

The Hague and Amsterdam, 17 April 2020

Results of the survey "Assessing the impact of the coronavirus pandemic on business activity in the Netherlands"

Summary: this survey was carried out by the French Chamber of Commerce in the Netherlands in partnership with the Regional Economic Service of the French Embassy in The Hague. It was sent from 20 to 31 March in the Netherlands, to business leaders who are members of the Business Club of the French Chamber of Commerce in the Netherlands, the French Foreign Trade Advisors and also relayed on social networks. It was filled out by 80 business leaders.

1. A fairly complete and representative sample despite its small size:

- **A majority of Dutch companies (60%)**, 40% of French, foreign or multinational companies ;
- **With 80 participants from 17 sectors, the sample ensures good sectoral representation;**
- **A large majority of participating companies are self-employed and SMEs**, but large companies are also significantly represented (15% have more than 500 employees).

2. The survey illustrates a strong capacity of companies to adapt to health constraints, through home office and digital means.

In the Netherlands, home office is widespread. It has therefore been easier to generalise it, as have social distancing measures in general.

In addition to the **further increase in the use of already widespread flexible working options**, the survey reveals the **increasing integration of digital technology** in both internal operations and external interaction/sales. However, these results can also be attributed to the high representation of service companies in the sample.

3. A demand shock more than a supply shock: companies seem to be more affected by the fall in market outlets than by the disorganisation of the logistics chain, even if this must be put into perspective according to the sector of activity.

The survey shows that the fall in market opportunities and the risks of liquidity and customer defaults are the most worrying factors for companies at the beginning of the crisis.

- To cope with this situation, many companies are planning **to adapt working hours and the wage bill** as a result of the reduction in activity;
- **A significant impact is to be expected on employees** with measures such as recruitment freezes, imposed paid-leave, or even reduction of the workforce, but lay-offs remain an unpopular option at this stage.

Almost half of the participating companies report that they do not encounter any particular problems in the logistics chain, and supply chain diversification does not seem to be a priority concern at this stage. Business services companies, which are a priori not much involved in physical supply chains, nevertheless constitute an important part of the sample, in contrast to sectors (agriculture, fisheries, etc.) where logistics and supply chain issues may be more significant.

4. Despite an environment that was still very uncertain at the time of the survey, a sudden shock to the turnover and financial results of many firms is to be expected.

Even if at the beginning of the crisis the drop in turnover and the adjustment of profit forecasts were difficult to establish, it is interesting to note that :

- **More than half of the companies surveyed were already forecasting a decrease in turnover;** in particular 43% were forecasting a decrease of more than 20% and would therefore be eligible for government support schemes (NOW).
- **More than a quarter of the respondents anticipated a sharp drop in turnover,** more than 80%.

5. The use of the aid scheme introduced by the Dutch Government demonstrates the vulnerability of smaller firms and the popularity of wage compensation and tax relief schemes.

Nearly two thirds of the companies plan to use at least one of the support schemes put in place. Similarly, more than one third of firms (excluding ZZP) intend to use the NOW wage compensation scheme and **almost half of them will use tax deferrals, a scheme which seems to be popular in the Netherlands, not least because of its very broad scope.**

Despite a degree of satisfaction that could be improved and obstacles to access to the aid, 3/4 of the self-employed intend to use the TOZO aid scheme. The perception of obstacles or inadequacies of the scheme was expressed by the self-employed and the smallest businesses. These obstacles or inadequacies may explain the lower level of use of the scheme by small businesses.

On the other hand, the low level of use of the business financing assistance scheme seems to reflect its weakness and inadequacy or the lack of available information, rather than a lack of need. The government has just taken new measures to make it more accessible and attractive: a bridging loan package for start-ups, lower guarantee premiums and a new EUR 12 billion package of supplier credit guarantees, in response to the withdrawal of credit insurers (Atradius, Coface, Euler Hermès).

Lastly, with regard to the replies concerning the sectoral aid scheme, it should be pointed out that the survey was carried out when only a limited number of sectors were eligible, whose enterprises had been forced to close. **Since the beginning of April, the scheme has been expanded.**