B2. International trade and emerging markets

Introduction and definitions

The key origins and destinations of Dutch trade remain other European Union countries and the United States. However, other trading partners are becoming increasingly important – in particular the so-called emerging markets, including countries like China and India. Emerging markets, with their market size and growth potential, present important opportunities for businesses in the Netherlands. This set of tables describes the Dutch trade relations with emerging markets. The results for the Netherlands are compared with those of other EU-15 countries wherever possible.

The set *emerging markets* includes Argentina, Brazil, Chile, China (excluding Hong Kong), Czech Republic, India, Indonesia, Israel, Malaysia, Mexico, Poland, Romania, Saudi Arabia, South Korea, Thailand and Turkey. The criteria for selecting these emerging markets are described in chapter A2.

Non-emerging markets are defined as all the countries in the world minus the Netherlands and minus the selected emerging markets.
EU-14 is defined as EU-15 minus the Netherlands.
EU-26 is defined as EU-27 minus the Netherlands.

Re-exports are defined as commodities which are imported into the Netherlands but subsequently re-exported to another country (often an EU-partner country). The Netherlands functions as a gateway to Europe so a significant share of the commodities entering the Netherlands is not destined for the Dutch consumer, but re-exported to the rest of Europe. Re-exports are part of Dutch international trade even though the commodities are not meant for the Dutch market and/or the transactions are carried out by a foreign enterprise.

Exports of Dutch products are defined as Dutch exports minus re-exports.

B2.1 *Trade in goods with emerging markets*

The share of emerging markets in the total trade value of the Netherlands is increasing. The annual growth rate of both exports to and imports from emerging markets is twice that of trade with non-emerging countries. This corroborates the rapid economic development of these countries.

In the 2002-2008 period, the average annual growth rate of import value from emerging markets was 14 percent. Imports from European emerging markets grew particularly fast. Imports from Poland and the Czech Republic already rose quickly before their membership of the European Union, but imports from Romania experienced a big boost after this country became a member of the European Union.

Imports from Asian emerging markets (with the exception of India and China) had lower growth rates. Yet, Asian emerging markets are the main suppliers of the Netherlands. In 2008 approximately 40 percent of all imports from emerging markets came from China. Recently, imports from Latin American emerging markets increased their growth pace, whereas those from China are slowing down (not shown in table). For example, the imports from Brazil grew 21 percent from 2008 on 2007, those from Argentina even 50 percent. However, imports from China increased only by 4 percent during this period.

Dutch exports to emerging markets have also risen during the 2002–2008 period. The average annual growth rate of exports to emerging markets was 15 percent, twice as much as the growth of exports to other countries in the same period (see also B2.3). Especially the exports to Mexico and Romania have grown quickly, over 20 percent a year.

Re-exports to emerging markets grew even faster than exports of products ‘made in Holland’. This is partly driven by the fast growing re-exports of electronics. Growth of re-exports to Latin American emerging markets was slower than the growth of exports of Dutch products to these markets.

Most emerging countries bought more Dutch products than re-exported products. Especially South Korea and Mexico imported far more Dutch products than re-exported products. Respectively, they bought Dutch machines for the semi conductor industry and motor fuel. Yet, more than half of Dutch exports to Poland and the Czech Republic consisted of re-exports. These countries imported a lot of electronics that were manufactured outside the Netherlands.

Table B2.1
Trade in goods with emerging markets by country, 2008*

	Value				Annual growth rate in 2002–2008*			
	imports	exports			imports	exports		
		total	exports of Dutch products	re-exports		total	exports of Dutch products	re-exports
	million euro				%			
World	331,842	367,587	214,884	152,703	8	8	8	8
Emerging markets	62,886	34,272	20,283	13,990	14	15	13	19
Argentina	1,586	269	175	93	12	20	20	19
Brazil	4,624	1,231	873	358	13	9	10	7
Chile	969	221	128	93	16	4	5	2
China	25,375	3,846	2,729	1,117	19	17	15	24
Czech Republic	3,622	4,485	1,730	2,755	28	20	14	25
India	2,339	1,564	930	634	17	20	16	29
Indonesia	1,998	771	539	232	6	13	11	17
Israel	1,541	1,267	696	571	10	5	4	6
Malaysia	4,903	527	351	176	5	3	1	6
Mexico	1,210	2,421	2,003	418	14	24	28	12
Poland	3,982	7,298	3,531	3,767	17	18	13	23
Romania	876	1,723	928	794	17	21	16	29
Saudi Arabia	3,481	1,570	993	577	14	10	7	18
South Korea	2,211	2,463	1,957	505	3	12	12	13
Thailand	2,526	767	580	187	9	6	8	2
Turkey	1,642	3,852	2,139	1,713	6	15	14	18
Non-emerging markets	268,956	333,315	194,602	138,713	7	7	8	7
EU-26	185,981	279,464	155,280	124,184	8	7	7	7
Non EU-countries	145,862	88,123	59,604	28,518	9	10	10	11

B2.2 *Imports from emerging markets*

In 2008 the Netherlands imported goods with a total value of 63 billion euro from emerging markets. This is about one fifth of Dutch import value, while it was one seventh six years earlier. In many product categories, the group of emerging countries has a share in Dutch imports of 30 percent and more. Furthermore, in almost every product category the market share of emerging markets is rising - not only for products for which emerging markets were already large suppliers, such as *articles of apparel, accessories*, but also for products like *iron and steel*. This indicates the increasing importance of emerging markets as supplying countries for the Dutch economy.

Particularly in high value product categories such as *electrical, electronic equipment* and *nuclear reactors, boilers, machinery etc* - consisting for a large part of computers and copiers - emerging markets have doubled market shares to 29 and 36 percent respectively during the period 2002–2008. Together the imports in these two categories amounted to 40 percent of total imports from emerging markets.

However, the highest share of imports from emerging countries is for the chapter on *toys, games, sports requisites*, namely 67 percent. Emerging markets also have a large market share in *articles of apparel, accessories* and *footwear, gaiters and the like, parts thereof*, about 40 percent.

The value of imports showed double digit growth in almost every product category during the period 2002–2008. Imports of *toys, games, sports requisites* rose by 32 percent a year, thanks to a steep increase of imported computer games and video games. More than half of *mineral fuels, oils, distillation products etc*. consisted of crude oil from Saudi Arabia. Higher prices and an increase in the variety of imported products caused a high annual growth rate in this product category.

The market shares of emerging markets are climbing for almost every product category.

Table B2.2
Imports from emerging countries by chapter Harmonised System [1)]

	2002		2008*		Annual growth rate in 2002–2008*
	million euro	*% in imports*	*million euro*	*% in imports*	*%*
Total [2)]	28,550	14	62,886	19	14
84 Nuclear reactors, boilers, machinery etc	6,029	17	13,638	29	15
85 Electrical, electronic equipment	5,733	22	12,326	36	14
27 Mineral fuels, oils, distillation products etc	1,707	8	4,986	8	20
95 Toys, games, sports requisites	506	38	2,672	67	32
15 Animal, vegetable fats and oils, cleavage products etc	654	47	1,615	47	16
62 Articles of apparel, accessories, not knit or crochet	1,012	32	1,446	41	6
23 Residues, wastes of food industry, animal fodder	550	37	1,406	53	17
29 Organic chemicals	643	9	1,394	12	14
61 Articles of apparel, accessories, knit or crochet	822	35	1,356	44	9
94 Furniture, lighting, sign, prefabricated buildings	740	22	1,341	33	10
87 Vehicles other than railway, tramway	536	4	1,274	7	16
12 Oil seed, oleagic fruits, grain, seed, fruit, etc, n.e.s.	916	49	1,242	38	5
73 Articles of iron or steel	387	12	1,161	19	20
08 Edible fruit, nuts, peel of citrus fruit, melons	516	27	1,112	32	14
26 Ores, slag and ash	102	25	984	47	46
72 Iron and steel	120	3	950	9	41
90 Various instruments and apparatus	874	9	876	7	0
39 Plastics and articles thereof	446	6	831	9	11
64 Footwear, gaiters and the like, parts thereof	424	25	768	35	10

1) Product categories with imports from emerging markets below 750 million euro are not shown in this table.
2) Including other chapters of the Harmonised System.

B2.3 *Exports to emerging markets*

Exports to emerging countries grew two times faster than exports to non-emerging markets or the European Union. Yet, the emerging markets still have limited shares in Dutch exports. In 2008 the Netherlands exported goods with a total value of 35 billion euro to emerging markets. The exports of Dutch products amounted for 59 percent of total exports. This is in line with exports of Dutch products to non-emerging markets (see table B2.1). The share of emerging markets in total Dutch exports was 9 percent in 2008, which is less than half the share in Dutch imports (see table B2.2).

The share of emerging markets in total Dutch exports is between 5 and 15 percent for most product categories. This is different for Dutch imports, where the share of emerging markets varies far more between product categories. The emerging markets are important markets in the product categories *pulp of wood, fibrous cellulosic material, waste etc*. and *copper and articles thereof*, where they have export market shares of over 30 percent.

A sizeable part of exports to emerging markets consists of *electrical, electronic equipment* and *nuclear reactors, boilers, machinery etc*. The last product category consists for a large part of products such as computers and copiers. As can be seen in the table B2.2, the Netherlands also imports these products from the emerging markets. The explanation is that a large part of the goods is imported from Asian emerging markets and subsequently sold to European emerging markets.

Overall the value of re-exports grew faster than that of exports of Dutch products over the period 2002–2008: on average 19 versus 13 percent. A notable exception is the chapter on exports of *mineral fuels, oils, distillation products etc*.. These rose because of the increase in exports of motor fuels to Mexico.

In several product categories, exports consisted mostly of Dutch products. This was the case for *mineral fuels, oils, distillation products etc*. but also for typical Dutch products such as *live trees, plants, bulbs, roots, cut flowers etc*. A large part of the 1.4 billion euro worth of *vehicles other than railway, tramway* were exports of trucks to European emerging markets.

Table B2.3
Exports to emerging markets by chapter Harmonised System [1]**, 2008***

	Value				Annual growth rate in 2002–2008*		
	total		exports of Dutch products	re-exports	total	exports of Dutch products	re-exports
	million euro	*% in exports*	*million euro*		*%*		
Total [2]	34,272	9	20,283	13,990	15	13	19
84 Nuclear reactors, boilers, machinery etc	8,308	15	3,936	4,372	19	18	20
85 Electrical, electronic equipment	3,716	11	1,042	2,674	16	10	19
27 Mineral fuels, oils, distillation products etc	2,151	4	1,823	327	53	62	31
39 Plastics and articles thereof	1,666	10	1,360	305	10	9	14
30 Pharmaceutical products	1,634	12	890	743	13	20	7
87 Vehicles other than railway, tramway	1,615	12	1,378	237	14	13	19
90 Optical, photo, technical, medical, etc apparatus	1,529	12	492	1,037	3	–9	16
29 Organic chemicals	1,458	9	966	492	9	6	18
72 Iron and steel	1,304	12	750	554	28	22	39
38 Miscelleanous chemical products	761	13	487	274	15	13	22
73 Articles of iron or steel	470	8	286	184	17	14	25
06 Live trees, plants, bulbs, roots, cut flowers etc	459	6	433	26	17	17	16
48 Paper and paperboard, articles of pulp, paper and board	457	10	412	45	7	6	13
28 Inorganic chemicals, precious metal compound, isotope	437	12	346	91	19	19	20
74 Copper and articles thereof	377	30	232	145	33	27	48
04 Dairy products, eggs, honey, edible animal product n.e.s.	375	6	317	58	7	7	8
32 Tanning, dyeing extracts, tannins, derivs, pigments etc	347	12	216	131	2	0	6
21 Miscelleanous edible preparations	324	13	290	35	10	9	25
02 Meat and edible meat offal	324	5	274	50	23	21	37
76 Aluminium and articles thereof	321	9	212	109	14	9	34
47 Pulp of wood, fibrous cellulosic material, waste etc	312	37	295	17	24	25	13
07 Edible vegetables and certain roots and tubers	272	5	232	39	21	22	14
40 Rubber and articles thereof	269	10	176	93	16	15	19

[1] Product categories with exports to emerging markets below 250 million euro are not shown in this table.
[2] Including other chapters of the Harmonised System.

B2.4 *Comparative advantages: the Balassa index by chapter of the Harmonised System*

The Balassa index measures export specialisation. Here it is used to see whether exports of emerging countries compete with exports of Dutch products or not. Table B2.4 shows the Revealed Comparative Advantages (RCA) of the Netherlands and of emerging markets for the twenty major product categories in exports of Dutch products.

In 2007 by far the largest RCA for the Netherlands was in the category of *live trees, plants, bulbs, roots, cut flowers etc*. This reflects the unique position of the Netherlands on the global market for these goods.

In most of the product categories that have a large share in the total exports of Dutch products the Netherlands has a comparative advantage. Furthermore, in those product categories its comparative advantage is much larger than that of the emerging markets versus the world.

To distinguish between exports of goods produced or assembled in the Netherlands and re-exported goods, the table shows the share of Dutch products in each product category. One euro of exports of Dutch products adds far more to the Dutch GDP than a euro of re-exports.

The data are restricted to trade with OECD countries, since data on trade of emerging markets with the world is not available at the chapter level. About 86 percent of total Dutch exports were destined for OECD countries in 2007. So Dutch exports to the OECD may be considered a reasonable proxy for Dutch exports to the world.

The Balassa index (Revealed Comparative Advantage) is calculated as follows:

$$\frac{X^{i}_{NL} \,/\, X^{tot}_{NL}}{X^{i}_{world} \,/\, X^{tot}_{world}} \; and \; \frac{X^{i}_{EM} \,/\, X^{tot}_{EM}}{X^{i}_{world} \,/\, X^{tot}_{world}}$$

where X represents the exports of, respectively, the Netherlands (NL), emerging markets (EM) or the world (world) to OECD countries in product category i (i) or in all product categories combined (total).
If the index for a given product group is larger than 1, the country has a comparative advantage and thus is relatively specialised in the exports of these goods compared to the world. If the index is smaller than 1, the country has a comparative disadvantage.

However, note that a large export does not automatically imply a high RCA. Exports of Dutch products to the OECD in the product category of *vehicles other than railway, tramway* amounted to 8 billion euro in 2007. In this product category, where Dutch exports consist mainly of trucks, the Netherlands has a comparative disadvantage with respect to the world. As a consequence the sector and the corresponding jobs might be at risk in the future.

Exports from the emerging markets do not form a major threat to exports of Dutch products. In product categories where exports of Dutch products are strong, the exports from emerging markets are not. This is true for products that make up a large part of exports of Dutch products (table B2.4) and for products where the Netherlands have a large comparative advantage (see chapter A2).

Table B2.4
The Balassa index: comparison of the Netherlands and emerging markets; top 20 Dutch export products, 2007

	RCA with respect to world		Exports of Dutch products to OECD-countries	
	emerging markets	the Netherlands		
			% in total exports to OECD	*million euro*
27 Mineral fuels, oils, distillation products etc	0.7	1.3	72	25,986
84 Nuclear reactors, boilers, machinery etc	1.1	1.1	33	15,017
39 Plastics and articles thereof	0.7	1.7	79	11,918
29 Organic chemicals	0.5	1.8	72	11,029
87 Vehicles other than railway, tramway	0.6	0.4	72	8,125
06 Live trees, plants, bulbs, roots, cut flowers etc	0.3	12.6	96	6,735
85 Electrical, electronic equipment	1.7	0.9	18	6,255
72 Iron and steel	0.8	1.9	53	5,430
02 Meat and edible meat offal	0.5	2.7	86	4,688
07 Edible vegetables and certain roots and tubers	1.0	3.7	83	3,693
90 Optical, photo, technical, medical, etc apparatus	0.8	1.1	33	3,325
04 Dairy products, eggs, honey, edible animal product nes	0.3	3.2	82	3,311
48 Paper and paperboard, articles of pulp, paper and board	0.5	0.8	77	3,175
73 Articles of iron or steel	1.2	1.1	65	2,970
24 Tobacco and manufactured tobacco substitutes	0.7	3.4	92	2,934
30 Pharmaceutical products	0.1	1.3	28	2,815
38 Miscellaneous chemical products	0.4	1.5	68	2,667
76 Aluminium and articles thereof	0.6	1.2	67	2,516
22 Beverages, spirits and vinegar	0.5	1.4	86	2,509
28 Inorganic chemicals, precious metal compound, isotope	0.7	1.7	72	2,398

Source: OECD (foreign trade emerging markets and world with OECD), adaption Statistics Netherlands; Statistics Netherlands (Dutch trade with OECD).

B2.5 *Dutch foreign direct investment position in emerging markets*

Foreign direct investment (FDI) is an important indicator to measure the built-up presence in foreign markets. Table B2.5 lists the outgoing FDI positions by country for the years 2000, 2005 and 2007 as well as the relative growth in the period 2005–2007.

The Dutch foreign direct investment (FDI) position in emerging markets was at least 47 billion euro in 2007. This amount is a lower limit, since data for Romania and Saudi Arabia are not available. Since 2005 the Dutch FDI position in emerging markets has increased by 35 percent, whereas investments in the rest of the world increased by a more modest 13 percent. For the past decade Brazil has had the largest share of Dutch direct investment stock. In 2007 almost a quarter of Dutch FDI position related to the emerging markets was invested in Brazil.

Although the Dutch FDI position in emerging markets is considerable, it is still only 8 percent of the total Dutch FDI in 2007. For comparison, Dutch FDI in the EU-14 area was 61 percent of total FDI. Also, the value of Dutch investments in the United States is higher than the investment stock in all emerging markets put together.

It is useful to compare the top five of this table with table B2.1. We see that Brazil has a modest 6 percent share in trade value, whereas China is responsible for 30 percent of the trade value related to emerging markets. Apparently Brazil is more of an investment market than a traditional market, whereas for China the emphasis is on trade rather than investment. At the same time for some countries, like Poland, trade and investments go together.

China has known the strongest growth between 2005 en 2007. FDI in China almost doubled from 2006 to 2007. This may be related to the 2006 changes in the Chinese policy on foreign investments. Until 2006 China had extensive and very strict regulations regarding foreign investments. FDI in Turkey, India, the Czech Republic and Malaysia have also increased strongly. Yet, the Dutch investment position in Israel has been halved.

FDI is defined as an international investment made by an entity resident in one economy (the direct investor) to acquire a lasting interest of at least 10 percent in an enterprise operating in another economy (direct investment enterprise). The FDI position denotes the value of the investment (stock) at the end of each year.

Table B2.5
Dutch direct investment position in emerging markets by country

	2000	2005	2007	Total growth in 2005–2007
	million euro			%
World	328,276	521,935	595,692	14
Emerging markets [1]	24,103	34,614	46,647	35
Argentina	1,466	1,240	1,109	–11
Brazil	4,886	8,228	11,146	35
Chile	709	548	473	–14
China	1,800	1,825	4,361	139
Czech Republic	2,254	2,520	4,272	70
India	531	1,251	2,198	76
Indonesia	916	756	655	–13
Israel	462	814	374	–54
Malaysia	749	686	1,111	62
Mexico	1,242	4,300	3,872	–10
Poland	3,972	6,604	8,679	31
Romania	244	.	.	.
Saudi Arabia	930	.	.	.
South Korea	2,172	3,416	4,461	31
Thailand	724	833	898	8
Turkey	1,046	1,593	3,038	91
Non-emerging markets	304,173	487,321	549,045	13
EU-14	165,161	299,914	363,654	21
United States	84,545	83,855	56,806	–32

Source: Eurostat, adaptation by Statistics Netherlands.

[1] Total for 2005 and 2007 without Romania and Saudi Arabia.

B2.6 Dutch economic relations with emerging markets: a comparison with EU-14

Table B2.6 shows the economic relationships of the Netherlands with the set of sixteen emerging countries, compared to the aggregated EU-14 average. The three economic relationships are outgoing foreign direct investment (FDI-stocks), imports and exports of goods. For each relationship, the share of emerging markets in the total of the Netherlands and in the total of the EU-14 is presented. For example, the share of Argentina in Dutch outgoing FDI was two per mille.

The stocks of Dutch FDI in emerging markets were relatively higher than the stocks of FDI of EU-14 in emerging markets. This was specifically the case for the FDI in Brazil, Poland and South Korea.

Emerging markets play a more important role in Dutch than in EU-14 imports. This is mainly due to the higher imports from Brazil and the Asian countries, notably China and Malaysia. Imports for re-exports might distort the picture. For example, a large part of imports from China and Malaysia is not destined for the Dutch domestic market, but for other European countries. This inflates the shares of these countries in Dutch imports. EU-14 countries mainly import for their own domestic market. Therefore the share of emerging markets in EU-14 imports will be relatively smaller.

The Netherlands imports much less from European emerging markets than the EU-14. Again, imports for re-exports might distort the picture. Since such imports inflate the share of Asian countries in Dutch imports, the share of other countries is deflated. Furthermore, EU-14 countries such as Germany and Austria are geographically closer to the emerging European markets.

The EU-14 exports relatively more to emerging markets than the Netherlands. This is especially true for the European emerging markets and for China. Zooming in on exports of Dutch products, disregarding Dutch re-exports, does not change this observation. This may be due to the composition of the basket of Dutch produced goods. Agricultural products and mineral fuels have a higher share in the exports of Dutch domestic products than in the exports of the EU-14, whereas the EU-14 exports far more machinery and transport equipment. Perhaps emerging markets have little need for agricultural products and mineral fuels. At the same time emerging markets may well need machinery and transport equipment from the EU-14 to help develop their economies.

Table B2.6
Economic relations with emerging markets; comparison with EU-14

	Share of outgoing FDI in 2007		Share of trade in goods in 2008*				
	the Netherlands	EU-14	imports		exports		
			the Netherlands	EU-14	the Netherlands		EU-14
					total	exports of Dutch products	
	per mille						
Total	78	61	190	158	93	94	136
Argentina	2	4	5	2	1	1	2
Brazil	19	12	14	8	3	4	8
Chile	1	2	3	3	1	1	2
China	7	5	76	56	10	13	23
Czech Republic	7	8	11	17	12	8	16
India	1	1	7	8	4	4	9
Indonesia	4	2	6	3	2	3	2
Israel	1	0	5	3	3	3	4
Malaysia	2	1	15	3	1	2	3
Mexico	7	6	4	4	7	9	6
Poland	15	10	12	19	20	16	26
Romania	.	.	3	4	5	4	8
Saudi Arabia	.	.	10	5	4	5	6
South Korea	7	3	7	8	7	9	7
Thailand	2	1	8	4	2	3	2
Turkey	5	6	5	11	10	10	14

Source: De Nederlandsche Bank (FDI) and Eurostat (European imports and exports), adaptation by Statistics Netherlands; Statistics Netherlands (Dutch imports and exports).

[1)] Total for outgoing FDI without Romania and Saudi Arabia.

B2.7 *Trade openness of emerging markets*

International trade in goods and services is a primary channel of economic integration. The significance of international trade is often measured by calculating the share of trade in Gross Domestic Product and is called the 'trade openness ratio'. Table B2.7 shows the trade openness of emerging markets and some reference countries for the years 1990, 2000 and 2007.

The trade openness of almost every emerging market has increased in the period of observation. This implies that for almost all countries foreign trade grew at a faster pace than the economy as a whole. The eastern European countries opened up very quickly after the fall of the Berlin Wall in 1989 and their subsequent accession to the European Union. This coincided with a large growth of Dutch exports to these countries. Brazil is still relatively less integrated into the world economy. Malaysia has already tapped into the world trade flow.

Trade openness is measured as the average value of imports and exports (in current prices) as share in gross domestic product.

Table B2.7
Trade openness of economies

	Trade openness			GDP in 2007, in current prices
	1990	2000	2007	
	%			*billion US dollar*
World	20	25	31	54,636
Argentina	7	11	22	262
Brazil	7	11	13	1,314
Chile	31	31	40	164
China	17	22	36	3,400
Czech Republic	41	65	78	172
India	8	14	24	1,141
Indonesia	23	36	27	433
Israel	33	38	44	162
Malaysia	71	110	100	187
Mexico	19	32	33	893
Poland	23	30	42	419
Romania	21	36	39	161
Saudi Arabia	36	34	49	377
South Korea	28	39	46	957
Thailand	38	62	70	245
Turkey	15	28	32	488
Germany	25	33	43	3,317
Japan	10	10	17	4,380
Netherlands	55	67	71	766
United Kingdom	25	29	28	2,768
United States	10	13	14	13,776
Americas	13	17	18	18,821
Asia	19	25	38	14,205
Europe	27	36	39	19,206

Source: United Nations, National Accounts Main Aggregates Database, adaptation by Statistics Netherlands.

B2.8 *Number of traders exploiting business with emerging markets*

Table B2.8 shows the absolute number of traders doing business with the sixteen selected emerging markets. The total number of traders dealing with emerging markets has risen with 14 percent in the 2005–2008 period. For China, India and Brazil the increase was even twice that figure.

Still, the most remarkable increase is the number of traders doing business with Romania, which grew four-fold since 2005. This is for a large part explained by Romania's accession to the European Union in January 2007. In 2007 the share of traders dealing with Romania was already 30 percent.

During the period 2005–2008 three quarters of traders with emerging markets did business with Poland and almost 60 percent dealt with the Czech Republic. These high shares may be explained by the relatively low transportation and information costs involved in serving a market close to the Netherlands. Also traders with these markets can benefit from the extensive subsidy scheme of the European Union.

When comparing these results with table B2.1 it appears that a large number of traders trading with a country does not imply a high total trade value for that market. For example, the many traders doing business with Poland generate just 12 percent of the total Dutch trade value related to emerging markets. The share of traders doing business with Romania is 33 percent, whereas the share of trade value is only 3 percent. China is the only country in our selection where a small number of traders generate a large share of the trade value. This could be explained by the type of goods traded with this market, or by the size and nature of the traders.

The number of traders is defined as all traders in goods with a Dutch VAT-number and an office in the Netherlands that are importing, exporting or both with at least one emerging market.
The number of traders is slightly underestimated since EU traders with small trade flows have no obligation to participate in the Dutch trade statistics.
A trader importing from China and exporting to the Czech is counted once for China and once for the Czech Republic. This number is also expressed as a percentage of the total number of traders with emerging markets for 2005 and 2008. Due to this method the last two columns in the table do not add up to a 100 percent. Finally, a trader may have (many) other trading relations with non-emerging markets, but these are not taken into account here.

Table B2.8
Traders exploiting business with emerging markets

	2005	2008*	2005	2008*
			%	
Total traders with emerging markets	7,335	8,375	100	100
Trading with:[1]				
Argentina	395	420	5	5
Brazil	565	690	8	8
Chile	375	390	5	5
China	1,115	1,405	15	17
Czech Republic	4,345	4,785	59	57
India	700	865	10	10
Indonesia	555	580	8	7
Israel	730	765	10	9
Malaysia	655	690	9	8
Mexico	525	585	7	7
Poland	5,390	6,125	73	73
Romania	625	2,750	9	33
Saudi Arabia	515	510	7	6
South Korea	695	755	9	9
Thailand	655	745	9	9
Turkey	885	965	12	12

[1] A trader can exploit business with more than one emerging market.