Cut flowers and foliage

The EU market for tropical flowers

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Report summary
This CBI market survey discusses the following highlights for the EU market for tropical flowers:

- The lion's share of the imported tropical flowers enters the EU via The Netherlands. In the case of Orchids, the situation is a bit more diverse. The supply of Orchids is dominated by 2 countries: The Netherlands and Thailand. Italy was the largest EU importer of fresh cut Orchid in 2006, accounting for 29% of total imports, followed by France (19%), Germany (12%) and the UK (9%).
- In terms of consumption, Germany is, however, the biggest market. Germany is mainly supplied via The Netherlands.
- Some of the better known tropical flowers like Cymbidium orchids and Anthurium have outgrown their status as niche products and can now be found in the so-called mainstream and bulk segments.
- Demand from East-European countries is growing.
- The European market is characterised by very strict quality requirements.
- Importers are very interested in novelties and little-known varieties.
- The market share of the retail chains (supermarkets) is increasing. However, in absolute figures, sales via florists are also still slightly increasing.
- Tropical flowers (even Heliconia) are not only grown in the tropics, e.g. The Netherlands holds a dominant role in the production of tropical flower species.
- Tropical flowers are characterised by post-harvest requirements which differ from so-called traditional products. Many tropical crops such as Heliconia, Anthurium, some Orchids and Gingers, suffer chilling injury and should not be kept below 15º C.
- A number of developing countries holds a strong position in supplying tropical flowers to the European market.
- The role of the Dutch and German auctions in the European tropical flower trade is considerable. Nevertheless, most tropical flowers enter the EU market directly via importers who are either specialised in tropical flowers or who import tropical flowers as a supplement to their assortment of mainly traditional flowers.

It should be noted that there are no specific statistics on the international trade in individual tropical flower species except for Orchids. Information provided by the Dutch auctions is the best way of approximating the position of different tropical flowers in international trade.

This survey aims to provide developing-country exporters of tropical flowers with product-specific market information related to gaining access to the EU market(s). By focusing on the EU market(s) for one product(group), this document provides additional in-depth information, complementary to the more general information and data provided in the CBI market survey 'The cut flowers and foliage market in the EU', which can be downloaded from http://www.cbi.eu/marketinfo

Detailed information on the selected product group is given in appendix A of this survey.

1 Market description: consumption and production

Consumption

The European Union (EU) is believed to consume over 50% of the world's flowers. Germany is the biggest consumer, followed by the UK, France and Italy in order of importance. Per capita consumption is highest in The Netherlands, followed at a distance by other countries like Belgium and Austria. In some of the larger European markets, including Germany, France and The Netherlands, consumption has been stagnant over the past five to ten years. For more information on the European market for cut flowers and foliage and trends per country, please refer to the CBI market survey 'The cut flowers and foliage market in the EU' and the CBI market surveys covering the market in individual EU countries.

Unfortunately, there are no European consumption figures available regarding tropical flowers. Although most tropical flowers are sold directly via European importers, an estimated 20-30% of all tropical flowers sold in the European Union passes through the Dutch auctions. Note that the role of the auctions is markedly higher for mainstream products like Orchid (Cymbidium, Phalaenopsis, etc) and Anthurium than for the smaller niche products; it is therefore not possible to extrapolate the numbers given in table 1.1.

Table 1.1 Top tropical flowers sold at the Dutch auctions
2006, turnover x € 1,000 and supply x 1,000 stems, annual average change

	Turnover				Supply			
Product	**2002**	**2004**	**2006**	**Change**	**2002**	**2004**	**2006**	**Change**
Cymbidium	66,216	65,217	72,034	2.1%	33,233	32,725	33,111	-0.1%
Anthurium	41,566	39,631	46,447	2.8%	63,827	81,531	84,356	7.2%
Strelitzia	6,450	6,858	7,046	2.2%	4,905	5,330	5,505	2.9%
Leucadendron	4,584	4,836	5,160	3.0%	29,486	31,698	33,540	3.3%
Heliconia	2,761	3,256	3,651	7.2%	2,550	2,897	3,176	5.6%
Phalaenopsis	2,217	2,097	3,348	10.9%	4,542	5,968	7,185	12.1%
Protea	3,231	4,597	3,339	0.8%	2,969	4,106	3,074	0.9%
Leucospermum	2,857	3,386	3,321	3.8%	6,645	7,193	7,727	3.8%
Curcuma	1,821	1,810	2,033	2.8%	3,473	3,244	3,864	2.7%
Paphiopedilum	553	454	455	-4.8%	748	616	877	4.1%
Ananas	138	354	381	28.9%	164	414	555	35.6%
Banksia	455	424	278	-11.6%	541	555	351	-10.3%
Dendrobium	194	424	213	2.4%	868	1,118	700	-5.2%

Source: Federation of Dutch Flower Auctions (VBN) (2007)

Because the market for tropical flowers is so diverse, we will highlight the developments of the main species in the section "Developments of the main tropical flowers species".

Market segments

Most tropical flowers are niche products and are sold in the exclusive segment. They are considered exclusive, unusual or unique products which distinguish themselves strongly from mainstream products. Consumers, retailers and wholesalers recognise this and are willing to pay accordingly.

However, there is also a more mainstream segment, consisting of the better known tropical flowers like Orchid and Anthurium. These have outgrown their position as niche products. These products are available year-round, either from European growers or from non-European exporters. This segment is characterised by standardised products, large volumes of one or a small number of varieties, efficiently produced against minimal costs.

It is expected that both market segments will increase in terms of absolute sales. However, as a direct result of the increasing scales in the European wholesale and retail trade, the demand for bulk products will grow stronger. Bulk products better fit the volume requirements of multiples (supermarket and Do-It-Yourself chains). Nevertheless, the role of florists and their demand for special products will remain strong in most European markets.

Trends
The main trends for the coming years which will affect the tropical flowers trade are:
- Ever higher quality requirements, both from wholesalers and retailers.
- Demand for novelties and less-known varieties.
- Increasing market share of the retail chains (supermarkets).
- Increasing sales of bouquets and mixes.
- Growth in demand and production in Eastern Europe.

Production
Tropical flowers (even Heliconia) are not only grown in the tropics, but also in greenhouses in The Netherlands, and to a much lesser extent in Germany, Italy, France, etc. In the case of products like Orchid (Cymbidium and Phalaenopsis) and Anthurium, Dutch growers dominate the market. The role of The Netherlands in the tropical flower production is so strong because of relatively low energy costs (natural gas) and the well-developed marketing and distribution network, enabling growers to supply the entire European market.

Dutch and other European growers not only produce mainstream products, they are also quite active in more exotic products. There are for instance around 5 growers cultivating Heliconia in The Netherlands, notably smaller varieties like Jamaican Dwarf.

Production of tropical flowers also takes place on some of the European islands in the Atlantic, markedly the Canary Islands (Spain) and Madeira (Portugal).

There is no specific information on acreages of tropical flowers.

Developments of the main tropical flower species
In this section, developments for the following main imported tropical flower species are discussed: *Orchid, Anthurium, Strelitzia, Protea and other Fijnbos, Heliconia.*

Orchids
Orchids are the oldest and most familiar tropical flower species and are also a leading import product. Imports of fresh cut Orchid into the EU increased by 3% annually on average between 2002 and 2006, amounting to € 89 million in 2006.

Table 1.2 *Orchids* at Dutch auctions in 2006
turnover x € 1,000; supply x 1,000 stems; prices per stem in €

Orchids	Turnover 2006	% change turnover '05-'06	Supply 2006	% change supply '05-'06	Price 2005	Price 2006
Cymbidium	72,034	+5.9	33,111	+4.8	2.09	2.18
main varieties:						
- mixed	34,311	+2.3	10,610	+2.1	3.23	3.23
- FN 'Alice Anderson'	695	+36.7	138	+36.8	5.02	5.02
- B.F. 'No 60'	490	+20.5	133	+16.0	3.54	3.68
Phalaenopsis	3,348	+28.5	7,185	+3.7	0.38	0.47
main varieties:						
- others white	2,052	+26.2	4,291	+0.1	0.38	0.48
- others pink	337	+6.3	678	-7.5	0.43	0.50
- Red Lips	288	+37.3	613	+1.9	0.35	0.47
- 'Omega'	215	+44.0	533	+37.6	0.39	0.40
Paphiopedilum	455	-5.3	877	+5.7	0.58	0.52
main varieties:						
- x leeanum	205	+7.3	564	+12.0	0.38	0.36
Dendrobium	213	-41.4	700	-42.3	0.27	0.30

Source: Federation of Dutch Flower Auctions (VBN) (2007)

Cymbidium has been the top commercial orchid in Europe for many years. The lion's share of these orchids sold in the European Union is produced by European growers, noticeably Dutch growers. The two main products, Cymbidium and Phalaenopsis, are hardly imported from outside the EU. Imported Cymbidium traded at the auctions, for instance, amounts to only a couple of thousand stems, while the total supply to the auctions was a staggering 72 million stems in 2006. The increase in production of Cymbidium was mainly the result of an increase in acreage in The Netherlands. Although the vast majority of Cymbidium is still traded in mix boxes, more and more stems are traded per colour. There is a gradual shift from small-flowered towards large-flowered Cymbidium varieties.

About 90% of the Dendrobium traded at the Dutch auctions is imported. A broad assortment of Dendrobium varieties is traded under the denomination 'other'. Globally, Dendrobium is grown and traded a lot, particularly in South and East Asia where numerous cultivars are grown.

After Japan, Italy is the world's number two importer of cut orchids. Many orchids, particularly Dendrobium, are imported from Thailand and transported in trucks from The Netherlands to Italy. Italy imports almost five times as many orchids as the USA.

France is the number three cut orchid importing country in the world. The trend in orchid consumption in Paris is on the upswing, after a decade of cut orchids being a bit out of fashion.

The most important development in the world trade in orchids is the increasing size of commercial orchid farms. There is also a lot of activity in the area of breeding. Hundreds of new unnamed hybrids are making their appearance. Many improved plants are coming from crosses between Hawaiian cultivars and Thai hybrids. The results have given long stems, larger flowers and a widened range of colours.

Anthurium

Because of the airfreight and packing costs, there are hardly any Anthurium imported into the EU. Trade in Anthurium is dominated by Dutch growers. Italy, however, is also more and more emerging as an important supplier of Anthurium to the European market.

When grown under shade cloth in tropical countries, Anthurium can be extremely sensitive to bacterial rots. In The Netherlands, Anthurium is of course grown in temperature controlled greenhouses and planting material typically comes from tissue culture, so there is little incidence of disease.

Table 1.3 *Anthurium* at the Dutch auctions in 2006
turnover x € 1,000; supply x 1,000 stems; prices per stem in €

Anthurium	Turnover 2006	% change turnover '05-'06	Supply 2006	% change supply '05-'06	Price 2005	Price 2006
Total	46,447	+8.0	84,356	-5.0	0.53	0.55
of which imported	751	+41.5	1,200	+19.6	0.54	0.63
main varieties:						
- 'Tropical'	6,337	+0.1	10,972	-10.6	0.52	0.58
- 'Midori'	4,451	+16.8	8,205	+0.8	0.47	0.54
- Pistache	2,870	+17.9	4,441	+0.7	0.55	0.65
- 'Acropolis'	1,973	-4.6	3,033	-16.6	0.57	0.65
- Choco	1,424	-2.0	2,527	-13.2	0.51	0.57

Source: Federation of Dutch Flower Auctions (VBN) (2007)

A couple of years ago, the market for Anthurium was characterised by increasing supply which tended to outrun growth of market demand. However, prices have been recovering. Actually, it would seem that prices are becoming too high for some market segments.

The domination of The Netherlands in the Anthurium trade is also reflected by the presence of the leading Anthurium breeding companies Anthura, AVO Anthurium Vogels and KP Holland:

- Anthura BV: http://www.anthura.nl
- AVO Anthurium Vogels: http://www.avo.nl
- KP Holland: http://www.kpholland.nl

Strelitzia

Although Strelitzia originates in South Africa, they are currently grown all over the world. In the European Union, Strelitzia are mainly cultivated in The Netherlands in greenhouses, but also in France, Spain and on the Canary Islands (Spain) or Madeira (Portugal). Note that Dutch growers are able to supply Strelitzia over a long period of the year (August to June). Nevertheless, the share of imported Strelitzia is increasing steadily.

Table 1.4 *Strelitzia* at the Dutch auctions in 2006
turnover x € 1,000; supply x 1,000 stems; prices per stem in €

Strelitzia	Turnover 2006	% change turnover '05-'06	Supply 2006	% change supply '05-'06	Price 2005	Price 2006
Total	7,046	+5.3	5,505	+9.0	1.32	1.28
of which imported	3,342	+44.7	3,216	+47.9	1.06	1.04
main varieties:						
- reginae	6,935	+5.2	5,427	+8.9	1.32	1.28
- reginae 'Yellow Josephien'	111	+10.4	81	+15.2	1.44	1.38

Source: Federation of Dutch Flower Auctions (VBN) (2007)

The main variety of Strelitzia traded on the European market is the orange-coloured Strelitzia reginae. Another variety which can be seen more and more is the yellow-coloured 'Yellow Josephien'.

As is the case with Heliconia and other large-sized flowers, most Strelitzia are used by florists to make flower arrangements for special events. However, as Strelitzia nowadays is almost year-round available, it is one of the only tropical flowers that is increasingly used in supermarket bouquets.

Protea and other Fijnbos

Fijnbos is the term used to refer to the major vegetation that covers the South African Cape region and includes different species amongst which Protea, Leucospermum, Banksia, Leucodendron and Grevillea.

Table 1.5 *Protea and other Fijnbos* at the Dutch auctions in 2006
turnover x € 1,000; supply x 1,000 stems; prices per stem in €

Protea & Fijnbos	Turnover 2006	% change turnover '05-'06	Supply 2006	% change supply '05-'06	Price 2005	Price 2006
Leucadendron	5,160	+1.6	33,540	+6.5	0.16	0.15
main varieties:						
- 'Safari Sunset'	3,176	-9.1	22,731	-4.4	0.15	0.14
Protea	3,339	-9.3	3,074	-7.9	1.08	1.09
main varieties:						
- barbigera	756	+25.7	489	+47.4	1.81	1.54
- cynaroides	519	-10.3	243	-8.9	2.17	2.14
- 'Pink Ice'	415	-3.1	594	+3.7	0.75	0.70
Leucospermum	3,321	-1.9	7,727	+7.4	0.49	0.43
main varieties:						
- 'Succession'	806	-8.9	1,695	+5.7	0.55	0.48
- nutans 'High Gold'	527	+47.5	1,278	86.9	0.52	0.41

Protea & Fijnbos	Turnover 2006	% change turnover '05-'06	Supply 2006	% change supply '05-'06	Price 2005	Price 2006
Banksia	278	-12.4	351	-24.3	0.68	0.79
main varieties:						
- 'ashbyi'	82	-21.3	154	-25.5	0.50	0.54

Source: Federation of Dutch Flower Auctions (VBN) (2007)

Nearly all Fijnbos is imported from outside the European Union. Most production is in South Africa (around Cape Province), although other countries also export considerable amounts of Fijnbos to the European Union, particularly Israel, East African countries, Australia. Production originating in the EU typically comes from the Canary Islands (Spain).

Professional growers are increasingly cultivating the wild Fijnbos varieties. Through breeding, selection, propagation and using modern technology, they have made it possible to enhance production and bring better varieties to the market.

The top selling products exported from South Africa are Protea magnicifica (Queen Protea), Protea eximia (Duchess Protea) and the Protea repens (Sugarbush Protea). Bouquets are also exported, many of which include Protea compacta.

In contrast to most other products discussed in this survey, Fijnbos can travel in the cold chain.

Protea stems are usually sold in quite short stem lengths of below 40 cm. In the case of Leucadendron, branches are usually cut at some 35-50 cm and sold as cut foliage. With Leucospermum a single, relatively small, red or orange pincushion flower is sold on stem with a length of 35-45 cm.

A couple of specialised importers (particularly in The Netherlands) dominate the European trade in Fijnbos. These importers sell their products to auctions or directly to other European wholesalers. In some cases, the larger importers bunch the products and produce ready-made bouquets of Fijnbos.

Heliconia

Heliconias are true exotics as the flowers cannot stand prolonged periods of temperatures below 15°C. Heliconia come in many different shapes and sizes. Heliconia caribea accounts for about 40 procent of the Heliconias traded. Other important varieties are H. major, H. pendula, H. rostrata, H. stricta, H. wagneriana, H. champneiana, H. vellerigera en H. rauliniana. Note that the auctions use only 25 different product codes, meaning that about 10 percent of all commercial varieties are individually identified.

Table 1.6 *Heliconia* at the Dutch auctions in 2006
turnover x € 1,000; supply x 1,000 stems; prices per stem in €

Heliconia	Turnover 2006	% change turnover '05-'06	Supply 2006	% change supply '05-'06	Price 2005	Price 2006
Total	3,651	+8.3	3,176	+3.3	1.09	1.15
of which imported	1,032	+24.8	744	20.3	1.35	1.39
main varieties:						
- caribea	1,353	+0.1	1,282	-5.2	1.00	1.06
- stricta	1,100	+55.0	1,116	+52.1	0.97	0.99
- wagneriana	194	+9.1	93	+13.7	2.17	2.08

Source: Federation of Dutch Flower Auctions (VBN) (2007)

European importers estimate that auction supply covers about 40 to 50% of the European Heliconia market. Sales via auctions keep growing by about 5 percent per year.

A typical logistical chain for Heliconia traded via the Dutch auctions would look like this:
⇨ Delivery Schiphol Airport: Monday
⇨ Clearance / forwarding agent: Monday
⇨ Handling agent / unpacking service: Monday
⇨ Auction: handling agent divides shipment in 3 batches which will be offered at the auction on three different days.

A part of the products traded is supplied by a small number of local growers who grow smaller stem lengths in greenhouses in The Netherlands. Dutch growers market a relatively large share of their Heliconia via the auctions. The rest is mainly imported from countries like Ecuador, Costa Rica and Colombia. Other countries supplying Heliconia to the European market are Ivory Coast, Jamaica, Tanzania, Brazil, Surinam, and Cameroon.

Opportunities and threats
The following general opportunities and threats for exporters of tropical flowers in developing countries can be identified:
+ Non-standard assortment, specialties and novelties: There is a high level of interest in innovation and new species; experience has shown that new products can acquire a rapidly growing market share, following initial introduction to the trade.
+ Bouquets and mixes: Many tropical flowers are exported as single stems or mono-bunches. However, exporters should keep in mind that the demand for bouquets and mixes is increasing. Traditionally, European wholesalers make up the bouquets. However, according to European specialists, there are possibilities for ready-made bouquets of tropical flowers and foliage for the supermarket channel. The supplying company will have to be able to supply high quality certified (fair trade) products, in larger volumes, against good prices. Professional communication and planning is an important requirement. There are also opportunities to add value by putting, for instance, sleeves and stickers on the bunches.
- Ever stricter quality requirements: The floricultural trade is becoming more and more professional. The main potential bottleneck to tropical flower exporters is the ever-increasing quality requirements.

As can be seen from the discussion above, a trend or development can offer opportunities to certain (developing country) exporters, but at the same time pose a threat to other exporters. As an exporter, you will need to analyse if the development provides an opportunity or a threat for your business. This will depend on your specific situation. Please refer to Chapter 7 of the CBI market survey ‘The cut flowers and foliage market in the EU’ for an example of such an analysis.

Useful sources
- Flower Council of Holland - http://www.flowercouncil.org
- Federation of Dutch Flower Auctions (VBN) - http://www.vbn.nl
- COLEACP (Europe-African-Caribbean-Pacific Liaison Committee for the Promotion of Horticultural Exports) - http://www.coleacp.org
- International Association of Horticultural Producers (AIPH) - http://www.aiph.org

2 Trade channels for market entry

Distribution intermediaries
Since most tropical flowers are very sensitive to chilling injury, care must be taken not to pre-cool or store the products below the recommended temperature. The visible effects of chilling injury are often delayed until the product is offered for retail sale. The effects can include losing flowers or foliage, failure to open, discolour or wilt.

Tropical flowers account for a very small portion of the international flower trade. As a result, the international flower trade has structured itself almost completely according to the requirements in handling traditional flowers: low temperatures during post-harvest and transportation, the so-called cold chain.

In the European market, tropical flowers are mainly distributed by **specialised importing wholesalers** (or importers), who usually combine tropical flowers and foliage, working with positive temperature distribution chains. The number of these specialised importers is rather limited (about 20 in all of Europe).

The rest of the tropical flowers are distributed by **non-specialised or traditional importing wholesalers,** who buy tropical flowers as a supplement to their standard assortment.

The specialised and some of the larger traditional importing wholesalers are characterised by very high quality requirements, in combination with demand for considerable volumes per variety.

The Netherlands, serving as a gateway to the European markets, hosts a large share of the European importers of both traditional and tropical products. However, other European markets like Germany, UK, France and Italy also offer direct sales opportunities to exporters.

Figure 2.1 Trade structure of tropical flowers

Between 5 and 10 companies operate in The Netherlands on and around the two biggest flower auctions in Aalsmeer and Naaldwijk. Some of the interesting players for exporters in developing countries are

- Gebr. Berk: http://www.gebrberk.nl
- OZ import: http://www.ozimport.nl
- Oudendijk: http://www.oudendijkbv.nl
- Zurel: http://www.zurel.nl
- Vreeken Orchideeën: http://www.vreeken-orchids.nl

In France, several specialised wholesalers are trading exotics. Some specialised importing wholesalers are active at the Rungis wholesale market near Paris. Competition among the tropical flower specialists at the Rungis wholesale market is rather fierce. Companies either offer higher quality, while others offer particularly low prices. All wholesalers offer their product straight out of the box. You can download an overview of traders from the website of the Rungis wholesale market.

- Paul Michel: http://www.paulmichel-import.com
- Jawad Exotiques: http://www.jawad.fr
- Penja: http://www.penja.com
- Fleur Assistance: http://www.fleurassistance.com

In Germany, some importing wholesalers near the Frankfurt airport have specialised in exotics.
- Fantasia: http://www.fantasia-blumen.de
- Florimex: http://www.florimex.de
- Straelener Blumenhandel: http://www.sbh-worldwide.com
- Bigi Blumen Import: http://www.bigi-blumen.de

In the United Kingdom, a small number of wholesalers is specialised in tropical flowers. Most of the exotics are handled as a side product by wholesalers trading mainly traditional products.
- Sunflora: http://www.sunfloragroup.com
- Orion: http://www.orionflowers.co.uk

Tropical flowers are also traded via the Dutch and German flower auctions. Except for Anthurium, however, the role of the flower auctions is less noticeable than in the case of traditional flowers.

Nevertheless, exporters in developing countries will encounter importing wholesalers who are not very familiar with exotic products. These importing wholesalers often request irregular shipments and have specific quality requirements. In many cases, it is difficult for exporters to build a sustainable export business if they only supply to this type of importing wholesalers. It requires constant sales efforts to find sufficient (often small) buyers to sell all available products.

For more information on the traditional distribution channels for tropical flowers, please refer to CBI market survey 'The cut flowers and foliage market in the EU'.

Although there are no specific figures, it is safe to say that most tropical flowers are sold via florists. Supermarkets and other retail outlets like Do-It-Yourself stores and garden centre chains sell relatively more (ready-made) bouquets of other flowers.

Useful sources
- Landgard: http://www.landgard.de

Price structure
Price structure and margins in the tropical flower business are similar to those for other cut flowers.

Importers typically operate on a commission of fixed prices, which can vary roughly between 5-25% of the gross sales depending on the country, market segment, required handling and product.

The marketing costs of the cooperative auctions range from 10-12% for large volume or high value products and up to 20% for small volume or low-value crops. In general, the high fixed charges of the auctions, coupled with the costs of airfreight mean that particularly large volumes and high quality flowers can garner a positive return at the auctions.

More information on this issue can be found in the CBI market survey 'The cut flowers and foliage market in the EU'.

Selecting a suitable trading partner
Exporters of tropical flowers should note that most specialised importers know their way around in the supplying countries. If you do not have new or exclusive products, targeting these buyers is often not very useful. There are, however, still many non-specialised

wholesalers who are still open to new suppliers. Exporters in developing countries should particularly target the more professional and bigger wholesalers who are interested in developing a long-term relationship with fixed supply lines, instead of the small importing wholesalers who only import incidentally.

The best ways for exporters in developing countries to approach potential trading partners in the European market are:

- Direct mail: You can write a letter, e-mail, fax, or directly phone a European company. Most companies will probably respond that they are not interested or that they already carry a competitive line. However, only a few positive replies are needed to continue your search and evaluation of prospective distributors.
- Personal visits: Once you have received a number of "interested" replies, plan a trip to that market. Try to combine that trip with, for instance, an important trade fair like the Hortifair. Additionally while travelling, stop in other potential markets to assess the situation, as well as attempt to make contacts. Many times, a personal visit will pay for itself in terms of the benefits gained.
- Another good starting point is to visit the FloraHolland auction (in Aalsmeer or Naaldwijk), or one of the major European wholesale markets:
  - FloraHolland auction: http://www.floraholland.com (and http://www.vba.com)
  - Rungis Wholesale Market near Paris, France: http://www.rungisinternational.com
  - New Covent Garden Market in London, UK: http://www.cgma.gov.uk
- Invite EU importers or potential business partners to visit your company.
- Build a network in order to extend your contacts.
- Visit international trade fairs like the Hortifair in Amsterdam, The Netherlands (http://www.hortifair.nl) and the IPM in Essen, Germany (http://www.ipm-messe.de) .

Websites where you can find contact details of potential trading partners are:

- Flowerweb: http://www.flowerweb.org
- Dutch Agricultural Wholesale Board (HBAG): http://www.hbagbloemen.nl
- Horti Kompass: http://www.hortikompass.com
- Rungis traders guide: http://www.rungisinternational.com/pages/gb/presentation/guide.asp

3 Trade: imports and exports

There are no specific statistics on the international trade in individual tropical flower species except for Orchids. Other tropical flowers are categorised under the group of 'other fresh cut flowers'. See Appendix A of this survey and the CBI market survey ‘The market for cut flowers and foliage in the EU’.

Information provided by the Dutch auctions is the only and best way of approximating the position of different tropical flowers in international trade.

Imports

The EU is the world’s leading importer of flowers and foliage, with imports amounting to € 3.4 billion in 2006. Except for Orchids, there are no exact figures of the share of tropical flowers represented in this figure. It is, however, clear that it is very small compared to traditional cut flowers.

Imports of fresh cut Orchid into the EU increased by 3% annually on average between 2002 and 2006, amounting to € 89 million in 2006.

Italy was the largest EU importer of fresh cut Orchid with € 25.5 million, accounting for 29% of total imports, followed by France (€ 17.3 million, 19%), Germany (€ 10.8 million, 12%), UK (€ 7.6 million, 9%), The Netherlands (€ 6.0 million, 7%), and Poland (€ 3.6 million, 4%). German imports consist mainly of higher-priced, high-quality Orchids.

The supply of Orchid is dominated by 2 countries: The Netherlands and Thailand. The Netherlands is the leading supplier of Orchids to the EU, accounting for 69% of supplies to the EU in 2006. It is the only European country with a sizeable Orchid export industry. The Dutch growers produce mainly Cymbidium and Phalaenopsis Orchids, but also Paphiopedilum and Oncidium, which are produced in greenhouses throughout the year. Imports from Thailand, the world's largest exporter of tropical cut Orchids and second largest supplier to the EU, accounted for 22% of supplies to the EU. Thai producers hold a particularly strong position in Dendrobium Orchids.

Other considerable non-EU suppliers are New Zealand, Taiwan and Malaysia. It is remarkable that in 2006, almost all Orchids from Taiwan were exported directly to the UK and most Orchids from Malaysia exported to Greece. In general, developing countries are slowly losing shares in total supplies of Orchids to the EU.

Table 3.1 EU imports and leading suppliers of "Orchid" and "Other cut flowers" to the EU, 2002 - 2006, share in % of value

Product	2002 € million	2004 € million	2006 € million		Leading suppliers in 2006 (share in %)	Share in EU imports (%)
Orchids	58	58	65	Intra-EU:	The Netherlands (69), Germany (2), Belgium (1)	73
	1	0.7	1.5	Extra EU excl DCs*:	New Zealand (1), Taiwan (1)	2
	21	20	23	DCs*:	Thailand (22), Malaysia (1), South Africa (1)	26
Other fresh cut flowers	1,535	1,491	1,435	Intra-EU:	The Netherlands (80), Italy (2), Spain (1)	87
	92	76	75	Extra EU excl DCs*:	Israel (4)	5
	129	144	133	DCs*:	Kenya (3), Ecuador (2), Colombia (1), South Africa (1)	8

Source: Eurostat (2007)
*DCs: Developing countries

Note that the product group 'Other fresh cut flowers' represents a very wide assortment of products in which tropical flowers only represent a small proportion.

Market visits and interviews with branch experts show that the following countries hold a strong position in the supply of tropical flowers to the EU:

- Latin America: Colombia, Costa Rica, Ecuador ⇨ Heliconia, Alpinia, Calathea, etc.
- Africa: South Africa and East African countries ⇨ Protea and other Fijnbos
- Asia: Thailand ⇨ Orchid

A round of interviews with European importers of tropical flowers revealed many other countries as suppliers of tropical flowers: Ivory Coast, Jamaica, Tanzania, Brazil, Surinam and Cameroon have been mentioned. In most of these countries, the number of growers which export to Europe is limited to only one or two commercially active companies.

Exports

The Netherlands has a considerable domestic production of Orchid and Anthurium, which are exported mainly to other European countries. Other European countries which produce and export tropical flowers are Italy, Spain, Portugal and, to a lesser extent, France. Nevertheless, the share of tropical cut flowers in the entire flow of EU flower export is very moderate.

As the table below shows, the leading EU export country of Orchids is The Netherlands.

Table 3.1 EU exports of "Orchid", 2002 - 2006

	2002 € million	2004 € million	2006 € million
World	68,988	76,265	72,418
Intra-EU	60,073	67,761	60,689
Extra-EU	8,915	8,504	11,730
Leading EU export countries:			
The Netherlands	66,711	73,875	69,523
Belgium	656	1,116	866
Germany	1,084	280	798
Denmark	17	112	236
France	99	233	232
United Kingdom	82	176	219
Italy	208	176	157
Austria	8	62	127
Spain	29	120	105
Czech Rep.	6	9	47

Source: Eurostat (2007)

Opportunities and threats

With respect to general trade developments, the following opportunities and threats can be identified for growers and exporters in developing countries:

- Increasing airfreight rates.
+ Particular opportunities exist for exports towards East-European countries (Poland, Hungary, Czech Republic, Russia, etc.) and South-European countries (Italy, Spain, etc.). Market demand in East-European countries is still strongly increasing and their interest in exotic products is relatively high. In South-European countries, climatic conditions are more favourable for handling tropical products.
+ In the case of Orchids, opportunities exist for direct export to Italy.
- Retail chains increasingly require suppliers and products to be certified, according to EUREPGAP, FFP, MPS, etc. Please refer to the CBI market survey 'The cut flowers and foliage market in the EU' for information on certification.

Useful sources

- Eurostat – official statistical office of the EU - http://epp.eurostat.cec.eu.int
- EU Expanding Exports Helpdesk - http://export-help.cec.eu.int
- International Association of Horticultural Producers (AIPH) - http://www.aiph.org
- Federation of Dutch Flower Auctions (VBN) - http://www.vbn.nl
- COLEACP (Europe-African-Caribbean-Pacific Liaison Committee for the Promotion of Horticultural Exports) - http://www.coleacp.org

4 Price developments

The variation in species, varieties, lengths and qualities of tropical flowers is enormous. This makes it difficult to provide accurate information on prices. Furthermore, holidays, seasonality, and quality and supply fluctuations due to climatic changes also strongly influence price levels.

Although tropical flowers like Heliconia and Strelitzia occupy only a marginal position in the market, they constitute a growing niche market. Nevertheless, the market is characterised as a supply market. Demand is lagging behind and prices are under pressure. The main reason has been the increasing supply, particularly from Latin America. It is expected that this downward price development will continue as long as production in those countries is still expanding.

In the case of almost all tropical flowers, a seasonal price pattern exists. Prices are at their lowest during the summer period and highest in November and December and around special days like Valentine's Day and Mother's Day.

In the case of auction prices, it must be kept in mind that, as most tropical flowers are typical niche products, prices tend to react immediately to strong supply changes.

Table 4.1 gives an overview of the price developments of the main tropical flowers over the past three years (prices at the Dutch auctions). More detailed information on price developments for the tropical flowers which are most important for developing countries can be found in section "Developments of the main tropical flower species' in Chapter 1.

Table 4.1 Price development of main tropical flowers average annual prices in €

Product	2002	2004	2006
Cymbidium	1.99	1.99	2.18
Anthurium	0.65	0.52	0.55
Strelitzia	1.32	1.29	1.28
Leucadendron	0.16	0.15	0.15
Heliconia	1.08	1.13	1.15
Phalaenopsis	0.49	0.34	0.47
Protea	1.09	1.08	1.09
Leucospermum	0.43	0.47	0.43
Curcuma	0.52	0.55	0.53
Paphiopedilum	0.74	0.74	0.52
Ananas	0.84	0.86	0.69
Banksia	0.84	0.77	0.79
Dendrobium	0.22	0.32	0.30

Source: Federation of Dutch Flower Auctions (VBN) (2007)

For more information about differences between auction prices and pricing when bypassing the auction system, please refer to the CBI market survey 'The cut flowers and foliage market in the EU'.

Useful sources

- ITC's Market News Service (MNS) - http://www.intracen.org
- Federation of Dutch Flower Auctions (VBN) - http://www.vbn.nl
- Landgard - http://www.landgard.de

5 Market access requirements

As a grower in a developing country preparing to access the EU market, you should be aware of the market access requirements of your trading partners, sales channel and government. 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.

The quality demanded by European traders and consumers is extremely high. In a recent survey, European importers of tropical flowers indicated that the following issues are considered to be the main criteria for selecting suppliers: product quality, price, communication skills, packaging, availability and supply consistency.

For information on legislative and non-legislative requirements, go to ‘Search CBI database’ at http://www.cbi.eu/marketinfo, select cut flowers and foliage in the category search, click on the search button and click on market access requirements.

Corporate Social Responsibility
Labels are becoming more important, also in the tropical flower trade. It is, however, generally not a strict requirement for most customers. The majority of clients of importers simply do not ask for certified flowers. Although these wholesalers are not interested, some retailers and customers are.

If a client asks for a label, it is mostly not the all-decisive issue for purchase. Nevertheless, it should be kept in mind that at the moment, some supermarkets require suppliers to be certified (GLOBALGAP, FFP, Max Havelaar, MPS, Fair Trade label).
A number of certification schemes can offer individual exporters the opportunity to distinguish themselves and develop a supply relationship with specific (niche) markets.

Packaging
The packaging of tropical flowers has to satisfy a number of conditions, mainly in the field of handling, and the protection of the quality and presentation. Different packaging materials are used, depending on the type of produce and the function of protection and influence over the micro climate required.

In the case of exporting tropical flowers from developing countries, most products are distributed in boxes. Cut flowers are often packed in a plastic or paper cover to protect them. Heliconias are often put in some kind of protective material like shredded newspaper. The kind of packaging used is highly dependent on the variety and the size of the product, the required temperature, the wishes of the importer and the transport conditions.

Packaging differs strongly per products. Heliconia supplied to the Dutch auctions usually have a stem length of about 75-80 cm in the case of Dutch produce, but longer stem lengths for imported products. Flowers are sold in bunches of 2 to 5 stems, sometimes packed in foil / in buckets / boxes.

High transportation costs tend to impose a limiting effect on the exports of tropical flowers. They are either heavy, as with Heliconias (some weigh almost 1 kilogram per stem), or they are voluminous.

For more information on packaging, please refer to the ITC publication ‘PACKit - Export Product Profile Cut Flowers’. PACKit publications can be obtained directly from the ITC website.

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/

Useful sources
You can download information on requirements on tariffs and quota in specific EU markets from the CBI website. Go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select your market sector and the EU country of your interest, click on the search button and click on 'market surveys' for an overview of documents on the country of your interest.

- Dutch Custom Services - http://www.douane.nl/english/
- Directorate General XXI - http://europa.eu.int/comm/taxation_customs/index_en.htm
- ITC's PACKit - Export Product Profile Cut flowers - http://www.intracen.org/ep/
- Plant Protection Service in The Netherlands - http://www.minlnv.nl/pd
- MPS - http://www.st-mps.nl
- GLOBALGAP – http://www.globalgap.org
- Fair Flowers Fair Plants (FFP) - http://www.fairflowersfairplants.com
- Max Havelaar - http://www.maxhavelaar.ch/en/

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.

Sales promotion
Common practices of trade promotion should not differ widely between European countries.
- Take good care of existing contacts. This includes, for example, expressions of thanks to business partners, regular information on the company developments like product range, quality improvements, etc.
- Always reply to a letter of inquiry. If you cannot supply this contact, say so, explaining that you will get in touch with him for the next campaign.

Constant, prompt and reliable communication is a vital prerequisite for maintaining a long-term business relationship with your customers. If possible, smaller firms should also try to be reachable by (mobile) phone at office hours.

It is advisable to commence with communication measures, which only require a small amount of planning and co-ordinating, such as revising the company's standard printed matter:
- Standardise all printed paper used outside the company (letterheads, visiting cards, fax form, etc.)
- A brochure and website of your company (including photos of production sites and produce) can be useful for promoting new contacts and sales.

Visiting and participating in a trade fair can be an efficient tool for communicating with existing and prospective customers. It can also be an important source of information on market developments, production techniques and interesting varieties.

The CBI market survey 'The cut flowers and foliage market in the EU' provides information on trade fairs, international (trade) magazines, after-sales services, Internet and other sales promotion subjects.

Some potentially interesting trade fairs for tropical flower exporters are:
- Hortifair (in Amsterdam, The Netherlands): http://www.hortifair.nl
- Iberflora (in Valencia, Spain): http://iberflora.feriavalencia.com
- Salon du Végétal (in Angers, France): http://www.salon-du-vegetal.com

Appendix A General product description

This survey focuses on the EU market for fresh cut tropical flowers, sometimes also referred to as exotics. No official definition of the product group tropical flowers exists. However, many tropical flowers are characterised by post-harvest requirements which differ from so-called traditional products. The optimum storage temperature for most common flowers is near freezing point, from 0º to 5º C. Many tropical crops such as Heliconia, Anthurium, some Orchids and Gingers, however, suffer chilling injury and should not be kept below 15º C. Exceptions are Protea and other Fijnbos, which can travel in the cold chain.

We can therefore give an overview of the flowers which are commonly regarded as tropical flowers.

In the international market, the major tropical cut flowers are:
- Orchid
- Anthurium

The list of cut flower species which can be categorised as tropical cut flowers is very extensive. It is therefore not possible to list all products and varieties.
- Protea (and other Fijnbos like Leucadendron, Leucospermum and Banksia)
- Heliconia
- Strelitzia (Bird of Paradise)
- Alpinia (gingers)
- Zingiber (shampoo gingers)
- Calathea
- Ananas
- Musa
- Costus (French Kiss)

In this survey, we adhere as much as possible to the botanical names of the products and varieties. However, in many countries different trade names are used for the same products. When exporting tropical flowers to the EU, exporters are advised to be aware of this peculiarity of the tropical flowers trade.

In the case of cut flowers, the HS code classification system does not distinguish many different products. There is only a very small number of leading products like Rosa, Dendranthema, and Dianthus which are classified individually.

Except for Orchids, tropical flowers are not further distinguished by the HS code classification. As a result, most tropical flowers can be found under the HS code for “Other fresh cut flowers”:
- 0603 10 30 Orchids (fresh cut)
- 0603 10 80 Other fresh cut flowers (except Rosa, Dianthus, Orchids, Gladiolus, Dendranthema)

Where no specific data is available (for example trade and consumption data), reference will be made to the whole EU market for cut flowers.

This survey was compiled for CBI
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