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Report Name: Food Processing Ingredients

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Report Highlights:

The turnover of the Dutch food processing industry in 2021 (most recent data available) was valued at \$83 billion. There are more than 8,000 food processing companies active in the Netherlands and together they account for an estimated 150,000 jobs. The industry is largely depends on imported (unprocessed) ingredients. The majority of its finished goods, however, are sold in foreign markets. The food processing report also highlights the impact of Russia's invasion of Ukraine on the Dutch food processing industry. High energy prices and rising prices for raw materials (coupled with increasing wages) have challenged many food companies. The report also provides a road map and overview of import requirements and standards for U.S. exporters that wish to enter the Dutch market, as well as a summary of the competitive situation U.S. suppliers face in the Dutch food processing sector.

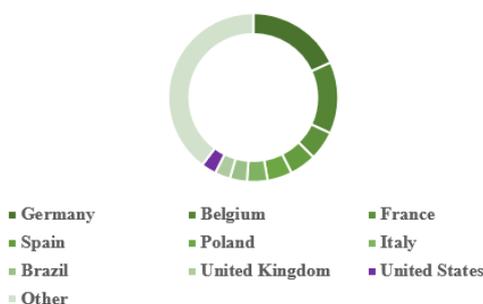
Market Fact Sheet: The Netherlands

Executive Summary:

Although the Netherlands is a small country geographically, it is the gateway for U.S. products into the European Union (EU). It is also the largest importing country within the EU and continues to be the second largest exporter of agricultural products in the world.

Imports of Consumer-Oriented Products:

Products from other EU Member States lead Dutch imports of consumer-oriented products. In 2022, the United States was the eighth largest supplier of these products to the Netherlands, with imports valued at over \$1.5 billion.



Source: Trade Data Monitor

Food Processing Industry:

Over 8,195 food companies in the Netherlands generated net sales of \$83 billion in 2021. The industry has been a steady supplier of jobs in the Netherlands (150,000) and the number of food companies continues to grow due to the growing number of small food companies (with less than 10 employees).

Food Retail Industry:

The Dutch retail sector is rather consolidated, employing over 300,000 people, and operating in an estimated 6,130 stores. The sector's turnover for 2022 is forecasted at \$49,8 billion (€46.3 billion). Due to the increased costs of living, consumers are looking for products on sale and moving from branded products to private labeled products. Cheaper further processed variants are gaining popularity as well as discount stores. Interest in shopping for groceries on-line continues to grow.

Foodservice – HRI Industry:

Post pandemic, and despite rising costs, the Dutch foodservice industry's turnover rebounded in 2021. This continued in 2022 when the turnover was valued at \$15.3 billion (up by 30 percent). When all COVID-19 restrictions were lifted (February 2022) the Dutch returned to foodservice establishments (and in particular bars and cafés) in higher numbers and greater frequency. Rising costs of living is tempering total spending in foodservice outlets.

Quick Facts CY2022

Imports of Consumer-Oriented Products, total:
\$52.8 billion

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

- | | |
|----------------------|------------------|
| 1. Cocoa beans | 6. Bananas |
| 2. Food preparations | 7. Baked goods |
| 3. Fats and oils | 8. Ethyl alcohol |
| 4. Wheat and meslin | 9. Cheese |
| 5. Meat | 10. Coffee |

Food Industry by Channels 2022, in \$ billion:

Consumer-Oriented Products Imports	\$53
Consumer-Oriented Products Exports	\$97
Agricultural & Related Products Imports	\$113
Agricultural & Related Products Exports	\$150
Food Industry	\$83
Food Retail	\$50
Food Service	\$15

Top 10 Food Retailers in the Netherlands, Market Share:

1. Albert Heijn	37.0%	6. Dirk/Deka	5.1%
2. Jumbo	21.5%	7. Coop	3.2%
3. Lidl	10.1%	8. Hoogvliet	2.0%
4. Plus	6.8%	9. Spar	1.8%
5. Aldi	5.4%	10. Poiesz	1.0%

GDP/Population:

Population: 17.8 million
GDP: \$957 billion
GDP per capita: \$53,764

Strengths/Weaknesses/Opportunities/Challenges

<u>Strengths:</u>	<u>Weakness:</u>
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 heritage.	Transatlantic transportation is costly and takes time. U.S. products are subject to import tariffs and non-tariff trade barriers. Some U.S. food products suffer from a negative perception among Dutch consumers due to misinformation.

Opportunities:

Dutch traders and food processors like to work with U.S. suppliers. There is demand for food products with a special claim and sustainable production method.	<u>Threats:</u>
	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.

Data and Information Sources: Trade Data Monitor, industry experts, company websites
Contact: FAS The Hague,
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SECTION I. MARKET 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 (\$151 billion in 2022) include products produced in the Netherlands as well as imported products that are re-exported, often after further processing and adding value.

Overall Business Climate

The fundamental strengths of the Dutch economy continue to be its strategic location, mild climate, highly developed financial sector, a well-educated and productive labor force, high-quality physical and communications infrastructure, and a stable political climate.

In March 2023, the Netherlands Bureau for Economic Policy Analysis (CPB) published its most recent economic forecast. Energy prices have fallen in recent months, but inflation has spread to other goods and services. There is now clear momentum for wage growth. In the [CPB's Central Economic Plan for 2023](#), it forecasts that Dutch purchasing power will remain relatively unchanged this year, partly due to a government-supported utility subsidy. Poverty is anticipated to rise to 5.8 percent in 2024, as several temporary income support measures are set to expire next year. Despite inflation, weaker international trade, and falling housing prices, the Dutch economy is expected to grow by 1.6 percent and 1.4 percent in 2023 and 2024, respectively. The labor market is projected to remain tight, with unemployment rising slightly to 4.1 percent in 2024.

The turnover of the Dutch food processing industry in 2021 (most recent data available) was valued at \$83 billion (or €76.9 billion), generated by 8,195 food companies. The sector has been a steady supplier of jobs in the Netherlands (150,000) and the number of food companies continues to grow due to the continued growth of small food companies (with less than 10 employees). The majority of what the Dutch food industry produces is exported (\$46 billion in 2021) -- half to neighboring countries Germany, France, and Belgium. Conversely, the Dutch shopping basket is largely dependent on the imports (\$28 billion in 2021) including fresh produce, grains, coffee, tea, cocoa, and spices.

COVID-19 and Price Increases

The past few years have been challenging for the Dutch food processing industry. Many companies were negatively affected by the COVID-19 pandemic (e.g., social distancing measures, closure of HRI-Foodservice outlets, and global disruptions in trade flows). In the second half of 2021, the industry faced cost increases for agricultural raw materials, packaging materials, energy, and transport. Prices increased by as much as 40 percent for some raw materials, while energy costs increased by as much as 85 percent. Packaging materials, such as paper and plastic, were six and 12 percent more expensive than pre-COVID-19 levels, respectively, and buyers of food ingredients were confronted with rising prices for sea freight. Although various food processing companies were forced to increase their prices, the costs increase resulted in a decline in the industry's value added and led to reduced profit margins.

Impact of Russia’s Invasion of Ukraine

Russia’s invasion of Ukraine has led to inflation in the Netherlands and across Europe. High energy prices, rising raw material prices, and increasing wage costs have challenged many food companies. While energy prices are dropping, overall inflation in the Netherlands remains high (10.2 percent in 2022). The Dutch labor market also remains tight. Wages are increasing (compensating for the rising costs of living), resulting in higher labor costs for the food processing industry. Nevertheless, the Dutch food industry remains a stable and resilient sector.

Nutri-Score

In February 2021, the algorithm for the front-of-pack nutrition label, known as Nutri-Score, was re-evaluated due to criticism from scientists (for more on the Nutri-Score label, see [Nutri-Score Labeling Takes Hold in the Netherlands](#)). The revised algorithm was published in July 2022. The Dutch [Ministry of Health, Welfare, and Sport](#) asked the [Committee on Nutrition](#), one of the permanent committees within the [Health Council of the Netherlands](#), to evaluate the extent to which the revised algorithm is an improvement, but also to reflect on how the Nutri-Score complies with dietary recommendations in the Netherlands ([Dutch dietary guidelines](#) and [Wheel of Five](#)) and to advise on any further adjustments.

While the committee recognizes the value of the Nutri-Score, it noted discrepancies where a product is not recommended in the Dutch dietary recommendations, but the Nutri-Score is favorable (A or B) and where a product is suggested by the dietary recommendations but receives a less favorable rating (C, D, or E). The committee is also concerned that products can be high in salt and sugar but still, potentially, receive a favorable score. More information on the Dutch evaluation of the Nutri-Score algorithm can be found on the website of the [Health Council of the Netherlands](#).

Deposit Scheme on Cans

The implementation of a much-debated deposit scheme for metal cans in the Netherlands was delayed until April 1, 2023, due to information technology challenges surrounding the deposit system and an insufficient number of machines to press returned cans. The goal of this scheme is to collect valuable material which can be recycled into new cans and to prevent cans from ending up in the environment. A reimbursable deposit of €0.15 cents per can will be mandatory for all metal cans with a capacity of three liters or less -- in which 'ready-to-drink' beverages are sold for human consumption. Not only must a can bear the deposit logo as of April 1, 2023, but it must also include a new European Article Number (EAN). More information can be found in [NL2022-0067: Dutch Delay Implementation of a Deposit Scheme for Cans](#).

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, deliver food ingredients with a consistent high quality, and have a wide product range.	U.S. beef from hormone-treated cattle, poultry, and products containing genetically engineered-derived ingredients that are not EU approved cannot be exported to the Netherlands.
Demand for ingredients with a special claim and sustainable production method. U.S. farmers tell a good story about their	The EU has several Free Trade Agreements (FTAs) that may advantage other 3rd country competitors, including Canada and

heritage, sustainability, and supply chain.	Mexico.
The Netherlands is the most important gateway for U.S. products to the European Union (EU) as the buyers and food processing companies are often located there.	Transatlantic transportation is costly, takes time, and requires the use of containers. U.S. products are subject to import tariffs and non-tariff trade barriers.

Source: FAS/The Hague

SECTION II. ROAD MAP FOR MARKET ENTRY

Strategy for Entering the Dutch Market

Gaining a thorough understanding of the market, its players (buyer and users of U.S. products) is crucial in understanding the market and determining if there is a market for the product. Dutch buyers of U.S. products can be both traders (specialized importers) as well as direct users (food processing companies).

Trade shows can serve as a springboard into the market, to establish new trade contacts, and to gauge product interests. U.S. exporters may consider exhibiting at one of the shows in the United States as Dutch buyers regularly travel around the world to see new products, make new contacts, and buy great products. Visiting (or exhibiting) at one of the following trade shows in Europe may be considered as well:

Table 2. Trade Shows in Europe

Leading Trade Shows in Europe	
SIAL , Paris, France Europe's largest food & beverages show (alternating with Anuga) <i>*USDA Endorsed*</i> sialparis.com	ANUGA , Cologne, Germany Europe's largest food & beverages show (alternating with SIAL) <i>*USDA Endorsed*</i> anuga.com
Food Ingredients Europe , Frankfurt, Germany European food ingredients show <i>*USDA Endorsed*</i> foodingredientsglobal.com	Free From Food Expo , Amsterdam, the Netherlands Regional show for products with special certification amsterdam.freefromfoodexpo.com
Fruit logistica , Berlin, Germany European produce, dried fruit, and nuts show <i>*USDA Endorsed*</i> fruitlogistica.com	PLMA World of Private Label, Amsterdam, the Netherlands World's largest private label show plmainternational.com
BioFach , Nuremberg, Germany European organic show <i>*USDA Endorsed*</i> biofach.de	

U.S. exporters can also contact [USDA's Foreign Agricultural Service \(FAS\) in The Hague, the Netherlands](#), the U.S. State Regional Trade Groups (SRTG), a [commodity Cooperator Group](#), and/or the [National Association of State Departments of Agriculture](#) to obtain additional market entry support. Trade Missions, which are often organized around trade shows in the United States or other industry

trade events, have also proven to be an excellent platform for U.S. companies to meet with Dutch buyers.

Import Procedure

While almost all import regulations and standards within the European Union (EU) are harmonized, U.S. exporters should be aware that national measures still exist for enzymes, certain processing aids, packaging waste management, food contact materials, choice of language (Dutch is the official language in the Netherlands), use of stickers, samples, the addition of maximum permitted levels of vitamins and minerals that are not yet harmonized within the EU, most irradiated foodstuffs, and product registration, among others.

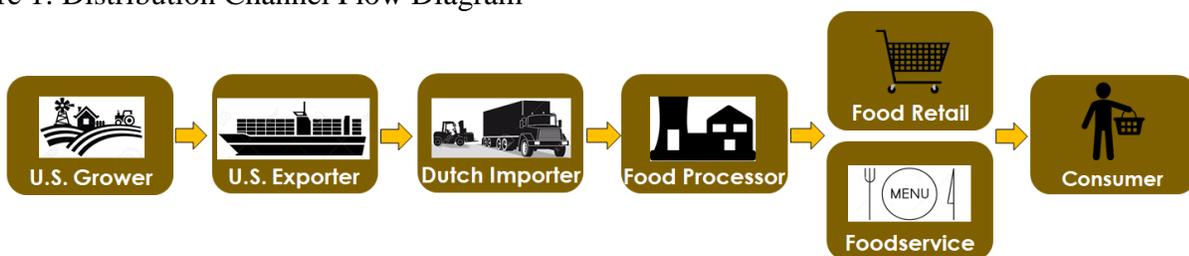
The [2022 EU Food and Agricultural Import Regulations and Standards](#) provides an overview of the regulation standards as well as links to the required health certificates. It is recommended that U.S. exporters verify the full set of import requirements with their Dutch buyer. The buyer and local freight forwarder or customs agent are often in the best position to research such matters, advise U.S. exporters, and verify it with the [Netherlands Food and Product Safety Authority](#). The final approval of any U.S. product is subject to the Dutch rules and regulations as interpreted by border officials at the time of product entry. Additional information about importing food products from the Netherlands can be found here, <https://www.nvwa.nl/onderwerpen/themas/import>.

The standard U.S. product label fails to comply with EU labeling requirements. U.S. exporters should also be aware that the EU approved just a couple of GMOs and while most of them are intended for feed there are only a couple approved varieties that can be used in food products. The latter need to be labeled under strict requirements, according to [EU Regulation 1829/2003](#). However, in practice many local retailers refuse to sell foodstuffs containing GMOs. The EU moreover has regulated the labeling of food colors, additives and flavorings, and allergen and also has strict rules on the use of health and nutrition claims as set out in [Nutrition & Health Claims Regulation 1924/2006](#). More information can be found in the [EU Food and Agricultural Import Regulations and Standards \(FAIRS\)](#) report.

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 and are increasingly ethnically diverse. This has led to demand for more (affordable) convenience, more variety, and smaller packaging. There is demand for organic and sustainable products and interest in healthy and nutritious food products while plant-based diets are moving into the mainstream. There is a growing number of vegetarians in the country while many other consumers follow a flexitarian diet. More detailed information about current trends can be found in the [NL2022-0064: Netherlands Exporter Guide](#), dated December 01, 2022.

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. The presented turnover figures are for 2022, unless otherwise indicated.

Table 3. Largest Food Companies in the Netherlands

Company Name	Website	Turnover, USD million	Product Group	End Use Channel
AB Inbev	Ab-inbev.com	57,800	Beer	All
Arla Foods	Arla.com	14,800	Dairy	All
Beyond Meat	Beyondmeat.com	390	Plant Based	All
Cargill	Cargill.com	165,000	Commodities	
Coca Cola	Cocacolanederland.nl	43,000	Soft drinks	All
Cono Kaasmakers	Cono.nl	**288 ¹	Cheese	All
Danone	Danone.com	**28,588	Dairy	All
Dr. Oetker Nederland	Oetker-group.com	**7,971	Baking and Pizza	All
Grolsch	Koninklijkegrolsch.nl	**304	Beer	All
Heineken	Heineken.com	37,204	Beer	All
Innocent Drinks	Innocentdrinks.com	280	Beverages	All
Jacob Douwe Egberts	Jacobdouweegberts.com	8,817	Coffee	All
Kraft Heinz	Kraftheinzcompany.com	28,478	Beverages, dairy, and convenience, snacks	All
Lamb Weston Meijer	Lambweston.com	4,408	Potato products	All
Mars	Mars.nl	45,000	Confectionary and sauces	All
Nestlé	Nestle.com	101,890	Coffee, pet food, chocolate, and dairy	All
Pepsico	Pepsico.nl	86,400	Soft drinks	All
Royal Cosun	Cosun.com	3,276	Ingredients	All

¹ 1 USD = 0.93 €

Royal FrieslandCampina	Frieslandcampina.com	15,161	Dairy	All
The Greenery	Thegreenery.com	** 1,026	Fresh produce	All
Unilever Nederland	Unilever.com	64,624	Specialty foods	All
Upfield	Upfield.com	* 3,529	Spreads	All
Van Drie Group	Vandriegrup.nl	** 2,957	Veal	All
Vion Food	Vionfoodgroup.com	** 4,946	Meat	All
Zwanenberg Food Group	Zwanenberg.nl	** 645	Meat	All

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

* Estimates, ** 2021 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 discussed.

Table 4: Overall Competitive Situation for Select Food Ingredients in the Netherlands, 2022

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: \$2,100 million	Germany: 17% USA: 14% Belgium: 14% U.K.: 8% France: 6%	Due to proximity, neighboring countries are the 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 (HS151800) Total Imports: \$2,917 million	China: 17% Germany: 10% Malaysia: 9% U.K.: 7% Indonesia: 7% Italy: 7% USA: 2%	EU demand for oils and fats is growing due to advanced biofuels production.	EU availability of animal and waste fats is limited.
Peanuts (HS120242) Total Imports: \$556 million	Argentina: 67% USA: 7% China: 7% Brazil: 6%	Argentina continues to dominate the market.	No local supply.
Sunflower Seeds (HS120600) Total Imports:	Romania: 45% Bulgaria: 21% France: 17%	Third country suppliers are price competitive at EU ports. The United	EU production of sunflower seed is limited.

\$601 million	USA: 7% Chile: 2%	States can compete on quality of seeds.	
Sunflower seed oil (HS1512) Total Imports: \$1,002 million	Ukraine: 36% Hungary: 12% Belgium: 11% Germany: 10%	Competitive supply of EU suppliers.	Ukrainian supply (predominantly oil) is limited.
Odoriferous Substances (HS330210) Total Imports: \$585 million	Ireland: 40% Germany: 18% USA: 16% U.K.: 7% Belgium: 4% France: 4%	Odoriferous Substances are compounds (natural and synthetic) 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: \$550 million	USA: 18% Germany: 17% Belgium: 15% France: 11% New Zealand: 7%	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 shipping time, shipping costs, and taxes.
Almonds (HS080212) Total Imports: \$239 million	USA: 80% Spain: 10% Australia: 4%	Spain is an EU MS and located closer to the Netherlands than the U.S.; however, the U.S. still dominates international almond trade.	The food processing industry needs more almonds than Spain can supply.
Cranberries (HS200893) Total Imports: \$100 million	USA: 42% Canada: 34% Chile: 16%	Leading supplier of cranberries is the U.S., followed by Canada and Chile.	No local availability. There is a strong demand for cranberries which are now used in a variety of food and drink products.
Pistachios (HS080251) Total Imports: \$53 million	USA: 83% Germany: 9% Spain: 2%	The U.S. dominates the international pistachios trade.	There are no local suppliers. Germany re-exports pistachios.
Alaska Pollock Fillets (HS030475) Total Imports: \$153 million	Russia: 39% USA: 37% China: 15% Belgium: 4% Germany: 2%	Russia and the U.S. lead the supply of Alaska Pollack; Norway and Russia are the main suppliers of cod which is a more expensive substitute for Alaska Pollack.	No availability or not enough local availability of price competitive fish fillets.

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)
- Alcoholic beverages (whiskies, wine, and beer)
- Seafood (Alaska Pollack, salmon, and hake)
- Nuts (almonds, peanuts, pistachios, walnuts, hazelnuts, and pecans)

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
- (Products containing) GMO derived ingredients that are not EU approved

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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