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The Organic Market in the Netherlands

Report Categories:

Beverages
Dried Fruit
Fresh Deciduous Fruit
Retail Foods
SP1 - Expand International Marketing Opportunities
Tree Nuts
Wine

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Report Highlights:

The Netherlands has increasingly become a trading hub for organic products. Dutch exports of organic products are valued $1.5 billion of which 80 percent are destined for Germany. In 2016 Dutch imports from the United States totaled $1.2 million, dominated by carrots and blueberries. The Netherlands is the seventh largest organic market in the EU with an estimated value of $1.9 billion in 2017. The average consumer spends over $110 on organic products annually. The current market share for organics is 3.3 percent and is expected to double in 2025.

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Production:

In the Netherlands almost 60 thousand hectares are used for organic farming, representing between three and four percent of total agricultural land. This number is low compared to the average use in the EU which is six percent. Livestock, arable and produce farmers all need more farmland to produce organically. Half of the total organic acreage is used for permanent grassland. The other half is mainly used for producing organic vegetables, grains and potatoes. It is expected that the acreage of organic farmland in the Netherlands will go up due to growing 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 future.

Better margins are the real drive for the vast majority of today's farmers. Only a few switch for ideological reasons. Industry experts are saying that five years after conversion, profit margins will grow between 25 and 50 percent. Farmers should also be aware that converting to organic production takes two years. 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 things. The Dutch government offers subsidies for organic farmers who need to invest like purchasing new equipment.

Trade:

Dutch organic production is largely driven by demand for organic products in West European countries, in particular Germany. Dutch exports of organic products are valued at 1.2 billion euro[1] ($1.5 billion) of which 80 percent are destined for Germany. This number includes organic products produced in the Netherlands such as potatoes, vegetables, eggs, cheese and meat and also imported organic products. The Netherlands has become a trading hub for organic products.

There are no total trade statistics available for the Netherlands because organic products are products differentiated through certification only. There is no specific HS code 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 37 products exported by the United States.

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

	2014	2015	2016	2017
Carrots	803	0	645	969
Lettuce (leaves)	0	0	10	354
Broccoli	0	0	0	57
Peppers	3	6	0	49
Cauliflower	65	3	0	27
Coffee	100	30	0	25
Asparagus	0	0	0	15

[1] $1 = €0.80

Berries	0	0	0	12
Cabbage	0	0	0	11
Head lettuce	0	0	47	11
Onions	0	0	0	6
Other*	264	377	462	0
Total	1,235	416	1,164	1,535

Source: U.S. Department of Commerce, Bureau of Census
*Other products exported to the Netherlands include broccoli, peppers, cauliflower, cabbage, coffee roast, asparagus and berries

In 2017, U.S. exports to the Netherlands of organic products which are covered by HS codes totaled over $1.5 billion making it the third largest export market in the EU after the U.K. and France. U.S. exports are up by 32 percent compared to 2016, driven by growing demand for carrots, lettuce, broccoli and peppers.

Additional codes for organic exports from the United States may be released in the future. In the meantime, it is difficult to calculate trade in other organic products such as packaged products, grains, dried fruit and nuts. Store checks however show 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.

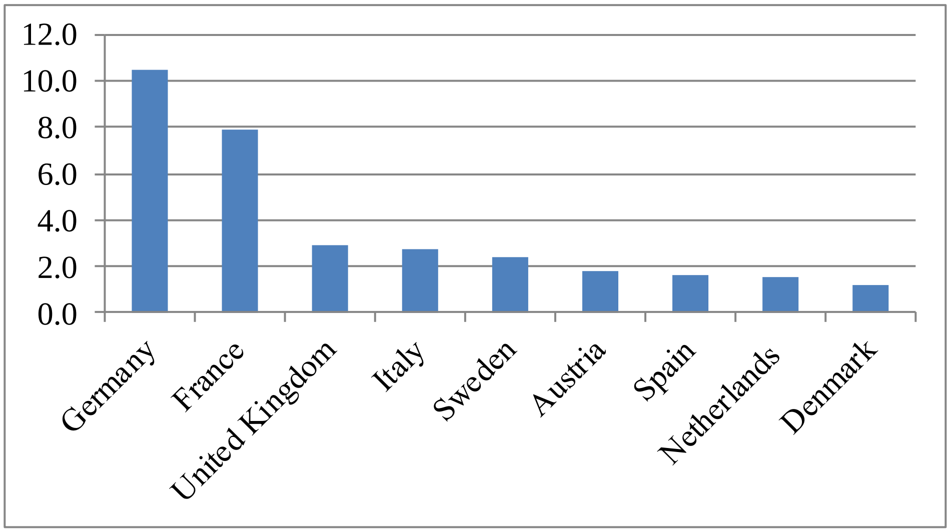
The Dutch Ministry of Agriculture, Nature and Food Quality is the lead Dutch government agency for organic food and farming. SKAL is the only organic control organization in the Netherlands, assigned by the Ministry of Agriculture, Nature and Food Quality. U.S. exporters should ensure they partner with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

The United States and the European Union (EU) have an equivalence arrangement on organics. This means that as long as the terms of the arrangement are met, organic operations certified to the USDA organic or EU organic standards may be labeled and sold as organic in both countries. Since 2012, this partnership streamlines trade between the two largest organic producers in the world, and provides organic farmers and businesses access to a nearly $80 billion growing 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.

Consumer Market:
The Netherlands is the seventh largest organic market in the EU. Germany and France together represent nearly half of the EU organic market. The Dutch organic market grew in 2016 to 1.4 billion euro ($1.75 billion). Its market share grew from 2.9 to 3.3 percent in 2016 and the highest market shares can be found in eggs followed by dairy and fresh produce. For the past five years, organic sales grew annually by ten percent while the total food market grew by only three percent. The market share for organics is expected to grow to seven percent in 2025, similar to current market shares in Sweden and Denmark. The following segments demonstrated the highest growth rates and have good potential for the future: dry goods, bread and pastry, eggs, meat, soup, baby food and snack food.

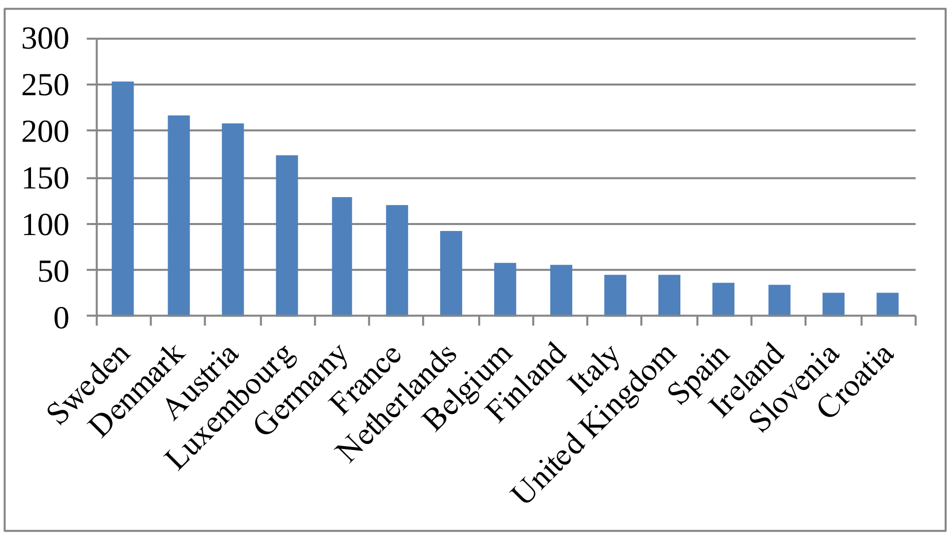
Figure 1. Largest Organic Markets within the EU in 2016, million €



Source: USDA/FAS

Within the EU, the highest sales per person of organic food stuffs, more than €150 per person, were reached in Denmark, Sweden, Austria and Luxembourg while the lowest sales, less than €10 per person are found in Members States in predominantly Eastern Europe. The per capita consumption of organic product in the Netherlands is valued at €90, somewhat above the EU average number.

Figure 2. Highest Per Capita Organic Consumption within the EU in 2016, Euro



Source: USDA/FAS

Consumer Profile:

There are roughly two consumer groups that buy organic products. The first and rather small group is made up 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 products. This loyal group tends to buy mainly at organic specialty shops and farmers markets; they prefer unprocessed food rather than packaged food, such as fresh produce, cheese, dried fruit and nuts, and meat. This group is also typically interested in buying local food that is produced in an environmentally friendly way and with consideration for animal welfare. For this group price is not an important purchasing decision factor. Industry sources expect that this group is responsible for almost 30 percent of total organic sales in the Netherlands.

The other and much larger group is more diverse. Affluent consumers, millennials and consumers seeking new trends fall into this category. They don't buy organic products because they think it is the right thing to do. Instead, they are focused on taste, quality, healthier lifestyles and 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 shops. Due to its size and diversity, it is this group the organic industry focusses on to generate further growth in the near future.

Distribution:
Over half of the organic sales in the Netherlands are generated by regular food retailers. For 2016, their sales were valued at €735 million ($919 million). Organic specialty stores are the second most important distributor of organic products in the Netherlands with sales valued at €336 million ($420 million). The foodservice industry ($288 million) and other distribution channels are responsible for the remaining. On-farm sales & farmers markets ($44 million) and on-line sales ($25) are the largest within the latter category.

Regular 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 conventional products within the product category.

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

The table below compares prices for ten selected products. Industry sources expect the price difference between organic and conventional products at supermarkets to eventually decrease. This is due to greater efficiencies within the supply chain and higher rotational speed on the retail shelves. For more information about the Dutch retail sector, its turnover, retail formats, characteristics and developments, please download the NL7042 Dutch Food Retail Report of December 18, 2017.

Table 2. Prices of Selected Organic and Conventional Products on January 31, 2018

Product:		Price, $:	Weight:	Price difference:
Cabernet Sauvignon red wine	Organic	10.00	750 cl	+23%
	Conventional	8.13	750 cl	
Almonds	Organic	34.83	kg	+109%
	Conventional	16.64	kg	
Sweet potatoes, fresh	Organic	4.65	kg	+70%
	Conventional	2.74	kg	
Tomato sauce	Organic	1.99	0.75 liter	-44%
	Conventional	2.86	0.75 liter	
Blue berries, fresh	Organic	3.74	125 gr	+17%
	Conventional	3.20	125 gr	
Chocolate cookies	Organic	2.45	125 gr	-2%

	Conventional	2.49	125 gr	
Cereal nut healthy snack bar	Organic	1.99	50 gr	+218%
	Conventional	0.63	50 gr	
Chicken breast	Organic	33.13	kg	+89%
	Conventional	17.50	kg	
Salmon	Organic	50.00	kg	+29%
	Conventional	38.75	kg	
Eggs	Organic	3.69	10 eggs	+27%
	Conventional	2.90	10 eggs	

Source: Albert Heijn

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 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 only ten years ago and clearly targets the affluent consumer with high-end and value added products. Natuurwinkel continues to be a regular organic supermarket offering products at a competitive price. In order to differentiate themselves from regular supermarkets, organic specialty stores focus on innovative, value-added and specialty organic food and consumer service.

Table 3. Three Organic Retail Chains

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	$146 million	70	nation wide	www.ekoplaza.nl
Natudis Jacqueline de Kool Daltonstrat 38, 3840 AJ Harderwijk, the Netherlands +31 341 464 197 info@natudis.nl www.natudis.nl	Natuurwinkel	$44 million	28	nation wide	www.natuurwinkel.nl
Marqt Barentszplein 7, 1013 NJ Amsterdam, the Netherlands +31 020 8207700 www.marqt.com	Marqt	$79 million	17	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 most loyal organic customers regularly purchase their products. Purchases of organics at these stores will also be more immune to economic conditions. These stores are also keener to list new products and differentiate their offerings from regular supermarkets. Successful sales in these smaller stores can finally pave the way for supermarket listings. U.S. exporters of products like sauces, beverages, baby food and snack food 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.

Marketing:
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 MRLs within the EU is creating additional opportunities for organic sweet potatoes. There is also a market for fresh vegetables like broccoli and lettuce, 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. There is great 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 U.S. organic innovative specialty products. Consumers are more and more 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 4. 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. Not wanting to deal with price volatility, documentation and other import requirements are the main reasons distributors prefer to buy organic products from specialized traders rather than sourcing directly.

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 time might be disadvantages for U.S. exporters compared to other suppliers. In addition to looking into competition, it is highly recommended to study the Dutch import requirements. FAS The Hague annually drafts [the GAIN NL8004 – Food and Agricultural Import Regulations and Standards Report, January 31, 2018] which provides an overview of import regulation standards and required certificates.

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 an European trade show. Trade shows can serve as a springboard into the market, helping companies to establish new trade contacts and gauge product interests. Dutch buyers visit these shows and often have an exhibitor booth as well. FAS The Hague compiles a complete list of trade shows frequently visited by Dutch buyers of organic products. This list can be found in Section V, Table 6 of [GAIN NL7026 – Exporter Guide September 20, 2017].

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

Table 5. Organic Fairs

Bio Beurs, Zwolle, the Netherlands Dutch organic show Contact: Marcel Pinckaers +31 70 3102 305 marcel.pinckaers@fas.usda.gov	January 17 – 18, 2019	Bio Beurs is the leading organic event 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 hanna.khan@fas.usda.gov	February 14 – 17, 2019	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

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 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. An overview of U.S. commodity cooperators can be found at http://www.fas.usda.gov/pcd/PartnersSearch.aspx. Be aware however that not all U.S. cooperators have programs for the EU.

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 on 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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