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Netherlands

Agricultural Situation

The Benelux Horticulture Market

2005

Approved by:

Roger Wentzel
U.S. Embassy, The Hague

Prepared by:

Marcel Pinckaers

Report Highlights:

The Netherlands and Belgium together export more than \$19 billion a year in horticultural products. The region is a large producer and exporter of vegetables and the world's largest exporter of ornamental plant products, in addition it is a major trans-shipment station for fruit. A good geographical location and an excellent infrastructure in combination with a professional industry have been the main ingredients for this position.

Exchange Rate:

2003: 1 US\$=0.89 Euro

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I. Trade

A Quarter of all Exported Horticulture Products are Traded Via the Benelux

World exports in agricultural products totals \$622 billion. The field is dominated by the USA, the Netherlands and France, with exports worth \$68, \$55 and \$46 billion, respectively. Belgium and Luxembourg, export a combined \$27 billion of agricultural products. More than thirteen percent of global agriculture and food export moves through the Benelux's two main ports, Rotterdam and Antwerp, which serve most of Northern and Central Europe.

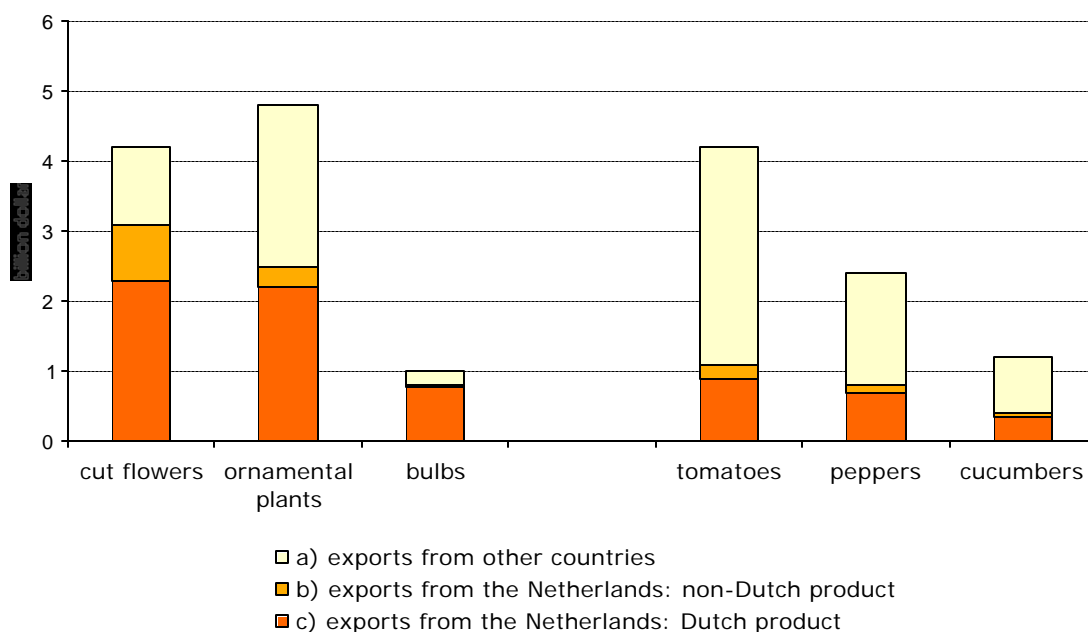
The value of world export in horticultural products (plants and flowers, vegetables and fruit) is \$71 billion. The Benelux share of this market is substantial, roughly 26%, or \$19 billion. The Netherlands is a large producer and exporter of vegetables and the world's largest exporter of ornamental plant products, in addition to being a major trans-shipment station for fruit. Meanwhile, Belgium has a considerable market share in world export of vegetables and fruit, but in reality the majority of the trade in fruit is trans-shipments.

The most important factor that has contributed to the importance of the Netherlands and Belgium in these markets is their location: Both the Netherlands and Belgium are located in the heart of Western Europe and border the North Sea (the Belgium/Dutch coast line totals 525 km). In addition, the Benelux has an excellent infrastructure and is located at mouths of three major European rivers (Rhine, Maas and Schelde). As a result the Benelux derives the majority of its GDP from merchandise trade. Furthermore, the region has a good highway system and railways system of over 6,000 km.

It is The Netherlands that Dominates World Exports Of Ornamentals, Flowers and Plants

World export in plants (live trees and other plants; bulbs; cut flowers and ornamental foliage) was \$12.4 billion in 2003. Over sixty percent, or \$7.6 billion worth, was exported via the Netherlands, and the vast majority (\$6.3 billion worth) were Dutch-produced. Exports were dominated by cut flowers (37%), ornamental plants (29%) and bulbs (10%). Approximately 60 percent of plant exports are destined for Germany, the UK and France. A mere 4 percent end up on the US market.

Figure 1: The Dutch Share of World Trade in Selected Horticulture Products, \$ billion, 2003



Source: www.gtis.com

Note: Some products may be counted in both columns A and B

For cut flowers, two thirds of world export (worth \$4.2 billion) is traded via the Netherlands with the vast majority produced in the Netherlands. Main export markets are Germany, the UK and France. World export in ornamental plants is also, although to a lesser extent, dominated by the Netherlands, which exports almost half of the world's ornamental plants (valued at \$4.8 billion in 2003). The majority of these exports are Dutch products. In addition, world export in flower bulbs is valued at approximately \$1 billion, of which 80 percent originates in the Netherlands.

And has a Leading Position in World Exports of Vegetables, Followed By Spain and Mexico

The value of world export in edible vegetables is much larger. In 2003, this number was \$26.4 billion, of which \$4.8 billion were traded via the Netherlands. While up to one-third of those exports were transshipments, at least 10% of all vegetables traded on the world market were grown in the Netherlands. Main Dutch export products include tomatoes (23%), peppers (17%) and cucumbers (8%) and principal destinations are Germany, the UK and Belgium. Just 4 percent end up on the US market.

Of total world export in tomatoes (\$4.2 billion), over one fourth (\$1.1 billion) is trade in Dutch tomatoes supplying Germany and the UK. World export in cucumbers and peppers is \$1.2 and \$2.4 billion, respectively. The Netherlands is a major player in the world markets for cucumbers and peppers as well, with a share of about one-third of these markets. For the tomatoes, cucumbers and peppers market, Mexico and Spain are the other major exporters.

A mere 6% (\$1.7 billion) of world export in edible vegetables was traded via Belgium.

The Netherlands and Belgium Serve as a Trans-shipment Station For World Exports of Fruit

World export in edible fruit and nuts is almost \$33 billion. The Benelux has a market share of just over 7 percent. South Africa, Spain and Chile dominate the supply of fruit, and the majority of Benelux exports are comprised of fruit originating in these countries which is trans-shipped to Germany, France and the UK.

Figure 2: Dutch Exports in \$ million, by Destination, 2003

| | Plant Products Export | % | Vegetables Export | % | Fruit Export | % |
|----------------|-----------------------|------|-------------------|------|--------------|------|
| Germany | 2,399 | 32% | 1,699 | 36% | 863 | 38% |
| United Kingdom | 1,228 | 15% | 822 | 17% | 220 | 10% |
| Belgium | 370 | 5% | 362 | 8% | 191 | 8% |
| US | 337 | 4% | 169 | 4% | 1 | 0% |
| Other | 3,358 | 44% | 1,731 | 35% | 1,008 | 44% |
| Total | 7,593 | 100% | 4,783 | 100% | 2,282 | 100% |

Source: World Trade Atlas, USDA calculations

Figure 3: Belgium Exports in \$ million, by Destination, 2003

| | Plant Products Export | % | Vegetables Export | % | Fruit Export | % |
|-------------|-----------------------|------|-------------------|------|--------------|------|
| Germany | 51 | 10% | 463 | 27% | 735 | 36% |
| France | 213 | 40% | 406 | 24% | 301 | 15% |
| Netherlands | 115 | 22% | 266 | 16% | 375 | 18% |
| US | 2 | 0% | 16 | 1% | 0 | 0% |
| Other | 147 | 28% | 510 | 32% | 609 | 31% |
| Total | 528 | 100% | 1,660 | 100% | 2,020 | 100% |

Source: World Trade Atlas, USDA calculations

Explaining The Auction System

The auction system provides the main link between the grower and traders of flowers and plants. Most growers in the Netherlands do not sell their products directly, but are affiliated with one of the auctions. The auctions are in fact growers' cooperatives. Membership in an auction obliges growers to sell all their production through the auction. As a result the auctions concentrate supply and demand of flowers and plants in the same area.

The development of highly efficient and centrally located auctions has led many foreign producers to choose to sell their products through the Dutch flower auctions, despite the high transport costs. All major imported flowers are now supplied year-round. Foreign suppliers must be affiliated in order to supply to the auction. Imported flowers must also meet the same quality criteria as the Dutch products.

Auctions used to also be the main link between growers and traders in fruit and vegetables as well. Nowadays, the vast majority of vegetables are sold directly by growers organizations. For fresh fruit, some 50 percent is sold directly off-farm to traders and the other half is sold via cooperatives.

Figure 4: Overview Dutch Flower and Plant Auctions

| | Turnover in \$ | Website |
|----------------|----------------|--|
| FloraHolland | 1,988 million | www.flora.nl |
| Aalsmeer | 1,796 million | www.vba.nl |
| Oost-Nederland | 71 million | www.von.nl |
| Vleuten | 26 million | www.bvv.nl |

Source: annual reports, websites, contacts

Figure 5: Overview of Dutch Leading Fruit and Vegetable Auctions, 2003

| | Turnover in \$ | Website |
|--------------|----------------|--|
| The greenery | 1,798 million | www.thegreenery.com |
| Zon | 294 million | www.zon-business.com |
| Fruitmasters | 393 million | www.fruitmasters.nl |

Source: annual reports, websites, contacts

Figure 6: Overview Belgium Flower and Plant Auctions, 2003

| | Turnover in \$ | Website |
|-------------|----------------|--|
| Euroveiling | 34 million | www.euroveiling.be |

Source: annual reports, websites, contacts

Figure 7: Overview of Belgium Leading Fruit and Vegetable Auctions, 2003

| | Turnover in \$ | Website |
|-------------|----------------|--|
| VMV | 281 million | www.vmv.be |
| REO | 161 million | www.reo.be |
| BFV | 120 million | www.bfv.be |
| Hoogstraten | 119 million | www.veilinghoogstraten.be |
| Brava | 54 million | www.brava.be |
| Profruco | 16 million | www.profruco.be |
| LTV | 13 million | www.ltvcb.be |

Source: annual reports, websites, contacts

II. Production

Horticulture has Almost Become the Most Important Sector in The Netherlands

The turnover of the Dutch horticulture industry is \$8.0 billion. Horticulture is the highest value sector in Dutch agriculture. While only 8% of agricultural acreage is devoted to the production of fruit, vegetables, flowers and plants, this sector contributes 41% to the value of Dutch agriculture.

Figure 8: Turnover million \$, 2003

| | |
|--------------------|-------|
| Plant products | 5,282 |
| Vegetables | 2,348 |
| Fruit | 399 |
| Total Horticulture | 8,029 |

Source: Commodity Board for Horticulture

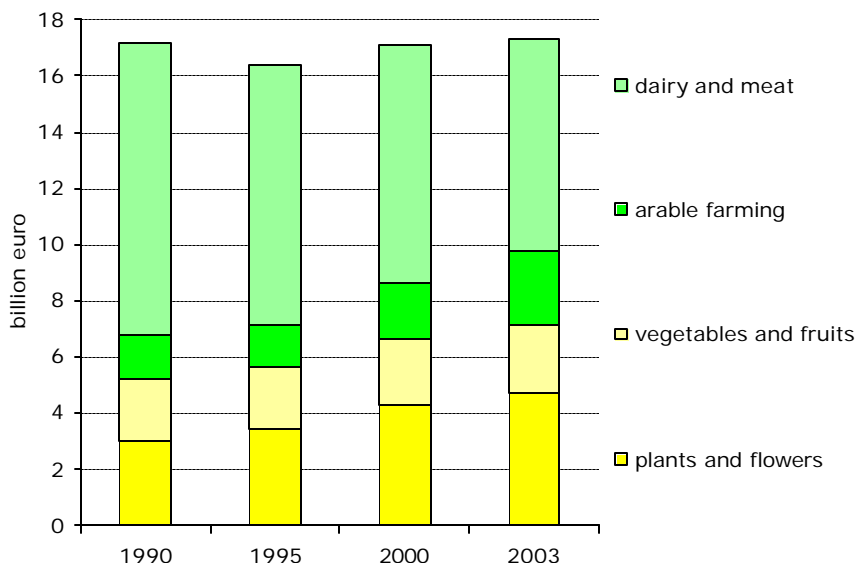
Of the total 145,000 hectare producing horticultural products, 93% is used for open-air production, and the remaining 7 percent (11, 000 hectare), is dedicated to greenhouse production. Greenhouses mainly produce vegetables, cut flowers and potted plants. Although some shifts have taken place during the past few years, the total acreage under greenhouse production has not changed.

Horticulture products are largely produced by family firms, in which the owner plays an active role. As a rule, growers do not sell their products themselves, but auctions and cooperatives take care of that. This leaves the growers entirely free to concentrate on production, which has led to specialization. By growing only one crop, or sometimes even just one variety, growers optimize their production.

Dutch agriculture production has been stable for the past 15 years with an average value of \$ 19.3 billion. What has changed throughout the years is the composition of that industry. The value of arable farming, and plant and flower production has increased considerably while turnover in the dairy and meat sector has fallen. Growth in the plant and flower industry is fuelled by growth in exports of cut flower and ornamental plants. The

Netherlands has been extremely successful in creating and expanding profitable markets for these products and introducing new plant varieties.

Figure 9: Overview Dutch Agriculture, selected years



Source: Product Board for Horticulture

The Netherlands is a major player in the ornamental plants sector, both in production and distribution. Dutch flower auctions play an intermediary role between growers from around the world and the international wholesale trade. Dutch flower auctions serve as the hub for around half of the world production of flowers and plants.

Figure 10: Leading Cut Flower Crops

| Rank | Variety |
|------|--------------------------|
| 1 | Roses |
| 2 | Flowers Grown from Bulbs |
| 3 | Chrysanthemums |
| 4 | Freesias |
| 5 | Gerberas |

Source: www.flowercouncil.org

The vegetables and fruit sectors have grown as well, mainly due to the successful export of tomatoes on the vine. The production for this kind of tomatoes has been a profitable business over the past years.

Increased pressure on returns led producers of tomatoes, cucumbers and peppers to join together in producers organizations in the late 1990s. Increasingly these organizations have taken over the role of auctions and are in direct contact with clients.

Belgium Horticulture Production is Concentrated in Flanders

The turnover of the Belgian Horticulture industry is \$1.6 billion. Horticulture is the highest value sector of Belgian agriculture. While only 8% of agricultural acreage (50,595 ha) is devoted to the production of fruit, vegetables, flowers and plants, this sector contributes 29% of the Belgian agriculture production.

Figure 11: Turnover Million \$, 2003

| | |
|--------------------|-------|
| Vegetables | 787 |
| Plant Products | 449 |
| Fruit | 337 |
| Total Horticulture | 1,573 |

Source: www.vilt.be

Over 90% of Belgian horticulture production takes place in Flanders (Northern part of Belgium), where 94% of producers are located. Of total acreage of 50,595 hectare, greenhouse production takes place on about 5% (or 2,300 ha) of that area.

The turnover of vegetables products grown in greenhouses is almost \$350 million, produced on an estimated 1,200 hectares. Approximately 50 percent of all greenhouses are located in the province of Antwerp, producing tomatoes (63%), lettuce (27%), cucumbers (4%) and peppers (6%). Although tomatoes still lead greenhouse production, their production has fallen by 20% over the past decade while the production of peppers increased rapidly.

The production of fruit is concentrated in just 2 provinces, Limburg and Brabant. Acreage devoted to fruit production is 21,054 hectare- of which 98% is on open fields, dominated by the production of apples and pears. The production of strawberries and grapes takes place in green houses or plastic tunnels on the remaining two percent (452 ha).

Plant products include both the nursery production of trees and shrubs, valued at \$209 million annually, and the flower and potted plant industry, valued at \$240 million per year. Nursery production occupies 3,799 ha. While the flower and potted plant sector occupies 1,670 hectares (of which 677 is under glass). Total acreage of the potted plant and flower sector has not changed during the past decade, although production of potted plants and chrysanthemum is growing at the expense of azalea and flower bulbs.

III. Policy

In the late 1990s, increased pressure on returns led producers of tomatoes, cucumbers and peppers to join together in producers organizations. There are 29 producers organizations in the Benelux vegetable and fruit sector. They play a key role in obtaining and distributing EU support monies (CMO money). These EU funds are matching funds. Producers organizations can receive up to 4.1% of sub sector turnover to finance improvements in production methods or marketing.

This EU money for Dutch fresh produce is funneled through the Dutch Product board for Horticulture. In order to get the money, producers organizations have to submit a operational program to the Product Board of Horticulture and comply with EU requirements and objectives (environmentally friendly methods, marketing programs and quality improvements).

In 2003, the Benelux horticulture industry received \$106 million, over 4% of total receipts from the EU http://europa.eu.int/comm/agriculture/fin/finrep02/tab_fr/a9.pdf . The vast majority of this \$106 million ended up in the vegetable sector (cucumbers, peppers and tomatoes). The fruit sector received the remainder.

- Tariffs for the Various Horticulture Products:

| HS Code: | Tariffs: |
|----------|---|
| 06 | http://hbi.douane.nl/tarieven/aktueel/M/S2/C6/Chapter_6_1FS.htm |
| 07 | http://hbi.douane.nl/tarieven/aktueel/M/S2/C7/Chapter_7_1FS.htm |
| 08 | http://hbi.douane.nl/tarieven/aktueel/M/S2/C8/Chapter_8_1FS.htm |

IV. Marketing

- Horticulture Trade Shows in the Benelux

| | | | |
|---|--|--|--|
| Jan 07-09, 2005 | Agri Flanders Annual www.agriflanders.be | Gent, Belgium Flanders Expo | Agriflora CV Kortrijksesteenweg 400 B-900 Gent, Belgium Tel: +32-(0)9.244.6305 Fax: +32-(0)9 244.6307 Email: info@agriflanders.be |
| The biggest agri fair in Belgium. | | | |
| Aug 24-27, 2005 | Plantarium Annual www.plantarium.nl | Plantariumgebouw, International Trade Centre | Proba BV Postbus 107 2770 AC Boskoop Tel: +31 (0)172 235400 |
| This is a fair dedicated for the tree plant industry | | | |
| Sep 12-14, 2005 | AGF Totaal 2005 Bi-Annual www.agftotaal.nl | Rotterdam, NL Ahoy | Organisatie & Adviesburo Delooze b.v. Tel: +31-(0)10-2933250 Fax: +31-(0)10-2933254 Email: agftotaal@ahoy.nl |
| AGF-Totaal 2005 is a specialized trade fair for the international trade in fruit and vegetables. The show is conducted in cooperation with the Association of Wholesale Trade in Fruit and Vegetables and "Vakblad" magazine for the trade in fruit and vegetables. | | | |
| Nov 02-05, 2005 | Horti Fair annual www.hortifair.nl | Amsterdam, NL Rai | Projectmanager Tel: +31-(0)297-344033 Fax: +31-(0)297-326850 Email: info@hortifair.nl |
| This show is internationally acclaimed as one of the leading trade fairs for the production of and trade in horticulture, and associated supply industries. | | | |

- Promotional campaigns in the Netherlands. Due to the declining consumption of fruit and vegetables in the Netherlands, the Dutch government has started a campaign to promote the consumption of fruit and vegetables at schools (age 4-11 years). The idea is to start at a young age so it structurally becomes a part of the diet in the long term. Funded by several Dutch ministries and the E.U., schools in 7 big cities in the Netherlands can participate in the so called schoolgruiten project. Participating schools will receive fruit like bananas, apples, pears, oranges, etc that daily is distributed among the children. The project runs 3 years and schools are encouraged after this period to continue the schoolgruiten idea. For more information www.schoolgruiten.nl
- United States trade associations and other organizations, promoting United States agricultural exports, can be found on the United States Agricultural Export Development Council website <http://www.usaedc.org/about.cfm#members>