USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network
Template Version 2.09

Required Report - public distribution

Date: 10/1/2004

GAIN Report Number: NL4026

Netherlands

Exporter Guide

Annual

2004

Approved by:
Roger Wentzel
U.S. Embassy, The Hague

Prepared by:
Marcel Pinckaers & Mary Ann Kurvink

Report Highlights:
This report provides an overview for U.S. Companies interested in exporting to The Netherlands, focusing on exports of consumer-oriented food and beverages and edible fishery products.

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

TABLE OF CONTENTS

SECTION I. MARKET OVERVIEW **3**
ECONOMIC SITUATION 3
CONSUMER SPENDING ON FOOD 4
KEY DEVELOPMENTS AND THE IMPACT ON CONSUMER PRODUCTS 6
GROWTH OF THE IMMIGRANT POPULATION 6
THE NEED FOR CONVENIENCE 6
FOOD SAFETY 6
ORGANIC FOOD 7

SECTION II. EXPORTER BUSINESS TIPS **7**
LOCAL BUSINESS CUSTOMS 7
GENERAL CONSUMER TASTES AND PREFERENCES 7
IMPORT REGULATION STANDARDS 7

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS **8**
MARKET OVERVIEW 8
TRENDS 10

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS **11**
POPULAR U.S. FOOD PRODUCTS IN THE DUTCH MARKET 11
U.S. FOOD PRODUCTS WITH GOOD SALES POTENTIAL 11
U.S. FOOD PRODUCTS NOT PRESENT BECAUSE THEY FACE SIGNIFICANT BARRIERS 11

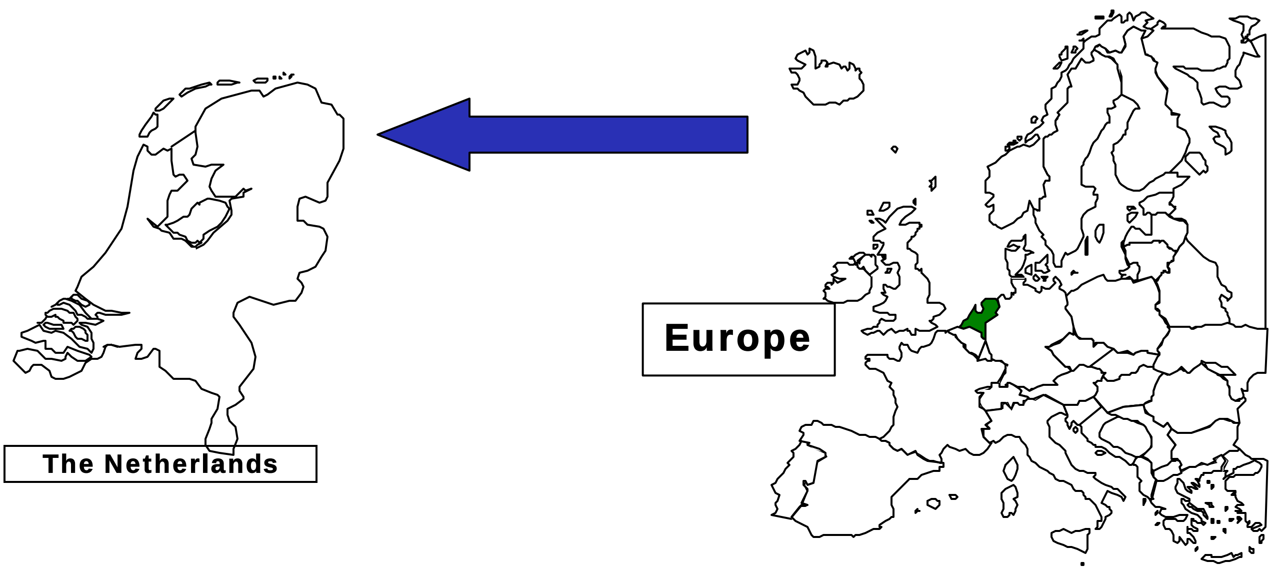
SECTION V. KEY CONTACTS AND FURTHER INFORMATION **12**

APPENDIX **13**
KEY TRADE & DEMOGRAPHIC INFORMATION 13
CONSUMER FOOD & EDIBLE FISHERY PRODUCT IMPORTS 14
TOP 15 SUPPLIERS OF CONSUMER FOODS & EDIBLE FISHERY PRODUCTS 15

SECTION I. Market Overview

Economic Situation

The Dutch economy is slowly bouncing back from a sharp downturn in 2003. Persistent deterioration of Dutch price competitiveness has prevented the economy from fully benefiting from the international economic recovery. A forecast recovery in 2004 and in 2005 is expected to be modest and unbalanced. Growth in 2004 is driven almost entirely by higher export demand, while consumer spending and non-residential and public investment remain in the doldrums. While forecast GDP growth of 1.25 percent for 2004 may seem modest, economic performance has improved considerably. GDP growth is forecast at 1.5 percent for 2005. The Dutch labor market has also seen improvements, although employment growth lags expansion of the labor force and unemployment is expected to reach seven percent in 2004 and 2005. Consumer price inflation is the only bright spot on an otherwise cloudy sky. Forecast inflation of 1.25 percent in 2004 and in 2005 will keep Dutch CPI increases well below the euro zone average.



Following a decline of almost one percent in consumer spending in 2003, consumption is forecast stagnant for 2004 and 2005(a quarter percent increase and zero growth, respectively). When compared with spending in 2001, per capita spending on food and related items will have fallen by 2.5 percent by the end of 2005. Dutch spending on travel and dining-out is expected to fall even more dramatically, by a full one percent in 2004 and 0.5 percent in 2005. As a result, total consumer spending (as a percentage of GDP) during the period 2003-2005 will likely fall to a level equal to that of the depression in the 1930s.

Slumping consumer demand can be attributed almost entirely to poor consumer confidence and a sharp decline in real, disposable, household income. Low employment growth, modest wage increases, and a growing public-sector financial burden resulting from high pension obligations will continue to threaten consumer purchasing power. In order to maintain even this level of spending, it is expected that many consumers will have to dip into household savings. A fall in the stock market and a softening real estate market have combined to reduce many households' access to credit as well as making consumers feel less wealthy.

	2003	2004	2005
	Value Euro	Percentage Change	
Private Consumption, Volume	224.3	0.25	0
Food & Related Items	-0.25	-0.25	0
Durables	-0.75	-0.75	-0.25
Fixed Costs (utilities & medical)	50	4.00	1.25
Other Goods & Services	96.9	-1.00	-0.50
Unemployment (% labor force)	5.1	6.50	7.00

Source:Econ

Consumer Spending On Food

In 2003, consumers in the Netherlands spent more than 32 billion EURO on food, the equivalent of 15% of total spending. The Netherlands has just over 16 million inhabitants and is the most densely populated country in the EU, with 464 people per square kilometer. More than half of the Dutch population lives in the 'Randstad;' the Rotterdam-Amsterdam-Utrecht triangle. There are some 7 million households with an average size of 2.28 people. The trend toward smaller household size will continue and the population is aging (almost 15 percent of the population is 65 years or older).

Table 1: Key Figures

	2001	2002	2003
Population	15,987,074	16,105,285	16,201,839
Number of Households	6.9 mln	6.9 mln	7.0 mln
Household Size	2.3	2.29	2.28
Supermarket expenditure per week/household	€63	€66	€67
Number of supermarket visits per week	2.8	2.7	2.6

Source: CBS, CBL, USDA

Within food retail, consumer preference for supermarket shopping (versus specialty shops) increased further during 2003. On average, the consumer made 2.6 visits per week to a supermarket and spent approximately euro 67/visit.

Table 2: Advantages and Challenges, US products face in the Netherlands

Advantages	Challenges
• Affluent consumers	• Saturated markets
• Highly developed infrastructure, trade history and mentality	• Transportation costs and time
• Strong interest in buying new and innovative products and/or concepts	• Competition from local companies
• Favorable image of American products	• Tariffs and Non-Tariff trade barriers

Source: USDA

Table 3: Export of selected US products to the Netherlands in 1000 US$.

US Export to the Netherlands in US $	2001	2002	2003
SNACK FOODS (EXCL NUTS	6,481	6,128	4,962
BREAKFAST CEREALS AND PANCAKE MIX	507	357	298
RED MEATS, FRESH/CHILLED/FROZEN	6,052	3,462	4,903
RED MEATS, PREPARED/PRESERVED	773	461	1,052
POULTRY MEAT	1,308	840	10,555
DAIRY PRODUCTS	7,491	7,343	9,069
EGGS & PRODUCTS	2,692	1,670	2,369
FRESH FRUIT	19,491	18,879	23,521
FRESH VEGETABLES	1,489	4,564	9,285
PROCESSED FRUIT & VEGETABLES	38,248	46,113	47,338
FRUIT & VEGETABLE JUICES	87,299	110,918	102,689
TREE NUTS	68,974	77,914	87,647
WINE AND BEER	70,520	53,409	74,874
NURSERY PRODUCTS & CUT FLOWERS	45,090	48,636	53,595
PET FOOD	20,526	8,291	7,037
OTHER CONSUMER-ORIENTED PRODUCTS	58,901	58,701	61,612
CONSUMER-ORIENTED PRODUCTS	435,840	447,685	500,808
SALMON, WHOLE OR EVISCERATED	1,882	6,028	2,540
SALMON, CANNED	6,672	8,072	7,444
CRAB & CRABMEAT	88	92	46
SURIMI (FISH PASTE)	2,650	1,748	5,115
ROE & URCHIN (FISH EGGS)	378	378	268
OTHER EDIBLE FISH & SEAFOOD	17,255	58,550	81,125
FISH & SEAFOOD PRODUCTS, EDIBLE	28,926	74,868	96,537

Source: USDA

Key Developments and the Impact on Consumer Products
Key developments:
- The population is growing slowly, and is forecast to reach 16.7 million in 2010.
- Average household size is declining (One-person households will account for 37 percent in 2010).
- The percentage of people with high education levels (Masters or Bachelors degree) is growing.
- The Dutch population continues to age, while birth rate falls.

Table 4: Dutch Population by Age Group

year	0 - 19	20 – 39	40 - 64	65 – 79	80+	Total Population
1963	38.1	26.4	26.1	7.9	1.5	11,889,962
1973	35.0	29.0	25.6	8.6	1.8	13,387,623
1983	29.7	32.6	26.0	9.4	2.4	14,339,551
1993	24.6	32.9	29.5	10.0	3.0	15,239,182
2003	24.5	28.6	33.2	10.4	3.4	16,192,572

Source: CBS

Growth of the immigrant Population
The non-Dutch population in the Netherlands has grown by 5 percent during the past 2 years whereas the population with Dutch ethnicity grew during the same period by only 1.1 percent. As a result there has been strong growth in the number of stores serving ethnic niche markets.

Table 5: Dutch Population by Ethnicity

	2001	2002	2003
Dutch	15,319,273	15,414,892	15,492,618
Non-Dutch, total	667,802	690,393	699,954
-Indonesian	403,894	402,663	400,622
-Moroccan	272,752	284,124	295,332
-Netherlands Antilles & Aruba	117,089	124,870	129,312
-Surinamese	308,824	315,177	320,658
-Turkish	319,600	330,709	341,400

Source: CBS

The Need for Convenience
During the past 5 decades women have become increasingly active in the work force. The Netherlands has the highest rate in Europe of women working outside the home. At the same time, the Netherlands has the highest rate of women working part time.

Since time has become scarce, the consumer wants to spend a minimum of time on dinner preparation. This has been the main force behind the increasing demand for convenience food. Consumers increasingly want portioned, easy-to-prepare and tasty meals.

Food Safety
Safety is another issue for the consumer in buying food. Because of a number of food safety scares during past years, this issue has become more important to consumers. These crises prompted government and many other organizations to focus on consumer demands for safe and traceable products. Retailers, processors and producers are setting up traceable supply chains to minimize risks and regain consumers' trust.

Organic Food
Recent figures show that the organic industry still remains a niche and has not reached a 5 percent market share.

SECTION II. Exporter Business Tips

Local Business Customs
Following are some characteristics of doing business in the Netherlands:

- The majority of Dutch business people speak English and have a high level of education (Masters or Bachelors degree).

- Generally speaking, the Dutch are straightforward and business minded. Therefore, the Dutch want to be well informed on the product/service and the counterpart before doing business. At the same time Dutch do not want to waste their time and can be quick decision makers.

- Nowadays, as a result of concerns regarding food safety, increasing power by retailers and changing consumers' demands, Dutch food processors are increasingly looking for long-term partnerships rather than a one-off business transaction.

General Consumer Tastes and Preferences
As a result of changing demographics, the need for convenience, food safety and the threat of obesity, consumer preferences are changing.

Table 6: Consumer Trends

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 **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

Source: USDA

Import Regulation Standards
The Dutch Food and Drugs Law is called the Warenwet. This Warenwet provides the Dutch regulatory framework for all food and non-food products. It is applicable to domestically produced and imported products.

A detailed report which specifically addresses labeling and ingredient requirements in the Dutch market entitled, The Netherlands: Food and Agricultural Import Regulations & Standards (FAIRS) report can be obtained from the FAS homepage: GAIN Report Number: NL4021 http://www.fas.usda.gov/scriptsw/attacherep/default.asp

SECTION III. Market Sector Structure and Trends

Market Overview
In the Netherlands, the food retail industry had a total turnover of 24.9 billion EURO in 2003, 3 percent higher than the preceding year. Due to the price war between leading retailers, which started in late 2003, growth in turnover was slower than in previous years. Despite the fact that the price war is still going on, turnover is expected to increase further during 2004.

The industry is highly consolidated, with the top 3 retailers holding a 61% share of the market. Purchases for retail chains are increasingly made by a handful of large, sometimes international, buying groups. In the Netherlands the 3 largest supply 71% of retail sales. Not surprisingly, most products are sourced on the local or European market. 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.

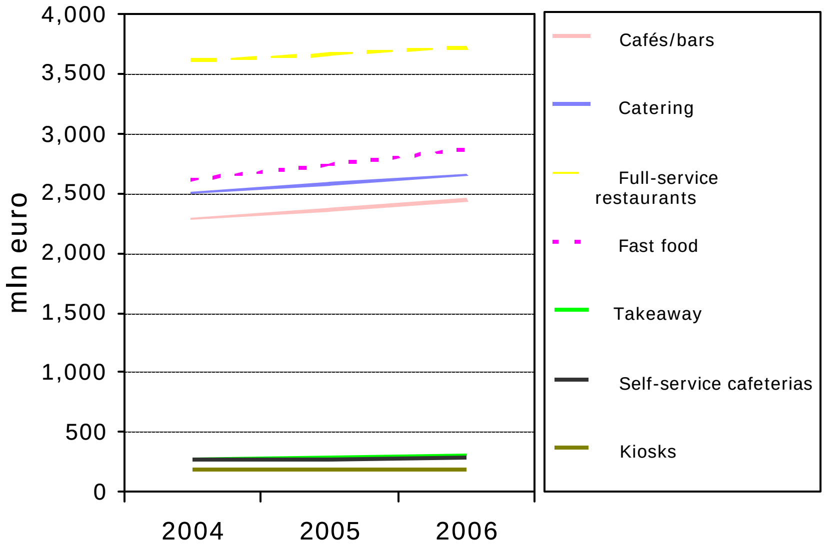
Table 7: Main Buying organizations in the Netherlands

	2002	2003
Albert Heijn	27.0 %	26.7 %
Superunie	24.1 %	25.7 %
Laurus	20.5 %	18.8 %
Schuitema	15.1 %	15.8 %

Source: AC Nielsen

Figures indicate that 70 percent of Dutch food expenditures wind up in supermarket tills; however their share of the total food dollar has been declining. Analysts expect the hotel and restaurant and institutional food service (HRI) market share to grow further, to approximately 40 percent of total food expenditures, as a result of increasing disposable income, scarcity of time for cooking and continued increases in the number of working women. The Dutch HRI industry, worth 11 billion EURO in 2003, can be further divided into three sub-sectors; Full Service Restaurants, Fast-food outlets and Catering. Further growth is expected in all three sub-sectors.

Figure 1: Value of HRI industry sub-sector, coming 3 years



Source: Euromonitor

Unfortunately, potential U.S. sales to both the fast-food and catering sub-sectors are hampered by the same obstacles that limit sales to the retail sector. Basic products such as beef, chicken and pork are essentially barred from the market due to sanitary restrictions, while high tariffs and the ban on many biotech products keep processed foods from the US off store shelves.

The Dutch Hotel and Restaurant industry is fragmented and individual outlets are in most cases family-owned and family-run. Frequent purchases are made in small quantities from numerous, local, wholesalers and distributors. Hotels and Restaurants are continuously looking for new and different food and wine combinations for their clientele. Variety and quality in this segment of the market is as important as costs and margins. There are approximately 10 wholesalers in the Netherlands. Some of the bigger are indicated below.

Figure 2: Leading wholesalers in the Netherlands

Source: USDA The Hague

For more information on Foodservice and Retail in the Netherlands please visit www.fas.usda.gov GAIN NL4010 and NL3040.

Trends

- Specialty stores are losing market-share to supermarkets. Family operated specialty stores lack economies of scale.

- The majority of wine, liquor, and drug chain-stores are now owned by the large supermarkets, market share of these chains is growing at the expense of privately owned stores.

- In addition, the retail sector is in the midst of a fierce price war, as surviving chains seek to maximize market share. Buying groups are now more than ever looking at costs, margins and ease of inclusion when buying products.

- This year, economic conditions in the Netherlands are expected to improve after the recent downturn. This is a promising prospect for foodservice companies and retailers in the Netherlands.

- The profile of Dutch consumers shows signs of long-term transformation. New consumers are more apt to eat out as a leisure or social activity or a convenient alternative to home cooking. They are also more informed, social, health conscious and outward-looking in their consumption attitudes. This offers ample opportunities for new product and service concepts to tap these new interests.

- Competition in the Dutch HRI market will remain tough as new firms enter the market. Retailers of both food (Makro) and non-food industries (V&D, HEMA, IKEA, Gamma) have already claimed prominent positions in the market. Operators are always eager to tap into the consumer foodservice market. It is necessary to keep an eye on the movement of prospective competitors from all fronts.

- Industry analysts believe the Dutch HRI sector is entering a new phase of development and it is generally believed that within the next two decades, the industry profile will change to accommodate fewer small operators and more medium and large establishments. Industry shakeups will occur, with more mergers and acquisitions or strategic alliances, and branding success. However, there is still growth for small independent high-end hotels and restaurants.

SECTION IV. Best High-Value Product Prospects

Popular U.S. Food Products in the Dutch Market

- Seafood
- Snack Foods
- Wine
- Nuts
- Fruits, Vegetables and Juices
- Sauces and Condiments

U.S. Food Products not present in significant quantities, but which have good sales potential

- Specialty and premium products
- Smoked and fresh wild salmon

U.S. Food Products not present because they face Significant Barriers

- Fresh Fruits
- Poultry
- Beef and Pork
- Dairy products

SECTION V. Key Contacts And Further Information

Office of Agricultural Affairs, American Embassy
U.S. Mailing Address: U.S. Embassy/ the Hague, PSC 71 Box 1000 APO AE 09715
International Mailing Address: Lange Voorhout 102, 2514 EJ The Hague, The Netherlands
Phone: 31-70-310-9299
Fax: 31-70-365-7681
e-mail: agthehague@fas.usda.gov

Food Shows Frequently Visited by Dutch Food Buyers

Show	When	Show Organizers
SIAL, Paris, France **U.S. Participation:** USDA/FAS, Paris, France tel: + (33) 1 431 222 77 fax + (33) 1 431 226 62	October 17 – 21, 2004 Bi-Annual Show	tel: + (33) 149 68 54 99 fax: + (33) 147 31 37 75 http://www.sial.fr
HORECAVA, Amsterdam, The Netherlands (Hotel, Restaurant Show)	January 10 - 13, 2005	tel: + (31) 20 575 3032 fax: + (31) 20 575 3093 http://www.horecava.nl
European Fine Food Fair Maastricht, The Netherlands (Exclusive Hotel, Restaurant Show)	January 24 - 26, 2005	MECC Maastricht Tel:+31-(0)43-3838383 Fax:+31-(0)43-383830 http: www.efff.nl
National Food Week, Utrecht, The Netherlands	April 3 – 6, 2005 Bi-Annual	tel: + (31) 30 295 2799 fax: + (31) 30 295 2814 http://www.nationalefoodweek.nl
FMI, Chicago, United States **U.S. Participation:** U.S. Food Export Showcase tel: + (1) 202 296 9680 fax: + (1) 202 296 9686	May 01 – 03, 2005	tel: + (1) 202 452 8444 fax + (1) 202 429 4559 http://www.fmi.org
World of Private Label (PLMA) Amsterdam The Netherlands **U.S. Participation** USDA/FAS, Washington Trade Show Office tel: + (1)202 720 3623 fax + (1)202 690 4374	May 24 - 25, 2005	tel: + (31) 20 575 30 32 fax: + (31) 20 575 30 93 http://www.plmainternational.com
AGFTOTAAL, Ahoy Rotterdam, The Netherlands World wide Fruit & Vegetable Trade Fair	September 12 – 14, 2005 Bi-Annual	tel: + (31) 10 293 33 00 fax: + (31) 10 293 33 99 www.agftotaal

- Or contact the International Marketing Section of your State Dept. of Agriculture

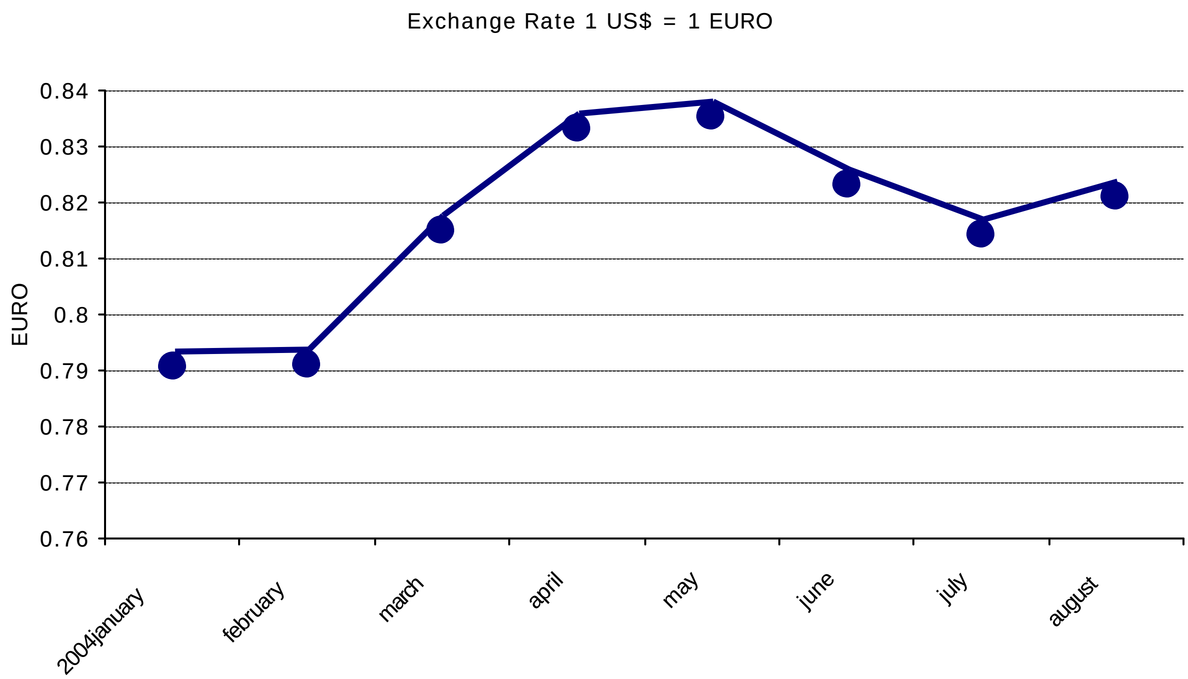
APPENDIX

Key Trade & Demographic Information

Agricultural Imports From All Countries ($Mil) / U.S. Market Share (%) [1/]	$19,071 / 8%
Consumer Food Imports From All Countries ($Mil) / U.S. Market Share (%) [1/]	$11,288 / 4%
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%) [1/]	$936 / 2%
Total Population (Millions) / Annual Growth Rate (%)	16.2 / 0.5%
Urban Population (Millions) / Annual Growth Rate (%)	10.2 / 0.5%
Number of Major Metropolitan Areas	2
Size of the Middle Class (Millions) / Growth Rate (%)	N/A
Per Capita Gross Domestic Product (U.S. Dollars)	$34,357
Unemployment Rate (%)	4.3%
Per Capita Food Expenditures (U.S. Dollars)	$2,405
Percent of Female Population Employed [3/]	55%

1/ Source: UN Trade Database CY 2002
2/ Population in excess of 1,000,000
3/ percent against the total number of women of working age note this also includes part time workers

Year	U.S. $	EURO
2001	1	1.12
2002	1	1.06
2003	1	0.88



Consumer Food & Edible Fishery Product Imports

Netherlands Imports	Imports from the World			Imports from the U.S.			U.S Market Share		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
	US$ Million			US$ Million			Percentage		
CONSUMER-ORIENTED AGRICULTURAL TOTAL	10,338	9,840	11,288	453	416	343	4	4	3
Snack Foods (Excl. Nuts)	500	458	585	5	3	4	1	1	0.7
Breakfast Cereals & Pancake Mix	35	36	42	1	1	1	3	2	0.7
Red Meats, Fresh/Chilled/Frozen	628	640	783	1	1	1	0	0	0
Red Meats, Prepared/Preserved	366	447	451	1	1	1	0	0	0
Poultry Meat	215	233	293	0	0	0	0	0	0
Dairy Products (Excl. Cheese)	1,630	1,415	1,523	1	1	1	0	0	0
Cheese	273	350	348	1	1	1	0	0	0
Eggs & Products	75	69	97	4	3	1	6	4	1
Fresh Fruit	1,188	1,184	1,304	23	24	24	2	2	2
Fresh Vegetables	701	661	841	1	1	1	0	0.1	0.1
Processed Fruit & Vegetables	893	796	818	26	27	31	3	3	4
Fruit & Vegetable Juices	645	522	620	45	37	41	7	7	7
Tree Nuts	191	166	159	41	41	36	22	24	23
Wine & Beer	620	575	654	69	71	15	11	12	2
Nursery Products & Cut Flowers	819	801	905	56	53	54	7	7	6
Pet Foods (Dog & Cat Food)	128	85	137	35	22	12	28	26	9
Other Consumer-Oriented Products	1,430	1,403	1,727	144	133	122	10	9	7
FISH & SEAFOOD PRODUCTS	1,012	1,024	936	14	20	21	1	2	2
Salmon	47	37	44	6	9	6	13	23	14
Surimi	7	10	7	1	0	1	2	0	0.5
Crustaceans	247	239	258	1	1	1	0	0	0.2
Groundfish & Flatfish	395	444	315	3	5	8	1	1	3
Molluscs	32	34	44	2	3	3	6	10	7
Other Fishery Products	284	261	268	3	3	3	1	1	1
AGRICULTURAL PRODUCTS TOTAL	17,206	17,026	19,071	1,512	1,361	1,131	9	8	6
AGRICULTURAL, FISH & FORESTRY TOTAL	20,089	19,717	21,673	1,574	1,420	1,180	7	8	5

Source: United Nations Statistics Division

Top 15 Suppliers of Consumer Foods & Edible Fishery Products

CONSUMER-ORIENTED AGRICULTURAL TOTAL			
Reporting: Netherlands - Top 15 Ranking			
	Import **2000** Value 1000$	Import **2001** Value 1000$	Import **2002** Value 1000$
Germany	2,064,622	1,999,859	2,426,136
Belgium	1,650,367	1,479,558	1,972,376
France	843,699	724,707	915,198
Spain	726,274	610,459	759,487
Brazil	584,182	566,208	652,581
United Kingdom	495,660	391,186	469,173
United States	**452,824**	**416,233**	**343,144**
Italy	234,478	203,118	272,141
South Africa	228,009	263,931	258,959
Ireland	256,243	214,313	239,976
New Zealand	79,371	169,286	211,572
Denmark	108,333	144,753	188,369
Chile	139,773	176,656	172,025
Thailand	270,381	272,013	161,184
Israel	166,337	156,588	153,912
Other	2,037,628	2,051,319	2,091,743
World	**10,338,243**	**9,840,119**	**11,287,772**

FISH & SEAFOOD PRODUCTS			
Reporting: Netherlands - Top 15 Ranking			
	Import **2000** Value 1000$	Import **2001** Value 1000$	Import **2002** Value 1000$
Germany	150,232	115,709	177,645
Denmark	84,619	84,245	98,857
U.K.	68,492	88,704	90,314
Belgium	60,200	64,943	79,055
France	41,984	31,885	42,049
Morocco	35,298	18,668	40,936
Tanzania	29,376	18,052	32,086
Indonesia	28,665	27,147	28,632
India	10,503	6,401	25,874
Norway	17,598	25,134	22,628
United States	**14,260**	**19,660**	**21,184**
Nigeria	21,972	28,737	20,888
Bangladesh	19,965	20,407	20,682
Iceland	112,444	156,273	12,924
Italy	8,394	7,935	11,313
Other	308,059	309,669	210,909
World	**1,012,063**	**1,023,532**	**935,930**

Source: United Nations Statistics Division