

EXECUTIVE SUMMARY

This research has been done to investigate the effects of the financial crisis with regard to the Dutch export to the United Kingdom. Desk research has been done to first and foremost determine the main market sectors for Dutch export to the UK. Furthermore, the position of the Euro, the Euro vs. the Pound and the relationship between the Netherlands and the UK has been investigated.

In general the financial crisis has had a great effect on the Dutch export to the UK. All of the main markets investigated show signs of decline. However, there are several opportunities for the majority of the markets as well, depending on the market segments. In general, most markets should recover and should grow again during 2010 and 2011. Furthermore, exporters should be aware of the trends in their markets (segments) nowadays.

Companies who are focussed on the exporting market as well as their home market will be the once that are struck hardest by the financial crisis.

The exchange rate differences between the UK Pound and the Euro are not as much of influence according to companies interviewed. However, as has been indicated in the research the difference in value between the GBP and the EUR are of great difference in 2007 and 2008. The value of the EUR has nearly increased by a third compared to the Pound. Therefore, the products from the Euro zone have become more expensive for the UK. Therefore, it can be said that this increase of value of the Euro has had a substantial effect on the export to the UK.

In general, all companies should be aware of the effects of the financial crisis for their sector. Depending on the sector the financial crisis has either decreased demand in the product, grew more competition (especially price competition i.e. food sector), exchange rate changes as has been explained above or an increase in raw material prices. Since people are afraid of the financial crisis the majority of the companies interviewed have tried to anticipate to the changing environment because of the financial crisis. This has been done mainly by increased sales effort or expansion to different markets or countries. However, since companies have been paying more attention and being more alert to the effects of the crisis, this also creates more competition and therefore the crisis will only affect more companies and the entire population.

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INTRODUCTION

The financial crisis has had, and is still having, a tremendous effect on our societies. The financial crisis is all over the news nowadays. Also because of the media attention all kinds of conclusions are drawn in the public. Therefore, this research has been set up to investigate the impact of the financial crisis. The UK is one of the main partners for the Netherlands for export and import. Therefore, the question arises, ‘what kind of impact has the financial crisis had on the Dutch exporters, exporting to the UK?’ Especially because of the situation in the UK concerning the pound and Euro differences.

The main research of this thesis will focus on the effects of the financial crisis for Dutch exporters to the UK. This research has been done in cooperation with the Netherlands British Chamber of Commerce (NBCC). Therefore the activities of the NBCC will be explained as well as their organisational structure. The NBCC is cooperating with this investigation since they also want to have knowledge of the effects of the financial crisis with regards to the Dutch export to the UK.

The rest of the thesis has been subdivided in several chapters. First the desk research will investigate matters such as the relationship between the Netherlands and the UK, the different types of international organisations, the Euro zone and the Sterling zone, an investigation of the most important market sectors for Dutch exporters to the UK and the effect of the exchange rate differences between the UK and the Netherlands. Next to this research a questionnaire will be held to give a complete overview of the influence and effect of the financial crisis for Dutch exporters to the UK.

These results will all be analysed and finally concluded per market sector. Finally this thesis will include a recommendation for the Netherlands British Chamber of Commerce of how to proceed with the new information about the crisis and its effects.

BACKGROUND INFORMATION NETHERLANDS BRITISH CHAMBER OF COMMERCE

The Netherlands British Chamber of Commerce (NBCC) is a commercial member's organisation. Since 2001 they have operated without government subsidies and are therefore completely independent in their business decisions. The mission of the NBCC can be formulated as follows: to help encourage Dutch – British trade, by organizing trade missions and seminars, offering market research, locating a business partner (i.e. agent or distributor) and furthermore by helping businesses with queries.

Overview of the most common used services provided by the NBCC

Agency/Distributor/Customer searches

NBCC customers looking to identify new clients, distributors or agents are offered detailed partner searches including itinerary preparation with a view to meet prospective partners.

Trade missions

The NBCC organises trade missions to both countries, usually in co-operation with a local chamber of commerce, export association or trade association.

Payroll Services and remuneration advice

The NBCC offers a complete salary administration for your staff in the Netherlands and/or the UK including transfers of NIC's as well as advice on salary levels and HR issues.

Seminars/Business briefings

Seminars are held regularly in both countries on subjects relating to international trade, often organised jointly with local chambers of commerce, trade organisations and/or other members.

Cultural Briefings and Cultural Awareness Training

NBCC offers cross cultural briefings and training on business culture in both countries for companies and individuals.

Company formations

The NBCC can offer you assistance with setting up your BV or Ltd. company or branch operation.

Company Reports

Status reports and register-filed company details on Dutch and British companies can be supplied on request.

Market Surveys, Reports, Directories

The NBCC regularly carries out commissioned research on specific market sectors. Regular publications include specially compiled directories on the British and the Dutch market.

Networking Events

The NBCC regularly organises events where members can meet during a reception, dinner or lunch.

BTW / VAT Registration/reclaim

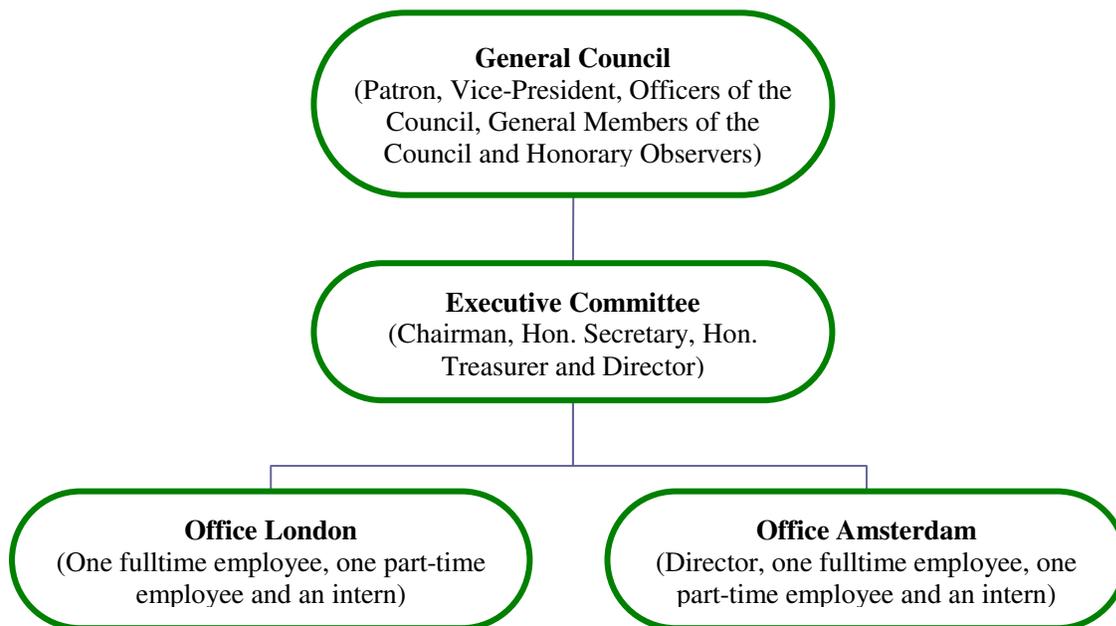
We offer assistance in registering companies for VAT/BTW in the Netherlands and UK and we can make submissions for reclaiming VAT/BTW on your behalf.

The NBCC nowadays has expanded her horizon by not only focussing on the UK and the Netherlands but also has organised some trade missions to specific sectors in the Middle East. The NBCC applies to the EVD, which is part of the Ministry of Economic Affairs in the Netherlands, for subsidies for trade missions, called CPA (Collective Promotional Activities). These trade missions are mainly meant for SME's who are starting or have started exporting to the UK, or in some cases the Middle East.

Furthermore, the NBCC has two offices in the Netherlands and London. That way the NBCC is more in contact with both their primary target markets. The NBCC mostly operates for SME's. However, they do have some large organisations as member. The NBCC itself also experiences difficulties because of the financial crisis. Because of the impact of the financial crisis there have been fewer enterprises interested in trade missions and seminars than in the previous years. Also larger corporations are not as easy to involve in NBCC projects as in previous years.

Organisational Chart

The Netherlands British Chamber of Commerce is a SME (Small-Medium Enterprise) with in total three fulltime employees, two part-time employees and two interns. Furthermore, the executive decisions are made by the Director and the Executive Committee. Furthermore, the General Council watches over the process of strategic changes and has a background role of monitoring and controlling.



BACKGROUND INFORMATION FINANCIAL CRISIS

1. Global Financial Crisis

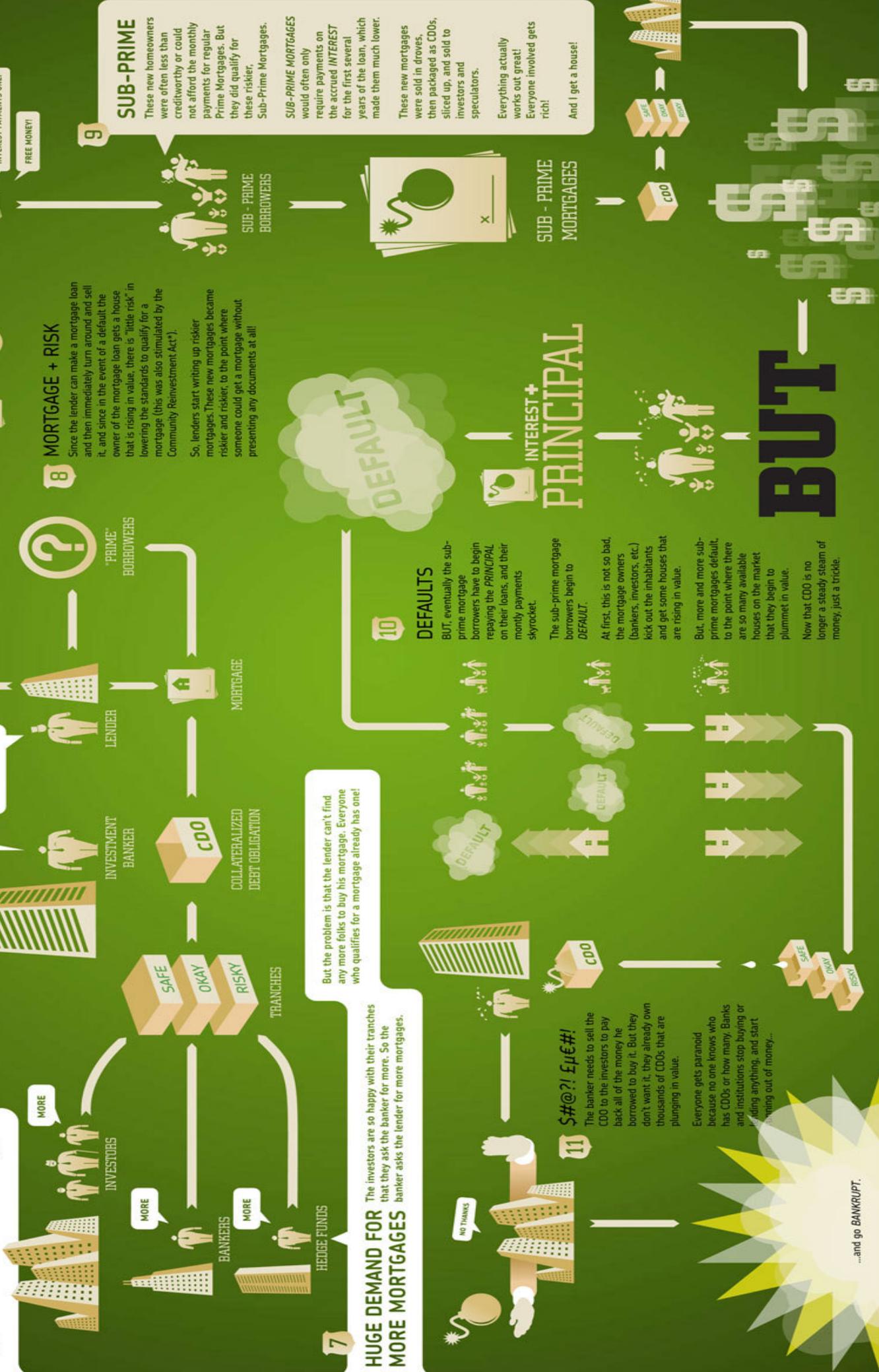
The beginning

According to an investigation of the financial crisis by the University of Pennsylvania, the global financial crisis started in the year 2007. In February 2007 already there were signs in the US that companies were announcing losses linked to the sub prime mortgages. (Guillén, Mauro F. 2009, pg. 2). The main reason mentioned in newspapers and magazines: “A collapse of the US sub-prime mortgage market and the reversal of the housing boom in other industrialized economies have had a ripple effect around the world” (Shah, A. 2009).

Jonathan Jarvis has made a clear visualization of the credit crisis with his ‘Crisis of Credit, Visualized’ video. Simply said, the beginning of the financial crisis comes down to following: There are the home owners, their brokers and the lenders of mortgages. The lender sells the mortgages to the investment bank. This investment bank then sells the mortgages in three pieces namely save, okay and risky. These CDO’s (collateral debt obligations) are sold to several investors. The save mortgages go to the biggest investors, the okay mortgages go to other bankers and hedge funds take the risky ones. In the beginning only prime mortgage owners were given mortgages. This means that they had to give verifications clarifying them as able to pay for their mortgages. However, when this market was fulfilled, the investors and investment bankers wanted more money and mortgages were sold to sub-prime owners. These sub-prime owners did not have to give any kind of verification. Therefore, a large amount of these sub-prime owners cannot pay their mortgages and the investment banker becomes the owner of the house, because he is the owner of the mortgage. The bank gets the house instead of a monthly paid mortgage. Then the bank tries to put the house up for sale. However, since a large number of the sub-prime owners cannot pay their mortgage, most of the mortgages of the investment bank turn into houses. Therefore, the housing market got flooded with the amount of houses available and therefore the housing market, and subsequently the houses themselves, decreases in value. Next, the prime mortgage owners are wondering why they are paying off their mortgage for 300,000 USD, when their house is now only worth 90,000 USD so they leave. The investors and the investment banks need to pay back their loans that they got to finance their bought mortgages, but they cannot obtain money anywhere. Therefore, they go bankrupt. Then the investor has to tell the home owner that his investment is worthless. Subsequently, the financial crisis hits everybody (Jarvis, J. 2009).

Illustrated by Jonathan Jarvis in the following way:

PART 2: FROM PRIME TO SUBPRIME



8 MORTGAGE + RISK

Since the lender can make a mortgage loan and then immediately turn around and sell it, and since in the event of a default the owner of the mortgage loan gets a house that is rising in value, there is "little risk" in lowering the standards to qualify for a mortgage (this was also stimulated by the Community Reinvestment Act!).

So, lenders start writing up riskier mortgages. These new mortgages became riskier and riskier, to the point where someone could get a mortgage without presenting any documents at all!

9 SUB-PRIME

These new homeowners were often less than creditworthy or could not afford the monthly payments for regular Prime Mortgages. But they did qualify for these riskier, Sub-Prime Mortgages.



10 DEFAULTS

BUT, eventually the sub-prime mortgage borrowers have to begin repaying the **PRINCIPAL** on their loans, and their monthly payments skyrocket.

The sub-prime mortgage borrowers begin to **DEFAULT**.

At first, this is not so bad, the mortgage owners (bankers, investors, etc.) kick out the inhabitants and get some houses that are rising in value.

But, more and more sub-prime mortgages default, to the point where there are so many available houses on the market that they begin to plummet in value.

Now that CDO is no longer a steady stream of money, just a trickle.

SUB-PRIME MORTGAGES



INTEREST + PRINCIPAL

BUT

7 HUGE DEMAND FOR MORE MORTGAGES

The investors are so happy with their tranches that they ask the banker for more. So the banker asks the lender for more mortgages.

11 S#@?! Εμ€#!

The banker needs to sell the CDO to the investors to pay back all of the money he borrowed to buy it. But they don't want it, they already own thousands of CDOs that are plunging in value.

Everyone gets paranoid because no one knows who has CDOs or how many. Banks and institutions stop buying or holding anything, and start pulling out of money...

...and go **BANKRUPT.**

The Worldwide effect

After the collapse of the banks in the US the rest of the world swiftly followed. Since several (European) banks were in business with these American investment bankers, they also got the effect of the collapse of these banks in the US. These US banks could not pay back their loans to the European banks, since they went bankrupt and therefore the European banks went bankrupt as well, since they were dependent on the loan to the American banks.

As the banks went bankrupt, thousands of people's investments have become worthless. There are several sad cases known when people had invested saved money for their pension years and that money is now worthless or it cannot be paid back since the banks are bankrupt. Furthermore, since several banks went bankrupt or in the UK and the Netherlands banks got emergency loans or became nationalized, these banks were careful when giving out new loans or extending loans. Therefore, several businesses have then gone bankrupt, because they could not extend a loan or receive a new loan. This subsequently has an effect on the entire society world wide.

2. Financial Crisis United Kingdom

The sectors primarily hit in the UK were, in first instance, the banking industry, insurance agencies and hedge funds. With as results that in the UK several banks and insurance agencies either got financial support from the national governments or were nationalised. I.e. Northern Rock asked for emergency financial support from the Bank of England in September 2007 and in February 2008 Northern Rock got nationalised (Guillén, Mauro F. 2009, pg. 2/3).

Furthermore, the housing industry has fallen dramatically as well: "July 31, 2008: UK house prices show their biggest annual fall since the Nationwide began its housing survey in 1991, a decline of 8.1%. The average home now costs £169,316. That is nearly £15,000 cheaper than in the same month last year" (Guillén, Mauro F. 2009, pg 6).

Approximately three quarters of house purchases are financed with a mortgage loan facility, which is not uncommon globally, neither in the Netherlands. However, the standard mortgage loan is with a flexible interest rate (Office for National Statistics, 2002). This also created problems in the UK, because homeowners were not able to pay their interest rates because of an increase in the interest rates during the financial crisis (Cohen, 2010 Feb. 7) (Cohen, 2010 Mar. 16).

Therefore, the situation in the UK is more connected to the situation in the US where a large population is unable to obtain a house or lost their houses. Furthermore, since the UK Sterling (Pound) is linked to the US Dollar, the currency has decreased in value. This has been a bigger problem for the UK than for the Netherlands, since the Netherlands is part of the Euro zone and their currency is not linked with the US Dollar.

3. Financial Crisis Netherlands

In the Netherlands, the ABN Amro bank has been nationalised the end of September/ beginning of October 2009, including the Fortis Bank that already got nationalised in October 2008 (ABN AMRO, 2009). Thereby have the insurance agency Aegon and the ING Bank received emergency financial support from the Dutch government.

The Dutch housing industry had less of a financial impact of the crisis than in the US or the UK. However, still the prices dropped historically low since 1990 (Financieel Dagblad, 2008, Nov. 13) (Barbara Nieuwenhuijsen. 2008).

Most problems in the Netherlands came because of the banking system. Nowadays banks have become more careful in giving out loans and therefore a lot, of mainly SME's (Small-Medium Enterprises), have gone bankrupt because they could not get their finance together.

Furthermore, at the moment the Netherlands has given loans to the large banks and when that did not help they nationalized the banks. Now the Netherlands actually could not miss that money and the entire country now has a large national debt, the same as all the European countries at the moment. Therefore, the entire country is probably going to face increase in taxes or any other form of disadvantages because of the credit crisis.

4. Conclusion

Overall it can be concluded that the financial crisis has an effect on the entire society worldwide. Some nations will have more troubles than others, but the crisis will be known everywhere. In the Netherlands and the UK there are some slight differences. However, also for them the crisis started in the banking / housing sector. Both nations have major media attention with regards to the crisis and the crisis is well known and felt in both nations.

RELATIONSHIP NETHERLANDS – UNITED KINGDOM

The Netherlands and the United Kingdom have had a long history of trade relations. The close proximity to each other and the fact that both nations have a history in the maritime on water have made them eventually linked in trade.

1. Business / International Trade

The Netherlands and the UK are, as has been stated before, trading partners since the beginning of trade in general. Therefore, the UK is majorly important for the export and import of the Netherlands.

“The Netherlands is the UK’s third largest bilateral trading partner at £38bn in 2007; their third largest export market globally (behind only the US and Germany) and the second largest within the EU. These are remarkable figures for a country with a population less than one third the size of the UK’s. The Netherlands is the third largest foreign investor in the UK valued at over £60bn spread over 4000 companies including major Anglo/Dutch companies such as Royal Dutch Shell, Unilever and Corus” (Foreign and Commonwealth Office, 2009).

The Central Bureau of Statistics of the Netherlands gives an overview of the international trade of the Netherlands, in a historical perspective. This gives a good indication of the importance of the UK for Dutch trade and therefore it gives a good overview of the trade relationship between the UK and the Netherlands.

International Trade of the Netherlands (in ml. EUR)						
Period	1917	1920	1930	1940	1950	1960
Total Import	440	1 518	1 101	464	3 544	7813
Europe Total	261	933	783	313	2 115	5020
UK	87	252	104	25	372	537
% of total import	20%	17%	10%	5%	11%	7%
Total Export	373	781	784	295	2 436	6945
Europe Total	323	560	593	249	1 777	5165

UK	93	149	172	35	358	761
% of total export	25%	19%	22%	12%	15%	11%

(CBS Statline, 2009)

International Trade of the Netherlands (in ml. EUR)						
Period	1970	1980	1990	2000	2003	2008
Total Import	22 055	69 101	104 236	216 057	206 867	335 921
Europe Total	15 624	44 378	76 413	135 570	135 577	213 316
UK	1 277	5 657	8 523	20 653	15 028	21 224
% of total import	6%	8%	8%	10%	7%	6%
Total Export	19 341	66 691	108 536	231 854	234 166	370 480
Europe Total	15 879	55 067	92 739	195 972	196 874	304 986
UK	1 353	5 253	11 053	25 067	23 960	33 586
% of total export	7%	8%	10%	11%	10%	9%

(CBS Statline, 2009)

As can be seen in the tables above, the UK has since the ending of the First World War always been an important market for the Netherlands. Even with the upcoming markets such as China and India the UK is still at a somewhat stable 10% importance of the total export of the Netherlands. The UK has always been more important for the Dutch export and less important for their imports.

From these figures we can conclude that the UK and the Netherlands have been long-lasting trading partners and have a substantial trade relationship. The importance of the other as a trading partner can be seen in the high percentages of the UK for Dutch import and mainly for their export.

Trade promotion

For the businesses to be interested in investing in the UK or the Netherlands these businesses need to be made alert to the possibilities of investing in the UK or the Netherlands. Nowadays there are several government institutions and companies who are trying to promote Dutch-British trade. UK Trade and

Investment (UKTI), Netherlands Foreign Investment Agency (NFIA), Netherlands British Chamber of Commerce (NBCC), Embassies and governments (i.e. EVD via trade missions) are examples of promotional government organisations and businesses, trying to promote Dutch-British trade.

These trade promotional activities also contribute to a higher interest in the other country from the potential exporting or importing company. These trade promotional activities are important to inform companies of the opportunities in the UK or the Netherlands for their import and export. Furthermore, there are several large bi-lateral companies such as i.e. Shell, Unilever and Akzo Nobel. These large bi-lateral organizations can also serve as an example for successful business in the Netherlands and United Kingdom. These companies can also personify the trade relationship between the Netherlands and the UK.

2. Demographics

The Netherlands and the UK are similar in terms of demographics. This also creates a relationship, especially in terms of policy. The UK has approximately 61 million inhabitants, compared to the approximate 16.7 million of the Netherlands (CIA World Factbook, 2010).

Similarities (CIA World Factbook, 2010):

- Both nations are similar in urbanisation as the Netherlands has 82% urbanisation as of 2008 and the UK has 90%.
- Birth rates and migrant rates are also similar in both nations.
- GDP per capita are similar, however the Netherlands has \$ 39,200 and the UK has \$ 35,200.
- Unemployment rates in the UK are higher with 8% compared to 5% in the Netherlands.

There are differences in demographics and economic situation in the UK and the Netherlands. However, i.e. in the Netherlands unemployment has never really been a large issue, however, since the financial crisis the unemployment rates go up. Therefore both nations have to focus with the upcoming elections on the battle against unemployment. Furthermore, immigration is in both nations an important agenda item, since in both nations there are tensions between different ethnic groups. In the UK the Pakistanis and Indians are the largest immigrant groups that clash with some of the British living in the UK. In the Netherlands the Turkish, Surinamese and Moroccans are the larger immigrant groups that clash with some of the Dutch inhabitants. To conclude, on socio-economic terms both nations show similarities and therefore also have similarities with policies.

3. Government Policy

Since both nations have a long history in trade relations both nations also have a history in their government policies. In the paragraph above the similarities between demographics of both nations has also been established. Not only do both nations work together via Embassies and the trade promotional organisations, but also the prime-ministers visit each other once in a while: 'Prime Ministers Tony Blair and Wim Kok agreed to further intensify relations in February 1999' (Foreign and Commonwealth Office, 2009). The fact that both nations wanted to further intensify their contact already signifies that the nations are important for each other. Since then the two nations have been having regular contact, especially in the fields of foreign policy, social policy and EU the two nations have similar policies.

The EU

Both nations are somewhat sceptical towards the EU and are always nations that question the loss of national power and influence. Furthermore, both nations are afraid to give up part of their sovereignty in comparison to other more pro-EU countries (Dinan, D. 2004). Therefore, the UK and the Netherlands are often partners in opinion when it comes down to new EU regulations. Furthermore, both nations are net-paying countries to the EU (the Netherlands since 1992), meaning that both nations pay more contribution than they receive in the form of subsidies or funds. This tends to make nations more careful and more sceptical towards new EU-regulations and decisions. The UK especially has to pay a large contribution for the agricultural programme of the EU. Even more so since the UK has not a large agricultural sector and therefore does not receive anything back. This also means that the UK is more sceptical towards the EU than other nations (Dinan, D. 2004).

4. Conclusion

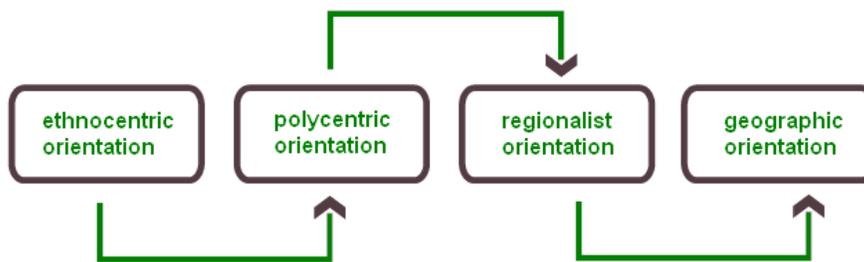
As can be seen in the above paragraphs the trade relationship between the Netherlands and the UK has been long-lasting and both nations are important for each other's business. Both nations are important to one another in terms of import and export. Furthermore on socio-economic terms both nations show similarities and therefore there are similarities with national policies. These similarities also make new potential investors more willing to look across the Canal for new exporting / importing possibilities.

TYPES OF INTERNATIONAL ORGANISATIONS

This chapter will focus on the explanation of several types of international enterprises. Companies can be divided into several groups when it comes down to their international activities. This mainly also depends on the company's size and international 'character'.

Ethnocentric, Polycentric Regionalist and Geocentric

According to marketing specialists Y. Wind, S. Douglas and H. Perlmutter companies can be subdivided (in terms of international activities) in four types of organisations: Ethnocentric, Polycentric, Regionalist and Geocentric (Wind, Y., Douglas S.P., Perlmutter H.V., 1973, pg 1).



(EPG Model, n.d.)

The difference between the different types of organisations is mainly due to differences in the export focus of the company. Based on the above mentioned article the following overview can be made:

Orientation	Home country	Host country	Regional	Global
Ethnocentric	X			
Polycentric		X		
Regionalist			X	
Geographic				X

1. Ethnocentric

Ethnocentric orientated organisations are more focussed on their home market, hence the word 'ethnocentric', meaning in old Greek 'self centred'. In this case their own home market is their centre. The main focus is the home market and the ethnocentric organisation is not dependent on international trade. This does not mean that they do not export, but the export is limited to only several orders clients. The exporting price is based on the price of the product in the home market plus extra costs for

transport. Also the marketing strategy is based on the home country. Furthermore, most of the personnel will be from the home country. Because of the strong dependency of the organisation on the home country and market the export (if any) will mainly be done via exporting agents (Wind, Y., Douglas S.P., Perlmutter H.V., 1973, pg 2).

2. Polycentric

The polycentric orientated organisation is mainly focussed on a combination between home market and export. The company is not solely dependent on either the home market or the exporting markets. In Europe a polycentric organisation will, most likely, first trade with neighbouring countries. In example, as an organisation in a country such as the Netherlands the main choice for new markets is mainly the neighbouring countries such as Belgium (or Benelux area), Germany and the United Kingdom. Polycentric organisations are, because of the greater dependence on export for their turnover, more involved with the exporting markets. Therefore, it is possible the organisation still works with agents (in that case usually exclusive agents working only for that organisation), or with own staff in the other market (Wind, Y., Douglas S.P., Perlmutter H.V., 1973, pg 3).

3. Regionalist and Geographic

Regionalist and global orientated organisations are less caring about country borders than the previous discussed polycentric and ethnocentric organisations. Both types of organisations have no home market or country anymore. However, in the case of the regionalist organisation, since the name also clarifies the region importance, will mainly focus on a certain region such as i.e. Asia, Latin America or (Western / Eastern) Europe. This makes them more reliant on regional characteristics such as language (Latin America), culture, etc. Therefore, the regional organisation usually sees the entire region as its home market. The global organisation generally will distribute the 'best employee for the best job', without country of origin preferences (Wind, Y., Douglas S.P., Perlmutter H.V., 1973, pg 3).

Conclusion

The main indicators to determine whether or not an organisation is ethnocentric, polycentric, regionalist or geographic are: dependence on home market and foreign markets, involvement in foreign markets and marketing perspectives. The importance is whether or not these different types of organisations have reacted differently to the financial crisis.

EURO ZONE VS STERLING ZONE

The European Monetary Union (EMU)

The monetary union has been on the agenda of Europe for quite some time. First however, the international System of Bretton Woods functioned. That system was based on exchange rate stability. All (industrialised) countries were to keep the value of their currency expressed in US Dollars stable. This means that countries had to influence their currency by buying and selling shares of their currency. This system operated from 1944 until it collapsed in 1973. At that time the United States was the most powerful nation with the most stable currency, therefore the USD was used as starting point for the Bretton Woods System (Dinan, D., 2004).

Because of the Vietnam War in the 1960's the USD was no longer the stable currency it had been. The 1960's were the golden ages for the Western Europeans. The European nations became stronger and the USD weaker, therefore the protest increased. In 1970 the first plan was made to create an EMU. The European nations were dependent on international trade, especially with each other. Furthermore, since the system of fixed exchange rates was easy the idea was created that a monetary union would be no problem either. The EMU would be implemented in 1980. However, because of the oil crises in 1973 the international trade was greatly affected. This created great problems since it caused stagflation, a combination of high unemployment and inflation. The problems increased because the nations had different solutions. Germany and the Netherlands, were tackling the problem of inflation and the other nations were trying to solve the problem of high unemployment rates (Dinan, D., 2004).

In 1979 the idea of a European Monetary System was created, a Franco-German initiative. However, because of the Iranian Revolution and later on the Iranian – Iraq war (another oil crisis), the same happened as in 1973. Great economic problems and the European nations all had different solutions. Therefore their inflation figures differed. From the mid-80's the European nations stabilised somewhat again and therefore the discussion of the creation of an EMU started again. In 1988 Jaques Delors created a committee for the EMU in the European Community. Finally the EMU became part of the Maastricht Treaty in 1992 (with opt-outs for the UK, Denmark and Sweden). In 1999 the EMU came into force and in 2001 the Euro was introduced as European currency (Dinan, D., 2004).

During the creation of the new EMU, as part of the Maastricht Treaty, the Maastricht criteria were created for any nation wanting to enter the EMU.

1. Inflation rates cannot be higher than 1.5% over the average of the three best performing nations.
2. The government deficit to gross domestic product (GDP) cannot exceed 3%.
3. The government debt cannot exceed 60% of the GDP.
4. Potential members should stabilise their currency as part of the 'EMS' and keep it that way for at least two years without devaluating their currency.
5. Long term interest rates cannot be more than 2% above the average of the three nations with the lowest inflation rates (European Union, 2006).

1. Reasons UK for not having the Euro

There are several reasons for the UK not to become part of the Euro zone. As can be read in the above introduction of the EMU there were opt-outs for Denmark, Sweden and the UK. Actually, in Denmark and Sweden referenda were held to establish the public opinion for participation of the EMU. These nations were the only two nations that held referenda and in both nations the outcome was negative. The other EMU candidates (i.e. the Netherlands) never asked for the public opinion (Dinan, D., 2004).

Political

The UK however had not only a great anti-EMU public such as all EMU candidates, but also politically they were against the idea of a monetary union. Margaret Thatcher was in the office as prime-minister from 1979 until 1990. This was exactly during the period of long-lasting debates about the EMU. Thatcher's policy was against European unification and integration in general. Strengthened by the economic crisis of the second oil crisis, she stuck to her anti-EMU policy (Dinan, D., 2004).

Economic

Nowadays the HM Treasury declares the following: "The determining factor underpinning any Government decision on membership of the single currency is the national economic interest and whether the economic case for joining is clear and unambiguous, as set out by the five economic tests. In principle, we are in favour of UK membership of EMU, in practice, the economic conditions must be right" (HM Treasury, n.d.).

The UK was not as much dependent on the international trade with other EU members when the EMU was created and actually still has less to do with EU members in comparison to other EU nations, such

as the Netherlands. This independency is mainly because the UK had large trading partners with its Commonwealth and the United States. Therefore, at the time of the initiative of the EMU there was no economic necessity for joining the EMU.

2. Pro's and Con's Euro

Positive

Political

1. Single European Act

The Single European Act (SEA) of 1992 solved some of the issues of the customs union. The non-tariff barriers were taken away and the promotion of liberalisation of capital came with the SEA.

2. New political initiative

The idea of EMU was long established, since the nations sought for a new political initiative to further expand the European integration. The new, and successful, EMU would help European integration.

3. The Common Agricultural Programme (CAP)

The CAP had to deal with currency issues all the time and therefore it was preferred to have one single currency, since that would make the CAP an easier programme for all nations.

4. France and the Bundesbank

The German Bundesbank was the leading player in the EMS in the '80. The creation of an EMU would help balance out the differences. Especially France felt under-acknowledged (Dinan, D., 2004).

Economical

1. Intra-EU trade

The intra-EU trade, of which most nations were dependent upon, would be benefited with only one currency. The national currencies brought extra expenses for (intra-EU) international trade.

2. '80 EMS more stable

In the mid 1980's the European Monetary System started to balance out again. All nations agreed to tackle the issue of inflation and therefore the inflation rates decreased. This made accession to an EMU possible again.

3. External-EU trade

For foreign investors the currencies of Europe were confusing, especially when wanting to invest in multiple European countries. Therefore an EMU would help external-EU trade (Dinan, D., 2004).

Negative

Political

1. Public support & own identity

As was stated above, there was little public support for giving up national currencies. Therefore, national politicians had difficulty explaining the EMU choice to the public.

2. Losing sovereignty

Some nations, including the Netherlands, were not happy with giving up part of their sovereignty. The EMU was again one step closer to, as some politicians stated, forming the United States of Europe.

3. Dependency

Another reason was the dependency on other nations. Political strong nations would have to depend on weaker nations (i.e. corruption issues or civil wars) (Dinan, D., 2004).

Economical

1. Maastricht criteria

Not all Maastricht criteria were used as a control method they way they were intended. As nowadays can be seen with nations such as Greece, Portugal, Spain and Ireland the Euro can be influenced by nations with high debt and/or high government deficit.

2. Speculation

Especially nowadays with the EU and IMF's involvement in the rescue of Greece the speculation on the exchange market is rising. The stability of the Euro is heavily influenced by speculation.

3. Dependency

If one nation is less stable financially than the others this means that the entire stability of the Euro is at stake. The responsibility is shared, but also the risks (Dinan, D., 2004).

3. Conclusion

Especially with nowadays news of the Euro's weakened position because of the financial troubles in Greece (and also Portugal, Spain and Ireland) the UK has every reason not to join the Euro zone. The reasons for the UK not wanting to join the Euro zone are somewhat valid, since their main trade is outside the EU and therefore they would not benefit as much as other EU nations. On the other hand, the trade of the UK with the EU is increasingly important. Furthermore, there are several positive aspects in joining the Euro zone.

INFLUENCE STERLING / EURO EXCHANGE RATES

This chapter will focus on the relationship between the Euro and the Sterling. During the financial crisis the Pound decreased in value in comparison to the Euro. The effect of this decrease will be investigated in this chapter.

Average exchange rates 2007 and 2008 (X-Rates, 2007) (X-rates, 2008):

2007: Euro – 1 GBP		2008: Euro – 1 GBP	
January	1.50687 EUR	January	1.3386 EUR
February	1.49704 EUR	February	1.33148 EUR
March	1.47021 EUR	March	1.28978 EUR
April	1.47111 EUR	April	1.25792 EUR
May	1.46815 EUR	May	1.263 EUR
June	1.48036 EUR	June	1.26366 EUR
July	1.4828 EUR	July	1.26209 EUR
August	1.47588 EUR	August	1.26153 EUR
September	1.45127 EUR	September	1.25261 EUR
October	1.43675 EUR	October	1.27074 EUR
November	1.41079 EUR	November	1.20288 EUR
December	1.38419 EUR	December	1.09921 EUR

As can be seen in the above overview of the average exchange rates the pound has decreased about one third of its original value in two years time. This indicates a large impact on companies wanting to export to the UK. This means that Dutch products have become increasingly more expensive for British retailers, distributors and therefore also for the British public.

The UK government has tried to tackle this problem by changing the Value Added Tax (VAT) from 17.5% to 15% as a measurement to support the economy: ‘The Government’s immediate priority is to continue to support the economy through these difficult times. This Pre-Budget Report announces that the Government will support families and businesses, including by:

- Temporarily reducing the Value Added Tax (VAT) rate to 15 per cent with effect from 1 December 2008 to 31 December 2009; and
- Bringing forward £3 billion of capital spending from 2010-11 to 2008-09 and 2009-10 the years when the impact of the shock is likely to be the strongest' (HM Treasury, 2008, pg.4).

The VAT changed in January 2010 back to the original 17.5% instead of 15% in 2009 (Office for National Statistics, 2010, pg. 13). This has made the trade within the UK easier. However, as a British importer the products bought can still be of a high VAT depending on the contract with the exporter. If the exporter uses his own currency (i.e. Euro's from the Netherlands) then the VAT will still be 19% as is custom in the Netherlands. It did make the living in the UK easier for the people, who therefore had more money to spend.

Conclusion

Looking at the overview of exchange rates in 2007 and 2008 it can be seen that the differences are tremendous. The effects for Dutch export to the UK therefore can also be determined tremendous since the products from the Euro zone have become increasingly more expensive for the British consumer, retailers and for Business to Business (B2B) sales.

MARKET SECTORS

This chapter will focus on determining the main market sectors. Furthermore, the main market sectors will be investigated to determine the importance of these sectors, if this sector is mainly operative intra EU or extra EU and if this sector has experienced decreases or increases during the financial crisis.

1. Determining the main market sectors

According to a questionnaire done by the Atradius and Fenedex the main exporting sectors overall, not only with regards to the export to the UK, were (Atradius & Fenedex, 2009, pag. 8):

- Metal 16%
- Agriculture, horticulture & fishing 11%
- Foodstuffs and tobacco 10%
- Machinery 9%
- Chemicals 8 %
- Electronics 6 %

The EVD states that the most important import products/sectors for the UK from the Netherlands were: Machinery, oil, transportation and electronics (EVD, n.d. 3). The figures as can be seen in the Appendix III, retrieved from the International Trade Centre will be used and categorized in the same order as used by Atradius, Fenedex and the EVD. Then the main sectors of Dutch export to the UK will be determined. The total value of all the products combined was in 2008: \$ 49.490.840 (Appendix III). The value of the export in 2008 will be used as an indicator of the percentage of the total export to the UK and therefore the importance of that sector.

Machinery

Product	Netherlands's exports to United Kingdom		
	Value in 2008, USD thousand	Annual growth in value between 2004-2008, %, p.a.	Share in Netherlands's exports, %
Nuclear reactors, boilers, machinery, etc	6390896	1	8.25
TOTAL	6.390.896	-	-

Market size	\$ 6.390.896 / \$ 49.490.840 = 0.129 = Approx. 13 %
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(See Appendix III for the complete overview)

Foodstuffs (sans Tobacco)

Product	Netherlands's exports to United Kingdom		
	Value in 2008, USD thousand	Annual growth in value between 2004-2008, %, p.a.	Share in Netherlands's exports, %
Meat and edible meat offal	1628226	9	19.23
Edible vegetables and certain roots and tubers	1078706	8	16.27
Vegetable, fruit, nut, etc food preparations	791547	16	18.49
Miscellaneous edible preparations	526341	10	16.16
Meat, fish and seafood food preparations nes	312327	12	23.24
Beverages, spirits and vinegar	459073	20	9.37
Cocoa and cocoa preparations	351344	13	9.28
Dairy products, eggs, honey, edible animal products nes	342504	19	4.38
Edible fruit, nuts, peel of citrus fruit, melons	321062	10	7.79
Cereal, flour, starch, milk preparations and products	245264	11	10.07
Oil seed, oleaginous fruits, grain, seed, fruit, etc, nes	134778	14	5.47
Sugars and sugar confectionery	119009	10	10.88
Coffee, tea, mate and spices	61613	20	11.47
TOTAL	6.371.794	-	-

Market size	\$ 6.371.794 / \$ 49.490.840 = 0.128 = Approx. 13 %
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(See Appendix III for the complete overview)

Electronics

Product	Netherlands's exports to United Kingdom		
	Value in 2008, USD thousand	Annual growth in value between 2004-2008, %, p.a.	Share in Netherlands's exports, %
Electrical, electronic equipment	5289504	14	11.22
TOTAL	5.289.504	-	-
Market size	\$ 5.289.504 / \$ 49.490.840 = 0.106 = Approx. 11 %		

(See Appendix III for the complete overview)

Oil & Gas

Product	Netherlands's exports to United Kingdom		
	Value in 2008, USD thousand	Annual growth in value between 2004-2008, %, p.a.	Share in Netherlands's exports, %
Mineral fuels, oils, distillation products, etc	4628028	41	7.92
TOTAL	4.628.028	-	-
Market size	\$ 4.628.028 / \$ 49.490.840 = 0.093 = Approx. 9 %		

(See Appendix III for the complete overview)

Chemicals

Product	Netherlands's exports to United Kingdom		
	Value in 2008, USD thousand	Annual growth in value between 2004-2008, %, p.a.	Share in Netherlands's exports, %
Organic chemicals	1904145	10	8.9

Miscellaneous chemical products	669632	20	8.33
TOTAL	2.573.777	-	-
\$ 2.573.777 / \$ 49.490.840 = 0.052 = Approx. 5 %			

(See Appendix III for the complete overview)

Metal

Product	Netherlands's exports to United Kingdom		
	Value in 2008, USD thousand	Annual growth in value between 2004-2008, %, p.a.	Share in Netherlands's exports, %
Iron and steel	590881	23	3.94
Articles of iron or steel	558143	21	8.05
Aluminium and articles thereof	326958	16	6.6
Miscellaneous articles of base metal	106687	6	10.46
Ores, slag and ash	102187	13	11.23
Copper and articles thereof	78679	10	4.65
Albuminoids, modified starches, glues, enzymes	66193	-6	5.12
Lead and articles thereof	7555	13	11.85
Zinc and articles thereof	5888	7	0.79
Tin and articles thereof	3295	-19	2.81
Nickel and articles thereof	15181	7	9.24
TOTAL	1.861.647	-	-
Market size	\$ 1.861.647 / \$ 49.490.840 = 0.037 = Approx. 4 %		

(See Appendix III for the complete overview)

According to the overview retrieved from Trade Map (Appendix III) there are several sectors the most important for the Dutch export to the United Kingdom. These figures differ from the main market sectors according to Atradius and Fenedex, as well as the main markets according to the EVD.

Main sectors (as of 2008):

- Machinery 13%
- Foodstuffs 13%
- Electronics 11%
- Oil & gas 9%
- Chemicals 5%
- Metal 4%

The sectors of transportation (without the shipping industry as the EVD also determines the transportation sector) and horticulture have also been investigated. However, both had less market share than the 4% market share of the metal sector. When researching the market sectors later on during the questionnaire research, the six biggest market sectors have been taken into account. This is because the six largest sectors have presumably the most influence in the market of the United Kingdom. Therefore, their experiences with the financial crisis will be most relevant to Dutch export to the UK.

2. Investigation of the main market sectors

Now that the main market sectors have been determined, the next step will be to investigate the six main market sectors according to several sources. The question whether or not the sector is performing well for Dutch export to the UK is the main focus of this investigation.

I. Machinery

The British machinery market is one of the biggest of Europe. Over 290,000 people were working in the machinery industry in 2007. The turnover for the entire sector was 8.3 billion in 2006 and grew with 5.6 and 0.9 percent in, respectively, 2007 and 2008. However, since the machinery market around the globe is declining because of the economic downturn the prospects for the coming years are not as prosperous as before. (EVD, 2009, 1). The UK represents the 3rd largest market for machinery import within the EU. Most of the import machinery is for building, mining and raw material processing (28%). In 2009 there is an increase in food packaging machinery and also for drive mechanisms and transmission systems (EVD, 2009, 1). Most business from within the United Kingdom (exporting from the UK) is of a large quantity of Small and Medium Enterprises (SME's), therefore the market is not as

advanced as other European markets that have large corporations as leaders with the possibility of large Research and Development (R&D) investments. However, this also indicates that the market is relatively easy to penetrate for SME's from abroad i.e. exporters from the Netherlands to the United Kingdom (EVD, 2009, 1).

II. Foodstuffs

The foodstuffs sector is one of the largest markets worldwide. In the UK the food industry consisted of 7,000 companies and more than 500,000 workers in that sector in 2008. In that year all the households combined consumed an estimated 70.8 billion pound of food and drinks. The expenditure of the households has decreased between 2000 and 2007 with approximately 0.8 percent. The main reason has been an intense competition between Tesco and Asda. The four largest food retailers of the UK are Tesco, Sainsbury's, ASDA Group (part of Wal-Mart USA) and Morrisons. Together they represent more than 28 percent of the entire market. These four are also fierce competitors. Mainly, online sales and the presentation of non-foods has become a trend in the UK. Because of the economic crisis other, especially discount food retailers such as Aldi, have increased their market share (EVD, 2009, 2).

Furthermore, in the food industry a 'sustainable, green and healthy' trend can be seen. However, because of the fierce competition, there has been no increase in turnover. On the other hand, between 1995 and 2007 especially the fish and fruit product groups have profited from the 'healthy' debate and marketing with, respectively 13 and 8.8 percent (EVD, 2009, 2). The United Kingdom has a large market concerning the import of foodstuffs. In 2007 a value of 26.6 billion pound has been imported, which is an increase of 6 percent with 2006. The UK exported in 2007 an estimated 11.4 billion pound in value. Therefore the UK is a net importer of food and drinks (EVD, 2009, 2). "Areas such as hi-tech packaging, health and convenience foods are notable strengths. Key growth areas are in value-added products such as non-European recipes, ready meals and health foods." (UK Trade and Investment, 2010, 2).

III. Electronics

According to the UK Trade and Investment, electronics is one of the main markets of the UK. Furthermore, the UK is the home base for several European headquarters of large corporations. "World renowned for its innovation in the areas of engineering, electronics, semiconductor design and optoelectronics, the UK is a centre of technological excellence. The UK offers a market that relishes new and valuable technologies with a research and business infrastructure designed to stimulate and capitalise on innovation. Companies like Sony, Hitachi, Philips and Motorola are just some of the leading international organisations that have set up research and development bases in the country. The

UK's tradition of academic excellence and research drives the development of new technologies." (UK Trade and Investment, n.d., 1).

Some examples of the innovative electronics sector in the UK:

1. "The University of St Andrews, in partnership with The University of Strathclyde and Newcastle University, has designed a new type of air-fuelled battery – called the STAIR (St Andrews Air) cell – which could give up to 10 times the energy storage of designs currently available.
2. Finnish communications giant Nokia – which has an established Research Centre at the University of Cambridge – has been undertaking several collaborative projects with leading UK researchers in the field of flexible and stretchable nano materials, multifunctional surfaces, nano-sensing and computing, energy harvesting and storage.
3. Hitachi – another world-leader in electronics – also has strong links with the UK, establishing The Hitachi Cambridge Laboratory at the University 20 years ago with the aim of creating new concepts of advanced electronic/optoelectronic devices.
4. In 2008/09, Japan contributed 81 new inward investment projects and created 1,405 new jobs, making it the sixth largest inward investment source to the UK. In August 2009, one of Japan's leading electronics firms, Murata, announced major nanotech research collaboration with Professor Paul O'Brien and his research team in the School of Chemistry at The University of Manchester" (UK Trade and Investment, 2010, 1).

IV. Oil

According to the Business Monitor International, interpreted by the EVD, the UK will become the main net importer of the EU, because of a decrease in own production and therefore an increase in import of oil and gas. "Between 2009 and 2019, we are forecasting a decrease in UK oil production of 44.8%, with output slipping steadily from an estimated 1.49mn b/d in 2009 to 0.82mn b/d at the end of the 10-year forecast period. Given oil consumption forecast to increase by just 0.2%, imports rise from an estimated 0.19mn b/d to 0.86mn b/d during the forecast period. Gas production should fall from an estimated 2009 level of 68bcm to 45bcm in 2019. Demand is forecast to rise from an estimated 92bcm to 100bcm, requiring imports reaching 55bcm, largely in the form of pipeline gas, with some LNG" (EVD, 2010, 1). Since 2005 the UK is a net-importer of oil and gas. The UK imported in 2007 a net-import of 18.5 million cubic meters gas and a net-import of 1.8 million ton oil. In 2008 the oil and gas producers invested more than 5.7 billion pound. Part of these investments were needed to compete with other oil and gas producing nations, another part was to lessen the impact on the environment (EVD, 2009, 4).

V. Chemicals

“The UK chemical market covers base chemicals, both organic and inorganic, fertilizers, specialty chemicals and consumer chemicals. It manufactures a diverse range of products. It is one of the UK’s largest manufacturing industries and, on a global scale, ranks seventh in terms of consumption. In 2003, the chemical market size in the UK is estimated at USD40.9 billion” (Report Sure, 2004).

VI. Metal

The UK produced 13.5 million ton steel in 2008, which is a decrease of 5.6 % in comparison to 2007. The UK is the fifth producer of steel within the EU. The first five months of 2009 the production decreased with 42.6 % compared to the same period in 2008. In the second half of 2009 some mild recovery was detected. However, the full recovery is not predicted before 2011 (EVD, 2009, 3). The import of steel in 2008 was 6.8 million ton, of this 1.2 million ton came from Germany, which is still the main importer for the UK. The total demand in the UK for steel was 13 million ton in 2008, of which 6.8 through import and 6.2 from the UK itself. The demand came from the building/ construction sector for 28%, 25% for the machinery industry, 15% for automobile industry 8% for metal goods and 25% for other products (EVD, 2009, 3). The main competitors for the UK are China, India and Poland. The competition will probably increase in the coming years and therefore the market is also expected to decrease (EVD, 2009, 3).

Conclusion

The forecasts for the sectors are remarkably different for each sector. Some of the sectors are expected to at least stabilise in the next couple of years and others have shown a steep forecast for decline. However, overall it can be concluded that the markets are decreasing in activity, because of several reasons i.e. fierce competition, less demand or cost efficiency and therefore decrease. There are still opportunities in most markets, but mainly in segments of the markets, for certain types of products or the decrease will only last a couple more years before the recovery will come. There is no concrete evidence that links the decrease in the markets to the financial crisis. However, since all markets are hit in some way with a decrease, or at least a shift in focus, and also because of the reasons mentioned for the decrease, it can be concluded that the markets are decreasing because of the influence of the financial crisis. However, the markets respond differently (or are expected to respond differently) for one another. This means that there are different ways of dealing with the decrease per market. The entrepreneur needs to be up to date with the development of the own sector.

ANALYSIS QUESTIONNAIRE

The questionnaire has been made to give a complete overview of the sectors that undergo difficulties in their Netherlands – United Kingdom trade, because of the financial crisis. The questionnaire has been subdivided between several sectors as well as several different sized companies to give as complete an overview as possible. The questionnaire has been subdivided in three parts, namely: Company profile, Export and the Expectations. See Appendix I for the complete questionnaire. In total 30 questionnaires were returned (5 per each sector).

1. Company Profile

All companies were Dutch from origin. In general, 70% of the companies interviewed had 25 employees minimum. None of the companies were sole traders. Furthermore, the majority of the participating companies were dependent on exporting for over 60% of their total turnover annually.

2. Export Profile

We can see that the UK is a not really a main exporting market for more than half of the participating companies. Important markets were mainly Germany and upcoming markets such as Eastern Europe and the Middle East. Exactly 90% of the companies focussed their main export within the EU. The most popular ways of selling their products in the UK were the agent or distributor with 46.6% and direct sales with 36.6%. Almost three quarters of the participants declared their business activity with the UK decreased in comparison to 2007/2008. The main reasons for this decline were named the economic situation and a decline in demand.

3. Expectations

Almost all participants with 93.3% thought the financial crisis had a negative effect on the export in general. However, when describing the perspective for their own market only around half declared the financial crisis as a negative influence. More than a third has done nothing to anticipate to the crisis. The companies that did anticipate did that via increased sales effort (40%), expanding their markets (33.3%) and some companies were cutting cost in personnel (10%). Only 30% of the participants indicated that the financial crisis had not made them more cost or quality aware. Furthermore, more than half of the participants thought that the exchange rates of the Euro and GB Pound had a negative effect on their export to the UK. However, more than 75% had no exchange risk insurance. Almost none of the companies had detected a change in the duration of their contracts as an effect of the financial crisis. An overview of all the answers of the participants can be found in Appendix IV.

CONCLUSION PER SECTOR

There were several differences in the analysis of the questionnaire per sector. In combination with the above done desk research this will be compared in this chapter.

1. Machinery

The majority of 80% of the companies were of more than 25 employees. All companies were dependent on export for more than 60% of their turnover. The UK is one of the main markets for the machinery industry, since 60% of the companies indicate that the UK is good for 15-35% of their turnover (on the same level as Germany). All companies are focussed on the EU. Agent / distributors and own sales personnel are the most popular. Of the companies 60% indicate a decline in activity because of decline in demand and the economic situation (both for two-thirds). The crisis is seen as a negative influence for their sector (40%), no effect (40%) and a positive effect (20%). A majority of 60% has done more sales effort for the anticipation of the crisis. All companies are more cost or both more cost and quality aware. The exchange rates are seen as a negative effect for 40% and no effect (60%). None of the companies have exchange risk insurance. No change has been noted in the contracts because of the financial crisis.

The machinery sector has several opportunities in the food packaging and transmission machinery. The majority of the companies are regionalist in approach. Even the smaller companies are exporting for the large part to the entire EU. The machinery is still a profitable market for export there is decline in activity, but also positive (60 vs. 40%). To conclude, the financial crisis has an effect on the machinery sector. However, the effect is less than in other markets.

2. Foodstuffs

There was a large difference between different sizes of businesses and their percentage of turnover dependent on export. The larger companies (of more than 100 employees) were the most relying on export for 60-90% of their turnover. Of their turnover all participants were relying on the UK for less than 35%. The larger companies (>100) all worked with own sales personnel, or exclusive hired agents on their payroll. The smaller companies worked with agents or distributors. None of the companies worked with direct sales. For all the companies in the food industry the business activity with the UK was negative compared to 2007-2008. The main reasons were named economic situation in UK (80%), exchange rates (60%) and decline in demand (40%). All companies named the financial crisis as a negative effect for export to the UK (overall). They have reacted to the financial crisis by expanding

activities and new product lines (both 40%). However, also 40% had done nothing to anticipate to the financial crisis. All companies indicate that the crisis has made them either more quality aware (20%) or both more quality and cost aware (80%). Strange is, 60% indicates that the exchange rates have been a thought reason for the decline in activity, however, 80% of the companies has no exchange risk insurance. The companies have noticed no change in their long or short term contracts.

From this above overview we can conclude that the majority of the foodstuff companies are polycentric or regionalist oriented companies. All companies traded with the EU and 80% had the EU as main export focus. This indicates a regionalist approach. Furthermore, this has an effect on the business with the UK. Almost all activity was done via agents / distributors or via own personnel. To conclude, judging, also on the information from the EVD, the food industry is in decline. It can determine that the financial crisis has had a large effect on the food sector. Especially since the low-cost companies such as Aldi have gained market share in the UK, we can conclude that the consumer is more cost aware. Therefore, the retailer and importer have to become more cost aware. The exporters themselves name the high price of the Euro as a disadvantage for their export, which is very plausible. Their products have become more expensive therefore low-cost companies are on a rise. There are several options for exporters i.e. in the healthy food business and low-cost foods, to change their strategy for their export to the UK.

3. Electronics

The electronics companies were all companies of more than 50 employees. Their dependence on export was also high: 60% was dependent on export for more than 60% of their turnover. However, of their turnover 80% used the UK only for a maximum of 15%. The electronics sector is obviously more used to working with direct sales since 60% used direct sales to distribute their products in the UK. A large majority of 80% had a negative business activity compared to 2007-2008. The main reasons were named the economic situation in the UK (75%) and therefore a decline in demand (50%). All companies see the financial crisis as negative for all export. However, only 60% sees the crisis negative for their sector. Anticipation on the crisis has been done by 60% of the companies, mainly via expanding activities to different markets (40%), more sales effort and cutting cost in personnel (both 20%). A majority of 60% has become more cost or both more cost and quality aware because of the crisis. The exchange rates were for the majority of 60% seen by this sector as no effect. Only 20% sees the exchange rates as a negative effect. Furthermore, 80% has no exchange risk insurance. And all companies have noticed no change in their long or short term contacts.

We can see that a majority of the companies of the electronics sector is regionalist. This is mainly because they are all large organisations and because 80% focuses on the EU as export focus. Strangely enough 60% works with direct sales and not with an agent. Most companies work with long term contracts (80%) and therefore it would be easier to have direct sales. The companies interviewed also indicated that they work on order basis. To conclude, the exchange rates have had little to no effect according to the companies. We can also conclude that the large corporations with headquarters in the UK mainly work with other large corporations. The electronics business seems a market for mainly bigger players and with little space for SME's. What has been the effect of the financial crisis for the electronics market? The companies interviewed also indicated that their activity with the UK declined, not only because of the decline in demand, but also because some projects or orders have been postponed to next year. A majority of the companies indicated an expected increase in activity for 2011. Therefore we can conclude that the crisis has had a big effect for the electronics market, as the companies indicated, however with a change of recovery in the coming years.

4. Oil and Gas

The majority of these companies, 60%, were of 25-50 employees. Furthermore, 40% was dependent on export for a max of 35%, and another 40% dependent on export for 60-90% of their turnover. The UK was good for 5-35% of the company's turnover. The majority was focussed on the EU (60%) and the other 40% was focussed outside the EU (mainly the Middle East). Almost all companies worked on project / order basis and therefore direct sales is the main way of distribution for these companies. The majority of 80% determines a negative activity compared to 2007-2008, mainly because of the economic situation or increased competition (50 and 25%). The financial crisis is seen as negative in general and for their own market. All companies have made some effort to anticipate to the financial crisis via more sales effort or expanding to different markets (both 80%). A majority of 60% is more cost and both cost and quality aware since the crisis. The exchange rate is seen as no effect by all. However, 60% has exchange risk insurance. Again, no change has been noticed in their contracts.

According to the research done above, the UK would become a net-importer of gas and oil and therefore the imports should increase. However, this means that the supporting markets of the oil and gas industry of the UK at the moment are decreasing. This is what shows with regards to the questionnaires too as 80% say to have negative activity compared to 2007-2008. It can be concluded that the financial crisis has had a large effect on the oil and gas market. Half of the participants indicated that the economic situation of the UK was a reason for a decline in activity. The oil and gas

companies mainly work on order/ project basis and therefore they indicate that their clients try to postpone their activities. They say that they expect and increase the coming year(s).

5. Chemicals

The companies' sizes varied for this sector. Furthermore, 80% of the companies were dependent on export for 35-90% of their turnover. Therefore, export seems important for this market. The UK is clearly not the main exporting market. Of their turnover only 15% maximum was for export to the UK. Especially Germany is a large export partner for this market. We can also see that these companies trade more outside the EU as well (40%) and 60% solely within the EU. Agent and distributors are most popular in this sector with 80%. The business activity with the UK actually was for 60% positive compared to 2007-2008, in comparison to other sectors. Main reasons for positive activity were named new export markets, improved/extended product lines (both for two-thirds), and a third had more orders and more sales effort. The companies that had a decline in activity name increase of raw material prices as the main reason (100%). The crisis was seen for their own sector by only 40% as a negative influence, the same 40% that had negative activity with the UK. A majority of 60% has done nothing in anticipation of the financial crisis. And subsequently 60% has not become more cost or quality aware. The exchange rate is seen by 60% as a negative effect, though none of the companies had exchange risk insurance. The majority of 80% has noticed no change in the short or long term contracts since the financial crisis.

The chemical market is a market where the financial crisis has not had such a large effect as in other markets. The smaller companies were more polycentric in approach, also because they were mainly dependent on countries such as Germany, France, Belgium and the UK for exporting. The larger the cooperation the more they were also dependent on other countries. However, the majority of the larger organisations are regionalist in orientation. However, some were global in approach, since they did not only focus on the EU but also outside the EU. These were all the larger companies. There is little known of the chemical market of the UK. However, the effect of the financial crisis with regards to the chemical market does not seem to be a large effect. This is also supported by 60% of the companies that indicated that their activity with the UK increased compared to 2007-2008. These were the larger companies. On the other hand the smaller companies indicated that their activity was negative and because of the increase of raw material. Apparently the larger organisations were better in handling the higher prices compared to smaller organisations.

6. Metal

Also for the metal sector the companies' sizes varied. A majority of 60% had more than 25 employees, but none had more than 100 employees. The influence of export also varied between 15-35% for 40% of the companies, 60-90% for another 40% of the companies and 20% of the companies was dependent on export for 35-60% of their turnover. Of their turnover the UK was mainly good for a maximum of 15%. The metal sector however was more divided with regards to their export focus, 40% EU, 20% not EU and 40% both. The use of agents or direct sales was preferred (both 40%). The majority (80%) declared their activity negative compared to 2007-2008. Main reasons were the increase of raw material prices (75%), increased competition (50%) and decline in demand (50%). The financial crisis was seen as either a negative (40%) or no effect (60%) for the metal industry. A majority of 60% was more cost or more cost and quality aware since the crisis. Exchange rates were seen as no effect for 60%. These 60% also had no exchange risk insurance. The other 40% thought the exchange rates to be a negative effect and therefore also had exchange risk insurance for several years (before the crisis). The contracts did not change because of the financial crisis for the majority.

According to research above the competition is expected to rise the coming years. This is supported by the companies' interviews, since 50% indicated that increased competition had contributed to their negative activity with the UK. The companies are mainly polycentric or regionalist in approach. Some companies are trying to become global in approach, but the majority of the larger companies is still regionalist. The effect of the financial crisis can be seen in terms of increased competition and a decline in demand. The decline in demand has also been linked with an increase in price because of the exchange rates. The larger organisations had little trouble with these increases. However, smaller organisations see the exchange rates as big problems for their business. The financial crisis has had a major effect on the metal industry market. However, it depends on the size of the company how much the effect is.

Conclusion

The effects of the financial crisis can be described mainly as decline in demand, exchange rate problems and increased competition. We can see, however, that the larger an organisation is, the more likely is it regionalist or global in exporting orientation. It can be concluded that the effects are to be handled differently per sector, and per company size.

CONCLUSION & RECOMMENDATION

1. Conclusions of the research

What are the effects of the financial crisis for Dutch export to the UK?

The main effects are decline in demand and increased competition. However, since the exchange rate differences these two effects can also be mentioned as a result of the exchange rate changes. The exchange rate differences between the Euro and the Pound are not mentioned by the majority of the interviewed companies as a difficulty. However, since it has been determined that the Euro has increased around 50% in value in two years time, it should have serious effects for Dutch export to the UK. A decline in demand can also correlate with the exchange differences. As the Euro zone product gets more expensive the demand declines. This also works the same for the increased competition, if the Euro zone products get more expensive, the competition for i.e. low prices (i.e. food sector) increases.

Overall there are not great surprises in the answers from the exporters to the UK. However, there was a large difference between different the different sectors. Some sectors had more opportunities than others and are therefore less affected by the financial crisis. However, in general the effects were visible for almost all companies.

The value of this research is the specific investigation of the Netherlands and the UK. No other research has focussed solemnly on the differences between these two nations. In general this research can be used for Dutch exporters willing to export or already present in the UK. The historic context has been taken into account this research, which can contribute to an overall orientation of the UK market for Dutch exporters. Furthermore, UK importers can use this research to get more understanding of the Dutch exporters and also of the UK's image in the Netherlands.

2. Ethnocentric, Polycentric, Regionalist or Global Orientation

The few ethnocentric companies interviewed have had the least effect of international trade. The ethnocentric companies have had a focus on their own home market. Therefore, they also invested less effort and did not invest as much as other orientated companies. The polycentric companies have been mainly focussed on their own markets. Together with the regionalist companies they have invested the most with regards to sales effort and expansion to other markets. The global orientated companies have had mainly had the least problems of the financial crisis. Most of them have been dependent on many

markets and therefore their risk has also been spread. They have felt the least amount of effect of the financial crisis.

Therefore the global and regionalist companies are best equipped to deal with the effects of the financial crisis. The polycentric companies are the worst equipped to deal with the effects of the financial crisis for their international trade. This is because they have a combined turnover from export and their home market. Furthermore, in general polycentric companies are not large and have not a large backup to take on such financial effects. They are basically still expanding their activities and therefore invested money, time and effort. This is also what makes them more vulnerable for the effects of the financial crisis, especially with regards to the international trade.

3. Recommendation

For trade promotional organisations, such as the NBCC, it would be best to focus momentarily on the recovery of the polycentric companies as well as the evolution of the ethnocentric company with exporting ambitions. The regionalist and global orientated companies have also a longer history of exporting and are therefore more experienced and need less assistance. SME's are the main target group for trade promotional organisations and that should still be their main focus.

In general, it might be advisable to explain the effects of exchange rate changes with several companies. This is mainly because a majority of the companies did not see the exchange rates as a problem when actually it should have been considered that way. There would be an opportunity of business for trade promotional companies such as the NBCC.

Furthermore, this research cannot give complete exclusive answers with regards to the financial crisis, since the financial crisis is still evolving at the moment. Therefore, the indications of a recovery of certain markets cannot be predicted with 100% security. In general, the financial crisis has had a great effect. The effects differ per sector however the main effects were a decline in demand, increase of competition and a change in exchange rates. The exchange rates can also be the basis of the problem. Even though the exchange rate changes are not interlinked with the financial crisis, the effects are strengthening the effects of the other. Therefore, because of the financial crisis and the exchange rate changes the demand declines and fierce competition rises.

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APPENDICES

Appendix I: Questionnaire

Appendix II: Eurostat Statistics EU trade

Appendix III: Bilateral Trade NL & UK in 2008

Appendix IV: Overall questionnaire results

Appendix I: Questionnaire

Questionnaire Dutch Export to the UK

Effects of the financial crisis on Dutch - UK trade

Dear Sir, Madam, This questionnaire is intended to investigate the effects of the financial crisis on Dutch export to the UK. The questionnaire has been made in cooperation with the University of Applied Sciences of The Hague (Haagse Hogeschool) and the Netherlands British Chamber of Commerce (NBCC). All information of the questionnaire will be confidential and therefore your company name will not be mentioned in any report. The analysis and overall results of the questionnaire can be distributed if needed.

For questions concerning the questionnaire please contact Daphne van Doorn at the NBCC via +31 (0)20 421 7040. The questionnaire will take max. 5 -10 minutes of your time. Thank you for your participation.

1) What is your company name?

2) What is the country of origin of your company?

Netherlands

Other

3) What is your company's sector?

Machinery

Chemicals

Oil / Gas

Metal

Electronics

Foodstuffs

Other

4) What is your product?

5) What is your company's size?

Sole Trader

2 – 10 employees

10 – 25 employees

25 – 50

50 – 100

> 100

6) What percentage of your company turnover is from exporting in general?

0-5%

5-15%

15-35%

35-60%

60-90%

>90%

7) What is your main export market and the percentages of company turnover?

	Less than 1%	1-5%	5-15%	15-35%	35-60%	60-90%	More than 90%
Germany	<input type="checkbox"/>						
France	<input type="checkbox"/>						
United Kingdom	<input type="checkbox"/>						
Belgium	<input type="checkbox"/>						

Other	<input type="checkbox"/>						
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8) What is your main export focus?

- Inside European Union (incl. Switzerland, Norway).
- Outside European Union
- Both

9) What is your main export product?

- Own products
- Trade
- Re-exporting
- Other

10) How do you distribute your products to the UK?

- Agent / Distributer
- Direct sales (from NL to UK)
- Own sales office / personnel
- Other

11) Is your business activity with the UK positive or negative compared to 2007-2008?

- Positive (continue with questions 12 & 13)
- Negative (continue with questions 14 & 15)

12) What are the reasons for positive business activity to the UK? (multiple answers possible)

- More orders clients / customers
- Extension to new export markets
- More sales effort: more sales / agents / marketing

- Improved products / extended product line
- Economic situation in export market
- Higher sales price
- Exchange rate changes
- Other

13) What is the percentage of increase in turnover because of export to the UK?

- < 1%
- 1 – 2.5 %
- 2.5 – 5 %
- 5 – 15 %
- 15 – 35 %
- 35 -60 %
- 60 – 90%
- > 90%

14) What are the reasons for negative business activity to the UK? (multiple answers possible)

- Economic situation in export country
- Decline in demand in export market
- Exchange rate changes
- Increased competition
- Less sales because of increase raw material prices
- Less sales effort: less sales / agents / marketing
- Other

15) What is the percentage of decrease in turnover because of export to the UK?

- < 1%
- 1 – 2.5 %
- 2.5 – 5 %
- 5 – 15 %
- 15 – 35 %
- 35 -60 %
- 60 – 90%
- > 90%

16) What do you think is the effect of the financial crisis on export from the Netherlands to the UK overall (not only your sector)?

- Negative
- Positive
- No effect
- Don't know

17) What do you think is the effect of the financial crisis on export from the Netherlands to the UK only for your own sector?

- Positive
- Negative
- No effect
- Don't know

18) What have you done to prepare for the financial crisis? (multiple answers possible)

- Nothing
- More sales / marketing effort

- Expanding activities to different markets/countries
- New product lines
- Cutting costs in personnel
- Cutting costs in equipment
- Other

19) Are you more cost or quality aware since the financial crisis?

- Yes, more cost aware
- Yes, more quality aware
- Yes, both
- No

20) Do you think that the exchange rate difference (Euro vs. Sterling) has had an effect on Dutch export to the UK?

- Yes, positive effect
- Yes, negative effect
- No, no effect
- Don't know

21) Do you have exchange risk insurance?

- Yes, for several years
- Yes, before the start of the financial crisis as preparation
- Yes, after the start of the financial crisis
- No

22) Is your business with the UK mainly on short or long term contract basis?

- Short term

- Long term
- Mixed
- Don't know

23) Has this changed since the financial crisis?

- Yes, now more on short-term basis
- Yes, now more on long-term basis
- No, no change
- Don't know

24) Do you want to receive the results of this research when it is completed?

- Yes
- No

25) If yes, please fill in your e-mail address

26) This questionnaire has been offered to you in cooperation with the Netherlands British Chamber of Commerce. Would you be interested in more information concerning your activities in the UK via the NBCC?

- Yes
- No

27) If yes, please fill in your e-mail address

Appendix II: Eurostat Statistics



PRODUCT BREAKDOWN OF EXTERNAL TRADE OF THE EUROPEAN UNION, THE UNITED STATES, JAPAN AND CHINA

1C

SITC Rev.4	2004		2005		2006		2007		2008	
	Value	%	Value	%	Value	%	Value	%	Value	%
EXPORTS										
EU27⁽¹⁾										
0-9 TOTAL	953.0	100.0	1,052.7	100.0	1,159.3	100.0	1,240.9	100.0	1,309.1	100.0
0+1 Food,drinks and tobacco	48.6	5.1	52.0	4.9	58.0	5.0	62.0	5.0	68.4	5.2
2+4 Raw materials	21.0	2.2	23.8	2.3	26.6	2.5	30.3	2.4	32.4	2.5
3 Energy products	32.9	3.4	45.9	4.4	58.7	5.1	63.4	5.1	80.6	6.2
5 Chemicals	152.6	16.0	164.9	15.6	184.6	15.9	197.7	15.9	201.8	15.4
7 Machinery and transport equipment	430.1	45.1	470.3	44.7	504.1	43.5	543.1	43.8	569.5	43.5
6+8 Other manufactured goods	246.2	25.8	265.8	25.2	293.6	25.3	309.8	25.0	316.5	24.2
United States										
0-9 TOTAL	639.0	100.0	709.1	100.0	804.8	100.0	829.3	100.0	866.6	100.0
0+1 Food,drinks and tobacco	40.4	6.3	42.4	6.0	47.3	5.9	53.7	6.5	62.1	7.2
2+4 Raw materials	31.4	4.9	34.6	4.9	41.6	5.2	47.6	5.7	55.1	6.4
3 Energy products	15.2	2.4	21.2	3.0	27.8	3.4	30.6	3.7	52.0	6.0
5 Chemicals	90.7	14.2	96.4	13.6	107.8	13.4	112.7	13.6	121.8	14.0
7 Machinery and transport equipment	316.2	49.5	348.6	49.2	393.8	48.9	391.4	47.2	378.5	43.7
6+8 Other manufactured goods	140.3	22.0	155.1	21.9	174.8	21.7	174.8	21.1	176.1	20.3
Japan										
0-9 TOTAL	421.1	100.0	443.0	100.0	478.3	100.0	488.6	100.0	500.6	100.0
0+1 Food,drinks and tobacco	2.1	0.5	2.3	0.5	2.4	0.5	2.6	0.5	2.6	0.5
2+4 Raw materials	4.8	1.1	5.5	1.2	6.3	1.3	6.6	1.3	7.0	1.4
3 Energy products	1.8	0.4	3.6	0.8	4.7	1.0	6.8	1.4	12.8	2.6
5 Chemicals	38.6	9.2	42.3	9.6	46.1	9.6	47.6	9.7	47.0	9.4
7 Machinery and transport equipment	298.5	70.9	306.5	69.2	328.1	68.6	329.7	67.5	329.3	65.8
6+8 Other manufactured goods	89.1	21.2	95.8	21.6	101.0	21.1	99.4	20.3	103.9	20.8
China										
0-9 TOTAL	466.1	100.0	599.5	100.0	752.8	100.0	872.0	100.0	979.3	100.0
0+1 Food,drinks and tobacco	16.1	3.5	19.0	3.2	21.4	2.8	23.5	2.7	23.3	2.4
2+4 Raw materials	4.8	1.0	6.2	1.0	6.6	0.9	6.9	0.8	8.1	0.8
3 Energy products	11.6	2.5	14.2	2.4	14.2	1.9	14.6	1.7	21.4	2.2
5 Chemicals	21.2	4.5	28.8	4.8	35.5	4.7	44.0	5.0	53.9	5.5
7 Machinery and transport equipment	215.7	46.3	283.1	47.2	363.4	48.3	421.0	48.3	457.9	46.8
6+8 Other manufactured goods	206.6	44.3	259.9	43.4	326.8	43.7	377.0	43.2	405.5	41.4

(1) Excluding intra EU trade

Source : UN (Comtrade), IMF (total only), EUROSTAT-COMEXT (EU)



1C PRODUCT BREAKDOWN OF EXTERNAL TRADE OF THE EUROPEAN UNION, THE UNITED STATES, JAPAN AND CHINA

SITC Rev.4	2004		2005		2006		2007		2008	
	Value	%								
IMPORTS										
EU27⁽¹⁾										
0-9 TOTAL	1,027.5	100.0	1,179.6	100.0	1,351.7	100.0	1,433.5	100.0	1,558.4	100.0
0+1 Food,drinks and tobacco	58.9	5.7	63.0	5.3	67.9	5.0	75.6	5.3	80.6	5.2
2+4 Raw materials	48.5	4.7	52.7	4.5	63.2	4.7	70.5	4.9	75.6	4.8
3 Energy products	183.5	17.9	272.6	23.1	339.6	25.1	335.0	23.4	450.1	28.9
5 Chemicals	88.6	8.6	96.4	8.2	109.0	8.1	120.6	8.4	123.8	7.9
7 Machinery and transport equipment	354.6	34.5	378.7	32.1	402.6	29.8	418.3	29.2	414.9	26.6
6+8 Other manufactured goods	262.5	25.5	290.3	24.6	340.9	25.2	381.9	26.6	374.4	24.0
United States										
0-9 TOTAL	1,197.3	100.0	1,363.3	100.0	1,491.6	100.0	1,443.4	100.0	1,446.9	100.0
0+1 Food,drinks and tobacco	51.4	4.3	56.2	4.1	61.2	4.1	60.8	4.2	60.2	4.2
2+4 Raw materials	24.9	2.1	27.1	2.0	28.6	1.9	26.5	1.8	27.6	1.9
3 Energy products	174.0	14.5	239.6	17.6	274.8	18.4	271.6	18.8	341.2	23.6
5 Chemicals	93.3	7.8	106.1	7.8	116.7	7.8	116.3	8.0	123.2	8.5
7 Machinery and transport equipment	489.7	40.9	533.3	39.1	576.8	38.7	549.8	38.1	500.5	34.6
6+8 Other manufactured goods	349.1	29.2	382.2	28.0	418.7	28.1	398.7	27.6	371.2	25.6
Japan										
0-9 TOTAL	352.2	100.0	399.6	100.0	443.2	100.0	439.5	100.0	503.1	100.0
0+1 Food,drinks and tobacco	39.4	11.2	40.4	10.1	39.0	8.8	37.5	8.5	40.8	8.1
2+4 Raw materials	24.5	6.9	27.2	6.8	34.1	7.7	36.9	8.4	38.4	7.6
3 Energy products	80.0	22.7	107.0	26.8	128.8	29.0	126.1	28.7	182.1	36.2
5 Chemicals	27.6	7.8	30.4	7.6	32.5	7.3	33.3	7.6	37.2	7.4
7 Machinery and transport equipment	100.0	28.4	106.4	26.6	113.1	25.5	109.9	25.0	108.0	21.5
6+8 Other manufactured goods	88.0	25.0	95.8	24.0	105.9	23.9	102.2	23.3	103.1	20.5
China										
0-9 TOTAL	399.3	100.0	470.7	100.0	559.2	100.0	624.3	100.0	746.8	100.0
0+1 Food,drinks and tobacco	7.8	2.0	8.2	1.7	8.8	1.6	9.4	1.5	10.9	1.4
2+4 Raw materials	47.9	12.0	59.2	12.6	69.4	12.4	91.4	14.6	120.1	16.1
3 Energy products	38.6	9.7	51.4	10.9	70.9	12.7	76.6	12.3	114.8	15.4
5 Chemicals	52.6	13.2	62.5	13.3	69.3	12.4	78.5	12.6	81.0	10.8
7 Machinery and transport equipment	203.3	50.9	233.5	49.6	284.3	50.8	301.0	48.2	300.4	40.2
6+8 Other manufactured goods	99.8	25.0	114.2	24.2	126.0	22.5	138.9	22.2	139.2	18.6

(1) Excluding intra EU trade

Source : UN (Comtrade), IMF (total only), EUROSTAT-COMEXT (EU)

Appendix III: Bilateral Trade NL & UK in 2008**Bilateral trade between Netherlands and United Kingdom in 2008**

Product: TOTAL: All products

Sources: ITC calculations based on COMTRADE statistics.

Netherlands's exports have been reported by Netherlands

United Kingdom's imports have been reported by United Kingdom

Index product grouping, used in determining the main market sectors of Dutch export to the UK:

Product group	Colour
Machinery	Yellow
Electronics	Purple
Oil	Grey
Chemicals	Green
Foodstuffs	Red
Metal	Cyan

Product Code	Product Label	Netherlands's exports to United Kingdom				United Kingdom's imports from world			Netherlands's exports to world		
		Value in 2008, USD thousand	Annual growth in value between 2004-2008, % p.a.	Share in Netherlands's exports, %	Equivalent ad valorem tariff applied by United Kingdom to Netherlands	Value in 2008, USD thousand	Annual growth in value between 2004-2008, % p.a.	Share in world imports, %	Value in 2008, USD thousand	Annual growth in value between 2004-2008, % p.a.	Share in world exports, %
'TOTAL	All products	49,490,840	12	9.07		631,803,800	8	3.89	545,853,400	15	3.42
'84	Nuclear reactors, boilers, machinery, etc	6,390,896	1	8.25	0	81,172,380	6	4.13	77,498,100	14	3.93
'99	Commodities not elsewhere specified	5,361,528	528	6.11		29,737,400	33	5.81	87,788,930	34	15.64
'85	Electrical, electronic equipment	5,289,504	14	11.22	0	58,896,160	3	2.95	47,150,570	11	2.51
'27	Mineral fuels, oils, distillation products, etc	4,628,028	41	7.92	0	81,782,380	26	2.86	58,443,160	18	2.1

'29	Organic chemicals	1,904,145	10	8.9	0	15,625,250	6	3.99	21,385,150	13	5.94
'39	Plastics and articles thereof	1,827,186	6	8.4	0	17,404,360	7	3.59	21,754,900	10	4.56
'02	Meat and edible meat offal	1,628,226	9	19.23	0	6,086,378	6	6.51	8,469,224	13	8.67
'87	Vehicles other than railway, tramway	1,361,084	-5	7.22	0	64,351,580	4	5.26	18,856,620	13	1.53
'06	Live trees, plants, bulbs, roots, cut flowers etc	1,246,970	9	13.71	0	1,736,044	4	9.78	9,097,355	9	49.05
'30	Pharmaceutical products	1,233,762	20	12.59	0	19,799,870	8	5.05	9,800,693	4	2.56
'90	Optical, photo, technical, medical, etc apparatus	1,171,384	-3	6.64	0	16,381,230	3	3.67	17,651,100	-1	4.03
'07	Edible vegetables and certain roots and	1,078,706	8	16.27	0	4,386,202	9	8.66	6,630,047	13	13.53

'20	tubers Vegetable, fruit, nut, etc food preparations	791,547	16	18.49	0	3,358,933	12	6.87	4,280,411	16	8.61
'15	Animal,vegetable fats and oils, cleavage products, etc	736,715	48	12.17	0	2,536,450	21	2.85	6,051,710	30	6.77
'38	Miscellaneous chemical products	669,632	20	8.33	0	5,625,680	10	3.67	8,042,079	18	5.26
'72	Iron and steel	590,881	23	3.94	0	9,614,501	12	1.77	15,013,490	21	2.9
'73	Articles of iron or steel	558,143	21	8.05	0	9,698,059	13	3.14	6,936,612	19	2.28
'48	Paper & paperboard, articles of pulp, paper and board	545,661	3	9.31	0	10,400,850	4	5.71	5,861,735	6	3.33
'21	Miscellaneous edible preparations	526,341	10	16.16	0	3,148,999	15	6.59	3,258,028	8	7.35

'22	Beverages, spirits and vinegar	459,073	20	9.37	0	8,304,252	7	9.28	4,901,898	17	5.5
'18	Cocoa and cocoa preparations	351,344	13	9.28	0	2,116,819	12	6.21	3,785,201	12	11.57
'04	Dairy products, eggs, honey, edible animal products	342,504	19	4.38	0	3,988,111	9	5.83	7,821,179	12	11.05
'31	Fertilizers	328,732	27	11.25	0	1,683,463	26	1.91	2,921,228	24	4.03
'76	Aluminium and articles thereof	326,958	16	6.6	0	5,074,381	14	3.21	4,955,241	16	3.04
'08	Edible fruit, nuts, peel of citrus fruit, melons	321,062	10	7.79	0	5,453,268	9	6.88	4,122,181	18	5.87
'16	Meat, fish and seafood food preparations	312,327	12	23.24	0	4,047,779	14	11.25	1,344,133	12	3.48
'64	Footwear, gaiters and the like, parts thereof	304,825	8	13.45	0	5,281,003	4	5.43	2,266,854	13	2.5

'57	Carpets and other textile floor coverings	289,469	5	24.4	0	1,457,501	1	10.93	1,186,506	8	8.42
'32	Tanning, dyeing extracts, tannins, derivs,pigments etc	289,072	6	8.9	0	2,602,843	6	3.75	3,249,459	10	4.8
'62	Articles of apparel, accessories, not knit or crochet	272,598	14	8.72	0	12,140,130	5	6.77	3,126,085	12	1.72
'23	Residues, wastes of food industry, animal fodder	254,318	3	5.13	0	2,601,777	12	4.42	4,955,134	15	9.36
'94	Furniture, lighting, signs, prefabricated buildings	246,892	7	9.2	0	11,040,260	8	6.1	2,682,502	13	1.53
'19	Cereal, flour, starch, milk preparations and	245,264	11	10.07	0	3,532,391	12	7.66	2,435,561	12	5.24

products											
'61	Articles of apparel, accessories, knit or crochet	238,318	17	8.73	0	11,269,420	7	6.65	2,731,378	15	1.51
'34	Soaps, lubricants, waxes, candles, modelling pastes	232,385	7	10.03	0	2,376,536	12	5.19	2,316,319	14	5.04
'33	Essential oils, perfumes, cosmetics, toileteries	226,866	3	9.99	0	5,379,916	7	6.5	2,271,705	7	2.65
'40	Rubber and articles thereof	214,844	2	6.25	0	5,756,998	10	3.57	3,439,568	10	2.22
'28	Inorganic chemicals, precious metal compound, isotopes	206,625	-11	5.04	0	3,669,974	5	2.75	4,101,595	12	3.42
'49	Printed books, newspapers,	197,192	9	13.36	0	3,227,916	5	7.05	1,475,789	11	3.11

	pictures etc										
'24	Tobacco and manufactured tobacco substitutes	156,951	30	3.65	0	702,928	4	2	4,298,831	3	12.72
'89	Ships, boats and other floating structures	150,992	-18	6.2	0	645,481	12	0.73	2,434,441	20	1.7
'12	Oil seed, oleagic fruits, grain, seed, fruit, etc, nes	134,778	14	5.47	0	1,180,569	13	1.58	2,465,626	14	3.85
'95	Toys, games, sports requisites	130,726	8	3.25	0	7,368,951	14	5.98	4,017,085	28	4.12
'82	Tools, implements, cutlery, etc of base metal	124,955	44	5.54	0	2,232,591	3	4.04	2,255,563	45	4.19
'44	Wood and articles of wood, wood charcoal	123,744	20	10.69	0	5,895,946	4	4.81	1,157,127	12	0.98
'17	Sugars and	119,009	10	10.88	0	2,002,014	6	5.89	1,093,697	7	3.44

	sugar confectionery											
'83	Miscellaneous articles of base metal	106,687	6	10.46	0	2,655,152	9	4.74	1,019,769	17	1.89	
'26	Ores, slag and ash	102,187	13	11.23	0	4,679,500	26	2.32	909,978	10	0.61	
'03	Fish, crustaceans, molluscs, aquatic invertebrates nes	81,849	8	3.47	0	2,572,916	11	3.17	2,361,273	9	3.26	
'88	Aircraft, spacecraft, and parts thereof	80,064	-10	6.01	0	10,806	-88	0.01	1,332,318	6	0.67	
'74	Copper and articles thereof	78,679	10	4.65	0	2,982,694	16	2.01	1,691,575	26	1.13	
'10	Cereals	76,592	25	10.32	0	1,672,414	21	1.45	741,920	36	0.71	
'70	Glass and glassware	67,664	-4	5.58	0	2,390,669	5	3.66	1,212,624	9	1.88	
'35	Albuminoids, modified	66,193	-6	5.12	0	790,411	5	3.41	1,294,080	1	5.98	

	starches, glues, enzymes											
'42	Articles of leather, animal gut, harness, travel goods	62,917	8	9.28	0	2,949,264	12	5.4	677,677	16	1.37	
'09	Coffee, tea, mate and spices	61,613	20	11.47	0	1,183,917	13	3.67	537,001	22	1.63	
'37	Photographic or cinematographic goods	61,347	-23	8.6	0	926,545	-4	4.68	713,278	-23	3.71	
'68	Stone, plaster, cement, asbestos, mica, etc articles	57,915	3	8.07	0	1,675,207	10	3.97	717,567	7	1.68	
'59	Impregnated, coated or laminated textile fabric	54,170	11	13.67	0	408,315	5	2.14	396,125	-1	1.89	
'96	Miscellaneous manufactured articles	52,837	20	8.59	0	1,214,442	3	4.74	614,782	16	2.36	

'71	Pearls, precious stones, metals, coins, etc	51,208	1	3.07	0	18,582,710	9	5.69	1,666,058	52	0.48
'54	Manmade filaments	40,223	-9	3.92	0	855,721	-6	2.23	1,026,942	-7	2.46
'11	Milling products, malt, starches, inulin, wheat gluten	39,038	-7	6.75	0	435,133	18	2.67	578,096	0	3.67
'63	Other made textile articles, sets, worn clothing etc	36,378	-1	5.25	0	2,202,336	6	5.08	692,493	9	1.55
'56	Wadding, felt, nonwovens, yarns, twine, cordage, etc	34,217	-9	5.45	0	860,733	7	4.66	627,465	8	3.25
'69	Ceramic products	30,441	12	6.56	0	2,031,626	7	4.85	464,104	5	1.13
'81	Other base metals, cermets, articles thereof	28,493	28	9.66	0	1,196,288	14	5.73	294,897	20	1.44

'52	Cotton	23,314	12	6.3	0	397,504	-9	0.76	369,869	4	0.71
'25	Salt, sulphur, earth, stone, plaster, lime and cement	22,917	2	1.92	0	865,836	4	1.37	1,192,549	6	2.42
'01	Live animals	15,558	10	0.76	0	771,100	4	4.69	2,044,619	18	11.97
'75	Nickel and articles thereof	15,181	7	9.24	0	2,062,050	23	6.07	164,294	-40	0.55
'43	Furskins and artificial fur, manufactures thereof	14,697	37	9.24	0	65,603	-5	1.18	158,977	13	2.26
'05	Products of animal origin, nes	13,295	6	2.87	0	152,338	4	2.14	463,431	20	6.36
'55	Manmade staple fibres	12,679	11	4.12	0	780,260	-3	2.3	307,950	4	0.99
'47	Pulp of wood, fibrous cellulosic material, waste etc	11,472	66	0.99	0	1,140,102	4	2.45	1,161,872	19	2.85

'58	Special woven or tufted fabric, lace, tapestry etc	11,202	9	7.37	0	380,950	1	3.41	152,053	0	1.08
'41	Raw hides and skins (other than furskins) and leather	9,790	-14	2.38	0	253,771	-5	0.91	411,138	4	1.43
'92	Musical instruments, parts and accessories	7,669	-24	10.02	0	353,900	0	5.25	76,523	-7	1.22
'78	Lead and articles thereof	7,555	13	11.85	0	587,585	25	8.4	63,741	7	0.96
'65	Headgear and parts thereof	6,709	-4	7.77	0	350,368	6	5.34	86,319	6	1.47
'91	Clocks and watches and parts thereof	6,370	6	4.98	0	1,283,692	7	3.6	127,885	14	0.36
'79	Zinc and articles thereof	5,888	7	0.79	0	326,239	18	2.57	745,183	24	5.87
'86	Railway, tramway	5,147	-21	2.16	0	523,781	-15	1.89	238,301	12	0.63

	locomotives, rolling stock, equipment										
'14	Vegetable plaiting materials, vegetable products nes	4,634	84	8.04	0	34,719	4	4.12	57,623	78	8.77
'80	Tin and articles thereof	3,295	-19	2.81	0	175,834	26	2.6	117,400	24	1.67
'60	Knitted or crocheted fabric	3,168	7	4.5	0	158,228	-3	0.74	70,399	-5	0.28
'66	Umbrellas, walking-sticks, seat-sticks, whips, etc	1,855	11	5.39	0	119,750	13	4.57	34,426	8	1.39
'13	Lac, gums, resins, vegetable saps and extracts nes	1,826	2	2.26	0	168,345	5	3.35	80,883	2	1.67
'36	Explosives, pyrotechnics,	1,793	-11	2.66	0	57,401	-20	1.57	67,527	9	2.07

	matches, pyrophorics, etc										
'51	Wool, animal hair, horsehair yarn and fabric thereof	1,513	15	3.76	0	330,259	-9	2.45	40,257	-5	0.29
'53	Vegetable textile fibres nes, paper yarn, woven fabric	981	11	1.44	0	115,937	-4	3.57	68,088	-2	2.09
'97	Works of art, collectors pieces and antiques	981	-42	0.91	0	4,615,582	13	22.64	108,336	17	0.51
'67	Bird skin, feathers, artificial flowers, human hair	973	-20	2.53	0	154,413	10	3.7	38,509	5	0.99
'45	Cork and articles of cork	971	4	10.52	0	34,883	12	1.83	9,233	8	0.49
'46	Manufactures of plaiting material, basketwork, etc.	968	-25	2.56	0	94,310	1	4.58	37,842	-2	1.34

'50	Silk	276	12	6.6	0	88,236	5	2.87	4,181	6	0.12
'93	Arms and ammunition, parts and accessories thereof	0		0	0	308,100	-21	3.72	2,169	-59	0.03

Appendix IV: Overview outcome total questionnaire

TOTAL OVERALL						
2 What is the country of origin of your company?	3 What is your company's sector?	5 What is your company's size?	6 What percentage of your company turnover is from exporting in general?	7.1 What is your main export market and the percentages of company turnover?	7.2 What is your main export market and the percentages of company turnover?	7.3 What is your main export market and the percentages of company turnover?
				Antwoord=Germany	Antwoord=France	Antwoord=United Kingdom
NL = 100%	Machinery = 16.6%	2-10 = 13.3%	0-5 = 0	<1 = 10%	<1 = 10%	<1 = 3.3%
	Chemicals = 16.6%	10-25 = 16.6%	5-15 = 6.6%	1-5 = 10%	1-5 = 23.3%	1-5 = 23.3%
	Oil = 16.6%	25-50 = 23.3%	15-35 = 16.6%	5-15 = 26.6%	5-15 = 46.6%	5-15 = 46.6%
	Metal = 16.6%	50-100 = 13.3%	35-60 = 20%	15-35 = 43.3%	15-35 = 20%	15-35 = 23.3%
	Electronics = 16.6%	>100 = 33.3%	60-90 = 36.6%	35-60 = 10%	35-60 = 0	35-60 = 3.3%
	Foodstuffs = 16.6%		>90 = 20%			

7.4 What is your main export market and the percentages of company turnover?	7.5 What is your main export market and the percentages of company turnover?	8 What is your main export focus?	9 What is your main export product?	10 How do you distribute your products to the UK?	11 Is your business activity with the UK positive or negative compared to 2007-2008?
Antwoord=Belgium	Antwoord=Other				
<1 = 13.3%	<1 = 0	EU = 70%	Own = 93.3%	Agent = 46.6%	Positive = 26.6%
1-5 = 33.3%	1-5 = 0	Out EU = 10%	Trade = 3.3%	Direct = 36.6%	Negative = 73.3%
5-15 = 50%	5-15 = 33.3%	Both = 20%	Re-export = 3.3%	Own sales = 16.6%	
15-35 = 3.3%	15-35 = 26.6%				
35-60 = 0	35-60 = 40%				

12.1 What are the reasons for positive business activity to the UK? (multiple answers possible)	12.2 What are the reasons for positive business activity to the UK? (multiple answers possible)	12.3 What are the reasons for positive business activity to the UK? (multiple answers possible)	12.4 What are the reasons for positive business activity to the UK? (multiple answers possible)	12.5 What are the reasons for positive business activity to the UK? (multiple answers possible)	12.6 What are the reasons for positive business activity to the UK? (multiple answers possible)
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Antwoord=More orders clients / customers	Antwoord=Extension to new export markets	Antwoord=More sales effort: more sales / agents / marketing	Antwoord=Improved products / extended product line	Antwoord=Economic situation in export market	Antwoord=Higher sales price
37.5% (of the 26.6%)	50%	50%	50%	-	-

12.7 What are the reasons for positive business activity to the UK? (multiple answers possible)	12 What are the reasons for positive business activity to the UK? (multiple answers possible)	14.1 What are the reasons for negative business activity to the UK? (multiple answers possible)	14.2 What are the reasons for negative business activity to the UK? (multiple answers possible)	14.3 What are the reasons for negative business activity to the UK? (multiple answers possible)	14.4 What are the reasons for negative business activity to the UK? (multiple answers possible)
Antwoord=Exchange rate changes	andere	Antwoord=Economic situation in export country	Antwoord=Decline in demand in export market	Antwoord=Exchange rate changes	Antwoord=Increased competition
-	-	50% (of the 73.3%)	40.9%	18.2%	13.6%

14.5 What are the reasons for negative business activity to the UK? (multiple answers possible)	14.6 What are the reasons for negative business activity to the UK? (multiple answers possible)	14 What are the reasons for negative business activity to the UK? (multiple answers possible)	16 What do you think is the effect of the financial crisis on export from the Netherlands to the UK overall (not only your sector)?	17 What do you think is the effect of the financial crisis on export from the Netherlands to the UK only for your own sector?	18.1 What have you done to prepare for the financial crisis? (multiple answers possible)
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Antwoord=Less sales because of increase raw material prices	Antwoord=Less sales effort: less sales / agents / marketing	andere			Antwoord=Nothing
22.7%	9.1%	-	Negative = 93.3%	Positive = 16.6%	
			Positive = 6.6%	Negative = 56.6%	36.6%
				No effect = 26.6%	

18.2 What have you done to prepare for the financial crisis? (multiple answers possible)	18.3 What have you done to prepare for the financial crisis? (multiple answers possible)	18.4 What have you done to prepare for the financial crisis? (multiple answers possible)	18.5 What have you done to prepare for the financial crisis? (multiple answers possible)	18.6 What have you done to prepare for the financial crisis? (multiple answers possible)	18 What have you done to prepare for the financial crisis? (multiple answers possible)
Antwoord=More sales / marketing effort	Antwoord=Expanding activities to different markets/countries	Antwoord=New product lines	Antwoord=Cutting costs in personnel	Antwoord=Cutting costs in equipment	andere
40%	33.3%	6.6%	10%	6.6%	-

19 Are you more cost or quality aware since the financial crisis?	20 Do you think that the exchange rate difference (Euro vs. Sterling) has had an effect on Dutch export to the UK?	21 Do you have exchange risk insurance?	22 Is your business with the UK mainly on short or long term contract basis?	23 Has this changed since the financial crisis?
Yes, cost = 33.3%	Yes, positive = 0	Yes, for years = 23.3%	Sort term = 33.3%	Yes, more short = 6.6.%
Yes, quality = 3.3%	Yes, negative = 43.3%	Yes, after crisis = 0	Long term = 33.3%	No change = 93.3%
Yes, both = 33.3%	No effect = 53.3%	Yes, before crisis = 0	Mixed = 33.3%	
No = 30%	Don't know = 3.3%	No = 76.6%		