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Date: 10/17/2003

GAIN Report Number: NL3040

Netherlands

Exporter Guide

Annual

2003

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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, edible fishery products and food ingredients

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

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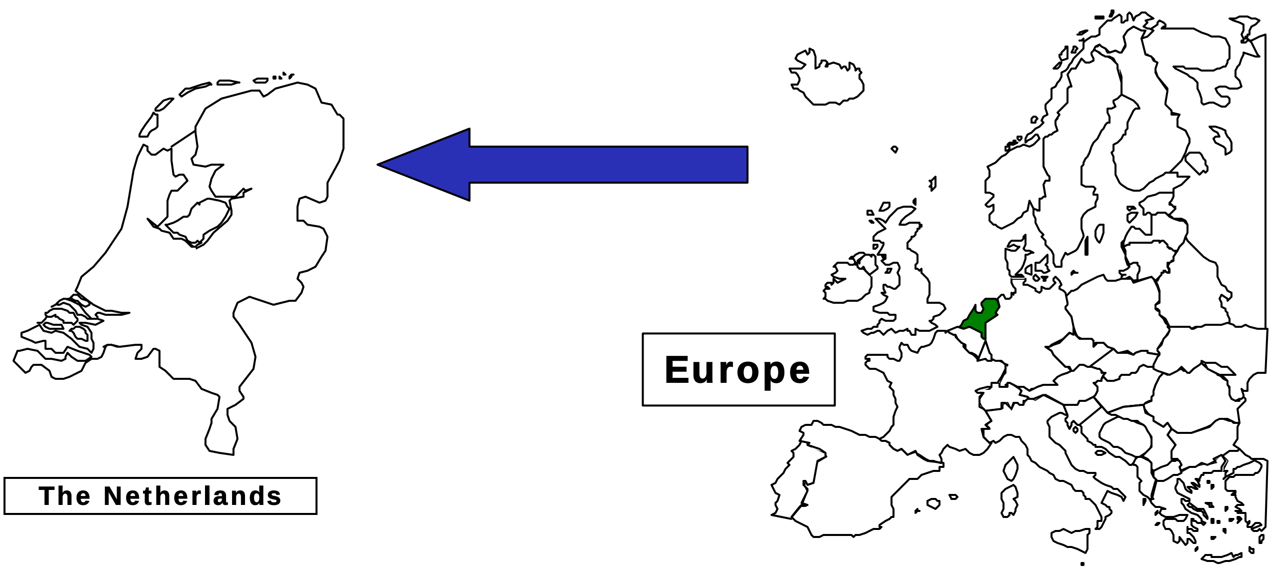
SECTION I. Market Overview

Macro-Economic Situation

The Dutch economy is slowly recovering from the longest and deepest recession since the early 1990s. Persistent deterioration of Dutch price competitiveness will keep the economy from fully benefiting from a forecast recovery of the global economy during the second half of 2003. As a result, faltering exports will fail to resume its traditional role as engine of economic growth and compensate for slumping consumer demand and a contraction in non-residential investment.

In a climate of poor export performance and weak domestic demand, economic growth is expected to come out at zero for the whole of 2003, to recover to just one percent GDP growth in 2004. This is the lowest economic growth rate since 1982, and well below the Dutch economic growth potential of 2.25 percent. Reflecting poor economic performance, unemployment will rise sharply to 5.5 percent of the labor force in 2003, and to 7 percent in 2004. Consumer price inflation will continue to soften with the CPI dropping to 2 percent in 2003 and to 1.5 percent in 2004.



Loss of purchasing power and rising unemployment are expected to keep consumer spending during the next two years more or less dormant (zero growth in 2003 followed by 0.75 percent expansion in 2004 respectively). The loss of purchasing power is the result largely of tax increases for households and a sharp hike in pension and health insurance contributions. Benefit incomes are likely to suffer from drastic cuts in social security programs. Adding to the impact of unfavorable income trends, lower share prices and a weaker housing market will also have an adverse effect on consumer spending in 2003 and 2004. While growth in consumer spending on durable goods (clothing, shoes, interior decoration and other household items) and on other goods and services will either be sharply lower or contract, spending on food and related products will hold its own.

	2002	2003	2004
	Value Euro	Percentage Change	
Private Consumption, Volume	221.7		
Food & Related Items	31.4	0.75	0.75
Durables	48.8	-1.00	1.00
Fixed Costs (heating)	44.9	3.00	3.25
Other Goods & Services	96.5	-1.00	-0.75
Unemployment (% labor force)	3.9	5.50	7.00

Source:Econ

Consumer Spending

In the year 2002, consumer preference for supermarket shopping increased further. On average, the consumer made 3 visits per week to a supermarket and spent approximately euro 66.00. As a result, turnover of Dutch supermarkets increased from 22.85 billion in 2001 to 24.08 billion in 2002, an increase of 5.4%.

Daily, 4 million consumers visit the supermarket. This has made the supermarket a suitable place to offer new services such as dry-cleaning, photo development and (fast) food service. Moreover, the consumer seeking all goods and service under one roof is comforted with non-food items such as simple textiles, books, pottery and flowers. Because of its popularity, the supermarket acts like a barometer of society. As a result of daily contacts, the supermarket knows what drives the consumer and relays trends to manufacturers.

In the Netherlands, about 74.6 percent of food is purchased in supermarkets, 16.5 percent in speciality stores and 8.9 percent from outdoor markets, department stores, gas stations and direct sales from farms.

Table 1: Consumer Food Buying Characteristics

	2000	2001	2002
Population	15,863,943	15,987,074	16,105,000
Number of Households	6.9 mln	6.9 mln	6.9mln
Household Size	2.3	2.3	2.29
Supermarket expenditure per week/household	€61.15	€63.69	€66.00
Number of supermarket visits per week	3.1	3.3	3.3

Table 2 Advantages and Challenges Facing U.S. Products in The Netherlands

Advantages	Challenges
Affluent market, educated and English speaking population	Saturated markets and fierce competition
Highly developed infrastructure, trade history and strong trade mentality	Distance (especially for fresh products) and transportation costs
Favorable image of American products	Labeling and certification
Strong interest to buy unique and innovative products	Tariff and Non-Tariff barriers

Key Developments and the Impact on Consumer Products
The Netherlands currently 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' which is the triangle Rotterdam-Amsterdam-Utrecht.

The major key developments are the following:

- The population is growing steadily (approximately 16.6 million in 2010).
- Average household size is declining (One-person households account for 37 percent in 2010).
- The percentage of people with high education levels (Masters or Bachelors degree) is growing.
- The Dutch population is aging.

As the figure indicates, the Dutch population has become older during the past 4 decades.

Table 3: Population by Age Group
Percentage

	0 - 19	20 - 39	40 - 64	65 – 79	80+
1962	38.1	26.6	26.2	7.8	1.4
1972	35.4	28.7	25.6	8.5	1.8
1982	30.3	32.3	25.8	9.3	2.4
1992	24.9	33.0	29.1	10.0	2.9
2002	24.5	29.1	32.8	10.4	3.3

Source: CBS

Growth of non Dutch Population
The non-Dutch population in the Netherlands has grown by 6 percent during the past 2 years whereas the population with Dutch ethnicity grew during the same period by only 1.3 percent. As a result there has been strong growth in the number of stores serving ethnic niche markets.

Table 4: Population by Nationality

	2000	2001	2002	*2003
Dutch	15,212,418	15,319,273	15,414,892	15,492,618
Non-Dutch	651,532	667,802	690,393	699,954

Source: CBS *Estimated

The Need for Convenience
During the past 5 decades women have become increasingly active in the work force. Due to the emancipation of women, 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 the past years, the issue has become more important in Dutch politics. Although not all of these crises posed a threat to human health, it prompted government and many other organizations to issue reports about the future of Dutch farming. Consumers increasingly demand safe and traceable products. Retailers, processors and producers are setting up traceable supply chains to minimize risks and to regain the 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).
- In general, the Dutch are straightforward and business minded. Therefore, the Dutch want to be well informed regarding the product/service and the counterpart before doing business. At the same time Dutch do not want to waste their time and they can be quick decision makers.
- Nowadays, as a result of food safety concerns, 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 and food safety, the spending on food items is changing.

Current trends in the Dutch Food Market:

- ★ **Health:** natural ingredients - lower calories – no sugar – fresh – organic
- ★ **Convenience:** frozen food – fresh pre-packed – take-away – ready-to-eat meals
- ★ **Price:** special offers, sales
- ★ **Food Safety:** certificates, vertical coordination, tracking and tracing
- ★ **Winning Food Items:** convenience, proportioned and ready-to-eat meals
- ★ **Distribution:** increasing power on the food retail side – more ethnic shops – more shopping outlets at gas and railway station
- ★ **Stores:** more personal service – wider assortment- more fresh and non-food – convenience foods – more exotic products – environmentally friendly products

Food Standards and Regulations

National Basic Legislation
In the Netherlands, there is not one single and specific food law. The regulatory framework for foodstuffs and non-food items is covered by the 'Warenwet' (Commodities Act) which forms the backbone of the Dutch system for commodity legislation. The Warenwet supplies general guidelines and requirements concerning foods and other commodities.

The Basic objectives of this law are:
1. health protection
2. guarantee of product safety
3. provision of adequate and correct information to the consumer and discouragement of misleading information, and
4. promotion of fair trade.

Besides the Warenwet, which concerns most foods, general aspects of some primary foods are regulated in two other laws:
A. The "Landbouwkwaliteitswet" (Agricultural Quality Act), which concerns primary agricultural products.
B. The "Vleeskeuringswet" (Meat Inspection Act), which concerns slaughterhouses.

Specific Standards
All three Acts mentioned above are basic laws and provide a framework for setting standards but do not specify concrete standards themselves. Standards concerning specific products or subjects (e.g. labeling and hygienic production) are the domain of individual implementing decrees (Royal decrees), based on one of the Acts mentioned above.

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:
http://www.fas.usda.gov/scriptsw/attacherep/default.asp

SECTION III. Market Sector Structure and Trends

In the Dutch food retail industry there are several operating companies. The five biggest companies have a market share of 78 percent (Table 5). Ahold and Laurus alone account for over 50 percent of the market. Some of these companies have several retail models. Laurus, for instance, has three different supermarket models. Sperwer is active in the Dutch market with two different models, Plus and Spar. The remaining three companies have one model each

- Specialty stores are losing market-share to the 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 the privately owned stores.

- Relatively new to the Netherlands is the concept of food retailing at gas stations, railway stations and airports. In general the bigger food retailers are the suppliers or owners of these new outlets.

Figure 5: Key Data on Food Buying Organization in The Netherlands.

	Market Share		Formula
	2001	2002	
Albert Heijn	27.4	*27.0	Albert Heijn Albert Heijn To Go Albert Heijn XL
Laurus	21.6	20.5	Edah Konmar Super de Boer
Schuitema	15.1	15.1	C1000 Maxis
Superunie	23.2	24.1	Coop E-markt Deka Markt Jan Linders Jumbo Plus markt, etc.

Source: AC Nielsen * Estimate

Albert Heijn BV
Provinciale weg 11
1506 MA Zaandam
Tel: 075-659 9111
Fax: 075-659 8360
www.ah.nl

Laurus N.V.
Parallelweg 64
5223 AL Den Bosch
Tel: 073-622 3622
Fax: 073-622 3636
www.laurus.nl

Superunie, C.I.V
Industrieweg 22b
4153 BW Beesd
Tel: 0345-686 666
Fax: 0345-686 600
www.superunie.nl

Schuitema
Databankweg 26
3821 AL Amersfoort
Tel: 033-453 3600
Fax: 033-455 1087
www.schuitema.nl

SECTION IV. Best High-Value Product Prospects

A. Popular U.S. Food Products in the Dutch Market

- TEXMEX and other ethnic foods (including sauces)
- Snack Foods
- Pink Grapefruit
- Tree nuts
- Wine
- Pet food
- Frozen Orange Juice Concentrates

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

- Specialty Sauces and Dressings
- Specialty and premium products
- Smoked and fresh wild salmon

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

- Canned fruits (high tariffs)
- Fresh Fruits (transport costs)
- Poultry meat (sanitary restrictions / high tariffs)
- Beef (non tariff trade barriers)

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**
HORECAVA, Amsterdam, The Netherlands (Hotel, Restaurant Show)	January 05 - 08, 2004	tel: + (31) 20 575 3032 fax: + (31) 20 575 3093 http://www.horecava.nl
National Food Week, Utrecht, The Netherlands	March, 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 02 - 04, 2004	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 25 - 26, 2004	tel: + (31) 20 575 30 32 fax: + (31) 20 575 30 93 http://www.plmainternational.com
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
ANUGA, Cologne, Germany **U.S. Participation:** USDA/FAS Berlin Germany tel: + (49) 30 8305 1150 fax: + (49) 30 8431 1935	October, 2005 Bi-Annual Show	tel: + (49) 221 82 10 fax: + (49) 821 34 10 http://www.anuga.de

Or contact the International Marketing Section of your State Department of Agriculture

APPENDIX Statistics

Key Trade & Demographic Information

Agricultural Imports From All Countries ($Mil) / U.S. Market Share (%) [1/]	$17,026 / 8%
Consumer Food Imports From All Countries ($Mil) / U.S. Market Share (%) [1/]	$9,840 / 4%
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%) [1/]	$1,667 / 2%
Total Population (Millions) / Annual Growth Rate (%)	16.1 / 1.3%
Urban Population (Millions) / Annual Growth Rate (%)	10.2 / 1.5%
Number of Major Metropolitan Areas [2/]	2
Size of the Middle Class (Millions) / Growth Rate (%)	N/A
Per Capita Gross Domestic Product (U.S. Dollars)	$23,441
Unemployment Rate (%)	3.9%
Per Capita Food Expenditures (U.S. Dollars)	$1,735
Percent of Female Population Employed [3/]	55%
Exchange Rate See Table Below	

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

Exchange Rate			
Year	**U.S. $**	**EURO**	**Dutch florin (guilder)**
1999	1	0.94	2.07
2000	1	1.09	2.39
2001	1	1.12	2.46
2002	1	1.06	-

Consumer Food & Edible Fishery Product Imports

Netherlands Imports	Imports from the World			Imports from the U.S.			U.S Market Share		
	1999	2000	2001	1999	2000	2001	1999	2000	2001
	US$ Million			US$ Million			Percentage		
CONSUMER-ORIENTED AGRICULTURAL TOTAL	11,078	10,338	9,840	439	453	416	4	4	4
Snack Foods (Excl. Nuts)	541	500	458	5	5	3	1	1	1
Breakfast Cereals & Pancake Mix	44	35	36	1	1	1	1	3	2
Red Meats, Fresh/Chilled/Frozen	655	628	640	6	1	1	1	0	0
Red Meats, Prepared/Preserved	294	366	447	1	1	1	0	0	0
Poultry Meat	260	215	233	0	0	0	0	0	0
Dairy Products (Excl. Cheese)	1,749	1,630	1,415	1	1	1	0	0	0
Cheese	286	273	350	1	1	1	0	0	0
Eggs & Products	98	75	69	2	4	3	2	6	4
Fresh Fruit	1,364	1,188	1,184	28	23	24	2	2	2
Fresh Vegetables	674	701	661	1	1	1	0	0	0
Processed Fruit & Vegetables	1,052	893	796	34	26	27	3	3	3
Fruit & Vegetable Juices	750	645	522	43	45	37	6	7	7
Tree Nuts	225	191	166	56	41	41	25	22	24
Wine & Beer	709	620	575	64	69	71	9	11	12
Nursery Products & Cut Flowers	794	819	801	56	56	53	7	7	7
Pet Foods (Dog & Cat Food)	133	128	85	21	35	22	16	28	26
Other Consumer-Oriented Products	1,451	1,430	1,403	121	144	133	8	10	9
FISH & SEAFOOD PRODUCTS	952	1,012	1,024	16	14	20	2	1	2
Salmon	50	47	37	6	6	9	12	13	23
Surimi	10	7	10	1	1	0	1	2	0
Crustaceans	201	247	239	1	1	1	0	0	0
Groundfish & Flatfish	364	395	444	2	3	5	1	1	1
Molluscs	35	32	34	2	2	3	5	6	10
Other Fishery Products	293	284	261	5	3	3	2	1	1
AGRICULTURAL PRODUCTS TOTAL	18,876	17,206	17,026	1,475	1,512	1,361	8	9	8
AGRICULTURAL, FISH & FORESTRY TOTAL	21,778	20,089	19,717	1,531	1,574	1,420	7	8	7

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

Top 15 Suppliers of Consumer Foods & Edible Fishery Products

CONSUMER-ORIENTED AGRICULTURAL TOTAL			
Reporting: Netherlands - Top 15 Ranking			
	Import **1999** Value 1000$	Import **2000** Value 1000$	Import **2001** Value 1000$
Germany	2,142,649	2,064,622	1,999,859
Belgium	2,041,565	1,650,367	1,479,558
France	971,919	843,699	724,707
Spain	640,546	726,274	610,459
Brazil	631,849	584,182	566,208
United States	**438,981**	**452,824**	**416,233**
U.K.	514,620	495,660	391,186
Thailand	319,276	270,381	272,013
South Africa	0	228,009	263,931
Ireland	270,676	256,243	214,313
Italy	281,405	234,478	203,118
Chile	185,430	139,773	176,656
New Zealand	63,674	79,371	169,286
Israel	160,482	166,337	156,588
Denmark	121,879	108,333	144,753
Other	2,292,910	2,037,628	2,051,319
World	**11,078,130**	**10,338,243**	**9,840,119**

FISH & SEAFOOD PRODUCTS			
Reporting: Netherlands - Top 15 Ranking			
	Import **1999** Value 1000$	Import **2000** Value 1000$	Import **2001** Value 1000$
Iceland	62,320	112,444	156,273
Germany	163,614	150,232	115,709
U.K.	88,364	68,492	88,704
Denmark	96,583	94,619	84,245
Belgium	64,089	60,200	64,943
China	14,417	25,468	32,680
France	44,052	41,984	31,885
Faroe Island	343	12,958	28,984
Nigeria	13,907	21,972	28,737
Indonesia	25,354	28,665	27,147
Norway	35,112	17,598	25,134
Bangladesh	14,728	19,965	20,407
United States	**16,144**	**14,260**	**19,660**
Morocco	24,295	35,298	18,668
Russia	9,929	12,987	18,454
Other	297,183	304,919	261,939
World	**952,474**	**1,012,063**	**1,023,532**

Source: United Nations Statistics Division