



**Clingendael**

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## Going Dutch: Which firms are moving to the Netherlands because of Brexit?



Continued uncertainty about Brexit has led many UK-based businesses to activate their contingency plans. Companies have decided to move all, or part, of their operations to EU member-states in order to continue to serve their customers in the single market. Precautionary measures include

setting up EU offices alongside their UK ones, deferring investments from UK sites to European plants, or relocating altogether. On 1 February 2019, the Institute of Directors – a British business association – reported that, based on its survey of 1200 company directors, “nearly

one in three UK firms” were planning for a Brexit relocation.<sup>1</sup>

The Netherlands is one of the countries firms have put on their shortlist. In late January, the Dutch government's foreign investment arm, NFIA, announced that it was talking to more than 250 companies which were thinking of moving some, or all, of their activities to the Netherlands.<sup>2</sup> Of course, any prudent executive will shop around and compare what Dutch regulators and tax authorities have to offer over their Irish, German, Spanish or French peers. It is one thing to discuss the possibility of moving, actually moving is quite another. In August 2019, the NFIA confirmed that 98 companies had “opted for the Netherlands” as a consequence of uncertainty around Brexit, but it offered little detail about the companies or their plans.<sup>3</sup>

So, what companies are moving to the Netherlands because of Brexit?

The Clingendael Institute has compiled a database of companies that have announced their decision to move to the Netherlands, or have been reported to do so. This list is based on open-source information. Though companies may have additional reasons for wanting to reduce their footprint in the UK, each decision listed here to shift operations to the Netherlands has been attributed to Brexit uncertainty and is drawn from media reports or press statements. It should not come as a surprise that our list contains fewer companies than the 98 companies mentioned by the NFIA. Firms may be unwilling to make their plans public, or hold

off announcing their plans until Brexit has happened. Our list, however, mentions those companies that have already moved, or are in the process of moving. The list also includes a number of firms which have announced a move to the Netherlands in the event the UK leaves the EU without a deal, but for obvious reasons have not yet enacted those plans. It is also the first publicly available list of its kind for the Netherlands.

The Netherlands of course is not the only destination for UK-based companies nervous about Brexit. For instance, in the financial sector alone, Ireland announced that 100 asset-managers had moved to the country since the EU referendum in June 2016. Large commercial banks have shifted balance-sheet assets and personnel to Frankfurt and Paris, or have moved their European headquarters there. This Clingendael Alert does not seek to assess how the Netherlands compares to other countries as a destination for corporate Brexit refugees. Instead, it aims to offer a degree of detail about who are coming to Holland. By September 2019, the list comprised 56 companies.

There are several different ways in which Brexit-impacted companies move to the Netherlands:

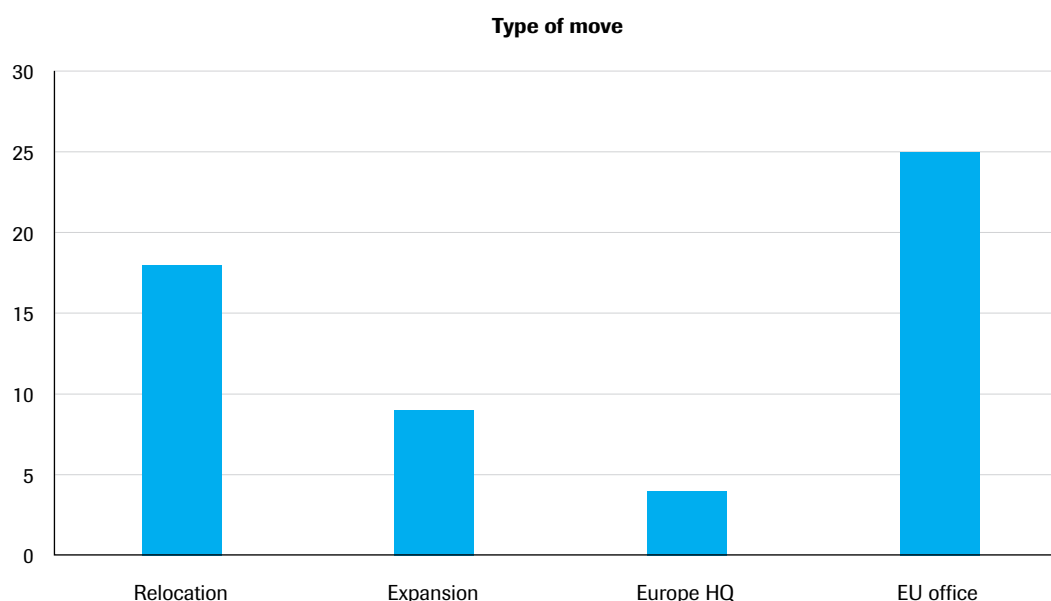
- **Relocate** activities to the EU market. In the case of multinationals, this will likely include setting up a legal entity or headquarters. This can also include moving a particular production line to the Netherlands;
- **Expand** existing activities in the Netherlands, and downscaling those in the UK;
- Set up a **European headquarters** that covers all European, including UK, activities;
- Open an **EU office**, allowing it to reproduce services for the EU market.

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1 Institute of Directors, “Nearly a third of firms looking overseas due to Brexit”, 1 February 2019, <https://www.iod.com/news/news/articles/Nearly-a-third-of-firms-looking-overseas-due-to-Brexit>.

2 NFIA, “More Foreign Companies invest in Holland in 2018: 10,000 extra jobs”, 9 February 2019, <https://investinholland.com/news/more-foreign-companies-invest-in-holland-in-2018-10000-extra-jobs/>.

3 NFIA, “More Brexit-impacted companies choose the Netherlands due to ongoing uncertainty”, 26 August 2019, <https://investinholland.com/news/more-brexit-impacted-companies-choose-the-netherlands-due-to-ongoing-uncertainty/>.



## Financials come first

Companies in the financial sector make up the majority of firms arriving in the Netherlands: 32 of the 56 companies identified. Among them are trading venues and boutique firms while – with some exceptions – few large commercial institutions have opted for the Netherlands.

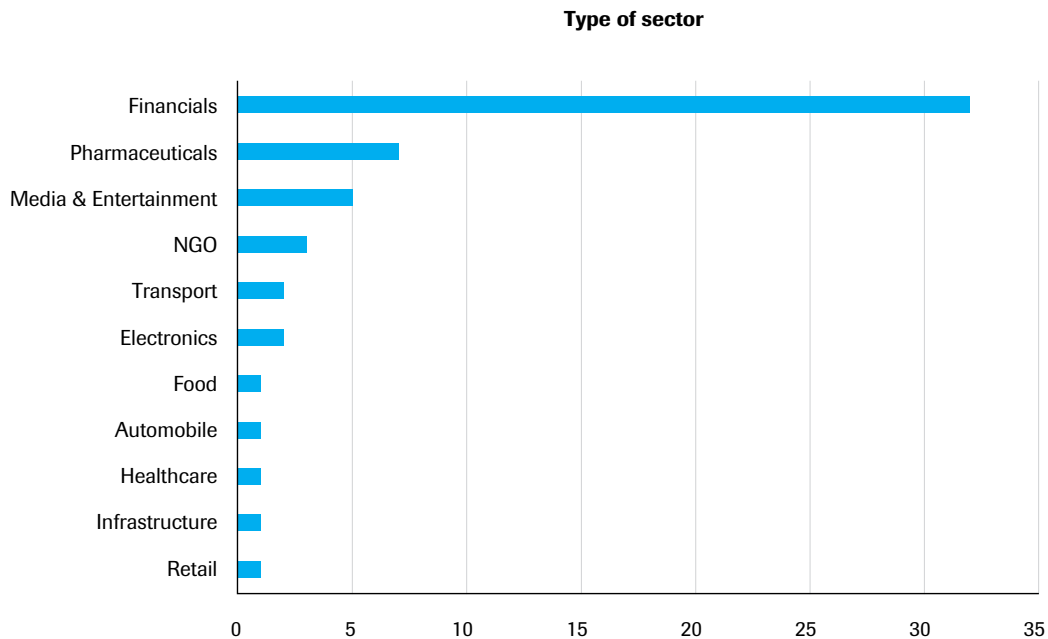
One subgroup of firms consists of trading venues, markets or platforms. These include exchanges like the CBOE, Bloomberg’s swaps market, TP ICAP, MarketAxess, the EU trading platforms of the London Stock Exchange and CME’s EBS and BrokerTec derivatives markets. Though the number of employees connected with these moves is not large, the volumes of trade which will be routed through the Netherlands as a result of these moves are. For instance, in August 2019, CME’s BrokerTec average daily European volume was EUR 263 billion.<sup>4</sup> Of course, the tax proceeds from transaction fees will accrue to the Dutch

treasury. The arrival of these trading venues and exchanges now lays the foundation for the further expansion of financial trading activities in and around Amsterdam.

A second subgroup includes boutique trading firms, many of them high-frequency traders, and FinTech companies. They include companies like Jump Trading, Radix, Hard Eight, the Gelber Group, Azimo and CurrencyCloud. Aside from access to the EU single market, it seems these firms are attracted by the friendly regulatory environment for FinTech and Amsterdam’s high-speed internet exchange point. The decision of important derivatives markets to base their EU platforms in Amsterdam will also have played a role.

A third group consists of larger, and more traditional, financial companies. Some, like BlackRock and Royal Bank of Scotland, have migrated assets, accounts or other parts of the balance sheet from the UK to an EU office in the Netherlands. These steps are not accompanied by large transfers of staff. Others, including Australia’s CBA, two big Japanese banks – Norinchukin and MUFG – and two shipping insurance firms – Steamship Mutual and UK P&I Club – have chosen the Netherlands as their EU base, and their moves involve more staff rotation to Netherlands. Meanwhile, at the behest of European financial regulators, the Dutch

<sup>4</sup> CME Group averaged 16.6 million contracts per day in July 2019, up 23% from July 2018, <https://www.prnewswire.com/news-releases/cme-group-averaged-16-6-million-contracts-per-day-in-july-2019--up-23-from-july-2018--300895521.html>.



bank ING is moving risk managers, bond and currency traders from its London office to Amsterdam. A No Deal Brexit which would sever ties between the City of London and the EU single market would surely add momentum to this trend among firms in the financial sector.

to Amsterdam. With EMA's arrival the seeds are sown for a pharmaceutical cluster in the Netherlands, but it remains to be seen how it will grow.

### Pharma follows slowly

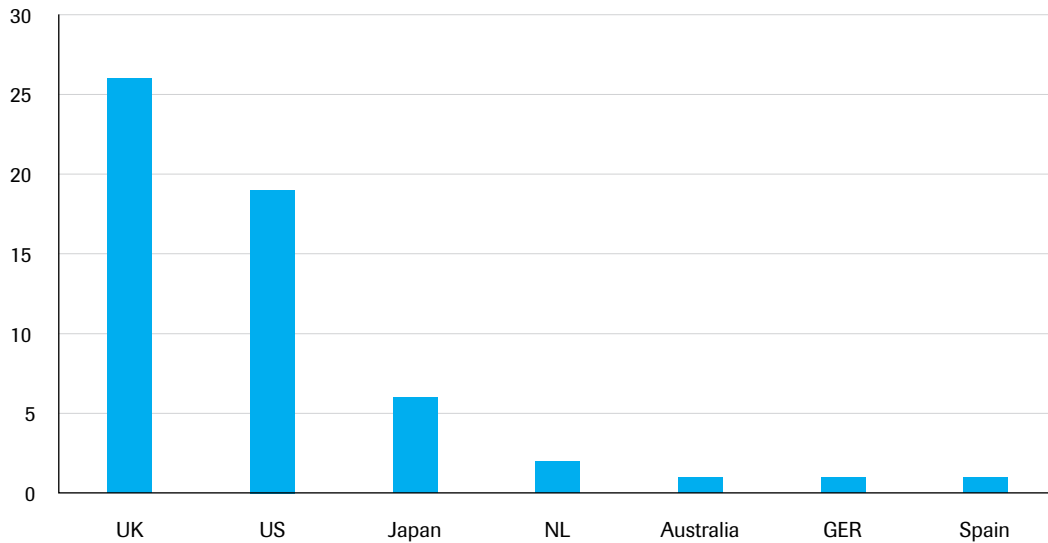
The EU's decision in November 2017 to relocate the European Medicines Agency (EMA) from London to Amsterdam has given a boost to the development of a pharmaceutical cluster in the Netherlands. In the wake of that decision, some expected that pharmaceutical companies would want to set up a presence close to the regulatory agency. This trend is materialising, but only marginally so: five pharmaceutical companies have set up an EU office in the Netherlands, including Shionogi, Alnylam and Dechra. The EMA has also attracted non-EU regulatory peers, including an EU office of the US Food & Drug Administration and the British Standards Institution. Amsterdam's proximity to London was one of the reasons for relocating the EMA there, but it might also be a reason why many London-based pharmaceutical companies now see no need to move staff

### A media magnet?

Ten percent of the firms identified in the database work in the media industry. For instance, the Japanese multinational Sony has decided to move its European headquarters to the Netherlands. This is primarily a move for legal purposes, ensuring business continuity in the event of a No Deal Brexit. Companies like Discovery have opted for the Netherlands to obtain EU licenses and guarantee their ability to broadcast across the EU. Online and digital media companies like DAZN and TVT Media seek access to those same licences, but are also attracted by Amsterdam's high-speed internet, its creative sector and the presence of other media firms like Netflix. In the event of a No Deal Brexit, the BBC has also announced that an office in the Netherlands will allow it to operate with the necessary EU licenses.

Besides these three larger developments, the steps taken by a number of individual firms are worth noting:

Country of Origin



- Three humanitarian NGO's have decided to move their office from the UK to The Hague;
- Ferrovial, the Spanish infrastructure firm that manages Heathrow Airport, has moved its international headquarters to Amsterdam;
- BMW hinted that it will shift production of the Mini from Oxford to Limburg in the event of a No Deal Brexit;
- TEC Farragon is planning to open a ferry service between Edinburgh and Groningen to avoid the Dover-Calais chokepoint;
- Philips is closing a plant in Glemsford, and expanding its operations in Drachten;
- Pirate's Grog Rum is shifting its bottling operation for the non-UK market to the Netherlands.

### Japanese cluster

Aside from British firms seeking a foothold inside the EU single market, US and Japanese firms have also taken an interest in the Netherlands. Most of the US firms on the list work in the financial sector, including many Chicago-based high-frequency traders.

The Japanese cluster, however, is noteworthy as it includes a diverse group of very large multinational companies like Panasonic, Sony, Mizuho, MUFG and

Shionogi. Some of the moves merely involve changing the company's European legal structure – such as Sony's decision to move its European headquarters – while other moves also include substantial job shifts, as is the case with Shionogi's arrival. Amsterdam is becoming a Japanese hub in Europe. Aside from Amsterdam's world-class connections, one reason for opting for the Netherlands may also be the existing presence of a number of Japanese household names including Mitsubishi, Hitachi and Canon.

### Spoils of Brexit?

This database offers a preliminary list of the companies moving to the Netherlands as a consequence of Brexit. It reveals that the companies inclined to 'go Dutch' are primarily those in the financial services, media, and pharmaceutical sectors.

Amsterdam already has a vibrant (online) media sector, and is a mid-sized financial centre. It is therefore not surprising that UK-based financial and media companies have been looking at the Netherlands as part of their contingency planning.

The pharmaceutical cluster, however, is underdeveloped and its future has become more promising in the wake of the EMA's relocation to Amsterdam. Japanese firms looking for an EU base have also cast their



eye on the Netherlands. This Japanese interest stretches across sectoral boundaries, and could develop further.

One word of caution, however, before Dutch politicians, policymakers and real estate agents cheer these 'spoils of Brexit'. Some companies have longer planning horizons; their decision to leave the UK, to set up a European office in the Netherlands or to invest in operations there, will not be reversed overnight. This holds true for many brick-and-mortar firms. But most of the companies in the database trade in services and operate globally. Companies that move for administrative or regulatory purposes, and which are not making large investments in the Netherlands or relocating large amounts of personnel, might behave more opportunistically. Their decision to pick the Netherlands is much more brittle.

The EMA's move to Amsterdam is likely to last for some time. The EMA was based in London for 22 years; its relocation was agreed by the European Council and signed off by the European Parliament. The pharmaceutical cluster it is starting to

bring to Amsterdam should be expected to stick, though this may largely mean that pharmaceuticals have an interest in basing their legal or regulatory offices in the Netherlands, and less so their research and production divisions. The cluster emerging around Amsterdam's new derivatives exchanges could also have the characteristics of a new business ecosystem, with a focus on innovative financial products and services.

By contrast, decisions like Royal Bank of Scotland's shift in balance-sheet assets or Sony's corporate restructuring may be much less enduring. If the circumstances of Britain's departure from the EU change or the threat of a No Deal Brexit recedes – or if the Dutch business or tax environment changes – might these firms be tempted to move back, or go elsewhere? It is worth remembering that it will require more than just Brexit to sustain an image of the Netherlands as an attractive destination for business.





*We aim to update our database regularly. Should you have any further additions to this database, please fill in [this form](#).*

<b>Anylam</b>	Expansion
<b>AM Best</b>	EU office
<b>Azimo</b>	EU office
<b>BBC</b>	Relocation
<b>Bedford Row</b>	EU office
<b>BlackRock</b>	Expansion
<b>Bloomberg Trading MTF</b>	EU office
<b>BMW</b>	Relocation
<b>British Standards Institution</b>	EU office
<b>CBA (Commonwealth Bank of Australia)</b>	EU office
<b>CBOE Europe</b>	Relocation
<b>Chesnara</b>	Expansion
<b>CME - BrokerTec</b>	Relocation
<b>CME - EBS</b>	EU office
<b>Currencycloud</b>	EU office
<b>Dazn</b>	Relocation
<b>Dechra Pharmaceuticals</b>	Expansion
<b>Diamond Biopharm</b>	EU office
<b>Discovery</b>	Europe HQ
<b>Euclid</b>	Relocation
<b>European Medicines Agency (EMA)</b>	Relocation
<b>Ferrovial</b>	Relocation
<b>Field Ready</b>	EU office
<b>Gelber Group</b>	EU office
<b>Hard Eight</b>	Europe HQ
<b>ING</b>	Relocation
<b>Jane Street</b>	EU office
<b>Jump Trading</b>	EU office
<b>KitePharma</b>	Expansion
<b>London Stock Exchange: Turquoise, TradeECHO, UnaVista</b>	Relocation
<b>Mako Derivatives</b>	EU office
<b>MarketAxess</b>	EU office
<b>Maven Derivatives</b>	EU office
<b>Mitsubishi UFJ Financial Group (MUFG)</b>	EU office
<b>Mizuho Financial Group</b>	Expansion
<b>Norinchukin</b>	Relocation
<b>Panasonic</b>	Relocation
<b>Philips</b>	Expansion
<b>Pirate's Grog Rum</b>	Relocation
<b>Quantlab</b>	EU office
<b>Radix</b>	Europe HQ
<b>Redress</b>	EU office
<b>Rex London</b>	EU office
<b>Royal Bank of Scotland</b>	Expansion
<b>Shionogi</b>	Relocation
<b>Sony</b>	Relocation
<b>Steamship Mutual</b>	EU office
<b>TEC Farragon</b>	Expansion
<b>Tower Research Capital</b>	EU office
<b>TP ICAP iSwap</b>	Relocation
<b>TradeWeb</b>	EU office
<b>Trig Avionics</b>	Relocation
<b>TVT Media</b>	Europe HQ
<b>UK P&amp;I Club</b>	EU office
<b>US Food &amp; Drug Administration</b>	Relocation
<b>Vitesse PSP</b>	EU office

### **About the Clingendael Institute**

Clingendael – the Netherlands Institute of International Relations – is a leading think tank and academy on international affairs. Through our analyses, training and public debate we aim to inspire and equip governments, businesses, and civil society in order to contribute to a secure, sustainable and just world.

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