



# NL – UK Trading relationship

State of Play

Friday 26 November 2021



# Agenda

## 1 State of play

2 Issues companies

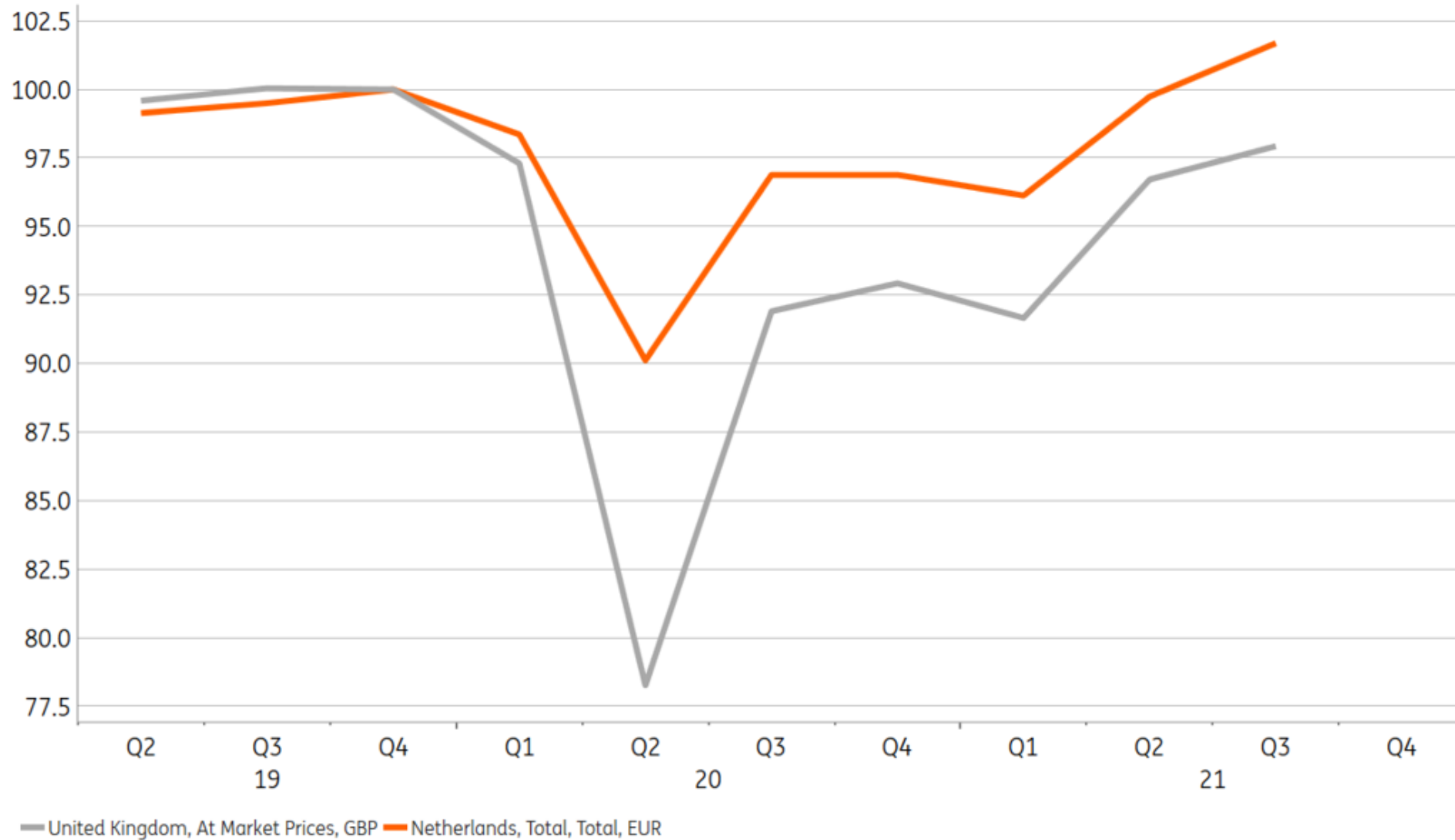
3 Issues political level

4 Outlook



# Economic recovery NL and UK

Gross Domestic Product, Constant Prices, SA



# 2020 - Trade Relationship NL-UK

- Trade with the UK contributed **€26 billion** to Dutch GDP in **2020** (the so-called added value of exports). That is **9% less** than in 2019. In 2019, exports accounted for **264,000 full-time jobs**
- **In 2020**, total exports from NL to the UK were **€57.3 billion**, of which **€35.2 billion** were in goods and **€22.2 billion** were in services compared to 2019 where there was a decrease of €6.1 billion (-9.6%).
- Dutch imports from the UK amounted to **€45.1 billion** in 2020, of which **€20.1 billion** were in goods and **€24.4 billion** were in services. In 2019, imports amounted to **€53 billion** (-14.9%).
- The importance of the UK to the Dutch economy has declined in anticipation of Brexit in recent years. Despite this, the UK will remain the Netherlands' **most important export destination** in 2020, based on the added value of exports, **after Germany**.
- NL is **4<sup>th</sup> investor** in UK



# EU27-UK trade values 2021 compared to 2020

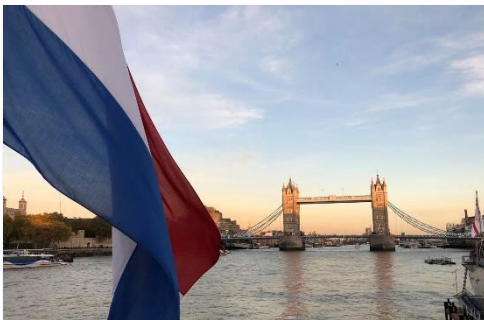
UK suffering more than EU27 from Brexit till now

## Main trading partners - EU

bn €

	EU exports to			EU imports from			Trade balance	
	Jan-Sep 20	Jan-Sep 21	Growth	Jan-Sep 20	Jan-Sep 21	Growth	Jan-Sep 20	Jan-Sep 21
China	145.2	165.7	14.1%	281.8	331.5	17.6%	-136.6	-165.8
United States	260.3	290.3	11.5%	153.7	167.1	8.7%	106.6	123.2
United Kingdom	198.2	207.2	4.5%	121.2	101.8	-16.0%	77.0	105.3
Switzerland	105.4	115.2	9.3%	81.2	89.4	10.1%	24.2	25.8
Russia	57.8	65.6	13.5%	70.4	108.2	53.7%	-12.6	-42.6
Turkey	49.4	57.5	16.4%	44.9	56.2	25.2%	4.5	1.3
Japan	40.7	46.6	14.5%	40.5	46.6	15.1%	0.2	0.0
Norway	35.7	41.5	16.2%	31.5	45.9	45.7%	4.1	-4.4
South Korea	33.1	38.0	14.8%	32.0	40.4	26.3%	1.1	-2.4
India	22.0	30.1	36.8%	24.6	32.7	32.9%	-2.6	-2.6

Source dataset: [ext\\_st\\_eu27\\_2020sitc](#)



# Strong decline UK exports to the EU27

F&D hard hit after only BOM Phase 1

We still see goods flow into UK  
Less UK products into EU

What will happen per 1 January 2022:  
will EU products to UK  
also drop because of new import  
controls per 1 January 2022?

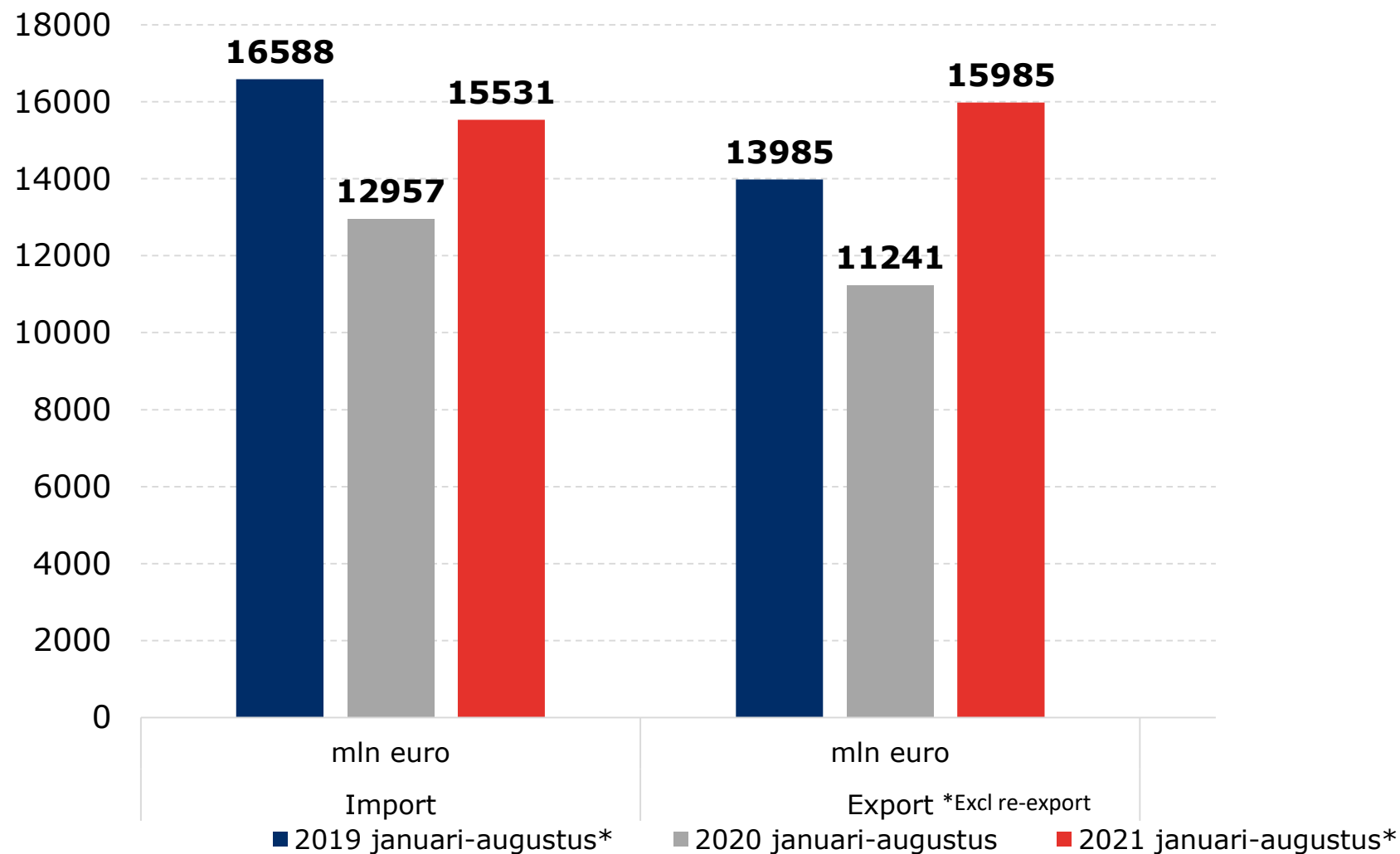
## Brexit: food and drink exports to EU suffer 'disastrous' decline

First-half sales fall £2bn, says industry body, as barriers are compounded by staff shortages



Blue cheeses are turned at a dairy in Castle Douglas, Scotland. Photograph: Murdo MacLeod/The Guardian

# NL-UK Export 2021 index 114 compared to 2019



# Conclusion

- Border Controls on EU side implemented on 1 Jan 2021, negatively impacting import from UK to NL
- Border Controls on UK side not yet fully implemented, easing export to UK
- Export NL to UK 2021 YTD grown versus 2019 with index 114
- Import from UK to NL index 120 versus 2021 and index 94 versus 2019
- NL has grown import and export compared to 2020
- NL has grown import and export compared to 2020 more than other memberstates EU27
- Proximity
- Other countries did less trade with UK and have moved their supply chains within EU27 instead of UK due to Brexit



## MAKING THE BEST OF A DIFFICULT SITUATION

# UK Companies moving to NL

Since the referendum in June 2016, 218 Brexit companies have opted for the Netherlands, of which 78 again made the (partial) move last year.

## British Company Meatless Farm Opens European Production Hub in the Netherlands

Meatless Farm picks the Netherlands for new production hub to serve European customers



## Microsoft Research to Open AI Lab in Amsterdam, Led by Renowned Dutch Scientist

The global tech company's new research lab in the Netherlands will focus on molecular simulation



Professor Max Welling, research chair at University of Amsterdam and head of Microsoft's AI lab in Amsterdam

## The Netherlands: The New Fintech Capital of Europe?

As cities clamor to become the EU's financial hub post-Brexit, Amsterdam is proving an early winner

## UK-Based Company Colorway Sets Up Fulfilment Center in the Netherlands to Reach EU Market

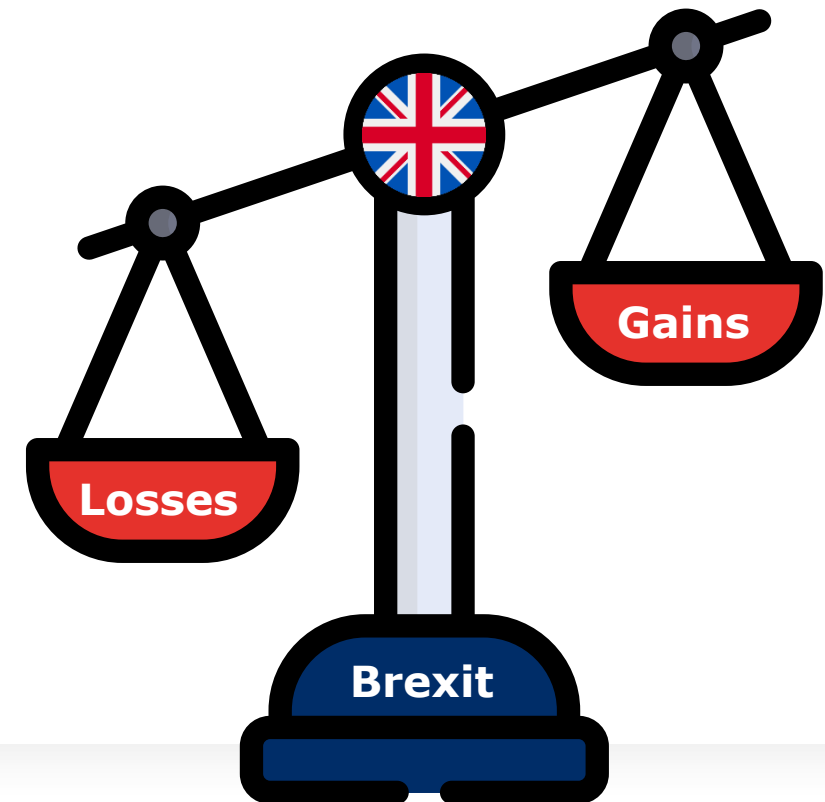
British Print on Demand manufacturer and fulfiller, CW on demand, picks Venlo, the Netherlands, for its fifth location

# Brexit benefits for UK

Losses more than **178 times bigger** than trade deal gains

**Gain: 0.01 to 0.02%** of GDP thanks to new trade deals

**Hit: 4% of GDP** from leaving the EU

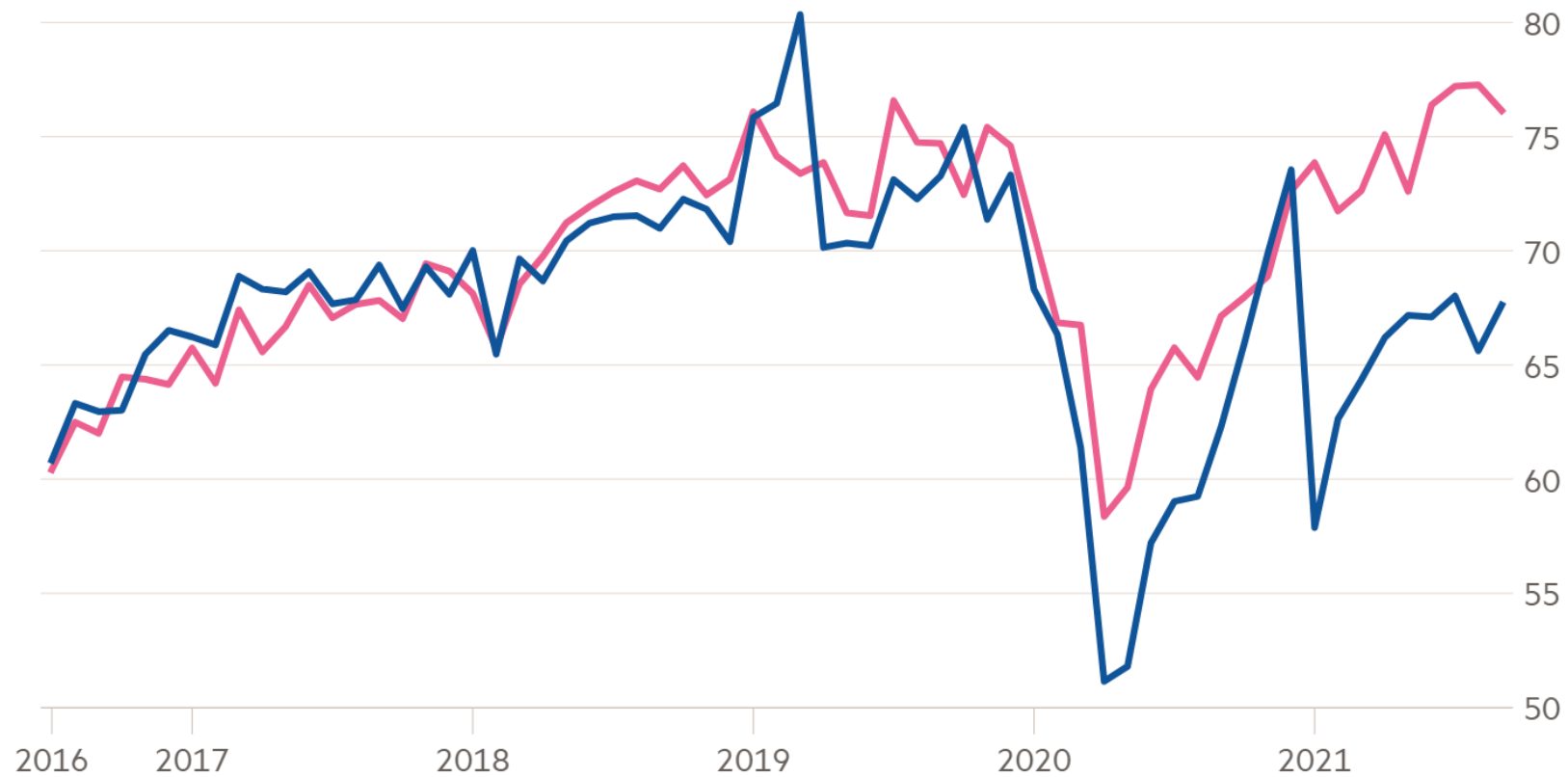


# Brexit in numbers

Where UK trade would be had it not left the EU

Value of imports and exports (£bn)

UK Doppelganger



Source: Centre for European Reform

© FT

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# Issues companies

## Top four negative aspects:

- Additional costs and reduced revenue: **71%** (NL=70% / UK=72%)
- Bureaucracy: **63%** (NL=54%/UK=84%)
- Delayed shipments: **59%** (NL=67% / UK=44%)
- Service sector, negative impact on the cross-border movement of people: **47%** (NL=33% / UK=55%)

## 40% of the businesses have seen a reduction in revenues:

- **10%** expect that they have written off more than **€100,000** (NL=11%/UK=8%)
- **15%** expect that they have written of between **€10,000–100,000** (NL=17%/UK= 12%)
- **9%** expect that they have written off less than **€10,000** (NL=6%/UK=16%)

# Areas for improvement

## In the goods sector these are the top 4 points for improvement:

- Less paperwork, more digitalisation border formalities **(62%)**
- Faster customs procedures in the UK **(60%)**
- Faster entry for perishables **(40%)**
- More customs agents in the UK **(40%)**
- Increased capacity for inspections in the UK **(35%)**

## In the service sector, these are the top 5 points for improvement:

- Less paperwork and more digitalisation **(39%)**
- Simplified rules for business travel **(37%)**
- Recognition of professional qualifications **(34%)**
- Faster customs procedures in the UK **(34%)**
- Simplified rules for migration and visas **(31%)**

# Labour shortage UK

News > Business

## UK job vacancies surge to record high 2.7 million as labour shortage worsens

Employers posted 221,000 job adverts last week, with driving instructors, prison officers and forklift truck drivers seeing the biggest rise in vacancies

Ben Chapman | Friday 12 November 2021 19:42 | 18 comments





# Border controls causing issues for companies

## Strong decline UK exports to the EU27

### Brexit: food and drink exports to EU suffer 'disastrous' decline

First-half sales fall £2bn, says industry body, as barriers are compounded by staff shortages



Blue cheeses are turned at a dairy in Castle Douglas, Scotland. Photograph: Murdo MacLeod/The Guardian

F&D UK hard hit after only BOM Phase 1

# BOM Phase 2 & 3

## Stage 2:

**1 January 2022:** Prenotification & custom controls for all goods

## Stage 3:

**1 July 2022:** All remaining regulated ABP and all meat and meat products

**1 September 2022:** All dairy products

**1 November 2022:** All remaining regulated products of animal origin (incl. composite & fish products)

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# Current issues EU27-UK



- Fisheries
- Northern Ireland Protocol
- Divergence – expected soon



Clement Beaune 

@CBeaune

Officiel du gouvernement - France

#Pêche | J'ai de nouveau échangé avec @DavidGHFrost. Je serai demain à Bruxelles pour poursuivre cette négociation essentielle pour la France et l'UE  

Notre objectif n'a pas changé : faire appliquer l'accord, obtenir nos licences, défendre les intérêts de nos pêcheurs.

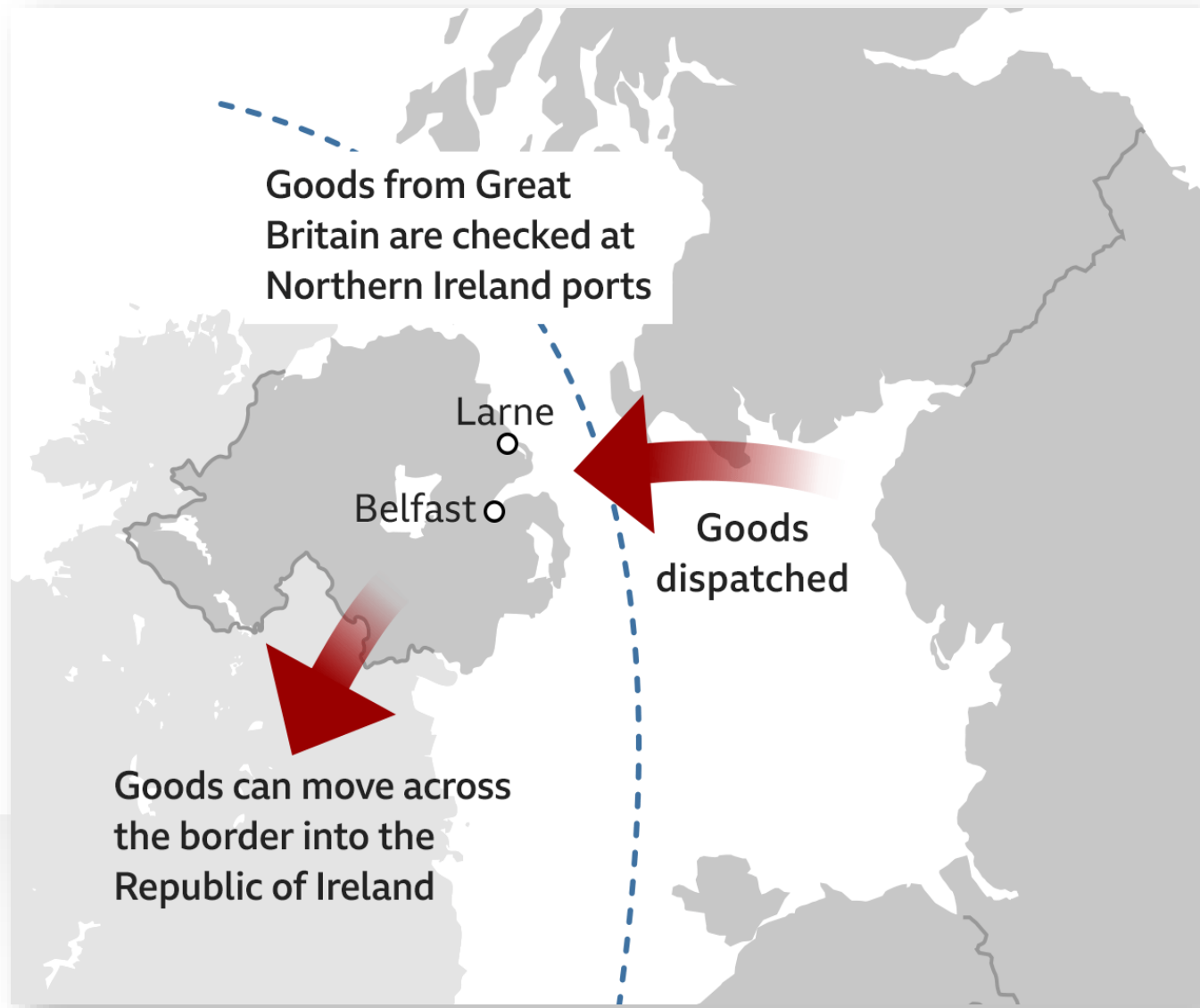
[Translate Tweet](#)

3:40 PM · Nov 21, 2021 · Twitter for iPhone

## France fishing row: Paris 'will not yield' to UK in Brexit disagreement, Macron says

The French president has accused the UK of playing with his country's nerves in the post-Brexit row over fishing licences, which would allow French vessels to fish in British waters.

# Northern Ireland Protocol

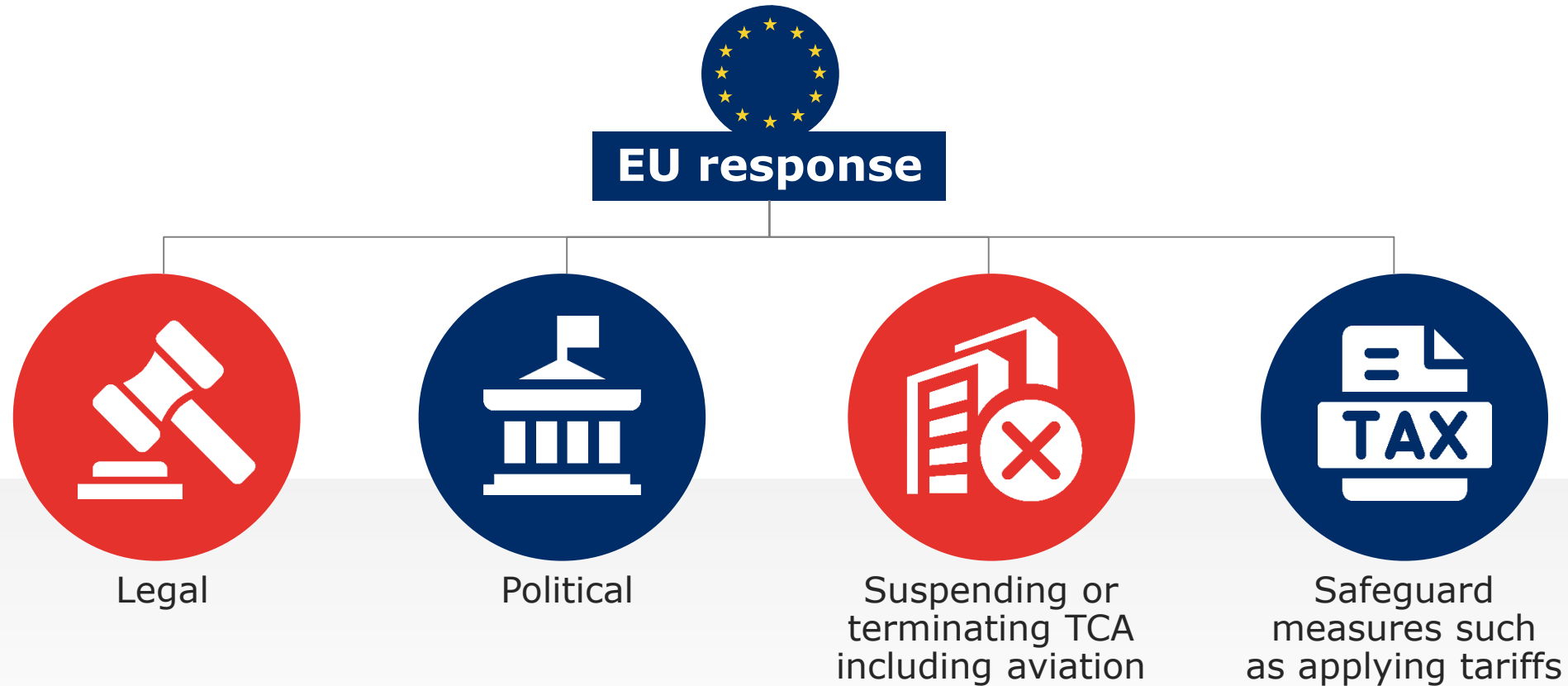


# Triggering Art 16: What could EU response look like

## Invoking art 16 / Possible actions UK:

- Entire suspension
- Targeted suspension aimed at a certain number of goods such as animals/pets

# Triggering Art 16: What could EU response look like





# Position on triggering art 16

EU has always negotiated in sequencing.

If UK creates problems for NI, it will have consequences for TCA.

EU position: de-escalate. But if UK does not stick to agreement, there will be a response.

**Q: What do you see as a suitable reaction from the EU?**

**Q: Do you think that your colleagues in other member states agree with you?**

# Divergence: the next issue?

*"So we need to reform fast, and those reforms are going to involve doing things differently from the EU. If we stick to EU models, but behind our own tariff wall and with a smaller market, we obviously won't succeed.*

***That is why I talk so often about divergence – not for the sake of it, but because it is a national necessity.***

*This project has already begun – though I would be the first to admit there is a lot more to do.*

*We are liberalising the growth areas of the future to open them up to greater innovation – in data reform, gene editing, transport, medical licensing and devices, Artificial Intelligence, and more.*

*We are making changes to the nuts and bolts of many of the core frameworks underpinning the economy to make them less bureaucratic and more dynamic than the EU regimes we have now left – state aid and procurement being prime examples.*

*We are phasing in our new domestic agriculture regime, while our immigration system has been reformed to give us much greater control over who comes into the UK and facilitate the shift to a high-wage, high-skill economy.*

*And we are conducting a systematic review of all the Retained EU Law which we have inherited, laws which never received proper democratic scrutiny before being implemented in the UK, and looking at ways to reform and change it so we can put ourselves on the best possible basis to meet the competition.*

***This is only the beginning."***

*Source: Speech David Frost CPS Think Tank 23 November 2021*

*"If we can't persuade people that freedom is the best way forward, we lose"*



David Frost

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# Key Brexit milestones 2021-2022

2021

**1 January**  
Implementation  
BOM Stage 1

**April**  
Approval  
EP

**June**  
Data Adequacy  
Decision

**After Summer**  
Tension NI & start  
Art. 16 discussion

2022

**1 January**  
Implementation  
BOM Phase 2

**May**  
Election  
NI

**1 July**  
Implementation  
BOM Phase 3

**1 September**  
Dairy

**1 November**  
All Remaining  
Products





# Q&A



**Thank you**

