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Netherlands

Food Processing Ingredients

The 2019 Dutch Food Processing Ingredients Report

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Report Highlights:

The Dutch food processing sector generates a turnover of USD 92.4 billion and production growth is supported by growing demand from mainly Germany and Belgium. Growing exports are also the main driver behind Dutch imports. Dutch food companies have been working closely together to ensure their products are safe and competitive and more recently that they are also healthy, nutritious and sustainable in order to meet consumer demand. Despite fierce competition from suppliers in other European Union member states and other countries, Dutch food companies are always on the lookout for food ingredients from the United States that might give them a competitive advantage.

Market Fact Sheet: The Netherlands

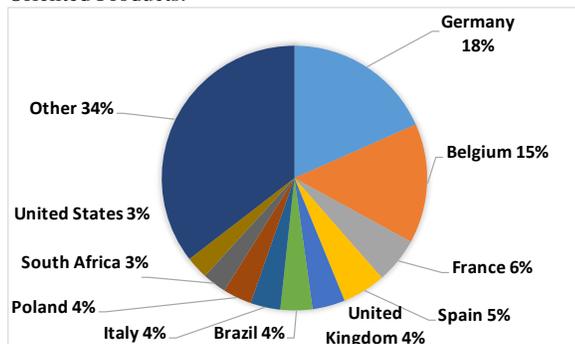
Executive Summary

The Netherlands is a small country geographically in Northwest Europe but some of the largest food processing companies have facilities here. The Netherlands is the perfect gateway for U.S. food ingredients due to the presence of the Port of Rotterdam, Amsterdam Airport Schiphol, the confluence of two European rivers and an excellent road and railway infrastructure. The Dutch are champions in transportation and logistics making the Netherlands a global trading hub for food processing. The Netherlands is the second largest exporter of agricultural products in the world after the United States and before Germany. In large part, these exports come from the Dutch food processing complex. Agricultural products produced domestically and imported are re-exported after further processing.

Imports of Consumer-Oriented Products

Dutch imports of consumer-oriented products are led by products coming from other EU Member States. In 2018, the United States was the 10th largest supplier of these products to the Netherlands with imports valued at almost USD 1.2 billion.

EU Member States Dominate Dutch Imports of Consumer-Oriented Products:



Food Processing Industry

There are 6,195 food companies in the Netherlands, employing approximately 140,000 people, or six percent of total employment in the Netherlands. The sector generated an estimated USD 92.4¹ billion in 2018 and accounts for around five percent of Dutch GDP. The subsectors of meat, dairy and fresh produce each account for roughly a quarter of the industry’s turnover.

Food Retail Industry

The Dutch retail sector is rather consolidated with the two largest retailers controlling over 50 percent of the market. For 2018 the turnover of the Dutch food retail industry is estimated at USD 45.9 billion. Consumers are increasingly looking for sustainable or organic products and more ready-to-eat meals and convenience products.

Quick Facts CY2018

Imports of Consumer-Oriented Products, total: USD 42.1 billion

List of Top 10 Growth Products in the Netherlands:

- | | |
|-------------------------|------------------|
| 1. Food Preparations | 2. Fresh Grapes |
| 3. Bread, Pastry, Cakes | 4. Bananas |
| 5. Live Plants | 6. Butter |
| 7. Pet Food | 8. Chicken Cuts |
| 9. Malt Extracts | 10. Fresh Apples |

Food Industry by Channels:

Food Industry:	USD 92.4 billion
Consumer-Oriented Products Imports:	USD 42.1 billion
Consumer-Oriented Products Exports:	USD 78.3 billion
Agricultural & Related Products Imports:	USD 79.6 billion
Agricultural & Related Products Exports:	USD 112.3 billion
Food Retail:	USD 45.9 billion
Food Service:	USD 13.3 billion

Top 10 Food Retailers in the Netherlands, Market Share:

Albert Heijn	35.3%	Jumbo	20.2%
Lidl	10.5%	Aldi	6.7%
Plus	6.4%	Coop	4.1%
Dirk	3.8%	Deen	2.2%
Hoogvliet	2.1%	Dekamarkt	1.8%

GDP/Population: Population: 17.2 million

GDP: \$773 billion

GDP per capita: \$44,942

Strengths/Weaknesses/Opportunities/Challenges

Strengths:

U.S. companies are known for their consistent and high-quality food ingredients.

Weakness:

Distance puts U.S. suppliers of ingredients at a disadvantage.

Opportunities:

The Dutch food processing industry is on the lookout for new ingredients, ranging from low-value and unprocessed commodities to high-value and highly processed ingredients in order to create new products.

Threats:

U.S. exporters face stiff competition from other EU member states and third countries such as Canada that have negotiated lower tariff rates through trade agreements.

Data and Information Sources: Global Trade Atlas, industry experts, company websites

Contact: FAS The Hague, agthe Hague@fas.usda.gov

¹ 1\$=0.85€

SECTION I. MARKET SUMMARY

Overall Business Climate

Fundamental strengths of the Dutch economy continue to be the Netherlands' stable political and macroeconomic climate, a highly developed financial sector, strategic location, a well-educated and productive labor force, and high-quality physical and communications infrastructure. According to the Netherlands Bureau for Economic Policy Analysis (CPB), Dutch Gross Domestic Product (GDP) will grow by 2.2 percent in 2019, tapering off after higher growth rates in 2017 (2.9 percent) and 2018 (2.6 percent). For the fourth consecutive year, 2019 will see the Dutch economy growing at a faster pace than the EU Eurozone average (1.7 percent). Labor market participation and unemployment have returned to pre-crisis levels and increasingly scarce labor, along with higher sales taxes and a booming real estate market are contributing to a rising inflation rate. For the third consecutive year, 2019 will see a budget surplus in the Dutch public finances of one percent or more. Additional information on the overall business climate in the Netherlands can be found in the GAIN Report [The Dutch Exporter Guide – February 13, 2019](#).

The Dutch food processing industry is performing well. Since 2014, its turnover grew on average by 3.5 percent per year and its turnover in 2018 was valued at USD 92.4 billion. The industry has been a steady supplier of jobs in the Netherlands. Last year, around 140,000 people worked for a food company; the majority of the jobs are to be found in the middle of the country. The number of food companies continues to grow since the beginning of this decade. According to the Central Bureau of Statistics (CBS) there were 6,180 food companies in the Netherlands last year, up by 1,600 compared to 2010. The increase is the result of the growing number of small food companies (with less than 10 employees). This segment grew from 3,265 in 2010 to 4,900 in 2018. Dutch food companies operate internationally. Dutch exports and imports of food products grow every year. Exports (in value) however, have grown faster than imports and, as a result, the Dutch export surplus of food products continues to get larger. In 2018, it totaled USD 32.7 billion, up by 1.2 percent compared to 2017. By more than 50 percent, the main export markets are Germany, Belgium, and France. The other European markets also take about a quarter of Dutch exports.

Increased attention to product reformulation and growing food awareness of more sustainable production procedures (in particular energy efficiency and CO2 reduction) will continue to further shape the Dutch food processing industry in the years to come. Food manufacturers are increasingly experiencing pressure from society to invest in facilitating healthier choices for consumers. The challenge is to combine healthier nutrition with other consumer needs such as affordability, convenience and taste. Through innovation and product reformulation, food companies are working on the nutritional impact of food products. They also work on reducing the salt content, saturated fats, and portion sizes to make it easier for consumers to adhere to a responsible diet. On the product label, consumers can find information on the composition of the product, presence of allergens, quantity of the product, shelf life and storage conditions. Several Dutch retailers have voiced their support for a voluntary nutrition-labeling scheme. The most popular option seems to be the Nutri-Score scheme, which retailers in France and Belgium are using, see [Belgium Adopts Nutri-Score for Front of Pack Nutritional Labeling](#). This scheme includes a color coded designation from A (best nutritional quality) to E (poorer nutritional quality).

More and more Dutch food companies are looking at what can be done better in their factories like reducing energy and saving water. Increasingly they are also spending resources on having a more responsible purchasing policy in place for their raw inputs. As a result, many have switched to more sustainable alternatives for palm oil, soya, meat, fish, coffee or cocoa. Also, food waste, caused by production failures, planning errors or disapproval of finished products due to a too-short shelf life, has gained more attention over the past few years. Food companies try to minimize food waste not only from a business point of view but increasingly from an ethical and sustainability point of view. At the moment the Dutch food industry, food distributors and the Ministry of Agriculture are discussing the use of 'best before' label on food products in the context of 'food waste'. Many products, which have a 'best before' date on the label, are edible after that date, but are still thrown away out of safety concerns. The [Dutch government](#) wants to halve food waste by 2030.

International fair-trade seems to be gaining more attention among food processing companies as well. In particular Dutch companies are spending more resources on a fair price throughout the value chain and making sure labor requirements are fair (no employment of children).

Table 1. Advantages and Challenges

Advantages - Sector Strengths and Market Opportunities	Challenges - Sector Weaknesses and Threats
Dutch food processing companies prefer to work with U.S. suppliers because they are professional and deliver food ingredients with a consistent high quality. U.S. companies also have a great variety of products to offer.	Several products cannot be exported to the EU since they are not EU-approved (poultry, GMO derived ingredients, non-NHTC beef, shell fish, etc.).
Growing demand for ingredients with a special claim and sustainable production methods. U.S. farmers have a good story to tell about sustainability and their supply chain.	The EU has several Free Trade Agreements that may advantage other 3rd country competitors.
The Netherlands is the most important gateway for U.S. products to the European Union (EU); the buyers and food processing companies are here.	Transatlantic transportation is costly. Products from the United States are subject to import tariffs. Suppliers from other EU member states have a competitive advantage on tariffs and non-tariff trade barriers, transportation costs and transportation time.

Source: FAS The Hague

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

The first step for U.S. companies that would like to start exporting food ingredients to the Netherlands is to determine whether there is a potential market for their product. It is important to gain a good understanding of who the clients and end-users could be. Trade statistics can help to indicate whether Dutch companies need to import this ingredient, whether it is locally or regionally available, how much is currently being imported, and from which competing supplying country. If the product is new to the market, and currently not being imported, then it is recommended you reach out to Dutch traders or distributors for their input. Either way, FAS The Hague can help you find the right path for your product.

There are several options on how to best connect with Dutch buyers of food ingredients. Trade shows can serve as a springboard into the market, helping U.S. companies to establish new trade contacts and gauge product interests. Dutch buyers regularly travel to the United States to see new products and make new contacts at U.S. trade shows. U.S. exporters should also consider visiting or exhibiting at a European trade show. There, they will not only meet local buyers, but there is also the opportunity to arrange site visits and do store checks. More information and a list of the major European trade shows can be found at <http://fas-europe.org/>.

Participating in a trade mission can be another excellent way to meet new buyers of food ingredients. There are several U.S. commodity groups and State Regional Trade Groups that regularly organize both in the United States and overseas trade missions, often organized around a trade show. Contact FAS The Hague and we will help you connect with Dutch buyers. Other market assistance reports can be found on <http://fas-europe.org/countries/netherlands/>.

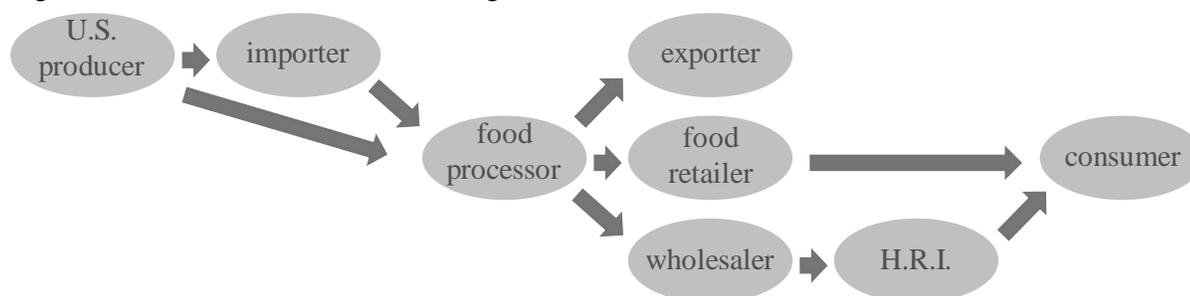
Import Procedure

Animals and animal products are brought into the EU from countries all over the world. To prevent the introduction of animal diseases and to protect the market from public health risks, the European Commission has established detailed regulations for food and agricultural imports. On this basis, the Dutch NVWA performs checks on live animals, foodstuffs and plant products. Depending on the product, exporters can expect the following type of checks: documentary check, identity check and in some cases physical check. More detailed information on the import procedure as well as on the process in the event the Dutch Food Safety Authority (NVWA) decides to detain a shipment can be found in the GAIN Report [The Dutch FAIRS Annual Country Report – March 21, 2019](#).

Market Structure

The Dutch food processing industry is mature, well organized and has access to any food ingredient imaginable. Dutch food companies prefer to purchase food ingredients from specialized traders rather than sourcing directly from the United States. Only large and/or highly specialized food companies might opt to import ingredients directly from foreign suppliers.

Figure 1: Distribution Channel Flow Diagram



Although depending on the type of food ingredient, the supply chain might differ, the above diagram applies to most food ingredients.

Sector Trends

Dutch consumers are older, more ethnically diverse and often living in households with fewer people. This has led to the demand for more convenience, a greater variety, and smaller packaging. The main sector trends include the growing demand for organic and sustainable products, and the growing interest in healthy and nutritious food products.

Company Profiles

The table below provides an overview of some of the largest Dutch food companies.

Table 2: The 20 Largest Dutch Food Companies, 2017 Figures, Global Sales

Company Name	Website	Turnover, million USD	Product Group	End Use Channel
Coca Cola	Cocacolanederland.nl	** 6,353	Soft Drinks	retail and foodservice
Heineken	Heineken.com	25,765	Beer	retail and foodservice
Jacob Douwe Egberts	Jacobdouweegberts.com	6,824	Coffee	retail and foodservice
Royal FrieslandCampina	Frieslandcampina.com	14,247	Dairy	retail and foodservice
Unilever Nederland	Unilever.com	63,294	Specialty Foods	retail and

				foodservice
Vion Food	Vionfoodgroup.com	6,000	Meat	food processing, retail and foodservice
Royal Cosun	Cosun.com	2,471	Ingredients	food processing
Danone	Danone.com	29,059	Dairy	retail and foodservice
AB Inbev	Ab-inbev.com	66,353	Beer	retail and foodservice
The Greenery	Thegreenery.com	1,294	Fresh Produce	retail and foodservice
Pepsico Nederland	Pepsico.nl	65,000	Soft Drinks	retail and foodservice
Arla Foods	Arla.com	12,471	Dairy	retail and foodservice
H.J. Heinz	Kraftheinzcompany.com	26,232	Beverages, Cheese, Convenience, Dairy and Snacks.	retail and foodservice
Nestlé Nederland	Nestle.com	89,800	Coffee, Pet Food, Chocolate and Dairy	retail and foodservice
Upfield	Upfield.com	3,000	Spreads	retail and foodservice
Zwanenberg Food Group	Zwanenberg.nl	470	Meat	retail and foodservice
Cono Kaasmakers	Cono.nl	* 242	Cheese	retail and foodservice
Campofrio	Campofriofoodgroup.com	* 2,284	Meat	retail and foodservice
Dr. Oetker Nederland	Oetker-group.com	13,652	Dairy and Drinks	retail and foodservice
Grolsch Bierbrouwerij Nederland	Koninklijkegrolsch.nl	412	Beer	retail and foodservice

Source: FAS The Hague, industry experts, company websites

* 2016 figures

** Turnover Europe

SECTION III. COMPETITION

The table below summarizes the competitive situation U.S. suppliers face in the Dutch food processing sector in terms of regionally produced goods and imports and their respective market shares. The strengths of supplying countries and also the advantages and disadvantages of local suppliers are discussed.

Table 3: Overall Competitive Situation for Selected Food Ingredients in the Netherlands, 2017

Product Category	Leading Countries of Origins, and USA, in	Strengths of Key Supply Countries	Advantages and Disadvantages of local suppliers
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Percentage			
Food Preparations (HS210690) Total Imports: USD 1,540 million	Germany: 22% Belgium: 13% USA: 13% UK: 11%	Due to proximity, neighboring countries are leading suppliers of flavored or colored sugar, isoglucose, lactose, and glucose and maltodextrine syrups.	Food preparations are produced and used throughout the EU.
Animal or Vegetable Fats, Oils & Their Fractions (HS151800) Total Imports: USD 1,006 million	Indonesia: 17% Germany: 15% China: 12% USA: 9% Belgium: 7%	EU demand for oils and fats is growing due to biofuels production.	EU availability of animal fats and production of rapeseed and sunflower seed is limited.
Peanuts (HS120242) Total Imports: USD 489 million	Argentina: 51% USA: 18% Brazil: 8% China: 6%	Argentina continues to dominate the market and supplies good quality peanuts.	No local supply.
Sunflower Seeds (HS120600) Total Imports: USD 464 million	Romania: 37% USA: 23% Bulgaria: 15% Hungary: 5%	Third country supply is price competitive at EU ports.	EU production of sunflower seed is limited.
Odoriferous Substances (HS330210) Total Imports: USD 462 million	Ireland: 36% Germany: 21% USA: 19% France: 5%	Odoriferous Substances are compounds (natural and synthetic) with odors used in the manufacture of various non-food and food products and are locally available.	U.S. suppliers are often at a price disadvantage compared to EU suppliers mainly due to time, shipping costs and taxes.
Peptones and Derivatives (HS350400) Total Imports: USD 297 million	Belgium: 27% USA: 25% Germany: 14% France: 10%	Peptones are used by producers of food supplements and are locally available.	U.S. suppliers are often at a price disadvantage compared to EU suppliers mainly due to time, shipping costs and taxes.
Almonds (HS080212) Total Imports: USD 216 million	USA: 64% Spain: 15% UK: 6% Australia: 5%	Spain is an EU MS and located closer to the Netherlands than the U.S.; however, the U.S. still dominates the international almonds trade.	The food processing industry needs more almonds than Spain can supply.
Cod (HS030363) Total Imports: USD 197 million	Russia: 52% Norway: 42% USA: 1%	All suppliers offer good quality cod.	No availability or not enough local availability. Strong demand for producing breaded deep fried white fish products.
Cranberries	USA: 60%	Main supplier of cranberries is	No local availability. The use

(HS200893) Total Imports: USD 92 million	Canada: 17% Chile: 14%	the United States followed by Canada and Chile.	of cranberries continues to grow. They are no longer just used in sauces but also in all kinds of food and drink products.
Pistachios (HS080251) Total Imports: USD 81 million	USA: 85% Germany: 9% Iran: 4%	The U.S. dominates the international pistachios trade.	There are no local suppliers.
Alaska Pollock Fillets (HS030475) Total Imports: USD 77 million	USA: 60% China: 20% Belgium: 6%	The U.S. leads the supply of Alaska Pollack; Iceland, Norway and China are the main suppliers of the more expensive substitute cod.	No availability or not enough local availability of price competitive fish fillets.

Source: Globe Trade Atlas

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

This section identifies the best product prospects for the food ingredients market.

Food Ingredients Present in the Market Which Have Good Sales Potential

- Nuts (almonds, peanuts, pistachios, walnuts, hazelnuts and pecans)
- Highly processed ingredients (dextrins, peptones, enzymes, lecithins and protein concentrates)
- Fish fillets (frozen fillets of Alaska Pollack, cod and hake)
- (fresh and processed) fruit and vegetables (cranberries, sweet potatoes, grapefruit, asparagus and mangoes)

Food Ingredients Not Present in Significant Quantities, But Which Have Good Sales Potential

- Ingredients for natural and healthy food stuffs
- Bakery products
- Dairy products (whey, milk powder)
- Specialty grains (millet, spelt and meslin)
- Pulses

Food Ingredients Not Present Because They Face Significant Barriers

- Poultry
- GMO derived ingredients that are not EU approved
- Shell fish

The GAIN Report [The Dutch Exporter Guide – February 13, 2019](#) has more detailed information on food ingredients which have Good Sales Potential.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

The key contact for the Dutch food processing industry is the Federation of the Dutch Grocery and Food Industry (FNLI)

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