

Netherlands

May 2022

Executive Summary

This country fact sheet provides key trade, investment, and tourism related statistics for the Netherlands. Specifically, it shows global trade and investment flows including an analysis of top markets and products for the Netherlands in relation to the Western Cape, highlighting the largest and fastest growing products and sub-sectors. It also analyses tourism trends between the Netherlands and the Western Cape. The key highlights in the Netherlands fact sheet are provided below:

ECONOMY

According to the IMF (2022), economic policy in the Netherlands has strongly supported household incomes and protected corporate balance sheets. The country's high levels of vaccination and increasing adaptation to the pandemic have also helped to foster a strong economic recovery. The strength in the economic policy within the country is widely evident by a robust real GDP growth rate of 5.04% in 2021 against the backdrop of a decline in real GDP of 3.83% in 2020. Various factors, such as the evolution of the pandemic as well as ongoing geopolitical tensions, contributed largely to the decline in real GDP in 2020.

TRADE

Trade between the Western Cape and the Netherlands has been skewed toward the province in recent years with continual trade surpluses recorded (by the province). On the export front, in 2021 the province's exports to the Netherlands rose by 15.54% y-o-y to a value of ZAR14.39bn, up from ZAR12.45bn recorded in 2020. In turn, total merchandise imports from the Netherlands surged by a massive 93.27% y-o-y growth to a cost of ZAR6.92bn in 2021. The notable increase in payments by the province in 2021 may be ascribed in part to the high demand for refined petroleum which saw the Western Cape import ZAR3 578,88m worth of this product in 2021. Interestingly the import of refined petroleum accounted for an estimated 51.70% of total import costs accrued with the Netherlands in 2021.

A key aspect underpinning the strong economic ties between the province and the Netherlands is the role played by the Netherlands Agro, Food and technology Centre in Cape Town (NAFTC), which facilitates bilateral trade relations and seeks to secure a greater market share for the Western Cape's agricultural export products in the Netherlands. This provides a number of opportunities for local agricultural firms to boost exports to the Netherlands.

FDI

Between January 2003 and February 2022, 25 FDI projects were recorded from the Netherlands into the Western Cape. These projects represent a total capital investment of ZAR7,329.45m, which is an average investment of ZAR293m per project. During the period, a total of 1,517 jobs were created.

TOURISM

Historically, tourist arrivals from the Netherlands into South Africa showed strong growth in 2015 and 2016, increasing by 21.41% from 121 883 in 2015 to 147 973 in 2016. That said, Dutch arrivals to the Western Cape declined at an average rate of 35.53% between 2017 and 2020, due largely to the onset of COVID-19 in late 2019 and the devastating impact that this had on global travel markets. The Netherlands tourists' length of stay in South Africa was approximately 19.2 days in 2020.

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1. General Information

The Netherlands is located in Western Europe, bordering the North Sea to the north and west, Belgium to the south and Germany to the east. The country is a founding member of NATO and the EEC (now the EU) and participated in the introduction of the Euro currency in 1999. With a mainland area of 33,893km², the Netherlands is the 134th largest country in the world by area, slightly less than twice the size of New Jersey. The country's population density is 508 people per km², which makes it the most densely populated nation in the EU and one of the most densely populated countries in the world. Interestingly, around 92.5% of the population lives in is urban areas, with more than 40% of the total population of the country living in the Randstad, an agglomeration of the cities of Amsterdam, Rotterdam, The Hague, and Utrecht. Moreover, the Netherlands ranks as the world's sixth happiest country according to the 2020 World Happiness Report. These ranking factors elements such as healthy life expectancy, freedom, trust, corruption, and social support. Therefore, it appears that the jovial Dutch have plenty to be thankful for, scoring high levels of social and institutional trust, as well as social connection.

Table 1: Netherlands general information

GENERAL INFORMATION - NETHERLANDS	
Capital	Amsterdam
Major urban areas	Amsterdam, Rotterdam, Den Haag, Utrecht, Eindhoven, Groningen, Tilburg, Almere, Breda, and Nijmegen
Population (2022 est.)	17,400,824
Government type	Constitutional monarchy with a parliament (States General) comprising two houses (Senate [75]; House of Representatives [150])
Head of Government	Prime Minister: Mark Rutte
Life expectancy	81 years
Literacy	99%
Ethnic groups	Dutch 75.4%, EU (excluding Dutch) 6.4%, Turkish 2.4%, Moroccan 2.4%, Surinamese 2.1%, Indonesian 2%, other 9.3% (2021 est.)
Religion(s)	Nominally Roman Catholic 92% (less than 20% practicing), Protestant 2%, Jewish 2%, another 4%
Languages	Dutch, Frisian & English
Human Development Index (2019)	0.944

Source: CIA World Factbook, 2022, Country economy 2022 & Statistica 2022

2. Economic Overview

With a GDP of USD1.01 trillion and a GDP per capita estimated at USD57,840 in the fiscal year 2021/22, the Netherlands is one of the richest nations in the world. The country is a founding member of the International Bank for Reconstruction and Development, the World Bank, and was one of the first countries to receive a World Bank loan after the Second World War. The country benefits from a highly mechanised agricultural sector that employs only 2% of the country's labour force and yet provides large surpluses for food-processing and underpins the country's status as the world's second largest agricultural exporter.

Table 2: Economic information

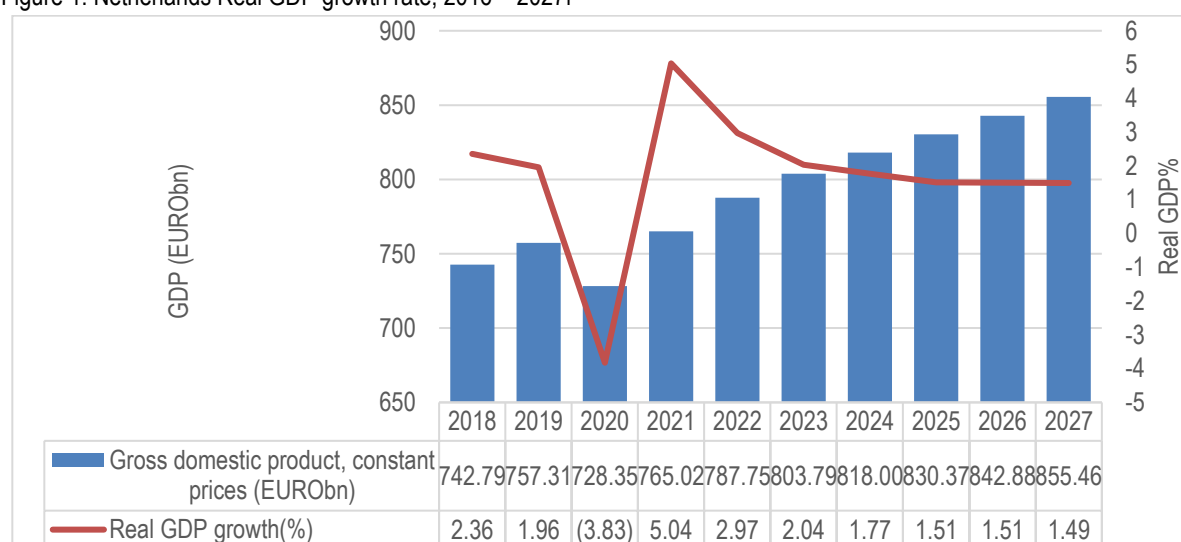
ECONOMIC INFORMATION	
GDP (PPP) (2022 est.)	USD1,01Trn
GDP growth (2022 est.)	5.2%
GDP per capita (2022 est.)	USD57 840
Inflation (2022 est.)	5.2%
Prime lending rate (31 December 2017)	1.33%
Unemployment rate (2022, est.)	3.8%
Exports (2020 est.)	ZAR9.02Trn

ECONOMIC INFORMATION	
Imports (2020 est.)	ZAR7.92Trn
Inward FDI (31 December 2021 est.)	ZAR10.60Trn
Outward FDI (31 December 2021 est.)	ZAR18.00Trn
Netherlands Euro per dollar (2022 est.)	1.0531

Source: European Central Bank, 2022; The Netherlands' Bureau for Economic Policy Analysis (CPB), 2022

According to the IMF (2022), economic policy in the Netherlands has strongly supported household incomes and protected corporate balance sheets. The country's high levels of vaccination and increasing adaptation to the pandemic have also helped to foster a strong economic recovery. The strength in the economic policy within the country is widely evident by a robust real GDP growth rate of 5.04% in 2021 against the backdrop of a decline in real GDP of 3.83% in 2020. Various factors, such as the evolution of the pandemic as well as ongoing geopolitical tensions, contributed largely to the decline in real GDP in 2020. However, the country, which invented the first stock market in the world, has also set some structural reforms with high impact investment packages that are crucial to enhance resilience, support green and digital transitions, and boost potential growth.

Figure 1: Netherlands Real GDP growth rate, 2016 – 2027f



Source: IMF, 2022 (Real GDP at 2010 prices)

From an economic structure perspective, some of the major sectors include:

Agriculture and Food Industry

According to the World Atlas (2021), the Netherlands is one of the world's top exporters of food and agricultural products, thanks to its highly mechanised agricultural sector and innovative agri-food technology, favourable geographic location in the heart of Europe, mild climate, and flat fertile soils. The country's agro-processing sector focuses on international exports, accounting for about 21% of the country's total value of exports. The Netherlands ranks first in the EU in terms of agricultural exports, and second in the world, after the United States (US). The agriculture industry also employs 4% of the Dutch labour force and produces large surpluses for the food processing industry. Some of the food and agricultural products exported by the Netherlands include tomatoes, chillies, cucumbers, apples, flowers, flower bulbs, and fresh-cut plants.

Energy Industry

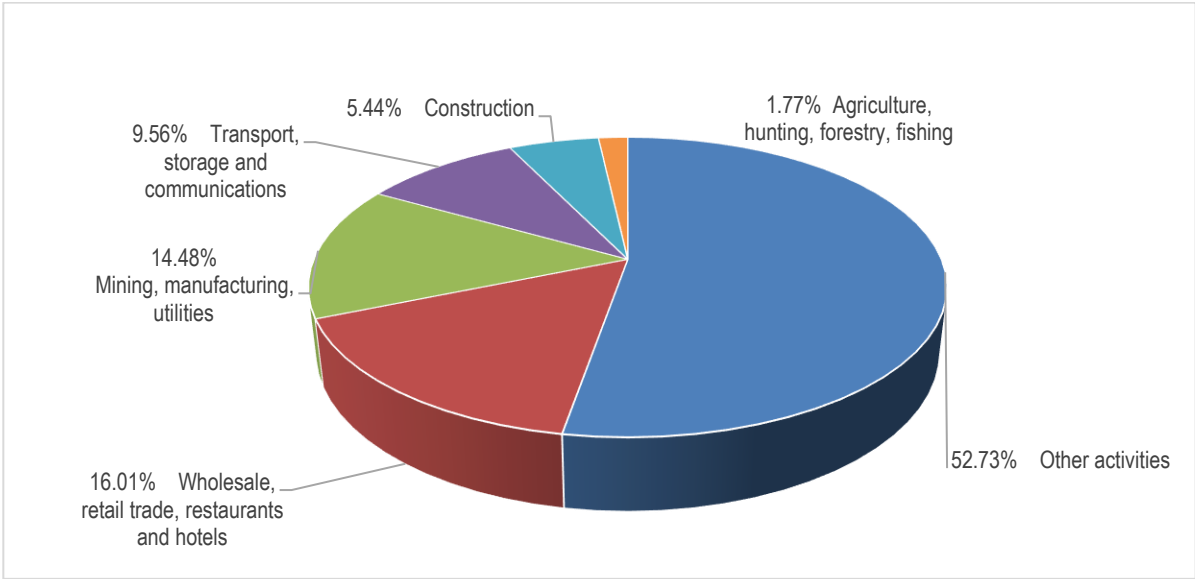
The energy industry in the Netherlands is one of the country's key industries in terms of exports and serves as a source of employment and national income. An estimated 25% of all natural gas reserves in the European Union (EU) are located in the Netherlands. Large natural gas deposits were discovered in the Netherlands in 1959 and have generated significant revenues for decades. In addition to natural gas, other segments of the energy industry are important to the country's economy. Thermal stations produce the bulk of electricity in the Netherlands. The country also has only two nuclear facilities, and 4% of the country's electricity is produced at the Borssele Nuclear Power Station, while the nuclear reactor in Delft is a research station

at Delft University of Technology. The Netherlands is also a leader in offshore wind energy, biomass processing, and greenhouse farming.

The diagram below shows the contributions of various industries to the gross domestic product of the Netherlands in 2020. The largest industry contributors were:

- Wholesale, retail trade, restaurants, and hotels (16.01%)
- Mining, manufacturing, utilities (14.48%)
- Transport, storage, and communications (9,56%)
- Construction (5,44%)
- Agriculture, hunting, forestry, fishing (1,77%)

Figure 2: Netherlands sector contribution to GDP, 2020



Source: Unctad, 2022

2.1 Netherlands' Risk Ratings

“A sovereign credit rating is the credit rating of a country or sovereign entity. Sovereign credit ratings give investors insight into the level of risk associated with investing in a particular country and include political risks. At the request of the country, a credit rating agency will evaluate the country’s economic and political environment to determine a representative credit rating”.

Source: Investopedia

While several credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody’s Investors Services (Moody’s) and Standard & Poor’s (S&P). Reasons for a country/sovereign to seek a credit rating from one of these three agencies include not only to access funding in international bond markets via the issuance of bonds in external debt markets, but it is a means to attract foreign direct investment. Obtaining a good sovereign credit rating instils confidence in investors seeking to invest in that country, with the credit rating a means for the country to demonstrate financial transparency and credit standing.

Two key rating ‘standards’ exist, with the highest possible rating category being “AAA” according to S&P, which indicates that the rated country has extremely strong capacity to meet its financial commitments. A wide range of rating categories exists below this, with the categories ranging all the way down to SD (i.e., defaulted), which means the rated country has failed to pay one or more of its financial obligations when it became due.

Standards and Poor’s remain pessimistic about the Government’s ability to close existing budget deficits and return a balanced budget by the year ending June 30, 2021. Over the coming months, they will continue to monitor the Government’s willingness and ability to enact new budget savings or revenue measures to reduce fiscal deficits materially over the next few years.

Table 3: Netherlands' sovereign credit ratings.

NETHERLANDS COUNTRY RATINGS						
STANDARD & POORS SOVEREIGN RATINGS			FITCH RATING	MOODY'S RATINGS		
Local Rating LT	Currency	Foreign Rating LT	Currency	T&C Assessment	Credit Rating	Credit Rating
AAA		AAA (Stable)		AAA/A-1+	AAA	Aaa (Stable)

Source: Moody's 2022; Fitch 2022

The table below shows the Netherlands' risk assessment in terms of export transactions and direct investments. Ratings are between 1 and 7, as well as between A and C, with 7 and C being the maximum risk indicators. The table shows that the political risk in the Netherlands is relatively low in the medium long-term. Commercial risk is ranked as I while war risk ranked low as well.

Table 4: Netherlands' risk assessment

NETHERLANDS' RISK ASSESSMENT		
EXPORT TRANSACTIONS		
Political Risks	Short Term	1
	Medium-Long term	1
	Special Transactions	3
Commercial Risk	A	
DIRECT INVESTMENTS		
War risk	1	
Risk of expropriation and government action	1	
Transfer risk	1	

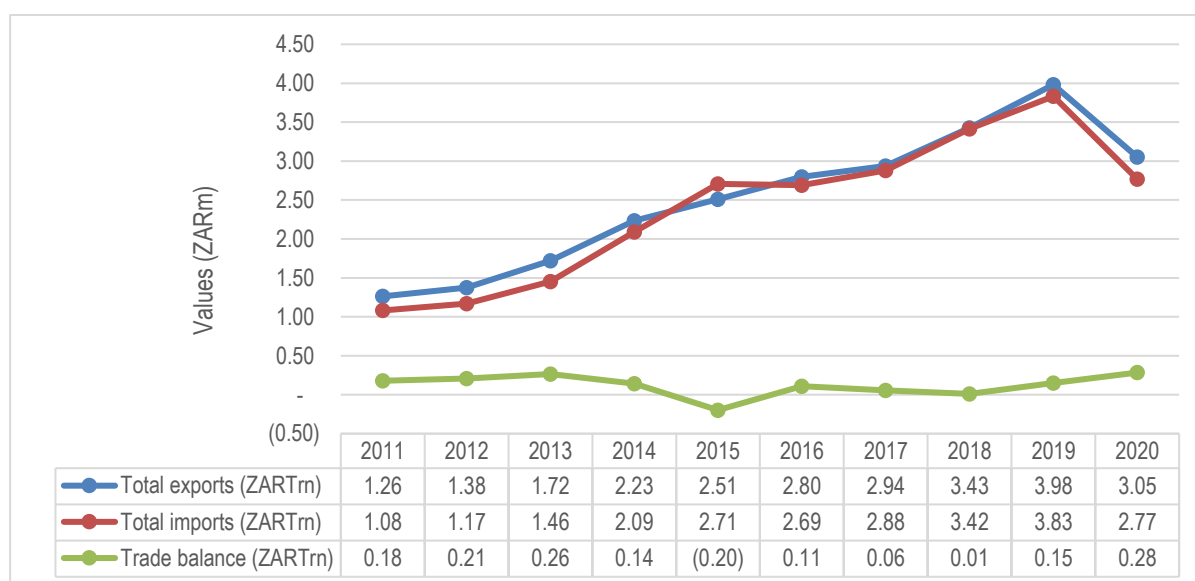
Source: ONDD, 2022

3. Trade

3.1 Trade in Services

Over the past decade, the Netherlands' exports of services have been greater than its imports, with the exception of 2015. Trend wise, the country's trade in services (TIS) has fluctuated over the past decade, and most recently total service exports declined by 23.32% y-o-y drop from ZAR3.98trn in 2019 to ZAR3.05trn in 2020. Similarly, total services imports declined from a value of ZAR3.83trn in 2019 to ZAR2.77trn in 2020, due in part to the COVID-19 pandemic and the impact this had on global economic output.

Figure 3: Netherlands Global Trade in Services, 2011 - 2020



Source: Trade Map, 2022

Other business services (includes merchanting and other trade-related services, operational leasing (rental), miscellaneous business, professional, and technical services, and other services) was the country's largest services export at a value of ZAR890.94bn in 2020, followed by charges for the use of intellectual property (ZAR762.91bn) and transport (ZAR594.48bn).

The top 4 imported services were the same as the top 4 exports. Other business services (includes merchanting and other trade-related services, operational leasing (rental), miscellaneous business, professional, and technical services, and other services) were the largest imported services into the Netherlands at a cost of ZAR888.73bn in 2020, followed by charges for the use of intellectual property (ZAR747.46bn) and transport services (ZAR454.78bn).

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Table 5: Netherlands' top 10 services exports and imports categories

TOP 10 SERVICES EXPORTED BY NETHERLANDS 2020				TOP 10 SERVICES IMPORTED BY NETHERLANDS, 2020			
CODE	SERVICE	VALUE 2020(ZARbn)	5 YR ANNUAL AVG GROWTH, (%) 2016-2020	CODE	SERVICE	VALUE 2020 (ZARbn)	5 YR ANNUAL AVG GROWTH, (%) 2016-2020
10	Other business services	890,94	8,05%	10	Other business services	888,73	8,98%
9	Charges for the use of intellectual property	762,91	8,53%	4	Charges for the use of intellectual property	747,46	3,84%
4	Transport	594,48	6,65%	3	Transport	454,78	12,85%

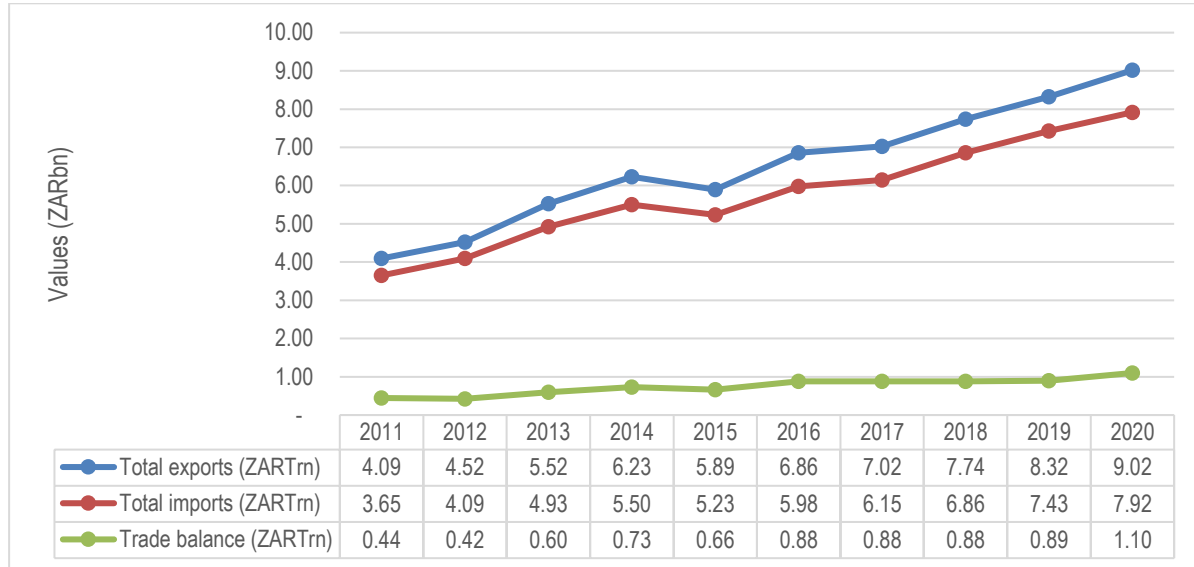
TOP 10 SERVICES EXPORTED BY NETHERLANDS 2020				TOP 10 SERVICES IMPORTED BY NETHERLANDS, 2020			
CODE	SERVICE	VALUE 2020(ZARbn)	5 YR ANNUAL AVG GROWTH, (%) 2016-2020	CODE	SERVICE	VALUE 2020 (ZARbn)	5 YR ANNUAL AVG GROWTH, (%) 2016-2020
3	Telecommunications, computer, and information services	306,47	-4,23%	9	Telecommunications, computer, and information services	200,28	-13,36%
11	Travel	146,76	0,74%	8	Financial services	168,32	6,39%
8	Manufacturing services on physical inputs owned by others	108,21	7,26%	11	Travel	116,03	-7,50%
7	Financial services	89,19	2,91%	6	Manufacturing services on physical inputs owned by others	67,02	11,58%
12	Construction	71,75	12,38%	2	Construction	57,63	11,55%
2	Maintenance and repair services	43,50	8,50%	7	Maintenance and repair services	37,75	13,22%
6	Insurance and pension services	14,40	3,42%	12	Personal, cultural, and recreational services	15,65	5,18%
TOTAL IMPORTS		3 052,32	5,20%	TOTAL EXPORTS		2 767,89	1,89%

Source: Trade Map, 2022

3.2 Netherlands Global Trade in Goods

Over the past decade, the Netherlands exports of goods have been greater than its imports. The country's trade in merchandise has increased consistently over the past decade with exception of year 2015, which saw the Dutch Government reducing gas extraction to limit the risk of earthquakes. This directly impacted the export of natural gas, one of the country's top export products, resulting in a drop in exports earnings in that particular year. More recently, total goods exports increased by 8.31% y-o-y in 2020 from ZAR8.32Trn in 2019 to ZAR9.02Trn in 2020. Likewise, total merchandise imports recorded a 6.53% y-o-y growth in payments in 2020.

Figure 4: Netherlands' Global Trade in Merchandise, 2011 – 2020



Source: Trade Map, 2022

In terms of key trading partners, Germany (ZAR1 994,88bn) was the Netherlands largest export market in 2020, accounting for 22.12% of all its exports. Belgium (ZAR923,42bn) and France (ZAR694,34bn) were the Netherlands second and third largest export destinations respectively in 2020. Interestingly, 8 of the top 10 destination markets for the Netherlands' goods exports were European countries. South Africa was the 41st largest export market for the Netherlands goods', with a value of ZAR31.03bn.

Table 6: Top 10 destination markets for the Netherlands exports, 2020

RANK	COUNTRY	VALUE 2020 (ZARbn)	% GROWTH 2016-2020	% SHARE 2020
1	Germany	1 994,88	7,63%	22,12%
2	Belgium	923,42	8,44%	10,24%
3	France	694,34	8,45%	7,70%
4	United Kingdom	652,67	5,34%	7,24%
5	United States of America	452,59	12,50%	5,02%
6	Italy	359,94	8,17%	3,99%
7	Spain	269,71	9,61%	2,99%
8	Poland	265,14	13,68%	2,94%
9	China	263,72	17,47%	2,92%
10	Sweden	173,37	10,09%	1,92%
41	South Africa	31,03	1,77%	0,34%
TOTAL EXPORTS		9 016,65	8,97%	100%

Source: Trade Map, 2022.

In 2020, Germany was also the Netherlands largest import source market at an associated cost of ZAR1 398,61bn, which equated to 17%.67 of all the Netherlands' imports. China (ZAR837.77bn) was the second largest import source market, while Belgium (ZAR774.38bn) was ranked third.

Table 7: Top 10 source markets for imports to Netherlands, 2020

RANK	COUNTRY	VALUE 2020 (ZARbn)	% GROWTH 2016-2020	% SHARE 2020
1	Germany	1 398,61	-1,03%	17,67%
2	China	837,77	-0,65%	10,58%
3	Belgium	774,38	-5,43%	9,78%
4	United States of America	640,07	54,64%	8,09%
5	United Kingdom	374,20	-3,31%	4,73%
6	France	278,39	3,76%	3,52%
7	Italy	217,09	-0,08%	2,74%
8	Russian Federation	176,97	11,89%	2,24%
9	Ireland	168,61	-6,15%	2,13%
10	Poland	167,85	7,45%	2,12%
34	South Africa	29,11	12,33%	0,37%
TOTAL IMPORTS		7 916,63	-1,31%	100,00%

Source: Trade Map, 2022.

Refined petroleum oil (ZAR568.05m) was the Netherlands' largest export category in 2020. This product grew at an annual average growth of 2.73% over a five-year period from 2016 – 2020. Telephone sets, and medicaments were the country's second and third largest exported products at a value of ZAR320.46m and ZAR317.97m respectively in 2020. Although the country manufactures telephone sets for exports, it also imports a substantial amount of this products. As shown in Table 8, telephone sets (ZAR369.83m) were the Netherlands' top imported product in 2020, with an average growth rate of 9.89% between 2016 and 2020. The country's second and third largest imported products were crude petroleum (ZAR359.45m) and refined petroleum (ZAR292.18m).

Table 8: Top 10 exported and imported products from and to the Netherlands

TOP 10 EXPORTS FROM NETHERLANDS, 2020				TOP 10 IMPORTS TO NETHERLANDS, 2020			
RANK	PRODUCT	VALUE 2020 (ZARm)	5 YR ANNUAL AVG GROWTH (%), 2016-2020	RANK	PRODUCT	VALUE 2020 (ZARm)	5 YR ANNUAL AVG GROWTH (%), 2016-2020
1	Refined Petroleum oil	568,05	2,73%	1	Telephone sets	369,83	9,89%
2	Telephone sets	320,46	12,05%	2	Crude Petroleum oils	359,45	4,12%
3	Medicaments for therapeutic or prophylactic uses	317,97	13,76%	3	Refined Petroleum oils	292,18	-1,43%
4	Machines for the manufacture of semiconductors	245,76	24,75%	4	Automatic data-processing machines	267,73	13,39%
5	Instruments and appliances used in medical, surgical, dental or veterinary sciences	212,02	16,71%	5	Electronic integrated circuits	223,83	49,66%
6	Automatic data-processing machines	204,70	11,18%	6	Commodities not elsewhere specified	206,74	-2,00%
7	Electronic integrated circuits	188,74	33,87%	7	Medicaments for therapeutic or prophylactic uses	184,39	12,08%

TOP 10 EXPORTS FROM NETHERLANDS, 2020				TOP 10 IMPORTS TO NETHERLANDS, 2020			
RANK	PRODUCT	VALUE 2020 (ZARm)	5 YR ANNUAL AVG GROWTH (%), 2016-2020	RANK	PRODUCT	VALUE 2020 (ZARm)	5 YR ANNUAL AVG GROWTH (%), 2016-2020
8	Orthopaedic appliances	142,46	14,71%	8	Motor cars and other motor vehicles for the transport of persons	172,83	8,17%
9	Printing machinery	119,00	2,10%	9	Instruments and appliances used in medical, surgical, dental or veterinary sciences	157,76	14,87%
10	Human blood	112,21	72,93%	10	Printing machinery used for printing	100,92	2,80%
TOTAL EXPORTS		9 016,65	8,97%	TOTAL IMPORTS		7 916,63	8,70%

Source: Trade Map, 2022.

Figure 5: Netherlands Comparative Advantage



Source; Trade Map 2022

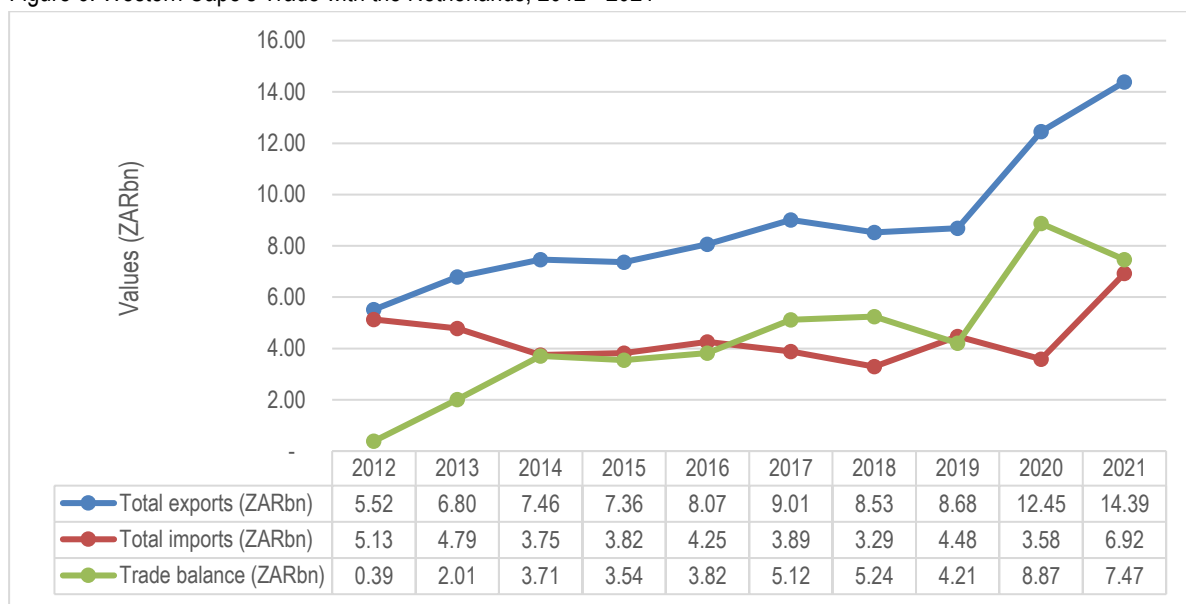
- The Netherlands' imports represent 2.7% of world imports and is ranked the 8th highest in the world in year 2021.
- The Netherlands' exports represent 3.1% of global exports, making it the 6th largest exporter in the world in year 2021.

3.3 Trade with the Western Cape

Trade between the Western Cape and the Netherlands has been skewed toward the province in recent years with continual trade surpluses recorded (by the province). On the export front, in 2021 the province's exports to the Netherlands rose by 15.54% y-o-y to a value of ZAR14.39bn, up from ZAR12.45bn recorded in 2020. In turn, total merchandise imports from the Netherlands surged by a massive 93.27% y-o-y growth to a cost of ZAR6.92bn in 2021. The notable increase in payments by the province in 2021 may be ascribed in part to the high demand for refined petroleum which saw the Western Cape import ZAR3 578,88m worth of this product in 2021. Interestingly the import of refined petroleum accounted for an estimated 51.70% of total import costs accrued with the Netherlands in 2021.

A key aspect underpinning the strong economic ties between the province and the Netherlands is the role played by the Netherlands Agro, Food and technology Centre in Cape Town (NAFTC), which facilitates bilateral trade relations and seeks to secure a greater market share for the Western Cape's agricultural export products in the Netherlands. This provides a number of opportunities for local agricultural firms to boost exports to the Netherlands.

Figure 6: Western Cape's Trade with the Netherlands, 2012 - 2021



Source: Quantec; 2022

Grapes (ZAR4,374.14m), representing 30.41% of the total exports' receipts in 2021, were the province's largest exported product to the Netherlands. The Western Cape's exports of citrus fruit (ZAR3,770.02m), and other fresh fruit (ZAR1,114.23m) completed its top three exports to the European country.

The Western Cape's largest imported product from the Netherlands in 2021 was refined petroleum oil (ZAR3,578.88m), accounting for 51.70%. Soya-bean oil (ZAR575.89m) and preparations of a kind used in animal feeding (ZAR375.15m) were the second and third largest imported products, respectively.

Table 9: Western Cape's top 10 exported and imported products from and to the Netherlands, 2021

TOP 10 EXPORTS FROM THE WESTERN CAPE TO NETHERLANDS, 2021				TOP 10 IMPORTS TO THE WESTERN CAPE FROM NETHERLANDS, 2021			
RANK	PRODUCT (HS4)	VALUE 2021 (ZARm)	% SHARE 2021	RANK	PRODUCT (HS4)	VALUE 2021 (ZARm)	% SHARE 2021
1	Grapes	4 376,14	30,41%	1	Refined Petroleum oil	3 578,88	51,70%
2	Citrus fruit	3 770,02	26,20%	2	Soya-bean oil and its fractions	575,89	8,32%
3	Other fresh fruit	1 114,23	7,74%	3	Preparations of a kind used in animal feeding	375,15	5,42%
4	Apricots, cherries, peaches (including nectarines)	902,54	6,27%	4	Cyclic hydrocarbons	241,42	3,49%
5	Wine of fresh grapes	792,18	5,51%	5	Food preparations not elsewhere specified	197,31	2,85%
6	Apples, pears, and quinces	788,68	5,48%	6	Flours, meals and pellets, of meat or meat offal	119,99	1,73%
7	Dates, figs, pineapples, avocados	361,68	2,51%	7	Mineral or chemical fertilisers	119,91	1,73%
8	Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes	235,78	1,64%	8	Articles for the conveyance or packing of goods	87,73	1,27%
9	Fruit, nuts, and other edible parts of plants	126,70	0,88%	9	Harvesting or threshing machinery	76,69	1,11%
10	Seeds, fruit, and spores, of a kind used for sowing	126,66	0,88%	10	Meat of swine	70,39	1,02%
TOTAL EXPORTS		14 389,56	100%	TOTAL IMPORTS		6 922,86	100%

Source: Quantec; 2022

3.4 Trade Agreements

The Netherlands is part of the Eurozone and is ranked the seventeenth largest economy in the world, (World Bank 2022). The country is part of a number of free trade agreements with countries such as Australia, Bahrain, Chile and lastly but not limited to the Central American/ Dominican Republic Free Trade Agreement. All these free trade agreements have contributed largely to the country's GDP over the past years. The country is also part of several World Trade Organizations treaties (WTO) with the primary objective being to foster trade and inducing good climatic economic conditions within the country.

3.5 Tariffs

Tariffs imposed by the Netherlands on South African exports are listed in Table 10 below.

Table 10: Tariffs imposed by the Netherlands on the exports from South Africa.

HS CODE AND PRODUCT DESCRIPTION	TAR IFF	HS CODE AND PRODUCT DESCRIPTION	TAR IFF	HS CODE AND PRODUCT DESCRIPTION	TAR IFF
H01: Live animals	9	H33: Essential oils, perfumes, cosmetics, toiletries	17	H65: Headgear and parts thereof	20
H02: Meat and edible meat offal	15	H34: Soaps, lubricants, waxes, candles, modelling pastes	14	H66: Umbrellas, walking-sticks, seat-sticks, whips	16
H03: Fish, crustaceans, molluscs, aquatic invertebrates	0	H35: Albuminoids, modified starches, glues, enzymes	14	H67: Bird skin, feathers, artificial flowers, human hair	9
H04: Dairy products, eggs, honey, edible animal product	5	H36: Explosives, pyrotechnics, matches, pyrophorics	12	H68: Stone, plaster, cement, asbestos, mica, articles	15
H05: Products of animal origin	0	H37: Photographic or cinematographic goods	10	H69: Ceramic products	12
H06: Live trees, plants, bulbs, roots, cut flowers	1	H38: Miscellaneous chemical products	12	H70: Glass and glassware	9

HS CODE AND PRODUCT DESCRIPTION	TAR IFF	HS CODE AND PRODUCT DESCRIPTION	TAR IFF	HS CODE AND PRODUCT DESCRIPTION	TAR IFF
H07: Edible vegetables and certain roots and tubers	4	H39: Plastics and articles thereof	13	H71: Pearls, precious stones, metals, coin	10
H08: Edible fruit, nuts, peel of citrus fruit, melons	3	H40: Rubber and articles thereof	19	H72: Iron and steel	16
H09: Coffee, tea, mate and spices	0	H41: Raw hides and skins (other than fur skins) and leather	8	H73: Articles of iron or steel	9
H10: Cereals	3	H42: Articles of leather, animal gut, harness, travel goods	0	H74: Copper and articles thereof	0
H11: Milling products, malt, starches, inulin, wheat gluten	10	H43: Fur skins and artificial fur, manufactures thereof	2	H75: Nickel and articles thereof	0
H12: Oil seed, oleagious fruits, grain, seed, fruit,	0	H44: Wood and articles of wood, wood charcoal	0	H76: Aluminium and articles thereof	0
H13: Lac, gums, resins, vegetable saps and extracts	1	H45: Cork and articles of cork	0	H78: Lead and articles thereof	0
H14: Vegetable plaiting materials, vegetable products	0	H46: Manufactures of plaiting material, basketwork, etc.	0	H79: Zinc and articles thereof	0
H15: Animal, vegetable fats and oils, cleavage products,	0	H47: Pulp of wood, fibrous cellulosic material, waste	0	H80: Tin and articles thereof	0
H16: Meat, fish and seafood food preparations	4	H48: Paper & paperboard, articles of pulp, paper and board	0	H81: Other base metals, cermet's, articles thereof	0
H17: Sugars and sugar confectionery	29	H49: Printed books, newspapers, pictures	0	H82: Tools, implements, cutlery, of base metal	0
H18: Cocoa and cocoa preparations	0	H50: Silk	0	H83: Miscellaneous articles of base metal	0
H19: Cereal, flour, starch, milk preparations and products	5	H51: Wool, animal hair, horsehair yarn and fabric thereof	0	H84: Nuclear reactors, boilers, machinery	0
H20: Vegetable, fruit, nut food preparations	6	H52: Cotton	0	H85: Electrical, electronic equipment	2
H21: Miscellaneous edible preparations	3	H53: Vegetable textile fibres paper yarn, woven fabric	0	H86: Railway, tramway locomotives, rolling stock, equipment	0
H22: Beverages, spirits and vinegar	3	H54: Manmade filaments	0	H87: Vehicles other than railway, tramway	0
H23: Residues, wastes of food industry, animal fodder	0	H55: Manmade staple fibres	0	H88: Aircraft, spacecraft, and parts thereof	0
H24: Tobacco and manufactured tobacco substitutes	0	H56: Wadding, felt, nonwovens, yarns, twine, cordage	0	H89: Ships, boats and other floating structures	0
H25: Salt, sulphur, earth, stone, plaster, lime and cement	0	H57: Carpets and other textile floor coverings	0	H90: Optical, photo, technical, medical apparatus	0
H26: Ores, slag and ash	0	H58: Special woven or tufted fabric, lace, tapestry	0	H91: Clocks and watches and parts thereof	0
H27: Mineral fuels, oils, distillation products,	0	H59: Impregnated, coated or laminated textile fabric	0	H92: Musical instruments, parts and accessories	0
H28: Inorganic chemicals, precious metal compound, isotopes	0	H60: Knitted or crocheted fabric	0	H93: Arms and ammunition, parts and accessories thereof	0
H29: Organic chemicals	0	H61: Articles of apparel, accessories, knit or crochet	0	H94: Furniture, lighting, signs, prefabricated buildings	0
H30: Pharmaceutical products	0	H62: Articles of apparel, accessories, not knit or crochet	0	H95: Toys, games, sports requisites	0
H31: Fertilizers	0	H63: Other made textile articles, sets, worn clothing	0	H96: Miscellaneous manufactured articles	0
H32: Tanning, dyeing extracts, tannins, derivatives, pigments	0	H64: Footwear, gaiters and the like, parts thereof	0	H97: Works of art, collector's pieces, and antiques	0

Source: Trade Map, 2022

NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit www.macmap.org to determine the exact tariff applicable to the product at HS6.

3.6 Trade Regulations, Markings and Standards

Import Tariff

Certain imports into the Netherlands and the European Union are prohibited or require an import license. These products fall under the categories of strategic goods or environmentally unfriendly items. Examples of such goods include weapons and ammunition, protected species of fauna and flora, and drugs, (*Export gov, 2022*). The Integrated Tariff of the Community, referred to as TARIC, is designed to show the various rules which apply to specific products being imported into the customs territory of the EU or, in some cases, exported from it. The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union.

Import Requirement and Documentation

A Value-added tax (VAT) is charged on the sale of goods and services within the Netherlands. VAT is established by the tax authorities of each member country and differs for each country. At each stage of the manufacturing and distribution chain, the seller adds the appropriate amount of VAT (tax on the amount of value that the seller added to the product, plus the amount of VAT passed on to the seller by the supplier) to the sales price (*Export Gov, 2022*). The official model for written declarations to customs is the Single Administrative Document (SAD). Goods brought into the EU customs territory are, from the time of their entry, subject to customs supervision until customs formalities are completed. The SAD serves as the EU importer's declaration. It encompasses both customs duties and VAT and is valid in all EU member states. The declaration is made by whoever is clearing the goods, normally the importer or his/her agent.

- Shipments to the Netherlands require one copy of the bill of lading (or air waybill) and the commercial invoice for customs clearance
- Certificates of origin may be required for a small number of goods.
U.S. companies exporting chemical products to the European Union must update their Material Safety Data Sheets (MSDS) to be REACH compliant.

Labelling and Marking Requirements

Labels should include the following information:

- Product definition
- Shelf life: indicate "used by" and "best before" dates and other storage requirements
- Precautionary information or usage instructions, if applicable
- Statement of contents: ingredients, weights, volumes, etc., in metric units. All additives, preservatives and colour agents must be noted on the label with their specific group name or their "E" number
- Product's country of origin and name of importer or vendor within the EU
- Manufacturer's lot or batch number

Product Certification

To sell products in the EU market of 28 member states as well as in Norway, Liechtenstein and Iceland, exporters are required to apply EU marking whenever their product is covered by specific product legislation.

3.7 Logistics

Table 11 shows the distance and time it takes to transport goods from Cape Town Port terminal to the Netherlands main seaports.

Table 11: Distance from Cape Town to various port terminals in Argentina

FRENCH PORTS	DISTANCE	TIME AT SEA	TRANSIT TIME
Port of Rotterdam	6199.70 mi (11481.84 km)	27 days	27 days 18 hours
Port of Dordrecht	6181.62 mi (11448.35 km)	27 days	27 days 20 hours
Port of Moerdijk	6175.86 mi (11437.68 km)	27 days	27 days 19 hours
Port of Amsterdam	10726.31km (5791.75M)	27 days	27 days 21 hours
Port of Zeeland	10667.61km (5790.05.6M)	27 days	27 days 16 hours
Port Harlingen	6238.05 mi (11552.87 km)	27 days	27 days 24 hours
Port of Den Helder	6209.46 mi (11499.91 km)	27 days	27 days 22 hours
Port of Maasvlakte 2	6156.95 mi (11402.66 km)	27 days	27 days 18 hours

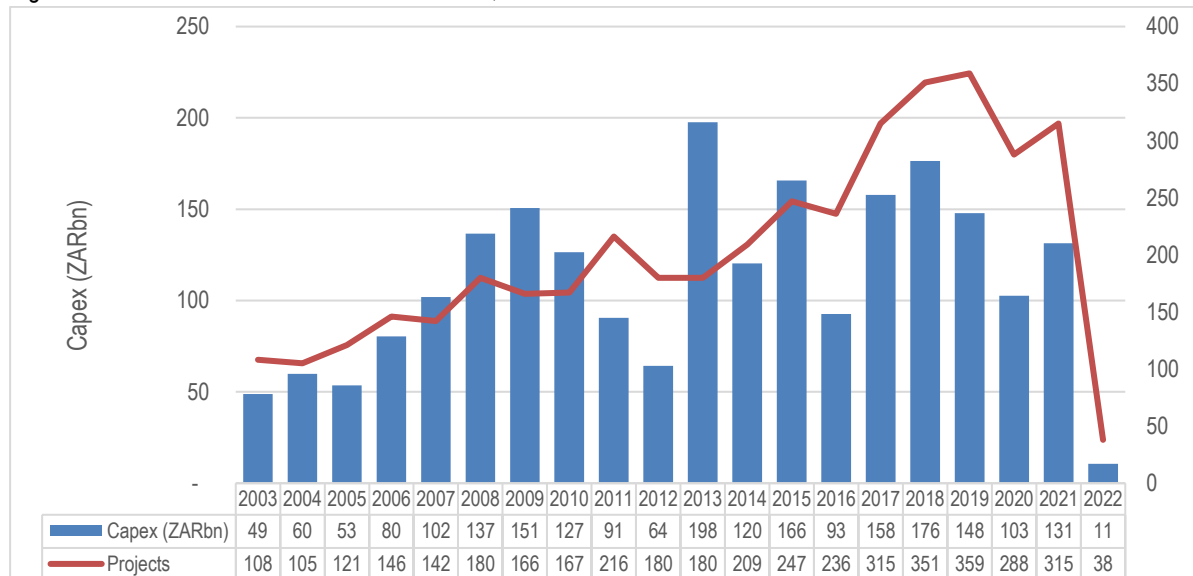
Source: *Sea-rates, 2022*

4. Investment

4.1 Global Investment into the Netherlands

Between January 2003 and February 2022, a total of 4 069 foreign direct investment (FDI) projects were recorded into Netherlands. These projects represent a total capital investment of ZAR2,216,119.20bn, which is an average investment of ZAR544.60m per project. During the period, a total of 239 003 jobs were created.

Figure 7: Global inward FDI into the Netherlands, Jan 2003 to Feb 2022



Source: FDI Intelligence, 2022

During the period under review, the United States accounted for the highest number of FDI projects (1 319) into the Netherlands, followed by the United Kingdom (542), and Germany (400).

Table 12: Top 10 source markets for FDI into Netherlands

RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (ZARbn)	% CAPEX	COMPANIES	% COMPANIES
1	United States	1 319	32,42%	801,08	36,15%	1095	33,07%
2	United Kingdom	542	13,32%	245,92	11,10%	461	13,92%
3	Germany	400	9,83%	286,98	12,95%	301	9,09%
4	Japan	177	4,35%	75,76	3,42%	135	4,08%
5	France	167	4,10%	124,49	5,62%	133	4,02%
6	China	121	2,97%	25,18	1,14%	100	3,02%
7	Switzerland	107	2,63%	49,90	2,25%	73	2,20%
8	Sweden	106	2,61%	58,99	2,66%	76	2,30%
9	Belgium	102	2,51%	32,78	1,48%	89	2,69%
10	Spain	99	2,43%	38,30	1,73%	77	2,33%
TOTAL		4 069	100,00%	10,65	100,00%	3311	100,00%

Source: FDI Intelligence, 2022

Figure 8 below shows inward FDI into the Netherlands by the various sectors. In terms of the number of projects, the following sectors recorded the highest number:

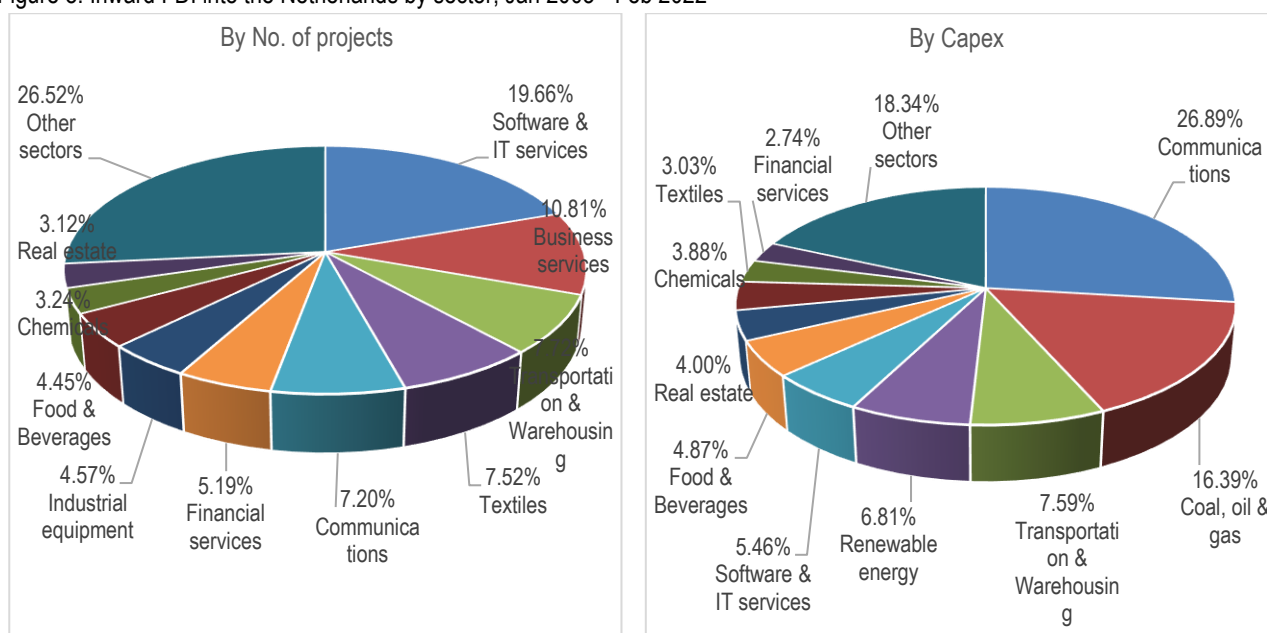
- Software and IT services: 19.66%.

- Business services: 10.81%
- Transportation and Warehousing: 7.72%

In terms of capital expenditure, the following sectors received the largest investment:

- Communications: 26.89%
- Coal, Oil and Natural Gas: 16.39%
- Transportation and Warehousing: 7.59%

Figure 8: Inward FDI into the Netherlands by sector, Jan 2003 - Feb 2022



Source: FDI Intelligence, 2022

Table 13 below shows the top companies investing into the Netherlands:

Table 13: Top 10 companies investing in the Netherlands, Jan 2003 – Feb 2022

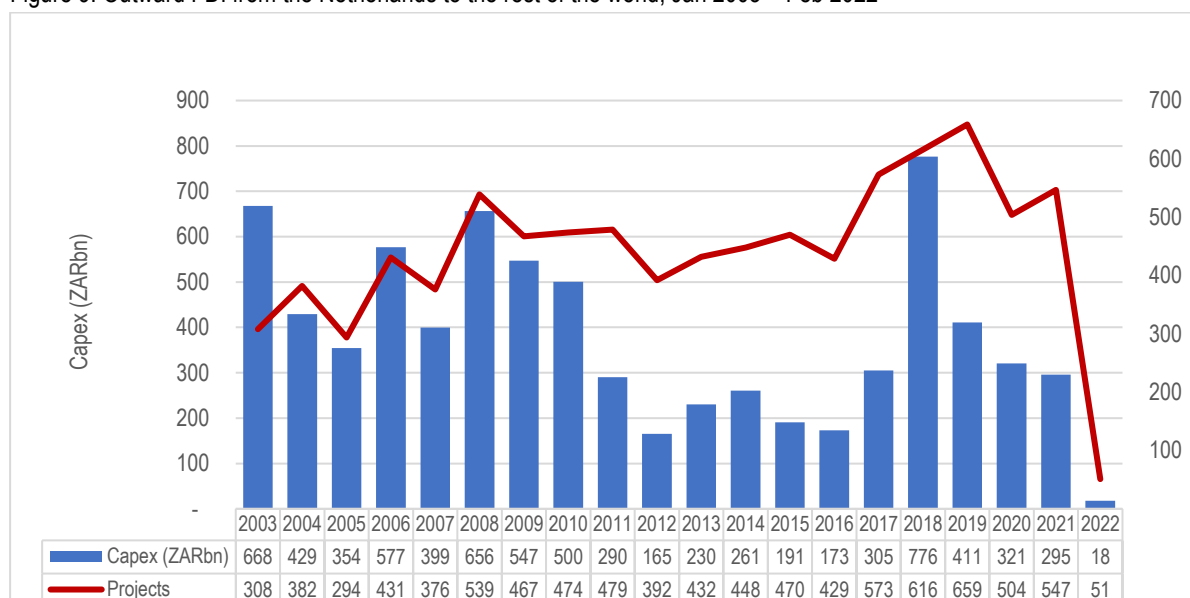
RANK	INVESTING COMPANY	SOURCE COUNTRY	SECTOR	PROJECTS	CAPEX (ZARm)
1	International Workplace Group (Regus)	Switzerland	Real estate	20	567,58
2	Deutsche Bank	United States	Communications	14	6 593,13
3	Lidl	Luxembourg	Software & IT services	13	14 140,41
4	Primark (Penneys)	France	Food & Beverages	13	5 589,90
5	Saudi Basic Industries (SABIC)	Spain	Coal, Oil & Gas	10	9 980,20
6	United Parcel Service (UPS)	Chile	Food & Beverages	10	6 168,21
7	DHL	United States	Food & Beverages	9	7 623,98
8	BT Group (British Telecom)	Brazil	Coal, Oil & Gas	8	20 228,86
9	Abbott Laboratories	Argentina	Communications	7	4 520,70
10	Dachser	United States	Retail	7	1 254,81
TOTAL				4 069	2 216 119,18

Source: FDI Intelligence, 2022

4.2 Global Investment from the Netherlands to the rest of the world

Between January 2003 and February 2022, a total of 8 871 outward FDI projects were recorded from the Netherlands. These projects represent a total capital investment of ZAR7,566.57bn, which is an average investment of ZAR852.90m per project. During the period, a total of 1 325 314 jobs were created.

Figure 9: Outward FDI from the Netherlands to the rest of the world, Jan 2003 – Feb 2022



Source: FDI Intelligence, 2022

With 946 FDI projects (valued at ZAR332.11bn), Germany was the largest destination market for outward FDI from the Netherlands. United States (836 projects) and the United Kingdom (657 projects) completed the list of the top 3 destinations markets.

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Table 14: Top 10 destination markets for outward FDI from the Netherlands, Jan 2003 - Feb 2022

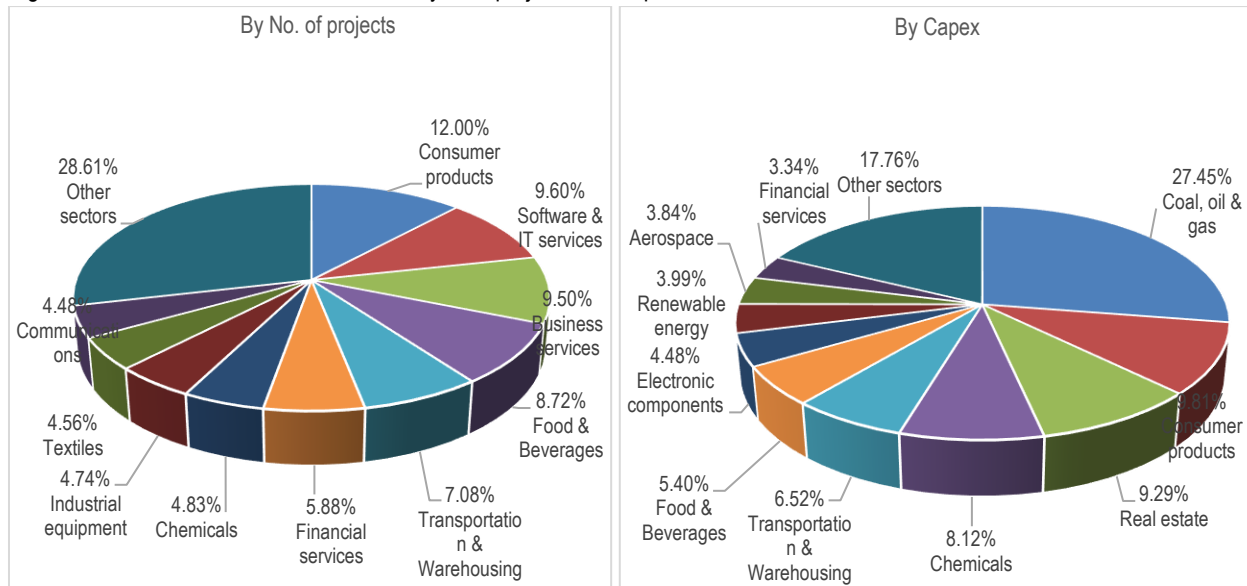
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (ZARbn)	% CAPEX	COMPANIES	% COMPANIES
1	Germany	946	10,66%	332,11	4,39%	608	20,50%
2	United States	836	9,42%	689,53	9,11%	478	16,12%
3	United Kingdom	657	7,41%	351,63	4,65%	395	13,32%
4	France	548	6,18%	309,19	4,09%	260	8,77%
5	China	494	5,57%	729,13	9,64%	223	7,52%
6	Spain	475	5,35%	220,25	2,91%	222	7,48%
7	Poland	373	4,20%	288,82	3,82%	163	5,50%
8	Belgium	354	3,99%	141,37	1,87%	269	9,07%
9	Russia	296	3,34%	286,12	3,78%	116	3,91%
10	India	280	3,16%	233,98	3,09%	153	5,16%
TOTAL		8871	100.00%	7 566,57	100.00%	2966	100.00%

Source: FDI Intelligence, 2022

Figure 10 below shows global outward FDI from the Netherlands by sector for the period January 2003 to February 2022. In terms of the number of FDI projects, consumer products were the leading sector with 12% of total projects, followed by software and IT services (9.60%), and business services (9.50%).

In terms of capital expenditure, coal, oil and natural gas (247.45%) was the top sector for outward FDI from the Netherlands. Consumer products (9.81%), and real estate (9.29%) sectors completed the top three sectors for outward FDI from the Netherlands.

Figure 10: Outward FDI from Netherlands by both projects and capex, Jan 2003 – Feb 2022



Source: FDI Intelligence, 2022

Table 15 shows the top 10 Dutch companies investing in the rest of the world between 2003 and February 2022.

Table 15: Top 10 Dutch companies investing in the rest of the world, Jan 2003 – Feb 2022

RANK	INVESTING COMPANY	SOURCE COUNTRY	SECTOR	PROJECTS	CAPEX (ZARbn)
1	Ikea	Netherlands	Consumer products	584	579,46
2	Airbus	Netherlands	Aerospace	124	187,49
3	KPMG	Netherlands	Business services	124	49,24
4	AkzoNobel	Netherlands	Chemicals	121	88,27
5	Action Nederland	Netherlands	Consumer products	116	66,07
6	Shell	Netherlands	Coal, oil & gas	105	683,79
7	Rituals	Netherlands	Consumer products	88	44,43
8	TNT Express	Netherlands	Transportation & Warehousing	74	38,72
9	Heineken	Netherlands	Food & Beverages	69	92,15
10	Koninklijke DSM (Royal DSM)	Netherlands	Chemicals	69	49,82
TOTAL				532	7 595,55

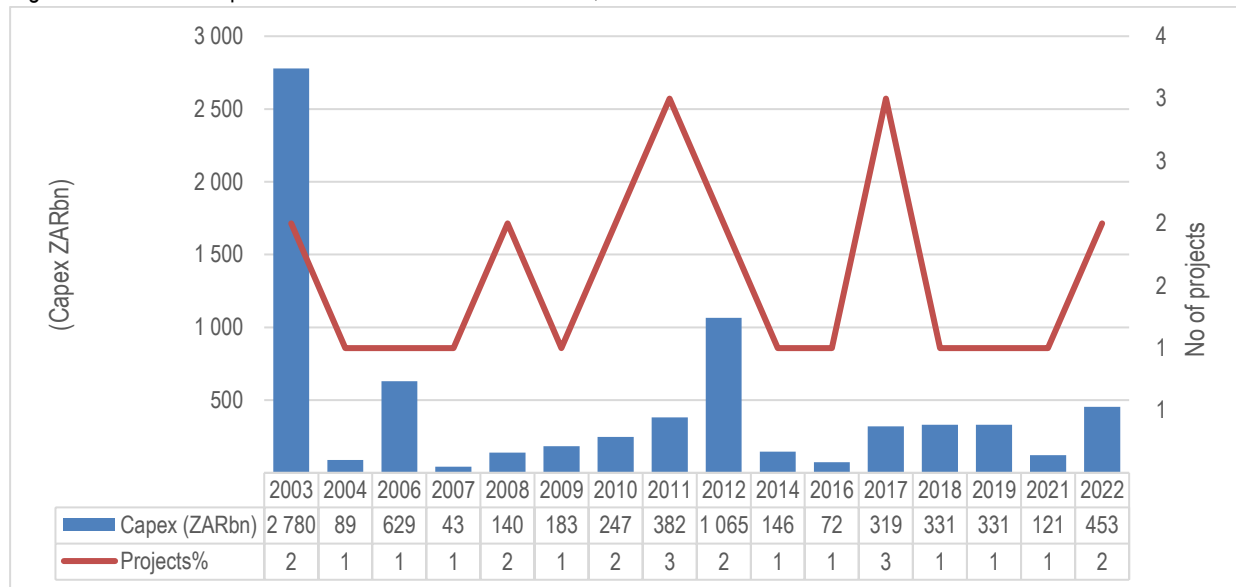
Source: FDI Intelligence, 2022

4.3 FDI Flows between the Western Cape and the Netherlands

4.3.1 FDI from the Netherlands into the Western Cape

Between January 2003 and February 2022, 25 FDI project was recorded from the Netherlands into the Western Cape. These projects represent a total capital investment of ZAR7,329.45m, which is an average investment of ZAR293m per project. During the period, a total of 1 517 jobs were created.

Figure 11: Western Cape's Inward FDI from the Netherlands, Jan 2003 – Feb 2022



Source: FDI Intelligence 2022

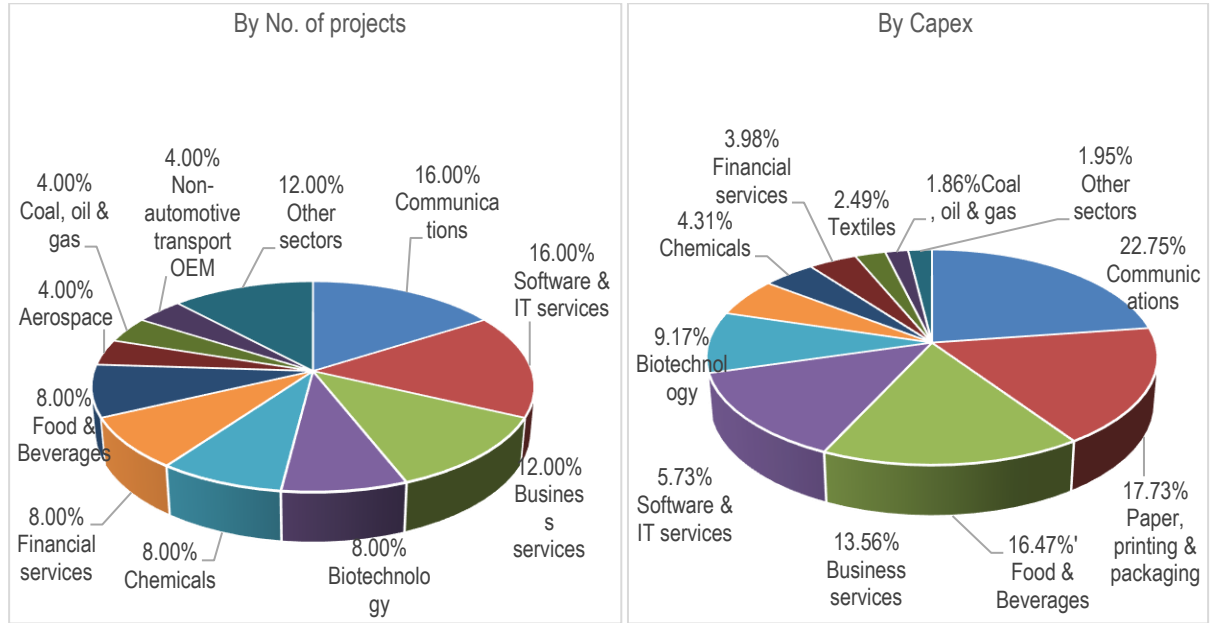
Figure 12 shows inward FDI into the Western Cape from the Netherlands by sector. In terms of the number of projects, the following were the top performing sectors:

- Communications (16.00%)
- Software and IT services (16.00%)
- Business services (12.00%)

In terms of capital expenditure, the following sectors received the largest investment:

- Communications (22.75%)
- Paper, printing and packaging (17.73%)
- Food and Beverages (16.47%)

Figure 12: Western Cape's Inward FDI from the Netherlands by Number of Projects and Capex, Jan 2003 - Feb 2022



Source: FDI Markets 2022

Table 16: Top 10 Dutch companies investing in the Western Cape, Jan 2003 – Feb 2022

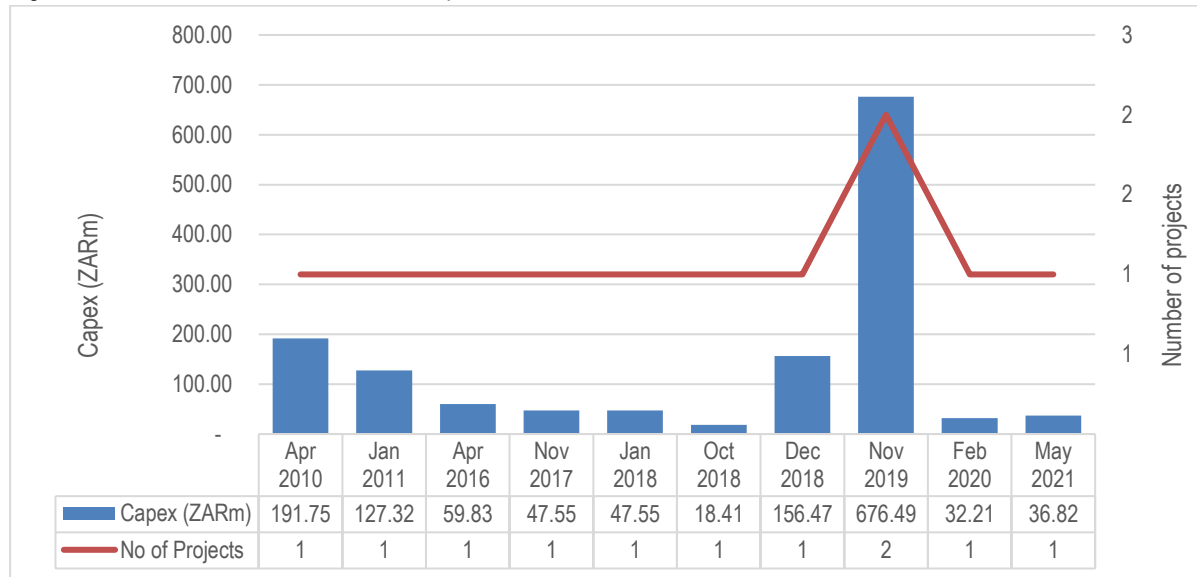
RANK	INVESTING COMPANY	SOURCE COUNTRY	SECTOR	PROJECTS	CAPEX (ZARm)
1	60 Layers of Cake	Netherlands	Software & IT services	1	88,97
2	Airbus Helicopters (Eurocopter)	Netherlands	Aerospace	1	3,07
3	Blue Blood	Netherlands	Textiles	1	182,55
4	Burgan Cape Terminals	Netherlands	Transportation & Warehousing	1	101,24
5	Citco Group	Netherlands	Financial services	1	145,73
6	CM Telecom	Netherlands	Communications	1	72,10
7	Condor	Netherlands	Communications	1	1 480,31
8	Cryo-Save South Africa	Netherlands	Biotechnology	1	185,61
9	Enza Zaden	Netherlands	Food & Beverages	1	486,28
10	Enza Zaden Seed Operations	Netherlands	Food & Beverages	1	578,32
TOTAL				25	7 329,45

Source: FDI Markets 2022

4.3.2 Outward FDI from the Western Cape to Netherlands

Between January 2003 and February 2022, 11 FDI project was recorded from the Western Cape to the Netherlands. These projects represent a total capital investment of ZAR1,394.41m, which is an average investment of ZAR127.30m per project. During the period, a total of 371 jobs were created.

Figure 13: Outward FDI from the Western Cape to the Netherlands, Jan 2003 – Feb 2022



Source: FDI Markets 2022

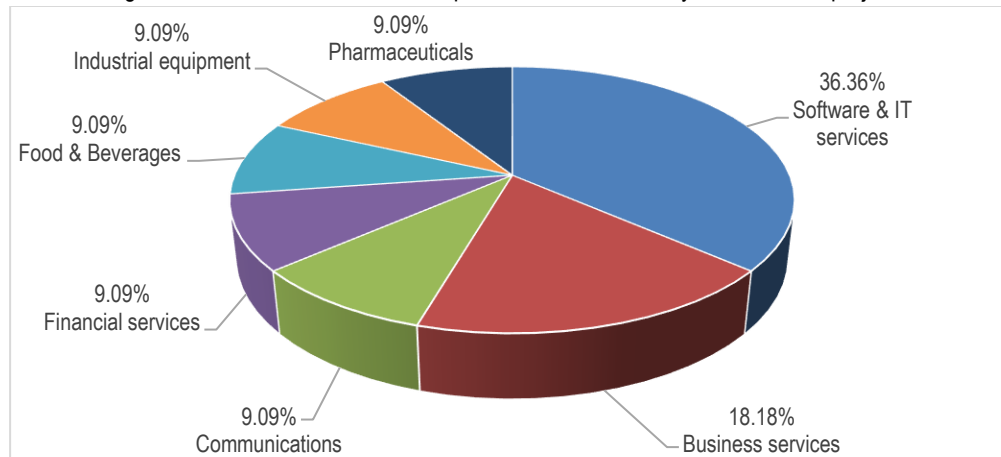
Figures 14 and 15 below show outward FDI from the Western Cape to the Netherlands by sector. In terms of the number of FDI projects, the following were the top three sectors:

- Software and IT services (36.36%)
- Business services (18.18%)
- Communications (9.09%)

The following were the top three sector in terms of capex:

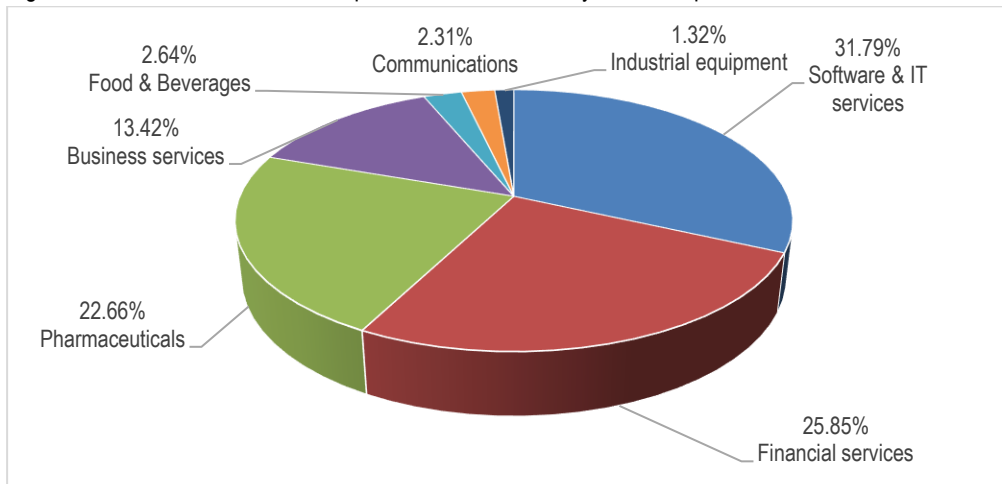
- Software and IT services: 31.79%
- Food & Beverages: 25.85%
- Pharmaceuticals: 22.66%

Figure 14: FDI from the Western Cape to the Netherlands by sector: no. of projects, Jan 2003 – Feb 2022



Source: FDI Intelligence, 2022

Figure 15: FDI from the Western Cape to the Netherlands by sector: capex, Jan 2003 – Feb 2022



Source: FDI Intelligence, 2022

Table 17: Top 10 companies from the Western Cape investing in the Netherlands, Jan 2003 – Feb 2022

RANK	INVESTING COMPANY	SOURCE STATE	SECTOR	PROJECTS	CAPEX (ZARm)
1	Ad Dynamo	Western Cape	Business services	1	127,32
2	CT Lab	Western Cape	Industrial equipment	1	18,41
3	Entersekt	Western Cape	Software & IT services	1	156,47
4	Irdeto	Western Cape	Software & IT services	1	191,75
5	NuvaLaw	Western Cape	Software & IT services	1	47,55
6	Prosus	Western Cape	Financial services	1	360,49
7	Six Dogs Distillery	Western Cape	Food & Beverages	1	36,82
8	Synexa Life Sciences	Western Cape	Pharmaceuticals	1	316,00
9	The Talent Boom	Western Cape	Business services	1	59,83
10	wiGroup	Western Cape	Software & IT services	1	47,55
TOTAL				25	1 394,41

Source: FDI Markets 2022

5. Tourism

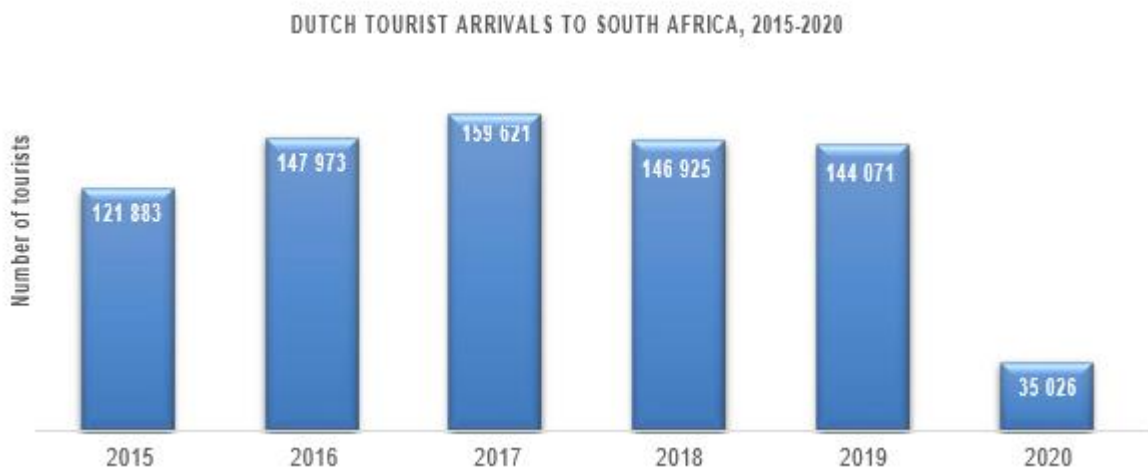
5.1 Netherlands tourist arrivals into South Africa and Western Cape

According to the latest tourism report released by South African Tourism (SAT, 2021), global tourism suffered its worst year on record in 2020, with international tourist arrivals dropping by 74% according to data from the World Tourism Organizations (UNWTO) World Tourism Barometer. This was due to the Covid-19 pandemic and the travel restrictions that followed. The consequent dramatic fall in demand meant that there were 1.1 billion fewer international tourist arrivals in 2020 than 2019.

The Netherlands tourist arrivals into South Africa showed strong growth in 2015 and 2016. Arrivals increased by 21.41% from 121 883 in 2015 to 147 973 in 2016, while arrivals to the Western Cape have been on a decline at an average rate of 35.53% over between 2017 and 2020. Such a decline in the Dutch tourist arrivals into the province was partly due to the covid-19 that caused global disruptions in the tourism sector. The Netherlands tourists' length of stay in South Africa was approximately 19.2 days in 2020.

Netherlands visitors travelling to South Africa are predominantly visiting for the purpose of holiday (59.1%), visiting friends and relatives (19.8%) and for business (6.9%). Dutch visitors are mostly impressed with South Africa's beautiful scenery, wildlife and the hospitality and friendliness of people. They typically visit the Western Cape, Gauteng, and Mpumalanga province.

Figure 16: Netherlands Tourist Arrivals to South Africa 2015 - 2020



Source: SAT, 2021

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