

CBI MARKET SURVEY

THE CUT FLOWERS AND FOLIAGE MARKET IN THE NETHERLANDS

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Report summary

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

- The Netherlands market for cut flowers was the sixth largest market in 2006, amounting to € 892 million. Cut flowers are mainly bought as gifts (59%). Mother's Day and Valentine's Day cause significant rises in cut flower sales. Sustained growth in consumer purchasing power provides a positive outlook for the future.
- The Netherlands is by far the largest cut flower producer in the EU, accounting for nearly half the production value of the EU (€ 2 billion). This value is increasing as a result of scale enlargements.
- The Netherlands is also by far the most important player in the EU trade of cut flowers and foliage, with its flower auctions as the centre of the EU flower business. The auctions handle approximately 82% of the trade in The Netherlands. There are also approximately 130 importers and 900 wholesalers. Among the wholesalers are 45 Cash & Carry outlets and around 40 wholesalers supplying directly from their trucks (so-called Flying Dutchmen).
- The import share of developing countries in imports by The Netherlands is by far the largest in the EU (78%). Developing countries mainly supply Rosa, Dianthus and summer flowers. The value of imports sourced in developing countries increased slightly between 2002 and 2006, amounting to € 519 million in the latter year. These imports are sourced in a rather large number of different developing countries. The major developing country suppliers are Kenya, Ecuador, Colombia, Zimbabwe and Uganda.

This survey provides exporters of cut flowers with sector-specific market information related to gaining access to The Netherlands. 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

The Netherlands market for cut flowers was the sixth largest market in 2006. It was worth € 892 million. This indicates an increase compared to the 2 years before. The correlation with the general economic performance of The Netherlands is obvious. The introduction of the euro and the disappointing performance of the economy led to a lower expenditure on flowers in 2003 and 2004. Many consumers indicated that high prices prevented them from purchasing flowers. Thanks to the recovery of the economy in 2005 and subsequent increases in consumer purchasing power, expenditure on flowers increased again. This growth is expected to continue in the coming years and total consumption is forecasted at € 915 million in 2011.

Per capita consumption of cut flowers amounted to € 60 in 2002 and to € 54 in 2006. The decrease in per capita consumption was the result of the bad performance of the Netherlands economy compared to 2002. Nevertheless, € 54 is still by far the highest among the EU

countries. It should furthermore be kept in mind that, due to The Netherlands' role as a trading centre, flowers are relatively cheap compared to most neighbouring countries. In other words, spending € 54 in The Netherlands will buy you more flowers than spending the same amount in, for instance, Sweden.

In contrast, the share of people purchasing cut flowers in the total population is relatively low (38%). The combination of a high per capita expenditure and a small share of people purchasing flowers indicates a relatively high expenditure on cut flowers by the people who actually buy flowers. As the level of per capita consumption is already high, it also indicates saturation of the market. It is only by extensive marketing (by for instance the Flower Council of Holland) and the continuous introduction of interesting new high-quality products that further expansion of the market can be realised.

In The Netherlands, cut flowers are mainly bought as gifts (59%). This share is similar to that in France, but higher than in the UK where only 31% of flowers is bought as a gift. In The Netherlands, a considerable share of 39% of flowers is bought for own use, which characterises The Netherlands as a mature and well-developed market. The remaining 2% of cut flowers is destined for funerals and graves.

As a gift, flowers are mainly bought for birthdays (29%), visits (13%) and no reason (13%). The major special day for cut flower sales is Mother's Day. 26% of people older than 15 bought flowers for their mothers in 2004. Nowadays, another important occasion for buying flowers is Valentine's Day. Other important flower periods are Christmas and Easter. Also refer to Appendix E of the EU survey of cut flowers and foliage for a list of the public holidays.

The main reasons to buy flowers are their contribution to a cosy atmosphere in homes and the fact that flowers are colourful and make people happy. A negative characteristic, according to the Netherlands consumers, is the product's short lifetime. The main purchasing criteria are quality, price and the durability.

Consumers are often looking for more than just a bunch of flowers. They want combinations with other gift items and very attractive packaging, which transforms the rather traditional gift into something surprising.

Product groups

Mono-bunches accounted for 48% of all flower sales in 2005, mixed bouquets for 37% and compositions for another 15%. Mono-bunches have become more popular in recent years at the expense of mixed bouquets and compositions.

Dianthus received much attention in recent years, due to the strongly decreased sales of this flower. Forecast about the future of Dianthus are diverse, but research by the Association of Netherlands Flower Auctions (VBN) has provided some interesting facts. In The Netherlands, Dianthus is mainly used in mixed bouquets which are meant to be given away, which is in contrast to Germany and France. In those countries, Dianthus is mainly bought for own use. Another interesting fact is that florists in The Netherlands indicated that their favourite colour for Dianthus was lime green (VBN, 2007). This relatively new colour is exactly the kind of innovation which Dianthus experts claim to be the solution for the old-fashioned image of Dianthus and its consequently decreasing popularity.

Market segmentation

- It is more common amongst women to purchase flowers and plants than it is amongst men. The Netherlands is no exception to this rule. 60% of the women purchased flowers or plants in 2005, while only 36% of the men did this.
- Flowers are mostly bought by people older than 50 years.
- The institutional market is an important market segment for flowers. Institutions, as opposed to consumers, account for 23% of the flower market. Of the medium and large-

sized companies, approximately 81% bought flowers and plants in 2003. This penetration level was 7% lower than in 2000, but was related to the economic slowdown. In 2005, companies accounted for 23% of the total flower market. The main reasons for enterprises to buy flowers are cosiness, decoration and representation. With respect to products from developing countries it should be noted that, in general, imported products which end up in the institutional market follow the same sales channels as products which end up in the consumer market.

- Many market segments have already been described in the CBI market survey covering the EU market for cut flowers and foliage. The segmentation in the cut flowers market in The Netherlands differs little from this segmentation. The main differences are the relatively high share of flowers bought as gifts and the relatively high quality requirements. Both are related as consumers generally buy higher quality flowers as gifts. The high-quality requirements can also be related to the high standards of Netherlands growers.

Trends in consumption

As flowers are mainly bought as gifts, they compete with other gift items. Flowers account for approximately 20% of the gifts with a price below € 13.50. However, as flowers are faced with increased competition from other gift articles like toys and games, books and gift certificates, their share is decreasing slightly.

Another important trend for the flower business is the increasing consumer demand for variation in personal gifts and new, surprising items. Some companies in the flower business are responding to this demand by offering flowers in special packaging or offering them in combination with other products. The development of special and surprising varieties can also be seen as a response to this demand.

A trend which offers few opportunities for the flower business is the trend towards more individualism and thus more single person households. This has a negative impact on flower sales, as single person households generally purchase fewer flowers. They are often more away from home and give lower priority to the decoration of their homes.

In contrast, the increasing number of older people has a positive impact on flower sales. This group of people has more time and has relatively large amounts of money to spend, as they no longer need to take care of their children and have paid off their mortgage.

Finally, the demand for higher-priced flowers is increasing. Between 2000 and 2005, the frequency of flower purchases decreased, but the expenditure per purchase increased. This indicates that consumers prefer to purchase a small number of high-priced flowers, than a large number of low-priced flowers.

More trends in consumption can be found in Netherlands floricultural magazines like:

- Bloem en Blad – Website on flowers and plants: <http://www.bloemenblad.nl>
- Bloemen en Planten – Website on flowers and plants: <http://www.bloemenenplanten.nl>

Production

Total production

The Netherlands is by far the largest cut flower producer of the EU, accounting for nearly half of the production value of the EU. In 2003 and 2004, the Netherlands production value of cut flowers decreased by 3% and 1% respectively. In 2005 and 2006, this value increased again by 2% and 4% respectively to 2,088 million in 2006. Table 1.1 shows that the number of greenhouse growers is decreasing at an average rate of no less than -6% per year. The overall production area of flowers grown under glass, however, is decreasing by about half of that rate, indicating increasing scales and larger companies. Ultimately, the increasing scales combined with increased productivity, due to investments in high tech production techniques, have resulted in an overall growth of production value.

The open area for the production of flowers and plants is not developing in one clear direction. In general, production scale is increasing, especially at companies producing in open area. The scale increases compensate for the decrease in the number of companies and resulted in the continuation of total production growth measured in value.

Table 1.1 Netherlands development of area and growers
Area and size in ha, 2000-2006

	Under Glass			Open Area		
	Area (hectares)	No of growers	Average size of companies	Area* (hectares)	No of growers	Average size of companies
2000	3,727	4,112	0.91	2,552	2,251	1.13
2001	3,606	3,788	0.95	2,379	2,097	1.13
2002	3,578	3,576	1.00	2,684	1,955	1.37
2003	3,499	3,454	1.01	2,607	1,850	1.41
2004	3,401	3,255	1.04	2,528	1,823	1.39
2005	3,250	3,026	1.07	2,513	1,736	1.45
2006	3,093	2,818	1.10	2,603	1,677	1.55
Average annual change	-3.1%	-6.1%	3.2%	0.3%	-4.8%	5.4%

* Area for the production of cut flowers and related products

Source: CBS Landbouwstatistiek (2007)

A closer look at the flower production in The Netherlands shows that most of the decrease in production area between 2004 and 2006 was accounted for by Rosa and Dendranthema. In recent years, many Dutch growers of Rosa felt the strong competition from African growers and have stopped or shifted to other products. The same development can be seen with several summer flower species which are nowadays also successfully produced by African and Latin American growers.

Besides Rosa and Dendranthema, other products which have shown strong decreases since the turn of the century are Gerbera, Freesia and Lilium (see Table 1.2). In contrast, the production of Anthurium cut flowers has become quite popular in The Netherlands.

Table 1.2 Production area under glass by type of flowers,
in ha, 2004-2006

	2004	2005	2006	Average annual change (in %)
Rosa	848	780	754	-5.7
Dendranthema	679	598	597	-6.2
Lilium	273	255	232	-7.8
Orchids	233	214	210	-5.1
Gerbera	227	212	205	-5.0
Freesia	191	167	152	-10.8
Anthurium	96	95	111	7.5
Alstroemeria	85	83	77	-4.8
Eustoma Rusellianum	69	50	42	-22.0
Dianthus	41	31	32	-11.7
Other	659	765	683	1.8

Source: CBS (2007)

The concentration of the production area within 50 km of the auctions is a very important aspect of the strong position of the Netherlands production in the world. The two main production regions can be found in the Westland region (near The Hague and Rotterdam) and around Aalsmeer, respectively near the FloraHolland and VBA auction. Nevertheless, the Netherlands Government policy is more and more aiming to relocate production locations towards less-populated regions. Growers further away from the auctions often aim their assortments more at bulk products, which are directly sold to larger wholesalers.

Major players

In 2006, 4,495 growers of cut flowers were active in The Netherlands. While the number of growers is decreasing, the average size per company is increasing by the same rate. The "Hillenraad 100", an annually updated list of major players in Netherlands horticulture, identifies the following companies as the largest cut flower grower in terms of area:

- Worldwide Satter Flowers (Dendranthema): <http://www.satter.nl>
- Zuurbier (Rosa): <http://www.zuurbierrozen.com>
- Marjoland (Rosa): <http://www.marjoland.com>
- Leen Middelburg Chrysanten (Dendranthema): <http://www.leen-middelburg.nl>
- Holstein Flowers (Gerbera): <http://www.holsteinflowers.nl>
- Lansbergen (Gerbera): <http://www.lansbergen.com>
- Klaver Lily Group (Lilium): <http://www.klaverlily.nl>
- Nico Kiep Chrysanten (Dendranthema): <http://www.kieflower.nl>

Trends in production

Netherlands growers apply ever more technology in their production. Growers with greenhouses apply particularly high-tech production techniques. They control the production environment with great precision and are therefore able to grow very high-quality flowers. The value of the quality of their flowers is reflected in relatively high sales prices at the auctions.

Growers are increasingly taking on value addition activities at the market side of the value chain. They market and sell their products themselves to fortify their position. This forward integration has resulted in the development of clusters and cooperatives, such as 'telersverenigingen' (grower cooperatives). By bundling their resources, they can afford to hire their own salesmen and marketers. Moreover, through clustering, the cooperatives are able to offer a more complete assortment (Report on the merger between the Flower Auction of Aalsmeer (VBA) and FloraHolland, 2007).

As quality has become more important for Netherlands growers to distinguish their products from low-priced imports, initiatives have been taken to increase consumer awareness about quality and make it easier for consumers to recognize quality.

The 'First Class'-label for Alstroemeria from a cooperative of Netherlands breeders and growers is such an initiative. Much of the competitive strength of Netherlands Alstroemeria growers is derived from the quality of their produce. 'First Class Alstroemeria' is supplied with a clearly visible label and vase life indication. According to the flower auction FloraHolland, First Class Alstroemeria fetched notably higher prices than regular Alstroemeria in the first weeks after its introduction in spring 2007.

Other examples of grower cooperatives ('telersverenigingen') are:

- Dutch United Group: <http://www.dutchunitedgroup.nl>
- Holland Combi Roses: <http://www.hollandcombiroses.nl>
- Santiteam: <http://www.santiteam.nl>
- Unicum Freesia: <http://www.unicumfreesia.nl>

Opportunities and threats

- + Expectations for the flower market in The Netherlands are moderately positive. Total consumption is expected to increase steadily over the coming years. Most types of flowers could potentially profit from this stable growth.
- + Momentarily, particularly good opportunities exist for flowers with strong and saturated colours or trendy colours. However, the demand for these products might not last long. As an exporter of flowers, it is important to realise that trend colours change nearly as fast as in the fashion industry, from which these colours are often derived. It is therefore essential to jump in at the right moment and ensure that the products are ready soon. It also means

that the crop needs to be changed after a relatively short period, when it is not profitable anymore to grow the trendy colours. Of course, this is not always possible with crops like Rosa. The associated costs should be in balance with the extra profit.

- + Good opportunities also exist for special and tailored gifts. In seizing this opportunity, the most important role is put aside for wholesalers and retailers, who can place the flowers in special consumer packaging and add other items to the product. It is often too expensive to have this done by exporters in developing countries, as consumer packaging generally requires more space and thus increases transport costs. Another factor is the low protection from transport damage offered by consumer packaging. Nevertheless, it remains an opportunity for those exporters who are able to develop packaging concepts or influence the packaging by other means.
- + The peaks in demand before Mother's Day and Valentine's Day and the often higher prices during that period offer interesting opportunities for exporters who are able to adjust their production schedule to the dates of these special days. Valentine's Day is particularly interesting for exporters in developing countries, as it is celebrated on the 14th of February, when it is still winter in The Netherlands and production levels are low. Moreover, Valentine's Day is the day when lovers express their affection for each other. The flower which is most associated with love is Rosa and Rosa is the main imported flower by the Netherlands. Nevertheless, the importance of regular supply to the market can not be overstated.
- The production of flowers in The Netherlands is strong. Production value continues to increase while the number of producers and even the production area decreases. The area around the auction houses is particularly specialised and offers fierce competition. The grower cooperatives further strengthen the Netherlands competition in relation to developing country exporters. Their target market is that for high-quality flowers in high-quality packaging. These are mostly sold at florists. Exporters with the same target market should be extra aware of this competition.

Useful sources

- Flower Council of Holland: <http://www.flowercouncil.org/>
- Association of Netherlands Auctions (VBN): <http://www.vbn.nl>
- Vakblad voor de Bloemisterij – Trade press on floriculture: <http://www.vakbladvoordebloemisterij.nl>
- Bloemenkrant – Newspaper on flowers: <http://www.uitgeverijverhagen.nl/kranten/bloemenkrant>

2 Trade structure

Please refer to the market survey 'The market for cut flowers and foliage in the EU' for a detailed explanation on the trade channels in this sector. The four most important distribution channels are:

1. Via one of the auctions: In this case, products are received, un-packed and prepared for auctioning by the handling department of the auction.
2. Via an agent to the auctions: The products are received by an agent who prepares the products for auctioning.
3. Via an agent to a wholesaler: The products are received by an agent who forwards the imported products (with or without preparation) to a wholesaler.
4. Via an importing wholesaler (also called importer): The products arrive directly from the logistical handler at the importing wholesaler. After unpacking and further preparation (for instance assembling of bouquets), the products are mostly sold to domestic or foreign wholesalers or retailers.

Trade channels

Figure 2.1 Distribution of flowers in The Netherlands, 2005, in million

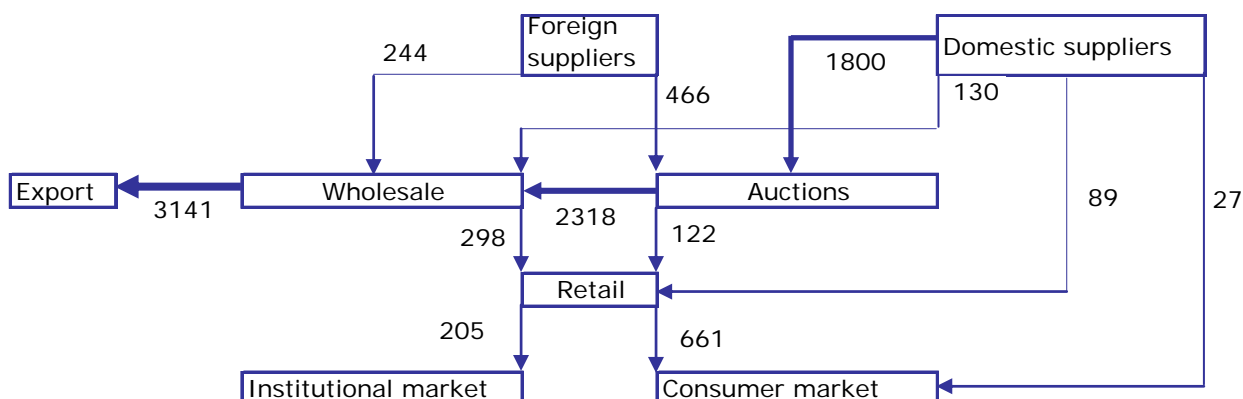


Figure 2.1 presents the distribution channels of cut flowers in The Netherlands. The auctions play a dominant role in the distribution of flowers in The Netherlands and the EU in general. Approximately 82% of all trade in The Netherlands passes through the auctions (this includes imported products). Another 14% of the cut flowers and foliage goes directly from growers to wholesalers, 3% goes to retailers and only 1% goes to the consumer directly.

Supply from foreign growers can generally follow two distinct trade channels: the auctions and directly to wholesalers. An estimated 66% of these supplies goes to the auctions and 34% goes directly to wholesalers. Compared to domestic supplies, a relatively large share of foreign supply bypasses the auction system. Not all foreign suppliers have as strong a relationship with the auctions as Netherlands growers. Furthermore, the relatively high costs involved with trading via the auction (15-20% for non-auction members) causes many foreign growers to supply directly to wholesalers.

The auctions have already been dealt with in the CBI market survey covering the EU. However, the merger of VBA (Flower Auction of Aalsmeer) and FloraHolland is important to mention, as it has particular significance for the flower business in The Netherlands. After completion of the merger, the new FloraHolland auction, will have approximately 9,000 members.

There are approximately 56 companies which import both flowers and plants, 70 importers of solely import cut flowers and 26 importers specialised in foliage. Wholesalers (import, export, and local) are even larger in number. Some 550 wholesalers are trading flowers and plants and another 350 is specialised in flowers only.

In 2006, the overall number of exporting wholesalers decreased by 13%. The total export value, however, increased, indicating the strongly expanding scales. The number of large export companies with a turnover of more than € 40 million increased from 21 in 2005 to 25 in 2006.

Cash & Carry outlets are also represented in large numbers in The Netherlands. At the moment, there are about 45. In 2002, they derived 74% of their turnover from sales to florists. Garden centres accounted for 7% of their sales, street vendors/markets for 4% and supermarkets for 2%. The number of wholesalers supplying directly from their trucks to buyers in The Netherlands amounted to 40 in 2005. They supply mainly to florists, but a few supply to garden centres or supermarkets.

Major importing wholesalers of cut flowers (main product between brackets):

- Adomex (foliage): <http://www.adomex.nl>
- Florimex (foliage, cut flowers): <http://www.florimex.nl>

- Four Season Quality (Rosa): <http://www.fsq.nl>
- Gebr. Berk B.V. (orchids, exotics and other specialties): <http://www.gebrberk.nl>
- Oudendijk Group (exotics, Protea, Fijnbos): <http://www.oudendijk.nl>
- OZ Import (exotics, Rosa, Dianthus): <http://www.ozimport.nl>
- Springflower Holding (Rosa): <http://www.springflowerholding.com>
- Tarsal Koos Minck (TKM) (Rosa): <http://www.tarsal.nl>
- Verbeek & Bol (V&B) (Rosa): <http://www.verbeek-bol.nl>

Retail trade

The retail trade in The Netherlands is characterised by a wide variety of outlets. Although their market share is decreasing, florists still represent the leading retail channel, accounting for 47% of the total Netherlands sales of cut flowers in 2006. As also shown in Table 2.1, supermarkets and street-markets became more important during the years under review.

Table 2.1 Share of retail channels in The Netherlands, % of total sales, 2003-2006

	2003	2004	2005	2006
Florists	48	47	46	47
Street and markets	23	24	24	25
Supermarkets	13	15	15	15
Garden centres	6	6	5	6
Others	10	8	10	7
Total	100	100	100	100

Source: Flower Council of Holland (2007)

There are approximately 3,450 florists in The Netherlands. Their number decreased by 7% in 3 years. To compete with other retail channels, florists offer larger assortments, higher quality, flower-related products (e.g. vases) and better service. Consumers are expected to continue buying flowers at florists, especially regarding flowers as gifts.

Florists are followed in ranking by street and market sales outlets. Sales people from the markets buy part of their products directly at the auctions. Street and market sales are characterised by the supply of more traditional cut flowers, by stem or in bouquets, with simple packaging and at low prices. Due to low overheads, street and market vendors are able to trade at lower prices than florists. They are also often situated at prime sites, thereby encouraging impulse buying. Street and market vendors target consumers who buy flowers for their own use. Mono-bunches account for nearly half of their sales, mixed bouquets account for a little more than a third and compositions account for less than a quarter.

The sales of flowers by supermarkets increased from € 84 million in 2003 to € 105 million in 2005. Supermarkets are particularly strong in sales of low-priced flowers for own use, as they are able to purchase large quantities at low prices and offer a convenient opportunity for grocery shoppers to purchase flowers at the same time as their groceries. Supermarkets not only sell flowers because of the profit they make on the sales, but also use their flower department to attract customers. A good presentation of the flowers creates a happy atmosphere and also shows people that the supermarket gives special attention to fresh produce. Supermarkets are mainly supplied by wholesalers in The Netherlands, which are specialised in supplying large retail chains. Exporters who are targeting the customers of supermarkets should supply through these specialised wholesalers.

Major flower selling supermarkets:

- Albert Heijn (contact person for flowers: Evelien Snel)
- Deen (contact person for flowers: N. de Haan)
- Super de Boer (owned by the company Laurus)

Sales via the Internet only account for 0.5% of total sales. Their share is expected to increase slightly in the next years.

Trends

With respect to impulse purchases, the Netherlands consumers increasingly require shopping to be convenient. This is reflected in a higher demand for ready-for-use products, one-stop shopping and, to a lesser extent, sales through the Internet. As a result, supermarkets, which generally target this segment, have gained significant market share in the flower market.

Price structure

The overall auction costs for Netherlands member growers who supply via the auctions is about 5-10%, depending on member status, batch sizes, etc. The total auction costs for foreign growers who are not member of the auctions, can vary from 15-20%. Depending on their function in the chain, wholesalers add an estimated 10-25% of their purchasing costs to the prices. Retailers add an estimated 75-100% of their purchasing costs to the prices for consumers. This percentage is an average of supermarkets and florists. The percentages for florists are actually higher, while those of supermarkets tend to be lower.

Please refer to Section 4 of CBI's 'From survey to success. Guidelines for exporting cut flowers and foliage to the EU' for an example of a value chain with the price structure for Rosa from Kenya.

Selecting a suitable trade partner

Due to the strong position of The Netherlands in the European flower trade, finding a trade partner in The Netherlands should not deviate from the general EU method as described in the CBI market survey covering the EU market. The most common ways for developing country exporters to approach Netherlands customers are through direct (e)mail, personal visits as follow up, inviting potential Netherlands 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.

Useful sources

- Dutch Floricultural Wholesale Board (HBAG): <http://www.hbag.nl>
- Flower Council of Holland: <http://www.flowercouncil.org>
- Product Board for Horticulture: <http://www.tuinbouw.nl>
- Association of Dutch auctions (VBN): <http://www.vbn.nl>
- Association of Dutch Wholesalers in floricultural products (VGB): <http://www.vgb.nl>
- International flower auction in Aalsmeer (VBA): <http://www.vba.nl>
- Flower Auction FloraHolland: <http://www.floraholland.nl/>
- Flowerweb (directory of companies in flower business): <http://www.flowerweb.nl/>
- Handboek Bloemen en Planten (directory of companies in flower business): <http://www.hortikompas.com>

3 Trade: imports and exports

Imports

The Netherlands is by far the most important player in the EU trade of cut flowers and foliage. The demand from domestic traders is, to a high degree, met by local production. Imports, however, also enable traders in The Netherlands to supply a broad selection of cut flowers to its European customers throughout the year. Therefore, despite its large production capacity, The Netherlands is still the third largest EU importer of cut flowers and foliage, accounting for 15% of total EU imports. Larger EU importers are the UK and Germany, with market shares of 24% and 23% respectively. A comparable market is France, accounting for a market share of 12% within the EU. Between 2002 and 2006, total imports by The Netherlands increased by 2% annually, amounting to € 519 million / 149 thousand tonnes in 2006. This coincides with

the increase in consumption. Domestic production also increased, which partly covered the increase in consumption.

The value of imports sourced in developing countries increased by 6% annually between 2002 and 2006, amounting to € 404 million / 117 thousand tonnes in 2006, signifying an import share of no less than 78%. In contrast to most other EU countries, the import share of developing countries is by far the largest in The Netherlands; the EU average is 22%.

The Netherlands sources its flowers in a rather large number of different developing countries. Nevertheless, one leading supplying country can be recognised: Kenya (38%). Other important developing country suppliers are Ecuador (13%), Colombia (5%), Zimbabwe (4%) and Uganda (4%). Imports from Kenya increased by 13% annually between 2002 and 2006, while imports from Ecuador increased by 15% annually during this period. Imports from Zambia and Uganda showed some increase as well. However, the most notable performance was that of Ethiopia. Imports from Ethiopia increased by 229% annually, with imports amounting to € 6.6 million in 2006. Ethiopia currently has a very attractive investment climate for the production of flowers, also for Netherlands growers who want to set up production in Africa. In contrast, imports from Zimbabwe decreased by 23% annually during the review period, due to land expropriation and other negative consequences of the unstable political situation.

The main non-developing country suppliers of cut flowers and foliage to The Netherlands are Israel (10%) and Spain (3%). However, between 2002 and 2006, these countries saw their exports decrease by 12% and 13% annually respectively.

Imports by product group

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

Product	2002 € mln	2004 € mln	2006 € mln	Leading suppliers in 2006 (share in %)		Share in imports of The Netherlands
Total cut flowers and foliage	78.2	60.3	62.8	Intra-EU:	Spain (3), Germany (2), UK (2), Italy (2), Belgium (1).	12%
	87.5	65.1	52.0	Extra-EU excl DC:	Israel (10).	10%
	315.8	314.8	404.1	DC*:	Kenya (38), Ecuador (13), Colombia (5), Zimbabwe (4), Uganda (4), Ethiopia (3), Zambia (2), South Africa (1), China (1), India (1).	78%
Rosa	9.3	6.3	5.5	Intra-EU:	Belgium (1), Germany (0.3), Spain (0.2).	2%
	13.0	6.9	2.1	Extra-EU excl DC:	Israel (1).	1%
	200.0	206.7	270.9	DC*:	Kenya (60), Ecuador (12), Uganda (7), Ethiopia (6), Zimbabwe (5), Zambia (4), Tanzania (1), Colombia (1), India (1).	97%
Dianthus	18.2	13.6	13.1	Intra-EU:	Spain (16), Portugal (6), Italy (6), Belgium (1), UK (0.4).	30%
	2.2	0.7	0.6	Extra-EU excl DC:	Israel (1).	1%
	25.5	22.4	30.0	DC*:	Colombia (52), Kenya (4), Gaza (4), Ecuador (4), Turkey (3), Ethiopia (1), Egypt (1)	69%
Orchids	1.5	0.8	1.1	Intra-EU:	Germany (18), Poland (1).	19%
	0.4	0.3	0.2	Extra-EU excl DC:	New Zealand (9), Singapore (2), Taiwan (1).	12%
	2.9	3.5	4.7	DC*:	Thailand (57), Malaysia (2),	69%

Product	2002 € mln	2004 € mln	2006 € mln	Leading suppliers in 2006 (share in %)		Share in imports of The Netherlands
					South Africa (7), China (2)	
Gladiolus	0.3	0.1	0.3	Intra-EU:	Poland (60), Spain (15), France (11), Portugal (4), Italy (2).	92%
	0.04	0.02	0.03	Extra-EU excl DC:	Israel (8).	8%
	0	0	0	DC*:	-	0%
Dendranthema	0.3	1.0	0.3	Intra-EU:	Germany (36), Belgium (16), Spain (4), UK (1).	58%
	0.6	0.2	0	Extra-EU excl DC:	Israel (1).	0%
	0.07	0.1	0.2	DC*:	Tanzania (18), Costa Rica (8), Colombia (7), Kenya (6), Ecuador (1), Ethiopia (1).	42%
Other fresh cut flowers	41.1	32.5	35.7	Intra-EU:	UK (5), Italy (4), Germany (4), Spain (3), France (2).	21%
	70.2	55.5	48.2	Extra-EU excl DC:	Israel (27), Australia (0.5).	28%
	79.6	72.9	86.7	DC*:	Kenya (18), Ecuador (18), Zimbabwe (4), South Africa (3), Colombia (1), Ethiopia (1), Chile (1), Peru (1), Egypt (1), Zambia (1).	51%
Prepared cut flowers	1.1	2.2	0.7	Intra-EU:	Germany (13), Italy (8), Belgium (6), Hungary (3), Spain (2).	33%
	0.5	0.8	0.7	Extra-EU excl DC:	Israel (27), Australia (5).	32%
	1.6	1.4	1.5	DC*:	India (21), South Africa (5), China (2), Tunisia (2), Colombia (2), Brazil (1), Ecuador (1), Philippines (1), Hong Kong (1), Kenya (1).	35%
Foliage	6.5	3.9	6.0	Intra-EU:	Germany (16), Italy (6), Denmark (5), UK (3), France (1).	35%
	0.5	0.7	0.3	Extra-EU excl DC:	USA (1), Israel (0.3).	2%
	7.2	8.3	10.8	DC*:	China (28), India (18), Turkey (9), South Africa (3), Brazil (2), Indonesia (1), Philippines (1).	63%

Source: Eurostat (2007)

*Developing Countries

As can be seen in Table 3.1, the most important product groups for The Netherlands are Rosa, "other fresh cut flowers", and Dianthus. The product group of "Other fresh cut flowers" consists for a large part of summer flowers, which are discussed in the CBI market survey covering the EU market for summer flowers. Rosa and Orchids showed the largest increase (6% annually) in imports between 2002 and 2006. The section on production already showed that Rosa production in The Netherlands is increasing as well. The increased imports are therefore not a compensation for a declining domestic supply. They are a response to a continuously increasing demand by EU consumers for Rosa, which are, for a large part, supplied by Netherlands traders. Another product group, which also performed well, is that of foliage. Imports of this group increased by 5% annually in the period 2002-2006. The largest decreases occurred for Dendranthema (12% annually), and prepared cut flowers (4% annually). Note that these decreases were not very large in absolute terms.

The Netherlands is the largest importer of Rosa within the EU, accounting for an import share of 28% in 2006. Nearly all imports come from developing countries (97%), and these imports even increased by 8% annually during the review period. The most important developing

country suppliers are Kenya (60%) and Ecuador (12%). Kenya mostly supplies 'intermediates' and 'sweethearts', while Ecuador focuses more on large-budded T-hybrid varieties. Note that many Kenyan suppliers have shifted to intermediates which require high production and post-harvest standards, but which are less labour-intensive and fetch higher prices. Between 2002 and 2006, Rosa imports from both Kenya and Ecuador increased, by 14% and 13% respectively. Furthermore Ethiopia showed a very large increase, of 265% annually, generating Netherlands imports amounting to € 6 million in 2006.

The Netherlands is the second largest importer of Dianthus within the EU, with a market share of 18%. Dianthus sales have been decreasing for a long time. Many growers therefore left the Dianthus business, but not all. At the moment, the outlook for Dianthus is more positive again and some countries are reaping the benefits. Most of these countries are developing countries which supply 69% of Netherlands imports of Dianthus. Between 2002 and 2006, Dianthus imports from developing countries showed an increase of 4% annually. The most important developing country supplier is Colombia, accounting for 52% of imports, amounting to € 22.5 million / 4.8 thousand tonnes in 2006. Netherlands imports from Colombia increased by 4% annually during the review period. Imports from Kenya showed a large increase of 16% annually.

The Netherlands is also the second largest importer of foliage within the EU, with a market share of 20%. Most imports come from developing countries (63%), which increased by 11% annually between 2002 and 2006. The most important developing country suppliers are China (28%) and India (18%). Imports from both countries increased, by 29% and 14% respectively.

Developing countries also account for a large market share in Netherlands imports of Orchids, with a market share of 78% in 2006. Furthermore, imports from developing countries increased by 12% annually between 2002 and 2006. The largest developing country supplier is Thailand (57%), with imports amounting to € 3.4 million / 602 tonnes in 2006. Netherlands imports from Thailand increased by 11% annually during the review period.

Exports

The Netherlands is the largest EU exporter of all product groups within the cut flowers and foliage sector. Compared to other countries in the EU, it is both a large exporter of domestic production and a large re-exporter. Total exports increased by 1% annually between 2002 and 2006, amounting to € 2.4 billion / 415 thousand tonnes in 2006, making the country the only strong EU net exporter of cut flowers and foliage with a market share of 88%. Furthermore, 42 exporters account for nearly 50% of these exports. The top three export destinations are Germany (25%), the UK (19%) and France (15%).

Exports by The Netherlands are mainly composed of 'other fresh cut flowers' and Rosa. Exports of these product groups increased between 2002 and 2004, but decreased again between 2004 and 2006.

Opportunities and threats

The Netherlands is a very interesting market for developing country suppliers of cut flowers and foliage, because of the following reasons:

- + The Netherlands flower sector plays a central role in the European flower trade. The main EU flower auctions are, for instance, based in The Netherlands.
- + Re-export plays an important role for The Netherlands, which presents opportunities for developing countries to export their products through The Netherlands to reach other EU countries.
- + The Netherlands is the third largest EU importer of cut flowers and foliage and its imports still showed continuous strong growth between 2002 and 2006 (2%).
- + Developing countries traditionally have a very strong position in the Netherlands import market of cut flowers and foliage, accounting for an import share of 78%. This is large

compared to other EU countries. Moreover, the imports from developing countries are increasing.

- + The Netherlands sources its flowers in a wide variety of different developing countries.

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 Prices developments

Table 4.1 Average auction prices of selected flowers in euro cents per stem, 2002-2006

Type	2002	2004	2006
Rosa, large-budded	29	26	27
Rosa, small-budded	13	12	12
Rosa, spray	21	23	29
Cymbidium (big-budded)	305	291	333
Cymbidium (small-budded)	125	126	148
Dendranthema, spray	22	20	24
Dianthus, standard	15	14	15
Dianthus, spray	9	9	10
Phalaenopsis	49	34	47

Source: VBN (2007)

Useful sources

The main source for information on price developments in The Netherlands is the auctions. The VBN statistical yearbook contains records of average prices paid for the products auctioned during the 3 most recent years. Be aware that prices are averages for all sizes and qualities.

The VBN statistical yearbook can be ordered from the following website:

<http://www.vbn.nl/en/productinfo/bestellen/index.asp>

5 Market access requirements

As a manufacturer in a developing country preparing to access The Netherlands, you should be aware of the market access requirements of your trading partners and The Netherlands' 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 growing importance in international trade and are often requested by European buyers through labels, codes of conduct and management systems. This need was highlighted in September 2007, when Netherlands media reported on the bad labour conditions at flower farms in Kenya. The personnel of the flower farms were paid between € 1 and € 2 per day, which is a very low

wage, even for local standards. Moreover, they were not protected from chemicals and their clothing was in a bad condition. This negative publicity harms the entire sector. Therefore, Netherlands growers (employees' and employers' organisations) have created a label, which ensures that the flowers have been produced under fair labour conditions. It will prevent the sales of flowers from farms with bad labour conditions, as they will not be able to obtain the label.

For more 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 'cut flowers and foliage' 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

For information on import tariffs, please refer to the CBI market survey covering the EU market. The VAT rate in The Netherlands is 19%, but will be increased to 20% on 1 January 2008. The VAT rate generally applied to cut flowers and foliage is currently 6%.

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 much from other European countries. Most inhabitants of The Netherlands speak English (and sometimes French, German and Spanish), especially when they are in the trade business. In general, good care should be taken of existing contacts, by applying 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.

In the case of flowers, some importers in The Netherlands are not in favour of trade fairs as a means to promote suppliers in developing countries. However, their opinion is not truly objective as they themselves are threatened by the increasing exclusion of the middle chains in the distribution chain. Visiting or even participating in a trade fair can be an efficient tool for communicating with prospective customers. It can also be a valuable source of information on market developments, production techniques and interesting varieties.

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

Trade associations

- Association of Dutch Auctions (VBN): <http://www.vbn.nl>
- Association of Dutch Wholesalers in floricultural products (VGB): <http://www.vgb.nl>
- Flower Council of Holland: <http://www.flowercouncil.org>

Trade fair organisers

- International Horti Fair: <http://www.hortifair.nl>

Trade press:

- Agrarisch Dagblad (Agricultural magazine): <http://www.agrarischdagblad.nl/>
- Bloem en Blad (Website on flowers): <http://www.bloemenblad.nl/Home.asp>
- BloembollenVisie (Website on flower bulbs): <http://www.cnb.nl/bloembollenvisie/>
- Bloemen en Planten (Website on flowers and plants): <http://www.bloemenenplanten.nl/>
- Bloemenkrant (Newspaper on flowers):
<http://www.uitgeverijverhagen.nl/kranten/bloemenkrant.php>
- Bollen nieuws (Newspage on bulbs): <http://agro.basf.nl/portal/NL>
- Groot Handelsblad (Agricultural trade press):
<http://www.missmag.nl/db/direct/detail1.html?nummer=2248%20Groot%20Handelsblad>
- Het Land- en Tuinbouwblad (Magazine on agriculture):
<http://www.agripers.nl/lezers/wlto.htm>
- Tuin & Landschap (Website on gardening and landscaping):
http://www.hortipoint.nl/tel_inf_r.htm
- Vakblad voor de Bloemisterij (Trade press on floriculture):
<http://www.zibb.nl/tuinbouw/bloemisterij/index.asp>

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