CBI MARKET SURVEY

THE MARKET FOR NATURAL INGREDIENTS FOR COSMETICS IN THE NETHERLANDS

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Report summary

This CBI market survey discusses, amongst others, the following highlights for the market for natural ingredients for cosmetics in The Netherlands:

- The cosmetics industry was increasingly confronted with price pressures. The Netherlands market for natural cosmetics or organically certified cosmetics, and therefore the industrial demand for natural ingredients, is expected to continue its upward momentum.
- The Netherlands can be seen as an interesting market for developing countries, due to the high shares for developing countries in most product groups and the positive development of total imports.
- A large share of cosmetics is imported from other EU countries. Therefore, although local consumption, but also production, is increasing, this does not necessarily fully translate in increased domestic demand. As The Netherlands has several importers of natural ingredients, it is of interest for developing country exporters.
- Following general European trends as discussed in the CBI survey covering the EU, The Netherlands market for natural cosmetics and organically certified cosmetics as well domestic production, is expected to increase. Therefore the market for natural ingredients can also be expected to continue its upward momentum.

This survey provides exporters of natural ingredients for cosmetics 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 market for natural ingredients for cosmetics in the EU', which covers the EU 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.nl/marketinfo.

There is a general lack of information on the industrial demand for natural ingredients for cosmetics, as well as for general ingredient needs of the cosmetics industry. Therefore, the sections on industrial demand and production will also discuss the cosmetics market and industry which can function as an indicator for industrial demand for natural ingredients for cosmetics. Where available, specific information on the ingredients for cosmetics market/industry in The Netherlands has been included.

1. Market description: industrial demand and production

Industrial demand

Cosmetics consumption

The Netherlands is the 6th country in the EU15 with a share of 4% in total EU25 sales. The Netherlands market was almost stagnant with only 3% growth between 2002 and 2004, amounting to € 2.4 billion. Per capita consumption is the same as the EU15 at € 149.

The cosmetics industry was increasingly confronted with the economic stagnation. A general low level of new product development and more focus on pricing to maintain shares additionally resulted in stagnant growth. Fierce competition was seen on prices at the retail level.

Table 1.1 The Netherlands market for personal care products, at retail sales prices (RSP) in € million, share in %

2002	2003	2004	% change
2.362	2,424	2,427	2.8%

Source: Colipa (2006)

However, mass cosmetics and toiletries are becoming more premium in terms of packaging and formulas. When buying skin care and bath and shower products, consumers demand a product that is affordable but has a luxury appeal and feel (Euromonitor, 2005). New product launches in skin care led to 4.0% category growth, making it the fastest growth category for the country. Colour cosmetics also showed reasonable increases of 3.5%. For the first time in years, several important market segments failed to show a positive sales trend, such as hair care and perfumes (Colipa, 2006). Men's grooming products has been one of the most dynamic sectors of the market, still benefiting from the rapid surge during the second half of the review period (Euromonitor, 2006).

Table 1.2 The Netherlands and EU market for cosmetics and toiletry per product group, 2004 at retail sales prices (RSP), in million €, share in %

Fragrances perfumes		Decorative cosmetics		Skin care		Hair care		Toiletries	
€ billion	%	€ billion	%	€ billion	%	€ billion	%	€ billion	%
0.32	13.2%	0.29	12.1%	0.55	22.5%	0.63	25.8%	0.64	26.4%

Source: Colipa (2006)

Natural cosmetics consumption

With emphasis on energy, stress and balance in marketing of bath, shower and skin care products, there is increasing demand for products of natural origin and cosmecueticals. According to NCV, products with natural ingredients enjoy an ever-increasing popularity in The Netherlands and Western Europe. However, a large share of cosmetic products is produced in other parts of Europe.

Natural ingredients for cosmetics

Information on The Netherlands market for natural cosmetics and natural ingredients for cosmetics is very scarce. Table 1.3 below shows industrial demand of vegetable oils, which has shown a decrease between 2001 and 2003. Please note that many of these products, especially palm oil, soybean oil and sunflower oil, are mass market products, of which only a small part ends up in cosmetics. Because of these large volumes, they are very difficult for smaller producers to enter.

Table 1.3 The Netherlands consumption (domestic supply) of vegetable oils, 2001-2003, in 1,000 tonnes

	2001	2002	2003	Share of EU
Coconut oil	176,665	152,547	91,316	14.0%
Groundnut oil*	60,000	57,000	49,000	27.7%
Olive oil	7,716	11,176	11,800	0.6%
Palm kernel oil	68,868	64,383	63,355	9.9%
Palm Oil	589,729	567,400	460,848	13.8%
Sesameseed oil	11,018	3,202	4,076	14.1%
Soybean oil	313,671	333,486	344,259	15.4%
Sunflower seed oil	216,214	189,869	188,591	7.5%
Other vegetable oils	*229,054*	*239,332*	*301,089*	*5.5%*
Vegetable oil total	**1,672,935**	**1,618,395**	**1,514,334**	**8.8%**

Source: FAO (2005)
*The use of groundnut oil in cosmetics is decreasing due to its allergic properties.

The country has a number of natural ingredient producers and traders, which can be found in chapter 3 of this survey. Considering this, there should be a market for such products. Jan Dekker is a particularly prominent player.

Market segmentation

The market for natural ingredients can be segmented at different levels. Firstly, there is a clear difference between established ingredients, with a focus on quality, price and consistency, and new ingredients with a focus on functionality, safety and meeting regulations.

Secondly, the market for natural cosmetic ingredients can be divided into a segment for the processing industry and the end-product manufacturers. In the processing industry herbal extraction houses, milling operations, essential oil distillers, farms, nut and seed oil producers and wholesale distributors with value-add capabilities are all important.

Thirdly, the market is also segmented according to type of ingredient such as essential oils, vegetable oils and plant extracts. In The Netherlands, vegetable oils and fats are the main segment due to the country's role in European trade of these products.

Trends in industrial demand

Sales of cosmetics and toiletries are expected to continue being under pressure, as most markets are mature. Innovation is seen as an essential element to guarantee future growth, with manufacturers expected to respond with new adapted products and formats that take into consideration the changing lifestyles of Dutch consumers. Premium cosmetics and toiletries are expected to continue to show growth, despite the slow economic environment, as shown by strong growth in premium women's and men's fragrances (Euromonitor, 2005).

Following general European trends as discussed in the survey covering the EU, The Netherlands market for natural cosmetics or organically certified cosmetics is expected to continue its upward momentum. Although local production is limited, this should also partly translate into increased demand for ingredients.

Production

Total production

Cosmetics production

Except for Unilever, The Netherlands does not have any large cosmetics manufacturers, and only a limited number of smaller companies, among which are producers of several natural cosmetics. Moreover, production facilities of multinational cosmetics companies are also not often located in the country. However, domestic production is increasing.

Ingredients production

The main oil crops cultivated for use in the non-food industry are rape seed and flax. Although Dutch vegetable oil crop production is negligible, an important processing industry exists for both oils as derivates, generating a food and non-food production value of nearly € 2.3 billion (Ienica) (2001). Of the 13 processors identified, Uniqema, now part of Uniqema (http://www.uniqema.com) in Gouda is by far the most important one, being a multi-national oleo chemical industry that processes a multitude of natural oils and fats of vegetable and animal origin (Ienica, 2003).

Please note that many specialist fats and oils from developing countries are not included here, because they are not, or to a very limited degree, produced in The Netherlands.

Table 1.4 The Netherlands production of vegetable oils, 2001-2003, in 1,000 tonnes

	2001	2002	2003	Share of EU
Coconut oil	1,832	639	63	0.3%
Groundnut oil	65,115	54,452	45,887	73.5%
Palm kernel oil	6	74	550	44.5%
Sesameseed oil	6,902	1,833	3,095	12.1%
Soybean oil	821,600	737,400	689,700	23.8%
Sunflower seed oil	284,200	169,300	216,600	4.0%
Other vegetable oils	*217,036*	*250,239*	*199,353*	*4.2%*
Vegetable oil total	**1,398,692**	**1,215,939**	**1,157,251**	**8.8%**

Source: FAO (2005)

Production of herbs used in cosmetics is limited in The Netherlands. The main herbs grown are shown in table 1.5. Other herbs used for cosmetics cultivated in The Netherlands to some extent, starting at 10 hectares (and decreasing along the list) are Borage, Peppermint, Sage, St Johns Wort, Lemon balm, Leopard's bane and Chamomile (EHGA Europam, 2005). Additional to this, Ienica mentions the production of caraway, which does not show in this table.

Table 1.5 Indication of total cultivated area, organic area and number of growers of herbs used in cosmetics in The Netherlands, 2005, in hectares

Scientific name	Common name	Total area	Organic area	Nr. of growers
Linum usitatissimum	Flaxseed	100	5	30
Cannabis sativa	Hemp	75	5	100
Levisticum officinalis	Lovage	45	5	25
Ocimum basilicum	Basil	20	5	25
Angelica archangelica	Angelica	18		1
Viola tricolor	Heart's ease	14		4
Allium sativum	Garlic	10	2	15
Other		*20*	*8*	*93*
Total		**302**	**30**	**293**

Source: EHGA Europam, 2005

According to Ienica, the following species are cultivated in The Netherlands on a total area of 500 hectares; *Allium schoenoprasum* (leaves), *Anethium* (above ground parts), *Angelica* (roots), *Apium graveolens* (leaves), *Borago officinalis* (above ground parts), *Cerefolium* (leaves), *Chrysanthemum parthenium* (above ground parts), *Digitalis lanatae* (leaves), *Drancunla* (above ground parts), *Lactuca virosae* (leaves), *Levistica* (above ground parts and roots), *Lobelia inflata* (above ground parts), *Melilota* (above ground parts), *Oenothera biennis* (seed), *Petroselina* (leaves),*Pimpinella saxifraga* (roots), *Plantago lanceolata* (leaves), *Rhea sinensis* (roots), *Taraxaca* (leaves and roots), *Thymus vulgaris* (leaves), *Valeriana* (roots) and *Viola tricolor* (above ground parts). Furthermore, a large variety of herbs and spices is imported.

No information is available on domestic production of the other product groups considered in this survey.

Major players

The major Netherlands company in the cosmetics sector is Unilever with a cosmetics turnover of € 7.5 billion in 2004, ranking it third worldwide (WWD Beauty 2005). The most important producer of raw plant material is VNK. Jan Dekker is a large trader and producer of a large range of cosmetic ingredients. Other producers are Jacob Hooy and de Cruydhof (raw plant material). For the contact details for these companies as well as other natural ingredient traders and specialized cosmetic producers please refer to chapter 3 of this survey. Furthermore, the 2001 Ienica report also lists a number of producers in The Netherlands, starting from page 68.

Trends in production

A large part of the production of cosmetics in The Netherlands is conducted by multinationals, producing for the European market at large. However, production in The Netherlands is growing. The production of vegetable oils in The Netherlands is, however, decreasing.

Opportunities and threats

As sales of cosmetics and toiletries will continue to be stagnant, opportunities for producers of cosmetic products on The Netherlands market mainly exist in innovation. As natural cosmetics are seen as one of the ways to add value to products by producers, and there is a growing interest among the population in European countries, it is to be expected that natural cosmetics market will continue to increase.

With increasing domestic production, as well as a number of natural-oriented cosmetic and natural ingredients processors and traders, this should offer exporters of natural ingredients from developing countries increasing opportunities on The Netherlands market. However, please note that many ingredient needs, especially those for vegetable saps and extracts and raw plant material are sourced through Germany and other EU countries.

Useful sources

Interesting sources for obtaining information on the consumption and production of cosmetic products and their ingredients are firstly encountered in the CBI survey covering the EU. However, focusing on The Netherlands, the 2003 Ienica provides valuable information on vegetable oil production and specialty crops such as aromatic plants and dyeing plants. This report is available at http://www.ienica.net. Furthermore EHGA Europam (http://www.europam.net/) offers information on the cultivation of herbs in The Netherlands. Organizations mentioned in section 6 can also serve as information sources.

2. Trade: imports and exports

The Netherlands is the second largest EU importer of vegetable oils, fats & waxes, although it should be mentioned that not much of the oils is destined for the cosmetic industry, but is re-exported to other EU member states and mainly used in other industries. Between 2000 and 2004, The Netherlands increased its imports of this product group from developing countries by 10.6% annually, and re-exports to other EU countries increased as well. The Netherlands is also among the five leading countries for vegetable saps and extracts, and essential oils.

Imports of raw plant material are increasing very fast, by 37% per year between 2000 and 2004, amounting to € 28 million in 2004. Imports of the other natural ingredients, except for essential oils, witnessed more limited increases between 2000 and 2004. Essential oils showed a decrease.

Although every product considered within the product group vegetable oils and fats is showing an annual increase, this is especially high for fixed fats and oils (+12.4% between 2000 and 2004), and cacao butter, fat and oil 19.7%). The share of developing countries in waxes and cacao butter, fat and oil, is growing fast.

Among the major essential oils imported, only orange oil (+19% per year between 2000 and 2004) and citrus fruit oils (+10%) are showing a strong increase. Moreover, developing countries are increasing their share in imports for these products. On the other hand, mint (-16.5%)and vetiver oil (-7.5%) are showing a substantial decrease. Moreover, for vetiver oil, developing countries have lost a large part of their market share.

The leading suppliers of natural ingredients for cosmetics are European countries, such as Germany, France, Belgium and Spain, which often also re-export ingredients to The Netherlands. EU countries play a smaller role for all product groups than they do in the EU in general, thereby underlining the role of The Netherlands as an entry point for international products.

Germany is an important (re-)exporter of vegetable oils to The Netherlands, as well as of vegetable saps & extracts; France (re-)exports essential oils & oleoresins and Germany colouring matter. Belgium is also regularly represented in the natural cosmetic ingredients trade to The Netherlands.

Table 2.1 Leading suppliers of ingredients for cosmetics to The Netherlands (share in imported value, 2004)

Product	Total 2000 € 1,000	Total 2004 € 1,000	Leading suppliers in 2004 (share in %)		Share in NL imports (%)
Vegetable oils, fats & waxes	327,165	489,604	Intra-EU:	Germany (10%), Belgium (4%)	18%
			Extra EU excl DC*:	USA (1%)	4%
			DC*:	Philippines (19%), Indonesia (17%), Cote d'Ivoire (15%), Malaysia (7%), India (5%), Brazil (4%)	78%
Vegetable saps & extracts	67,718	75,016	Intra-EU:	Germany (14%), France (8%), Belgium (8%), Portugal (7%), Italy (4%)	49%
			Extra EU excl DC*:	USA (17%)	23%
			DC*:	China (15%), India (5%)	28%
Essential oils & oleoresins	50,342	60,265	Intra-EU:	France (7%), Spain (5%), Germany (%), UK (5%)	25%
			Extra EU excl DC*:	USA (22%)	27%
			DC*:	Brazil (20%), India (5%), Cuba (4%), Indonesia (3%)	48%
Raw plant material	7,862	27,629	Intra-EU:	Belgium (4%), Germany (4%)	11%
			Extra EU excl DC*:	Israel (13%), USA (6%), Japan (5%)	36%
			DC*:	Kenya (27%), South Africa (10%), China (4%)	53%
Colouring matter	9,867	14,251	Intra-EU:	Germany (11%), France (9%), Denmark (7%), UK (5%), Italy (5%), Spain (4%)	46%
			Extra EU excl DC*:	Israel (38%), Switzerland (7%)	54%
			DC*:	India (1%), China (1%)	2%

Source: Eurostat (2005)
*DCs: Developing countries

Developing countries which play a substantial role on The Netherlands market are Indonesia, Malaysia and the Philippines (vegetable oils), China, India Brazil and Kenya. The role of developing countries is larger for every product group, except for colouring matter.

Exports

The Netherlands is the main EU exporter of vegetable oils, fats & waxes, amounting to € 985 million in 2004. Between 2000 and 2004, exports increased by an average of 9% per year. However, this also includes vegetable oils for the food sector. The Netherlands serves as an important trading and processing point of this product group, but also serves as an entry point for other developing country products, which are then re-exported to other EU countries. Exports from The Netherlands are also growing for other product groups. Exports of vegetable saps and extracts, grew by an average 6%, amounting to € 65 million in 2004. The growth of essential oils and raw plant material is even more profound, with the first showing an annual growth of 9% to € 39 million and the latter of almost 15% to € 13 million. Exports of colouring matter show the most growth at an average of 18% between 2000 and 2004, amounting to

€ 33 million. This makes The Netherlands the second exporter for this product group. Re-exports to other EU countries are likely to constitute a significant part of these exports.

Opportunities and threats
As was discussed above, the market for natural ingredients can also be expected to continue its upward momentum.

Therefore, The Netherlands can be seen as an interesting importer for developing countries due to the high shares for developing countries in most product groups and the positive development of total imports. At a product level, import statistics showed interesting developments for fixed fats and oils, cacao butter, fat and oil, waxes, orange oil and citrus fruit oils. However, development of vetiver oil is very negative.

The Netherlands, as an entry point for ingredients (but then especially for vegetable oils, fats and waxes) therefore has a considerable number of traders in natural ingredients. Especially traders of vegetable oils, fats and waxes are of importance. An example of an organic trader is Tradin (http://www.tradinorganic.com/), but large conventional processors and traders such as Cargill also have an important presence in The Netherlands.

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' → go to 'full view' → go to 'external trade' → go to 'detailed data'.

3. Trade structure

Trade channels
In general, the same trade channels apply to The Netherlands as in the rest of the EU. The traditional approach of contacting traders, intermediate processing companies such fragrance houses, refining companies and extractors, agents or wholesalers (either with or without processing capacity, dependent on the product) remains the most important method.

There is also a number of distributors representing well known ingredient suppliers/manufacturers. These distributors may also have their own specialised lines of ingredients. Otherwise these distributors have their own principals with whom they deal and most do not actively look for other suppliers, especially of the same ingredients. However, it is useful to investigate which suppliers/producers supply these distributors. Internet research and trade fair visits facilitate this.

However, some end-industries can also be approached, as they also import directly from developing countries. This is particularly the case for specialist niche players such as natural or organic producers, which are listed below. Please keep in mind that end-industries are often not keen on adding to their supplier list and are therefore far more difficult to establish business relations with than traders, wholesalers etc.

Regarding processing, it needs to be stated that for, certain ingredients, value addition takes place in the EU e.g. vegetable oils where manufacturers generally prefer to use refined oils. Refining oils outside EU is economically challenging. On the other hand, essential oils need little or no further processing; examples of processing; include breaking down into smaller units, re-packing and labelling. Regarding plants extracts, although extraction can take place in Europe, the higher value of the goods may make extraction outside the EU more economically feasible. Supply scenarios like this also determine the trade structure. E.g.

manufacturers do not want to buy one container of unrefined vegetable oil – they might need 200kg refined each week.

For general information on trade structure, please refer to the CBI survey covering the EU, in which specific approaches for new ingredients are also included. Below, we give list of the most important cosmetic companies, as well as interesting companies focusing on natural cosmetics production, ingredients processing or production and ingredients trade.

Multinational cosmetic companies, active on the EU market, dominate the cosmetics market in The Netherlands. Moreover, some important importers and/or specialist manufacturers of natural ingredients are: Jan Dekker International B.V. (*plant extracts*); Quest International (*flavour, fragrances*) and Jacob Hooy & Co B.V. (*herbal ingredients*). In total, The Netherlands can be considered an interesting importer of natural ingredients, with Netherlands traders also exporting throughout Europe.

Leading cosmetics companies	
• Unilever	http://www.unilever.com/
• Dr. van der Hoog Cosmetics	http://www.dr-vanderhoog.nl/home/index.php
Producers of natural ingredients for cosmetics and natural cosmetics	
• Jan Dekker International	http://www.jandekker.com cosmetic ingredients
• De Cruydhof	http://www.cruydhof.nl/ Plant extracts and natural cosmetic products
• Quest International	http://www.questintl.com/home/index_02.html Flavours and fragrances producer
• Jacob Hooy & Co B.V.	http://www.jacob-hooy.com Herbal ingredients
• Marleen Kruiden	http://www.marleenkruiden.nl Cultivates herbs
• Verenigde Nederlandse Kruidencoöperatie	http://www.vnk-herbs.nl production

Sources: Euromonitor (2005), ProFound's and consultants' sources

Trends

As the European cosmetic market is consolidating, the number of powerful players is decreasing and the remaining companies are growing in size. On one side, this increases the market power of these players in negotiations with their suppliers. Moreover, these players are more demanding concerning services along with supply, i.e. product documentation, and want to limit the number of suppliers they work with. On the other side, the European companies are realising that special attention needs to be given to the management of a sustainable supply chain, to safeguard investments in the earlier development of their own consumer product portfolio. At the same time ongoing innovation in new cosmetic natural ingredients requires a build up of new supply chains in order to be sustainable (IENICA EU report, 2005).

However, small players will still fulfil an important role, filling the niches the large companies do not cater for. This will especially be the case for specialist products. Natural cosmetics and organic ingredients are examples of such niches. Many of these companies tend to be supplied by specialised processors or traders. Several of the traders above have developed organic lines in addition to their conventional quality ingredient portfolio. Direct sourcing from developing countries is also more common in this specialist channel.

It is noted in the survey focusing on the EU that several conventional multinationals have also (re-)entered the organic and natural ingredient markets.

An important trend, prevalent throughout the European cosmetic and ingredients sector concerns more direct sourcing. Due to GMP requirements, this is increasingly a must for producers in The Netherlands.

Useful sources

For general information, please refer to Chapter 8 of the survey covering the EU. Two examples if interesting sites to visit for additional information, especially current trade leads and companies, are the following market places or buyer guides: http://www.ingridnet.com and http://www.herbworld.com. Greentrade (http://www.greentrade.net), an online marketplace serving as an important reference point for organic products is of interest. The sections "medicinal and aromatic plants", "herbs, spices and condiments", "cosmetic products" and "raw materials" are of relevance.

4. Prices and margins

Prices and margins

For prices of ingredients, please refer to the survey covering the EU, as the indications of prices given there do not differ from those in The Netherlands. Actual prices are dependent on negotiation with the companies. Exporters need to have detailed production costs/volume price breaks for the ingredients that they supply. This will give them a vital reference point for any negotiations with buyers.

Useful sources

Interesting sources of price information are especially the trade magazine Public Ledger (http://www.public-ledger.com) and ITC market news service (MNS) (http://www.intracen.org).

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.

Legislative requirements

National legislation in EU countries is compulsory for all products traded within the country concerned. Therefore, as an exporter in a developing country you have to comply with the legislative requirements that are applicable to your products. For information on legislation for natural ingredients for cosmetics go to 'Search CBI database' at http://www.cbi.nl/marketinfo, select your market sector, and the EU country of your interest in the category search, click on the search button and click on legislative requirements for an overview of all documents on legislation in your country of interest.

Non-legislative requirements

Social, environmental and quality-related market requirements are of growing importance in international trade and are often requested by European buyers through labels, codes of conduct and management systems. For information on non-legislative requirements applicable to natural ingredients for cosmetics, go to 'Search CBI database' at http://www.cbi.nl/marketinfo, select your market sector and the EU country of your interest in the category search, click on the search button and click on your subject of interest under non-legislative requirements for an overview of all documents on the subject concerned in your country of interest.

Packaging, marking and labelling

For general information on packaging, refer to the survey covering the EU. You can download information on requirements on packaging, marking and labelling in specific EU markets from http://www.cbi.nl/marketinfo.

Tariffs and quota

For information on import tariffs, please refer to the survey covering the EU. The general VAT rate in The Netherlands is 19% as of February 2006 and this also applies to cosmetic products.

Useful sources

- CBI Database http://www.cbi.nl/marketinfo
- Taric Homepage http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm
- Directorate General XXI http://europa.eu.int/comm/taxation_customs/common/publications/info_docs/taxation/index_en.htm

6. Business practices

For general information on business practices, exporters should refer to the survey covering the EU, CBI's Export Planner and CBI's Image Builder manual.

Selecting a suitable trading partner

Finding a trade partner in The Netherlands should not deviate from the general EU method as described in the survey covering the EU. Netherlands importers search for new suppliers from developing countries visiting the country of interest, through recommendations, also ,but less often, through trade fairs. The most common ways for developing country exporters approaching Netherlands' customers are through direct (e)mail, personal visits as follow up, inviting potential customers to visit them in their country, building your network and visiting international trade fairs.

After obtaining contacts, evaluating potential trade partners should be done according to criteria such as information quality, geographic coverage, the kind of trade relation the partner is interested in, the position of the partner and the financial status and credibility.

Coming to terms with your trade partner

As in the rest of Europe, both general offers and specific are common in The Netherlands. Therefore, common practices as detailed in the survey covering the EU apply. When establishing an overseas price for your products, factors to take into consideration are: competition, costs such as production, packaging, transportation and handling, promotion and selling expenses; the demand for your product or service and the maximum price which the market is willing to pay. Conformity to market prices depends on the products novelty. How you price your product demands a good deal of thought and effort, since it directly affects your ability to make a profit.

The most commonly used contract terms in the market for natural ingredients for cosmetics are documents against payments (D/P), by which the buyer takes possession of the goods only after payment, and payments in advance, which are most desirable from the seller's standpoint, but also has drawbacks. Most initial export shipments are partly pre-paid before the natural ingredients are shipped. In case of co-operation agreements with overseas companies, payment terms could also include periodical payments.

Export terms of sale determine what costs are covered in the price of the cargo, at what point ownership transfers to the buyer and at what point responsibility for the cargo is transferred. The most commonly used term of sale is FOB (Free on Board). Under this term, the seller quotes a price for goods that includes the cost of loading at the port of departure. The buyer arranges for transportation and insurance. Less frequent are CFR (Cost and Freight) and CIF (Cost, Insurance, Freight). Special attention should also be given to contract fulfilment in reference to contingencies that might occur while the sale order is being processed, shipped etc.

Cultural differences

A profound knowledge of The Netherlands' business culture is one of the main keys to a durable relationship. In spite of all modern communication tools, the personal relationship with a trading partner often decides a durable co-operation. The general business culture of people in The Netherlands is described below:

- They are rather informal and are quick to use first names.
- They treat their counterparts as equal and are friendly in their communication.
- They are direct in their approach and they prefer short, clear lines of communication.
- Often they do not have a secretary to bring coffee; instead they ask you to
- accompany them to the coffee machine somewhere in the corridor; coffee is offered throughout the day.
- Dutch trading partners expect you to take the initiative in the conversation such as "What do you have to show or tell me?" They like to ask questions and take a proactive attitude.
- Dutch counterparts are empowered by their organisation to make decisions.
- there is no need to refer to their bosses; responsibilities are delegated to purchasers.
- They are very task oriented and do not like extensive social talk; they like to come straight to the point; being very price conscious, Dutch importers will be quick to ask the price.
- Showing off is frowned upon. 'Act normal' is their way of doing business. Therefore expensive and colourful brochures are often counter productive.
- Dutch purchasers like to work with strict deadlines.

Internet provides many sources on business practices and culture, such as http://www.cba.uni.edu/buscomm/InternationalBusComm/world/europe/netherlands/netherlands.html. Please keep in mind that the above concerns general remarks. Therefore, when conducting business, use you intuition and understanding attitude.

Sales promotion
Common practices of trade promotion should not differ much from other European countries. Most inhabitants of The Netherlands speak English (and sometimes French, German and Spanish), especially when they are in the trade business. In general, good care should be taken of existing contacts, by applying prompt, constant and reliable communication. Letters of inquiry should always be replied to. An essential tool used in sales is a detailed and up-to-date customer database.

Exporters should realise that the Internet is an important medium in sourcing raw materials for herbal products. A number of users/traders of natural ingredients stated that they use the Internet in order to find new suppliers.

In the case of ingredients for cosmetics, some importers in The Netherlands are not in favour of trade fairs as a means to promote suppliers from developing countries. However, visiting or even participating in one can be an efficient tool for communicating with prospective customers. It can also be a valuable source of information on market developments, production techniques and interesting varieties.

Assistance with market entry can also be sought through local business support organisations, import promotion organisations such as CBI and branch organisations focusing on the cosmetic, herbal medicine and natural ingredients sectors.

- Netherlands' **trade associations** that could be of interest are NOFOTA; Netherlands Oils, Fats & Oilseeds Trade Association (http://www.nofota.com), the Dutch Cosmetics Organisation (http://www.ncv-cosmetica.nl) and the Club of Oils and Fats (http://www.oilsfats.nl).
- In 2006/2007 no **trade events** are known in The Netherlands for the in this report discussed sector.
- Interesting **trade press** in The Netherlands is only published in Dutch. Kosmetiek (http://www.kosmetiek.nl/kosmetiek/index.php) is of interest.

This survey was compiled for CBI by ProFound – Advisers in Development

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