsequently processed into end products, or utilised in the production process. The resulting output by the Dutch business economy³⁾ can either be intended for domestic consumption or for exportation as part of the next step in the global value chain. Mineral fuels form the second largest group of import products for Dutch industries, as shown in the figure below. Compared to 2012, the share of mineral fuels in these imports has declined considerably whereas the share of intermediate goods has in fact grown. Here as well, the development has been influenced by the fact that a barrel of crude Brent oil cost around 112 US dollars in 2012, against around 54 US dollars in 2015. This sharp decline was caused by an overcapacity on the world market, for instance due to increasing (shale) oil production in the United States and weak demand for oil from within Europe and more significantly from China. This evidently had an impact on the import value of mineral fuels.

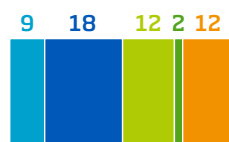
³⁾ The 'Dutch business economy' refers to the industries A to N including S95 and excluding K. These include agriculture, mining and quarrying, manufacturing, construction, energy, trade, transportation, accommodation and food services, ICT and business services, but excluding financial institutions, government, education and care.

Types of goods, import value in euros (2015)



Import of goods by Dutch industries

116 bn euros



Import of goods directly intended for domestic consumption

53 bn euros



Import of goods directly intended for foreign consumption

203 bn euros



Consumer goods take up largest share in domestic consumption

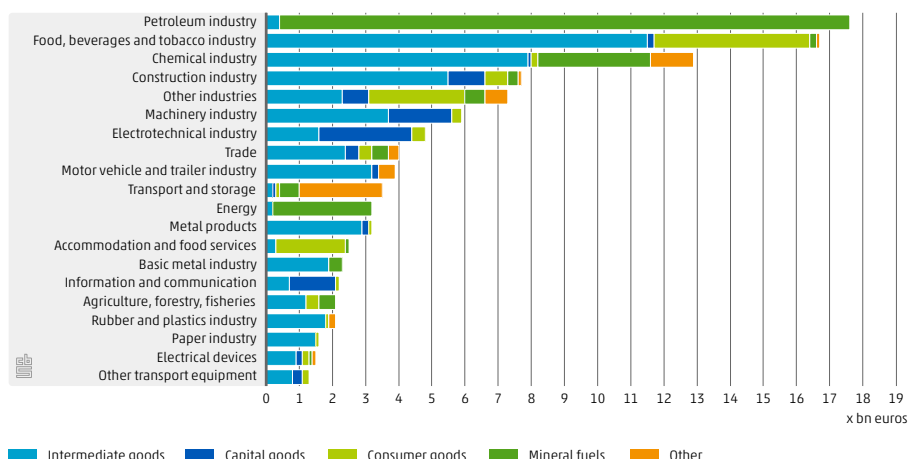
In 2015, one-third of the imports which were directly consumed on the domestic market were consumer goods. Think of bananas, clothing or footwear, imported from abroad and for sale in online and/or brick-and-mortar shops. These imports for domestic consumption also hold relatively large shares of capital goods (23 percent) and other goods (22 percent). In comparison with the other two import flows, imports destined for re-exports are relatively equally distributed over the various types of import goods. Nevertheless, the largest share was taken up by intermediate goods (38 percent), followed by consumer goods and capital goods.

On average 53 percent of manufacturing imports were intermediate goods

The 116 billion euros in imports by the Dutch business economy can be broken down further by industry. The main focus here is on the twenty industries that account for the largest shares of imports.⁴⁾ Figure 6.3.2 shows the composition of imports by these twenty sectors. A number of aspects are particularly striking. For example, the manufacturing industry mainly imports intermediate goods, although the various sectors show marked differences. In 2015, the largest import volume was on account of the petroleum industry at 17.6 billion euros. Not surprisingly, imports by this industry consisted almost entirely of mineral fuels, in line with its nature and production process. Following closely is the food, beverage and tobacco industry with an import value of 16.6 billion euros, nearly 70 percent of which are intermediate goods including raw materials, food products and agricultural products that undergo further processing in the Netherlands. In addition, this industry imports relatively many consumer goods, possibly undergoing some minor processing. A relatively large share of intermediate goods is also imported by the chemical industry (62 percent). Here as well, a significant portion are mineral fuel imports. This is also the case in the energy supply branch. The highest shares of imported intermediate goods are seen in the paper industry (94 percent), metal manufacturing industry (91 percent), rubber and plastics manufacturing (88 percent) and basic metal industry (82 percent). Imports by the machinery and electrotechnical industries include – aside from intermediate goods – relatively large amounts of capital goods such as robots or machinery. Outside of manufacturing, many capital goods are also imported by the information and communication sector. As for consumer goods, these are most often imported by accommodation and food services, as well as lighter manufacturing industries such as food, beverages and tobacco and other industries.

4) For a complete overview, go to the dataset available on the [main page](#) of this publication.

6.3.2 Composition of goods imports by top-20 importing industries, 2015 (x bn euros)



6.4 Composition of Dutch goods exports

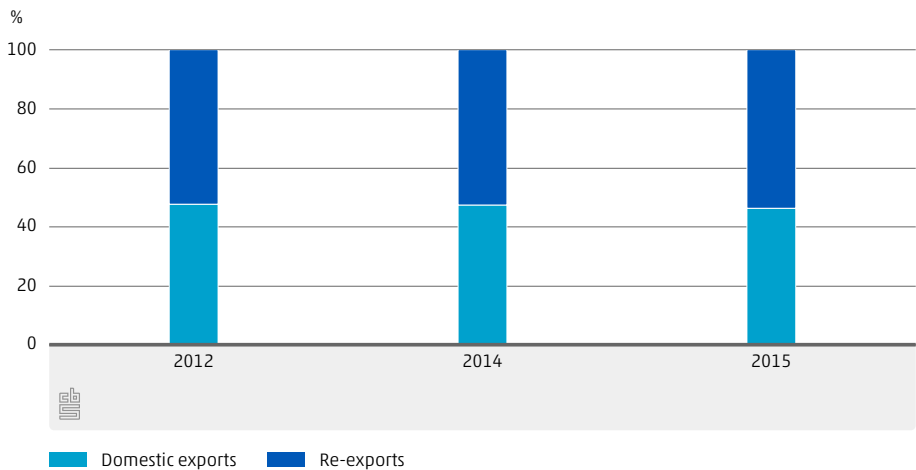
In 2015, total Dutch goods exports stood at 440 billion euros. This was 10.5 billion up on 2014, representing an increase of 2.5 percent. Export growth was therefore slightly higher than import growth in 2015 (2.2 percent) and contrary to goods imports, total exports did rise between 2012 and 2014.

Figure 6.4.1 shows the composition of Dutch goods exports. The value of goods can be divided into two large categories, namely domestic exports originating from various industries and re-exports. In 2012, re-exports contributed slightly more to the value of goods exports (222 billion euros) compared to domestic exports (203 billion).⁵⁾ In 2015, this proportion shifted as re-exports gained an even larger share. Of the 440 billion euros in gross exports in 2015, around 236 billion were re-exports. Re-exports consequently grew by over 6 percent relative to 2012. In 2015,

⁵⁾ The figures in this chapter were taken from the National Accounts. They diverge from the source statistic on International trade in goods (as presented in chapter 4 of this publication). The source statistics are aimed at giving the most accurate description of imports and exports as such, whereas the National Accounts try to describe the entire economy in a consistent manner. For more details, see 'CBS import and export statistics' (CBS, 2015).

domestic exports stood at 204 billion, showing much more modest growth (0.5 percent).

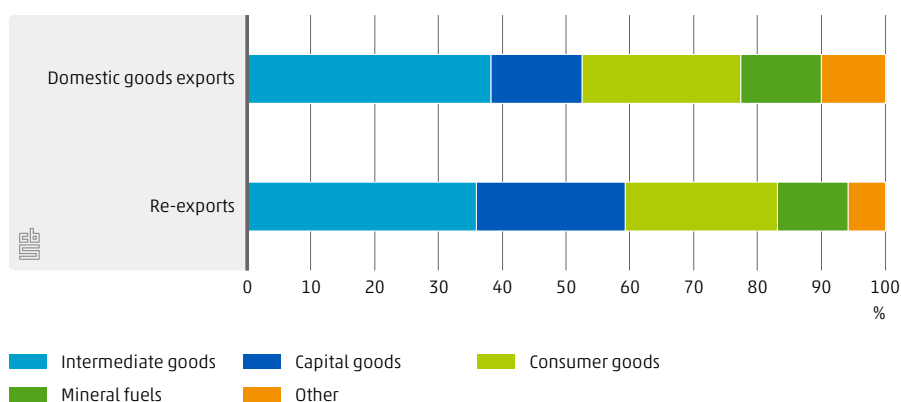
6.4.1 Export value of goods, 2012-2015 (in %)



Mainly consumer goods show strong growth in re-exports

As shown in figure 6.4.1, the export value of re-exports and domestic exports is of the same order of magnitude. Figure 6.4.2 demonstrates that the composition of both export flows is also highly similar. In both export flows, intermediate products constitute the largest group of goods. In 2015, 36 percent of re-exported goods and 38 percent of domestically produced export goods were intermediate products. There is a more distinct difference in the capital intensity of these flows: re-exports are more likely machinery and equipment which form part of the production process, compared to domestic exports. In other words, machinery is more often included in re-exports than in domestic exports. The latter more often comprise consumer goods in comparison with re-exports. Other components of domestic exports that are less prevalent in re-exports include mineral fuels and other goods. Relative to 2012, growth was recorded in all types of re-exports except mineral fuels. Consumer goods in particular have formed an increasing proportion of Dutch re-exports. As for domestic exports we see, aside from a decline in mineral fuels, a very slight contraction in intermediate goods. This was largely due to declining trade in products containing mineral fuels such as petrol and natural gas, which was indirectly hit by the slump in oil prices as well. This was (barely) compensated by the growth in consumer goods, capital goods and other unspecified goods.

6.4.2 Composition of goods exports, by type of product, 2015 (in %)

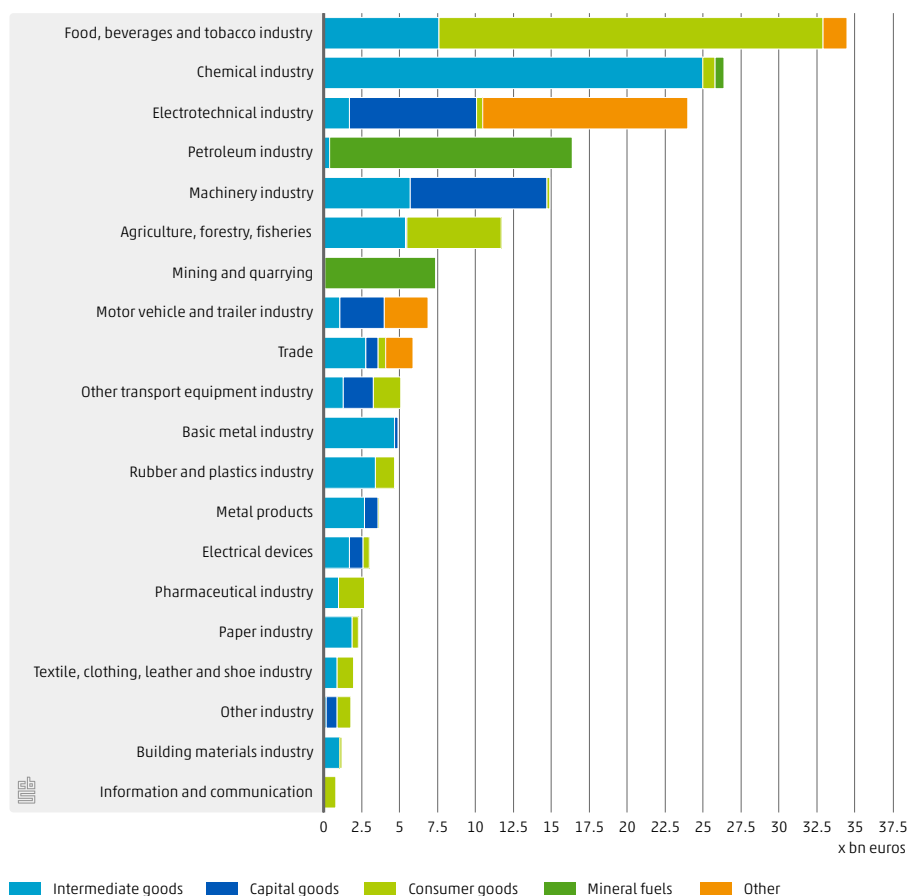


6.5 Composition of domestic exports

Figure 6.5.1 shows – similar to Figure 6.3.2 – the composition of domestic exports by the various industries. Here as well, we focus on the twenty most prominent industries in terms of domestic exports.⁶⁾

⁶⁾ Note: a full overview is provided in the dataset which is available on the [home page](#) of this publication.

6.5.1 Composition of domestic exports in the top-20 exporting industries, 2015



Intermediate products form roughly 40 percent of domestic exports by manufacturers

Largest in this respect is the food, beverage and tobacco industry with an export value of 34.5 billion euros. The bulk of these exports are consumer goods such as beer, chocolate and processed foodstuffs. Nevertheless, even in this industry, intermediate goods make up a large chunk of the exports; these goods are sent abroad to be processed into end products. At 26.4 billion euros, the chemical industry is second largest in terms of its domestic export share. This industry's domestic exports are almost entirely composed of intermediate products, serving as input for

manufacturers and producers abroad. The basic metal industry, building materials industry and paper industry mainly export intermediate products. The share of intermediate products is also relatively high in agriculture, forestry and fisheries; it is similar in size to the flow of consumer goods exports in this industry. Mining and quarrying as well as the oil industry mainly export mineral fuels. The share of capital goods in domestic exports is mainly larger in the electrotechnical industry, the machinery industry and the motor vehicle and trailer industry.

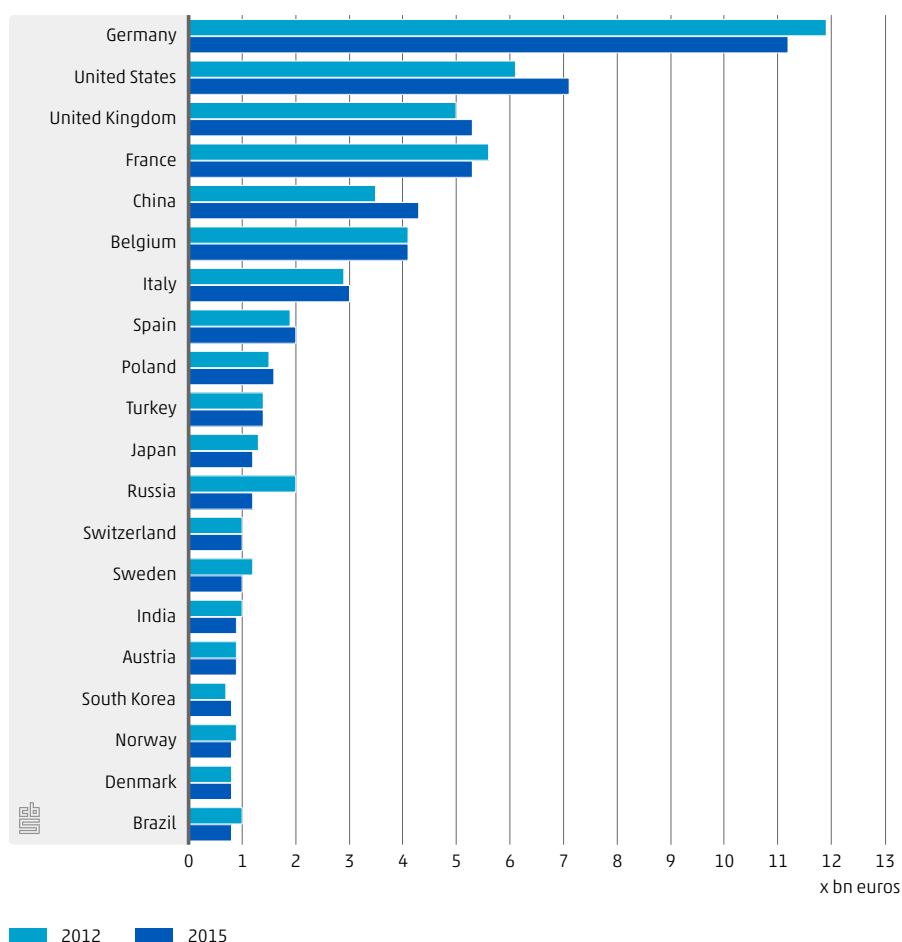
73% of exports by the food, beverages and tobacco industry are consumer goods



As indicated previously, the share of intermediate goods in world trade flows has risen in recent decades. The fact that trade in these intermediates is growing, indicates that countries (and industries) are operating more and more in global production chains.

Figure 6.5.2 follows the export flow of intermediate goods from the Netherlands (worth 78 billion euros in 2015) in global value chains and shows in which countries these goods are consumed in the end. This extends from intermediate goods in direct exports such as cow's milk from the Dutch agricultural industry to the German consumer, to indirect exports of intermediate goods which end up being consumed in another country after several steps in the global supply chain. For example, a Chinese consumer who buys an Audi which is manufactured in Germany required imported products such as steel from the Netherlands as intermediate. Figure 6.5.2 shows to what extent Dutch intermediate goods exports (for example steel) are used in the consumption of final goods (Audi) in other countries (China).

6.5.2 Final consumption of Dutch-manufactured intermediate goods



US and China rising as end users of Dutch intermediate goods

Not only is Germany our most important trade partner, it is by far the largest consumer of Dutch-manufactured intermediate goods. Of the nearly 78 billion euros in intermediate goods that were manufactured in the Netherlands in 2015, eventually 15.3 percent (11.2 billion euros) were destined for Germany. This is over 4 billion euros more than the consumption of Dutch intermediate goods by number two: the United States. In 2015, that export flow amounted to approximately 7.1 billion euros. In third and fourth place were the UK and France, respectively. Each

consumed approximately 7 percent of the intermediate goods produced in the Netherlands. The top 5 is completed by China, which accounted for nearly 6 percent of Dutch intermediate goods consumption in 2015. Relative to 2012, consumption of Dutch intermediate goods was down in Germany, Russia, France and Brazil, but up in the US, China, the UK and South Korea. The UK and France switched places between 2012 and 2015.

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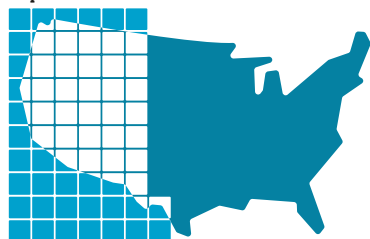
7.

Foreign direct investment and multinational corporations

Authors
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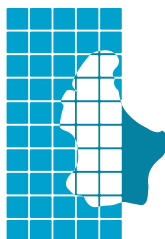
Inward and outward FDI, position in 2018

Top investors in the Netherlands



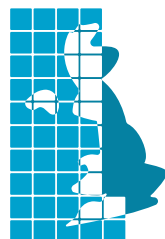
€621 bn

United States



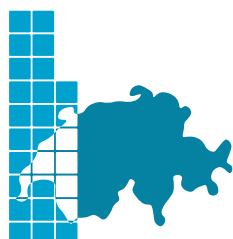
€498 bn

Luxembourg



€422 bn

United Kingdom



€272 bn

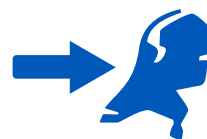
Switzerland



€261 bn

Ireland

■ = 10 bn

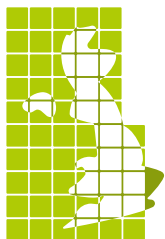


Top investment countries



€805 bn

United States



€552 bn

United Kingdom



€439 bn

Switzerland



€312 bn

Germany



€229 bn

Luxembourg

■ = 10 bn



So far, the focus of this publication has been placed on the role of the Netherlands in the global exchange of goods and services, and the importance of such trade to the country. Naturally, international business involves more than just trade; other business activities include foreign direct investment (FDI), for instance in new subsidiaries abroad. In this chapter, we take a look at the Netherlands' inward and outward bilateral investments. What are the main destinations of Dutch outward investments, and which countries are responsible for the largest inward investments? How have these investment flows developed in recent years? Which industries stand out where foreign direct investment (FDI) is concerned? And as for large multinational corporations (i.e. the enterprises responsible for the investment flows), how large is their share in international trade and in business employment? These are the questions discussed in this chapter.

7.1 Key findings

Although the Netherlands is often described as a trading nation, perhaps the term 'investment nation' is equally appropriate. For years on end, the Netherlands has belonged to the world's top in terms of the value of inward and outward FDI (UNCTAD, 2018). The Netherlands' position as an investment country is due in part to the favourable investment climate, in turn partly made possible by the excellent physical and digital infrastructure, the highly educated workforce, the high labour market efficiency and investments in innovation and technologies (WEF, 2018; Forbes, 2018). Every year, approximately 200 billion euros are spent in new bilateral investments, resulting in total inward and outward investment flows worth 4 and 5 trillion (or thousand billion) euros, respectively. Foreign direct investment (FDI) takes place when a company establishes a subsidiary abroad, for example (a so-called **greenfield** FDI), or takes over a local company (**brownfield** FDI). Such investments are carried out by multinational corporations. For several decades now, CBS has observed developments in the ultimate control of foreign multinationals operating in the Netherlands, involving either Dutch subsidiaries or equity participations in associated Dutch companies.

Direct investments consist of share capital, participating interests in group companies abroad and credit lending. Such investments could be aimed at gaining control in a foreign enterprise, for example. These financial flows are being observed by the national bank of the Netherlands (DNB), and as such they are the financial counterpart of real CBS statistics on multinationals. This chapter highlights both DNB's macro-financial figures and the multinational activity around these investments.

The United States is our main investment partner. Despite a decline in 2018, they are still holding 621 billion euros in investments here, while the Netherlands holds approximately 805 billion euros in investments in the US. Foreign multinational subsidiaries which operate within Dutch national borders are mainly controlled by a US parent. In 2016, this applied to 2,820 multinationals. Another country setting itself apart in that respect is the United Kingdom. The UK is one of the few countries expanding its investments in the Netherlands last year. In 2018, the UK was even the largest foreign investor in the Netherlands. This expansion in British investments started at the time of the Brexit referendum in 2016 and is possibly an indication of business activity being relocated from the UK to the Netherlands.

In 2016, altogether 23,145 – foreign and Dutch – multinationals were active in the Netherlands, accounting for 2 percent of the Dutch business economy. With over 2.1 million employed persons, these multinationals represented 38 percent of total employment in the business economy. In addition, they represent 80 to 90 percent of the international trade in goods and services and therefore play a relatively important role in the Dutch economy. Between 2010 and 2016, the share of multinationals under Dutch control declined from 56 to 43 percent. On the other hand, the share of employees working for a Dutch multinational has increased steadily.

2.1 million persons employed by multinationals in the Netherlands



Dutch multinationals also act as foreign investors abroad. Especially in Germany, the United States and the United Kingdom, Dutch multinationals have a large number of subsidiaries. An increase is observed during the survey period in both staff numbers and the number of Dutch-controlled companies in these countries (except for the UK).

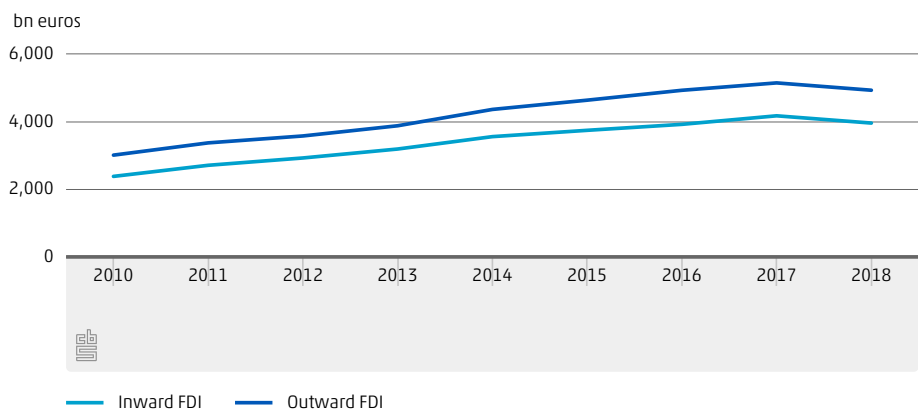
7.2 Macro-level view of investment flows

Every year, around 200 billion euros in inward and outward FDI

The Dutch central bank (DNB) records and publishes macro-level figures on the bilateral investments of the Netherlands. These indicate substantial flows of investment coming into and going out of the Netherlands over the past eight years. The annual total amount of investments made was close to 200 billion euros during this period. As a result, the Netherlands' international investment position rose steadily to 5 trillion (5,000 billion) euros in outward investments and 4 trillion euros in inward investments in 2017, see figure 7.2.1. This has placed the Netherlands at the world top for years. In 2017, for instance, the Netherlands was the second largest foreign investor in the world. As for inward investments, the Netherlands finds itself in fourth place (CBS, 2019).

The investment position showed a remarkable drop in 2018, indicating a divestment. This was mainly related to the closure of a particular Special Purpose Entity (SPE) (DNB, 2019). The role of such SPEs will be discussed in more detail later on in this chapter.

7.2.1 The Netherlands' direct investment position, inward and outward



Source: DNB

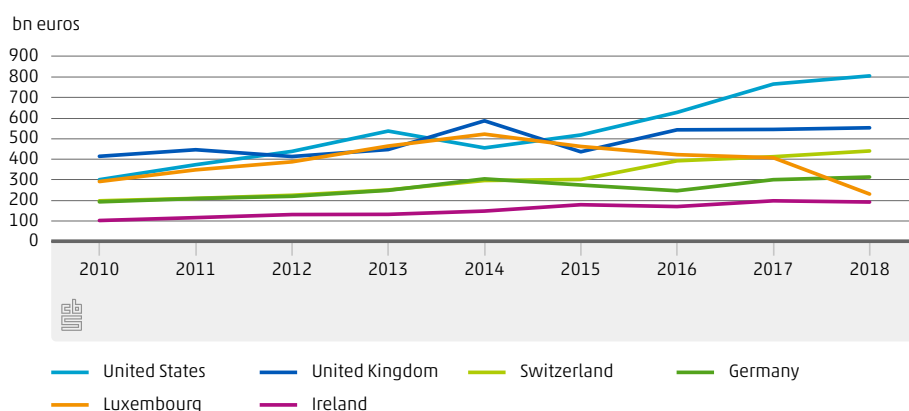
United States still largest investment partner

The Netherlands' most important investment partners are the United States¹⁾, Luxembourg and the United Kingdom. As for the Netherlands' outward investments, recently the United States and Switzerland have gained in importance whereas Dutch investments in Luxembourg have declined. Foreign (inward) investments in the Netherlands from the United States showed a significant decline in 2018. Several media sources reported recently that the Netherlands is increasingly being avoided by American multinationals. The decline in US investments might be explained by a combined set of factors: lowering of the profit tax in the US (*Tax Cuts and Jobs Act 2017*), several proposed measures to restrict letterbox firm investments in the Netherlands and tightening of tax rules for expats (CBS, 2019; Driessen, 2018; NOS, 2018; Van Mersbergen, 2018).

As for inward investments, countries include the relatively minor economies of Luxembourg, Ireland, Bermuda, Switzerland, Belgium and Curaçao. This is related to the investments that take place via Special Purpose Entities (SPEs). SPEs are subsidiaries of foreign enterprises which are established in the Netherlands to act as cross-border financial intermediaries between various composite entities of the group in which they operate. They carry out huge income and asset transactions which bear no comparison to their productive activities in the Netherlands.

¹⁾ See Chapter 2 of the CBS Internationalisation Monitor (CBS, 2019) for a detailed analysis of the bilateral investment relationship between the Netherlands and the United States.

7.2.2 The Netherlands' outward investment position in top partner countries

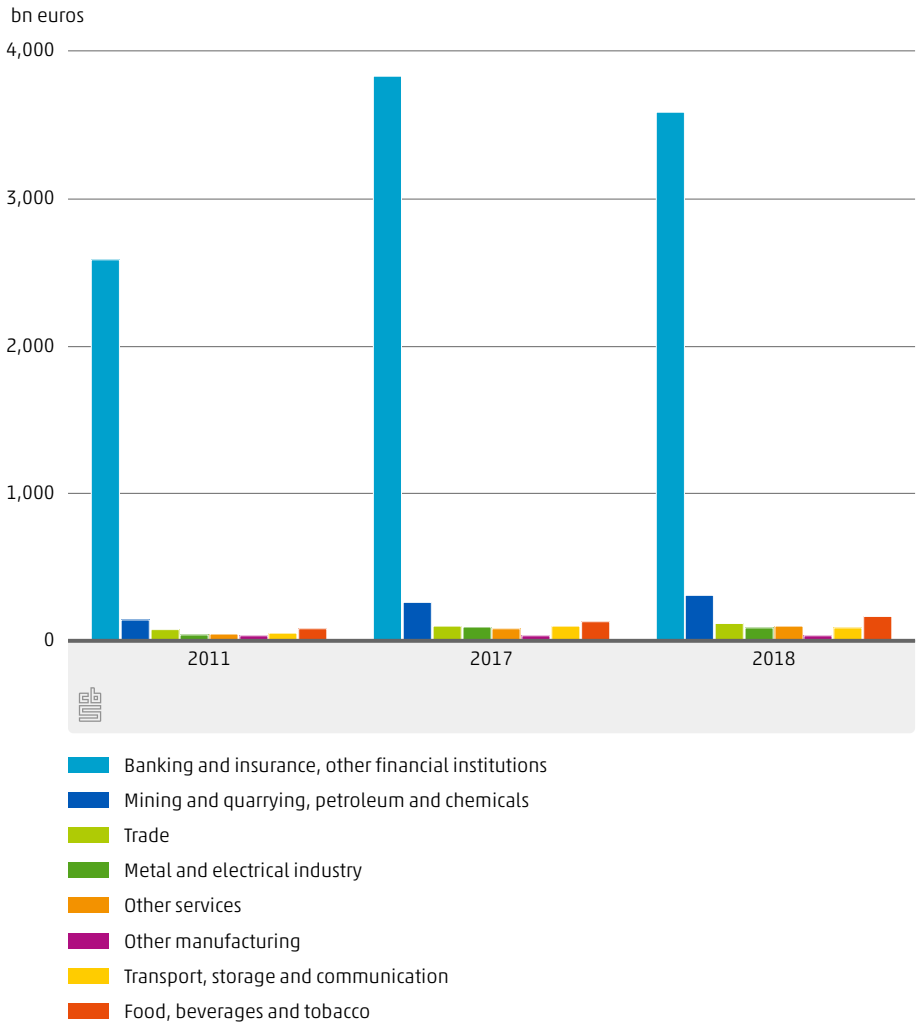


Predominantly investments in banking and insurance

The important role of SPEs is reflected in the distribution of inward investments among the various (receiving) industries, see Figure 7.2.3. The share of foreign investment in Dutch banking and insurance was 80 percent of total inward investments, although this share fell slightly as of 2011, when it was still 84 percent. State Secretary for Finance Menno Snel wants to get rid of the Netherlands' image as tax haven for large multinationals. This has prompted him to propose several policy changes intended to make the Netherlands less attractive for such activities (CBS, 2018a).

Not taking into account that particular investment flow, we can see that most inward investments are in the Dutch mining and quarrying and petroleum and chemical industries, followed by the food, beverages and tobacco industry. These combined investment flows (not including the amounts invested in banking and insurance) have risen sharply over the years: from 483 billion euros in 2011 to 915 billion euros in 2018.

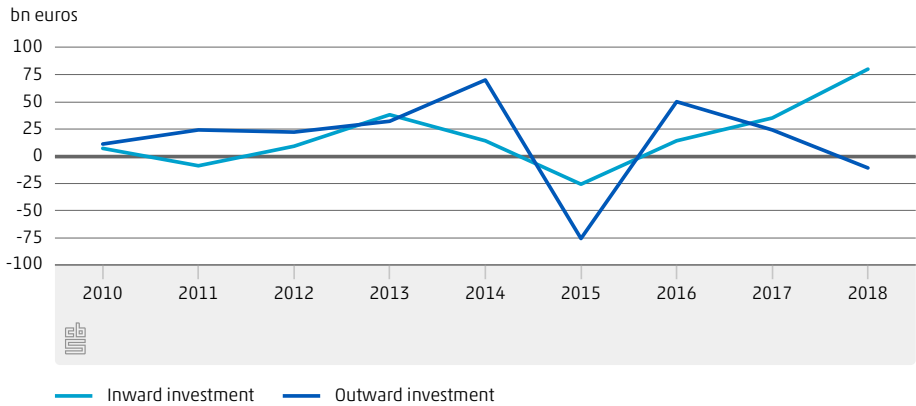
7.2.3 The Netherlands' inward investment position, by industry



A surprising climber on the list of countries with inward investments since 2016 has been the United Kingdom. In 2018, the UK was even the largest foreign investor in the Netherlands. This is even more remarkable given the decline in bilateral investments between the United Kingdom and the entire European Union as of June 2016, the month of the Brexit referendum (DNBulletin, 2019). Therefore, Figure 7.2.4 suggests that despite the negative effect of the forthcoming Brexit on the UK's bilateral investment position within the EU, in fact the Netherlands is receiving the benefit of increased inward investments from that country. This confirms the image often portrayed in the media of British firms relocating their

activities to the Netherlands in light of the uncertainty around Brexit (Homan, 2019; Bremmer, 2019; Van Velzen, 2019).

7.2.4 Investment flows between the United Kingdom and the Netherlands



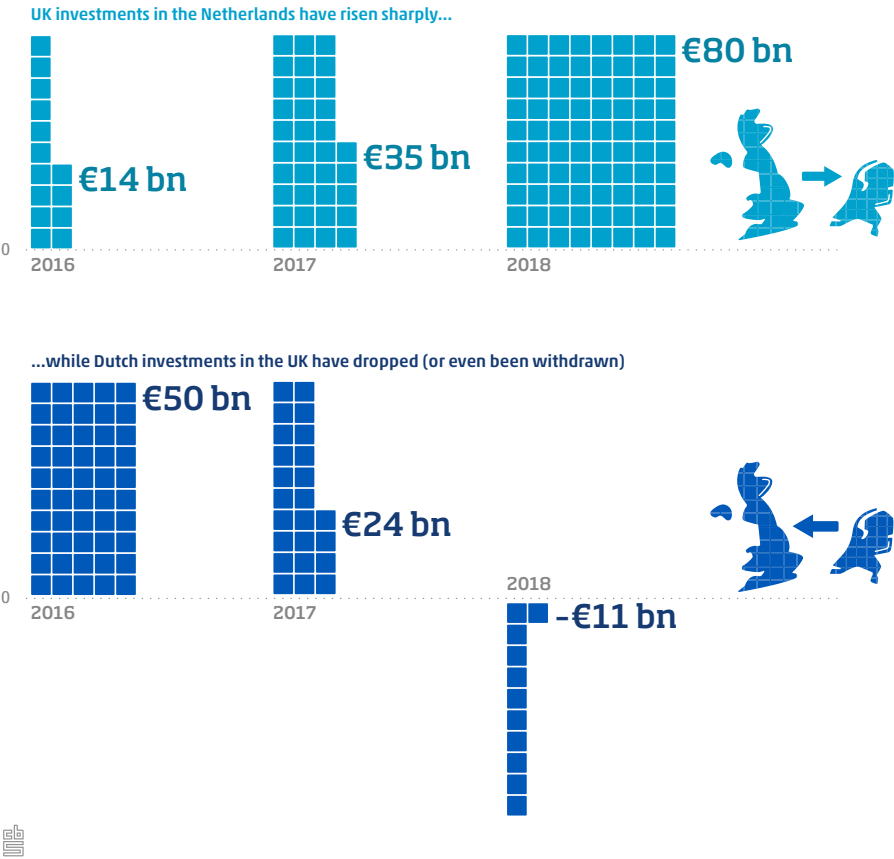
Source: DNB

The infographic on the next page zooms in on the recent investment relationship between the Netherlands and the UK, more specifically the years after the Brexit referendum. It clearly shows the surging trend of the past three years in which UK investments have more than doubled in each consecutive year. In 2018, UK investments in the Netherlands were even at their highest level in eight years' time. Conversely, Dutch investments in the UK halved between 2016 and 2017. In 2018 there was even a withdrawal of Dutch investments from the UK, to the amount of 11 billion euros.

11 billion euros in Dutch investments withdrawn from the UK in 2018



Since the Brexit referendum...



7.3 Multinational corporations in the Netherlands

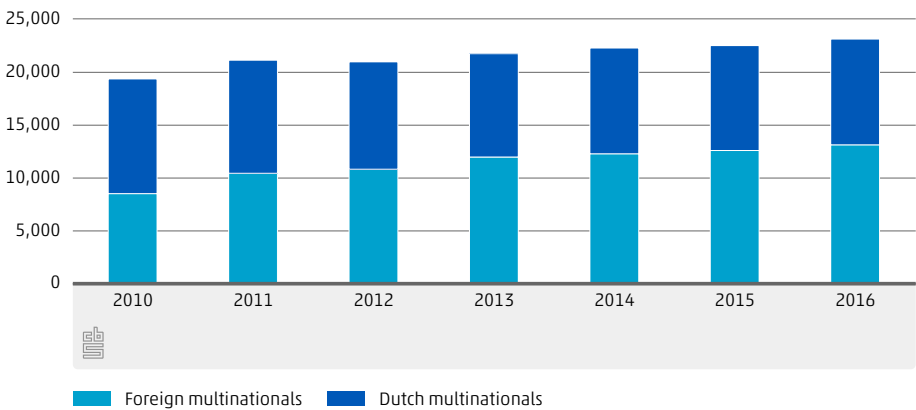
DNB's macro-level figures provide an overview of the total value of bilateral FDI flows. A more tangible measure of these investments and their impact on the Dutch business economy is the number of multinationals that are active in the Netherlands, their share in Dutch international trade and the number of persons employed at those firms. Previous CBS surveys have shown that in 2016 multinationals were responsible for 30 percent of the total of 635 billion euros in value added within the Dutch economy (CBS, 2018b). The bulk of this value added, around 113 billion, can be attributed to foreign multinationals, which are also spending large amounts of

money on innovation, research and development. This section is taking a closer look at the Dutch multinational landscape.

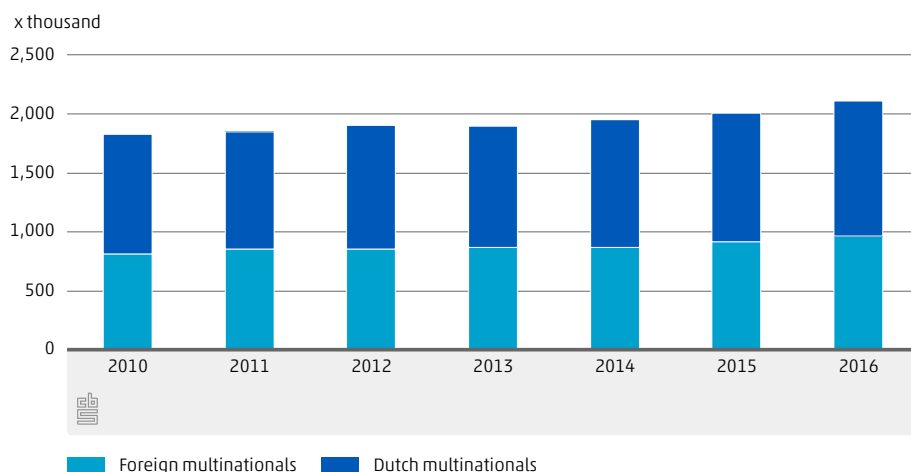
Over 23 thousand multinationals in the Dutch business economy

In 2016 – the most recently available data are from this year – altogether 23,145 multinationals were active in the Dutch business economy, representing 2 percent of the business population. Approximately 43 percent had a Dutch parent company. This share has declined since 2010, when still 56 percent of the multinationals in the Netherlands were under Dutch control. Despite this decline in the number of Dutch multinationals, there has been a steady rise in employment at these companies. This is an indication of growth on balance in terms of employment, despite the decline in number. Altogether, these multinationals – both foreign and Dutch – supplied over 2.1 million jobs in the Netherlands in 2016. Employment at multinationals rose by over 15 percent relative to 2010. Throughout the Dutch business economy – including the non-multinationals – the number of employed persons grew by 5.3 percent between 2010 and 2016.

7.3.1 Number of Dutch and foreign multinationals active in the Dutch business economy



7.3.2 Number of employees at multinationals in the Netherlands



US enterprises in the Netherlands extending their lead

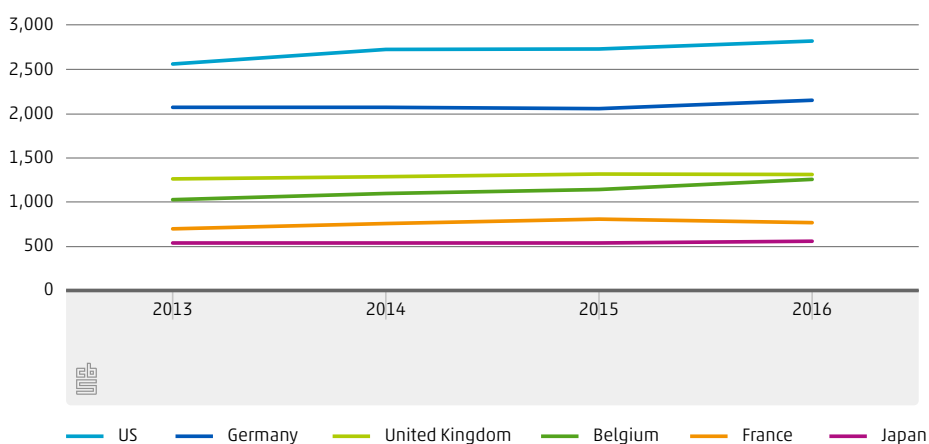
Just as in the total inward investment position (Figure 7.2.2), the US is also our largest investment partner as far as multinationals active in the Netherlands are concerned, see figure 7.3.3. In 2016, there were around 2,820 US-controlled enterprises in the Netherlands. A strong increase (+260) was seen between 2013 and 2016.

German (2,150) and British (1,310) multinationals also have many subsidiaries in the Netherlands. Another striking development is the growth in the number of companies under Belgian and Chinese management since 2013. The number of Chinese multinationals rose nearly 1.5 times, from 315 to 465. Around half of the Chinese-owned companies are active in the Dutch wholesale and retail trade. The share of Chinese companies has also grown in storage and transport services, IT services and among holdings and management consultancies. Finally, the number of employees working for a Japanese parent company grew significantly in 2016. This was largely due to the acquisition of a large Dutch enterprise.

Singaporean and Malaysian enterprises advancing

Over the past few years, the number of enterprises under control of more distant countries has increased. In 2013, around 105 Dutch companies were controlled by an ASEAN-5²⁾ country; by 2016 there were already 145. Singaporean and Malaysian companies in particular have increased their influence in the Netherlands. The number of Dutch companies under the control of countries in the Gulf Region³⁾ rose slightly between 2013 and 2016: from 65 to 85. The United Arab Emirates account for nearly half of this activity, followed by Saudi Arabia (15) and Kuwait (10). Unfortunately there is no information regarding employee numbers at these companies. Those companies falling under the control of North African countries are almost all under Egyptian management. Only Iran and Poland showed a (slight) decline in the total number of subsidiaries. The number of companies under Iranian flag was reset to 0 in 2016.

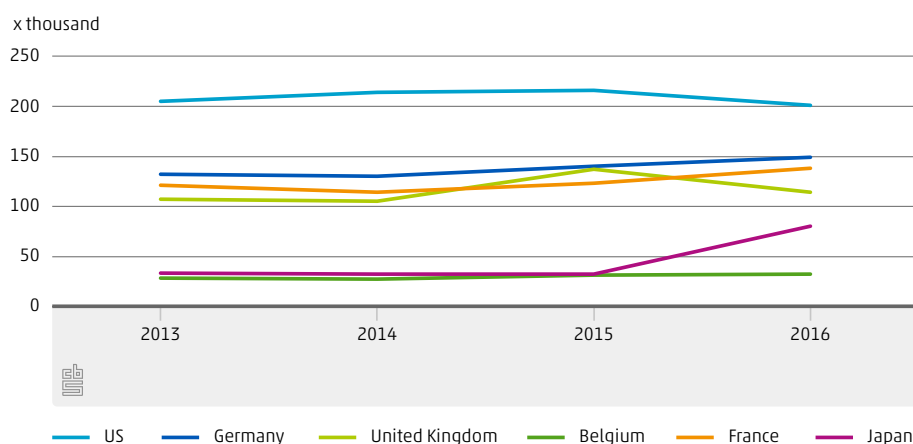
7.3.3 Largest foreign multinationals in the Netherlands, 2013-2016



²⁾ The ASEAN-5 countries are Indonesia, Malaysia, Singapore, Thailand and Vietnam.

³⁾ The Gulf Region consists of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

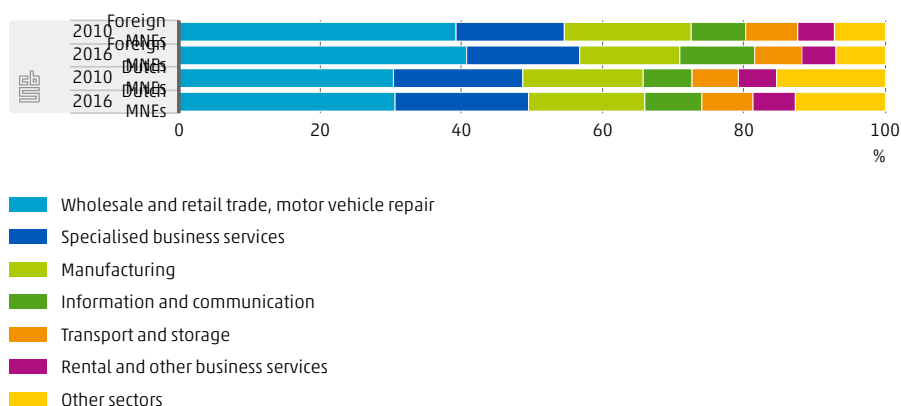
7.3.4 Number of employees at foreign multinationals in the Netherlands



Majority of multinationals active in wholesale and retail trade

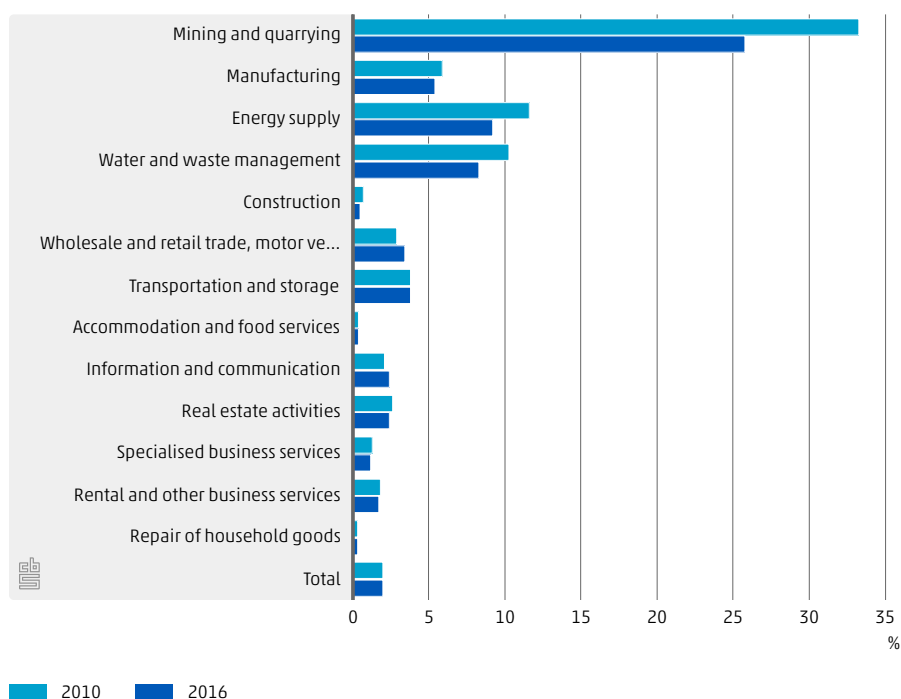
Most multinationals (foreign and Dutch combined) are active in wholesale and retail trade (8,425), and to a lesser extent in specialised business services (3,990) and in manufacturing (3,520), see figure 7.3.5. Subtle differences can be observed between Dutch and foreign multinationals. For example, foreign multinationals are relatively more active in the sector information and communication aside from wholesale and retail trade than Dutch multinationals. Dutch multinationals are better represented in construction, manufacturing and specialist business services. These ratios have remained fairly stable, not only between the groups but also in the period between 2010 and 2016.

7.3.5 Relative distribution of foreign and Dutch MNEs, by sector and by year



Although the majority of – Dutch and foreign – multinationals are active in wholesale and retail trade, this service sector is not dominated by multinationals. Multinationals only accounted for approximately 3 percent of the more than 250 thousand companies in this sector in 2016. In specialised business services as well, the nearly 4 thousand multinationals accounted for a 1-percent share of all companies. At around 5–10 percent, the share of multinationals is slightly higher in manufacturing, energy supply and water and waste management. In 2016, the largest share of multinationals was found in the sector mining and quarrying with 26 percent of the total number of holdings, see figure 7.3.6.

7.3.6 Share of multinationals in total number of enterprises, by industry

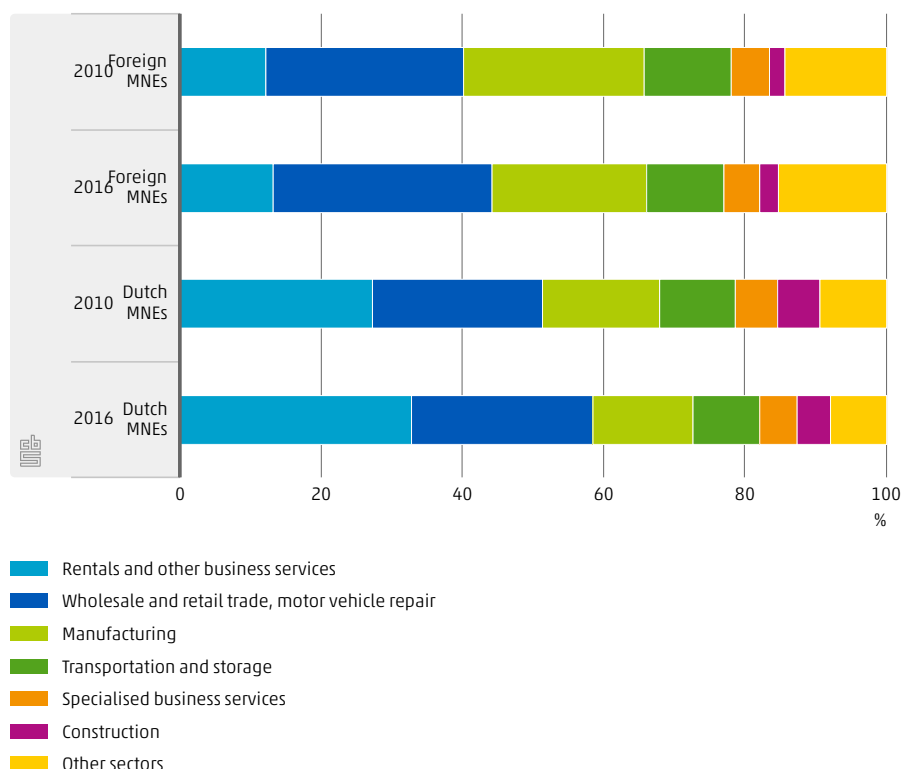


Large foreign multinationals in accommodation and food services

In 2016, multinationals were good for 38 percent of total employment in the Netherlands. This share increased by 4 percentage points as of 2010 (when the total was still 34 percent). As for jobs created in the Netherlands, there are several large differences between Dutch and foreign multinationals. Especially Dutch multinationals in renting and other business services are major employers, see Figure 7.3.7; one-third of all employed persons at Dutch multinationals were active in this branch of industry (job placement and temporary agencies). This share as well rose sharply relative to 2010. In addition, one-quarter of all persons employed at Dutch multinationals work in wholesale and retail trade, and 1 in 7 work in manufacturing. Although around 41 percent of foreign multinationals are active in wholesale and retail trade, this applies to around 31 percent of their workforce. The average workforce in this sector is therefore smaller at foreign multinationals

than at the average Dutch multinational in the same sector. The reverse holds true for the sector accommodation and food services, where the foreign multinationals are relatively larger employers than the Dutch ones.

7.3.7 Distribution of employment at MNEs, by sector and ownership, 2010-2016

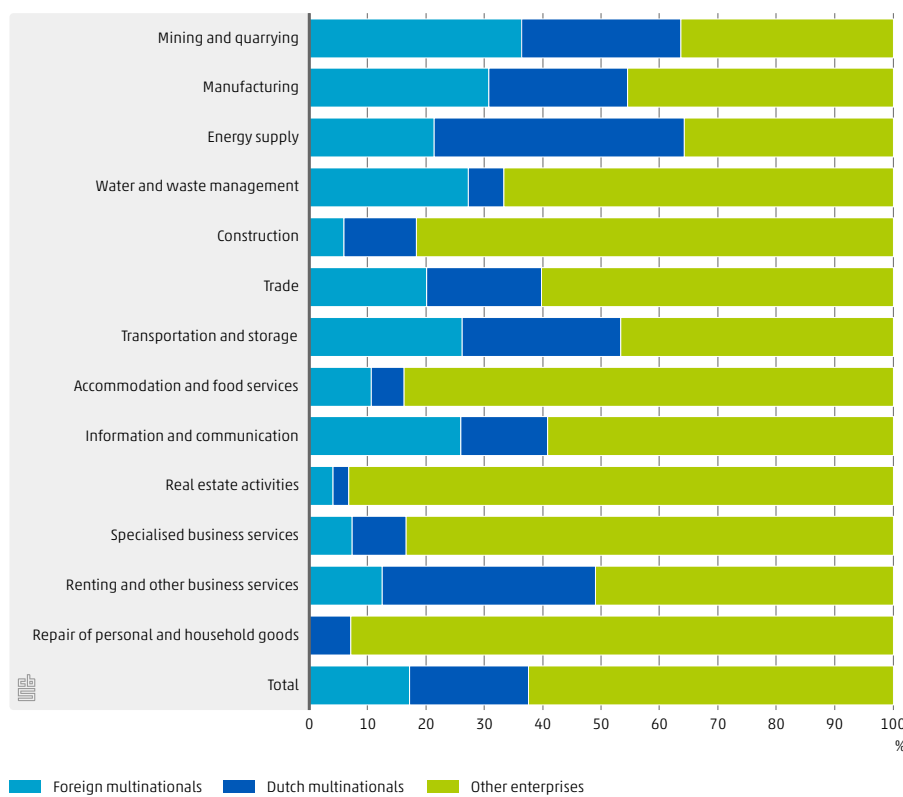


Around 55 percent of employment in manufacturing on account of multinationals

Not only are employed persons at Dutch multinationals often active in the sector renting and other business services, they also make up a considerable share of total employment in this (large) industry. Over one-third of the more than one million employees in this industry are employed by a Dutch multinational. One in eight are employed by a foreign multinational. Dutch multinationals create the bulk of employment in energy supply, see figure 7.3.8; nearly 43 percent of the entire

workforce in this sector are employed by this kind of multinational. Foreign multinationals hold the largest share in the employment of the (relatively small) sector mining and quarrying as well as in the manufacturing sector. Employment by multinationals is least prevalent in the consumer electronics repair industry and in real estate, renting and business activities.

7.3.8 Share of foreign, Dutch multinationals and other enterprises in employment, by industry (2016)

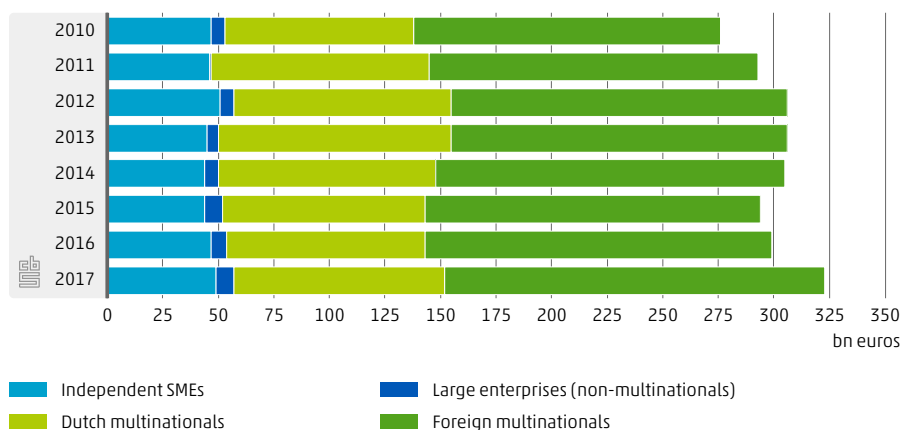


Around 80-90% of international goods and services trade involves multinationals.

In addition to the relatively large involvement of multinationals in the Dutch job market, the bulk of international trade is conducted on their behalf as well. Whereas multinationals only take up around 2 percent of the entire business economy, in 2017 they were responsible for 81 percent of the imports and 82 percent of the

exports of goods, see Figure 7.3.9. The foreign multinationals are most involved as they account for 56 percent of total imports and 53 percent of total exports of goods, against 25 percent and 29 percent respectively among Dutch multinationals. In the case of international service trade, this pattern is even more clearly discernible with multinationals accounting for 90 percent of service imports and 88 percent of service exports in 2017. Here as well, foreign multinationals contribute the bulk with 70 percent of service imports and 62 percent of service exports.

7.3.9 Role of multinationals in goods exports



7.4 Dutch multinational activity abroad

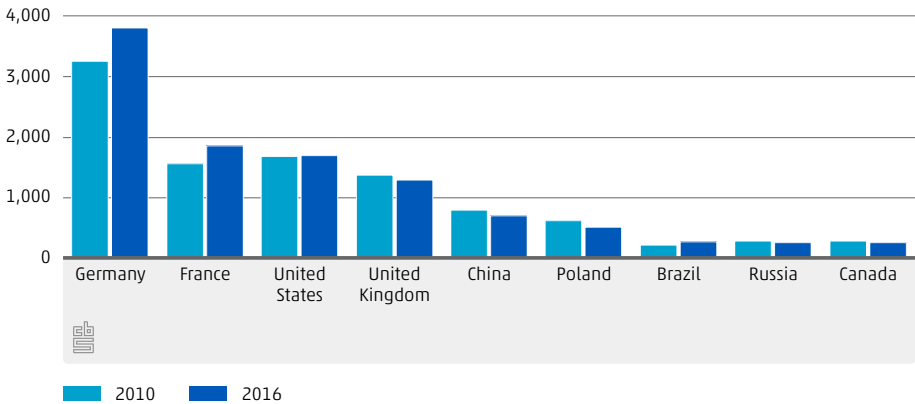
One of the four key policy priorities in the Foreign Ministry's trade agenda entitled 'Investing in Global Prospects' lies in the opening of doors and expanding the international presence of the Netherlands in selected regions and countries, for example through trade missions and business support services. It is the Ministry's ambition to consolidate and deepen relations with established markets such as Germany, the US or the UK. In addition, to maintain more assertive relations with emerging markets such as China, ASEAN-5, India or Brazil (BHOS, 2018a and 2018b). This section focuses on the countries in which Dutch companies operate, their local business activities and the number of jobs they create. It is obviously not possible to include all countries and regions in detail. More information and figures on this topic

can be found in the dataset accompanying chapter 7, which can be accessed through the [main page](#) of this publication.

Most Dutch subsidiaries abroad are in Germany

Dutch multinationals also make foreign investments. For example, by acquiring stakes in a foreign company or by setting up a subsidiary abroad. There are many Dutch-owned companies abroad, particularly in Germany, France, the United States and the United Kingdom, see Figure 7.4.1. Especially Germany and France stayed in the lead with 542 and 296 new Dutch subsidiaries respectively between 2010 and 2016. In the same period, however, a decline was seen in Dutch subsidiaries in Belgium (-134), Poland (-111) and China (-100). In China, mainly Dutch companies in the sector transportation and storage closed down (or were taken over by other companies or multinationals), followed by industrial companies and financial institutions. In Belgium, the number of Dutch-owned subsidiaries fell in nearly all industries except manufacturing.

7.4.1 Number of foreign subsidiaries under Dutch control (2016)



Source: CBS, Eurostat

Singapore attractive to Dutch multinationals

In the ASEAN-5 region, Dutch multinationals are mainly investing in Singapore, followed by Malaysia and Indonesia. Of the 810 companies under Dutch control in this region, nearly half were established in Singapore in 2016. Altogether, 670 Dutch companies were active in the ASEAN-5 region in 2010. There was more significant

growth in Singapore: from 275 such companies in 2010 to 375 companies in 2016. The majority were active in advertising, research and other specialised business services, as well as transport and storage, and wholesale and retail trade. The number of Dutch companies in Thailand declined during the survey period from 105 to 90. These were mainly companies in wholesale and retail trade, manufacturing and transport and storage. As shown by figure 7.4.3, this involves a large number of jobs.

UAE leading in attracting Dutch business in the Gulf region

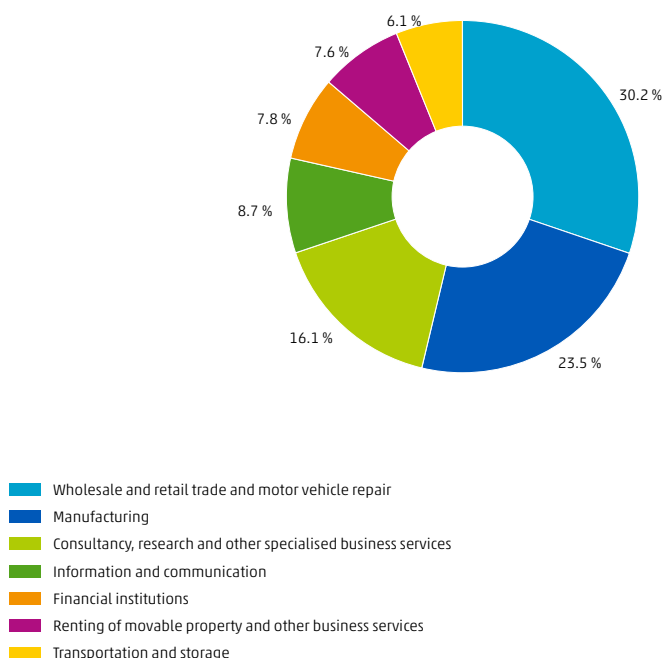
In the Gulf region, it is mainly the United Arab Emirates (UAE) which represent an interesting partnership for Dutch multinational investments. Of the approximately 280 companies under Dutch control in the Gulf region, in 2016 altogether 195 were established in the UAE. This number has grown considerably since 2013, by 130. The majority were active in manufacturing, consultancy, research and other specialised business services, as well as in wholesale and retail trade. The number of Dutch companies declined in Bahrain, Oman and Kuwait while the (relatively small) number of Dutch businesses in Qatar and Saudi Arabia rose during the survey period.

Number of Dutch subsidiaries in North Africa stable

In 2016, the country with the highest number of Dutch subsidiaries in North Africa was Morocco. Of the 95 Dutch companies in this region, 40 were in Morocco. Tunisia and Egypt both had 25, Algeria 5. Back in 2010, Tunisia was still the country with the highest number of Dutch companies (35), but this number has declined in subsequent years. Looking at the four countries combined, the number of Dutch-owned enterprises has remained stable between 2010 and 2016.

As for foreign companies with Dutch multinational investments, these are fairly evenly distributed across the following industries: manufacturing, wholesale trade, financial institutions and consultancy, and research and other specialised business services (see figure 7.4.2). Not much has changed in these ratios between the various countries and industries since 2010.

7.4.2 Activities of Dutch subsidiaries abroad (2016)



Source: CBS, Eurostat

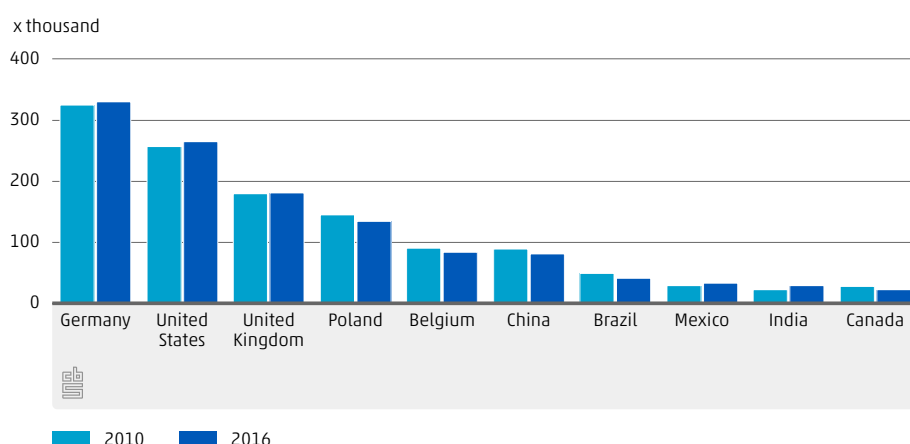
Altogether there were 13,282 Dutch subsidiaries abroad in 2016. They employed approximately 1.4 million persons. In 2010 the number of employees was still 1.6 million, which comes down to a decline of 187 thousand employees over six years' time.

Most of these employees (331 thousand) were found in Germany in 2016, see figure 7.4.3. The top 3 further includes the United States (266 thousand)⁴⁾ and the United Kingdom (182 thousand). Another striking feature is the relatively high

4) The aforementioned number of 266 thousand American employees at Dutch-controlled companies resident in the US deviates from the numbers such as were quoted in chapter 5 of the Internationalisation Monitor on the United States (CBS, 2019). This is related to the fact that the figures in the Internationalisation Monitor were obtained from the U.S. Bureau of Economic Analysis, which uses a different definition of multinational activity than CBS. CBS applies the definition of 'UCI' or 'ultimate controlling institute' in determining under which flag a company operates, in accordance with the Foreign affiliates statistics (FATS). In that case, employment is allocated to the country where effective decisionmaking and control are established of the entire corporation. The BEA uses the term 'UBO' or 'Ultimate Beneficial Owner', which is more a term

number of employees per subsidiary in Belgium, where 84 thousand employed persons at 85 Dutch subsidiaries means each company employs nearly one thousand people. This is 3.5 times higher than at Dutch companies in Mexico, which ranks second. Dutch companies in Mexico employed on average 275 persons in 2016. By way of comparison: Germany has on average 'only' 86 employees per company. Other notable developments are the relative increases in Vietnam (+67 percent), Malaysia (+38 percent) and India (+26 percent) and the declines in Thailand (-52 percent) and Australia (-40 percent). The differences in size and development are related to the economic activities abroad by Dutch multinationals as well as the economic situation and business cycle at the local level.

7.4.3 Number of employed persons at Dutch-owned foreign subsidiaries, 2010-2016



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Glossary

Born global

An enterprise which pursues international trade activities starting from the year of its establishment (imports, exports or both).

Brainport

Cluster of enterprises that work together and share know-how, enabling them to produce innovative, high-grade products or services which can be sold in the international market more quickly.

Brownfield FDI

A foreign direct investment (FDI) in an existing foreign production facility.

Direct jobs

Jobs that are the result of exporting in the exporting sector itself.

Discontinuing exporter

A discontinuing exporter is an enterprise which does not export goods or services in year t , nor in $t-1$, but which did export these goods or services in year $t-2$. The enterprise must still be in existence in year t in order to be listed as discontinuing exporter.

Domestic exports (Dutch-manufactured exports)

Exports after production in the Netherlands, or after significant processing of foreign-produced goods (taking into account the level of adjustments in the product's HS code). Re-exports and domestic exports combined constitute the basis of total Dutch export figures.

Dutch business economy

The General Business Register (ABR) is based on the Dutch Standard Industrial Classification (SBI) which classifies business units according to their main activity. The business economy in the Netherlands comprises all companies listed in the Standard Industrial Classification (Dutch SBI 2008) sections B up to and including N, exclusive of K plus S95. This delineation is referred to internationally as 'non-financial business economy'.

This category is composed of the following branches of industry:

B Mining and quarrying

C Manufacturing

D Production and distribution of and trade in electricity, gas, steam and air conditioning supply

E Water supply; sewerage, waste and wastewater management and remediation services

F Construction

G Wholesale and retail trade; motor vehicle repair

H Transportation and storage

I Accommodation and food service activities

J Information and communication

L Renting, buying and selling of real estate

M Consultancy, research and other specialist business services

N Renting and leasing of tangible goods and other business support services

S95 Repair of personal and household goods

Entrepreneur

Person who performs work at his/her own company or office for his/her own account and at his/her own risk, or who is the owner of the company and employed there in the capacity of company director.

Enterprise

The actual transactor in the production process is characterised by decision-making autonomy in this process and by the offering of its products to third parties. An enterprise is composed of one or several legal entities. A distinctive feature is the autonomy in the decision-making with regard to production taking place within this composite entity. The Dutch component of an entity whose activities extend across multiple countries is considered an enterprise in itself for the sake of national statistics.

Foreign enterprise

A foreign enterprise is classified according to the country where it is ultimately controlled. This is based on the Ultimate Controlling Institutional Unit (UCI). The UCI is defined as that enterprise which is placed higher up in the chain of control of the Dutch enterprise that is not under the ultimate control of any other company or enterprise. Foreign control means that the country where the UCI is established is not the Netherlands.

Foreign Direct Investment (FDI)

An enterprise receiving direct investments from abroad is an enterprise in which a foreign investor holds at least 10 percent of the ordinary share capital or the voting rights, or the equivalent thereof. This involves having a controlling interest and substantial influence on the management of the enterprise. Direct investment consists of share capital, participating interests in group companies abroad and credit lending.

FTE

A measure for the labour volume, calculated by converting all jobs (both full-time and part-time) into full-time jobs, also referred to as full-time equivalents (FTEs). Two half-time jobs (0.5 FTE each) add up to a labour volume of one labour year.

Greenfield FDI

A foreign investment in a foreign subsidiary that is yet to be established from scratch.

Gross domestic product (GDP)

GDP is a measure for the size of a country's economy. This is calculated from the sum of the value added by enterprises, households and governments to the goods and services they have used in their production activities. This sum is referred to as the value added at basic prices. To arrive at GDP at market prices, the balance of taxes on production plus other subsidies is added as well as the difference between the attributed VAT and paid VAT.

Gross value added

The gross value added equals the production (in basic prices) minus intermediate consumption (excl. deductible VAT).

Import intensity

The import intensity ratio is an indicator of the degree of international competitive pressure in the local market. The index is expressed as a percentage share which shows to what extent domestic demand for goods or services depends on foreign imports. The higher the import intensity ratio, the larger the contribution of imports in meeting the total demand for goods and services.

Independent SMEs

Independent small and medium-sized enterprises (SMEs) comprise all businesses in the Netherlands owned by Dutch residents with total staff numbers in the entire organisation falling below 250.

Indirect jobs

Jobs that are the result of exporting in other supplying sector than the exporting sector itself.

Intellectual property

A collective term for rights granted on detailed ideas and concepts, for example patents, trademarks and copyrights.

Intermediate goods

These include all inputs into the production process, such as raw materials, semi-finished products and fuels. An intermediary product is used during the production process, often transformed and then processed into the final output. In other words, it serves to produce other goods.

International trade in goods

International trade in goods involves Dutch residents who deliver goods to locations outside the Netherlands, and vice versa. In intra-EU imports, this is the value of the goods including freight and insurance costs up to the Dutch border. In extra-EU imports, this is the value of the goods including freight and insurance charges up to the external border of the European Union. The export value is including freight and insurance costs up to the Dutch border. This is in line with the statistics on International trade in goods.

International trade in services

International trade in services involves Dutch residents who perform services for residents of another economy and vice versa. Services are products which are not tangible. For example, transportation services, business services and personal, cultural or recreational services. Dutch residents are all enterprises and individuals that engage in economic activities from any location in the Netherlands which has been in use for more than one year.

Investments in tangible fixed assets

Goods which are either purchased or developed internally in order to be deployed in the production process as capital goods. This includes goods that have a life span exceeding one year, such as buildings, dwellings, machinery, modes of transport and the like.

Large enterprise

All companies established in the Netherlands as part of a group of companies with at least 250 employed persons and/or part of a group of companies under foreign control.

Mainport

A hub where important connections and activity flows in both the Netherlands and abroad conjoin and separate again.

Multinational

An enterprise with a parent or subsidiary abroad.

Non-multinational

An enterprise without a parent or subsidiary abroad.

Outsourcing

International outsourcing of business activities to foreign suppliers.

Re-exports

Goods which, after being imported into the Netherlands, undergo little or no significant processing before being exported from the Netherlands again. Unlike in quasi transit trade, the goods are (temporarily) owned by a resident enterprise while in the Netherlands. Re-exports and domestic exports combined constitute the aggregate Dutch export.

Royalties

Remuneration payments for the ongoing use of someone else's intellectual property rights, for example copyrights, trademark rights and patent rights.

Special Purpose Entity (SPE)

SPEs are subsidiaries of foreign enterprises which are established in the Netherlands that act as cross-border financial intermediaries between various composite entities of the group in which they operate. The receivables and liabilities of these institutions usually concern direct investments from one country to another via the Netherlands, or channelling of resources collected abroad to the foreign parent. In this respect, SPEs are dedicated legal entity concerned with securitisations. As part of the securitisation transaction, an SPE takes over assets and/or credit risks and issues securities, securitisation fund units, other debt instruments and/or financial derivatives, or is the owner of any underlying assets. An SPE is safeguarded against the risk of bankruptcy or other default of the initiator (also referred to as 'originator', i.e. the institution transferring assets and/or credit risks to the SPE).

Start-up exporter

A start-up exporter is an enterprise which exports goods or services in year t which it did not export (yet) in $t-1$ nor in $t-2$, regardless of whether the company already existed in those years.

Top sectors

The Dutch Cabinet has designated nine economic top sectors: Agriculture & Food, Chemicals, Creative industries, Energy, High Tech Systems and Materials (HTSM), Horticulture and starting materials, Life Sciences & Health, Logistics and Water. These are sectors which are (1) knowledge-intensive, (2) export-oriented, with (3) mainly specific laws and regulations, which (4) (may) contribute significantly to the resolution of outstanding issues in society. Entrepreneurs, scientists and public authorities work together in so-called top teams to draft recommendations on the kinds of measures that need to be taken in order to remain competitive in the global market.

Two-way trader

An enterprise or business establishment which both imports and exports goods and/or services. This is unlike the so-called one-way trader, which is either a one-way importer or a one-way exporter.

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