

The Netherlands

A Multidimensional Market

Whether it is distribution in support of European distributors, an independently-operated sales base, or the headquarters of a vast European organization, the Netherlands offers good prospects.

Geographic location, a highly developed physical distribution system, a long trading experience, language capabilities and specific tax advantages are factors making it an attractive area for Canadian exporters and manufacturers currently selling in the European Community (EC), or for firms interested in introducing products or services. Simply put, the Netherlands should be seen as more than a market only—it is a focal point of distribution in Europe available to exporters working with a local agent with access to nearby markets; it could serve as a convenient location for Canadian companies with their own sales base and for manufacturers interested in setting up an assembly or manufacturing operation whether or not on a joint-venture basis with a Dutch company.

The Country

Population: 15 million

Total imports: CAN\$ 123.5 billion

Total exports: CAN\$ 127.7 billion

Total imports from Canada: CAN\$ 1.5 billion

Total exports to Canada: CAN\$ 822 million

The miniature size of the country—it fits 240 times in Canada—belies its economic importance. Traditionally a nation of fishermen, farmers and traders, the Netherlands has developed into a highly industrialized nation boasting a few top-league multinationals which span all continents.

The relative success of the Dutch economy may be attributed to the business community's entrepreneurial spirit, inherent international orientation and strong sense of the need for efficiency.

The Economy

The Dutch economy has fared well in recent years with 1989 emerging as the best year of the eighties. Real GDP growth at 4.1 per cent was the highest in 13 years, reflecting increased economic activity, greater consumer expenditure, and expanding foreign trade. With a good economic performance last year, the short-term outlook for 1991 is positive.

The Dutch marketplace is endowed with a high degree of productivity per worker (the highest in Europe), a favorable competitive position and healthy surpluses on the balance of payments.

The Netherlands furthermore has strong economic ties with its neighbor Germany, whose buoyant economy—the locomotive of Europe—presents ready markets for Dutch products and good returns on investment.

Trading Nation

More so perhaps than any other European country, Holland has relied for centuries on trading as a major source of income. An important part of economic activity is based on the importation of basic materials sold abroad after conversion (animal feeds for dairy and meat) or processing (crude oil, non-ferrous ores), while many products are produced or manufactured mainly for export markets (flowers, vegetables, fertilizers, ships, aircraft, trucks).

If trading is a characteristic of the Netherlands, so is transport—Rotterdam, the world's largest seaport, is connected with the heartland of Europe by the river Rhine, allowing inexpensive transport by inland barges.

Canadian Exports

In 1989, Canadian exports to the Netherlands climbed to a record \$1.5 billion, making the Dutch market the largest in Europe after the U.K. and Germany—this fig-

ure includes all consignments routed from Canadian to Dutch ports, although the final destination of the goods may be elsewhere.

On the other hand, Canadian products are brought in through neighboring countries (Belgium, Germany, U.K.). For example, lumber and other forest products unloaded in Antwerp often are included in Dutch statistics as imports from Belgium.

Primary and semi-manufactured products still constitute the big-ticket items on the list of Canadian exports to the Netherlands, although sales of secondary products, especially high-tech, show a healthy growth pattern. Items such as computers and business machines, scientific, medical, measuring and control, laboratory and communications equipment and electronics expanded significantly in the 1985-1989 period.

Canada will probably remain a supplier of basic materials to the Netherlands in the years to come. Prospects look good for continued expansion of metals, minerals and forest products; agriculture and food sales are expected to improve when agreement has been reached in the GATT negotiations to relax the protective barriers under the Common Agricultural Policy of the European Community.

It will be a challenge for Canadian high-tech manufacturers to maintain the upward trend in exports to the Netherlands. Present conditions and the short-term outlook appear positive enough to gain momentum. As the box on the next page shows, a number of items are believed to have a potential in the Netherlands.

High-Tech Opportunities

While a significant percentage of Canadian exports to the Netherlands are commodities, an increasing proportion of exports are manufactured end products, in-

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