



CBI Product Factsheet: Tea in the Netherlands

Introduction

The Netherlands is the fifth-largest tea-consuming country in Europe. The majority of opportunities exist in the area of high-quality and value-added products (e.g. loose tea, green tea, herbal/traditional medicinal tea and slimming tea). The Dutch market for certified tea is growing rapidly as well.

Product Definition

The word 'tea' refers to a hot beverage that is prepared by infusing or brewing the dried leaves of the *Camellia sinensis* plant. There are at least six different types of tea: green, white, yellow, oolong, black, and dark post-fermented tea (or black tea for the Chinese). The most commonly found on the market are black, green, oolong and white (see table 1).



Flavours of tea

Oxidation is the distinguishing factor that determines whether tea leaves will become black, oolong, green or white tea. It is a chemical process that results in the browning of tea leaves and the production of flavour and aroma compounds in finished teas. During the oxidation process (sometimes also referred to as 'fermentation'), the flavours and aromas of tea become fuller and deeper. In general, black tea is fully oxidised, oolong is partially oxidised, green tea is processed to stop oxidation (only minimal oxidation or no oxidation at all occurs) and white tea is unoxidised.



Table 1: the most common teas and their flavours

Tea	Description	Flavour
Black tea	Black tea is the most common type of tea in the Western world. Black tea is almost always fully oxidised.	Black tea is noted for its full, bold flavour and its ability to pair well with many Western foods, particularly sweets and creamy foods.
Green Tea	Green tea is processed to quickly stop oxidation (minimal oxidation occurs). Japanese green teas are typically steamed. Chinese-style teas are typically processed with dry heat.	Japanese-style green teas tend to have strong vegetal, grassy or oceanic/seaweed notes and a slight citrus undertone. Examples include Sencha and Matcha tea. Chinese teas often have a mellow, sweeter flavour profile with notes of nuts, flowers, wood and/or vanilla.

Oolong tea	Oolong tea is rolled by hand or machine and is pan fired, and then heated. Many oolongs are roasted afterwards to further develop their flavours and aromas.	Depending on their processing, oolongs may have flavours and aromas of honey, orchids and other flowers, lychee and other fruits, wood, butter or cream, vanilla and/or coconut.
White tea	White tea is a light tea grown and harvested primarily in China (Fujian and Zhejiang provinces). The name relates to the whitish appearance of the plant. The tea is pale yellow.	White tea has a light, delicate, slightly sweet flavour.

Most teas are sold to consumers as *blends*: mixtures of teas from several different origins to achieve a certain flavour profile. Most branded teas in Europe use 20 or more origins to achieve their desired taste and price level. However, single origin teas are increasingly sold in specialised tea (and coffee) shops.

Dutch flavour preferences

In the Netherlands, black tea is still the most popular tea. However, green tea and herbal/fruit infusions are rapidly gaining in popularity at the expense of black tea.

Codes used in customs & international trade

The statistical data in this document are based on Combined Nomenclature (CN) codes. The CN uses Harmonised System (HS) codes to classify products. The HS codes included in this study are listed below. There are no separate HS codes for oolong and white tea. They fall under the categories of fermented and unfermented teas, respectively.

HS Code	Description
090240	Black tea (fermented) & partly fermented tea in packages exceeding 3 kg
090230	Black tea (fermented) & partly fermented tea in packages not exceeding 3 kg
090220	Green tea (not fermented) in packages exceeding 3 kg
090210	Green tea (not fermented) in packages not exceeding 3 kg

Product Specification

Quality: grading and classification

The factors affecting tea quality can be distinguished as follows:

- Genetic: tea quality is determined primarily by the genetic properties of the tea plant/bush: China type, Assam type or hybrid.
- Environmental: the quality of tea is affected by elevation (high altitude), soil and [climate](#) (including temperature, humidity, sunshine duration, and rainfall).
- Field operations: pruning, fertilising, shading and plucking also play an important role in determining the quality and flavour of tea.
- Processing of plucked tea leaves: [orthodox versus 'crush, tear and curl' \(CTC\) tea](#)

There are four basic grades in orthodox tea production: whole-leaf, broken-leaf, fannings and dust. These categories specify and indicate the different leaf sizes and associated strengths. Whole-leaf and broken-leaf grades are used predominantly for loose (specialty) teas, while fannings and dust are the preferred grades for CTC and other teabags.

The quality of tea is generally assessed by tea tasters (at auctions or from private buyers). Additional information is provided in the [Compendium of Guidelines for Tea, drafted by the](#) European Tea Committee.

- There is growing international interest in the enforcement of minimum quality standards for internationally traded tea. The difficulty lies in agreeing on internationally acceptable quality standards. Sample tea grading specifications can be found on the [website](#) of Rate Tea.

Labelling

Consumer products containing tea [are required to be labelled](#) with the following characteristics:

- Name of the product
- Physical condition or the specific treatment undergone (oxidised or not, etc.)
- List of ingredients, including additives (such as herbs for herbal teas)
- Nutritional values, for products containing ingredients that alter nutritional value (e.g. candied fruit pieces, coconut chips)

- Presence of substances known for their ability to spark allergic reactions and intolerances should always be indicated
- Net quantity
- Expiry date preceded by the words 'best before'
- The name or business name and address of the manufacturer or packer, or of a seller established in Europe
- Place of origin or provenance.

Packaging

Tea is packaged in paper bags, plywood chests are hardly used anymore. Bulk packaging requires the lot number (identification number), net and gross weight (quantity of content), whether the bag contains green or black tea (ingredient list), and more specific information, e.g. English breakfast tea (statement of identity) and the country of origin. China tea is also shipped in tin plate containers which are sealed with solder and additionally wrapped with bast mats.

Common packaging methods



What requirements should tea meet to be allowed on the Dutch market?

The Netherlands is a member of the European Union (which includes the Dutch market) and the European Union has strict demands with regard to food quality and safety. These demands include legislation on food safety, maximum residue levels (MRLs), contaminants, consumer labelling and extraction solvents.

What legal requirements must my product comply with?

Compliance with European legislation is the most important criterion that European buyers have when purchasing tea. Only suppliers that are able to adhere to the high European requirements with regard to quality and food safety will be allowed to enter the European market (and thus in the Netherlands). Compliance with the maximum permitted residue levels (MRLs) and legislation regarding contaminants is considered most important in this regard.

Tips:

- Direct information on the relevant legal requirements is also available on the [website](#) of the European Union's Export Helpdesk.
- Use the [European Union MRL database](#) to find the MRLs that are relevant for your tea. Select your product or the pesticide you use and the database will show the list of the MRLs associated with it, including the legal maximum MRLs.
- For more information on requirements for tea on the European market, please read our study on [buyer requirements for tea on the European market](#).
- The International Trade Centre's [Standards Map](#) contains additional information on voluntary standards.

What additional buyer requirements do buyers often have?

In addition to the legally binding requirements, sustainability has become an increasingly important condition for market access. Mainstream certifications (e.g. [UTZ Certified](#) and [Rainforest Alliance](#)) are commonly requested within the mass-market segment, and they have become a 'must' for exporters selling tea to the Dutch market. The Dutch tea packer [Jacobs Douwe Egberts](#) ([Pickwick tea](#)) and the Dutch leading retailer Ahold have committed to UTZ Certified. Ahold has certified 100% of its private label brand tea with this sustainability label.

Tip:

- Consult your buyers about their preferred labels for the Dutch market. Although UTZ Certified is dominant in the mainstream market, there are also niche markets, which are dominated by tea with organic and/or Fairtrade certification.

Niche sustainability concepts

In the Netherlands, there is a niche market for organically produced tea and tea produced according to the principles of fair trade. Organic-certified tea is found predominantly in specialty (organic) shops, which sell a wide range of organic black, herbal and/or flavoured teas. Most large supermarkets also sell organic private-label teas. Fair-trade teas are sold in ethical shops and most supermarket chains, including Jumbo and Plus Retail.

Box 1. Sustainability initiatives of individual tea packing companies operating in the Netherlands

In the Netherlands, the three largest retailers supply over 90% of the Dutch tea market (source: Sector Overview Tea by IDH 2011). Large tea packing companies that sell their products in the Netherlands and their sustainability policies are:

- Unilever - [Sustainable Living](#), with Rainforest Alliance certification
- Jacobs Douwe Egberts - [Sustainability - working from crop to cup](#), with UTZ Certified certification
- Tata Global Beverages - [Sustainable Sourcing](#), with Rainforest Alliance certification and ETP membership
- Twinings - [Corporate social responsibility](#), with ETP membership and Rainforest Alliance and Fairtrade teas

Examples of specific sustainable small-scale tea brands with organic certification include such international brands as [PUKKA](#), [Clipper](#) and [Piramide](#) (in Dutch).

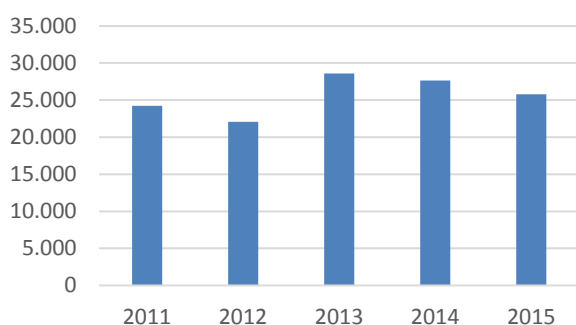
What is the demand for tea in the Netherlands?

Unless stated otherwise, the import, export and consumption figures presented below are based on the selected HS codes (see the *Product Description* section).

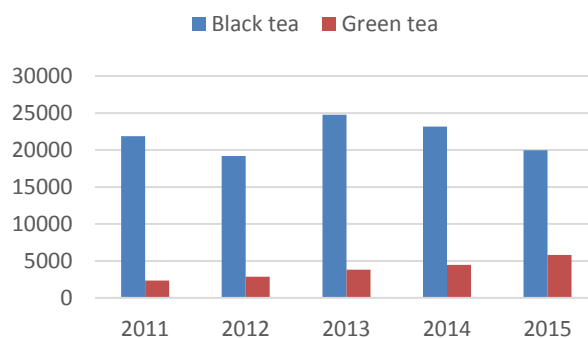
Stable increase of tea imports

In 2015, Dutch total tea imports amounted to about 26 thousand tonnes, with a value of €99 million. This makes the Netherlands the fourth largest tea importer in Europe, after the United Kingdom, Germany, and Poland. The imported volume showed an average annual increase of 1.6% since 2011 and the value increased by 5.9% on average per annum since 2011.

Of all of the tea imported to the Netherlands in 2015, about 77% was black tea (about 20 thousand tonnes) and about 23% was green tea (about six thousand tonnes). Since 2011, black tea imports have shown an average annual decrease of 2.3% whereas green tea imports have increased by 25.6% annually. In 2015, imports from developing countries consisted of about 84% black tea and about 16% green tea.

Figure 1. Total volume of Dutch tea imports in tonnes, 2011–2015

Source: Eurostat, 2016

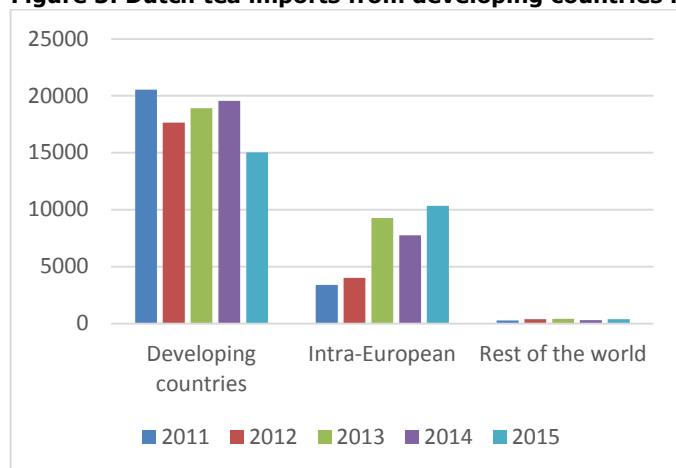
Figure 2. Volume of Dutch black and green tea imports in tonnes, 2011–2015

Source: Eurostat, 2016

Traditionally, the Netherlands relied heavily on developing countries for its supply of tea. However, this has changed over the past five years in favour of trade within Europe. In 2015, tea imports from developing countries amounted to about 15 thousand tonnes (or 49.5% of total tea imports) showing an average annual decrease of 7.5% since 2011. Tea imports

from other European countries amounted to about 10 thousand tonnes in 2015, showing an average annual increase of 32.2% since 2011. This tea was sourced from outside of Europe and re-exported to the Netherlands.

Figure 3: Dutch tea imports from developing countries in tonnes, 2011–2015



Source: Eurostat, 2016

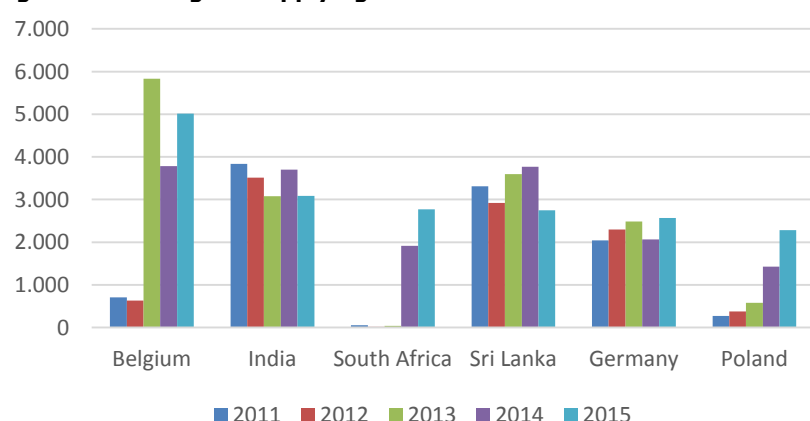
Tips:

- When exporting teas (higher or lower value teas), look for opportunities in direct trade with the Netherlands, hereby bypassing the auctions. Through these private sales, you may obtain a price increase per kg. This is quite common for specialty tea and for buyers with specific requirements.
- Benefit from the intra-European market to market your tea in the Netherlands through re-exports.

Strong variation in supplying countries

As indicated in Figure 4, the imports from the largest supplying countries have fluctuated strongly over the years, with developments differing widely per country. Opportunities for suppliers can therefore differ greatly from one year to the next, depending upon the quality of the global harvest (for instance, in terms of volume and/or compliance with food-safety requirements, including pesticides), as well as according to price and consumer trends.

Figure 4: Leading six supplying countries to the Dutch tea market in tonnes, 2011–2015



Source: Eurostat, 2016

Tip:

- Keep updated about developments in the global market as they can have an impact on your competitive position. Refer to price and crop reports and talk to experts.

Bulk versus consumer packaging

The Netherlands is a major trader and processor, and the majority of its imports consist of bulk tea (64% in 2015). Some developing countries also supply value-added consumer-packaged tea (for instance, teabags) to the Netherlands. In 2014,

80% of the imports from Sri Lanka consisted of consumer-packaged tea. Other suppliers of consumer-packaged tea include China (56% of exported volume to the Netherlands in 2015) and, to a lesser extent, India (16% of exported volume to the Netherlands in 2015). The availability of opportunities for exporters in developing countries with regard to the delivery of value-added teas will depend heavily on the type of tea/level of processing and the country's experience with sophisticated packaging.

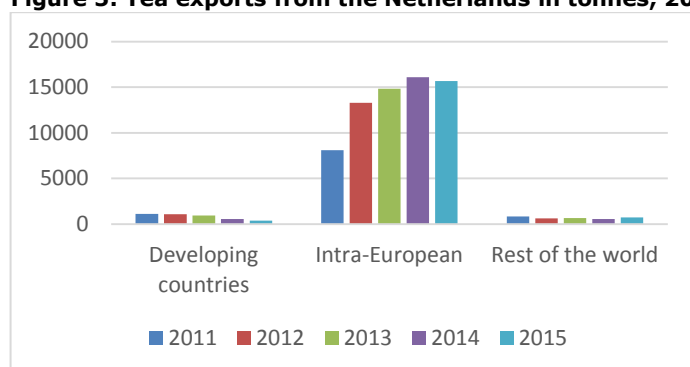
Tip:

- Although not a simple endeavour, exporters in producing countries can try to sell blended or other teas in consumer packages (e.g. teabags). For example, exporters could provide private-label products for particular supermarkets (or chains) at prices that are higher price than those for bulk tea. Sri Lanka has a long history of capturing more value in the supply chain through value-added production (Ceylon tea) and high-quality tea. Note that it is necessary to be able to offer a complete variety of consumer teas, with a variety of flavours (fruit and spices) and herbal blends.
- Note that adequate packaging is extremely challenging. For example, consumer teas are increasingly being packed in pyramid-shaped teabags.

Increased tea exports within Europe

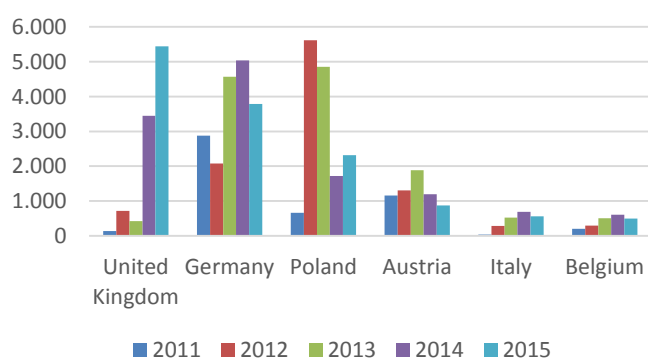
In 2015, tea exports from the Netherlands amounted to a total volume of some 17 thousand tonnes, with a value of €68 million. Since 2011, the tea export volumes have increased by an average of 13.7% per year and the value has increased by 14.2% annually. Most tea from the Netherlands is exported to other European countries (93.3% in 2015), primarily to the United Kingdom, Germany and Poland. Most of the tea from the Netherlands is exported in bulk (77% of total exports). The share of trade within Europe has increased considerably over the past years.

Figure 5: Tea exports from the Netherlands in tonnes, 2011–2015



Source: Eurostat, 2016

Figure 6: Leading six export destinations for tea from the Netherlands in tonnes, 2011–2015



Source: Eurostat, 2016

Tips:

- The Netherlands can be used as a trade hub to market your tea in other European countries.
- Although not an easy task, consider exporting directly to the exporting partners of the Netherlands. Create an account for databases such as [Eurostat](#) and International Trade Centre ([ITC](#)) to get a better understanding of trade flows between European countries and your own country.
- For more information about the Dutch tea market in relation to the European tea market, please refer to our study on [European trade statistics for tea](#).

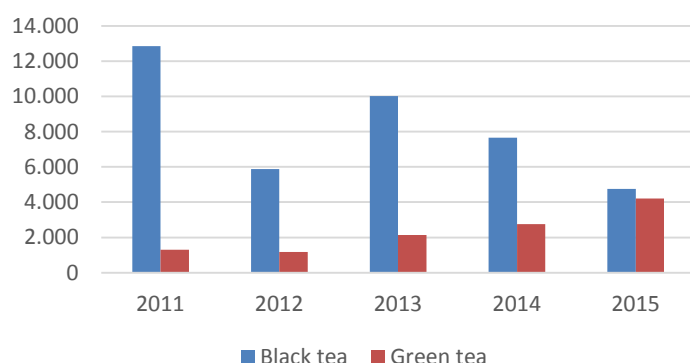
Tea consumption in the Netherlands

It is possible that the consumption figures can vary (slightly) from other consumption statistics on the Dutch tea market. This can be credited to the fact that consumption figures are calculated using import and export figures. This calculation does not take into consideration carry-over stocks and possible faulty registration of trade data.

Increasing consumption due to health benefits

Although the Netherlands is a relatively small country (about 17 million inhabitants), it is Europe's fifth largest consumer of tea. Tea consumption amounted to 9 thousand tonnes in 2015. Tea is one of the most commonly consumed drinks in the Netherlands, with around 90% of all inhabitants drinking tea. The average annual per capita tea consumption was about 777 grams of dry leaves in 2013 ([Quartz](#), 2014). Consumers are increasingly interested in green tea, rooibos, herbal/traditional medicinal tea and slimming tea, due to increasing health awareness.

Figure 7: Apparent tea consumption in tonnes in the Netherlands, 2011–2015



Source: Eurostat, 2016

The weather has a major influence on tea consumption in the Netherlands. In 2014, a mild winter resulted in a decrease in the consumption of black tea. During the winter months, black tea with added spices (e.g. cinnamon) is popular amongst Dutch consumers.

The consumption of tea is expected to increase until at least 2019. This growth is based primarily on the (perceived) health benefits of tea. The demand for high-quality and value-added products (e.g. loose tea, green tea, herbal and medicinal teas) is likely to increase in the coming years. The [Dutch Coffee and Tea Association](#) noted a particular increase in the popularity of loose tea and herbal blends (e.g. with camomile and Rooibos).

Tips:

- You have good opportunities supplying specialties that are traded in smaller volumes. Think of high quality orthodox teas (whole leaf, single estate), flavoured, wellness and/or sustainable products. More volume-driven traditional markets can also provide opportunities, though competition is higher and margins lower
- If you export specialty teas in consumer packaging, consider exporting teas in innovative bags such as pyramid shaped tea bags. These bags leave more room for whole leaf tea to expand and to give a better, more flavourful brew.

Sustainable certified consumption

Dutch consumers are increasingly buying food with sustainability labels. In 2014, sustainably-produced food had a market share (in value) of 7%. Since 2011, the consumption of sustainable tea (e.g. organic, Fairtrade, Rainforest Alliance and/or UTZ Certified) has risen substantially in the Netherlands. For example, from 2013 to 2014, retail sales of sustainable tea increased by 17%, from €25 million in 2013 to €29 million in 2014. Sustainable tea holds a 31% share of the total retail value (Source: Monitor Duurzaam Voedsel 2014, available through [this link](#)).

Tip:

- The increasing consumer attention regarding environmental and labour circumstances of tea production and trade can be an advantage for small-scale companies. Besides certification, a local, specific story about your production and trading practices is an option to show your commitment.

What trends offer opportunities on the Dutch market for tea?

Widespread sustainability certification

Consumption of sustainable tea in the Netherlands has increased sharply over the last three years due to the sustainability targets set by the Dutch Tea Association [KNVKT](#) and initiatives of individual companies. The mainstream market, which is dominated by the UTZ Certified and Rainforest Alliance labels, has largely integrated sustainability in its tea assortment. In this context, certification is increasingly being used as a marketing tool that companies use to prove their engagement in sustainability. Niche markets (especially for organically certified high-quality teas) are also increasing. As a producer, you will have a stronger position if you sell tea that has a certificate.

Tips:

- Consider certification as sustainable tea is popular in the Netherlands. For more insights in the differences between certification labels, consult the [ITC Standard Map](#), which contains the latest information on standards and allows comparisons of the various standards.
- Talk to your buyer to identify the preferred label(s) for the Dutch market and your segment.
- Note that, although sustainability certification is currently regarded as almost a 'must' for exporters to Europe (even for the mainstream market), you will not necessarily receive a premium price for certified tea. Certification may nevertheless offer several positive financial effects, including the possibility of offering a competitive advantage to farmers and exporters (for providing related services), along with improved income due to increased efficiency and insight into their positions along the supply chain.

Premiums for mainstream certified teas under pressure

The degree of rivalry in retail is high. Whereas sustainable certified products are becoming more mainstream, there is a threat that the premiums of certified bulk tea (with Rainforest Alliance or UTZ Certified labels) will be crushed by the supermarkets, due to their focus on cheap products and efficiency.

Health and culinary trend

Sustainable (that is certified) teas are often associated with the trend towards healthy consumption. Furthermore, green tea is considered healthier than black tea. The health trend has led to increases in the consumption of certified and green tea, although it is also reflected in a growing demand for high-quality and value-added products (e.g. loose tea, herbal/traditional medicinal tea and slimming tea). Along with the health trend, a culinary trend has been observed with regard to tea in the Netherlands: [tea pairing](#). In this trend, teas are paired with particular types of food (and vice versa). As is the case with wine, these pairings can add new dimensions to a dining experience. This is also boosting sales for higher quality (e.g. loose) teas.

Tips:

- High-quality and value-added products may offer an additional unique selling point over mainstream black or green teas. The herbal/medicinal tea trend may also offer new opportunities for selling specific fruits, herbs or spice ingredients. It is important to have a good understanding of what ingredients are used for these teas when considering entering this market. In some cases, you will have to acquire new ingredients and therefore use different supply chains.
- Focus on high quality tea, mild green tea and tea with a certificate. These markets are growing.
- In case you want to enter the speciality market with high-quality (organic) tea, look for a small packer specialised in this market segment. Premium teas are generally not sold by retailers, but in specialty stores or the out-of-home market.
- To learn more about specific Dutch consumer trends, contact a Dutch tea sommelier: a tea expert who organises tea and food-pairing sessions, tea workshops, as well as other educational or promotional tea activities.

New materials and shapes for tea bags

The well-known traditional filter paper teabags are now often replaced by bags made of nylon, non-woven commercially compostable or certified biodegradable materials. In addition, pyramid-shaped tea bags have become more popular, leaving more room for whole leaf tea to expand and to create a better, more tasteful brew.

Tip:

- Exporters of specialty teas in consumer packaging should consider using these innovative bags (see also [this](#) article about different shapes of teabags).
- For more information on trends in the tea market, refer to our study on [trends in tea in the European market](#).

What do the trade channels and interesting market segments look like in the Netherlands for tea?

Tea is either traded through auctions or through private sales. Producers such as China, Vietnam and Argentina sell their teas via private sales. Other producing countries such as Kenya, Sri Lanka, Indonesia and India have an auction system in place. Understanding the total tea value chain may help exporters to estimate their risks and opportunities and to adapt their marketing strategy accordingly.

Analysis and interpretation

In the Netherlands, tea is mainly consumed at home. According to estimates of the Royal Dutch Association of Coffee and Tea (KNVKT), approximately 75% of tea consumption is consumed indoors and 25% is consumed outdoors. This means that the retail channel is the most dominant force in the Dutch tea market.

Tips:

- As retail sales are highly concentrated, the demand for bulk tea is high. Therefore the top processors and buyers control most of this market segment.
- Large buyers are in a good position to help you with access to finance. Also look for other forms of finance such as grants and funds. A large contributor to tea projects in developing countries is the [Common Fund for Commodities](#).
- Smaller (sustainable) brands often strive for long-term relationships with their suppliers, outside of the auction system.

The Dutch retail channel consists of supermarket chains, smaller supermarket chains and independent groceries and specialist tea (and coffee) sellers who may also sell online. The food retail market is highly concentrated. The top three retailers (Albert Heijn, Superunie and Jumbo Groep) have a market share of around 80%. As mentioned above, retailers

also offer private label teas. The market penetration for private labels (for food and non-food products) in the Dutch market is around 30%. The European Union average is slightly higher (35%).

Tips:

- For Dutch buyers, especially larger ones, good supply chain management is important. For smallholder suppliers of tea, it is advised to integrate information technology and sharing, and to offer flexibility in their supply chain management. Read more about these practices in a [case study](#) for Kenya.
- See our study on [market channels and segments in the European tea market](#) for more information.

Useful sources

- KNKVT - <http://www.knvkt.nl> - Dutch association for coffee and tea (only available in Dutch)
- International Tea Committee - <http://inttea.com> - non-profit provider of global tea statistics (based in United Kingdom)
- Tea 2030 - <http://tea2030.tumblr.com> - global collaboration by leading stakeholders across the tea value chain
- Organic Farming in Europe - <http://ec.europa.eu/agriculture/organic>
- Fairtrade Labelling Organisation International (FLO) - <http://www.fairtrade.net>
- UTZ Certified - <http://www.utzcertified.org>
- Rainforest Alliance - <http://www.rainforest-alliance.org>
- Ethical Tea Partnership - <http://www.ethicalteapartnership.org> - non-governmental organisation (NGO) supporting farmers in sustainable farming and trade
- The Sustainable Trade Initiative - www.idhsustainabletrade.com/tea - major tea brands and packers join forces for sustainable tea sourcing & trade
- Information on packaging can be found on the website of International Trade Centre for export packaging: <http://www.intracen.org/itc/exporters/packaging>

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