

Commodity and industrial boards

A means of raising standards in industry

The Dutch commodity and industrial boards, collectively known as the regulatory industrial organisation, cover a wide variety of organisations. Each board operates within a specific sector and its responsibilities derive from the needs of that sector. This booklet briefly describes the boards' function and their socio-economic role, with a focus on the continuous improvement of quality.

What are commodity and industrial boards?

Commodity and industrial boards are bodies in which the employers' organisations and trade unions within a particular sector work together. The commodity and industrial boards are collectively known as the regulatory industrial organisation, which refers to their role as special public-law bodies. They have the authority to enforce levies and to introduce regulations that are binding for the entire sector, such as regulations to increase food safety, control animal and plant diseases or improve working conditions. This system of boards is unique.

Their formation is covered by the Dutch Constitution and further regulated by the Industrial Organisation Act (*Wet op de bedrijfsorganisatie*). Each board is headed by an executive committee, of which the members are nominated by the employers' organisations and trade unions. In general, each executive committee comprises an equal number of representatives from each of these two groups, and the chairman of each board is appointed by the Crown.

Boards are established at the request of a particular sector. There must be sufficient support in the relevant sector, and the parties seeking to set up the board must be representative of their sector. Once a board has been established, every four years, the Social and Economic Council of the Netherlands (SER) assesses that it still has sufficient support and is truly representative. Boards are also dissolved at the initiative of their constituent organisations.

There are two types of board: commodity boards and industrial boards. Commodity boards represent businesses involved in the same commodity (such as meat, fish, dairy produce or wine). They are mainly found in the agrifood sector, and represent the entire production chain from raw material to finished product, including producers, industry, and wholesale and retail trade. Industrial boards represent businesses that play the same economic role, such as hotel and catering businesses, retail companies and skilled trade companies. These are businesses that are predominantly involved in providing services to consumers.

The boards cover a substantial part of Dutch industry – approximately 500,000 small and medium-sized companies with more than 1.5 million employees. There are currently some fifteen commodity and industrial boards in the Netherlands, with approximately 1,200 employees in total.

What do commodity and industrial boards do?

The boards act in the interests of their sector as a whole and society in general. They carry out those tasks that cannot be carried out by individual trade organisations, trade unions or companies. Such tasks may be necessary in sectors with a very varied composition, with many small companies or a very flat hierarchy. The boards' activities are therefore complementary to those of private organisations, and their work is extremely varied. They contribute to knowledge and innovation, help to improve management processes, carry out public relations and promotional activities, act as a link to the government and set rules for their entire sector where necessary. A board's specific activities depend on the needs of its sector.

Boards promote the interests of their sector and of society

Each board carries out activities that benefit its sector and society as a whole. In this capacity, for example, the General Industry Board for Skilled Trades endeavours to develop a close correlation between vocational education and the labour market. It provides information on courses and careers in skilled trades, including an online careers advice test. It also develops gender-neutral career profiles for upper secondary vocational education, in order to make technical professions more appealing to girls.

Other examples of activities in the collective interest of a sector include market development and promoting exports. Several boards are active in these areas. Having learnt from experience that quality is a strong competitive advantage, the Commodity Board for Horticulture tightened the Dutch regulations on hygiene and food safety, thereby giving Dutch gardeners access to the Japanese and Taiwanese markets. Numerous promotional campaigns have also stimulated the market for horticultural products both in the Netherlands and abroad.

The boards are also actively involved in promoting corporate social responsibility within their sector. For instance, the General Industrial Board for Retail Trade has developed a toolkit, comprising a handbook and a case book, for defining what corporate social responsibility means in practice for the retail trade. The handbook provides information about the various methods of doing business in a socially responsible way, and includes a checklist for businesses to help them identify areas to target. The accompanying case book provides many inspiring examples of socially responsible businesses, from the largest chain store to the smallest retailer.

Many boards promote public information about the relationship between health and specific products, such as dairy products, margarine, fruit and vegetables. The Commodity Boards for Beverages and Wine finance information campaigns on the prevention of alcohol abuse and drink-driving as well as research into the effects of alcohol on the human body.

Boards lay down rules where necessary and help to enforce government regulations

Commodity and industrial boards have the authority to lay down rules that are binding to all companies in their sector, so that issues that concern the entire sector and society may be resolved without disrupting competitive conditions.

For example, the Commodity Board for Poultry and Eggs worked with the Dutch Society for the Protection of Animals to lay down a regulation stipulating the conditions that must be met to house and keep chickens, with the aim of improving the animals' welfare. Similarly, the Board for Forestry and Silviculture imposed regulations to protect Dutch forests from pest insects, stipulating the requirements that forest management must meet in any situation involving these insects. The regulation is a preventative measure, and is therefore rarely called upon.

Commodity boards in particular also help to enforce government regulations, such as those concerning the European agricultural policy. The boards' expertise is also called upon in drafting European regulations and integrating these regulations into national law. The General Commodity Board for Arable Products, for instance, helps to enforce European regulations on import taxes and export refunds for grains and sugar.

How does the regulatory industrial organisation add value?

The boards' status as special public-law bodies enables their activities to complement those of the government and of private organisations. They constitute a form of cooperation between the employers' organisations and trade unions within a sector, and so represent a partnership in sustainable and innovative enterprise, both for their sector and for society as a whole.

Boards are a means of raising standards in industry

Commodity and industrial boards are a means of raising standards in industry. Each board helps the companies in its sector to improve the quality of their products, production processes, supply chain logistics, industrial relations and sales networks, so that they can better meet the ever-increasing demands of society and the national and international markets.

The compulsory Dutch hotel classification system developed by the Industrial Board for Hotels and Catering is just one example of how a board can do this. This system provides consumers with a clear overview of the registered accommodation available, enabling them to access this information, entered by the businesses themselves, via the Internet.

Some issues require a sector-wide approach

The boards are an excellent means of undertaking tasks that require a sector-wide approach and financing. They have the necessary resources for this (such as collective funding and legislative authority), and can provide a platform for sector-wide discussion. This type of coordinated approach is both efficient and effective.

In this context, the General Industry Board for Retail Trades provides information and courses on topics such as the prevention and control of crime in shops. The Board also encourages shop owners to use information technology, and promotes specific sub-sectors, such as those for bakers, grocers or markets.

The General Commodity Board for Arable Products invests in disease control, such as herbicides for potato ring rot. In addition, the Board conducts research into ecological and economically responsible crop protection and ensures knowledge is transferred quickly to the growers.

Many of the boards draw up specific hygiene codes for their sector, based on the European Hazard Analysis Critical Control Point (HACCP) food safety regulations. Compliance with these codes is voluntary, but it is usually easier and less expensive for businesses to follow them than to set up their own food safety scheme. Furthermore, complying with the sector code ensures businesses can be certain of meeting legal requirements.

Boards provide an alternative to government regulation

One of the roles of the boards is to serve as an intermediary between the government and the individual sectors. They enable self-regulation within their sector (for instance, with regard to quality control), which either makes government intervention unnecessary or requires the government only to provide the outlines of regulations, leaving the boards to fill in the details so as to provide their sector with workable guidelines. This reduces the administrative burden placed upon individual companies. Moreover, regulations that are created from the bottom up (rather than being imposed 'top-down') are often more effective, as they enjoy greater support.

Food safety is one issue that requires intensive cooperation within a sector. In this context, the Commodity Boards for Livestock, Meat and Eggs have introduced a complete supply chain management system to monitor the quality of meat and eggs. All businesses within the sectors are obliged to comply with the welfare codes, quality management programmes and hygiene codes stipulated by their board. The use of a quality mark confirming that these standards have been met serves as a guarantee to consumers that the quality of the food on their plate has been carefully monitored at every stage.

The Commodity Board for Wine enforces a Packing Agreement that applies to the whole sector. The Agreement comprises agreed parameters for reducing and recycling packaging such as glass and cardboard. The Board's work ensures that individual businesses do not need to conduct their own environmental accounting, thereby relieving them of any additional administrative costs.

The boards provide an effective link to the government

For small sectors or sectors made up of a wide variety of organisations, the boards are ideally placed to organise matters effectively.

The General Industry Board for Skilled Trades covers approximately forty skilled trades, from hairdressers to opticians and from bicycle repairers to thatchers. The Board represents the interests of these sectors and is their main link to the government. For the hairdressing sector, for instance, the Board has drawn up an occupational health and safety agreement to reduce physical exertion and the number of eczema cases in the sector. Although the agreement encountered some difficulties in practice (collective labour agreements and the Dutch Occupational Health and Safety Act did not apply to self-employed hairdressers without personnel, which meant that the agreement might lead to unfair competition), the Board was able to maintain support for the agreement by introducing a regulation that also covered self-employed hairdressers.

In this way, boards are able to help prevent and resolve crises. For example, the Commodity Board for Poultry and Eggs played a key role in combating the avian influenza ('bird flu') epidemic in the Netherlands in 2003. Similarly, the Commodity Board for Animal Feed continually works to prevent new irregularities in the production of animal feed.

The boards ensure transparency in the market

Nearly all commodity and industrial boards gather knowledge and market information for their sector.

The Industrial Board for Hotels and Catering gathers, analyses and widely disseminates market information, such as comparative data regarding turnover and costs. This information infrastructure can be used by businesses within and outside the sector, by the government and by research organisations. In this way, the Board promotes continuity, quality, competition and innovation throughout the sector.

The General Industry Board for Wholesale Agriculture maintains a database of information concerning the export regulations, import tariffs and plant disease regulations of the various countries with which Dutch wholesalers do business. This database keeps exporters informed of any changes in regulations, and they can then ask for assistance if any problems arise. The Board also helps businesses with management issues by developing tools employers can use to better assess their company and make specific improvements.

The boards encourage innovation in their sector

A number of boards focus on stimulating innovation through research, technological advances and product development.

The Commodity Board for Dairy Produce finances theoretical and applied research into improved and innovative dairy products and production methods, and quality management tools. Examples of this research include studies on the diagnosis and spread of salmonella, the use of fertilizers to prevent contagious diseases from spreading, and the correlation between cowshed design and the welfare of dairy cows.

For the painting trade, the General Industry Board for Building Completion and Maintenance worked with Philips to develop a new and innovative light fitting for a special painting lamp, as the traditional lamps used by builders were inadequate for interior paint work. The new lamp enables painters to continue working through the winter, thereby reducing seasonal unemployment.

The boards stimulate sustainable development

Nearly all boards actively promote sustainable development, although they vary in their focus and approach. Targeted areas include energy-saving measures, employment opportunities, organic farming and environmental protection.

For instance, the Commodity Board for Margarine, Fats and Oils promotes a responsible environmental policy within the sector by bringing groups together and providing information on subsidies, technological advances and changes in the law. This has resulted in a significant reduction in energy consumption and the emission of noxious fumes in the sector. In addition, as much waste (and particularly packaging waste) as possible is now recycled, and the use of biodegradable materials has increased.

The Commodity Board for Fish and Fish Products works closely with the fishing sector to develop sustainable shellfish fishing and fishing using cutters. The Board also provides 'Fishing for the future' courses as part of the usual fishing training programmes, teaching participants about the North Sea as a unique but vulnerable ecosystem that should be carefully managed.

Together, the Commodity Boards for Grains, Seeds and Pulses, Animal Feed and Margarines, Fats and Oils have set up a joint bioengineering taskforce to provide businesses and consumers with up-to-date, factual information about genetically modified crops and products. The taskforce also engages in discussions with the government and social organisations on the contribution plant biotechnology can make to modern sustainable agriculture and food production.

The boards improve working conditions

Many boards contribute to improving working conditions in their sector, for instance by administrating occupational health and safety agreements between the government, employers and employees. The boards for the hairdressing, bakery and hotel and catering sectors provide employers with practical tools to ensure a safe and healthy workplace.

The General Industrial Boards for Skilled Trades and Retail Trades run a joint project entitled 'Back to Work' to reduce absence due to illness or incapacity for work. They provide information on this topic by means of a website, helpdesk and booklets for trade organisations, trade unions and Works Councils.

The Commodity Board for Horticulture conducted a successful experiment to reduce pollen allergies, in which bees collected the pollen from flowers, thereby eliminating employees' allergic symptoms. The commodity boards for the horticultural and agricultural sectors are also currently working to minimise the risk of human exposure to endotoxins (a cause for concern in these sectors), which can cause shortness of breath, joint complaints and headaches.

How do the boards operate?

Commodity and industrial boards are autonomous organisations that operate within the scope of the Industrial Organisation Act. Within that scope, the boards define their own role and responsibilities, in accordance with the needs of the sector they represent. Together, the boards therefore make up a unique and varied group.

Boards represent all companies within their sector, and the rules a board sets are binding for all those companies. As each board's activities benefit its sector as a whole, all companies within that sector must pay a compulsory contribution towards its costs. This prevents companies from 'free-riding' (i.e., profiting from the board's activities without making a contribution towards the costs incurred).

As public bodies, the boards carry a significant responsibility: they must be able to clearly demonstrate what they stand for and what their value is to the government, parliament and the sector they represent. They do this in part through their annual reports, and are encouraged by the SER to improve the quality of these reports. In addition, the boards provide information about their activities through their own websites and newsletters. Some boards also regularly conduct customer satisfaction surveys.

The boards are supervised by the government and the SER, with a focus on setting criteria for the decisions taken by a board. For instance, the boards are prohibited from impeding healthy competition. A board's regulations and decisions will not be approved if they conflict with legislation, the interests of the sector as a whole or the general good. For decisions or regulations that may involve aid or a conflict of interest with regard to free trade between member states, the approval of the European Commission and World Trade Organisation (WTO) is sought.

The supervision of the boards is largely preventive. Before a board's regulations are put into practice, they must be approved by either the SER or the government. If necessary, the government can nullify these regulations at a later date.

Commodity boards

General Commodity Board for Arable Products	www.hpa.nl
Commodity Board for Grains, Seeds and Pulses	www.gzp.nl
Commodity Board for Animal Feed	www.pdv.nl
Commodity Board for Wine	www.wijninfo.nl
Commodity Board for Dairy Produce	www.produivel.nl
Commodity Board for Poultry and Eggs	www.pve.nl
Commodity Board for Livestock and Meat	www.pve.nl
Commodity Board for Fish and Fish Products	www.pvis.nl
Commodity Board for Horticulture	www.tuinbouw.nl
Commodity Board for Margarine, Fats and Oils	www.mvo.nl
Commodity Board for Beverages	www.productschapdranken.nl

Industrial boards

General Industry Board for Skilled Trades	www.hba.nl
General Industry Board for Retail Trades	www.hbd.nl
General Industry Board for Building Completion and Maintenance	www.hao.nl
General Industry Board for Wholesale Agriculture	www.hbag.nl
Industrial Board for Hotels and Catering	www.bhenc.nl
Board for Forestry and Silviculture	www.boschap.nl

Published by

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For more information about the regulatory industrial organisation and news from the sectors involved, please refer to the websites of the SER and the individual boards.

Copy

Lansu + Paulis bedrijfsjournalisten, Leiden

English version

Baxter Communications, Hilversum

Photography

Arenda Oomen
Marcel van den Bergh/HH (p. 3)
Peter Hiltz/HH (p. 4)
Ronald van den Herik/HH (p. 9)
Michiel Wijnbergh/HH (p. 10)
Piet den Blanken/HH (p. 11)

Design

Donna Smith, Albani ontwerpers bv, The Hague

Printer

Albani drukkers bv, The Hague

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ISBN 90-6587-874-2