



CBI Product Factsheet: Cut orchids in the UK Market

'Practical Market Insights concerning your Product'

The import of cut orchids into the United Kingdom represents a small market. The majority of the cut orchids in the UK are supplied through the Netherlands. This product factsheet covers product specifications, important phytosanitary and marketing requirements, and statistics about trade consumption, production and market trends.

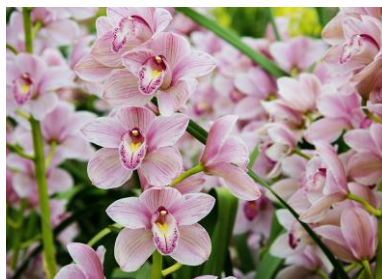
Product description

Product definition

Orchidaceae is a diverse family of flowering plants with blooms that are often colourful and fragrant, known as the orchid family. This family comprises about 1,000 genera and more than 20,000 species.

The greatest diversity of orchid species occurs in tropical mountain areas, due to the effect of reproductive isolation of plant species caused by the mountains. The main areas noted for having a large number of orchid species include the islands of Southeast Asia, the mountainous areas of Ecuador and Colombia and the Atlantic Jungle along the Brazilian coastal mountains.

Orchids have been cultivated for centuries. The size of their flowers varies from 1 millimetre up to 20 centimetres. Their colours range from white to very vibrant colours such as yellow, orange, red and dark purple. Many are multi-coloured. In Europe, the most important commercial varieties of cut orchids are *Cymbidium* and *Phalaenopsis* (although the latter is also often sold as potted plant). These varieties are mainly produced within Europe, mostly in the Netherlands. *Dendrobium* is the most important imported cut orchid in Europe. In addition a whole range of speciality orchids are imported, such as *Paphiopedilum*, *Mokara*, *Aranthera*, *Oncidium*, *Aranda*, *Vanda* and *Arachnic*.



Source: Shutterstock.

This product factsheet covers fresh cut orchids. The corresponding CN code is 06031300 fresh cut orchids and buds, of a kind suitable for bouquets or for ornamental purposes.

Table 1: CN commodity code for fresh cut orchids and buds

Number	Product
06031300	Fresh cut orchids and buds, of a kind suitable for bouquets or for ornamental purposes

Source: Eurostat Comext.

Product Specification

The majority of the cut orchids in the UK are supplied via the Netherlands. The Netherlands is at the centre of the European flower trade. There is an excellent system of traders and logistical service providers to facilitate the trade in cut flowers. The Dutch flower auction ([FloraHolland](#)) is the central marketplace for buying and selling cut flowers in Europe. Flower growers from all over the world gather at the flower auction to find buyers. There are specific requirements regarding quality, size, packing and labelling set by the Dutch Flower Auctions Association ([VBN](#)). For exporters from Developing Countries (DC) the auction serves as an important trade platform. We therefore refer mainly to these requirements that are widely adopted as minimum requirements across the entire cut flower industry.

Quality

Cut orchids are generally traded per flower or per stem. Cut orchids are traded in 3 quality groups: A1, A2 and B1, depending on the extent to which they meet the quality and grading criteria. Cut orchids should be sorted according to length, the number of flowers, weight and maturity. The VBN requirements consist of two parts: general requirements for all supplied flowers and specific requirements for specific flowers. For Cymbidium and Phalaenopsis specific requirements can be found on the Dutch Flower Auctions Association (VBN) website with specific [product specifications for cut flowers](#). For imported orchids other than Cymbidium and Phalaenopsis, the general requirements for cut flowers (which can be found on the same website) must be met.

Growers are responsible, through self-assessment for grading and the reliability of the information they provide with their lot. The Reliability Index (BI) was set up to do this as efficiently and effectively as possible. The Reliability Index indicates the 'reliable grower's information' percentage for the last 100 lots. The lower the index, the more samples will be checked. More information about the Reliability Index can be found at the [FloraHolland website](#).

Size and packaging

Cut orchids are often supplied in boxes specially designed for the transportation of orchids. For packing and loading, [VBN](#) gives detailed information about requirements. There are variations in requirements between the different types of cut orchids.

Loading

- Optimal loading must be realised, whereby the volume of the bunches determines the number of supplied bunches per container unit.
- For cut orchids stems must come with a water bottle with a capacity that is specific for each type of cut orchid. For example for Cymbidium the capacity is set at 22 ml. For lengths of 50 and over, the stems should be provided with a water bottle of 35 ml. For Phalaenopsis the minimum capacity of the water bottle should be 12cc.
- [VBN](#) gives indications about the number of branches per box depending on the branch weight and quality class.

Analysis and interpretation

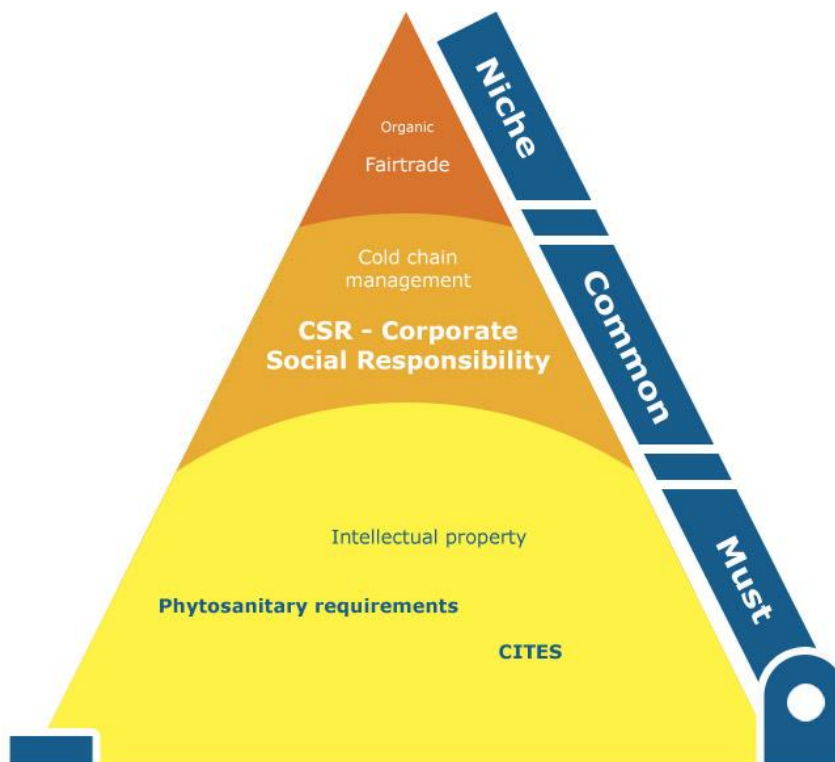
- A very small number of growers from developing countries export directly to the UK market. In general, the principal product requirements given above are also applicable on the direct market.
- However supplying directly can be more demanding in terms of additional requirements. Retailers often request a continuous supply of flowers over a fixed period. In addition, payment terms differ from the flower auction, and can be longer in the direct trade sector.

Considerations for action

- Visit the [VBN](#) website to find out about changes in product specifications.
- Contact your import agent or your potential client about any additional requirements if you wish to supply directly.

Buyer requirements

Buyer requirements can be divided into (1) *musts*, requirements you must meet in order to enter the market, such as legal requirements, (2) *common* requirements, which are those most of your competitors have already implemented, in other words, the ones you need to comply with in order to keep up with the market, and (3) *niche* market requirements for specific segments.



Requirements cut flowers marketed in the EU must meet

Plant health

Cut orchids exported to the EU, must comply with the EU legislation on plant health. The EU has laid down phytosanitary requirements to prevent introduction and spread of organisms harmful to plants and plant products in the EU.

Cut orchids imported in the EU must be accompanied by an official "phytosanitary certificate" guaranteeing the phytosanitary conditions of plants and plants products, and also that the shipment has been officially inspected, complies with statutory requirements for entry into the EU and is free of quarantine pests and other harmful pathogens.

Phytosanitary certificates are issued by your National Plant Protection Office (NPPO).

Endangered Species – CITES

If you are exporting cut orchids that are listed as endangered according to the

Considerations for action

- Check with the relevant National Plant Protection Organisation for the exact procedures to get the phytosanitary certificate. Click [here](#) for a list of NPPOs
- A model phytosanitary certificate can be found in [AnnexVII](#) of the Plant Health Directive.
- Check if your country and the country you want to export to have implemented digital services to facilitate the process of import and export. For example in Holland there is the [CLIENT export](#) system, which is also used by the Kenyan and Ugandan inspection authorities.
- Read more about [plant health](#) in the EU Export Helpdesk
- Check in the Annexes if import and export permits are required for your

international CITES convention, you have to take specific procedures into account, to prove that trade will not be harmful to the survival of the specie in the wild. If your product is listed in [Annex A and Annex B](#) of Regulation (EC) No 338/97 all exports need to be accompanied by an export permit from the your country's CITES authority and an import permit from the authorities in the country you are exporting to.

Intellectual Property Rights (IPR)

Developing new orchid varieties is often very expensive. The developers of orchids are want return on their investments. To avoid that just anybody can use these new varieties, they are protected by intellectual property rights. In recent years, there has been a growing attention for breeders' rights and illegal products are rejected from the market.

Full overview of requirements for cut flowers:

For a list of requirements for cut orchids consult the [EU Export Helpdesk](#) where you can select your specific product under chapter 06031300.

product. If you are not sure, contact [your local CITES authority](#).

- Getting all CITES documents may take some time (especially when you are a new exporter, not known yet by the authorities). Since timing is essential when handling with perishable goods as cut flowers, try to anticipate on possible delays during the application for a permit.
- Read more about [CITES](#) in the EU Export Helpdesk.
- Make sure that you know exactly who owns the IPR for your species and pay necessary royalties.
- An interesting trend is that breeders' only let their new variety be grown by a select group of growers. Staying in contact with breeders and offering perfect conditions to grow their new variety may therefore be an advantage
- Familiarise yourself with the protection frameworks for new plant varieties, for example from the [Union for the Protection of New Plant Varieties](#) (UPOV) or the [Community Plant Variety Office](#) (CPVO).

Common buyer requirements: Sustainability

CSR - Corporate Social Responsibility

EU consumers pay more and more attention to social and environmental circumstances during the flower production. As a result EU buyers require you to meet certain environmental and social standards in the form of certification of B2B schemes and consumer labels. Compliance with environmental standards (focusing on pesticide and water use) is a very common requirement, while social conditions are gaining importance.

The most important B2B scheme for cut orchids is [MPS](#). MPS ABC certification covers environmental performances and is considered a must for growers. Furthermore they have several other schemes such as MPS-SQ (focussing on social issues) , MPS-GAP (on Good Agricultural Practices) and MPS-Quality.

The most comprehensive scheme is MPS-Florimark, which is a combination of the aforementioned four schemes

[GlobalG.A.P.](#) is a B2B scheme originally focussing on Good Agricultural Practices. GlobalG.A.P. has been the most important scheme for fruit and vegetables for years, but it is gaining importance for cut orchids as well, especially when selling to supermarkets.

Considerations for action

- Both buyers and consumers (especially in Western and Northern Europe) consider environmentally friendly production very important and this importance is expected to increase in the future. Becoming certified is essential.
- Use your good practices and certification as a marketing tool in the communication with (potential) buyers.
- There is an abundance of standards to choose from (although the actual criteria show a lot of similarities). To determine which scheme you should follow, the market your targeting will probably be decisive (which country do you want to export to and which trade channels do you use?)
- See [Channels and Segments](#) to see how market channels are changing
- Click [here](#) for an overview of all MPS schemes including links to the criteria per scheme.
- Click [here](#) for the relevant GlobalG.A.P. standards for flowers and ornamentals.
- Check for existing initiatives in your country. Examples are the Colombian [Florverde](#) standards or the code of the [Kenyan Flower Council](#). Sometimes these local initiatives are benchmarked against GlobalG.A.P. and/or MPS

Private labels

The increasing share of the 'unspecialised' market (supermarkets etc) in comparison with the 'specialised' market has also had its effects on the buyers' requirements. Several supermarket chains offer cut orchids under their own private labels often referring to social and environmental conditions at the production level.

Furthermore importers may also participate in initiatives such as the [Ethical Trading Initiative](#) (ETI) in the UK, or the [Business Social Compliance Initiative](#) (in several Western European countries). These initiatives focus on improving social conditions in their members' supply chains. This implies that you, as a supplier, are also required to act in compliance with their principles.

Cold chain management

Proper cold chain management has a positive effect on the quality and vase life of flowers. Therefore EU buyers' demands for cold chain protocols are growing. Note that, although improving your cold chain management may be a challenge, the higher product quality should also improve your profits.

- If you want to target supermarkets directly, check which sustainability criteria they impose.
- Familiarise yourself with the [ETI base code](#) to check what [ETI members](#) require from their suppliers.
- Assess your company's current performance by doing a self-assessment, which you can find on the [BSCI website](#).
- Developing and implementing cold chain protocols will be vital to survival in the coming years.
- Do not wait until buyers ask for improved cold chain management, but anticipate on the developments.

Niche markets CSR in consumer labels

Fairtrade certification

Although CRS requirements are common buyer requirements, standards that are communicated through a consumer label still represent a relatively small part of the market, mostly in North-western Europe .

Examples of relevant consumer labels are: [Fair Flowers Fair Plants \(FFP\)](#), [Fairtrade International](#), [Florverde](#) and the [Rainforest Alliance](#).

Organic flowers - a niche market. The market for organic cut orchids is very small. Organic cut orchids must be produced and processed by natural methods defined under [EU legislation](#). Growing organic cut orchids is a viable opportunity to explore in the future.

Considerations for action

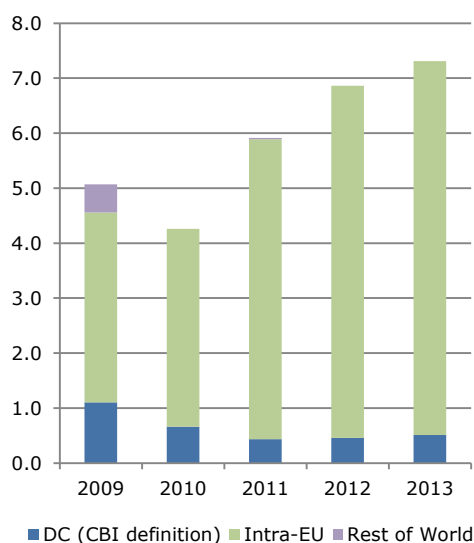
- Always check with your buyer if he requires certification and which certification he prefers.
- Consult the [Standards Map database](#) for the different labels and standards relevant for cut flowers.
- Note that some flower traders perceive organic flowers as a lesser quality product due to a lower aesthetic quality and durability. As such, organic flowers are not much favoured in Europe yet.

Trade and Macro-Economic Statistics

General information and figures about production and trade developments in the European market are provided in the [CBI Tradewatch for Cut flowers](#). This section provides you with more detailed statistics regarding the trade, production and consumption of fresh cut orchids in the UK.

Import

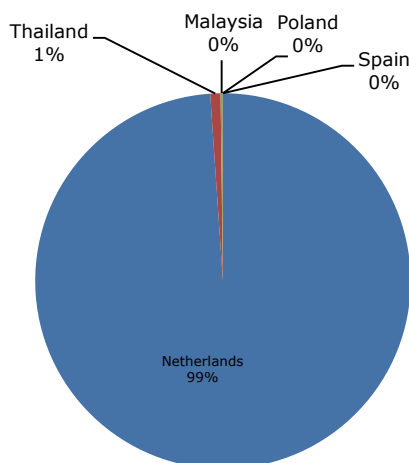
Figure 1: Import of fresh cut orchids and buds in the UK, 2009-2013, in millions of euros, a)



a) Data for 2012 shows an inexplicable increase in imports from the Netherlands to about 27 million euro. 2012 was estimated from reported Dutch exports to the UK.

Source: Eurostat Comext, calculations LEI.

Figure 2: Division of import volume of fresh cut orchids and buds in the UK (intra and extra-EU trade), in 2013, in %



Source: Eurostat Comext, calculations LEI.

Analysis and interpretation

- Imports of cut orchids in the UK decreased between 2009 and 2010, but have increased since then. Reported imports of orchids in the UK from the Netherlands show a huge increase in 2012, which cannot be explained and is not visible in reported exports from the Netherlands. This is excluded from the figure above.
- The Netherlands is the main import partner of the UK (93%). The share of Dutch imports increased from 68% to 93% between 2009 and 2013. Direct imports from Thailand decreased in value.
- The Netherlands imported about €3.5 million of cut orchids from DCs like Thailand and Malaysia (2013). A large part of this is re-exported to the UK market.
- The UK imports cut orchids all year round, although a peak in imports can be seen before Mother's Day, usually in March or April.

Considerations for action

- The Netherlands is the main trade partner. There are many Dutch firms that have experience in trading with the UK market. Work with these firms in order to supply the UK market.
- Visit the website of the [Dutch Association of traders of flowers and plants VGB](#) to find potential trading partners.
- Future dates of English holidays like Mothering Sunday can be found here: <http://www.timeanddate.com/holidays/uk/mothering-sunday>

Export

Exports of cut orchids are limited to a few thousand euros annually. This has remained unchanged for the last five years, with the exception of 2007, when a single large shipment was exported to Singapore.

Analysis and interpretation

- Exports of orchids from the UK are limited. Traditionally, most exports are destined for Ireland and are mostly re-exports from other countries. In 2013, reported exports of fresh cut orchids were valued at about €6,000.
- In 2013, the UK exported orchids to Ireland, and in 2011 some €27,000 was exported to Singapore. These trade flows must be seen as just occasional trade.

Considerations for action

- See the [Eurostat statistics on international trade here](#).
- Another source for Trade data is [ITC Trademap](#).

Production

No comprehensive data is available for the production of cut orchids per country.

Analysis and interpretation

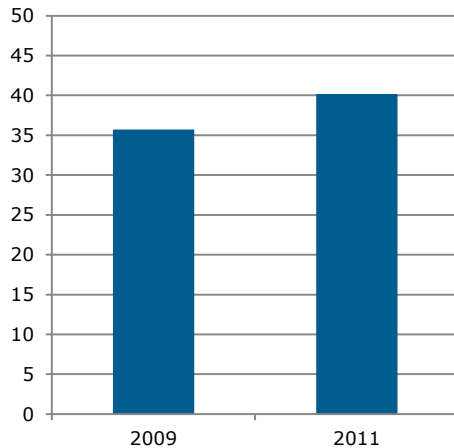
- In the Netherlands, cut orchids are grown in greenhouses. In 2013, some 210 hectares of orchids were under cultivation. Some of Europe's leading cut orchid producers are in the Netherlands. In Europe, cymbidium is the main orchid cultivated for cut flowers.
- Besides the Netherlands, other large commercial producers of cut orchids can be found in Thailand, Singapore, Malaysia and New Zealand. Orchids are difficult to cultivate and it takes a lot of time to produce flowering plants. The time it takes to produce the flowers for market and the necessary upfront investment required makes orchid cultivation challenging.
- In the Netherlands there are various breeders that work on developing new varieties of cut orchids. Dutch breeders and growers import young plants from Asia for reproductive purposes. One of the most important qualities for a young orchid plant to have is robust health.

Considerations for action

- Value added products, like special varieties, market niches and sustainable partnerships with buyers offer opportunities to compete. Specialised seed companies are constantly looking for professional partners to build new markets.

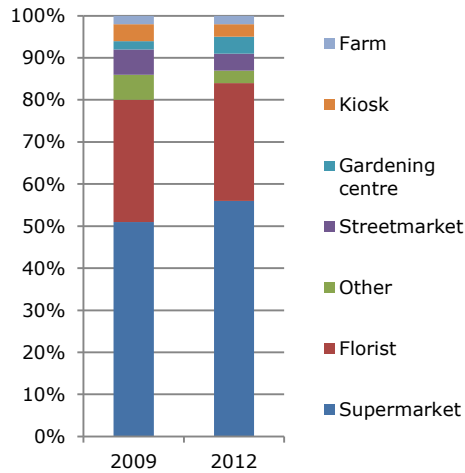
Consumption

Figure 5: Consumption of cut flowers in the UK, in € per capita



Source: Productschap Tuinbouw, 2012.

Figure 6: Market share for cut flowers per sales channel in % (Q3)



Source: Productschap Tuinbouw, 2012.

Analysis and interpretation

- There are no statistics available on cut orchid consumption in the UK. However there are general statistics on the consumption of cut flowers. The consumption per capita increased slightly between 2009 and 2011.
- UK consumers buy their flowers in supermarkets (55%) and florist shops (28%). The shares of the various sales channels remain stable. The supermarket is very dominant in the UK and its share is far bigger compared to other European countries. There has been an increase in low cost promotional bouquets sold in the supermarkets.
- Peak days remain very important in the UK. Mother's Day, in particular, is of great importance. This is held on the fourth Sunday of Lent. It is exactly three weeks before Easter Sunday and usually falls in the second half of March or the beginning of April.

Considerations for action

- The majority of British consumers buy flowers in the supermarket. However cut orchids are more often sold in traditional flowers shops.
- If you want to focus on a peak day, take these dates into account when drawing up your annual production schedule.

Market Trends

[CBI Trend mapping](#) provides you with general trends in the European market for cut flowers. This section provides more details about specific trends in the market for fresh cut orchids in the UK.

Analysis and interpretation

Technological:

- Just like in many other European countries, there has been a considerable rise in internet sales of cut flowers, both business-to-business and business-to-consumer. There are several initiatives

Considerations for action

- Be certified and comply with the specific requirements set by the (supermarket) retailer.
- Costs are important, but buyers also take the quality of your logistics into

to put the supply of cut flowers directly onto a website where traders can find and buy flowers and supplies can be linked directly to the wholesalers' stock in web shops.

Economic:

- The economic crisis has had its impact on business relations in the flower sector. The relationship between parties has hardened and payments of orders by retailers are often postponed.

Environmental:

- Consumers in the UK are frontrunners regarding flowers that are grown in an environmentally-friendly manner. UK supermarkets have played a particularly important role in introducing requirements. Important aspects are MRLs, labour conditions at farm level and greenhouse emissions during production and transport.
- As a result, 60-70% of flowers sold via the supermarket channel are Fairtrade. This continues to be the focus of many supermarkets.
- All major UK retailers have their own private labels for sustainable products (e.g. Tesco Natures Choice). In many cases, these unilateral retailer codes are based on one or a combination of industry standards.

account.

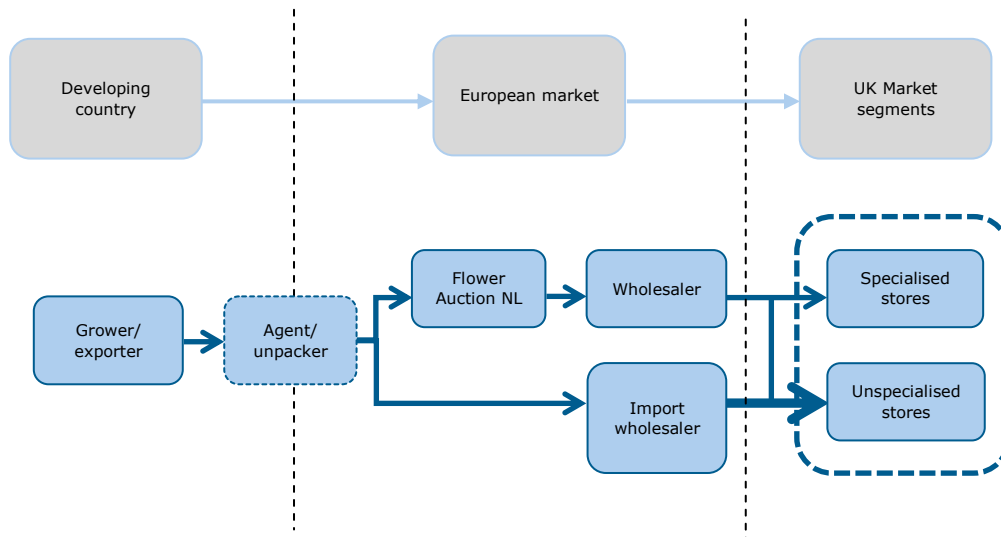
- Work on your cold chain in order to optimise your product quality.
- When supplying directly to wholesale traders in the UK or the Netherlands, be aware of possible payment delays. Supplying via the auction gives you more security regarding your outstanding payments. On the Dutch auction, payments are processed directly after auctioning.
- Check with your buyer what kind certification scheme is relevant for you. Or visit the websites of e.g. [MPS](#) and [Fair Flowers Fair Plants](#).

Market Channels and Segments

For more general information about market channels and segments you can have a look at the [Market Channels and Segments](#) section available on the CBI market intelligence platform. This section provides some information about the various marketing channels through which cut flowers are marketed in Europe.

The Netherlands is the centre of European flower trade. The cut flower market can be divided into two market segments: specialised and unspecialised. The first encompasses all the specialised florists in which flowers are the primary product and the latter includes unspecialised shops that sell flowers as an addition to the regular range. In the UK the position of the large retailers is dominant and many flowers are traded directly in the unspecialised market segment.

Figure 7: Market channels for cut orchids to the UK market



Analysis and interpretation

- The Netherlands is the main import partner of the UK for the trade in cut orchids (92%). The share of the Dutch imports increased between 2007 and 2012. Imports from Thailand decreased in value. This makes the Netherlands the most important country for the distribution of cut orchids in the UK market.
- A distinction can be made between two types of importers: traditional wholesale importers who focus on larger quantities of more common cut flowers, and importers specialised in exotic and speciality flowers like cut orchids. In the European market, tropical flowers are mainly distributed by specialised

Considerations for action

- Trading directly as a DC supplier with the UK market is difficult since additional requirements are set with respect to quantity, quality and production. These often exceed legal and auction requirements. Use the extensive network and experience of the Dutch wholesale traders. The Dutch flower auction is a reliable trade platform that offers extensive services that help to enter the market.
- Agents provide certain services like unpacking before redistribution to the auction or other buyers. When looking for a reliable agent, it is important to inquire in your network of other exporters, buyers, or ask your contact person at the auction.
- Dutch producers and importers are constantly looking for special varieties to supplement their product range. Partnerships with these importing companies may be a good way to enter the European market.

importing wholesalers (or import agents), who usually combine tropical flowers and foliage.

- The unspecialised market channel is dominant in the UK. However for cut orchids, the specialised channel is the dominant sales channel. Cut orchids are considered to be a luxury item and are thus often sold per stem. Quality and logistics are very important for these more expensive flowers.
- Some supermarkets – like Waitrose – favour UK grown flowers over imported flowers.
- Focus has become the key word in the flower trade. More and more wholesale traders are specialising in one of the two main market segments.
- Without prior experience and knowledge of exporting directly to the UK market, the direct channel is a difficult channel. Exporting through the Dutch auction is recommended.

Market Competitiveness

For general information about market competitiveness for cut flowers you can have a look at the [Market Competitiveness information](#) available on the CBI market intelligence platform. This section provides some information about market competitiveness with respect to the European market of cut orchids.

Analysis and interpretation

- **Buyer power:** The number of supermarket buying organisations is limited and as a result these big buyers have strong buyer power vis a vis producers and wholesale traders. In the UK, about 65% of cut flowers are sold in supermarkets. However, orchids are mainly sold in flower shops, which have less well-organised buyer power.
- **Degree of rivalry:** The UK market is a difficult market. Your product will be competing with imports from other sources, including high quality flowers from the Netherlands. Trade is dominated by Dutch export traders. Supplying through the Dutch Flower Auction will give access to the whole European trading network but will not guarantee access to the UK market. Finding the right partner with an excellent track record in exporting to the UK is key. Setting your product apart – e.g. by supplying speciality varieties – from the flowers already on the market is essential.
- **Threat of new entrants:** To supply the UK market producers require, among other things, a considerable investment and access to advanced knowledge about growing quality flowers. Therefore for inexperienced producers it is difficult to enter the UK market. This lowers the threat of new entrants.
- **Substitute products:** In the UK there

Considerations for action

- The UK market may be entered via the Dutch flower auction. At a later stage, if quality and quantity requirements can be met, flowers can be sold in the unspecialised market channel by supplying supermarket retailers directly.
- Try not to compete on price alone, but build partnerships with buyers and strive for excellent product quality.
- Again, being part of a stable partnership and being a trustworthy supplier can help you establish and maintain your position on the market. Establish a credible track record including transparent information on your company and product quality.
- Consider importance of sustainability

are some initiatives to produce flowers for the local market to replace flowers produced abroad.

issues and communicate what you do.
Obtain relevant certification.

Useful Sources

Export and market entry support:

- CBI - <http://www.cbi.eu>
- CBI Information on EU Buyer Requirements - http://www.cbi.eu/marketintel_platform/cut-flowers-and-foliage-/177508/buyerrequirements
- DEFRA Procedure for Electronic Application for Certificates from the Horticultural Marketing Inspectorate - <http://ehmipeach.defra.gov.uk>
- EFSA - <http://www.efsa.europa.eu/en/>
- EU Market Access Export Helpdesk - http://exporthelp.europa.eu/thdapp/index_en.html

Certification schemes:

- Ethical Trading Initiative - <http://www.ethicaltrade.org>
- Fair Flowers Fair Plants - <http://www.fairflowersfairplants.com/home-en.aspx>
- Fairtrade - <http://www.fairtrade.net>
- GLOBALG.A.P. - http://www.globalgap.org/uk_en/
- ISEAL Alliance - <http://www.isealalliance.org>
- ITC Standards Map - <http://www.standardsmap.org>
- MPS - <http://www.my-mps.com/en/>

Marketing and trade standards:

- EU legislation on Organic Production - http://ec.europa.eu/agriculture/organic/eu-policy/legislation_en
- UNECE Standards for Cut flowers - http://www.unece.org/trade/agr/standard/flowers/flower_e.html
- VBN Dutch Flower Auctions Association - <http://www.vbn.nl>

Statistics and sector information:

- AIPH - <http://www.aiph.org>
- Eurostat - <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>
- ITC Trade Map - <http://www.trademap.org>
- UN Comtrade - <http://comtrade.un.org>

This survey was compiled for CBI by LEI Wageningen UR
in collaboration with Milco Rikken (CBI sector expert)

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