CBI MARKET SURVEY

THE VEGETABLE OILS AND FATS (INCLUDING OIL SEEDS) MARKET IN THE NETHERLANDS

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Report summary
This CBI market survey discusses the following highlights for the vegetable oils and fats (including oil seeds) market in The Netherlands:

- With a total market of 1.4 million tonnes in 2005, The Netherlands is the second leading EU consumer of vegetable oils and fats (excluding olive oil), accounting for 17% of total EU25 consumption. The consumption of olive oil is relatively low, amounting to 14.1 thousand tonnes.
- With a total of 491 thousand tonnes in 2005, The Netherlands is the fourth leading consumer of oil seeds in the EU, accounting for 12% of total EU25 consumption
- The Netherlands is the fourth leading producer of vegetable oils and fats and is not a producer of oil seeds. The main product which is produced in the Netherlands is sunflower oil.
- With imports amounting to € 1.3 billion / 2.5 million tonnes in 2005, The Netherlands is the second leading importer of vegetable oils and fats in the EU. In the same year, oil seed imports amounted to 528 thousand tonnes, representing a value of € 152 million. The Netherlands is an important EU re-exporter of vegetable oils and fats, with Rotterdam being the main trading centre for the EU vegetable oils and fats trade.
- Developing countries play an important role in the supply of vegetable oils & fats, accounting for 85% of the import value.

This survey provides exporters of vegetable oils & fats and oil seeds 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 vegetable oils and fats (including oil seeds) 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

1 Market description: consumption and production

Consumption

Vegetable oils and fats

The Netherlands is the 2nd leading consumer of vegetable oils and fats (excluding olive oil), accounting for 17% of total EU25 consumption. Between 2001 and 2005, consumption of vegetable oils and fats in The Netherlands showed an average annual increase of 13%, amounting to 1.4 million tonnes in 2005.

At an average annual growth rate of 13%, the increase in total consumption was mainly due to the increased popularity of palm oil. Within the group of vegetable oils and fats (excluding olive oil), palm oil is, by far, the leading consumer product, accounting for 67% of total consumption in The Netherlands. Consumption of palm oil showed an annual average increase of 17% during the review period, amounting to 928 thousand tonnes in 2005.

Sunflower oil has also increased in importance, with an average annual increase of 22% between 2001 and 2005. Only the consumption of coconut oil and groundnut oil decreased during the survey period.

The Netherlands is a relatively small consumer of olive oil, accounting for less than 1% of total EU25 consumption. Olive oil consumption in The Netherlands remained rather stable between 2002 and 2006, representing an average annual increase of 9%. The International Olive Oil Council expects olive oil consumption in The Netherlands to increase to 14.1 thousand tonnes for 2007.

According to industry sources, there is a trend towards more vegetable oils and fats in The Netherlands. This is linked to the general trend of consumer preference for vegetable products instead of animal products for health reasons. Within the group of vegetable oils and fats, consumption of sunflower oil shows a particularly strong increase, since this is one of the only oils which can be used in diet products. Palm oil is another product for which a growing demand can be observed. The growing demand for this product in the food industry also has to do with health reasons. Palm oil is one of the only oils that does not 'harden' while processing and therefore does not increase the proportion of trans-fatty acids in the consumer product. Furthermore, like in other European countries, a growth in the demand for vegetable oils and fats for the bio fuel industry can be observed in The Netherlands.

With regard to organic vegetable oils and fats, several industry sources mention that no real growing demand for organic products can be observed (yet), even though society often is under the impression that growth is significant.

Table 1.1 Consumption of vegetable oils and fats, including olive oil, in The Netherlands, 2001-2006, in 1,000 tonnes

	2001	2003	2005	Average annual % change
Total vegetable oils and fats	**848**	**869**	**1,391**	**13%**
Palm oil	502	508	928	17%
Sunflower oil	91	125	203	22%
Coconut oil	173	151	142	-5%
Palmkernel oil	76	81	116	11%
Groundnut oil	6	4	2	-24%
	2002	**2004**	**2006**	**Average annual % change**
Olive oil*	9.1	11.1	12.9	-9%

* Source for olive oil: International Olive Oil Council (2007)
Source: Fediol (2006)

Oil seeds

Seed crushing data by Fediol (2006) indicate that The Netherlands is the 4th largest EU consumer of oil seeds, accounting for 12% of total EU25 consumption. Between 2001 and 2005, consumption of oil seeds in The Netherlands decreased by an annual average rate of 7%, amounting to 491 thousand tonnes in 2005. Sunflower seed is, by far, the leading consumer product in The Netherlands, accounting for 98% of total consumption of oils seeds, followed by groundnuts (2%).

Production

Vegetable oils and fats

- The Netherlands is the fourth largest producer of vegetable oils and fats (excluding olive oil), accounting for 12% of total EU25 production.

- Within the group of vegetable oils and fats, sunflower oil is, by far, the leading product produced in The Netherlands, accounting for 99% of total production. Furthermore, a very small amount of groundnut oil is produced in The Netherlands, representing 1% of total vegetable oils and fats production.
- Although exact data are difficult to assess, it is well-known that The Netherlands is the world's leading producer of cocoa butter.
- The International Olive Oil Council does not provide data on olive oil production in The Netherlands.

Oil seeds

- Because of climatic conditions, production of the selected oil seeds in this survey is very limited in The Netherlands. According to Fediol, there is no production of oil seeds in The Netherlands.

Opportunities and threats

- The Netherlands is the second leading EU25 consumer of vegetable oils and fats and consumption is still increasing quite strongly. This, in combination with a decrease in production by an annual rate of 7%, makes The Netherlands an interesting market for developing country exporters. Moreover, most of vegetable oil consumed in The Netherlands has to be imported from developing countries.
- Based on consumption patterns in The Netherlands, vegetable oils offering opportunities for developing country exporters are palm oil and sunflower oil. The Netherlands is probably becoming a less attractive market for producers of groundnut oil since consumption shows a drastic decrease by an annual rate of 24% between 2001 and 2005.
- Because of climatic limitations, only a few oil seed products can be grown in The Netherlands. Others have to be imported, mostly from developing countries.
- On the other hand, The Netherlands is becoming a less attractive market for the selected oil seeds, because consumption of oil seeds – particularly of sunflower seeds – decreased by an annual average of 7% between 2001 and 2005.
- According to industry sources, the high standards in the European Union with respect to product quality and food safety can make it challenging for producers in developing countries to achieve these standards and market their products.
- Exporters should note that a development or trend can be an opportunity for one exporter, while posing a threat to other exporters. Exporters should therefore analyse if the developments and trends discussed so far provide opportunities or threats depending on their specific situation.
- Please refer to Chapter 7 of the CBI survey covering the EU market for an example of such an analysis.

Useful sources

- MVO (Productschap Margarine, Vetten en Oliën – http://www.mvo.nl/
- The EU Oil and Protein-meal Industry (Fediol): http://www.fediol.be/
- The International Olive Oil Council (IOOC): http://www.internationaloliveoil.org/
- Interactive European Network for Industrial Crops and their Applications (IENICA): http://www.ienica.net/
- FAO's statistical database FAOSTAT: http://faostat.fao.org
- Oil World: http://www.oilworld.biz

2 Trade channels for market entry

Trade channels

The trade in vegetable oils and fats (including oil seeds) takes place on the international scene. The Chicago Board of Trade is the central meeting-point for traders in vegetable oils and fats, and their raw materials like oil seeds. Developments there determine the markets vegetable oils and fats as well as oil seeds world-wide.
It should be mentioned, however, that the main trading centre for the EU vegetable oils and fats, the port of Rotterdam, is situated in The Netherlands. Large players in vegetable oils and

fats trade such as ADM, Bunge and more are therefore situated in The Netherlands. From here, a large part of the vegetable oils, which are predominantly sourced in developing countries, is redistributed to other EU member countries. Part of the re-exports concern imports of crude vegetable oils, which are refined in The Netherlands before being re-exported.

Vegetable oils and their raw materials can be traded directly from the source to the European processing industry or through one or more traders (agents, exporters, importers etc.). Rotterdam is the main trading centre for the EU vegetable oils and fats trade.

A producer of vegetable oils and oil seeds can choose from a number of distribution channel options available, depending on the requirements of the downstream companies. In general, large volumes go straight from producer to processor, while suppliers of smaller volumes may opt to use agents, brokers or importers.

Interesting companies in The Netherlands are:
- Bunge http://www.bunge.com/
- Glencore http://www.glencore.com/pages/company_overview.htm
- ADM http://www.admworld.com/
- Spack http://www.spack.nl/
- Nieuweband http://www.nieuweband.nl/index2.htm

Please refer to the CBI survey covering the EU market for vegetable oil and fats (including oil seeds for a more comprehensive discussion on the main trade channels in the EU.

Price structure
The Chicago Board of Trade is the most important market for several vegetable oils and oil seeds. Prices established at this exchange largely determine prices for these and related products all over the world.

The margins charged by the different intermediaries in the vegetable oil and oil seed trade are influenced by many different factors like the type of goods, current and expected prices, cost of refining, availability, processing possibilities, etc. All these factors make it extremely difficult to provide information on typical margins in the trade of vegetable oils and fats and oil seeds.

Regarding organic vegetable oils / oil seeds, there is a price mark-up attached to the product, which is also paid to the exporter. As the organically certified vegetable oils and oil seeds may be traded in relatively smaller quantities, there can be an additional cost incurred by the importer.

Selecting a suitable trading partner
Finding a trade partner in The Netherlands should not deviate from the general EU method as described in the CBI market survey covering the EU market. Buyers and suppliers often find each other through existing contacts. If the exporter can not rely on existing contacts, new contacts need to be made. Contact details can be found at http://www.goudengids.nl or through the Dutch Chamber of Commerce.

Establishing contact through export directories or directly through contacting interesting companies you encounter, can also be useful. Traders also fulfil an important function in market linking, while and websites offer another opportunity to find trade partners.

According to industry sources, big importers in The Netherlands usually have offices in which agents are established in the countries where they source their products. Since quality standards for vegetable oils and fats in Europe are high, this is the best way for importers to avoid problems. However, Dutch companies also visit Trade Fairs to meet suppliers, like for example in Malaysia.

On-line company databases for finding companies working in the vegetable oils and fats (including oil seeds) market are:

- MVO (Productschap Margarine, Vetten en Oliën – http://www.mvo.nl/
- VERNOF – (Vereniging van Nederlandse Fabrikanten van Eetbare Oliën en Vetten) – mailto:secretariaat@vernof.nl
- Food world: http://www.thefoodworld.com (an extensive online food business directory, with full EU coverage. Please look under the categories: 'Oilseeds, Oilseed Products,' 'Vegetable Oils and Fats,' and 'Olives, Olive Oil')
- Europages: http://www.europages.com (online business directory, with full EU coverage. 'Oils and fats, edible' are a separate product group, falling under the category of 'Food & related products.)

Business-to-business sources include the following;

- Agronetwork.com (http://www.agronetwork.com/global/)
- Organic Trade Services (http://www.organicts.com/ (also offering organic industry news)
- The site http://www.ingridnet.com is a marketing instrument for companies supplying ingredients to, among others, food industries. The database includes contact details of 15,000 ingredient suppliers.

Another way to get in touch with the appropriate contacts is trade fairs. The BioFach trade fair is of special importance for organic vegetable oils and fats, whereas Anuga (http://www.anuga.com/), SIAL (http://www.sial.fr/) and FI Europe (http://europe2007.fi-events.com/) are of principal importance for conventional products. Participating or visiting trade fairs is also very useful for price benchmarking, establishing quality requirements and looking at what 'extras' your competitors offer.

3 Trade: imports and exports

Imports

Total imports

Vegetable oils and fats

The Netherlands serves as an important gateway for vegetable oils and fats to the rest of the European Union. For many other EU member countries, it is one of the leading suppliers ; most of these supplies concern re-exports of vegetable oils and fats, which have previously been imported from, mostly, developing countries.

The Netherlands is the 2nd largest importer of vegetable oils and fats, accounting for 16% of total EU25 imports. Between 2001 and 2005, imports of vegetable oils and fats from The Netherlands increased by an annual average growth rate in of 18%, amounting to € 1.3 billion in the latter year. Total volume imports of vegetable oils and fats increased by an average annual rate of 12% between 2001 and 2005, amounting to 2.5 million tonnes in 2005. In the same year, developing countries supplied 85% of imports by The Netherlands, representing an average annual increase of 19% since 2001.

Malaysia is the leading supplier of vegetable oils and fats to The Netherlands, accounting for 25% of total import value in 2005, followed by Indonesia (24%), Argentina (14%), and the Philippines (9%). Imports from Argentina show an extraordinary increase between 2001 and 2005.

Oil seeds

The Netherlands is the second largest importer of oil seeds, accounting for 20% of total EU25 imports. Total oil seeds imports into The Netherlands show an average annual decrease rate between 2001 and 2005 of 6%, amounting to € 152 million in the latter year. Imports in terms of volume also decreased by an annual average rate of 6%, amounting to 528 thousand tonnes in 2005. Oil seeds supplied by developing countries decreased between 2001 and 2005 by an annual average growth rate of 15%. In 2005, the share of oil seeds imports by The Netherlands supplied by developing countries amounted to 30%.

Intra-EU25 countries like Hungary and France are the leading suppliers of oil seeds to The Netherlands, accounting for 30% and 20% respectively of total import value in 2005. China and Ukraine are the main developing country suppliers, accounting for 9% and 7% respectively of total import value in 2005. Imports from China show a strong increase between 2001 and 2005 while imports from Ukraine decrease considerably.

Imports by product group

Vegetable oils and fats
Within the group of vegetable oils and fats, palm oil is the leading import product in The Netherlands, with a share of 42%. Palm oil shows an annual average growth rate of 14% during the survey period. This increase was mostly realised to the benefit of developing country suppliers.

Two other important import products with a share of 20% and 19% respectively of total vegetable oils and fats, are sunflower oil and coconut oil. The latter showed the strongest annual average increase in imports with a growth rate of 31% 2001 and 2005.

All products, except olive oil, are important products for developing country suppliers, since they supply between 50% and 95% of them. Palm oil, coconut oil and cocoa butter are the most important and are for more than 90% supplied by developing countries.

Oil seeds
Within the group of oil seeds, sunflower seeds is, by far, the leading import product, with a total market share of 88%. However, imports of sunflower seeds showed a small average annual decrease of 6% between 2001 and 2005.

Within the group of oil seeds, sesame seeds, palm nuts and kernels and copra are important products for developing country suppliers, since they supply more than 90% of them. Another relatively important product is safflower seed, which is for 50% supplied by developing countries.

Table 3.1 Imports by and leading suppliers to The Netherlands 2001 - 2005, share in % of value

Product	2001 € mln	2003 € mln	2005 € mln	Leading suppliers in 2005 Share in %	Share (%)
Total vegetable oils and fats	88	122	180	Intra - EU: France (4%), Germany (3%), Belgium (3%), Italy (2%), Spain (1%)	14%
	30	5.0	8.4	Extra - EU ex. DC*: -	0.7%
	535	878	1,074	DC*: Malaysia (25%), Indonesia (24%), Argentina (14%), Philippines (9%), Cote D'Ivoire (6%), Brazil (2%), Papua New Guinea (2%)	85%
Palm oil	16	10	32	Intra - EU: France (3%), Germany (1%), Belgium (1%)	6%
	0.1	0.05	0.2	Extra - EU ex. DC*: -	0.1%
	301	412	496	DC*: Malaysia (50%), Indonesia (38%), Papua New Guinea (2%), Cote d'Ivoire (1%)	94%
Sunflower and safflower oil	29	58	79	Intra - EU: France (12%), Germany (9%), Belgium (7%), United Kingdom (2%)	31%
	27	0.03	4.6	Extra - EU ex. DC*:	2.2%
	32	147	173	DC*: Argentina (66%), Mexico (1%)	67%
Coconut oil	1.7	4.7	7.7	Intra - EU: Germany (3%)	3.1%

Product	2001 € mln	2003 € mln	2005 € mln	Leading suppliers in 2005 Share in %	Share (%)
	0.05	0.01	0.04	Extra - EU ex. DC*: -	0%
	133	166	237	DC*: Philippines (44%), Indonesia (36%), Malaysia (12%), Papua New Guinea (4%)	97%
Cocoa butter, fat and oil	14	12	7.6	Intra - EU: Germany (1%),United Kingdom (1%)	5%
	1.7	1.2	2.6	Extra - EU ex. DC*: Singapore (2%)	1.5%
	66	138	161	DC*: Cote d'Ivoire (37%), Brazil (15%), Malaysia (13%), Indonesia (8%), Ghana (5%), Peru (4%), China (4%), Nigeria (3%), Thailand (2%), Ecuador (1%), Algeria (1%), Colombia (1%)	94%
Olive oil	23	34	45	Intra - EU: Italy (39%), Spain (25%), United Kingdom (14%), Germany (12%), Belgium (8%)	98%
	0.1	0.2	0.8	Extra - EU ex. DC*: -	0.5%
	0.1	0.2	0.5	DC*: Morocco (1%)	1.2%
Groundnut oil	2.4	2.5	7.2	Intra - EU: Belgium (49%), Germany (1.0%)	51%
	0.04	0.02	0.02	Extra - EU ex. DC*: -	0.2%
	3.5	14	6.8	DC*: Argentina (42%), Brazil (6.0%)	49%
Sesame oil	0.5	0.9	0.6	Intra - EU: Germany (11%), United Kingdom (10%), France (2%)	23%
	0.8	0.7	0.7	Extra - EU ex. DC*: Singapore (10%), Hong Kong (7%), Japan (2.4%)	24%
	0.4	1.4	1.5	DC*: Mexico (23%), India (23%), China (5%), Malaysia (1%)	53%
Total oil seeds	41	20	95	Intra - EU: Hungary (30%), France (20%), Germany (6%), Slovakia (3%), Austria (2%), Czech Republic (1%)	62%
	71	83	12	Extra - EU ex. DC*: Romania (6%), USA (1%)	7.9%
	86	76	45	DC*:China (9%), Ukraine (7%), India (6%), Paraguay (1%), Pakistan (1%)	30%
Sunflower seeds	41	19	94	Intra - EU: Hungary (34%), France (23%), Germany (7%), Slovakia (3%), Austria (2%), Czech Republic (1%)	71%
	70	82	12	Extra - EU ex. DC*: Romania (7%), USA (1%)	9%
	58	49	28	DC*: China (10%), Ukraine (8%), Argentina (1%)	21%
Sesame seeds	0.1	0.8	0.5	Intra - EU: United Kingdom (2%)	3%
	0.2	0.2	0.1	Extra - EU ex. DC*: -	0.6%
	25	25	17	DC*: India (46%), Paraguay (11%), Pakistan (10%), Mexico (7%), Nigeria (5%), Ethiopia (3%), Bolivia (3%), Guatemala (2%), Sudan (2%), Venezuela (2%), Burkina Faso (2%)	97%
Safflower seeds	0.1	0.2	0.4	Intra - EU: Czech Republic (22%), Hungary (7%), Belgium (4%), Austria (3%)	36%
	1.03	0.8	0.1	Extra - EU ex. DC*: Australia (9%), Russia (2%)	11%
	0.5	1.2	0.6	DC*: Kazakhstan (31%), Tanzania (17%), India (5%)	53%
Palm nuts and kernels	0.08	0.1	0	Intra - EU: -	0%

Product	2001 € mln	2003 € mln	2005 € mln	Leading suppliers in 2005 Share in %	Share (%)
	0 0.02	0 0.4	0 0.02	Extra - EU ex. DC*: - DC*: China (76%), India (13%), Ghana (7%)	4.3% 96%
Copra	0.02 0 1.9	0 0 0	0 0 0.01	Intra - EU: - Extra - EU ex. DC*: USA (7%) DC*: Cote d'Ivoire (93%)	0% 7% 93%

Source: Eurostat (2006)
*Developing Countries
Note: In 2005, Bulgaria and Romania were not yet part of the European Union and are, therefore, listed under 'Extra EU excl. DC'

Exports

Vegetable oils and fats

Besides being the 2nd largest EU importer of vegetable oils and fats, The Netherlands is also the second largest exporter of vegetable oils and fats in the EU , accounting for 24% of total EU exports. The value of vegetable oils and fats exported by The Netherlands increased by 13% annually in value terms and 8% annually in volume terms in the period reviewed. In 2005, total exports amounted to € 1.4 billion / 1.4 million tonnes. Exports are mainly oriented to EU countries, especially Germany, Belgium, and the UK. Although The Netherlands is listed as a leading supplier, this mainly concerns re-exports previously imported from (in most cases) developing countries.

Oil seeds

The Netherlands is a small exporter of oil seeds in the EU, accountable for only 7% of all EU oil seed exports. The value of oil seeds exported by The Netherlands decreased by 2% annually in value terms and 5% annually in volume terms in the period reviewed. In 2005, total exports of oil seeds amounted to € 28 million / 39 thousand tonnes. Exports are mainly oriented to EU countries, especially Germany and, to a lesser extent, France, Belgium and the UK.

Opportunities and threats

- The Netherlands, and in particular its port of Rotterdam, serves as an important redistributing centre for vegetable oils and fats to the other EU member countries. This, in combination with its position of second leading EU importers of vegetable oils and fats, makes The Netherlands a particularly interesting market for developing country suppliers.
- Furthermore, with a share of 85% of the import value, developing countries play a determining role in the supply of vegetable oils and fats to The Netherlands.
- Most interesting vegetable oils for suppliers in these countries are palm oil, coconut oil, and cocoa butter, oil & fat. Developing countries supply more than 90% of the import values of these oils to The Netherlands.
- With regard to oil seed, developing countries play a less pronounced role in the supply to The Netherlands.
- Sesame seed, palm nuts & kernels and copra are the most interesting oil seeds, since more than 90% of the imported values of these seeds is directly supplied by developing countries.
- Exporters should note that a development or trend can be an opportunity for one exporter, while posing a threat to other exporters. Exporters should therefore analyse if the developments and trends discussed in so far provide opportunities or threats depending on their specific situation.
- Please refer to Chapter 7 of the CBI survey covering the EU market for an example of such an analysis.

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'
- The EU Oil and Protein-meal Industry (Fediol): http://www.fediol.be/
- The International Olive Oil Council (IOOC): http://www.internationaloliveoil.org/
- FAO's statistical database FAOSTAT: http://faostat.fao.org

4 Price developments

As already mentioned, developments on the Chicago exchange are leading indicators in the price setting of the different vegetable oils world-wide, while Kuala Lumpur (Malaysia) is the main exchange market for palm oil.

Due to improved technology, different vegetable oil products are substitutable: this has a major impact on price settings. For example, palm oil is becoming increasingly popular in the food industry and, consequently, the price rises.

Other factors also influence prices of vegetable oils and oil seeds:
- The climatic conditions.
- Increasing demand for bio-fuels.
- Increasing welfare in the world, and in the new EU member states in particular, leading to increased demand for vegetable oils and fats and a switch in consumption to more luxurious and expensive oils.
- Decline in the consumption of animal fat to the advantage of vegetable oils and fats, which are offer healthier alternatives.
- Quantities of vegetable oils and oil seeds in stocks. Higher stocks generally lead to lower or at least stable prices.
- Due to the resistance to genetically modified soy bean among EU consumers, many European food-processing companies switched to the use of other oils and oil seeds, making these products scarcer.

According to industry sources, there has been and still is a downward pressure on prices for food products in The Netherlands, this in turn has an effect on the prices for vegetable oils and fats and related products. This is the result of the (recent) increasing competition in the retail sector.

With regard to oil seeds, in general, the prices of large volumes of oil seeds depend on exchange rates, in which the value of the dollar is a dominant factor. Prices of most products are not fixed and may fluctuate strongly, depending on season and global yields. Therefore, it is essential to have continuous access to up-to-date price information. Furthermore, the price of the oil seeds is heavily dependent on their quality. Oil seeds are traded by standard contracts, in which the price for a particular quality is stated.

Data on prices for vegetable oils and fats (including oil seeds) in The Netherlands show an overall increase in the prices for raw products. The price for groundnut oil showed a particularly strong increase between 2006 and 2007, amounting to € 957 per tonnes in the latter year. The price for raw palm oil increased from € 353 in 2006 to € 567 in 2007. For more information on prices for vegetable oils and fats in The Netherlands, MVO can be consulted http://www.mvo.nl. Furthermore, interesting sources for price information are listed in the CBI survey covering the EU market for vegetable oils and fats (including oil seeds).

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 government of The Netherlands. 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 vegetable oils & fats and the Netherlands in the category search, click on the search button and click on market access requirements.

Additional information on packaging, marking and labelling for the market in The Netherlands can be found at the website of the MVO on export packaging: http://www.mvo.nl/wetgeving/index.html

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/

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.

Reaching an agreement with your trade partner
If there is no existing contract between the buyer and the supplier, the first step in establishing trade is to make a quotation including information about quality, price, volume, terms of sale, delivery dates, etc. As in the rest of Europe, custom-made offers are most common in The Netherlands, as products and application differs. Therefore, common practices as detailed in the 'Export Planner' and 'Your image builder' apply.

Suppliers and importer are free to negotiate and agree whether quotations and subsequent trade are based on FOB, CIF or CFR prices and which terms of payments are used. The most commonly used terms of payment in the vegetable oils & fat and oil seed trade are the *Letter of Credit* (L/C) and *Cash Against Documents* (CAD).

The final order is preceded by an analysis of the sample provided by the exporter. After approval of the sample, shipment and import formalities need to be arranged according to the agreement between the trade partners.

Internet provides many sources on business practices and culture, such as http://search.atomz.com/search/?sp-q=netherlands&sp-a=sp1002e642&sp-p=all&sp-f=ISO-8859-1, and http://www.kwintessential.co.uk/online/dutch-language-tuition.html. Please keep in mind that these pages only give general remarks. Therefore, when conducting business, use your intuition and an understanding attitude.

Sales promotion
Common practices of trade promotion in The Netherlands do not deviate considerably from other European countries. A significant portion of the inhabitants of The Netherlands speaks English, however, even within the trade business you should not be surprised to encounter persons not able to speak good English. The Dutch language is appreciated and often a necessity. In general, good care should be taken of existing contacts through prompt, constant and reliable communication. Letters of inquiry should always be replied to. Essential tools are a detailed and up-to-date customer database and websites proposing well-defined products,

competitive advantages (e.g. USP, quality, cost reduction and delivery reliability) and client references, to facilitate building trust.

Please refer to CBI's *Export planner* and *Your image builder* for more information on this subject.

Assistance with market entry can also be sought through local business support organisations, import promotion organisations such as CBI and branch organisations focussing on vegetable oils & fats and oil seeds, or the (organic) food sector. Interesting *trade associations* in The Netherlands are:

- MVO (Productschap Margarine, Vetten en Oliën – http://www.mvo.nl/
- VERNOF (Vereniging van Nederlandse Fabrikanten van Eetbare Oliën en Vetten) – mailto:secretariaat@vernof.nl
- Federatie Nederlandse Levensmiddelen Industrie http://www.fnli.nl/

Trade press can function as a means for gaining insight into market developments and competition, but can also have a promotional function. This concerns finding potentially interesting companies, as well as promotion of your own activities and products. Major trade press of EU-wide significance is mentioned in the CBI document 'From survey to success: guidelines for exporting vegetable oils and fats (including oil seeds) to the EU'. Trade press of particular interest in The Netherlands is 'de levensmiddelenkrant' www.foodmagazine.nl.

Trade fairs offer companies in developing countries the opportunity to establish contacts and a trustworthy image through several participations, to promote their products and conduct EU market orientation. Major fairs of EU-wide significance are mentioned in the CBI document 'From survey to success: guidelines for exporting vegetable oils and fats (including oil seeds) to the EU'. Interesting trade fairs in The Netherlands is Victam International- the Global event for supplying the Feed and Food Chain (http://www.victam.com/)

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