



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 11/02/2004

GAIN Report Number: NL4028

Netherlands

Agricultural Situation

Scope Paper

2004

Approved by:

Roger Wentzel
U.S. Embassy, The Hague

Prepared by:

Bob Flach, Marcel Pinckaers

Report Highlights:

The Netherlands derives two-thirds of its GDP from merchandise trade, mainly through the world's largest port, Rotterdam, which serves as point of entry for much of the EU.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
The Hague [NL1]
[NL]

Political:

The Netherlands is a stable parliamentary democracy. Queen Beatrix is the head of state while Christian Democrat (CDA) Jan Peter Balkenende is Prime Minister. The Netherlands has a bicameral parliament with a predominant lower chamber, and an independent judiciary. Following January 2003 elections, the CDA formed a coalition with the conservative VVD and the progressive party D66. At the moment, the cabinet is cutting expenses in an effort to stimulate the slacking Dutch economy.

Socio-Economic:

The Netherlands, with a population of 16.3 million or 475 people per square kilometer, is the most densely populated country in Europe. The Dutch population is growing slowly and aging, while just recently emigration is surpassing immigration. The growing immigrant class totals about ten percent of the population. The OECD placed Dutch GDP growth at minus 0.9 percent in 2003 with GDP per capita estimated at \$29,300, and unemployment at about 5 percent. The Dutch economy was slowly recovering in the second quarter of 2004, posting GDP growth of 1.3 percent. Dutch consumers spend 18 percent of income on food, while agriculture accounts for 2 percent of the Dutch GDP. Farmers constitute 1.5 percent of population, though 65 percent of land is devoted to agriculture.

General and Agricultural Trade:

The Netherlands derives two-thirds of its GDP from merchandise trade, mainly through the world's largest port, Rotterdam, which serves as point of entry for many products entering the EU. The country had a positive trade balance in 2003 of \$30.6 billion. The Netherlands' principal exports are machines and instruments, transport materials, petro-chemicals, pharmaceuticals and flowers. The U.S. is the largest non-EU trading partner, while the Netherlands is the country with the largest trade deficit with the U.S. In 2003, U.S. exports to the Netherlands were \$20.7 billion and imports from the Netherlands \$12.5 billion. Dutch agriculture is highly intensive and export focused. The Netherlands has the second largest trade surplus of agricultural products next to the United States. Total agricultural exports were \$54.2 billion in 2003 with \$2.2 billion (especially beer, flower bulbs and spirits) shipped to the U.S. Agricultural imports from the U.S. totaled \$1.4 billion, with soybeans, corn gluten feed, tobacco, wine and nuts among the most important products.

Agricultural Policy:

Dutch agricultural policy is driven by the EU's Common Agricultural Policy (CAP). However, most of the heavily supported crop sectors are of minor importance in the Netherlands, making the country a net payer to the CAP. Dutch policy makers tend to push liberalization of the CAP. A high population density and influential environmental lobby contribute to a strong bias toward consumer and environmental protection in Dutch food policy development. The Dutch primary production sectors are pressured by the demand for land for housing, recreation, and nature areas, along with strict rules protecting the environment and animal welfare.

Investments:

In 2003, the total foreign direct investment position in the Netherlands was \$388 billion, with the UK (18%), the U.S. (17%) and Belgium (14%) as the top three investors. Total U.S. investments in the Netherlands in 2003 were \$65 billion, mainly in finance, insurance and real estate, chemical and allied products and wholesale trade. The Dutch foreign direct investment position in the U.S. was \$83 billion.