

International
trade in goods
by enterprises

10



International trade in goods by enterprises

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This chapter presents information about the developments of the international trade in goods by Dutch enterprises in the Netherlands. Data on international trade flows from 2002–2011 are discussed in relation to Dutch enterprise characteristics, such as economic activity, size class and country of ownership (domestic or foreign control). In 2011, total import and export values increased by almost 10 and by 9 percent, respectively. The share of imports generated by foreign controlled enterprises remained over 50 percent in 2011, while their share in exports was just under 50 percent. By 2010, trade had returned to its pre-crisis levels of 2008. Trade of SMEs was already restored by 2010. Large enterprises showed import levels comparable to 2008 in 2011, but their export values were still somewhat lower. The bulk of goods were once again imported and exported by wholesalers and manufacturers. These two sectors also have the highest trade propensity. About 44 percent of the wholesalers imported and 36 percent exported goods in 2011. For manufacturers these shares are somewhat lower, but still around a third.

10.1 Introduction

This chapter describes the pattern of the international trade in goods by Dutch enterprises in the Netherlands, and examines the developments of trade in goods and the breakdown of the Dutch trading population. Data on the international trade flows between 2002 and 2011 are enriched with Dutch enterprise characteristics, such as economic activity, size class and country of ownership, domestic or foreign control. The results presented here are preliminary, because integrating data from international trade statistics and the General Business Register (GBR) is still in its early stages.

Statistics on the international trade in goods represents the value and volume of goods crossing the Dutch border. Statistics Netherlands distinguished 9,452 commodities and 245 trading partners in 2010. To obtain these data, Statistics Netherlands conducts a monthly survey on intracommunity trade and obtains information on extra-EU trade flows, mainly from customs.

Around 79 percent of the import and 71 percent of the export flows in 2011 could be attributed to enterprises registered in the General Business Register. This is slightly less than in 2010, where almost 83 percent of imports and 75 percent of exports could be matched to enterprises. The main reason why some trade flows cannot be assigned to an enterprise in the GBR is because these trade flows also include trade by international traders who are not registered in the GBR if they have no establishment or office in the Netherlands. As the focus here is on traders active in the Netherlands (which can still be ultimately foreign controlled higher up in the chain of command), these foreign traders fall

beyond the scope of this analysis. Also, some trade cannot be assigned to Dutch traders because some economic activities, e.g. farmers are not completely registered in the GBR.

Methodology

Over the years, the methodology of enriching international trade data with enterprise characteristics has changed and improved. Furthermore, new information sources have become available and this has been of great value in the matching process. This resulted in a higher number of matches as of 2009.

The General Business Register, the main source of enterprise information, has undergone major changes as of 2006. This also resulted in significant improvements in the quality of matching traders to enterprises in the GBR from reference year 2007.

The procedure to determine whether an enterprise is Dutch or foreign controlled changed in 2005. As of 2006, company control is based on the concept of the Ultimate Controlling Institute (UCI), as defined by the FATS Regulation. For the enterprises of 2011, the UCI is based on the data from 2010, since the data on 2011 is not yet available.

The distinction between re-exports (belongs to Dutch trade according to the National Concept) and quasi-transit trade (does not belong to Dutch trade according to the National Concept) has changed as of 2008. The net effect of this methodological change is a downward adjustment of the total trade level in the National Concept, where exports decreased somewhat stronger than imports.

Enterprises without employees (self-employed persons) are excluded from the tables and analyses in this chapter.

General business register: 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 employee numbers).

Dutch enterprise: an enterprise is the actual transactor in the production process, characterised by independence in decisions about the process and by providing products to others. As a result of the definition and particularly the required independency, one enterprise may comprise several local units or several legal units.

Dutch controlled vs. foreign controlled enterprise: The Ultimate Controlling Institutional Unit (UCI) is defined as the institutional unit, proceeding up a foreign affiliate's chain of control, which is not controlled by another institutional unit. 'Foreign controlled' means that the resident country of the UCI is a country other than the Netherlands. 'Control' means the ability to determine the general and strategic policy of an enterprise by appointing appropriate directors. The UCI is determined on a yearly basis by combining enterprise information from various sources.

10.2 Overview of international trade in goods by origin of the parent enterprise

Table 10.2.1 depicts the breakdown between Dutch and foreign controlled enterprises, as a function of the total values of imports, exports and re-exports in the Netherlands for 2002–2011. Whereas total import value dropped by more than 18 percent in 2009 on 2008, it had returned to pre-recession levels by 2010 and rose another 10 percent in 2011 to almost 365 billion euros. In 2011, Dutch and foreign controlled shares in imports did not change much compared with the previous years. Over the years, foreign controlled enterprises have gained an increasing share of Dutch imports, which seems to be stabilising. Starting with 40 percent in 2002, their contribution had risen to 52 percent in 2011.

Exports show a similar trend. Figures dropped by more than 16 percent in 2009 on 2008, returned to the 2008 level by 2010 and increased another 10 percent in 2011, exceeding 409 billion euros. Like import value, the share of Dutch and foreign control in exports has not changed notably in the last few years. This means that the observed decline in export as well as import value was incurred equally by Dutch and foreign controlled traders, although a small advantage of the foreign controlled traders in 2010 suggests that that group recovered a little faster from the recession. The trade surplus, i.e. export value minus import value, amounted 44 billion euro in 2011. This equals the high trade surplus of 2007.

In terms of numbers, foreign controlled companies account for less than 4 percent of the Dutch trader population. This implies that the vast majority of traders are Dutch controlled, but also that the relatively low number of foreign controlled traders account for considerable sums. As far as import value is concerned, this minority of foreign traders contributes a major share of total Dutch import of goods (52 percent) while for export value, foreign enterprises contribute just under half of the total value.

10.2.1 International trade in goods; Dutch versus foreign controlled enterprises

| | Import value | | of which | | Export value | | of which | |
|-------|---------------------|----|------------------|--------------------|---------------------|----|------------------|--------------------|
| | <i>billion euro</i> | % | Dutch controlled | foreign controlled | <i>billion euro</i> | % | Dutch controlled | foreign controlled |
| 2002* | 205.6 | 60 | 40 | | 232.7 | 60 | 40 | |
| 2003* | 206.9 | 58 | 42 | | 234.2 | 60 | 40 | |
| 2004* | 228.2 | 56 | 44 | | 255.7 | 59 | 41 | |
| 2005* | 249.8 | 49 | 51 | | 281.3 | 54 | 46 | |
| 2006* | 285.4 | 49 | 51 | | 319.0 | 53 | 47 | |
| 2007* | 307.3 | 48 | 52 | | 347.5 | 54 | 46 | |
| 2008* | 335.9 | 46 | 54 | | 370.5 | 51 | 49 | |
| 2009* | 274.0 | 47 | 53 | | 309.4 | 51 | 49 | |
| 2010* | 331.9 | 44 | 56 | | 371.5 | 49 | 51 | |
| 2011* | 364.9 | 48 | 52 | | 409.4 | 52 | 48 | |

* Enterprises without employees are excluded.

10.3 International trade in goods by size class

In 2011, goods imports of SMEs and large enterprises increased by 1.2 and 12 percent respectively. Over the years, large enterprises have shown a more steady growth rate than SMEs. However, SMEs returned to their pre-recession import values as early as 2010, while large enterprises did not surpass their 2008 import level until 2011.

For the group of large trading enterprises, foreign controlled enterprises contributed a significantly larger share to the total import value than Dutch controlled companies. Over the years, this foreign share went from 59 percent in 2002 to 62 percent in 2011. For SMEs, the role of foreign controlled enterprises in imports has also become more important over the years. In 2002, about 30 percent of imports were carried out by these enterprises. They even dominated in 2010, indicating that foreign controlled SMEs recovered faster from the recession than domestic SMEs. By 2011 Dutch SMEs dominated again with a 56 percent share.

The total export value of SMEs had returned to pre-recession levels by 2010, and amounted to almost 165 billion euros in 2011. Compared to SMEs, large companies saw their export values deteriorate more in 2009. And, similar to import values, large enterprises take longer to recover, with export levels at almost 111 billion euros in 2011.

For SMEs that export goods, the share of exports carried out by foreign controlled enterprises has increased steadily since 2002, when only 28 percent of the export value could be assigned to foreign controlled enterprises. In 2011, 44 percent of the total export value of 165 billion euros was generated by small and medium sized foreign traders. As was the case in import developments, by 2010 foreign traders had regained a larger share, indicating a faster recovery. Development over time was exactly the opposite for large exporters. In 2002, foreign controlled companies still generated 59 percent of the export value. This gradually declined to 53 percent in 2011. This could not be explained by a falling number of foreign controlled exporters (on the contrary). It was caused by an increase in export value by Dutch owned exporters.

10.3.1 Import and export value of goods by size class and origin of the parent company

| | SMEs | | of which | | Large enterprises | | of which | |
|---------------------|--------------|----|------------------|--------------------|-------------------|----|------------------|--------------------|
| | billion euro | % | Dutch controlled | foreign controlled | billion euro | % | Dutch controlled | foreign controlled |
| | | | | | | | | |
| Import value | | | | | | | | |
| 2002* | 109.2 | 70 | 30 | | 65.1 | 41 | 59 | |
| 2003* | 108.4 | 70 | 30 | | 63.1 | 42 | 58 | |
| 2004* | 114.9 | 66 | 34 | | 67.0 | 40 | 60 | |
| 2005* | 125.6 | 57 | 43 | | 75.9 | 39 | 61 | |
| 2006* | 138.4 | 57 | 43 | | 87.4 | 45 | 55 | |
| 2007* | 135.6 | 59 | 41 | | 100.2 | 40 | 60 | |
| 2008* | 151.2 | 56 | 44 | | 115.0 | 37 | 63 | |
| 2009* | 129.3 | 54 | 46 | | 89.7 | 36 | 64 | |
| 2010* | 151.7 | 49 | 51 | | 107.6 | 35 | 65 | |
| 2011* | 153.5 | 56 | 44 | | 120.8 | 38 | 62 | |
| Export value | | | | | | | | |
| 2002* | 106.5 | 72 | 28 | | 80.1 | 41 | 59 | |
| 2003* | 108.0 | 72 | 28 | | 74.1 | 42 | 58 | |
| 2004* | 114.3 | 69 | 31 | | 77.3 | 42 | 58 | |
| 2005* | 131.5 | 62 | 38 | | 79.4 | 42 | 58 | |
| 2006* | 139.3 | 60 | 40 | | 95.2 | 47 | 53 | |
| 2007* | 140.0 | 63 | 37 | | 105.3 | 46 | 54 | |
| 2008* | 157.2 | 58 | 42 | | 120.6 | 46 | 54 | |
| 2009* | 142.2 | 55 | 45 | | 90.7 | 45 | 55 | |
| 2010* | 160.0 | 51 | 49 | | 96.4 | 46 | 54 | |
| 2011* | 164.9 | 56 | 44 | | 110.9 | 47 | 53 | |

¹⁾ See introduction.

* Enterprises without employees are excluded.

SME: small and medium-sized enterprises. An SME is an enterprise that employs less than 250 people. A small enterprise employs less than 50 people and a medium-sized enterprise employs between 50

and 249 people. Enterprises without employees were excluded from the analysis.

10.4 International trade in goods by industry

As Table 10.4.1 shows, enterprises in *wholesale trade* and *manufacturing* contributed most of the import value of goods in 2011, namely 95.7 and 85.0 billion euros, respectively. Most sectors grew rapidly over the years, particularly *wholesale trade* and *transport and storage*. Compared to 2002, they produced growth rates of 121 percent and 147 percent respectively.

Over the years, the dominance of Dutch traders has shifted. More than half of the import value of goods can be linked to enterprises under foreign control. This shift between 2002 and 2011 can be seen for *wholesale trade*, *retail trade*, *repair, accommodation and food*, *transport and storage*, and *professional, scientific and technical activities*. However, the influence of Dutch traders increased for *agriculture, fishing, extraction, energy, water and waste* and *real estate, business and other services*.

In total export value, enterprises in *manufacturing* and *wholesale trade* are also the largest traders to which exports worth 113.5 and 99.0 billion euro respectively could be attributed in 2011. Compared to 2002, all sectors show a strong growth. The strongest increase can be found for *wholesale trade* and *agriculture, fishing, extraction, energy, water and waste*, with 144 percent and 136 percent respectively

When exporting enterprises are differentiated in terms of Dutch and foreign control, there is a general shift from Dutch dominance to equilibrium. This shift from mostly Dutch to foreign controlled exporters can be observed for *wholesale trade*, *transport and storage*, and *professional, scientific and technical activities*. Like importers, the share of Dutch exporters has increased for *agriculture, fishing, extraction, energy, water and waste*, and *real estate, business and other services*, but also for *construction*.

10.4.1 Import and export value of goods by economic activity and origin of the parent company

| | 2002* | | | 2010* | | | 2011* | | |
|---|-------------|------------------|---------------------|-------------|------------------|---------------------|-------------|------------------|--------------------|
| | Total value | of which | | Total value | of which | | Total value | of which | |
| | | Dutch controlled | foreign controlled | | Dutch controlled | foreign controlled | | Dutch controlled | foreign controlled |
| <i>billion euro</i> | <i>%</i> | | <i>billion euro</i> | <i>%</i> | | <i>billion euro</i> | <i>%</i> | | |
| Import value | 205.6 | 60 | 40 | 331.9 | 44 | 56 | 364.9 | 47 | 53 |
| <i>Economic activity (NACE Rev.2)</i> | | | | | | | | | |
| Agriculture, fishing, mining, energy, water and waste (SBI: A, B, D, E) | 3.3 | 69 | 31 | 7.7 | 90 | 10 | 9.1 | 87 | 13 |
| Manufacturing (SBI: C) | 53.9 | 41 | 59 | 75.3 | 42 | 58 | 85.0 | 43 | 57 |
| Construction (SBI: F) | 0.7 | 83 | 17 | 1.4 | 68 | 32 | 1.5 | 66 | 34 |
| Wholesale trade (SBI: G46) | 43.4 | 68 | 32 | 95.5 | 43 | 57 | 95.7 | 50 | 50 |
| Retail trade, repair, accomodation and food (SBI: G45, G47, I) | 18.2 | 64 | 36 | 24.1 | 48 | 52 | 26.5 | 47 | 53 |
| Transport and storage (SBI: H) | 16.7 | 56 | 44 | 41.8 | 33 | 67 | 41.2 | 43 | 57 |
| Information and communication (SBI: J) | 1.0 | 70 | 30 | 2.1 | 52 | 48 | 2.2 | 54 | 46 |
| Finance and insurances (SBI: K) | 0.9 | – | – | 2.3 | – | – | 1.2 | – | – |
| Professional scientific and technical activities (SBI: M) | 5.8 | 86 | 14 | 6.8 | 49 | 51 | 9.5 | 49 | 51 |
| Real estate, business and other services (SBI: L, N, S) | 1.2 | 56 | 44 | 2.0 | 78 | 22 | 1.9 | 78 | 22 |
| Rest category (SBI: O, P, Q, R, T, U) | 0.6 | 92 | 8 | 0.4 | 94 | 6 | 0.5 | 94 | 6 |
| Export value | 232.7 | 60 | 40 | 371.5 | 49 | 51 | 409.4 | 51 | 49 |
| <i>Economic activity (NACE Rev.2)</i> | | | | | | | | | |
| Agriculture, fishing, mining, energy, water and waste (SBI: A, B, D, E) | 8.5 | 87 | 13 | 17.0 | 96 | 4 | 20.1 | 96 | 4 |
| Manufacturing (SBI: C) | 82.4 | 46 | 54 | 102.7 | 45 | 55 | 113.5 | 47 | 53 |
| Construction (SBI: F) | 0.4 | 76 | 24 | 0.7 | 87 | 13 | 0.8 | 88 | 12 |
| Wholesale trade (SBI: G46) | 40.6 | 71 | 29 | 97.4 | 46 | 54 | 99.0 | 53 | 47 |
| Retail trade, repair, accomodation and food (SBI: G45, G47, I) | 7.3 | 84 | 16 | 7.2 | 59 | 41 | 8.1 | 62 | 38 |
| Transport and storage (SBI: H) | 12.6 | 64 | 36 | 17.6 | 37 | 63 | 16.7 | 26 | 74 |
| Information and communication (SBI: J) | 1.0 | 61 | 39 | 1.9 | 61 | 39 | 1.9 | 52 | 48 |
| Finance and insurances (SBI: K) | 0.6 | – | – | 1.6 | – | – | 1.1 | – | – |
| Professional scientific and technical activities (SBI: M) | 7.3 | 86 | 14 | 8.9 | 41 | 59 | 12.6 | 45 | 55 |
| Real estate, business and other services (SBI: L, N, S) | 1.2 | 48 | 52 | 1.3 | 70 | 30 | 1.6 | 73 | 27 |
| Rest category (SBI: O, P, Q, R, T, U) | 0.2 | 98 | 2 | 0.2 | 91 | 9 | 0.3 | 98 | 2 |

* Enterprises without employees are excluded.

10.5 International goods traders in the Netherlands

The total number of enterprises in 2011 amounted to 1,3 million, almost 5 percent more than in 2010. The highest increase in the number of enterprises was observed in the *rest category* (e.g. education, health and culture). With over 15 thousand enterprises more, the population size increased by 9 percent. There was another significant increase, of around 8 percent, for *information and communication* and *professional, scientific and technical activities*. Over the years, most enterprises have been active in the latter.

Importers constituted 12 percent of the total Dutch enterprise population, while 7 percent exported in 2011. For importers, this is a slight increase compared to 2010. Considering the different economic activities, *wholesale trade* and *manufacturing* stand out, with the largest shares of traders in their population. Enterprises in *wholesale trade* comprise 40 percent importers and 32 percent exporters. For manufacturers 32 percent comprise importers, and 25 percent exporters.

Although the largest share of enterprises can be found in *professional, scientific and technical activities*, relatively few of these enterprises imported and exported goods abroad (6 percent). This pattern has been quite stable over time.

Enterprises in *wholesale trade* bore the brunt of the crisis. In 2009 fifty percent of the almost 74 thousand enterprises in this branch imported goods to the Netherlands and 41 percent exported goods. By 2011, this was down by 6 and 5 percent respectively, with the biggest decrease in traders in 2010. The same pattern can be seen for *finance and insurances*. *Transport and storage* and *information and communication* on the other hand saw their numbers of international traders increase in 2010. Although their recovery from the crisis started in 2010, growth did not continue in 2011.

Goods imports and exports are least important in *finance and insurances* and in the *rest category*, with only 3 and 4 percent of the enterprises involved in importing activities and even fewer in exporting, namely 2 percent.

10.5.1 Share of importers/exporters of goods in the enterprise population by economic activity

| | 2009* | | | 2010* | | | 2011* | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | total | importers | exporters | total | importers | exporters | total | importers | exporters |
| | % | | | % | | | % | | |
| Total | 1,333,232 | 13 | 8 | 1,273,511 | 12 | 8 | 1,333,101 | 12 | 7 |
| <i>Economic activity (NACE Rev.2)</i> | | | | | | | | | |
| Agriculture, fishing, mining, energy, water and waste (SBI: A, B, D, E) | 71,009 | 10 | 7 | 70,426 | 11 | 8 | 68,563 | 11 | 8 |
| Manufacturing (SBI: C) | 58,210 | 37 | 30 | 54,790 | 34 | 27 | 55,937 | 32 | 25 |
| Construction (SBI: F) | 141,857 | 7 | 3 | 138,267 | 7 | 3 | 141,515 | 7 | 3 |
| Wholesale trade (SBI: G46) | 88,509 | 50 | 41 | 81,004 | 43 | 36 | 81,519 | 40 | 32 |
| Retail trade, repair, accomodation and food (SBI: G45, G47, I) | 188,653 | 24 | 6 | 182,733 | 23 | 6 | 188,632 | 22 | 6 |
| Transport and storage (SBI: H) | 34,865 | 9 | 8 | 32,908 | 12 | 14 | 33,736 | 12 | 13 |
| Information and communication (SBI: J) | 60,915 | 9 | 8 | 61,409 | 11 | 10 | 66,492 | 11 | 10 |
| Finance and insurances (SBI: K) | 124,788 | 8 | 6 | 85,603 | 3 | 3 | 88,393 | 3 | 2 |
| Professional scientific and technical activities (SBI: M) | 238,795 | 6 | 5 | 233,792 | 6 | 6 | 252,001 | 6 | 6 |
| Real estate, business and other services (SBI: L, N, S) | 167,917 | 5 | 2 | 164,342 | 6 | 2 | 172,777 | 6 | 3 |
| Rest category (SBI: O, P, Q, R, T, U) | 157,714 | 3 | 2 | 168,237 | 4 | 2 | 183,536 | 4 | 2 |

* Enterprises without employees are excluded.