

14.

International trade in services by enterprises

Authors

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14.1 Introduction

The statistics on international trade in services (ITS) provide information about the trade values of services from the Netherlands to a foreign country and vice versa. Statistics Netherlands uses the business survey to collect data on a quarterly basis 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. International trade in government services and travel are not available for the analyses presented here. Information on these two sectors is obtained by other data collection methods.

The business survey held by Statistics Netherlands is based on two groups. The first group consists of enterprises with a significant share in the total value of the international trade in services. These approximately 350 enterprises are integrally observed at the enterprise group level. The second group includes enterprises with a lesser share in the total value of the international trade in services. This group is questioned based on a sample survey of approximately 5,000 companies at the enterprise level.

Except from section 14.2, all data for the annotated tables in this chapter are based on an integration of the micro data from the business survey, the General Business Register (GBR) and the Ultimate Controlling Institute (UCI). Statistics Netherlands determines the UCI on an annual basis by combining enterprise information from various sources. Although the integrated dataset does not include all services, it represents 50 percent of the total import value and 64 percent of the total export value.

This chapter kicks off with an overview of the international trade in services by origin of the parent enterprise, followed by a breakdown by economic activity. The last section will discuss the product extensive margin of services.

In 2012 Dutch controlled firms carried out
55% of the exports of services



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

The overall Dutch imports and exports of services¹⁾ in 2007–2012 are shown in figure 14.2.1. This figure shows that the Netherlands exports more services than it imports. In 2012 services exports amounted to 102 billion, whereas the value of services imports was 92 billion euros. The services trade balance of approximately +10 billion euros applies for most years between 2007 and 2012. The only exception is the year of the economic downturn (2009). In that year the exports of services declined with 4 billion euros, while the imports of services even increased by 1.5 billion euros compared to the year before. This resulted in a trade balance of 'only' +4 billion euros.

After the economic downturn, the annual growth rates of services exports were higher than those of services imports. Especially 2011 showed a remarkably high growth rate (11.6 percent) for services exports. However, in 2012 it was the other way around: imports of services were 5.6 percent higher in value, while exports only grew by 2.8 percent compared to the year before.

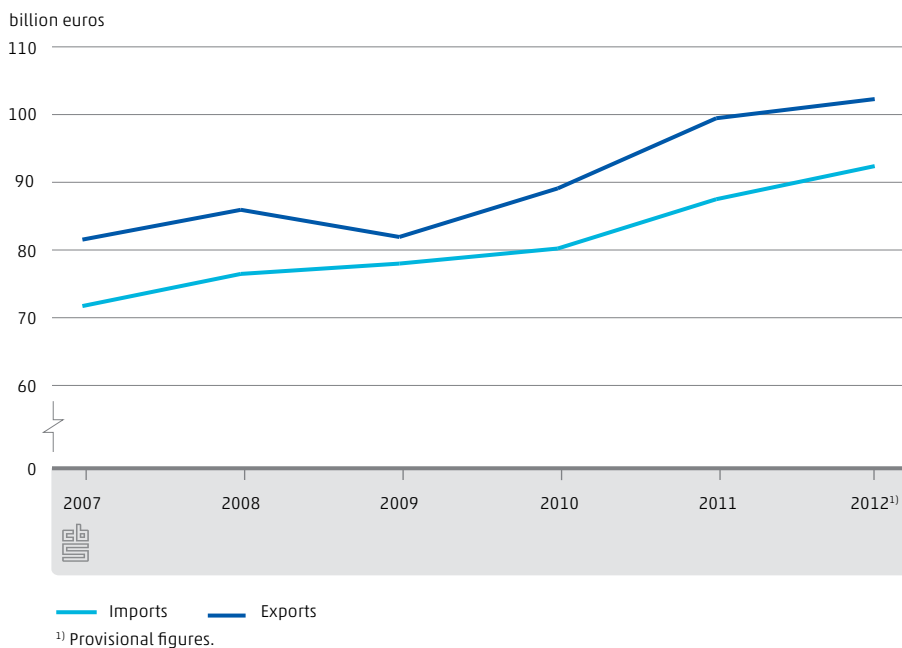
Table 14.2.2 shows the shares of Dutch and foreign controlled enterprises in our integrated dataset. In 2007 and 2008, approximately 55 percent of the import value was attributed to Dutch-controlled enterprises and 45 percent to foreign-controlled ones. In the following years these import shares almost equalled. In 2012 the share of Dutch-controlled enterprises was 51 percent.

As far as exports are concerned, 58 percent of the export value could be ascribed to Dutch-controlled enterprises in 2007 and 2008. After an increase to 60 percent in 2009, this share decreased to 56 percent in 2010. In 2011 and 2012 the exports carried out by Dutch-controlled enterprises remained relatively stable (55 percent).

Overall, Dutch-controlled enterprises are represented slightly more in exports than in imports of services.

¹⁾ The total imports and exports of services in this section are based on data in the *StatLine database* of Statistics Netherlands. The breakdown by origin of the parent enterprise is based on the integrated dataset of micro data from the business survey, the GBR and the UCI (see section 14.1).

14.2.1 Total Dutch imports and exports of services



14.2.2 International trade in services by origin of the parent enterprise

	Imports			Exports		
	total	Dutch controlled	foreign controlled	total	Dutch controlled	foreign controlled
	billion euros	%		billion euros	%	
2007	71.7	56	44	81.5	58	42
2008	76.5	55	45	85.9	58	42
2009	78.0	53	47	81.9	60	40
2010	80.2	50	50	89.1	56	44
2011	87.5	51	49	99.5	55	45
2012*	92.4	51	49	102.3	55	45

* Provisional figures

14.3 International trade in services by economic activity

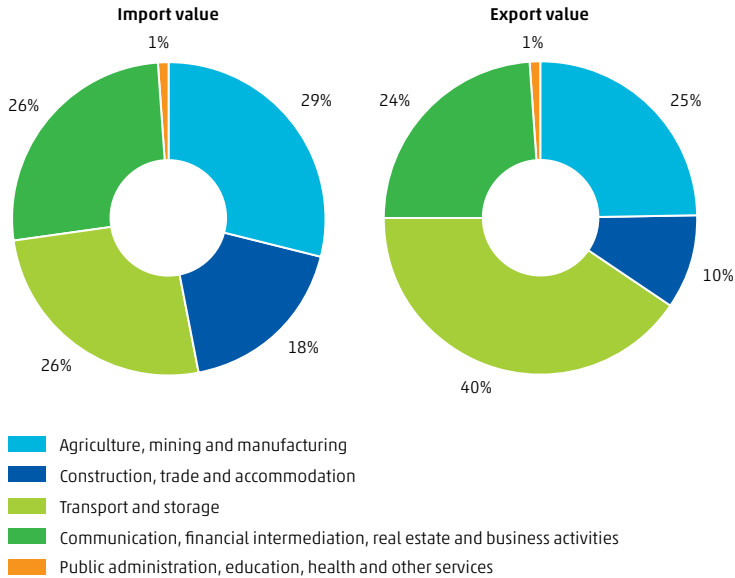
Figure 14.3.1 shows the contributions of five sectors to the international trade in services. In 2012, enterprises in the agriculture, mining and manufacturing sector accounted for 29 percent of the import value of services. The second largest shares, 26 percent, were carried out by enterprises in the sectors transport and storage and communication, financial intermediation, real estate and business activities. These three sectors were also the most important ones in exports. They accounted for 25, 40 and 24 percent of the total services export value, respectively.

In table 14.3.2, we divide the import value of services by economic activity and the origin of the parent enterprise. In 2011 as well as in 2012, the Dutch-controlled enterprises dominated most of the sectors when it comes to importing services. Especially in the sector public administration, education, health and other services a large share of the import value was held by Dutch-controlled enterprises. In 2012 the only sector in which foreign-controlled enterprises dominated the imports of services was construction, trade and accommodation (74 percent). In the transport and storage sector the influence of Dutch and foreign-controlled enterprises was equivalent in both 2011 and 2012.

The distribution of the total services export value by economic activity and the origin of the enterprise is shown in table 14.3.3. We see that construction, trade and accommodation is the sector in which foreign controlled enterprises contributed the most (64 percent) to services exports in 2012. One year before, this share was only 57 percent. The other sector in which foreign-controlled enterprises dominated was transport and storage; 55 percent of the export value in this sector was attributable to these enterprises.

The sector in which Dutch-controlled enterprises dominated the exports of services the most in 2012, was public administration, education, health and other services (86 percent), followed by agriculture, mining and manufacturing (70 percent). The first sector showed a big leap in terms of influence of Dutch controlled enterprises compared to 2011. However, this a relatively small sector (see figure 14.3.1), where minor changes have large effects.

14.3.1 International trade in services by economic activity, 2012¹⁾



¹⁾ Provisional figures.



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

Economic activity (NACE Rev 2)	2011		2012*	
	Dutch controlled	foreign controlled	Dutch controlled	foreign controlled
	%			
A + B + C + D + E Agriculture, mining and manufacturing	64	36	63	37
F + G + I Construction, trade and accommodation	28	72	26	74
H Transport and storage	50	50	50	50
J + K + L + M + N Communication, financial intermediation, real estate and business activities	52	48	54	46
O + P + Q + R + S Public administration, education, health and other services	78	22	88	12

* Provisional figures

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

		2011		2012*	
		Dutch controlled	foreign controlled	Dutch controlled	foreign controlled
		%			
<i>Economic activity (NACE Rev 2)</i>					
A + B + C + D + E	Agriculture, mining and manufacturing	71	29	70	30
F + G + I	Construction, trade and accommodation	43	57	36	64
H	Transport and storage	46	54	45	55
J + K + L + M + N	Communication, financial intermediation, real estate and business activities	58	42	63	37
O + P + Q + R + S	Public administration, education, health and other services	70	30	86	14

* Provisional figures.

14.4 The product extensive margin of services

Table 14.4.1 shows for numbers of services imported or exported²⁾ the share of traders with this number of services in the total number of traders, and their share in the total import or export values. For example, 19 percent of importers traded in three to five services, and the import value of the services they traded was 15 percent of total services imports in 2012. The number of services traded is sometimes called the 'product extensive margin' (Bernard *et al.*, 2007).

The large majority of enterprises traded only one or two services in 2012. For imports, this was four fifths, and for exports it even was 91 percent. However, there are also enterprises that trade even more different kinds of services: 1 percent of all importers imported at least ten in 2012. For exporters, this share was only

²⁾ We considered only the 19 different services from the business survey for small and medium-sized traders. These are: *sea transport services, air transport services, other transport services, postal and courier services, telecommunication services, construction abroad, construction in the Netherlands, insurance services, financial services, computer services, information services, franchises and similar rights, other royalties and license fees, merchandising and other trade-related services, operational leasing, miscellaneous business, professional and technical services, audio-visual and related services, other personal, cultural and recreational services and government services not included elsewhere.*

0.1 percent. The latter was to be expected, because it is much easier to use different services than to provide them.

The value is also less concentrated in imports than in exports. The enterprises that import one or two services, accounted for 'only' 30 percent of the total services import value in 2012. This share was much higher for exports (59 percent). Consequently, the enterprises that imported many services were of more importance for imports. In 2012, importers of at least 10 different services accounted for 32 percent of the total services import value. For exports this share was only 14 percent.

The product extensive margin of services shows a skewed distribution, and the distribution of exports is more skewed than that of imports. This is also the case for the product extensive margin of commodities. For example, Bernard *et al.* (2007) found that more than half of US exporters exported only one or two products in 2000, and only one quarter of the firms exported five or more products. Jaarsma and Fortanier (2011) described similar results for Dutch importers and exporters.

14.4.1 Product extensive margin of services, 2012*

Number of services traded	Share of			
	importers in total number of importers	exporters in total number of exporters	importers in total import value	exporters in total export value
	%			
1-2	80.0	91.1	30.0	58.8
3-5	14.5	8.3	19.0	18.3
6-9	4.4	0.6	18.7	9.4
10-19	1.0	0.1	32.2	13.5

* Provisional figures.