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Report Name: Food Processing Ingredients

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Report Highlights:

The Dutch food processing sector generated net sales of \$94 billion in 2020. The industry has been hit hard by the outbreak of the coronavirus (COVID-19) and the measures taken by the Government. For many companies, their turnover, production, exports, and profits have fallen sharply. Food companies that predominantly supply the HRI-Foodservice sector have been hit the hardest. Driven by consumer needs for healthier and more nutritious products, there is increased attention among food processing companies to reformulate products. Growing awareness of more sustainable production procedures will continue to further shape the Dutch food processing industry in the years to come. Other consumer needs continue to be affordability, convenience, and taste. Dutch food companies are always on the lookout for good quality and innovative food ingredients. Exporters from the United States compete directly with suppliers from other European Union (EU) Member States.

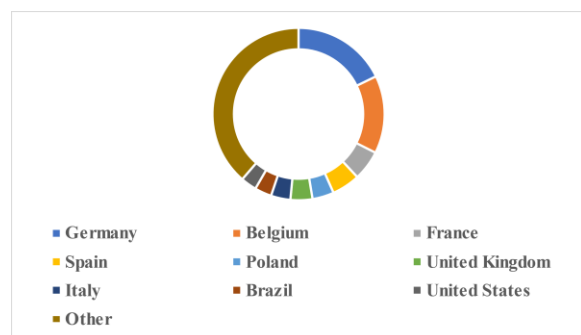
Market Fact Sheet: The Netherlands

Executive Summary:

Although the Netherlands is a small country geographically, it is the gateway for U.S. products into the European Union (EU) due to the presence of the Port of Rotterdam, Amsterdam Schiphol Airport, the confluence of two major European rivers, and an excellent road and railway infrastructure. It is the largest importing country within the EU and continues to be the second largest exporter of agricultural products in the world, after the United States and before Germany. These exports include products produced in the Netherlands (€68.3 billion in 2020) as well as imported products that are re-exported (€27.3 billion), often after further processing and adding value.

Imports of Consumer-Oriented Products:

Products from other EU Member States lead Dutch imports of consumer-oriented products. In 2020, the United States was the ninth largest supplier of these products to the Netherlands, with imports valued at almost \$1.4 billion.



Source: Trade Data Monitor

Food Processing Industry:

Over 6,930 food companies in the Netherlands generated net sales of \$94 billion in 2020. The industry has been hit hard by the outbreak of the coronavirus (COVID-19) and social distancing measures instituted by the Government.

Food Retail Industry:

The Dutch retail sector is rather consolidated, employing over 300,000 people and operating over 4,300 stores. This industry profited from the closure of many HRI-Foodservice outlets. The industry's turnover for 2020 is forecasted at \$52.8 billion, up by 11 percent. High-end supermarkets continue to gain in popularity as consumers are demanding service, variety, and fresh and convenient products.

Foodservice – HRI Industry:

The Dutch foodservice industry's turnover for 2020 is forecasted at almost \$11 billion, down by 34 percent. The steep decrease is due to the measures taken to prevent the spread of the COVID-19 virus. For much of 2020 and 2021, public places, including bars, cafés, and restaurants, have had to temporarily close their doors (with takeout and delivery keeping some restaurants afloat).

Quick Facts CY2020

Imports of Consumer-Oriented Products, total:
\$45.4 billion

List of Top 10 Growth Products in the Netherlands (imported from the World):

- | | |
|----------------------|------------|
| 1. Berries | 6. Dates |
| 2. Food preparations | 7. Walnuts |
| 3. Pork | 8. Coffee |
| 4. Bananas | 9. Eggs |
| 5. Cheese | 10. Ginger |

Food Industry by Channels 2020:

Consumer-Oriented Products Imports	\$45.4 billion
Consumer-Oriented Products Exports	\$83.6 billion
Agricultural & Related Products Imports	\$87.9 billion
Agricultural & Related Products Exports	\$120.0 billion
Food Industry	\$94.0 billion
Food Retail	\$52.8 billion
Food Service	\$10.6 billion

Top 10 Food Retailers in the Netherlands, Market Share:

1. Albert Heijn	35.0%	6. Dirk/Deka	5.3%
2. Jumbo	21.5%	7. Coop	3.9%
3. Lidl	10.7%	8. Deen	2.0%
4. Plus	6.7%	9. Hoogvliet	2.0%
5. Aldi	6.0%	10. SPAR	1.1%

GDP/Population:

Population: 17.3 million
GDP: \$775 billion
GDP per capita: \$44,743

Strengths/Weaknesses/Opportunities/Challenges

Strengths:

U.S. producers are professional, offer great variety, and deliver products with a consistent quality. U.S. farmers have a good story to tell about sustainability, farm to table supply chains, and their State/regional heritage.

Opportunities:

Dutch traders and food processors like to work with U.S. suppliers. There is a growing demand for food products with a special claim and sustainable production method.

Weakness:

Shipping time & costs, import tariffs, and EU labeling regulations make U.S. products more expensive. Some U.S. food products suffer from a negative perception among Dutch consumers due to misinformation and an image issue.

Threats:

There is fierce competition on price, quality, uniqueness, and innovation from other EU member states and from third countries that have negotiated lower tariff rates, such as Canada and Mexico.

Data and Information Sources: Trade Data Monitor, industry experts, company websites

Contact: FAS The Hague, agthe Hague@fas.usda.gov

SECTION I. MARKET SUMMARY

Overall Business Climate

The fundamental strengths of the Dutch economy continues to be the Netherlands' stable political climate, highly developed financial sector, strategic location, a well-educated and productive labor force, and high-quality physical and communications infrastructure. According to the latest economic outlook of the Netherlands Bureau for Economic Policy Analysis (CPB), the Dutch economy will grow this year by nearly three percent, following a contraction of more than four percent last year. However, unemployment is expected to increase to more than six percent in 2021, particularly affecting young people, employees on a flexible employment contract, and self-employed independents. The current projected economic growth rates are slightly higher for 2020 and slightly lower for 2021. The last forecast (September 2020) did not anticipate the unexpectedly stronger recovery in the third quarter of 2020 or the second corona wave. Additional information can be found on the website of the CPB at: <https://www.cpb.nl/en/forecasts>.

The COVID-19 outbreak and the related social distancing measures imposed by the Government have had an impact on the Dutch food industry. For many companies, profits have fallen sharply, but there are differences between the individual sales channels. For example, companies that mainly supply the HRI-Foodservice sector have been affected the most while companies that sell to food retailers have seen sales go up. Three quarters of all Dutch food companies have taken measures to mitigate the effects of the pandemic. Many companies have tried to shift between distribution channels and increase their focus on sales via food retail and/or online channels. The impact on employment has, thus far, been relatively limited as many food companies have been able to take advantage of the financial programs offered by the Dutch government. For additional information, see <https://www.government.nl/topics/coronavirus-covid-19/information-for-business-owners>.

For 2020, the Dutch food processing industry's turnover is forecasted at \$94 billion, or €80 billion. The industry has been a steady supplier of jobs in the Netherlands. In 2019, roughly 149,000 people worked for a food company, which, despite the pandemic, grew to 154,000 in 2020 due to growing employment in smaller food companies that distribute via food retail and online distribution channels. The number of food companies also continues to grow. According to the Central Bureau of Statistics (CBS) there were 6,930 food companies in the Netherlands last year, six percent more than in 2019. The increase is the result of the growing number of small food companies (with less than 10 employees). This segment grew from 3,285 in 2011 to 5,610 last year.

Many Dutch food companies also operate internationally. In 2020, Dutch exports of consumer-oriented products grew to \$83.6 billion while imports totaled \$45.4 billion. The Dutch export surplus grew to \$38.2 billion, \$0.3 billion more than in 2019. Accounting for nearly 50 percent of these Dutch food exports, the main export markets were Germany, Belgium, France, the United Kingdom, and Spain. At present, it remains unclear what the impact of Brexit will be with regard to its importance as a Dutch export market. According to figures published by the [Federation of the Dutch Grocery and Food Industry \(FNLI\)](#), between 2016 and 2019, Dutch exports of food products to the United Kingdom (U.K.) only grew by one percent while total exports of food products grew by 12 percent. Combined exports of fresh produce and meat products account for more than 50 percent of Dutch exports of food products to the U.K.

To combat climate change, the Dutch government wants to reduce the Netherlands' greenhouse gas emissions by 49% by 2030 (compared to 1990 levels). These goals are laid down in the [Climate Act](#) on May 28, 2019, and the abundance of the food industry endorses this targeted reduction. Growing awareness of more sustainable food production practices (in particular energy efficiency and CO₂ reduction) will continue to shape the Dutch food processing industry in the years to come. The Dutch food industry is aware of the impact that food has on people's health. 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 product reformulation, food companies are working on the nutritional impact of food products.

They are also working 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, the presence of allergens, the weight of the product, shelf life, and storage conditions. Out of the three voluntary nutrition labeling schemes, the Dutch government plans to endorse the Nutri-Score scheme, but there is ongoing discussion within the EU about this label. The Nutri-Score scheme includes a color-coded designation from A (best nutritional quality) to E (poorest nutritional quality). Several Dutch retailers and food companies have already voiced their support for a voluntary nutrition-labeling scheme. For example, Dutch food company HAK introduced the Nutri-score on its packaged food products in 2019, see the GAIN report number [NL9024 Dutch Food Company Adds Nutri-score to Packaged Products, dated September 06, 2019](#), which can be downloaded at <https://gain.fas.usda.gov/#/>.

Food waste has also gained more attention over the past few years. Food companies are endeavoring to minimize food waste, not only from a business perspective, but also from an ethical and sustainability perspective. In the Netherlands, the Dutch government has announced it is striving to [reduce food waste](#) by 50 percent by the year 2030. Together with the food industry and food distributors, the Dutch Ministry of Agriculture is discussing the use of 'best before' labels on food products. Many products which have a 'best before' date on the label are still edible after that 'best before' date. Nevertheless, these products are often times thrown away due to consumer misunderstandings.

Dutch food companies are also increasingly looking at what can be done better in their factories (e.g., reducing energy and saving water). They are also spending resources on developing a more socially responsible purchasing policy for their raw inputs. As a result, many have switched to sustainable alternatives for palm oil, soy, meat, fish, coffee, or cocoa. More information about this subject can be found in the [annual international corporate social responsibility report](#) which can be downloaded on the website of Federation of the Dutch Grocery and Food Industry (FNLI). Companies are increasingly delving deeper into their supply chain, working together with first, second, and third suppliers to ensure sustainability throughout the supply chain. This is not easy, especially for smaller companies or in complex international supply chains. To play a part in international corporate social responsibility (ICSR), the Dutch Food Industry (known as Federatie Nederlandse Levensmiddelen Industrie or FNLI) signed on to the [ICSR Agreement for Foodstuffs](#), together with other food industry groups, NGOs, and the Government. Together, the parties are working to limit, for example, the risks of human rights violations and environmental damage, and working towards making the production chain more sustainable.

Table 1. Advantages and Challenges

Advantages – Sector Strengths and Market Opportunities	Challenges – Sector Weaknesses and Threats
Dutch food processing companies have had positive experiences working with U.S. suppliers because they are professional and deliver food ingredients with a consistent high quality. U.S. companies in addition have a wide range of products to offer.	Transatlantic transportation is costly and takes time. Products from the United States are subject to import tariffs. Suppliers from other EU member states have a competitive advantage with regard to tariffs and non-tariff trade barriers, transportation costs, and transportation time.
Growing demand for ingredients with a special claim and sustainable production methods. U.S. farmers have a good story to tell about their heritage (provenance), sustainability, and their supply chain.	The EU has several Free Trade Agreements (FTAs) that may advantage other 3rd country competitors, including Canada and Mexico.
The Netherlands is the most important gateway for U.S. products to the European Union (EU); the buyers and food processing companies are here.	U.S. beef from hormone-treated cattle, poultry, live bivalve mollusks, and products containing genetically engineered-derived ingredients that are not EU approved cannot be exported to the Netherlands.

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 need for their product. Conducting focused research can be helpful. It is important to investigate whether the ingredient is already available -- locally or regionally. Trade statistics can help determine whether Dutch food processing companies need to import this ingredient, how much is imported, and who the competing supplying countries are. It will be helpful to gain a good understanding of who the buyers and end-users of the ingredients are before entering the market. If the product is new-to-market, then it is recommended U.S. exporters reach out to Dutch buyers or distributors for their input. Either way, FAS/The Hague can help you find the right path for your product.

When the results of research have been analyzed, U.S. companies should consider visiting and/or exhibiting at U.S. and foreign trade shows, virtual or in-person. These are excellent venues to make contact with local buyers, to conduct product introductions, and to gauge potential buyer interest. A detailed overview of European trade shows and their product focus can be found online at: <https://fas-europe.org/events/>. Participation in (virtual) Trade Missions organized by the U.S. industry groups has also proven to be an effective way to meet local buyers.

Import Procedure

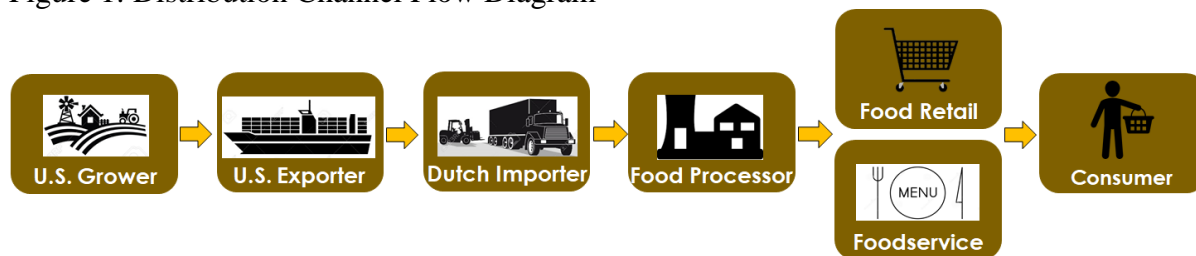
Animal and plant products are brought into the Netherlands from countries all over the world. To prevent the introduction of animal diseases or pests, and to protect the market from public health risks, the European Commission has established detailed regulations for imports from countries outside the EU. On this basis, the Dutch Food Safety Authority, known as the NVWA, performs checks on live

animals, foodstuffs, and plant products. Depending on the product, exporters can expect the following type of checks: documentary check, identity check, and, in some cases, physical check. More detailed information on the import procedure as well as on the process in the event the NVWA decides to detain a shipment can be found in the GAIN Report [the Dutch FAIRS Annual Country Report](#), dated March 9, 2020, and on the U.S. Mission to the EU’s website at: <https://www.usda-eu.org/trade-with-the-eu/eu-import-rules/>.

Market Structure

The Dutch food processing industry is mature, well organized, and has access to nearly all food ingredients. Dutch food companies prefer to purchase food ingredients from specialized traders rather than sourcing directly from overseas markets, including the United States. Only large and/or highly specialized food companies might opt to import ingredients directly from the United States. Below is a diagram that represents the supply chain for most food ingredients.

Figure 1: Distribution Channel Flow Diagram



Sector Trends

The Dutch population is greying, increasingly lives in urban areas (cities) in smaller households, that are more ethnically diverse. This has led to demand for more convenience, more variety, and smaller packaging. There is also a growing demand for organic and sustainable products, and a growing interest in healthy and nutritious food products. Healthier, including plant-based, diets are moving into the mainstream. Moreover, there is a growing number of vegans and vegetarians in the country, while many other consumers also follow healthier lifestyles and flexitarian diets. More detailed information about current trends can be found in the GAIN Report the [Netherlands’ Exporter Guide](#), dated December 08, 2020.

Company Profiles

The table below provides an overview of some of the largest Food Companies in the Netherlands. All companies supply both the food retail as well as the HRI-foodservice industry.

Company Name	Website	Turnover, USD million	Product Group	End Use Channel
AB Inbev	Ab-inbev.com	*** 47,000	Beer	All
Arla Foods	Arla.com	** 12,353	Dairy	All
Coca Cola	Cocacolanederland.nl	*** 33,010	Soft drinks	All
Cono Kaasmakers	Cono.nl	*275	Cheese	All
Danone	Danone.com	*** 28,706	Dairy	All
Dr. Oetker Nederland	Oetker-group.com	8,400	Dairy and drinks	All
Grolsch Bierbrouwerij	Koninklijkegrolsch.nl	449	Beer	All

Heineken	Heineken.com	*** 23,176	Beer	All
J. D. Egberts Peet	Jacobdouweegberts.com	8,118	Coffee	All
Kraft Heinz	Kraftheinzcompany.com	6,939	Beverages, dairy, and convenience	All
Mars	Mars.nl	37,000	Confectionary and sauces	All
Nestlé Nederland	Nestle.com	48,471	Coffee, pet food, chocolate, and dairy	All
Pepsico Nederland	Pepsico.nl	68,000	Soft drinks	All
Royal Cosun	Cosun.com	** 2,558	Ingredients	All
Royal FrieslandCampina	Frieslandcampina.com	*** 13,106	Dairy	All
The Greenery	Thegreenery.com	*** 1,176	Fresh produce	All
Unilever Nederland	Unilever.com	59,647	Specialty foods	All
Upfield	Upfield.com	** 3,529	Spreads	All
Van Drie Group	Vandriegrup.nl	*** 2,588	Veal	All
Vion Food	Vionfoodgroup.com	** 6,000	Meat	All
Zwanenberg Food Group	Zwanenberg.nl	** 635	Meat	All

Source: FAS/The Hague, industry experts, and company websites

* Estimates, ** 2019 figures, *** 2020 figures

SECTION III. COMPETITION

The table below summarizes the competitive situation U.S. suppliers face in the Dutch food processing sector in terms of regionally produced goods and imports and their respective market shares. The strengths of supplying countries and the advantages and disadvantages of local suppliers are also discussed.

Table 3: Overall Competitive Situation for Select Food Ingredients in the Netherlands, 2020

Product Category	Leading Countries of Origins, and USA, in Percentage	Strengths of Key Supply Countries	Advantages and Disadvantages of local suppliers
Food Preparations (HS210690) Total Imports: \$1,845 million	Germany: 20% USA: 17% Belgium: 13% U.K.: 11% Italy: 5%	Due to proximity, neighboring countries are leading suppliers of flavored or colored sugar, isoglucose, lactose, and glucose and maltodextrine syrups.	Food preparations are produced and used throughout the EU.
Animal or Vegetable Fats, Oils & Their Fractions	Malaysia: 18% Germany: 13% Indonesia: 9% Belgium: 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.

(HS151800) Total Imports: \$1,577 million	USA: 5%		
Peanuts (HS120242) Total Imports: \$556 million	Argentina: 69% China: 6% Brazil: 6% USA: 5%	Argentina continues to dominate the market and supplies good quality peanuts.	No local supply.
Sunflower Seeds (HS120600) Total Imports: \$438 million	Romania: 40% Bulgaria: 18% USA: 17% Slovakia: 2%	Third country supply is price competitive at EU ports.	EU production of sunflower seed is limited.
Odoriferous Substances (HS330210) Total Imports: \$442 million	Ireland: 34% USA: 22% Germany: 20% Belgium: 5%	Odoriferous Substances are compounds with odors used in the manufacture of various non-food and food products and are locally available.	U.S. suppliers are often at a price disadvantage compared to EU suppliers mainly due to time, shipping costs and taxes.
Peptones and Derivatives (HS350400) Total Imports: \$437 million	USA: 24% Belgium: 16% Germany: 13% France: 13%	Peptones are used by producers of food supplements and are locally available.	U.S. suppliers are often at a price disadvantage compared to EU suppliers, mainly due to time, shipping costs, and taxes.
Almonds (HS080212) Total Imports: \$261 million	USA: 71% Spain: 13%	Due to its volume, the U.S. dominates the international almonds trade.	The food processing industry needs more almonds than Spain can supply.
Cod (HS030363) Total Imports: \$201 million	Norway: 46% Russia: 44% Faroe Islands: 4% Greenland: 3% U.K.: 1% Denmark: 1% USA: 0.3%	All foreign suppliers offer good quality cod.	No availability or not enough local availability. Strong demand for producing breaded deep fried white fish products.
Cranberries (HS200893) Total Imports: \$104 million	USA: 61% Canada: 23% Chile: 10%	Main supplier of cranberries is the U.S. followed by Canada and Chile.	No local availability. Cranberries are now used in all kinds of food and drink products.
Pistachios (HS080251) Total Imports: \$43 million	USA: 88% Germany: 11%	The U.S. dominates the international pistachios trade.	There are no local suppliers.
Alaska Pollock Fillets (HS030475) Total Imports:	USA: 69% China: 17% Belgium: 7% Russia: 3%	The U.S. leads the supply of Alaska Pollack; Norway and Russia are the main cod suppliers which is the	No availability or not enough local availability of price competitive fish fillets.

\$106 million

more expensive substitute
for Alaska Pollack.

Source: Trade Data Monitor

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

This section identifies the best product prospects for the food ingredients market.

Products Present in the Market Which Have Good Sales Potential

- Food ingredients (food preparations and protein concentrates, essential oils, odoriferous substances, peptones and derivates, and enzymes)
- Fish fillets (frozen fillets of Alaska Pollack, cod, and hake)
- Nuts (almonds, peanuts, pistachios, walnuts, hazelnuts, and pecans)
- Fresh and processed produce (cranberries, sweet potatoes, grapefruit, asparagus, and mangoes)

Products Not Present in the Markets, But Which Have Good Sales Potential

- Food ingredients with special certification
- Pulses

Products Not Present Because They Face Significant Barriers

- Poultry and some beef
- (products containing) GMO derived ingredients that are not EU approved
- Some types of shellfish

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

The key contact for the Dutch food processing industry is the Federation of the Dutch Grocery and Food Industry (FNLI)

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

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No Attachments