

International
trade in
services by
enterprises

11



International trade in services by enterprises

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11.1 Introduction

The statistics on the international trade in services provide information about the Dutch import and export values of services from and to a foreign country respectively. Each quarter, Statistics Netherlands (CBS) uses the business survey to collect data for the following services: transportation, communication services, construction services, insurance services, financial services, computer and information services, royalties and licence fees, other business services and personal, cultural and recreational services. Data on government services and travel are obtained by other data collection methods and are therefore not available for the analyses presented here.

The data for the annotated tables in this chapter are based on an integration of the micro data from the business survey and the UCI (Ultimate Controlling Institute).

The business survey is based on two groups according to the value of the international trade in services. The first group includes enterprises with a significant share in the total size value of the international trade in services. These enterprises ($n = 350$) are integrally observed at the enterprise group level. The second group includes enterprises with a less significant share in the total size value of the international trade in services. These enterprises are observed through a questioned based sample survey of approximately 5,000 companies at enterprise level.

The UCI is defined as an institutional unit, proceeding up a foreign affiliate's chain of control, which is not controlled by another institutional unit. Therefore, foreign controlled enterprises have a centre of control outside the Netherlands, whereas Dutch controlled means that the locus of control is in the Netherlands. 'Control' is defined as the ability to determine general corporate policy by appointing appropriate directors. The UCI is determined on an annual basis by combining enterprise information from various sources.

11.2 Overview of the international trade in services by origin of the parent enterprise

11.2.1 shows the overall Dutch imports and exports of services for six successive years. Among other things, the impact of the economic downturn and subsequent recovery is illustrated. The services exports declined by 4 billion euro between 2008 and 2009, resulting in an annual growth rate of -4.7 percent in 2009. However, in 2010 and 2011 the annual growth rates were remarkably higher, respectively, 8.8 and 9.8 percent. The effects of the economic crisis and recovery were less apparent for the services imports, which continued to grow each year. However, the annual growth rates were relatively modest in 2009 (2.0 percent) and 2010 (2.9 percent) compared to the previous years. In 2011, services imports increased by 6.2 percent.

The shares of Dutch and foreign controlled enterprises in our sample are shown in 11.2.2. From 2006 to 2008, approximately 55 percent of the import value was attributed to Dutch controlled enterprises and 45 percent to foreign controlled enterprises. In the following years, the imports by foreign controlled enterprises increased relatively more than the imports of the Dutch controlled enterprises. In 2011 the share of the foreign controlled enterprises was 49 percent.

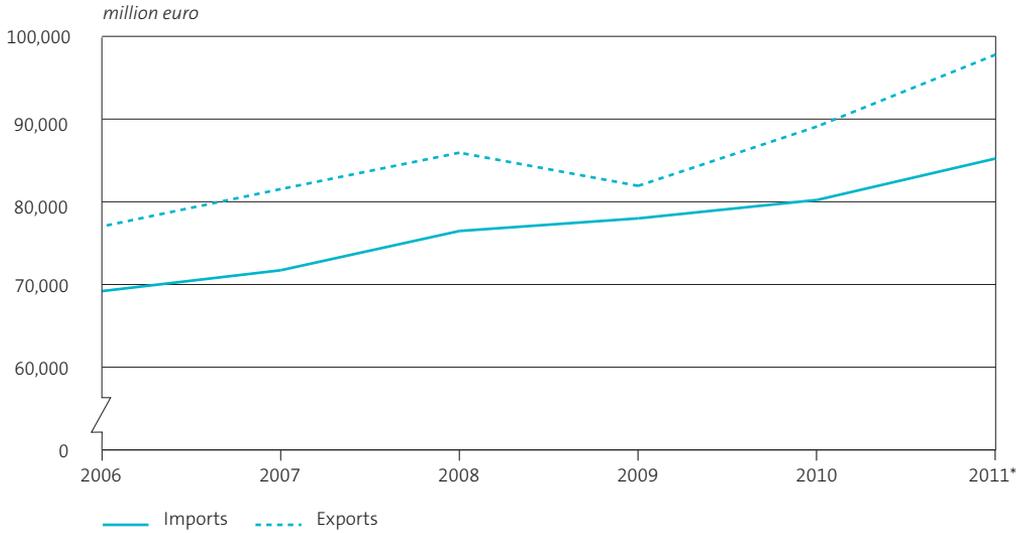
A considerable share (58 percent) of the export value could be ascribed to Dutch controlled enterprises from 2006 to 2008. After an increase to 60 percent in 2009, this share decreased to 56 percent in 2010. In 2011 the exports carried out by Dutch controlled enterprises increased relatively more than the exports of the foreign controlled enterprises. Dutch controlled enterprises had a 58 percent share of the 2011 export value.

Overall, Dutch controlled enterprises are represented better in exports than in imports.

The import and export values for **total services** reported in this section are based on data in the CBS (StatLine) database. All other data presented in this chapter are based on the integrated dataset of the micro data from the business survey and the UCI. In addition,

enterprises with no employees were excluded from all analyses in this chapter. Although the total sample does not include all services, it represents 54 percent of the total import value and 71 percent of the total export value.

11.2.1 Total Dutch imports and exports of services



11.2.2 International trade in services by origin of the parent enterprise

	Imports			Exports		
	total	Dutch controlled	foreign controlled	total	Dutch controlled	foreign controlled
	million euro	%		million euro	%	
2006	69,199	55	45	77,020	58	42
2007	71,721	56	44	81,534	58	42
2008	76,470	55	45	85,935	58	42
2009	77,994	53	47	81,924	60	40
2010	80,219	50	50	89,099	56	44
2011	85,231	51	49	97,797	58	42

11.3 International trade in services by size class

11.3.1 illustrates that large enterprises carried out 62 percent of services imports in 2011. This was a slight decrease by 2 percentage points compared to 2010. Three fifths of the services exports were conducted by large enterprises in 2011. This is 6 percentage points less than in 2010, due to the fact that the value of exports conducted by small to medium-sized enterprises (SME) increased and the exports of large enterprises decreased in 2011.

Approximately 60 percent of services exports are conducted by large enterprises

Where imports of the SME are concerned, there were relatively more foreign (56 percent) than Dutch controlled (44 percent) enterprises in 2009. Since then, the value of imports carried out by foreign controlled SME increased more than that of their Dutch controlled counterparts. As a consequence, in 2011, 61 percent of the services imported by SME was by foreign controlled ones (see 11.3.2).

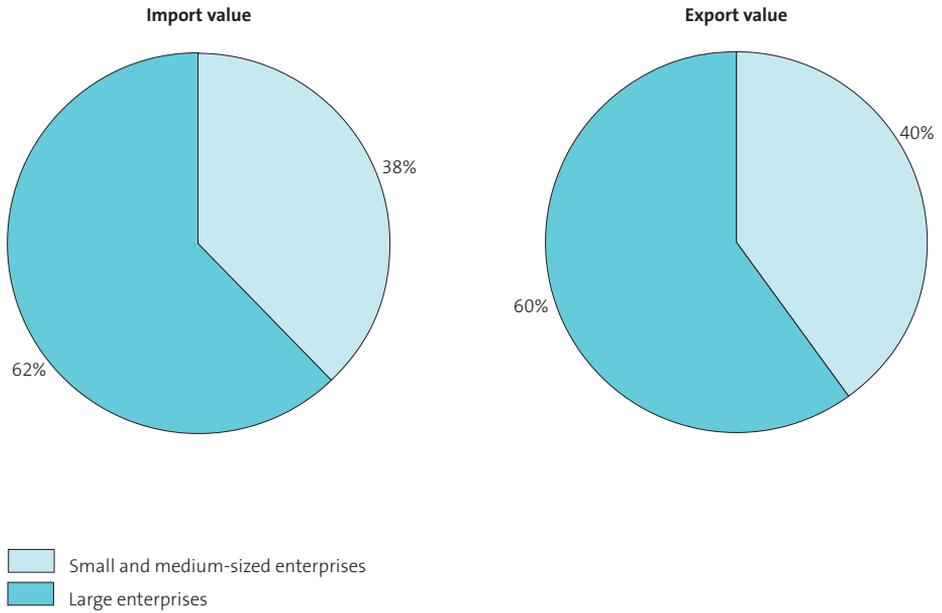
Dutch controlled enterprises accounted for 58 percent of the services imports by large enterprises in 2009. In 2011, this share rose to 59 percent.

In terms of exports, 54 percent of the value in the small to medium-size class can be found among Dutch controlled enterprises in 2009. The share of these domestically-controlled enterprises decreased to 51 percent in 2011, because the value of services exports carried out by foreign controlled SME had increased significantly.

Where exports of the large enterprises are concerned, 63 percent was held by Dutch controlled ones in 2009 and this share remained almost the same in 2011.

A small or medium-sized enterprise (SME) is an enterprise employing fewer than 250 people. A large enterprise is an enterprise with 250 employees or more.

11.3.1 Import and export value of services by size class, 2011*



11.3.2 Imports and exports of services by size class and origin of the parent enterprise

	2009		2011	
	Dutch controlled	foreign controlled	Dutch controlled	foreign controlled
	%			
Imports				
Small and medium-sized enterprises	44	56	39	61
Large enterprises	58	42	59	41
Exports				
Small and medium-sized enterprises	54	46	51	49
Large enterprises	63	37	62	38

11.4 International trade in services by economic activity

In 2011, 29 percent of the import value of services was performed by enterprises in the *agriculture, mining and manufacturing* sector. The second largest share (28 percent) was carried out by enterprises in the *communication, financial intermediation, real estate and business activities* sector, see also 11.4.1.

For exports, the largest share of trade (38 percent) was conducted by enterprises in the *transport and storage* sector, whereas enterprises in the *agriculture, mining and manufacturing* sector amounted to 27 percent of the export value of services.

Imports: Dutch controlled enterprises dominated in the agriculture, mining and manufacturing sector

In 11.4.2, a breakdown was made between services imports by economic activity and the origin of the parent enterprise in 2009 and 2011. In both years, the Dutch controlled enterprises dominated the largest two sectors being *agriculture, mining and manufacturing* and *communication, financial intermediation, real estate and business activities*. The changes in these sectors between 2009 and 2011, are mainly the consequences of statistical decisions rather than economic developments.

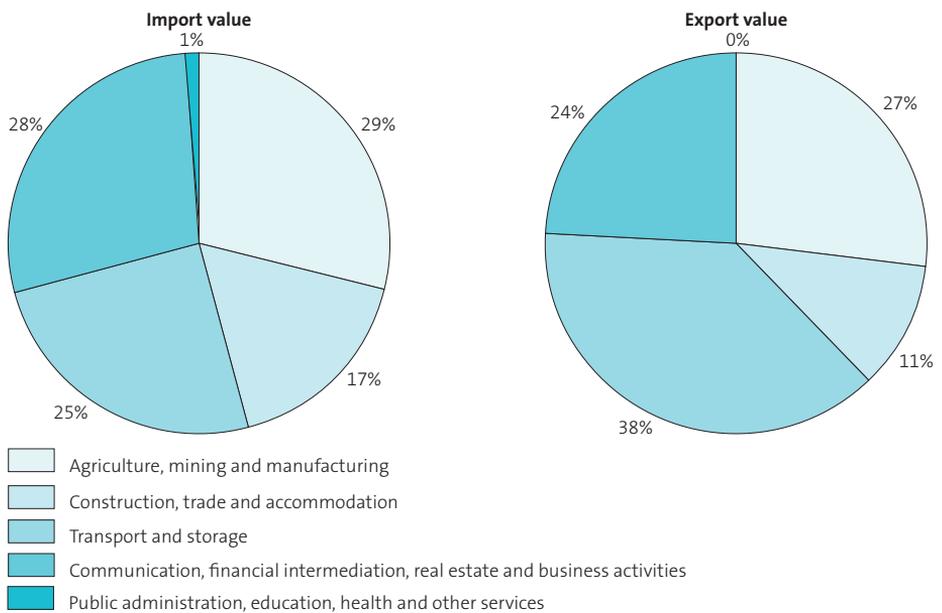
Of all the sectors, *construction, trade and accommodation* is dominated most by foreign controlled enterprises. In 2011 only 29 percent of the import value was held by Dutch controlled enterprises. For *public administration, education, health and other services*, it is the other way around. In 2011 the share of services imports by Dutch controlled enterprises was 85 percent in this sector. In *transport and storage* almost equal distributions were found in 2009 and 2011.

11.4.3 shows that the foreign controlled enterprises dominated in 2009, with 52 percent, the largest export sector being *transport and storage* and this share almost remained the same in 2011. The following sectors comprised relatively more services exported by Dutch controlled enterprises in 2011: *agriculture, mining and manufacturing; communication, financial intermediation, real estate and business activities* and *public administration,*

education, health and other services. In addition, the changes in these sectors from 2009 onwards are mainly the consequences of statistical decisions rather than economical developments.

In 2009, the foreign controlled enterprises dominated (64 percent) the services exports of the sector *construction, trade and accommodation.* After that year, the exports by foreign controlled enterprises had decreased, while those of the Dutch controlled enterprises had increased. As a consequence, in 2011, the export value share of the foreign controlled enterprises decreased to 57 percent in this sector.

11.4.1 International trade in services by economic activity, 2011*



11.4.2 Imports of services by economic activity and origin of the parent enterprise

	2009		2011	
	Dutch controlled	foreign controlled	Dutch controlled	foreign controlled
	%			
<i>Economic activity (NACE Rev 2)</i>				
A + B + C + D + E: Agriculture, mining and manufacturing	70	30	59	41
F + G + I: Construction, trade and accommodation	30	70	29	71
H: Transport and storage	52	48	51	49
J + K + L + M + N: Communication, financial intermediation, real estate and business activities	51	49	56	44
O + P + Q + R + S: Public administration, education, health and other services	73	27	85	15

11.4.3 Exports of services by economic activity and origin of the parent enterprise

	2009		2011	
	Dutch controlled	foreign controlled	Dutch controlled	foreign controlled
	%			
<i>Economic activity (NACE Rev 2)</i>				
A + B + C + D + E: Agriculture, mining and manufacturing	88	12	72	28
F + G + I: Construction, trade and accommodation	36	64	43	57
H: Transport and storage	48	52	47	53
J + K + L + M + N: Communication, financial intermediation, real estate and business activities	52	48	63	37
O + P + Q + R + S: Public administration, education, health and other services	66	34	92	8

11.5 International services traders in the Netherlands

Between 2009 and 2011, the enterprise population increased by 7.5 percent, as is shown in 11.5.1. The sector *public administration, education, health and other services* realised the highest growth rate (17.3 percent) in the number of active enterprises in the Netherlands.

In 2009, 1.4 percent of all active enterprises imported services and this percentage decreased by 0.3 percentage points to 1.1 percent in 2011. In addition, 1.4 percent of all enterprises exported services in 2009. In 2011, this share had slightly decreased to 1.2 percent.

Of all sectors, *communication, financial intermediation, real estate and business activities* contained the largest number of active enterprises in 2009 and 2011. However, only 1.3 and 1.6 percent of all these enterprises were, respectively, importing or exporting services in 2009. These percentages even fell to 0.9 and 1.3 percent in 2011.

In 2009, the sector *transport and storage* comprised the highest share of importing services traders (5.6 percent) and this percentage decreased to 5.2 percent in 2011. In addition, exporting services traders were also mostly found (9.0 percent) in this sector. In 2011, this share was reduced by 1.3 percentage points.

Agriculture, mining and manufacturing was the sector with the second largest shares of importing (2.9 percent) and exporting (1.6 percent) services traders in 2009. The importing share was reduced by 0.1 percentage points in 2011, whereas the exporting share had increased by 0.5 percentage points. The lowest share of international services traders was found in the *public administration, education, health and other services* sector, for imports as well as for exports.

General business register (GBR): The general business register comprises all enterprises in the Netherlands that make a contribution to the domestic product. For each enterprise, several characteristics are recorded such as the economic activity and size class (in terms of number of employees).

Enterprise population: The number of active enterprises in the Netherlands. Based on the general business register and includes enterprises that employ one or more people for at least 15 hours per week. For certain sectors, such as agriculture, a different methodology is applied to obtain the number of active enterprises.

The share of international services traders is given by economic activity as a percentage of the total number of economically active enterprises in the general business register of Statistics Netherlands. Each enterprise in the sample is defined as a unique international services trader. These results give a good indication of the **minimum** percentage of international services traders by economic activity in the Netherlands. The word 'minimum' is used because when designing the international trade statistics some enterprises that are actually involved in the international trade in services were omitted. These enterprises are mainly marginal international services traders. For these marginal traders an additional estimation is made in the ITS figures.

11.5.1 Share of international services traders by economic activity

	2009			2011		
	GBR	International services traders		GBR	International services traders	
		imports	exports		imports	exports
	<i>n</i>	%		<i>n</i>	%	
Total	1,088,475	1.37	1.4	1,169,785	1.05	1.2
<i>Economic activity (NACE Rev 2)</i>						
A + B + C + D + E: Agriculture, mining and manufacturing	119,475	2.92	1.63	117,305	2.76	2.07
F + G + I: Construction, trade and accommodation	363,740	1.12	1.14	368,785	0.9	0.98
H: Transport and storage	29,595	5.59	9	30,200	5.22	7.75
J + K + L + M + N: Communication, financial intermediation, real estate and business activities	380,005	1.3	1.58	423,855	0.88	1.26
O + P + Q + R + S: Public administration, education, health and other services	195,660	0.37	0.25	229,640	0.19	0.14