



Decide with Confidence

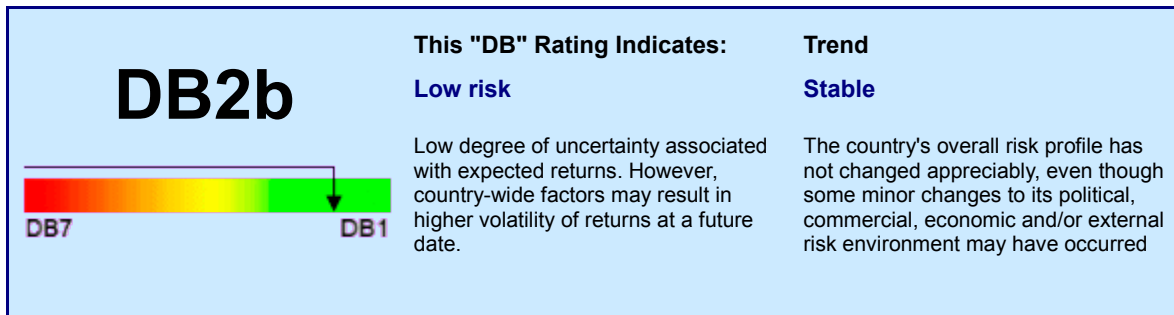
D&B Country RiskLine Report

NETHERLANDS

Region : Western Europe

Edition : January 2011

D&B Country Risk Indicator



The 'DB' risk indicator provides a comparative, cross-border assessment of the risk of doing business in a country and encapsulates the risk that country-wide factors pose to the predictability of export payments and investment returns over a two year time horizon. The 'DB' risk indicator is a composite index of four over-arching country risk categories:

Political risk - internal and external security situation, policy competency and consistency, and other such factors that determine whether a country fosters an enabling business environment;

Commercial risk - the sanctity of contract, judicial competence, regulatory transparency, degree of systemic corruption, and other such factors that determine whether the business environment facilitates the conduct of commercial transactions;

External risk - the current account balance, capital flows, FX reserves, size of external debt and all such factors that determine whether a country can generate enough FX to meet its trade and foreign investment liabilities;

Macroeconomic risk - the inflation rate, government balance, money supply growth and all such macroeconomic factors that determine whether a country is able to deliver sustainable economic growth to provide further expansion in business opportunities.

The DB risk indicator is divided into seven bands, ranging from DB1 through DB7. Each band is subdivided into quartiles (a-d), with an 'a' designation representing slightly less risk than a 'b' designation and so on. Only the DB7 indicator is not divided into quartiles.

Key Facts

Population:	16.6m
Surface area (sq km):	41,543
Capital:	Amsterdam
Timezone:	GMT+01:00
Official languages:	Dutch, Frisian
Head of government:	Prime Minister Mark RUTTE
GDP (USD):	794.5bn
GDP per capita (USD):	47,882
Life expectancy (years):	79
Literacy (% of adult pop.):	99.9

Country Overview:

The Netherlands is situated on the North Sea between Germany and Belgium; its location has helped it to become one of the world's most important logistics hubs. The country is a founding member of the EU and supports a strong role for multilateral organisations. The Netherlands is among the richest countries of Europe. The country's economy is internationally oriented and is home to several multinational companies; it is a key actor in international investments with a high-tech export profile. The global financial crisis raised macroeconomic risks to the open Dutch economy as exports to key markets suffered amid weak global demand.

Traditionally, the Netherlands has been a prosperous democracy, characterised by a high degree of consensus and social cohesion; Dutch society places a strong emphasis on equality and tolerance. However, several challenges to this well-established democracy have appeared in recent years, such as increased suspicion towards immigration, rising political instability and general discontent with the effects of EU membership.

Trade & Commercial Environment

Trade Terms

Minimum Terms:	OA
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The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

Recommended Terms:	SD
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D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

Usual Terms:	0-90 days
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Normal period of credit associated with transactions with companies in the stated country.

Transfer Situation

Local Delays:	0-1 month
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The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

FX/Bank Delays:	0-1 month
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The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.

Trade & Commercial Environment

The payments performance of Dutch companies has remained favourable. D&B's proprietary payments performance data show that only 3.8% of payments by Netherlands-based firms were made 30 or more days over terms in the year to end-Q3 2010, marginally up from 3.7% in the year to end-Q2. This compared favourably with the European average for the 12 months to end-Q3 2010 (8.7%). Moreover, the risk of non-payment and payment delays as a result of insolvency has also fallen: the number of business failures dropped by 3.3% year on year in the 12 months to October 2010. A particularly sharp sectoral decline in corporate insolvencies in this period was recorded in financial intermediation (down 14.3%), while insolvencies in construction rose markedly (up 24.6%).

Export Credit Agencies

US Eximbank	Full cover available
Atradius	Full cover available
ECGD	Full cover available
Euler Hermes UK	Full ST cover available

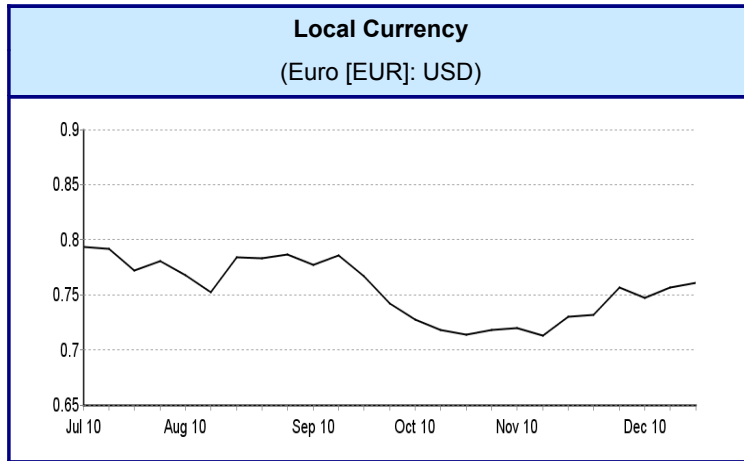
Economic Indicators

	2008	2009	2010e	2011f	2012f
Real GDP growth, %	1.9	-3.9	1.6	1.3	1.5
Inflation, annual ave, %	2.2	1.0	1.0	1.3	1.6
Govt balance, % GDP	0.6	-5.4	-6.0	-4.0	-3.5
Unemployment, %	3.1	3.7	4.5	4.4	4.2
C/A balance, % GDP	4.3	4.6	5.3	5.0	4.6

"Payments Performance" chart reflects experiences of EU rather than US companies. Inflation and unemployment are based on EU-harmonised data.

Currency Information

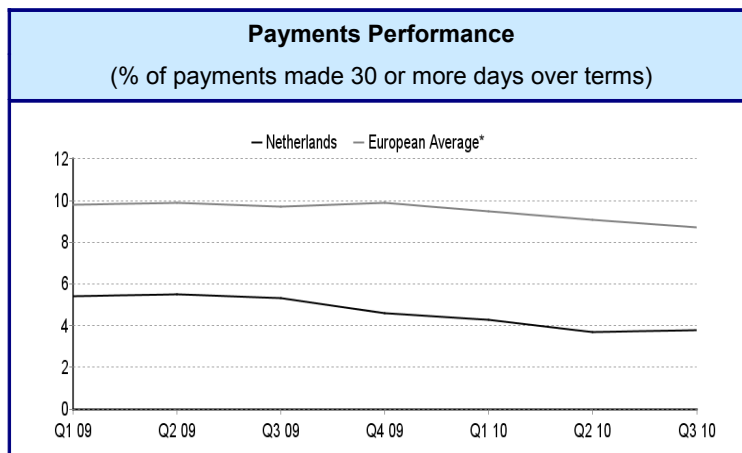
Exchange Rates	
(London, 20 Dec 10)	
GBP	1.1764
JPY*	0.9039
USD	0.7605
*(x 100)	



Local Currency
(Euro [EUR]: USD)

	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10
Week 1	0.794	0.768	0.778	0.728	0.720	0.747
Week 2	0.792	0.752	0.786	0.718	0.713	0.756
Week 3	0.772	0.784	0.766	0.714	0.730	0.760
Week 4	0.780	0.783	0.742	0.718	0.732	
Week 5		0.786			0.757	

Payments Performance



Data Table

Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10
5.4	5.5	5.3	4.6	4.3	3.7	3.8
9.8	9.9	9.7	9.9	9.5	9.1	8.7

Risk Factor

The latest economic indicators show that the Netherlands' economic recovery is back on track after a setback in Q3 2010, but several downside risks could endanger our growth outlook for 2011-12. In November, the Purchasing Managers Index (PMI) for the manufacturing sector rose to a six-month high of 56.5 points, up from 55.4 in October. Encouragingly, the healthy expansion in the sub-index for new orders (which rose to a nine-month high) bodes well for manufacturing output in coming months. Business confidence has also returned to more favourable territory in recent months: specifically, the business confidence indicator produced by the Central Bureau of Statistics (CBS) fell to 0.3 points, down from 0.5 in October, but remained in positive territory for the second straight month and was much stronger than in early 2010 (when it stood at -8.3). The latest data thus vindicate our expectation that the weak economic growth data for Q3 2010 (real GDP contracted by 0.1% quarter on quarter) was largely temporary and not a sign that the country would fall back into recession. Instead, we expect a mild recovery, with real GDP expanding by 1.3% in 2011 and 1.5% in 2012 (down from an estimated 1.6% in 2010).

Despite the latest relatively positive data, major downside risks to our growth forecast persist. In terms of domestic demand, consumer confidence has recently slid back again. CBS' latest consumer confidence indicator for December fell to -14 points, from -7 in November, as consumers became much more pessimistic about the economy, about their willingness to buy, and about the unemployment outlook. Labour market trends have improved slightly in recent months, which will support household disposable incomes, but a rapid improvement is unlikely given the fragile economic recovery. We remain particularly concerned about the impact of the new government's tight fiscal policy in 2011-12: the government has agreed on budget cuts to the tune of EUR18bn by 2015 in order to balance the budget. Key areas identified for these cuts include the public sector, healthcare and social security benefits. These cuts risk undermining prospects for a robust recovery in domestic demand, but they will boost financial market confidence in the government's ability to bring the budget deficit to below 3% of GDP by 2013 (the target under EU rules).

In terms of foreign demand, we expect weaker global demand in 2011 compared with 2010, which will slow the Netherlands' export rebound. Positively, Dutch exporters will benefit from relatively resilient demand from Germany (the Netherlands' key export market), thus mitigating the effect of weaker overall global demand. Meanwhile, we expect the euro to remain volatile in 2011-12, which will weaken predictability for traders and investors.

Glossary & Definitions

DEFINITIONS

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Recommended Terms:

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Usual Terms:

Normal period of credit associated with transactions with companies in the stated country.

Local Delays:

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F/X Bank Delays:

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C/A (current account) balance, % GDP:

Part of the balance of payments that records a nation's exports and imports of goods and services, and income and transfer payments.

DSR (debt service ratio), %:

Annual interest and principal payments on a country's external debts as a percentage of exports of goods and services.

Govt balance, % GDP:

The balance of government expenditure and receipts.

Real GDP growth, %:

GDP adjusted for inflation.

Inflation, %:

The increase in prices over a given period.

GLOSSARY

CiA	Cash in Advance
CLC	Confirmed Letter of Credit
CWP	Claims Waiting Period
FX	Foreign Exchange
LC	Letter of Credit
LT	Long term
MT	Medium term
OA	Open Account
SD	Sight Draft
ST	Short term

Customer Service & Support

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