CBI MARKET SURVEY

The Natural Stone and Stone Products Market in The Netherlands

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Report summary
This CBI market survey discusses the following highlights for the natural stone market in The Netherlands:
- The Netherlands does not extract any natural stone but only processes imported natural stone. The value of processed natural stone has almost stayed the same between 2002 and 2004.
- During the same period the Dutch consumption of finished natural stone products, in terms of value, increased by 5%.
- Dutch imports have increased with 13% between 2002 and 2005. The 34% increase of finished products is the main reason for the total growth.
- The role of developing countries is becoming more important. As a result of cheap pricing, they have taken over the market for finished natural stone products. Their market share has also expanded in the product category Intermediate products. China, Turkey and India are the most important developing countries supplying to The Netherlands.

This survey provides exporters of natural stone with sector-specific market information related to gaining access to The Netherlands. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The Natural Stone and Stone Products Market in the EU', which covers the EU market in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo

Note: In the chapters about consumption and production, we refer to three product groups:
- Blocks and Slabs
- Landscape design
- Monumental and Funeral

The last group (Monumental and Funeral) is an aggregate of two sub products groups that will be addressed separately in the Import/ Export section: Flooring and Cladding and Funeral and other arts. For more explanation about the product group segmentation, please refer to the Appendix A in the CBI survey 'The Natural Stone and Stone Products Market in the EU'.

1 Market description: consumption and production

Consumption and industrial demand

Total market size
- In 2004, Dutch consumption of natural stone represented 1,855 thousand tonnes, of which 388 thousand tonnes of finished products representing a value of € 162 million.
- The Netherlands is one of the smaller EU consumers of natural stone accounting for 2% of the total EU consumption in quantity. Italy and Spain are the biggest with consuming 48% and 16% respectively of the EU total. Other middle sized consuming countries are: Germany (8%), Greece (7%), the UK (3%) and France (3%).
- Below find a table of the Dutch natural stone consumption over the years 2002-2004 split into different product groups:

Table 1.1 Dutch consumption split into product categories 2002 - 2004, value in € million; volume in 1,000 tonnes

	2002		2003		2004	
Product group	**Volume**	**Value**	**Volume**	**Value**	**Volume**	**Value**
Blocks and Slabs	1,959	n.a.	1,429	n.a.	1,517	n.a.
Landscape design	249	15	272	16	193	24
Monumental and Funeral	128	139	114	127	145	138

Source: Eurostat (2006)

- The consumption growth in 2004 has made up for the negative growth in 2003. The recovery of the consumption of Monumental and Funeral products is the main reason for this positive development.
- There is an obvious trend noticeable when looking at the developments between volume and value of consumed finished products. Between 2002 and 2004 total value increased by 5%. In that same period the total volume decreased by 20%. The Netherlands is therefore consuming less volume for a higher price. The explanation is that The Netherlands is increasingly importing products with a higher added value, indicating an increasing demand for finished products.
- The Dutch economy is expected to grow with 2.75% in 2007 as well as in 2008.[1] This probably has a positive impact of the willingness of the Dutch consumer to buy an expensive article like natural stone. Furthermore, the Dutch building sector, a large consumer of natural stone, is expected to grow in the coming years. For 2007 a growth of 4.5% is expected and 3% in 2008.[2]

Market Segmentation

The Dutch market can be divided into the following segments of users of natural stone:

- Building industry: using natural stone in a wide variety of applications for interior design as well as exterior coverings. The building industry is by far the biggest consumer of natural stone in The Netherlands.
- Natural stone processing industry: processes blocks and slabs of natural stone into finished products to supply to the market segments below. This industry mainly consists of small to medium-sized companies whose market share is decreasing because of cheap finished products from (developing) countries.
- Funeral industry: is a large retail sector that sells funerary art like tombstones, gravestones and urns to the consumer. Natural stone for funeral art is very common in The Netherlands and therefore the industry is a large consumer.
- Other retail (consumer market): include garden centres and interior design sector.

Unfortunately it is not possible to give accurate market share figures of the individual segments as exact figures are missing.

Trends in consumption

- There is an increasing consumer demand for natural stone that has been produced according to international accepted norms on social and environmental issues. One example is the standards of the International Labour Organisation (ILO) that deal with fair wages and child labour. Although nothing has been finalised, there are some serious initiatives, for example the Sustainable Nature Stone Working Group. This group of Dutch branch associations, importers and processors is trying to implement the above-mentioned standards in the natural stone industry.
- New extraction technologies and the large supply of natural stone have made the average prices drop, therefore, in The Netherlands, natural stone is becoming an affordable and more sustainable alternative for competing products like wooden floors and floor carpets. This development has an effect on the consumption of products like tiles for flooring and cladding.

[1] Source: Netherlands Bureau for Economic Policy Analysis
[2] Source: Economic Institute for Construction Sector

- The population of The Netherlands is slowly ageing. A long-term result will be an increase in the demand for funerary art (i.e. tombstones and urns). Moreover, the elderly are substantially wealthy, probably stimulating the consumption of natural stone in one form or another (interior design, art or gardens).
- The most popular colours for tiles and other decorative stone products are brown tones in addition to cream and beige. Furthermore, for these products there is an increasing demand for bigger sized products (e.g. bigger tiles).

Production

- The Netherlands does not extract any natural stone, however it does process imported natural stone and process Monumental and Funeral products.
- The Netherlands accounts for 2% of the total value of finished products in the EU. Neighbouring countries Germany and Belgium are fairly large producers responsible for 5% and 3% of the total value respectively. Italy and Spain are the largest European producers accounting for 44% and 23% respectively.
- After a year of negative growth, the production of Monumental and Funeral products in 2004 has reached the same level as in 2002 (see Table 1.2).

Table 1.2 Dutch production of Monumental and Funeral products 2002 – 2004; value in € million

2002	2003	2004
74	64	73

Source: Eurostat (2006)

- In recent years Dutch processing companies have had fierce competition from suppliers of finished natural stone products from developing countries (DC). Cheap prices and improving quality has made it increasingly difficult for natural stone processing companies in The Netherlands to maintain their market positions. The Dutch industry focus is forced to focus on niche markets and providing better service. Nonetheless, developments in the Dutch economy and building sector are expected to have a positive influence on Dutch production. Moreover, expected growth of Dutch export of natural stone will also affect Dutch production.
- Find listed below some Dutch natural stone processing companies:
    - Steenklip Memorial Stones: http://www.steenklip.nl/index.html
    - Veenstra Nature Stone: http://www.veenstra-natuursteen.nl/

Opportunities and threats

\+ The growth in consumption of natural stone in 2005 is expected to continue in the coming years. This is for a great deal due to the expected structural growth of the Dutch economy in the coming years.
\+ There is an increasing consumer demand for natural stone produced according to social and environmental standards. An early response to such developments can improve the competitive position of a natural stone producer substantially.
\- Because of the many competing (foreign) suppliers on the Dutch market the average price of natural stone is decreasing.
\- Because of its limited market size, The Netherlands represents only limited market openings for exporters from DC.

Note that the above mentioned opportunities and threats do not necessarily apply to your situation. Therefore, please use the developments and trends discussed in the previous chapters to make your own analyses. Let that determine whether the above mentioned opportunities and threats apply to your situation. For an example of such an analysis, please refer to chapter 7 of the CBI market survey 'The Natural Stone and Stone Products Market in the EU'.

Useful sources

- Nature stone expo: http://www.natuursteenexpo.com/
- Building expo: http://www.bouwbeurs.nl
- Natural Stone Centre: http://www.centrumnatuursteen.nl
- Dutch Natural Stone Trade Association (ABN) http://www.natuursteenbond-abn.nl/
- CBI database on the International ILO Standards: http://www.cbi.nl/marketinfo/cbi/?action=showDetails&id=296

Trade channels for market entry

Trade channels

The most important trade channels in The Netherlands are:

- Wholesaler/importers: buy their natural stone directly from supplying countries. The market is dominated by a few large companies that can be divided into two types; one catering to the building sector and one catering to the funeral industry.
    - Natuur steen Holland (large Dutch supplier to the building sector): http://www.natuursteenholland.nl/
    - Snijder (large Dutch supplier to the funeral industry): http://www.snijders.com/
- Retailers: mainly buy from wholesaler/importers; however large retailers are also known to buy from supplying countries directly.
    - Bera Retail: http://www.bera-natuursteen.nl/
    - Atelier KK: http://www.atelierkk.nl/en
- Natural stone processing industry: buys from wholesalers/importers or depending on the size of the company directly from supplying countries. After processing these companies mainly supply to retailers and consumers.
    - Steenklip Memorial Stones: http://www.steenklip.nl/index.html
    - Veenstra Nature Stone: http://www.veenstra-natuursteen.nl/
- Other: major companies (e.g. building) or governmental organisations buying directly from supplying countries for large building projects.
    - Dutch Government Building Agency: http://www.vrom.nl/rijksgebouwendienst
    - Royal BAM Group (big Dutch building company): http://www.bam.nl/

- For various trade channels it is becoming more common to get their natural stone directly from the supplying country instead of buying it from importers. Producers and exporters in DC could increase their margins by doing business without intermediaries such as importers.

Price structure

Throughout the various trade channels, different prices and margins apply. The different prices per trade channel in the EU are almost identical in the different EU Member States. Therefore, please refer to chapter 3 of the CBI survey 'The Natural Stone and Stone Products Market in the EU' for an overview of prices and margins.

Selecting a suitable trading partner

- Wholesalers/importers and other importing parties in The Netherlands usually deal with agents in the supplying country. These agents find producers and compare the quality

and prices of the product keeping in mind what is requested by the importers in The Netherlands. Therefore, DC producers do not necessarily need to work with agents in their own country to access the Dutch market.
- It is of course possible to establish a direct relationship with importers in The Netherlands. These are usually the bigger importing parties with long-term plans and able to afford the extra costs of a direct relation (e.g. travel costs, translators). In some cases they are interested in investing in more efficient extraction technologies in DC making it profitable for both parties.
- Find below some links to website where you can find possible trading partners:
  - Nature stone link site (gives general information and includes links to companies active in the natural stone industry): http://natuursteen.startpagina.nl/
  - Building company link site (gives information about building sector and included links to building companies): http://bouw-bedrijven.startpagina.nl/

3 Trade: imports and exports

Imports

Total imports
- The Netherlands imported about € 191 million worth of natural stone in 2005 representing a volume of approximately 2 million tonnes of natural stone.
- The Netherlands is the seventh largest importer of all EU Member States accounting for 6% of total EU imports. Italy and Germany are the largest with EU importers with 17% and 16% respectively. Neighbouring country Belgium is in sixth place with 8%. Eastern and Northern European countries are generally lower on the list. For example, Lithuania only accounts for 0.3% and Sweden for 0.7%.
- For an overview of Dutch import figures from 2002 to 2005, please refer to the table below:

Table 3.1 Dutch imports between 2002 – 2005, Value in € million; volume in 1,000 tonnes

2002		2003		2004		2005		Value ’05/’02
Volume	Value	Volume	Value	Volume	Value	Volume	Value	
2,510	168	2,075	165	2,248	171	2,046	191	+13%

Source: Eurostat (2006)

- Although the total value of Dutch imports of natural stone increased between the years 2002-2005 by 13%, the total quantity of imports decreased by 18%. The average price in the product category Finished Products has stayed the same between 2002 and 2005. However, despite dropping imports of Blocks and Slabs the average price in this product group did go up.
- The growth of consumed value (5%) of finished stone products between 2002 and 2004 positively influenced Dutch imports (13%). Dutch production has not benefited and therefore remained on the same level. Therefore, increasing demand in the Dutch market is likely to lead to more imports.
- 42% of the total value of Dutch imports originated in EU countries representing more than € 80 million with a volume of over 1.4 million tonnes. The most important intra-EU suppliers in value are: Belgium (22%), Italy (7%), Spain (6%) and Germany (4%). In general intra-EU imports have gone down over the years 2002-2005 with 23%.
- Within the Dutch import figure in 2005, more than € 107 million (56%) came from DC with a volume of more than 621 thousand tonnes (30%). DC are exporting mainly finished products to The Netherlands explains the relative high value.
- Please find below a table with the most important DC supplying to The Netherlands:

Table 3.2 Most important developing countries supplying to The Netherlands in 2005

Developing country	Value (in € million)	% of total Dutch imports	Value '05/02
China	67	35 %	+233%
India	21	11%	+80%
Turkey	11	6%	+238%
Brazil	4	2%	+138%
Vietnam	2	1%	+72%

Source: Eurostat (2006)

Imports by product group

- Please find below a table with imports of natural stone divided into different product groups:

Table 3.3 Imports by and leading suppliers to The Netherlands 2002 - 2005, share in % of value

Product group	2002 € mln	2003 € mln	2004 € mln	2005 € mln	Leading suppliers in 2005 Share in %	Share (%)
Total natural stone:						
Intra EU	91	95	75	81	Intra EU: Belgium (22%), Italy (7%), Spain (6%), Germany (4%), France (1%)	**42%**
Extra EU	20	4	14	27	Extra EU: Norway (1%), Bulgaria (0.1%), Israel (0.1%), USA (0.1&), Taiwan (0.1%)	**2%**
DC*	61	70	93	107	DC: China (35%), India (11%), Turkey (%), Brazil (2%), Vietnam (1%), South Africa (0.5%), Indonesia (0.4%), Iran (0.1%), Philippines (0.1%), Thailand (0.1%)	**56%**
Funeral and other art:						
Intra EU	25	24	16	18	Intra EU: Italy (10%), Belgium (9%), Spain (3%), Germany (2%), France (2%)	**26%**
Extra EU	0.6	0.8	0.8	0.50	Extra EU: Taiwan (0.2%), Israel (0.1%), Bulgaria (0.1%), Switzerland (0.1%), USA (0.1%)	**1%**
DC*	32	32	44	52	DC: China (44%), India (19%), Turkey (5%), Vietnam (2%), Brazil (1%), Indonesia (1%), South Africa (0.4%), Thailand (0.2%), Iran (0.1%), Kenya (0.1%)	**73%**
Landscape design:						
Intra EU	15	15.7	10.7	14.4	Intra EU: Belgium (25%), Germany (2%), Portugal (2%), Ireland (1%), United Kingdom (1%)	**31%**
Extra EU	17	1	11	24	Extra EU: Romania (0.1%)	**0.1%**
DC*	12	18	29	32	DC: China (56%), Turkey (8%), India (4%), Vietnam (1%), Brazil (0.2%), Philippines (0.1%), Thailand (0.01%) Jordan (0.01%), Indonesia (0.01%), Iran (0.003%)	**69%**
Blocks and Slabs:						
Intra EU	48	42	37	32	Intra EU: Belgium (45%), Italy (10%), Germany (8%), Spain (7%), France (1%)	**73%**
Extra EU	1	0.6	0.5	0.7	Extra EU: Norway (1%), USA (0.1%),	**1%**

					Bulgaria 0.1%), Iceland (0.04%), Israel (0.03%)	
DC*	9	8	10	12	DC: China (9%), India (8%), Brazil (3%), Turkey (3%), South Africa (1%), Vietnam (0.3%), Philippines (0.3%), Zimbabwe (0.2%), Morocco (0.2%), Iran (0.2%)	**26%**
Flooring and Cladding:						
Intra EU	18	13	12	15	Intra EU: Spain (23%), Belgium (12%), Italy (7%), Germany (5%), Austria (2%)	**53%**
Extra EU	1	2	2	2	Extra EU: Norway (%), Bulgaria (0.5%), Canada (0.3%), Israel (0.1%), USA (0.1%)	**5%**
DC*	8	9	12	12	DC: China (20%), Turkey (8%), India (7%), Brazil (5%), Vietnam (0.5%), Indonesia (0.4%), South Africa (0.3%), Iran (0.2%), Egypt (0.1%), Kenya (0.1%)	**42%**

Source: Eurostat (2006)
*Developing Countries

- The total value of the imports of Blocks and Slabs (e.g. Intermediate products) has decreased in recent years. All three other product groups of Finished Products have increased, however some more than others. Landscape Design (71%) and Funeral and Other Art (24%) have increased significantly in contrast to Flooring and Cladding (7%) that has virtually remained at the same level.
- The most important product imported in the product category Intermediate Products in 2005 was siliceous blocks and slabs (€ 32 million). The imports of Finished Products mainly consists of siliceous funeral art (€ 47 million) and setts, curbstones and flagstones of natural stone (€ 46 million).
- The overall market share of DC has grown from 36% to 56% over the period from 2002 to 2005. DC are now the biggest supplier of finished products for The Netherlands and it is expected that this growth will extend into the future. In contrast to Intra and Extra-EU countries, the market share of DC has increased in all product groups.

Exports

- In 2005, The Netherlands exported a total of 483 thousand tonnes of natural stone which represented a value of € 65 million.
- The Netherlands only accounts for 2% of the total EU exports, which makes it one of the smaller exporting countries. This is not surprising since The Netherlands does not produce any natural stone. In 2005 78% of the total value of Dutch exports came from finished products.
- As a matter of fact, the EU market knows just two large exporters namely Italy (46%) and Spain (24%). Countries like Belgium (5%) and Germany (3%) are medium sized exporters. The new EU Member States[3] hardly make an impact with only Poland and the Czech Republic accounting for 1% each of the total EU exports.

Table 3.4 Dutch exports of natural stone 2002 – 2005, Value in € million; volume in 1,000 tonnes

2002		2003		2004		2005		Value '05/'02
Volume	Value	Volume	Value	Volume	Value	Volume	Value	
174	38	260	43	394	52	483	65	+69%

Source: Eurostat (2006)

[3] The ten new Member States are: Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia. Bulgaria and Romania have not yet been included in this market survey because they just entered the EU in 2007 and are therefore considered to be Extra-EU countries.

- Dutch exports have been increasing steadily over the years. The total quantity of Dutch exports has increased much more between 2002 and 2005 (168%) than the total value of exports (69%). In other words, The Netherlands is exporting more quantity at a lower price. This is contrary to Dutch import where prices went up.

Opportunities and threats

+ The continuous increase of imports of finished natural stone products creates opportunities for suppliers of high quality and/or low priced natural stone products.
+ DC are the most important suppliers to The Netherlands. Having a secure position in the Dutch market, DC can make long-term plans and invest in business relationships, logistics and implement measures to improve efficiency.
+ The Netherlands is completely dependent on imported natural stone for its production. Therefore, suppliers profit directly in case consumer demand goes up.
+ The price of Dutch imported natural stone is increasing
- The market share of DC in the most important product groups is so substantial that the market, especially for newcomers, might be saturated.

Note that the above mentioned opportunities and threats do not necessarily apply to your situation. Therefore, please use the developments and trends discussed in the previous chapters to make your own analyses. Let that determine whether the above mentioned opportunities and threats apply to your situation. For an example of such an analysis, please refer to chapter 7 of the CBI market survey 'The Natural Stone and Stone Products Market in the EU'.

Useful sources

- EU Expanding Exports Helpdesk
  http://export-help.cec.eu.int/ ➔ go to: trade statistics
- Eurostat – official statistical office of the EU
  http://epp.eurostat.cec.eu.int ➔ go to 'themes' on the left side of the home page ➔ go to 'external trade' ➔ go to 'data – full view' ➔ go to 'external trade - detailed data
- Association of Dutch Natural Stone Importers (VNNI)
  http://www.vnni.nl/

4 Prices developments

- When looking at the total Dutch import figures it becomes clear that average price of natural stone is increasing. Two reasons can be given: the price of imported blocks and slabs is increasing and The Netherlands is importing more finished products with a higher added value. Especially interesting is the growing price of blocks and slabs because it is in contrast with the global trend of declining prices of these products. The extra focus on quality by the Dutch stone processing industry might explain this development.
- Please find below a few websites where you can find pricing information on natural stone:
  - Stone story: `
    http://www.stonestory.nl
  - Maxi Marble:
    http://www.maximarmer.com/
  - Stone source:
    http://www.stonesource.com/

5 Market access requirements

As a manufacturer in a developing country preparing to access The Netherlands you should be aware of the market access requirements of your trading partners and the Dutch government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select natural stone products and The Netherlands in the category search, click on the search button and click on market access requirements.

Additional information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packaging/packit.htm

Information on tariffs and quota can be found at http://export-help.cec.eu.int/

Information on eco-labelling and packaging legislation is included in the CBI market information database.

6 Doing business

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from http://www.cbi.eu/marketinfo - go to search publications.

Advertising

As mentioned before importing parties in The Netherlands usually deal with agents in the supplying country. Establishing a relation with an agent is therefore the first step of gaining access to the Dutch market.
The agents promote the products of their clientele at trade shows. DC exporters can also participate in these trade shows, however, often indirectly through an agent. Displaying products at German and Belgian trade shows might also help to establish a relation with players in the Dutch market.

Service

In a market where competition is fierce and margins are small, it is becoming increasingly important to be a reliable partner. Delivering according to agreements and effective communication are crucial for your trading partner and necessary for developing a long-term business relationship.

Useful sources

- Dutch National Association of Trade Fair Organisers: http://www.nvbo.nl
- Natural stone magazine for the Dutch, Belgian and Luxembourg market: http://www.bduuitgeverij.nl/mediadoc/2007/Tijdschriften/Natuursteen2007.pdf
- Stone Tec (big German annual trade show): http://www.stone-tec.com
- Stone Expo (large Belgian biannual trade show): http://www.mopro.be/beurzen.asp?lang=en&currBeurs=9&type=prof

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