CBI Product Factsheet:

Fresh Cut Roses in the Dutch Market
Introduction

The Netherlands imported cut roses valued at about € 480 million in 2014, of which € 412 million came directly from developing countries (DCs). Exports of cut roses from the Netherlands in that year, including re-exports, were valued at € 892 million. The Netherlands is a major supplier of roses to the European market and the most important point of entry for DC exporters. The Dutch flower auction offers a trade platform for many European buyers.

Product description

A rose (Rosa) is a woody perennial plant of the genus Rosa, in the Rosaceae family. Standard cut roses vary in size (large Hybrid Tea, intermediate Hybrid Tea, and smaller sweetheart roses) and range in colour from white through yellow, to pink and red and combinations of different colours. There are numerous varieties, with a huge range of size, colour, fragrance and other attributes. Most commercial cut roses carry one bud per stem; Floribunda or spray roses carry more than one bud per stem but are commonly regarded more as garden flowers than as roses. Most species are native to Asia, with some native to Europe, North America, and Africa. Roses are usually harvested and cut when in bud, and stored and transported under cooled conditions until they are ready for sale at the retail level. Roses are mostly sold as mono bunches or used in bouquets and other flower arrangements. Some exquisite varieties are sold as single flowers.

This product fact sheet covers fresh cut roses. The corresponding CN code is 06031100 - Fresh cut roses and buds, of a kind suitable for bouquets or for ornamental purposes.

Key product specifications

The Dutch flower auction (FloraHolland) is the main marketplace for buying and selling cut flowers in Europe. Flowers from growers all over the world find their buyers through the flower auction and the Dutch network of flower traders. There are specific requirements regarding quality, size, packing and information on the product set by the Dutch Flower Auctions Association (VBN) in agreement with growers and traders. These requirements must be met by growers in order to sell flowers at the auction. The auction serves as an important trade platform for Developing Country exporters, therefore we refer mainly to these requirements that are widely adopted as minimum requirements across the entire cut flower industry including many flowers traded directly, bypassing the auction system.

Quality and grading: Cut roses may be traded at the auction if they meet the VBN requirements. These requirements consist of two parts: general requirements for cut flowers and specific requirements for cut roses. Products which do not meet the requirements regarding pre-treatment, minimum quality, bacteria content and ripeness are not traded and are destroyed if necessary (VBN). You are advised to study the requirements carefully through the links indicated above, as the details given below only represent a brief summary of the full requirements.

- Cut flowers are traded in 3 quality groups: A1, A2 and B1, depending on the extent to which they meet the quality and grading criteria. A1 roses must meet all the minimum requirements on internal quality, freshness, freedom from parasites, damage, deficiencies, deviations, contamination, absence of leaves on the lower 10 cm of the stem, stems that are straight and sturdy enough to bear the flower, uniformity of colour, thickness, sturdiness and bouquet volume, and proper packaging. Any failure to meet these requirements may result in downgrading from A1 to A2, or B1. Cut flowers that do not meet at least the criteria for B1 are not traded.
- The batch must be free of growth defects, including flat buds, grass hearts and crooked necks.
- Roses are graded according to:
  o length, all Rosa must be bunched so that the stems in the bunch are even at the bottom;
o ripeness;
o number of bloomable buds;
o height of flower bud:
   • graded in 1 cm classes;
   • the grade can be mentioned in the grade code by using characteristics code S19;
   • the smallest height in the batch determines the code is to be indicated.
o number of stems per bunch.

Growers are responsible, through self-assessment, for grading and the reliability of the information they provide with their lot at the Dutch flower auction. However, the auction monitors customers’ claims for refunds to check supplier reliability. Such claims may for example arise from the provision of incorrect product information on the consignment note or labels. The Quality Index (QI) is based on the number of customer refund claims or other complaints over the past 8 weeks. Information on your QI, including the number and content of product refund claims, is shared with customers and reported back to you. In general a grower’s good reputation, based on constant quality, is often rewarded by a higher average price per stem.

**Packaging:** Imported roses are often traded in cardboard boxes. The quantity of roses traded in these boxes is increasing to reduce costs. Roses are often shipped without plastic sleeves to avoid build-up of humidity. After arrival, the roses are often unpacked and repacked at the auction or by specialised importers. They are usually put into plastic flower containers (buckets) and supplied to the auction in the Netherlands or redistributed to an exporting wholesaler. The Dutch flower auction recently piloted the auctioning of roses without unpacking them from the cardboard boxes, which increases the efficiency of the logistics process.

If roses (separate requirements exist for Rosa floribunda) are supplied to the auction they must be:
• Supplied in bunches of 10 or 20 stems;
• Provided with separate foil packaging for each barrel unit as a minimum requirement (this does not apply to Freiland roses);
• Be bunched so that the flower buds are all at the same level or in two layers. When bunching with two layers, the separate layers may not touch each other;
• Roses must be supplied in clean water (containing the prescribed pre-treatment agents).

**Labelling:** When exporting to the Netherlands through the auction, every stacking cart must be accompanied by a fully and correctly completed consignment note containing all required information about the stacking cart. Refer to the VBN **general product specifications for Cut flowers** for the list of required information. In addition, every packaging unit needs to be labelled with product and supplier information, namely:
• Supplier number;
• Variety name;
• Amount (e.g. stems) per packaging unit (e.g. bucket, etc);
• The grading marks (Class A1, A2, B1)
• Supplier name.

Additional product labelling will generally take place at the auction, or on the premises of the wholesaler or bouquet producer. Additional labelling is often required for direct trade. The barcode and/or QR code, article code, selling price and other details imposed by the supermarkets should already be printed on labels.
• Tracking/tracing information;

Source: FlowerWatch.
• GLOBALG.A.P., MPS, FFP, or other certification label;
• Pre-labelled with price information (see picture).

Source: Global Flower Trading.

Tips:
• Visit the VBN website regularly 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 the European import market directly, bypassing the Dutch flower auction.

What is the demand for cut roses in the Netherlands?

General information and figures about production and trade developments in the European market are provided in the CBI Trade Statistics for Cut flowers.

The Netherlands is the biggest trade hub for cut roses in Europe. It is both a large trader and a large producer of cut flowers. However, Dutch production of cut roses has declined as cheaper DC producers have captured an increasing share of the market. Dutch imports from developing countries increased from € 337 million in 2010 to € 412 million in 2014. Belgian imports also increased in recent years, as imports (mainly from Ethiopia) have been routed via Belgian airports.
Almost all of the imported roses originate from developing countries. Main suppliers to the Netherlands are Kenya, Ethiopia (the source of most of the flowers imported from Belgium), Ecuador, Colombia and Uganda. A large share of the imported cut roses is distributed within the European market by Dutch wholesale traders.

**Tips:**
- Consider working together with Dutch wholesale traders. They are often specialised in specific markets and can help you distribute your cut roses in the European market. Within the market you can target importers or certain retailers in one or more countries. The best method is to focus on a specific market (see market channels at the end of the fact sheet).
- Try to build sustainable relationships with these actors and communicate proactively. The Dutch wholesalers and importers association is called VGB.
- See the Eurostat statistics on international trade here.
The Netherlands is and will continue to be an important exporter of fresh roses. The country exported a total value of €892 million of cut roses in 2014. A large share of exported cut roses is shipped to the Netherlands from other producing countries and then redistributed within the European market by Dutch wholesale traders. It is estimated that about 40% of Dutch exports of roses came from domestic production.

In 2014 exports increased mainly because of growth of the German and Polish market. Recently, in 2015, a weaker Euro has further stimulated exports to non-Euro countries. Exports to Russia have fallen appreciably due to a drop in demand and a Russian import ban on flowers from the Netherlands.

Germany is the most important export destination for cut roses. The total value of exports to Germany represents about 35% of total exports (€314 million). France (€ 134 million) and the UK (€ 105 million) are also very important export destinations.

Consumption of cut flowers in the Netherlands is estimated at around € 900 - 1000 million, or € 55 per capita. Consumption of flowers (HBD, 2013) dropped by 9% in 2012 mainly due to the ongoing economic crisis and reduced purchasing power. As a result of the crisis, Dutch consumers have tended to buy less expensive flower products; this has had a negative impact on the rose market. However, the market has seen a gradual recovery over the past few years. Consumer spending has been increasing again since 2014. Low inflation in the Netherlands means that prices remain fairly stable at present.

Dutch consumers buy flowers mainly at florist shops (57% in 2013; source: BureauSierteelt.nl). The market share of supermarkets is increasing, however. It was estimated to amount to about 20% in 2013 and it is still growing, mainly at the expense of traditional flower shops. Street market stalls have a market share of about 10%. Online sales of flowers is increasing, but its market share remains relatively low (4% in 2013). About 65% of cut flowers is bought for the purchaser's own use and 33% as gifts. No specific details on the market share of cut roses are available, but roses are undoubtedly the most popular cut flower in the Netherlands.

Peak days play an important role on the Dutch market for cut roses, as they do on the European market in general. There are a number of days that generally apply to the entire European market such as Mother’s Day and Valentine’s Day. In the Netherlands as well as in many other countries, supermarkets and florists have special promotional campaigns on days like Mother’s Day and also offer special Valentine’s Day bouquets. This generally increases sales volumes. Consumer demand for specific types of roses tends to rise in the run-up to these peak days, and prices are generally somewhat higher than usual.

What trends offer opportunities on the European market for cut flowers?

You can find more information on general trends and developments on the European market for cut flowers in CBI Trends.

Increasing demand for socially responsible and sustainably produced roses

Many retailers in the Netherlands require suppliers to comply with production standards that involve good agricultural practices, environmental and social standards, such as MPS-ABC. Large retailers often demand a variety of certificates. This trend is less marked in the traditional florist and market stalls sales channels. The main elements of environmental responsibility are low energy consumption during transport, pesticide use and water consumption. These requirements are
incorporated in the various certification schemes. The increasing market share of supermarkets in the Netherlands is leading to a rise in the demand for MPS, FFP and Fairtrade flowers.

**Tips:**
- Many Dutch retailers are starting to demand social standards, like Fairtrade roses, MPS-SQ or ETI. Retailers often ask for a variety of certificates. Find out which retailers are asking for which combination of certification schemes and how you can comply.
- Compliance with these schemes should not be taken lightly. Audits take place on a frequent basis.
- You can find more information on certification schemes for sustainability and corporate social responsibility by consulting the [ITC Standards Map](#) and [CBI Buyer Requirements](#).

In order to reduce costs and to limit CO2 emissions, shipment by sea container is being developed as an alternative transport modality. Roses are already shipped by container from Colombia and Kenya to the Netherlands.

**Tip:**
- Follow the developments in sea transport of cut flowers. E.g. through the [GreenChainge project website](#).

**Longer vase life**
Quality is a prerequisite for supplying the Dutch flower market. Good quality is important in every market channel, including that for low-priced flowers. A vase life of approximately 7 days is often regarded as the minimum acceptable value.

**Tip:**
- A long vase life is essential in order to successfully supply the Dutch market. So make sure that the product is cut while the bud is still closed and treated well during transport.

**Growing market share of supermarkets and direct trade**
Direct trade between producers and Dutch wholesalers, bypassing the Dutch flower auction, is increasing. Wholesalers set a wide variety of requirements (based on those of their own customers) that may differ from the general auction specifications.

**Tip:**
- There might be additional buyer requirements for trading on the direct market, especially in the supermarket segment. Contact the wholesaler to verify the requirements that you need to fulfil in order to supply them. Requirements often differ per supermarket.

**Moderate growth of consumption**
The average per capita consumption of cut flowers in the Netherlands is quite high, and is not expected to grow much in the foreseeable future. Population growth and income growth are relatively low and are likely to remain fairly stable in the next 5-10 years. The market for cut roses in the Netherlands is big but competitive. Average prices are expected to remain low in the coming years. As the Netherlands is however also the biggest trade hub for cut roses, it offers an entry point to the whole of the European market. Growth is expected in the Eastern and Central European markets.

**Tip:**
- Invest in a sustainable relationship with your buyers as buyers are willing to pay a little more for reliability.

**Increasing online sales and use of IT in the supply chain**
IT systems are now prevalent in the marketing process. Online business (E-commerce) is taking over the physical buying process at the auction and at wholesale cash and carries. Telephone calls are replaced by mouse clicks in the web shop. This has had a significant impact on trade, through such applications as the Dutch flower auction’s remote buying system and the web shops that have been set up to handle both auction-based and wholesale trade. As a result, physical supply logistics are becoming disconnected from the actual trading place. Purchases are based on a digital product image. Growers therefore need to pay constant attention to consistent quality and reliable information, as wholesalers prefer to work with the most reliable suppliers. Unreliable or false information about product quality may lead to a lower quality rating and a loss of sales.
What requirements should cut flowers comply with to be allowed on the European market?

What legal and non-legal requirements must my product comply with?

Plant health

Roses exported to the Netherlands must comply with EU legislation on plant health. The EU has laid down phytosanitary requirements to prevent the introduction and spread of organisms harmful to plants and plant products in the EU. The Netherlands Food and Consumer Safety Authority (NVWA) is responsible for performing phytosanitary import controls in the Netherlands. Roses 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). The CLIENT export system is used in the Netherlands to register shipments of flowers and plants for inspection, and replaces the paper version of the phytosanitary certificate.

Tips:

- Check whether your country supports the use of the CLIENT EXPORT system. It is already used by the Kenyan and Ugandan inspection authorities.
- Check with the relevant National Plant Protection Organisation, details of which may be found on the website of the International Plant Protection Convention, for the procedures to be followed to obtain the phytosanitary certificate.
- A model phytosanitary certificate can be found in Annex VII of the Plant Health Directive.
- Read more about plant health in the EU Export Helpdesk.

Intellectual Property Rights (IPR)

Developing new rose varieties is often very expensive. The developers of new varieties want their return on their investments. To prevent just anybody from using these new varieties, they are protected by intellectual property rights. In recent years, there has been an increasing focus on breeders’ rights and illegal products are rejected from the market.

Tips:

- Make sure that you know exactly who owns the IPR for your species and pay the necessary royalties.
- An interesting trend is that breeders’ only allow their new variety to be grown by a select group of growers. Staying in contact with breeders and offering perfect conditions for growing their new variety may therefore be an advantage.

Full overview of requirements for cut flowers:

For a list of requirements for roses consult the EU Export Helpdesk where you can select your specific product under chapter 06031100.

Tip:

- 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).
What additional requirements do buyers often have?

**CSR - Corporate Social Responsibility**

EU consumers are paying more and more attention to social and environmental circumstances during the production of roses. 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 good agriculture practices, pesticide use and water use) is a very common requirement, while social conditions are gaining importance.

**Tips:**
- 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 when communicating 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 you are targeting will probably be decisive (which country do you want to export to and which trade channels do you use?)

The most important B2B schemes for roses are MPS, GLOBALG.A.P., Fairtrade and ETI. MPS offers several standards: MPS-ABC certification covers environmental performances and is considered a must for growers. Furthermore they have several other schemes such as MPS-SQ (focusing on social issues), MPS-GAP (on Good Agricultural Practices) and MPS-Quality. The most comprehensive standard is MPS-Florimark, which is a combination of the aforementioned four schemes.

**Tips:**
- Consult [Channels and Segments](#) to see how market channels are changing.
- MPS gives an overview of all MPS schemes including links to the criteria per scheme.
- Compare requirements of different certification schemes by consulting the [ITC Standards Map](#).

**GLOBALG.A.P.**

GLOBALG.A.P. is a B2B scheme originally focusing 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 roses as well, especially with regard to sales to supermarkets. Several other standards are benchmarked against GLOBALG.A.P.

**Tips:**
- [GLOBALG.A.P.](#) gives an overview of all the 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.

**Private labels**

The increasing share of the ‘unspecialised’ market (supermarkets etc.) in comparison with the ‘specialised’ market has also had its effects on buyers’ requirements. Several supermarket chains offer roses under their own private labels often referring to social and environmental conditions at the production level. Albert Heijn, the largest supermarket in the Netherlands, offers MPS-SQ or ETI certified flowers under its own brand. Other supermarkets, such as LIDL, Jumbo and Plus, offer certified Fairtrade flowers under their own private brands. These initiatives focus on improving social conditions in the relevant supply chains. If you aim to supply a Dutch supermarket chain, you must also be prepared to act in compliance with its principles in such matters.

**Tips:**
- Remember that supplying large supermarkets often means that you will be supplying flowers under their private labels, which also entails compliance with social corporate responsibility standards.
- For more information about these standards, refer to the [ITC Standards Map](#).
**Cold chain management**

Proper cold chain management has a positive effect on the quality and vase life of roses. 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.

**Tips:**
- 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 the developments.

**What are the requirements for niche markets?**

**Fairtrade certification**

Although CSR 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) and Fairtrade International. The market share of Fairtrade roses has been increasing considerably in the past couple of years, particularly in the supermarket segment. Fairtrade International is the main standard in the unspecialised supermarket channel, whereas Fair Flowers Fair Plants tends to be the label of choice for specialised florists.

**Tips:**
- Always check with your buyer if he/she requires certification and which certification he/she prefers.
- Consult the Standards Map database for the different labels and standards relevant to cut flowers.

**Organic**

The market for organic roses is very small. Organic roses must by produced and processed by natural methods defined in EU legislation. 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 yet particularly favoured in Europe.

**Tip:**
- Growing organic roses could represent an opportunity in the future.

**What competition do I face on the Dutch cut flowers market?**

Cut roses are the main cut flower in the European market. Competition in the Dutch market for cut roses does not differ much from that in most other European markets. More information about competition on the EU cut flower market can be found in the CBI fact sheet on Competition for Cut flowers and foliage.

**What do the trade channels and interesting market segments look like in the Netherlands for cut flowers?**

The trade channels and market segments for cut flowers in the Netherlands are described in the CBI fact sheet on Trade channels and market segments for Cut flowers and foliage.

**What are the end market prices for cut roses?**

Roses are sold as mono bunches, in bouquets and as single stems. Consumer prices vary depending on the market segment and country. In the Netherlands, a mono bunch of 15 medium-sized red roses currently sells for about € 20 to € 30 when bought at a florist shop. A bouquet of 15 large-bud, long-stemmed red roses sells for about € 40. A bunch of 10 small roses in the supermarket sells for much less, between € 3 and € 10. The figure below gives an estimation of the price breakdown, shown as the added value in the various parts of the supply chain as a percentage of the consumer price. The cost of shipping cut flowers to the Netherlands (transportation costs, insurance, tax and documentation costs, airport...
tax and some additional charges) amounts to some 20-40% of the export value (FOB), depending on the distance. This corresponds to about 15% of the consumer price.

**Figure 4: Price breakdown**

![Price breakdown diagram]

<table>
<thead>
<tr>
<th>Export</th>
<th>Shipping</th>
<th>Import / Wholesale</th>
<th>Retail</th>
</tr>
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<tbody>
<tr>
<td>+ 20%</td>
<td>+ 15%</td>
<td>+ 20%</td>
<td>+ 45%</td>
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**Useful sources**

**Export and market entry support:**
- CBI - [http://www.cbi.eu/](http://www.cbi.eu/)
- CBI Market Intelligence - [https://www.cbi.eu/market-information/](https://www.cbi.eu/market-information/)

**Certification schemes:**
- Ethical Trading Initiative - [http://www.ethicaltrade.org/](http://www.ethicaltrade.org/)
- Fairtrade - [http://www.fairtrade.net/](http://www.fairtrade.net/)
- Floverde ® Sustainable Flowers - [http://florverde.org/](http://florverde.org/)
- GLOBALG.A.P. - [http://www.globalgap.org/uk_en/](http://www.globalgap.org/uk_en/)
- ISEAL Alliance - [http://www.isealalliance.org/](http://www.isealalliance.org/)

**Marketing and trade standards:**
- UNECE Standards for Cut flowers - [http://www.unece.org/trade/aqr/standard/flowers/flower_e.html](http://www.unece.org/trade/aqr/standard/flowers/flower_e.html)
- VBN Product specifications - [http://www.vbn.nl/en-US/Productinfo/Pages/Productinformations.aspx](http://www.vbn.nl/en-US/Productinfo/Pages/Productinformations.aspx)

**Statistics and sector information:**
- AIPH - [http://www.aiph.org/](http://www.aiph.org/)
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