

Facts and Figures
of the Dutch Agri-sector
2005/2006

Colophon

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Introduction

People often associate the Netherlands with flower bulbs, cheese and eggs. Indeed, the agriculture sector is one of the mainstays of the Dutch economy. The Netherlands is both a major producer and international trader of flowers, meat and meat products, fruit and vegetables, beer, dairy products, chocolate, starch derivatives and seed.

The Ministry of Agriculture, Nature and Food Quality is responsible for laying down the Government's policy on this important sector. The Ministry is making every effort to meet the demands of modern society regarding the safety and quality of food, animal welfare, land use and the role of agriculture in the community. The Department of Trade and Industry represents the Ministry in consultations with agri-business, agricultural trade and service, suppliers to the sector and the non-food agro-industry. The Ministry promotes sustainable and internationally competitive enterprise for a healthy economy and high employment.

In this brochure, we present key indicators of the Dutch agro-industry and other EU Member States. The data was provided by the Agricultural Economics Research Institute (LEI), which is part of Wageningen University and Research Centre.

In Chapter 1, we give a brief sketch of the Netherlands, its government and economy, and the Dutch people. In Chapter 2, we list the trade flows into and out of the Netherlands, imports and exports, and our most important trading partners. In Chapter 3, we summarise developments, both in the Netherlands and the European Union, concerning the agri-industrial complex, including fisheries, the food, drinks and tobacco industry, retail, wholesale and agro-logistics. Finally, in Chapter 4 we give an outline of the Government's agricultural policy.

Drs. R.P.J. Bol
Director Department of Trade and Industry

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An aerial photograph of a landscape, possibly a coastal or agricultural area, with a green patterned banner overlaid across the top. The banner contains the title '1 The Netherlands'. Below the banner, there is a list of four topics, each preceded by an orange square bullet point.

1 The Netherlands

- Area and population
- Political structure and government
- Economy
- Economic importance of agriculture and agri-industry

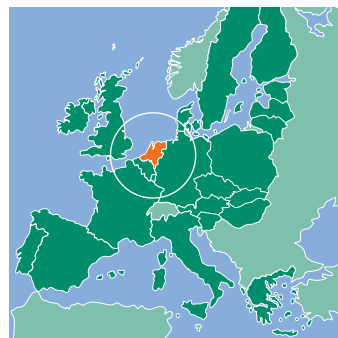


Area and population

The Netherlands is one of the smaller countries of the European Union, comprising about 41,500 km². More than half of this area is farmed, and about 8% is woodland. On 1 January 2005, the Netherlands' population was 16.3 million people. Their average age is 39 and a quarter of the total population is under 20 years of age. Our population density, the average number of inhabitants per square kilometre, is 482, making the Netherlands one of the most densely populated countries in the world. Of the 7.1 million Dutch households, 2.4 million are single person households. About 18% of the population lives in extremely urban surroundings, and more than 25% lives in a highly urban environment.

Amsterdam, with a population of 739,000, is the capital of the Netherlands. Rotterdam and The Hague are the next largest cities, with populations of 596,000 and 468,000 respectively. The Netherlands is a multicultural society: 3.1 million inhabitants have a non-native background, 1.7 million have their roots in non-western countries. The majority of non-western inhabitants are of Turkish, Surinamese or Moroccan origin.

The rural areas in the Netherlands are under considerable pressure from development. Finding a balanced assessment between the different functions of the rural areas, between agriculture, nature, business parks, housing and roads, is a political matter.





Political structure and government

The Netherlands is a constitutional monarchy with an elected parliament. The Queen is the head of state. The Dutch parliament is called the States-General and has two houses, the House of Representatives and the Senate. The House of Representatives has 150 members, who are directly elected to the House for a period of four years on the basis of proportional representation. The 75 members of the Senate (Eerste Kamer) of the Dutch Parliament (the States General) are elected by the members of the twelve Provincial Councils, the 'parliaments' of the twelve Dutch provinces. These twelve provinces encompass nearly 500 municipalities. The capital of the Netherlands is Amsterdam, but the government is based in The Hague.

In the most recent elections of 22 January 2003, nine parties were elected to the House of Representatives. The largest party in the House is the Christian Democratic Party (CDA). The next largest parties are the Dutch Labour Party (PvdA), the Liberals (VVD) and the Socialist Party (SP). Jan-Peter Balkenende is the Prime Minister of the Netherlands. The Minister of Agriculture, Nature and Food Quality is Cees Veerman.

The agro-industry must deal with involvement from the national, provincial and municipal governments, and also from semi-public organisations (quangos). There are also product boards that are concerned with primary production as well as manufacturing, trade and logistics. There are separate product boards for different product sectors: the Product Board for Arable Agriculture, the Product Board for Horticulture, the Product Board for Dairy Products, the Product Board for Livestock, Meat and Eggs, the Product Board for Animal Feed. The executive boards of these organisations are members of the employer associations and unions representing the sectors concerned and are appointed by them.


The Netherlands has always been a staunch advocate of international collaboration. In the 1950s our country was one of the six founding members of the European Communities, the predecessor of our European Union today. The European Union now embraces twenty-five Member States. The Netherlands is of course a member of the United Nations (UN), as well as the Organisation for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF) and the World Trade Organisation (WTO).



Economy

The Netherlands has a mixed market economy, in which both the private and public sector play important roles. The economy has a strong international orientation. The Netherlands is one of the wealthiest countries in the world, with an excellent reputation for trade and a high level of financial and professional services. It is among the three largest agricultural exporters, next to the United States and France. The Netherlands has a good transport infrastructure. The Port of Rotterdam is among the largest transshipment ports in the world, making the Netherlands a major transit country for all sorts of goods. There is little social turbulence and our workforce has a high productivity. All this has decided many international corporations to establish their headquarters here.

Since 1995, the Gross National Product has grown steadily to 454 thousand million euros in 2003. The GNP volume-index rate was 121.5 in 2003 (1995 = 100) compared to 116.5 for the whole EU.

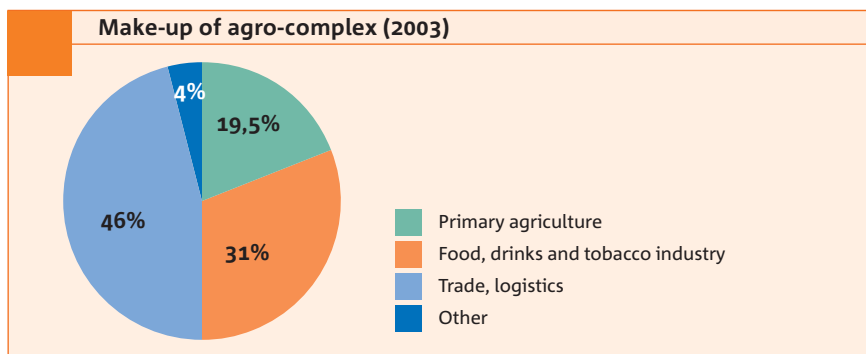
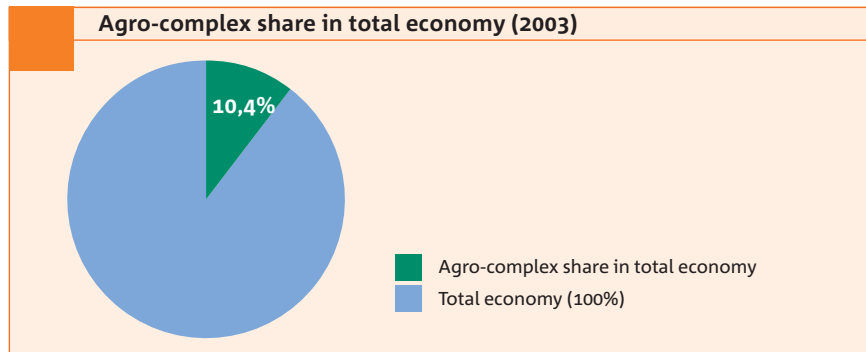
| Key social and economic statistics for the Netherlands | | |
|--|---|--------------------------|
| Population on 1-1-2005 |  | 16.3 million |
| Area | | 41,528 km ² |
| Life expectancy at birth (2005) | | men: 76.7 women: 81.2 |
| Gross National Product (2003) | | 454,000 million euros |
| Per capita income (2003) | | 27,466 euros |
| Inflation (2004) | | 1.4% |
| Unemployment (2004) | | 6.4% |

Source: Statistics Netherlands (CBS)



Economic importance of agriculture and agri-industry

The gross added value of the total agricultural complex in the Netherlands increased from 32.3 thousand million euros in 1995 to 41.6 thousand million euros in 2003. However, as a proportion of the national gross added value, the share of the agricultural complex decreased from 12% in 1995 to 10.4% in 2003. Agriculture accounted for 10.1% of total employment in 2003 compared to 11.6% in 1995. In 2003 the processing industry accounted for the largest share in gross added value at 12.8 thousand million euros (31%). Of this, 7.9 thousand million euros came from food manufacturers using raw materials from abroad and 4.9 thousand million euros from food manufacturers using domestic raw materials.



Source: Agricultural Economics Research Institute

| Key statistics of the Dutch agricultural complex, 1995 and 2003 | | | | |
|--|---|-------------|---|-------------|
| | Added value (factor costs, x 1000 million euros) | | Employment (x 1000 man-years) | |
| | 1995 | 2003 | 1995 | 2003 |
| Agricultural complex | 32.3 | 41.6 | 659 | 650 |
| <i>Percentage of national total</i> | 12.0% | 10.4% | 11.6% | 10.1% |
| Gardeners, farm services and forestry | 1.0 | 1.7 | 39 | 43 |
| <i>Percentage of national total</i> | 0.4% | 0.4% | 0.7% | 0.7% |
| Agro-complex. on basis of foreign raw materials | 11.1 | 16.3 | 190 | 211 |
| <i>Percentage of national total</i> | 4.1% | 4.1% | 3.3% | 3.2% |
| Processing | 5.7 | 7.9 | 75 | 70 |
| Supply | 2.3 | 3.1 | 50 | 44 |
| Distribution | 3.1% | 5.3% | 65% | 97% |
| Agro-complex on basis of domestic raw materials | 20.2 | 23.6 | 430 | 397 |
| <i>Percentage of national total</i> | 7.5% | 5.9% | 7.6% | 6.2% |
| Primary production | 8.4 | 8.1 | 189 | 168 |
| Processing | 3.0 | 4.9 | 54 | 51 |
| Supply | 6.5 | 7.6 | 135 | 122 |
| Distribution | 2.3 | 3.1 | 53 | 56 |

(a) based on domestic and foreign agricultural raw materials; including gardening sector, farm services, forestry, cocoa, beverages and tobacco.

Source: Agricultural input-output table, analysis by LEI.



2 Agricultural trade

- Development
- Types of trade
- Trading partners

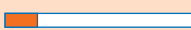














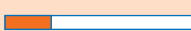



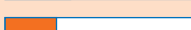







Development








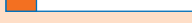










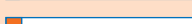






The Dutch economy has a strong international orientation, and the agricultural sector is no different. The Netherlands is one of the three largest exporters of agricultural products in the world. In 2004, the Netherlands exported agricultural products with a value of 49 thousand million euros, which was equivalent to 19% of the total export value in that year. Most exports go to other Member States of the European Union. At the same time, the Netherlands imported 28 thousand million euros worth of agricultural products, mainly from other EU Member States. The Netherlands accounts for a fairly large share of the agricultural trade in the European Union: about 10% of total agricultural import in 2003 and 18% of total agricultural export. Expectations are that the Netherlands will keep its strong position in directing EU trade flows. The EU-15 as a whole was a net importer of agricultural products.

| Agricultural exports (x thousand million US\$) | | |
|--|------|------|
| | 2000 | 2003 |
| United States of America | 60.0 | 63.5 |
| The Netherlands | 32.3 | 45.4 |
| France | 35.1 | 43.6 |
| Germany | 25.3 | 35.4 |
| Canada | 27.4 | 28.3 |
| Spain | 16.1 | 24.8 |
| Belgium/Luxembourg | 18.3 | 23.8 |
| Brazil | 13.7 | 22.0 |
| Italy | 15.9 | 21.3 |
| China | 15.2 | 21.1 |

Source: PCTAS (ITC/WTO-Data)

| EU Agricultural trade | Export | Period 2003 | |
|---|--------|--|-----------------|
| | | EU - 15 countries (x 1000 million euros) | Dutch share (%) |
| Total agricultural products | 225 |  | 17.8 |
| Live animals | 4.4 |  | 15.2 |
| Meat and meat preparations | 23.3 |  | 18.6 |
| of which: Bovine meat | 5.4 |  | 24.1 |
| Meat of swine | 7.1 |  | 14.0 |
| Poultry meat | 3.6 |  | 25.5 |
| Dairy products and bird's eggs | 22.5 |  | 18.9 |
| of which: milk and cream | 9.7 |  | 14.9 |
| cheese and curd | 9.6 |  | 19.0 |
| eggs | 1.1 |  | 35.3 |
| Fish, crustaceans and molluscs and preparations | 11.5 |  | 14.0 |
| Cereals and cereal preparations | 19.9 |  | 5.4 |
| Vegetables and fruit | 36.0 |  | 20.4 |
| Sugars, sugar preparations and honey | 5.7 |  | 11.8 |
| Coffee, tea, cocoa, spices, and manufactures | 11.4 |  | 19.3 |
| Feeding stuff for animals | 7.6 |  | 25.1 |
| Miscellaneous edible products and preparations | 12.3 |  | 17.4 |
| Beverages | 29.1 |  | 7.6 |
| Tobacco and tobacco manufactures | 9.0 |  | 35.3 |
| Oil seeds and oleaginous fruits | 1.6 |  | 27.9 |
| Cork and wood | 8.9 |  | 2.5 |
| Crude animal and vegetable materials, nes | 11.5 |  | 52.9 |
| Animal oils and fats | 0.7 |  | 11.1 |
| Fixed vegetable fats and oils | 5.9 |  | 17.8 |
| Animal and vegetable fats and oils, processed | 1.6 |  | 25.2 |

Source: Eurostat and LEI

| EU Agricultural trade | Import | Period 2003 | |
|---|--------|--|-----------------|
| | | EU - 15 countries (x 1000 million euros) | Dutch share (%) |
| Total agricultural products | 234.6 |  | 10.0 |
| Live animals | 3.9 |  | 7.7 |
| Meat and meat preparations | 21.9 |  | 8.7 |
| of which: Bovine meat | 5.4 |  | 11.3 |
| Meat of swine | 5.1 |  | 5.6 |
| Poultry meat | 3.5 |  | 11.2 |
| Dairy products and bird's eggs | 19.0 |  | 11.3 |
| of which: milk and cream | 7.9 |  | 16.5 |
| Cheese and curd | 7.8 |  | 5.3 |
| Eggs | 0.7 |  | 16.8 |
| Fish, crustaceans and molluscs and preparations | 20.3 |  | 5.2 |
| Cereals and cereal preparations | 16.0 |  | 10.7 |
| Vegetables and fruit | 43.8 |  | 10.0 |
| Sugars, sugar preparations and honey | 6.4 |  | 6.4 |
| Coffee, tea, cocoa, spices, and manufactures | 14.6 |  | 14.3 |
| Feeding stuff for animals | 10.9 |  | 12.0 |
| Miscellaneous edible products and preparations | 9.3 |  | 8.7 |
| Beverages | 18.2 |  | 7.6 |
| Tobacco and tobacco manufactures | 9.3 |  | 9.0 |
| Oil seeds and oleaginous fruits | 6.4 |  | 23.2 |
| Cork and wood | 13.1 |  | 6.7 |
| Crude animal and vegetable materials, nes, | 10.8 |  | 12.5 |
| Animal oils and fats | 0.6 |  | 12.5 |
| Fixed vegetable fats and oils | 6.7 |  | 17.1 |
| Animal and vegetable fats and oils, processed | 1.6 |  | 15.0 |

Source: Eurostat and LEI



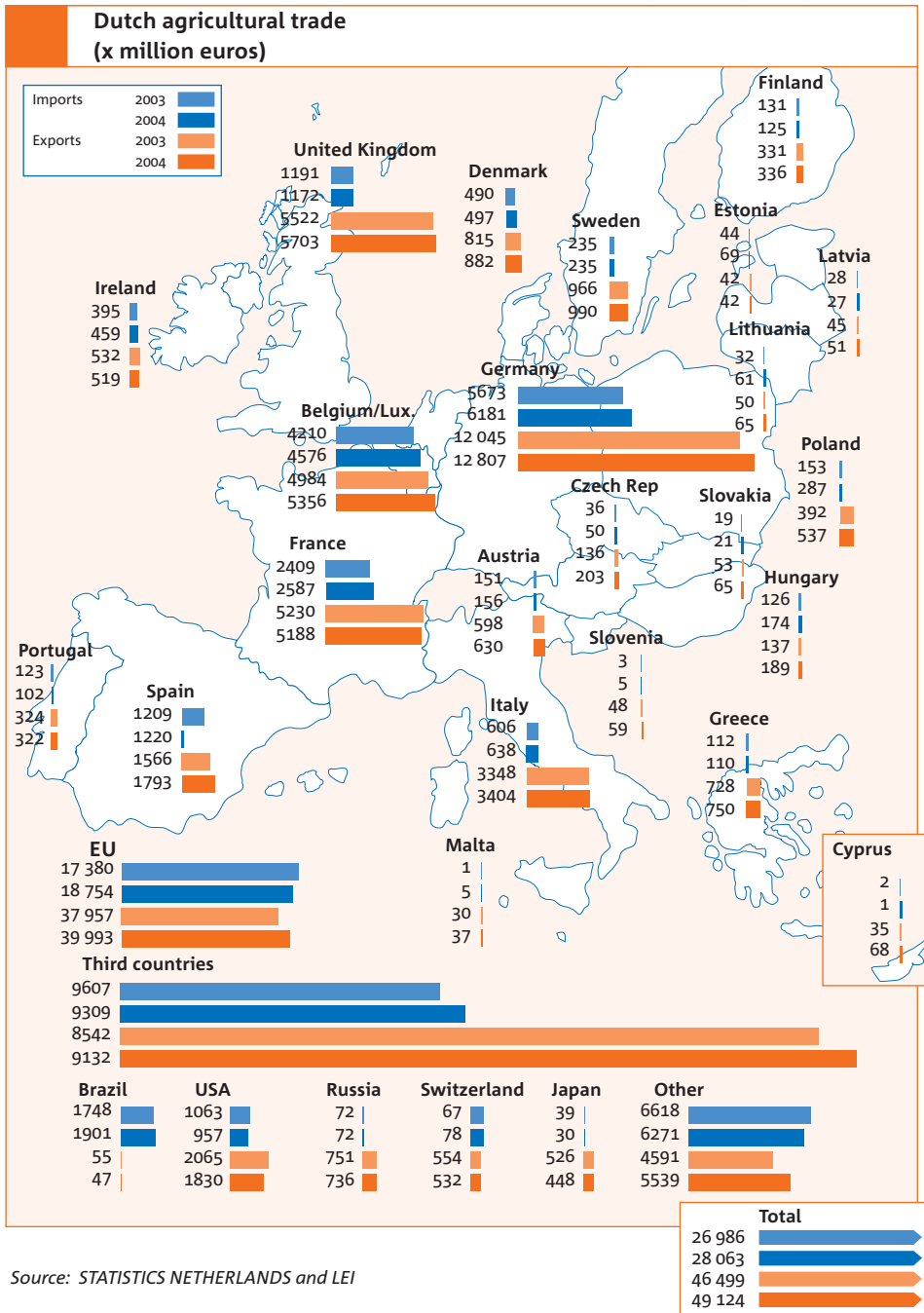
Types of trade

The trade in agricultural products to and from the Netherlands is diverse. Ornamentals make up the bulk of agricultural export. In 2004, the value of floricultural exports equalled 7.2 thousand million euros, almost 15% of the total agricultural product export value in that year. Other major export products in 2004 were meat (€ 5.3 thousand million), dairy products (€ 4.3 thousand million), tobacco (€ 3.3 thousand million) and vegetables (€ 3.2 thousand million). Major import products are dairy products, meat, and the category fruit, nuts and spices. Together, these three product categories made up 25% of total agricultural imports in 2002. Most of the imported goods are used for consumption or industrial use.

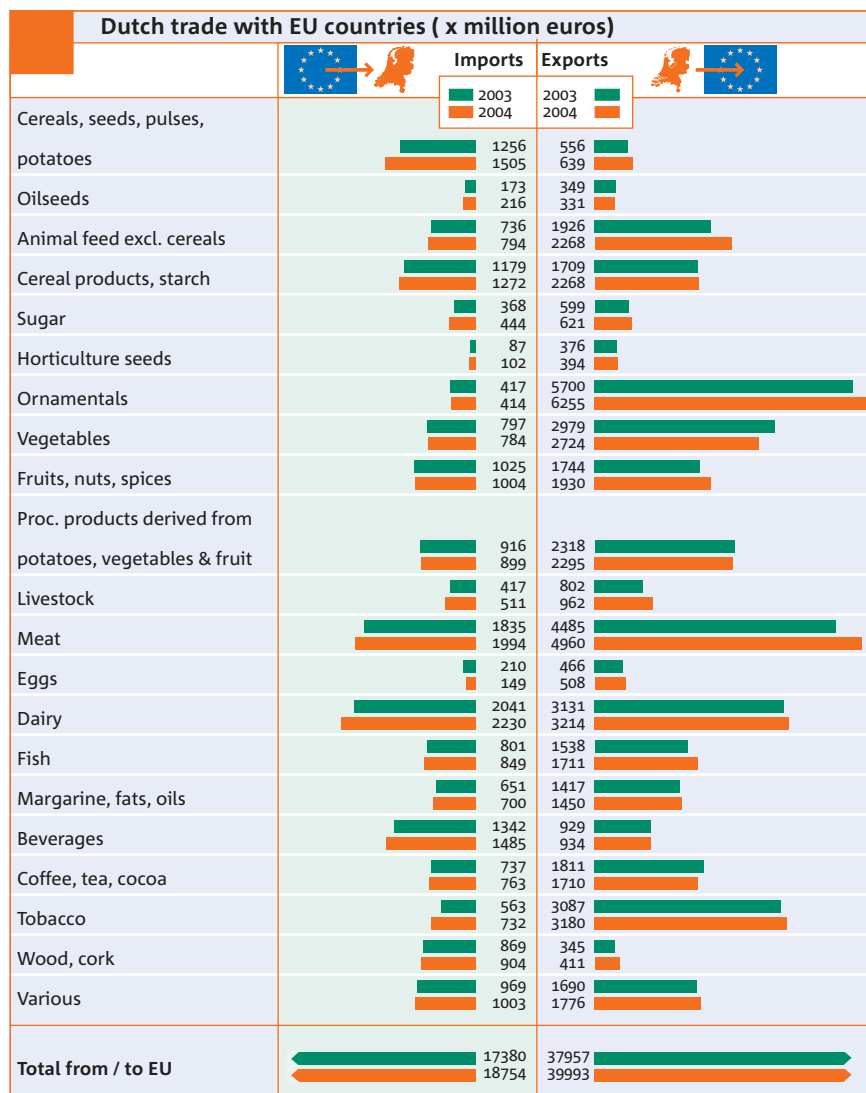


Trading partners

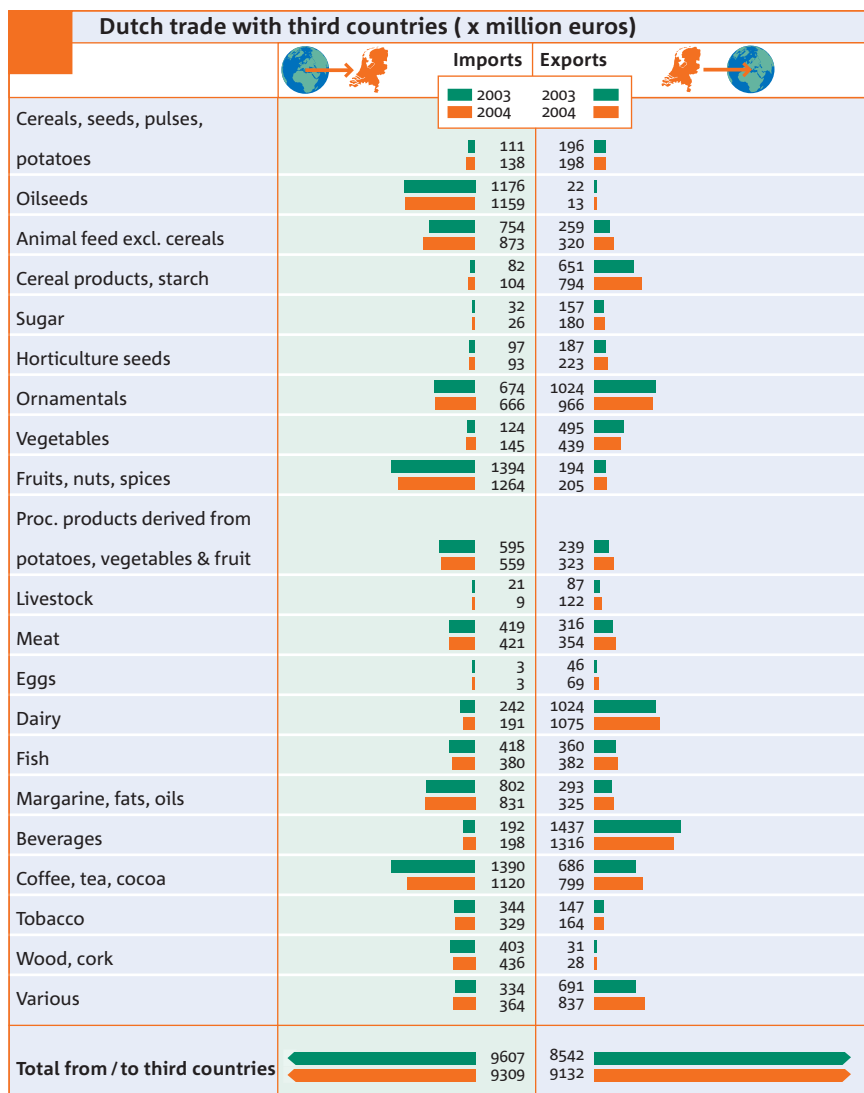
More than 80% of Dutch export is to the EU. Germany has always been our most important trading partner. In 2004, almost 13 thousand million euros worth of agricultural products, more than a quarter of the total agricultural export, was shipped to Germany. Most of this export concerned ornamentals, meat, dairy products and vegetables. The United Kingdom was the second largest buyer of Dutch agricultural products in 2004, followed by Belgium and France. The main importers of agricultural products into the Netherlands are Germany, Belgium and France. Our imports from Germany mainly concern dairy products, meat and cereals, seeds, pulses and potatoes. Much of our meat is imported from Belgium and much of our cereals, seeds, pulses and potatoes from France.



Source: STATISTICS NETHERLANDS and LEI



Source: STATISTICS NETHERLANDS and LEI



Source: STATISTICS NETHERLANDS and LEI



3 Developments in the Agri-sector

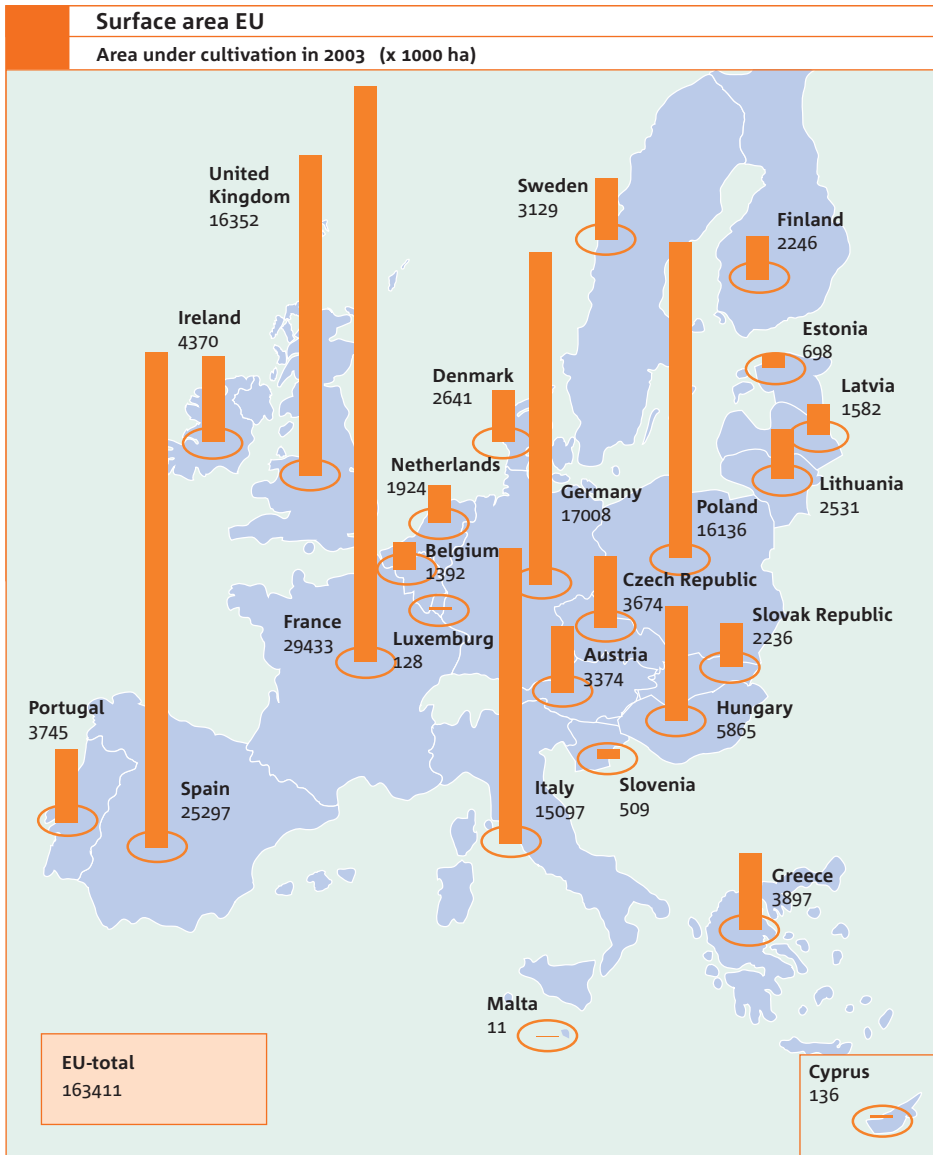
- Developments in agriculture and horticulture
- Fisheries
- Food, drinks and tobacco industry
- Wholesale trade and agri-logistics
- Food service
- Education, extension and research



Developments in agriculture and horticulture

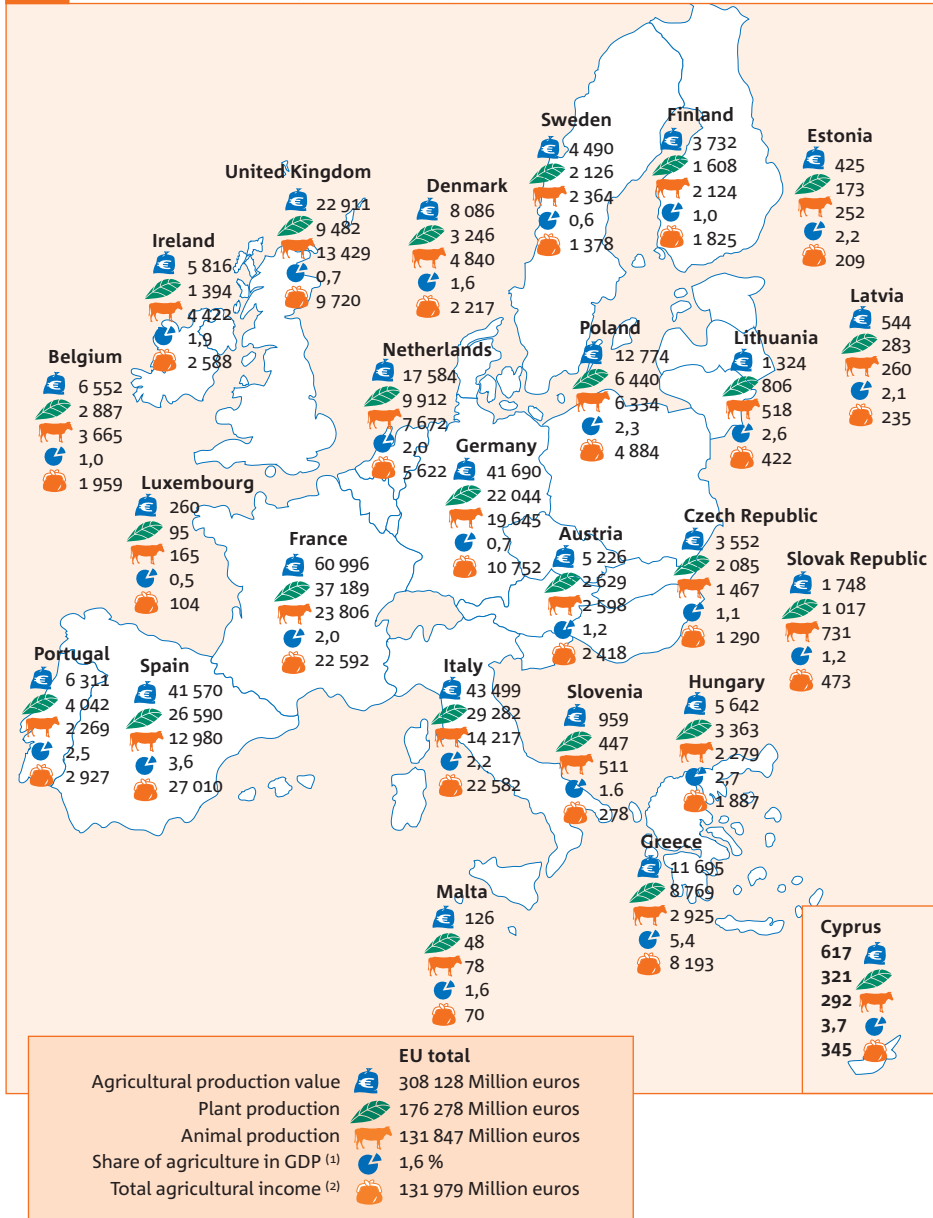
European Union

Since 1 May 2004, when ten new countries joined in, the EU has consisted of 25 countries. The economies of these ten newcomers have evolved differently from those of the other EU Member States. The share of agriculture and fisheries in these countries' economies is about twice that of other EU countries. Still, the share of primary agriculture remains small: a mere 4% of the total gross domestic product. In the older EU countries the main sector is the financial and business services industry. In the newcomers' economies this branch of industry is less well developed. In the new Member States, the mainstay of the economy is formed by trade, the hotels and restaurant business and transport, taken together. This is mainly due to Poland, where at 29% this is the largest sector. Differences in the economic structure between the new and older EU Member States have become smaller in recent years. In the new countries however, the importance of agriculture and industry has dropped sharply whereas the share of the services industry has increased.



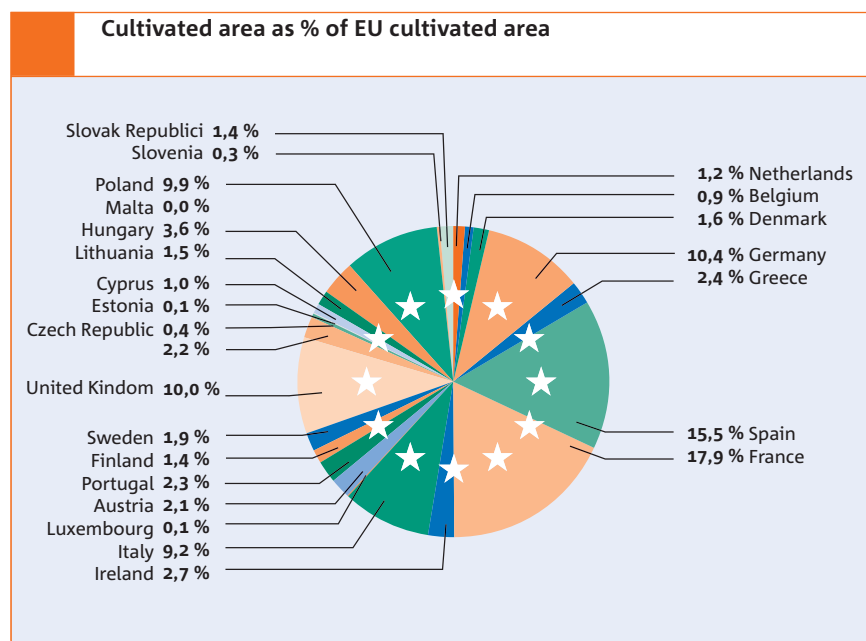
Source: Eurostat

Agricultural production value and farm income 2004 (million euros)



(1) GDP= Gross Domestic Product (2) net added value against factor costs

Source: Eurostat



Source: Eurostat

The Netherlands

Farmers and growers are a vital part of the total agricultural complex. Primary production accounts for 20% of the total agricultural complex and 35% if we leave out the imports.

The past fifty years has seen a steady decline in the number of farms. In 1950 the Netherlands still had about 315,000 farms. The decline in numbers has accelerated over recent years. Halfway through the 1990s, an average 2.5% of farmers per year ceased operations. Between 2000 and 2004, this percentage increased to 12%, the result of falling farm incomes and rising prices for lands and buildings. The strongest decline in the number of farms over the last few years has occurred in the pig and poultry sectors. This decline in numbers did not result in a decline in production volume as the production of outgoing farmers was taken over by those who stayed in business.

In 2004 the Netherlands had 83,885 farming businesses. Dairy farms make up the largest group, over 22,000 in all. There are also some 20,000 farms with grazing stock, cows for slaughter, sheep and goats. The number of arable farms, producing mainly cereals, potatoes and sugar beets, is almost 13,000. There are some 5,900 intensive livestock farms, i.e. farms with pigs or poultry. Over 15,000 businesses operate in the field vegetable and glasshouse sector. Finally, there are some 7,800 businesses that combine a number of branches of production.

| Farms in the Netherlands 1995 and 2004 | | | |
|--|--------|---------|-----------|
| Branch | 1995 | 2004 | % Decline |
| Arable farms | 14,663 | 12,627 | 14 |
| Field vegetable farms, incl | 15,889 | 10,745 | 32 |
| Glasshouse and mushroom production | 10,042 | 6,745 | 33 |
| Crob farms | 5,750 | 4,572 | 20 |
| Farms with grazing stock, incl. | 54,613 | 42,266 | 23 |
| Dairy farms | 33,023 | 22,278 | 33 |
| Pig and poultry farms | 10,414 | 5,900 | 43 |
| Mixed crob farms | 2,484 | 1,700 | 32 |
| Mixed livestock farms | 4,561 | 1,960 | 57 |
| Mixed farms | 4,828 | 4,115 | 15 |
| Total | 113,20 | 283,885 | 26 |

Source: Agricultural Economics Research Institute

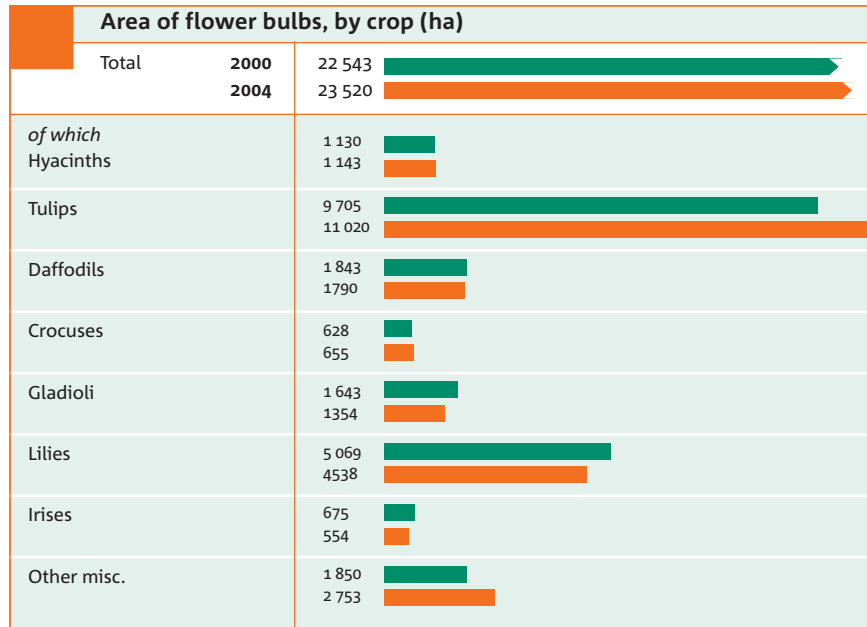
| Organic Farms in the Netherlands | | | |
|----------------------------------|------------|-------------|------------|
| Branche | 1995 | 2004 | % Increase |
| Arable farms | 106 | 191 | 80 |
| Field vegetable farms, | 122 | 145 | 19 |
| Crop farms | 40 | 82 | 105 |
| Farms with grazing stock | 158 | 600 | 280 |
| Pig and poultry farms | 12 | 61 | 408 |
| Mixed farms | 83 | 208 | 151 |
| Total | 521 | 1287 | 147 |

Source: Statistics Netherlands (CBS)

In contrast to the annual decline in the total number of farms, the number of farms producing organically is growing. Their share in the total number of farms is still modest, a mere 1.5%.

| Area under arable crops (ha) | | | |
|------------------------------|-------|----------------|--|
| | Total | 2000 2004 | |
| | | 806,2 820,9 | |
| <i>of which</i> | | | |
| Cereals | | 198,9 195,8 | |
| Pulses | | 8,8 10,3 | |
| Oilseed and fibre crops | | 6,0 6,5 | |
| Grass seed | | 22,0 25,3 | |
| Table potatoes | | 87,4 72,6 | |
| Seed potatoes | | 41,8 39,3 | |
| Starch potatoes | | 51,0 51,5 | |
| Sugar beets | | 111,0 97,7 | |
| Fodder crops | | 211,9 230,5 | |
| Green manure crops | | 2,6 20,4 | |
| Onions | | 20,0 26,2 | |
| Maize kernel | | 20,3 22,4 | |

Source: Statistics Netherlands (CBS)

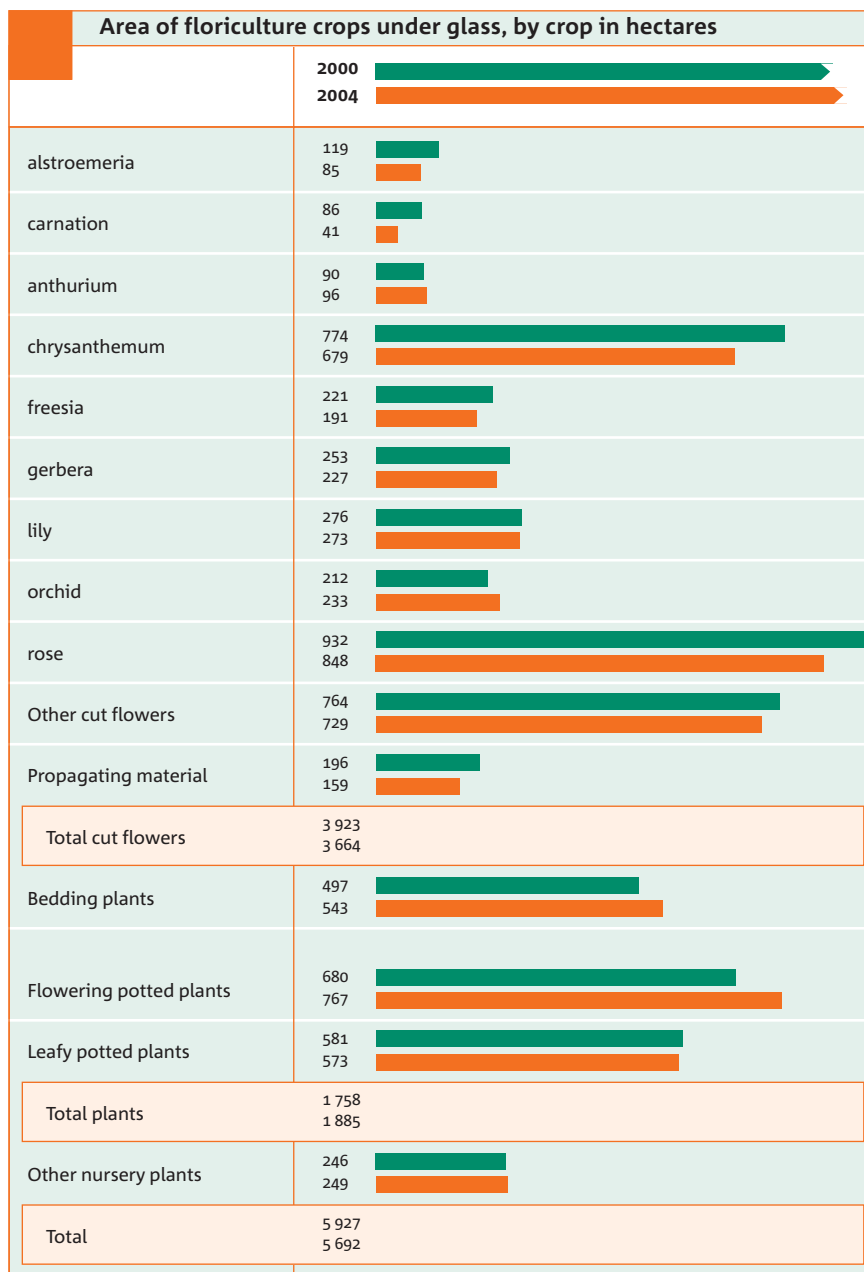


Source: Statistics Netherlands (CBS)













































| Use of cultivated land (in 1000 ha) | | | |
|-------------------------------------|--|-------------|-------------|
| | | 1990 | 2004 |
| Grass | | 1096,5 | 983,7 |
| Arable crops | | 799,4 | 820,9 |
| Horticulture | | 103,8 | 112,7 |
| - open field | | 94,0 | 102,2 |
| - glasshouse | | 9,8 | 10,5 |
| Set aside ⁽¹⁾ | | 5,9 | 7,5 |
| Total | | 2005 | 1924 |

(1) 2004 includes fast-growing timber

Source: Statistics Netherlands

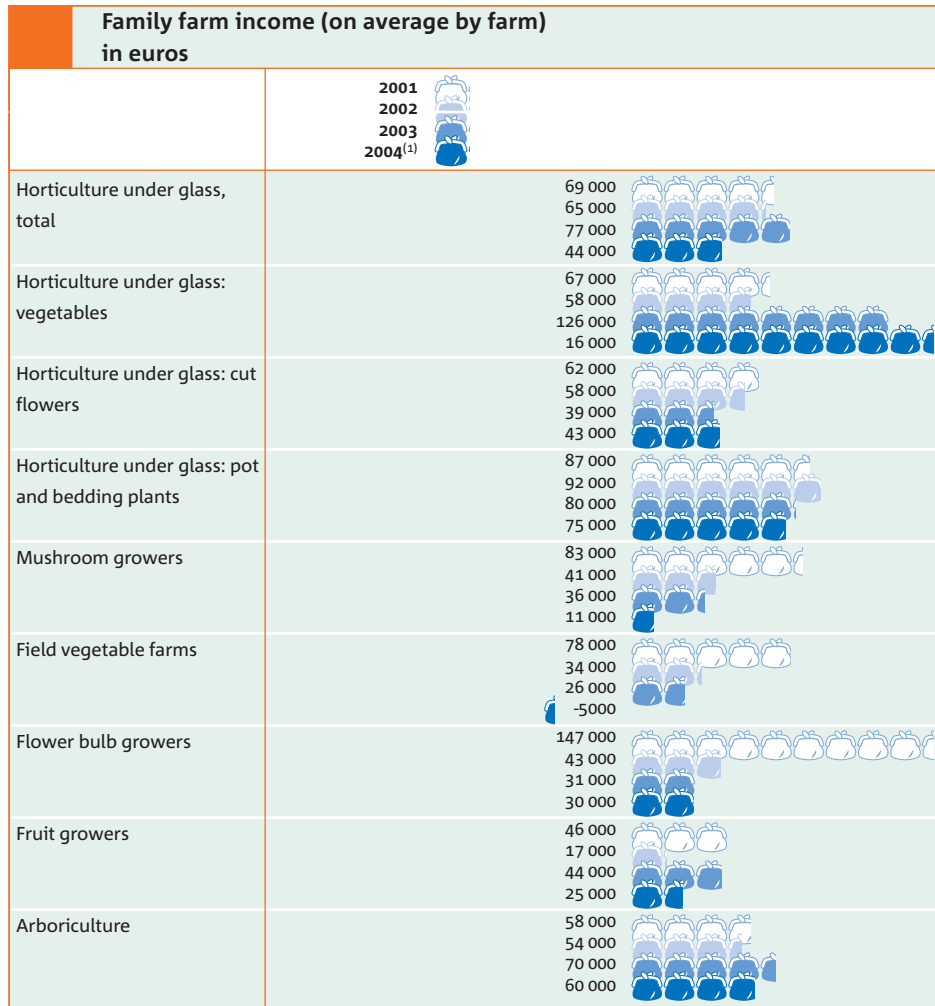


Source: Statistics Netherlands

| Family farm income (on average by farm) in euros | |
|---|---|
| | 2001  2002  2003  2004 ⁽¹⁾  |
| Total farm income | 40 000  31 000  37 000  28 000  |
| Dairy farms | 51 000  43 000  35 000  34 000  |
| Veal production under contract | 12 000  42 000  41 000  45 000  |
| Pig farms | 6000  -15 000  -8000  65 000  |
| Pig breeding farms | 11 000  -17 000  -13 000  66 000  |
| Pig fattening farms | -1000  -6000  -6000  46 000  |
| Integrated pig farms | 9000  -26 000  -1000  86 000  |
| Laying hen farms | 34 000  24 000  136 000  -128 000  |
| Broiler farms | 54 000  -6000  -7000  -40 000  |
| Arable farms | 47 000  14 000  42 000  2000  |

(1) estimates

Source: Agricultural Economics Research Institute, Farm Accountancy Data Network






(1) estimates

Source: Agricultural Economics Research Institute, Farm Accountancy Data Network

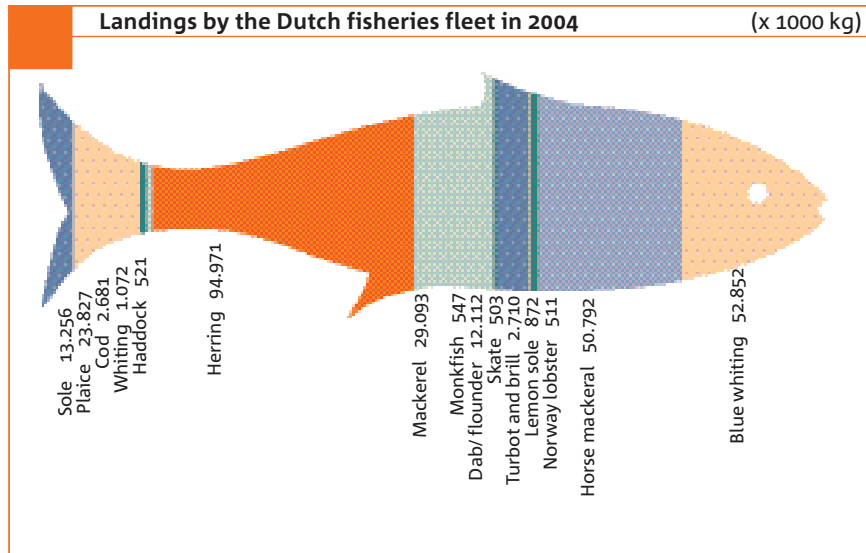


Fisheries

The fisheries sector has attracted a great deal of interest over recent years. Many non-governmental organisations have accused fishermen of over-fishing and disturbing the marine ecosystem. Fishing is subject to quotas, which are fixed every year by the Fisheries Council. Every Member State is allocated Total Allowable Catches (TACs) after advice has been won from the International Council for the Exploration of the Sea. Although the sector does not contribute much to the gross domestic product, the Dutch fishing fleet is the most efficient in Europe, and probably even the world. Dutch fishermen catch the greater part of the quotas set for sole and plaice.

| The Dutch fisheries fleet 2003 | | | |
|--|--|---|---|
| | Number of vessels  | Number of crew  | Yield (x million euros)  |
| Cutters | 374 | 1,656 | 252 |
| Distant-water fisheries | 17 | 613 | 143 |
| Mussel fisheries | 69 | 208 | 66 |
| Other coastal fisheries | 20 | 50 | 5 |
| Total sea and coastal fisheries | 480 | 2,527 | 446 |

Source: LEI



Source: Ministry of Agriculture, Nature and Food Quality

By the end of 2003 the Dutch fisheries fleet consisted of 484 vessels and 2,550 crew. The vessels are categorised according to the species of fish targeted. The cutter fleet with its 374 ships and 1,660 crew is the main branch.

The part of the fleet that fishes in distant waters consists of 17 trawlers or freezing vessels with an overall length of 140 m. These ships fish for pelagic species such as herring, mackerel, horse mackerel and blue whiting in both European and African waters. The European Commission negotiates with African countries, such as Mauritania, about the catches allowed in their waters. In 2003 the trawlers employed 615 crew.




In addition to the cutter fisheries and distant-water fisheries the Dutch fisheries sector includes cockle, mussel and oyster fisheries. The shellfish sector has 90 ships and employs 280 people.



Food, drinks and tobacco industry

The processing industry is an important component of the total agro complex. Some 31% of its total added value is generated by the food, drinks and tobacco industry, which is made up of some 4,800 businesses employing more than 140,000 people. As companies merge and concentrate the total number of businesses is slowly declining. Most of the industry is in the hands of relatively large companies, about 250 of them, employing 100 or more employees. Together they generate 95 000 jobs, that is 68% of overall employment. In 2003, these large companies realised a joint turnover of 42.3 thousand million euros. The food, drinks and tobacco industry in the Netherlands is export-oriented. In 2003, exports were valued at 17 thousand million euros, or 41% of that year's total turnover.

The food, drinks and tobacco industry has the largest share in total production, which in 2003 had a turnover of some 156 thousand million euros. One in five employees in industry work for food, drinks and tobacco companies, embracing a large number of branches and sub branches, each with their own characteristics. Most jobs are provided by the slaughterhouse and meat-processing sector, followed by the dairy industry. The margarine, fats and oil industry generates the largest turnover, followed by the dairy and slaughterhouses and meat-processing sector. The merging and takeover process has gone furthest in the dairy industry. In 2003 the Netherlands had only 15 big dairy companies, which provided more than 11 000 jobs and had a turnover of 5.5 thousand million euros.

| The food, drinks and tobacco industry in 2003 | | | |
|--|--|---|--|
| | Number of businesses ^(a)  | Number of employed x 1000  | Turnover in million euros  |
| Slaughterhouses and meat processing | 60 | 18,5 | 4952 |
| Slaughterhouses (excl poultry) | 20 | 5,5 | 2502 |
| Poultry slaughterhouses | 15 | 3,0 | 648 |
| Meat processing | 25 | 10,0 | 1802 |
| Fish processing industry | 10 | 1,8 | 339 |
| Dairy | 15 | 11,2 | 5534 |
| Fruit and vegetable processing | 25 | 9,0 | 2631 |
| Margarine, fats and oils | 10 | 2,3 | 5702 |
| Flour industry | 5 | 3,6 | 1532 |
| Animal feed | 20 | 4,9 | 2585 |
| Bread and baked goods | 50 | 12,3 | 1567 |
| Cocoa | 10 | 5,4 | 3125 |
| Drinks | 15 | 8,5 | 3731 |
| Tobacco | 10 | 4,8 | 3384 |
| Other food, drinks and tobacco industry | 20 | 12,6 | 7242 |
| Total food, drinks and tobacco industry | 250 | 94,9 | 42 324 |
| Total industry | 1455 | 473,3 | 155 516 |
| Share of food, drinks and tobacco in total | 17,2 | 20,0 | 27,2 |

(a) More than 100 employees

Source: Statistics Netherlands

| List of the ten biggest Dutch food multinationals, 2004 | | | |
|---|-------------------------------|------------------|--|
| Company | Turnover worldwide (mln euro) | Employees, total | Product (group) |
| 1. Unilever | 40 366 | 234 000 | Food and non-food |
| 2. Heineken | 10 005 | 61 732 | Beer |
| 3. Sovion | 5918 | 13 655 | Slaughterhouses and meat processing |
| 3. Friesland Foods | 4449 | 17 580 | Dairy |
| 4. Nutreco | 3858 | 12 541 | Animal nutrition, fish feed and poultry meat |
| 5. Campina | 3559 | 7099 | Dairy |
| 6. CSM | 3475 | 13 242 | Sugar, bakery supplies and biochemicals |
| 7. Wessanen | 2120 | 8950 | Natural and healthy foods, and other food products |
| 8. Numico | 1702 | 14 000 | Baby food and clinical nutrition |
| 9. Provimi | 1580 | 8000 | Animal nutrition |
| 10. Cosun | 1317 | 3993 | Natural ingredients and foodstuffs |




Source: Annual reports multinationals

The Dutch processing industry covers a wide range of businesses involved in producing and selling food, drinks and tobacco. Many of these businesses are part of a multinational. The Netherlands has a number of multinationals several of which operating on various continents. There they are often among the leading market players, sometimes by working with other cross-border partners or by moving production abroad. Multinationals as well as small or medium businesses engage in such activities. The bigger companies are particularly strong in making investments abroad. In 2003, the Dutch food, drinks and tobacco industry spent 27 thousand million euros on foreign investments, 22 thousand million of which was invested outside the EU (De Nederlandsche Bank, 2005)



Wholesale trade and agro-logistics

Thanks to its geographical position the Netherlands has built a coordinating role for itself, managing the trade flows of farm products and food coming in from overseas and going out to the European hinterlands. Rotterdam, for instance, is the largest port for imports of vegetables, fruit and vegetable oil, and Amsterdam is the world's largest transshipment area for cocoa. Simultaneously, farming and the food and drinks manufacturing industry (the agro sector) has developed strongly in the Netherlands itself. This combination made for a powerful wholesale trade sector for agricultural produce.

| Wholesale trade in farm products 2002 | | | |
|---|--|--|--|
| | Companies  | Employees  | Net turnover (€ mln)  |
| Total wholesale trade in farm products: | 11 460 | 127 600 | 72 205 |
| Cereals, seeds, animal feeds | 1205 | 10 300 | 9140 |
| Flowers and plants | 2325 | 23 700 | 8300 |
| Animals, hides, leather and raw tobacco | 1380 | 4500 | 4940 |
| Potatoes, fruit and vegetables | 1180 | 17 300 | 10 510 |
| Food, drinks and tobacco (general) | 1135 | 24 800 | 12 200 |
| Other food, drinks and tobacco | 4235 | 47 000 | 27 115 |

Source: Statistics Netherlands

In 2002 128.000 people worked in this branch of wholesale trade. Its net turnover in excess of 72 thousand million euros, 35% of which, i.e. 25 thousand million euros, was made abroad. One of the factors that allowed the wholesale trade to flourish was the efficient transport sector and a good physical infrastructure of seaports, airports inland waterways and roads. Most transport, from feed manufacturer to farm, from farm/horticulture business to auction, trader or processor and from there to buyers at home and abroad goes by road: thus one in every three lorries on the road carries agricultural products.

Part of the commodities and semi-finished goods are transported by river to the manufacturer and in some cases to the end user. The heavy increase in road traffic has made it difficult sometimes to reach production, distribution and retail outlets. Both government and industry, on their own or together, wish to resolve these difficulties by, for instance, promoting intermodal transport or further clustering production and distribution activities.



Retail and Food service

Dutch consumers spend an average 14.5% of their income on food, drinks and tobacco. Most of the food, drinks and tobacco in the Netherlands are sold in supermarkets, 5,600 of them in 2002, which accounted for 82% of retail trade and had an annual turnover of 24 thousand million euros. Smaller shops such as the greengrocer's, butcher's and the poultry shop are disappearing fast. In 2002 their combined turnover (11,800 shops) amounted to a mere 5 thousand million euros.

The Netherlands has a number of retail organisations. Most of them cover the whole country, some are regional. The three leading retail organisations account for 60% of the retail trade.

As in many other countries, in the Netherlands the consumption of food and drinks away from home is on the increase. In 2003 the food service market had an estimated 37,000 outlets in the form of restaurants, fast-food restaurants, hotels, cafes, in-house company, school and hospital restaurants, service stations and other convenience shops. The share of the food service market is likely to grow further.

| Retail trade in food, drinks and tobacco in 2002 | | | |
|---|-------------------------------|-------------------------------|--------------------------------------|
| | Number of companies x 1000 | Number of employees x 1000 | Turnover in 1000 million euros |
| Retail trade in food, drinks And tobacco (total) | 17.4 | 148.5 | 29.1 |
| Supermarkets | 5.6 | 107.7 | 23.8 |
| Independent shops | 11.8 | 40.8 | 5.2 |
| - Greengrocer | 1.7 | 5.5 | 0.6 |
| - Butcher | 3.2 | 14.2 | 1.4 |
| - Poultry shop | 0.3 | 0.8 | 0.1 |
| - Fishmonger | 0.7 | 2.2 | 0.2 |
| - Chocolate and confectionery | 0.6 | 1.4 | 0.1 |
| - Drinks | 1.6 | 4.2 | 1.1 |
| - Tobacco | 1.3 | 3.6 | 0.88 |
| - Cheese | 0.6 | 1.9 | 0.2 |
| - Wholefood | 0.4 | 1.7 | 0.2 |
| - Other | 1.4 | 5.3 | 0.6 |

Source: Statistics Netherlands (CBS)

Organic

In 2004, consumers spent 420 thousand million euros on organic products: about 1.5% of their total food expenditure. Supermarkets have the largest share in the sale of organic products (46%), followed by organic or wholefood shops (41%). Other outlets for organic products include markets, restaurants catering industry and farm shops. Some 300 of the 5,200 farms sell organic products. In 2004 the most popular products sold from farms were potatoes, fruit and vegetables (27%), dairy products (18%) and meat (13%).



Education, research and extension

The agricultural sector is of vital significance to the Dutch economy and culture. Knowledge has always been the means to encourage the necessary innovation in the sector. A strong, up-to-date knowledge infrastructure ensures that the competitive strength of Dutch agriculture is maintained. Wageningen University and Research Centre (Wageningen UR for short) is a leading international knowledge institute and consists of Wageningen University, (applied) research institutes, such as TNO Food, RIVM, A&F, NIZO, RIKILT, Wageningen Centre for Food Science (WCFS) and the Food and Consumer Product Safety Authority (VWA). Some big agro food companies have concentrated their research activities around Wageningen. But research is also taking place elsewhere. At Maastricht University with its Nutrition and Toxicology Research Institute, and at the Universities of Groningen, Leiden, Rotterdam (consumer sciences) and the technical universities in Eindhoven and Delft.

More innovative foods will appear on the market in the years to come such as functional foods, the foods or dietary components that may provide a health benefit beyond basic nutrition. The Netherlands enjoys a strong food science infrastructure for functional foods or nutraceuticals. Wageningen Centre for Food Science (WCFS) for instance, a joint initiative of government, industry and research institutes, is a leader in the field. It has a strong international orientation and is part of an extensive network, which includes the Kluver Centre for Genomics of Industrial Fermentation in the Innovative Cluster Nutrigenomics.



4 Government policy

- Government policy
- More facts about the Netherlands

The Dutch government wants its agricultural sector to be an important economic sector that also maintains the liveability of the countryside. The government's agriculture policy aims for sustainable development, where a balance is continually sought between the three Ps of People, Planet and Profit.

The Ministry of Agriculture is faced with major changes in society that have an impact on its policy areas. The focus is increasingly on food and food safety, environmental and welfare issues, the use of green spaces and the changing views about the role and significance agriculture should have in our society. These developments call for adaptations to be made in several sectors and production chains such as intensive livestock production, glasshouse horticulture and dairy farming. The government encourages these adaptations but the sectors themselves should take responsibility for them.

Key elements in the government's agro sector policy

Sound, sustainable agriculture: an agricultural sector that meets the demands and requirements of society, that is varied and diverse, serves various purposes, thus contributing to the spatial quality of our countryside, and a sector that can compete internationally;

Food quality: Food that is sound, wholesome and safe, of guaranteed quality and which meets a wide range of consumer demands and is monitored by in-company quality assurance schemes;

Knowledge and innovation: development of a knowledge infrastructure that contributes to such challenges as innovation. To this end the government has set up an innovation platform and made extra resources available for knowledge and innovation;

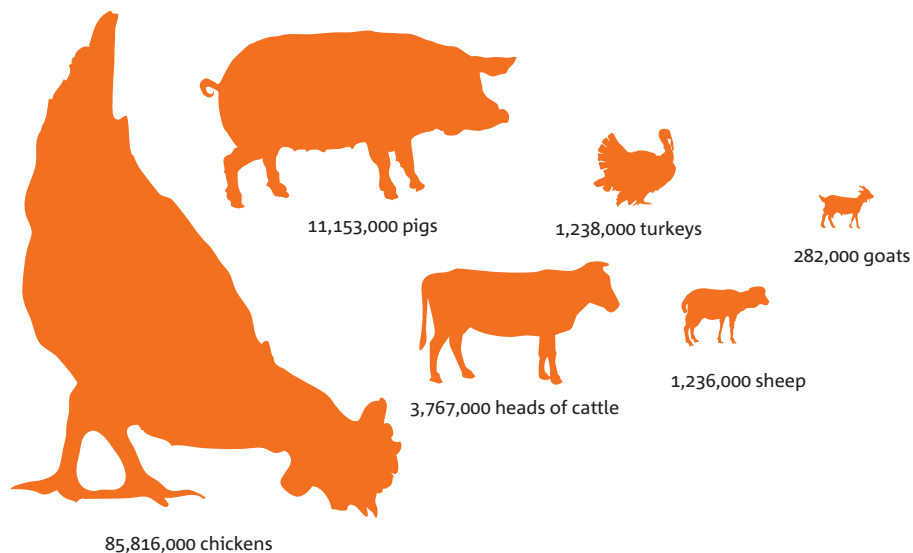
An eye on the international context: the Netherlands will improve the conditions for international trade in place, strengthen its knowledge and innovation capacity, reduce informal transaction costs and promote sustainable development. The Netherlands is an advocate of the liberalisation of world trade and reforms of the EU farm policy;

Agro-focused business climate: to achieve its objectives -- to reduce the quantity of regulations, to resolve problems, and simplify policy -- the Netherlands will harmonise standards and requirements, improve logistic processes for import and export, take the one-shop stop approach and try to resolve agro-logistic problems where possible.



More facts about the Netherlands

- Less than 3.5% of the Dutch population works in the agricultural sector
 - A quarter of the Netherlands lies below sea level
 - The Netherlands covers 0.008 % of the global land surface
 - The Netherlands was one of the co-founders of the European Union and one of the - driving forces behind the formulation of a European food safety policy
 - The Netherlands is among the three leading net exporters of farm products
 - The Netherlands is an international trading centre for ornamentals
 - The Netherlands opened the world's first horticultural auction in 1887
 - The Netherlands is the leading supplier of potatoes and potato products on the European market
-
- In 2003 a Holstein Frisian produced an average 8,343 litres of milk with a 4.33% fat content and a 3.43% protein content
 - In 2004 the Dutch livestock herd numbered:



Web sites

Public bodies

| | |
|---|--|
| Statistics Netherlands | www.cbs.nl |
| De Nederlandsche Bank | www.dnb.nl |
| European Union | www.europa.eu.int |
| Ministry of Foreign Affairs | www.minbuza.nl |
| Ministry of Agriculture, Nature and Food Safety | www.minlnv.nl |

Research

| | |
|--|--|
| A&F | www.agrotechnologyandfood.wur.nl/nl |
| Erasmus University Rotterdam | www.eur.nl |
| Innovative Cluster Nutrigenomics | www.genomics.nl |
| Agricultural Economics Research Institute (LEI) | www.lei.nl |
| Nutrition and Toxicology Research Institute Maastricht (NUTRIM) | www.nutrim.unimaas.nl |
| Kluyver Centre for Genomics of Industrial Fermentation | www.kluyvercentre.nl |
| NIZO Food Research | www.nizo.com |
| Groningen University | www.rug.nl |
| National Institute of Public Health and Environmental Protection (RIVM) | www.rivm.nl |
| RIKILT-Institute of Food Safety | www.rikilt.wageningen-ur.nl |
| Technical University Delft | www.tudelft.nl |
| Technical University Eindhoven | http://w3.tm.tue.nl/nl/en |
| TNO-Food | www.voeding.tno.nl |
| Leiden University | www.leidenuniv.nl |
| Food and Consumer Product Safety Authority (VWA) | www.vwa.nl |
| Wageningen Centre for Foods Sciences | www.wcfs.nl |
| Wageningen-UR | www.wageningen-ur.nl |

Productboards

| | |
|--|---|
| Central Commodity Board for Arable Products | www.hpa.nl |
| Commodity Board for Beverages | www.productschapdranken.nl |
| Commodity Board for Livestock, Meat and Eggs | http://bedrijfsnet.pve.agro.nl |
| Commodity Board for Margarine, Fats and Oils | www.mvo.nl |
| Commodity Board for Horticulture | www.tuinbouw.nl |
| Commodity Board for Fish and Fish Products | www.pvis.nl |
| Commodity Board for Dairy Produce | www.produivel.nl |

Trade promotion

| | |
|---|--|
| Agency for International Business and Cooperation (EVD) | www.hollandtrade.com |
| Centre for the Promotion of Imports from Developing countries (CBI) | www.cbi.nl |
| International Flower Bulb Centre | www.bulbsonline.org |
| Department of Trade and Industry (I&H) (the Ministry of Agriculture, Nature and Food Quality) | www.agriculturefromholland.com www.FoodfromHolland.nl |
| Netherlands Foreign Investment Agency | www.nfia.nl |
| Plantum | www.plantum.nl/english/indexengl.htm |
| Port of Rotterdam | www.portofrotterdam.com |
