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Global Agricultural Information Network

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The Agricultural Economy and Policy Report for the Netherlands

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Agricultural Situation

Agriculture in the Economy

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Report Highlights:

Dutch agriculture is highly intensive and export focused. Total agricultural exports for 2015 are estimated at \$78.3 billion making the Netherlands the second largest exporter of food and agriculture.

The temperate climate, fertile soils, and educated labor force make the Netherlands a highly productive agricultural producer; however, the large and sophisticated food processing industry accounts for a significant portion of exports. The Netherlands is a small country geographically, but with the Port of Rotterdam and the confluence of four major rivers, the EU traders and importers are here.

General Information:

1. General political situation and trends

The Netherlands is a parliamentary democracy with a constitutional monarchy. King Willem-Alexander is the head of state although the political powers of the monarch are largely ceremonial. The government is led by Prime Minister Mark Rutte who heads a coalition comprising his market liberal conservative People's Party for Freedom and Democracy (VVD), and the center-left Labor Party (PvdA). In power since November 2012, the "Rutte II" government implemented significant fiscal austerity policies, adhering to EU deficit targets amidst a recession, while also instituting major reforms to health care, pensions, social security, and housing policies. These policies have made the government unpopular, but they have also contributed to a sound economic recovery. The government must tread cautiously in parliament, where it holds only a one-seat majority in the Second Chamber and no majority at all in the First Chamber. The next general election will be held in March 2017 and a stable coalition is not likely. The right-wing Party for Freedom (PVV) which is anti-establishment and anti-immigrant has seen a steady rise in popularity, although it is not considered a potential coalition partner by most other parties. Most opinion polls now show the PVV as the largest party in the Netherlands, with increased support stemming mainly from unrest over the migrant crisis.

The United States and the Netherlands share similar positions on many important issues and work together bilaterally and multilaterally in such institutions as the World Trade Organization (WTO), the Organization for Economic Cooperation and Development (OECD), and the United Nations. The two countries share a liberal economic outlook and firm commitment to free trade.

During the first half of 2016, the Netherlands will hold the Presidency of the European Union. The policy priorities for the Presidency will be announced in December 2015. The main objectives for agriculture for the EU Presidency are to promote sustainable, climate-smart, resource-efficient, animal-friendly agriculture and fisheries. (See NL5040 for more information).

2. Macroeconomic situation and trends

The Netherlands is the world's seventeenth largest economy and the sixth largest in the European Union (fifth largest in the Eurozone), with a GDP of over \$708 billion [1]. It ranks consistently in the top ten of global foreign direct investment (FDI) rankings, both as a recipient and provider of foreign direct investment.

The Netherlands has a population of 16.8 million people. Almost a quarter of the population is under 20 years of age and the life expectancy is 80.1 years. Mean population density is 487 inhabitants per square kilometer, making the Netherlands one of the most densely populated countries in the world. The Netherlands has some 7.4 million households, with 2.8 million people living alone.

In September 2015, the Netherlands Bureau for Economic Policy Analysis (CPB) forecast that Dutch GDP will grow by 2.4 percent in 2016, following 2015 growth of 2.0 percent and so deemed that the brittle economic recovery experienced since late 2014 is to be considered a sustained recovery. Exports, traditionally a large contributor to economic growth in the Netherlands, play a crucial role in the

economic recovery and are projected to grow by 3.7 percent and 5.1 percent in 2015 and 2016, respectively. The unemployment is forecasted to remain persistently high at just 6.9 percent and 6.7 percent in 2015 and 2016, respectively.

3. Agriculture in the economy

Agri-business is one of the driving forces behind the Dutch economy. According to the Ministry of Economic Affairs, the agricultural sector accounts for approximately 10 percent of the Dutch economy. The sector has a strong international focus and accounts for almost 15 percent of the Netherlands total export value. The Netherlands is the world's second largest exporter of agricultural products, after the United States. Together with the United States and France, they are one of the world's three leading producers of fruits and vegetables, supplying a quarter of the vegetables that are exported from Europe.

Similar to most MS, the Netherlands is following the general trend towards fewer and larger agricultural land holdings. A highly mechanized agricultural sector employs only about two percent of the labor force but provides large surpluses for the food-processing industry and for exports. Under pressure from the government and consumers to develop more sustainably, farmers are heavily focused on new technologies and improved farming techniques.

Due to its large and sophisticated [food processing industry](#), the Netherlands increasingly depends on stable supplies of bulk and intermediate products (e.g. grains, meat, seafood, nuts, fresh produce, specialty products, etc.) from other EU member states and third countries. The Netherlands is a small country geographically but the EU traders and importers are here.

4. Domestic agricultural policy overview

Dutch agricultural policy is driven by the EU's Common Agricultural Policy (CAP); although, most of the heavily supported crop sectors are of minor importance for the Dutch making the country a net payer to the CAP. Given the heavy reliance on trade in both directions, it is not surprising that the Netherlands is generally in favor of free trade and the reduction of trade-distorting agricultural subsidies. However, in product areas such as dairy, swine and poultry the Dutch are more protectionists. Furthermore a high population density and influential environmental lobbies contribute to a strong bias toward consumer and environmental protection in Dutch food policy development.

The Dutch government strives for more business-focused agricultural policies, and wishes to treat it as any other sector in the Netherlands. This approach is underlined with the incorporation of the Ministry of Agriculture into the Ministry of Economic Affairs in 2010. The policy priorities of the Directorate-General for Agro and Nature are animal welfare and sustainability of production. The green growth strategy focuses on highlighting innovative agriculture, the bio-based economy, renewable energy and further developing the ports. With the goal of making agricultural commodity trade more sustainable, the government funded the development of the Roundtable for Sustainable Palm Oil (RSPO) and the Roundtable for Responsible Soy (RTRS). The Dutch government is actively advocating for adoption of these programs in the countries of origin and other EU markets. RTRS is mainly focused on the production methods used in South America, and is not applicable to the practices in the United States. The U.S. sector developed an alternative, the Soybean Sustainability Assurance Protocol (SSAP).

On November 3, 2015, Ms. Sharon Dijksma was replaced by Mr. Martijn van Dam as Minister for Agriculture. A shift in the priorities is not expected.

5. Agricultural trade environment

Dutch agriculture is highly intensive and export focused. Dutch exports also drive agricultural imports. Total agricultural exports for 2015 are estimated at \$78.3 billion. Cheese, plants, and food preparations are the top exports and neighboring EU countries (75 percent) continue to be the main markets. The U.S. is the largest non-EU export market, dominated by exports of beer and to a lesser extent horses, bulbs and cocoa powder.

Total agricultural imports for 2015 are estimated at \$53.6 billion with half of the imports coming from other EU countries. Top agricultural imports from the world include soybean products, cocoa beans, palm oil, corn, wine, food preparations and grapes. Dutch imports from non-EU countries are led by Brazil (7.3 percent) and the United States (4.2 percent). Total agricultural imports from the United States for 2015 are estimated at \$2.9 billion and growing with the primary products being soybeans, food preparations, almonds, peanuts and meat. After the U.K. the Netherlands is the EU's largest importer of U.S., followed by Germany, Spain and Italy.

6. Position on the U.S.-EU Transatlantic Trade and Investment Partnership (TTIP)

With the Dutch economy heavily focused on international trade and as a hub for transportation and logistics, the Netherlands has expressed support for the prospective U.S.-EU Transatlantic Trade and Investment Partnership (TTIP). The Dutch support the EU in its mandate and don't want to see the EU system changed. They would like the EU to be treated as one entity. The Netherlands is a strong proponent of adding animal welfare provisions into the trade agreement and will connect it to tariff elimination. They will also have defensive interests in poultry and sugar and insist on continued TRQs for these products. It will also be looking to keep protection on dairy, particularly butter and milk powder. While branded milk and cheese products could compete in a more liberalized market, generic, commoditized dairy products will be at risk without protection. Given the Dutch are generally open to liberalizing trade, the fact that even the Dutch will seek protection for these products, does not bode well for EU flexibility in these sectors.

There is a vocal minority of free-trade opponents holding an increasingly firm grip on the public debate over TTIP. As is the case in other EU member states (Germany, The U.K, Austria) civil society NGOs are inserting numerous non-economic arguments into the public debate and are so able to garner a growing sympathy/audience for their projection of TTIP as being a vehicle for vested interest that may not be aligned with the general public's interests.

7. SPS and regulatory systems

The regulatory framework for all food and non-food products is the Dutch Food and Drugs Law. The requirements in this law are based on EU harmonized Regulations and Directives. With the exception of antimicrobial treatment methods for poultry, the Dutch government has been supporting initiatives

based on science rather than domestic interests. Due to the high volume of international trade the Dutch are often the first to face new food safety challenges, and frequently ahead of the food safety policies in the EU. In 2015, for instance the Dutch government requested traders to implement HACCP requirements specifically linked to the risks of a group of bacteria referred to as STECs (Shiga toxin-producing E. coli).

The task of the Netherlands Food and Consumer Product Safety Authority (NVWA) is to protect both human and animal health. The NVWA is an independent agency in the Ministry of Economic Affairs and a delivery agency for the Ministry of Health, Welfare and Sport. The authority controls the whole production chain, from raw materials and processing aids to end products and consumption. As the Dutch are traders, the NVWA does its best to facilitate trade and minimize detentions. It has expressed frustration regarding some of the EU certification requirements and has been an alias on simplifying certification.

8. Food security

Food security is a top priority of the Dutch development policy. Efforts are focused on the entire production chain of agricultural products, which means not just raising food production but also improving the quality and distribution of food without causing damage to the environment and climate. The Dutch government supports a large number of projects and initiatives in the area of food and nutrition security.

9. USDA Footprint

USDA - Animal Plant Health Inspection Service (APHIS) - Preclearance and Offshore Programs – located in the Netherlands is an area office for Europe, Africa and the Middle East. Core business for this office is eight preclearance programs in eight different countries for: flower bulbs, tubers, perennials, rhizomes, citrus, clementine, grapes, apples and pears. The preclearance program allows inspected shipments from serviced countries to enter the U.S. directly without being inspected after arrival at the point of entry speeding up delivery to customers. Official work plan are established bilaterally and agreed on by both importing and exporting countries and specify the phytosanitary measures; requirements, treatments, role players, responsibilities, work procedures and documentation intended to prevent the movement of quarantine pests while facilitating trade of plants products.

Preclearance programs allow the U.S. to keep pests out by rejecting lots in the country of origin that exceed stated pest tolerance levels. To support the area, USDA-APHIS maintains an office in Hillegom (near Schiphol Airport) fully funded by the industry and prorated between the eight different programs.

All preclearance activity is full cost recovery. The Dutch preclearance program is the oldest, running over 60 years. The latest addition to the programs is the French Apple and Pear program which started in 2014.

Agricultural Research Service (ARS) - ARS has over 15 cooperative research programs with the Dutch leading agricultural university in Wageningen and travel to The Netherlands frequently. Projects range from plant research to water management.

The majority of the U.S. cooperators have programs for the Netherlands specifically or for Europe as a region.

U.S. cooperators present in the Netherlands:

- Alaska Seafood Marketing Institute
- Florida Department of Citrus
- Southern U.S. Trade Association
- U.S. Wheat
- Wine Institute of California

^[1] \$1 = €0.936