The Netherlands exported as much as €1.4 billion in agro-food products to the Gulf region in 2016

The GCC has remained to be an important market for the Dutch agro-food sector in 2016, with an agro-food export rising to almost € 1.4 billion. Main trade destinations in the Gulf region are the Kingdom of Saudi Arabia and the United Arab Emirates, the latter showing the largest growth as export destination. The GCC is depending on food imports for at least 70% of its consumption[1]. Thereby it is geographically close to the EU, and its population is rapidly growing. All of these factors add up to an increasingly interesting market for agro-food export. In return the Netherlands has a lot to offer when it comes to agro-food products, being one of the world's major players in the field of agro-food. This led to a positive trade climate between the Netherlands and the Gulf.

Figure 1. Dutch products at Upgrade Supermarket Doha, Qatar (2017). Source: Embassy of the Kingdom of the Netherlands Riyadh

Dutch agro-food export to the GCC is growing

The agro-food sector in the Netherlands is known for being one of the most crucial drivers of the Dutch economy. The Netherlands is world's second largest exporter of agro-food products in the world, benefitting from a mild climate, flat and fertile soil, and a geographically favourable location at the heart of Europe, which added to the present internationally dominant position of the Port of Rotterdam and Schiphol Airport. The Dutch agro-food sector is a sustainable source of healthy and safe food that is produced with respect for nature and the environment. Dutch agriculture has succeeded in maintaining its lead over international competitors by continually investing in the renewal of agricultural production chains.

[1] 'Asia & Middle East Food Trade: Journal for Leaders in Food & Beverages'. Vol. 34, issue I/2017, p.36

In 2016, the Netherlands exported close to 1.4 billion euros worth of agro-food products to the GCC region. (NB: The figures in this article are excluding agricultural machineries.) This is ranging from 45 million euros for Bahrein, to 550 million euros for the UAE. Compared to 2014 and 2015 a slight growth occurred in overall agro-food export to the GCC region. Figure 2 shows that mainly the export to the United Arab Emirates contributed to this increase. Dutch agro-food export to the Gulf region is about half of the size of the agro-food export to the emerging BRICS countries according to the trade statistics of the European Union (2016, Eurostat), thus being a significant nearby export destination. On top of that the Netherlands was the 2nd largest exporter of agro-food products from the EU-28 to the GCC last year.

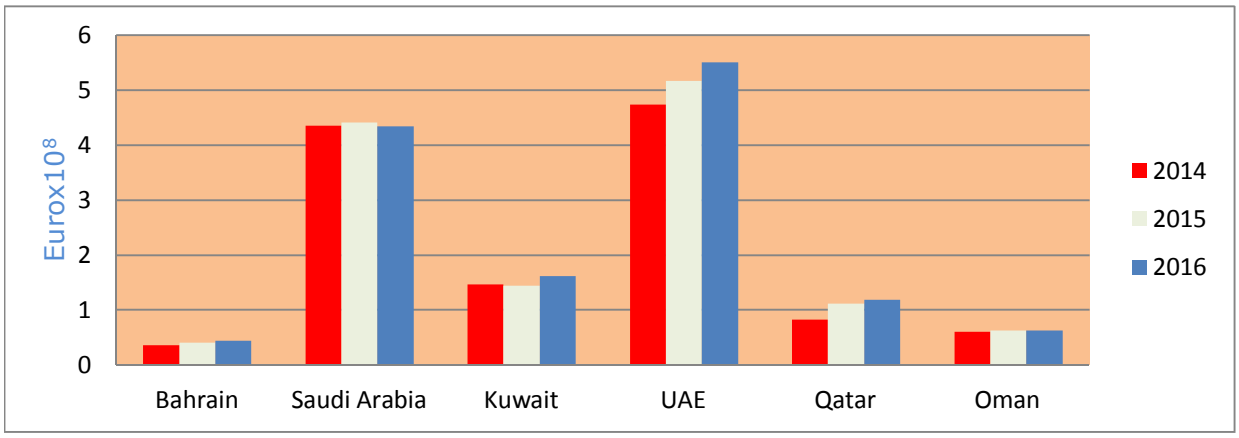
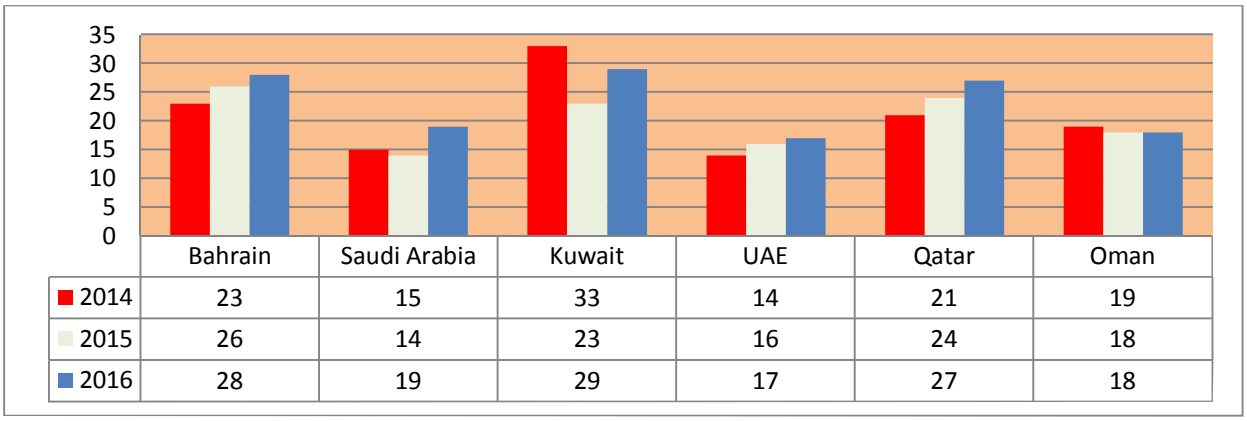


Figure 2. Export in agro-food from the Netherlands to GCC counties (2014-2016). Source: Eurostat/LEI

Saudi Arabia and UAE remain the Netherlands' biggest export market

The past three years have shown that Saudi Arabia and the United Arab Emirates continued to be the Netherlands' biggest trade partner in export of agro-food products (Figure 2). In absolute terms, export of agro-food products is lowest to Bahrain, Kuwait, Qatar and Oman, but relatively they are showing higher percentages, indicating a high demand for Dutch agriculture products in these countries (Figure 3). A breakdown of the export in the main commodities can be found later in this article.



	Bahrain	Saudi Arabia	Kuwait	UAE	Qatar	Oman
2014	23	15	33	14	21	19
2015	26	14	23	16	24	18
2016	28	19	29	17	27	18

Figure 3. Percentages of agro-food products of total Dutch export to GCC countries (2014-2016). Source: Eurostat/LEI

In the case of Saudi Arabia it is not a surprise that export numbers are so high, due to the fact that it is by far the biggest country in the region, not only geographically but also because of its population of over 30 million, representing 60% of all inhabitants in the Gulf (Figure 5). The high export numbers to the United Arab Emirates tell a different story, especially since these numbers have been growing over the past years. Looking at the export corrected for population sizes of the two countries, the UAE imports four times as much per person than Saudi Arabia does. This indicates that the UAE is increasingly developing into a transit and re-exporting nation to surrounding countries and regions, similar to the strategic and geographic position of the Netherlands in W. Europe.

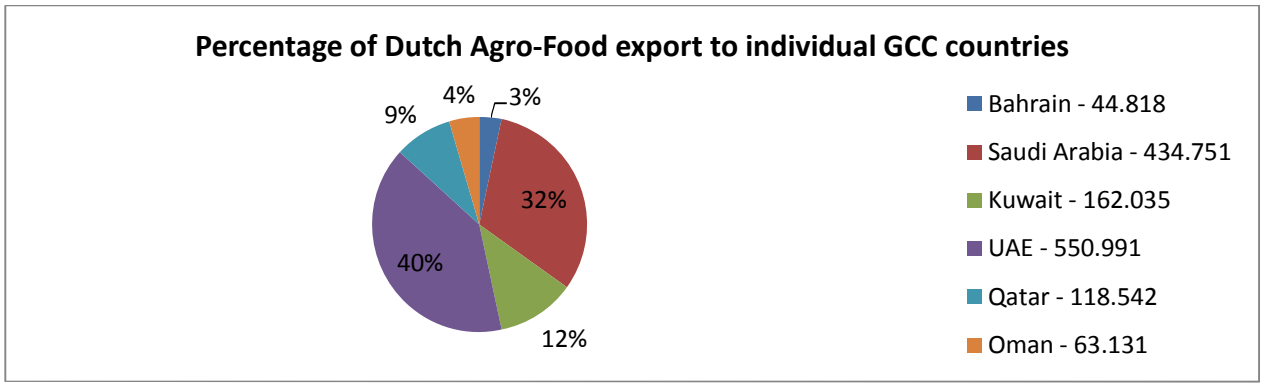


Figure 4. Export of agro-food products from the Netherlands to the GCC (2016). Numbers in legend are $x10^3$ euro. Source: Eurostat/LEI

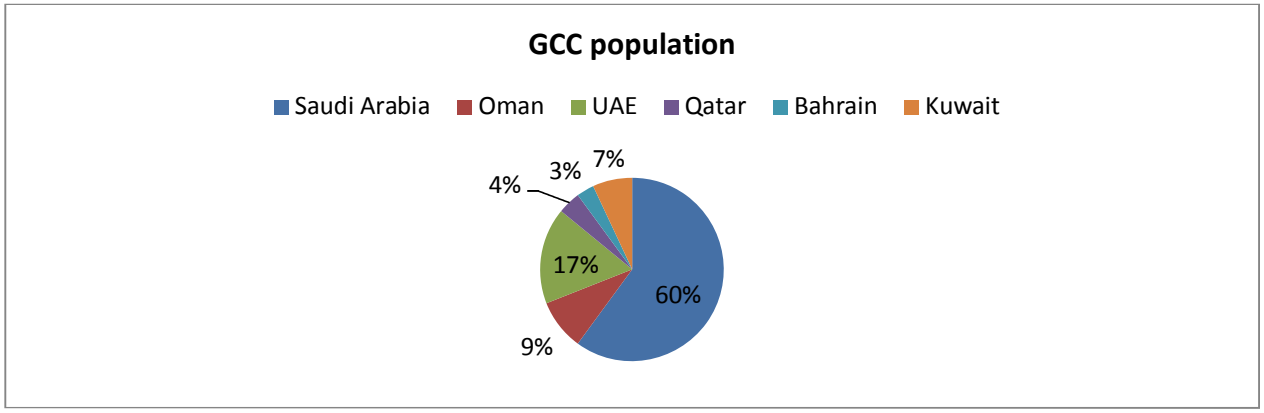


Figure 5. Population per country as a percentage of the total GCC population. Source: GCC-STAT

Dutch agro-food contributes greatly to the EU-GCC export

The percentage of export of agricultural products from the European Union to the GCC region is around 9% of the total export annually (Table 1, with figures for 2013-2016). The export in agriculture products has shown an increase during the past four years. In the Netherlands, the agriculture sector is responsible for a great share of national industrial production, even more than any other country in the European Union. It is known for being the home of several world-renowned agro-food multinationals. This is supported by the export statistics of the Netherlands showing that the share of agro-food products to the total export to the GCC is double as much as the EU-average: it was 18.6% in 2016 (source: Eurostat/LEI). The export of agro-food from the Netherlands to the GCC is remarkably good compared to the EU average being twice as much.

Table 1. Export statistics of agricultural goods from the EU to the GCC. Source: Eurostat.

SITC Rev. 3 Product Groups	Exports Value Mio € 2013	2014	2015	2016
Total	94,955	96,689	111,465	100,810
Primary products	12,757	13,561	15,322	13,632
- Agricultural products (Food (incl. Fish) & Raw Materials)	8,233	8,438	10,237	10,050
- - Food	7,527	7,657	9,407	9,291
- - - of which Fish	58	67	75	76

According to Eurostat statistics, the Netherlands has proven to be the second largest EU-exporter of agro-food products to the GCC last year, after Germany (Table 2). In 2016 it accounted for 14.5% of the total EU28 agro-food export to the Gulf (source: Eurostat). The main contributors to the agro-food export from the EU to the GCC last year were Germany, the Netherlands, France, United Kingdom, and Italy. Together those countries accounted for two third of the EU agro-food export worth over 9 billion euros to the Gulf region.

Table 2. Main EU28 contributors to agro-food export to GCC (2016). Source: Eurostat.

Country	Ago-food export in EURO	Percentage of the EU28
The Netherlands	1.34 billion	14.5%
France	1.15 billion	12%
Germany	1.96 billion	21%
Italy	0.7 billion	7.5%
United Kingdom	0.77 billion	7.5%
EU28	**9.28 billion**	**100%**

Main commodities contributing to Dutch agro-food export to the GCC

The Dutch agro-food sector has further strengthened its leading position in the world market last year. In 2016, worldwide agriculture and food exports accounted for almost 94 billion euros, consisting of 85 billion euros worth of agriculture products and 9 billion worth of agricultural materials, knowledge and technology. This was a new record, in 2015 agro-food export still totalled to 90 billion euros. Worldwide the Dutch agro-food commodities mainly consist of foodstuffs, such as vegetables, fruit, dairy, meat and processed products, in addition to high-quality floriculture (Figure 6). A noticeable factor is the increasing demand for Dutch agricultural materials, innovations and high-quality technology (tertiary agricultural goods)[2], in line with Minister Van Dam's vision for exports, which focuses on reinforcing the Netherlands' leading position in the agro-food sector by exporting knowledge and innovation in addition to traditional agricultural produce, and on helping to boost the sustainability of world food provision. These commodities are in line with the Dutch agro-food export to the Gulf: main commodities for this region are dairy products and vegetables. The largest commodities for each GCC country specifically will now be enumerated.

2 'Agricultural exports up by over 4 percent', 20 January 2017, by CBS: https://www.cbs.nl/en-gb/news/2017/03/agricultural-exports-up-by-over-4-percent

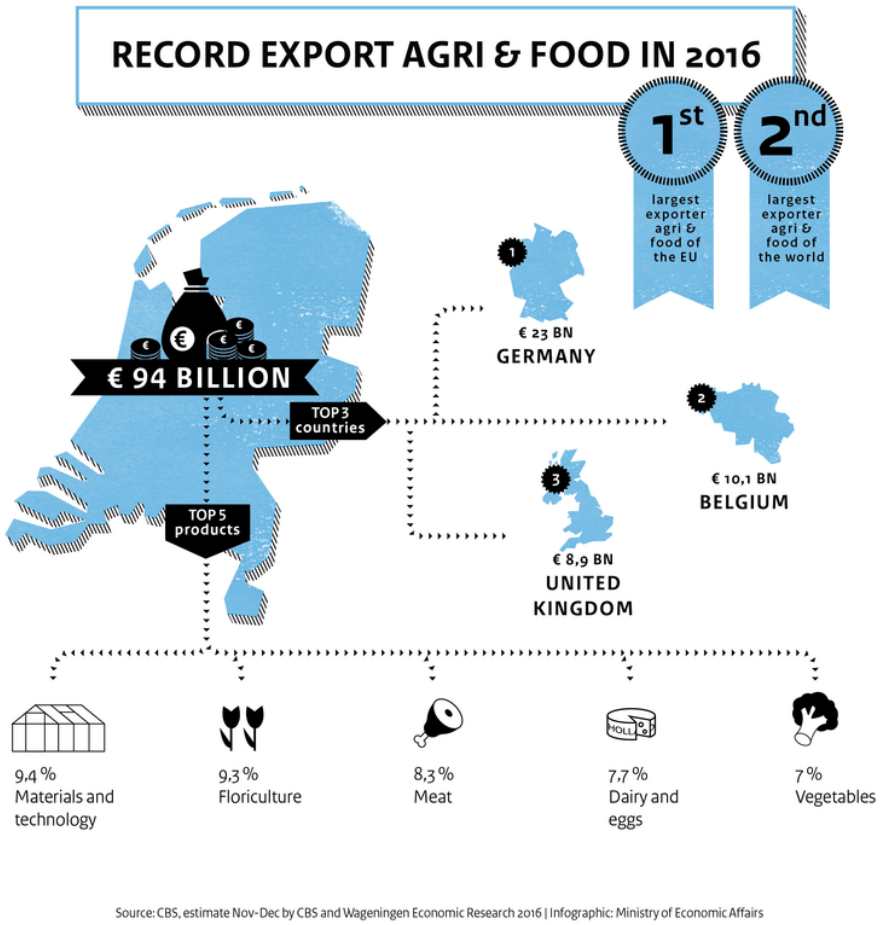


Figure 6. Agro-food exports achieve record high in 2016. Source: CBS & Dutch Ministry of Economic Affairs

United Arab Emirates

The UAE were the biggest trade partner of the Netherlands within the GCC region in 2016. The food consumption of the UAE is higher than its food import plus own production, signifying the countries' high demand of food import to meet its domestic requirements. Figures have showed a strong growth compared to the prior years in overall trade in agro-food products, as well as the percentage of agro-food products in the total trade from the Netherlands. The trade in fruits & vegetables makes up 1/3 of the Dutch agro-food export to the UAE (Figure 7). Remarkable is the trade in cigarettes & tobacco products, being significantly larger than with all the other GCC countries. Also, the export in dairy products is significantly lower than to most other GCC countries. These large differences with the other GCC countries may be due to the fact that the UAE is re-exporting a significant part of these products. The UAE is more and more becoming the gateway to the GCC region and even to the international trade market, developing its geographically strategic and accessible position.

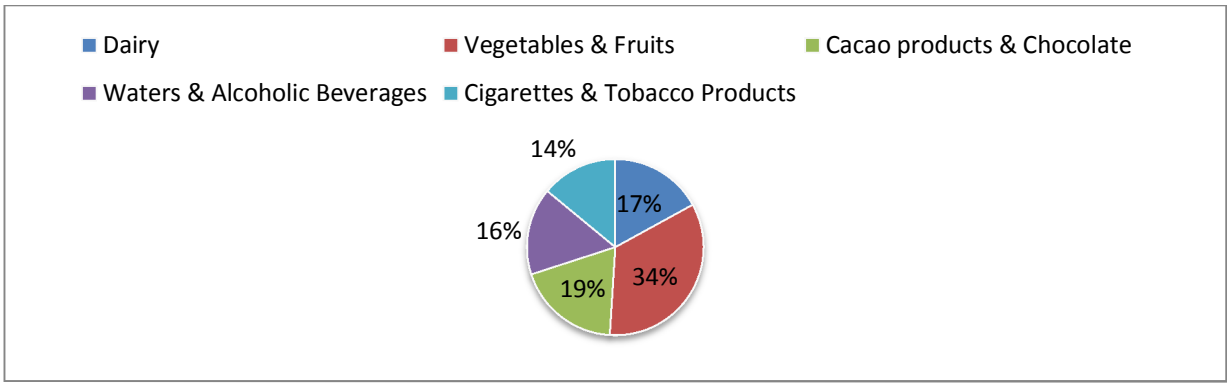


Figure 7. Main commodities in Dutch agro-food export to the UAE in 2016. Source: LEI/Eurostat

Saudi Arabia

Saudi Arabia has proven to be the most self-sufficient country in the Gulf for agro-food. Still the export from the Netherlands to the Kingdom of Saudi Arabia consisted of a great variety of agro-food products, being the largest food consumer in the region. Dairy products, vegetables and (seed) potatoes, initial materials, seeds, food preparations and chocolate & cacao were well-represented in 2016 export statistics (Figure 8). The export of potatoes can mainly be linked to the fourth quarter of the year, corresponding with the main planting period of imported seed potatoes, proving to be a stable factor in the Dutch agro-food trade to the GCC. A product that increased to a surprising extent was coffee, being close to zero over the years of 2014-2015 and showing a noteworthy increase in 2016. Live poultry on the other hand has shown a significant decrease since the end of the year 2015. Other products like live poultry show large fluctuation throughout the year.

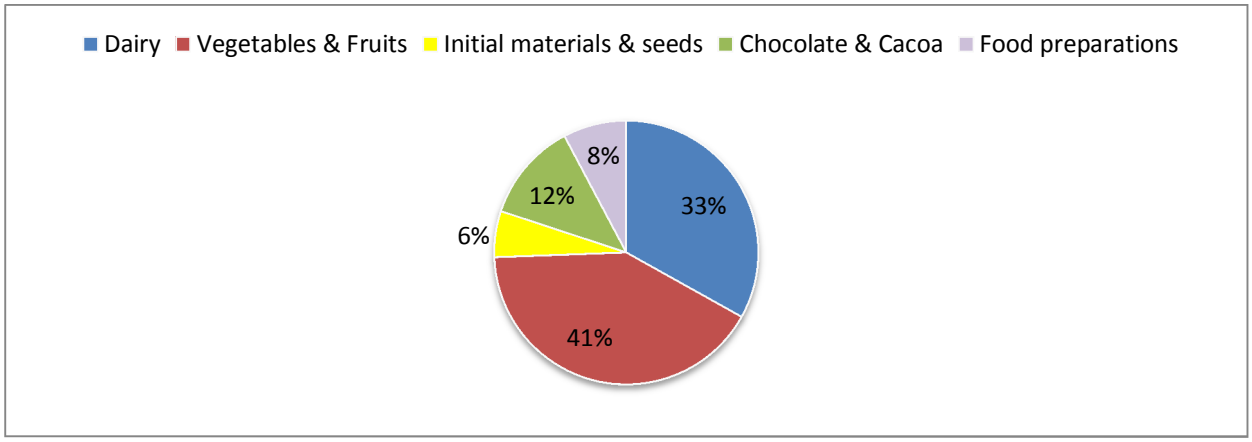


Figure 8. Main commodities in Dutch agro-food export to Saudi Arabia in 2016. Source: LEI/Eurostat

Kuwait

Even though the percentage of agro-food products in the total export from the Netherlands to Kuwait in 2016 was not as high as a few years prior, an increase was noted compared to the previous year. Dairy products contribute with no less than 50% to the total trade in agriculture products. Other main commodities are vegetables & fruits, food preparations, flowers & bulbs, and waters & vinegars (Figure 9).

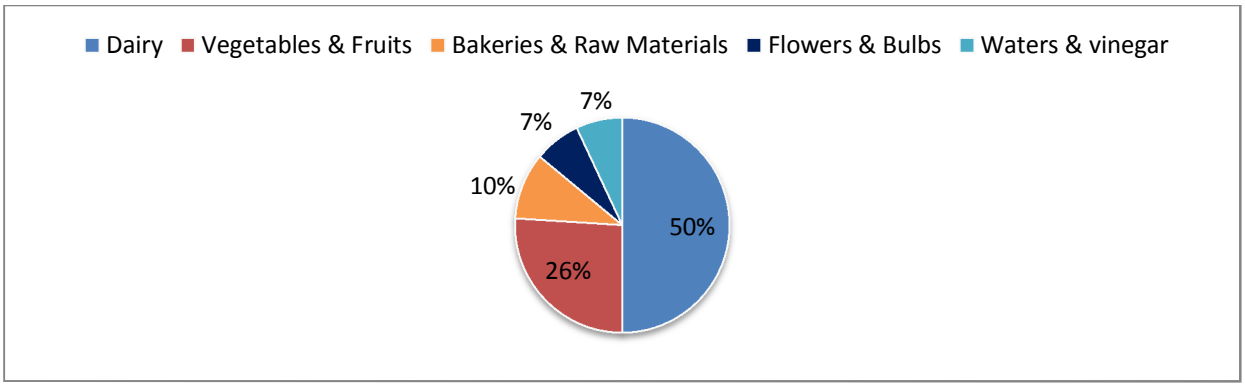


Figure 9. Main commodities in Dutch agro-food export to Kuwait in 2016. Source: LEI/Eurostat

Qatar

Just like the UAE, the trade statistics for Qatar in 2016 show a growth compared to the prior years in overall trade in agro-food products, as well as the percentage of agro-food products in the total trade from the Netherlands. Remarkable is the increase in growth of vegetable exports over the last year. Dairy products on the other hand, concentrated milk and cream products in particular, have shown a decrease in numbers, possibly due to imports from KSA. The main commodities in agriculture trade to Qatar were dairy, vegetables and fruits, food preparations, flowers and bulbs, and bakeries and raw materials (Figure 10). In general the total trade in agriculture products has been stable over the year 2016, with a small dip in the third quarter of the year.

The recent political developments leading to a trade boycott from neighbouring countries such as Saudi Arabia and Kuwait who closed their boarders to Qatar, did not show any negative consequences for Dutch agro-food export so far. It even seems to have a positive influence on the Dutch agriculture sector since Qatar is forced to look for different trade partners, especially to replace dairy and poultry imports from KSA.

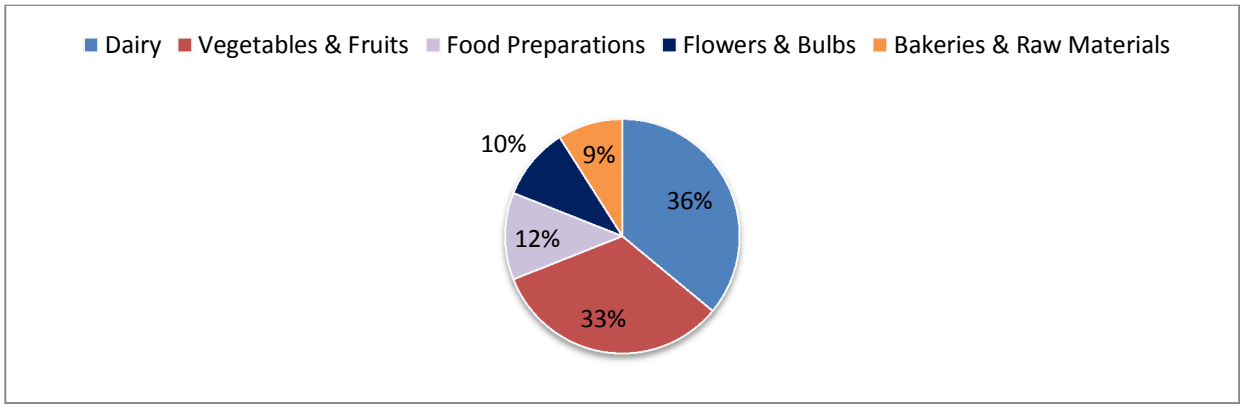


Figure 10. Main commodities in Dutch agro-food export to Qatar in 2016. Source: LEI/Eurostat

Oman

The export to Oman takes up 4% of the Dutch export of agro-food products to the GCC region. Compared to other countries in the region, the agro-food trade with Oman has been relatively stable in the period of 2014 to 2016. The percentage of agro-food products in the total trade between the Netherlands and Oman has even showed a small decrease in the last 3 years, but was followed by a small growth in 2016 (Figure 11). Like other GCC countries and even worldwide, Dutch agro-food to

Oman export is largely represented by dairy products. Other main commodities are bakeries and raw materials, vegetables and fruits, waters and alcoholic beverages, and food preparations.

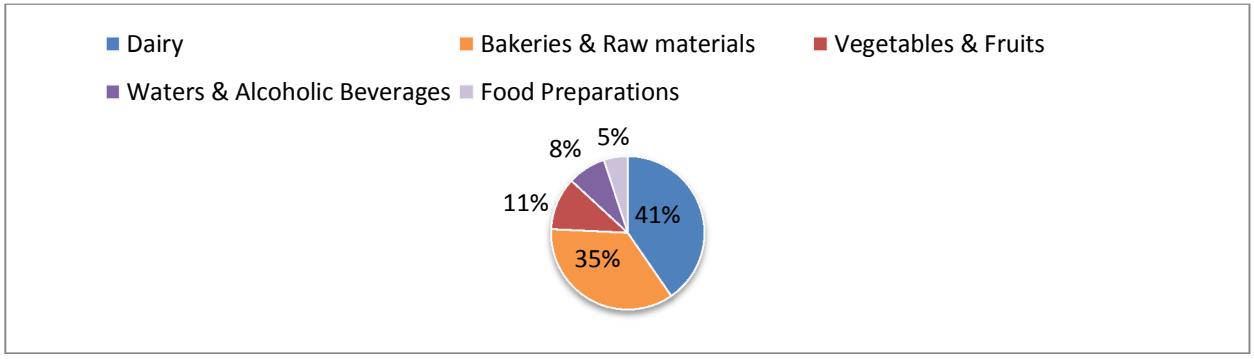


Figure 11. Main commodities in Dutch agro-food export to Oman in 2016. Source: LEI/Eurostat

Bahrain

The export from the Netherlands to Bahrain has increased over the past 3 years and peaked in 2016, especially in the last quarter of the year. This counts as well for the percentage of agriculture goods in the total export numbers from the Netherlands to Kingdom of Bahrain. The main commodities contributing to agro-food export to Bahrain were vegetables and fruits (excluding frozen products, and including juices and dried products), chocolate and cacao powder, waters and alcoholic beverages (wines, beers, and ciders), dairy products, and meat products (Figure 12).

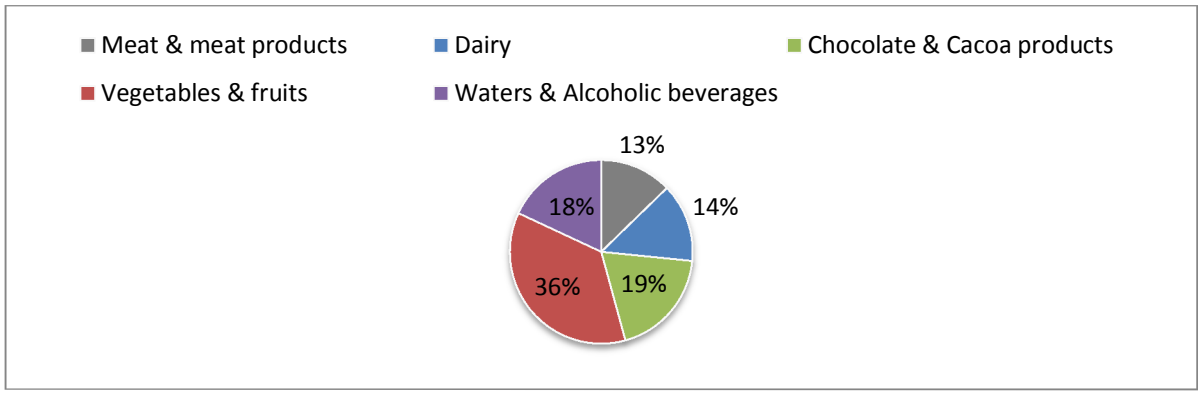


Figure 12. Main commodities in Dutch agro-food export to Bahrain in 2016. Source: LEI/Eurostat

Looking ahead

The Dutch agro-food export to the GCC has shown stability, diversity, and even growth over the past few years. Thanks to a wealth of agricultural knowledge, fertile soil, intensive farming, quality of produce, and trading expertise, Dutch agro-food products are exported and appreciated worldwide including the GCC. This applies to plant-based produce as well as for animal products such as livestock, poultry (meat) and eggs. Dairy products and vegetables and fruits are most widely represented in the total agricultural trade to the GCC region.

Growing populations, young demographics, and increasing (religious) tourist inflows (UAE & KSA) have a positive effect on the region's food and beverage industry, creating opportunities for exporters to the Gulf region[3]. The Kingdom of Saudi Arabia and the United Arab Emirates together take up 72% of Dutch agro-food export to the Gulf region. The growth in trade with the UAE will most likely keep increasing the coming years since its continuous transformation into a transport hub between Europe, Africa, and Asia. Some concluding remarks regarding the prospects of future Dutch agriculture trade to the GCC are:

1. The GCC remains an interesting market for agro-food products, with prospects of growth

The Gulf region market seems to be stable, and even growing; the GCC countries are among the wealthiest nations worldwide in terms of per capita income. Rising population, growing income levels (despite the current economic stagnation) and change in consumption habits result in a continuing growth of consumption levels. In order to bridge the gap between food production and food consumption GCC nations primarily rely on imports to meet their food requirements.
Dairy products and vegetables from the Netherlands are contributing greatly to Dutch export to the Gulf. Saudi Arabia and the United Arab Emirates are the largest destinations in the GCC. Especially the UAE seem to have a bright future ahead seeing its upcoming position as an international trade hub. It is importing agro-food products either to be locally processed for consumption or to be re-exported. For other countries in the region the growing population and growing consumption offer stable opportunities for the export of agro-food. The large need for import and a growing re-exporting industry in the Gulf region create positive market opportunities for Dutch agro-food products.

2. The Netherlands is a major contributor to the EU agro-food export to the GCC, but still there are opportunities for growth

The Netherlands is the second largest exporter of agro-food products to the GCC last year of the European Union, after Germany. Last year it took up 14.5% of the total EU28 agro-food export to the Gulf. This makes the Netherlands not only worldwide one of the biggest players in the agro-food field, but also within the European Union when it comes to export to the Gulf.

Still there is plenty opportunity for growth in the agro-food field. Taking Saudi Arabia as an example, the Netherlands is roughly contributing about only 2% of all imported food stuff to the Kingdom. Annually this is about 0.5 billion euro from the Netherlands on a total import of around 25 billion euros[4]. Insufficient knowledge about the GCC market in the Netherlands may have led to the low drive of Dutch agro-food export to this region. The geographical position towards Europe and the business climate in the region however are favourable for improvements in the market. On top of that, the import-demands of the GCC countries meet with the Dutch fields of expertise, offer tremendous opportunities for the agro-food sector.

3. Dairy and vegetables & fruits will probably remain important export commodities

The GCC countries' main commodities have shown that dairy products and vegetables, but also fruits, largely contribute to the Dutch agro export to the Gulf region. Especially in the vegetable field the

[3] 'Asia & Middle East Food Trade: Journal for Leaders in Food & Beverages'. Vol. 34, issue I/2017, p.37
4 'Dutch Agro-Food business in the KSA & UAE', A. Anany & S. Kadri, 2017.

Netherlands has been a word leader for years, supplying a quarter of the vegetables that are exported from Europe. This can still grow.
The Dutch dairy export worldwide is still growing. Even though the greatest focus is on emerging markets like the BRICS countries, the export of Dutch dairy to the GCC remains stable and crucial. When it comes to the Gulf region, the domestic dairy production is far from sufficient to the region's needs, despite large dairy projects in KSA, offering great opportunities for the Netherlands as a leading country in dairy.

Authors:
Sophie Hollanders
Dr. Hans van der Beek

For inquiries please contact the Agricultural Office to the GCC countries of the
Embassy of the Kingdom of the Netherlands
RIY-LNV@minbuza.nl
+966 11 4422320

www.dutchagrofood.com
golfstaten.agroberichtenbuitenland.nl
@NLAgrofoodGCC