



Transition facility: insights into users 2012 - 2015

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Executive summary

The ministry of Foreign Affairs offers a wide range of instruments aimed at improving trade with developing countries. One of these instruments is the Transition Facility programme. As part of an ongoing broader assessment of the effectivity of the programme, the Netherlands Enterprise Agency asked Statistics Netherlands to provide a descriptive analysis of the users of the TF and their international activities. The analysis is based on a sample of participants who applied to part in trade missions financed by the programme and/or submitted a proposal to benefit from a subsidy for Demonstration projects, Feasibility studies and Knowledge Building programme (DHK).

The majority of Transition Facility (TF)-applications in the sample at hand were made for the DHK-instrument. This instrument covers nearly 75 percent of all 200 applications. However, not every application results in participation in the programme. More than 80 percent of all DHK-requests were granted. For missions, that was 100 percent. The distribution of TF-users by industry sector shows that the service sector accounts for the majority of (approved) TF-applications. In terms of firm size, approximately 74 percent of the participants belong to independent SMEs. Approximately 9 percent of the DHK-users and 18 percent of the enterprises that went on a trade mission using the TF was a fast-growing company in the year of the application. Regarding firm age, we observe that it is mainly older firms that use the TF-facility: more than 50 percent of TF-applicants were at least 10 years old.

In the year in which the instrument was used, approximately 20% of firms did not trade in goods. Two years later, this share had increased to 23%, mainly as a result of more non-traders in the service sector. TF-participants most often traded in goods with European and Central Asian countries (75% in the year of use) and countries in East Asia and the Pacific (50%). After two years, the share of firms trading in goods had increased for most regions, with the exception of Europe, Central Asia and South Asia. Concerning FDI, approximately 30 percent of the participants had FDI in the year of participation. That is a lot higher than the share of companies with FDI in the Dutch business population. The number of Dutch companies with investments abroad is relatively small; approximately 1 percent of Dutch companies have one or more subsidiaries abroad.

The total value of import of TF-users from all regions increased steadily throughout the 5-year period under consideration in all industries. A similar increase is seen in the case of exports. The largest jump in both export and import

is especially seen one year after using the instrument (t+1). This jump is most notable in the manufacturing sector, where export in year t was 68 percent higher than year t-2, while that in t+1 is 374 percent higher than two years prior to using the instrument. Based on the available data, it is not possible to conclude which part of that jump, if any, is due to the use of the instrument.

The jump after year t does not appear to be specific to target countries (or target regions) of the Transition Facility. The export of TF-users to their target countries has actually been declining in the years t-1 and t. Although the export starts to increase in t+1 and t+2, the value of the export to target countries in t+2 is still 12 percent lower than the value firms started out with in t-2.

With regards to the trade in services, the share of firms that did not trade decreased from 21% to 18% during the two years after participation. This was mainly the result of more exporting firms (+6 percentage points) and less non-traders in the service, agriculture, mineral, construction, water, energy and waste sectors. The rise in traders after using the instrument was visible for countries inside as well as outside of the EU. However, this did not translate in a growth of the value of the service trade.

1. Introduction

The ministry of Foreign Affairs offers a wide range of instruments aimed at improving trade with developing countries. One of these instruments is the Transition Facility programme. The Transition Facility (TF) was initiated in 2011 and aims to improve the business climate in three promising countries, namely Colombia, Vietnam and South Africa. These countries were chosen for having a relatively favorable business climate, adequate economic policy, developed financial sector, fast growing middle class, relatively young population and stable political environment (RVO, 2014). In addition, the TF tries to stimulate trade and capital flows of Dutch Small and Medium Enterprises (SME) with these countries.

The instruments that are part of this programme contribute to the desire of the Dutch government to help companies in their trade relations with other countries, as well as to the policy objective of the ministry to create a stronger Dutch trade and investment position and economic brand recognition. The TF-programme is run by the Netherlands Enterprise Agency (RVO). It has been closed for projects aimed at Vietnam since 2014, and for applications targeted at Columbia and South Africa since 2015. Projects that were approved before these dates were allowed to continue until the end of 2018.

The RVO has asked Statistics Netherlands (CBS) to provide input for an ongoing broader assessment of the effectivity of the programme, by providing a descriptive analysis of the users of then TF and their international activities. This has resulted in this report and its accompanying set of tables. With these analyses, RVO aims to answer the following questions:

- (1) What are the most important demographic characteristics of Dutch firms that participate in the Transition Facility programme?
- (2) What do the international activities of TF-users look like, in particular in terms of the trade in goods and services and the foreign direct investments, both in general and specifically in the three targeted countries before and after their participation in the programme.

This report is descriptive by nature and is therefore not suitable for answering any causal questions like for example; how does participating in the TF-programme affect a firm's international activities in general or in target countries.

2. Data en methodology

This analysis provides a first exploration of the demography of the firms that applied for the Transition Facility programme in the years 2012-2015. Demographic characteristics considered include industry, size in terms of employment and age. In addition to the demography of these firms, we also look at the evolution of trade in goods and services as well as foreign direct investment of TF-users from two years prior to up to two years after participating in the TF-programme.

To conduct this study, Statistics Netherlands (CBS) received information on participants in the TF-programme from RVO. The dataset received contains a sample of proposals/ participation requests filled for taking part in a TF-funded trade mission to Vietnam, Columbia or South Africa or in a Subsidy for Demonstration projects, Feasibility studies and Knowledge Building programme (DHK). For each request, the dataset contains the name of the firm, firm id as registered at the Dutch Chamber of Commerce (KvK), date of filing the request to participate, whether or not the request has been approved and the target country upon which the mission or the study will focus.

The sample on trade missions received by Statistics Netherlands covers two missions in 2012 and 2013 to Vietnam, two missions to South Africa in 2013 and three missions to Columbia in 2014 and 2015. Five of the seven missions considered are focused on the horticulture, agriculture and food sectors in target countries. The two remaining missions focus on renewable energy and medical sciences. Requested subsidies for Demonstration projects, Feasibility studies and Knowledge Building programme (DHK) cover the years 2013 and 2014 and a wider range of sectors than selected missions.

Using the firm id from the Dutch Chamber of Commerce, the dataset delivered by RVO was linked to CBS' business demography register (BDK). The BDK is the backbone of all business statistics produced by CBS and contains firm-level demographic information like size class in terms of employment, industry classification, age and the MNE-status of a firm. Linking TF-data to the BDK, we obtain a match of almost 95 percent. The information from the BDK is then used to determine the basic demographic characteristics of TF-users in their respective years of participation in the programme.

After the RVO's dataset is linked to the BDK, the linked dataset is further enriched with information on the international activities of TF-users. This involves linking

the following datasets to ours: International Trade in Goods (IHG), International Trade in Services (IHD) and foreign investments (DBI). The data of IHG and IHD are available on the enterprise level (same level as BDK). In CBS business registers, an enterprise is an entity with autonomy over its own production decisions. Data on foreign investments are on the enterprise group level. An enterprise group can contain one or more enterprises and has the autonomy to make financial decisions.

International trade in goods (IHG) contains for every enterprise the value of imported and exported goods, the types of goods exported (according to the 8-digit CN-classification) and the countries of origin or destination. International trade in services (IHD) contains for every enterprise the value of imported and exported services. For intra-EU trade in services the IHD-dataset also provides information on the countries of origin and destination. For extra-EU trade, no such information is available. Foreign investments statistic (DBI) provides information of the destinations of foreign investments of enterprise groups and the value of these investments. If according to the DBI an enterprise group has an investment in Columbia, we assume all enterprises belonging to that group also have an investment in Columbia.

Interpretation of the tables centered around the year of participation t

In this study, we follow the international trade in goods and services and the foreign investments of TF-participants in a period of five years from two years before up to two years after using the instrument. We call the year of using the instrument t , the year before using the instrument is $t-1$ and the year after is $t+1$. Column $t-2$ contains trade of firms that made use of the TF between 2012 and 2015 and were trading internationally two years before using the instrument. Column $t+2$ contains trade of TF-users two years after using the instrument.

Data on international trade in goods is available at CBS for the years 2010-2019. For international trade in services, CBS has data for the years 2012-2017. Information on foreign investments is available for the years 2010-2017. Therefore, for all participants in our sample we have trade in goods and investment information from two years before until two years after participation in the programme. For trade in services we do not have any information on trade in $t-2$ and $t-1$ for firms using the TF in 2012. For firms using TF in 2013 we only have information on trade in services in $t-1$ but not in $t-2$. Tables 6, 7, 12 and 13 therefore contain different reporting years per column. Columns $t-2$ and $t-1$ in those tables are therefore not comparable to tables t and later.

Using these extra sources, we aim to shed some light on the international activities of firms that participated in the TF-programme before as well as after such participation. How many TF-users was already exporting goods/services

before using the instrument? How much did the different users export before and after using the instrument? How did the foreign investments of participants change after using the instrument?

3. Demography of TF-users

We start the discussion of the research results with a description of the TF-population. Table 3.1 shows the number of TF-applications during 2012-2015. During this period, there were a total of 200 applications. The instrument with the most applications was DHK with 145 applications. These applications were mainly filed in 2013 and 2014. The year 2012 had zero DHK-applications and only 5 in 2016. The applications for missions were also mainly concentrated in 2013 and 2014 (20 applications in both years).

Not all TF-applications were approved, as some applicants were not eligible to participate. For example, only small and medium enterprises are allowed to make use of this programme. There were also cases where the firm itself withdrew its own application. In general, about 90 percent of all applications were approved. The rate of approval was 100 percent for the mission applications and 83 percent for the DHK-applications.

3.1 Number of approved and denied TF-applications per year, broken down by type of intervention (DHK or mission)

	2012	2013	2014	2015	Total
Mission					
approved	10	20	20	10	55
denied	0	0	0	0	0
DHK					
approved	0	55	65	5	120
denied	0	15	10	0	25
Total	10	85	90	15	200
approved	10	70	85	15	180
denied	0	15	10	0	25

Source: CBS

Table 2 of the accompanying set of tables shows the breakdown of (approved) TF-users by industry, age category, SME-status and growth category during the year of application. All firms that applied more than once for a TF-instrument during 2012 and 2015 are grouped together. In total, the programme reached 170 unique firms.

The breakdown of TF-users by industry sector shows that the service industry accounted for by far the most (approved) TF-applications. Approximately 45 percent of the firms that used the DHK-instrument were active in this sector.

With regards to missions, nearly 30 percent of applications concerned a firm in this sector. In addition, firms that operate in the manufacturing industry regularly applied for a TF-instrument. More than 35 percent of the companies that went on a trade mission with the help of the TF-programme, and just over 20 percent of the DHK-users belonged to the manufacturing industry in the year of application.

Regarding firm age, we divide companies into three age categories. The most intensive use can be seen with older firms; more than half of TF-applicants were older than 9 years. However, this is also the largest group in the total business population. The age distribution seems to be roughly the same for the two types of instruments, although firms that used DHK were generally younger than firms that went on a mission.

In terms of company size, approximately 74 percent of the participants belong to independent SMEs for the entire period. These are companies that have fewer than 250 employees and are not part of foreign concern or a Dutch concern with more than 250 employees. Large corporations make up the remaining 26 percent. For comparison, approximately 98 percent of all firms in the Netherlands belong to independent SMEs. Given that the instrument mainly targets independent SMEs, it is somewhat surprising that around 26 percent of users of the TF-programme is not an independent SME. This is even more pronounced for approved applications concerning trade mission, of which only 45 percent belonged to independent SME's.

The TF-applicants are also subdivided into different growth categories, namely whether or not they are high-growth enterprises. Growth categories are based on employment criteria: a company is a high-growth enterprise if the number of employees increases on average by at least 10 percent per year for three years in a row. In addition, the companies must have at least 10 employees at the start of the growth period. About 9 percent of DHK-users and 18 percent of the companies that went on a trade mission with the help of the TF-programme were a high-growth enterprise in the year of application.

Table 3 of the set of tables gives the same breakdown for the applications that were denied. The number of denied applications are proportionally distributed with the number of total applications. This is true for all industries, as well as firm age, MNE-status and growth category. This means that the majority of rejections are within the service industry, firms older than 10 years, independent MNE's and firms that do not have high-growth status.

4. Trade and investment status of TF-users

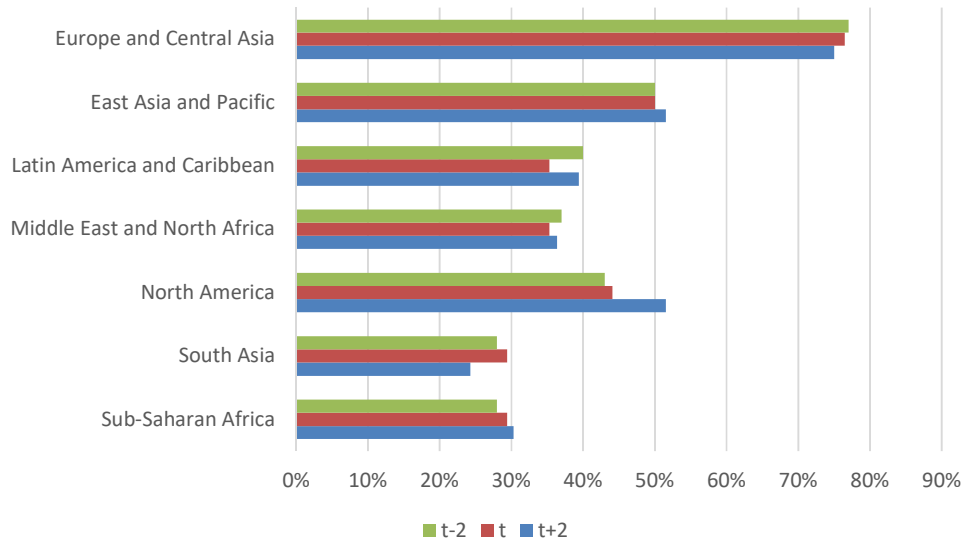
This chapter discusses the trade status of users of the transition facility. We examine the position of TF-users as exporter, importer, two-way trader and non-trader, for trade in goods as well as services. In addition, we look at their position as a foreign investor. Where possible, we break down the numbers by industry sector, region of origin/destination and target country. The participants are centered around year t – the year in which the TF-instrument was used –, and are followed for a period of five years. Due to confidentiality considerations resulting from relatively small sample sizes, we combine applications for trade missions and DHK-subsidies. Hence, no separate numbers for these categories are reported.

4.1 Goods trade status of TF-users

Table 4 of the included set of tables shows the yearly development of the number of firms with approved applications by industry sector and goods trade status. In the year of application, almost two in three TF-users were two-way traders, 15% only imported goods and 3% only exported. Approximately 20% of firms did not trade at all, and this share increased to 23% two years after using the instrument. Looking at the numbers by industry sector, this is primarily the result of more non-traders in the service sector. The two-way traders are mainly clustered in the services, industrial, wholesale, retail and catering sector, though none of these industries contain more two-way traders two years after using the instrument.

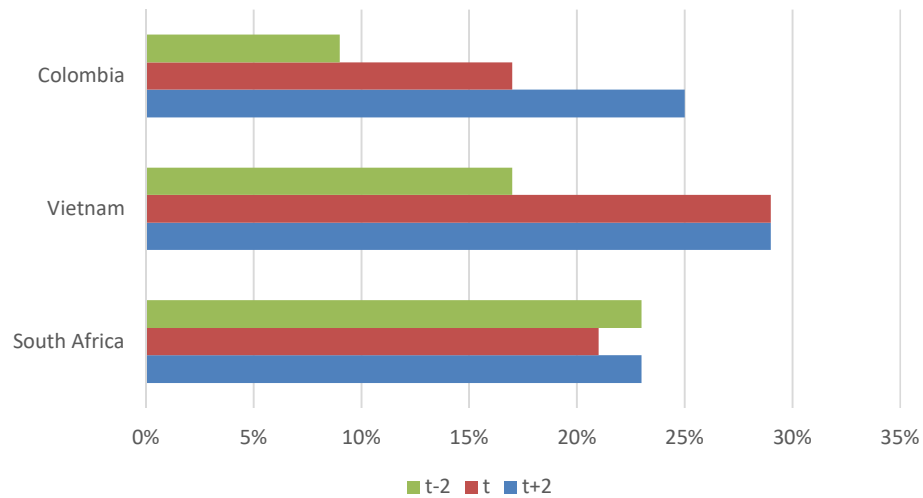
Table 4 also shows the evolution of the goods trade status of firms by (World Bank) region of origin/destination. This is graphically illustrated in Figure 4.1. TF-participants most often trade in goods with European and Central Asian countries (75% in the year of use), followed by countries in East Asia and the Pacific (50%). Two years after using the instrument, the share of traders in goods had risen for most regions, most notably North America (8 percentage points). However, the growth in North America and Sub Saharan Africa could merely be a continuation of an already established trend, as the share of firms that trade with those regions had already been rising during the two previous years. Only Europe, Central Asia and South Asia showed a (slightly) lower share of traders two year after using the facility.

4.1 Share of firms with approved applications that trade in goods by region of origin/destination, 2010-2017



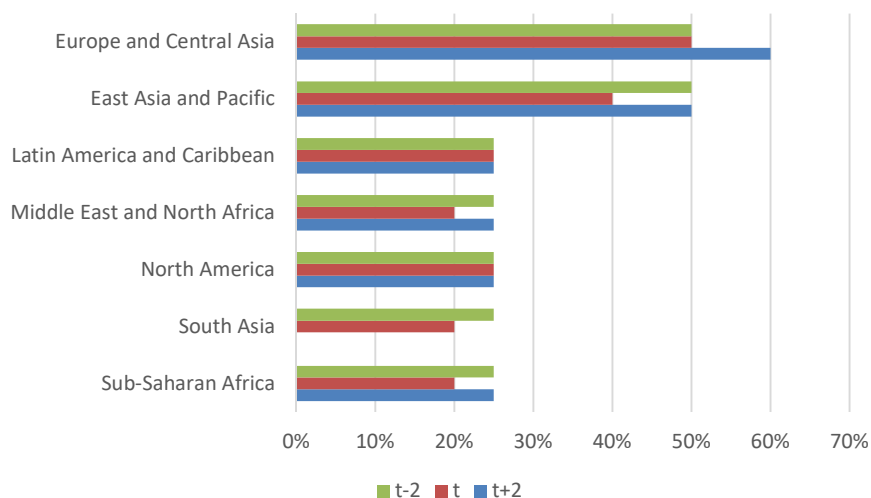
The same analysis can be conducted for the share of transition facility users that trade in goods with their target country. However, in contrast to the differentiation by region of origin/destination, the analysis by target country only considers firms that actually have approved applications that concern the target country in question. Figure 4.2 shows that respectively 17% and 21% of firms with applications pertaining to Colombia and South Africa already traded in goods with these countries in year t. Two years later, these shares had increased with 8 and 2 percentage points, respectively. However, the share of traders in goods with Colombia was already increasing in the years before using the instrument. The rise in traders two years later might therefore simply be an extension of this earlier trend. In Vietnam, finally, there was no increase in the share of traders two years after participation.

4.2 Share of firms with approved applications that trade in goods with their target country, 2010-2017



We also looked at the developments in the goods trade status of firms whose applications were denied. The results are displayed in Table 5 of the set of tables. Since all applications for trade missions were approved, the numbers only refer to DHK-applicants. Because of a low number of observations and rounding due to privacy considerations, it is difficult to detect reliable patterns in the data. On the aggregate level, the share of trading firms with denied applications increased 10 percentage points in the year of refusal, and then remained constant during the following two years (not shown). A further subdivision by region of origin/destination (see Figure 4.3) shows that the percentage of traders increased in all regions except South Asia two years after refusal, with the biggest growth in Europe and Central Asia and East Asia and Pacific (10 percentage points). However, given the small sample size these numbers should be interpreted with caution. The same is true for the analyses by target country, where the share of traders to Colombia did not change after refusal (0%), and the share of traders to South Africa decreased (not shown).

4.3 Share of firms with denied applications that trade in goods by region of origin/destination, 2010-2017

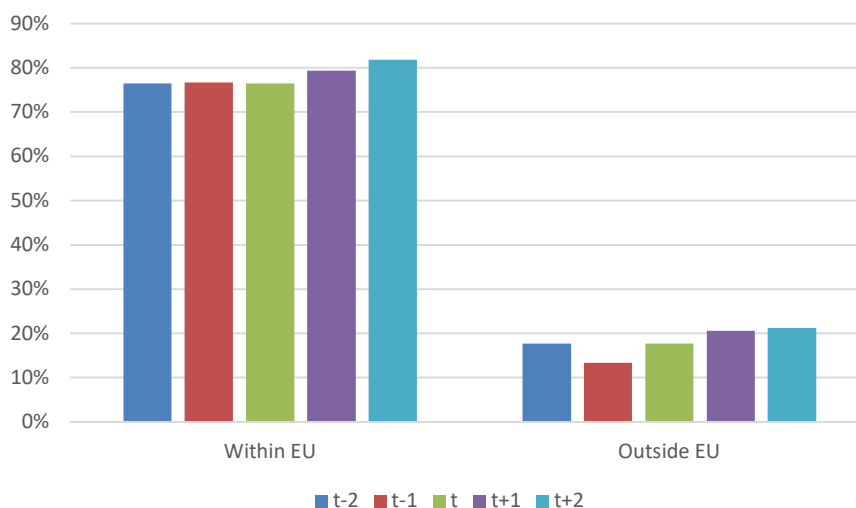


4.2 Service trade status of TF-users

We can also replicate the previous analyses for the service trade, though with the caveat that we can only distinguish two regions (inside and outside the European Union (EU)) due to a lack of adequate information at the country level. Table 6 of the set of tables shows the yearly development of the number of firms with approved applications by industry sector and service trade status. The percentage of non-traders in services decreased from 21% to 18% between the year of use and two years later. This is mainly due to the growth of exporters (+6 percentage points), as the share of two-way traders remained constant and the share of importers decreased slightly. A sectoral analysis shows that the lower percentage of traders in services is mainly the result of less non-traders in the service sector as well as the agriculture, mineral, construction, water, energy and waste sectors.

Figure 4.4 shows a regional breakdown of the percentage of firms with approved applications that trade in services. In the years prior to participation in the facility, the share of traders in services to countries within the EU as well as outside of the EU remained relatively constant. After year t, however, both regions showed a moderate rise in traders: the share of trading firms to countries within the EU grew from 76% to 82%, and the share of firms trading with countries outside of the EU increased from 18% to 21%.

4.4 Share of firms with approved applications that trade in services by region of origin/destination, 2012-2017



With respect to firms whose DHK-applications were denied, Table 7 shows that the share of traders in services declined with 10 percentage points in the next two years. This seems to be mainly caused by fewer firms that trade in services with countries within the EU. However, the low number of observations makes it difficult to draw clear conclusions.

4.3 Foreign investment status of TF-users

Cross-border capital flows are an important feature of (financial) globalisation. Foreign investments are a significant part of this. However investing abroad often comes with high costs, and the investments are not easily reversible. This means that only a select group of Dutch companies invests abroad: only 1 in every 100 Dutch businesses has foreign investments (Boutorat and Van den Berg, 2017).

Table 8 of the set of tables shows that 30 percent of TF-users have foreign investments in the year of participation. TF-participants in the manufacturing industry most often invest in foreign markets (about 38 percent of this group has FDI). Within the service sector, the share of firms with FDI was 28 percent in the year of TF use. One year later, these shares had remained constant in the manufacturing sector, and had become slightly lower in the service sector. Two years after use, the share in the manufacturing industry had risen to 43 percent. The share of participants with foreign investments differs slightly by region. At 26 percent, the share of firms with FDI is highest among TF participants that have investments in countries outside the European Union (EU); for countries within

the EU, that percentage is 24 percent. Looking at the three countries targeted by the TF-programme, we see that the number of firms with FDI in these countries remained stable during the observed five-year period. Only in South Africa, we see that the number of firms with FDI rose from 0 in the year of application to 5 in year $t+2$.

Table 9 breaks down the number of firms with denied applications by FDI, industry sector, World Bank region and target country. Five of the 25 rejected applicants had FDI in the year of application. During the next two years, the total number of firms with FDI remained at five. These five firms had FDI in both within the EU and outside the EU. However, none of these firms had foreign investments in the three target counties.

5. Value of trade and investment TF-users

In this section, we discuss the development of the value of trade in goods and services of firms that participated in the TF-programme. The values are reported by region of origin/destination and, if possible, target country. Keep in mind that the results only give a first indication of how trade evolves after using the TF, and cannot be causally interpreted. For instance, the value of trade could also have increased (or decreased) for firms that did not use the facility. Determining a causal relationship would require further econometric research.¹

5.1 Value of trade in goods of TF-users

The total value of import of TF-users from all regions increased steadily throughout the 5-year period under consideration in all industries. A similar increase is seen in the case of exports. The largest jump in both export and import is especially seen one year after using the instrument (t+1). The total value of the export of TF-users grows by 105 percent between t and t+1. The value of the export in t+1 is 247 percent higher than in year t-2, while that in t is only 69 percent higher than t-2 (table 5.1).

5.1 Growth rates of total value of trade in goods by TF-users

	t-2	t-1	t	t+1	t+2
Annual growth rate export	-	29%	31%	105%	-4%
Annual growth rate import	-	15%	16%	47%	6%
Growth rate export (t-2 base)	-	29%	69%	247%	232%
Growth rate import (t-2 base)	-	15%	34%	98%	109%

More than 75 percent of the import of goods by TF-users is concentrated in the manufacturing, whole sale and retail sectors. In the case of the export, the contribution of these sectors constitutes even more than 90 percent of the total value of exported goods by TF-users. This is not surprising since these are the industries that mainly trade in goods. The above-mentioned jump in the value of trade in year after using the instrument is most notable in the manufacturing sector. The export of this sector in year t is 68 percent higher than year t-2, while that in t+1 is 374 percent higher than two years prior to using the instrument. A similar trend is seen in the import of goods by the manufacturing sector.

¹ Previous econometric literature did conclude on causality (see Van den Berg et al., 2019b and Boutorot et al., 2019).

Based on the available data, it is not possible to conclude which part of that jump, if any, is due to the use of the instrument. It is possible that going on a trade mission has opened up new markets for participating firms leading to an increase in their trade with target countries or in general. It is also conceivable that participating firms have self-selected themselves into using the instrument. Firms could already have had plans to expand to TF-countries or elsewhere when they started to take part in the programme. To draw conclusions about the effect of the programme on the value of trade of participating firms, further econometric analysis is required.

The jump after year t does not appear to be specific to target countries (or target regions) of the Transition Facility. While the sharp increase in t+1 is visible in regions such as Latin America and the Caribbean and South and East Asia, the same trend is also visible (and possibly even more pronounced) in the case of Europe and Central Asia and The Middle East and North Africa. In the case of import, a sharp increase especially pronounced in two regions: Europe and Central Asia and The Middle East and North Africa.

Table 5.2 looks at the growth rates of export and import of TF-participants to the TF-countries that were targeted by their respective DHK and mission instruments. This means that the export to Vietnam of a firm that only went on a trade mission to South Africa will not be included in the value of the export underlying this table. Table 5.2 shows that the export of TF-users to their target countries has actually been declining in the years t-1 and t. Although the export starts to increase in t+1 and t+2, the value of the export to target countries in t+2 is still 12 percent lower than the value firms started out with in t-2.

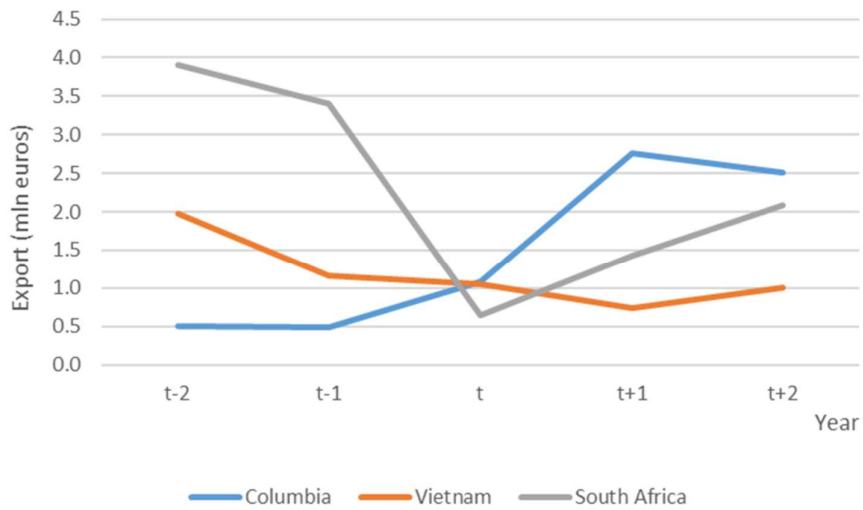
Unlike export, import from targeted TF-countries has been consistently increasing throughout the period under consideration. The biggest surge in import seems to take place in the year t-1 with a growth rate of 162 percent, after which the growth of imports gradually slows down all the way to 2 percent between t+1 and t+2.

5.2 Growth rates of trade in goods with target countries by TF-users, 2010-2017

	t-2	t-1	t	t+1	t+2
Annual growth rate export	-	-21%	-45%	76%	14%
Annual growth rate import	-	162%	38%	13%	2%
Growth rate export (t-2 base)	-	-21%	-56%	-23%	-12%
Growth rate import (t-2 base)	-	162%	263%	309%	318%

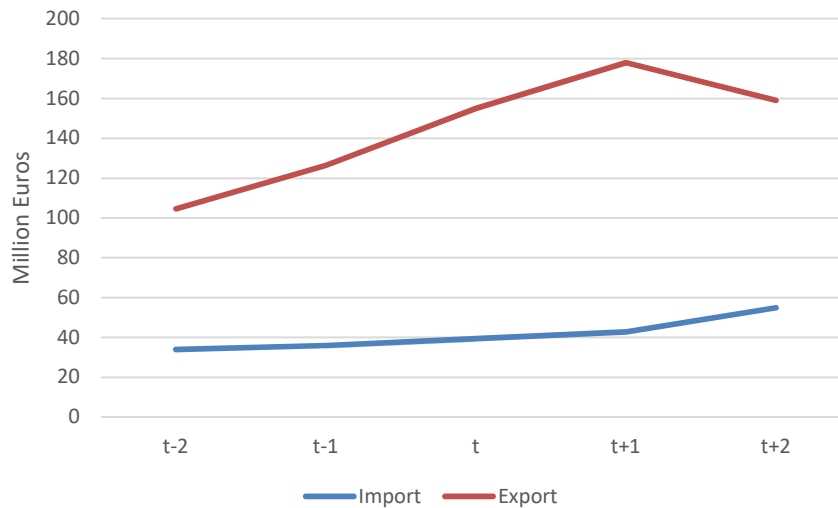
Figure 5.3 shows that the decline in the export of goods to target countries is due to the decline in the export to Vietnam and South Africa. The export to Vietnam of users of TF-instruments focused on Vietnam has been consistently declining from two years before using the instrument to two years after. Export to South Africa has witnessed a sharp decline between t-2 and t, but started to pick up again after using the instrument. The export to Columbia on the other hand witnessed a consistent increase between t-2 and t+1.

5.3 Development of the value of total of goods of TF-users to target countries (in million euros), 2010-2017



Firms that had their TF-proposals rejected also witnessed a steady increase in total export and import, with a decline of 11 percent in case of export between t+1 and t+2 (Figure 5.4). It is important to note that data about this group of firms covers a different period of time than that in figure 5.3. Rejected proposals are only available for the instrument DHK which spans the years 2013 and 2014 in our dataset, while trade missions extend from 2012 to 2015.

5.4 Development of the value of total export of goods of firms with rejected proposals to target countries (in million euros), 2010-2017



Only firms with rejected proposals focusing on South Africa actually traded goods with their target country. Table 11 of the included set of tables does not show a clear trend. The export of firms with rejected proposals concerning South Africa increased sharply between t-1 and t, only to decrease by more than 75 percent between t and t+1.

5.2 Key traded products by TF-users

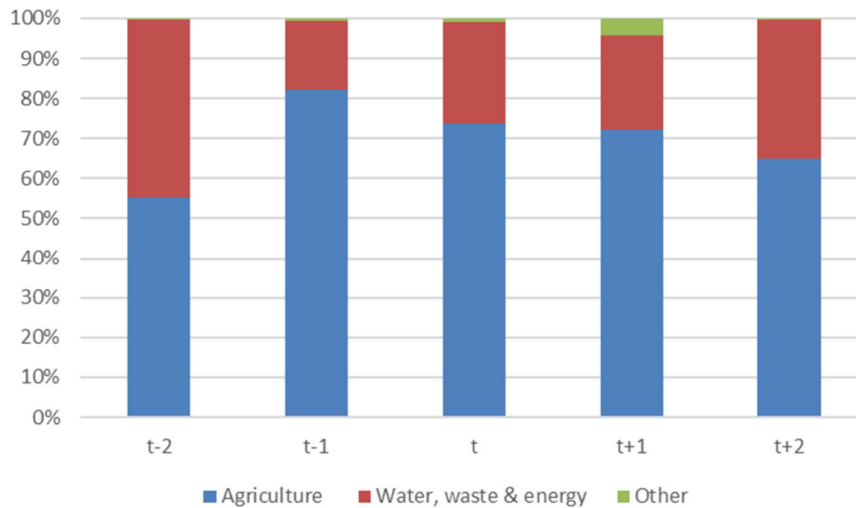
The most important product groups exported by TF-users across all destinations are food and live animals, crude materials and machinery and transport equipment. Together these products constitute more than 75 percent of the export of TF-users in all years under consideration. Amongst food and live animals' products feeding stuff for animals seems to be the most important component. However, its importance declines from 69 to 44 percent between t-2 and t and keeps declining, in favor of dairy products and birds' eggs, after participation in the TF-programme.

On the import side, food and live animals, crude materials and chemicals are the products that dominate the majority of the trade flow. Together these constitute more than 65 percent of imports by TF-users. Until the year of participation in the programme t the majority of food and live animals products consisted of cereals and feeding stuff for animals. After participating in the programme, TF-users started importing an increasing share of dairy products and birds' eggs. The

imports of chemicals consist mainly of organic chemicals, medicinal and pharmaceutical products and other chemical materials and products.

The export of TF-users to target countries in the agricultural sector remain relatively stable in terms of value throughout the five years under consideration. An increasing share thereof is dedicated to feeding stuff for animals. The sectoral composition of the export of TF-users to target countries is presented in figure 5.5.

5.5 The sectoral composition of the export of TF-users to target countries

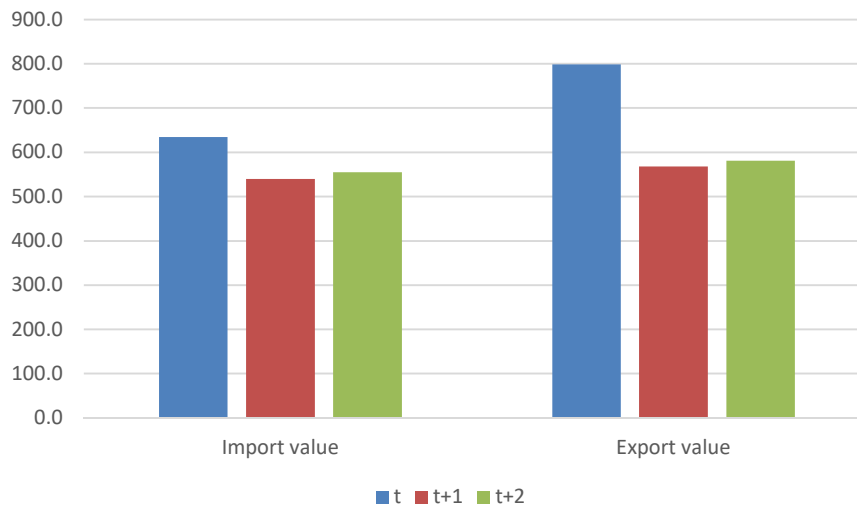


The import of TF-users from target countries consists for more than 90 percent of the import of firms targeting the agricultural sector in target countries.

5.3 Value of trade in services of TF-users

Table 12 of the included set of tables shows the development of the value of trade in services of TF-participants with approved applications, both by industry sector and EU-region. Although many of the cells are censored due to confidentiality concerns, the total import value of services in the industrial sector sharply increased two years after participation, while the value of import in the transportation, storage, ICT and communication sector slightly decreased (not shown). With regards to region of origin/destination, we see that both the value of import and export of services to countries within the EU decreased after using the TF-instrument (see Figure 5.6).

5.6 Development of the value of total export and import of services to EU-countries of firms with approved applications (in million euros), 2012-2017



5.4 Value of FDI of TF-users

Table 14 of the table set shows the development of the stock of FDI. Because of confidentiality, there are many cells in this table that remain hidden. The manufacturing industry shows a significant growth in the value of foreign investments. In the year prior to TF-application, there was a net disinvestment of 618 million euros. This disinvestment changed into a positive investment flow of 234 million in the year after application. In the year t+2, the value of foreign investments rose even further (4 billion euros). The table also shows that the growth in investments was mainly situated in Europe: in the year prior to TF-application, there was a disinvestment of 310 million euros, while two years later this changed into an increase of 3.7 billion euros.

6. References

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