

Potted tropical plants are spreading throughout Europe, boosting DC exports

The other greenhouse effect

Perhaps it is an undiscovered side effect of global warming, but tropical plants are rapidly gaining popularity in Europe. Palms, dracaenas, yuccas and other tropical species can be found in almost every European living room, office and hotel. One contributor to this trend has been the CBI's export development programme for Young Pot Plant Material in South America. The programme ended last year. But export growth has only just begun, according to consultant Milco Rikken.

Until recently, the market for potted tropical plants was firmly in the hands of European growers. But as profit margins shrink, these growers are gradually seeking to shift parts of their cultivation process to developing countries, where climatic conditions and labour costs tend to be more favourable. In the early 1990s, a number of Central American countries discovered this trend. Now, countries like Costa Rica and Guatemala are considered leading suppliers

of young plant material for the European tropical plant business.

The term 'young plants' represents plants or planting material that has to be further cultivated by European growers before it can be sold to the consumer. Many European growers, particularly in Southern European countries, prefer to deal directly with young plant exporters in developing countries. Other growers source their cuttings via European importers.

Stricter market requirements

In 2000, a CBI study revealed that these Central American suppliers of young plant material increasingly faced difficulties in meeting the ever stricter quality demands of European importers. To assist the growers in meeting these requirements, the CBI launched an export development programme (EDP) for the young plant industry in Costa Rica, El Salvador, Guatemala and Honduras.

Ever since, participating growers have received CBI assistance in various critical fields, such as production, post-harvest handling, quality control, export marketing and farm management. Farms have participated in a cost-price benchmark, received on-farm trainings, and regularly visits by local CBI expert Arno van der Maden, who offered tailor-made technical assistance. To further improve existing trade relations and to gather more knowledge about the floricultural chain, companies participated in three trade fairs in the Netherlands and Spain.

Sharpening the focus

In 2005, CBI consultant Peter de Wit carried out a round of interviews with Dutch importers to sharpen the programme's focus. One of the main conclusions was that the relation and communication between growers and

The greenhouse effect affects commercial relations as well. Europe is in for tropical plants these days, creating new opportunities for exporters of Palms, Dracaenas, Yuccas and other species.



other companies in the distribution chain is a critical success factor. Several of the interviewed importers indicated that there was ample room for improvement in this area. This brings into view another activity in the programme: the human resource development programme for farm owners and managers. For a floricultural export company, effective customer orientation is critical and can only be reached when internal communications are effective. The main purpose of this very practical programme component has been to transfer knowledge and skills on how to improve the organisation and internal communications on the farms.

Football tournament

Throughout the programme, companies regularly visited each other's farm. These clustered farm visits added to an increased sense of cooperation among the participating entrepreneurs. Nowadays, several of these farms are working together. In Costa Rica, for instance, a group of growers has formed an export cluster. One of its members, Chris Schockert of Ornamentales CyR, told us that "to foster cooperation, we even get together twice a year for a football tournament".

The CBI focussed not only on individual company development, but also on the establishment and development of national and regional sector organisations. Says Lucia Garcia of Tukan Agro from Honduras, "The creation of our own sector association Plantaflor is without doubt one of the most important things we have accomplished in Honduras in the past years." Early in the programme, the four national organisations joined forces under the umbrella of a regional sector association that goes by the name Florca.

Naturally green

One of the leading environmental standards in floriculture is MPS. It is a standard that, among other things, promotes the use of environmentally sound methods in the cultivation of flowers and plants. The CBI promoted the understanding of the role of MPS in the European market and how it can help

growers in applying chemicals, water and other inputs. Before the programme started, only one company was in the process of obtaining MPS registration. Gradually, however, more and more companies followed suit. By the time the programme ended last year, no less than 21 of the 41 participating companies were MPS-registered or in the process of obtaining registration. Companies indicate that they do not only use MPS as a marketing tool, but that it is particularly useful as a tool to improve the efficiency with which they use inputs.

Programme evaluation

With a final mission to Costa Rica and Guatemala, the CBI's involvement in Central America's young plant sector ended in 2006. As is the custom within the CBI, the programme was then evaluated by an external organisation. The main conclusion of this evaluation was that a vast majority of the participating companies have succeeded in improving their market position over the past years.

The programme was not a traditional CBI programme in the sense that it was not designed primarily to find as many new European customers as possible for participating companies. Nevertheless, the evaluation indicated that several exporters have been able to broaden their customer base thanks to the CBI programme.

The way forward

The role of developing countries in Europe's floricultural markets is visibly increasing. For many countries, floriculture is already a major export sector. For other countries, the sector still offers interesting prospects.

As the CBI's current programme for cut flower exporters has now also entered its last year, the CBI has started to explore possibilities for setting up a new programme to continue sharing its experience of the past years with growers in the floricultural sector.

Planning and preparing yet another greenhouse to accommodate the booming plant exports.

