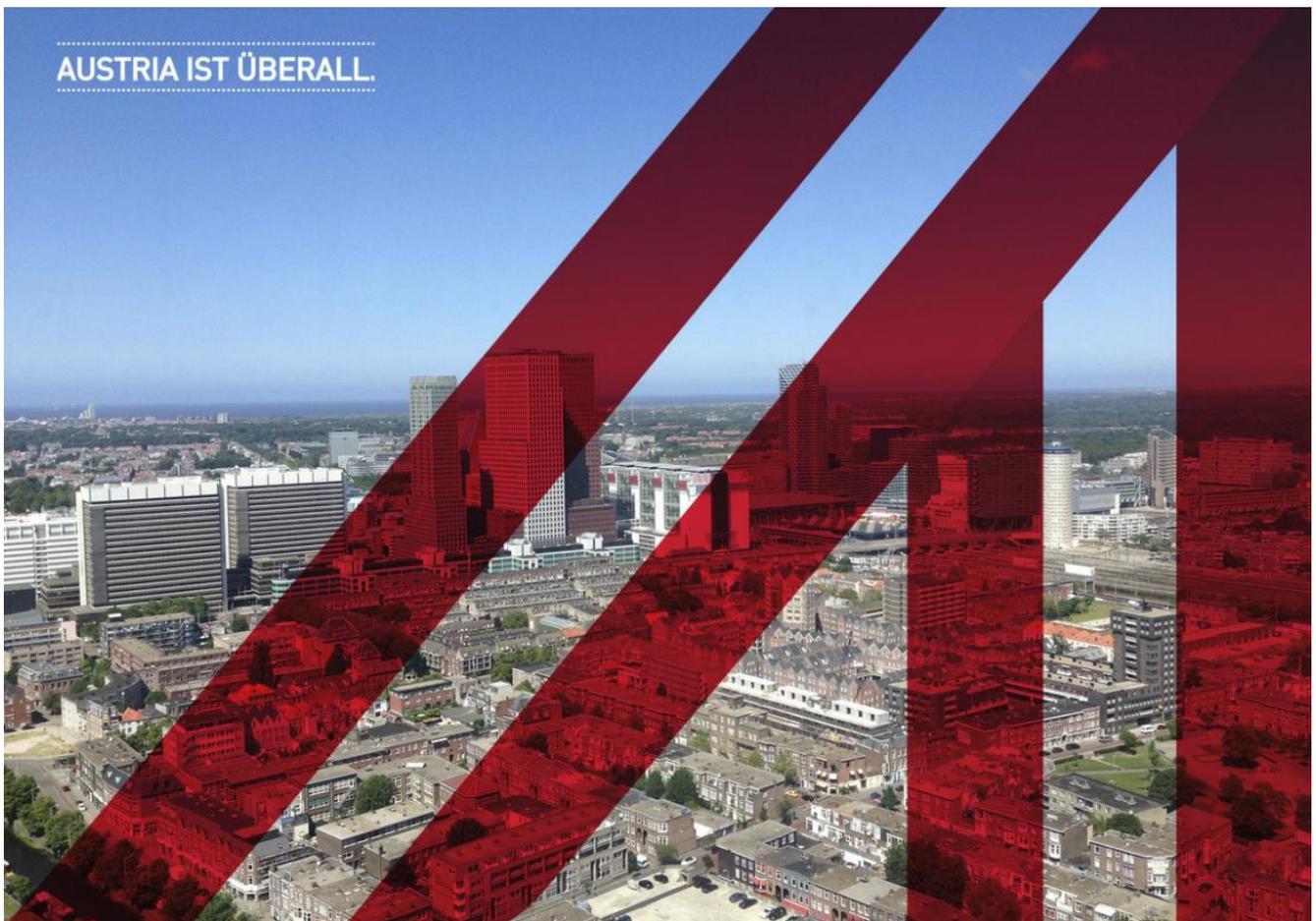


ADVANTAGE AUSTRIA SPECIAL REPORT NETHERLANDS

ECONOMIC SURVEY 2022
AMONGST AUSTRIAN SUBSIDIARIES IN THE NETHERLANDS

GENERAL ECONOMIC CLIMATE
BUSINESS DEVELOPMENT OF AUSTRIAN COMPANIES
BUSINESS LOCATION EVALUATION
COUNTRY COMPARISON

ADVANTAGE AUSTRIA THE HAGUE
FEBRUARY 2023



An information of
ADVANTAGE AUSTRIA The Hague

T +31 70 365 4916
E den Haag@wko.at
W wko.at/aussenwirtschaft/nl

HEAD OFFICE
AUSSENWIRTSCHAFT Zentral- und Westeuropa
Dr. Franz Schröder
T 0590 900/4450
E aussenwirtschaft.westeuropa@wko.at

f fb.com/aussenwirtschaft

twitter twitter.com/wko_ac_hag

in linkedin.com/company/aussenwirtschaft-austria

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WIRTSCHAFTSKAMMER ÖSTERREICH / AUSSENWIRTSCHAFT AUSTRIA
Wiedner Hauptstraße 63, Postfach 150, 1045 Wien
Redaktion: AUSSENWIRTSCHAFTSCENTER DEN HAAG | T +31 70 36 54 916
E den Haag@wko.at | W wko.at/aussenwirtschaft/nl

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TABLE OF CONTENTS

1. PREAMBLE	4
2. SUMMARY OF THE RESULTS.....	5
3. GENERAL ECONOMIC CLIMATE	6
4. DEVELOPMENT OF AUSTRIAN COMPANIES ON THE DUTCH MARKET	8
5. BUSINESS LOCATION NETHERLANDS	13
6. STRUCTURE PLAN.....	18
7. COUNTRY COMPARISON	19

1. PREAMBLE

As in previous years ADVANTAGE AUSTRIA The Hague conducted a survey among Austrian subsidiaries on the current economic situation and prospects in the Netherlands in autumn 2022. The questionnaire could be completed anonymously and online.

Most of the participants in the survey were sales branches and service companies, with a quarter being companies that produce locally. The turnover of most of the Austrian subsidiaries is in the range up to 20 million euros.

The aim of the study is to record how the Austrian companies in the Netherlands assess the current economic situation and their own business situation. A central point is their assessment of the Netherlands as a business location. The present study also provides a comparison with the survey results of previous years, making it possible to identify trends and developments.

The survey was conducted in parallel by 51 ADVANTAGE AUSTRIA offices in the respective markets, thus allowing a country comparison.

The Business Barometer serves as an orientation for Austrian companies with an interest in the Dutch market.

The Economic Barometer serves as a guide and orientation aid for Austrian companies interested in the Dutch market and is intended to support them in better assessing the local situation with the help of first-hand information.

At the same time, the Business Barometer is an instrument used by ADVANTAGE AUSTRIA in the Netherlands to adapt its work priorities and activities to the concerns of Austrian companies and to match the range of services offered.

ADVANTAGE AUSTRIA Haag would like to thank the local Austrian subsidiaries for their participation in the survey!

2. SUMMARY OF THE RESULTS

The Austrian companies achieved good business results in the past 12 months. The majority of the subsidiaries increased their turnover, and the investment volume showed an equally positive development. Capacity utilisation remained more or less stable. Employment increased slightly. However, the order situation deteriorated.

For the Austrian companies that already have a foothold in the Dutch market, the challenges lie mainly in the cost of raw materials, the availability of skilled labour and labour costs. However, there is also a need for improvement regarding the bureaucracy/reduction of requirements and regulations and political stability.

Austrian products and services can score points on the Dutch market with high quality and a corresponding customer service. Furthermore their innovative strength is also decisive for success.

A country comparison with 50 other markets shows that the Netherlands remain an interesting market and a solid base for about 170 Austrian subsidiaries.

3. GENERAL ECONOMIC CLIMATE

With a 5% share of the EU GDP, the Netherlands is the sixth largest economic power in the EU, the sixth largest exporter of goods worldwide and the fourth richest country in the world. As a trading and exporting nation, the Netherlands is very open and consequently vulnerable to fluctuations in the global economy.

Exports and imports recovered strongly in 2021, with growth of 5.4% and 7.0% respectively. In 2022, they are expected to grow by 5.6% and 4.1% respectively.

The GDP also showed a continued upward tendency with a plus of 7% for 2021 and an estimated 14% for 2022. However, economic growth will be considerably dampened by an inflation rate that has exploded at times to 10.8%.

In 2021, despite temporary Corona restrictions, the Dutch economy has recovered well from the slowdown due to global trade uncertainties, Brexit and the COVID-19 pandemic, with growth of 4.9%. Due to the current political situation in Eastern Europe and the related developments on the energy market and the resulting inflation, the Dutch economy surprises with a growth of 2.6% in Q2 2022. For the full year 2022, growth of 2.2% is expected. In 2023, a minus (-0.9%) is expected at this point.

The economy is recovering faster than expected from the Corona crisis. The Netherlands ranks 17th in the world with a yearly economic output of 883 billion euros.

In the first half of 2022, energy prices continued to rise due to the crisis in Ukraine and the related disruptions in supply chains, leading to an inflation rate of up to 9.7%. The latest forecasts for 2022 show an inflation rate of up to 14.5%. The average rate for 2022 is estimated at 10.8%.

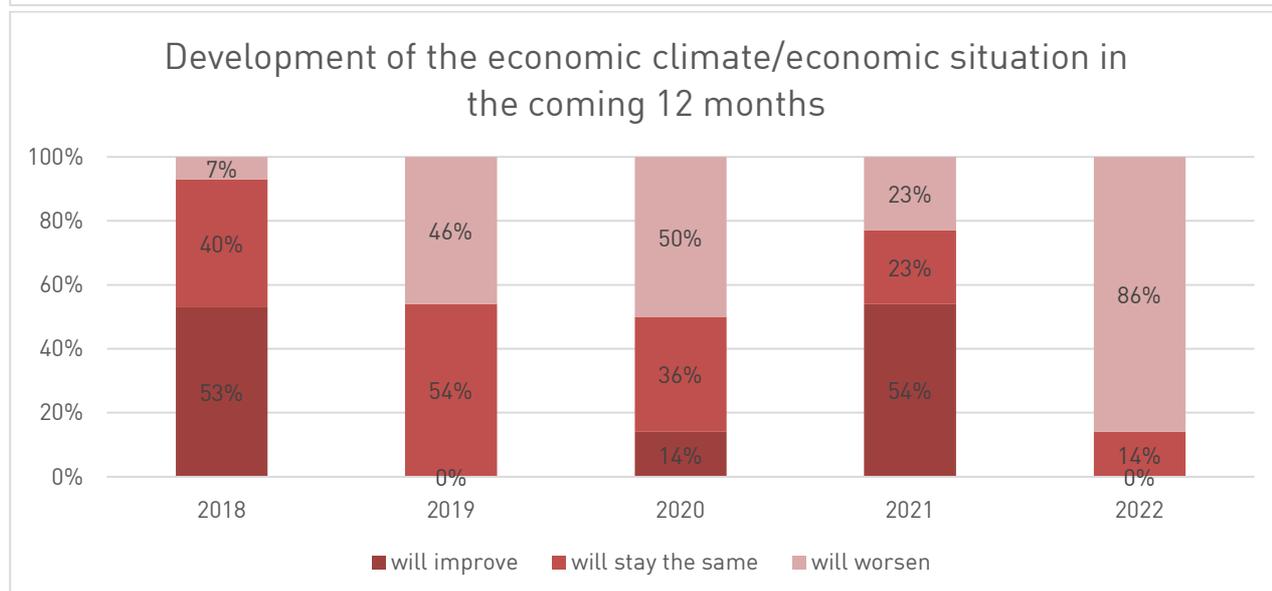
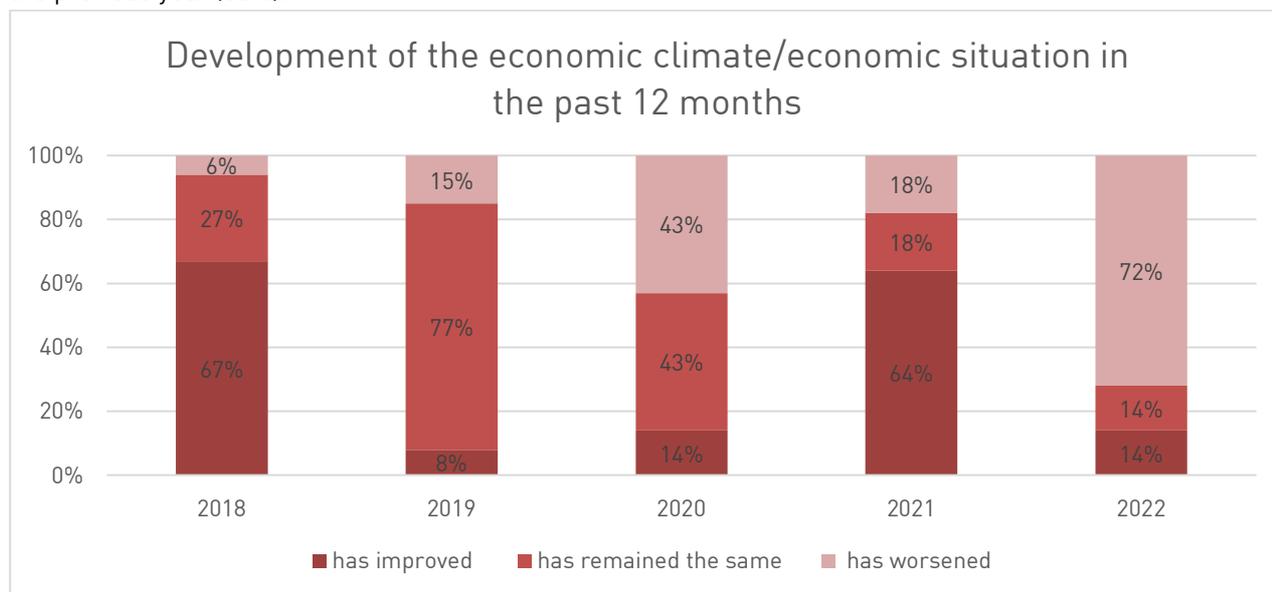
Economic growth for 2022 is expected to be rather weak at 2.2% due to the energy crisis, high inflation and bottlenecks in the labour market.

The government announced its plans for 2023 in September 2022. The focus will be on strengthening purchasing power, as more and more households are burdened by high energy bills and inflation. The cabinet has presented many plans that are intended to relieve the burden on households. It is a "historic" purchasing power package in which the measures amount to over 17 billion euros. Households will have 3.9% more at their disposal next year as a result. This is a repair measure, as purchasing power has fallen by almost 7% this year.

The Netherlands - one of the few AAA countries - also scores top A2 in the Coface country risk assessment, and even the absolute best A1 in the business climate assessment. Weaknesses are seen in the strong economic integration with Europe, the high gas consumption, the housing shortage, the high mortgage loans, the high corporate debt and the ageing population. On the plus side are the high quality of life, the high level of digitalisation in society, the current account surplus, the excellent infrastructure with Rotterdam as Europe's largest port, the strong agricultural sector and the attractiveness as a tourist destination.

From your company's perspective, how do you assess the development of the general economic climate/economic situation in the Netherlands?

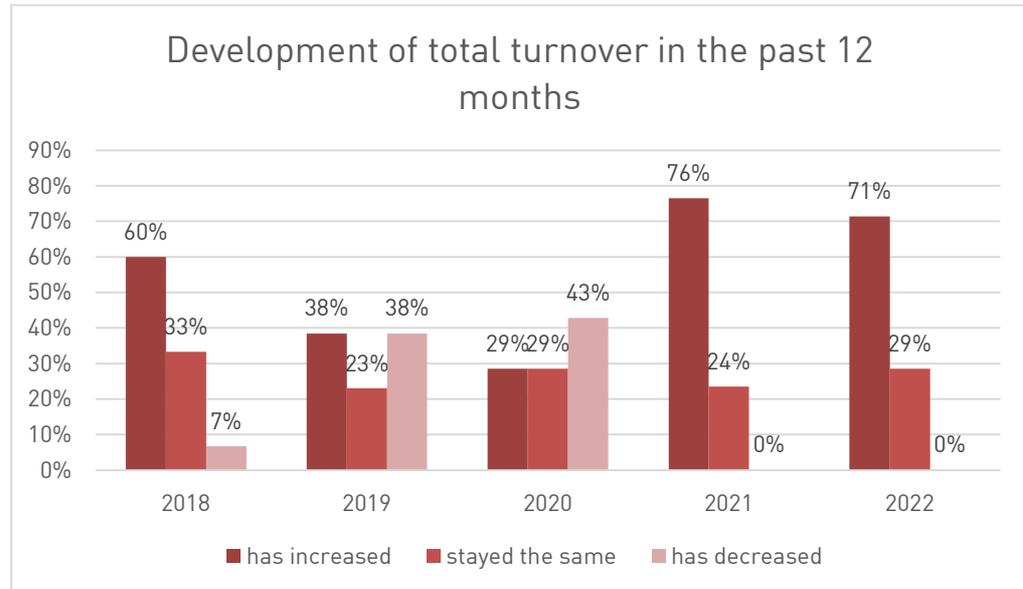
For 72% of the companies that participated in the survey, the **general economic situation** has **deteriorated** in the course of 2022. For 2023, the expectations of Austrian companies are even more pessimistic compared to the previous year (86%).



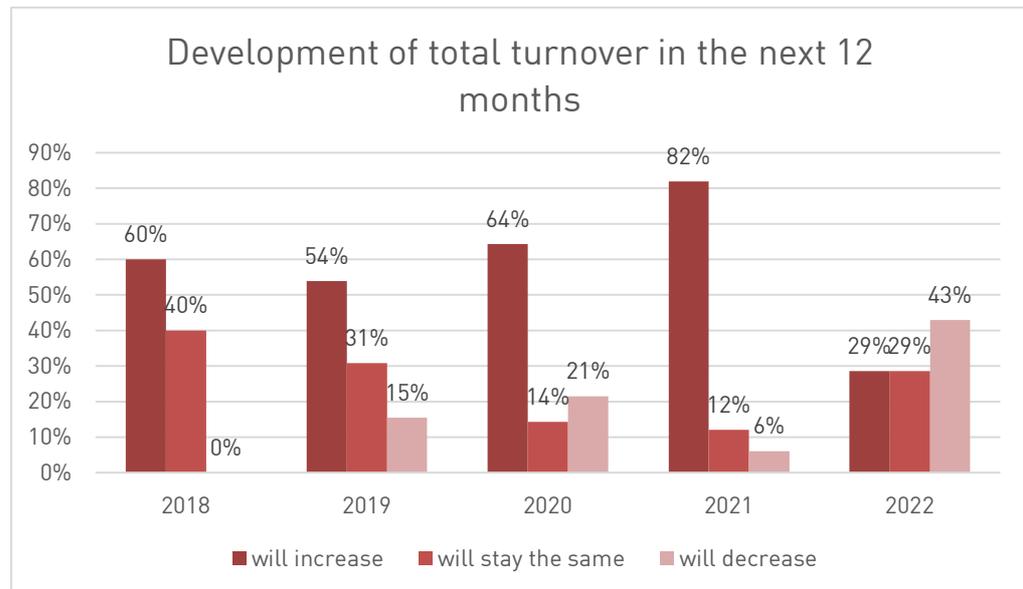
4. DEVELOPMENT OF AUSTRIAN COMPANIES ON THE DUTCH MARKET

The **business results** of the Austrian subsidiaries were **very positive** for the companies participating in the survey in 2022 (71%). For 2023, however, expectations are lowered (only 29% expect better or constant figures).

Very positive turnover

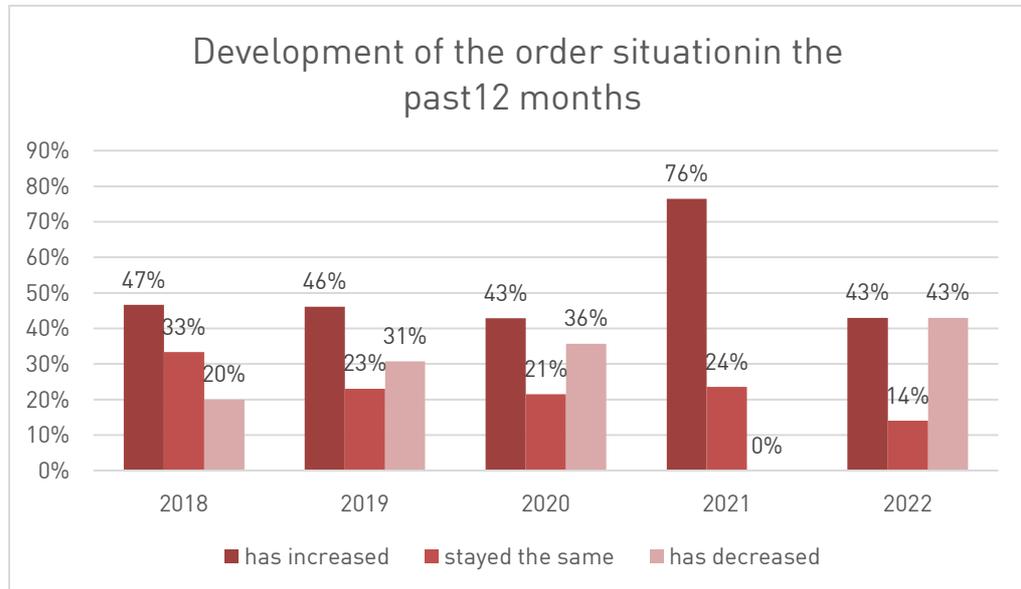


Very modest expectations for 2023

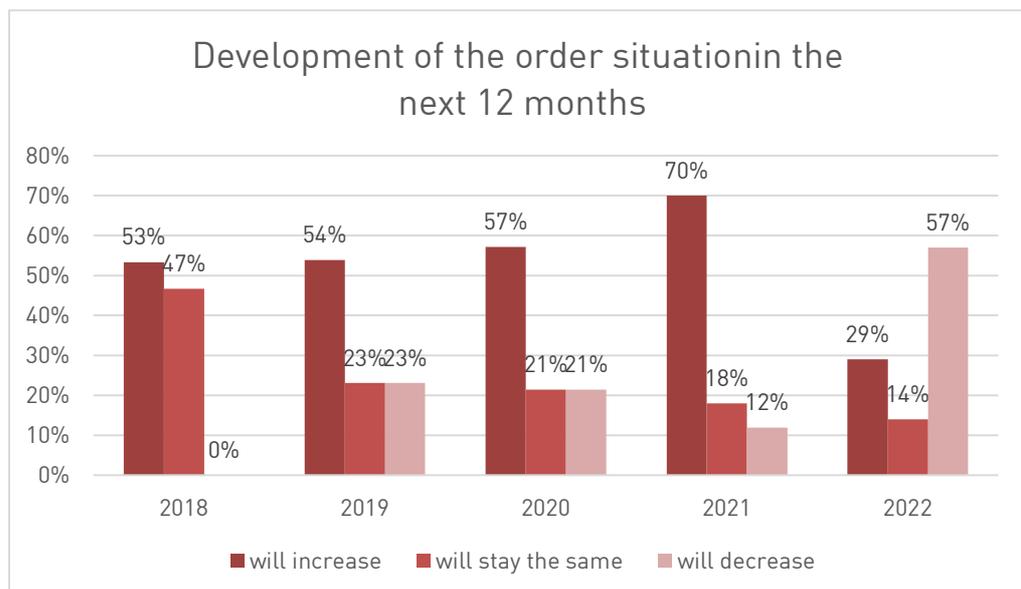


The **order situation** of Austrian companies, which had risen sharply in 2021, is **declining** in 2022. The outlook for 2023 is pessimistic.

Fewer orders than in previous years

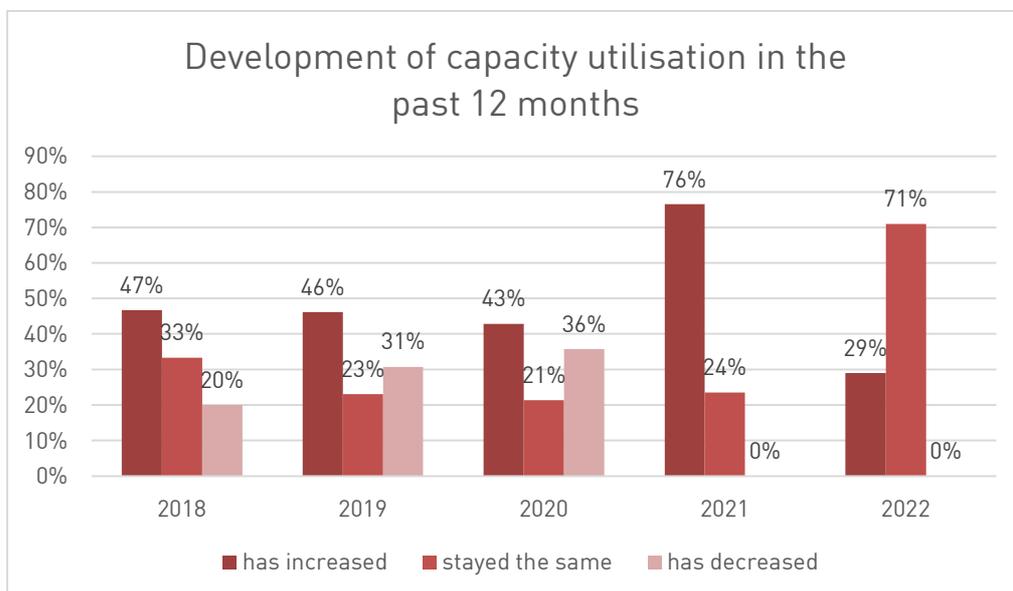


Negative forecasts for the order situation



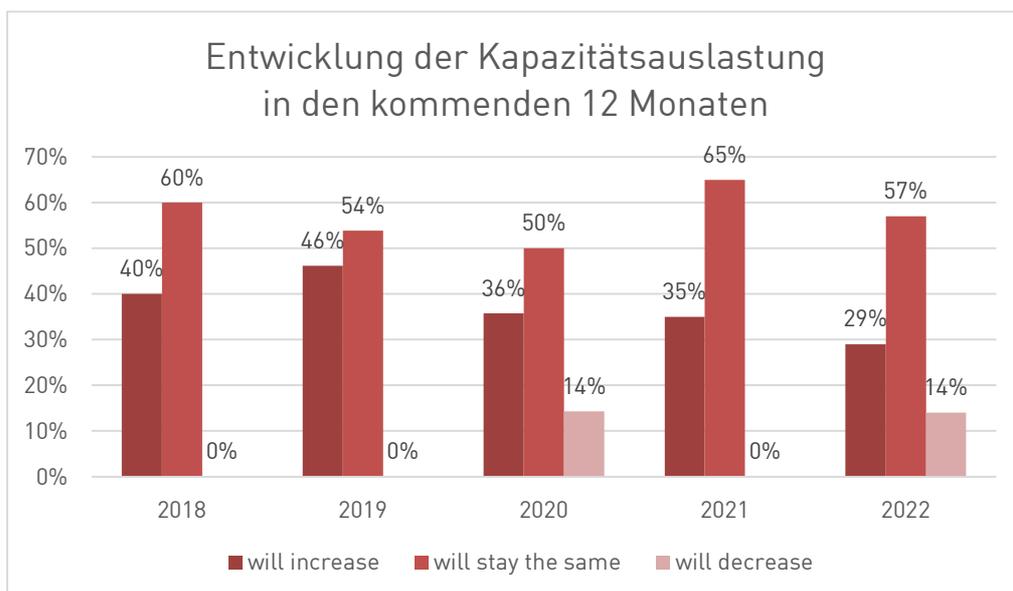
Capacity utilisation in 2022 remains **constant** (71%); 2021 utilisation had increased by 76%.

Constant capacity utilisation



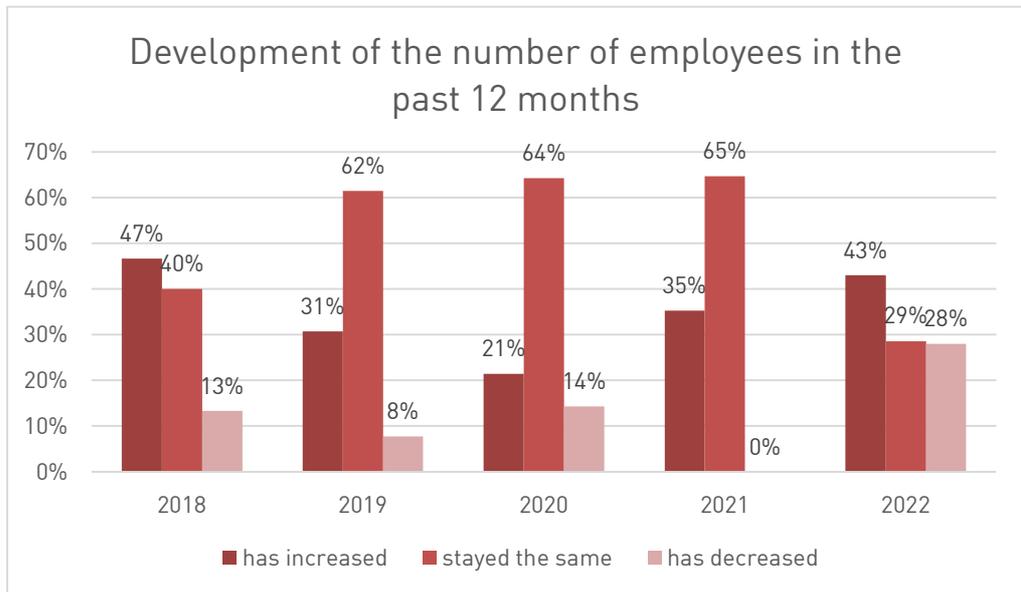
The forecasts show that many companies are expecting slightly worse figures

Forecasts for capacity utilisation are more pessimistic than in last years



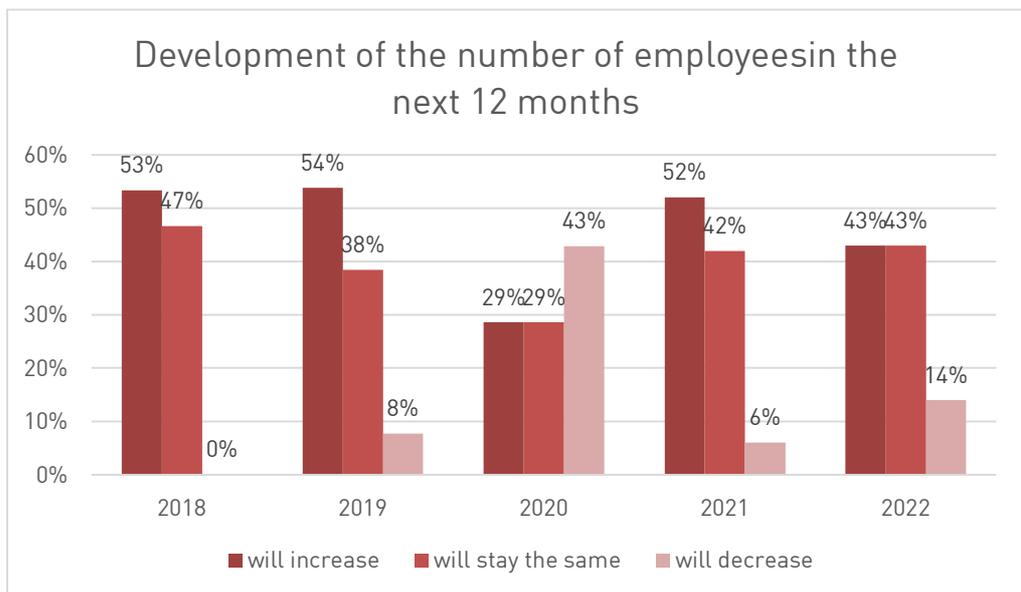
The **employment situation** of companies is relatively **positive** in 2022.

**Positive trend
in employment**



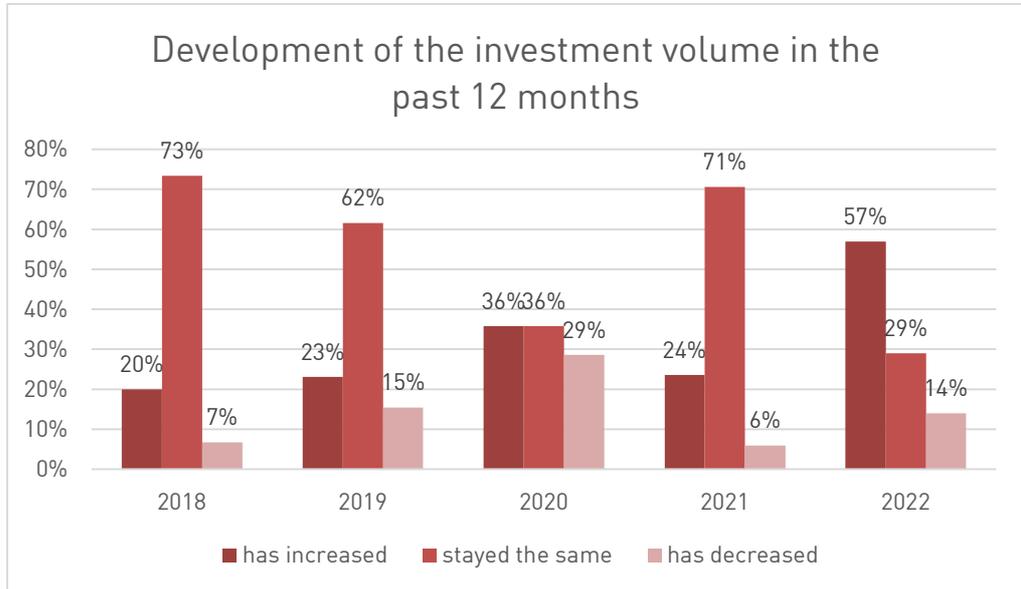
The outlook regarding the number of employees remains predominantly positive or constant.

**Forecasts for
the employment
situation largely
stable**



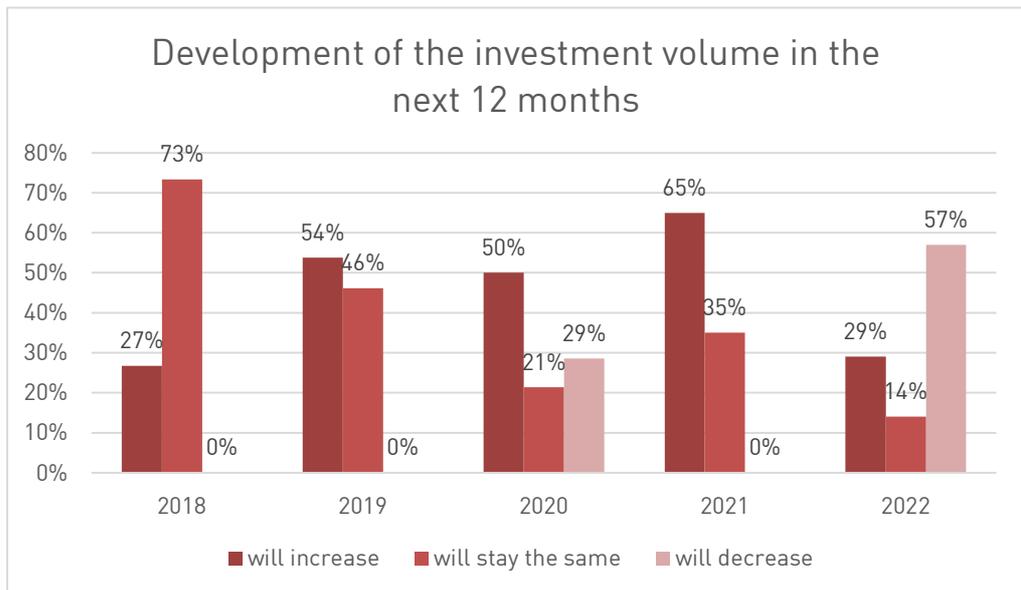
In terms of **investments**, the trend has **improved** in 2022.

Investment policy improved



For 2023 the forecasts are less positive compared to the previous year.

The forecasts for 2023 are pessimistic compared to the previous years



5. BUSINESS LOCATION NETHERLANDS

In 2021, Austrian-Dutch business connections recorded an increase of almost 14% compared to the previous year. In total, Austria exported 3,227 million euros to the Netherlands in 2021. The positive trend continues in 2022. In the first half of the year, about 20.6% more was exported to the Netherlands.

In 2021, the Netherlands was Austria's 12th most important export market on an annual basis. This trend is expected to continue in 2022.

The leading positions in Austrian exported goods to the Netherlands in the first half of 2022 are machinery, apparatus and mechanical appliances (+11.2%), electrical machinery, apparatus and electrotechnical goods (+16.1%) and tractors, motor vehicles, tractors, motorbikes and bicycles (~+0.1%).

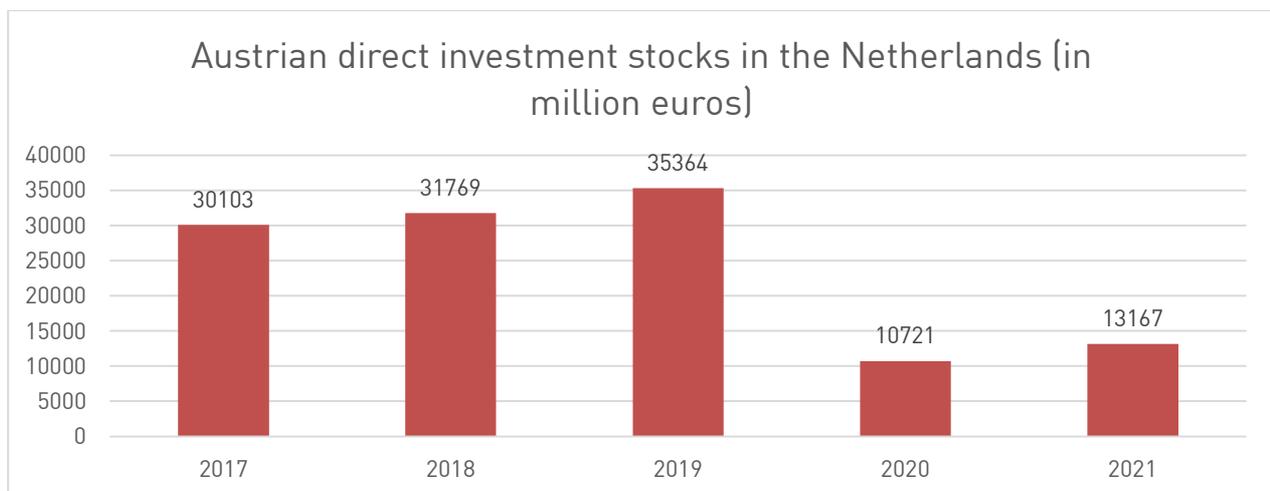
Imports from the Netherlands were stable in 2022, with about 18.6% more imported from the Netherlands in the first half of the year compared to the first half of 2021.

The leading positions in Austrian imports of goods from the Netherlands for the first half of 2022 are machinery, apparatus and mechanical appliances (+10.5%), mineral fuels; mineral oils, distillation products (+135.3%) and the group of electrical machinery, apparatus and electrotechnical goods (+16.1%).

Dutch tourists continue to be the second most important visitor group for Austrian tourism. In the first half of 2022 there is an increase in arrivals (+340.5%) and overnight stays (+467.1%).

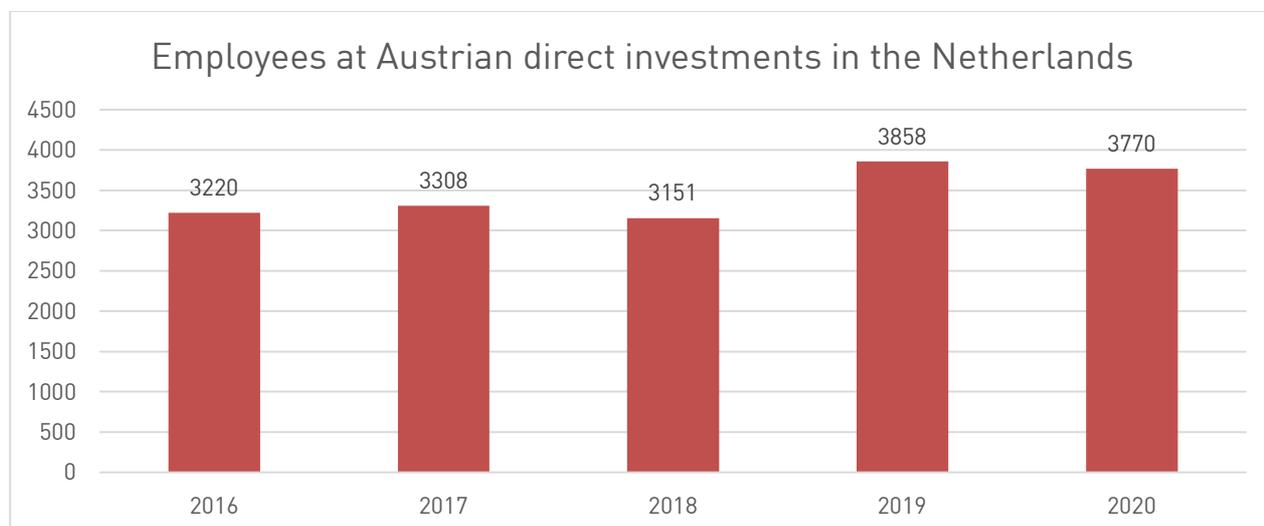
In the first half of 2022, a recovery in trade in services with the Netherlands is noticeable, with an increase compared to the first half of 2021, in service imports +25.4% and in service exports +116.5%.

The level of Austrian direct investment in the Netherlands was 13.2 billion euros in 2021. This puts the Netherlands in second place worldwide after Germany. Conversely, the Netherlands ranked sixth with a level of direct investment in Austria of 7.5 billion euros in 2021. The Netherlands remains attractive as an investment location. The interest of Austrian companies to establish a branch in the Netherlands or to take over companies remains high.



Source: ÖNB

The number of employees at Austrian direct investments in the Netherlands decreased slightly in 2020 compared to the previous year.



Source: ÖNB

The Netherlands are particularly important as a logistics hub in Europe for Austrian companies in the logistics sector and has repeatedly landed interesting projects in recent years.

TGW is the key partner for the fully robotised logistics centre for Picnic in the Netherlands. The online supermarket will use a FlashPick System® that is both powerful and flexible, with three temperature zones and a shuttle system at the core of the solution.

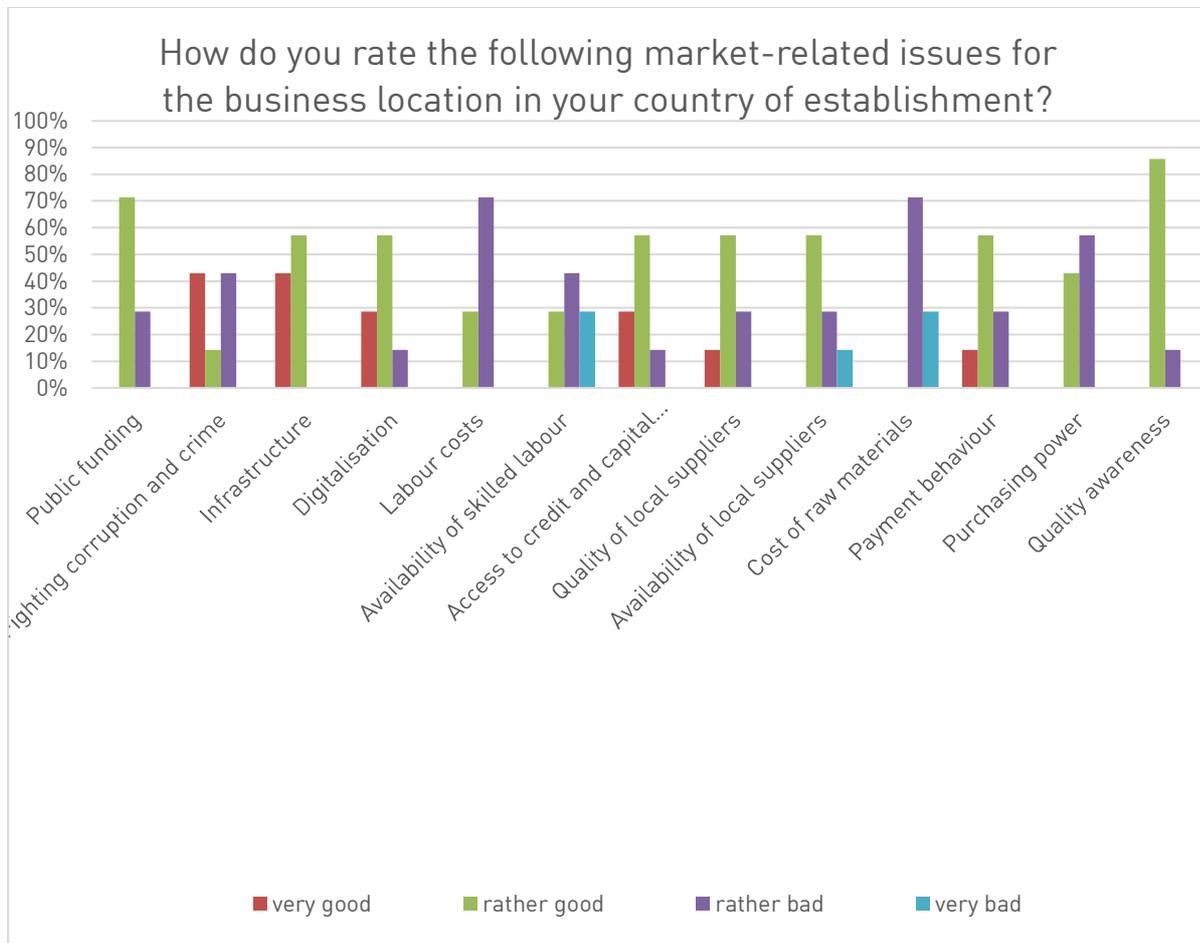
Zalando has commissioned **KNAPP** to automate a new logistics centre in Bleiswijk near Rotterdam, which opened in December 2021. With a combination of shuttle system and pocket sorter technology, a dispatch warehouse with maximum efficiency and flexibility has been created on 140,000 m². Zalando invested around 200 million euros in the entire project. Of Zalando's nine current logistics locations, the new distribution centre in Rotterdam has the highest level of automation.

In the Netherlands, the largest district heating pipeline in Europe is currently being built. WarmtelinQ will transport the residual heat from the port of Rotterdam to the Zuid-Holland region, where it will supply energy to around 120,000 households. The pipes for this showcase project come from **isoplus**. The Austrian company is a leading supplier of thermally insulated pipe systems.

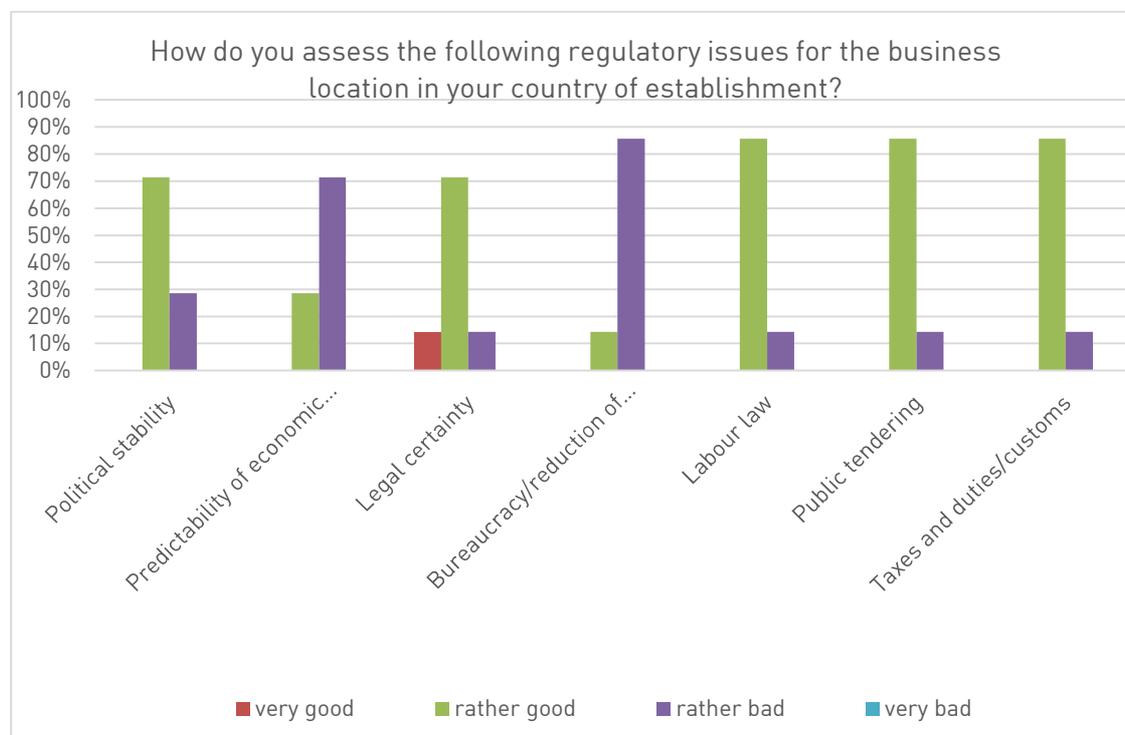
DOPPELMAYR has built an 850-metre-long and 35-metre-high cable car for the flower and garden exhibition "Floriade Expo 2022" in Almere. As a "green means of transport", the cable car fits perfectly with the theme of Growing Green Cities.

ZÜBLIN (STRABAG) is constructing the office and residential building ODE ("Oosterdokseiland") in the centre of Amsterdam on behalf of OOA C.V.. The project comprises 102,000 m² with approx. 65,000 m² of office space, which Booking.com B.V. will occupy here with its new corporate headquarters. There will be 42 exclusive flats, as well as parking areas and space for shops and restaurants.

Challenges faced by the Austrian subsidiaries in the Dutch market and where action is seen to be needed relate primarily to the cost of **raw materials**, **availability of skilled labour** and **labour costs**.



As far as the **regulatory challenges** are concerned, the following points have the highest priority in the Netherlands according to the Austrian business community: **bureaucracy build-up/reduction of requirements and predictability of economic policy.**



Market opportunities in the Netherlands:

Opportunities for export and market entry remain intact for Austrian companies, especially in the service export, transport and logistics, healthcare, medical technology, biotechnology, environmental technology, ICT, industrial supplies, urban technology and high-end consumer goods sectors. In our [event calendar](#) you can find out about current events

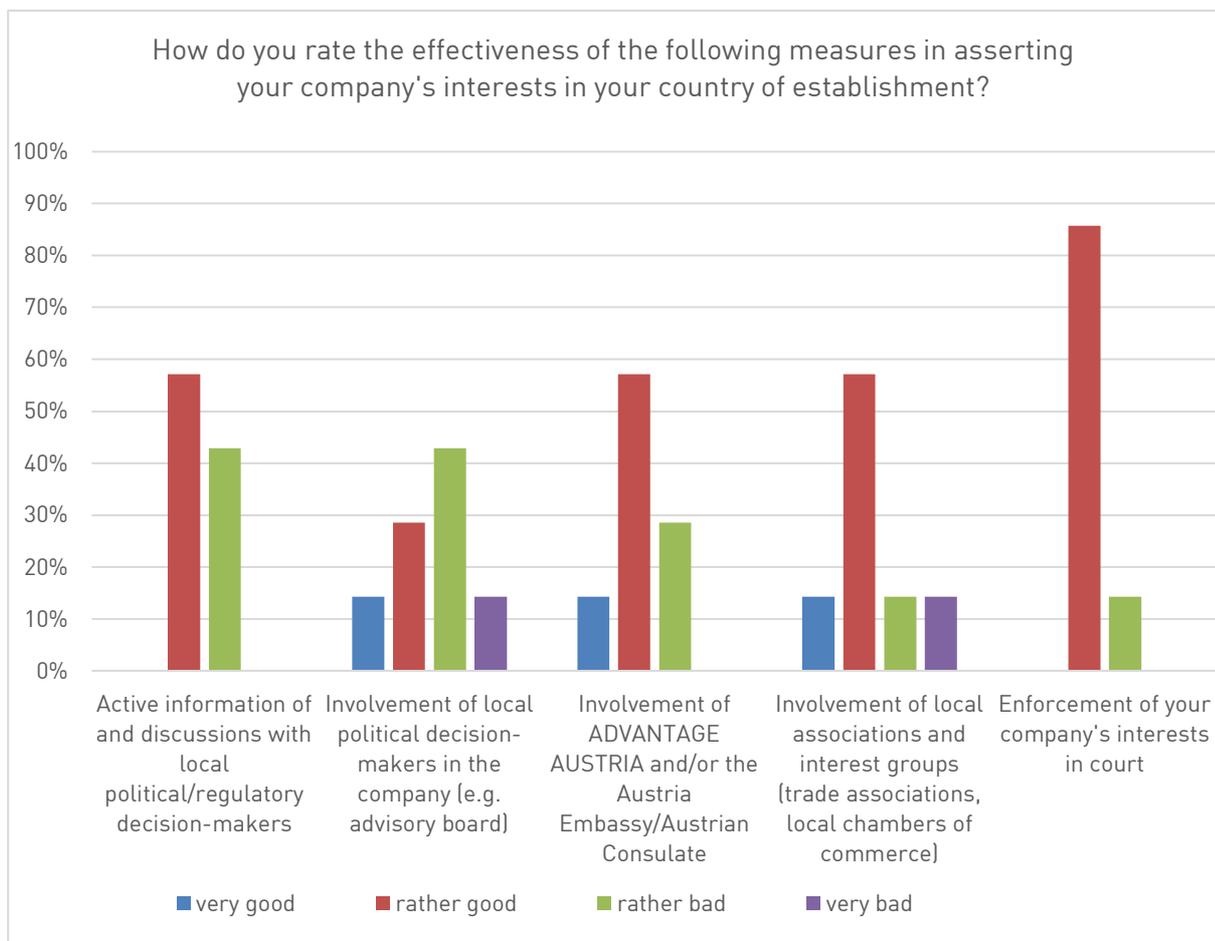
The high purchasing power and affinity with Austria, which is associated with quality and reliability and is not least considered a popular holiday destination, offer the best starting point in this respect. Thanks to the highly differentiated range of goods and services that Austria can offer, there are excellent prospects for domestic companies in the following sectors:

- Health & Medical Technology
- Food & Beverages
- Renewable energies / energy-efficient construction
- Mobility

Additionally, construction and assembly services are increasingly in demand in the project business. There are also interesting business opportunities in subcontracting and in plant construction for the important pharmaceutical, chemical and automotive industries. The nearly 170 operating Austrian branches are largely sales of-

fices and agencies. Direct investments have improved in 2021 compared to 2020. Around 4,000 people are employed at Austrian branches in the Netherlands. Conversely, Dutch entrepreneurs employ about 11,000 employees and workers in Austria.

The results of the survey regarding the effectiveness of the measures for the enforcement of business interests of the respondents in the Netherlands are also interesting.



6. STRUCTURE PLAN

The Netherlands is eligible for grants totalling €4.7 billion under the RRF (EU Recovery). The plan submitted by the government was approved by the European Commission in September 2022.

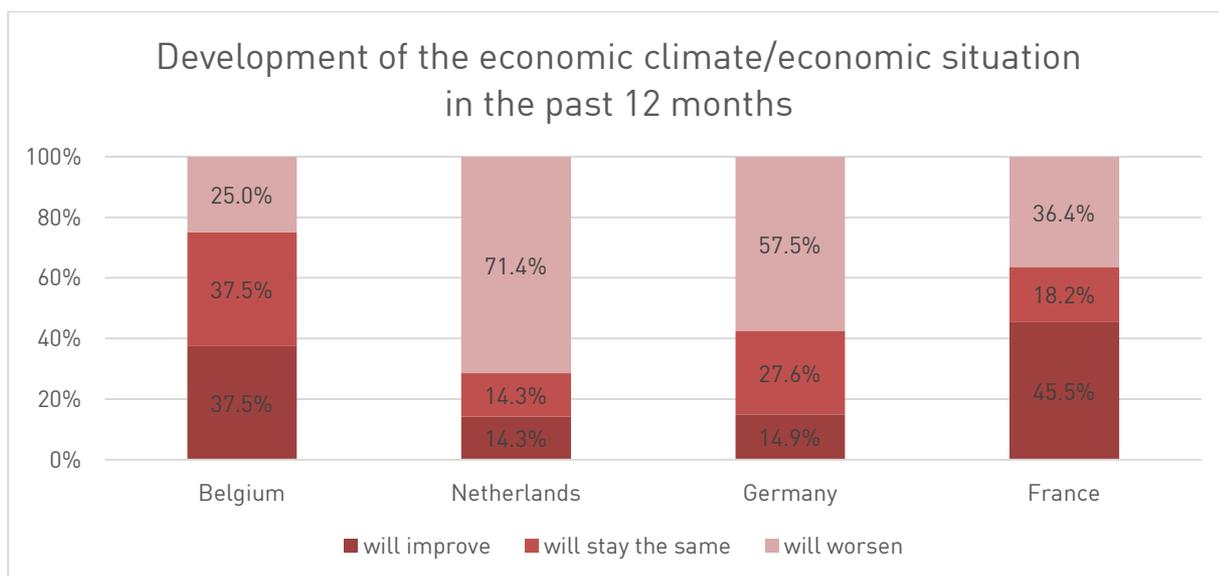
The Dutch plan is built around six pillars: Promoting the green transition; accelerating the digital transformation; improving the housing market with a focus on building renovation; labour market, pensions and forward-looking education; strengthening the public health sector and pandemic preparedness; combating aggressive tax planning and money laundering.

The projects in the plan cover the entire duration of the RRF until 2026. The plan proposes projects in all seven European flagship areas.

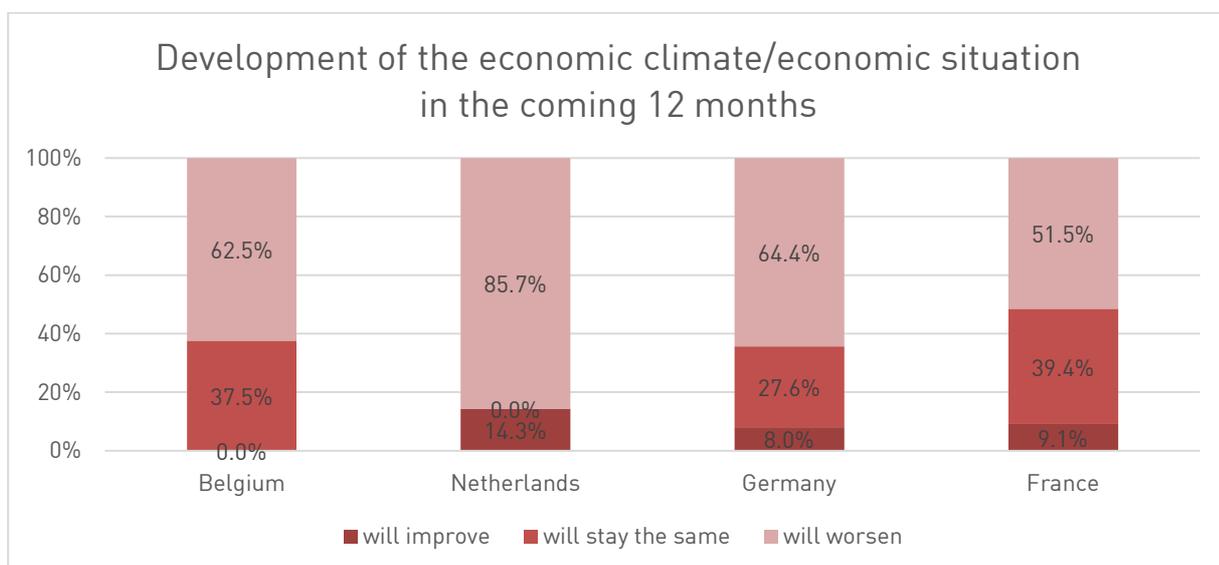
7. COUNTRY COMPARISON

The survey was conducted in parallel by ADVANTAGE AUSTRIA offices in the 51 most important foreign markets for Austria. The results allow for a country comparison that reflects the development of Austrian subsidiaries in their respective markets.

Below you will find a country comparison with the most important neighbouring countries for the Netherlands, Belgium, Germany and France. The development of the economic climate/economic situation in 2022 was negative for the Netherlands (71.4%), partly positive and partly constant for Belgium, rather negative for Germany (57.5%) and rather positive for France (45.5%).



The forecasts are generally more pessimistic: Netherlands 85.7%, Belgium 62.5%, Germany 64.4% and France 51.5%.



Sources:

Wirtschaftskammer Österreich/Aussenwirtschaft: ABC-Indikator-Umfrage 2022

Wirtschaftskammer Österreich/Aussenwirtschaft: Niederlande Länderprofil
<https://wko.at/statistik/laenderprofile/lp-niederlande.pdf>

AUSSENWIRTSCHAFT AUSTRIA

ADVANTAGE AUSTRIA THE HAGUE

Lange Voorhout 86/11, 2514 EJ The Hague, Netherlands

T +31 70 36 54 916

E den Haag@wko.at

W wko.at/aussenwirtschaft/nl

