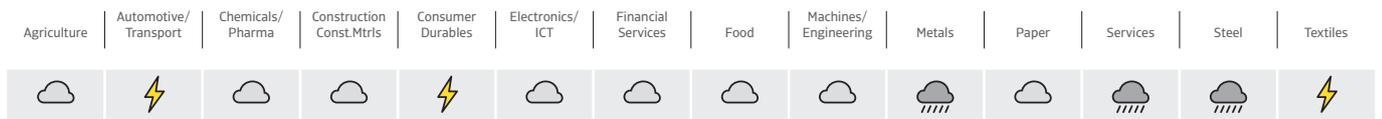




The Netherlands

September 2020



Source: Atradius

Industry performance

Changes since June 2020 · Sources: Atradius, Oxford Economics

Agriculture



Remains Fair

While agriculture has been less impacted by the consequences of the lockdown (e.g. transport and supply chain issues) than other sectors, value added will nevertheless contract 1.5% in 2020. While exports of flowers and plants quickly recovered after a huge contraction in March and April, the performance of growers of fruits and vegetables is mixed. Demand from hotels and catering has decreased, but has been compensated by demand from supermarkets. Good weather conditions resulted in a good harvest, but this will also lead to more pressure on sales prices.

Automotive/Transport



Remains Bleak

The automotive sector suffers from deteriorating sales for passenger cars and commercial vehicles, while transport is impacted by decreased traffic and demand for logistics due to coronavirus-related lockdowns. In the transport sector, air transport in particular is the most affected segment. In 2020 automotive and transport value added are expected to shrink by 29% and 6% respectively. It is expected that insolvencies will increase as of Q4 of 2020 after the abatement or expiry of government stimulus measures meant to support businesses.

Chemicals/Pharmaceuticals



Remains Fair

While demand for pharmaceuticals is robust and value added is forecast to increase by about 2% in 2020, orders and output in the chemicals subsectors are impacted by the domestic and global economic downturn. Chemicals value added is expected to contract by more than 4% in 2020. Demand from key buyer sectors like construction and automotive has decreased, while additional demand for hygiene products and plastics has had a positive influence.

Construction/ Construction materials



Remains fair

After several years of robust performance, construction growth started to cool down in 2019. The main reasons for slower growth were a general slowdown of the Dutch economy, capacity problems (staff and building permission bottlenecks) and environmental issues that led to a massive delay of building projects. While businesses in the sector have benefited from the upturn in recent years and insolvencies have decreased, performance will be hit by the ongoing economic downturn. Another negative factor is the potential impact of the environmental laws (reduction of Nitrogen and PFAS emissions). After growing 4.6% in 2019, construction value added is forecast to decrease by 3% in 2020. However, in 2021, a 5% rebound is expected.

Consumer Durables



Remains Bleak

Private consumption of non-food consumer goods has deteriorated due to the coronavirus impact, with many businesses temporarily closed due to the lockdown. Subdued consumer sentiment and rising unemployment could hamper a rebound in the short-term (currently, household consumption is forecast to decrease by more than 6% in 2020). However, some segments like DIY retail and gardening centers have even benefited from the pandemic. Retail value added is expected to contract 6% in 2020. Due to comprehensive government measures to support the economy, a substantial increase in payment delays and insolvencies has not yet materialised in this industry. However, insolvencies are forecast to increase by Q4 of 2020, after the abatement or expiry of fiscal measures meant to support businesses.

Food retail is still doing very well as it benefits from the huge drop in consumer spending in restaurants. Clothing retailers are having especially difficult times. Market outlook is not good, given declining consumer confidence and consumer spending.

Industry performance

Changes since June 2020 · Sources: Atradius, Oxford Economics

Electronics/ICT



Remains Fair

Sales have sharply deteriorated due to the temporary closure of businesses related to the lockdown. Subdued consumer sentiment and rising unemployment could hamper a strong rebound in the short-term. ICT value added is expected to contract by about 1% in 2020.

Spending from businesses and employees on digital goods and services has increased due to the sharp rise of remote working. The wholesale of hardware benefits from rising sales figures. In 2021 ICT value added is expected to increase by almost 5%. However, a longer lasting economic slump is a downside risk, as this would lead to decreasing business spending on ICT.

Financial Services



Remains Fair

The sector remains relatively robust, but is impacted by the general economic downturn. Increased financial troubles for businesses and consumers alike could lead to more loan defaults for banks and tighter lending conditions. Value added is expected to decrease by 3.5% in 2020.

Food



Down from Good to Fair

After two years of growth, value added is forecast to contract by 2% in 2020. While the dairy sector is still doing well, the closure of the catering industry affects almost the entire food industry. Food wholesale to hotels, catering and restaurants has significantly decreased, and a rebound in the short-term does not seem probable. The meat segment has been negatively affected by lower international sales, due to lockdowns in other European countries and less demand from China. This also affects the potato processing industry. Additionally, a hard Brexit is still a downside risk.

Machines/Engineering



Remains Fair

The investments of manufacturing businesses in machines and related items is decreasing in the Netherlands and the EU. Engineering value added is expected to level off in 2020.

Metals



Remains Poor

Orders and output are impacted by the economic downturn in the Netherlands, as GDP is expected to contract by 5% in 2020. Demand from key buyer sectors like construction has decreased. Metals value added is expected to decrease by more than 10% in 2020. However, mainly due to stimulus measures to sustain businesses, payment delays and insolvencies have not yet increased.

Paper



Remains fair

The paper industry is of minor relevance in the Netherlands compared to other sectors. The impact of the coronavirus pandemic could be both positive for some subsectors (more people having time to read), but also negative (decreasing advertisement revenues due to the economic slump could force some magazines or newspapers to leave the market). Paper value added is expected to contract 10% in 2020 after growing 2.2% in 2019. Mainly due to stimulus measures to sustain businesses, payment delays and insolvencies have not yet increased, and no substantial rise is expected in H2 of 2020.