



**European  
Investment  
Bank**

*The EU bank*



# Netherlands

## EIBIS 2016

EIB Group Survey on  
Investment and  
Investment Finance 2016

Country Overview

## EIB Group Survey on Investment and Investment Finance Country Overview: Netherlands

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### About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment and Investment Finance is a unique, EU-wide, annual survey of 12,500 firms. It collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. Using a stratified sampling methodology, EIBIS is representative across all 28 member States of the EU, as well as for firm size classes (micro to large) and 4 main sectors. It is designed to build a panel of observations to support time series analysis, observations that can also be linked to firm balance sheet and profit and loss data. EIBIS has been developed and is managed by the Economics Department of the EIB, with support to development and implementation by Ipsos MORI. For more information see: <http://www.eib.org/eibis>.

### About this publication

This Country Overview is one of a series covering each of the 28 EU Member States, plus an EU-wide overview. These are intended to provide an accessible snapshot of the data. For the purpose of these publications, data is weighted by value-added to better reflect the contribution of different firms to economic output. Contact: [eibis@eib.org](mailto:eibis@eib.org).

### About the Economics Department of the EIB

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The Department, a team of 30 economists, is headed by Debora Revoltella, Director of Economics.

### Main contributors to this publication

Peter McGoldrick, EIB.

### Disclaimer

The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

### About Ipsos Public Affairs

Ipsos Public Affairs works closely with national governments, local public services and the not-for-profit sector, as well as international and supranational organizations. Its c.200 research staff in London and Brussels focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. This, combined with our methodological and communications expertise, helps ensure that our research makes a difference for decision makers and communities.

# EIBIS 2016 – COUNTRY OVERVIEW

## Netherlands

The annual EIB Group Survey on Investment and Investment Finance (EIBIS) is an EU-wide survey of 12 500 firms that gathers quantitative information on investment activities by both SMEs and larger corporates, their financing requirements and the difficulties they face.

As the EU bank, the EIB Group responds to the need to accelerate investment to strengthen job creation and long-term competitiveness and

sustainability across all 28 EU member States. EIBIS helps the EIB to contribute to a policy response that properly addresses the needs of businesses, promoting investment.

This country overview presents selected findings based on telephone interviews with 506 firms in Netherlands in 2016 (July-October). **Note:** The results are weighted by value-added, reflecting firms' contribution to the economy.

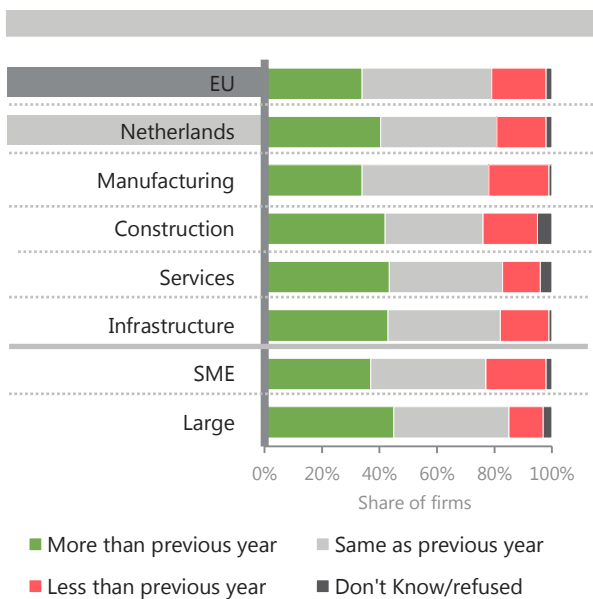
### Key results

<b>Investment outlook:</b>	<b>High investment, moderately expanding:</b> a high share of firms invested in the last financial year, with the outlook for the current year on balance slightly more positive than for the wider EU. Investment by infrastructure firms looks to expand most, with that by services firms to contract significantly. (The latter contrasts with the perception in the services sector of underinvestment in recent years.) Construction firms also expect to ramp-up investment.
<b>Investment activity:</b>	<b>More than four in five firms invested</b> in the last financial year, with an intensity (investment per employee) similar to the EU average.
<b>Investment gap:</b>	<b>One in ten firms report having invested too little</b> over the last three years, while only 3% found they invested too much. The construction sector aside, a relatively large share of firms in the services sector deem themselves to have underinvested. Overall, the shares of Dutch firms considering that the energy efficiency of their buildings and technological level of their machinery to be advanced are similar to the shares in the wider EU.
<b>Investment barriers:</b>	<b>Political and regulatory climate</b> is perceived to be the main barrier to implementing investment in the short-run, with uncertainty about the future and skills shortage important longer-term factors; this matches the EU.
<b>External finance:</b>	<b>Firms that underinvested consider external finance as an important constraint</b> , yet the proportion of firms identified as financially constrained is lower than the EU average.
<b>Firm performance:</b>	<b>Dutch firms have higher productivity</b> compared to the EU average, particularly in the infrastructure and service sector.

# INVESTMENT DYNAMICS

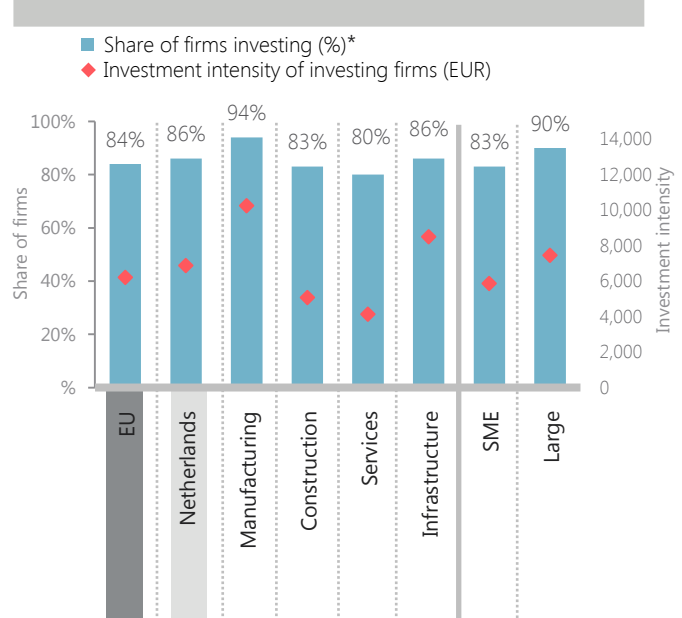
- The share of firms that are actively investing is similar to that in the EU as a whole.
- Sectoral differences are apparent, with nearly all manufacturing firms investing (94%) compared with 80% of services firms.
- The intensity of investment (investment per employee) is similar to the EU average. Within the Netherlands this is highest in the manufacturing and infrastructure sectors.

## Investment activity in last financial year compared to previous



**Base:** All firms who invested in the last financial year  
Q. Overall was this more, less or about the same amount of investment as in the previous year?

## Investment activity in last financial year

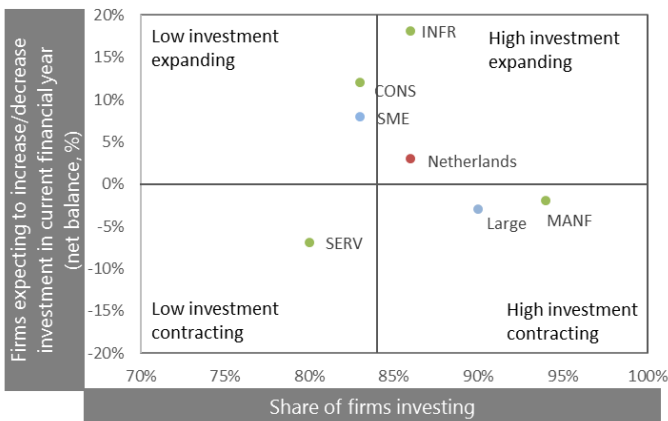


**Base:** All firms (excluding don't know/refused responses)  
\*The blue bars indicate the proportion of firms who have invested in the last financial year.  
A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities.  
Investment intensity is the median investment per employee of investing firms.

- Compared to 2014, 40% of firms in the Netherlands increased investment activities in 2015 (a net positive of 23% versus 15% for the EU average).
- On balance large firms were particularly active.
- Notwithstanding the large number of manufacturing firms investing, only 34% increased investment.

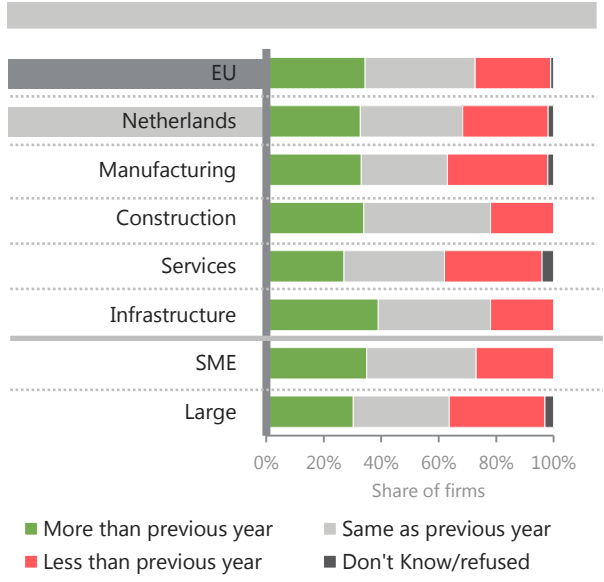
- In the Netherlands, the number of firms expecting to increase investment activity in 2016 over 2015 is low (a net balance of 3%) compared to the EU average (net 8%).
- Construction and infrastructure firms are the least likely to invest less than in 2015.
- On balance, manufacturing and services firms expect to have reduced investment in 2016 relative to 2015.

### Investment cycle



**Base:** All firms  
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

### Expected investment in current financial year compared to last one



**Base:** All firms

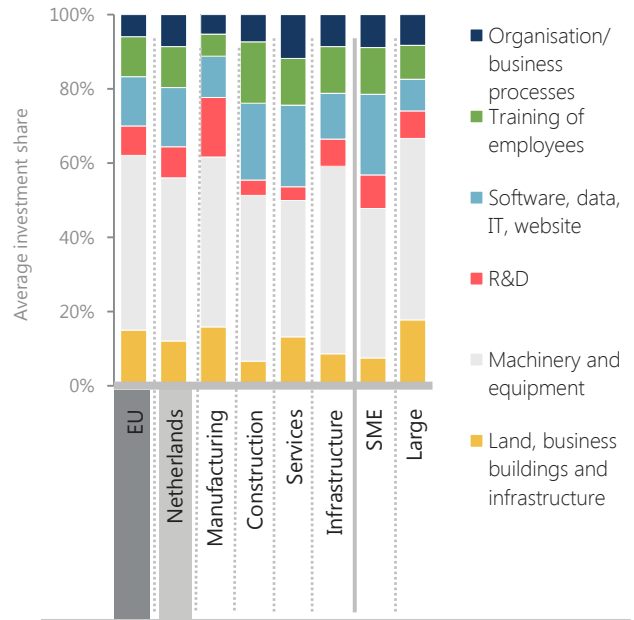
Data is derived from two questions: firms who had invested in the last financial year were asked if they expect to invest more, around the same amount or less than last year; firms who had not invested in the last financial year were asked if they had already invested, or expect to invest in the current year

- A relatively large share of firms in the Netherlands have been investing and, on average, expect to continue expanding investment moderately.
- Infrastructure firms expect to ramp-up investment most, followed by the hitherto relatively staid construction sector and, to a lesser extent, SMEs.
- Contrary to the wider EU, investment in the services sector looks set to contract even further.

# INVESTMENT ACTIVITY

- The broad pattern of investment in the Netherlands overall is similar to the EU as a whole.
- Investment in intangibles is pronounced for SMEs with large firms more likely to invest in fixed assets.
- SMEs invest considerably less in land and buildings than large enterprises.
- Manufacturing firms are most likely to be investing in R&D.

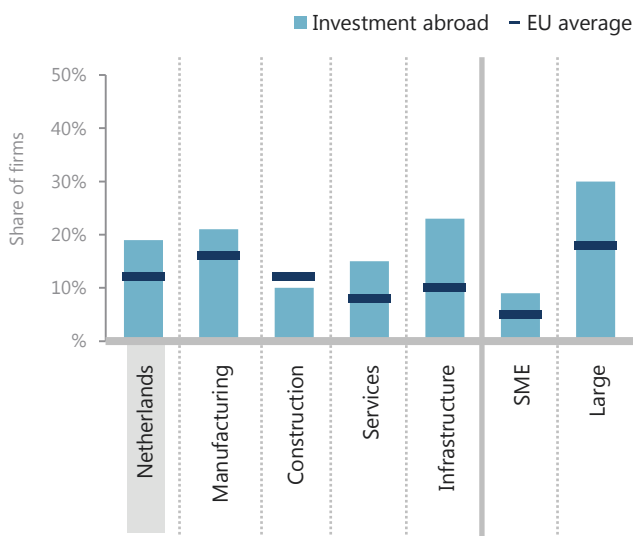
## Investment areas



**Base:** All firms who have invested in the last financial year (excluding don't know/refused responses)

Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

## Investment abroad

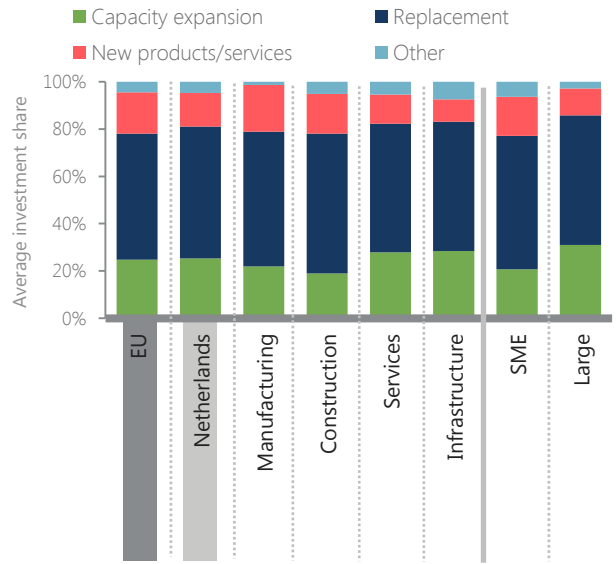


**Base:** All firms who invested in the last financial year  
Q. In the last financial year, has your company invested in another country?

- An unusually large share of Dutch companies invest abroad compared to the EU average; the firms in the Netherlands rank third in the EU after Denmark and Belgium.
- This propensity is particularly marked for infrastructure and services sectors, where about twice the EU share of firms invest abroad.
- Large firms, in particular, tend to invest abroad.

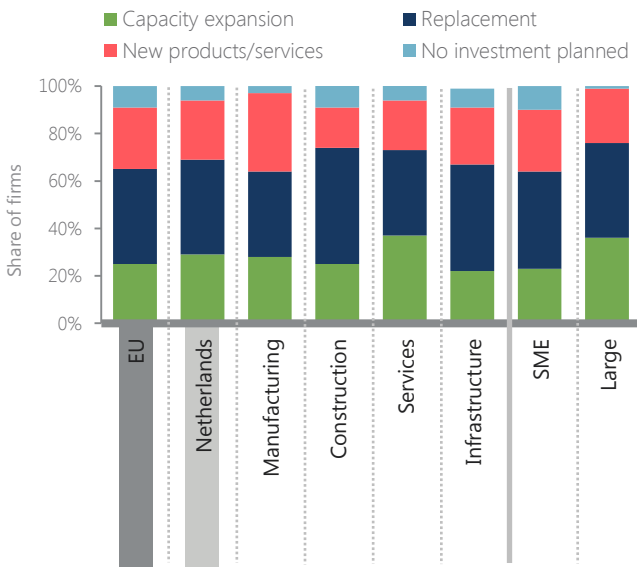
- As in the wider EU, the largest share of firm investment in the Netherlands went into the replacement of existing buildings, machinery and equipment.
- Manufacturing led the way in terms of investing for new products (with 20% of total investment being allocated to this).

### Purpose of investment in last financial year



**Base:** All firms who invested in the last financial year (excluding don't know/refused responses)  
 Q. What proportion of total investment was for (a) replacing existing buildings, machinery, equipment, IT (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

### Future investment priorities



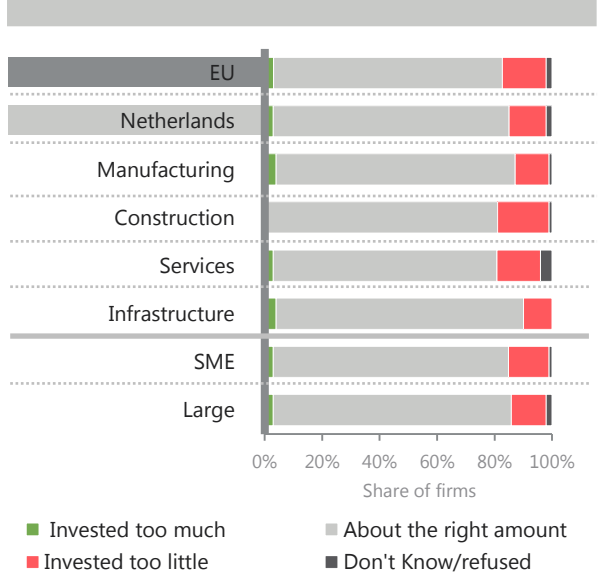
**Base:** All firms (excluding don't know/refused responses)  
 Q. Looking ahead to the next 3 years, which of the following is your investment priority (a) replacing existing buildings, machinery, equipment, IT (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

- Going forward, capacity expansion appears to be relatively important (on average 29% of firms named this as their main investment priority compared to 25% for the EU).
- Large firms place more importance on capacity expansion than SMEs (36% vs 23%).
- The manufacturing sector looks to lead the way in terms of investment for new products (33%), compared with the Netherlands as a whole.

# INVESTMENT NEEDS

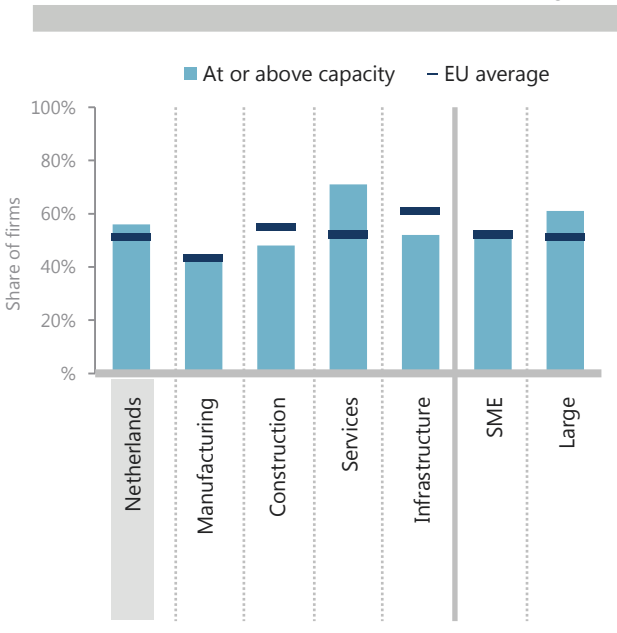
- In line with the EU average, the majority of firms report investing sufficiently over the past three years; only 13% consider that they have underinvested.

## Perceived investment gap



**Base:** All firms (excluding 'Company didn't exist three years ago' responses)  
Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount to ensure the success of your business going forward?

## Share of firms at or above full capacity



**Base:** All firms (data not shown for those operating somewhat or substantially below full capacity)

Full capacity is the maximum capacity attainable under normal conditions e.g., company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

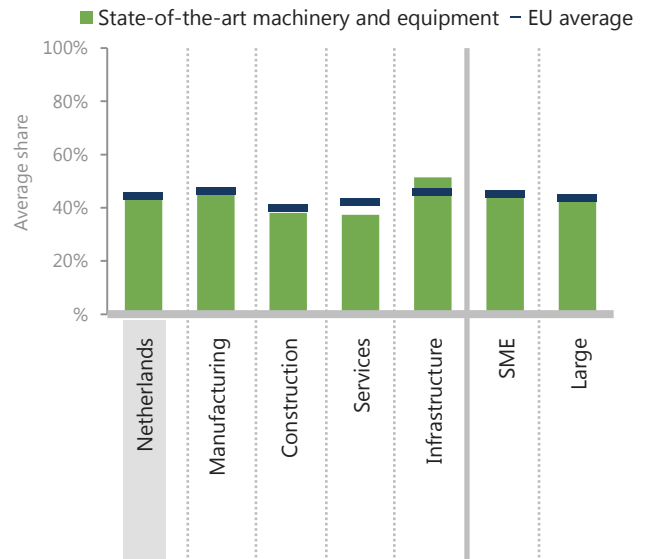
Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances?

- 56% of firms in the Netherlands report operating at or above capacity, a similar to the proportion in the EU as a whole (51%).
- Seven in ten (71%) firms in the services sector report operating at/above capacity, more than other sectors within the Netherlands and compared with the services sector across the EU.



- Similar to the EU average, firms in the Netherlands on average consider that 44% of their machinery and equipment is state-of-the-art.
- The share of state-of-the-art machinery and equipment is largest in the infrastructure sector.

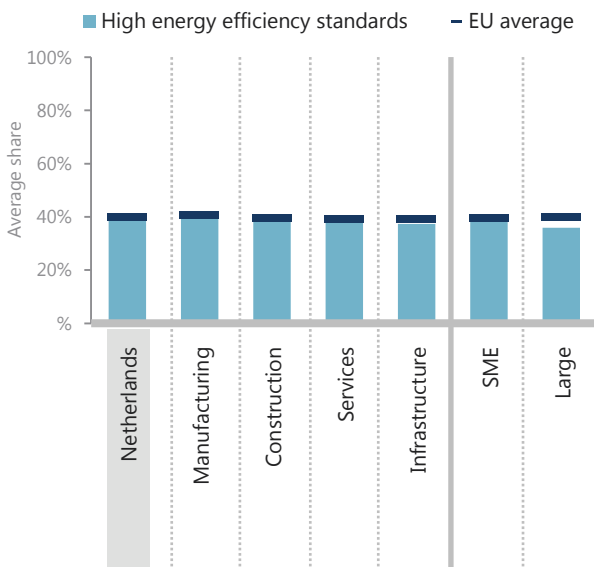
### Average share of state-of-the-art machinery and equipment



**Base:** All firms

Q. What proportion, if any, of your machinery and equipment, including ICT, would you say is state-of-the-art?

### Average share of building stock meeting high energy efficiency standards



**Base:** All firms

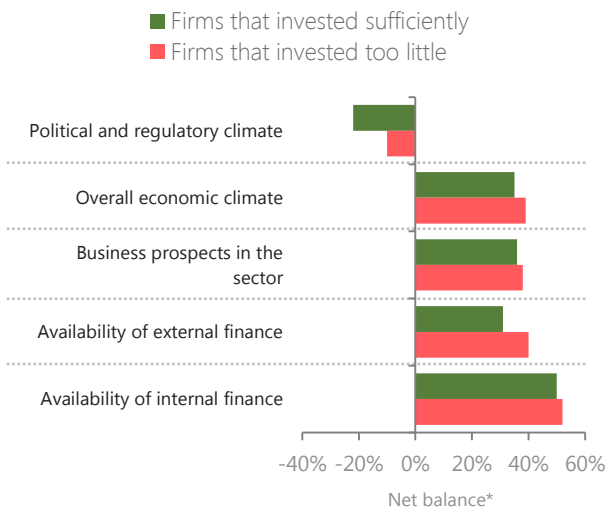
Q. What proportion, if any, of your commercial building stock satisfies high or highest energy efficiency standards?

- In line with the wider EU, firms in the Netherlands consider that 38% of their buildings meet high energy standards.
- There is little variation across sector and size.

# INVESTMENT CONSTRAINTS

- In line with the wider EU, the political and regulatory climate is considered the greatest barrier to investment in the short-term.
- Consistent with the growing economic resilience, the overall economic outlook is noted relatively frequently as a positive factor.

## Short term influences by investment performance

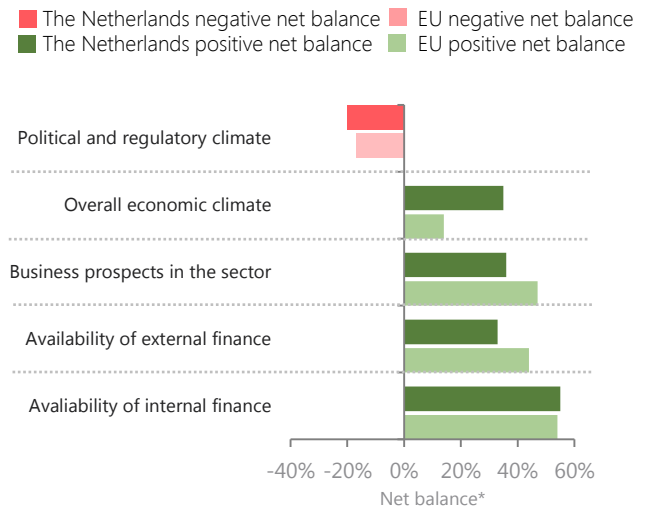


**Base:** All firms who have planned to invest in the current financial year and who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses)

**Q.** How do each of the following affect your ability to carry out your planned investment. Does it affect it positively or negatively, or make no difference at all?

\* Net balance is the share of firms seeing a positive effect minus the share of firms seeing a negative effect

## Short term influences on investment



**Base:** All firms who have planned to invest in the current financial year

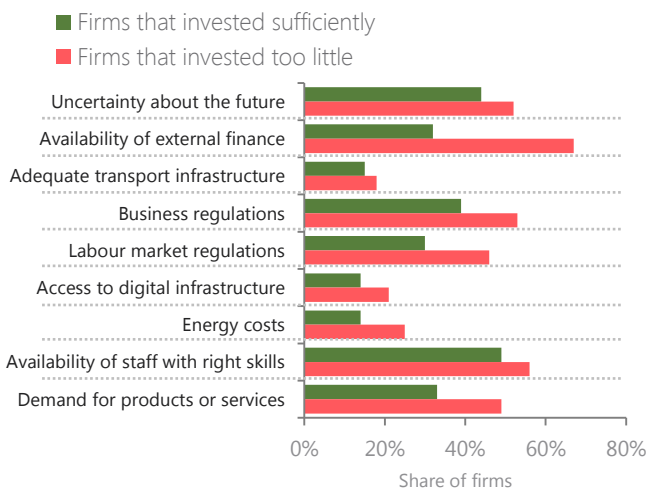
**Q.** How do each of the following affect your ability to carry out your planned investment. Does it affect it positively or negatively, or make no difference at all?

\* Net balance is the share of firms seeing a positive effect minus the share of firms seeing a negative effect

- Regulatory constraints appear to be particularly pronounced for firms that consider themselves to have invested sufficiently.

- Compared to EU peers, firms in the Netherlands are less prone to identifying barriers to investment.
- About half of Dutch firms cite availability of staff with the right skills as a longer-term factor hampering investment, with around four in ten also noting uncertainty about the future as well as business regulations.
- A third of firms (36%) note availability of finance as an obstacle to investment.

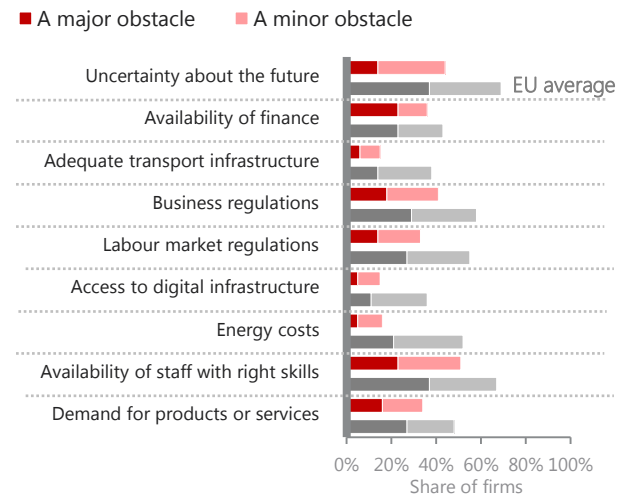
### Long term barriers by investment performance



**Base:** All firms who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses), data shown for firms who said each was a major or minor obstacle

Q. Thinking about your investment activities in the Netherlands, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

### Long term barriers to investment



**Base:** All firms (data not shown for those who said not an obstacle at all/don't know/refused)

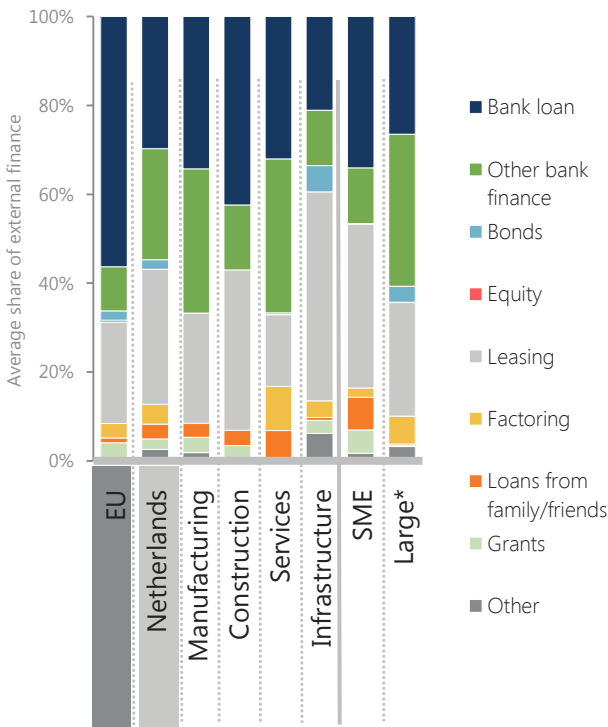
Q. Thinking about your investment activities in the Netherlands, to what extent is each of the following an obstacle? Is a major obstacle, a minor obstacle or not an obstacle at all?

- For firms that report their investment to be below their needs, the availability of external finance is considered is the main obstacle.

# INVESTMENT FINANCE

- Compared to the EU average, firms in the Netherlands take relatively high recourse to internal financing, especially the construction sector.
- Leasing is more commonly used in the Netherlands than across the EU.
- Among the less satisfactory aspects of external finance are the cost of finance and collateral requirements.

## Type of external finance used for investment activities

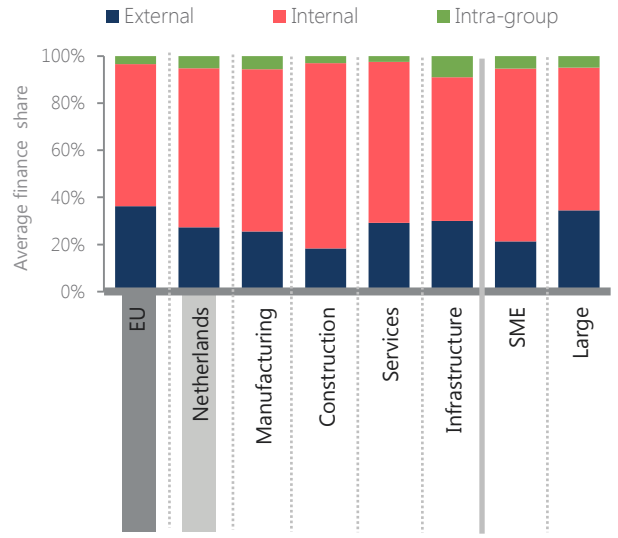


**Base:** All firms who used external finance in the last financial year (excluding don't know/refused responses)

\* Caution very small base size less than 30

Q. Approximately what proportion of your external finance does each of the following represent?

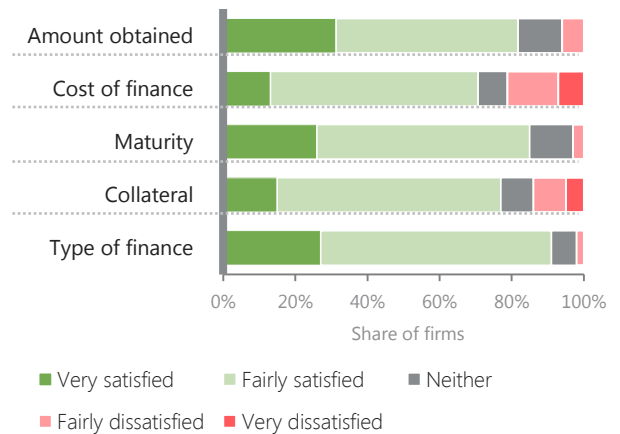
## Source of investment finance



**Base:** All firms who invested in the last financial year (excluding don't know/refused responses)

Q. Approximately what proportion of your investment in the last financial year was financed by each of the following?

## Satisfaction with external finance

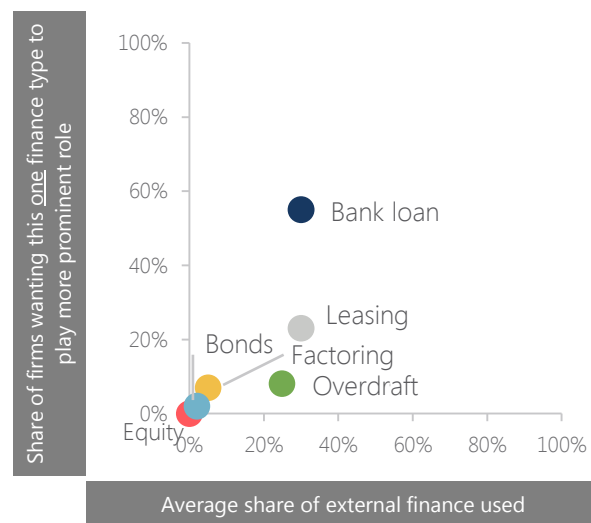


**Base:** All firms who used external finance in the last financial year (excluding don't know/refused responses)

Q. How satisfied or dissatisfied are you with ...?

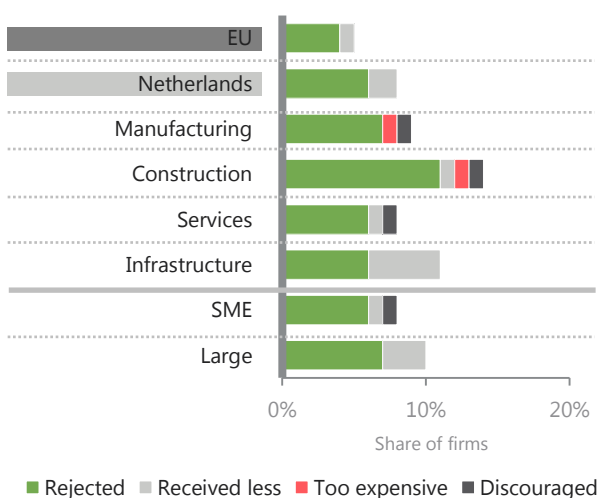
- More than half of Dutch companies appear keen on bank loans to finance investments over the next three years, with bank loans and leasing each accounting for 30% of external finance in the past year.

### Types of finance used versus the one type of finance firms want to use more



**Base:** All firms who used external finance in the last financial year (excluding don't know/refused responses)  
Data is derived from two questions: firms were first asked about the types of external finance used in the last financial year and then which one type of external finance they would want to have a more prominent role over the next 3 years

### Share of finance constrained firms

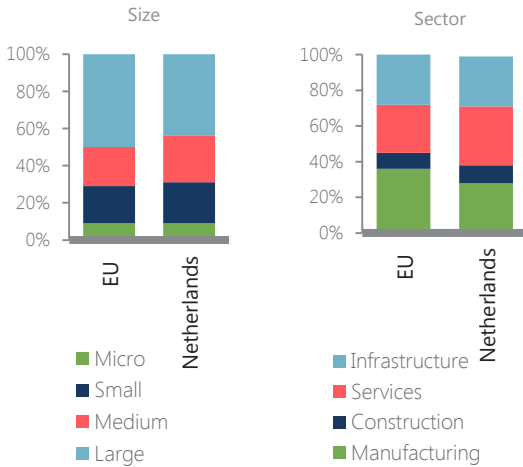


**Base:** All firms  
Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

- 8% of firms in the Netherlands are classified as financially constrained, compared to an EU average of 5%.
- Unsurprisingly following the considerable boom-bust cycle suffered by the Dutch property sector, the construction sector drives much of this result.
- Still, a surprisingly large share of Dutch firms across various sectors are classified as financially constrained, including large firms.

# PROFILE OF FIRMS

## Contribution to Value-Added

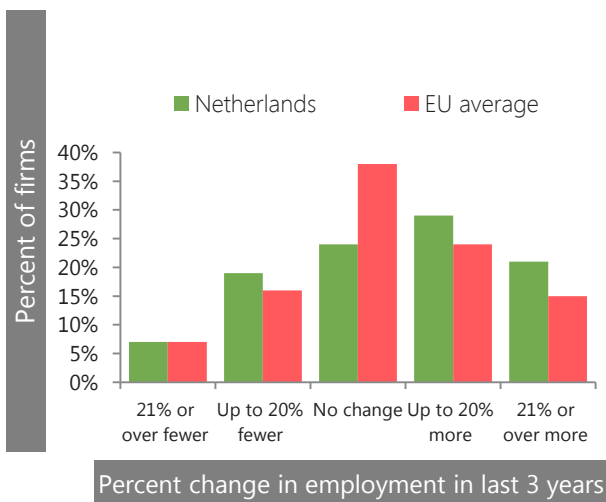


**Base:** All firms

The charts reflect the relative contribution to value-added by firms belonging to a particular size class / sector in the population of firms considered. That is, all firms with 5 or more employees active in the sectors covered by the survey. Micro: 5-9 employees; Small: 10-49; Medium: 50-249; Large: 250+.

- The size distribution of Dutch firms is tilted slightly towards SMEs when compared to the EU distribution. A larger share of firms in the Netherlands is engaged in services when compared with the EU, whilst for manufacturing the reverse is the case.
- The Dutch labour market is relatively dynamic.
- Dutch firms are relatively productive across certain sectors, especially in services and manufacturing.

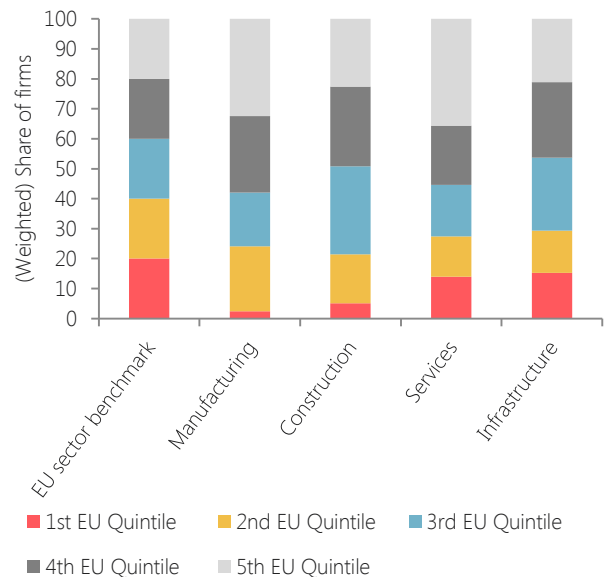
## Employment dynamics in last 3 years



**Base:** All firms (excluding don't know, refused and missing responses)

Q. Thinking about the number of people employed by your company, by how much has it changed in the last 3 years?

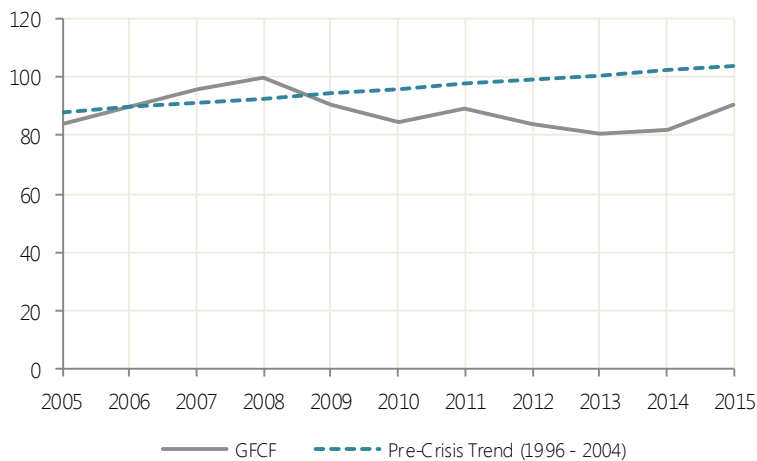
## Distribution of firms by productivity class



Share of firms by productivity class (Total Factor Productivity). Productivity classes are sector specific; they are defined on the basis of the entire EU sample (for a particular sector).

# MACROECONOMIC INVESTMENT CONTEXT

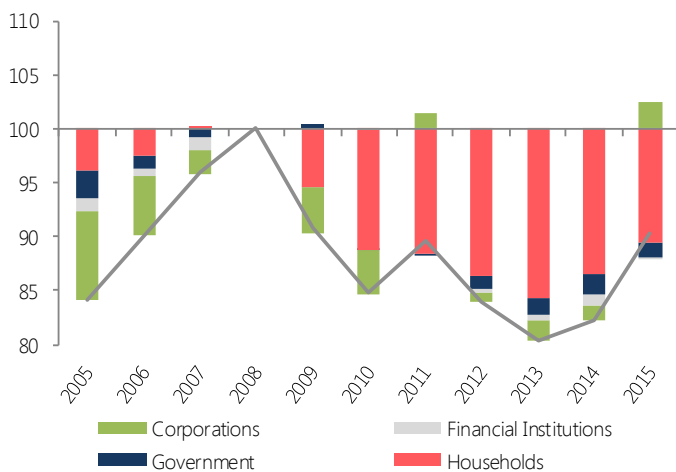
## Investment Dynamics over time



- Real investment in the Netherlands remains some 10% below 2008 levels and also significantly below the pre-crisis trend.
- Unsurprisingly, the vast bulk of this is related to the property and construction sectors.
- IPP has grown in importance over recent years.

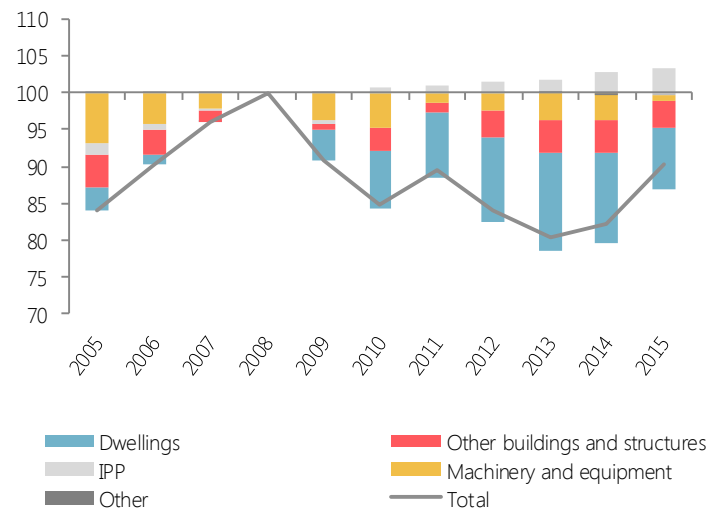
The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); against the series 'pre-crisis trend'. The data has been indexed to equal 100 in 2008. Source: Eurostat.

## Investment Dynamics by Institutional Sector



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); by institutional sector. The data has been indexed to equal 100 in 2008. Source: Eurostat.

## Investment Dynamics by Asset Class



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); by asset class. The data has been indexed to equal 100 in 2008. Source: Eurostat.

# EIBIS 2016 – COUNTRY TECHNICAL DETAILS

The final data are based on a sample, rather than the entire population of firms in Netherlands, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

## Approximate sampling tolerances applicable to percentages at or near these levels

	EU	Netherlands	Manu- facturing	Cons- truction	Services	Infras- tructure	SME	Large	EU vs Country	Manufacturing vs Construction	SME vs Large
	(12483)	(506)	(157)	(88)	(110)	(151)	(432)	(74)	(12468 vs 506)	(157 vs 88)	(432 vs 74)
10% or 90%	1.0%	3.0%	5.1%	6.7%	6.2%	5.3%	2.5%	6.1%	3.2%	8.4%	6.6%
30% or 70%	1.5%	4.6%	7.8%	10.2%	9.5%	8.0%	3.9%	9.3%	4.8%	12.8%	10.0%
50%	1.7%	5.0%	8.5%	11.1%	10.4%	8.8%	4.2%	10.1%	5.3%	14.0%	10.9%

## Glossary

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Productivity	Total factor productivity is a measure of how efficiently a firm is converting inputs (capital and labor) into output (value-added). It is estimated by means of an industry-by-industry regression analysis (with country dummies).
Manufacturing sector	Based on the NACE classification of economic activities, firms in group C (manufacturing).
Construction sector	Based on the NACE classification of economic activities, firms in group F (construction).
Services sector	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food services activities).
Infrastructure sector	Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.



# EIBIS 2016 – COUNTRY TECHNICAL DETAILS

## Base sizes

Base definition and page reference	EU	Netherlands	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p. 6, p. 7, p. 9, p. 11, p. 12, p. 13	12483	506	157	88	110	151	432	74
All firms (excluding don't know/refused responses), p. 2	11838	497	155	87	108	147	426	71
All firms (excluding those who have no investment planned/don't know/refused responses), p. 5	12159	494	153	85	106	150	422	72
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	12453	506	157	88	110	151	432	74
All firms (excluding don't know, refused and missing responses), p. 13	12162	500	156	87	107	150	426	74
All firms who invested in the last financial year, p. 2	12281	502	156	88	110	148	429	73
All firms who invested in the last financial year, p. 4	10881	468	149	79	100	140	396	72
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4	10060	450	142	75	97	136	383	67
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5	9682	436	142	74	89	131	368	68
All firms who invested in the last financial year (excluding don't know/refused responses), p. 10	9093	336	99	63	71	103	286	50
All firms who have planned to invest in the current financial year and who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses), p. 8	10536	469	N/A	N/A	N/A	N/A	N/A	N/A
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 10, p. 11	4344	120	40	15	21	44	92	28

## Percentage rounding

Percentage with value of less than 0.5 but greater than zero has not been displayed in the charts.










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