



Impact assessment of sustainability initiative in garden retail sector

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ACM has examined the effects of a sustainability initiative in the garden retail sector. ACM concludes that garden centers are taking a good step towards sustainability through their collaboration. Furthermore, the ACM sees positive effects of the cooperation on competition.

Background: ACM wishes to contribute towards a more sustainable economy

1. Businesses are allowed to collaborate in order to realize sustainability objectives. The competition rules offer latitude for this.¹ In that context, the Netherlands Authority for Consumers and Markets (ACM) can, at the request of businesses, conduct informal assessments to see whether their collaboration plans are compatible with the competition rules.
2. For example, in September 2022, ACM at the request of industry organization Dutch Garden Retail Sector (in Dutch: Tuinbranche Nederland)² gave a positive assessment of the sustainability agreement among a part of its members about curtailing the use of illegal plant protection products (pesticides) within the floriculture sector in the Netherlands.³ Part of the agreement is a sanctions framework.⁴
3. In this sanctions framework, garden centers agreed on the following. If residues of illegal pesticides are found on sold plants, the grower in question will be banned by the garden retailer that purchased these plants. Unless it turns out that the grower itself did not use the illegal substance and that the substance ended up on the plant in a different manner (for example, with the wind). In the event of repeated discovery of illegal substances, the plants of the grower in question are collectively banned by all participants in the initiative. Moreover, the regulator – which is the Netherlands Food and Consumer Product Safety Authority (NVWA) – will be informed of the suspected violation. The grower can supply plants once again if it has indicated that it has taken action to stop the use of illegal pesticides. Its plants will then be tested again.
4. ACM wants to ensure that markets work well for people and businesses, now and in the future. ACM therefore wants to contribute towards a more sustainable economy for people, animals, and the environment. ACM finds it important to improve its oversight continuously and to be accountable for the spending of public funds and for its actions. With those goals in mind, ACM regularly studies the impact of its own work, such as in this impact assessment. In this case, ACM is interested in finding out how the collaboration in the Dutch garden retail sector is functioning in practice, two years after giving the positive informal assessment, and whether the initiative has resulted in a reduced use of illegal pesticides. In addition, ACM is interested in seeing which effect the sanctions framework has had on competition.
5. ACM has taken the following approach to this (brief) study. ACM held discussions with three different parties: the Dutch Garden Retail Sector⁵, environmental organization Nature &

¹ This is explained in the [Policy rule on ACM's oversight on sustainability agreements](#), 4 October 2023, ACM/UIT/596876.

² [The Dutch Garden Retail Sector](#) is the sector organization for the entire garden chain, which includes manufacturers, importers, wholesalers in garden items, as well as green spaces and garden centers (retailers).

³ Informal assessment [letter](#) sustainability initiative of the Dutch Garden Retail Sector, 2 September 2022, ACM/UITNZZP/00155.

⁴ Retailers Intratuin, Praxis, Welkoop, Hornbach, GroenRijk, Ranzijn, and GRS Retail (a purchasing organization for 200 garden centers) as well as several traders participate in the [sanctions framework](#) (in Dutch). This group represented approximately 70% of the retail market for the sale of ornamental flowers and plants. Research organization CLM and foundation Nature & Environment (in Dutch: Natuur & Milieu) are also involved.

⁵ Minutes of meeting with Dutch Garden Retail Sector, held on 23 September 2024, ACM/UIT/630749.

Environment⁶ and the NVWA⁷. In addition, ACM has looked into and compared various studies into pesticides in the floriculture sector, for example the residue measurements of the participants in the initiative and inspection results of the NVWA.⁸

Results: garden centers are taking a step towards sustainability with their collaboration, including positive effects for competition

6. In the impact assessment, ACM comes to the conclusion that the initiative has indeed been launched and is being implemented. This means that the pilot phase has been completed successfully. So far, it has occurred six times that, as part of the sanctions framework, a grower has been confronted by a garden center or by the Dutch Garden Retail Sector on suspicions of use of an illegal pesticide. Since there has not yet been a case of a repeated discovery of illegal substances on plants from the same grower, no plants have been collectively banned yet.
7. Whether the collaboration has resulted in a reduced use of illegal pesticides in floriculture is difficult to definitively determine at this time. One of the reasons is that the various studies that ACM has looked into have their methodological limitations, and that the results are not unequivocal. The residue measurements of initiative participants show a decrease in illegal pesticides found on sold plants in the past few years (Figure 1).⁹ However, the NVWA does not see any improvements in the past few years when looking at its own inspection results in floriculture.¹⁰ The studies use different methodologies and are therefore difficult to compare. The organizations that ACM has spoken with, including the NVWA, are positive about the collaboration though. They clearly see the sanctions framework as a step in the right direction.
8. To ACM, the fact that the sanctions framework is being used is a sign that the initiative has a positive effect on competition, as the initiative prevents illicit competition resulting from non-compliance with the law. Due to the use of illegal pesticides, some growers may be able to produce more easily and cheaply than growers who do comply with the law. This is illicit competition, which would not have existed if the law were followed.
9. Moreover, ACM sees that participating garden centers take more far-reaching sustainability measures. To ACM, that confirms the idea that the initiative does not stand in the way of further sustainability efforts in the floriculture sector. Furthermore, there are no indications that the initiative has led to negative effects on competition such as higher sales prices of plants.¹¹
10. Finally, ACM concludes from the interviews that arrangements between businesses regarding compliance with statutory laws are perceived as useful. Even if something is already prohibited and public oversight exists, an agreement between private parties aimed at complying with the law can be a valuable addition.¹² Such arrangements can lead to improved compliance with the law and to a more efficient allocation of public enforcement. In many cases, that extra latitude is also offered by the competition rules, and in particular the 'Policy rule regarding ACM's oversight on sustainability agreements'. According to ACM, competition rules are not meant to protect illicit competition.

⁶ Minutes of meeting with Nature & Environment, held on 28 November 2024, ACM/UIT/635530.

⁷ Minutes of meeting with the NVWA, held on 23 October 2024, ACM/UIT/632415.

⁸ The residue measurements from CLM, Dutch Garden Retail Sector, and Nature & Environment of [2021](#), [2022](#), [2023](#) and [2024](#) (all in Dutch). The [report](#) (in Dutch) from PAN of 2024. And [inspection results](#) (in Dutch) from the NVWA of 2021 till 2023.

⁹ Two things stand out: the most prominent decrease appears to have started around 2022, right before the sanctions framework officially came into effect, and that, in the two most recent measurements (2023 and 2024), illegal substances (residue of at least 0.05 mg/kg) were only found on plants coming from foreign growers. One possible explanation suggested by the Dutch Garden Retail Sector is that foreign growers may be less aware of the sanctions framework or regulations.

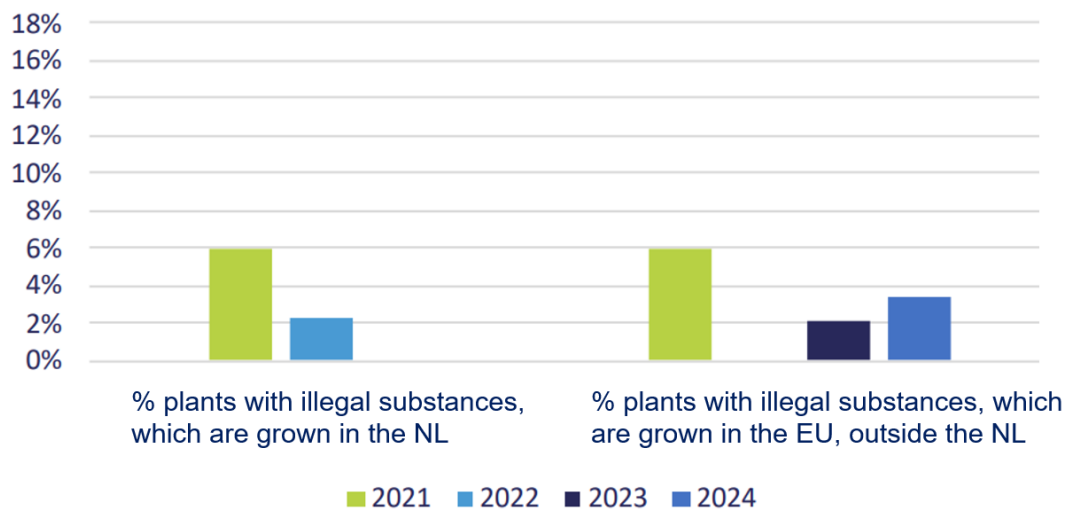
¹⁰ For the research methodology, definitions, and all the results of the NVWA, see [Inspection results 2021](#), [Inspection results of uncovered floriculture 2022](#) and [Inspection results of floriculture under glass 2022](#) and, finally, [Inspection results 2023](#).

¹¹ ACM did not conduct a statistical analysis of price trends or a possible (international) waterbed effect, where plants with illegal products would now be sold to other garden centers due to the initiative.

¹² The [NVWA](#) stimulates, for example, collaborations with private organizations that offer independent verification systems.

Annex

Figure 1: Results of residue measurements among initiative participants 2021 through 2024¹³



¹³ From the 'Pesticides in Garden Plants (in Dutch: Bestrijdingsmiddelen in Tuinplanten)' report from CLM, Dutch Garden Retail Sector, and Nature & Environment of [2024](#) (in Dutch), p. 25.