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Belgium-Luxembourg

Food Processing Ingredients Sector

Annual

2005

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Report Highlights:
Benelux food processing industry, which has a yearly turnover of about $100 billion, is situated around the ports of Amsterdam, Rotterdam and Antwerp and serves the entire EU.

Includes PSD Changes: No
Includes Trade Matrix: No
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The Hague [NL1]
[BE]

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Section I. Market Summary

Key Data Benelux Food Processing Industry

Figure 1. Trade statistics Benelux

	2001	2002	2003	2004
Turnover food processing industry, euro	83,341	82,746	*83,000	*84,000
Export all agriculture and food, euro	59,514	64,850	78,095	*82,000
Import all agriculture and food, euro	41,303	44,560	54,139	*56,000
Balance trade agriculture and food, euro	18,210	20,290	23,956	*26,000
Number food processors	11,449	11,047	*11,000	*10,000

Source: World Trade Atlas, CBS, FEVIA
NOTE: all numbers in table are in million EURO, except number of processors
Trade numbers for 2004 are based on Jan-Nov WTA figures
*USDA The Hague estimates

Conversion rates:
1997 Euro 1.00 = US$ 1.16, 1998 Euro 1.00 = US$ 1.08, 1999 Euro 1.00 = US$ 1.06, 2000 Euro 1.00 = US$ 0.92, 2001 Euro 1.00 = US$ 0.90, 2002 Euro 1.00 = US$ 0.95, 2003 Euro 1.00 = US$ 1.12, 2004 Euro 1.00 = US$ 1.24

Market Developments

The Netherlands derives two-thirds of its GDP from merchandise trade and had a positive balance of trade in 2003 of over 30 Billion dollars. The food-processing sector in the Benelux, like the Dutch economy, is heavily oriented toward import, transformation and export. While the Belgian-Dutch border separates many food processors, in point of fact major food processors are clustered in a corridor formed by the port cities of Antwerp, Rotterdam and Amsterdam.

These processors serve not only the Benelux market, which would be too small to sustain them, but the entire European market. This international focus gives rise to and sustains a number of features that are unique to the Benelux food processing sector:

- Turnover of the Benelux processing industry has been stable at €83,500 for the past four years. The value of imported inputs has gone up but the value of exports has grown even faster, resulting in a trade surplus estimated at €26 billion in 2004.

- GDP and population are growing slowly in Western Europe, so new marketing opportunities are found in South, Central and Eastern Europe. Although the changing composition of the domestic population may lead to demand for different food products.

- Knowledgeable traders, Europe's leading ports (Rotterdam, Antwerp and Amsterdam), a good distribution system, a competitive processing industry and efficient marketing systems, make the Benelux an attractive market for trading and processing agricultural products.

- Food manufacturing, handling and import regulations are almost completely harmonized within the EU, making regional trade fairly easy. Trade barriers, import regulations, import and transportation costs and time constraints all complicate imports from non-EU countries.

- In 2004, consumers in the Benelux spent more than €53 billion on food, the equivalent of 15% of total spending. Population in the Benelux totals 27 million people; with more than two-thirds living in a 100 mile corridor stretching from Amsterdam to Brussels. There are some 11.4 million households with an average size of 2.3 people. The trend is toward smaller household size and the population is aging (over 14 percent of the population is 65 years or older).

Advantages and Challenges for US products in the Benelux

Advantages	Challenges
The Benelux has a large, export oriented food processing industry with high quality standards	Food safety and phytosanitary restrictions affect imports of food ingredients
The Benelux is centrally located with over 100 million affluent consumers within 300 kilometers of its borders	Traceability and quality control systems required for many products; biotech-free certification often requested
High accessibility through major seaports (Antwerp, Rotterdam and Amsterdam) and airports (Brussels and Amsterdam)	MRL level and sanitary standards becoming increasingly strict
Easy transit to the rest of the European Union because of good road, rail and waterway (Rijn, Maas and Schelde) infrastructure	Large supplies available from the domestic market, other European countries and non-EU countries
Recent exchange rates make inputs from the US cheaper	Ongoing process of consolidation

Section II. Road Map For Market Entry

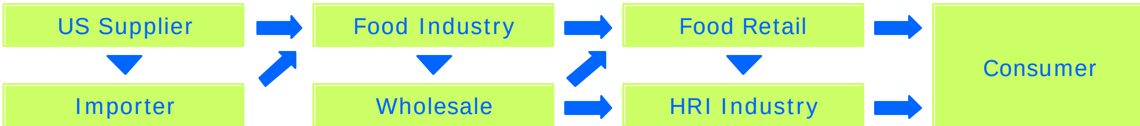
A. Entry Strategy

New-to-market US exporters can contact the Office of Agricultural Affairs in The Hague to find out what prospects exist for their product on the Benelux market. US exporters may wish to consider participating in one of the many European trade shows. In addition to multi-products shows like Anuga and SIAL, product specific trade shows such as the European Seafood Exhibition, Biofach, ISM, FruitLogistica and the Health Ingredients Show are regularly held. These events offer good opportunities to meet importers from the Benelux and throughout Europe. Importers and processors often look to the US market for new products and concepts.

Import regulations are harmonized throughout the region so traders are often able to assist US exporters in gaining access to a number of markets. However, US ingredients face fierce competition in the Benelux. Most products available from the US are also produced and processed in the domestic market or can be sourced from neighboring countries. Products either not available or prohibitively expensive on the European market are imported.

Various options exist for shipping to the Benelux. The Benelux has the most important seaports of Europe, including Rotterdam, Antwerp and Amsterdam. Depending on the type of commodities and quantities, a different seaport can offer competitive advantages because of the specialized facilities on site. The Benelux also offers two main airports, Amsterdam and Brussels. Moreover, distance and transportation costs are competitive due to the excellent road, rail and waterway infrastructure, offering exporters the opportunity to combine shipments to several European destinations and ship through the region.

B. Market Structure



Food processors in general buy their ingredients from local or multinational traders, large processors have direct contact with international suppliers. Large retailers' buying organizations buy directly from the processor, whereas the HRI industry and some smaller retailers buy through wholesalers and distributors.

It should be noted that virtually all major multinational agri-food concerns have production and logistics facilities in this market. As a result, product availability is rarely a concern, except for the most unusual ingredients. Processors are often keen, however, to develop alternative lines of supply for quality, reliability or price reasons.

C. Company Profile

Please find below a table providing company names and websites and the product category they are active in.

Figure 6. Company overview

Product types	**Company**	**Website**
Red meats and poultry meat [Approximate turnover = $7 Billion]	Imperial meat Products Covavee Ter Beke Fresh Food Nutreco Sovion Compaxo Plukon Plusfood	www.imperial.be www.covavee.be www.terbeke.com www.nutreco.com www.sovion.nl www.compaxo.net www.friki.com www.plusfood.nl
Fish and seafood products [Approximate turnover = $500 Million]	Pieters Morubel Gadus Anova Heiploeg Ouwehand Primstar	www.pieters.com www.morubel.be www.gadus.be www.anovafood.net www.heiploeg.nl www.ouwehand.com www.prim7stars.com
Dairy products	Belgomilk FCDC Campina Melkunie Danone	www.belgomilk.be www.fcdf.nl www.campina.nl www.danone.be
Prepared fruit and vegetables, oilseed products [Approximate turnover = $3.4 Billion]	Ardo Unifrost Pinguin Materne-Confilux Hak Bonduelle	www.ardo.com www.unifrost.be www.pinguin.be www.materne.com www.hak.nl www.bonduelle.nl
Confectionary products	Baronie – De Heer Braskamp	www.baronie.com www.meenkdrop.nl

Baked goods	Lu, General biscuits Biscuits Delacre Lotus Bakeries Unipro Verkade Sultana	www.danone.be www.biscuits.com www.lotusbakeries.com www.uniprobakery.com www.unitedbiscuits.com www.unitedbiscuits.com
Snack foods	Pringles Lay's Duyvis Jack klein	www.pg.com www.pepsico.com www.duyvis.nl www.thenutcompany.com
Beverages	Coca Cola Pepsi Heineken Grolsch Amstel Spa Appelsientje, chocomel, coolbest Hero	www.coca-cola.com www.pepsico.com www.heineken.nl www.grolsch.nl www.heineken.nl www.spawater.com www.fcdf.nl www.hero.nl
Processed potatoes	Vanderbrouke-Lutosa McCain Foods Lamb Weston Meijer Farm Frites	www.lutosa.com www.mccain.com www.lambweston.com www.farmfrites.com
Dry goods and condiments	Campbell Foods HJ Heinz	www.campbell-foods.be www.heinz.com
Prepared meals	Conimex Struik Mora Beckers	www.conimex.nl www.struik.nl www.mora.nl www.beckers.nl

Source: USDA The Hague

D. Sector Trends

The food-processing sector in the Benelux has an annual turnover of €84 billion. Most important sectors are meat and poultry, dairy, animal feed and fruit and vegetables. Many of the world's leading food manufacturers, including Cargill, ADM and Unilever BestFoods, have production facilities in the Benelux.

Reliable data on sector turnover is difficult to obtain for many of the sub-sectors listed above. Often, these sectors are so heavily concentrated that sales/production figures are not made public in order to maintain confidentiality for the limited number of participants.

E. Consumer Trends

Developments in the Benelux Food Processing industry are driven by consumer trends throughout Western and Central Europe. The profile of the European consumer has been undergoing steady transformation. Those consumers are aging, live in ever-smaller households and increasingly opt for pre-prepared meals or eating out. The changing population structure has created lucrative new markets for the HRI industry: the graying population, the working household and ethnic minority groups, all of which are growing.

Consumers' Needs and Preferences:

Health: natural ingredients - lower calories – no sugar – healthy meals
Convenience: fresh pre-packed food components – take-away – fresh ready-to-eat meals
Price: discount - special offers
Obesity: increasingly becoming a problem for consumers at all ages –becoming more aware of the composition of their diet and exercise
Food Safety: more information – more guarantees
Distribution: more specialty shops
Stores: more personal service – wider assortment- more fresh and non-food – convenience foods – while at the same time there is huge demand for limited assortment as long as the products are cheap

Section III. Competition

The Benelux is a huge importer of food and agricultural product which are being processed and sold subsequently on the domestic or international market, in addition product are traded directly without any form of processing.

Figure 8. Belgium Imports

Belgium: Imports of Products 2003		
HS Code & Product	Total Import Value Mil US$	Origins
Total	18,703.39	France 28%, NL 21%, Germany 11%, U.K. 4%
08 Edible Fruit & Nuts	2,450.39	Costa Rica 12%, Colombia 11% N.Z. 9%, Spain 8%
04 Dairy Eggs Honey etc	2,416.96	NL 30%, France 29%, Germany 22%, U.K. 7%
22 Beverages	1,829.35	France 56%, Germany 11%, NL 8%, U.K. 7%.
03 Fish & Seafood	1,083.09	NL 25%, France 8%, Denmark 7% Bangladesh 7%
20 Preserved Food	1,069.94	Brazil 27% France 18%, NL 17%, Germany 14%
07 Vegetables	1,052.81	NL 33%, France 27%, Spain 11%, Thailand 4%
02 Meat	1,038.44	France 28%, NL 24%, N.Z. 15%, Germany 9%
10 Cereals	1,013.94	France 49%, Germany 15%, Canada 6%, U.S. 6%
19 Baking Related	1,006.54	France 33%, Germany 24%, NL 21%, Italy 8%
15 Fats & Oils	974.07	NL 52%, France 17%, Germany 6%, Italy 6%
18 Cocoa	966.16	France 28%, NL 23%, Cote d'Ivoire 14%, Germany 10%
12 Misc Grain, Seed, Fruit	913.49	Brazil 20%, France 19%, U.S. 18%, Canada 14%
17 Sugar	836.01	France 61%, NL 19%, Germany 10%, U.K. 1%
21 Miscellaneous Food	670.97	NL 33%, France 22%, Germany 19%, U.K. 5%.
16 Prepared Meat, Fish etc	661.36	NL 26%, France 26%, Germany 19%, Italy 5%
09 Spices, Coffee and Tea	407.99	France 17%, Germany 15%, Brazil 12%, NL 7%
11 Milling; Malt; Starch	304.38	France 50% NL 29 %, Germany 11%, U.K. 4%
14 Other Vegetable	7.50	Portugal 17%, France 16%, NL 13%, China 12%

Source: Trade Atlas

Figure 9. Dutch Imports

Netherlands: Imports of Products 2003		
HS Code & Product	Total Import Value Mil US$	Origins
Total	26,292.44	Germany 20%, Belgium 15%, France 9%, Brazil 7%
08 Edible Fruit & Nuts	2,793.31	South Africa 13%, Spain 12%, Belgium 10% Brazil 8%
04 Dairy Eggs Honey etc	2,751.32	Germany 40%, Belgium 18%, France 9%, N.Z. 9%
12 Misc Grain, Seed, Fruit	2,207.61	Brazil 36%, U.S. 23%, Argentina 5%, China 4%
02 Meat	2,107.80	Germany 29%, Belgium 22%, Brazil 12%. Ireland 8%
18 Cocoa	2,107.48	Cote d'Ivoire 38%, Belgium 11%, Nigeria 11%, Cameroon 9%
22 Beverages	1,967.09	France 24%, Belgium 18%, Germany 18%, U.S. 5%
20 Preserved Food	1,822.69	Germany 23%, Brazil 22%, Belgium 11%, U.S. 5%
15 Fats & Oils	1,688.70	Germany 22%, Malaysia 17%, Indonesia 14%, Belgium 10%
07 Vegetables	1,642.95	Spain 35% Germany 16%, Belgium 15%, France 9%
03 Fish & Seafood	1,584.15	Iceland 16%, Germany 13%, Belgium 10%, U.K. 9%
10 Cereals	1,234.20	France 45%, Germany 29%, Belgium 7%, U.K. 3%
21 Miscellaneous Food	1,016.88	Germany 28%, Belgium 17%, U.K. 12%, France 8%
19 Baking Related	1,003.60	Belgium 34%, Germany 29%, France 9%, U.K. 7%
16 Prepared Meat, Fish etc	937.81	Belgium 25%, Germany 20%, Brazil 13%, Thailand 9%
09 Spices, Coffee and Tea	543.84	Germany 20%, Brazil 10%, Belgium 7%, Indonesia 7%
17 Sugar	508.23	Belgium 28%, France 21%, Germany 18%, U.K. 5%
11 Milling; Malt; Starch	347.24	Belgium 44%, Germany 30%, France 16%, U.K. 5%
14 Other Vegetable	27.52	China 23%, India 16%, Hungary 14%, Sri Lanka 7%

Source: Trade Atlas

Section IV. Best Product Prospects

Products Present In The Market That Have Good Sales Potential

- Tree nuts, especially almonds, pistachios and pecans.
- Fruit juices and juice preparations.
- Dried/processed fruit (especially berries and prunes).
- Peanuts, shelled or blanched.
- Milk wheys, albumins, derivatives and protein extracts.

Products Not Present In Significant Quantities But Which Have Good Sales Potential

- While very little market information is available, strong prospects for growth appear to exist for processing aids and specialized food ingredients.

Products Not Present Because They Face Significant Barriers

- Red Meat and Meat Preparations (hormone ban)
- Poultry (sanitary procedures)
- Processed Products (GMO)

Section V. Post Contact and Further Information

United States Department of Agriculture's Foreign Agricultural Service
Agriculture Export Service
http://www.fas.usda.gov/agexport/exporter.html

Office of Agricultural Affairs at the American Embassy
Postal Address: U.S. Embassy-AGR, PC71, Box 038, APO AE 09715
Visitor Address: Lange Voorhout 102, 2514 EJ The Hague, the Netherlands
Phone: 31-70-3109299,
Fax: 31-70-3657681,
E-mail: agthehague@fas.usda.gov

For more information on exporting U.S. Products to the Benelux, please visit the FAS website at www.fas.usda.gov