



# Dutch Trade in Facts and Figures

Exports, investment and employment

2020

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Exports, investment and employment

2020

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| 2019/2020         | Average for 2018 to 2019 inclusive   |
| 2019/'20          | Crop year, financial year, school year, etc., beginning in 2019 and ending in 2020 |
| 2017/'18-2019/'20 | Crop year, financial year, school year, etc., 2017/'18 to 2019/'20 inclusive       |

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# Foreword

The Netherlands has strong trading links with the rest of the world. It achieved a new export record last year with a total export value of 516 billion euros. In 2018, 34 percent of Dutch GDP and about 2.4 million full-time jobs in the Netherlands – or around one-third of total employment – were related to exports of goods and services. In times of growing world trade, the Netherlands benefits from such an open economy. The flipside of the coin became visible in recent months, when foreign suppliers and buyers cut back sharply or even went into lockdown, and tourists chose – or were obliged – to stay at home en masse.

Many of the figures in this publication concern the years up to and including 2019. To do justice to the fact that 2020 is an atypical year, there is a 'corona box' at the beginning of this publication. This box contains a few economic indicators that concisely describe sentiment among Dutch entrepreneurs and consumers in the first half of 2020, as well as the state of aviation and international trade. The CBS website and [the dossier on the impact of coronavirus](#) present the latest figures on the state of the economy, employment and social developments.

The concept of the Netherlands as a trading nation often implies large enterprises and multinationals. This is not unjustified, as these enterprises account for a large proportion of trade in goods and services and are also responsible for a large share of export growth. However, a third of the 1.2 million independent SMEs in the Netherlands are also active in international trade. The enterprises that trade in goods or services are therefore far from being a uniform group. Being a trading nation also means that the Netherlands acts as a distribution hub. Many goods enter the European Union through the Netherlands and this was also reflected in 2019, as re-exports grew slightly more strongly than domestic exports. Somewhat more exports are currently going to distant countries, such as China and the US, while re-exports are mainly destined for neighbouring countries of the Netherlands. As well as being a trading nation and a distribution hub, the Netherlands is also a major investment country. The Netherlands is high on the list of the top 10 investment countries, even when investments by or through Special Purpose Entities are excluded.

More news and reports in the field of globalisation, as well as the Internationalisation Monitor, can be found in our [dossier](#).

**Director General**

**A. Berg**

The Hague, Heerlen, Bonaire, November 2020

# Corona box

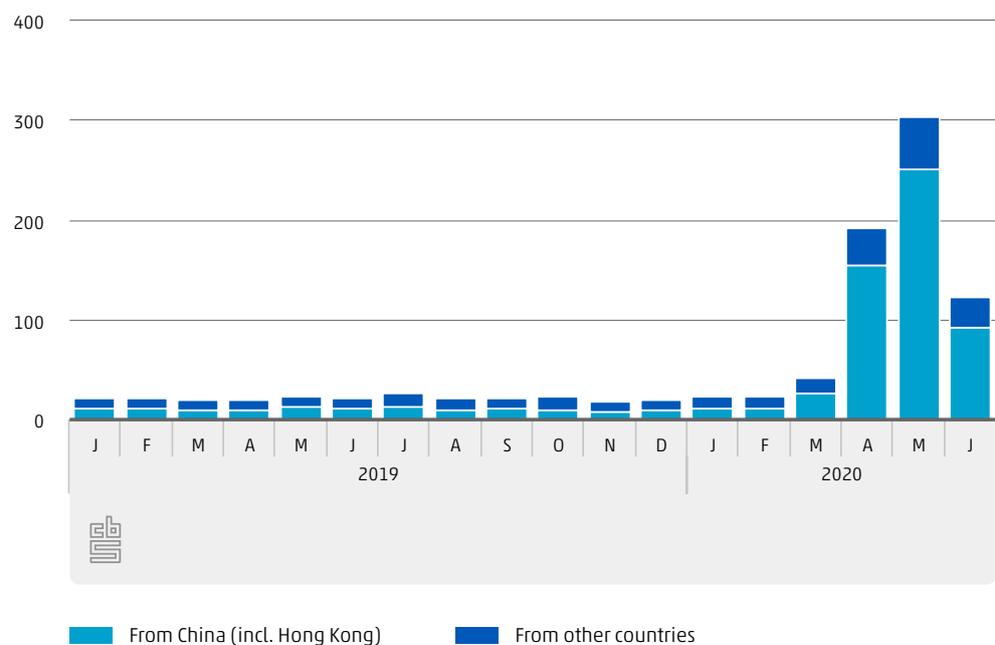
Most figures in this edition refer to the years up to and including 2019. As the year 2020 has been an atypical year due to the coronavirus pandemic, several economic indicators are included here that address this development.

## Expenditure by category: volume changes relative to the previous quarter (%)

|                                   | Q4 2019* | Q1 2020* |
|-----------------------------------|----------|----------|
| Gross domestic product            | 0.5      | -1.5     |
| Imports of goods and services     | 0.6      | -2.0     |
| Gross investments in fixed assets | 1.3      | 0.6      |
| Exports of goods and services     | 0.6      | -1.9     |
| Consumption by government         | 0.3      | -1.5     |
| Consumption by households         | 0.7      | -2.6     |

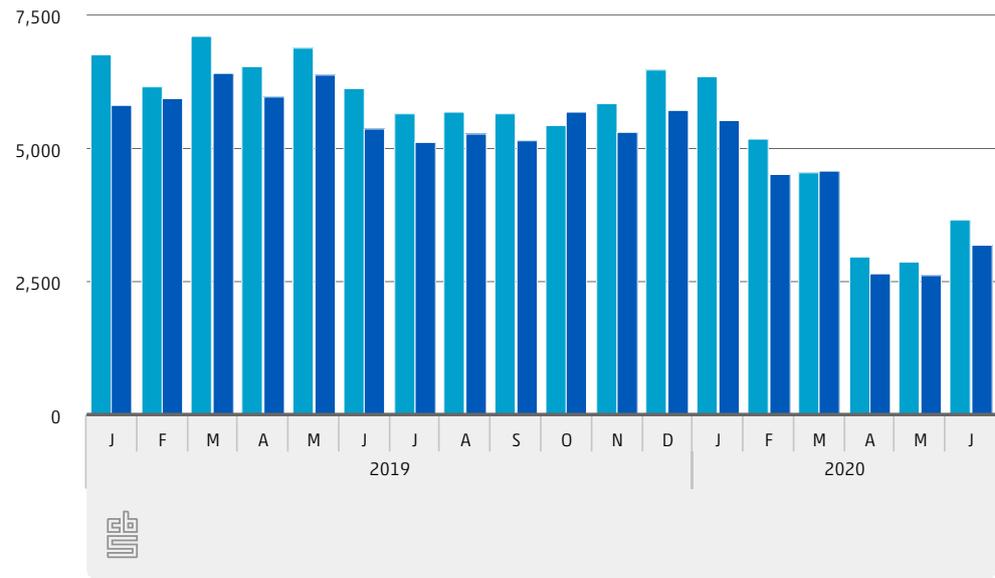
## Imports of face masks

million euros



## Imports and exports of mineral fuels

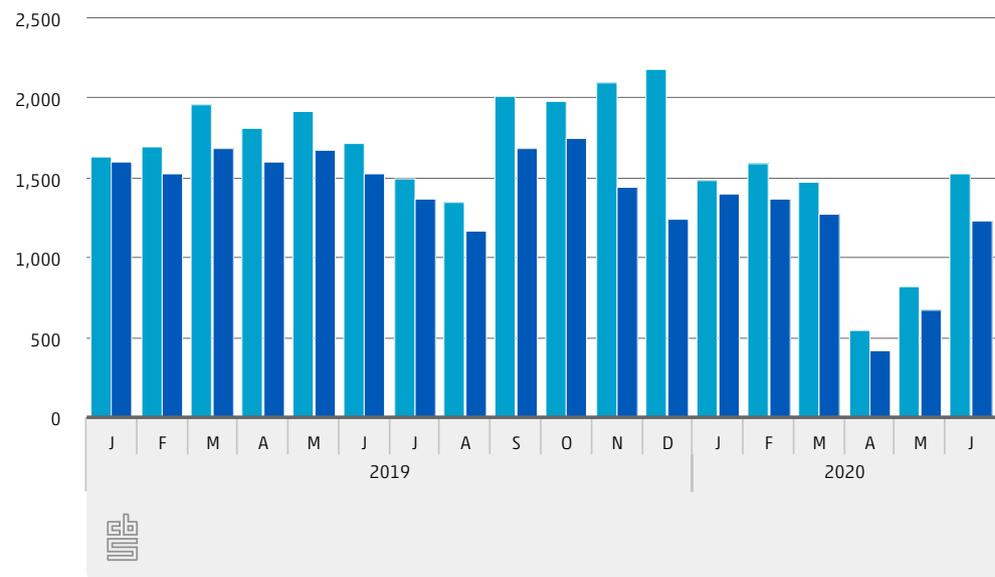
million euros



Import value Export value

## Imports and exports of road vehicles

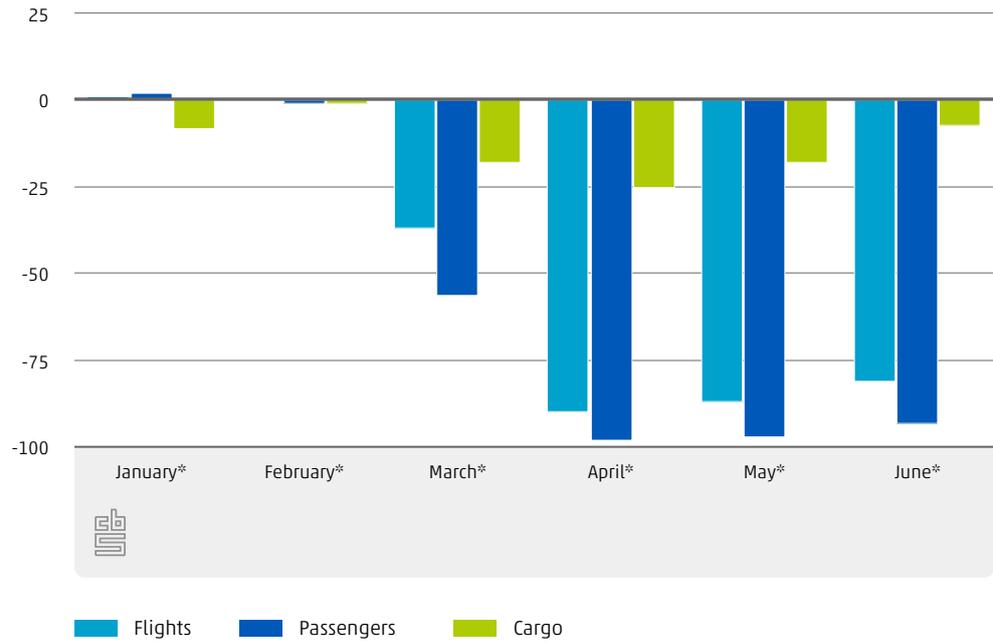
million euros



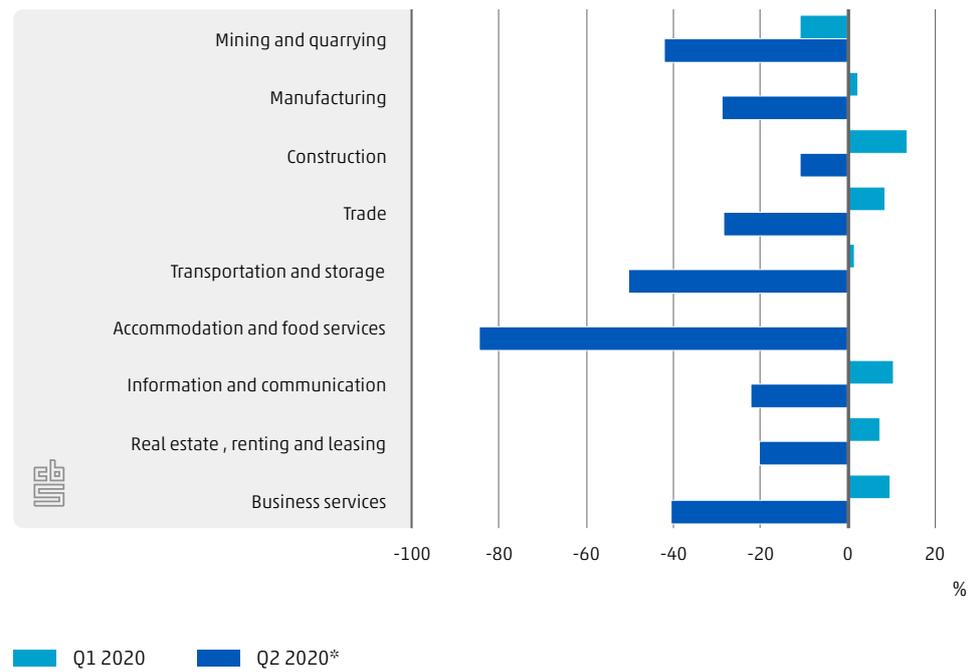
Import value Export value

## Air traffic at top 5 Dutch airports

year-on-year % change



## Business confidence by sector



# Executive Summary

Whereas the *Internationalisation Monitor* describes particular trends and their consequences for the Dutch economy and society on a quarterly basis, the annual *Dutch Trade in Facts and Figures: Export, investment and employment* provides an overview of key figures on the internationalisation of the Netherlands. Many figures were already available from various CBS publications and data tables, but had not been bundled into a single publication; at the request of the Dutch Ministry of Foreign Affairs, the CBS Expertise Centre for Globalisation therefore developed *Dutch Trade in Facts and Figures*, which appeared for the first time in 2019 and is published annually as part of the Globalisation research agenda at CBS. This publication aims to provide a broad target group with objective information on the internationalisation of the Dutch business economy and the national economy in a broad sense. Furthermore, it offers independent data for trade policy decisions at the Ministry of Foreign Affairs. Apart from the [data tables](#) with key figures, this publication contains an outline of the major trends behind these figures.

Compared to last year's edition, a number of adjustments have been made this year. First of all, greater attention has been paid to female entrepreneurship in chapter 3, while chapter 4 focuses more on how much various factors contribute to the growth of goods exports. These factors are the size of an enterprise, which export markets are served, the type of export goods and the export strategy of a firm. With respect to the latter, new destinations and/or new products are distinguished. Chapter 4 furthermore addresses the strategy of exporting manufacturers that involves extending the product range by including products not manufactured by the company itself, the so called carry-along trade (CAT). In chapter 5 the distinction between intra-EU and extra-EU trade receives closer attention, as well as the development of Dutch export market shares in foreign goods markets. On the other hand, the classification of the Dutch private sector into so-called key or top sectors was omitted: the CBS Top Sector Monitor which was compiled on behalf of the Ministry of Economic Affairs and Climate Policy was discontinued. There was no more need for this Monitor due to the transition towards more mission-driven innovation policies. Another element omitted this year concerns the regional distinctions within the Netherlands with respect to international trade. In order to make room for the aforementioned new topics, the section on imports of goods and services in chapter 4 was abridged while the section on goods trade flows (imports plus exports) was deleted in chapter 5.

Listed below are some of the main findings presented in this edition:<sup>1)</sup>

## Chapter 2: Dutch earnings from international trade

- In 2018, the value added generated within the Dutch economy as a result of goods and services exports abroad stood at around 262 bn euros, accounting for 34% of the Dutch GDP.
- Most of the export earnings were generated by exports of domestically produced goods (123 bn euros), followed by exports of services (105 bn euros) and earnings from re-exports (34 bn euros).

<sup>1)</sup> Chapter 1 comprises a dashboard with the key findings from chapters 2-7 and is not included here.

- Most of the goods and services imported into the Netherlands are used to produce other goods and services for exports. The more imports are needed to produce a particular type of good or service; the lower the value added embodied in these exports. Net earnings from every euro earned in exports vary among the different export categories; service exports yield 63 cents per euro while domestically produced goods exports yield 51 cents and re-exports 14 cents.
- In 2018, 2.4 million jobs in the Netherlands can be attributed to the production of goods and services destined for exports, of which 1.4 million were jobs at enterprises that exported directly. The remaining 1 million were jobs at enterprises that acted as suppliers to the exporting companies.
- These 2.4 million jobs involved in exports of goods and services represented 32% of total employment in the Netherlands in 2018.

### **Chapter 3: Characteristics of the internationally active business economy**

- In 2018, the Dutch business economy comprised 23% one-way importers, 8% two-way traders, 4% one-way exporters and 66% companies not engaged in international trade. Of the independent SMEs, 33% did engage in international trade; for the large enterprises this share was 88%.
- As for foreign enterprises, 64% are two-way traders and only 13% do not trade at all; among Dutch enterprises these proportions are reversed. Only 7% of Dutch enterprises are two-way traders while 66% are not engaged in international trade.
- One quarter of internationally active entrepreneurs are female. There is hardly any difference between male and female entrepreneurs in terms of international trade activity. For male entrepreneurs international trading activity increases with age until the age category of 45–54 years; beyond this category, their international trading activity level decreases. For female entrepreneurs international trading activity increases with age.
- In the group of enterprises that is engaged in international trade the share of enterprises that is older than 10 years increased slightly in the period 2015–2018; on the other hand the share of enterprises younger than 5 years, decreased slightly.
- The age distribution of internationally trading enterprises not only changes as they continue to exist and get older, but also due to the fact that some start or stop trading internationally. In 2018 most of these starters and quitters were active in two sectors: business services on the one hand, and wholesale and retail on the other hand. These sectors also contain the largest number of born globals.

### **Chapter 4: Composition of Dutch international trade**

- In 2019, goods exports from the Netherlands were worth almost 516 bn euros, representing an increase of 4% on 2018. Service exports were good for 236 bn euros, an increase of 12% on 2018.
- Total goods exports include 55% domestically produced exports (285 bn euros) and 45% re-exports (231 bn euros).
- Most of the growth in goods exports is based on existing trade relations (existing combinations of goods and destinations).

- Major Dutch export products – constituting 30% of total goods exports – include machinery and transport equipment. Other important export categories are chemical products and mineral fuels.
- The top imports are also machines and transport equipment, as well as mineral fuels and manufactured goods.
- In 2018, 22 bn euros worth of goods exports were goods not produced by companies themselves but sold in a bundle along with their own products in carry-along trade.

## Chapter 5: Geographic dimension of Dutch goods trade

- In 2018, the Netherlands' contribution to global goods imports was 2.7%. The other 27 EU countries combined imported 68% of their products from the Netherlands. The Netherlands has been the largest supplier of goods to Belgium over the past three years. Outside the EU, the Netherlands plays a much smaller role: the Dutch share in non-EU imports is 0.9%.
- The Dutch contribution to worldwide exports amounted to 3.4% in 2018. Within the EU, this contribution was 5.4%. Outside the EU, the share was 2.5%.
- The total value of Dutch goods exports over 2019 was 516 bn euros, representing a year-on-year increase of 3.5%. The EU is by far the largest market; 70% of Dutch goods exports goes to the EU.
- Increasing globalisation has resulted in a slightly diminished intra-EU-share for some years. Intra-EU exports grew by 2.1% in 2019; extra-EU exports by 7.7%. Independent small and medium-sized enterprises accounted for 27% of total exports.
- Eight out of the ten main export destinations are located within the EU. In 2019, most exported goods went to Germany (22%) and Belgium (10%). The strongest export growth was achieved in trade with the US and China (both non-EU): 16% and 9% respectively.
- Goods imports were worth 460 bn euros in 2019, 4% up on 2018. More than half (53%) are imports from other EU countries. As with exports, the EU's share is decreasing slightly each year. Intra-EU imports rose by 3% in 2019 relative to 2018. Imports from non-EU countries grew by 6% in 2019. More than 22% of total imports can be attributed to independent small and medium-sized enterprises.
- The top ten import countries include four which are outside of the EU: China, the US, Russia and Norway. Most imports still originate from the neighbouring countries of Germany (17%) and Belgium (10%).

## Chapter 6: The Netherlands' participation in global value chains

- By operating in global value chains, the Netherlands is closely connected with other countries. This is also reflected in the types of goods traded by the Netherlands. Intermediate goods form an important share in both imports and exports; such goods are vital not only for domestic production but in onward trade as well (either via the Netherlands or after production in the Netherlands).
- In 2018, Dutch goods imports amounted to 419 bn euros. Almost half was re-exported while approximately 37% was imported for further processing into new (intermediate) products. The remaining 61 bn euros of imports were destined for domestic consumption. The total import value grew by 17% between 2015 and 2018 with the fastest growth seen in imports for re-exports and the slowest growth in imports for domestic consumption.

- In 2018, nearly 40% of total goods imports consisted of intermediate goods such as raw materials, chemical products, machine components and semi-finished products. Consumer goods such as clothing, food and consumer electronics constituted a share of 23%. Capital goods such as robots, trucks and machines for the production process accounted for 19% of total imports in 2018. Mineral fuels such as crude oil, natural gas and refined petroleum products accounted for approximately 15% of the import value in 2018.
- In 2018, Dutch goods exports amounted to almost 487 bn euros. Exports grew by 16% between 2015 and 2018, slightly less than import growth (17%). Goods exports consist of Dutch-manufactured (domestic) exports and re-exports. Between 2015 and 2018, re-exports grew faster (19%) than domestically produced exports (13%). In 2018, re-exports in 2018 contributed 51% to total exports against 49% domestically produced exports. Intermediate goods form the largest group in both domestically produced exports and re-exports.
- Major Dutch export industries in 2018 included food, beverages and tobacco, the chemical industry and the electrotechnical industry. Exports by the food, beverages and tobacco industry mainly consisted of consumer goods such as drinks, chocolate and processed foods. Almost 90% of the chemical industry exports consisted of intermediate goods such as medical and pharmaceutical goods, hydrocarbons and plastics.
- International trade includes an increasingly large flow of intermediate goods, both to and from the Netherlands as well as the rest of the world. This is an indication that countries and their industries are increasingly operating in international production chains. Intermediate goods produced in the Netherlands – for example, steel, cocoa butter or chemical intermediates – are most often used in goods destined for consumption in Germany, followed by the US.

## Chapter 7: Foreign direct investment and multinationals

### Foreign direct investment (FDI)

- In 2019, the Netherlands was the world's second largest outward investor, preceded only by the US. With regard to inward FDI, the Netherlands ranked fifth after the US, the UK, Hong Kong and China.
- Excluding investments through Special Purpose Entities (SPEs), in 2018 the United Kingdom was the largest investor in the Netherlands with 213 bn euros in direct investments.
- In 2018, the US was the largest destination for Dutch outward FDI excluding investments through SPEs.

### Foreign-owned multinationals in the Netherlands

- In 2017, there were around 24 thousand multinational enterprises (MNEs) in the Dutch business economy, 56% of which were foreign-owned. MNEs employ altogether approximately 2.3 million people in the Netherlands. This amounts to 39% of all employment in the Dutch business economy. With this they offered 98 thousand more jobs than in the previous year.
- Most MNEs are active in wholesale and retail; in 2018, MNEs accounted for 84% of total goods exports and 90% of total services exports.
- Over 21% of all foreign-owned multinationals in the Netherlands were US-owned (2,875 firms). With approximately 203 thousand employed persons, these US-owned multinationals accounted for 20% of all employment at foreign-owned multinationals in our country.

**Dutch multinationals abroad**

- In 2017, Dutch multinationals operated a total of 23,205 subsidiaries abroad, of which 15 thousand in the EU and 8,205 in non-EU countries.
- 4,221 foreign subsidiaries of Dutch multinationals were operating in Germany, where they employed 356 thousand people.

# Dutch Trade in Facts and Figures 2020: Exports, investment and employment - An introduction

**Dutch Trade in Facts and Figures 2020: Exports, investment and employment** is a publication that has been developed by the Expertise Centre for Globalisation at Statistics Netherlands (CBS), commissioned by the Dutch Ministry of Foreign Affairs. The current edition (2020) is the second release of this publication. It is a publication with annually recurring key economic figures and indicators. The publication contains many time series, primarily at the upper macro or meso level, with a number of topics specifically geared towards the priorities that have been set in the trade agenda of the Dutch government. It 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 2020: Exports, investment and employment consists of six descriptive chapters, illustrated with many figures, infographics and tables. These chapters present the key trends, figures and developments. The 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 [home page](#) of this publication. The main chapters are preceded by a dashboard (Chapter 1) that provides an overview of the key findings from the other chapters and forms the common thread throughout the publication. This thread 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 we are trading (Chapter 5), the main markets for our intermediate goods (Chapter 6) and the size of inward and outward foreign direct investment (Chapter 7).

A number of adjustments have been made in relation to the 2019 edition. For example, more attention is devoted to female entrepreneurship in Chapter 3, and Chapter 4 focuses for the first time on the composition of the growth in the trade in goods and on carry-along trade. Among other things, it examines (1) the type of enterprises responsible for the growth of goods exports; how these enterprises grow – by tapping into the potential offered by new destinations and/or by exporting new products; and (2) the export strategy through which enterprises enrich their own product range by exporting products that they have not manufactured themselves, but which they supply bundled together with their own products. In Chapter 5, there is greater emphasis on the distinction between trade with the EU<sup>1)</sup> and with non-EU countries, and also on the development of the market share of the Netherlands in foreign goods markets. In another change, the distinction by top sector in Chapters 3 and 4 has been removed. This is because CBS has officially discontinued the Monitor Topsectoren [*Top Sectors Monitor*], which it produced for the Ministry of Economic Affairs and Climate Policy. With the transition to a mission-driven innovation policy, there is no longer a need for drawing up this monitor. Furthermore, the distinction between regions has been omitted in Chapter 4. To make space for the various new sections, those on imports of goods and services have been simplified and the section on the total trade flow (imports plus exports) in Chapter 5 has been removed.

1) EU includes the United Kingdom.

**Chapter 2** presents the total earnings generated in the Netherlands by exports and the differences in earnings between domestic exports, re-exports and exports 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 production chains. Much of the manufacturing that takes 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 enterprises that are active in international trade differ in many respects. Some of them merely export, some merely import, while others trade both ways; the latter group are known as two-way traders. Businesses active in international trade are more likely to be large enterprises than independent small and medium-sized enterprises. Multinationals, whether under Dutch or foreign control, are also more often active in international trade than non-multinational enterprises. In addition, there are differences between the various groups of international traders 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.

Exports and imports involve trading in different types of goods and services. All this trade is conducted by enterprises that are active in different sectors and industries. The actual goods and services that are traded, and by which sectors, is described in **Chapter 4**. This chapter also highlights products that manufacturers do not make themselves, but which they supply together with their own products. This is known as carry-along trade. The reasons for the growth in goods exports are also examined.

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

As is mentioned in Chapter 2, 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 then possibly leaving the country. What is the role of intermediate products such as raw materials and semi-finished goods in the external goods trade of the Netherlands? Many of these imported intermediate products are used by Dutch manufacturers. The Netherlands also produces such intermediate goods by itself, part of which end up abroad. Which countries are the largest markets for Dutch intermediate goods, and how are the ratios developing? These questions are addressed in **Chapter 6**.

Aside from exporting or importing goods and/or services, enterprises 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 often undertaken by multinational corporations that are under either Dutch or foreign control. The questions of how many multinationals are active in the Dutch business economy and how much employment these enterprises generate are discussed in **Chapter 7**.



An aerial photograph of a port terminal. The image shows rows of colorful shipping containers (red, blue, yellow, green) stacked on the ground. Several large gantry cranes are positioned over the containers, and their shadows are cast long on the ground. The water of the port is visible at the bottom of the frame.

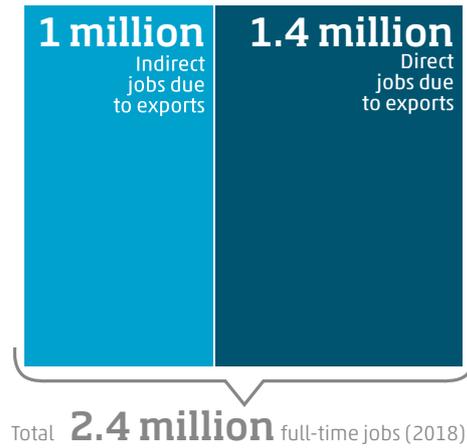
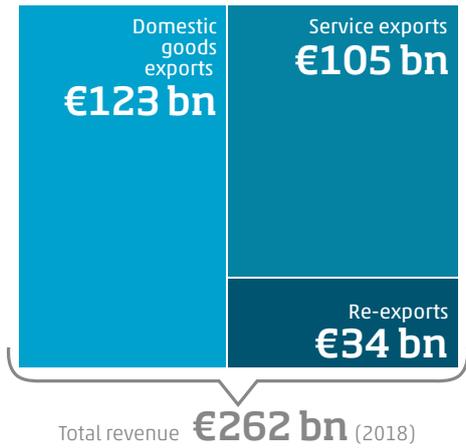
1.

# Dashboard with key findings

Authors  
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Alex Lammertsma  
Hans Draper  
Marjolijn Jaarsma  
Sarah Creemers

## Chapter 2

### Dutch export earnings



## Chapter 3

### Dutch international traders



**Exporters:**

- 12% of all enterprises
- 11% of SMEs
- 68% of large enterprises
- 69% of multinationals

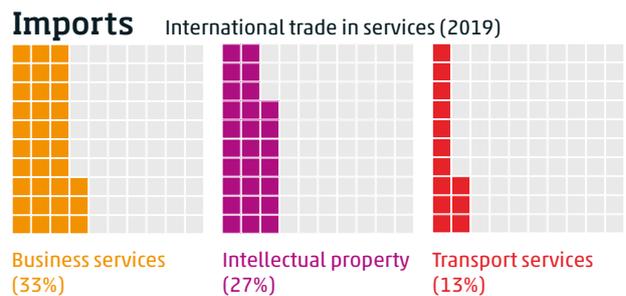


**Importers:**

- 30% of all enterprises
- 30% of SMEs
- 84% of large enterprises
- 83% of multinationals

## Chapter 4

### Internationally traded goods and services



## Chapter 5

Main trading partners in goods trade

Main origin countries in Dutch imports, 2019

Germany 17%  
Belgium 10%  
China 9%

Main export destinations, 2019

22% Germany  
10% Belgium  
8% France

Large Dutch share in 2018 exports of

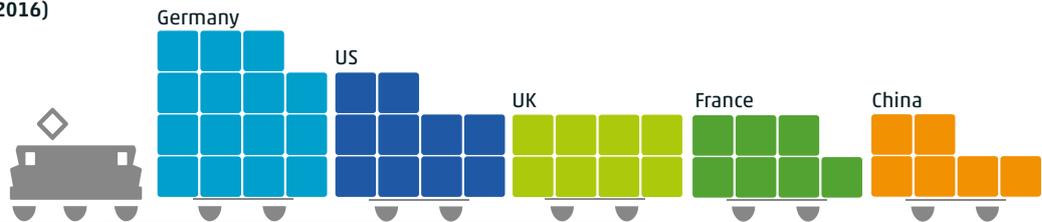
Iceland 30%  
Mozambique 21%  
Belgium 12%

Large Dutch share in 2018 imports of

18% Belgium  
11% Nigeria  
11% Aruba

## Chapter 6

Importers of Dutch intermediate goods  
Top 5 markets (% share, 2016)



Top 5 fastest-growing major destinations (% growth, 2015–2016)



## Chapter 7

International investments

Top 5 inward FDI (excluding SPEs) up to 2018 inclusive



Top 5 outward FDI counterparts (excl. SPEs) up to 2018 inclusive



Source: DNB



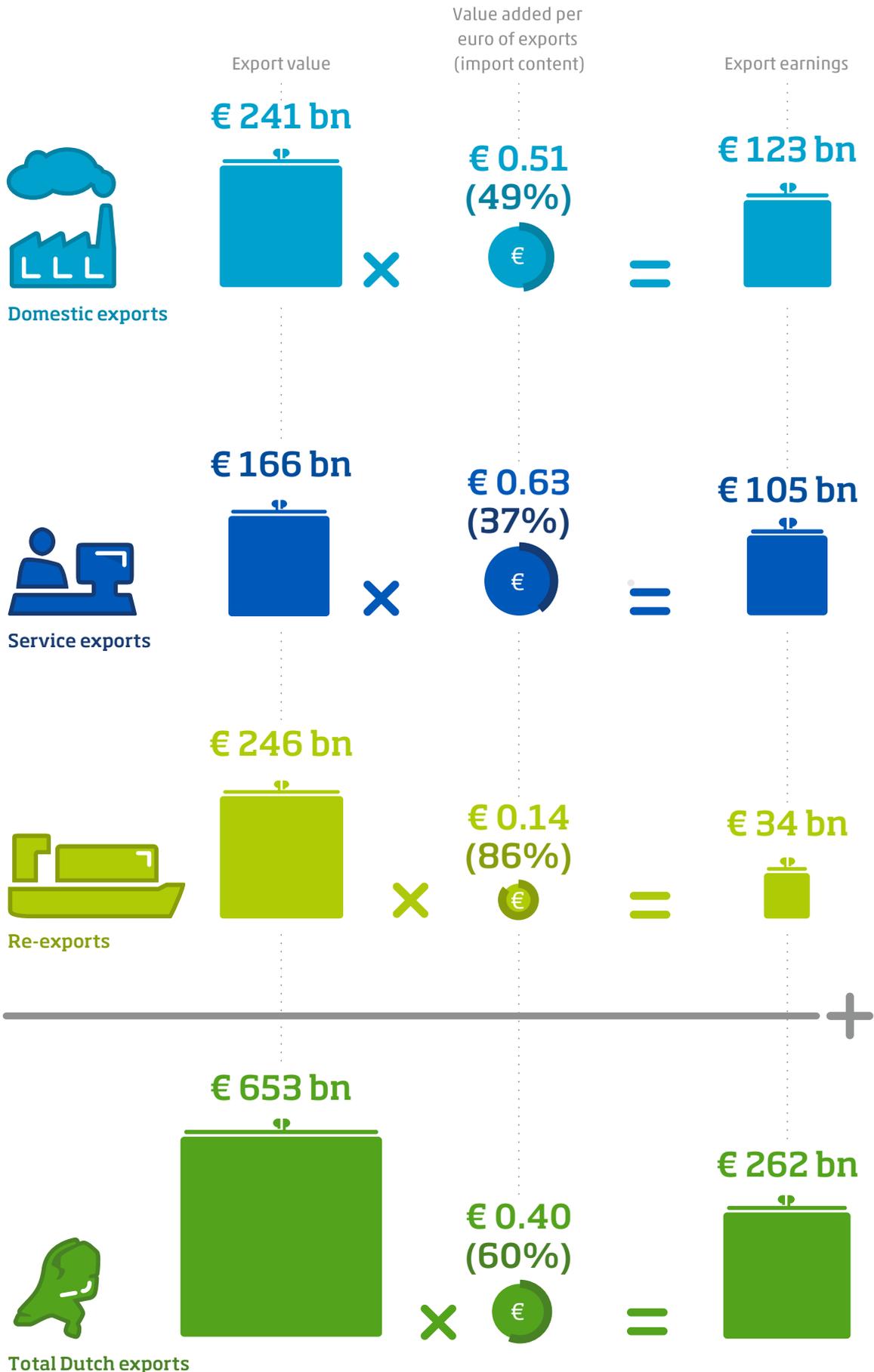


2.

# Dutch earnings from international trade

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# Dutch export earnings (2018)



**The Dutch economy relies heavily on international trade in goods and services: exports account for more than a third of the country's Gross Domestic Product (GDP). Exports of Dutch goods, exports of services and re-exports also generate direct and indirect employment. How much do we export and how many goods and services have we imported for that purpose? What do our exports provide in terms of value added and employment, and how has this developed over the years? And how do value added and employment vary between the different sectors?**

## 2.1 Key findings

Exports of goods and services are an important source of income for the Dutch economy. The previous edition of Dutch Trade in Facts and Figures showed that the Netherlands exported goods and services worth 616 billion euros in 2017. In 2018, total exports increased by 6 percent to almost 653 billion euros. As a country, we ultimately earned around 262 billion euros from these exports. Production processes of the goods and services exported are spread around the world, which means that the Netherlands has to import a substantial share of the intermediate goods and services needed in the production process. These costs depress the final earnings, that is to say the value added.<sup>1)</sup> In 2018, the Netherlands imported 391 billion euros worth of goods and services (including intermediate goods and services), which was around 7 percent more than in 2017. Most of these are intended for re-export.

In 2018 a number of factors hampered world trade, including the trade policies of several countries such as the United States and China with rising trade tariffs, and the uncertainty surrounding Brexit. CBS (2019a) shows that the volume of world trade declined at the end of 2018. Dutch exports also grew less rapidly in 2018 than in 2017. Due to the fact that exports required more imports in 2018 than in 2017, growth in export earnings in 2018, at 5 percent, was also lower than the previous year, when it was almost 7 percent.

The value added of 262 billion euros represents almost 34 percent of Dutch GDP. This means that we owe more than a third of Dutch prosperity to exports, a share that remained stable compared to the previous year. There is considerable variation in the extent to which branches of industry depend on exports. Agriculture, forestry and fisheries, mining and quarrying, and manufacturing in particular are highly dependent on exports, which generate about three-quarters of their value added. In contrast, this is much less the case for construction, accommodation and food services, and financial services. Less than a quarter of the value added of these sectors is related to exports.

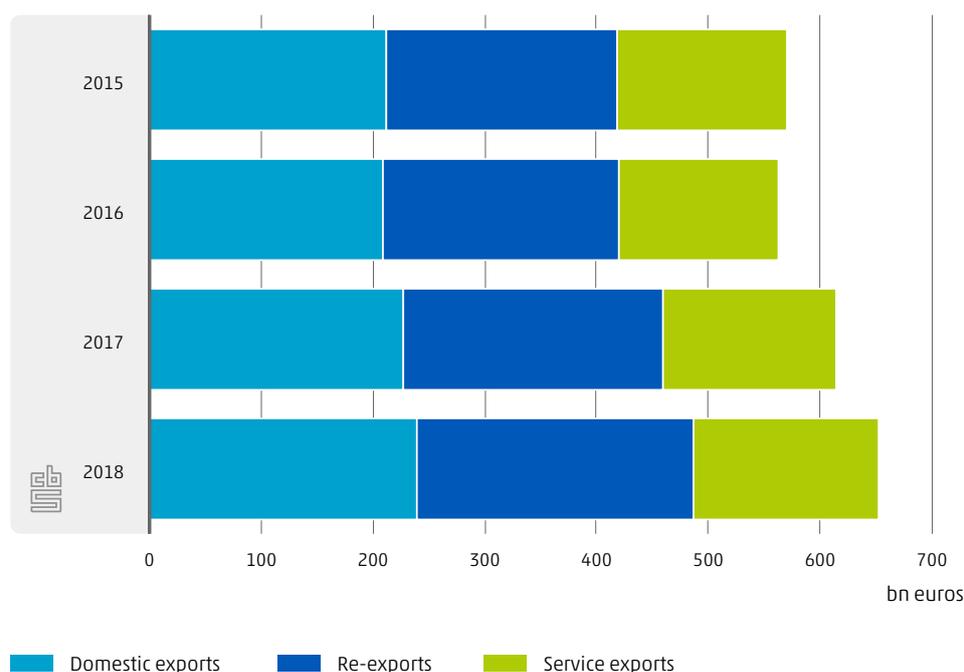
In addition to making an important contribution to GDP, exports also contribute significantly to employment in the Netherlands. In 2018, approximately 2.4 million jobs, or 32 percent of total employment in the Netherlands, were directly or indirectly related to exports of goods and services. Of those 2.4 million jobs, 1.4 million are in the industries that export goods and services, and 1 million are with suppliers. Most employment generated by exports is in business services, but many jobs in manufacturing, trade and transport, and information services are also due to exports.

<sup>1)</sup> When we refer in this chapter to value added related to exports, we mean the sum of value added and the balance of taxes and subsidies on products linked to exports. This is slightly broader than the usual value added created by Dutch industries, and it has the advantage of enabling comparison with GDP.

## 2.2 Contribution of exports to GDP

The gross export value of the Netherlands totalled 653 billion euros in 2018. This is the sum of exports of goods produced in the Netherlands (Dutch goods, possibly using imported parts, raw materials or semi-finished products), exports of goods previously imported here and then exported in a completely or nearly unprocessed condition (re-exports), and exports of services. Compared to 2017, the total export value increased by 6 percent. Growth in 2018 was therefore lower than in 2017, when the export value increased by more than 9 percent compared to 2016.

### 2.2.1 Gross export value by export category, 2015-2018



Goods account for the bulk of the export value, with 241 billion euros in gross exports of Dutch goods and 246 billion euros in re-exports. Exports of services, at 166 billion euros, represent a smaller share of the total export value, but this is the category that grew most strongly in 2018, by 7 percent from 2017. Exports of Dutch goods and re-exports grew less quickly in 2018, with growth of 5.8 percent for goods and 5.5 percent for re-exports.

### Imports for the purpose of exports

In 2018, the Netherlands imported goods and services worth some 568 billion euros. As with exports of goods and services, imports have also been rising for years: imports in 2018 were 6 percent higher than in 2017. In addition, during the period under review, the import value always increased slightly faster than the export value. Only one-third of total imports in 2018 were for domestic use: 20 percent for consumption and 11 percent for investments. The majority of imports – the remaining 69 percent – were used for exports of goods and services, either in the form of re-exports or in the production of goods and services to be exported. In 2018, 185 billion euros of imported goods and services were needed to produce Dutch exports of goods and services. More than 205 billion euros of imported goods and

services left the Netherlands in the form of re-exports in 2018. Chapter 6 of this publication will focus more closely on these import and export flows, and examine what type of products they consist of.

**69%** of total imports is used  
towards goods and service exports



The share of total imports used to produce exports rose from 64 percent in 2015 to 69 percent in 2018. Figure 2.2.2 shows that the imports needed to produce exports have been increasing for a number of years. After a small decline in imports for exports of services in 2016, imports for the purpose of exports increased in 2017 and 2018 for all three export categories.

### 2.2.2 Destination of imported goods and services, 2015-2018

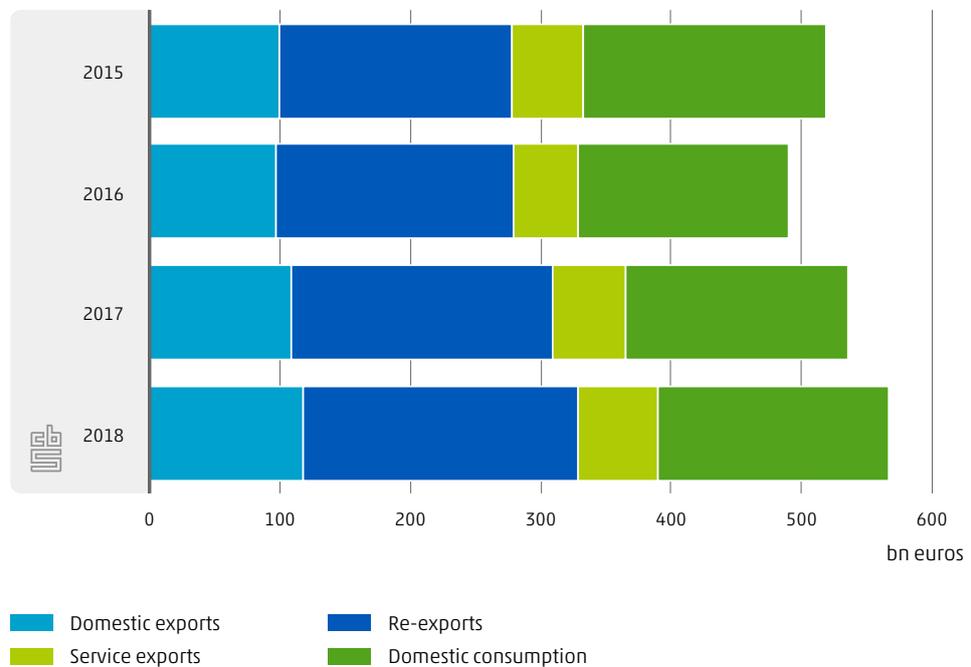


Figure 2.2.2 also shows that the largest share of imports are used for domestic exports of goods: 58 percent of total imports in 2018, to be precise. Re-exports account for 37 percent of total imports of goods and services, and the production of Dutch goods for about 21 percent. Only 11 percent of total imports of goods and services was intended for exports of services. The Netherlands earned 123 billion euros from domestic exports in 2018.

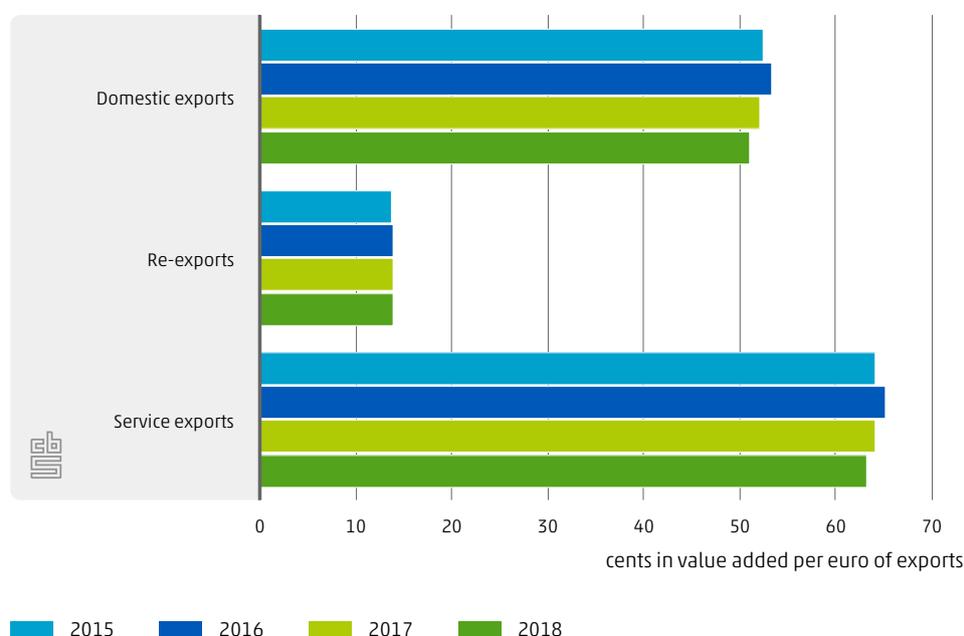
**€123 bn** was earned  
through domestic exports in 2018



## Exports represented 34 percent of GDP in 2018

The Netherlands earned 262 billion euros from exports of goods and services in 2018, an increase of nearly 5 percent relative to 2017. The country earned most from domestic exports, at 123 billion euros, which made up nearly 16 percent of GDP. Exports of services brought in nearly 105 billion euros, or about 14 percent of GDP. The value added of re-exports was around 34 billion euros, accounting for 4 percent of GDP. As a result, the share of Dutch GDP contributed by exports of goods and services was 34 percent in 2018, the same as in 2017. Moreover, the contribution of the various export flows to this share has remained the same.

### 2.2.3 Value added per euro of exports by export category, 2015- 2018



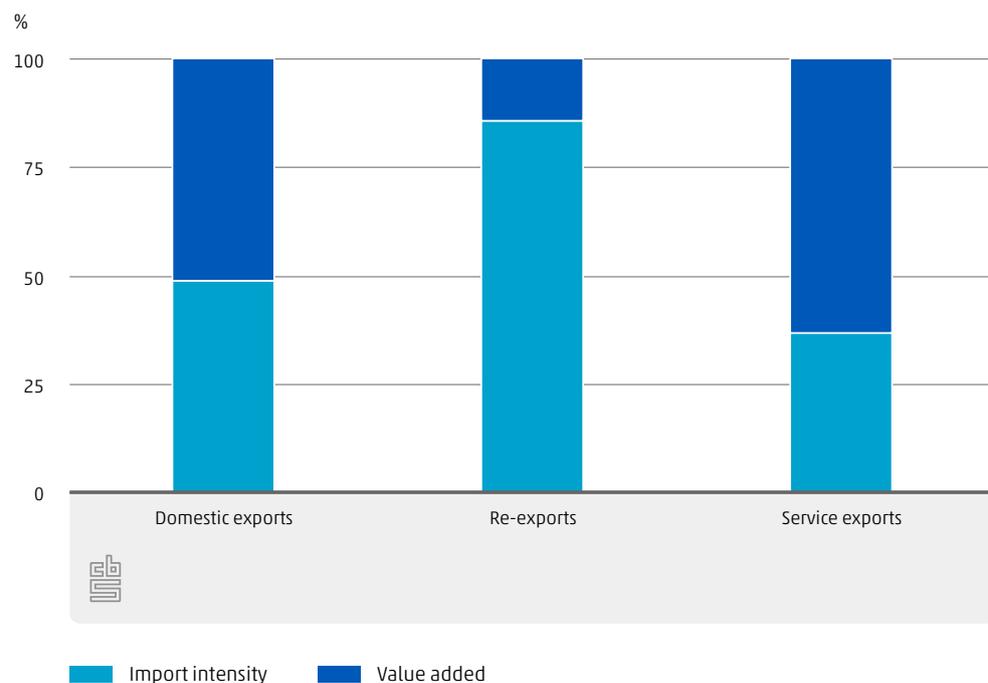
## Exports of services earn the most revenue

The Netherlands does not earn the same amount from every euro of exports. In 2018, the Netherlands earned an average of 40 cents from every euro of exports. Figure 2.2.3 shows the development of export earnings by category. Exports of services provide the most revenue, at around 63 cents per euro. Domestic exports yield 51 cents per euro, and re-exports yield 14 cents. The value added per euro of exports has therefore remained the same or declined slightly for all export categories compared to 2017. The value added per euro of domestic exports has gone down by more than 2 percentage points since 2016.

Figure 2.2.4 illustrates the composition of one euro of exports for each export category in 2018. It shows which share of exports ultimately constitutes earnings for the Dutch economy, and which share is made up of imported goods and services (what is called import intensity). For total exports of goods and services together, the import intensity was 60 percent, which was a small increase of 1.5 percent compared to 2015. This means that Dutch exports of goods and services have seen a growing share of imports in recent years. Figure 2.2.4 shows the import intensity by category of exports. Exports of services involve the smallest share of imports, at about 37 percent of the export value – an increase of 1 percentage point compared to 2017. For domestic exports, almost half of the export value – 49 percent – is imported. This is also where the greatest growth in import intensity has been seen in recent years. For re-exports, which make up a large share of total export value, the import intensity is 86 percent.

The high and increasing import intensity of Dutch exports of goods and services shows on the one hand that the Netherlands is highly integrated into international value chains. On the other hand, it also means that the value added created in the Netherlands through the production of goods and services for export is decreasing. This can be seen in declining earnings per euro, mainly in exports of Dutch goods and exports of services. Figure 2.2.4 shows that the higher the import intensity, the lower the value added of exports.

#### 2.2.4 Import intensity and value added by export category, 2018



### Manufacturing earned most from exports in 2018

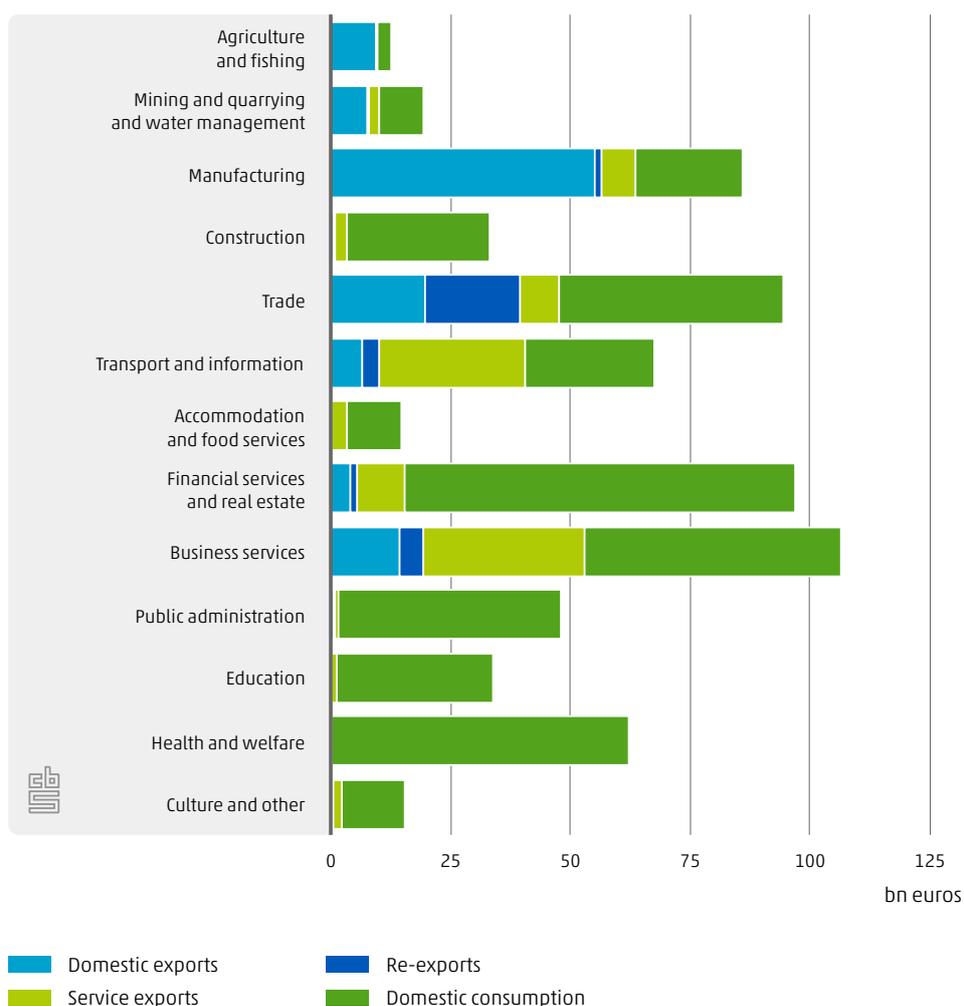
Companies can sell their goods and services in the Netherlands or export them to other countries. Some branches of industry know how to seize the opportunities offered by the globalised world, and they create substantial value added when manufacturing products that they then export. Figure 2.2.5 shows the composition of value added per sector. In 2018, manufacturing earned the most from exports of its goods and services, at nearly 64 billion

euros. Companies active in business services, trade and transport, and information services also generate substantial value added by exporting goods and services.

## Dutch domestic exports most important for export earnings of industries

The wholesale and retail trade sector is the only one where re-exports play a major role in the total earnings of the sector; in the majority of sectors, domestic exports play the largest role in export-related value added. Exports of services create a large part of the value added in business services and in the transport, information and communication sector.

### 2.2.5 Composition of value added by sector, 2018



## Agriculture, mining and quarrying, and manufacturing depend most on exports

The ratio of earnings from domestic consumption to earnings from exports varies from one sector to another. Figure 2.2.5 shows that some sectors obtain most of their revenues from domestic consumption, while other industries are closely linked to the foreign market, where they earn money through exports of Dutch goods, exports of services or re-exports.

Agriculture, forestry and fishing, mining and quarrying, and manufacturing are highly dependent on exports. They therefore create value mainly through their exports. The strong connection of these sectors with foreign countries is not surprising: the Netherlands is the world's second largest exporter of agricultural goods (CBS, 2019b). Moreover, Chapter 3 of this publication shows that a large proportion of companies in the mining and quarrying sector export goods and/or services.

Sectors such as accommodation and food services, construction, and culture focus mainly on domestic consumption: the share of exports in their value added is very low. Education, health and welfare, and cultural services are mainly national matters, with companies being nearly independent of foreign demand for their goods and services.

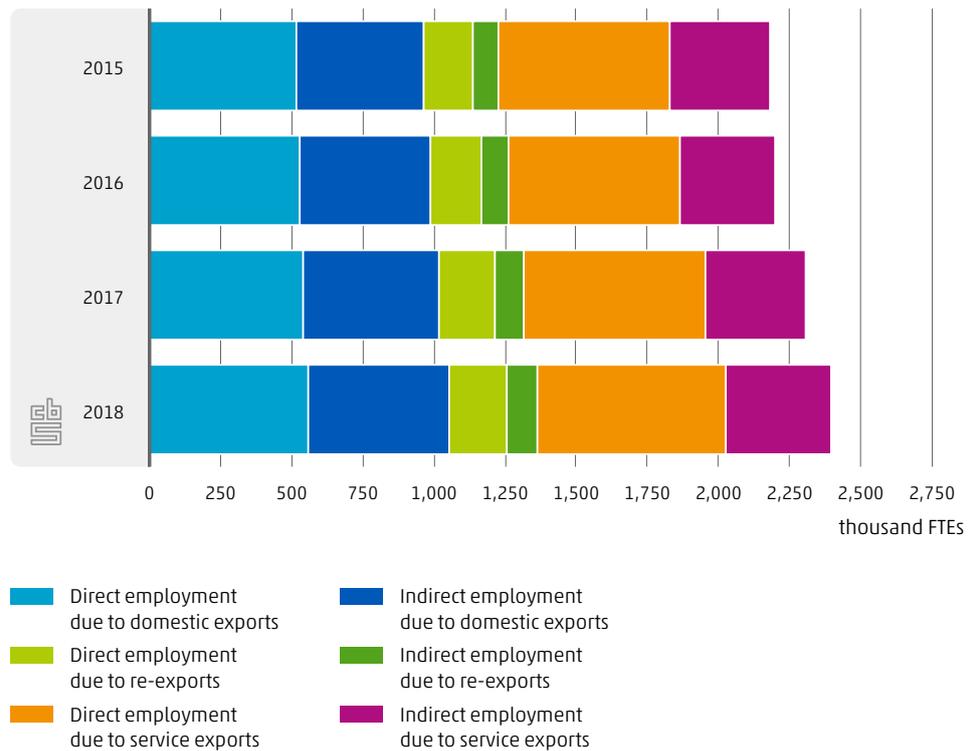
If we look more closely at manufacturing, we also see some variation in the degree of dependence on exports. For example, the food, chemical and machinery industries generate a lot of value added by exporting their products, while furniture and other manufacturing industries are mainly linked to the domestic market.

## 2.3 Export-related employment

Exports of goods and services accounted for approximately 2.4 million direct and indirect full-time jobs (FTEs) in the Netherlands in 2018.<sup>2)</sup> Around 32 percent of total employment in the Netherlands can therefore be attributed to exports (CBS, 2020). Exports of Dutch goods and exports of services both accounted for 14 percent of total employment in the Netherlands in 2018, while re-exports were responsible for just over 4 percent. The jobs created by exports can be subdivided into direct jobs, for example in the exporting sector itself, and indirect jobs with suppliers. Examples are the caterer who works for an exporting company (indirect employment) and the mechanical engineer who works for the exporting company itself (direct employment). Figure 2.3.1 shows the number of jobs associated with the various export categories and the extent to which they are direct or indirect jobs for the period 2015–2018. It shows, for example, that employment through exports of services rose sharply by more than 5 percent in 2017 and by about 4 percent in 2018, and this applies to both direct and indirect jobs. Direct and indirect jobs also increased in the other export categories in 2018.

2) When determining labour volume in full-time equivalents (FTEs) over a period of time, 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.

### 2.3.1 Employment due to exports, 2015-2018

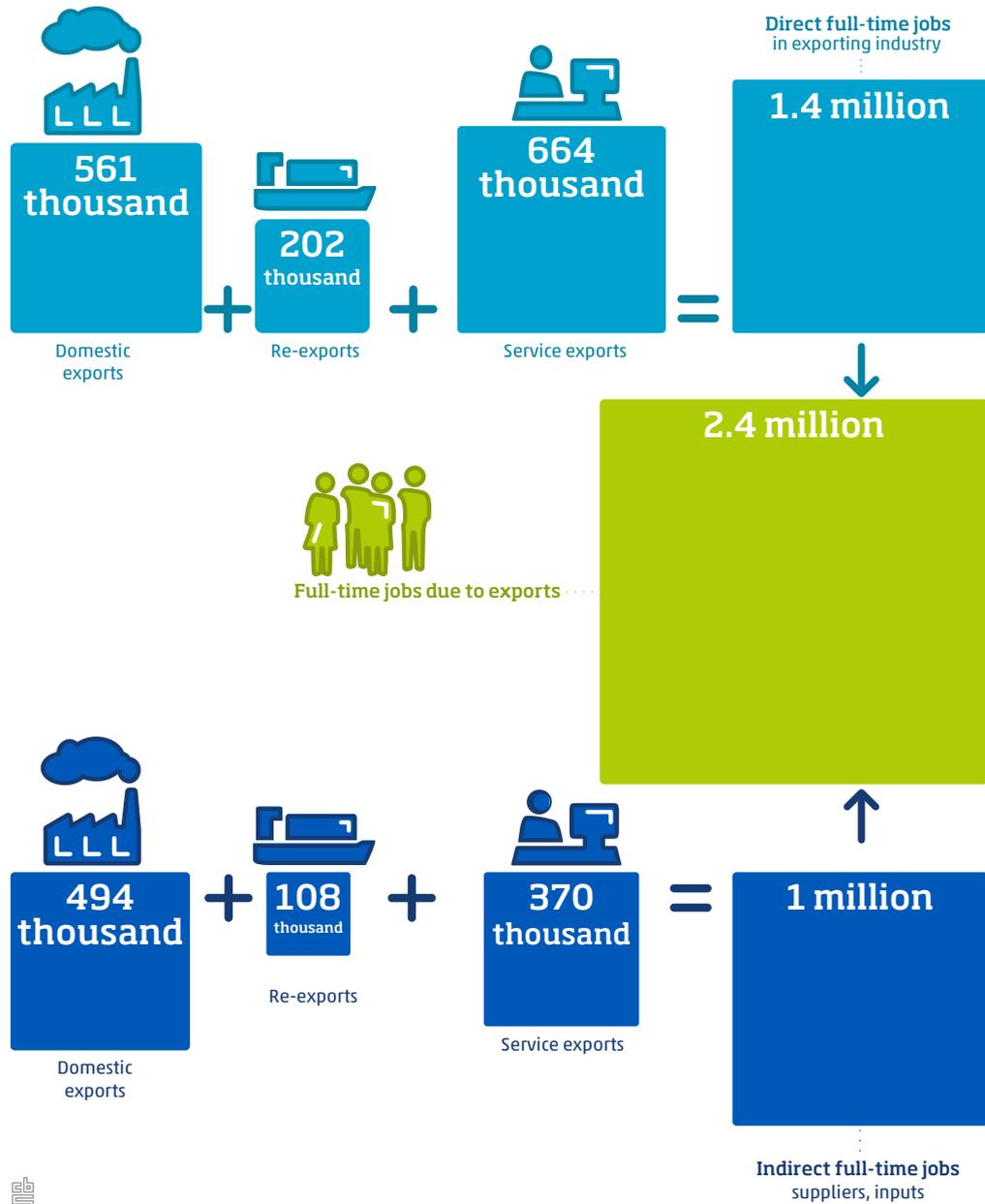


### Exports of services provide most of direct employment

In 2018, the production of exports of goods and services generated 1.4 million FTEs of direct employment in the Netherlands.<sup>3)</sup> These jobs are the direct result of international demand for Dutch goods and services. Exports of services provide the most jobs – about 664 thousand – and exports of Dutch goods account for about 561 thousand. The smallest number of jobs are created by re-exports, with around 202 thousand jobs in 2018. Exports of services not only provided the largest number of direct jobs in 2018, but this area of employment also grew most quickly, increasing by more than 4 percent compared to 2017. Direct employment from exports of Dutch goods and re-exports increased by more than 3 percent during 2018.

<sup>3)</sup> Due to an adjustment and further refinement of the method, the figures for direct and indirect employment differ significantly from those in the publication Dutch Trade in Facts and Figures of 2019. This applies mainly to the wholesale and retail trade sectors, and the transportation and storage sector.

## Export-related employment (FTE), 2018



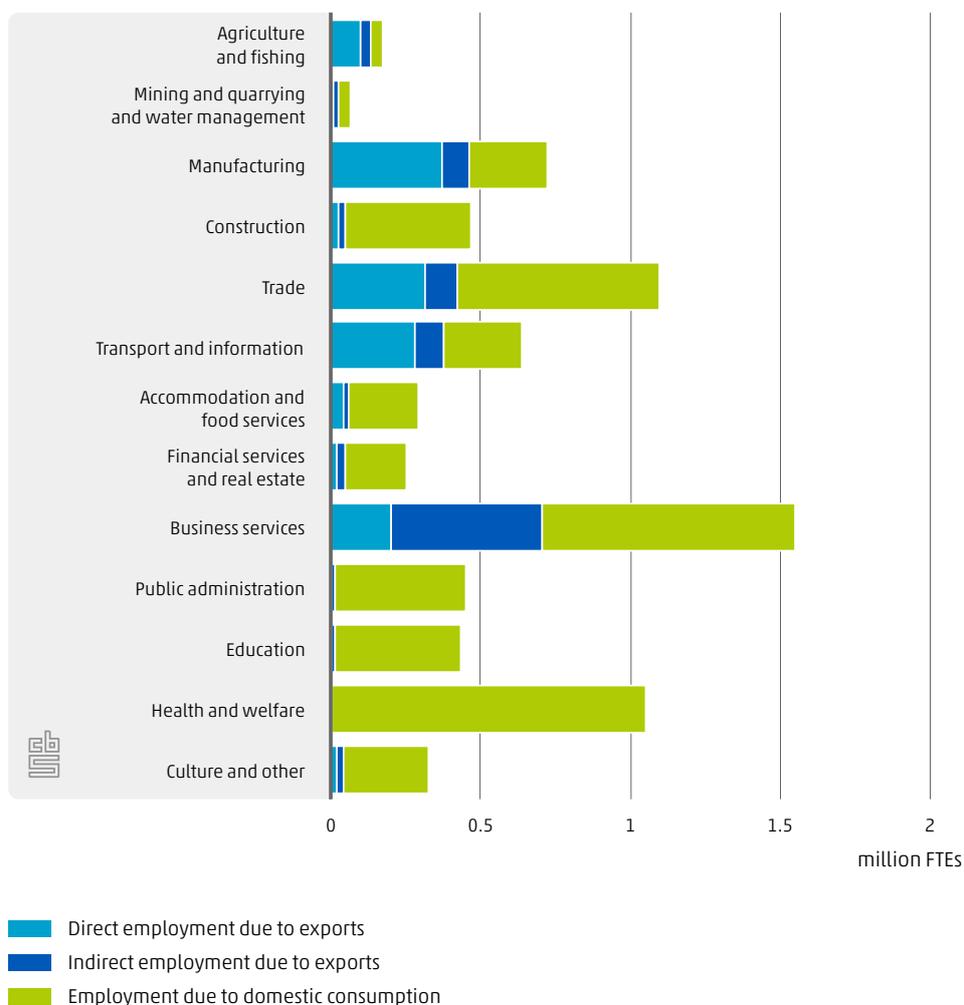
## Most indirect employment through domestic exports

In addition to direct jobs, 971 thousand jobs are indirectly involved in the process of producing goods and services for export. Examples are employment at suppliers, such as agriculture, at companies that produce packaging materials or at firms that provide services such as cleaning, job placement or internet services. Exports of Dutch products provide the most indirect jobs, totalling around 494 thousand. In 2018 exports of services created 370 thousand indirect jobs and re-exports about 108 thousand jobs.

## Exports created most employment in business services

Employment resulting from international trade is spread across the various branches of industry, and there are a number of sectors where a large proportion of employment results from exports. Figure 2.3.2 shows that in 2018, exports generated the most employment in business services. Manufacturing, trade, and transport and information also provide considerable employment due to exports of goods and services.

### 2.3.2 Employment due to exports by sector, 2018



Exports do not provide a comparable share of direct and indirect jobs in the total number of jobs created in the different sectors. In trade, manufacturing and agriculture, for example, exports provide a relatively large number of direct jobs. Manufacturing and agriculture are sectors in which many products for export are produced. The core business of wholesale and retail trade is the trade in goods and services, and this sector is therefore directly involved in exports. In contrast, a lot of employment in the business services sector is indirectly due to exports. Companies in that sector, such as temporary employment agencies and companies specialising in legal and management advice, provide services or find staff for the companies directly involved in exports.

As mentioned previously, Figure 2.3.1 shows that exports of services are increasingly creating employment. This increase is mainly attributable to service sectors such as IT, legal and management consulting, other business services and banking. These sectors are generating increasing direct employment. Indirectly, these sectors play an important role in supporting the production of export goods, but they also export many services, creating direct employment in the Netherlands.

## Value added and employment through exports

This chapter shows that exports are responsible for about a third of both Dutch prosperity and employment. When we look at how exports of goods and services by the various sectors contribute to the Dutch economy, we see major differences between those sectors. The differences in labour productivity between the sectors may play a role in this (see CBS, 2019c). Figure 2.3.2 shows, for example, that exports generate a relatively large number of jobs in agriculture, but Figure 2.2.5 in the previous section shows that exports in this sector generate relatively low value added. Exports of goods and services also create many jobs in the business services sector, especially in the temporary employment sector. The value added from exports is also relatively low in this sector.<sup>4)</sup>

Conversely, in the mining and quarrying, energy, water and waste management sectors, exports provide relatively few jobs, but exports of goods and services account for a large share of the sectors' value added. CBS (2019c) also shows that these sectors, in particular mining and quarrying, have very high labour productivity compared with other sectors. The same is true of financial services, where exports do not provide many jobs but, at the same time, substantial value added is created mainly through exports of services.

## 2.4 References

CBS (2019a). *De Nederlandse economie in 2018: Jaaroverzicht*. Statistics Netherlands: The Hague/Heerlen/Bonaire.

CBS (2019b). [\*Landbouwexport ruim 90 miljard euro in 2018\*](#). Statistics Netherlands: The Hague/Heerlen/Bonaire.

CBS (2019c). *De invloed van de toename van het aantal gewerkte uren op de productiviteit*. Statistics Netherlands: The Hague/Heerlen/Bonaire.

CBS (2020). *De arbeidsmarkt in cijfers: 2019*. Statistics Netherlands: The Hague/Heerlen/Bonaire.

<sup>4)</sup> One reason for this is that all the employment is attributed to business services, but only part of the value added created by the workforce in that sector (CBS, 2019c).



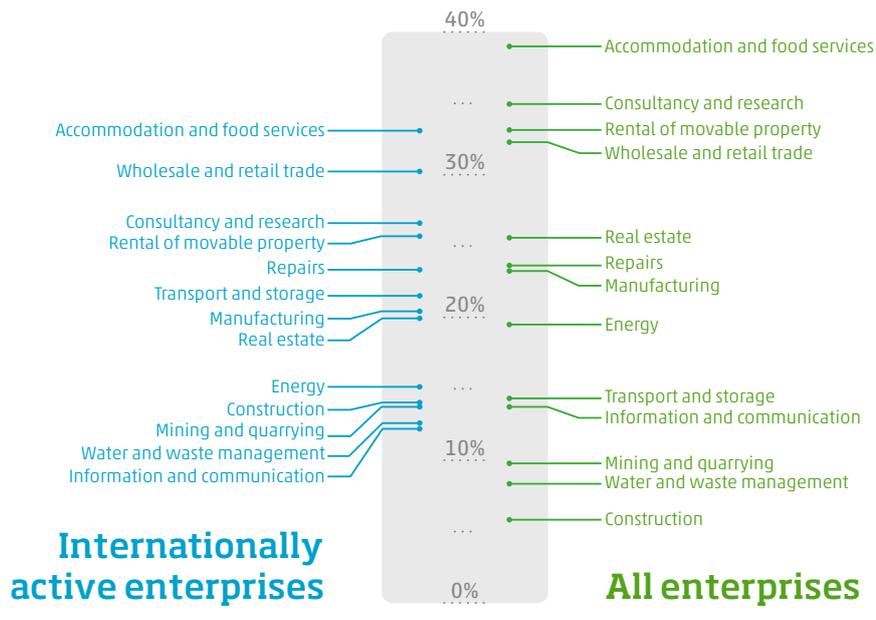


3.

# Characteristics of the internationally active business economy

Author  
Alex Lammertsma

# Share of female entrepreneurs in the (international) business economy, 2018



**This chapter examines the characteristics of enterprises that are internationally active. To what extent are they exporters, importers or both? What proportion of them are independent SMEs or large enterprises and are they under Dutch or foreign control? Among internationally active entrepreneurs, what proportion are women and how does this figure vary by age category and sector? And how do internationally active enterprises differ as regards key indicators such as productivity, average wages, proportion of multinationals and proportion of exporters?**

## 3.1 Key findings

The international business economy is a highly diverse group of enterprises that differ in many respects. In the period under review, the largest share of exporters was in mining and quarrying, at 62 percent, with water and waste management second at 55 percent. Of the group of businesses in the Netherlands, 34 percent traded goods and/or services internationally. For independent SMEs, the share was 33 percent, while for large enterprises it was 88 percent. For both Dutch and foreign enterprises, most importers and two-way traders were active in the wholesale and retail sector, and most exporters were involved in professional and scientific activities.

The highest productivity among internationally active enterprises was achieved in mining and quarrying, followed by the energy sector. The highest average wages were earned by employees of enterprises that are internationally active in mining and quarrying, and in the energy sector. In 2018, the share of multinationals was largest in the mining and quarrying sector and smallest in repairs, accommodation and food services, and the construction sector.

Between 2015 and 2018, the share of internationally active enterprises that had been in existence for more than 10 years rose slightly. In contrast, the share of enterprises in existence for under 5 years saw a slight decline. More than a quarter of internationally active entrepreneurs are women, but there is hardly any difference between female and male entrepreneurs in the extent to which they are internationally active.

## 3.2 Internationally active enterprises by type

The Dutch business economy<sup>1)</sup> comprised 1.2 million enterprises in 2018. This group can be divided into one-way importers, one-way exporters, two-way traders (enterprises that import and export), and enterprises that do not trade in goods or services and therefore do not trade internationally at all.<sup>2)</sup>

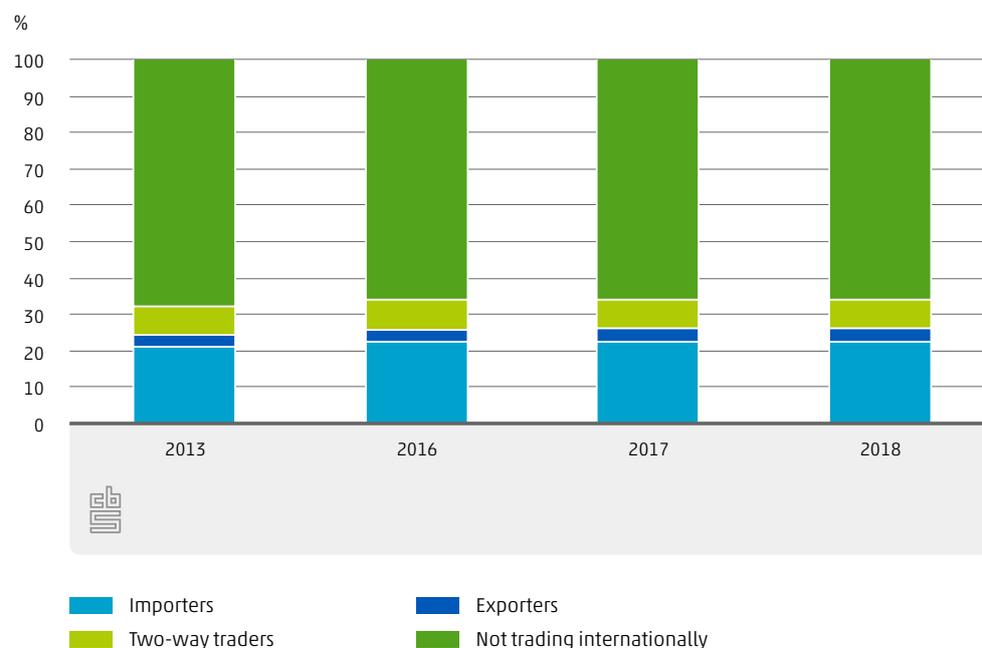
1) Companies considered part of the Dutch business economy are those listed in the General Business Register, sections B to N plus division S95, with the exception of those in section K. Agriculture, forestry and fisheries (A), financial institutions (K), public administration (O), education (P), health 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.

## Two-thirds of enterprises in Dutch business economy are non-traders

By far the largest group is that of non-traders. In 2018, 34.2 percent of enterprises were active traders. Of that group, 22.6 percent were importers, 7.9 percent were two-way traders and 3.7 percent were exporters (Figure 3.2.1). This composition is nearly unchanged compared to 2013.

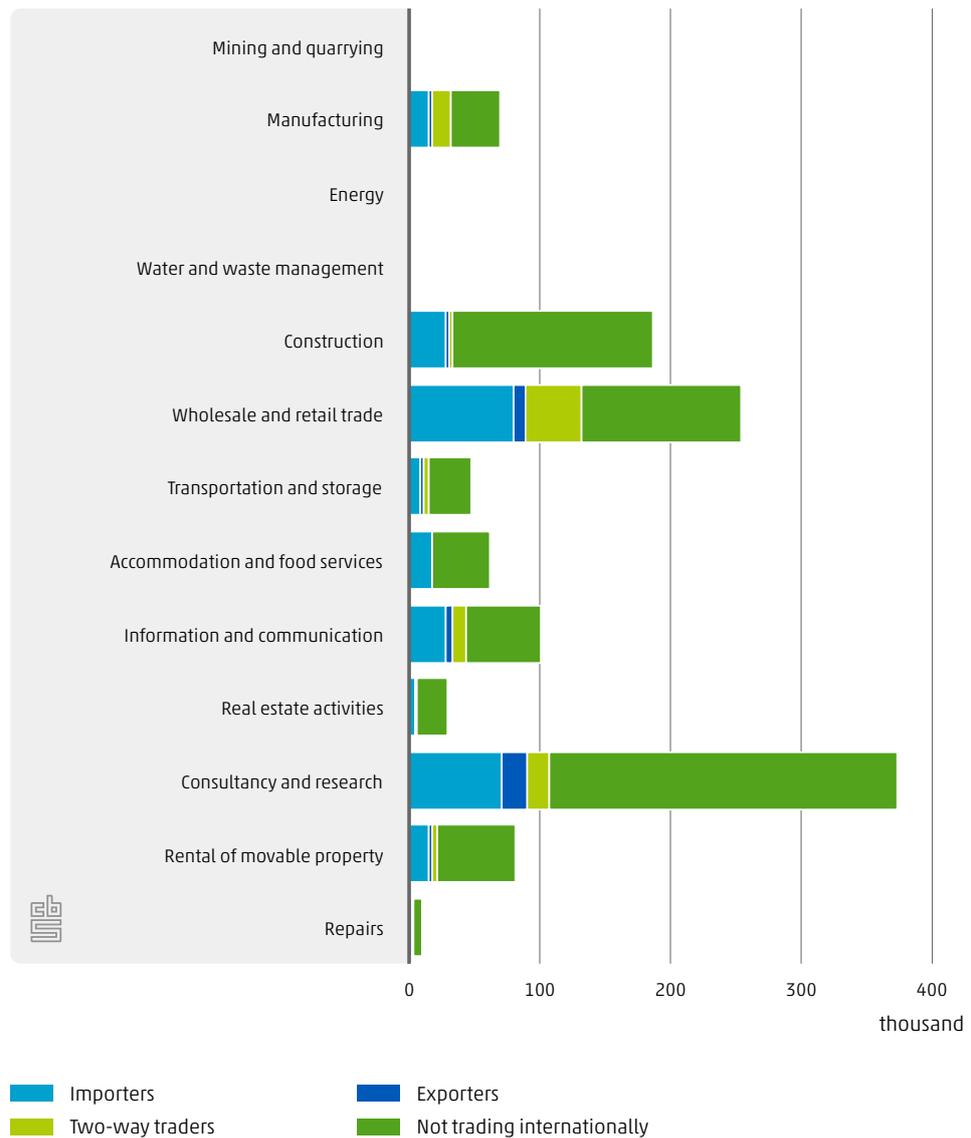
### 3.2.1 Distribution of entrepreneurs in the Dutch business economy by type of trade, 2013 and 2016-2018



## Wholesale and retail enterprises often internationally active

There are significant differences between the Dutch business sectors regarding the extent to which a company in the sector only imports, only exports, both imports and exports or does not trade (Figure 3.2.2). Of all sectors, wholesale and retail trade had the highest share of enterprises – 32 percent – that were only active in imports in 2018. The lowest share, at 15 percent, was in the construction sector. At 9 percent, the mining and quarrying sector had the largest share of enterprises of all sectors that were only exporters, while the accommodation and food services sector had the lowest share, at 1 percent. Two-way traders were most common in mining and quarrying, with a 23 percent share, and least common in accommodation and food services, at 1 percent. Companies in the real estate sector were least likely to be international traders (21 percent) and wholesale and retail enterprises were most likely (52 percent).

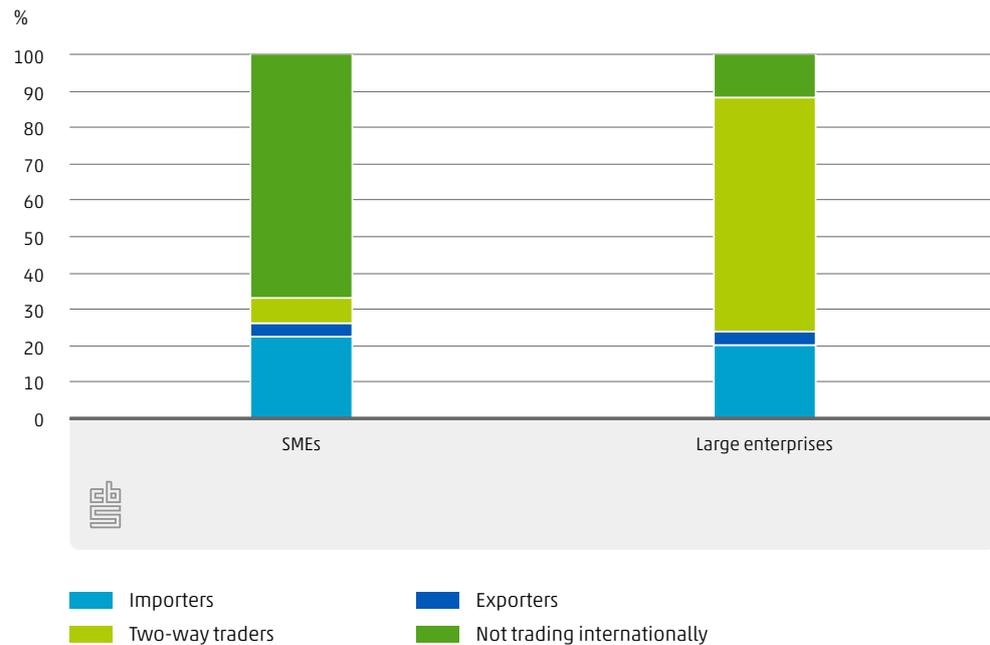
### 3.2.2 Types of trade by sector in the Dutch business economy, 2018



### 88 percent of large enterprises internationally active

The internationally active business economy consists of independent SMEs and large enterprises that trade in goods and/or services internationally. Of the 1.2 million enterprises in the total Dutch business sector in 2018, nearly all – around 99 percent – were independent SMEs and just 18 thousand were large enterprises. These two groups differ in the extent to which they trade internationally and are two-way traders (Figure 3.2.3). In 2018, whereas two out of three independent SMEs did not trade internationally, this was only the case for one in eight of large enterprises. The opposite is true with regard to two-way traders. Only 7 percent of independent SMEs were two-way traders, compared to 64 percent of large enterprises. In contrast, the percentages of enterprises that were only active in exports or imports were similar for independent SMEs and large enterprises. Around 23 percent of independent SMEs only imported goods and/or services in 2018, compared to 20 percent of large enterprises. For both independent SMEs and large enterprises, around 4 percent were only active in exports.

### 3.2.3 Types of trade among SMEs and large enterprises in the Dutch business economy, 2018



Most importers and two-way traders are active in the wholesale and retail sector, while most exporters are involved in business services. This is true of both independent SMEs and large enterprises. In 2018, in the case of independent SMEs, 29 percent of importers were active in wholesale and retail trade, as were 44 percent of two-way traders. For large enterprises, 29 percent of importers and 40 percent of two-way traders were active in that sector. With regard to exporters, this share differed considerably between independent SMEs and large enterprises. In 2018, 42 percent of independent SMEs and 28 percent of large enterprises were active in exports of business services.

**32%** of wholesalers and retailers had imports in 2018

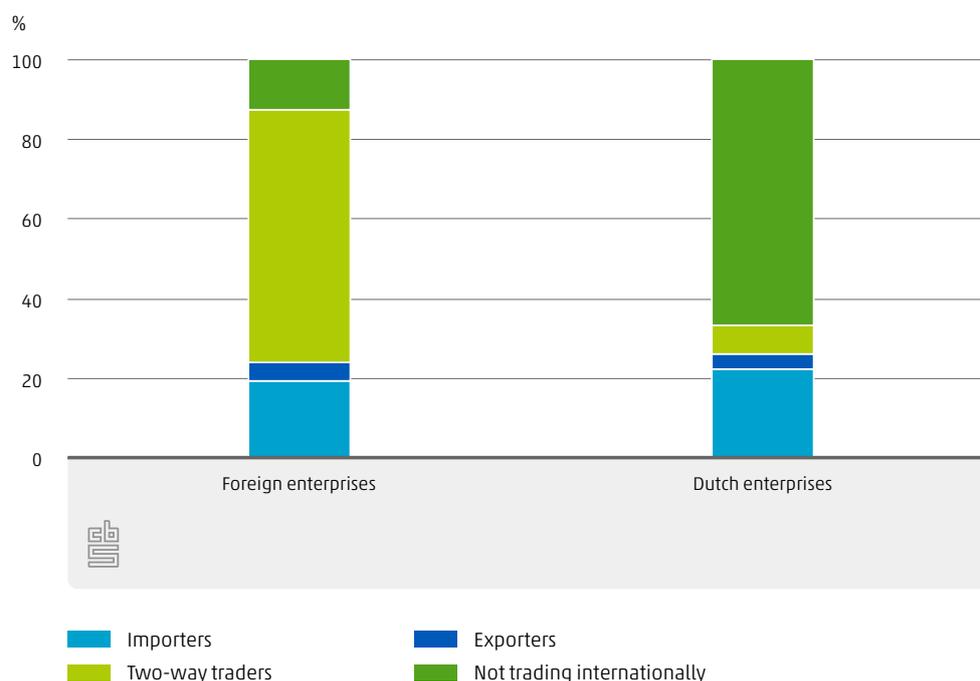


### One in 100 enterprises are foreign-owned

In addition to the distinction between independent SMEs and large enterprises, the Dutch business economy can also be divided into foreign-owned and Dutch-owned enterprises (Figure 3.2.4). Of the 1.2 million enterprises in the Netherlands in 2018, some 14 thousand were under foreign control and the rest were Dutch. Around 1 percent of enterprises were therefore foreign-owned. In 2018, 64 percent of enterprises in foreign hands were two-way traders and 13 percent did not trade goods and services with other countries. Among Dutch enterprises, only 7 percent were two-way traders and 66 percent were not internationally active in trade. In relation to 2013, the number of foreign-owned enterprises has risen faster than the number of Dutch enterprises. From 2013 to 2018, the number of foreign-owned

enterprises increased by 30 percent, while the number of Dutch enterprises rose by 20 percent.

### 3.2.4 Types of trade in the Dutch business economy, 2018



For both Dutch and foreign-owned enterprises, most importers and two-way traders are active in the wholesale and retail sector, and most exporters are involved in business services. In 2018, in the case of Dutch enterprises, 29 percent of importers were active in wholesale and retail trade, as were 44 percent of two-way traders. The picture was similar for foreign-owned enterprises, as 35 percent of importers and 44 percent of two-way traders were active in that sector. For exporters, however, there was a difference between Dutch and foreign-owned enterprises. For the same year, 42 percent of Dutch enterprises and 27 percent of foreign-owned enterprises were active in exports of business services.

## 3.3 Key indicators for internationally active enterprises

Table 3.3.1 shows that there are major differences between the sectors involved in international trade. The wholesale and retail sector has by far the most international entrepreneurs.<sup>3)</sup> Some 38 percent of internationally active entrepreneurs were working in this sector in 2018. At 36 percent, the largest share of multinationals was in mining and quarrying, but with 265 enterprises, this is only a small sector. In the wholesale and retail sector – the sector with the largest number of enterprises – the share of multinationals was only 6 percent. This share was less than 3 percent in repairs, accommodation and food services, and the construction sector – all three of which are almost completely focused on

3) 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 domestic market. At 62 percent, the largest share of exporters was in mining and quarrying, and in water and waste management, this share was 55 percent. The highest productivity in internationally active enterprises was achieved in mining and quarrying, followed – a long way behind – by the energy sector. The highest average wages were earned by employees in mining and quarrying, and in the energy sector. In 2018, the average wage in the mining and quarrying sector was 38 euros per hour and in the energy sector the average hourly wage was 32 euros. The share of female entrepreneurs was highest in the accommodation and food services sector, at 35 percent.

### 3.3.1 Key indicators for internationally active enterprises by sector, 2018

| Sector                               | Number of enterprises | Share of multinationals | Share of exporters | Productivity <sup>1)</sup> | Average wage <sup>2)</sup> | Number of international entrepreneurs | Share of female entrepreneurs |
|--------------------------------------|-----------------------|-------------------------|--------------------|----------------------------|----------------------------|---------------------------------------|-------------------------------|
|                                      |                       | %                       | %                  |                            |                            |                                       | %                             |
| Mining and quarrying                 | 265                   | 35.8                    | 62.3               | 709                        | 38                         | 65                                    | 21.5                          |
| Manufacturing                        | 33,105                | 10.4                    | 50.8               | 103                        | 25                         | 18,295                                | 21                            |
| Energy                               | 425                   | 23.5                    | 28.2               | 265                        | 32                         | 105                                   | 12.4                          |
| Water and waste management           | 785                   | 17.2                    | 54.8               | 115                        | 24                         | 330                                   | 16.2                          |
| Construction                         | 34,470                | 2.1                     | 18                 | 81                         | 25                         | 14,580                                | 16.1                          |
| Wholesale and retail trade           | 132,675               | 6.0                     | 38.4               | 64                         | 21                         | 76,015                                | 29                            |
| Transportation and storage           | 16,285                | 9.1                     | 42.6               | 82                         | 23                         | 12,180                                | 21.5                          |
| Accommodation and food services      | 18,645                | 1.5                     | 4.6                | 30                         | 14                         | 19,520                                | 34.5                          |
| Information and communication        | 44,145                | 5.2                     | 35.8               | 110                        | 30                         | 11,275                                | 12                            |
| Real estate                          | 6,350                 | 6.3                     | 12.4               | 184                        | 28                         | 3,500                                 | 21.3                          |
| Consultancy and research             | 108,390               | 3.2                     | 32.9               | 73                         | 31                         | 32,300                                | 21.9                          |
| Leasing of movable tangible property | 21,920                | 5.5                     | 28.7               | 34                         | 17                         | 9,965                                 | 24.8                          |
| Repairs                              | 3,630                 | 0.7                     | 17.6               | 41                         | 18                         | 1,125                                 | 25.3                          |
| <i>Dutch business economy</i>        | 421,090               | 5.2                     | 33.6               | 70                         | 23                         | 199,280                               | 24.9                          |

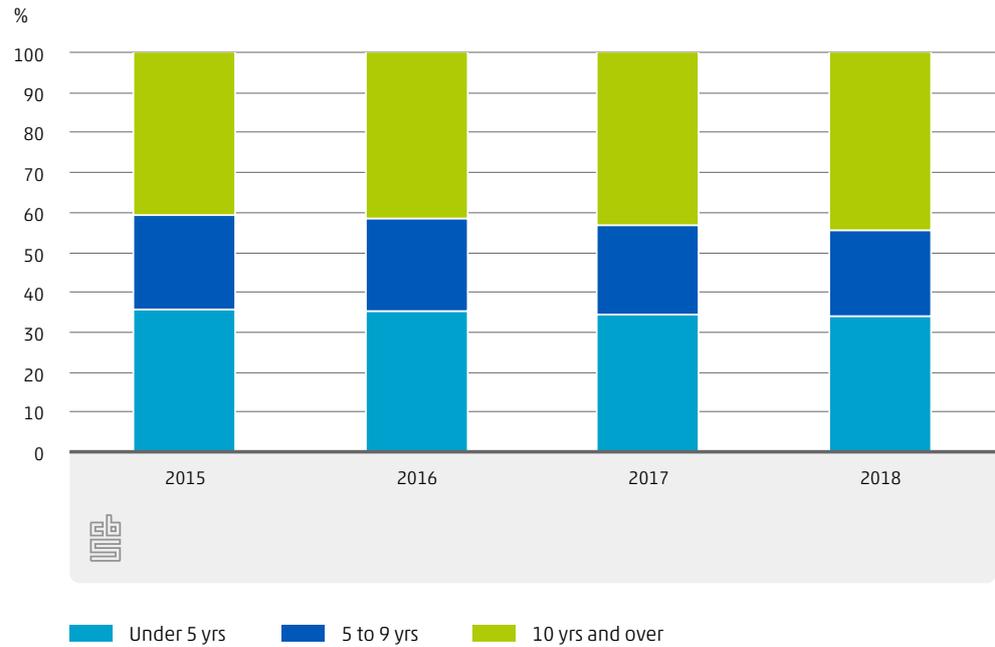
<sup>1)</sup> In 1,000 euros per year.

<sup>2)</sup> In euros per hour.

## 3.4 Internationally active enterprises by age

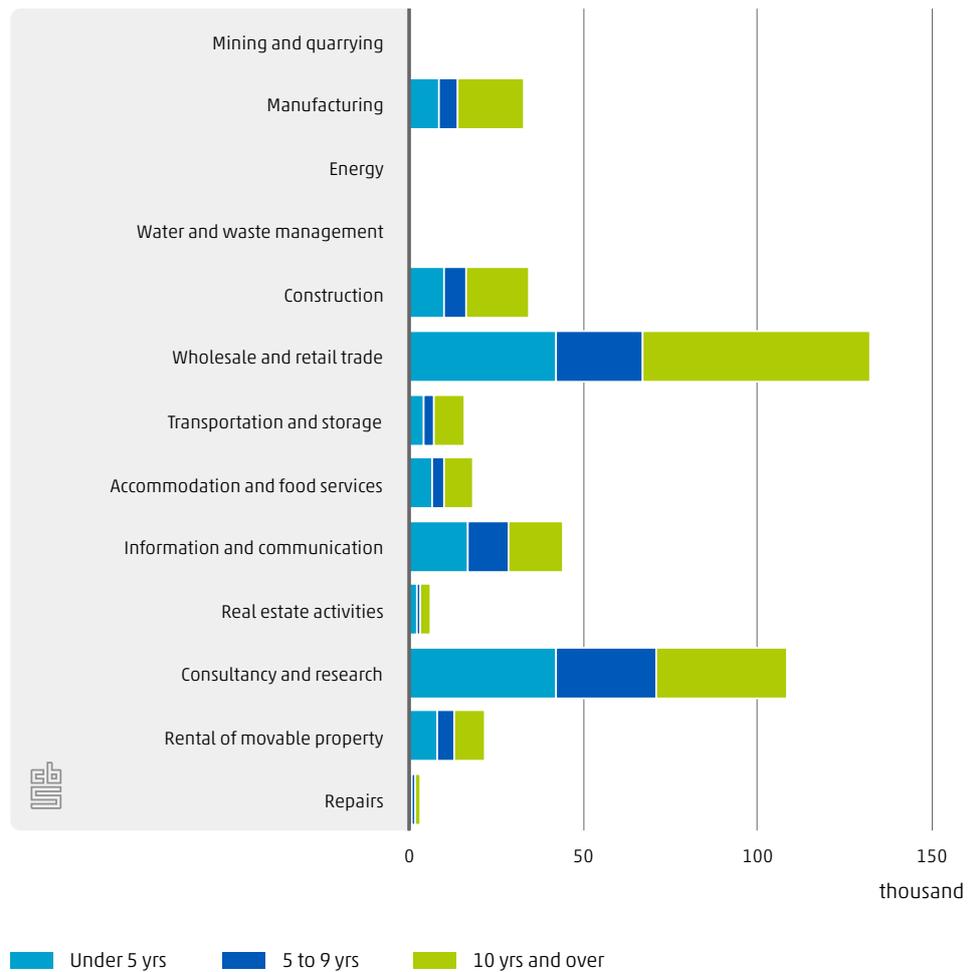
Between 2013 and 2018, the proportion of internationally active enterprises that had been in existence for more than 10 years rose slightly, from 40 percent in 2013 to 44 percent in 2018 (Figure 3.4.1). In contrast, the share of enterprises in existence for under 5 years decreased by 1.6 percentage points.

### 3.4.1 Internationally active enterprises by enterprise age, 2013 and 2016-2018



In 2018, within the group of internationally active enterprises founded less than 5 years previously, most enterprises were active in mining and quarrying, energy, information and communication, consultancy, and research (Figure 3.4.2). Most internationally active enterprises that have been in existence for more than 10 years are in manufacturing, water and waste management, construction, wholesale and retail trade, transportation and storage, accommodation and food services, leasing of movable tangible property, and repair of consumer goods.

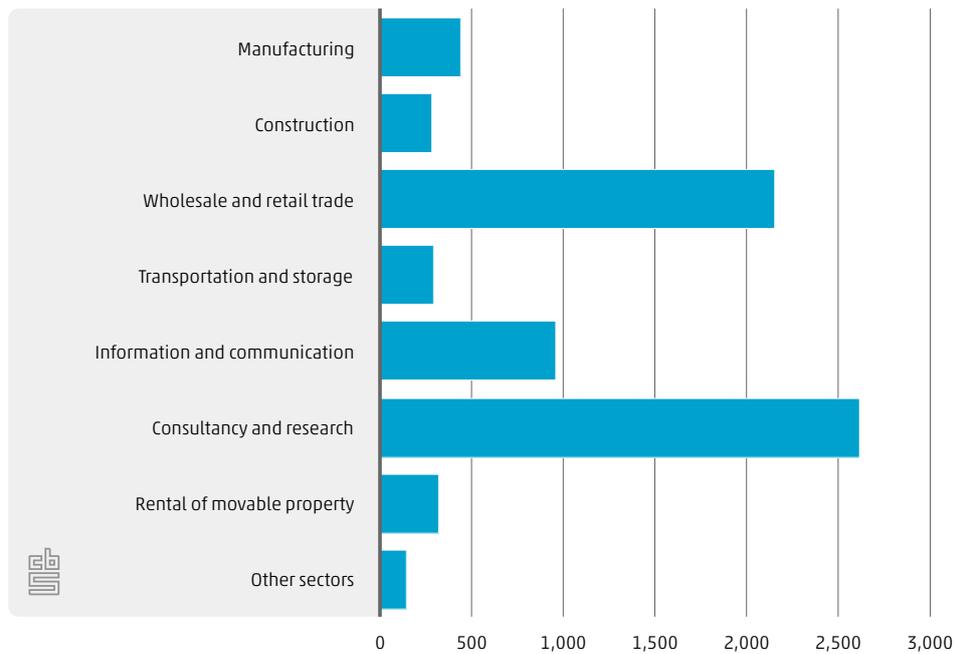
### 3.4.2 Internationally active enterprises, by sector and enterprise age, 2018



## 3.5 Born globals

The change in the age distribution of enterprises is not only due to the fact that enterprises that continue to trade internationally become older, but also because a proportion of them start or stop trading. Moreover, there is a large group of enterprises 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 enterprises that, after taking this step, stops trading internationally again within a few years. However, the majority of this group do continue to exist as enterprises. There is also a large group of enterprises that repeatedly start and stop exporting, known as 'intermittent exporters'. Although this group of 'intermittent exporters' represents over 20 percent of exporters, it is responsible for less than 2.5 percent of total export value (CBS, 2019).

### 3.5.1 Born globals by sector, 2018



Within the group of exporters of goods and/or services in 2018, most starters and stoppers were active in consultancy and research, and in the wholesale and retail sector. These sectors also contain the largest number of born globals (Figure 3.5.1), which are enterprises that make a large part of their sales abroad very soon after being founded (CBS, 2019). However, there are also a relatively large number of born globals in the information and communication, manufacturing, and construction sectors. This is in line with the findings of a European Union study (Eurofound, 2012), which states that in Europe, born globals are relatively common in the wholesale and retail trade, business services, manufacturing, and the information and communication sector. Around 24 percent of start-up exporters of goods and/or services were born globals in 2018. In 2018, the export value of born globals was about 0.4 percent of total exports of goods and 0.4 percent of total exports of services (CBS, 2019).

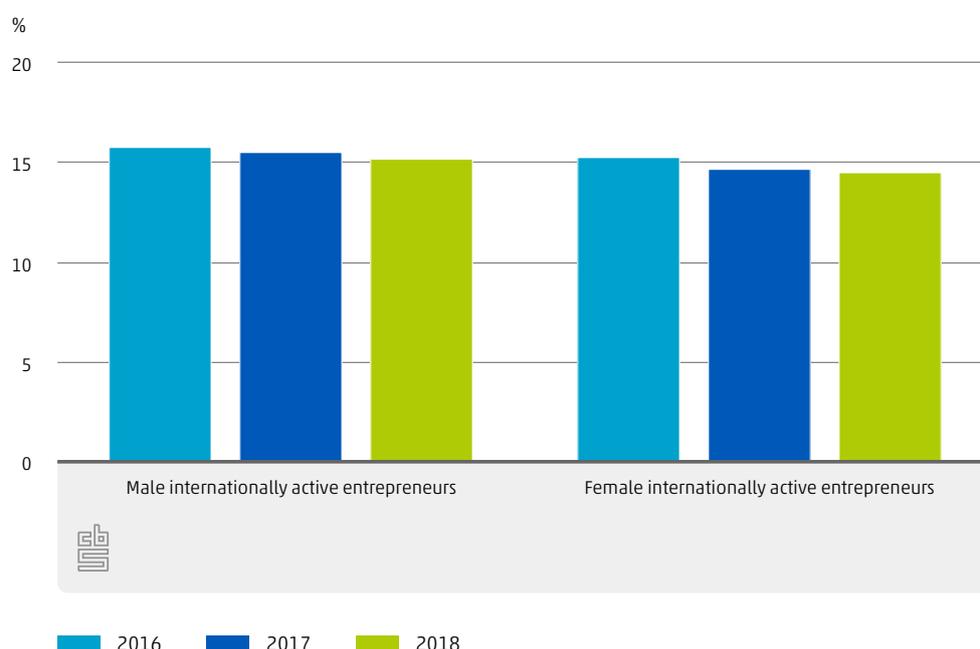
### Dynamics of international traders, 2018



## 3.6 Internationally active entrepreneurs by gender

Women make up a quarter of the group of entrepreneurs who trade internationally or are at the helm of a multinational.<sup>4)</sup> In 2018, for example, there were a total of 49 thousand internationally active female entrepreneurs in the Dutch business economy, against 142 thousand male entrepreneurs. Although the number of male entrepreneurs is considerably larger than the number of female entrepreneurs, there is nearly no difference in the extent to which they are active internationally. In 2018, for example, 14.5 percent of female entrepreneurs were internationally active, compared to 15.2 percent of male entrepreneurs (Figure 3.6.1).

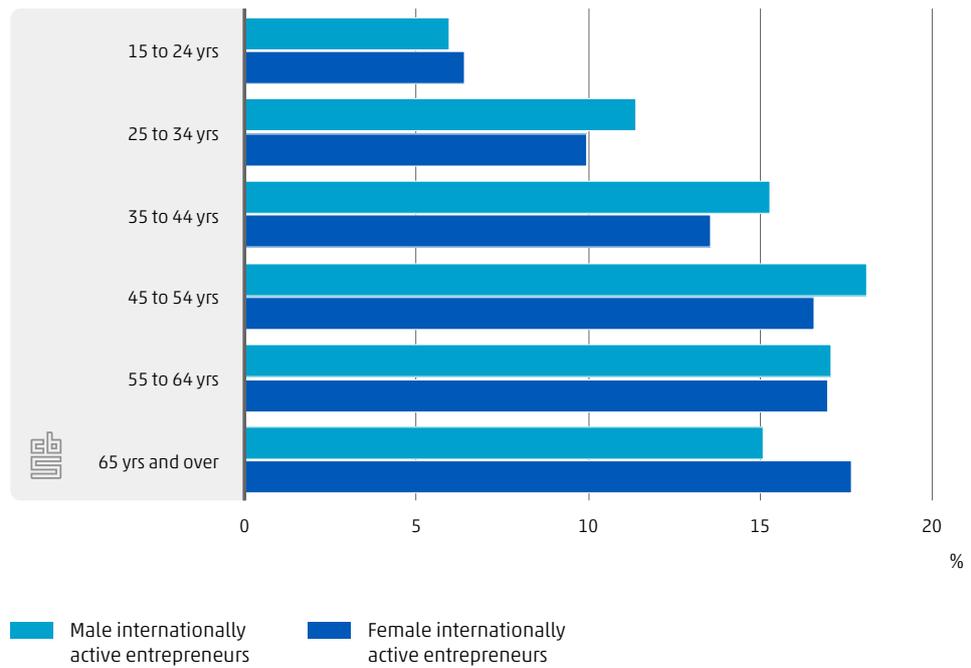
### 3.6.1 Shares of male and female internationally active entrepreneurs, 2016-2018



The degree to which entrepreneurs are active internationally is connected with their age (Figure 3.6.2). The proportion of male entrepreneurs who are internationally active increases up to and including the age category 45–54 years and then declines. For female entrepreneurs, the proportion who are internationally active increases with age and does not decrease from the age of 55. In the group of entrepreneurs aged 25 to 55, women are slightly less internationally active than their male counterparts. Socioeconomic factors such as childcare probably play a role here, as it is precisely in this age group that many women are mothers and work less. It is generally women who take on the childcare responsibilities and it is more difficult for them than for men to achieve a work-life balance (Weerden & Martens, 2018).

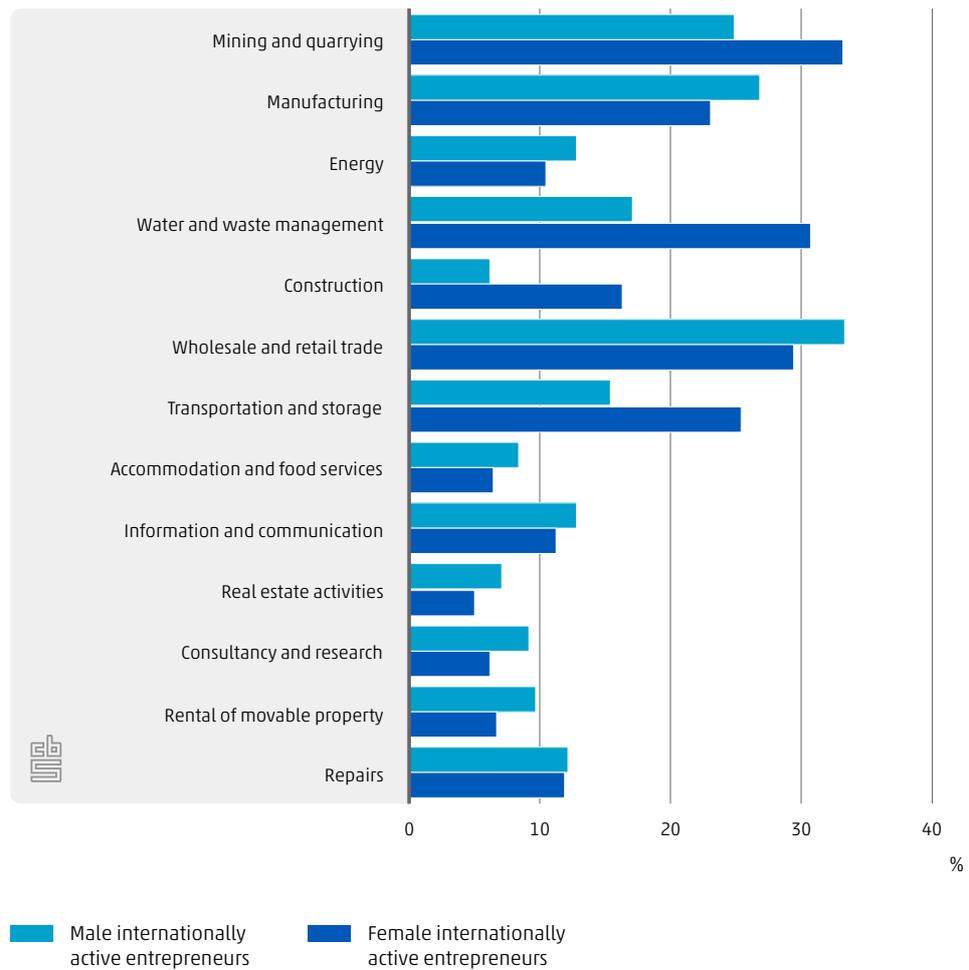
<sup>4)</sup> In defining the types of international entrepreneurs, a minimum threshold of 5 thousand euros was used to filter out small international entrepreneurs.

### 3.6.2 Shares of internationally active entrepreneurs by age, 2018



The extent to which male and female entrepreneurs are internationally active also differs between the sectors (Figure 3.6.3). In mining and quarrying, water and waste management, construction, and transportation and storage, female entrepreneurs are considerably more internationally active than male entrepreneurs. Female entrepreneurs were the least internationally active in the real estate sector in 2018 (5 percent).

### 3.6.3 Share of internationally active entrepreneurs by sector, 2018



## 3.7 References

CBS (2019). Internationaliseringsmonitor, tweede kwartaal: Patronen in handelsgedrag. Statistics Netherlands: The Hague/Heerlen/Bonaire.

Eurofound (2012). Born global: The potential of job creation in new international businesses. Luxembourg: Publications Office of the European Union.

Weerden, L. van & J. Martens (2018). [De positie van de vrouwelijke internationale ondernemer: Een literatuurstudie naar behoeften, motieven en belemmeringen](#). Netherlands Enterprise Agency. Consulted on 29 June 2020.



4.

**Composition**

**of Dutch**

**international trade**

Authors

Marcel van den Berg

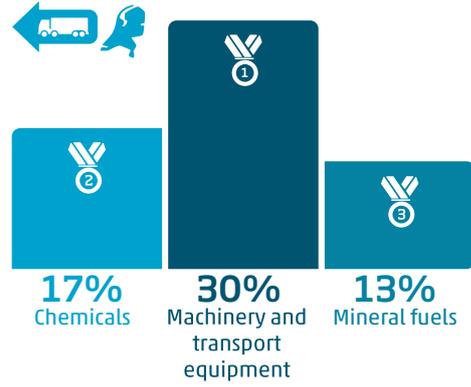
Alex Lammertsma

Tim Peeters

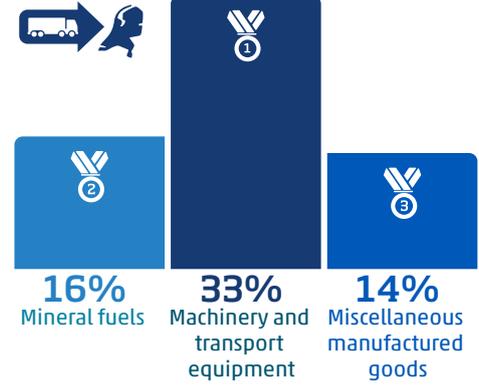
Janneke Rooyackers

## Main goods and service exports, 2019

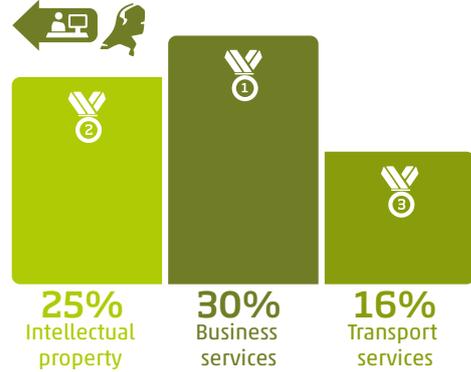
Goods exports (= domestic exports + re-exports)



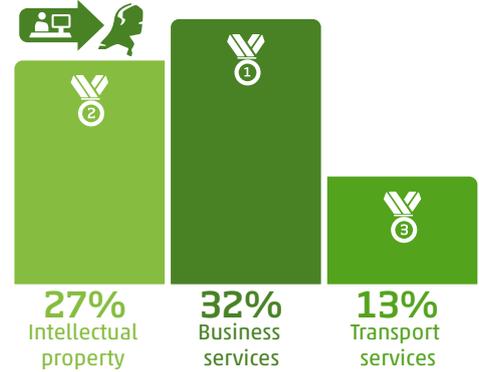
Goods imports



Service exports



Service imports



**Dutch enterprises import and export many goods and services every year. These import and export flows vary greatly with regard to the groups of goods and services traded, the industries responsible and the types of exports. Which types of enterprises are responsible for the growth in exports of goods and how do those enterprises grow – by tapping into the potential offered by new destinations, by exporting new products or both? What is the export strategy that manufacturing enterprises in the Netherlands use to export goods?**

## 4.1 Key findings

The total value of Dutch goods exports was nearly 516 billion euros in 2019.<sup>1)</sup> Exports of services totalled some 236 billion euros and increased sharply last year. Exports of goods rose by nearly 4 percent from 2018, while exports of services jumped by about 12 percent.

A small majority of total exports of goods consists of Dutch-manufactured products. At 55 percent, domestic exports accounted for 285 billion euros in 2019, a year-on-year increase of 2.2 percent. However, re-exports grew more rapidly, by 5.4 percent to 231 billion euros in 2019.

The most important export goods were machinery and transport equipment, accounting for almost 30 percent of the total. Other major exports were chemical products, mineral fuels, food and live animals, and manufactured goods. Imports of goods also consisted to a great extent of machinery and transport equipment, but also of mineral fuels, manufactured goods and chemical products. In imports and exports of services, the largest categories were business services and the use of intellectual property.

Wholesale trade and manufacturing were the most important sectors for both imports and exports of goods in 2019. Within manufacturing, it is the food, chemical and machinery industries that export most goods. As regards exports of services, the transport and storage sector was the largest in 2018, while for imports of services, it was the wholesale and retail sector, together with manufacturing, and consultancy and research.

The growth in exports of goods is largely due to an increase in the export value of existing trade relations. In particular, enterprises are increasing their exports of existing products to existing destinations. It also appears that enterprises exporting a new product to a new destination are more important for export growth than enterprises with an existing destination and a new product or enterprises with a new destination and an existing product.

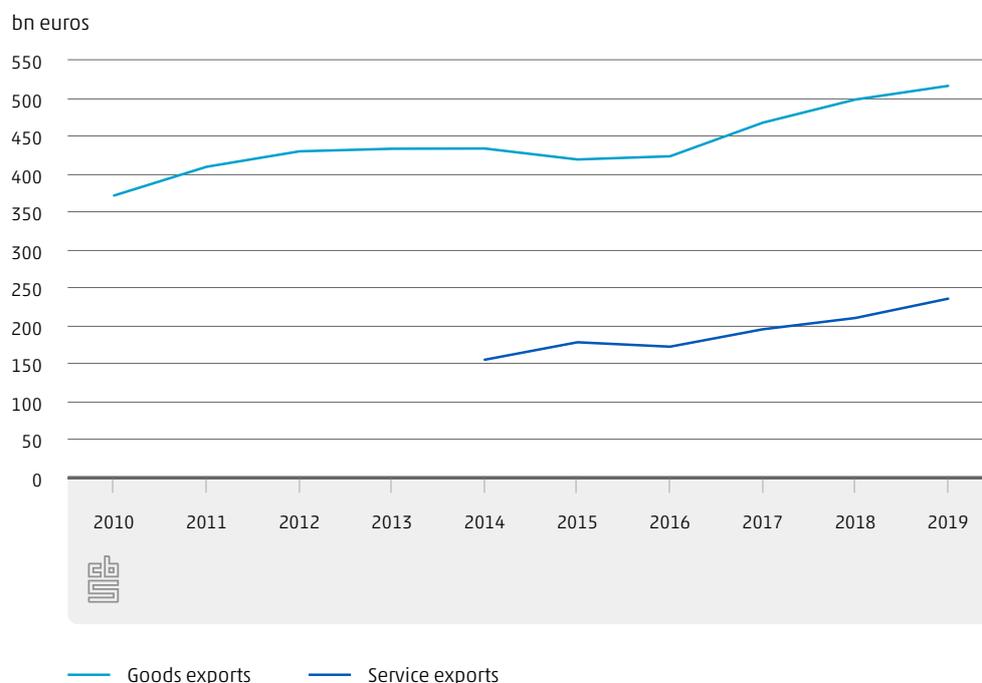
In 2018, exports of Dutch manufacturing enterprises included approximately 22 billion euros in carry-along trade. These are products that the enterprises have not produced themselves, but that they bundle together with their own products in order to create extra value added. Some 37 percent of industrial exporters used carry-along trade as an export strategy in 2018, with existing destinations being more important as a market for the carry-along trade than for their own core exports.

<sup>1)</sup> The figures presented in this chapter are based on the International Trade in Goods statistics and the International Trade in Services statistics. These figures differ from those in Chapter 2, which uses figures from the National Accounts. In the National Accounts, the figures from International Trade are checked for completeness and conceptual differences in order to comply with the international requirements for National Accounts; furthermore, integration into 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 'CBS import and export statistics' (CBS, 2015a).

## 4.2 Goods exports by type of product

Exports of goods from the Netherlands totalled nearly 516 billion euros in 2019 (Figure 4.2.1). This was a rise of 3.6 percent year-on-year. In addition, services worth nearly 236 billion euros were exported in 2019, an increase of no less than 12 percent compared to 2018.<sup>2)</sup>

### 4.2.1 Exports of goods and services, 2010-2019



### Machinery and transport equipment account for almost 30 percent of total goods exports

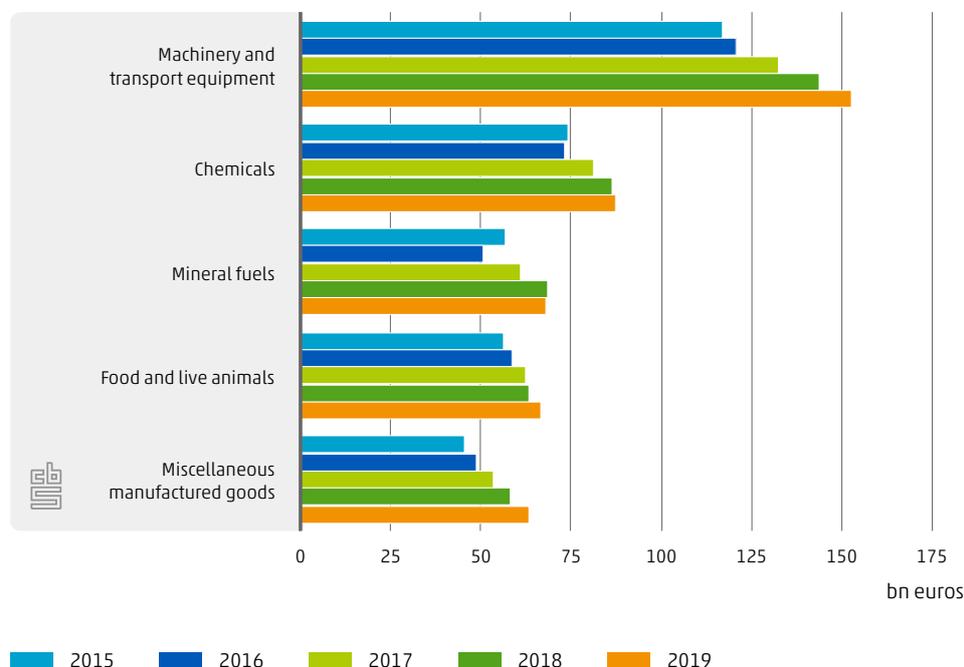
The goods that make up by far the largest share of exports are machinery and transport equipment. These include telecommunication equipment, data-processing machines, office equipment and motor vehicles. At 153 billion euros, this commodity group accounted for nearly 30 percent of total exports in 2019. In addition, exports of these goods rose by more than 6 percent compared to the previous year. However, it was not this group that rose most strongly. The biggest increase was in exports of manufactured goods, which grew by more than 9 percent last year to nearly 64 billion euros – more than 12 percent of total exports of goods. Manufactured goods include furniture, clothing and measuring instruments.

In 2019, the Netherlands exported nearly 88 billion euros worth of chemical products, around 68 billion euros worth of mineral fuels and close to 67 billion euros worth of food and live animals. Exports of food and live animals also saw an increase of more than 5 percent compared to 2018; exports of chemical products edged up by nearly 1 percent; while mineral

<sup>2)</sup> Between 2014 and 2015, there was a method break in the statistics on the international trade in goods, which means that the figures for 2015 and beyond are not easily comparable. In the rest of the chapter, we therefore discuss the trade data from 2015 onwards. The table set does contain data from 2010 onwards. For more information on the method break, see 'Oorzaken methodebreuk internationale goederenhandel, 2014-2015' (only available in Dutch), CBS (2015b).

fuel exports decreased by more than 1 percent. The low growth in the export value of chemical products and the contraction in the export value of mineral fuels can partly be explained by the lower oil price in 2019 compared to 2018. Figure 4.2.2 shows that exports of the five most exported commodity groups in 2019 have increased almost every year since 2015.

#### 4.2.2 Development top 5 export goods, 2015-2019



### The Netherlands exported Dutch-manufactured products worth 285 billion euros in 2019

Around 55 percent of goods exported by the Netherlands are Dutch-manufactured.<sup>3)</sup> This means that they have either been produced or have undergone significant processing here. Dutch manufacturing generates relatively large revenues and is therefore important for the country's economy. At 51 cents per euro, exports of Dutch-manufactured goods are considerably more profitable than re-exports of goods, which earn 14 cents per euro (see Chapter 2).

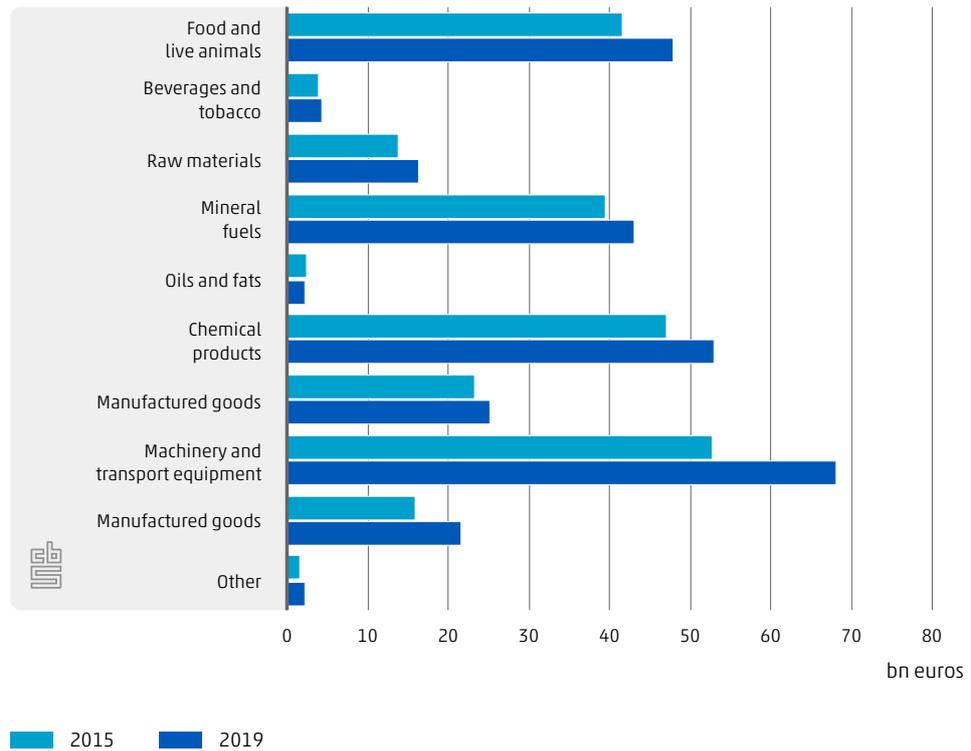
**€ 285 bn** in domestic  
goods exports in 2019



<sup>3)</sup> Elsewhere in this publication, e.g. in Chapters 2 and 6, it is stated that re-exports account for just over half of goods exports. The figures presented in this chapter are based on the International Trade in Goods source statistics. The figures in Chapters 2 and 6 are from the National Accounts. The source statistics use different concepts from National Accounts; for example, source statistics are based on cross-border trade in goods, while economic ownership is leading for National Accounts. Integration into the National Accounts results in additional differences. This means that the figures in this chapter cannot be compared directly with those in Chapters 2 and 6. For more information on these differences, see 'CBS import and export statistics' (CBS, 2015a).

Total exports of Dutch-manufactured goods grew by 2.2 percent to 285 billion euros in 2019. The largest group of Dutch export goods was once again machinery and transport equipment, with a share of nearly 24 percent (Figure 4.2.3). In addition, substantial amounts of chemical products, food and live animals, and mineral fuels manufactured in the Netherlands were exported. Chemical products accounted for 19 percent of the total, followed by food and live animals (17 percent) and mineral fuels (15 percent). A comparison with goods exports in 2015 shows that the export value of machinery and transport equipment has also increased the most, while the export value of commodity groups such as beverages and oils and fats has hardly risen since 2015.

### 4.2.3 Composition of domestic exports, 2015 and 2019



### Re-exports

Dutch enterprises import a relatively large amount of goods that are either not processed here or only to a very limited extent, after which they are re-exported. This form of exports – re-exports – accounted for nearly 45 percent of the total value of goods exports in 2019. This was the highest share of total goods exports since 2014. Re-exports as a whole grew by 5.4 percent in 2019 to 231 billion euros. Here, too, machinery and transport equipment were by far the largest export category, making up nearly 37 percent of the total. Manufactured goods (18 percent), chemical products (15 percent) and mineral fuels (11 percent) also made up a large part of the total.

## 4.3 Composition of growth in goods exports

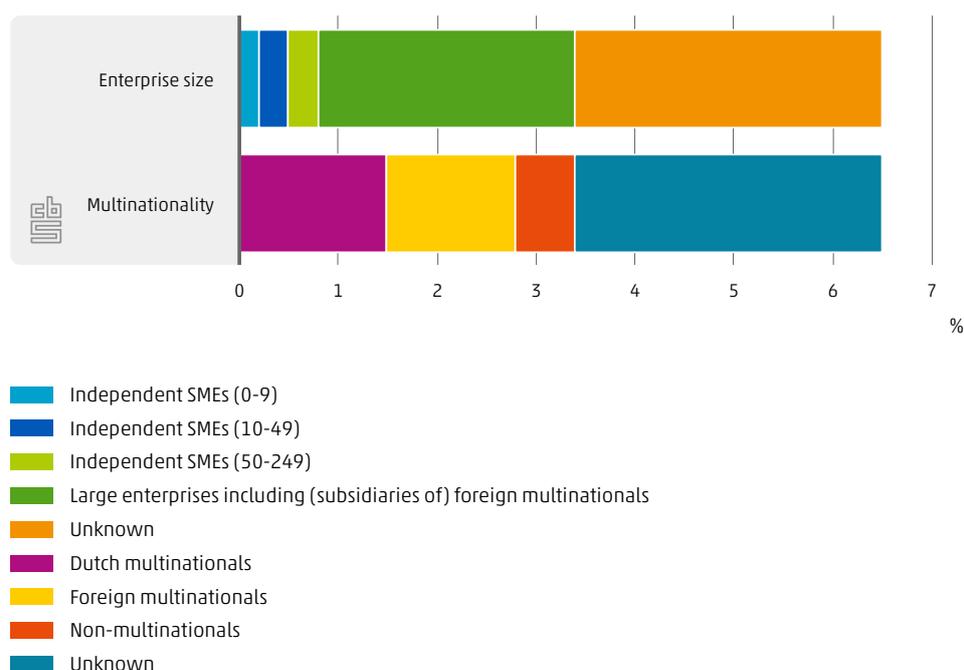
The previous section showed that goods exports have increased in recent years, but the question is what brought about this growth. Did Dutch enterprises enter new markets, export new products, or both? Are there specific groups of enterprises that saw their exports grow rapidly or that experienced a decline? Did many enterprises in the Netherlands begin exporting for the first time or stop exporting? Based on a new set of three related tables recently published on StatLine (Composition of the development of goods exports: export characteristics; Composition of the development of goods exports: exporter characteristic; Composition of the development of goods exports: exporter behaviour), we provide information in this section on the composition of the growth of goods exports. A research account for these tables is included in the annex to this chapter: Section 4.9.

### Growth in export value mainly at large enterprises

We first examine which groups of enterprises contribute to the growth in goods exports. Figure 4.3.1 shows that in 2018, the bulk of export growth for which the enterprise responsible is known was generated by large enterprises. This includes enterprises with more than 250 employees and the subsidiaries of foreign multinationals. These enterprises produce more than three-quarters of exports, and at 2.6 percentage points, they clearly also account for a significant proportion of export growth. The various groups of independent SMEs make a relatively small contribution to the growth in goods exports.

Large enterprises were also responsible for the largest share of export growth in 2017. In 2016, there was a relatively small increase of 1 percent in total export growth, with independent SMEs responsible for a larger share of the growth than large enterprises.

### 4.3.1 Contribution of enterprises to goods export growth, 2018

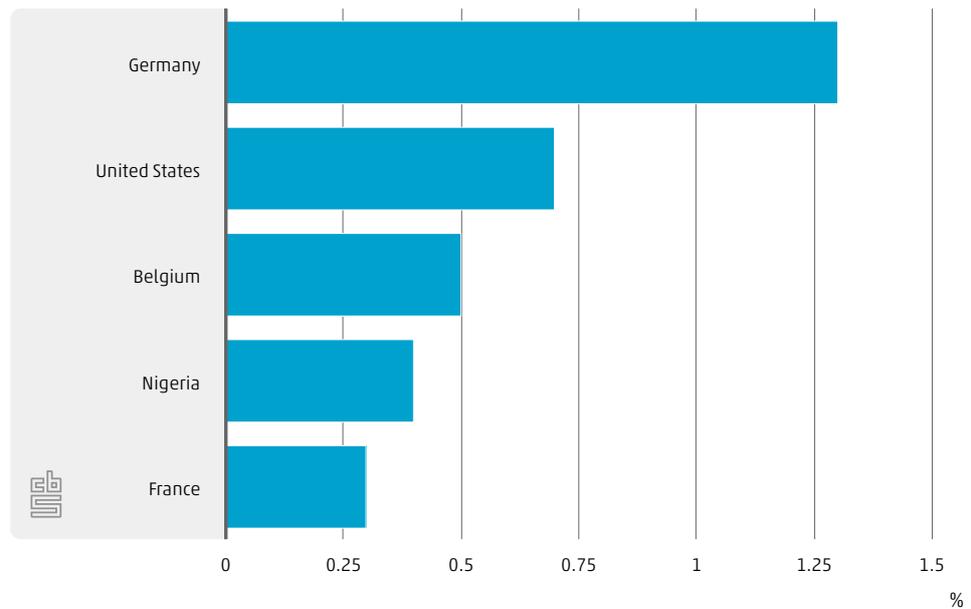


If we differentiate by multinationality, we see that the contributions of Dutch and foreign multinationals to export growth are more or less equal, at around 1.5 percent (see the bottom bar of Figure 4.3.1). In comparison, non-multinational enterprises play a relatively limited role, accounting for approximately 1 percent of export growth in 2018. See the research account in Section 4.9 for a further explanation of the share of trade that is unknown.

### Growth in export value mainly due to increased exports to major trading partners

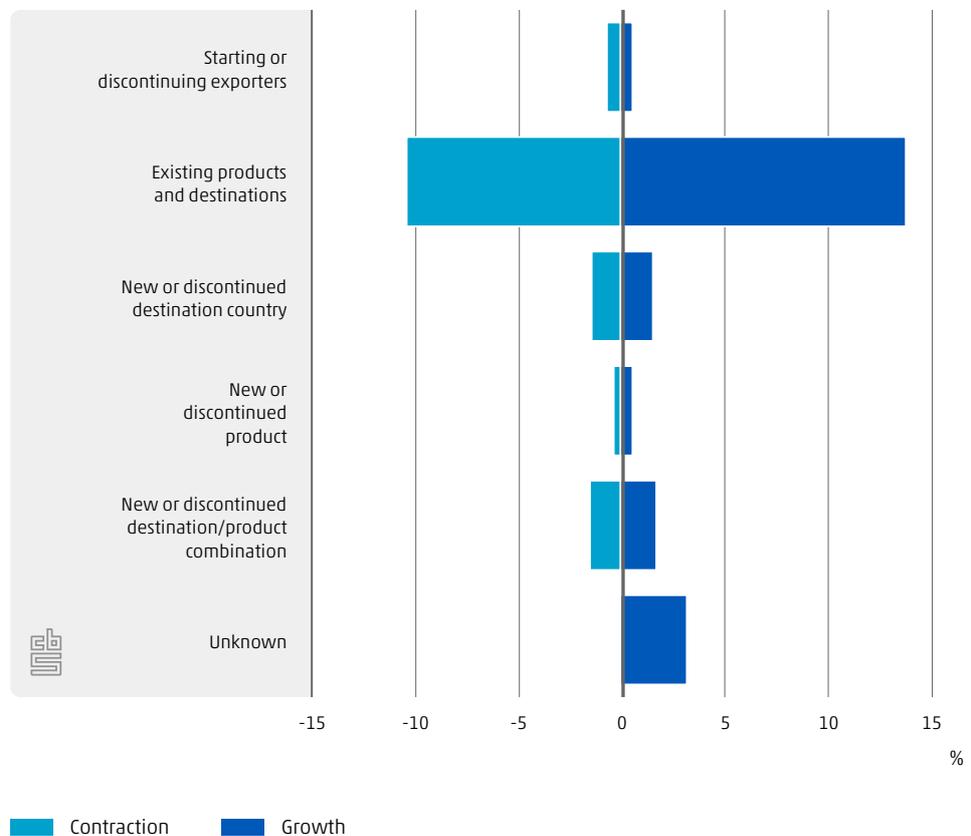
If we look at the growth in exports by country of destination, as shown in Figure 4.3.2, we see that this growth was mainly in exports to countries that are already very important for Dutch exporters. Germany, the United States and Belgium were the countries of destination that saw the strongest growth in exports in 2018. A notable country here is Nigeria, which accounted for 0.4 percentage points of export growth in that year. We export substantial amounts of processed mineral fuels to that country, and the strong growth in the value of exports to Nigeria in 2018 may have been due to the high oil price that year.

### 4.3.2 Contribution of top 5 export destinations to total export growth, 2018



When export growth is broken down by type of goods, we see that machinery and transport equipment contributed most to growth in 2018. Other important commodity groups were mineral fuels (1.6 percentage points), chemical products (1.2 percentage points), and various manufactured goods (1 percentage point).

### 4.3.3 Composition of export growth, 2017-2018

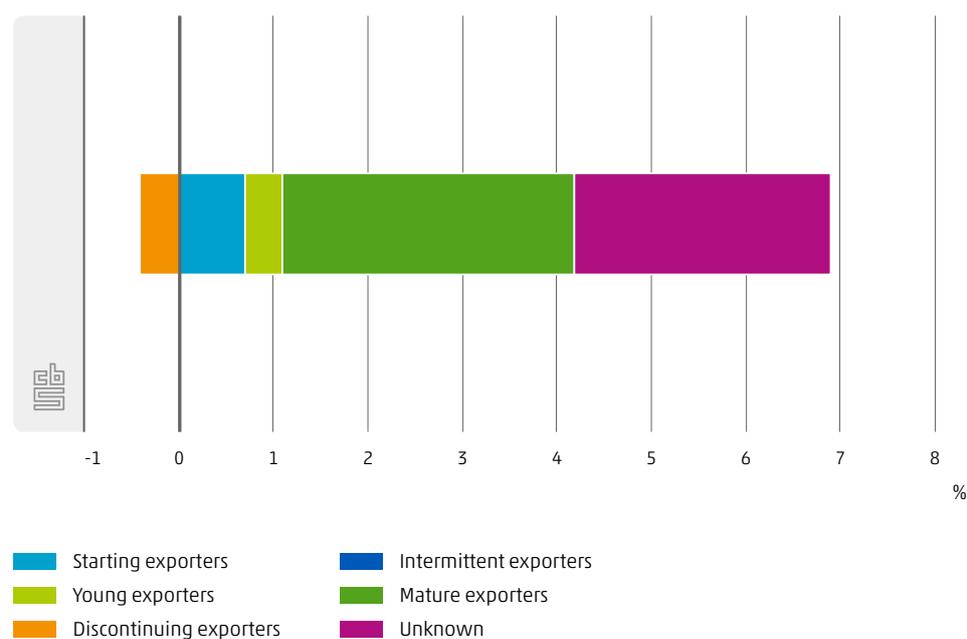


## Growth in export value is mainly to existing trading partners with existing package of exports

Export growth can also be detailed according to exporters' behavioural patterns, as shown in Figure 4.3.3. This shows clearly that exports of existing products to existing destinations are the most dynamic and contribute most to trade value, with enterprises exporting either more or less of a specific product to a specific country than in the previous year. This growth along what is called the intensive margin can be achieved, for example, if enterprises succeed in increasing their market share in the country of destination, because overall demand has increased or because enterprises are better able to meet existing demand. In 2018, this accounted for 13.8 percent more exports of goods to existing destinations. This growth was offset by a decline for some enterprises in exports of existing products to existing destinations. This contraction in export value was more than 10 percent from 2017 to 2018.

The situation in which growth is strongest for exports of existing products to existing destinations can also be found when we look at the breakdown by the level of development of exporters (Figure 4.3.4). CBS (2019) already showed that most of the export value is generated by mature exporters, and they also appear to be responsible for the largest share of export growth. We see that mature exporters made the largest contribution to export growth, followed a long way behind by first-time exporters.

### 4.3.4 Contribution to total export growth by exporting experience, 2018



## Exporters that start and stop have minor impact on growth in export value

Every year there are of course enterprises that sell their goods abroad for the first time, or stop exporting. With the exception of 2016, the contributions of the two groups are more or less balanced: the positive contribution to export growth of new exporters is offset by the negative effect of those that withdraw from exporting.

Finally, the Dutch goods trade is dynamic, because exporters start or stop exporting certain products or to certain countries. Overall, the net effect on total exports of goods is usually positive, but limited. In 2018, for example, growth in export value of 1.5 percent was achieved by exporters who sold a product they already had in their export portfolio to a country of destination that was new to them. The greatest growth in export value due to new products and/or destinations is achieved, perhaps somewhat surprisingly, by enterprises starting to export products that are new to them to destination markets that are new to them. Conversely, scrapping specific combinations of product and country of destination makes the largest contribution to the decline in goods exports.

### **Export growth is largely along intensive margin**

What is striking is that growth and contraction along the intensive margin were fairly balanced between 2012 and 2016, and that there was much more movement in existing products and destinations than in new combinations. During this period, growth in goods exports as a whole was practically at a standstill. In the two most recent years, growth along the intensive margin was significantly stronger than contraction, while goods exports as a whole also showed substantial growth. This makes the dynamics of existing, ongoing trade relations an important foundation for the development of goods exports.

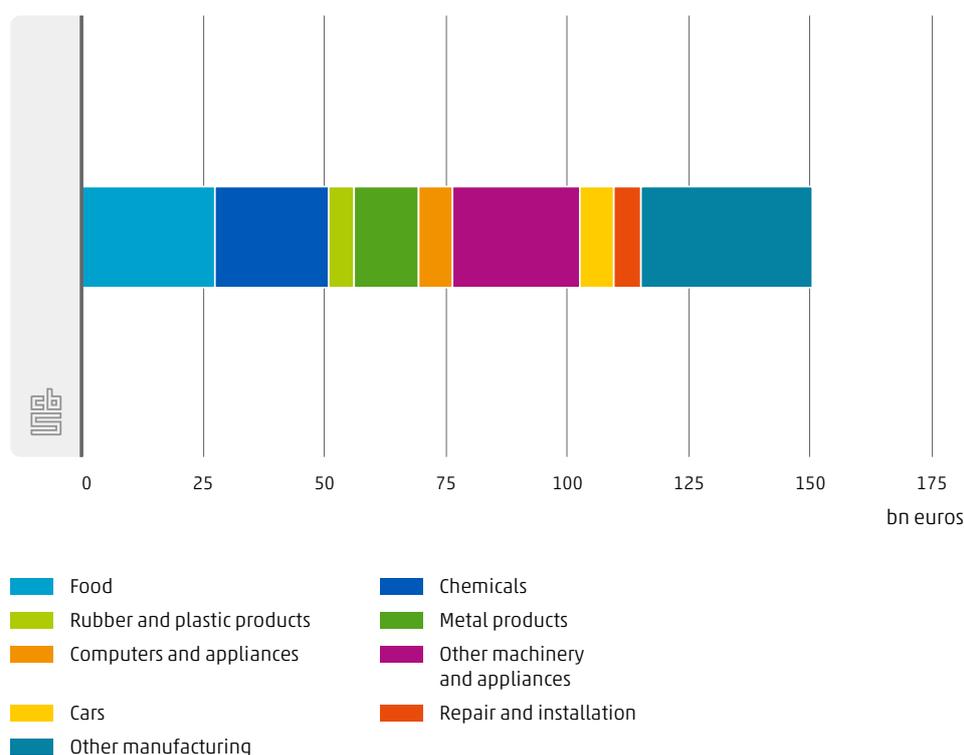
## **4.4 Goods exports by sector and carry-along trade in manufacturing**

In the previous section, we saw what makes up the growth of goods exports by distinguishing between exports of existing and new products and destinations, and by distinguishing between the enterprises responsible for that growth. In this section, we will look at exports by industry, after which we will turn the spotlight on manufacturing. We will distinguish industrial exports by the type of goods exports of enterprises. As well as goods that they have manufactured themselves, enterprises can also export products from other manufacturers. This is known as carry-along trade.

### **Enterprises in manufacturing and in wholesale and retail trade are largest exporters of goods**

Most goods are exported by enterprises in manufacturing and the wholesale and retail trade: both sectors have an export value of around 150 billion euros. This is not surprising, as manufacturing produces the majority of these goods, and many enterprises in the wholesale and retail sector have as their core business the purchase and subsequent trading of these goods. These two sectors together account for some 58 percent of total export value. A further 31 percent of total export value cannot be attributed to a sector, because the exporting enterprise is unknown. The transport and storage sectors, and consultancy and research each account for about 3 percent of export value.

#### 4.4.1 Composition of exports by industry, 2019



If we focus on manufacturing exports, as shown in Figure 4.4.1, we see that the food products industry, the machinery industry and the chemical industry are the largest exporters. The remaining parts of the manufacturing sector, such as the clothing and textile industry, the timber industry and the paper industry, all have a share of less than 1 percent of total export value.

### Carry-along trade

*Carry-along trade* (CAT) is an export strategy of enterprises to export not only their own products, but also, on a structural basis, goods that they have not produced themselves. By bundling products in this way, the exporters are of even greater value added to their customers, and earn revenue themselves. Furthermore, Van den Berg et al. (2019) show that the share of carry-along trade benefits an enterprise's productivity.

Exporters can supply products that are complementary to their own export product, such as the sale of glasses when exporting beer. The beer producer may have imported those glasses, but it can charge its customers a small margin for them. Moreover, the manufacturer of beer glasses does not itself have to look for foreign customers. This form of carry-along trade is also called product enrichment. Another form of this trade is when exporters also sell the intermediate goods of their core product, produced by other enterprises, as spare parts. In a third practice, an exporter can bundle products under a strong brand name, such as the link between makes of cars and clothing manufacturers.

In addition, there is a form of carry-along trade based on trade in services. An exporter can enrich its exports with additional services – sometimes obtained from an external party – such as maintenance contracts or financing. However, this form is not included here, because in this section, we are only considering trade in goods.

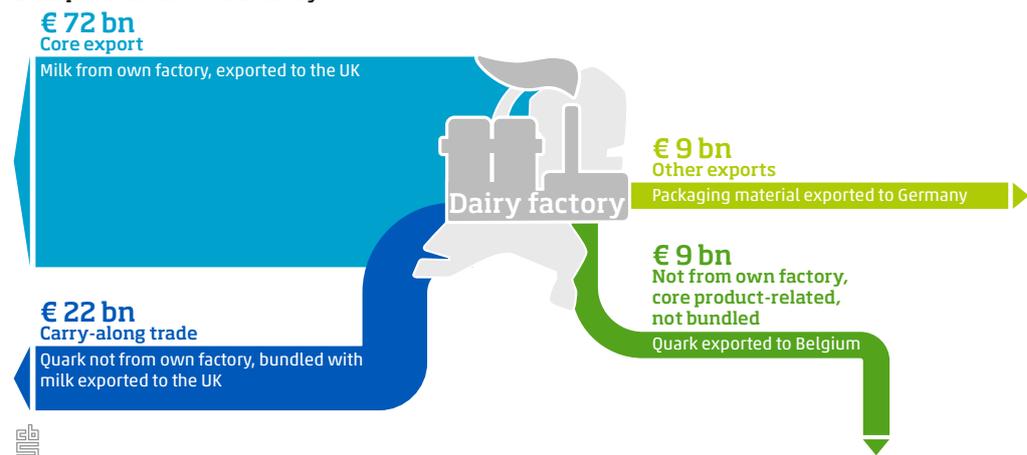
We combine the figures on industrial production in the Netherlands with the figures on the international trade in goods to determine how an enterprise's exports are structured. We only classify enterprises that have their own production into forms of exports. Export products are divided into the following four forms of exports:

1. Core exports, which are all products produced by the enterprises in a specific industry. All self-produced export products of an enterprise therefore belong to its core exports;
2. Carry-along trade (CAT), which covers products that an enterprise has not produced itself, and that it bundles together with its own core exports, creating value that is based on a structural earnings model;
3. Core-related non-CAT, which are core products that the enterprise has not produced itself and that are therefore considered to be potential CAT exports, but that are ultimately not CAT exports, for example because they are exported to a country to which no core exports are sold;
4. Other exports, which are products that are not produced by an enterprise itself and do not belong to either of the previous two categories.

An extensive method description with the decision-making rules for classifying exports can be found in an earlier publication of the Internationalisation Monitor (Van den Berg et al., 2018). Dutch enterprises exported goods worth 498 billion euros in 2018. Around 113 billion euros of this total, or nearly 22 percent of total goods exports, can be traced back to Dutch manufacturing and thus potentially contains carry-along trade. These exports are concentrated in nearly 3,700 Dutch manufacturing enterprises that export themselves and not, for example, through wholesalers. Around 37 percent of industrial exporters had carry-along trade as an export strategy in 2018, while some 63 percent did not. This ratio is in line with previous years.

### Carry-along trade in industrial exports, 2018

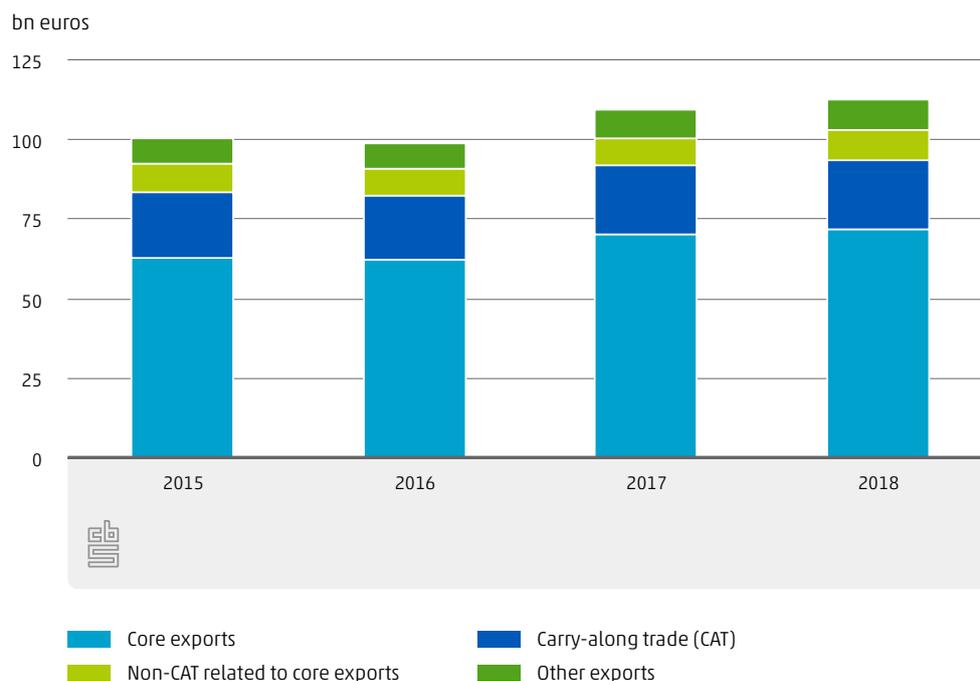
Example from the food industry



## 22 billion euros in carry-along trade in 2018

Carry along trade (CAT) accounted for around 19 percent of the goods exports of exporting manufacturers in 2018, or approximately 22 billion euros. Nearly three-quarters of CAT exports consist of products that are part of the enterprise's core product range, such as a variant of a core product which the manufacturer does not produce itself, or a part of it. An example could be an enterprise that processes and exports milk, but that also buys quark from another enterprise and exports it together with milk to the same country. In 2018, a quarter of CAT export products were not part of the enterprise's core business, but they led to product enrichment through bundling with the core products.

### 4.4.2 Industrial exports by export type, 2015-2018



## Importance of carry-along trade decreasing

The share of carry-along trade in total exports of goods by exporting manufacturers has declined slightly, from 21 percent in 2015 to about 19 percent in 2018 (Figure 4.4.2). This decline mainly benefited core exports, which accounted for 64 percent of total exports in 2018. It is logical that self-produced core exports make up the largest share of total exports, as these are an enterprise's main activity. In addition to CAT, exports by manufacturing enterprises included 8 percent of core-related non-CAT and 8 percent of other exports.

## Variation in exports by industry

If we look at the composition of industrial exports by industry in Figure 4.4.3, we see broadly the same picture, with a few exceptions. For example, the pharmaceutical industry has a low percentage of core exports, at 36 percent, and a particularly high share of other exports, at 34 percent. The other exports do not belong to any of the remaining export categories, for

example because the product was exported to a country only on an occasional basis or only once during a reporting year. The pharmaceutical industry, which is a relatively small sector, consists of a small number of large exporters, so that minor changes, such as administrative changes, can have a major impact on our figures.

The paper and printing industry has the largest share of carry-along trade, at nearly 29 percent, which is accompanied by a low share of core exports. The electrical engineering and machinery industry is also above average, with CAT exports making up a quarter of the total. This is again accompanied by a relatively low share of core exports. The food products industry, which is the largest industry together with chemical products and electrical engineering, also has a relatively high share of CAT exports. This is at the expense of other exports and core-related non-CAT. The remaining industries have roughly 60–75 percent of core exports, 10–20 percent of carry-along trade, 5–10 percent of core-related non-CAT, and 10–15 percent of other exports.

#### 4.4.3 Composition of industrial exports by type and industry, 2018

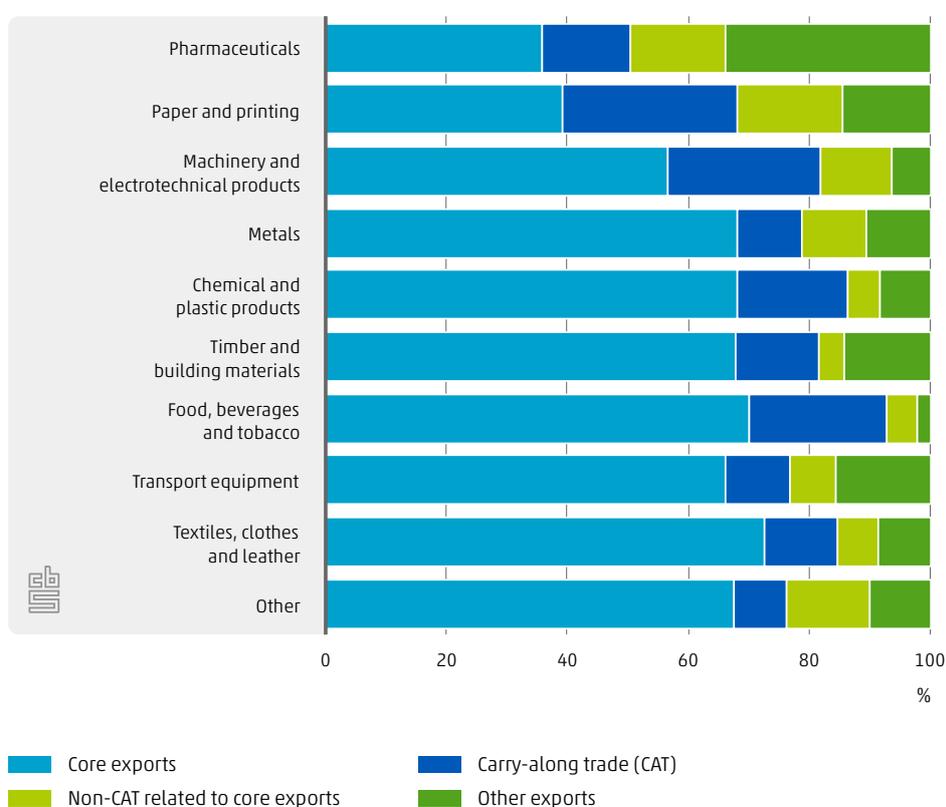
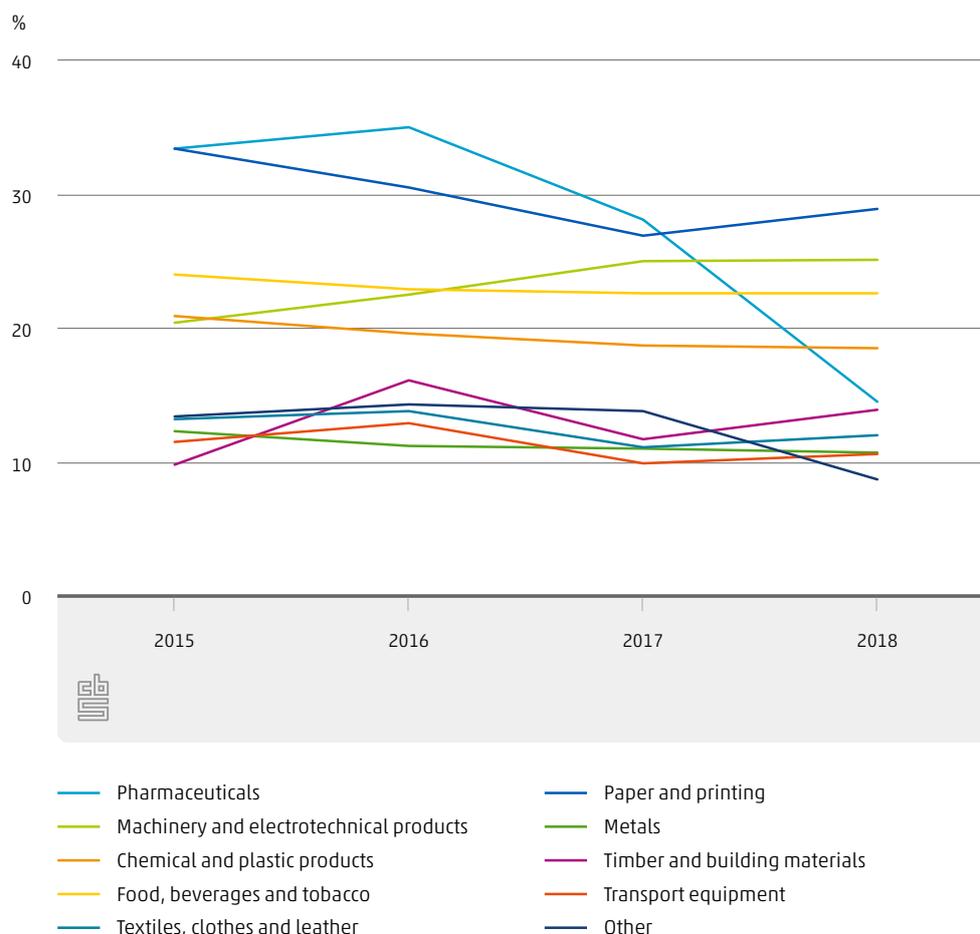


Figure 4.4.4 shows the development of carry-along trade as a share of total exports. It shows that the share of CAT exports has remained fairly stable in most industries since 2015, although there is a clear upward trend in the electrical engineering and machinery industry. As previously discussed, the pharmaceutical industry is an exception when we look at the distribution of exports. This is also visible here, with a halving of the share of CAT exports from 33 per cent in 2015 to 15 per cent in 2018.

#### 4.4.4 Development of CAT share in exports by industry, 2015-2018



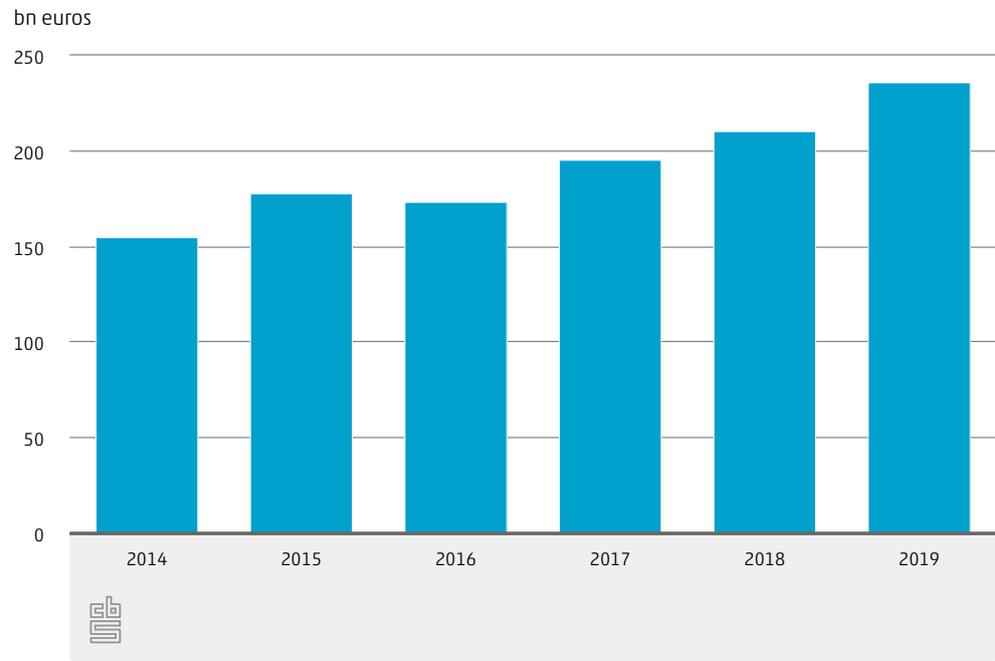
### EU is main market for carry-along trade

For exporting manufacturers, the EU is the main market for their products, accounting for 63 percent of total exports. However, this share has decreased over the years, and we see the same picture when we focus on CAT exports. The EU is also the most important market for CAT exports, but this importance declined from 68 percent in 2015 to just 61 percent in 2018. Carry-along trade exports are sold to existing destinations such as Germany, the United States and the United Kingdom to a greater extent than core exports. The 20 most important destinations for CAT account for 86 percent of CAT exports and only 80 percent of total goods exports. Among these 20 major trading partners, it is mainly the more distant destinations that have a relatively large share of CAT exports compared to total goods exports, such as the United States, South Korea and Taiwan. This may be linked to the large share of CAT exports in the electrical engineering and machinery industry, as those countries import a relatively large number of machines from the Netherlands. In contrast, countries such as France, Italy and Spain are less important markets for CAT exports than for total exports.

## 4.5 Exports of services by type of service

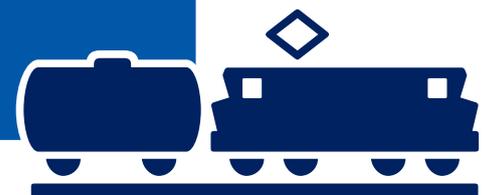
Exports of services from the Netherlands totalled nearly 236 billion euros in 2019. This was a sharp rise of around 12 percent from the total of 210 billion euros in 2018. Figure 4.5.1 shows that, with the exception of 2016, exports of services have been increasing for a number of years.

### 4.5.1 Development of total service exports, 2014-2019



In 2019, the category of other business services was the most significant, accounting for nearly 30 percent of total exports. These include research and development (R&D), professional and management consulting services, and technical, trade-related and other business services. In addition, a lot of intellectual property was used abroad, so that exports of this category made up a quarter of total exports of services. A third major type of service is transport services, with more than 16 percent of the total. Of these three groups of services, the use of intellectual property grew the fastest, by almost 23 percent compared to the previous year. Business services grew by 11 percent and transport services by 4 percent compared to 2018.

**12%** increase in total service exports in 2019

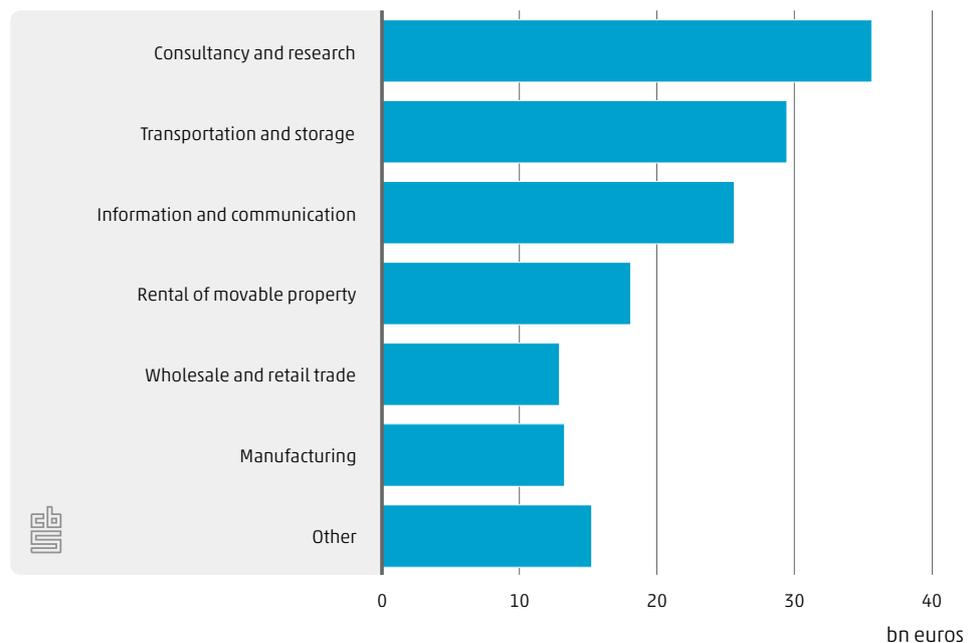


## 4.6 Exports of services by sector

The sector that had the highest exports of services in 2018 was the consultancy, research and other business services sector, with nearly 36 billion euros of services exports, or 17 percent of the total. The sector includes architects' and engineering firms, and marketing and advertising agencies. Non-financial holding enterprises also fall within this sector. These enterprises export scientific and other technical services, and R&D and licences, to enterprises within the same group that are located abroad. They therefore represent a substantial proportion of exports of services (Smit & Balabay, 2018). Another major sector for exports of services is transport and storage. Enterprises in this sector exported nearly 30 billion euros worth of services, such as goods and passenger transport by land (freight and rail traffic), water (inland shipping and sea and coastal shipping), and air. In addition, transport-related services such as storage were also exported in this sector. Altogether, the sector represented around 14 percent of total exports of services (Figure 4.6.1).

Other important sectors for exports of services in 2018 were information and communication (12 percent), leasing of movable tangible property (9 percent), and wholesale and retail trade (6 percent). A further 28 percent of the total export value of services cannot be allocated to an industry due to the lack of information about the exporting enterprise.

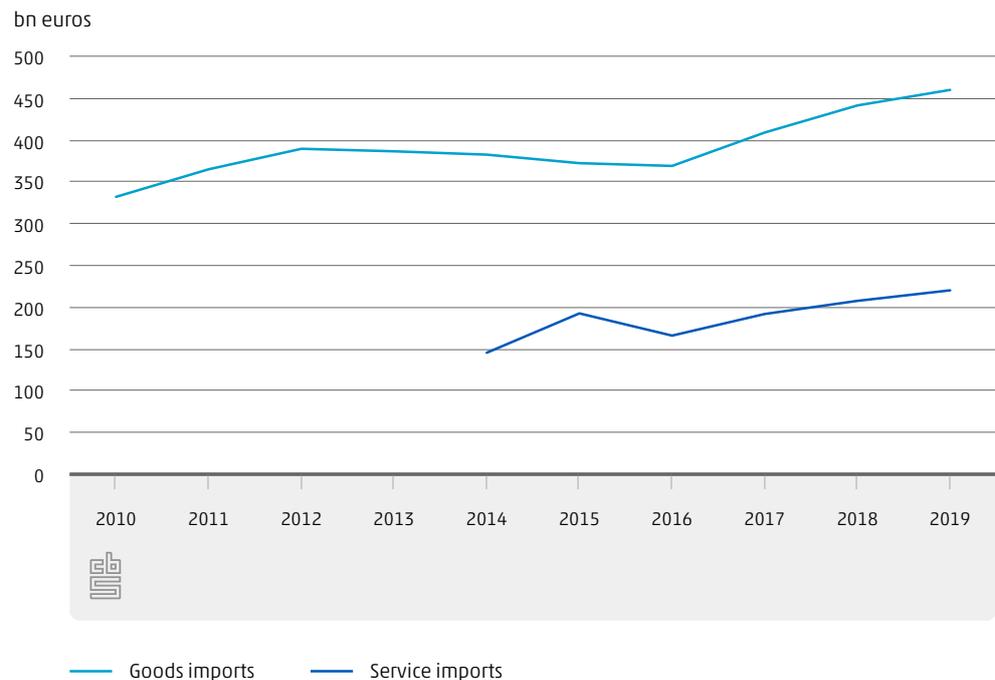
### 4.6.1 Service exports by sector, 2018



## 4.7 Goods imports by type of goods and sector

Total imports of goods into the Netherlands amounted to nearly 460 billion euros in 2019 (Figure 4.7.1).<sup>4)</sup> In the same year, services imported totalled 220 billion euros. A proportion of the imports are directly consumed in the Netherlands, but intermediate goods and services are also imported that are further processed here in the production process and subsequently consumed or re-exported.

### 4.7.1 Imports of goods and services, 2010-2019

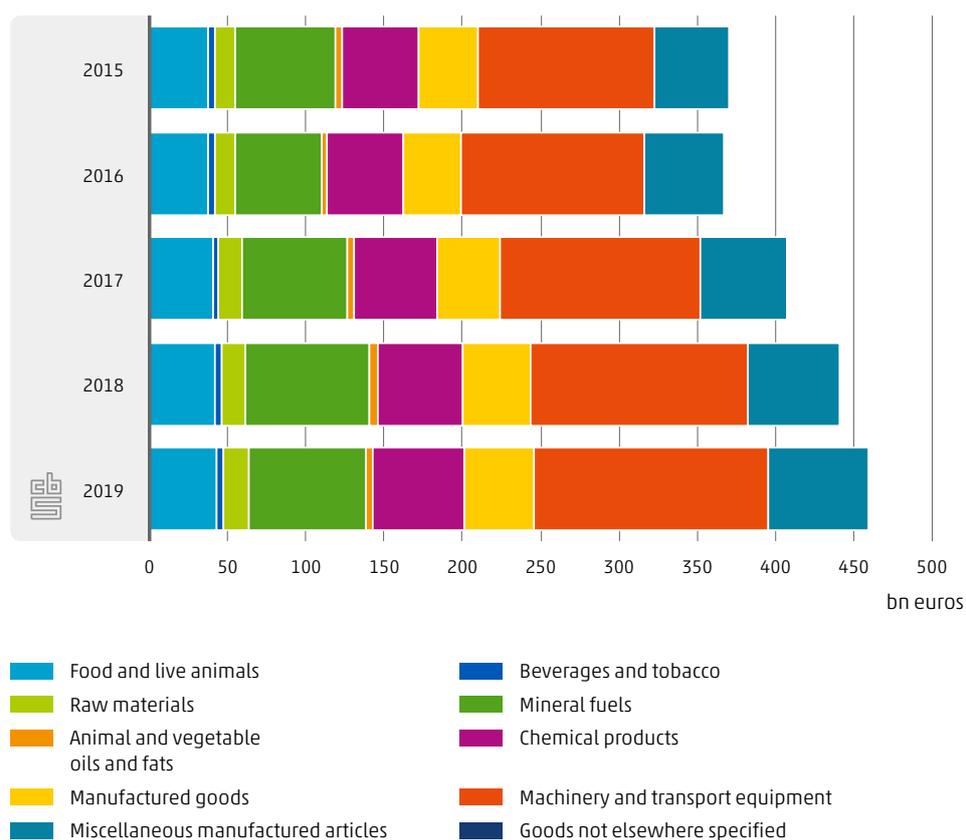


### Machinery and transport equipment account for one-third of total goods imports

As with exports, machinery and transport equipment are the goods that are imported the most, totalling 151 billion euros, which represents nearly 33 percent of total imports. This commodity group also saw the strongest growth over 2019, with an increase of 9 percent from 2018. Other major commodity groups among goods imports are mineral fuels (16 percent), manufactured goods (14 percent), and chemical products (13 percent). Mineral fuels were the only group of goods for which imports declined in 2019, by more than 6 percent from 2018.

<sup>4)</sup> Between 2014 and 2015, there was a method break in the statistics on the international trade in goods, which means that the figures before 2015 and those beyond are not easily comparable. In the rest of the chapter, we therefore discuss the trade data from 2015 onwards. The table set does contain data from 2010 onwards. For more information on the method break, see 'Oorzaken methodebreuk internationale goederenhandel, 2014-2015' (only available in Dutch), CBS (2015b).

#### 4.7.2 Composition of goods imports, 2015-2019

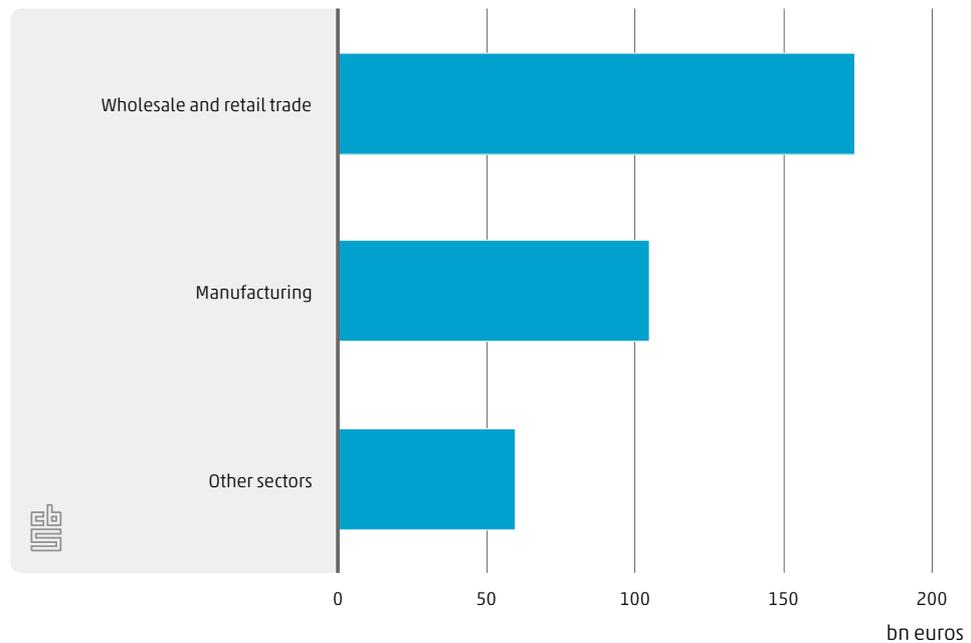


If we look at the composition of goods imports since 2015 in Figure 4.7.2, we see that most groups of goods grow every year, with the exception of mineral fuels. Imports of mineral fuels fluctuate greatly over the years but always play an important role in goods imports, with a share of between 15 and 25 percent. These fluctuations may be due to the price of oil, which varies over the years.

### Enterprises in manufacturing and wholesale and retail are largest importers

As with goods exports, there are two industries that play a major role in imports of goods to the Netherlands: manufacturing and the wholesale and retail trade. Of total goods imports of 460 billion euros, more than 174 billion are imported by wholesalers and retailers, and 105 billion by manufacturing. Approximately 120 billion euros in import value cannot be classified by industry due to the lack of information on the importing enterprises involved (Figure 4.7.3).

### 4.7.3 Goods imports by sector, 2019



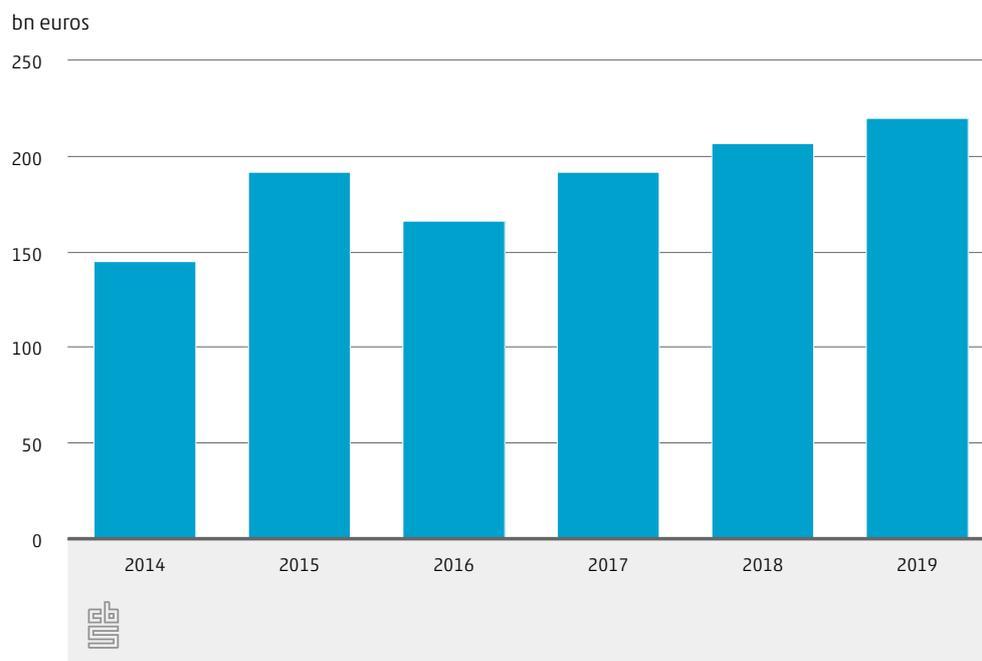
### Goods imports increased by 4 percent in 2019

As described above, a large proportion of imported goods are consumed directly, after reaching consumers mainly through the wholesale and retail sector. Much of what is imported by the manufacturing sector is used in its production process. Chapter 6 discusses this in more detail. Imports of goods rose by approximately 4 percent in 2019 compared to 2018. The 5 percent increase in imports by manufacturing was slightly higher than the rise of just under 4 percent in the wholesale and retail sector.

## 4.8 Imports of services by type of service and sector

Imports of services into the Netherlands totalled some 220 billion euros in 2019. This was an increase of more than 6 percent from 2018 (Figure 4.8.1).

### 4.8.1 Development of total service exports, 2014-2019



### Other business services represent one-third of imports of services

Business services is also the largest category of imports within imports of services, as it has been in recent years. Imports of such services have increased by 6 percent since 2018. In 2019, nearly 33 percent of total imports of services belonged to other business services. The next largest import category was the use of intellectual property, with a share of nearly 27 percent of the total in 2019. The use of intellectual property has increased by 8 percent since 2018. Other types of services with a large share of imports in 2019 were transport services, with 13 percent of total imports, travel (9 percent), and telecommunications, computer and information services (8 percent).

### Services imported mainly by manufacturing and wholesale and retail trade

In 2018, Dutch enterprises imported services worth nearly 207 billion euros. Services were mainly imported by enterprises active in the wholesale and retail trade (13 percent), manufacturing (15 percent), and consultancy and research (14 percent). The wholesale trade acts as an intermediary between suppliers abroad and buyers in the Netherlands, and therefore imports many services. Manufacturing is on the one hand a very large industry that includes many enterprises that import specific services for their business operations, and on the other hand, this sector imports many services for its production processes. Examples are intellectual property and software licences.

## 4.9 Annex: research account on the composition of growth in goods exports

This annex contains the research account belonging to Section 4.3 of this publication and the StatLine tables ([Composition of the development of goods exports: export characteristics](#); [Composition of the development of goods exports: exporter characteristic](#); [Composition of the development of goods exports: exporter behaviour](#)) on the composition of the development in goods exports, also included in the set of tables in this publication. The table on export characteristics is based on the International Trade in Goods statistics (IHG) without further data enrichment and, as such, it is in line with the existing StatLine table *International Trade; Import and Export Value, SITC (3 digits), countries*. The tables on the exporter's characteristics and behaviour are based on the International Trade in Goods statistics linked to the General Business Register (ABR) and enriched with the Business Demographic Framework (BDK) and information on foreign participations from corporation tax returns. Based on these linked databases, the composition of the growth of goods exports was determined at the level of individual enterprises (business units).

The tables cover the years 2012 to end-2018, with growth in each case being compared to the previous year. Year-on-year changes in 2015 compared to 2014 are missing due to a method break (see CBS 2015a). The export value is defined as the value of goods supplied by residents to other countries according to the International Trade in Goods statistics. This is the value, including freight and insurance costs up to the Dutch border. Growth in exports is defined as the change in value in absolute terms compared to the previous year. The contribution of a given category to the total growth in exports is calculated by dividing the absolute value adjustment of a category by the total value adjustment of goods exports multiplied by the total year-on-year change in goods exports as a percentage.

A number of tables contain the category *Unknown*. This is because part of the trade in goods is carried out in the name of foreign parties without representation in the Netherlands. These parties are not registered in the General Business Register, which means that this part of the trade in goods cannot be assigned to individual enterprises and therefore cannot be distinguished by enterprise characteristics. In addition, enterprises that achieve a total export value below a set observation threshold (1.2 million euros since 2016) are not obliged to differentiate their exports by type of goods and country of destination, which makes it impossible to further differentiate these exports in a number of tables.

In these tables, growth in the export of goods is detailed according to:

- Export characteristic:
  - Type of export flow, distinguishing between exports of products manufactured or substantially processed in the Netherlands (Dutch product) and products imported and then re-exported in a nearly unprocessed form (re-exports).
  - Type of goods, with types of goods being shown at two levels, the first and second digits, according to the Standard International Trade Classification (SITC).
  - Country of destination, in which the 50 most important destinations for Dutch goods exports (determined in reporting year 2018) are shown individually. The remaining destinations are shown together in a residual category.
  
- Exporter's characteristic:
  - Size of enterprise and where it is controlled, distinguishing between independent SMEs in three size categories (0–9, 10–49 and 50–249 employed persons) and large enterprises, including subsidiaries of foreign multinationals.
  - Industry, where industries are shown at two levels, the first and second digits, defined according to the 2008 Standard Industrial Classification (SBI).
  - Multinational status, distinguishing between non-multinationals, Dutch multinationals and foreign multinationals. In this context, a Dutch multinational is defined as an enterprise that is ultimately controlled in the Netherlands and that does have foreign subsidiaries. A foreign multinational is an enterprise that is ultimately controlled from abroad.
  - The exporter's level of development, distinguishing between first-time, restarting, semi-mature, outgoing, and mature exporters. The full categorisation also includes former exporters and non-exporters. However, by definition these categories do not appear in these tables and will therefore not be considered further. The level of development is determined on the basis of whether or not goods have been exported in the most recent four years, as shown in the table below. For a detailed explanation of this, we refer to the Internationalisation Monitor of Q2 2019, in particular Chapter 2 (Boutorot et al., 2019).

| Type                   | t-3          | t-2          | t-1          | t            |
|------------------------|--------------|--------------|--------------|--------------|
| starting exporter      | non-exporter | non-exporter | non-exporter | exporter     |
| re-starting exporter   | non-exporter | exporter     | non-exporter | exporter     |
| re-starting exporter   | exporter     | non-exporter | non-exporter | exporter     |
| young exporter         | non-exporter | non-exporter | exporter     | exporter     |
| mature exporter        | exporter     | exporter     | exporter     | exporter     |
| mature exporter        | non-exporter | exporter     | exporter     | exporter     |
| mature exporter        | exporter     | non-exporter | exporter     | exporter     |
| mature exporter        | exporter     | exporter     | non-exporter | exporter     |
| discontinuing exporter | exporter     | exporter     | exporter     | non-exporter |
| discontinuing exporter | non-exporter | exporter     | exporter     | non-exporter |
| discontinuing exporter | exporter     | non-exporter | exporter     | non-exporter |
| discontinuing exporter | non-exporter | non-exporter | exporter     | non-exporter |
| former exporter        | exporter     | exporter     | non-exporter | non-exporter |
| former exporter        | non-exporter | exporter     | non-exporter | non-exporter |
| former exporter        | exporter     | non-exporter | non-exporter | non-exporter |
| non-exporter           | non-exporter | non-exporter | non-exporter | non-exporter |

- The exporter’s behaviour, i.e. the dynamics of the export portfolio, in which 10 groups are distinguished:
  - Change in export status
    - Enterprises that start exporting: increase in exports of goods due to enterprises that did not report any exports last year and will do so this year.
    - Enterprises that stop exporting: contraction in exports of goods due to enterprises that did report exports last year and will not do so this year.
  - Dynamics in continued trade relations
    - Growth in exports of existing products to existing destinations: increase in exports of goods due to enterprises that report higher exports of a specific product to a specific country this year than last year, but that did export that product to that country last year.
    - Contraction in exports of existing products to existing destinations: decline in exports of goods due to enterprises that report lower exports of a specific product to a specific country this year than last year, but that is still exporting that product to that country this year.
  - Dynamics in package of products and countries of destination
    - New country of destination for existing product: increase in exports of goods due to enterprises that have started exporting a specific product to a new country of destination this year, and already exported the product concerned to other countries of destination last year.
    - New product for existing country of destination: increase in exports of goods due to enterprises that have started exporting a new product this year to a destination country to which the enterprise already exported other products last year.
    - New product-destination combination: increase in exports of goods due to enterprises that have started exporting a new product to a new country of destination this year, i.e. the enterprise did not export this specific product last year and did not export any other products to the relevant country of destination last year.

- Withdrawal from country of destination for all exported products: contraction in exports of goods due to enterprises that have stopped exports to a specific country of destination for all products this year, but are still active as exporters to other countries of destination.
- Exports stopped to all destination countries: contraction in exports of goods due to enterprises that have stopped exporting a specific product to all countries of destination this year, but are still active as exporters of other products.
- Withdrawal from specific product-destination combination: contraction in exports of goods due to enterprises that have withdrawn from exporting a specific product to a specific country of destination this year, but that are continuing to report exports of the same product to other countries of destination and of other products to the same country of destination.

In this subsidiary table, a product is defined as a type of goods identified by the fourth digit of the SITC.

## 4.10 References

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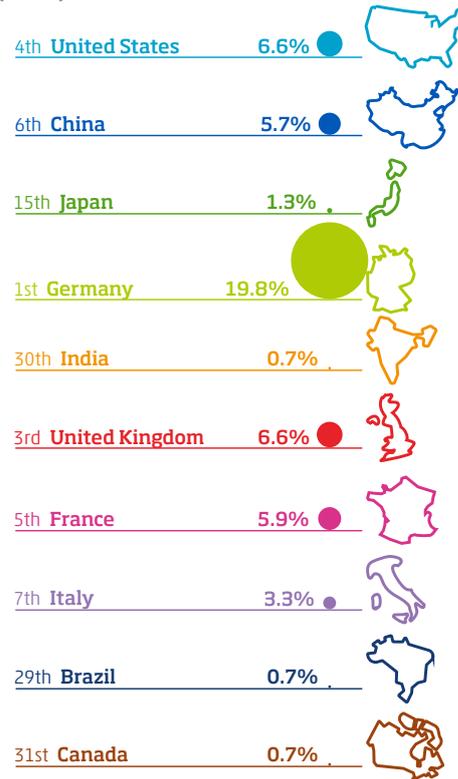
# Geographical dimension of Dutch goods trade

Author  
Hans Draper

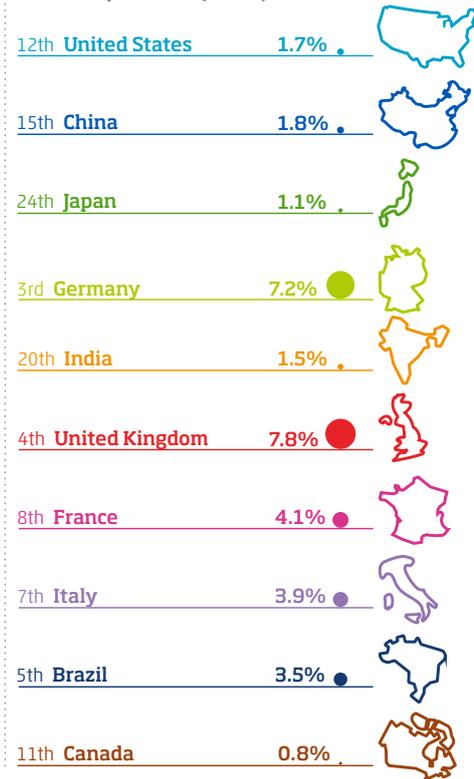


## Goods trade (imports plus exports) with the world's 10 largest economies

Importance to Dutch goods trade (2019)



Importance of the Netherlands to trade partners (2018)



**How important is the Netherlands to other countries in the world with regard to the trade in goods? How important is the European Union to the Netherlands and how important is the Netherlands to other EU countries? What are the most important countries of origin and destination for the Dutch goods trade? How is the Dutch market share developing in the countries on the Dutch trade agenda? In this chapter, we answer these and many other questions by analysing the geographical dimension of Dutch imports and exports.**

## 5.1 Key findings

Trade in goods is of great importance for the Dutch economy, earning the Netherlands 157 billion euros in 2018. Of this total, 123 billion euros came from domestic exports.

The remainder consisted of re-exports. This means that goods exports account for 20.3 percent of Dutch GDP. These results contribute to putting the Dutch economy into 17th position worldwide (in terms of nominal GDP, 2018), according to the IMF.

UN-Comtrade figures, including quasi-transit trade, show the Netherlands to be well-placed as a supplier of goods to its neighbouring countries. The Netherlands has been Belgium's most important supplier of goods for three years in a row. The Dutch share of Belgian imports grew from over 16.5 percent in 2015 to 18 percent in 2018. For Germany, the Netherlands is the second most important supplier of goods.

Concerning the position of the Netherlands as an importer of goods from countries around the world, it has been Belgium's third most important export destination for three years.

For German exporters, the Netherlands was in fourth place as importer every year from 2015 to 2018. Regarding exports from South Africa in particular, the importance of the Netherlands as an importer has significantly increased compared to 2015.

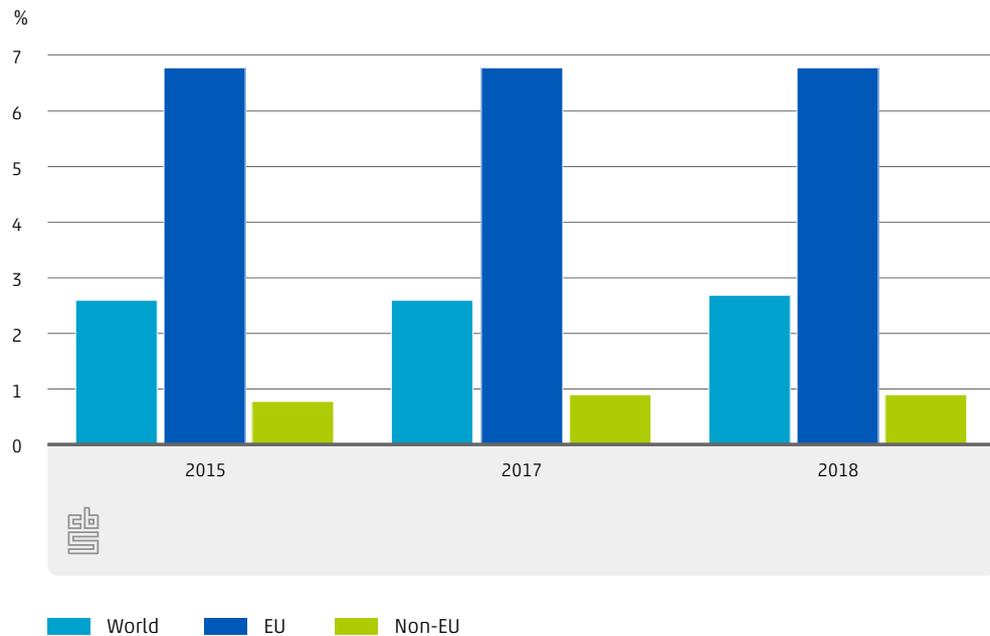
For the 10 largest economies (based on GDP), data show that the Netherlands is not a very important supplier of goods. Especially with regard to China and the United States, the Netherlands imports much more than it exports to these countries.

The EU continues to be very important for Dutch trade. CBS figures show that in 2019, the EU share (including the United Kingdom) of Dutch export value remained at the same high level of 70 percent. Of the 50 most important exporting countries, 22 belonged to the EU. As far as Dutch goods imports are concerned, more than half (53 percent) of these imports came from the EU in 2019. The 50 most important countries for Dutch imports include 18 EU countries.

## 5.2 Importance of the Netherlands as a supplier of goods to other countries

In 2018, the Dutch share of goods imported by the rest of the world was 2.7 percent (Figure 5.2.1). This is slightly more than in 2015, when the Dutch contribution was 2.6 percent. The share of goods imported by the other 27 EU countries remained the same at 6.8 percent. The importance of the Netherlands in imports by all non-EU countries was much smaller, at 0.9 percent, though it had increased slightly from 2015, when it was 0.8 percent.

### 5.2.1 Contribution of the Netherlands as a supplier to global imports



Source: United Nations, processed by CBS

The greater importance of the EU is mainly because distance plays an important role in the goods trade. For example, neighbouring Belgium imports 18 percent of its products from the Netherlands. The United Kingdom and Germany both import a higher than average percentage of products from the Netherlands, at more than 8 percent. Italy and France (both around 5 percent) are also important for Dutch goods exports, but remain below the EU average of 6.7 percent. Approximately 60 percent of Belgian imports from the Netherlands consist of products manufactured in the Netherlands. Of the goods exported by the Netherlands to Germany, France, the United Kingdom and Italy, about half are domestic exports. It is notable that the Netherlands has become increasingly important for the United Kingdom as a supplier of goods. In 2015, the year before the Brexit referendum, the Dutch share of British goods imports was about 7.5 percent. Three years later, nearly 8.5 percent of British goods imports came from the Netherlands. Many goods enter the Netherlands through its transport hubs, but have as their final destination the European hinterland. Re-exports and transit trade ensure that the Netherlands has a large trade surplus with countries such as Belgium, Germany and France. The Netherlands is the second most important supplier of goods to Germany after China (CBS, 2020a; CBS, 2020b). In Italy and the United Kingdom, the Netherlands also occupies a strong position, in fourth place.

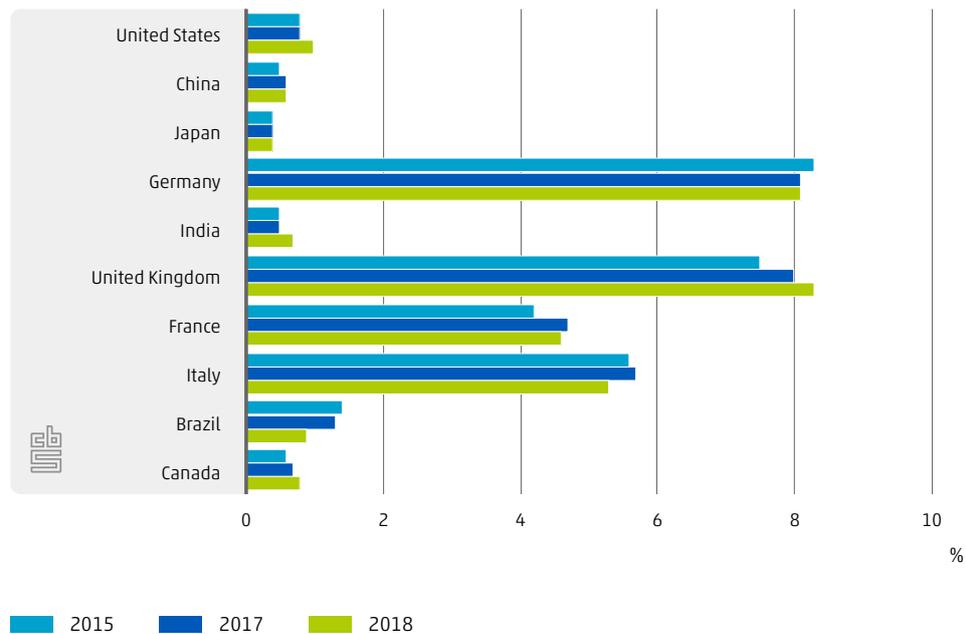
**18%** is the Dutch share in Belgian goods imports



The Netherlands is considerably less important to countries outside the EU. The share of the Netherlands in imports of goods by the United States was 1 percent in 2018 (Figure 5.2.2), and it was even lower for Brazil, Canada, India, China and Japan. The average for non-EU countries in 2018 was 0.9 percent.

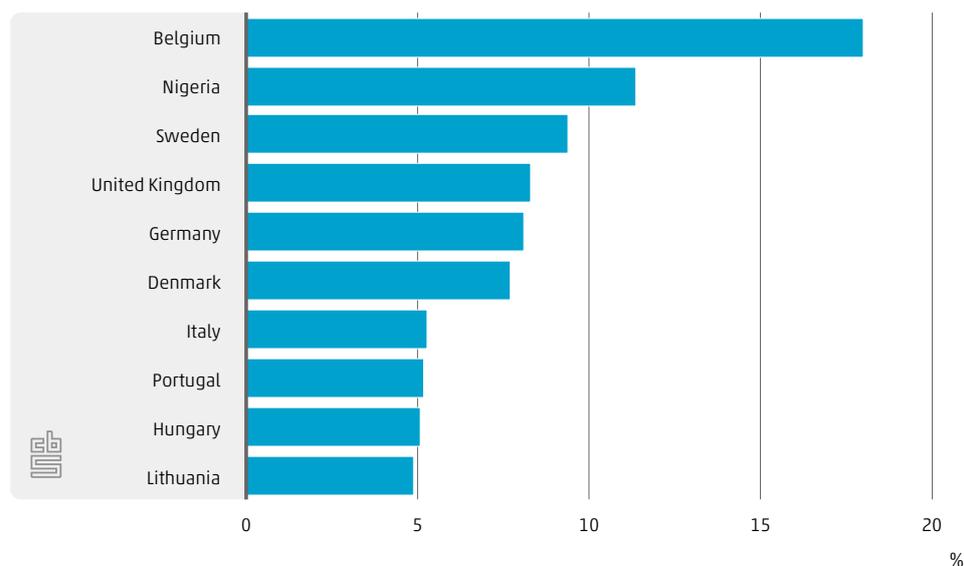
Although the Netherlands is much less significant outside the EU, the country's share of American goods imports grew substantially over the three years from 2015. The Netherlands was still in 23rd place in 2015, but three years later, it had climbed to 19th place. In China, Japan and India, the Netherlands is one of the 30 most important suppliers of goods.

### 5.2.2 The Netherlands' share in goods imports of the largest economies



If we abandon the dividing line of the 10 largest economies and instead apply a lower limit of 1 billion US dollars in imports from the Netherlands, the picture is quite different (Figure 5.2.3). In that case, Belgium is the country that is by far the most dependent on the Netherlands for its goods imports (18 percent). Nine out of the top 10 countries are EU member states. A notable exception is the number 2 position of Nigeria, which imports a lot of petroleum products from the Netherlands.

### 5.2.3 The Netherlands' share in goods imports exceeding 1 bn euros, 2018



Source: United Nations, processed by CBS

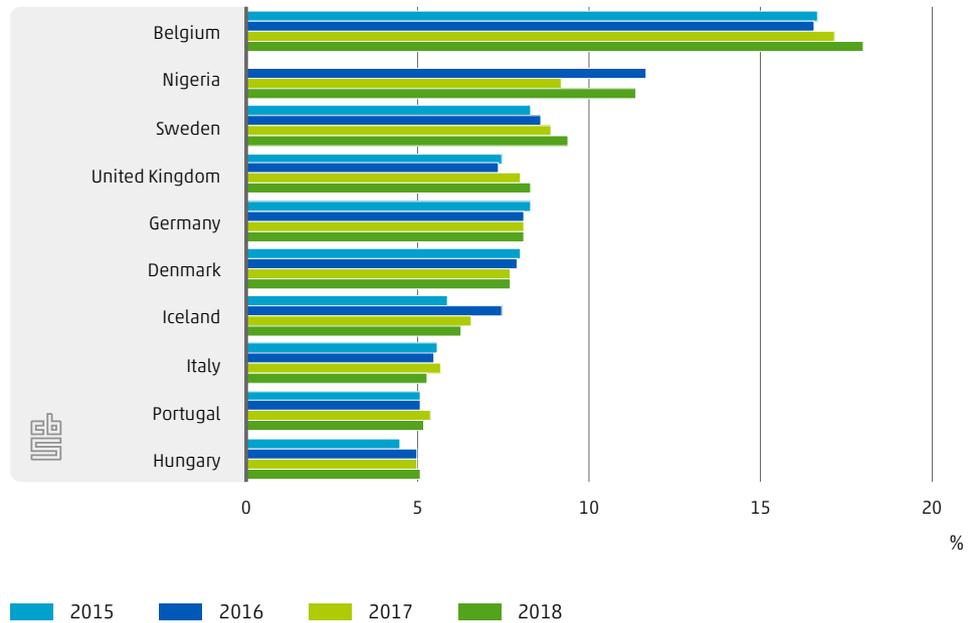
If the lower limit of 1 billion US dollars in goods imports from the Netherlands is also disregarded, then Aruba, Suriname, Mozambique, Senegal and Iceland come into the picture, in that order. For Aruba and Suriname, the Netherlands is the second most important supplier of goods after the United States. The Netherlands ranks 4th among suppliers of goods to Mozambique and Senegal.

As the Netherlands earns a major share of its national income from exports, efforts are being made to strengthen its export position. Particular attention is being paid to trade with 39 specific countries, shown in bold in the tables below (Kaag, 2018). The Dutch share of imports by these specific countries, as well as its share of imports by other countries, is shown in tables 5.2.5 and 5.2.6. In table 5.2.5, it is striking that the Dutch share of goods imports by the United Kingdom grew between 2015 and 2018. This is not the result of growth in Dutch exports, but is due to a sharp fall in the exchange rate of the pound sterling. In 2015, the year before the Brexit referendum, the euro was worth 0.726 of a pound. Three years later, the pound sterling had fallen by 22 percent against the euro, which was then worth 0.885 of a pound. As a result of this drop in the exchange rate, goods from the eurozone became on average 22 percent more expensive for the United Kingdom in 2018. Other important trading partners within the eurozone, such as Germany, France, Belgium, Italy and Ireland, were of course also affected by the fall in the exchange rate. In the period 2015–2018, these countries suffered more than the Netherlands from decreasing demand from the United Kingdom. In recent years, CBS has regularly published figures on the declining importance of the United Kingdom for Dutch goods exports (CBS, 2020c; CBS, 2020d; CBS, 2020e; CBS, 2020f).

For 10 countries, the Netherlands has a share of goods imports exceeding 5 percent (Figure 5.2.4 and Table 5.2.5). Eight of these 10 countries belong to the EU. The high market share of imports by Nigeria is particularly striking. This is because Nigeria is unable to refine the crude oil that is extracted in the country. The Netherlands imports this oil and processes it to produce high-quality petroleum products. A proportion of these refined petroleum products are sold by Dutch traders to Nigerian importers. In general, it can be said that the

Dutch market share has grown (on average) in countries that were already relatively large importers from the Netherlands (market share >5 percent) and has declined or remained the same on average in countries that imported less than 5 percent of goods from the Netherlands.

#### 5.2.4 Goods imports with Dutch share exceeding 5 percent, 2018



Source: United Nations, processed by CBS

In table 5.2.6, which lists the countries with an import value of less than 1 billion US dollars, the Netherlands has a remarkably large market share in Mozambique. The Dutch market share of imports by Cape Verde and Burkina Faso declined by 5.6 and 4.4 percentage points respectively between 2015 and 2018. For this group of countries as a whole, the Dutch market share of imports decreased on average between 2015 and 2018.

## 5.2.5 Market shares of countries that import ≥ 1 billion US dollars in goods from the Netherlands in percent (2018)<sup>1)</sup>

|  | 2015 | 2016 | 2017 | 2018 |
|--|------|------|------|------|
| <b>Market share greater than 5 percent (2018)</b>  |      |      |      |      |
| <b>Belgium</b>                                     | 16.7 | 16.6 | 17.2 | 18.0 |
| <b>Nigeria</b>                                     | .    | 11.7 | 9.2  | 11.4 |
| <b>Sweden</b>                                      | 8.3  | 8.6  | 8.9  | 9.4  |
| <b>United Kingdom</b>                              | 7.5  | 7.4  | 8.0  | 8.3  |
| <b>Germany</b>                                     | 8.3  | 8.1  | 8.1  | 8.1  |
| Denmark  | 8.0  | 7.9  | 7.7  | 7.7  |
| Iceland  | 5.9  | 7.5  | 6.6  | 6.3  |
| <b>Italy</b>                                       | 5.6  | 5.5  | 5.7  | 5.3  |
| Portugal   | 5.1  | 5.1  | 5.4  | 5.2  |
| Hungary  | 4.5  | 5.0  | 5.0  | 5.1  |
| <b>Market share between 3 and 5 percent (2018)</b> |      |      |      |      |
| Lithuania  | 5.1  | 4.8  | 5.0  | 4.9  |
| Greece   | 5.5  | 5.5  | 5.2  | 4.9  |
| Finland  | 5.3  | 5.0  | 4.6  | 4.6  |
| <b>France</b>                                      | 4.2  | 4.6  | 4.7  | 4.6  |
| Spain  | 4.2  | 4.3  | 4.0  | 4.1  |
| Romania  | 4.0  | 4.1  | 4.0  | 3.9  |
| Bulgaria   | 3.3  | 3.6  | 3.7  | 3.8  |
| Norway   | 3.6  | 4.0  | 3.9  | 3.7  |
| <b>Poland</b>                                      | 3.8  | 3.7  | 3.7  | 3.6  |
| Ireland  | 3.8  | 3.5  | 3.1  | 3.3  |
| <b>Market share between 1 and 3 percent (2018)</b> |      |      |      |      |
| Czech Republic                                     | 3.0  | 2.9  | 2.7  | 2.8  |
| Austria  | 2.6  | 2.6  | 2.7  | 2.7  |
| Switzerland  | 2.1  | 1.9  | 2.0  | 2.0  |
| <b>Israel</b>                                      | 3.9  | 4.1  | 4.2  | 1.9  |
| <b>Egypt</b>                                       | 1.7  | 1.4  | 1.4  | 1.7  |
| <b>Russia</b>                                      | 1.6  | 1.7  | 1.7  | 1.5  |
| <b>Turkey</b>                                      | 1.4  | 1.5  | 1.6  | 1.5  |
| Slovakia   | 1.4  | 1.5  | 1.4  | 1.4  |
| <b>Saudi Arabia</b>                                | 1.0  | 1.0  | 1.1  | 1.4  |
| <b>Taiwan</b>                                      | 1.3  | 1.8  | 1.3  | 1.4  |
| <b>South Korea</b>                                 | 1.0  | 1.0  | 1.3  | 1.3  |
| <b>South Africa</b>                                | 1.5  | 1.7  | 1.5  | 1.2  |
| <b>Singapore</b>                                   | 1.3  | 1.3  | 1.1  | 1.2  |
| <b>Australia</b>                                   | 0.8  | 0.9  | 0.8  | 1.0  |
| <b>United States</b>                               | 0.8  | 0.7  | 0.8  | 1.0  |
| <b>Market share lower than 1 percent (2018)</b>    |      |      |      |      |
| Brazil   | 1.4  | 1.3  | 1.3  | 0.9  |
| <b>Canada</b>                                      | 0.6  | 0.7  | 0.7  | 0.8  |
| <b>United Arab Emirates</b>                        | 0.5  | 0.5  | 0.6  | 0.7  |
| India  | 0.5  | 0.5  | 0.5  | 0.7  |
| China  | 0.5  | 0.6  | 0.6  | 0.6  |
| <b>Mexico</b>                                      | 0.8  | 0.5  | 0.6  | 0.5  |
| Hong Kong  | 0.5  | 0.5  | 0.4  | 0.4  |
| <b>Japan</b>                                       | 0.4  | 0.4  | 0.4  | 0.4  |
| <b>Thailand</b>                                    | 0.5  | 0.5  | 0.4  | 0.4  |

Bron: UN Comtrade, processed by CBS

<sup>1)</sup> Countries in bold are on the trade agenda.

## 5.2.6 Countries that imported < 1 billion US dollars in goods from the Netherlands in percent (2018)<sup>1)</sup>

|   | 2015 | 2016 | 2017 | 2018 |
|---|------|------|------|------|
| <b>Market share greater than 1 percent (2018)</b> |      |      |      |      |
| Aruba   | 10.4 | 8.9  | 11.7 | 10.9 |
| Suriname  | 9.3  | 11.5 | 12.2 | 9.7  |
| Mozambique  | .    | 2.4  | 8.6  | 7.6  |
| <b>Senegal</b>                                    | 4.1  | 5.3  | 5.6  | 6.5  |
| Cape Verde  | 11.6 | 6.4  | 4.6  | 6.0  |
| Malta   | 7.2  | 3.6  | 3.4  | 4.7  |
| Luxembourg  | 3.5  | 3.4  | 3.6  | 3.9  |
| Ivory Coast                                       | 2.9  | 2.0  | 3.2  | 3.6  |
| Latvia  | 3.7  | 4.1  | 4.0  | 3.5  |
| Paraguay  | 4.3  | 4.3  | 3.8  | 3.5  |
| Benin   | 3.2  | 4.8  | 7.2  | 3.4  |
| Cyprus  | 5.1  | 3.3  | 5.0  | 3.3  |
| Estonia   | 4.1  | 5.0  | 4.5  | 3.3  |
| <b>Burkina Faso</b>                               | 7.6  | 4.5  | 7.1  | 3.2  |
| <b>Gambia</b>                                     | 2.7  | 3.7  | 2.9  | 2.6  |
| Barbados  | 1.5  | 1.9  | 1.5  | 2.4  |
| Georgia   | 1.8  | 3.0  | 2.0  | 2.2  |
| <b>Ghana</b>                                      | .    | 2.4  | 1.9  | 2.2  |
| <b>Kuwait</b>                                     | 1.5  | 1.4  | 1.6  | 2.1  |
| Greenland   | 1.6  | 1.3  | 1.5  | 2.0  |
| Ecuador   | 1.4  | 1.1  | 2.2  | 1.9  |
| Slovenia  | 2.1  | 2.3  | 2.0  | 1.9  |
| <b>Morocco</b>                                    | 1.8  | 1.9  | 1.7  | 1.8  |
| Serbia  | 1.6  | 1.6  | 1.7  | 1.6  |
| Montenegro  | 1.7  | 1.6  | 1.6  | 1.6  |
| Northern Macedonia                                | 1.8  | 1.2  | 1.3  | 1.6  |
| Burundi   | 6.3  | 1.1  | 1.5  | 1.4  |
| Guinea  | 1.8  | 1.6  | 1.8  | 1.4  |
| Bosnia and Herzegovina                            | 1.5  | 1.5  | 1.4  | 1.4  |
| Ukraine   | 1.2  | 1.4  | 1.3  | 1.4  |
| Angola  | 1.6  | 1.6  | 1.8  | 1.3  |
| <b>Qatar</b>                                      | 1.4  | 1.0  | 1.3  | 1.3  |
| <b>Jordan</b>                                     | 1.0  | 1.5  | 1.5  | 1.2  |
| Uganda  | 1.6  | 1.2  | 1.2  | 1.2  |
| Armenia   | 0.9  | 0.9  | 0.8  | 1.1  |
| <b>Lebanon</b>                                    | 2.5  | 3.5  | 1.7  | 1.1  |
| Antigua and Barbuda                               | 0.8  | 0.7  | 0.8  | 1.1  |
| Kenya   | .    | .    | 1.1  | 1.1  |
| <b>Oman</b>                                       | 1.1  | 1.2  | 1.6  | 1.1  |
| New Zealand                                       | 1.1  | 1.1  | 1.1  | 1.1  |
| Moldova   | 1.0  | 1.1  | 1.0  | 1.1  |
| <b>Market share lower than 1 percent (2018)</b>   |      |      |      |      |
| Kazakhstan  | 1.0  | 1.1  | 1.0  | 0.9  |
| Pakistan  | 0.8  | 0.8  | 1.6  | 0.9  |
| Belarus   | 0.7  | 0.8  | 0.9  | 0.8  |
| <b>Argentina</b>                                  | 0.8  | 0.8  | 0.7  | 0.8  |
| <b>Bahrain</b>                                    | 0.8  | 0.9  | 0.9  | 0.7  |
| <b>Palestine</b>                                  | 0.8  | 0.7  | 0.6  | 0.7  |
| Chile   | 0.7  | 0.9  | 0.8  | 0.6  |
| Philippines                                       | 0.6  | 0.6  | 0.7  | 0.6  |
| <b>Peru</b>                                       | 0.5  | 0.7  | 0.7  | 0.6  |
| <b>Costa Rica</b>                                 | 0.6  | 0.6  | 0.6  | 0.5  |
| Colombia  | 0.7  | 0.7  | 0.6  | 0.5  |

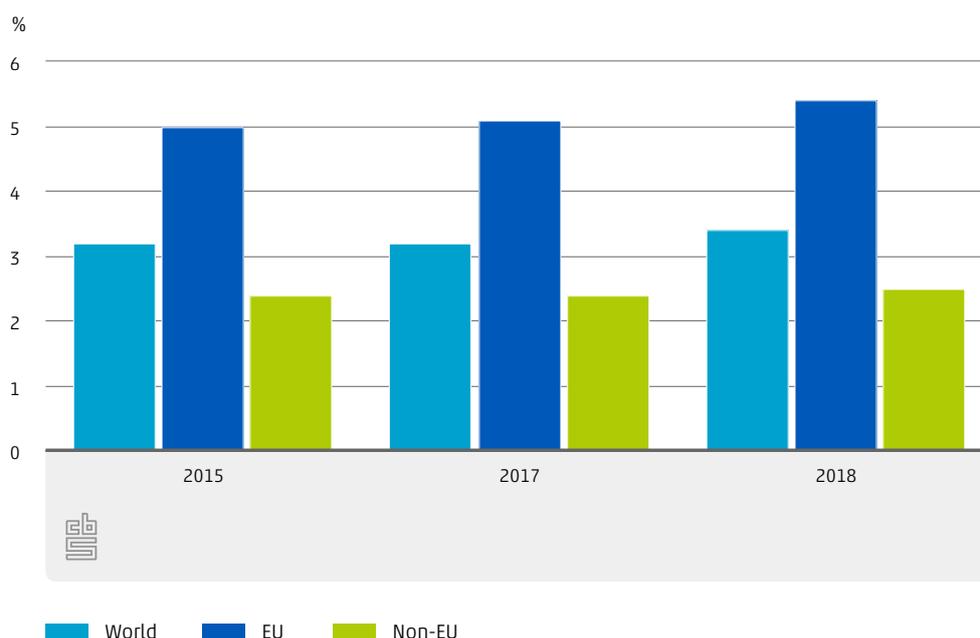
Bron: UN Comtrade, processed by CBS

<sup>1)</sup> Countries in bold are on the trade agenda.

## 5.3 Importance of the Netherlands as a market for other countries

In 2018, the share of global exports that the Netherlands purchased was 3.4 percent (Figure 5.3.1), up from 3.2 percent in 2015. Within the EU, the Dutch share rose by 0.4 percentage points in three years to 5.4 percent in 2018. The Netherlands also increased in importance as a customer outside the EU in that period, and the Dutch contribution rose from 2.4 percent in 2015 to 2.5 percent in 2018. A proportion of imported goods is intended as raw materials or semi-finished products for the Dutch manufacturing sector or is destined for domestic consumption. The remainder leave the Netherlands as re-exports or transit trade – a major part of it to neighbouring countries Belgium and Germany.

### 5.3.1 Contribution of the Netherlands as a customer to global exports

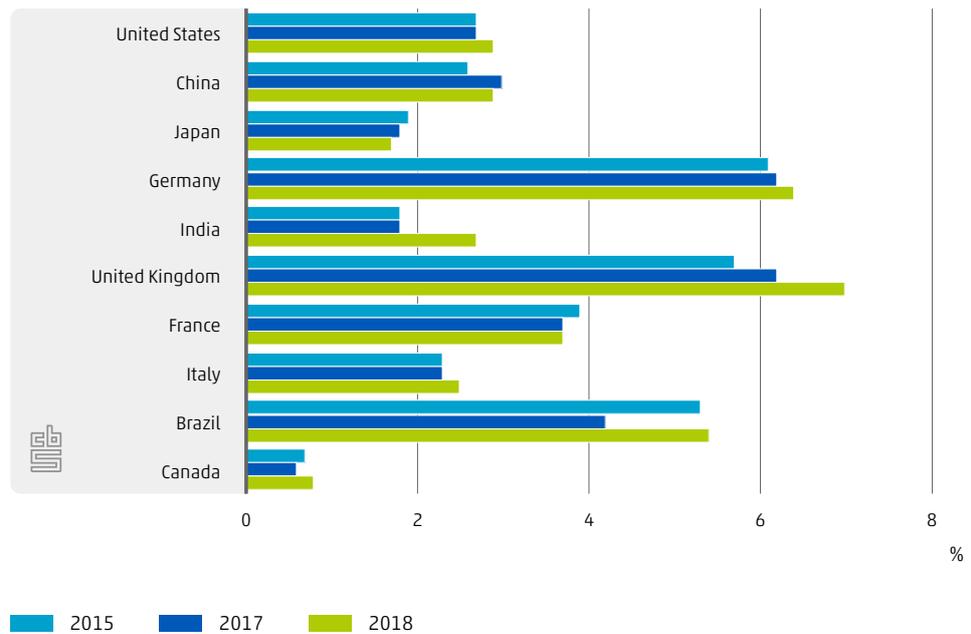


Source: United Nations, processed by CBS

Of the 10 largest economies, the Dutch shares of exports from Germany (about 6.5 percent) and the United Kingdom (7 percent) exceed the EU average (5.4 percent) (Figure 5.3.2). The share of exports from France and Italy remains well below that. Outside the EU, the Dutch share of exports from the United States and China is nearly 3 percent for each country. Brazil (over 5 percent) and India also remain above the average share of exports to the Netherlands from non-EU countries (2.5 percent). Exports by these four countries, as well as Japan, are considerably higher than imports from them. Schiphol and the Port of Rotterdam play an essential role in this.

As a destination for exports, the Netherlands ranks 2nd for Germany and 3rd for the United Kingdom. For the other two EU countries mentioned above, the Netherlands ranks 8th for France and 10th for Italy. Outside the EU, the Netherlands is remarkably important to Brazil (4th place), which is a major supplier of soya. The Netherlands is also among the top 10 export destinations for Canada (7th), the United States (8th) and India (9th). For Japanese (31st) and Chinese (33rd) exports, the Netherlands plays a less prominent role.

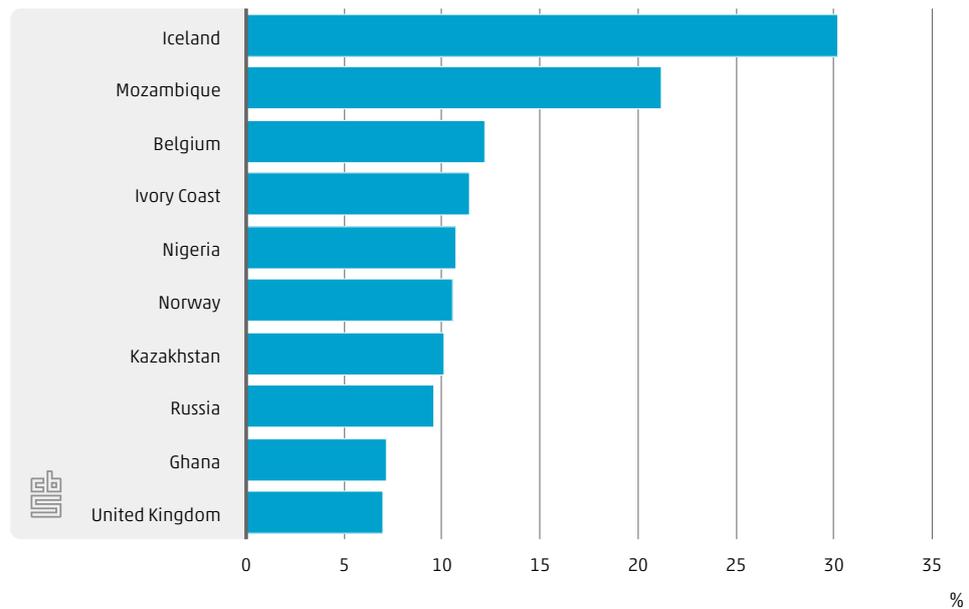
### 5.3.2 The Netherlands' share in goods exports of the largest economies



As the 'Gateway to Europe', the Netherlands is more important as a customer than as a supplier of goods for the world's largest economies. The country therefore has a trade deficit with those 10 largest economies.

Of the countries with an export flow of more than 1 billion US dollars to the Netherlands, Iceland depends most on the Dutch market. Three out of 10 US dollars earned by Iceland from exports are from Dutch buyers and the country's exports to the Netherlands totalled 1.7 billion US dollars in 2018. More than 80 percent of these exports consist of aluminium that is produced with the help of the geothermal energy generated in that country. Mozambique is also highly dependent on exports to the Netherlands, which account for 21 percent of the total. Like Iceland, Mozambique exports aluminium to the Netherlands. Also striking is Ivory Coast's position at number 4. As the world's leading importer of cocoa beans, the Netherlands procures a large share of the beans from Ivory Coast and Ghana.

### 5.3.3 The Netherlands' share in goods exports exceeding 1 bn euros, 2018



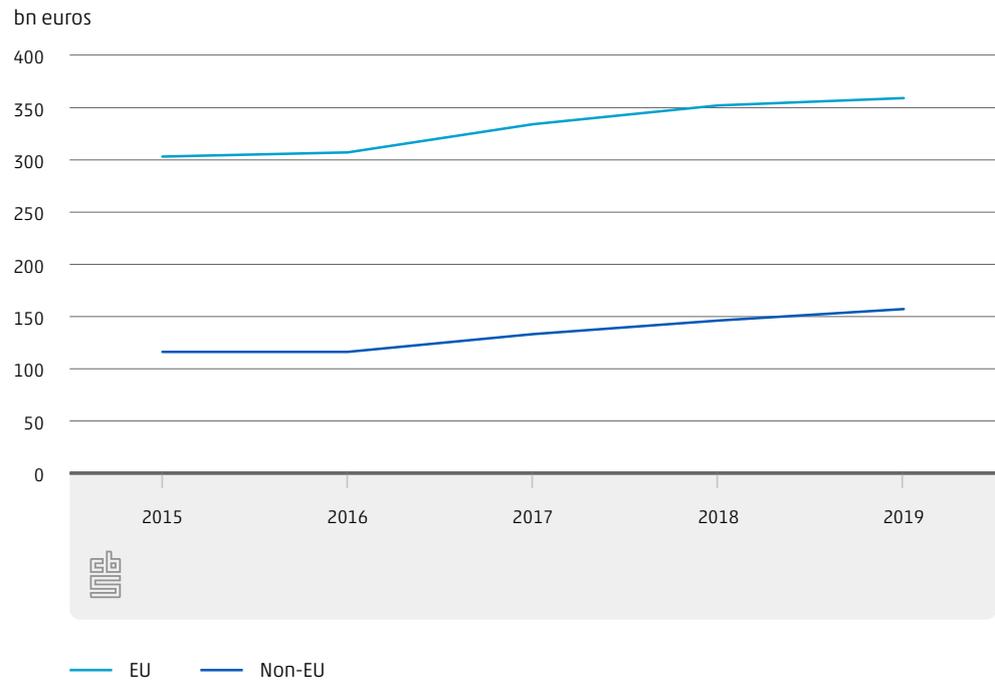
If the 1 billion US dollar limit is abandoned, the countries Sao Tome and Principe, Antigua and Barbuda, Costa Rica and Luxembourg come into the picture, in that order.

## 5.4 Dutch goods exports

The previous two sections explained the importance of the Netherlands as a supplier and as a market for other countries. Sections 5.4 and 5.5 analyse the trade in goods from the Dutch perspective, using CBS statistics. In 2019, Dutch exports of goods totalled EUR 516 billion euros, according to the International Trade in Goods statistics (Figure 5.4.1). This was 23 percent more than in 2015. Goods exported to the EU totalled 359 billion euros in 2019, which was a rise of 18 percent compared to 2015. The EU is by far the most important market, with a 70 percent share of exports. As a consequence of increasing globalisation, the EU share of Dutch exports is declining year by year. In 2015, the EU still took 72 percent of Dutch goods exports.

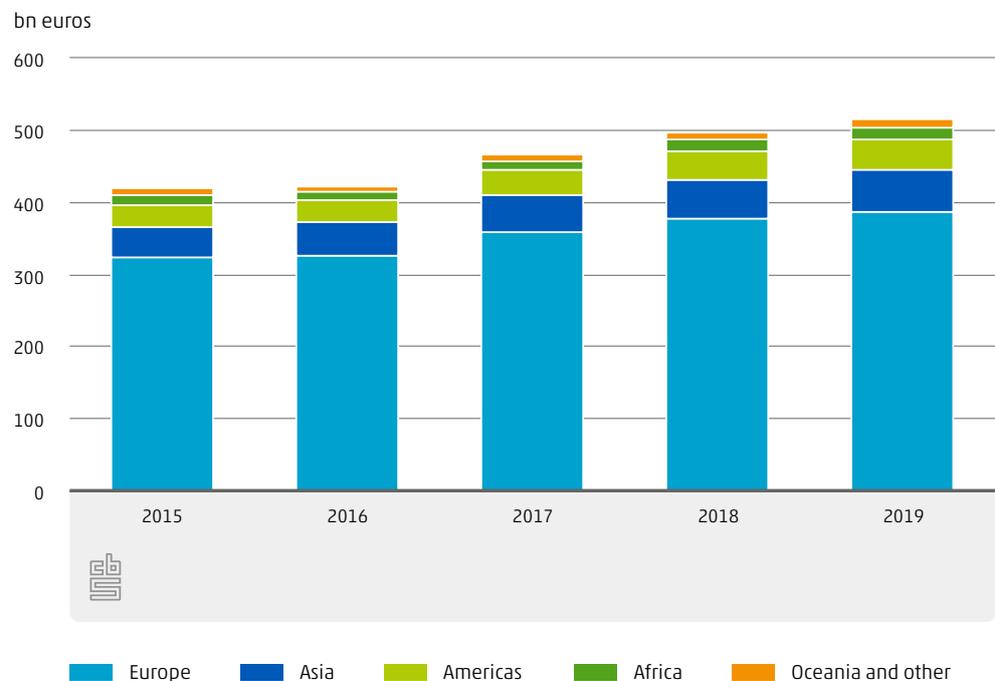
Goods exports from the Netherlands to non-EU countries totalled 157 billion euros in 2019, which was a 35 percent rise from 2015. The non-EU share of Dutch exports was 28 percent in 2015. Four years later, 30 percent of Dutch goods exports went to this group of countries.

### 5.4.1 Dutch goods exports to EU and non-EU countries



As Figure 5.4.2 shows, exports to the American continent increased sharply by 39 percent in the second half of this decade. The development of exports to Asia was also above average, with a rise of 33 percent. Increases in exports to Africa (21 percent rise) and Europe (20 percent rise) remained below average in percentage terms. In 2019, three-quarters of Dutch goods exports went to other countries in Europe. Outside Europe, Asia is the largest importer of Dutch products, with a share of 11 percent.

### 5.4.2 Dutch goods exports by continent



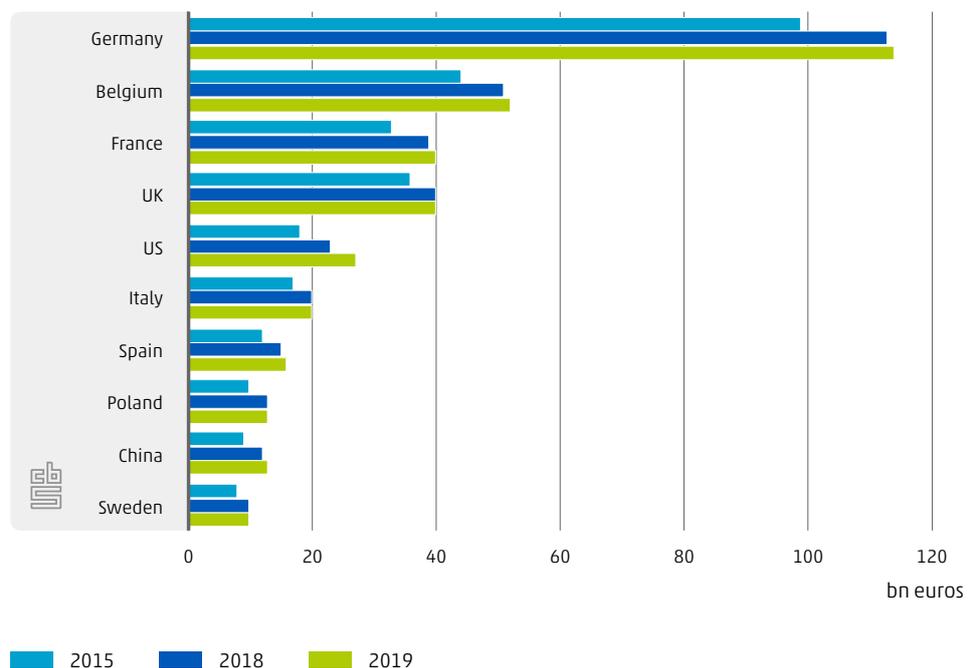
The 10 most important markets accounted for two-thirds of the total value of Dutch goods exports in 2019. Most goods went to Germany (114 billion euros, 22 percent share) and Belgium (52 billion euros, 10 percent share) (Figure 5.4.3). Between 2015 and 2019, exports to Germany grew by 19 percent and for Belgium the rise was 16 percent. In addition to these two neighbouring countries, another 6 EU member states are among the 10 most important destinations for Dutch goods exports. Of these countries, exports to Poland (33 percent rise), Spain (28 percent) and Sweden (27 percent) grew by more than the average of 23 percent between 2015 and 2019. After 2015, the year before the Brexit referendum, goods exports to the United Kingdom continued to falter, at a growth rate of 9 percent.

## 8 EU countries are included in the top 10 export destinations



Of the 10 most important destinations for exports, the two non-EU countries, China and the United States, showed the strongest growth in exports from the Netherlands. Exports to China grew by 50 percent to 13 billion euros in the period 2015–2019. In the same period, exports to the United States rose by 48 percent. The United States is the fifth most important destination for Dutch exports, with a total of 27 billion euros.

### 5.4.3 Top 10 export destinations for the Netherlands

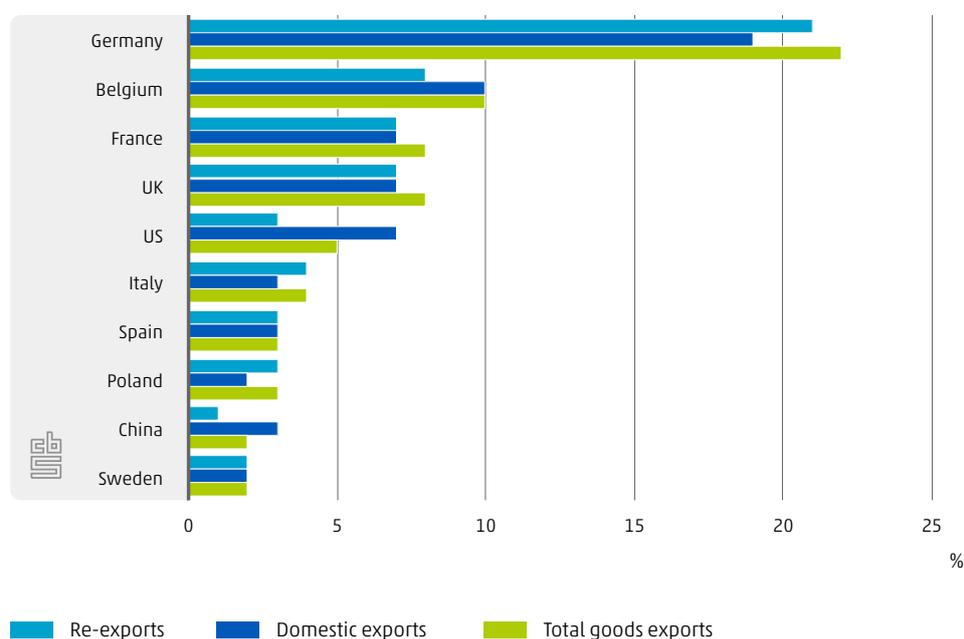


Of the remaining countries, exports to Russia and Nigeria grew by more than 2 billion euros in the period 2015–2019. In summer 2014, Russia imposed a boycott on a large group of food products (vegetables, fruit, meat, dairy). Nevertheless, the Netherlands continued to export, selling mainly medicines and pharmaceutical products to Russia in 2019.

Nigeria is an important supplier of crude oil to the Netherlands. In turn, the Netherlands exports many refined petroleum products to Nigeria. This export flow nearly doubled between 2015 and 2019. The Netherlands also sold substantially more medicines and pharmaceutical products to Nigeria.

If we focus on domestic exports (because these provide the highest earnings), Figure 5.4.4 shows that the countries neighbouring the Netherlands are the most important export destinations. Germany (55 billion euros, 19 percent share) is in first place, followed by Belgium (29 billion euros, 10 percent share). Dutch manufacturing makes up 48 percent of Dutch exports to Germany. Of the goods exported to Belgium, 56 percent are manufactured in the Netherlands. The main destinations for many goods produced by Dutch manufacturers are the United States (70 percent of total exports), China (76 percent), Nigeria (82 percent), and South Korea (77 percent).

#### 5.4.4 Shares held by top export destinations in export flows, 2019



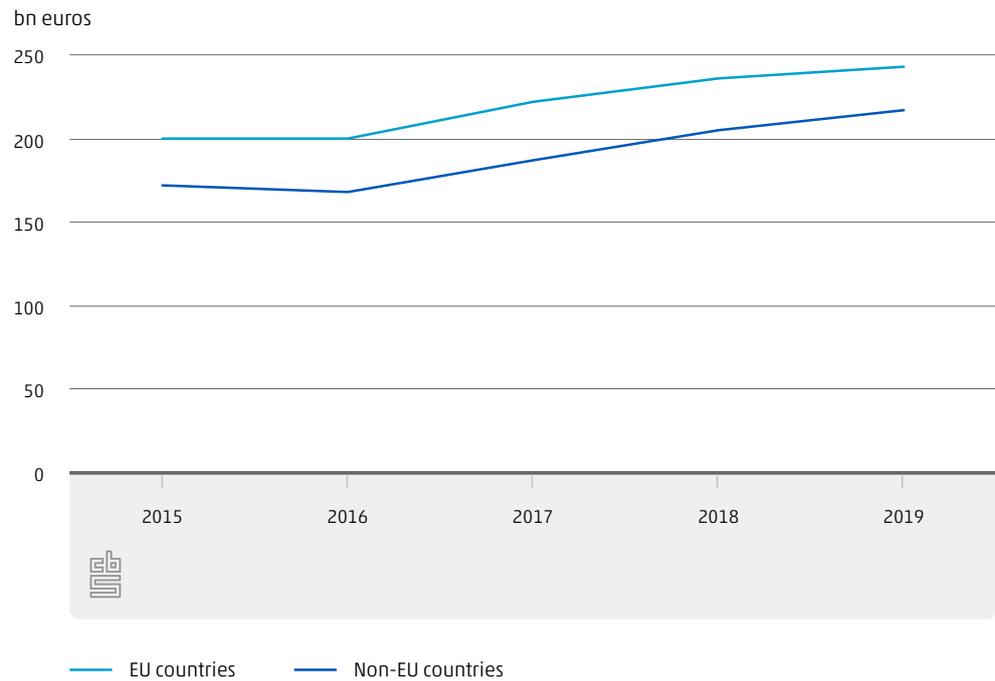
Independent small and medium-sized enterprises (independent SMEs) account for 138 billion euros (more than 27 percent) of exports. More than 30 percent of this goes to the EU. Independent SMEs are responsible for 33 percent of exports to Germany, while for Belgium the figure is 31 percent. For exports to the United States (16 percent) and China (18 percent), independent SMEs have a share that is significantly lower than the average. It is striking that only a very small proportion of independent SMEs export goods to Nigeria (6.2 percent).

## 5.5 Dutch goods imports

Dutch imports of goods totalled 460 billion euros in 2019 (Figure 5.5.1). This was 24 percent more than in 2015. More than half (243 billion euros, 53 percent) were imported from an EU country. This share was slightly lower than in 2015, when 54 percent of imports by the Netherlands came from within the EU. Imports from other EU member states increased by

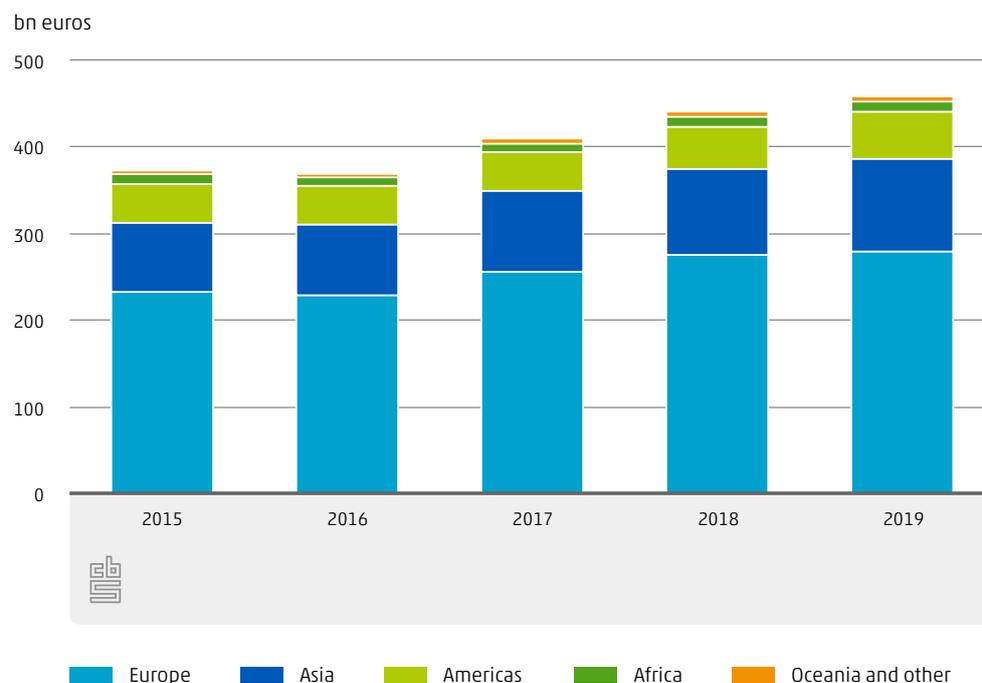
21 percent from 2015 to 2019. Imports from non-EU countries totalled 217 billion euros in 2019, an increase of 26 percent compared to 2015.

### 5.5.1 Dutch goods imports from EU and non-EU countries



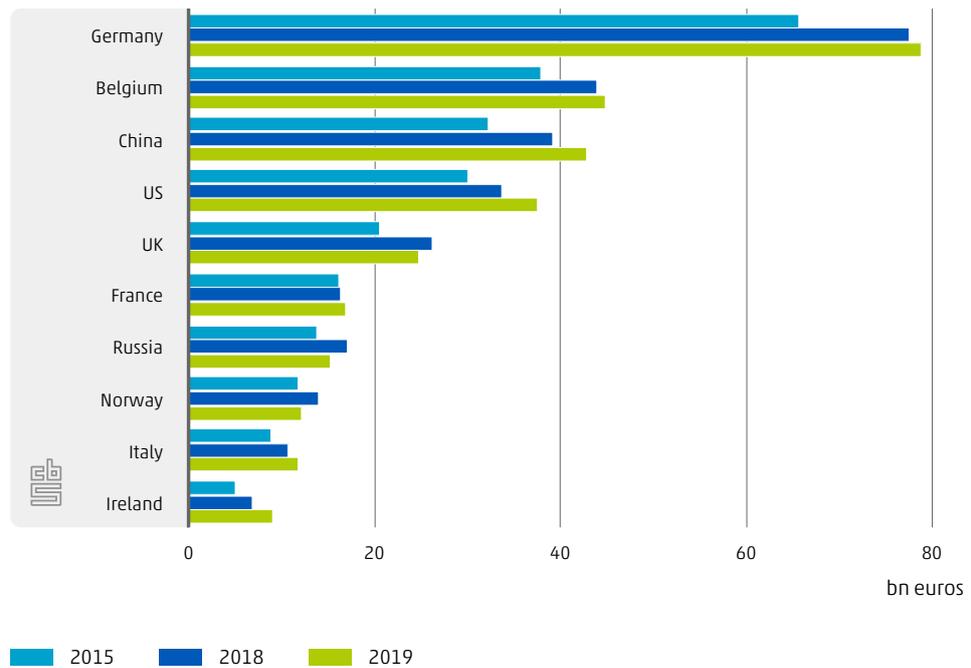
Imports from Asia, as shown in Figure 5.5.2, grew by nearly a third to 107 billion euros over the period 2015 to 2019. The Netherlands mainly imported more machinery, transport vehicles and chemical products from Asia. Imports from the American continent were 23 percent below the average and imports from Europe were 21 percent below. Growth in imports from Africa came to a standstill over the last five years. In 2019, the Netherlands imported 61 percent of all goods from other European countries, compared to 62 percent in 2015. Outside the European continent, the Netherlands imported most from Asia. Asia's share of all imported goods was 22 percent in 2015, increasing to 23 percent four years later.

## 5.5.2 Dutch goods imports by continent



The 10 most important countries that supply goods to the Netherlands accounted for 64 percent of total imports in 2019. Four years earlier, those 10 countries supplied 65 percent of goods imports. Most goods came from neighbouring countries Germany (79 billion euros, 17 percent share) and Belgium (45 billion euros, 10 percent share) (Figure 5.5.3). Between 2015 and 2019, imports from Germany grew by 20 percent and imports from Belgium by 18 percent, remaining below the average growth in imports of 24 percent. In addition to these two countries, four other EU member states are among the top 10. Of these countries, imports from Ireland (80 percent up) and Italy (34 percent up) grew more than average. Goods imports from the United Kingdom (20 percent rise) and especially France (4 percent rise) remained below average. Four of the top 10 countries do not belong to the EU. In 2019, China (33 percent rise) and the United States (25 percent rise) in particular supplied considerably more goods to the Netherlands than four years previously. The other two countries, Russia and Norway, are particularly important to the Netherlands as suppliers of oil and gas. Of the countries that are not among the 10 largest suppliers of goods to the Netherlands, the share of imports from Spain and Singapore grew to more than 2 billion euros between 2015 and 2019. The Netherlands imported less from Brazil (12 percent fall), South Africa (11 percent fall) and Nigeria (6 percent fall) in 2019 than in 2015.

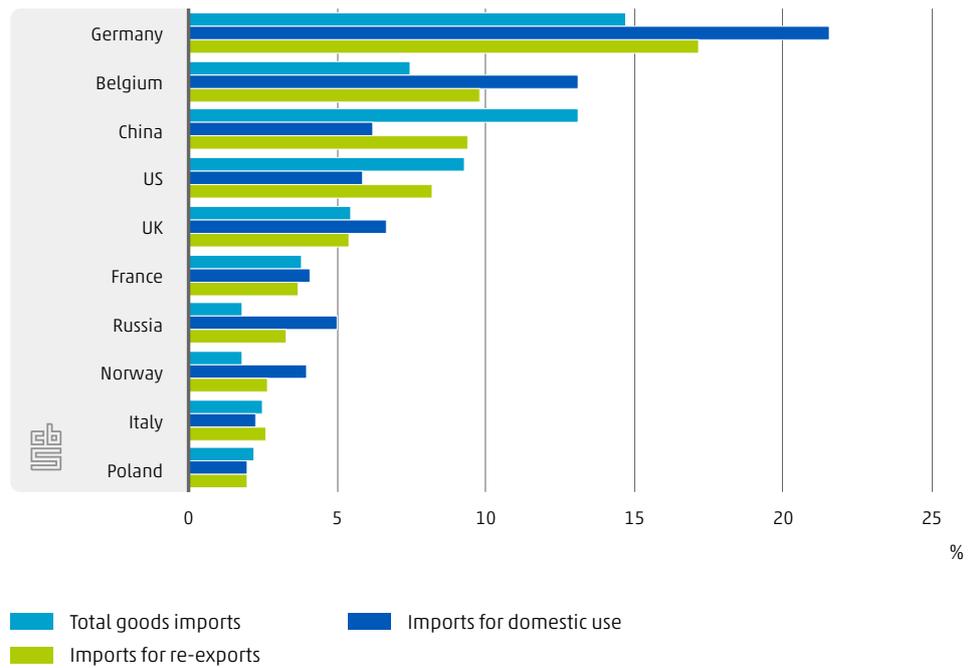
### 5.5.3 Top 10 origin countries for the Netherlands



In the previous section, exports of goods were divided into two export flows: domestic exports and re-exports. Imports of goods can also be broken down into imports for the Dutch market (consumption, intermediate consumption, capital goods) and imports for re-export.<sup>1)</sup> Figure 5.5.4 divides imports from the 10 most important countries of origin into import flows. The data show that in many cases, imports from China and the United States are not destined for the Dutch market but for the European hinterland. In contrast, imports from neighbouring countries of the Netherlands are mostly destined for the Dutch market. The mirror image of Figure 5.5.4 can be seen clearly in Figure 5.4.4. Imports from Russia and Norway are partly destined for the Dutch market. A large proportion of these imports are refined or consumed, while others leave the Netherlands as petroleum products or as re-exports.

<sup>1)</sup> This concerns information that has become available as a result of new analysis techniques at CBS (Lemmers & Wong, 2019).

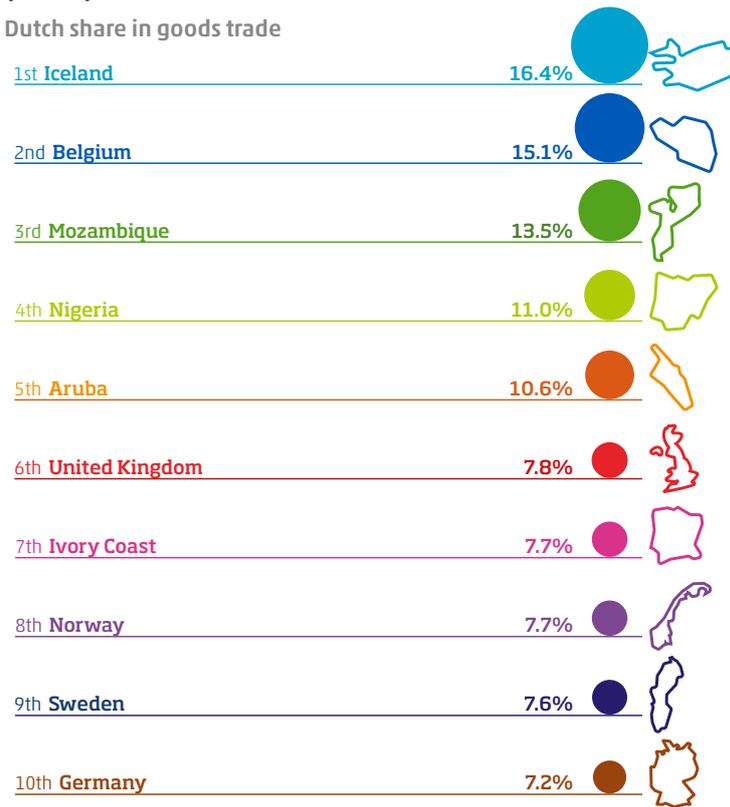
### 5.5.4 Shares of top origin countries in import flows, 2018



Of all goods imported by Dutch enterprises in 2019, 22 percent (more than 100 billion euros) were imported by SMEs. Of this amount of more than 100 billion euros, 52 billion euros came from other EU countries, which was a share of 22 percent of all imports from EU countries. Of the money that independent SMEs spend on imports, 20 percent goes to Belgium and Germany. The share of independent SMEs in total goods imports from China is strikingly high at 42 percent. In contrast, independent SMEs import very little from Norway, Nigeria, Ireland and Singapore. The share of imports from these four countries is well below 10 percent.

## Countries where the Netherlands is the largest goods trading partner (2018)

Dutch share in goods trade



## 5.6 References

CBS (2020a). *Internationalisation Monitor 2020, first quarter: Germany*. The Hague/Heerlen/Bonaire: Centraal Bureau voor de Statistiek. Consulted on 14 April 2020.

CBS (2020b). *Internationalisation Monitor 2020, second quarter: China*. Statistics Netherlands: The Hague/Heerlen/Bonaire. Consulted on 29 June 2020.

CBS (2020c). Dutch domestic exports to the UK recording decline. Statistics Netherlands: The Hague/Heerlen/Bonaire. Consulted on 21 April 2020.

CBS (2020d). €25.5 billion revenue from exports to the UK. Statistics Netherlands: The Hague/Heerlen/Bonaire. Consulted on 20 April 2020.

CBS (2020e). Growth in exports to the United Kingdom lagging behind. Statistics Netherlands: The Hague/Heerlen/Bonaire. Consulted on 20 April 2020.

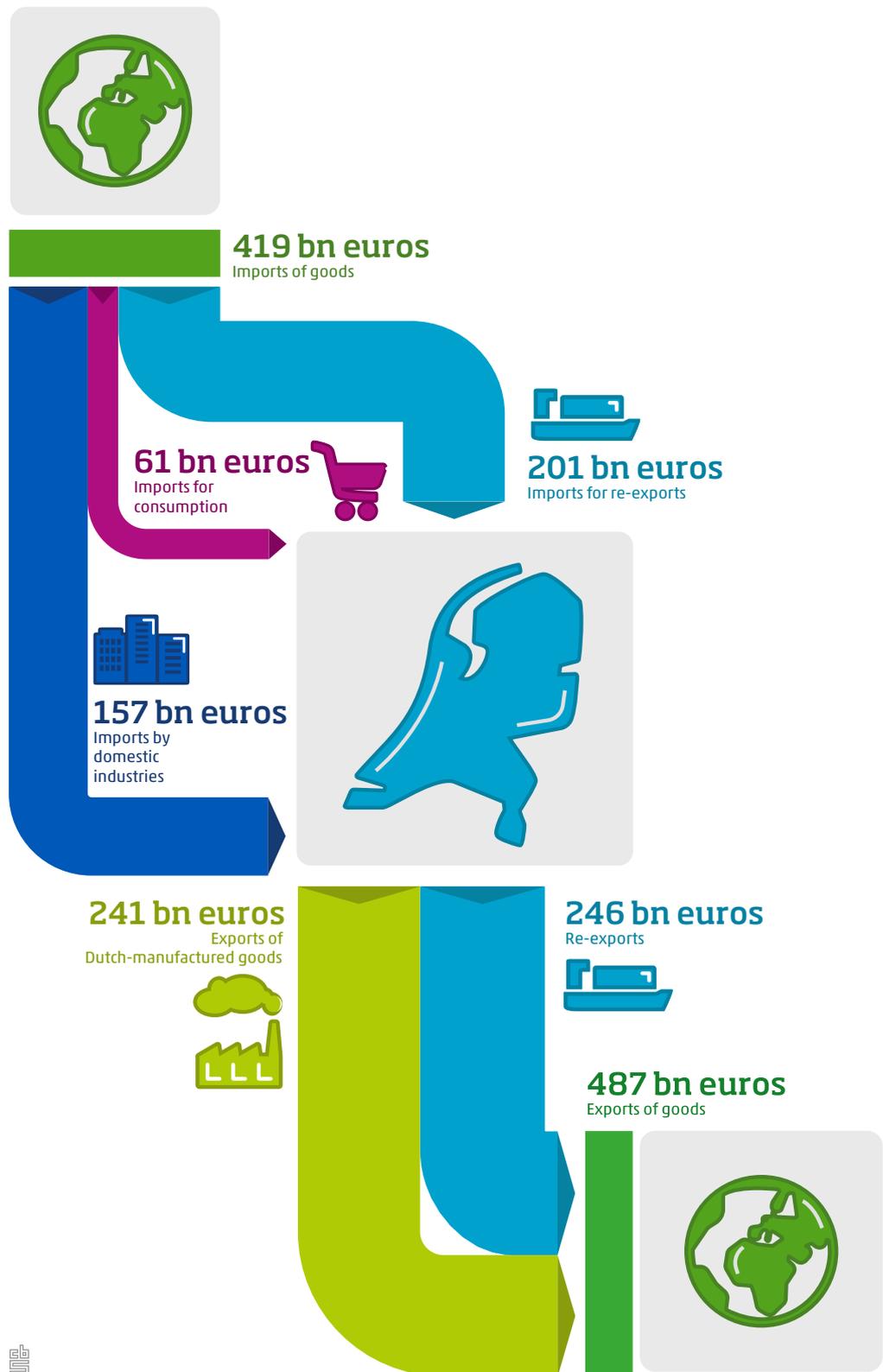


6.

**The Netherlands'**  
**participation in**  
**global value chains**

Authors  
Marjolijn Jaarsma  
Khee Fung Wong

## Dutch goods trade, value in euros (2018)



**By operating in international production chains, the Netherlands has strong ties with other countries. This is reflected, among other things, in the types of goods traded by the Netherlands. Intermediate goods, for example, make up an important share of Dutch imports and exports. Such goods are not only important for the Dutch production process, but they are also traded via the Netherlands or developed in the country. This chapter looks at the composition of Dutch flows of imports and exports, distinguishing between intermediate goods, capital goods, mineral fuels, consumer goods and other goods.**

## 6.1 Key findings

As a trading nation, the Netherlands has strong links with other countries through production and transport chains. Whereas in the past, most products were manufactured and consumed in one and the same place, this picture has changed significantly over recent decades. Production chains have been 'cut up' in various places around the world, and imports and exports comprise an increasing share of goods that have not yet reached their end destination. A growing part of the worldwide trade in goods consists of trade in what are called intermediate products, such as semi-manufactured products.

In 2018, the Netherlands imported around 419 billion euros in goods. Nearly half of this total – 201 billion euros – was sent abroad immediately in the form of re-exports. Approximately 37 percent, or 157 billion euros, of these goods were imported by enterprises that further processed them into new intermediate or end products, while goods worth 61 billion euros were destined for immediate domestic use, such as consumption. These patterns have hardly changed compared to 2015. Total import value rose by 17 percent between 2015 and 2018. Imports used for re-exports grew the fastest, while imports for domestic consumption showed the least growth. The development of imports varied widely from one sector to another. Imports by the petroleum industry and the chemical industry in particular were sharply higher in value in 2018 than in 2015. This increase was partly due to the higher oil price and the phasing out of gas production in Groningen (CBS, 2019; CBS, 2016). The motor vehicle and trailer industry, the machinery industry, the construction sector and the food, beverages and tobacco industry also imported more between 2015 and 2018. Nearly 40 percent of the import value in 2018 consisted of intermediate goods, such as raw materials, chemical products, machine parts or semi-finished products. Consumer goods made up the second-largest group of imported products, accounting for 23 percent of total imports. Examples of such goods are clothing, food or consumer electronics. Capital goods such as robots, lorries or machinery for the production process made up 19 percent of total imports in 2018. Mineral fuels such as crude oil, refined petroleum products and natural gas represented some 15 percent of the import value in 2018. Compared to 2015, intermediate goods and mineral fuels made up a higher share of Dutch imports in 2018, while the share of capital goods decreased slightly.

Imports in 2018 that were directly consumed in the Netherlands consisted for the most part – 37 percent – of consumer goods, such as fruit, shoes and smartphones. In imports for re-export, intermediate goods were the largest product group, with a 40 percent share. Intermediate goods made up an even larger share of imports by Dutch sectors, at 47 percent. Semiconductor components, batteries and machine parts are examples of such intermediate goods. Furthermore, imports used in re-exports consisted in large part of consumer goods.

In 2018, total Dutch goods exports stood at nearly 487 billion euros. The growth rate of exports (16 percent) therefore lagged slightly behind that of imports (17 percent) between 2015 and 2018. Goods exports comprise Dutch manufactured (domestic) exports and re-exports. Between 2015 and 2018, re-exports grew faster (19 percent) than domestic exports (13 percent). In 2018, re-exports contributed about 246 billion euros (51 percent) to total exports. Domestic exports lagged slightly behind, with 241 billion euros (49 percent).<sup>1)</sup>

The composition of the two export flows is very similar, with intermediate goods making up the largest group of domestic exports as well as re-exports. The share of intermediate goods also increased slightly in both export flows between 2015 and 2018. This shows that the Netherlands is increasingly integrated into international production processes, as these are goods that are further processed in other countries.

The food, beverages and tobacco industry, the chemical industry and the electrotechnical industry achieved the highest exports in 2018. In 2018, exports by the food, beverages and tobacco industry consisted largely of consumer goods, such as beverages, chocolate or prepared foods. Nearly 90 percent of chemical industry exports consisted of intermediate goods, such as medical and pharmaceutical goods, hydrocarbons and plastics.

International trade – both by the Netherlands and the rest of the world – increasingly consists of intermediate goods. The growing trade in these intermediate products indicates that countries and their industries are increasingly operating in international production chains. Most of the intermediate goods produced in the Netherlands, such as steel, cocoa butter or chemical intermediates, are sold to Germany. Germany is therefore not only our most important export partner (see Chapter 5), but also the largest consumer of intermediate goods produced in the Netherlands. After Germany, the United States is the largest end-user of intermediate goods made in the Netherlands.

## 6.2 Composition and development of total Dutch goods imports

This section charts the development of Dutch imports. A distinction is made according to the type of product that is imported. Dutch goods imports can be divided into five types: intermediate goods, capital goods, consumer goods, mineral fuels, and other goods.<sup>2)</sup>

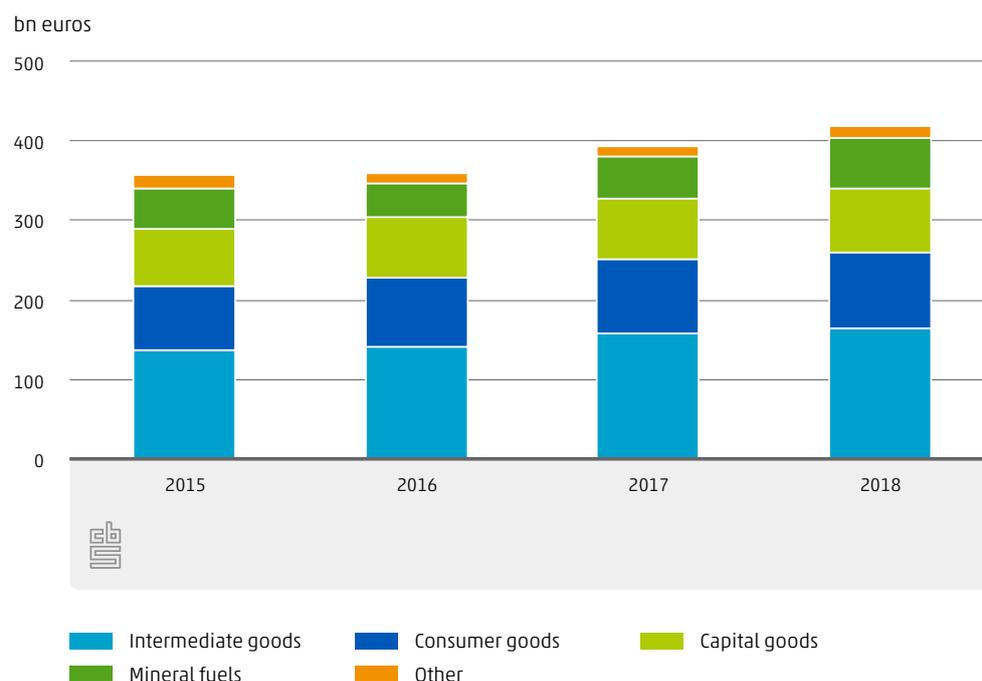
This section explains what happens to imports. For example, some imports are destined for consumers or enterprises, while others are intended for re-export.

- <sup>1)</sup> Elsewhere in this publication, for example in Chapters 4 and 5, it is indicated that re-exports account for slightly less than half of goods exports. The figures presented in this chapter are based on figures of the National Accounts. In Chapters 4 and 5, figures from the International Trade in Goods source statistics are used. The source statistics use different concepts from those of the National Accounts. For example, source statistics are based on cross-border trade in goods, while economic ownership is leading for the National Accounts. Integration into the National Accounts results in additional differences. In consequence, the figures in this chapter cannot be compared directly with those in Chapters 4 and 5. For more information on these differences, see 'CBS import and export statistics' (CBS, 2015a).
- <sup>2)</sup> This classification is based on the BEC classification (Broad Economic Categories). This classification categorises goods according to the nature of final demand or the end use of these goods, as laid down in the National Accounts system.

## Import value grew by 17 percent between 2015 and 2018

The Netherlands imported some 419 billion euros worth of goods in 2018, as shown in Figure 6.2.1.<sup>3)</sup> This was 60 billion euros more than in 2015, which was an increase of 17 percent. Nearly 40 percent of these imports consisted of intermediate goods. These are intermediate or semi-finished products used by enterprises in the production of 'final' goods or the end products. Intermediate goods are goods which, given their nature, are mainly used by manufacturing and other sectors in their production process. Examples are raw materials such as iron ore or coal, machine parts or products from the agricultural sector such as cocoa, soy or sugar. Between 2015 and 2018, imports of intermediate goods grew by nearly 20 percent, which was slightly more than total imports.

### 6.2.1 Composition of Dutch goods imports, 2015-2018



### Share of mineral fuels in imports has grown

Consumer goods constituted the second-largest group of imports. These are goods that are purchased by consumers to meet a need. Examples of consumer goods are furniture, electronics, food or clothing. In 2018, around 23 percent of the total import value consisted of such consumer goods. This share has remained the same in comparison to 2015, which means that imports of consumer goods grew in line with total imports.

Capital goods are goods that are used in the production process, for instance to produce consumer goods or services. Examples include lorries, cranes, robots or machinery that are used in the production process. Imports of capital goods represented around 19 percent of

<sup>3)</sup> These figures are based on the latest revision of the National Accounts. In consequence, the series described here for the years 2015-2018 is not directly comparable with the figures in Chapter 6 of Dutch Trade in Facts and Figures, 2019. These figures are estimates and not exact measurements. As the National Accounts use different demarcations, methods, concepts and definitions from the International Trade in Goods statistics, these figures do not correspond to those in Chapter 5.

total imports in 2018. Growth in imports of these goods remained slightly lower than total growth. As a result, the share of capital goods in imports declined somewhat between 2015 and 2018.

Mineral fuels such as petrol, diesel or natural gas are not included as intermediate goods in this classification, but are considered as a separate category. The reason for this is that mineral fuels are exposed to strong price fluctuations, which could distort the development of intermediate goods. Mineral fuels are the fourth category of imports, making up 15 percent of the total. In addition, this import flow grew faster than the other four types of goods, in line with the increased fuel price.

Goods which cannot be classified under these four categories are included in the category 'other goods'. Examples are cars, certain types of military equipment such as weaponry and ammunition, postal packages and specific aircraft and shipping components (see OECD, 2017). In 2018, around 3 percent of the total import value consisted of other goods.

## **Nearly half of imports go directly abroad**

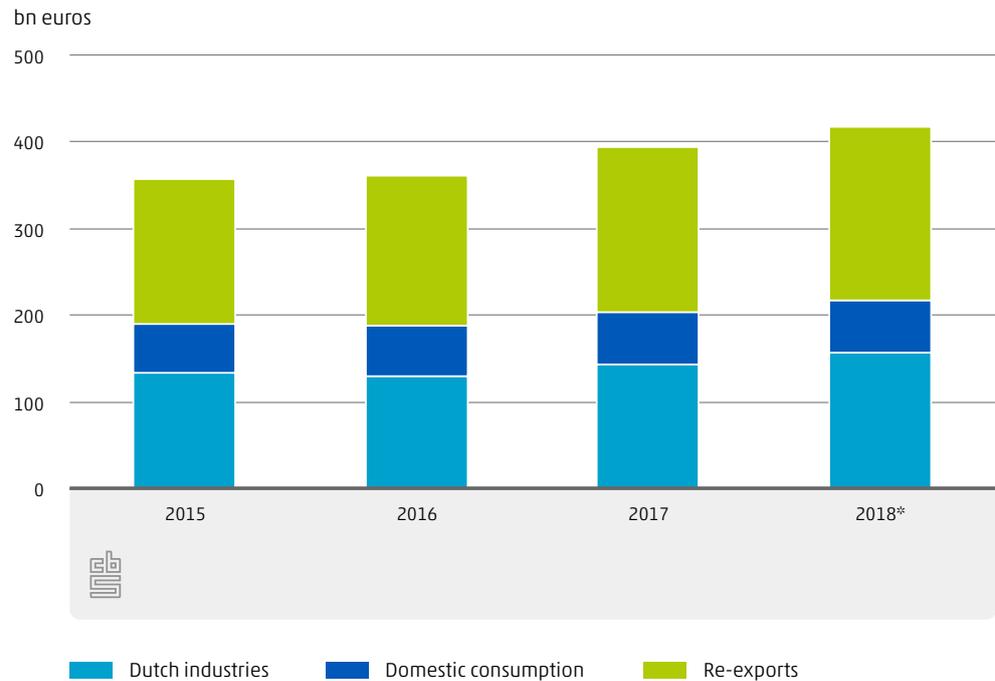
Figure 6.2.2 shows that slightly less than half of the import value in 2018 comprised goods that went abroad as re-exports. These are, for example, goods from China that go through Dutch customs clearance and are released for the European market, and are then resold to a buyer in Germany, for instance.<sup>4)</sup> Franssen et al. (2020) show that 51 billion of the 55 billion euros of Dutch imports from Asia go on to other countries in Europe in the form of re-exports. Imports destined for re-export have grown slightly faster than imports for domestic use since 2015, increasing by 19 percent. As a result, just over half of total import growth between 2015 and 2018 (32 billion euros) consisted of goods destined for re-export.

## **Around 37 percent of imports are processed further**

Of the 419 billion euros of imports that entered the Netherlands in 2018, a share of 157 billion – 37 percent – was imported by enterprises and industries. These imports rose by 17 percent between 2015 and 2018, which is equal to the growth rate of total imports.

<sup>4)</sup> The goods have been on Dutch territory and have also come into the possession of a Dutch resident.

## 6.2.2 Destination of Dutch goods imports, 2015-2018



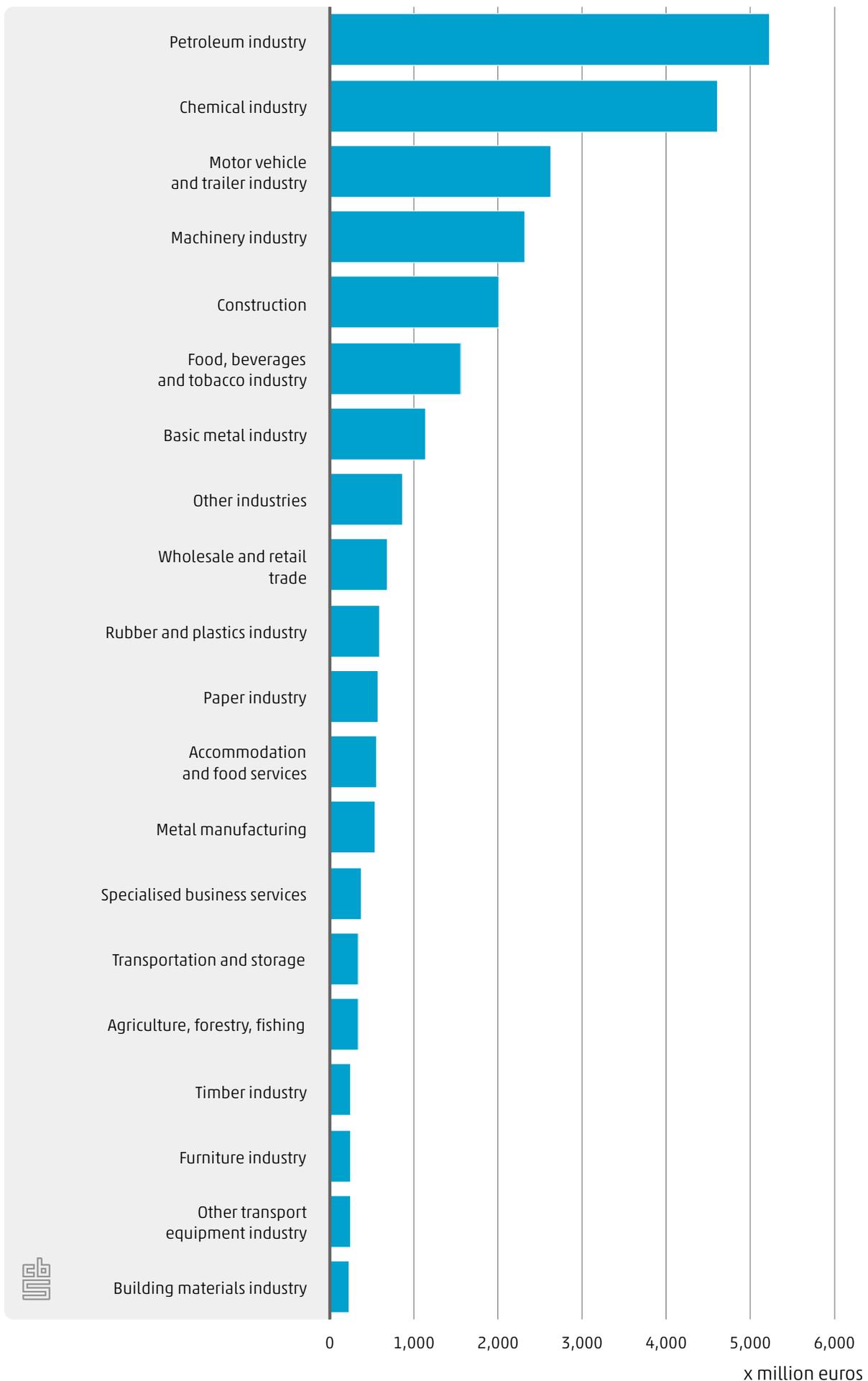
### Some 15 percent of imports go directly to Dutch consumer

The third and also the smallest import flow in Figure 6.2.2 consists of imported goods that go directly to the Dutch consumer. In 2018, these imports totalled more than 61 billion euros. Examples of such goods are laptops from China, oranges from South Africa or wine from France. Imports that go directly to consumers accounted for around 15 percent of total imports in 2018. Compared to the two other import flows – imports for re-export and imports for enterprises – this import flow grew the least, by 10 percent from 2015.

### Sharp rise in imports by petroleum and chemical industries

We can focus more closely on the 157 billion euros of imports by Dutch sectors by looking at the level of each individual industry. Figure 6.2.3 shows which of the 20 sectors and industries in particular imported more in the period under review. The petroleum industry and the chemical industry in particular recorded a significantly higher import value in 2018 compared to 2015. However, the import value of these industries is strongly influenced by developments in the crude oil prices and, to a lesser extent, the exchange rate. The price of a barrel of North Sea Brent oil was relatively low in 2015, at around 53 US dollars. By 2018, the price had risen to nearly 72 US dollars. The fact that gas production in the Netherlands has declined over recent years also plays an important role in the growth in imports of mineral fuels (CBS, 2019). The motor vehicle and trailer industry, machinery, construction, and the food, beverages and tobacco industry also increased their imports between 2015 and 2018. Section 6.3 looks in more detail at the type of goods imported by the various sectors.

### 6.2.3 Top 20 industries with largest growth in import value between 2015 and 2018



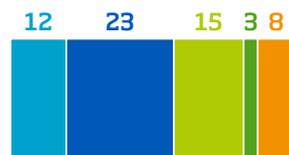
## 6.3 Composition of goods imports by type of product

Goods that are sold directly to Dutch consumers are different in nature and content from goods that are imported by Dutch enterprises and from goods that are re-exported. This section discusses these differences and shows the extent to which the three import flows differ or are similar in terms of composition.

### Types of goods, import value in euros (2018)



Import of goods by Dutch industries  
**157 bn euros**



Import of goods directly intended for domestic consumption  
**61 bn euros**



Import of goods directly intended for foreign consumption  
**201 bn euros**



### Consumer goods take up largest share in domestic consumption

In 2018, consumer goods accounted for around 37 percent of goods imported by the Netherlands that went directly to consumers. This share came to nearly 23 billion euros. Goods imported and sold to Dutch consumers include clothing, consumer electronics such as telephones or computer games, and also food products such as fruit. The second and third product categories after consumer goods are capital goods (25 percent) and intermediate goods (19 percent). Capital goods and intermediate goods that can be purchased by consumers include computers, DIY materials, tools and agricultural products (fruit can either

be bought directly in a shop or further processed by the food industry). Mineral fuels account for around 5 percent of imports intended for direct consumption.

## **Intermediate goods account for 40 percent of imports for re-export**

In 2018, more than 79 billion euros of the 201 billion euros of imports for re-export consisted of intermediate goods. These goods may be machine parts or raw materials that are exported via the Netherlands to other European countries. Compared to 2015, imported intermediate goods became slightly more important for re-exports, with the share growing by 1 percent to 2018. Consumer goods were the second-largest category of goods imported for re-export in 2018, totalling 53 billion euros. Examples of such goods are clothing and consumer electronics, which are imported by the Netherlands and immediately re-exported. The share of consumer goods imported for re-export also increased slightly compared to 2015. Capital goods such as industrial plants, forklift trucks or transport vehicles made up some 22 percent of imports for re-export, at 44 billion euros. This share has declined slightly since 2015. Mineral fuels, at 12 percent, represented a limited and constant share of imports intended for re-export.

## **Intermediate goods account for 47 percent of imports by Dutch sectors**

It makes sense for imports by enterprises to consist largely of intermediate products, i.e. raw materials and/or semi-manufactured goods that are subsequently processed into end products or consumed in the production process. In 2018, more than 74 billion of the 157 billion euros of imports for re-export consisted of intermediate goods. The importance of intermediate goods in these imports has also increased slightly compared to 2015. The output resulting from the use of these intermediate goods by the Dutch business economy can either be intended for domestic consumption or for export as part of the next step in the global value chain. With a share of 23 percent, mineral fuels were the second-largest group of products imported by Dutch sectors in 2018. This share was slightly larger than in 2015, mainly due to higher fuel prices. Capital goods, at 14 percent, and consumer goods, at 12 percent, represent a limited share of imports by sectors of industry in the Netherlands.

## **On average 53 percent of imports for manufacturing consist of intermediate goods**

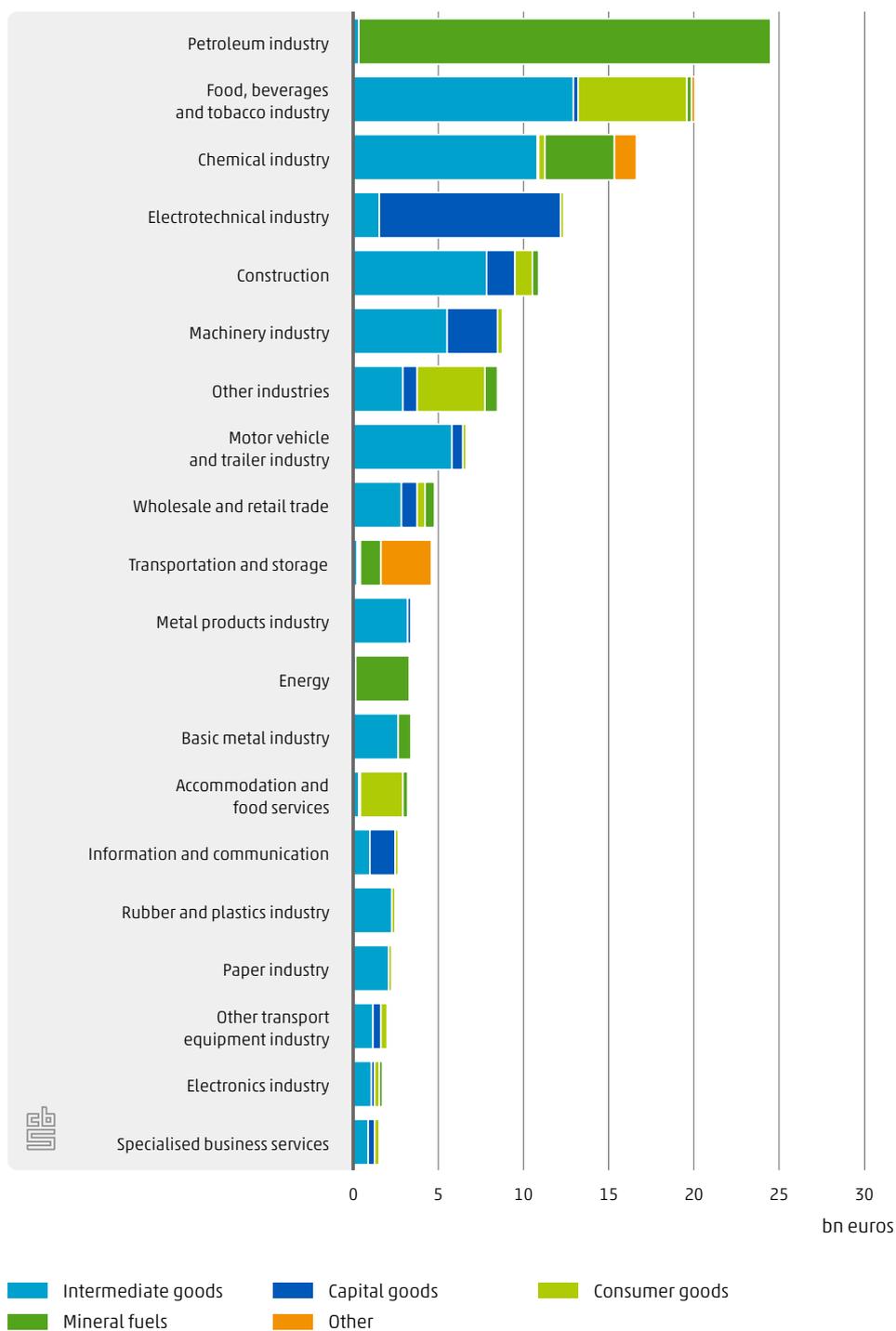
Figure 6.3.1 looks in greater detail at imports by the Dutch business economy, focusing on the 20 sectors that imported the most goods in 2018.<sup>5)</sup> Most manufacturing sectors import mainly intermediate goods, but there are sometimes striking differences between the various subindustries.

5) A full overview is provided in the set of tables that is available on the [home page](#) of this publication.

With imports totalling just over 24 billion euros, the petroleum industry was once again the sector with the highest import value in 2018. It is not entirely surprising that imports in the petroleum industry consist almost exclusively of mineral fuels. This is in line with the nature of this industry and its production process. The food, beverages and tobacco industry reported the second-highest imports of goods, at 20 billion euros. Nearly two-thirds of these imports consist of intermediate goods, such as raw materials, food products or agricultural products that are processed further in the Netherlands. In addition, this industry imports relatively large amounts of consumer goods, which possibly undergo some minor processing. Compared to 2015, imports of consumer goods by this sector of industry showed the strongest growth.

Figure 6.2.3 showed that, after the petroleum industry, imports by the chemical industry have grown the most compared to 2015. This is mainly because this industry has imported substantially more other goods, intermediate goods and mineral fuels since 2015. The share of intermediate goods in imports by the chemical industry continues to be large, at 65 percent, but it was larger in 2015. The highest shares of imported intermediate goods are found in the timber industry (94 percent), rubber and plastics production (89 percent), paper industry (88 percent), metal manufacturing industry (88 percent), motor vehicle and trailer industry (87 percent) and printing industry (87 percent). The electrotechnical industry and the machinery industry import relatively large amounts of capital goods, such as robots. Outside manufacturing, in the wholesale and retail sector and in the information and communication sector, imports of intermediate goods are also high. Consumer goods often find their way into the accommodation and food services sector.

### 6.3.1 Composition of goods imports by top 20 importing industries, 2018

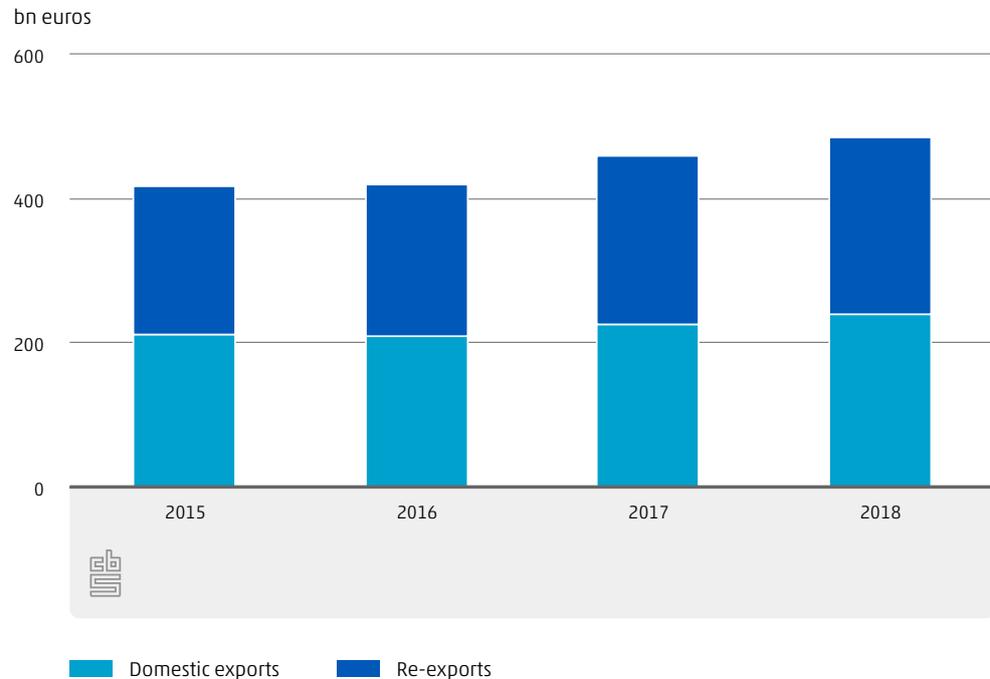


## 6.4 Origin of Dutch goods exports

In 2018, Dutch goods exports totalled nearly 487 billion euros, which resulted in an export value that was more than 68 billion euros (+16 percent) higher than in 2015. This meant that exports grew slightly less rapidly than imports (+17 percent) during the period under review.

As Figure 6.4.1 shows, the value of goods exports can be divided into two categories: domestically produced (domestic) exports and re-exports. In 2015, re-exports accounted for 49 percent of total goods exports and domestic exports made up 51 percent. During the next few years, re-exports grew faster (+19 percent) than domestic exports (+13 percent) and in 2018, the picture was reversed. In that year, re-exports accounted for 51 percent – 246 billion euros – and domestic exports 49 percent for just under 241 billion euros.

### 6.4.1 Composition of export value of goods, 2015-2018

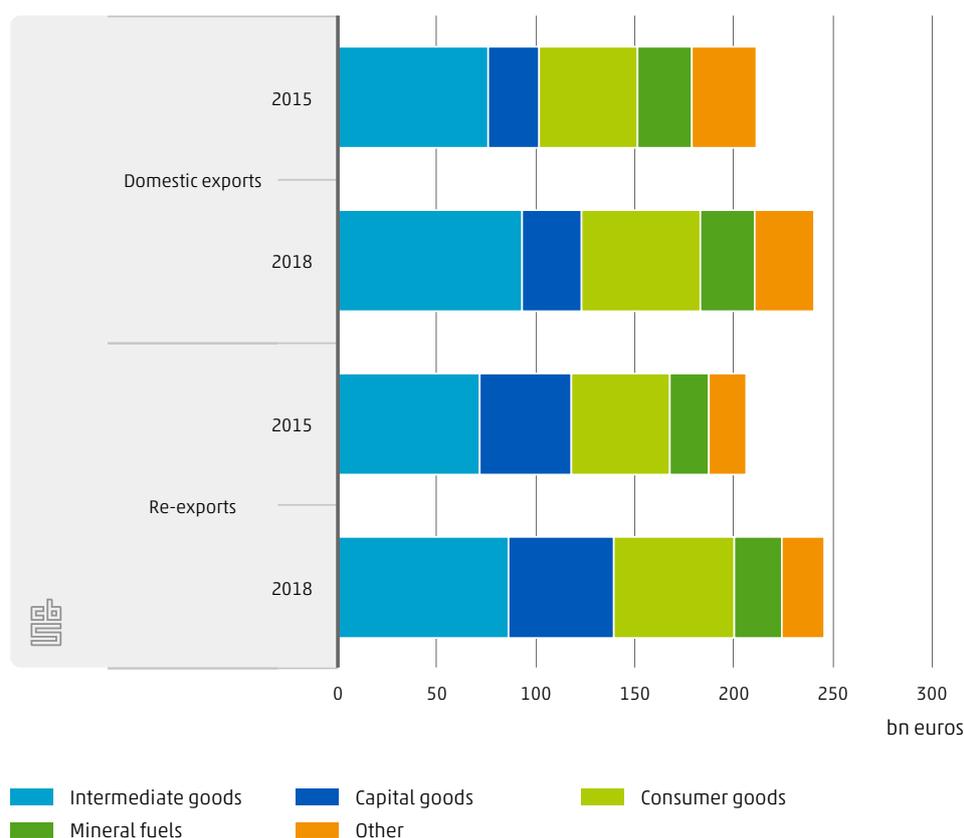


### Strongest export growth in intermediate goods

Figure 6.4.1 shows a number of things. For example, it shows that the shares of re-exports and domestic exports are about the same. It also makes clear that both export flows grew between 2015 and 2018. Figure 6.4.2 shows that the composition of the two export flows is very similar. In both 2015 and 2018 and in both export flows, intermediate goods formed the largest product group. Intermediate goods had the highest share of domestic exports, at 39 percent in 2018, compared to a share of 35 percent for re-exports. Compared to 2015, the importance of intermediate goods increased for both re-exports (1 percentage point) and domestic exports (3 percentage points). In other words, between 2015 and 2018, exports from the Netherlands were increasingly likely to consist of intermediate goods, especially if these were of Dutch manufacture. This shows that the Netherlands is ever more integrated into international production processes, as these are goods that are further processed in other countries.

Around a quarter of both domestic exports and re-exports consists of consumer goods. Where the two export flows differ is in the importance of mineral fuels and capital goods. Capital goods account for a larger share in re-exports, while mineral fuels account for a larger share in domestic exports.

## 6.4.2 Composition of goods exports by type of product



## 6.5 Composition of Dutch goods exports

Figure 6.5.1 shows – in a similar way to Figure 6.3.1 – how the domestic goods exports of the 20 largest exporting sectors are composed.<sup>6)</sup>

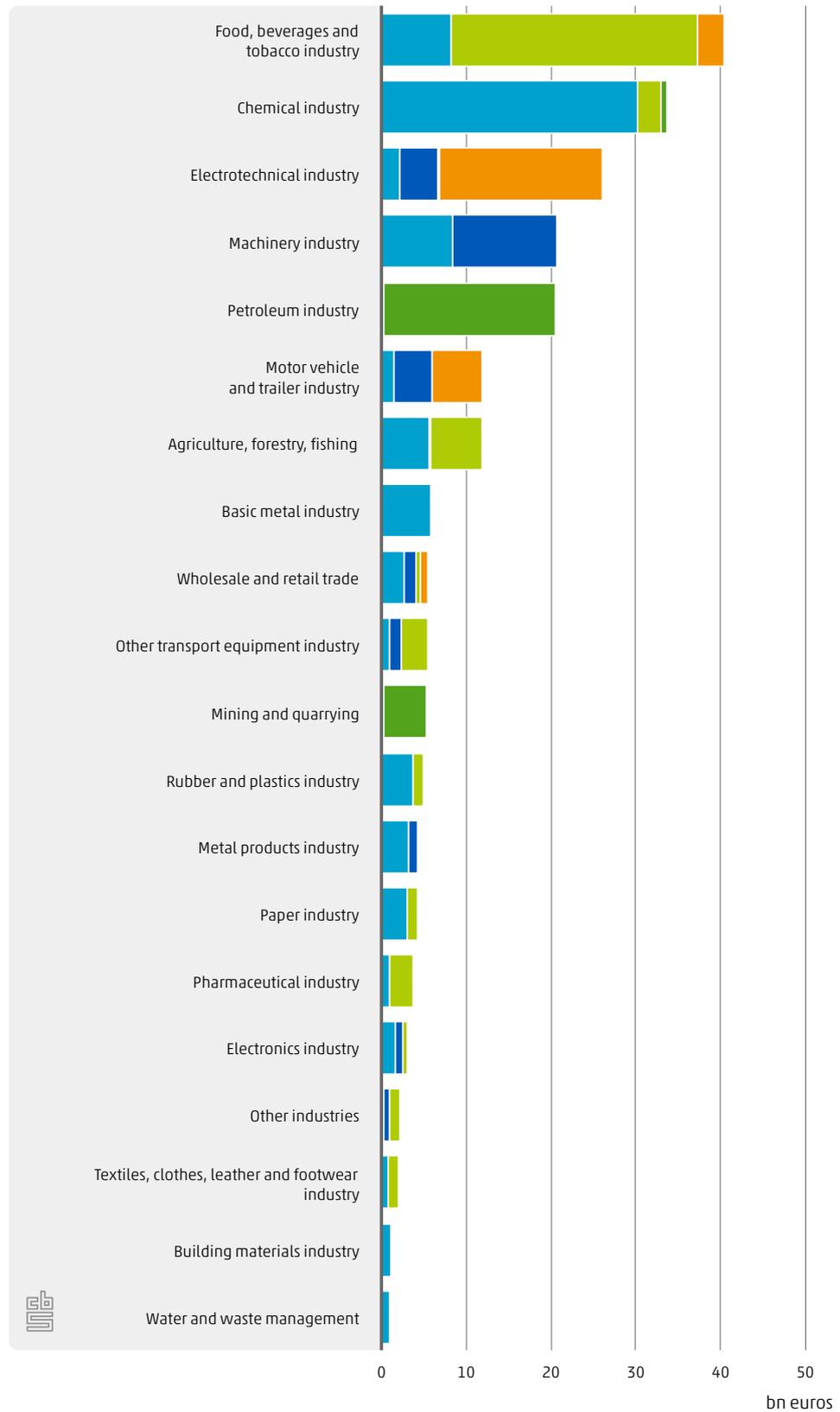
### Chemical industry exports more than one-third of intermediate goods

Figure 6.5.1 shows the composition of the exports of the 20 Dutch sectors and industries that export the most. The food, beverages and tobacco sector reported the highest exports in 2018, followed by the chemical and electrotechnical industries. A significant part of exports by the food, beverages and tobacco industry in 2018 consisted of consumer goods. These include products such as beer, chocolate or infant formula. This industry alone accounted for half of the total exports of consumer goods by Dutch sectors in 2018. Compared to 2015, exports by the food, beverages and tobacco industry grew by nearly 5 billion euros (13 percent). Consumer goods are also exported relatively often by agriculture, forestry and fishing, other transport equipment manufacturing and the pharmaceutical industry. The chemical industry ranked second in terms of export value in 2018. Nearly 90 percent of the export value of this industry consists of intermediate goods, such as medical and

<sup>6)</sup> A full overview is provided in the set of tables that is available on the [home page](#) of this publication.

pharmaceutical goods, hydrocarbons and plastics. As such the chemical industry alone accounts for nearly 36 percent of total exports of intermediate goods by Dutch sectors. Compared to 2015, exports by the chemical industry have grown the fastest of all sector, increasing by nearly 9 billion euros. This growth largely consisted of intermediary goods. Goods exports by the electrotechnical industry came to 26 billion euros in 2018. Nearly three-quarters of these goods belong to the category 'other goods'. Not entirely surprisingly, exports from the petroleum industry and mining and quarrying consist nearly entirely of mineral fuels such as motor fuels and natural gas. Exports from agriculture, forestry and fishing consist almost equally of intermediate goods and consumer goods. Exports by the machinery industry consisted almost entirely of intermediate goods and capital goods.

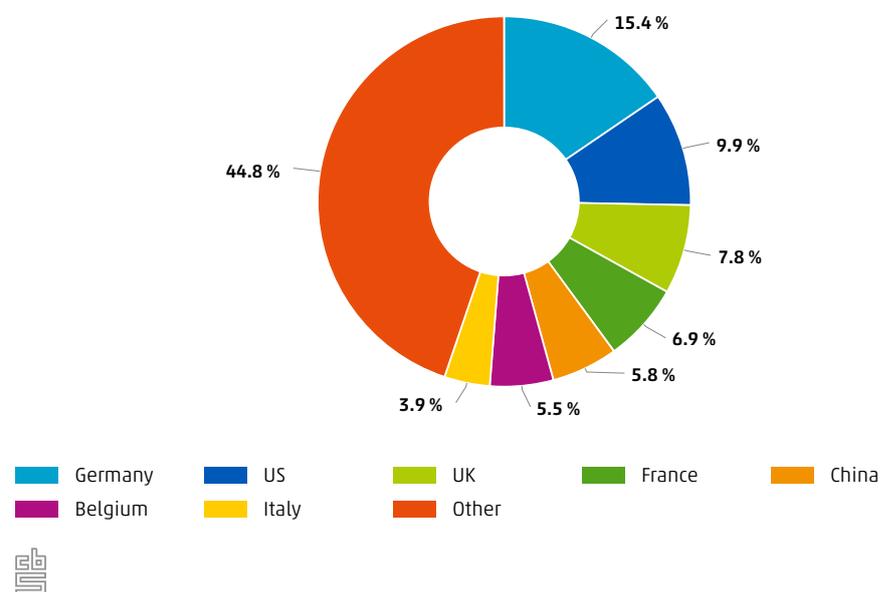
### 6.5.1 Composition of domestic exports in the top 20 most exporting industries, 2018



■ Intermediate goods    
 ■ Capital goods    
 ■ Consumer goods  
■ Mineral fuels    
 ■ Other

Intermediate goods have been on the rise in world trade in recent decades. For the Netherlands, too, we can see that the share of intermediate goods in exports is increasing, especially in domestic exports. The growing trade in these intermediate products indicates that countries and their manufacturing industries are increasingly operating in international production chains. Chart 6.5.2 follows the export flow of intermediate goods from the Netherlands in international value chains and shows in which countries these goods are ultimately consumed. One example is cocoa butter, which is made in the Netherlands from imported cocoa and then exported to other countries. Other intermediate goods are parts for passenger cars, which are manufactured in the Netherlands (e.g. steel or car roofs) and then exported to Germany. The German automotive industry assembles the parts, after which the car is ultimately exported to, for example, China. Figure 6.5.2 shows which countries consume the most goods that incorporate intermediate goods produced in the Netherlands.

## 6.5.2 Consumption of Dutch-manufactured intermediate goods, 2016



### Dutch intermediate goods go mainly to Germany and the US

Intermediate goods produced in the Netherlands are most often found in goods consumed in Germany. This makes Germany not only the most important export market for the Netherlands, but also the most important consumer of Dutch-manufactured intermediate goods. Of the nearly 78 billion euros in intermediate goods manufactured in the Netherlands in 2016, 15 percent (11 billion euros) were ultimately destined for consumption in Germany. After Germany, the United States is the largest end-user of intermediate goods made in the Netherlands. This is notable, given that the US is the fifth largest destination in terms of total exports from the Netherlands. Belgium, France and the United Kingdom therefore consume fewer goods incorporating Dutch intermediate products than the US does.

## Consumption of Dutch intermediate goods increases in Sweden, the UK, Russia and Spain

Of the larger trading partners, Sweden, the United Kingdom, Russia and Spain in particular consumed more intermediate goods produced in the Netherlands in 2016 than in the previous year. Among the smaller export partners, more goods incorporating Dutch intermediate goods were consumed in Israel, Cyprus, Singapore and Ireland in particular. France, Italy and smaller trading partners Malta, Indonesia and Hong Kong consumed fewer goods incorporating Dutch intermediate products in 2016.

## 6.6 References

CBS (2016). *Import compenseert vermindering aardgaswinning*. Statistics Netherlands: The Hague/Heerlen/Bonaire.

CBS (2019). *2018: eerste handelstekort in aardgas*. Statistics Netherlands: The Hague/Heerlen/Bonaire.

Franssen, L., Lemmers, O., Prenen, L., & Wong, K.F. (2020). Het Verenigd Koninkrijk afhankelijker van Europese Unie dan eerder gedacht. *Economische Statistische Berichten* (ESB), 105(4786), 268–271.



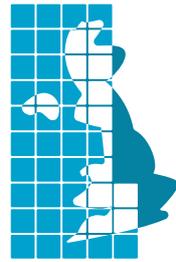
7.

# Foreign direct investment and multinationals

Authors  
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## Inward and outward FDI (excluding SPEs), position in 2018

### Top investors in the Netherlands



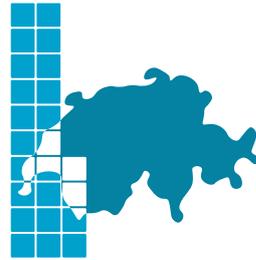
€213 bn  
United Kingdom



€209 bn  
Luxembourg



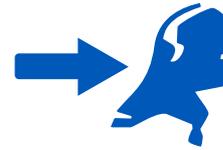
€174 bn  
United States



€122 bn  
Switzerland

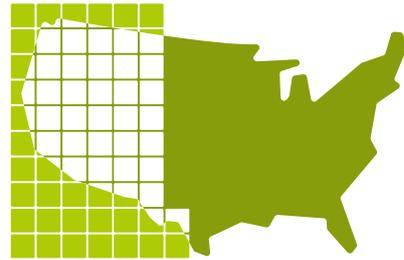


€116 bn  
Germany



■ = 5 bn

### Top investment countries



€310 bn  
United States



€231 bn  
Switzerland



€217 bn  
United Kingdom



€113 bn  
Germany



€102 bn  
Luxembourg



■ = 5 bn



**In addition to international trade, foreign direct investment is also a way to build lasting economic relationships abroad. The Netherlands attracts foreign investment, which can lead to more jobs, but also to new knowledge and technologies. Multinationals are the actors behind this foreign direct investment, and it is therefore interesting to study them further.**

## 7.1 Key findings

Foreign direct investment (FDI) is a key element of globalisation. International business is obviously more than just international trade. Enterprises can also invest across borders, for example by choosing to set up a business in another country (*greenfield FDI*) or to take over a local business (*brownfield FDI*). The Netherlands is one of the top 5 countries in the world for investment, an important factor being the attractive investment climate that prevails in the country. Advantages include the country's physical and digital infrastructure, the highly educated labour force, the efficient labour market, and investments in innovation and technology (Franssen, 2018).

Through foreign investment, enterprises can, for example, scale up production, take advantage of cheaper local factors of production and save transport costs to foreign markets in order to compete with foreign enterprises. However, enterprises may also be active abroad for tax reasons. Enterprises try to reduce their tax payments by channelling their financial or investment activities through countries with a favourable tax environment. The Netherlands plays a major role in this, since some 63 percent<sup>1)</sup> of inward foreign investment is channelled directly abroad, without any form of economic activity in the Netherlands. In this process, multinationals make use of administration or trust offices in the Netherlands, where they temporarily place their capital before actually investing in third destinations. By means of such Special Purpose Entities (SPEs), these multinationals can then make use of the advantageous Dutch tax rules, without undertaking any production in the Netherlands (Boonstra, 2018).

The Netherlands plays an important role in the area of capital flows. In 2019, the Netherlands' international investment position rose to 2,498 billion euros in outward investments, excluding SPEs. This was around 274 billion euros more than the year before. Only the United States had more outward foreign direct investment in 2019. As for inward foreign investment, excluding SPEs, the Netherlands ranked fifth in the world in 2019, with 1,768 billion euros. Despite an increase of 174 billion euros compared to 2018, the Netherlands slipped down one place in favour of China.

Around 14 percent of total inward direct investment in the Netherlands in 2018 came from the United Kingdom, after adjustment for investments via SPEs. This makes the United Kingdom the largest investor in the Netherlands in 2018, while in 2015, some 10 percent of total inward direct investment came from the UK. This made the United Kingdom 'only' the fourth largest investor in the Netherlands in 2015. The largest share of outward investments by the Netherlands was in the United States in 2018, as was the case in 2015. These

1) This share differs from the share in Franssen (2018), due to the way in which SPEs have been handled which also have some real economic activities (called mixed forms).

investments, excluding SPEs, represented 15 percent of total Dutch outward direct investment.

In 2017, a total of 24,375 multinationals were active in the Netherlands, of which 56 percent were foreign-owned. The share of foreign-owned multinationals has increased by nearly 10 percentage point since 2010. With some 2.3 million employed persons, Dutch and foreign-owned multinationals represented 39 percent of total employment in the Dutch business economy in 2017. In the Dutch business economy as a whole, the majority of enterprises (including many self-employed workers without employees) are in the specialised business services sector, while the largest number of multinationals are active in the wholesale and retail sector.

In 2018, multinationals accounted for 84 percent of goods exports and 90 percent of exports of services. Both imports and exports of Dutch multinationals grew faster than those of foreign-owned multinationals over the last year.

**84%** of goods export value is on account of multinationals



Multinationals operating within the borders of the Netherlands are often under US control. In 2017, there were around 2,875 US-controlled enterprises in the Netherlands, which represented more than 21 percent of all enterprises under foreign control. With around 203 thousand employed persons, these US-controlled multinationals accounted for 20 percent of total employment in foreign-owned multinationals in the Netherlands.

Dutch multinationals also invest abroad: in 2017, there were a total of 23,205 Dutch subsidiaries abroad, of which 15 thousand were in EU countries and 8,205 in non-EU countries. With 4,221 subsidiaries of Dutch multinationals, Germany was a particularly important country of destination. There were 356 thousand full-time jobs at Dutch subsidiaries in Germany.

## 7.2 Macro-level view of investment flows

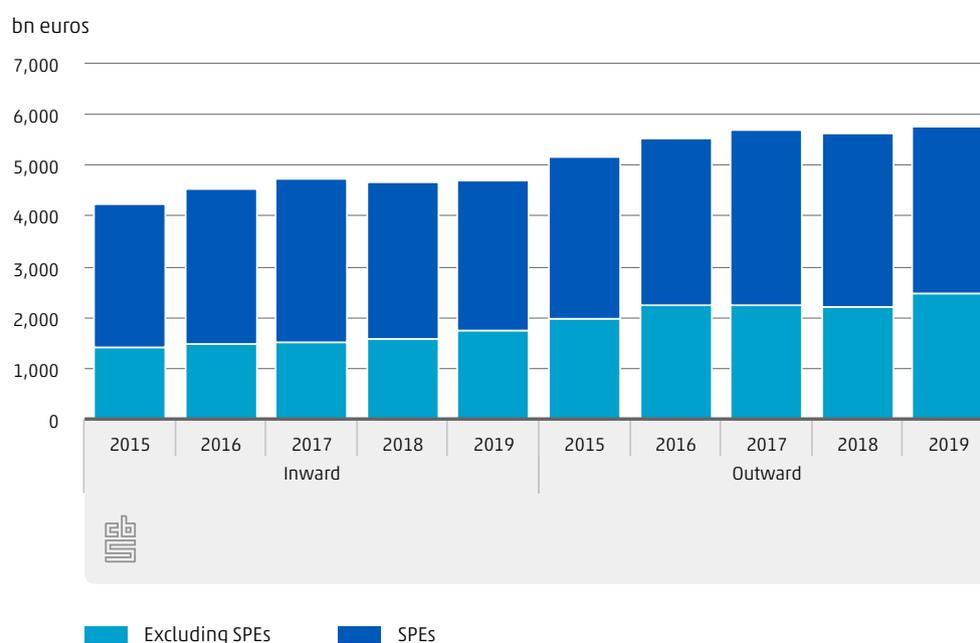
The first part of this chapter discusses the investment position of the Netherlands, based on macro-level figures of the Dutch central bank (De Nederlandsche Bank, DNB) for the period 2015–2019. Who are the most important investment partners for the Netherlands? Do we see different patterns when we disregard investments through Special Purpose Entities? How have investment flows developed in recent years?

## The Netherlands as a country of investment

In 2019, the Netherlands was among the top 5 largest investment countries worldwide. The Netherlands was actually the second-largest foreign investor in the world, preceded only by the United States (UNCTAD, 2020). As for inward foreign direct investment, the Netherlands ranked 5th worldwide after the United States, the United Kingdom, Hong Kong and China (UNCTAD, 2020). These UNCTAD figures exclude investments through Special Purpose Entities.

DNB records and publishes macro-level figures on the bilateral investments of the Netherlands. In 2018, there was a small dip in the total value of foreign investment in the Netherlands compared to 2017 (Figure 7.2.1). This was related to a divestment in 2018 due to the closure of a Special Purpose Entity based in the Netherlands (DNB, 2018a). In 2019, the Netherlands' international investment position comprised 4,709 billion euros in inward investments and 5,788 billion euros in outward investments. The previous year, these totals were 4,664 billion euros (inward investments) and 5,636 billion euros (outward investments).

### 7.2.1 International investment position of the Netherlands, 2015-2019



Source: DNB

## The Netherlands as a transit country

A substantial share of the foreign direct investment that enters the Netherlands does not end up in the Dutch economy, but is channelled from one country to another through Dutch Special Purpose Entities. The low Dutch withholding tax, the participation exemption, tax rulings, the accessibility of the Dutch Tax and Customs Administration, the expertise and experience of the Dutch trust sector, and the bilateral treaties that the Netherlands has concluded with many countries are major reasons for SPEs to redirect their investments through the Netherlands (Lejour & van 't Riet, 2013; Franssen, 2018).

Around 15 thousand Special Purpose Entities were based in the Netherlands in 2018 (DNB, 2018b). With a balance sheet total of 3,609 billion euros at the end of 2017, SPEs were the largest Dutch financial sector, larger than the banking sector, which had a balance sheet total of 2,281 billion euros (DNB, 2018b). DNB figures show that in the period 2013–2016 about 180 billion euros per year of income relevant for tax purposes (dividends, interest and royalties) flowed through the Netherlands via SPEs (DNB, 2018b).

Figure 7.2.1 shows the share of investments of Special Purpose Entities. In addition to the 3,290 billion euros of investments of SPEs abroad, there were also 2,498 billion euros of investments from the Netherlands that were not made through SPEs. This brings the total of outward direct investment in 2019 to 5,788 billion euros. If the investments through SPEs are excluded, the position of Dutch outward investment has remained stable since 2016.

Around 63 percent of total foreign investment in the Netherlands is directly channelled to other destinations. The remaining 37 percent is actually invested in the Netherlands. This is the type of investment that can lead to more work, jobs and tax revenues within the Netherlands. If investment through SPEs is again excluded, inward FDI has even risen slightly since 2015.

## Most direct investment (excluding SPEs) from UK and Luxembourg

The Netherlands' most important investment partners are the United States<sup>2)</sup>, Luxembourg, the United Kingdom, Switzerland, Ireland and Germany.<sup>3)</sup> The largest share of investment in the Netherlands is in US hands, followed by Luxembourg and the United Kingdom. If SPEs are excluded, some shifts can be seen in the 6 largest investment partners. Most investment in the Netherlands is then in UK hands (excluding SPEs), followed by Luxembourg, the United States and Switzerland.

In 2018, the United Kingdom invested some 213 billion euros (excluding SPEs) in the Netherlands (Figure 7.2.2). Compared to 2015, investment from the United Kingdom has increased and the country has moved up from 4th place to 1st place in the top 6 investment partners. The larger UK investments in the Netherlands may be the result of the uncertainty associated with Brexit. UK enterprises find it important to be present in an EU country in order to be part of the single market even after the UK has left the EU (Algemeen Dagblad, 2019; RTL Nieuws, 2019).

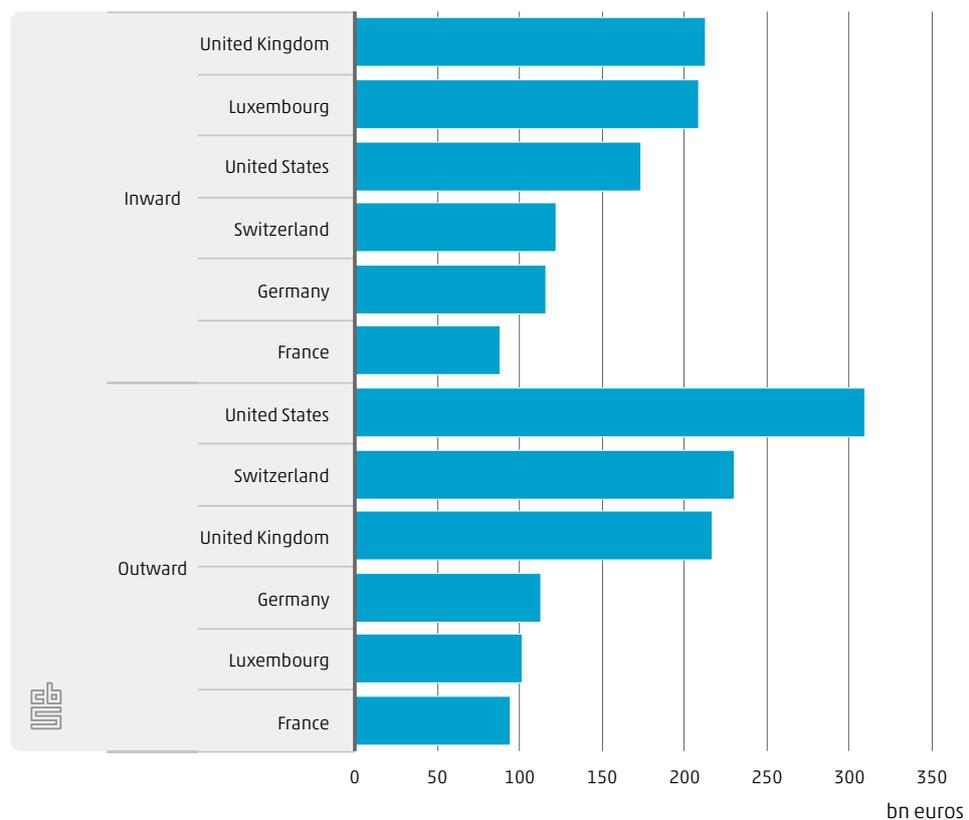
In 2018, the Netherlands had substantial amounts of investments in the United States in particular, totalling nearly 775 billion euros. Figure 7.2.2 shows that if investments channelled through Special Purpose Entities are not considered, the United States is still the main destination for Dutch investment, followed by Switzerland, the United Kingdom and Germany. In 2018, some 15 percent (310 billion euros) of outward direct investment went from the Netherlands to the United States, after correction for investment through SPEs. The United States was already the Netherlands' most important destination for investment in 2015.

2) See Chapter 2 of the Internationalisation Monitor Q1 2019 (Franssen & Lammertsma, 2019) for a comprehensive analysis of the bilateral investment relationship between the United States and the Netherlands.

3) See Chapter 4 of the Internationalisation Monitor Q1 2020 (Jaarsma et al., 2020) for a comprehensive analysis of the bilateral investment relationship between Germany and the Netherlands.

Compared to the 2015 situation, the United Kingdom dropped one place in the top 6 investment destinations for the Netherlands in 2018, moving from 2nd place down to 3rd place. Due to Brexit, the United Kingdom may become a less attractive destination for foreign investment. Firstly, Brexit may mean the UK losing access to the EU internal market. Secondly, the UK's role in global value chains will be made more difficult by possible trade barriers between the UK and the EU (DNB, 2019). Data from the UK Department for International Trade show that since the Brexit referendum, the number of *greenfield FDI*s and the number of mergers and acquisitions by foreign enterprises in the UK have fallen by 14 percent, reaching their lowest levels in six years (Romei, 2019). According to Financial Times calculations, the number of jobs created in the UK as a result of *greenfield FDI* has fallen by 19 percent compared to the same period before the referendum (Romei, 2019).

### 7.2.2 Total value of FDI, excluding SPEs, top 6 partner countries, 2018



Source: DNB

The figures shown in Figure 7.2.2 refer to the country from which the investment directly originates. However, due to different constructions (e.g. channelling investment), there can be a difference between the location where the investment has directly come from and where it originally came from. A recent article by Hagendoorn (2020) compares the figures for investments according to the direct and the original owner<sup>4)</sup> and finds striking differences among the top 6 countries that invest the most in the Netherlands.

4) The enterprise at the top of the multinational corporate structure, where management decisions are also made. This entity ultimately controls the shares of the Dutch enterprise in which it invests (Hagendoorn, 2020).

For example, figures on direct investment by original owner show that the United States was the most important investor in the Netherlands in 2017. The United States ultimately invested some 551 billion euros (excluding SPEs) in the Netherlands, which represents nearly 40 percent of the total Dutch position in inward investment. According to traditional figures on investment by direct owner, the total was less than half, at 206 billion euros (excluding SPEs). This is 'only' 15 percent of the total position in inward investment.

Luxembourg, for example, is a country that had a high score in the 2017 figures for investment by direct owner, but did not play a significant role when the original owner was considered. The country therefore acts as an important 'intermediary' between the original owner and the Dutch enterprise in which an investment is made (Hagendoorn, 2020). The United Kingdom also often acts as an 'intermediary' for investments from the United States, for example, and even for Dutch investments that return to the Netherlands via foreign group enterprises by means of loans or participating interests (Hagendoorn, 2020).

## 7.3 Multinationals in the Netherlands

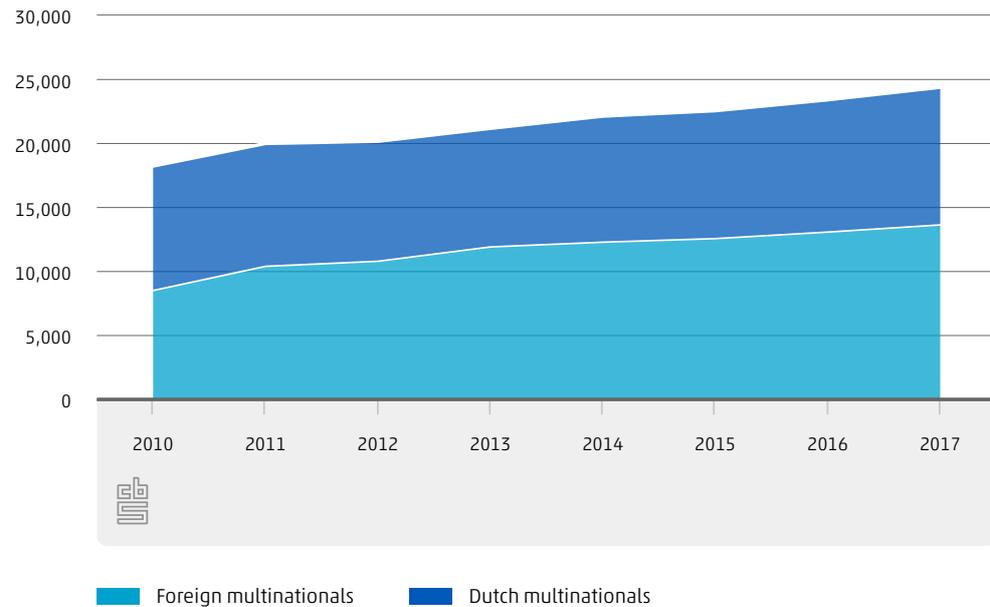
This section looks specifically at the enterprises that invest: the multinationals. CBS figures on the *Inward and Outward Foreign Affiliates Statistics* were used to examine multinationals in the Netherlands by nationality, for the period 2013–2017. How many multinationals are there in the Dutch business economy? Which sectors are they active in and how much employment do they provide? Which countries control the foreign multinationals? How much international trade and what proportion of employment in the Dutch business economy do multinational enterprises account for?

A multinational is an enterprise that exercises ultimate control over other enterprises in two or more countries. CBS can make a distinction between Dutch and foreign-owned multinationals. A Dutch multinational is an enterprise under Dutch control with subsidiaries (majority interests) abroad. A foreign-owned multinational is a subsidiary based in the Netherlands that is ultimately controlled from abroad. The number of multinationals is increasing, as new multinationals establish themselves in the Netherlands and/or Dutch enterprises are taken over by foreign enterprises. In addition, Dutch enterprises are also increasingly crossing the country's borders.

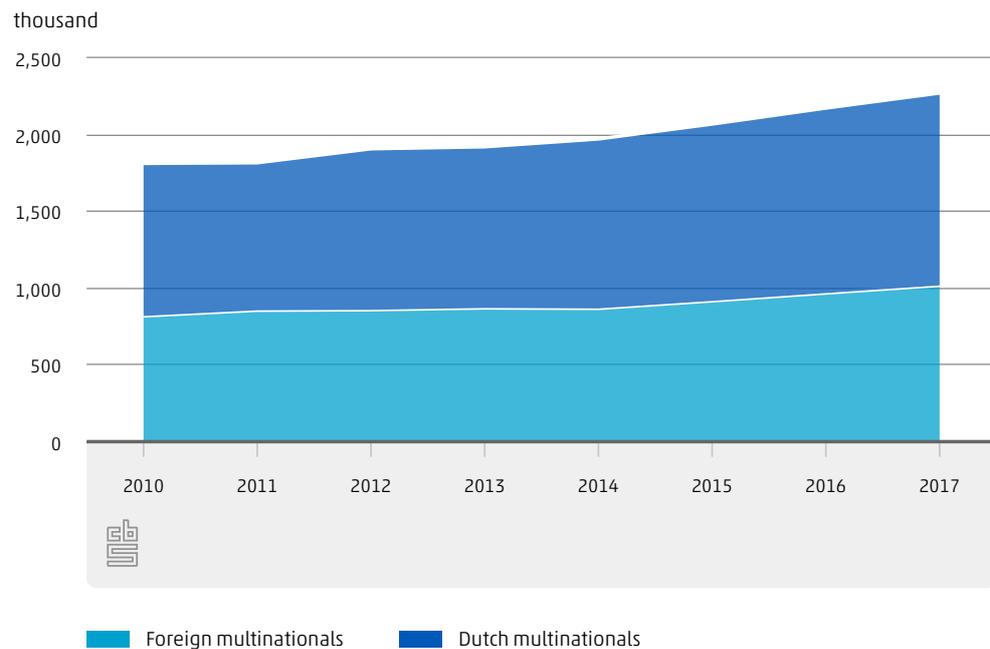
### More foreign-owned multinationals in the Netherlands

In 2017, the most recent year for which data are available, 24,375 multinationals were active in the Dutch business economy, representing 2.1 percent of the total business population. More than half of the multinationals were under foreign control. Figure 7.3.1 shows that the share of foreign-owned multinationals has grown since 2010.

### 7.3.1 Number of multinationals in the Dutch business economy, 2010-2017



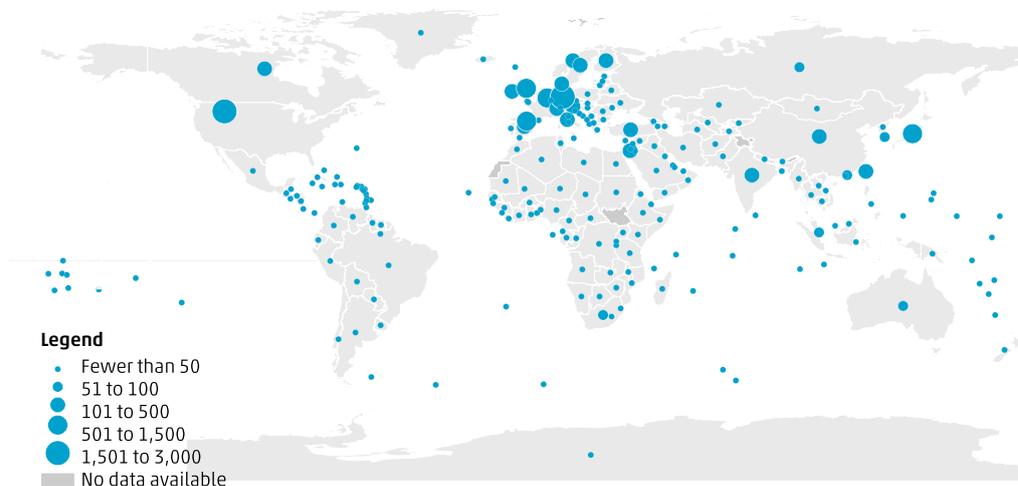
### 7.3.2 Number of employed persons at multinationals in the Dutch business economy, 2010-2017



Altogether, multinationals employed nearly 2.3 million people in the Netherlands in 2017, accounting for 39 percent of total employment in the country. This is a net figure of 98 thousand full-time jobs (FTEs) more than the previous year (+4.5 percent). An increase in employment at multinationals may arise because the enterprise grows and creates new jobs, but it may also be due to shifts in control. For example, Dutch enterprises, and therefore jobs, can be taken over by foreign-owned multinationals, or an existing Dutch enterprise that is not yet a multinational can make an investment abroad, as a result of which the employment it provides is also counted among the multinationals. Throughout the Dutch business

economy – including the non-multinationals – the number of employed persons grew by 3.5 percent. There are fewer Dutch multinationals than foreign-owned multinationals, but Dutch multinationals lead the way in terms of employment. In 2017, all Dutch multinationals together employed around 235 thousand more people than did foreign-owned multinationals (Figure 7.3.2).

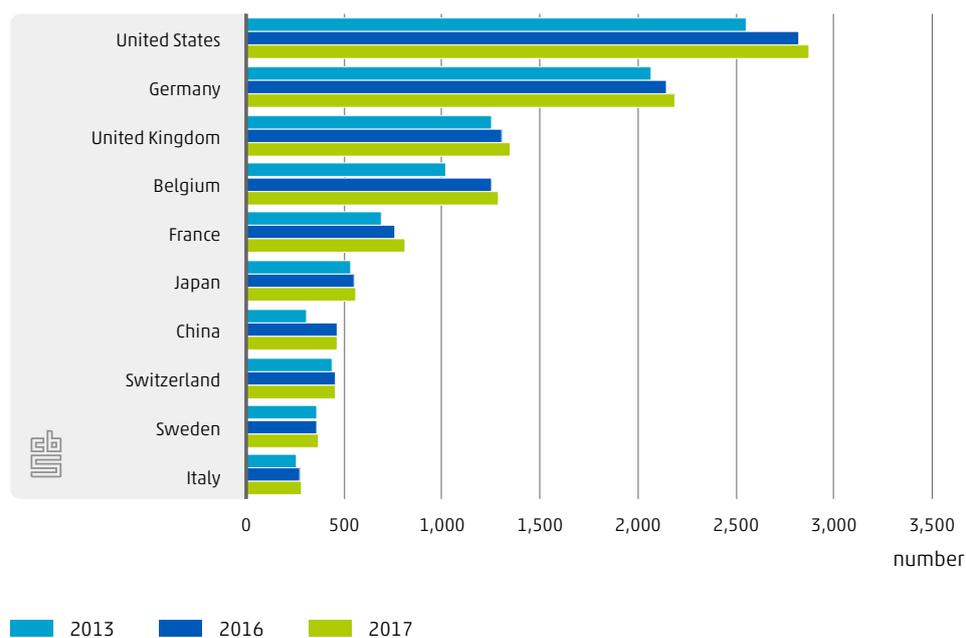
### Origin of foreign multinationals in the Netherlands, 2017



### Over 21 percent of foreign-owned multinationals are American enterprises

Most foreign-owned multinationals in the Dutch business economy are under US, German, UK, Belgian or French control (Figure 7.3.3). Together, these five countries make up more than 63 percent of all foreign-owned enterprises in the Netherlands. Just as in the total outward investment position (excluding SPEs), the United States is also our largest investment partner with respect to the number of multinationals active in the Netherlands. In 2017, there were 2,875 US-controlled enterprises in the Netherlands, which represented more than 21 percent of all enterprises under foreign control. There was a strong increase (+315) in this number between 2013 and 2017. Nearly 2,200 foreign-owned multinationals were under German control in 2017, representing around 16 percent of all enterprises under foreign control. This means that enterprises under German control form the second-largest group in the Dutch business economy after US-controlled enterprises.

### 7.3.3 Top 10 foreign-owned multinationals in the Netherlands by country of origin



The number of enterprises controlled by non-EU multinationals grew more strongly between 2013 and 2017 than the number of multinationals controlled by the EU. From 2013, the group of multinationals under non-EU control grew by 15 percent, compared to 9 percent for multinationals under EU control.

For all countries in the top 10, we see that the number of enterprises under their control rose compared to 2016. Specifically, the number of enterprises under Chinese control<sup>5)</sup> rose sharply over the last five years (+49 percent), which was considerably more than for all foreign-owned multinationals (+12 percent). Outside the top 10 foreign-owned multinationals, Canadian, Turkish, Australian and Russian multinationals have been on the rise since 2013. For example, the number of multinationals under Canadian control increased by 24 percent over the five years to 2017, to reach 180 enterprises.

The number of enterprises controlled by an ASEAN-5 country<sup>6)</sup> rose to 150 in 2017 from 145 in 2016. The extra 5 enterprises were controlled by Singapore. In 2017, around 2 thousand people were employed in the Netherlands by enterprises under Singaporean control. The number of Dutch enterprises controlled by countries in the Gulf region<sup>7)</sup> has grown since 2013, although in 2017, the number remained the same as in 2016, at 85 enterprises. Nearly all enterprises controlled by North African countries were under Egyptian or Moroccan control in 2017.

5) See Chapter 2 of the Internationalisation Monitor Q2 2020 (Creemers et al., 2020) for a comprehensive analysis of the bilateral investment relationship between China and the Netherlands.

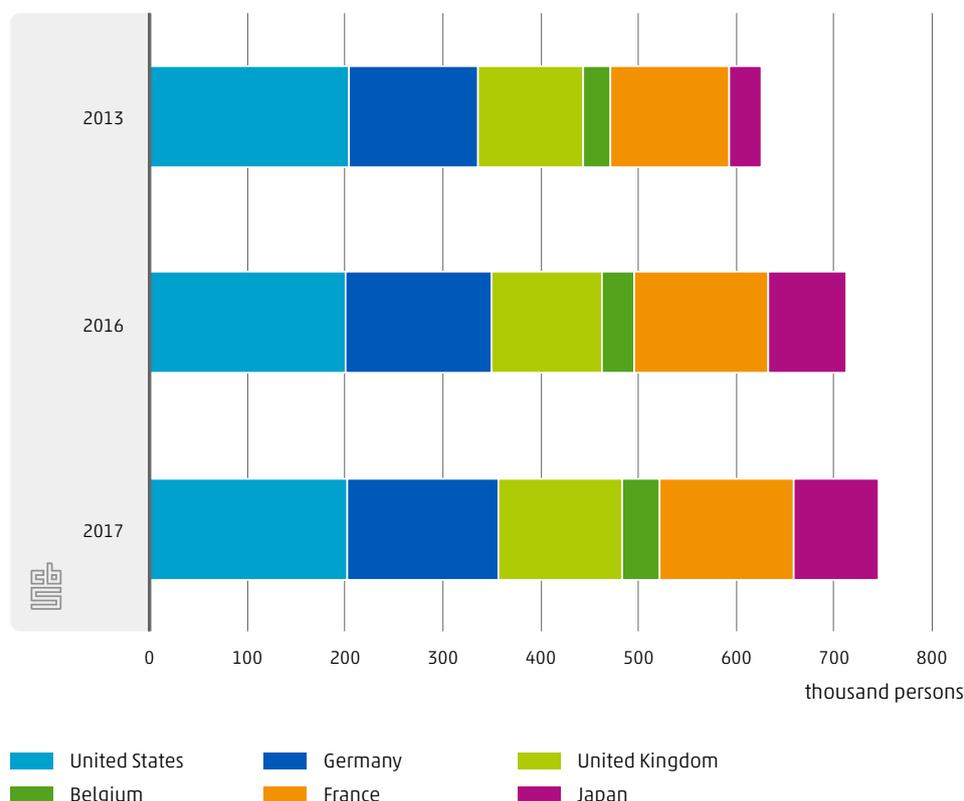
6) The ASEAN-5 countries are Indonesia, Malaysia, Singapore, Thailand and Vietnam.

7) The Gulf Region comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

## EU-controlled multinationals employ 577 thousand people

Figure 7.3.4 shows that in 2017, some 203 thousand people were employed in the Netherlands by enterprises controlled by the United States. This makes US enterprises – ahead of German, French, UK, Japanese and Belgian multinationals – the largest foreign employer in the Netherlands, providing jobs to around 20 percent of the employed persons who work for foreign-owned multinationals. Enterprises in the Netherlands under Japanese control saw a sharp increase in employment from 2013 to 2017, with the number of employed persons rising by 55 thousand to 88 thousand.

### 7.3.4 Number of employed persons in top 6 foreign-owned multinationals



## Foreign-owned multinationals mainly active in trade

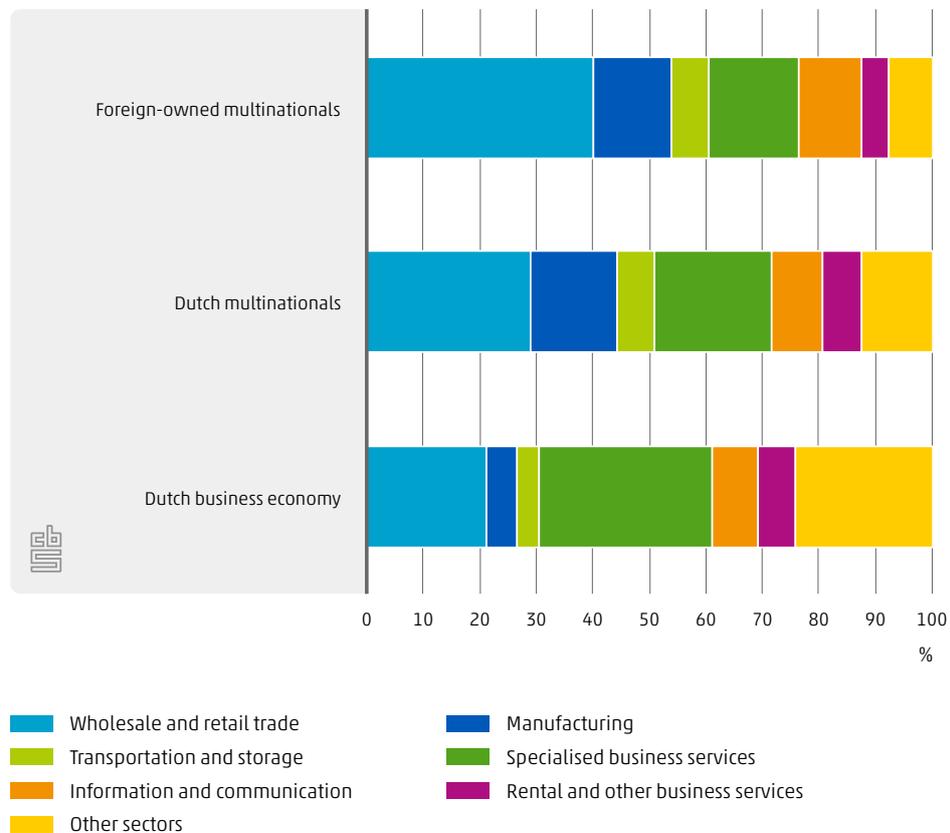
Figure 7.3.5 shows that the distribution of multinationals by sector differs significantly from the distribution of the Dutch business economy as a whole. Approximately a third of all Dutch enterprises are represented in the specialised business services sector. This sector is noticeably less popular with multinationals. Multinationals in the Netherlands were mainly active in the wholesale and retail sector in 2017, with 40.1 percent of foreign-owned multinationals and 29 percent of multinationals under Dutch control. Although the majority of multinationals – both Dutch and foreign-owned – are active in the wholesale and retail trade, this sector is not dominated by multinationals. Multinationals accounted for 3.6 percent of the more than 240 thousand enterprises in this sector in 2017. In 2017, as in the previous year, the largest share of multinationals was in the mining and quarrying sector. In that year, 33.3 percent of all the enterprises in the mining and quarrying sector were multinationals.

# 4 in 10 foreign-owned multinationals are active in wholesale and retail



Differences can also be seen between foreign-owned and Dutch multinationals. For example, in 2017 a larger share of Dutch multinationals than foreign-owned multinationals were active in the specialised business services sector and in other sectors, such as construction, accommodation and food services, and real estate.

## 7.3.5 Relative distribution of multinationals by sector, 2017



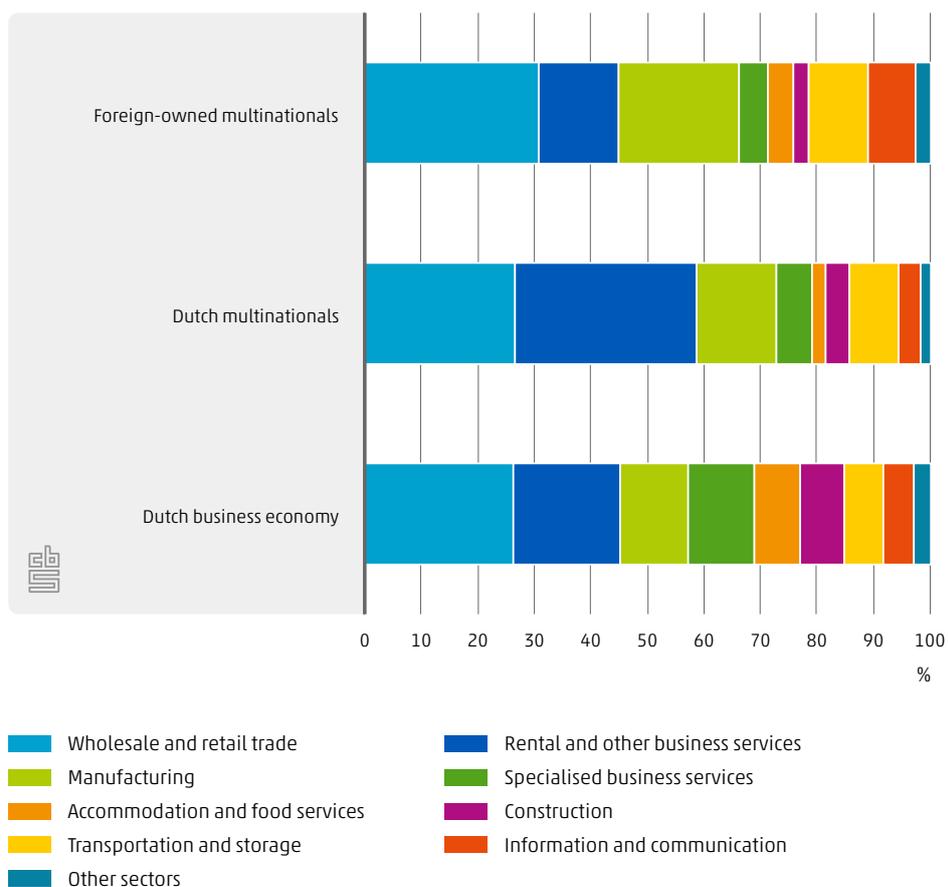
## Dutch multinationals in real estate, renting and business activities attract a relatively large number of employees

Altogether, the 1.2 million enterprises in the Dutch business economy employed nearly 5.8 million people in the Netherlands in 2017. In the total Dutch business economy, the wholesale and retail trade; real estate, renting and business activities; and manufacturing sectors are the largest employers (Figure 7.3.6). These three sectors also provide the most employment in Dutch and foreign-owned multinationals, although the ranking of these top 3 differs between the Dutch and foreign employers. Dutch multinationals active in real estate, renting and business activities are major employers. Nearly a third of all employed

persons at Dutch multinationals were active in this sector. Among foreign-owned multinationals, the most important sector in terms of employment is the wholesale and retail trade, followed by manufacturing and then real estate, renting and business activities.

Regarding employment in the Netherlands created by multinationals, there are differences between foreign-owned and Dutch multinationals. In terms of the average number of people employed, the average foreign-owned multinational in the wholesale and retail trade; real estate, renting and business activities; specialised business services; and construction sectors is smaller than the average Dutch multinational in the same sectors. The reverse is true of the manufacturing; accommodation and food services; and communication sectors. In these sectors, foreign-owned multinationals are relatively larger employers than Dutch multinationals.

### 7.3.6 Relative distribution of employment at multinationals by sector, 2017



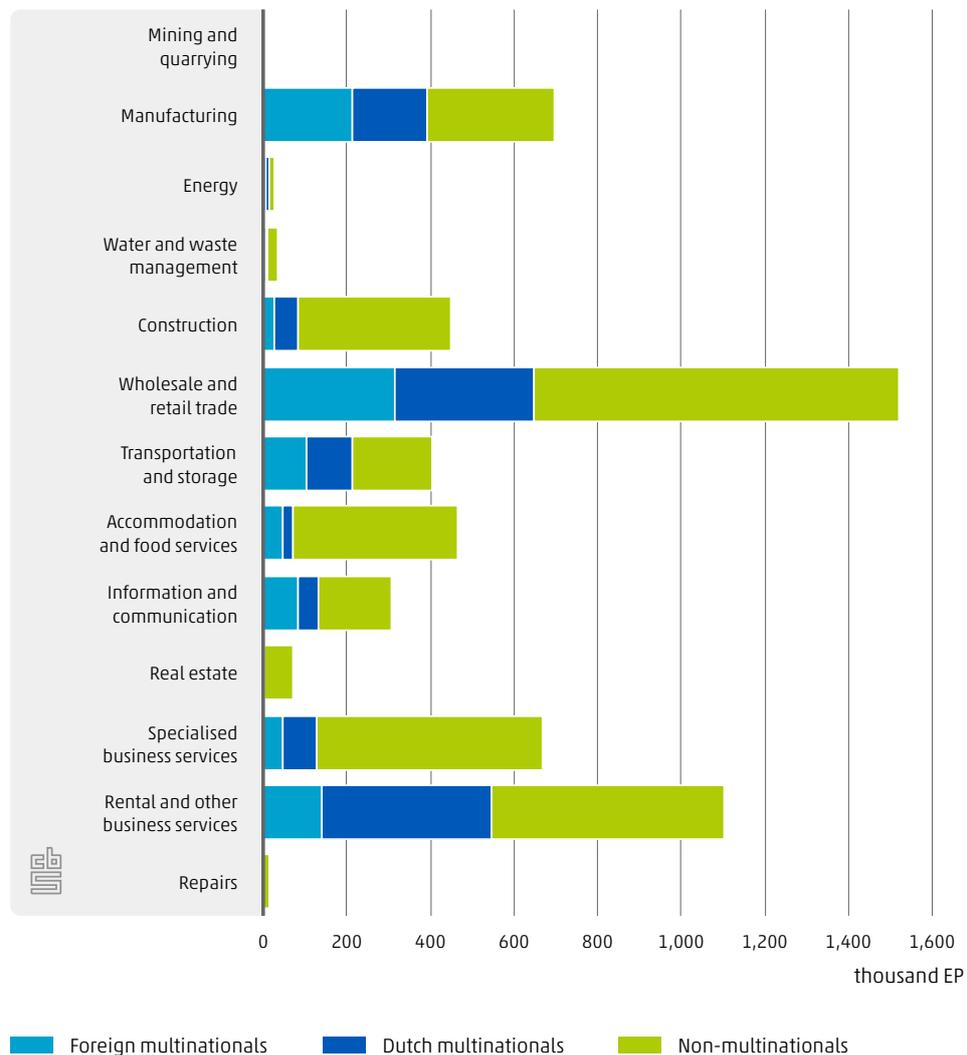
## Multinationals are major employers in transportation and storage

Not only are employed persons at Dutch multinationals often active in the transportation and storage sector, they also make up a significant share of total employment in this sector. Of the 408 thousand people employed in this sector, more than a quarter are on the payroll of a Dutch multinational. A quarter work for a foreign-owned multinational (Figure 7.3.7). The wholesale and retail sector provided the most employment in the Netherlands in 2017.

Of the 1.5 million people who work in this industry, 43 percent are employed by a multinational.

Multinationals provide the least employment in the repair of consumer goods; the real estate sector and the accommodation and food services sector. They account for the largest share of employment in the mining and quarrying, and energy sectors. However, it should be stressed that these are small sectors with regard to employment. In 2017, some 9 thousand people worked in mining and quarrying, while the energy sector employed 27 thousand people. Together, these make up only 0.6 percent of total employment in the Dutch business economy.

### 7.3.7 Employment at foreign-owned and Dutch multinationals and other enterprises by sector, 2017



### Five percent rise in exports of goods by multinationals

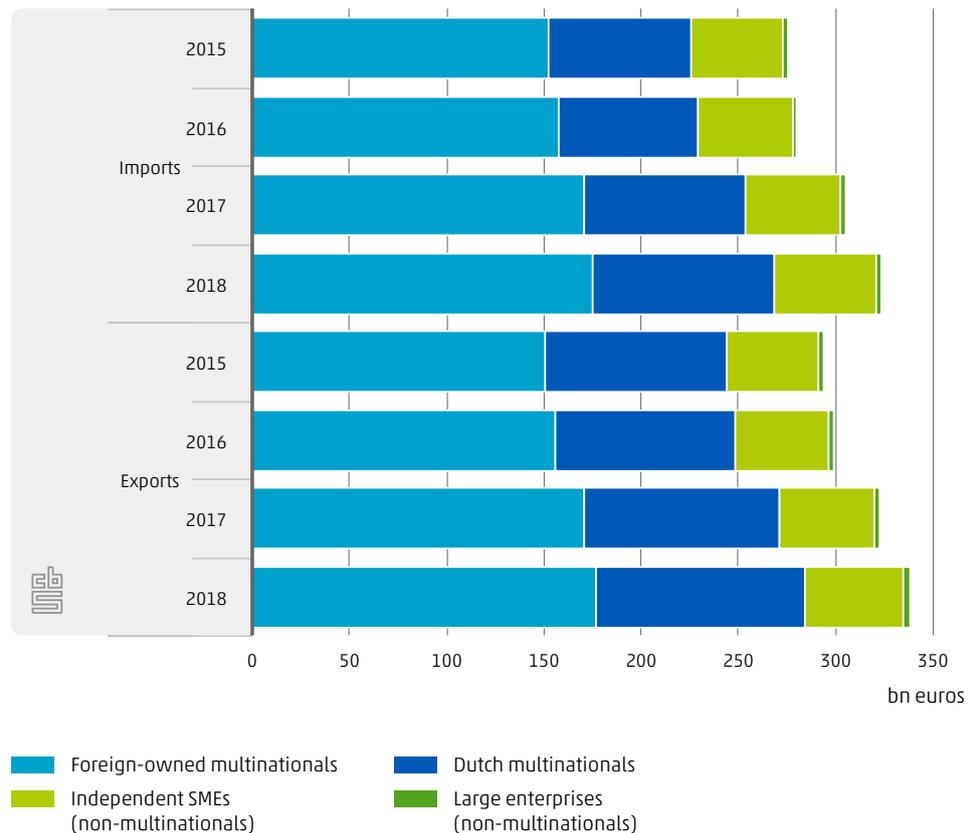
While multinationals make up 'only' 2.1 percent of the total Dutch business population, they accounted for 39 percent of total employment in the Dutch business economy in 2018. In addition to the relatively large role multinationals play in employment in the Netherlands,

they also account for a large proportion of international trade in goods and services. In 2018, multinationals in the Netherlands were responsible for 84 percent of the export value of goods (Figure 7.3.8). In the international trade in services, multinationals accounted for a total of 90 percent of the export value in 2018. Exports of goods by multinationals increased by 13.2 billion euros in 2018 to 284.4 billion euros – nearly 5 percent more than in the previous year. In 2018, foreign-owned multinationals accounted for the largest share of this export value. They were responsible for 52 percent of total goods exports, compared to a 32 percent share for Dutch multinationals. For both foreign-owned and Dutch multinationals, total goods exports increased compared to 2017. The export value for foreign-owned multinationals rose by 6.2 billion euros (+3.7 percent) and for Dutch multinationals, the export value grew by 7 billion euros (+7 percent). For exports of services, it was mainly foreign-owned multinationals that reported growth in the trade value, with a rise of nearly 13 percent (10.3 billion euros) in 2018 compared to the previous year.

### **Multinationals imported 15 billion euros more in goods**

In 2018, multinationals in the Netherlands were responsible for 83 percent of the import value of goods (Figure 7.3.8). This pattern is even more pronounced in the international trade in services, as multinationals accounted for 92 percent of the total import value of services in 2018. Imports of goods by multinationals increased by 15 billion euros to 268.7 billion euros in 2018, a rise of nearly 6 percent from the previous year. In 2018, foreign-owned multinationals accounted for the largest share of the import value. They were responsible for 54 percent of total goods imports, compared to 29 percent for Dutch multinationals. For both foreign-owned and Dutch multinationals, the total import value of goods increased compared to 2017. Foreign-owned multinationals imported some 4.1 billion euros more in goods in 2017 (+2.4 percent) and for Dutch multinationals, the import value rose by 10.9 billion euros (+13.2 percent). Multinationals also imported around 9 percent more services in 2018 compared to 2017. The import value of services increased by 9.5 percent (8.9 billion euros) for foreign-owned multinationals and by 6.2 percent (1.5 billion euros) for Dutch multinationals.

### 7.3.8 Role of multinationals in international goods trade



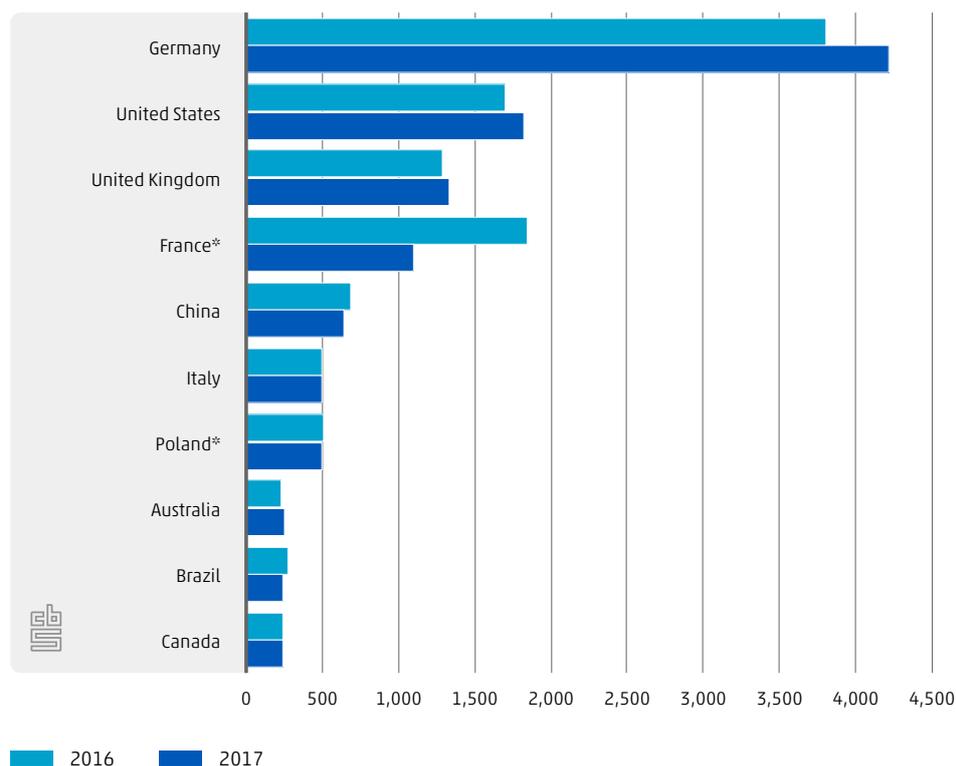
## 7.4 Dutch multinationals abroad

This section looks at the countries in which Dutch enterprises are active, what activities they develop there and how much employment is created in those countries as a result. CBS and Eurostat figures for the period 2013–2017 are used for this purpose. It is obviously not possible to cover all countries and regions in detail. More information and figures on this topic can be found in the set of tables accompanying Chapter 7 on the [home page](#) of this publication.

### Increase in number of Dutch subsidiaries in Germany

International investments are made by enterprises that decide to set up or acquire a new subsidiary in another country. Figure 7.4.1 shows that enterprises under Dutch control are mainly located in Germany. In 2017, for example, around 4,221 subsidiaries of Dutch multinationals were operating in Germany. This makes Germany the most important destination for Dutch multinationals, ahead of the United States, the United Kingdom and France. Germany, the United States and the United Kingdom, in particular, further increased their lead in 2017 compared to the previous year, with Germany gaining 415 new subsidiaries, the US 130 and the UK 53. The sharp decline in the number of Dutch subsidiaries in France can be explained by a trend break in the Eurostat figures.

### 7.4.1 Number of foreign subsidiaries under Dutch control, 2017

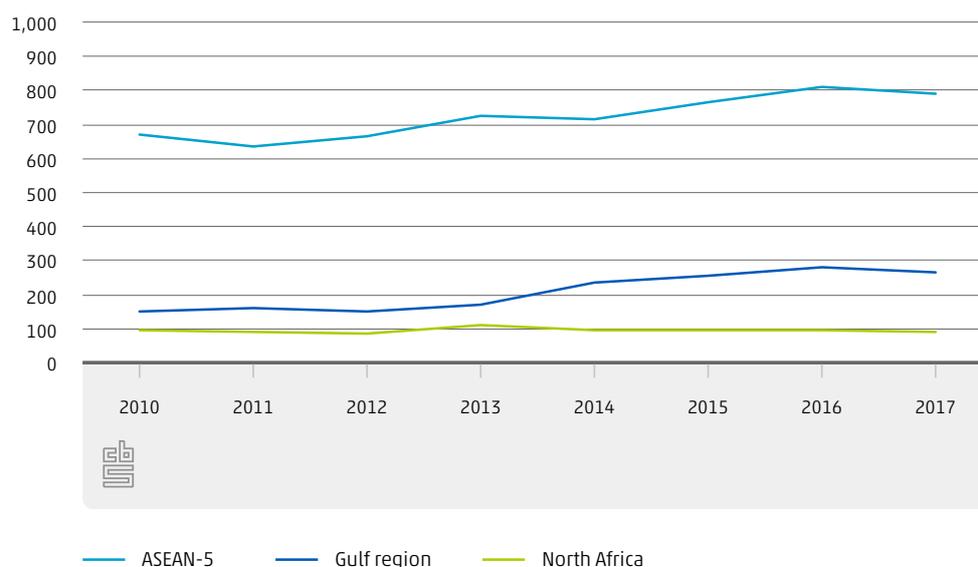


\* For France, there is a trend break for the 2017 figures. For Poland, a different definition was used in 2017.  
Source: CBS, Eurostat

### Slight decline in number of Dutch multinationals in ASEAN-5 region

According to Franssen & Jaarsma (2019), in the ASEAN-5 region, Dutch multinationals invested chiefly in subsidiaries in Singapore, followed at a considerable distance by Malaysia and Indonesia. The number of Dutch enterprises in the ASEAN-5 region grew in the period 2010–2016, mainly due to Singapore. However, Figure 7.4.2 shows that the number of Dutch subsidiaries in the ASEAN-5 region declined slightly in 2017 compared to a year earlier. A small decline can also be seen for the Gulf region in 2017, although there was an increase for the United Arab Emirates, where the number of Dutch subsidiaries rose by 5 enterprises to 200. The United Arab Emirates is dominant in attracting Dutch activity in the Gulf region. The number of Dutch subsidiaries in North Africa has remained more or less stable since 2010. The top 3 African countries with the largest numbers of Dutch subsidiaries in 2017 were South Africa (215 enterprises), Kenya (55) and Nigeria (45).

## 7.4.2 Number of foreign subsidiaries under Dutch control, by extra-EU region



Source: CBS, Eurostat

## Dutch subsidiaries employ 356 thousand people in Germany

In 2017, there were a total of 23,205 Dutch subsidiaries abroad, of which 15 thousand were in EU countries and 8,205 in non-EU countries. With a total of around 2.3 million employed persons, Dutch subsidiaries abroad employed some 179 thousand more people in 2017 than in the previous year. As in 2016, the largest number of people – 356 thousand – worked at subsidiaries based in Germany in 2017. Table 7.4.3 shows that Dutch subsidiaries also provide a lot of employment in the United States, France and the United Kingdom. In 2017, employment at Dutch subsidiaries in France, with 200 thousand employed persons, was lower than employment at Dutch subsidiaries in the United States, which totalled 291 thousand.

## 7.4.3 Top 10 employment with foreign subsidiaries under Dutch control

|                | Number of employed persons<br>2017 | Number of employed persons<br>2016 | Percentage change 2017<br>compared to 2016 |
|----------------|------------------------------------|------------------------------------|--|
|                | x 1,000                            | x 1,000                            | %  |
| Germany        | 356                                | 331                                | 7.7  |
| United States  | 291                                | 266                                | 9.4  |
| France         | 200                                | .                                  | .  |
| United Kingdom | 163                                | 182                                | -10.6                                      |
| Poland         | 140                                | 135                                | 4.3  |
| Belgium        | 84                                 | 84                                 | -0.3                                       |
| Italy          | 81                                 | 68                                 | 18.7                                       |
| China          | 74                                 | 82                                 | -9.8                                       |
| Brazil         | 45                                 | 41                                 | 9.8  |
| Mexico         | 35                                 | 33                                 | 6.1  |

Bron: CBS, Eurostat

For six of the top 10 countries for providing jobs, it can be seen that employment grew in 2017 compared to 2016. Only the United Kingdom, Belgium and China saw a fall in employment. The largest absolute increase was for Germany (+26 thousand employed persons), followed by the United States (+25 thousand employed persons). In relative terms, Italy saw the largest increase, as employment at subsidiaries in Italy grew by 18.7 percent in 2017 compared to 2016. The subsidiaries of Dutch enterprises in the United Kingdom employed 19 thousand fewer people in 2017 than in 2016. For China, the number of employed persons declined by 8 thousand. Another development that stands out is the relative decline in Malaysia (-45 percent). This is striking, because employment at Dutch subsidiaries in Malaysia had been on the rise since 2010, but in 2017 it reached its lowest level since 2010. In 2010, there were 16 thousand employed persons and employment reached its peak in 2016 at 22 thousand employed persons.

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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).

## **Brownfield FDI**

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.

## **Carry-along trade (CAT)**

Manufacturing products that an exporter has not itself produced, but which it supplies together with the exports that are of its own manufacture.

## **Core exports**

All products manufactured by exporting enterprises in a specific sector. All self-manufactured export products of an enterprise belong to its core exports.

## **Core-related non-CAT**

Core products that the enterprise has not produced itself and that are therefore considered to be potential CAT exports, but are ultimately not CAT exports, for example because they are exported to a country to which no core exports are sold.

## **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 enterprises listed in the Standard Industrial Classification (Dutch SBI 2008) sections B up to and including N, exclusive of K plus S95. This classification is referred to internationally as *non-financial business economy*.

This category is composed of the following sectors:

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 specialised business services  
N Renting and leasing of tangible goods and other business support services  
S95 Repair of personal and household goods

### **Enterprise**

The actual transactor in the production process, characterised by self-sufficiency with respect to the decisions about that process and by offering its products to third parties. An enterprise comprises 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 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.

### **Foreign-owned enterprise**

A foreign-owned enterprise is classified according to the country where it is ultimately controlled. This is done 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.

### **FTE**

A measure of labour volume, calculated by converting all full-time and part-time jobs to full-time jobs. 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.

### **Import intensity**

The import intensity ratio is an indicator of the degree of international competitive pressure in the local market. It 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 numbers of employed persons in the entire organisation falling below 250.

**Intellectual property**

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

**Intermediate goods**

Inputs in the production process, such as raw materials, semi-manufactures and fuels. An intermediate product is used during the production process. It is often transformed and then incorporated into the end product. Intermediate goods are therefore used to make other products.

**Intermittent exporter**

An enterprise that experiences a cycle of being briefly active in foreign markets and then returning to the Dutch market.

**Internationally active entrepreneur**

An internationally active entrepreneur is an entrepreneur who acts internationally or is at the helm of a multinational.

**International trade in goods**

International trade in goods involves Dutch residents who deliver goods to locations outside the Netherlands, and residents abroad who deliver goods to locations in the Netherlands. 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 costs 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 International Trade in Goods (ITG) statistics.

**International trade in services**

International trade in services occurs when a resident of one country provides economic services to residents of another country. Services are products that are generally not tangible, such as transportation, business services and personal, cultural and recreational services. Dutch residents refer to enterprises and individuals that engage in economic activities from any location in the Netherlands that has been in use for more than one year.

**Investments in tangible fixed assets**

Goods which are purchased or produced in-company for use as capital assets in the production process. This includes goods that have a life span exceeding one year, such as buildings, dwellings, machinery, transport vehicles 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.

**New exporter**

A new exporter is an enterprise that 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.

**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 basis of total Dutch export figures.

**Royalties**

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

**Special Purpose Entity (SPE)**

Special Purpose Entities (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 entities 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).

**Transit trade**

The flow of goods that, on its way from one country to another, is transported over Dutch territory but remains foreign-owned.

**Two-way trader**

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

**Value added**

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

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