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# Netherlands

# Food Processing Ingredients

# The Dutch Food Processing Ingredients Report

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**Report Highlights:**
The Dutch food processing sector generated a turnover of USD 82.5 billion last year and demonstrated the highest production growth in five years, supported by growing demand from mainly Germany, Belgium, France and the United Kingdom. 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.

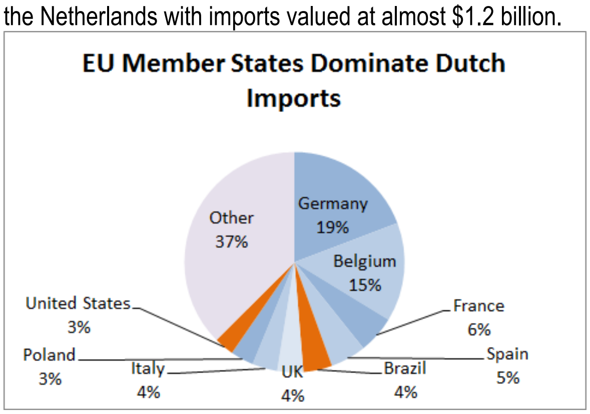
**Executive Summary**

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 ingredients. The Netherlands is the second largest exporter of agricultural products in the world after the United States and before Germany. These exports include agricultural products produced in the Netherlands, such as flowers and plants, and also imported agricultural products that are re-exported, directly or after further processing, like fruit and cocoa products.

The macroeconomic situation and key data about the Dutch economy can be found in the [GAIN NL7026 – Exporter Guide September 20, 2017.]

**Imports of Consumer-Oriented Products**

Dutch imports of consumer-oriented products are led by products coming from other EU Member States. In 2017, the United States was the 9th largest supplier of these products to the Netherlands with imports valued at almost $1.2 billion.




**Food Processing Industry**

There are 5,890 food companies in the Netherlands, employing approximately 136,000 people, or six percent of total employment in the Netherlands. The sector generated a turnover of $82.5[1] billion last year and accounts for almost five percent of Dutch GDP. The subsectors of meat, dairy and fresh produce each account for roughly a quarter of the industry's turnover. With an increase of five percent, the food industry demonstrated the highest production growth in five years.

**Food Retail Industry**

The Dutch retail sector is rather consolidated with the two largest retailers controlling over 50 percent of the market. For 2017 the turnover of the Dutch food retail industry is estimated at $44 billion. Consumers are increasingly looking for sustainable or organic products and more ready-to-eat meals and convenience products.

**Quick Facts CY2017**

Imports of Consumer-Oriented Products, total: $39.5 billion

List of Top 10 Growth Products in the Netherlands:

| | |
|---|---|
| 1. Tomato Paste | 2. Edible Fats & Oils |
| 3. Dried Prunes | 4. Mixtures Odoriferous substances |
| 5. Chickpeas | 6. Peptones & Derivatives |
| 7. Food Preparations | 8. Ingredients for Natural and Healthy Food Stuffs |
| 9. Orange Juice | 10. Specialty Grains |

Food Industry by Channels:

| | |
|---|---|
| Food Industry | $82.5 billion |
| Consumer-Oriented Products Imports | $39.5 billion |
| Consumer-Oriented Products Exports | $74.2 billion |
| Agricultural & Related Products Imports | $75.2 billion |
| Agricultural & Related Products Exports | $107.5 billion |
| Food Retail | $44.0 billion |
| Food Service | $13.3 billion |

Top 10 Food Retailers in the Netherlands, Market Share:

| | | | |
|---|---|---|---|
| Albert Heijn | 35.3% | Jumbo | 18.4% |
| Lidl | 10.3% | Aldi | 7.0% |
| Plus | 6.2% | Dirk | 3.7% |
| Coop | 3.1% | Emté | 2.6% |
| Deen | 2.2% | Hoogvliet | 2.1% |

GDP/Population:
Population: 17.2 million
GDP: $815 billion
GDP per capita: $47,384

**Strengths/Weaknesses/Opportunities/Challenges**

| Strengths: | Weakness: |
|---|---|
| Dutch food processing companies are innovative and export oriented. | Free movement of goods, including food ingredients, within the EU. |
| **Opportunities:** | **Threats:** |
| 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. | U.S. exporters face 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, agthehague@fas.usda.gov

[1] 1$=0.85€

## SECTION I. MARKET SUMMARY

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 changed product composition, 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.

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 has gained more attention over the past few years. Food waste can be caused by production failures, planning errors or disapproval of finished products due to a too-short shelf life. 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.

Table 1. Advantages and Challenges

| Advantages - sector strengths and opportunities | Challenges - sector weaknesses and threats |
|---|---|
| Food processing companies are 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. | Several products cannot be exported to the EU since they are not EU-approved (poultry, GMO derived ingredients, shell fish, etc.). |
| Growing consumer demand for healthy and sustainable food products has sparked a growing demand for food ingredients that contribute to a healthier lifestyle and certified sustainable food ingredients. | U.S. exporters face competition from other EU member states and third countries such as Canada that have negotiated lower tariff rates through trade agreements. |
| The food processing industry is growing and needs more imported food ingredients. The U.S. offers a broad range of food ingredients and is capable of satisfying demand of the well-developed Dutch food processing industry. U.S. ingredients have a good reputation. | Sustainability standards are increasingly becoming a requirement of the food industry and can act as a barrier to trade. |

Source: FAS The Hague

## SECTION II. ROAD MAP FOR MARKET ENTRY

**Entry Strategy**

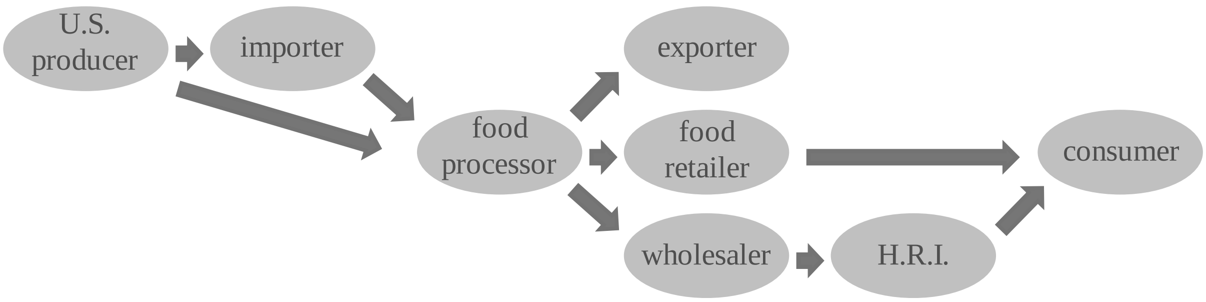
The first step for U.S. companies that would like to start exporting food ingredients to the Netherlands is to determine whether there is a potential market for their product. It is important to gain a good understanding of who the clients and end-users could be. Trade statistics can help to indicate whether the Dutch need to import this ingredient, whether it is locally or regionally available, how much is currently being imported, and from which competing supplying country.

There are several options on how to enter the Dutch market. Consider visiting or exhibiting at a European trade show. Trade shows can serve as a springboard into the market, helping companies to establish new trade contacts and gauge product interests. More information and a list of the major European trade shows can be found at http://fas-europe.org/. Dutch buyers also regularly travel to the

United States to see new products and make new contacts. Contact us and we'll help you connect with Dutch buyers.

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

Figure 1: Distribution Channel Flow Diagram




Depending on the type of food ingredient, the supply chain might differ.  The above supply chain applies to the majority of food ingredients.

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

Table 2: An Overview of the Largest Dutch Food Companies, 2016 Figures

| | Company Name | Website | Total Turnover, $ Million | Product Group | End-Use Channels |
|---|---|---|---|---|---|
| 1 | Unilever | Unilever.com | 62,012 | Specialty Foods | retail and foodservice |
| 2 | Heineken | Heineken.com | 24,461 | Beer | retail and foodservice |
| 3 | FrieslandCampina* | Frieslandcampina.com | 13,059 | Dairy | retail and foodservice |
| 4 | DSM | Dsm.com | 9,318 | Specialized Food Ingredients | food processing |
| 5 | VION Food Group | Vionfoodgroup.com | 5,587 | Meat | food processing, retail and foodservice |
| 6 | Greenyard Foods* | Greenyard.group | 4,667 | Fruit and Vegetables | retail and foodservice |
| 7 | Hoogwegt** | Hoogwegt.com | 4.118 | Dairy | food processing |
| 8 | Refresco Group | Refresco.com | 2,744 | Nonalcoholic Beverages | retail and foodservice |
| 9 | Van Drie Group** | Vandriegroup.com | 2,400 | Veal | retail and foodservice |
| 10 | Cosun | Cosun.com | 2,339 | Ingredients | food processing |
| 11 | Plukon | Plukonfoodgroup.com | 1,507 | Meat | retail and |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | foodservice |
| 12 | A-ware Food Group | Royal-aware.com | 1,412 | Dairy | food processing |
| 13 | The Greenery | Thegreenery.com | 1,212 | Fresh Produce | retail and foodservice |
| 14 | Corbion | Corbion.com | 1,072 | Specialized Food Ingredients | food processing |
| 15 | Vreugdenhil Dairy Foods | Vreugdenhildairyfoods.nl | 694 | Dairy | retail and foodservice |
| 16 | Wessanen | Wessanen.com | 671 | Healthy Food | retail and foodservice |
| 17 | DOC Kaas** | Dockaas.nl | 656 | Dairy | retail and foodservice |
| 18 | Borgesius Bakkersland | Borgesius.nl | 565 | Bakery | retail and foodservice |
| 19 | Zwanenberg Food Group | Zwanenberg.nl | 494 | Meat | retail and foodservice |
| 20 | Van Rooi Meat | Vanrooimeat.nl | 60 | Meat | retail and foodservice |

Source: FAS The Hague, industry experts, company websites
*2015 figures; **2014 figures

**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.

SECTION III. COMPETITION

The table below summarizes the competitive situation U.S. suppliers face in the Dutch food processing sector in terms of locally 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 [+ USA], in Percentage | Strengths of Key Supply Countries | Advantages and Disadvantages of local suppliers |
|---|---|---|---|
| Food Preparations (HS210690)<br><br>Total Imports: $1,494 million | Germany: 22%<br>**[USA: 14%]**<br>Germany: 14% | Due to proximity, neighboring countries are leading suppliers of flavored or colored sugar, isoglucose, lactose, and glucose and maltodextrine syrups. | Food preparations are produced throughout the EU. |
| Animal or Vegetable Fats, Oils & Their Fractions (HS151800)<br><br>Total Imports: $1,017 million | Indonesia: 21%<br>Germany: 17%<br>**[USA: 10%]**<br>Belgium: 6%<br>UK: 5% | 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 | Argentina: 55% | Argentina continues to dominate | No local supply. |

| | | | |
|---|---|---|---|
| (HS120242)<br><br>Total Imports:<br>$545 million | **[USA: 13%]**<br>China: 9%<br>Brazil: 7% | the market and supplies good quality peanuts. | |
| Odoriferous Substances (HS330210)<br><br>Total Imports:<br>$398 million | Ireland: 38%<br>Germany: 20%<br>**[USA: 19%]**<br>France: 8% | Odoriferous Substances are compounds (natural and synthetic) with odors used in the manufacture of various non-food and food products and are locally available. | EU suppliers don't have to pay import taxes and are closer to the market. |
| Sunflower Seeds (HS120600)<br><br>Total Imports:<br>$367 million | Romania: 40%<br>**[USA: 21%]**<br>Bulgaria: 15%<br>Moldova: 7%<br>Hungary: 5% | Third country supply is price competitive at Northwest EU ports. | EU production of sunflower seed is limited. |
| Almonds (HS080212)<br><br>Total Imports:<br>$210 million | **[USA: 58%]**<br>Spain: 14%<br>Australia: 7% | Spain is an EU MS and located closer to the Netherlands than the U.S.<br>The U.S. dominates the international almonds trade. | The food processing industry needs more almonds than Spain can supply. |
| Cod (HS030363)<br><br>Total Imports:<br>$243 million | Russia: 53%<br>Norway: 38%<br>Greenland: 4%<br>**[USA: 1%]** | All suppliers offer good quality cod. | No or not enough local availability. Strong demand for producing breaded deep fried white fish products. |
| Peptones and Derivatives (HS350400)<br><br>Total Imports:<br>$221 million | **[USA: 30%]**<br>Belgium: 17%<br>France: 13%<br>Germany: 11% | Peptones are used by producers of food supplements and are locally available. | EU suppliers don't have to pay import taxes and are closer to the market. |
| Pistachios (HS080251)<br><br>Total Imports:<br>$82 million | **[USA: 83%]**<br>Iran: 7% | The U.S. dominates the international pistachios trade. | According to industry sources Iran has experienced problems with aflatoxin in the past. |
| Cranberries (HS200893)<br><br>Total Imports:<br>$79 million | **[USA: 60%]**<br>Canada: 18%<br>Chile: 10% | Main supplying countries of cranberries are the U.S., Chile and Canada. The market share of the first is 70 percent but declining at the expense of Chile. | No local availability. The use of cranberries continues to grow. They are no longer just used in sauces but also in all kinds of food and drink products. |
| Alaska Pollock Fillets (HS030475)<br><br>Total Imports:<br>$80 million | **[USA: 57%]**<br>China: 24% | The U.S. leads the supply of Alaska Pollack; Iceland, Norway and China are suppliers of cod; Iceland and China supply respectively coalfish and saltwater fish. | No or not enough local availability of price competitive fish fillets. |

Source: Globe Trade Atlas

SECTION IV.  BEST PRODUCT PROSPECTS

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

Visit our website (fas-europe.org/countries/netherlands/) for more detailed information on food ingredients which have Good Sales Potential.

SECTION V.  POST CONTACT AND FURTHER INFORMATION

If you have questions or comments regarding this report, or need assistance exporting to the Netherlands, please contact our office:

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