

CBI MARKET SURVEY

THE CUT FLOWERS AND FOLIAGE MARKET IN GERMANY

Publication date: November 2007

Report summary

This CBI market survey discusses, amongst others, the following highlights for the market for cut flowers in Germany:

- Germany is the largest market for cut flowers and foliage in the EU. In 2006, the market experienced growth again, after a few years of decreases in market size, and amounted to € 2.9 billion. Thanks to the current moderate recovery of the German economy, the future of the flower market looks a bit more promising. Although Germany is the biggest market, it is only the fourth largest flower producer in the EU. The German production only covers approximately 20% of domestic demand.
- Germany is the second largest EU importer of cut flowers and foliage, accounting for 23% of total EU imports. Its total imports decreased by 3% annually between 2002 and 2006, amounting to € 792 million in 2006. The major volume of imported cut flowers and foliage is distributed either by German wholesalers or by Netherlands export wholesalers to the retail trade.
- Imports sourced in developing countries increased by 1% annually between 2002 and 2006, amounting to € 61.7 million in 2006. This indicates that 8% is directly imported from developing countries. Furthermore, Germany sources its flowers in many different developing countries, of which the most important ones are Kenya, Ecuador, Colombia, and South Africa. Two emerging developing country suppliers are Ethiopia, from which imports increased by 30% annually, and China with an annual growth of 28% between 2002 and 2006.

This survey provides exporters of cut flowers and foliage with sector-specific market information related to gaining access to Germany. By focusing on a specific country, this survey provides additional 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 covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>

1 Market description: consumption and production**Consumption*****Total market size***

Germany is the largest market for cut flowers and foliage in the EU. The value of the market amounted to € 2,947 million in 2006. Between 2001 and 2005 the market had decreased by 1.7% annually, but in 2006, the market experienced a growth of 0.5%. Consumer purchasing power experienced roughly the same development. Moreover, fear of unemployment and reduced benefit arrangements for retirement caused consumers to spend less money in recent years. Furthermore, the German high VAT tariff has recently been increased from 16% to 19%. Ornamentals, however, still fall under the low 7% tariff.

The similarities between developments in the flower market, consumer purchasing power and consumer confidence indicate strong correlation between the 3 variables. The current moderate recovery of the German economy makes the future of the flower market look a bit

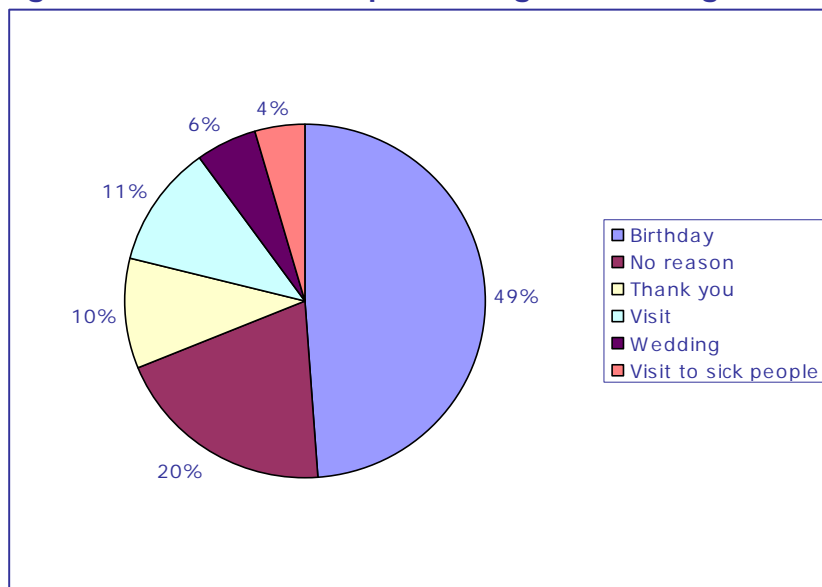
more promising. The value of the market is forecasted to increase gradually to € 3,021 million near 2011.

Per capita consumption of cut flowers amounted to € 36 in 2006, which indicates an annual decrease of 1.3% since 2002. Compared to other EU countries, this per capita consumption level is neither high nor low. In 2006, 57% of the Germans purchased flowers. The average price paid for a bunch of flowers increased in 2006 (refer to Chapter 4 for more information on prices and price developments). A factor preventing further decrease in per capita consumption and total consumption was the increased purchasing frequency (from 8 times in 2001 to 9 times in 2006).

Germans associate flowers with beauty, lovely colours, bringing joy, festivities, nature and as signs of affection and love. It is a way of making the interior of houses more friendly, beautiful and cosy. Negative associations are high prices and short vase life.

Figure 1.1 presents the occasions for purchasing flowers in Germany. As in many other EU countries, Germans mainly purchase cut flowers as a gift (53%). Only 20% of flower purchases is for own use and 26% for funerals and graves. Flowers are still the number one present in Germany. Candy/chocolates, money, wine and perfume follow in order of importance. Young people and men in particular relate flowers primarily to the giving of a present. However, young people have also come to associate flowers with a lack of inspiration and originality by the person giving the flowers, because of their traditional value as a gift. Also refer to Appendix E of the EU survey of cut flowers and foliage for a list of the public holidays, when flower sales peak.

Figure 1.1 Occasions for purchasing flowers as gifts, 2005, share in %



Source: Cadeaumonitor PT

Product groups

In 2006, mono-bunches accounted for 48% of the cut flower market, mixed bouquets (a bunch of mixed flowers and foliage) for 25% and compositions (decorative objects or arrangements made of flowers, foliage and other materials) for 27%. Within mono-bunches, Rosa is the leading cut flower, accounting for an estimated 50% of all mono-bunches. For the first time since many years, the share of Rosa however has slightly declined. Flowers which are becoming more popular are Tulipa, Gerbera, Dianthus and Dendranthema, as can be derived from Table 1.1. Rosa and Dendranthema are the most popular flowers for funeral purposes and graves.

Table 1.1 Top 10 flowers sold in Germany, 2004-2006, in % of sales

	2004	2005	2006
1. Rosa	49.6	52.0	50.8
2. Tulipa	11.4	11.2	12.1
3. Dianthus	6.1	5.4	5.8
4. Gerbera	4.4	4.2	5.0
5. Dendranthema	3.7	4.0	4.6
6. Narcissus	2.6	2.3	2.5
7. Amaryllis	2.6	2.3	2.3
8. Orchid	2.3	2.4	1.9
9. Lilium	1.7	1.8	1.9
10. Aster	2.7	1.9	1.8

Source: Gfk Duitsland (2007)

Market segmentation

- A general rule in the flower business is that flower purchases increase with the age of the buyer. In Germany, approximately a quarter of the population is over 60 years old. Thanks to the long-standing low birth rates and increasing life expectancy, Germany has the third-largest proportion of elderly people worldwide, after Japan and Italy. Consequently, elderly people contribute a lot to flower sales in Germany. A recent consumer survey showed that people older than 60 years accounted for a remarkable 47% of total flower sales in 2006. This share has increased by 3% since 2004.
- In Germany, geographic location is also important for flower sales. In 2006, the share of people purchasing flowers was significantly higher in (former) East Germany (66%) than it was in West Germany (55%).
- The institutional market for flowers is significant in Germany. In 2005, around 46% of German companies purchased flowers as a gift for their personnel. Of those gifts, 61% consisted of flowers.

Trends in consumption

The German flower market shows signs of saturation. In Germany, fewer and fewer people purchase flowers, as their interest is shifting to other products. Furthermore, the average price of the flowers has been under pressure as a result of a slow economy and the general increase in discount outlets. However, as the German economy has lately been showing signs of recovery, demand for flowers is also expected to rise again.

Sales of lower-priced flowers in supermarkets have stimulated the purchases of flowers for own use. Refer to Section 2 for more information.

Production

Total production

Although Germany is the biggest market, it is only the fourth largest flower producer in the EU. The German production covers only approximately 20% of domestic demand. The production of cut flowers declined by 3.5% annually between 1999 and 2004, amounting to € 230 million in the latter year. This was realised by 3,625 growers on 2,897 hectares. German growers feel the strong competition from Netherlands, East European and developing country producers. However, since 2005, local production is increasing again. In 2006, production amounted to € 241 million, representing an increase of almost 5% compared to 2004.

Most German flower growers are small in size (smaller than 2 hectares) and focus on the local market. They sell to regional wholesale markets, the auction or directly to consumers. The main products produced in Germany are Rosa and Dendranthema, followed at a distance by summer flowers and other cut flowers like Gerbera, Dianthus and bulb flowers like Tulipa and Narcissus. There is also some production of foliage for bouquet purposes.

Dendranthema and Rosa are mainly produced under glass. A specialty product produced by Germany growers is the so-called 'Freiland Roses' which are grown outside and are produced in the summer season. In the open area, summer flowers accounted for the major part of the production. The area under glass used for the cultivation of cut flowers has been decreasing since 2001. The open area used for the cultivation of flowers witnessed an increase. This shift is mainly the result of the high energy costs, particularly compared to The Netherlands which is one of Germany's neighbouring countries.

Major flower and plant producing regions in Germany are Nordrhein-Westfalen (2,330 ha), Niedersachsen (920 ha), Baden-Württemberg (887 ha) and Bayern (729 ha).

Two of the international leading Rose breeding companies can be found in Germany: Kordes Rosen and Rosen Tantau.

- Kordes Rosen: <http://kordes-rosen.com>
- Rosen Tantau: <http://www.rosen-tantau.com>

Trends in production

- Traditionally, German greenhouses were heated using oil as fuel. However, as the oil prices have risen, heating costs have become double the amount paid by Netherlands growers, who use natural gas for heating. Many German growers subsequently have shifted to other fuels like coal, palm oil and wood. Other growers have stopped or changed to growing in the open. In general, a shift from production in greenhouses towards production in the open can be seen.

Opportunities and threats

- + The demand for flowers in Germany can not be answered by domestic production. Approximately 80% of consumption needs to be imported. Furthermore, the decreasing number of growers can be interpreted as a positive development for exporters in developing countries, as it means a smaller number of competitors.
- However, the slight decrease in production area and the stable production value indicate scale increases and more efficient production. In other words, competition has become smaller but stronger.

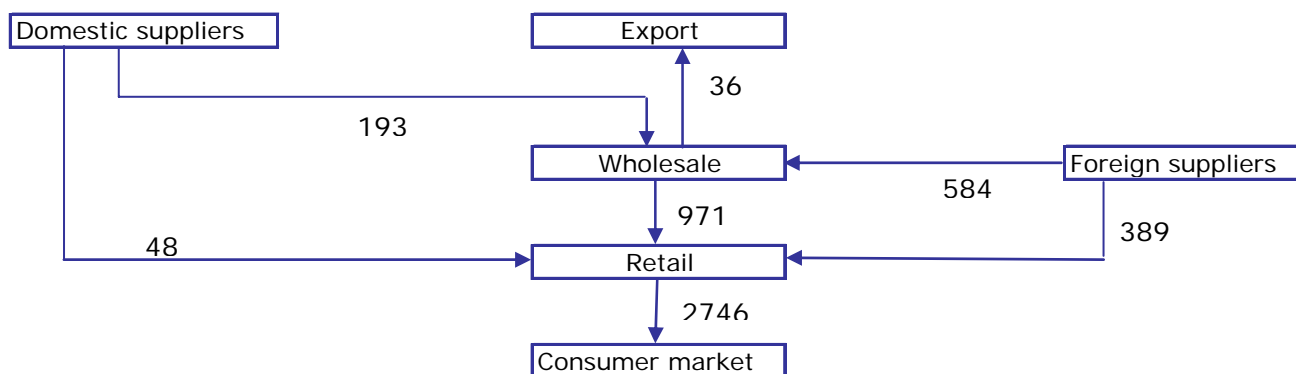
Useful sources

- Zentralverband Gartenbau (ZVG) - Horticulture association: <http://www.g-net.de> (website in German only)
- Hortigate - Horticulture information system: <http://www.hortigate.de> (website in German only)
- International Association of Horticulture Producers: <http://www.aiph.org>

2 Trade structure

Trade channels

Figure 2.1 Cut flower distribution in Germany, 2006, in € million



Source: Flower Council of Holland (2007)

Figure 2.1 presents the cut flower distribution in Germany. Nearly half of German production is directly supplied to wholesalers and large retailers. The major volume of imported cut flowers and foliage is distributed either by German wholesalers or by Netherlands export wholesalers to the retail trade. The German wholesalers are partly located at traditional wholesale markets, which are spread out amongst almost all the main cities (Hamburg, Berlin, Düsseldorf and Cologne).

The Verband Deutscher Blumengrossmärkte consists of 14 wholesale markets. Products sold by growers and wholesalers in these markets mainly aim at regional florists. The major German import wholesalers are large enterprises and are mostly situated near Frankfurt, due to the importance of its airport in the physical distribution of flowers. The airport of Frankfurt has a centre for perishables, where the cut flowers and foliage are held until further transport.

There are about 1,500 wholesale channels in the flower and plant market, of which 800 are specialised in cut flowers. The predominance of approximately 400 wholesalers in Germany, trading cut flowers and foliage, is noteworthy. They are well organised and well informed and they are mainly focused on imports. Moreover, they are increasingly expanding their services, in cooperation with branch organisations, to include marketing concepts and training for retailers.

In contrast to the increasing scales recognised in other European countries, the average size of German importers has decreased significantly since 1997. In 2002, only 17 of 715 companies importing from The Netherlands had a turnover of over € 1 million. Many large importers have gone bankrupt. At the same time, a number of smaller importers started up new businesses.

It is therefore obvious that, when targeting the German market, exporters should seek long-term business relationships with serious and qualified German importer wholesalers.

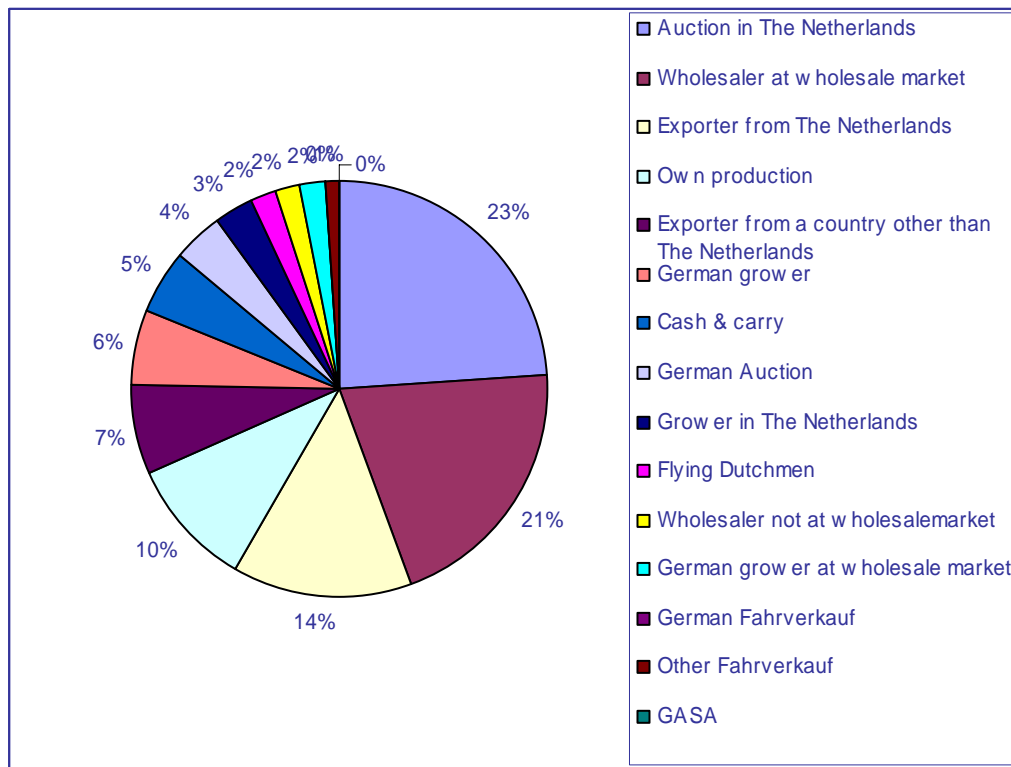
Major wholesalers/importers in Germany are:

- Florimex: <http://www.florimex.de>
- Omniflora: <http://www.omniflora.com>
- Landgard Flower Bouquet Services: <http://www.landgard.de>
- HBI: <http://www.hbi-blumen.de>

Total wholesale in flowers is worth about € 2.1 billion annually. Figure 2.2 presents the purchasing channels of German wholesalers. As can be seen, wholesalers mostly buy from the auction in The Netherlands and from German wholesalers at the wholesale market. The main

buyers of flowers from wholesalers are approximately 17,000 florists. Other buyers are grocery shops, supermarkets, street vendors and markets and garden centres.

Figure 2.2 Purchasing channels of German wholesalers, 2002, share in %



Source: Horticultural Commodity Board (2002)

The president of the German association of flower wholesalers and import trade estimated a 1.8% expansion of the sector in 2006. Most of this expansion was realised in the first half of 2006 when average growth in wholesale trade was 7.8%. The growth was expected to slow down in 2007, when an expansion of only 1.2% was estimated.

Compared to The Netherlands, only a small percentage of cut flowers produced in Germany is sold via the auction. Nevertheless, because of its increasing role as an auction where international produce is traded, the German auction organisation deserves special attention. Landgard, previously NBV-UGA, had a total turnover from flowers and plants of € 845 million in 2006 (€ 821 in 2005), of which flowers accounted for about one fifth. Flower sales increased by 5% compared to the previous year. Landgard consists of various auctions spread out over Germany. Flowers are mainly sold via Landgard's Herongen Flower Auction. More than 800 producers in Germany, The Netherlands and other countries from around the world market their products through Landgard's Herongen Flower Auction. Landgard's Herongen Flower Auction has its own Import Department, which takes care of all Customs formalities; it also prepares the products for the auction and for direct marketing. Not only the goods, but also the auction customers are international. Most of them are located in Germany and The Netherlands, but the goods also go to many other European countries, including those in Scandinavia and Eastern Europe.

The Landgard organisation has also developed 29 so-called 'Abholmärkte' (cash-and-carry) in Germany, as well as one in Vienna (Austria) and another one in Prague (Czech Republic). This number is expected to increase further. To complement its assortment, Landgard also imports cut flowers and foliage from the main non-European supplying countries. Landgard has set up its own Bouquet Service Division to specifically meet the needs of supermarket chains. The

Flower Bouquet Service Division of Landgard sources its products directly from Landgard growers, German and Dutch auctions or direct imports from all over the world.

Retail channels

As can be seen in Table 2.1, florists are the most important retail channels in Germany. After a period of pressure on their market share, the share increased again from 51% in 2003 to 55% in 2006. The share of supermarkets also increased over this period. The other retail channels experienced some decrease in market share, as can be seen in Table 2.1.

Table 2.1 Share of retail in Germany, % of total sales, 2002-2006

	2002	2003	2004	2006
Florists	53.8	51.3	52.8	55.0
Growers	15.8	16.2	15.0	14.6
Garden centre	4.3	4.8	4.5	3.8
Street and market	7.7	7.8	7.2	7.1
Supermarket	13.8	14.7	14.6	15.1
Warehouse	0.1	0.2	0.1	0.1
D.I.Y shop	1.2	1.2	1.2	1.0
Mail order	0.3	0.4	0.5	0.3
Other	3.1	3.4	4.2	3.0
Total	100	100	100	100

Source: Flower Council of Holland (2007)

There are some 14,500 florists in Germany. They are the main source of flowers and bouquets which are purchased to give away as presents. The leading organisations in which many florists are organised are Fleurop and Fachverband Deutsche Floristen (FDF). FDF mainly organises training courses and helps to develop trends in flower arrangements. With a market share of only 15%, the importance of supermarket chains like Tengelmann, Metro, Edeka and Rewe is still modest.

Table 2.2 reveals which share the largest supermarkets have in the flower market. The most important supermarkets are Aldi, Edeka, and Rewe.

Table 2.2 Share in the flower market of a number of supermarkets selling flowers, 2002-2004, % of value

	2002	2003	2004	2006
Aldi	4.5	4.5	5.4	5.3
Edeka	1.3	1.8	2.0	2.8
Rewe	2.1	2.1	2.3	2.2
Tengelmann	0.8	1.0	1.1	1.1
Lidl	n.a.	n.a.	n.a.	1.0
Metro	0.9	0.9	1.0	n.a.
Markant	0.9	0.6	0.8	0.8
Spar	0.5	0.5	0.6	n.a.
Norma	n.a.	n.a.	n.a.	0.4

Source: Flower Council of Holland

Trends

Traditional wholesalers are currently facing hard times. Many have already gone bankrupt, especially large importers. Wholesalers need to expand their services to justify their value in the market. These services are primarily aimed at retailers.

The share of supermarkets in the retail trade has been growing steadily since 2000. This is mainly due to the importance of the price criterion for German flower consumers. The lower prices in the supermarkets have encouraged consumers to buy their flowers increasingly at supermarkets instead of florists. Do-it-yourself-shops, with their large scale discounts, profit from the 'Geiz ist geil' (cheap is cool) trend too. Another factor contributing to the growing market share of

supermarkets is the 'one-stop-shopping' concept. The convenience of buying flowers while shopping for groceries lowers the barrier to purchasing.

Price structure

Different prices and margins apply throughout the various trade channels. The price structure depends on the type of distribution channel and the role of the individual players. The margin of wholesalers can vary from about 25% to 50%. The margin of retailers can even vary more, from 50% to 150%. Supermarkets tend to apply lower margins than florists, particularly the discount supermarkets like Aldi and Lidl.

It should be noted that margins in Germany are generally bigger than in The Netherlands, but equal to or smaller than in most other EU countries.

Selecting a suitable trade partner

Finding a trade partner in Germany should not deviate from the general EU method as described in the CBI market survey covering the EU market. Their preferred mode of looking for new suppliers is through trade fairs, through recommendations or sometimes by visiting the country of interest. The most common ways for developing country exporters to approach German customers are through direct (e)mail, personal visits as follow up, inviting potential German customers to visit them, building a network and visiting international trade fairs.

After obtaining contacts, evaluating potential trade partners should be done according to criteria such as information quality, geographic coverage, the kind of trade relation the partner is interested in, the position of the partner and the financial status and credibility.

The following websites are online marketplaces which can be used to find a trading partner in Germany:

- <http://europe.bloombiz.com>
- <http://www.tradepro.com>

Useful sources

- Landgard: <http://www.landgard.de>
- Lebensmittel zeitung (ranking of main supermarkets): <http://www.lz-net.de/rankings/handeldeutschland/>
- Fleurop: <http://www.fleurop.de>
- Fachverband Deutsche Blumisten – Association of German florists: <http://www.fdf.de/>
- Marktgemeinschaft Blumengrossmarkt Hamburg e.G.: <http://www.blumengrossmarkt-hh.de> (Importer of cut flowers and pot plants)
- Association of the German Flower Wholesale and Import Trade (BGI): <http://www.bgi-ev.com>
- Zentralverband Gartenbau e.V. (ZVG): <http://www.zvg-bonn.de>

3 Trade: imports and exports

Imports

Germany is a key player in the trade of cut flowers and foliage. It is the second largest EU importer of cut flowers and foliage, accounting for 23% of total EU imports. Its total imports decreased by 3% annually between 2002 and 2006, amounting to € 792 million / 175 thousand tonnes in 2006. Due to its decreasing imports and the increasing imports by the UK, Germany became the second largest importer, after having been the largest importer for a long period. The decrease in imports is not completely in line with the developments in consumption and domestic production. Both are increasing. However, production is increasing at a faster rate than consumption, which could explain the decrease in imports.

Imports sourced in developing countries increased by 1% annually between 2002 and 2006, amounting to € 61.7 million or 15.6 thousand tonnes in 2006. The share of direct imports from developing countries is currently 8%. There is however an even more considerable flow of

products from developing countries entering the German market via re-exports from The Netherlands.

Germany sources its flowers in a large number of different developing countries. The leading developing country supplier is Kenya, followed by Ecuador, Colombia and South Africa. However, each country only accounts for approximately 1% of German imports. Ethiopia and China experienced the strongest relative annual growth for the period 2002-2006, of 30% and 28% respectively.

The Netherlands remains the main EU supplier, accounting for 88% of supplies, although imports from The Netherlands decreased by 3% annually during the review period. On the other hand, imports from Poland increased by 47% annually. The role of Poland and the Czech Republic as suppliers to the German market is increasing strongly since the entrance of these countries into the EU. A considerable part of exports to Germany from The Netherlands consists of re-exports.

Imports by product group

Table 3.1 Imports by Germany and leading suppliers to Germany, 2002 - 2006, € million / share in % of value

Product	2002	2004	2006	Leading suppliers in 2006 (share in %)		Share in German imports
Total cut flowers and foliage	838.7	804.7	792.0	Intra-EU:	The Netherlands (88), Italy (2), Poland (1).	91%
	6.6	6.8	8.1	Extra-EU excl DC:	Israel (1).	1%
	58.6	62.1	61.7	DC*:	Kenya (2), Ecuador (1), Colombia (1), South Africa (1), China (1), India (1), Ethiopia (0.4), Tanzania (0.2), Thailand (0.2), Zimbabwe (0.2).	8%
Rosa	197.7	194.6	187.2	Intra-EU:	The Netherlands (83), Italy (1).	84%
	1.3	1.1	1.3	Extra-EU excl DC:	Israel (0.6)	0%
	29.2	36.8	35.0	DC*:	Kenya (6), Ecuador (4), South Africa (2), Ethiopia (1), Colombia (1), Tanzania (1), Zimbabwe (1).	16%
Dianthus	32.9	24.7	20.3	Intra-EU:	The Netherlands (67), Italy (5), Spain (1), Portugal (0.5).	73%
	0.1	0.1	0	Extra-EU excl DC:	-	0%
	10.2	7.7	7.5	DC*:	Colombia (23), Turkey (2), Morocco (1), Ecuador (1).	27%
Orchids	14.3	11.6	9.4	Intra-EU:	The Netherlands (85), Italy (1), United Kingdom (0.3).	87%
	0	0	0	Extra-EU excl DC:	-	0%
	1.6	1.1	1.4	DC*:	Thailand (13), Malaysia (0.3), Togo (0.1).	13%
Gladiolus	2.9	2.3	2.2	Intra-EU:	The Netherlands (94), Italy (5), France (1), Belgium (0.2).	100%
	-	-	-	Extra-EU excl DC:	-	0%
	-	-	-	DC*:	Morocco (0.1).	0%
Dendranthema	49.5	39.6	35.5	Intra-EU:	The Netherlands (100), Italy (0.3), Austria (0.1).	100%
	-	-	-	Extra-EU excl DC:	-	0%
	-	-	-	DC*:	-	0%
Other fresh cut flowers	520.2	515.7	447.3	Intra-EU:	The Netherlands (94), Italy (2), Poland (1), Belgium (0.4), Denmark (0.2).	98%

Product	2002	2004	2006	Leading suppliers in 2006 (share in %)		Share in German imports
	4.0 6.4	4.3 4.5	5.8 3.0	Extra-EU excl DC: DC*:	Israel (1). Ecuador (0.2), South Africa (0.2), Colombia (0.1).	1% 1%
Prepared cut flowers	10.6	6.3	12.9	Intra-EU:	The Netherlands (79), Italy (2), France (1), Denmark (1), Spain (0.4).	84%
	0.6 1.7	0.8 1.7	0.6 1.8	Extra-EU excl DC: DC*:	Australia (4). South Africa (8), India (2), China (1), Iran (0.5).	4% 12%
	10.4	9.9	7.5	Intra-EU:	The Netherlands (18), Italy (10), Poland (3). Czech Republic (1), Austria (1).	36%
Foliage	0.6 9.4	0.5 10.3	0.4 12.9	Extra-EU excl DC: DC*:	Australia (1). China (21), India (19), South Africa (15), Turkey (3), Philippines (1), Brazil (1).	2% 62%

Source: Eurostat (2007)

*Developing Countries

As can be seen in Table 3.1, the most important product groups for Germany are 'other fresh cut flowers' and Rosa. Germany is the largest importer of 'other fresh cut flowers' in the EU, accounting for a market share of 28%. Imports of this product group decreased by 4% annually between 2002 and 2006. Germany is the second largest importer of Rosa, accounting for a market share of 23%, although Rosa imports decreased by 1% annually during the review period. The other product groups showing a decrease in imports are Dianthus (annual decrease of 10%), Orchids (9%), Dendranthema (8%) and Gladiolus (7%). Imports of prepared cut flowers and foliage increased between 2002 and 2006, by 4% and 0.4% annually respectively.

The role of developing countries is most important for foliage. Developing countries account for 62% of foliage supplies to Germany. Moreover, imports of foliage from developing countries increased by 8% annually during the review period. The largest suppliers are China and India, from which the imports increased annually by 29% and 10% respectively. Florimex is one of the leading importers of foliage into the German market.

Developing countries have a share of 27% in German imports of Dianthus. However German imports from developing countries decreased by 8% annually between 2002 and 2006. Imports from EU countries though decreased even more, by 11% annually. Most imports come from The Netherlands, which decreased supplies to Germany by 10% annually. The most important developing country supplier is Colombia from which the imports decreased by 9% annually. An emerging developing country supplier is Turkey, for which the imports showed an annual increase of 79% during the review period.

Developing countries have a share of 16% in German imports of Rosa. German imports of Rosa from developing countries increased by 5% annually. The largest supplier is still The Netherlands (84%), from which the imports decreased by 1% annually. Furthermore, Germany imports Rosa from a wide variety of developing countries. The largest suppliers are Kenya, and Ecuador. Imports from Kenya increased annually by 1%, whereas imports from Ecuador decreased by 3% annually. Emerging developing country suppliers are South Africa which showed an annual increase of 169% between 2002 and 2006, Ethiopia with an annual increase of 30%, and Colombia and Zimbabwe each with an annual increase of 20%.

Developing countries have a share of 13% in German imports of Orchids. German imports of Orchids from developing countries decreased by 3% annually between 2002 and 2006. Most

imports come from The Netherlands (85%), although the imports decreased by 10% annually during the review period. Thailand is the only developing country supplier and imports from this country decreased by 3% annually.

Furthermore, developing countries have a share of 12% in German imports of prepared cut flowers, and imports increased by 2% annually between 2002 and 2006. Most imports come from The Netherlands from which imports increased by 8% annually. The largest developing country supplier is South Africa, though imports decreased by 1% annually. India shows a large increase in imports, of 45% annually between 2002 and 2006.

Although the market share of developing countries is small for German imports of 'other fresh cut flowers', only 1%, the value imported from developing countries is still considerable since this is the most important product group for Germany. However, imports from developing countries however decreased sharply, by 17% annually. Most imports come from The Netherlands (94%), which showed a decrease of 4% annually.

Finally, for *Gladiolus* and *Dendranthema*, the market share of developing countries in German imports of these flowers is negligible. Most imports come from The Netherlands, although its share decreased by 8% annually for both product groups.

Exports

Although Germany is still a strong net importer of cut flowers and foliage, it experienced a growth in its exports of cut flowers and foliage between 2002 and 2006 (8% annually). Germany is the fourth largest exporter of cut flowers and foliage in the EU accounting for a market share of 2%, with exports amounting to € 45.2 million / 7.8 thousand tonnes in 2006. Comparable exporting countries are Belgium and Spain, both of which also have a market share of 2%.

Half of Germany's exports are destined for the neighbouring countries Switzerland (€ 10.7 million), Austria (€ 8.3 million) and The Netherlands (€ 7.7 million). Between 2002 and 2006, exports to Switzerland and Austria increased by 29% and 11% annually respectively. Exports to The Netherlands decreased by 10% annually.

German exports are mainly composed of *Rosa* (€ 21.6 million) and 'other fresh cut flowers' (€ 11.2). German exports of *Rosa* increased by 12% annually between 2002 and 2006. A number of German growers has specialised in growing outdoor roses. These so-called *Freiland roses* have become quite popular, also in The Netherlands. A couple of years ago, Landgard and the Aalsmeer auction in The Netherlands reached a special arrangement to auction German *Freiland roses* at the Aalsmeer Auction.

Opportunities and threats

It seems, based on the figures, that Germany is an interesting market for developing country suppliers of cut flowers and foliage, because of the following reasons:

- + Germany is a key player in the EU trade in cut flowers and foliage, being the largest market and having the second largest import market of the EU.
- + Imports from developing countries increased slightly between 2002 and 2006.
- + Germany sources its cut flowers in a variety of different developing countries. Although these countries hold (up to this day) a small amount of the import share, significant annual growth was experienced by some of the developing countries concerned. Turkey is an emerging country for *Dianthus*, India for prepared cut flowers, and South Africa, Colombia, Ethiopia and Zimbabwe are emerging countries for *Rosa*.
- + Moreover, *Rosa* could be an opportunity for developing country exporters, since *Rosa* is an important product group for Germany, and the share of developing countries is considerable and increasing.

- + Major German import companies which import directly and supply regional wholesalers, wholesale markets and retail chains also offer opportunities. A number of large German importers is specialised in Rosa and summer flowers from Africa.
- + The German auction Landgard is interested in attracting more supply from developing countries, particularly from Africa. Supplying via the German auction Landgard offers interesting opportunities for developing country suppliers.
- It should be noted that the market share of Netherlands exporters in the German market is considerable and still increasing. If aiming at specific German market segments, it is sometimes more interesting to target Netherlands exporters, who already supply this segment.

Useful sources

- EU Expanding Exports Helpdesk: <http://export-help.cec.eu.int>
Go to: trade statistics.
- Eurostat (official statistical office of the EU): <http://epp.eurostat.cec.eu.int>
Go to: 'themes' on the left side of the home page - 'external trade' - 'data – full view' - 'external trade - detailed data'.

4 Price developments

Prices depend on the quality, selling point, assortment, and size amongst other things. After a decrease in price between 2002 and 2004, prices are increasing again and are now above the level of 2002. This increase resulted from flowers being more expensive in 2006, but also because people purchased more mixed bouquets instead of mono bouquets. The florists, which are relatively expensive retail channels, also increased their market shares.

When making a distinction between mono-bunches and mixed-bouquets, the average price of mono-bunches in 2006 amounted to € 4.28, which was 5% higher than in 2005. The price of mixed bouquets amounted to € 8.86 on average in 2006, almost 1% higher than in 2005.

Useful sources

A few European organisations publish prices for finished plants on a regular basis. ITC in Geneva collects prices at the wholesale level on EU markets and publishes a weekly bulletin. The German auction Landgard publishes some of its prices in their annual report. These prices should be seen only as indicative for the products traded in Germany and are an average of the different sizes traded. The International Association of Horticultural Producers (AIPH) publishes information on prices and trends of plants in their statistical yearbook.

- ITC Market News Service (MNS): <http://www.intracen.org>
- Landgard: <http://www.landgard.de>
- International Association of Horticultural Producers: <http://www.aiph.org>

5 Market access requirements

As a grower in a developing country preparing to access Germany, you should be aware of the market access requirements of your trading partners and the German 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

Legislative requirements

Adherence to national legislation in EU countries is compulsory for all products traded within the country concerned. Therefore, as an exporter in a developing country you have to comply with the legislative requirements which are applicable to your products. For information on legislation for the market for cut flowers and foliage, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select your market sector, and the EU country of your interest

in the category search, click on the search button and click on legislative requirements for an overview of all documents on legislation in your target country of interest.

Non-legislative requirements

Social, environmental and quality-related market requirements are of increasing importance in international trade and are often requested by European buyers through labels, codes of conduct and management systems. For information on non-legislative requirements applicable to the market for cut flowers and foliage, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select your market sector and the EU country of your interest in the category search, click on the search button and click on your subject of interest under non-legislative requirements for an overview of all documents on the subject concerned in your country of interest.

Packaging, marking and labelling

In general, the requirements for packaging, marking and labelling should be determined in cooperation with the buyer or auction.

Refer to the market survey 'The cut flowers and foliage market in the EU' for more information on packaging, marking and labelling.

Additional information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/ep/packaging/packit.htm>

Tariffs and quota

Tariffs and quota applicable in Germany are the same as for the EU. Information regarding these market requirements can be found in the CBI market survey covering the EU market. The general VAT rate in Germany was 16% as from February 2006, but it was increased to 19% as of January 2007. However, the VAT rate generally applied to flowers and plants is 7%.

More information on tariffs and quota can also be found at <http://export-help.cec.eu.int/>.

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 from other European countries. Although most Germans are able to speak English, it is of course preferable that export/sales personnel of your company is capable of speaking some German. In general, good care should be taken of existing contacts, by using prompt, constant and reliable communication. Letters of inquiry should always be replied to. An essential tool used in sales is a detailed and up-to-date customer database.

Visiting and participating in a trade fair can be an efficient tool for communicating with prospective customers or even trading. The main trade fair of interest for flower and foliage exporters is the IPM in Essen. It can also be an important source of information on market developments, production techniques and interesting varieties.

Assistance with market entry can also be sought through local business support organisations, import promotion organisations such as CBI and branch organisations focusing on the horticultural sector.

Please refer to CBI's Export planner and Your image builder for more information on this subject.

Trade associations

- BGI (Association of the German Flower Wholesale and Import Trade): <http://www.bgi-blumen.com>
- Zentralverband Gartenbau e.V. (ZVG) (German growers association): <http://www.zvg-bonn.de>
- Fachverband Deutscher Blumisten (FDF) (German florists association): <http://www.fdf.de/>

Trade fairs

- IPM: <http://ipm.messe-essen.de> (International Plant Show is held every January or February in Essen, Germany. The show features plants, but also cut flowers and horticultural equipment and is the largest show of its kind in the world).
- IGW, International Green Week: <http://www.fair.gruenewoche.de> (International exhibition for the food, agricultural, and horticultural industries)
- Hortec: <http://www.www.hortec.de> (Trade fair focused on cultivation equipment)
- IFLO: <http://www.messe-essen.de> (Trade fair for florists)

Trade magazines

- TASPO (magazine for production, services and trade in horticulture): <http://www.taspo.de>
- Deutscher Gartenbau (DEGA): <http://www.ulmer.de>
- Grüner Markt: <http://www.ulmer.de>
- CAMPOS: <http://www.campos-net.de>
- Florist: <http://www.florist.de>
- ZVG Gartenbau Report: <http://www.g-net.de>
- Floristik International: <http://www.ulmer.de/artikel.dll/fi>

This survey was compiled for CBI by ProFound – Advisers in Development and Milco Rikken of ProVerde.

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