



PA-ABZ-510

A private sector Agro-Enterprises advice and assistance service  
to stimulate the successful development of agro-products, enterprises  
and export markets in Sri Lanka.

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production, processing and  
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AgEnt/Floriculture Produce Exporters  
Association  
2nd September, 1993  
Marketing Seminar

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Part I

Markets in the Netherlands/Germany  
for fresh cut foliage, foliage plant  
starter material, rooted and unrooted  
canes and foliage tips, semi-finished  
plants and potted specimen tropical  
plants and trees

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Business Information Center Manager

### Introduction

This report was prepared and presented on AgEnt's behalf by the project's Floriculture Marketing specialist - Mrs. Nancy Laws

It essentially represents AgEnt's Phase 1 determination to "get to grips" with this sector, which AgEnt believes has significant further export development potential; and where AgEnt can offer both the industry and individual exporters who meet the necessary criteria, considerable advice and assistance.

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WORLD TRADE IN FLORICULTURE

In 1991 Total world trade in floriculture products exceeded US\$6,625 million. The largest exporter was the Netherlands which exported \$3,513 million or 53% of the total, followed by Denmark, Colombia, Belgium, Italy, the US, Germany, Israel, France, Spain, Costa Rica, Thailand and so on. Sri Lanka was the world's 35th largest exporter of floriculture crops with .1% share of the market.

In World Trade in Live Plants, of \$2,801 million, Netherlands held 48% of the market, followed by Denmark with 14% of the market, Belgium with 10% and Germany with 6%. These top four exporters combined supplied 77% of the total ornamental plants traded when measured by value. Sri Lanka was 22nd largest exporter with market share of .1%

The largest importer of Live Green Plants for Ornamental Use was Germany, with \$805 million of plants imported in 1991 with 25% of the market. This was followed by France with 12% of the market, and Italy with 8%. The United Kingdom imported \$211 million; the Netherlands had only 6% of the market importing \$184 million; Sweden, \$137 million; Belgium \$136 million; Switzerland with \$127 million.

These examples from Europe alone, indicate that Sri Lanka has barely touched the many markets. Additional European export expansion for ornamental green plants from Sri Lanka exists in Germany, France, Italy, and the United Kingdom. Below we take a look at two of these markets.

In general the importers' requirements in Europe include:

1. Foliage plants adapted for low foot candles of light for use in dark interiors of offices and houses.
2. Foliage plants adaptable to temperatures as low as 55 degrees Fahrenheit, and that do well between 60-68 degrees.
3. Plants with longer stems, or contrarily, short rounded dense bunched plants of the newer "compacta" varieties.
4. Foliage plants with a wide range types from dark green to varigated to flowering foliage plants.

## GERMANY

### A. Background

Germany, with a population of over 80 million, and one of the highest per capita floricultural consumption rates in the world, represents a big market for exporters of flowers and plants from other producing countries. The German floricultural products imports market is the largest in the world.

### B. Supply and demand

#### 1. Local production

Horticultural production is in the vicinity of urban conglomerations such as Hamburg, Bremen, Hanover, Frankfurt, Stuttgart, Nuremberg and Munich. The Lower Rhineland, the region around Hamburg, the Rhine-Main region and the region around Stuttgart are the most important.

Floriculture takes up 4,000 hectares, of which 2,500 hectares are under glass greenhouses. Germany is the largest producer of pot plants in Europe, with production over DM 1.5 billion.

Most nurseries are specialised. Some 600 million pot plants are produced by German nurseries each year. The range of product is wide and expanding. New varieties are constantly being introduced.

Among houseplants purchased in Germany, flowering plants are particularly popular. According to a 1992 survey by PVS Marktonderzoek, flowering plants constituted 58.7% of houseplant sales.

Plant breeders are constantly working to improve the varieties. They focus on new forms, colors, resistance to disease, to cold and so forth. German horticulture is reknown for breeding the African violet, begonias, cyclamen, pelargonias, streptocarpus, kalanchoe, roses and gerbera.

The most popular varieties have changed considerably in the recent years from African violets, and pot chrysanthemums, to new hybrid types of the following:

## Germany: The Most Popular Houseplants in 1992 by Value

Houseplants	Percent
	100.0
Blooming house plants	58.7
Amaryllis	.4
Anthurium	.7
Azalea	8.4
Begonia	3.9
Bromelia	.3
Calceolaria	.4
Chrysanthemums	4.8
Cyclamen	9.0
Erica (heather)	3.8
Hybiscus	1.4
Hortensia	2.0
Hyacinths	1.0
Kalanchoë	1.5
Orchids	3.4
Poinsettia	7.6
Primula	6.0
Saintpaulia	3.2
Green house plants	11.3
Cactus	1.4
Dieffenbachia	.2
Ficus	2.7
Hedera (Ivy)	1.7
Palms	3.1
Philodendron	.4
Soleirolia	.4
Varen	1.1
Others not mentioned	23.1
Assortments and dish gardens	4.5

Specialized nurseries provide seed boxes and rooted cuttings. The mother plants are sometimes to be found in subsidiary nurseries in southern Europe or in developing countries where the favourable climate is used to promote the cultivation of cuttings. In vitro techniques are very important for growing

uniform plants in modern laboratories. Some tissue culture species are brought from Italy, Israel, France or Australia to developing countries where they are rooted, then brought to Germany (or Holland) where they are acclimatized and potted and shipped to the final consumer.

Bedding plants are also important. 50% of households have a garden. There are approximately 9,000 hectares in the production area devoted to nursery stock. The production value is about DM 1.05 billion. The most popular are geraniums (29.6%), Violets (10.5%), Begonias (6.3%), Erica/Heather (5.9%), Impatiens (5.7%), Daisies (5.2%, and Primula 4.3%.

Germany exports around DM 110 million of floriculture products. Temperate zone potted plants worth DM 62 million make up the largest share, including azaleas worth DM 18 million. Potted heathers (*Erica gracilis*) are produced at the rate of 40 million plants per year of which about half are exported, with an export value of DM 21 million.

Germany also exports cut flowers, or reexports (principally to the Netherlands) flowers imported from other countries such as Kenya, Thailand or Colombia. Increasingly Germany is becoming an aggressive force in floriculture trade on its own right, though it still is the largest importing country and absorbs over half of all Dutch floriculture exports plus the greater portion of those of Denmark, and Belgium as well.

## 2. Imports

Germany is the largest importer of floriculture products in the world. Its imports of cut flowers, plants and decorative cut foliage exceed \$850 million each year.

### German Imports of Decorative Foliage and Pot Plants Millions of Dollars in 1991

		Total World	Sri Lanka
Decorative cut foliage	US\$	170,270,000	86,000
Pot Plants	US\$	805,070,000	57,000

Germany: Imports of Cut Foliage  
(Value in US Dollars Million, Quantity in Unit X 1000)

Source country	Quantity	Value	Share Value
World	86.03	170.27	100.0%
Denmark	52.50	53.47	31.4%
USA-Puerto Rico	10.09	39.25	23.0%
Italy	3.49	26.06	15.3%
Costa Rica	4.37	16.45	9.6%
S.Afr. Cus. Un	1.48	6.49	3.8%
France	5.98	5.32	3.1%
China	.46	3.08	1.8%
Netherlands	.98	2.18	1.2%
India	.84	1.91	1.1%
Finland	.30	1.51	.8%
Guatemala	.33	1.38	.8%
Israel	.26	1.25	.7%
Spain	.41	1.23	.7%
Hungary	.49	1.17	.6%
Panama	.37	1.17	.6%
Sri Lanka	.09	.86	.5%
Poland	.92	.82	.4%
Australia	.12	.64	.3%
Sweden	.31	.57	.3%
Uruguay	.07	.54	.3%
Chile	.07	.53	.3%
Norway	.13	.38	.2%
Austria	.11	.32	.2%
Canada	.07	.29	.1%
Portugal	.05	.28	.1%
Romania	.17	.26	.1%
Mexico	.03	.25	.1%
Brazil	.08	.25	.1%
Indonesia	.01	.23	.1%
Kenya	.05	.22	.1%
Turkey	.17	.18	.1%
Others (8)			

Germany imports from over 40 countries. The Netherlands is by far the largest foreign supplier of foliage plants accounting for 67% of all imports. Denmark is the largest supplier of cut foliage with 31%, followed by Florida with 23% (mostly leatherleaf fern) and Italy (mostly ruscus), while Costa Rica is the largest supplier of tropical foliage. In cut flowers, 81% of German imports come from the Netherlands.

### C. Consumer preferences

#### 1. Preferences with regard to species and varieties.

Florist shops and garden centers offer a wide assortment of flowers. Quality is generally very high both of the product itself, the packing, the boxing, the displays and stands and shelving.

The most popular cut flowers are temperate flowers: Roses, Carnations, Tulips, Chrysanthemums. Tropical flowers account for less than 4% of all flowers consumed.

The most popular of the decorative cut foliage is fern, leatherleaf fern imported from the United States and Costa Rica is important, as well as locally grown asparagus fern. Tree fern (tiki) is gaining in importance. Salal, Oregon Grape and other temperate and mountain species are very important as well as ruscus. Chamaedorea is gaining importance. Other tropical foliage numbering over 250 varieties, are estimated to be less than 3% of the cut foliage market.

As seen above, among foliage plants, consumers prefer flowering pot plants, most of which are produced either locally, or in the Netherlands and Denmark.

Among tropical interior foliage plants there is an absence of any single dominant species. Trade sources suggest that the following (in alphabetical order) are important: Bromeliads, Chamaedorea, Cordyline, Croton, Dieffenbachia, Dracaena, Ficus, Nephrolepis, Philodendron, Schefflera (brassaia), Scindapsus (pothos) and Yucca. Among these, production of rooted and unrooted cuttings and cane of Dracaena, Ficus and Yucca are dominated by the Central American producers, particularly Costa Rica.

New introductions include: Anthurium (Lady Jane, Lady Anne, Lady Beth, Purple Viking) Cordyline australis (Dazzler, Red Star, Sundance); Asplenium antiquum fern (Victoria); Ficus (Sabre-- which has little leaf drop); guzmania (Cherry from Twyford); Pandanus baptistii; varisea (Splendide) and others, most of which are being-propagated from tissue culture.

## 2. Seasonal patterns of demand.

Consumption is highest from September through May, with the greatest consumption coming at holidays including Christmas (December 25, Valentine's Day (February 14) and Mother's Day (early May).

### D. Trade structure

Germany has a dense network of terminal wholesale markets, mainly for cut flowers that supply retail florist shops. The largest are in Hamburg, Dusseldorf, Cologne and Berlin. In addition, there are a large number of Netherlands truck wholesalers (Flying Dutchmen) that deliver direct to florist shops and retail outlets.

Farmer producers' sales co-operatives sell over DM 360 million to flower wholesalers, multiples, florist shops and street vendors. The largest two, representing 80% of turnover, are the UGA auction in Niederrhein, and the NBV auction in Neuss. Approximately two thirds of these auction sales are pot plants and bedding plants and the rest cut flowers. Imported flowers are auctioned on behalf of importers and of the foreign producers who deliver direct to the auction. The auction fee for imported products is fixed at 8% of sales values at UGA Niederrhein and 7.5% at NBV Neuss.

In addition growers and importers also sell direct to retailers, mass merchandisers and chains of garden centers via telephone orders, and this type of selling is gaining favor for futures deliveries of flowers and plants for holiday sales among the mass merchandisers. Florida growers of tropical foliage specimen plants are targeting this sector for their new promotion program "Florida, Grown in the Sun" campaign. Labeling of each plant or tree is accordingly designed to appeal to the "ecology crowd" and the "green consumers" who are significantly important in Germany, and who are thought to prefer plants grown naturally instead of under artificial greenhouse lights that waste the world's scarce energy resources.

Importers can be divided into shipping wholesalers, who sell to a national network of wholesalers and to central purchasing offices of multiples and of assortment wholesalers, and distributing wholesalers who sell to retailers. Both of these types of wholesalers import flowers, but the smaller and medium-sized distributing wholesalers, of which there are over 1,500, normally import only from other EEC countries, the Netherlands in particular. Imports from outside the EEC are generally carried out by the shipping wholesalers; of which there are about 30.

#### E. Importers requirements

##### 1. General requirements

Importers' requirements in Germany are basically similar to those of other Western European countries. Quality standards for the EEC are included in Appendix I.

Good communications (telephone and fax communication regarding each shipment on the particulars of contents, airline, air way bill, time of arrival, quality considerations) are a requirement.

Particularly in the growing of tropical foliage plants, the tendency is to make long-term contracts for certain species with growers abroad. Rarely are purchases made "on spec" from unknown growers, though "trial shipments" are usually requested (five or six are not uncommon) from new suppliers.

##### 2. Quality and packaging standards

Quality and packaging standards are very stringent. Competition with growers in the Netherlands, Denmark, Colombia, who all have excellent quality, sophisticated package design, and logos, make it very difficult for producers of growers who wrap their product in newspaper and ship it in kraft cardboard cartons.

New laws regarding packaging and the recyclability or return of boxes and packing materials is currently going into effect. This will affect the ability of shippers from countries outside of Europe to sell in Germany under their own brand unless they work very closely with the importer.

Most importers have strong ideas about appropriate packaging, cardboard strength, box size to facilitate palletizing for intra-

European shipments, and so forth. Occasionally importers wish to be identified only by "consignee number" on the box, to avoid industrial espionage from competitors in the airports. In general the number of box sizes shipped by any given grower should be limited to two, three or four, so that inventory and storage problems as well as shipping problems can be kept to a minimum.

## F. Competition and prices

### 1. Competition

Producers in developing countries meet keen competition both from domestic German producers and from foreign growers and traders. The principal competition is from the Netherlands. Floricultural products can be bought at the Netherlands auctions and transported without restrictions across the border to major cities such as Dusseldorf and Cologne within two hours. Other countries such as Israel, Colombia, Costa Rica, Spain (Canary Islands) and Kenya have well-organized import distribution networks with, in some cases, vertically integrated sales networks.

In pot-plant production, the Netherlands and Denmark are favoured as sources of cuttings because of the quality and uniformity of their supplies and their competitive pricing. A number of German growers with investments overseas (Costa Rica) have managed to establish the quality reputation of the developing countries, and this contributes to Sri Lanka's continued ease of entry into the German market.

Nevertheless, even when price and quality of imports are comparable to, or even better than production in the Netherlands, the latter's advantages of reliability and regularity of supply can have a major influence on purchasing decisions. The modern pot-plant production unit operates on slender margins and to very tight cropping schedules according to which vacant glasshouse areas must be refilled as soon as possible. The prospective developing country supplier must therefore have a demonstrated capacity for providing products and services of reliable quality at a competitive price.

## 2. Prices

Prices for both flowers and cut foliage have dropped slightly in 1992 due in part to a long hot summer. Some improvement is expected in 1993. Though prices of potted plants have not dropped by units, the average size sold declined causing the total turnover figures to drop in some areas as much as 15% though total units sold increased slightly. The market for larger material is predicted to increase again in the next two years.

Prices depend on supply and demand and vary considerably, day to day, sometimes even hour to hour. There are varying trade margins. The importing wholesaler will normally charge a margin of 10 to 20% on sales to a distributing wholesaler. This margin covers transport costs to the distributing wholesaler, various duties and the import equalization tax. Higher margins are usually imposed on flowers of non-European origin because of the greater trade risk.

The trade margins of distributing wholesalers depend on their sales methods. For sales via terminal wholesale markets and self-service facilities the margin is about 15-20%; the truck sales margins are 20-30%. The average florist works on a margin of 100%, while mass merchandisers and street vendors work on 40-70% margins.

Advertising is undertaken by the Deutsche Blumenwerbung GmbH (DBG) financed by the domestic flower industry which makes contributions required by law and related to production. Foreign shippers are expected to contribute.

## G. Market access

Germany, being an EEC member, applies EEC tariffs and EEC regulations and directives.

## H. Market opportunities

### 1. General

In spite of last year's decline in the rate of increase of floriculture consumption, Germany remains the world's largest market by far. The share of developing countries in total imports is small, 6%, but growing. Market opportunities exist for

producers with competitive quality, interesting assortments, good availability during the European winter season, and lower combined production and shipping costs.

Cut flower requirements are very stringent, so it is advisable that cut-flower growers establish close contacts with reputable importers before commencing production for export to this market. Germany imports over 20 million orchid stems or blooms per year, of which over 80% come from the Netherlands, but 20% come from developing nations, particularly Thailand, Singapore, Brazil and Malaysia. Sri Lanka, with its competitive air cargo freight rates would have a good opportunity in this specific product area.

Decorative cut foliage prospects are good, and a large portion are imported (almost 10,000 tons per year). The United States is a large supplier, but refrigerated containers of leatherleaf fern are increasingly shipped from Central American countries such as Costa Rica. Sri Lanka's opportunities in the whole array of tropical foliages would be excellent at the moment when the 12% duty was removed for imports into the EC.

It would be important to some cut foliage importers in Germany to have a "main foliage" item in Sri Lanka such as leatherleaf or tiki (tree fern) as well as the usual assorted boxes of five different large foliages or five different smaller ones (packed in 10's, 200 in the box). Others have warned that consumers are getting tired of leatherleaf and overproduction is likely in Costa Rica and Florida which will drive the price down. Tree fern is also "over now" some say. They are looking for a graceful replacement for these two main items, that is airy, with volume, that does not shed, that is long lasting and which can be dyed. Testing of new items should be worked out in cooperation with the potential German importer.

In particular, opportunities in cut foliage exist in Aglaonema, Alocasia, Areca, Caryota, Cordyline, Codiaeum, Cycads, Dieffenbachia, Livinstona, Cane palm and some others.

The demand for potted interior foliage plants is now leveling off after considerable expansion in the 1980's. Most of the smaller material for households is supplied from the Netherlands and Denmark, particularly Ficus benjamina, croton and maranta, where plants are micropropagated in tissue culture laboratories. A number of large grower-acclimatizers in Holland also dominate the

yucca cane distribution. Imports from outside Europe tend to be either those plants that are difficult to micropropagate, require an expensive stock of mother plants, or require a long growing period.

The largest rate of expansion in demand has come from semi-finished plants needing acclimatization (1-6 months) before they can be marketed. Suppliers include Japan (mainly bonsai plants) Singapore (largely aquarium plants) Costa Rica, Guatemala, Cote d'Ivoire, and Dominican Republic with interior potted foliage plants, and the United States (ornamental citrus and large specimen ornamentals.)

Large specimen ornamental foliage plants for offices, hotels, restaurants, banks and shopping mall atriums are imported from Florida in the United States. Large Ficus elastic are produced from air layers in tropical countries, particularly Costa Rica. Mostly developing countries in the tropics supply quantities of foliage tips and cane at low prices, for growing on in German nurseries.

## 2. Opportunities for Sri Lanka

Sri Lanka would be able to compete well on all items produced in Central America providing the air and sea transportation is adequate and competitively priced, and the EC 12% duty situation resolved.

Sri Lanka may even become a dominant supplier of cut tropical foliage if air cargo bottlenecks and duty impediments are removed, since German importers from Costa Rica are finding that shipments are frequently delayed or lost in making connections in Miami.

Reproduction material for tropical plant growers in Germany will continue to be predominantly supplied from Costa Rica unless Sri Lanka: 1) Improves quality, 2) Develops and markets new varieties, 3) Provides competitive prices, 4) Provides reliable transportation, 5) Achieves duty free status, 6) Improves marketing and promotion. Growers must work together to take a more unified and businesslike approach to competing with Central American countries and Florida.

Quality of Dracaena and Ficus is very important, but many farms in Sri Lanka (near the airport) are in a climate that is too hot for production of the best quality of these varieties. Epiprinum, and Crotons grow well in that area, but production of the others would be of better quality (last longer) if grown at higher altitudes. Aglaonemas are still popular but risk overproduction. Asplenium has problems with transport, is cold sensitive to winter temperatures in Northern Europe and probably should not be among those products grown in Sri Lanka for export.

Certain tissue culture varieties of Calathea and Philodendron would find markets, and Epipremium, Livistonia, Rotundifolia Licuala Grandis and Caryota Urens Palms and Polyscias of all types are considered to be good items for Sri Lanka. Certain syngoniums (those not grown in tissue culture laboratories successfully) would have a strong market.

Purple Compacta Cordyline and certain Pleomeles, Aglaonema's and Philodendrons are occasionally oversupplied as are Dracena Massangeana, and Dracaena Janet Craig. Probably expansion of Crotons and Dieffenbachia as well as Ophiopogon and Philodendron should be avoided.

New varieties of plants good for the European pot plant market are thought to exist in Sri Lanka by the German importers, and they expressed frustration (heard many times) that these new varieties were not being exported.

Looking to the time horizon beyond the next year, the large specimen foliage and unusual items offer the largest margins. Working closely with grower/importers in Germany for long term planning purposes is a must until Sri Lanka becomes a major supplier. At that time Sri Lankan exporters can develop their own distribution network in Europe, following in the footsteps of exporters from Israel, Colombia, and Florida.

#### I. Trade Shows

The most important show is the International Plant Messe in Essen, Germany in February. Many German buyers also go to the Miflor show in Milan Italy, one week later. In September 19-23 the Padua, Italy show is also well attended by German buyers. The show that is most important for cut foliage in Germany is a new one, Plantec, organized by Messe Frankfurt GmbH. The next show will be September 30 through October 3, 1993. See below for addresses.

### 5. Retail Florists Interested in Helping Sri Lanka

Blumen Bleker This is a very large independent garden center. Mr. Bleker suggests Polyscias, Aglaonemas, Dracenas, Braided Ficus Benjamima cane two meeters, Bamboo cane (3 sizes: 50 cm. 1 meter and 1.5 meter), and Cordyline canes only (not tips). He says to stay away from Calathea--too heavy to transport, caryota, since there is no \$ in it. He is very well informed about Holland and plant prices and would help Sri Lankans. He does not speak English, so you must go with a translator.

Ugstadter /strasse 53  
D-6200 Wiesbaden-Bierstadt  
Tel (0611) 501206  
Fax (0611) 509812

### 6. Other addresses

#### Bundesverband der Deutschen Gross-und Aussenhandels

(Federation for the Wholesale and Foreign Trade)

Postfach 1349  
Kaiser-Friedrich Strasse 13  
D-5300 Bonn

#### Bundesstelle fur Aussenhandels-information (BfAI)

(Federal Office of Foreign Trade Information) Mr. Leonhardt speaks English and is very helpful

Blaubach 13  
PO Box 108007  
D-5000 Cologne 1  
Tel (0221) 20570

#### Centrale Marketinggesellschaft der Deutschen Agrarwirtschaft mbH (CMA), \*

Abteilung Export-Marketing  
Koblenzer Strasse 148  
D-5300 Bonn 2  
Telefon 02 28/8470, Telefax 01 18/837202

Deutsche Blumenwerbung GmbH (DBG) Financed by a tax on growers, it carries out market research and advertising campaigns and provides point of sales materials. Part of the CMA above.

Deutsche Entwicklungsgesellschaft (DEG)

(German Company for Investments in Developing Countries)

Mrs. Anita Duscha is in charge of relations with Sri Lanka.

Belvederestrasse 40

D-50933 Köln 41

Tel (0221) 49860 or (0221) 4986306

Fax (0221) 4986104

Tel: (0221) 4986-1

Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH

(Association for technical cooperation of Germany)

P.O. Box 5180

D-6236 Eschborn

Plantec "Internationale Fachmesse für Gartenbau" This is Germany's youngest (three years old in 1993) plant show, but oriented mainly to the industry. It would be the best place for Sri Lanka to showcase its potted plants and cut foliage. Dates for 1993 are September 9-October 3, and the show will be held at the Galleria at the Fairgrounds on Wiesbadener Strasse in Frankfurt AM. This may be a show important enough for individual exporters to take booths.

Messe Frankfurt GmbH

Postfach 15 02 10

D-60062 Frankfurt am Main 1

Tel (069) 75750

Tel (069) 75756297--Mr. John

Fax (069) 75756612

Statistisches Bundesamt

A good source of statistics.

Gustav-Stressemann-Ring 11

Wiesbaden

Tel (0611) 751 or 750

Fax (0611) 724000

Verband der Deutschen Blumengross- und Import-handels e.V.

(Federation of the German Flower Wholesale and Import Trade)

Mrs. Howman is in charge of import information

Julicher Strasse 32

D-40477 Dusseldorf

Tel (0211) 441389

Fax (0211) 482647

Zentralverband Gartenbau e.V. (ZVG) \*      Contact Ms. Bansen  
Godesberger Allee 142-148  
D-5300 Bonn 2  
Tel (0228) 810020  
Fax (0228) 8100248

## NETHERLANDS

## A; Background

The Netherlands is the largest flower and foliage plant exporter in the world. Most of its exports come from production within the country, but increasingly it imports not only for its own internal consumption but for the business of export. Its largest client nation is next door Germany, and the rest of Europe but the Netherlands exports around the world, including sizable exports to the United States, Canada, Japan, and Hong Kong.

## B. Supply and demand

## 1. Local production.

There are over 5,300 hectares of glass greenhouses dedicated to floriculture in the Netherlands, as well as extensive field grown flower production which is seasonal. Flowers, foliages and decorative plants are produced alongside of vegetables.

The Netherlands is particularly famous as a producer of bulb flowers such as tulips, but it is also the largest exporter of roses, carnations, chrysanthemums, field flowers, and even tropical flowers such as anthurium, and orchids.

## 2. Imports

The Netherlands is the fifth largest floriculture products importer in the world, importing a whole array of flowers and plants from every corner of the world:

Netherlands Imports of Decorative Foliage and Pot Plants  
Value in US Dollars Million, 1991

	World	Sri Lanka	Sri Lanka Percent
Decorative Foliage	89,808,900	310,000	0.3%
Live Plants NES	184,110,000	2,180,000	1.1%

Source: International Trade Centre UNCTAD/GATT

Netherlands: Imports of Cut foliage  
(Value of US Dollars Millions, Quantity in Units X 1000)

Source country	Quantity	Value	Share Value
World	35.80	89.81	100.0%
USA-Puerto Rico	8.02	28.20	31.4%
Costa Rica	4.67	18.21	12.7%
Italy	2.17	8.38	9.3%
Germany	4.17	6.55	8.3%
Denmark	8.53	6.29	7.0%
Israel	1.86	4.11	4.5%
S. Africa. Cus. Un	1.03	2.84	3.1%
France	.82	2.24	2.5%
Belgium	2.20	1.70	1.8%
Guatemala	.36	1.70	1.8%
Canada	.46	1.53	1.7%
United Kingdom	.22	1.17	1.3%
Mexico	.13	.92	1.0%
Norway	.17	.75	.8%
Honduras	.19	.59	.5%
Australia	.10	.58	.5%
India	.19	.42	.4%
Spain	.10	.34	.3%
Sri Lanka	.03	.31	.3%
Ivory Coast	.05	.18	.2%
Brazil	.05	.15	.1%
Jamaica	.04	.14	.1%
Turkey	.21	.14	.1%
Finland	.03	.13	.1%

Source: International Trade Centre UNCTAD/GATT

Netherlands; Imports of Pot Plants  
1992  
(Value x 1,000 DFL, Quantity X 1000 kg)

Country	Quantity	Value	Value Share
World	79,279	294,421	100%
Belgium-Lux	25,441	71,831	24%
Germany,	12,038	40,564	14%
Costa Rica	6,707	36,318	12%
Denmark	8,457	30,511	10%
Guatemala	8,216	16,358	6%
France	1,708	12,090	4%
Italy	3,850	11,687	4%
Brazil	476	6,792	2%
Israel	356	6,744	2%
Spain	1,702	6,453	2%
USA-Puerto Rico	1,384	6,183	2%
Sri Lanka	466	4,306	1%
Japan	184	3,980	1%
Honduras	1,350	3,854	1%
Poland	214	3,715	1%
United Kingdom	283	3,232	1%
Canary Islands	448	3,152	1%
South Africa	268	2,942	1%
Hong Kong	984	2,579	1%
Taiwan	239	2,160	1%
Singapore	280	2,050	1%
Dominican Republic	361	1,816	1%
South Korea	92	1,693	1%
Other Countries	3,759	12,387	4%

Source: Commodity Board for Ornamental Plants (PVS) The Hague

Netherlands: Imports of Rooted Cuttings  
and Young Plants Excluding Cacti

(Quantity x 1,000 kg, Value x 1,000 DFL)

	Quantity 1991	Value 1991	Quantity 1992	Value 1992	Percent 1992
Total	12,480	79,137	13,884	86,689	100%
Costa Rica	4,183	27,754	4,857	32,016	37%
Belgium/Lux	3,964	18,535	3,999	18,385	21%
Germany	485	6,010	455	6,214	7%
Guatemala	297	1,501	1,437	4,591	5%
Sri Lanka	27	2,360	262	2,726	3%
Poland	86	2,186	76	2,571	3%
Honduras	496	2,852	580	2,073	2%
Israel	159	2,632	112	2,014	2%
USA	850	4,002	268	1,709	2%
United Kingdom	8	1,059	19	1,324	2%
France	20	2,232	13	971	1%
Taiwan	35	1,356	23	890	1%
Other countries	1,640	8,645	2,803	10,203	12%

Netherlands: Imports of Unrooted Cuttings and Slips  
(Quantity 1,000 kg, Value 1,000 DFL)

	Quantity 1991	Value 1991	Quantity 1992	Value 1992	Percent 1992
Total	14,499	48,895	11,757	46,474	100%
Guatemala	8,399	13,879	6,442	9,910	21%
France	226	5,104	256	6,328	14%
Brazil	157	3,104	304	5,071	11%
Costa Rica	2,582	7,413	1,717	4,008	9%
Israel	90	2,221	36	2,956	6%
Italy	253	2,665	190	2,340	5%
Canary Islands	78	2,234	58	2,103	5%
South Africa	57	1,912	80	1,979	4%
Spain	44	1,322	66	1,937	4%
USA	73	1,078	45	1,610	3%
El Savador	1,038	1,266	1,036	1,366	3%
Honduras	753	1,509	591	1,096	2%
Germany	87	1,139	172	1,021	2%
Poland	110	606	84	1,005	2%
Others	612	3,244	650	3,744	8%

Source: Commodity Board for Ornamental Horticultural Products  
(PVS), The Hague

### C. Consumer Preferences

#### 1. Preferences with regard to species and varieties

In cut flowers, the favorites are roses, carnations, gypsophila, statice, chrysanthemums. In the last few years, "summer flowers" or flowers available in temperate outdoor gardens in the summer have gained popularity. Tropical flowers make up less than three percent of consumption. The majority of the orchids used are cymbidiums produced in glass houses within the country, but Thailand, Malaysia and Singapore provide spray tropical orchids, and Brasil, New Zealand and Australia, counter-seasonal cymbidiums during the winter months. Anthurium are provided from local greenhouses in the Netherlands.

In Decorative cut foliage, leatherleaf fern is popular but there are over 200 varieties and species of other foliages, both temperate and tropical, which are imported into the Netherlands. The dark flexible leatherleaf from Central America is preferred to the stiffer lighter product from Florida and elsewhere, but there is a price differential that makes Florida the dominant supplier. Tree fern, ruscus, eucalyptus, salal and other temperate greens are supplemented by diverse tropical greens for use in flower arrangements.

In tropical potted plants for use in interiors, the Netherlands is the largest European import market for unrooted and rooted cuttings from developing countries. This market has grown dramatically in recent years, though in 1993 imports had been adversely affected by a troubled economy and by substitution with micropropagation/tissue culture of many types of plants within the Netherlands. This is a highly specialized market and requires close coordination with importer/growers within the Netherlands who must condition and acclimatize plants after importation.

The principal imports into the Netherlands of unrooted and rooted cuttings, in descending order of importance, include:

Dracaena marginata  
Dracaena deremensis  
 Yucca  
 Dieffenbachia  
 Cordyline  
 Ananas  
 Schefflera  
 Ficus  
 Pelargonium  
 Scindapsus  
 Aglaonema

Source: Flower Council of Holland, Leiden, The Netherlands

The finished pot plant market is for small, low-cost, ready-to-sell pot plants that cannot be produced and shipped at competitive prices from distant suppliers because of the acclimatization required after long journeys. Some opportunities exist for various of the Ficus for instance.

Auction sales of foliage plants showed that there was a wide range of product sold. No single variety had more than 9 percent of the market. \* In descending order the foliage pot plant sales with their corresponding sales figures in millions of Dutch guilders included:

<u>Variety</u>	<u>1990</u>	<u>1991</u>	<u>90/91</u>
Ficus	116	120	+12%
Dracaena	66	130	- 0%
Kalanchoe	43	51	+19%
Begonia	37	40	+ 8%
Azalia	39	40	+ 3%
Yucca	38	40	+ 5%
Saintpaulia	34	38	+12%
Chrysanthemum	32	37	+16%
Spathiphyllum	28	31	+11%
Hedera	24	29	+21%

## 2. Seasonal patterns of demand

Consumption is heavily concentrated in the September through May period in Europe. Demand peaks just before Christmas (December 25), Valentine's Day (February 14) and Mother's Day (in May).

### D. Trade Structure

The vast majority of locally grown flowers and cut plants are sold by the growers through one of the nine grower-owned flower auctions, the biggest of which is the VBA in Aalsmeer, and the second biggest is the Westland auction. (See list of addresses).

In cut flowers, and cut foliage, a number of countries (particularly Israel and Kenya) send their product direct to the auctions, but other countries, (notably Colombia) have developed sales direct to wholesalers, mass merchandisers and supermarkets. This direct sale (off auction) is increasingly common, though still is of lesser importance than the auctions sales themselves. Cut foliage and cut flowers from various countries are often consolidated in Holland, and sold in various new assortments and packaging, both on and off the auction for use in the Netherlands or for re-export.

## E. Importers' requirements in the Netherlands

### 1. General

The market demands a uniformly sized and graded plant and this underlies the need for quality and uniformity of cutting and young plant material. The quality of the cuttings is linked to the health of the mother stock as well as the efficiency of production management. Importers are demanding about not only visible defects, but bacterial disease and viruses which may lie dormant in the stock. This creates the hesitancy to import from new growers or countries.

In order to control the quality of the product grown abroad, some of the importers even have extended themselves into joint-venture in such countries as Costa Rica, France (Perigord), India, Thailand, and Taiwan. Other factors that have attracted the Dutch to collaborate abroad include cheap labor and duty free status.

Sales efforts of a new grower or group of growers should be aimed at reassuring the importer that he will not have disease or other problems with his first purchases.

### 2. Quality and packaging standards.

The Netherlands forms part of the European Community and the EEC requirements for imports and packaging are stated in the Appendix.

Industry practice has evolved an increasingly sophisticated box with dramatic graphics as the standard during the last few years. If the product exported by the developing country is sold in the box, it behooves the exporter to meet the competition on box and logo design.

### 3. Terms of payment.

If the product is sold directly on the auction, payment is made within eight days. Potted plant, cutting and cane growers, however, do not have this option. Plants require acclimatization in nurseries in Holland before they can be sold.

Generally importers pay within 30 days, particularly with cut decorative foliage. Plants are paid for also within a month;

however this varies considerably and may depend on the time required to grow out the plants. If extra time (because of uneven sizes or poor quality) is required in the nursery, the importer may intentionally slow payment to the foreign grower to compensate. Once the plants are sold at the clock auctions, the importers get their money in eight days and can turn around and pay the grower. Some importers are (due to recent economic decline, problems in E. Europe, etc) in a hand-to-mouth financial situation, and may request longer terms. This should not be necessary, and a better option is for the importer to seek financing from local Dutch banks. In no case should payment be delayed longer than the time required to prepare and sell the plants, plus 8 days. Should this be happening, alternative distributors should be sought out.

#### F. Competition and prices

##### 1. Competition in the Netherlands market for plants

The principal supplying countries by type of plant are listed below:

Aglaonema--Sri Lanka, Thailand, U.S.  
 Ananas--Costa Rica, Cote d'Ivoire, Israel, Morocco  
 Asplenium--tissue cultured material from Holland  
 Calathhea--tissue cultured material from Europe  
 Cordyline--Brazil, Colombia, Costa Rica, Ecuador, Guatemala,  
 Israel, Kenya, South Africa, Sri Lanka, United States  
Dracaena deremensis--Costa Rica, Cote d'Ivoire, Ecuador, Honduras  
 Israel, Kenya, Peru, Sri Lanka, Thailand  
Dracaena marginata--Brazil, Costa Rica, Colombia, Israel, Peru  
 Dieffenbachia--Colombia, South Africa, Sri Lanka, Thailand, U.S.  
 Euphorbia--Brazil and Madagascar  
 Ficus--Cote d'Ivoire, Israel, United States  
 Pelargonium--Israel, Morocco  
 Philodendron--tissue culture from Europe  
 Schefflera--Brazil, Cote d'Ivoire, Israel, United States  
 Scindapsus--Honduras, Morocco, South Africa  
 Syngonium--Limited varieties are tissue cultured in Europe  
 Yucca--Costa Rica, Guatemala, Dominican Republic

Competition is on price as well as quality, and cost of transportation and duty are perhaps the major-non quality factors in determining the price CIF. For Sri Lanka, duty at 11% into Europe almost puts it out of the market, particularly as in the

case of Ixora, where freight is 60% of the C&F of the product, and duty is a multiple of that landed cost.

## 2. Prices

Prices for flowers and plants on all major Dutch auctions are available from the international departments of the auctions themselves, or on a very weekly basis, by paid subscription, through the Market News Service of the International Trade Centre UNCTAD/GATT, Palais des Nations, 1211 Geneve 10, Switzerland.

Prices however, vary as a function of variety, quality, size, length of the time required to transport the product to the Dutch market, terms of payment demanded, and other factors. A good working relationship with the distributor should be able to provide the exporter from Sri Lanka with comprehensive information on similar material exported from Costa Rica, Florida, and other competitor countries.

Prices (1992) week by week for potted plants from the Aalsmeer auction are available at AgEnt in Colombo.

## G. Market Access.

The European market does not have quantity limits on imports. Some items are dutiable, but generally duty rates are zero from developing countries. Sri Lanka, in August, 1993, was still one of the countries subject to 12% duty (11% with certificate of origin). However at that time, Sri Lanka had been granted MOL status (qualifying it for special funds and assistance from within the European Community, access to special loans that could be processed within two months, and support for finding of joint venture partners.) Along with other Asian countries (Bangladesh, China, Philippines, India, Nepal, Pakistan and Vietnam) and other African countries (Angola, Egypt, Ghana, Cameroon, Kenya, Namibia, Senegal, Swaziland, Zambia and Zimbabwe) and nations from Latin America, they would be facilitated in making application for exception of duties for certain categories of products, on a product by product basis.

Non-tariff barriers do not constitute a problem into Europe. Though plant quarantine control is strict, plants are allowed to be imported in pots in the growing media, unlike the U.S. and Hong Kong. Thus, in general, the market can be considered to be very open with no tariff or non-tariff barriers.

Some plants, such as syngoniums, that are susceptible to nematodes are frequently rejected by plant quarantine inspectors for phytosanitary reasons.

## H. Market opportunities

### 1. General.

Floriculture offers a number of opportunities for growers wishing to ship to the Netherlands. However competition is on the basis of both quality and price with other exporters as well as with Dutch growers, who have the tissue culture laboratories that can produce uniform, disease-free plants of a number of species such as maranta and Dracaena variegata, which are now no longer imported at all.

Even when prospective imports are comparable in price and quality, the reliability of, and regularity of supplies from domestic producers can have a major influence on the purchasing decision. Since the grower/importers are specialized and highly competitive, and all plants that are imported must undergo a period of acclimatization in the Netherlands before they can be resold, it is desirable that exporters from Sri Lanka develop close links with their clients.

### 2. Opportunities for Sri Lanka

Sri Lanka growers have to remake their image with many of the importers of the Netherlands because of their proven past unreliability in quality, undelivered promises of ordered quantities and misadventures with air cargo schedules. If good marketing and business practices were routinely followed, and customer relationships reestablished, Sri Lankan growers could compete with Central America, and increase exports easily providing all costs were equal.

Opportunities exist in the export of fresh cut flowers, particularly Summer Flowers (Solidaster, Solidago, Lisianthus, Bupleurum, Achillea, Carthamus, Delphinium, Limonium/Statice, Eriyngium, Gerbera, Gypsophila, Liatrice, Malucella, Trachaelium, Vernonia "Blauriesen") for the European wintertime market.

Good opportunities exist in the export of semi-finished pot plants to Europe. Current opportunities exist in Aglaonemas,

Crotons, Dracaenas, Epipreinum (Aureum,, Marble Queen), Ficus (Selected Cultivars), Ixora, Ophiopogon, Palms (Roebelenii, Rhapsis, Livistona Rotundifolia, Licuala Grandis and Caryota Urens), Philodendron (New tissue culture varieties), Polyscias (Fruiticosa, Fruiticosa Disectum, and Balfouriana Variegated), and the Syngoniums (those that do not do well in the tissue culture laboratories including White Butterfly). Pleomele (Song of India, Song of Jamaica and Reflexa offers limited options.

There are thought to be several Sri Lanka native plants that would sell well in the Netherlands interior foliage market.

Specimen plant material and trees could be a big money earner for Sri Lanka. All Palms are in demand, as are Euphorbia Lactea Cereus Peruviana, Ficus Benjamina and Polyscias.

#### I. Floriculture Fairs and Expositions

It is unlikely that any sales benefit would obtain from participating as a group or as individual exporters in any of the large Dutch flower fairs or exhibitions.

Importers tend to ridicule previous efforts of Sri Lankan government to sponsor multiple-grower representation at trade show booths, where a number of growers that do not talk to one another stand around and offer basically similar products with little farm information or backup material.

Booth design is very important, and representation by one or two agents for the whole Sri Lankan industry, with brochures, pictures, video tapes and so forth would be more conducive to promoting sales of Sri Lankan cut foliage and foliage plants in the Netherlands.

More effectively, on a smaller scale, working with importing clients, Sri Lankan floriculture grower/exporters were find many opportunities to display their products, or give away samples to key industry users. These smaller opportunities of "joint advertising" are equally important and deserve to be budgeted accordingly, with the proper promotional support and displays.

## 7. Main Importing Auctions

Bloemenveiling Westland (CCWS) Mr. Karel Hooijman, Manager of Commercial Import Department. This auction handles about 42% of all flowers and plants in the Netherlands and is about equal size with the Aalsmeer auction (VBA). See below. They have handled Sri Lankan cut foliage (Anosha) but in quantities were small and inconsistent to date. They would like ten box minimum of each assortment, and shipping year around, twice or three times per week as a minimum.

Dijkweg 66  
P.O. Box 220  
2670 AE Naaldwijk  
Tel: (01740) 23 333  
Fax +31 (2740) 33834

Verenigde Bloemenveilingen (VBA) This is the largest building without internal supports in the world, and is the classic flower auction. Manager of the import department is T.C. van Leeuwen. Mr. Dick van Dam is second in charge. They would be interested in a supplier of cut foliage, year around, twice a week.

Legmeerdijk 313  
P. O. Box 1000  
1430 BA Aalsmeer  
Tel: (02977) 34 567

## 8. Other useful addresses

CBI (Center for Promotion of Imports from Developing Countries)  
P. O. Box 30009  
3001 DA Rotterdam  
Tel: (010) 130 787

Jongkind Grond Agent for hydroculture balls (imported from Germany). This man would know all of the hydroculture growers in Europe, since he supplies them with product.

Oostein der weg  
Aalsmeer  
Tel (02977) 24505  
Fax (02977) 20383

Produktschap voor Siergewassen (PVS)

Jaap Van der Veen, Chairman \* DH  
Commodity Board for Floricultural Products  
(Statistics, market news, etc.)

Bezuidenhoutseweg 155  
The Hague  
Tel: (070) 814 631

Plantenziektkundige Dienst (PD)

Plant Protection Service  
Geertjesweg 15  
6706 EA Wageningen  
Tel: (08370) 19 001

VEK Adviesgroep BV Consulting firm specializing in floriculture projects around the world including the creation of a Florida flower auction in Orlando. Mr. J. W. M Vis, General Manager, and his colleague Jaap Kraus, ex-VBM former director or Zurel, and Bill Maas, ex-director of the FTD; supervise turnkey greenhouse jobs. They are a source of information on contacts throughout Europe. They offer consulting advise on contract on such subjects as growing/exporting of summer flowers in counter-seasonal production areas such as Kenya and Sri Lanka, and help on EC duty reduction for underdeveloped countries.  
Talk to Ard Reijtenbagh (Ing) one of their consultants.

Maasdijk 86  
Postbus 57  
2690 AB 's-Gravenzande  
Tel (0748) 17221  
Fax (01748) 18066