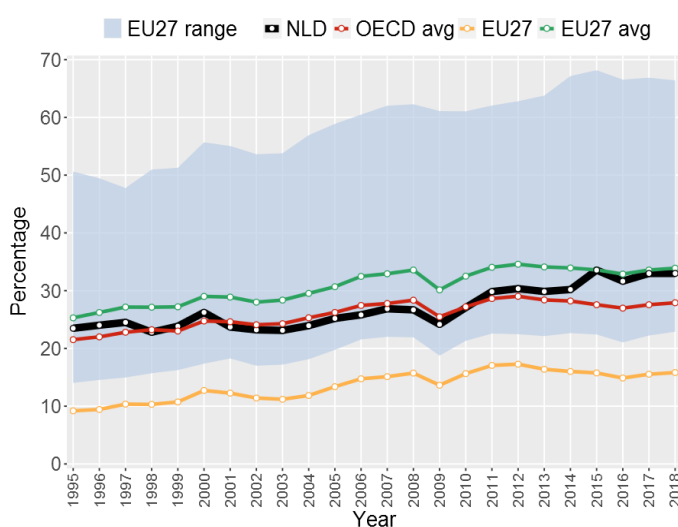


Trade in Value Added (TiVA) indicators offer new insights into the commercial relations among economies and provide a broad view of where value is created along each stage of global value chains (GVCs). Painting a more complete picture than gross trade measures alone, the TiVA approach better reflects the significantly higher contribution made by services in GVCs, the role of imports in export performance, and the true nature of economic interdependencies. The 2021 version of the TiVA database covers 66 economies and 45 industrial sectors, for the years 1995 to 2018, and brings together indicators based on the value-added origins (both country and industry) of exports, imports and final demand. This note highlights the trade patterns in value-added terms for the Netherlands, with a view to informing policy making for a range of areas including trade, innovation, and investment.

Key findings

- ▶ Despite the global slowdown in GVC integration after the 2008-2009 Financial Crisis, the foreign content of the Netherlands' exports increased significantly between 2008 and 2018 from 26.7% to 33%. The share of imported intermediates used in Dutch exports increased in all sectors except *Finance and insurance* (Figures 1 and 4).
- ▶ The export orientation of Dutch industries remained high in 2018 with only three industries where less than 50% of domestic value added is driven by foreign final demand: *Other non-metallic mineral products* (37.9%), *Finance and insurance* (35.8%) and *Accommodation and food* (31%) (Figure 2).
- ▶ Germany was the Netherlands' largest trading partner in both gross and value-added terms in 2018. The United States was the second largest export partner only in value-added terms. This suggests that Dutch value added arrived in the US via exports to neighbouring trading partners (e.g. Germany and Belgium), with whom the Netherlands enjoys a high level of integration. The importance of Belgium as a value chain partner of the Netherlands remained high in 2018, though its share of Dutch domestic value added embodied in the Netherlands' manufactured imports decreased significantly over the last decade (Figures 5 and 6).
- ▶ Services accounted for 65.5% of the Netherlands' gross exports in 2018 - above the OECD average of 55.7%. Above 40% of the value of manufactured gross exports can be attributed to value added from service sectors (Figure 7).

Figure 1. Foreign value-added content of gross exports
As a percent of total gross exports, 1995 to 2018



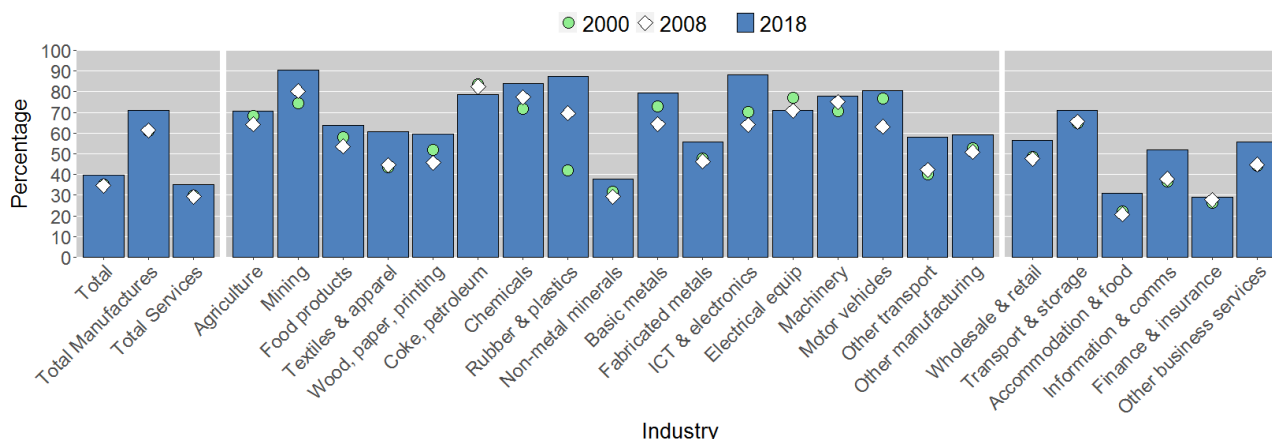
At the global level, the new TiVA indicators confirm that there has been a slowdown in GVC integration since the Financial Crisis in 2008-2009 (Figure 1). However, in general, foreign value added in trade increased between 2016 and 2018.

Between 2008 and 2018, the foreign content of the Netherlands' exports is estimated to have increased from 26.7% to 33% - above the OECD average of 27.9%. Compared to 2008, the foreign content of exports in 2018 was 6.3 percentage points higher.

The role of foreign final demand in domestic production

Overall, in 2018, 39.6% of the Netherlands' domestic value added was driven by foreign final demand, up from 34.7% in 2008. By industry, the shares ranged from *Mining and quarrying* (90.6%) and *ICT and electronics* (88%) at the higher end to *Financial and insurance* (29%) at the lower end.

Figure 2. Netherlands - domestic value added in foreign final demand
As a percent of value added, by industry, 2000, 2008 and 2018



The importance of imports for exports

The industries with the most foreign value-added contents in their exports (Figure 3a) were *Coke and refined petroleum products* (75.3%), *ICT and electronics* (61.6%) and *Motor vehicles* (48.8%). *Wholesale and retail trade* generated the greatest source of domestic value-added content of exports in 2018, accounting for 11% of gross exports (Figure 3b), followed by *Other business services* (10.3%) and *Transport and storage* (7.5%). The most foreign content in total exports came from *ICT and electronics* (3.8%).

Figure 3a. Netherlands - foreign value-added content of gross exports
As a percent of gross exports, by industry, 2000, 2008 and 2018

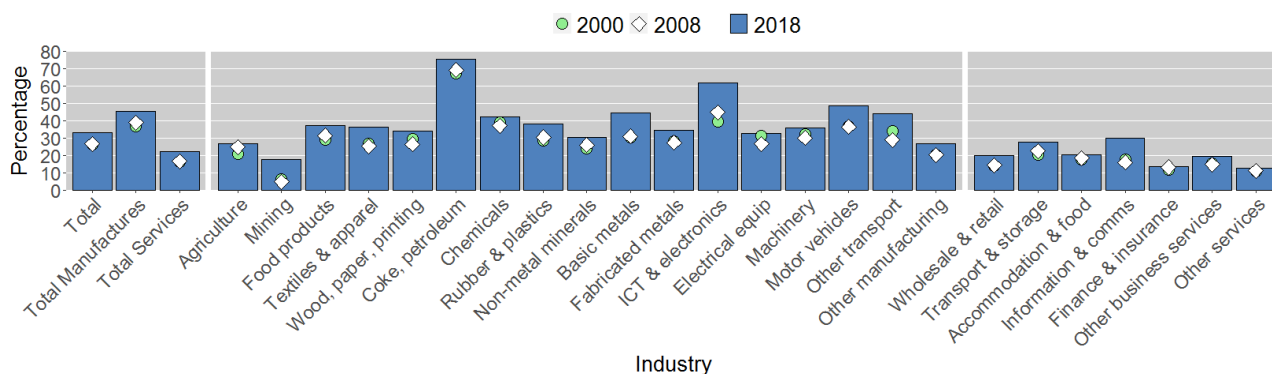
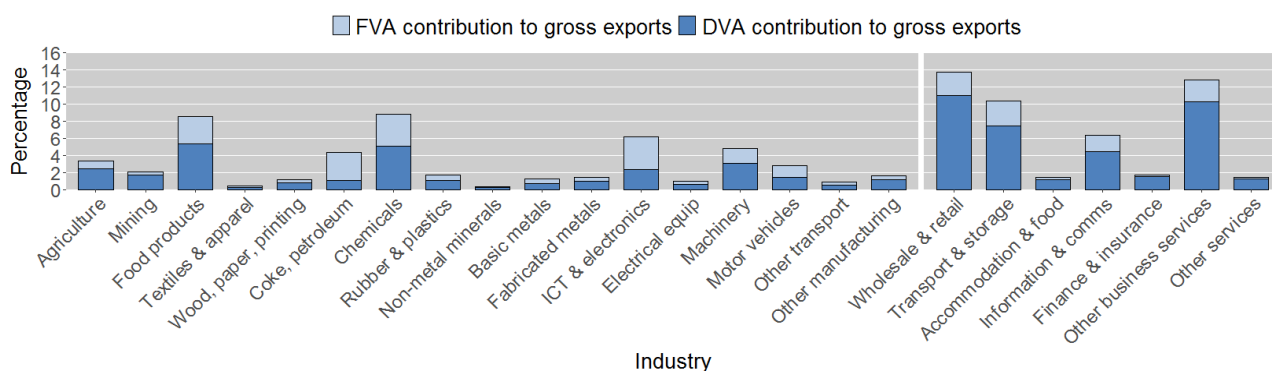
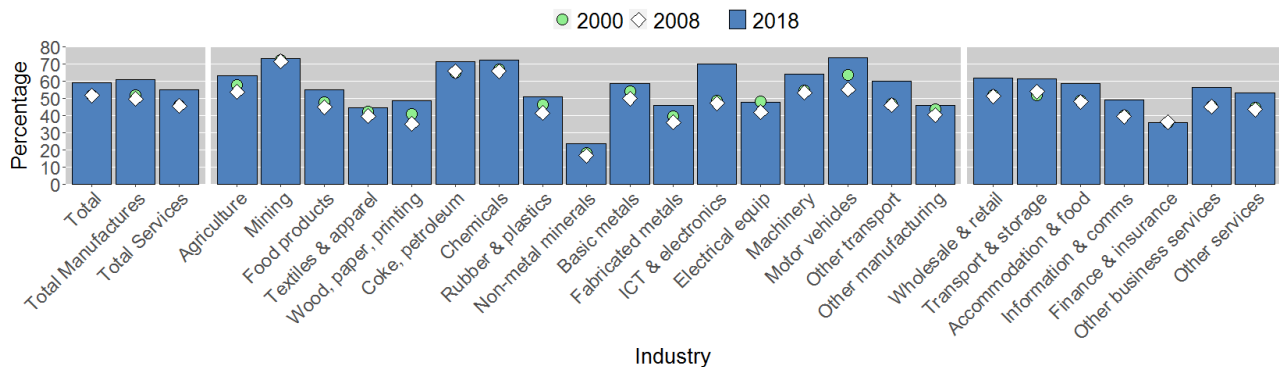


Figure 3b. Netherlands - industry share of domestic and foreign value-added content of gross exports
As a percent of total gross exports, 2018



Of the total value of the Netherlands' imports of intermediate goods and services in 2018, 59% was subsequently embodied in exports, significantly higher than the OECD average of 47.9%, and above the share in 2008 (51.7%). The originating industries with the highest shares of intermediate imports used in Netherlands's exports were Motor vehicles (73.6%), Mining and quarrying (73.1%), and Chemicals and pharmaceuticals (72.5%).

Figure 4. Netherlands - imported intermediate inputs used for exports, by industry-origin of imports
As a percent of intermediate imports, 2000, 2008 and 2018



Netherlands: international flows of goods and services, main players

In gross terms, Germany (16%), Belgium (9.4%) and the UK (8.3%) were the three most important Dutch export market destinations in 2018. The top three final destinations for Netherlands's value added were Germany (13.6%), the United States (9%) and the UK (8.2%).

For imports in gross terms, the Netherlands's top three partners in 2018 were Germany (13.9%), the United States (10.3%) and the UK (8.3%), while in value-added terms, the top three were Germany (13.5%), the United States (12%) and the UK (7.7%).

Figure 5 Netherlands – exports and imports: main partners
As a percent of total gross and value-added exports and imports, 2018

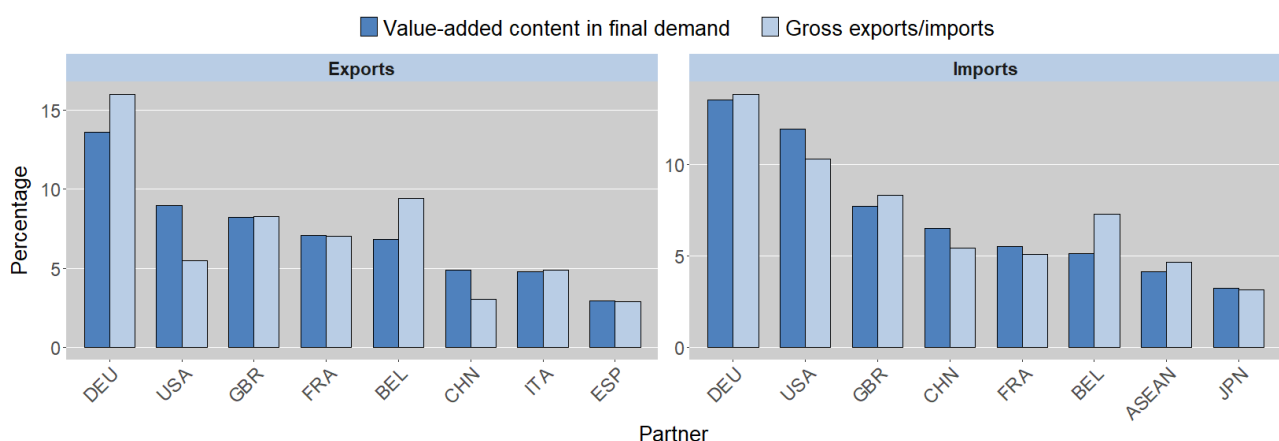
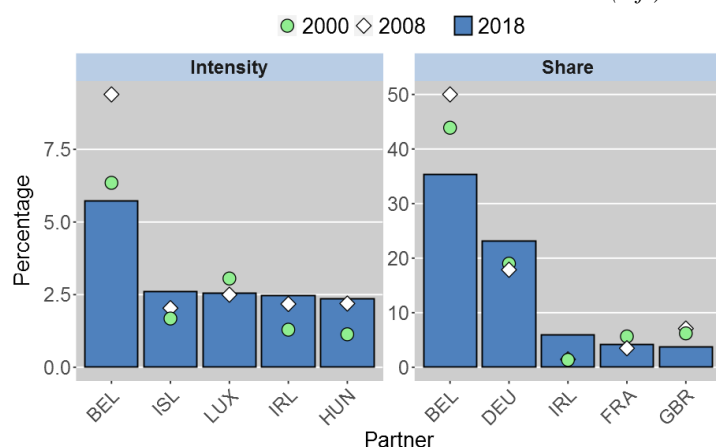


Figure 6. Dutch domestic value-added content of manufactured imports, top 5 partners

As a share of total Dutch value added embodied in Dutch imports (right) and as a percent of total imports by partner (left)



In 2018, the highest shares of Dutch domestic value added embodied in Dutch manufactured imports (Figure 6, right) came from Belgium (35.4%), Germany (23.1%) and Ireland (5.9%).

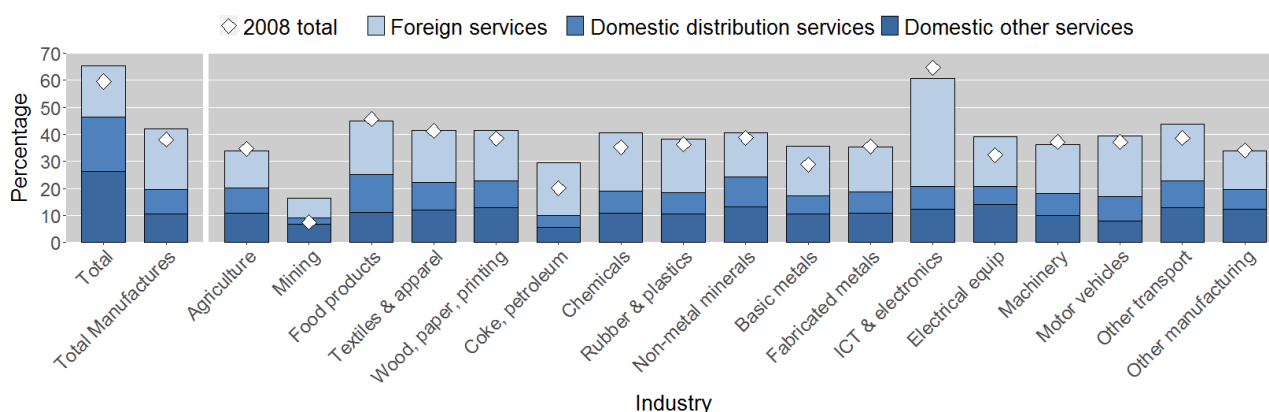
The trading partners with the highest shares of Dutch value added in their exports of manufactures to the Netherlands (Figure 6, left) in 2018 were Belgium (5.7%), Iceland (2.6%) and Luxembourg (2.5%).

The importance of services in international trade

Services are a major contributor to Netherlands' economy, accounting for 65.5% of Dutch gross exports in 2018 (Figure 7) - above the OECD average of 55.7%. Foreign services contributed 19.2% to the value of total gross exports. For manufactures, services value-added content was 41.9% of gross exports, with the highest shares in ICT and electronics (60.7%), Food and beverages (44.8%) and Other transport equipment (43.9%).

Figure 7. Netherlands - services content of gross exports

As a percent of gross exports by industry, 2018



Further information is available to supplement this country note:

- ▶ Access the data at: <http://oe.cd/tiva>
- ▶ Guide to TiVA 2021 Country Notes: www.oecd.org/sti/ind/tiva-2021-guide-to-country-notes.pdf
- ▶ TiVA indicators are based on the 2021 version of ICIO tables: <http://oe.cd/icio>
- ▶ Related indicators of Trade in Employment <http://oe.cd/io-emp> and Trade in Embodied CO2 <http://oe.cd/io-co2>
- ▶ Trade policy implications of global value chains: <http://www.oecd.org/trade/topics/global-value-chains-and-trade/documents/trade-in-value-added-2021.pdf>

Note: This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.