High quality, competitive costs

Benchmarking the Netherlands as Gateway to Europe

NDL / HIDC

The Netherlands:
ideal location for European distribution


Bron: DAF Trucks N.V.

The Netherlands is ***the*** logistics gateway to the European market. Besides the central location in the heart of Europe's main consumer markets, the excellent seaport and airport facilities and advanced and extensive infrastructure, the Dutch logistics industry is well-developed, making the Netherlands the ideal location to serve your European customers.

When planning the set up of a distribution center in Europe, your company will have to decide on the best

Dutch tax and customs regime is still avdvantageous

The Netherlands has a leading position in terms of taxes and customs. In terms of qualitative factors, the Netherlands leads in bonded warehouse solutions and business orientation of customs authorities.
In terms of time needed to obtain licenses and administrative burdens, Belgium and Germany both score better than the Netherlands. However, obtaining a license is normally a one-off activity. Therefore, the advantage is of less importance compared with the continuous advantages the Netherlands has to offer with regards to day-to-day tax and customs operations.
Of the countries scoring on top of the benchmark rankings in general, the Netherlands has the lowest fiscal costs. Belgian fiscal costs are slightly higher (higher corporate tax rate), while German fiscal costs are nearly double because of the on average higher corporate tax rate and the number of days companies wait for an import VAT refund.
If Tax-Effective Supply-Chain Management concepts as a whole are taken into account, the Netherlands is well-positioned for distribution center locations (Tax-Effective Supply-Chain Management may be defined as the integration of tax planning with supply-chain management).

Bron: Wim Bosman Logistic Services B.V.

Bron: Amsterdam Airport Area / Schiphol Area Development Company

Bron: Schiphol Group

location. Weighing the advantages and disadvantages of the different possible sites, you will have to decide which one best meets your specific requirements and provides the right balance between cost and quality.

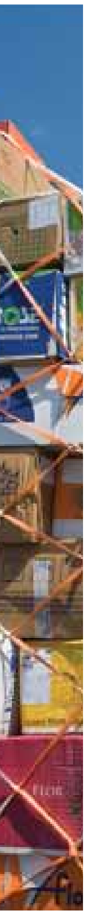
This benchmark study, conducted by Buck Consultants International and Ernst &Young on behalf of NDL/HIDC and our partners, in which different logistics hotspots in Europe are compared, offers you a tool to assist you in making the right decision.

Competitive locations

Traditionally, most logistics hotspots in Europe are concentrated in the Benelux, the UK, the north of France and in some specific parts of Germany. With the expansion of the EU, and as a result of developments in supply chain management, other countries have also gained popularity as locations for European distribution centers. The map below shows the locations that have been assessed in the benchmark study. It includes (inland) logistics hotspots, seaports and airports.

Type	Location	Industry cases	Seaports	Airports
Mainports	Amsterdam	X	X	X
	Antwerp	X	X	
	Barcelona	X	X	
	Frankfurt	X		X
	Hamburg	X	X	
	Rotterdam	X	X	
	Le Havre	X	X	
	London		X	X
	Paris	X		X
Inland hotspots	Brussels	X		
	Duisburg	X		
	Enschede	X		
	Karlsruhe	X		
	Liege	X		
	Lille	X		
	Maastricht	X		
	Metz	X		
	Milton Keynes	X		
	Tilburg	X		
	Tongeren	X		
	Venlo	X		
Regional centers	Brno	X		
	Dublin	X		
	Gdansk		X	
	Genoa		X	
	Koper		X	
	Konstanza		X	
	Vienna			X

Benchmark locations



Logistics site selection in relation to the carbon footprint

In many industries, supply chain sustainability has become a factor in supply chain design. In the study it has been assessed how the different locations rank from a sustainability perspective.
Main finding is that transportation is the dominant driver with respect to the carbon footprint. Especially when there is substantial potential for full loads or consolidation of smaller shipments (either inbound or outbound), the mainports have a clear advantage in terms of carbon footprint. This makes it possible to shift flows from less environmentally friendly road haulage to greener transport modalities, such as rail, short sea and barge. In such circumstances, the mainport locations in North-Western Europe with good multimodal connections (Antwerp, Amsterdam, and Rotterdam) and multi-modal inland ports (e.g., Duisburg, Venlo, Enscede) are the best locations. When the order profile is driven by small shipments, proximity to market increases, allowing locations close to the center of gravity (Venlo, Duisburg, Enschede) to head the ranks from a carbon footprint perspective. Also here the possibility to consolidate shipments has a clear impact on the carbon footprint.
Emission levels of French warehouses are significantly lower compared to the other countries. This is caused by the fact that power generation is mainly based on nuclear energy in France. On transport-related emissions, France falls quite far behind.

Supply chain factors comprise both cost and quality

One of the crucial aspects in selecting a location for a distribution center is to take into consideration all the factors that may have an influence on your supply chain performance. You should take all supply chain costs into account, rather than focusing on only one or two cost elements. Relatively large disparities in individual cost factors (e.g., rental rates, land costs or labor costs) do not automatically lead to significant differences in the total supply chain costs. It is also important that all qualitative indicators are evaluated during the assessment process. For example: the fact that a specific area is troubled by congestion does not automatically mean that the connectivity to the main markets is suboptimal.

The following cost and quality elements are generally considered the most relevant for evaluating locations for distribution centers.

Case studies

In the benchmark study, the attractiveness of the different logistics hotspots is compared by analyzing a number of business cases in different industries, using characteristics specific to the supply chains in those industries and taking into account the total supply chain costs as well as all the quality aspects listed above.

- Lifestyle
- Pharmaceuticals
- Spare Parts
- High Tech
- MedTech
- Airports / Aerospace
- Seaport / High Tech

In the benchmark study, it was concluded that the following locations are the most favorable for the distribution centers of companies in these industries.

General conclusions from the study are:

1 The Netherlands is favorable in terms of total supply-chain costs.

The benchmark study shows that the Netherlands scores among the best in terms of total supply chain costs. This is largely due to its favorable location relative to Europe's main consumer markets, a competitive transport market (for both inbound- and outbound transport) and the fiscal climate.

2 An excellent qualitative score for the Netherlands.

The locations in the Netherlands score best on qualitative factors. The main drivers are the labor climate and the regulatory and customs environments. The Netherlands scores better than surrounding countries in terms of labor flexibility, such as hiring and firing regulations. The Netherlands also benefits from a strong position in intermodal hinterland networks (barge, rail).

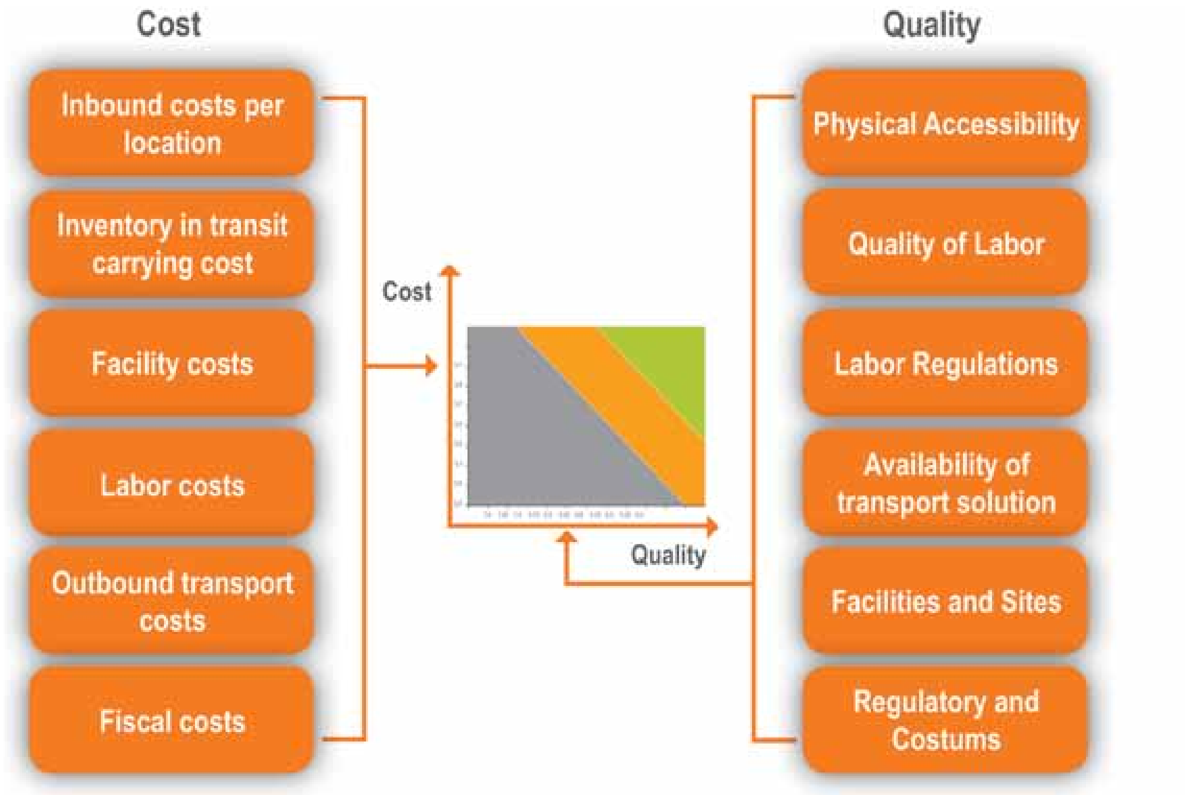


Figure 1.1 Cost and qualitative factors

	Lifestyle	Pharma	Spare Parts	High Tech	MedTech	Aerospace	Seaport
Preferred Locations	Enschede Liege Maastricht Tilburg Tongeren Venlo	Enschede Liege Maastricht Tilburg Tongeren Venlo	Liege Tilburg Venlo	Antwerp Liege Tilburg Venlo	Enschede Liege Maastricht Tilburg Tongeren Venlo	Amsterdam Frankfurt	Amsterdam Antwerp Hamburg Rotterdam

Cost quality matrix

3 Inland locations have an advantage over mainport locations.

In most cases, inland locations are preferred from a cost and qualitative perspective. Key drivers for this conclusion are proximity to market and lower labor and facility costs.
Furthermore, inland locations suffer less from mainport-related congestion and thus benefit directly due to the choice of the location.
This implies that airport and seaport locations should target specific industry verticals that are linked with the mainport or benefit from the mainport infrastructure.

4 The Netherlands is well positioned in outbound road transportation.

The Netherlands remains in the lead in outbound transportation. Generally, transport tariffs to and from the Netherlands are lower than in other countries, thereby generating an advantage in attracting customers to its inbound (air and ocean) and outbound (road, barge and rail) transport industries.
For parcel-intensive cases, locations in Belgium and the South of the Netherlands score well. This is due to the proximity to the market and to integrator hubs (e.g. Liege and Cologne).

5 Facility costs are not the main cost drivers in most supply chains.

Although Belgium and Northern France offer slightly more affordable solutions with regards to facility costs compared to the Netherlands, it turns out that facility costs influence total supply chain costs only marginally. The Netherlands scores favorably compared to German and UK/Ireland sites in facility costs.


Bron: Paul Hoekman-CBRB

Bron: Store-Ship B.V.


Amsterdam Airport Area / Schiphol Area Development Company


Bron: DAF Trucks N.V.

6 The preferred locations for aerospace-related operations are Amsterdam and Frankfurt.

Amsterdam and Frankfurt have much to offer to aerospace companies as an EDC location. One advantage of Amsterdam over Frankfurt would be the Dutch tax and customs regime.

Paris has a more neutral quality ranking and does not score well in terms of total costs. Paris' disadvantage on total costs is due mainly to outbound transport costs. London has serious disadvantages in terms of costs and quality. Vienna's major disadvantage pertain to qualitative elements.

7 Top 4 seaports in Western Europe excel compared to the rest.

In a comparison of 11 European seaports, the North-Western European ports of Antwerp, Rotterdam, Amsterdam and Hamburg have the best scores on quality and costs. On a qualitative level, Le Havre drops quite far behind compared to the other Western European Ports. Moreover, Le Havre has an 8% higher cost level. The South-Eastern and South-Western European ports (Barcelona, Genova, Konstanza and Koper) and the Northern port of Gdansk are on a par (or marginally more expensive) with the top-4 ports from a cost perspective. However, these ports are still quite far behind from a qualitative perspective.

S.A.D.C
SCHIPHOL AREA DEVELOPMENT COMPANY

Ministerie van Verkeer en Waterstaat

Port of Amsterdam

LIOF
Limburg Development Company

BUSINESSPARK TWENTE

BOM FOREIGN INVESTMENTS
Brabant, Europe's heart of smart solutions

NDL/HIDC (Holland International Distribution Council) acts as a matchmaker for logistics in Europe. We are a private, non-profit, and independent organization representing 400 companies in the Dutch logistics industry.
All of our advisory services are:

- free of charge
- totally confidential
- without any obligation

Want to discuss European logistics or need more information about the survey or the business cases? Please contact NDL/HIDC, your matchmaker for logistics in Europe, via info@ndl.nl or check our website www.hidc.nl.

Buck Consultants International

ERNST & YOUNG
Quality In Everything We Do

Nederland Distributieland
Holland International Distribution Council

Röntgenlaan 11
2719 DX Zoetermeer
Postbus 660
2700 AR Zoetermeer
The Netherlands
T +31 (0)79 343 81 10
F +31 (0)79 347 92 17
info@ndl.nl
www.ndl.nl

Suite 5702
57/F Cheung Kong Center
2, Queen's Road Central
Hong Kong

T +852 2297 35 44
F +852 2297 3344
info@hidc-asia.com
www.hidc-asia.com