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Report Highlights:

Four percent of the total acreage of farmland in the Netherlands is used for organic production, while the market share of organic products remains at roughly three percent. Moreover, Dutch per capita consumption of organic product is valued at $100. While these numbers are low compared to many other West European countries, the Netherlands is, with 63 percent of total U.S. organic exports to the European Union (EU), the largest EU export market. Over half of organic sales in the Netherlands are generated by regular food retailers, followed by organic specialty stores. The HRI foodservice industry and other distribution channels, such as on-farm sales, farmers markets and on-line sales, are responsible for the remainder.

Production
Nearly 72,000 hectares in the Netherlands were used for organic farming in 2020 (3,500 hectares more than in 2019), representing four percent of total agricultural land. This number is low compared to the European Union (EU)-average of nine percent in 2020. The following EU member states had the highest percentages organic farmland: Austria (25 percent), Estonia (22 percent), and Sweden (20 percent).

Organic livestock, arable, and produce farmers all need lots of farmland, an estimated fifty percent of total organic acreage, to produce crops. The other half is used for permanent grassland. It is expected that the acreage of organic farmland in the Netherlands will slightly increase due to growing EU demand for organic products. The Dutch Organic Industry Association (Bionext) expects more dairy, arable, poultry, and pig farmers to convert to organic production in the near term.

Better profit margins are the real driver for Dutch farmers converting to organic production. Nowadays only a few farmers switch for ideological reasons. Farmers are aware that converting to organic production takes two years (before products can be sold as certified organic). Farmers also need to invest in new agricultural equipment and storage facilities and find new clients for their products. It simply requires a different way of doing business. The Dutch government offers subsidies for organic farmers who need to make investments (e.g., for purchasing new equipment).

Encourage Conversion
To stimulate organic production, Bionext notes farmers of conventional crops will have to switch to producing organic products which means a number of barriers will need to be removed, including:

Demand for organic products in the Netherlands is still too low which offers little incentive for farmers to convert. Farmers need to have some kind of assurance that there will be demand for their organic products.
The investments needed to convert to organic production are still quite high -- when growing organic products, a farmer requires certification, education, different equipment, and more time spent on labor (e.g., ensuring the fertility of the soil requires significantly more care and attention).
The conversion process is time consuming -- switching from conventional production to organic production takes two years. During this transition period, the farmer is not yet permitted to sell his products as organic (but his/her production costs are increasing). Only after two years, and after officially being certified, can a farmer start selling products as organic. Bionext notes that if the Netherlands were to create a market for products produced during the conversion process, farmers may be able to realize some earlier financial rewards for their efforts.

Trade
Dutch organic production is largely driven by demand for organic products in West European countries, in particular Germany and the Nordics, as they are important trading partners for Dutch agribusinesses. Dutch exports of organic products are estimated at $1.6 billion[1] of which 80 percent are destined for Germany and the Nordics. This includes organic products produced in the Netherlands such as potatoes, vegetables, eggs, cheese, and meat and imported organic products that are re-exported. The Netherlands has become a trading hub for organic products.

[1] $1 = €0.85

There are no comprehensive trade statistics available for the Netherlands because organic products are differentiated only through certification. There are no specific HS codes for organic products. However, since 2011, the U.S. Bureau of the Census has collected data on certified organic products imported into the United States and for 38 products exported by the United States.

Table 1. Value of U.S. Selected Exports of Organic Products to the Netherlands, USD 1,000

	2014	2015	2016	2017	2018	2019	2020
Strawberries	0	0	19	0	0	346	834
Asparagus	0	0	0	15	52	746	730
Carrots	803	0	645	969	887	675	422
Coffee	100	30	0	25	366	556	382
Lemons	0	0	0	0	0	0	326
Berries	0	0	0	12	0	0	143
Broccoli	0	0	0	57	21	37	54
Oranges	0	0	0	0	0	14	38
Vinegar and substitutes	0	0	0	0	24	27	21
Apples	0	0	0	0	0	0	13
Tomato sauce	0	0	0	0	7	0	7
Onions	0	0	0	6	0	0	7
Lettuce (leaves)	0	0	10	354	0	0	0
Peppers	3	6	0	49	0	4	0
Cauliflower	65	3	0	27	0	0	0
Cabbage	0	0	0	11	0	0	0
Head lettuce	0	0	47	11	0	0	0
Other	264	377	462	0	227	28	1
Total	1,235	416	1,164	1,535	1,584	2,433	2,978

Source: U.S. Department of Commerce, Bureau of Census

In 2020, U.S. exports to the Netherlands of organic products, covered by the aforementioned HS codes, totaled $3.0 million. The Netherlands is the largest export market in the EU, accounting for 63 percent of total U.S. organic exports to the EU. Exports to the number two and three markets (Germany and Belgium) were valued at $652 and $498 million, respectively, in 2020.

Additional codes for organic exports from the United States may be released in the future. In the meantime, it is difficult to calculate trade for other organic products such as packaged products, grains, dried fruit, and nuts. Store checks however confirm that you can find U.S. organic sweet potatoes and dried fruits at most Dutch retail outlets.

Policy and Regulations

The production and import regulations and standards for organics are harmonized in the EU. For more information, please go to the website of the U.S. mission to the EU, http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/organic-production/.

To view the Dutch market in a European context, please read the EU organic report and individual reports on the organic industry by Member State which are available at the following website, https://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx.

The Dutch Ministry of Agriculture, Nature, and Food Quality is the lead Dutch government agency for regulating organic food and farming. SKAL is the only organic control organization in the Netherlands, assigned by the Ministry of Agriculture, Nature, and Food Quality. U.S. exporters should ensure they partner with an importer that is SKAL certified. Additional information about SKAL can be found on their website, https://www.skal.nl/en.

The United States and the EU have an equivalence arrangement on organics. This means that as long as the terms of the arrangement are met, products certified by the USDA as organic or by the EU as meeting organic standards may be labeled and sold as organic in both markets. Since 2012, this partnership has streamlined trade between the two largest organic producers in the world and has provided organic farmers and businesses access to a more than $90 billion combined market.

The EU Organics Report and the following website provide more information on the arrangement, including requirements, certifying agents, and the import certificate:
https://www.ams.usda.gov/services/organic-certification/international-trade/European%20Union.

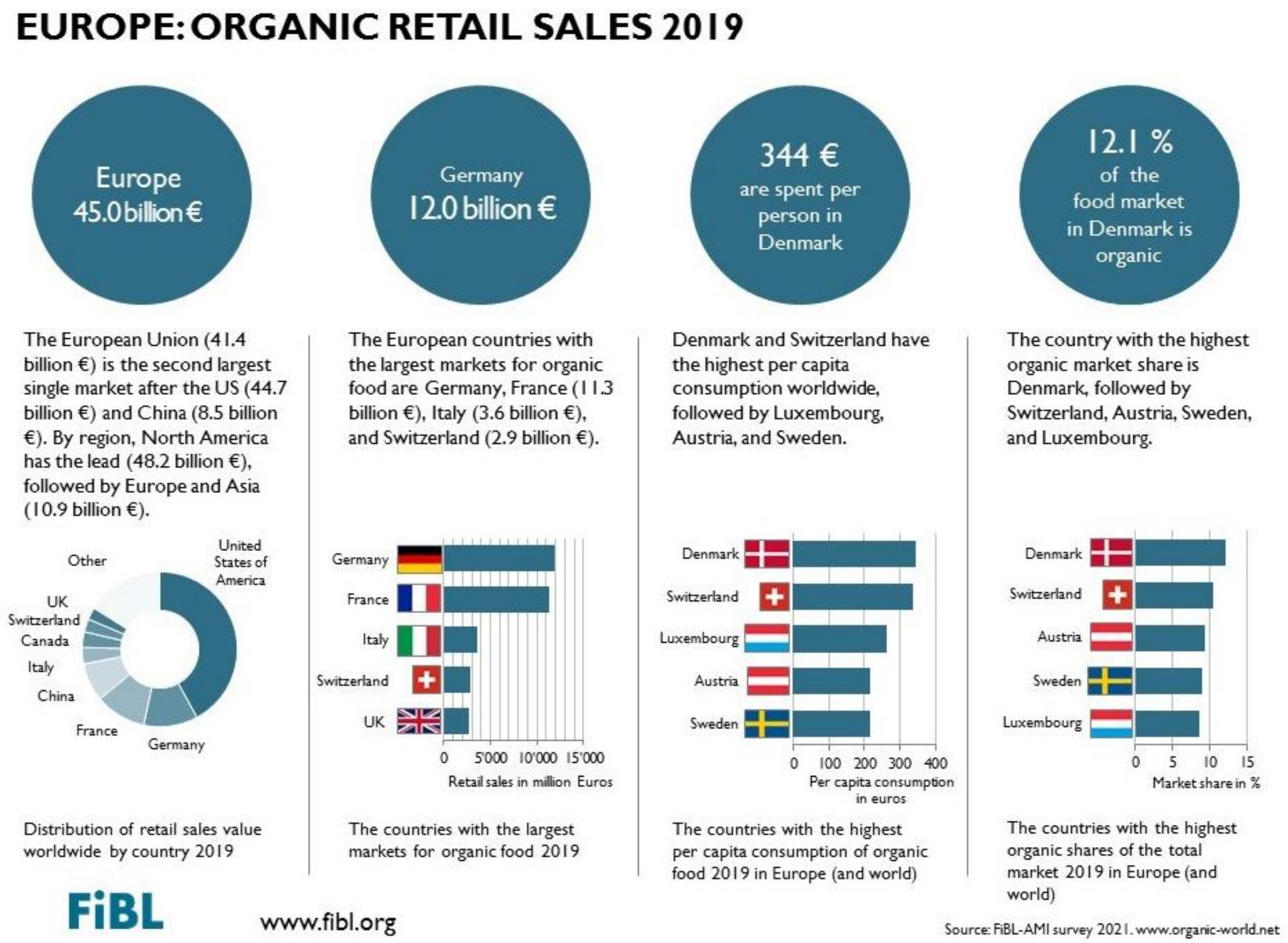
New EU Organic Regulation Entering Into Force in 2022 – Regulatory Update
The current legal framework governing organics in the EU is Council Regulation (EC) No 834/2007 of 28 June 2007. This Regulation outlines the objectives and principles of organic agriculture in the EU, establishes general production rules, and describes the EU's organic production standards, control system, and labeling requirements. In Spring 2018, the European Parliament and Council of the European Union- representing the Member States, formally adopted the text of the new EU Regulation on Organic Production and Labeling of Organic Products (Regulation (EU) 2018/848 of the European Parliament and of the Council of 30 May 2018). The new Regulation will enter into force on January 1, 2022, and introduces regulatory changes for both production of organic products in the European Union and for imports of organics. The GAIN report, New EU Organic Regulation Entering Into Force in 2021
Regulatory Update, focuses on the rules that may impact imports of organic food into the EU.

Consumer Market
The Netherlands is the eight largest consumer organic market in the EU. Germany and France together account more than half of the EU organic market. Turnover of the Dutch organic market in 2020 was valued at $1.8 billion, similar to organic sales in 2019. While organic sales via retail channels were up by nine percent in 2020, the closure of most of the HRI foodservice sector for many weeks nullified this increase. As a result, the market share of organic products did not grow and remained at three percent in 2020. The highest market shares in the Netherlands can be found in eggs, followed by dairy and fresh produce.

Request to Eliminate Value Added Tax (VAT) on Organic Products
Even though many Dutch consumers buy organic products from time-to-time, the price for organic products compared to conventional products still limits regular consumption. To further stimulate the consumption of organic food, Bionext argues it is important to reduce the price difference between organic and conventional food so that the choice for organic food becomes easier. By reducing the VAT on organic products to zero (from the current nine percent), organic products will be cheaper, which Bionext believes will stimulate demand. Michaël Wilde, Director of Bionext, has stated, "part of the

Dutch policy needs to be an information campaign. In other countries like Germany, Switzerland, and Austria, major government campaigns explain the importance of organic food. Consumers there have much more knowledge about organic food. It is high time that this happened here too."[2]

The following overview, which was published by The Research Institute of Organic Agriculture (FiBL), presents an overview of the organic market in Europe.



Source: https://www.fibl.org/en/info-centre/news/european-organic-market-grew-to-euro-45-billion-in-2019

The largest organic consumer markets in the EU are Germany, France, Sweden, Italy, Spain, Denmark, Austria, and the Netherlands. Please note that both Switzerland and the U.K. have large markets for organic products, but are not part of the EU.

Within the EU, the highest per-capita sales of organic food stuffs, more than $175 per person, were reached in Sweden, Denmark, Austria, France, and Germany. The lowest level of sales, less than $15 per person, are predominantly found in Members States in Eastern Europe. The per-capita consumption of organic product in the Netherlands is valued at $100, slightly above the EU average.

[2] https://nltimes.nl/2020/08/17/scrap-vat-make-organic-products-attractive-sector-says.

Consumer Profile
There are roughly two consumer groups that buy organic products in the Netherlands. The first, and rather small group, is comprised of loyal buyers. These tend to be older buyers who have been consuming organic products for decades. These consumers are extremely valuable to the organic industry because of their dedication and willingness to continue buying organic. This loyal group tends to mainly shop at organic specialty shops and farmers markets. They also prefer unprocessed food rather than packaged food, such as fresh produce, cheese, dried fruit and nuts, and meat. This group is typically interested in buying local food that is produced in an environmentally friendly way and with consideration for animal welfare. Price is not an important purchasing decision factor for this group. Industry sources expect that this group is responsible for 25-30 percent of total organic sales in the Netherlands.

The other, and much larger group is more diverse – including affluent consumers, millennials, and consumers seeking new trends. They don’t buy organic products because they think it is the right thing to do. Instead, they are focused on the perception of taste, quality, healthier lifestyles, attractive packaging, as well as concerns about animal welfare, the environment and production methods. They purchase their organic products at supermarkets or online rather than at specialty organic shops. Due to its size and diversity, it is this group the organic industry focusses on to generate sales growth in the future.

Distribution
Over half of the organic sales in the Netherlands are generated by traditional food retailers. Organic specialty stores are the second most important distributor of organic products in the Netherlands. The HRI foodservice industry and other distribution channels, such as on-farm sales, farmers markets, and on-line sales, are responsible for the remainder.

Traditional supermarkets play an important role in offering organic products to the average Dutch consumer. Supermarkets offer a variety of organic products ranging from fresh produce and fresh meat to dry goods and wines. Organic products are placed next to conventional products within the same product category.

Store checks show that organic products, on average, are 50 percent more expensive than conventional products. For some products (e.g., almonds, onions, cereal bars, and pork) the price difference is even more than double. In other cases, prices for organic products (e.g., spaghetti, hazelnuts, and tomato sauce) were lower than their conventional counterparts.

Local organic specialty stores tend to be characterized by a collection of independent stores and a couple of organic retail chains. The largest organic retail chain in the Netherlands is EkoPlaza which opened its first store in 1980 in Amsterdam. EkoPlaza used to be an organic supermarket and is now transitioning into a more upscale organic food store. Marqt opened its first store about a decade ago and targets the affluent consumer with high-end and value-added products. Due to disappointing profit numbers, Marqt was acquired by EkoPlaza’s owner Udea. In order to differentiate themselves from regular supermarkets, organic specialty stores focus on innovative, value-added, and specialty organic food and consumer service.

Table 2. Two Organic Retail Formats

Purchase group:	Format:	Sales:	Outlets:	Region:	Website:
Udea Doornhoek 4040, 5465 TD Veghel, the Netherlands +31 413 256 700 info@udea.nl / www.udea.nl	EkoPlaza	$175 million	75	Nation-wide	www.ekoplaza.nl
Udea Doornhoek 4040, 5465 TD Veghel, the Netherlands +31 413 256 700 info@udea.nl / www.udea.nl	Marqt	$60 million	12	regional	www.marqt.com

Source: FAS/The Hague

Despite the fact that half of all organic sales are generated by supermarkets, organic specialty stores should be considered when exploring the potential of the Netherlands as an export market, as this is where the most loyal organic customers regularly purchase their products. Sales of products at these stores will also be more immune to economic conditions. These stores are keen to list new products and differentiate their offerings from regular supermarkets. Successful sales in these smaller stores can pave the way for traditional supermarket listings. U.S. exporters of products like sauces, beverages, baby foods, and snack foods should target importers supplying these organic specialty stores. U.S. exporters mainly compete with suppliers from other EU Member States in the Dutch market. FAS/The Hague maintains a list of foreign buyers (FBL) that are active in importing organic products for U.S. interested parties.

Marketing Development

The growing market for organic products in the Netherlands in combination with the U.S.-EU partnership will create more trade opportunities for U.S. exporters. There are opportunities for U.S. exporters in the following markets:

The market for fresh produce is growing. Tighter maximum residue levels (MRLs) within the EU are creating additional opportunities for organic produce. There is also a market for fresh vegetables like broccoli and carrots, especially when locally grown produce is not available in sufficient quantities. Pulses, especially beans and lentils, are increasingly becoming popular because of a growing demand for healthy food products. Further, there is demand for a variety of fresh fruit including apples, pears, citrus, cranberries, strawberries, and cherries.

Driven by the snack and bakery industry there is a growing demand for tree nuts. Demand is especially high for almonds, hazelnuts, almonds, walnuts, and pistachios. Demand for specialty grains is also increasing.

Dutch importers are always on the lookout for innovative U.S. organic specialty products. Consumers are increasingly looking for healthy snack options, confectionary products, and alcoholic and non-alcoholic beverages.

Road Map for Market Entry
The first step for U.S. companies that would like to start exporting organic products 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.

Table 3. Advantages and Challenges U.S. Exporters Face in the Netherlands

Advantages	Challenges
There is demand for fresh produce when it is out of the Dutch season or in a short year.	Import duties and shipping time and costs.
Education and promotion may help Dutch consumers understand and value the difference between conventional and organic products.	Growing attention to local production will temper the demand for organic products from the United States.
Dutch organic specialty stores provide the best chances for exporters of new, innovative, and value-added products as these stores want to differentiate themselves from regular supermarkets.	In addition to a product being organic, consumers are increasingly interested in how the product was produced and by whom; consumers are increasingly engaged and want to hear the story behind the product.
The Dutch believe organic products to be healthier and safer and are also produced in a more sustainable and transparent supply chain.	Organic products are in general more expensive than conventional products.

After ascertaining whether there is a market for your product, it helps to understand the supply chain and the role of the various players within the supply chain. The main reasons distributors prefer to buy organic products from specialized traders rather than sourcing directly include not wanting to deal with price volatility, documentation, and other import requirements.

Organic products from the United States have a good quality image. However, after import duties and taxes, the product may no longer be price competitive. Shipping costs and shipping times might be disadvantages for U.S. exporters compared to other suppliers, particularly those closer to the Netherlands. In addition to looking into competition, it is highly recommended to study the Dutch import requirements. Last year, FAS/The Hague drafted the GAIN NL2020-0064 Food and Agricultural Import Regulations and Standards Report, December 16, 2020 which provides an overview of import regulation standards and required certificates. The 2021 edition will be published at https://gain.fas.usda.gov.

Once the U.S. exporter has this background information, there are several options on how to enter the Dutch market. For example, consider exhibiting at a specialized trade show in the United States. Dutch buyers regularly travel to the United States to see new products and make new contacts. Exporters should also consider visiting or even exhibiting at a European trade show. Trade shows can serve as a springboard into the market, helping companies establish new trade contacts and gauge product interests. Dutch buyers visit these shows and often have an exhibitor booth as well.

There are a few European trade shows where exhibitors only showcase organic products. Below you will find additional information about these shows.

Table 4. Examples of European Organic Trade Shows

Bio Beurs, Zwolle, the Netherlands Dutch organic show Contact: Marcel Pinckaers +31 70 3102 305 agthehague@usda.gov	January 10 – 14, 2022	Bio Beurs is an organic trade show in the Netherlands where mostly Dutch suppliers exhibit their latest food products and technologies, www.bio-beurs.nl
BioFach, Nuremberg, Germany European organic show **USDA Endorsed** Contact: Hanna Khan +49 3083 05 1152 agberlin@usda.gov	February 15 – 18, 2022	BioFach is the largest international trade show for organic products in the world. BioFach is USDA endorsed which means that the show organizer works with the U.S. Organic Trade Association and the Foreign Agricultural Service to create a U.S. pavilion, www.biofach.de
Free From Food Expo, Amsterdam, the Netherlands Regional show targeting organic industry Contact: Marcel Pinckaers +31 70 3102 305 agthehague@usda.gov	November 22 – 23, 2022	The Free From Food Expo is a show that takes place every other year in the Netherlands and focuses on organic products, vegan products, and products with a free-from special certification, www.freefromfoodexpo.com
Nordic Organic Food Fair Malmo, Sweden Regional show targeting organic industry Contact: Marcel Pinckaers +31 70 3102 305 agthehague@usda.gov	November 2022	The Nordic Organic Food Fair is a regional trade event in the Nordics, www.nordicorganicexpo.com.

Source: FAS/The Hague

U.S. exporters can also contact their respective U.S. State Regional Trade Groups (SRTG), their commodity cooperator group and/or their state Department of Agriculture to obtain additional market entry support. Cooperators regularly organize Trade and Reverse Trade Missions, both in person and virtually, which are often arranged around trade shows or other events. These missions have proven to be an excellent platform for U.S. suppliers of organic products to meet and do business with foreign buyers. In particular, the U.S. Organic Trade Association (OTA) has a wealth of information and experience in helping U.S. companies expand their business overseas. Information about OTA and how they can help can be found at http://www.ota.com/index.html.

If you have questions or comments regarding this report, need assistance exporting to the Netherlands, a list of Dutch wholesalers and distributors, or are you looking for the Foreign Buyers Lists (FBL) of organic products, please contact FAS in the Netherlands:

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Attachments:

No Attachments.