

# **CBI Tailored Market Intelligence: Tropical Flowers and Foliage from Colombia United Arab Emirates and other Middle East markets**

## Part 2: Buyer Requirements

### 2.1 Product Requirements

#### Quality

Quality requirements are related to the main use of tropical flowers as eye-catching elements in flower arrangements for hotel and office lobbies. In general, importer requirements are more or less in line with the European market, but exporters should always verify specific quality requirements with the importer. For more information on general buyer requirements for the European market, see <https://www.cbi.eu/market-information/cut-flowers-foilage/buyer-requirements/>.

Quality requirements for the Middle East markets are becoming stricter. Quality requirements specifically mentioned by importers were:

- straight stems,
- clean and shiny leaves,
- long vase life (about 7 days, so that products can stay all week in lobby arrangements),
- longer stems are reflected in a higher price,
- clean and undamaged products, and
- uniformity in flowers and foliage, such as length, opening stage and colour.

#### Assortment

Tropical flowers, excluding orchids, are still considered to be exclusive, unusual or unique. They are a niche product in the UAE. Still, all main tropical flower species, such as heliconia, zingiber and musa, are readily available through Asian suppliers and Dutch traders.

Tropical foliage is more mainstream than tropical flowers. In UAE, all main products are available, such as leather leaf, salal, monstera, aspidistra, aralia, pandanus, phoenix and other palm leaves.

Most flowers sold in the Middle East are standard assortment and very much in line with European markets (mostly same supplying countries). Tropical flowers and particularly tropical foliage are often mixed with standard flowers.

Individual varieties, for instance the various heliconia bihai and caribea varieties, are not recognised by wholesalers, retailers and consumers. Variety selection is mostly based on colour or obvious external features, including available stem lengths. Buyers primarily look for a specific colour or combination of colours, and then look for the available varieties. Emiratis have a preference for strong and bright colours (not pastels).

In many cases, importers have had either good or bad experiences with a specific product or variety, which influences purchasing preferences. Importers prefer to work with suppliers who are able to offer a complete assortment.

#### Packaging

Most products are distributed in strong corrugated carton boxes; regular export boxes, with no special requirements for staples and straps. Returnable packaging is rarely used.

The packaging method depends mainly on the variety and size, the wishes of the importer, transport conditions, and the required product temperature (cold chain for most foliage and warmer temperatures for tropical flowers).

Depending on importer preference, paper or plastic sleeves, protective wraps, straps and other packaging materials are used. Tropical flowers are sometimes packed in a plastic or paper cover for protection. Heliconias are often put in some type of protective material, such as shredded paper.

Boxes should not be packed too full (to avoid damage) or too empty (cost efficiency). High transport costs tend to be a limiting factor on the export of tropical flowers. The product is either heavy (heliconias) or voluminous.

#### Labelling

There are no statutory labelling requirements for cut flowers and foliage. Exporters are encouraged to mark and label each box clearly (ink stamping is not enough) stating:

- destination, including the name and address,
- description of the product and variety,
- pack size/count,
- code/reference/line number,
- information on the supplier, and
- special care or specific care and handling information

Large, clear labels stating the class, variety, count, size and contents should be attached to both ends of the box to assist identification. Information on the supplier and special care labels can be printed either as part of the graphic design or on plastic adhesive labels. If labels are used, they should be carefully placed on the boxes to enhance the box's appearance.

## 2.2 Marketing Requirements

### Marketing Material

Essential marketing tools are a good website and brochure. A professional and attractive website with unique features can help to distinguish yourself from other growers.

Well-targeted search engine marketing can help you increase the visibility of your company on search engines in the Middle East, such as Google (Arabic), and to a lesser extent Yahoo and Bing. Facebook, and to a lesser extent Twitter and Google+, are popular social media in the Middle East and can be used to support promotion activities.

Your website and brochure should include:

- detailed information about your company;
- strengths of your company, such as differentiation factors, sustainability practices; management systems, quality systems and export experience;
- information about your products, such as area (ha) of crops, varieties and productivity;
- pictures of crops, facilities and products; and
- contact information.

Promotional material, including brochures and website, should at least be in English. Business cards need to be given to everyone you meet. One side of your business card should be translated into Arabic, but be sure to check the translation carefully as there is often confusion with the order of names.

### Trade Shows and Fairs

The IPM Dubai (International Plants Expo Middle East) is the leading international floriculture trade fair in the Gulf Region.

Next event: 13-15 November 2016.

① [www.ipm-dubai.net](http://www.ipm-dubai.net)

It is recommended that you attend the trade fair at least once a year as a visitor to keep in touch with the market. If you are organizing a stand, please take into account factors that might discourage Arab visitors from coming to your stand. For instance, ensure everyone is dressed appropriately. Short sleeves are perfectly acceptable, but sleeveless tops are not, nor are short skirts and shorts. This applies to both men and women (see Part 3).

### Branding and Exclusivity

Strengthen your position by building your company name as a quality brand. The name of the grower is important to importers as an indirect guarantee for consistent quality.

In some cases, the importer will require supplier exclusivity for his country. If an importer re-exports to neighbouring countries, he may request exclusivity for those countries as well. As a grower/exporter, you should decide whether offering exclusivity fits your strategic market goal, and whether the importer is able to cover your target market segments.

## 2.3 Standards and Regulations

### Legal Requirements

Each country and emirate operates its own customs authority, but agreements have been reached for the creation of a Gulf Cooperation Council (GCC), including the United Arab Emirates, Saudi Arabia, Qatar, Bahrain, Kuwait and Oman. GCC Customs Union was signed in 2003 and Common Market in 2008, but practical implementation has lagged behind.

① Gulf Cooperation Council: [www.gcc-sq.org](http://www.gcc-sq.org)

Plant Quarantine Law of GCC:

- Law to prevent the introduction and spread of plant pests, to protect the environment and plant resources, and to facilitate trade.
- Each country can set specific and additional phytosanitary requirements.
- There is no specific phytosanitary status for tropical flowers and foliage from Colombia.
- Phytosanitary Certificate is required for customs clearance and market access, and issued by the appropriate plant health authorities of the country of origin (in Colombia: [www.ica.gov.co](http://www.ica.gov.co)).

## CSR & Relevant Certification

Importers and wholesalers do not generally ask for environmental or social certification. Nevertheless, there is increasing awareness of corporate social responsibility (CSR) principles. Companies that pursue CSR are viewed favourably and certification with social and environmental standards, as well as management systems, reflect a professional organisation.

## Import Documentation

### General:

- Commercial Invoice
- Pro Forma Invoice
- Packing List
- Certificate of Origin
- Air Waybill
- Bill of Lading
- Customs Import Declaration (by importer)
- Registration with the Customs Authorities (by importer)
- Commercial Registration and Trade Licence (by importer)

### Specific:

- Phytosanitary Certificate
- Agricultural Activity Licence (by importer)
- Permit to Import Agricultural Goods (by importer)

## Import Tariffs

In accordance with the GCC Customs Union, all GCC countries impose a Unified Customs Tariff of 5% ad valorem tariff on the cost, insurance and freight (C.I.F.) invoice value of imported flowers and foliage from Colombia. Competitors in other leading producer countries have to fulfil the same type of requirements (see Table).

**Table 4: Import tariffs**

| Origin              | UAE | Saudi Arabia | Rest GCC |
|---------------------|-----|--------------|----------|
| Colombia            | 5%  | 5%           | 5%       |
| All other countries | 5%  | 5%           | 5%       |

Source: GCC Customs Information Centre 2015 (<http://gccic.org/cic/en/>)

## 2.4 Delivery and Availability

### Terms of Delivery

The most commonly used trade terms are FCA (Free Carrier), CPT (Carriage Paid To) and CIP (Carriage and Insurance Paid To). See also <http://www.iccwbo.org/products-and-services/trade-facilitation/incoterms-2010/the-incoterms-rules/>.

Larger importers have direct relationships with freight agents in Bogotá (or even Medellín) because of imports of roses and other traditional flowers. These importers are able to organize international logistics themselves.

Insurance is rare due to the high premiums. Risks are typically averted through claims, and thus properly defined claim procedures are important.

There are various methods for receiving payment for your exports, depending on the preference/practice of the buyer and the type of order. Terms most commonly used are open account and partial payment in advance. In the case of open account, payment is usually made between 1 and 2 months after product delivery or against original transport documents. In the case of standing orders, some importers pay on a monthly basis but this is rarely used for the purchase of tropical flowers in Latin America.

### Seasonality

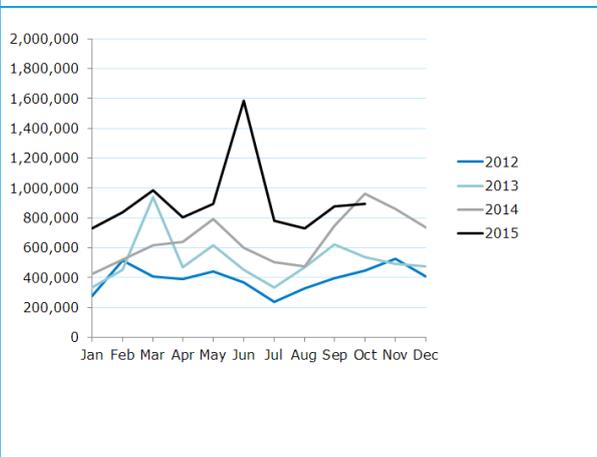
Tropical flowers and foliage are sold year-round, but high season is from October to May. Sales are low from June to September (summer), because of the heat. In that period, there is a large drop in tourism and expats leave the country due to the heat.

Foliage shows more stable imports year round, because of its use in bouquets. There are minor peaks throughout the year, such as in February, because of Valentine’s Day. June is popular for events, such as exhibitions, shows and parties, but not in 2016 because of Ramadan.

### Lead Times

For small orders, the lead time is generally three days to one week. Communication is straight forward by phone or e-mail. Large orders are relatively uncommon in the exotic flower trade. In such cases, the delivery times are mostly arranged in the contract, depending on the requirements of the buyer. For contracts, supply planning is generally three to six months in advance.

**Figure 3: Monthly EU exports of 'Other flowers' to the UAE, in €1,000**



Source: Eurostat (2016)

## 2.5 Pre-sales and After-sales

### Pre-sales and Samples

The methods to approach potential buyers are phone, email or a company visit. All larger Dubai-based importers have a designated purchase manager, who is generally quite approachable for new suppliers.

Making personal contacts is perhaps the single most important action you can take. Arrange a personal meeting with the owner, manager or the person in charge of purchasing. Repeat visits are important as they demonstrate commitment to the market.

In many cases, local importers will want to purchase small initial quantities, particularly from new suppliers or of new products, to test the product market potential and to develop a relationship with the supplier.

It is common practice to deliver samples free of charge or on commission and freight paid. Larger importers have regular shipments from the leading supply countries, including Colombia (Bogotá and Medellín airports), and adding two or three boxes of samples is usually no problem.

### Managing Client Relationship

Doing business revolves more around personal relationships than it does, for instance, in Europe and the USA. Building a close relationship with the buyer is critical to your success. Buyers will spend a great deal of time getting to know you, and the relationship should be based on trust from both sides.

In doing business with importers, you will be dealing mainly with men. In the UAE, they are primarily Indian and European expats, and usually do not have any objection to doing business with women business partners.

It is important to meet or visit your buyers now and then to know their needs and requirements. Some importers also visit their suppliers every one or two years. You should invite existing and potential business partners to visit your company in Colombia.

If possible, you need to answer emails and return calls from buyers immediately, or at least on the same day. Develop proper procedures to deal with problems and requests. Show your customers that you care about them and value their business.

## 2.6 Competitiveness

### Price Competitiveness

The logistics costs of getting flowers from Colombia to the Middle East are very high compared to those from Asia or Africa. While production costs for tropical flowers from Colombia and Asia are comparable, the much higher airfreight costs (indirect flights to UAE) makes it difficult to compete. The CIP price is almost double that of Asian products, according to the importers interviewed.

### Assortment

- The tropical flower and foliage assortment from Colombian suppliers is not distinguished from Asian competitors who offer more or less the same products.
- Importers seem not to be aware of or interested in different varieties, but they are interested in specialties and novelty products.
- It is difficult to predict whether Middle East importers are willing to pay a premium for specialty products from Colombia.

To succeed in the Middle East market, Colombian exporters will need to distinguish themselves from their Asian competition.

### Change of Suppliers

Competition is strong with several local and international trading companies supplying the UAE and regional markets. Importers will switch suppliers if flowers and foliage become too expensive.

Alternative suppliers are readily available and actively pursuing sales, thus increasing market competition. Asia and Africa are close by, and importers have good connections with most supply countries. In some cases, importers have their own production facilities in Africa or Asia and will first fill their orders from these sources.

### Country Image

Among flower traders and retailers, Colombia as a producer of traditional flowers is well known, but importers are not very familiar with Colombia as a supplier of tropical flowers and foliage.

Colombia is considered to be a producer of large and high-quality flowers. The distinction is not so pronounced for foliage. Colombian tropical flowers have a slightly higher quality image than the same products from Asian suppliers; although Malaysian and Thai products are also highly regarded.

Communication problems have harmed the image of Colombia. Some importers have had poor experience with Colombian suppliers not following up communication.



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