Exporting roses to Germany

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Germany is the largest market for cut roses in Europe. Imports of roses to Germany increased from €272 million to €309 million between 2011 and 2015. The main import partner is the Netherlands, which supplies about 84% of the total rose imports, most of which are re-exported from developing countries. Opportunities arise among other things from a growing market for Fairtrade roses in the supermarket channel.

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Product description

The rose (Rosa) is a woody perennial plant of the genus Rosa in the Rosaceae family. Standard cut roses vary in size (large and intermediate Hybrid Tea, and smaller Sweetheart roses), in colour (from white to red and combinations), in fragrance and other attributes. Most commercial cut roses carry one bud per stem; *Floribunda* or spray roses carry more buds per stem but are commonly regarded as garden flowers. Most species are native to Asia, with some native to Europe. After harvest (in bud), roses are stored and transported under cooled conditions until 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.

The HS code for roses is 060311 - Fresh cut roses and buds, of a kind suitable for bouquets or for ornamental purposes.

Roses on display at a flower shop. Source: Shutterstock

The majority of the roses in Germany are supplied via the Netherlands. The Dutch flower auction (Royal FloraHolland) is the main marketplace for cut flowers in Europe. Flowers from all over the world find their buyers through the auction and the Dutch network of flower traders. Specific requirements for quality, size, packaging and product information are set by the Dutch Flower Auctions Association (VBN) in agreement with growers and traders. These requirements must be met by growers to sell at the auction. The auction serves as an important trade platform for exporters from developing countries We refer mainly to these requirements that are widely adopted as minimum requirements across the entire cut flower chain.

Direct supply can be more demanding in terms of additional requirements. Retailers often request a constant supply of flowers over a fixed period. They may also ask for specific labels and a certain ripeness of the flowers.

In addition, payment terms differ from those of the flower auction and trading conditions can be worse.

Quality

The VBN requirements consist of two parts: general requirements for all flowers and specific requirements for cut roses. Products which do not meet the requirements for pretreatment, minimum quality, bacteria content and ripeness are not traded and are destroyed if necessary (VBN). Please study the requirements carefully through the links above, as the details given below only represent a brief summary of the full list of requirements.

Cut flowers are traded in three quality groups: A1, A2 and B1. A1 roses must meet all the minimum requirements for 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 deviations from these requirements may result in downgrading from A1 to A2 or B1. Cut flowers that do not meet the minimum 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:

- Length: all Rosae must be bunched so that the stems in the bunch are even at the bottom;
- Ripeness;
- Number of bloomable buds;
- 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 to be indicated;
- Number of stems per bunch.

Growers are responsible for the grading and the reliability of the information that they provide with their lot at the flower auction. The auction monitors customers' claims for refunds to check supplier reliability. Such claims may 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 eight weeks. Information on your QI is shared with customers and reported back to you. In general, a grower's good reputation is often rewarded with a higher average price per stem.

Packaging

Imported roses are often traded in cardboard boxes. The quantity of roses in these boxes is increasing to reduce costs. Roses are often shipped without plastic sleeves to avoid the build-up of humidity. After arrival, the roses are often repackaged 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 is nowadays testing the auctioning of the cut roses without unpackaging them from the cardboard boxes, in order to improve the efficiency of the logistics process.

Roses that are supplied to the auction (separate requirements exist for *Rosa floribunda*) must be:

- Supplied in bunches of 10 or 20 stems;
- Provided with separate foil packaging for each barrel unit (except for Freiland roses, which are a typical German rose product);
- Bunched with all flower buds at the same level or in two layers. With two layers, the separate layers may not touch each other;
- Supplied in clean water (containing the prescribed pretreatment agents).

Cut roses in a box. Source: FlowerWatch

Labelling

When exporting to Germany through the Dutch flower 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)
- Grading marks (Class A1, A2, B1)
- Supplier name

Additional product labelling will generally take place at the auction/wholesaler or bouquet producer and 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.

Cut roses labelled for a Dutch supermarket. Source: Global Flower Trading

Tips:

- Visit the 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 directly to the European import market, bypassing the Dutch flower auction.

1. What makes Germany an interesting market for cut roses?

As is described in the CBI Trade Statistics for cut flowers and foliage, Germany is the largest European market for cut flowers. The total consumption of cut flowers in Germany was estimated at around €4 billion per year in the period 2009-2015 (source: BureauSierteelt.nl). The average consumption of cut flowers fell somewhat after 2009, but has since stabilised at about €50 to €55 per capita per annum, including the institutional and corporate market. It should be noted that the estimates made by the Association of the German Flower Wholesale and Import Trade (BGI) are somewhat lower: they indicate a consumption of €37 per capita in 2014 and a total market value of €3 billion.

While the volume of flower sales in Germany has risen, prices have fallen since buyers are trying to cut costs on all fronts. Based on the population growth and income growth forecasts, the total market value of cut flowers in Germany will show only very modest growth in the next five years.

The increasing market share of supermarkets has lowered the average prices of the flowers sold. Supermarkets had a market share of about 16% in 2013. This share is expected to grow to about 21% by 2018, mostly at the expense of the traditional florist shops, whose market share was 77% in 2013 and is expected to fall to 61% by 2018 (source: BureauSierteelt.nl). The data for 2012 indicate that about 58% of flowers in the German market are sold in bouquets and 30% in mono bunches. It is estimated that about half of the mono bunches consists of cut roses. The prices of mono bunches are generally low (an average of €3.12 in 2014, according to BGI). BGI further states, on the basis of data from the ATM Management Interface (AMI), that the market for mixed bouquets has been increasing since 2010: the average prices of bouquets in this market segment rose to about €8.82 in 2014.

German consumers are in general less satisfied with the quality of roses than consumers in other EU countries (49% versus 75%). The reason for this situation is not quite clear.

Peak days are important to the sales of flowers and foliage in Germany. Examples are Muttertag (Mother's Day), Valentine's Day, Frauentag (Women's Day), Easter, Labour Day (1 May), Christmas Day and Rosen Montag (Carnival Monday). A survey showed that about 50% of Germans spent between €15 and €25 each on cut flowers on Mother's Day in 2014.

Demand for certified sustainable flowers is increasing in Germany. About 20-25% of the roses (in number of stems) sold in supermarkets in Germany are estimated to be Fairtrade. Large retailers such as REWE and Penny offer Fairtrade flowers. The large garden centre chain Dehner has been selling FFP flowers since 2010. On the other hand, REWE (1,939 supermarkets) has recently decided to cut its links with FFP and only offer Fairtrade flowers. It is expected that the demand for Fairtrade and other socially responsible and sustainably produced flowers will increase further.

Tips:

- Contact your buyers and their customers to identify new trends and estimate consumer demands.
- Find out what your customers value most about your products and services, and what aspects of your operations need to be improved.
- The market share of supermarkets in this segment is growing. This increases the demand for low-priced, small-bud roses of short to medium length. These roses should however still be of excellent quality, and supermarkets often require producers to comply with several quality and sustainability standards. If you think that you want to supply to the supermarket sales channel, you must make quite sure that you are ready to meet their far-reaching requirements before you make a commitment.
- Make sure that you are aware of the peak days for flower sales in Germany and integrate this information in your production planning.

Figure 1: Imports of cut roses in Germany

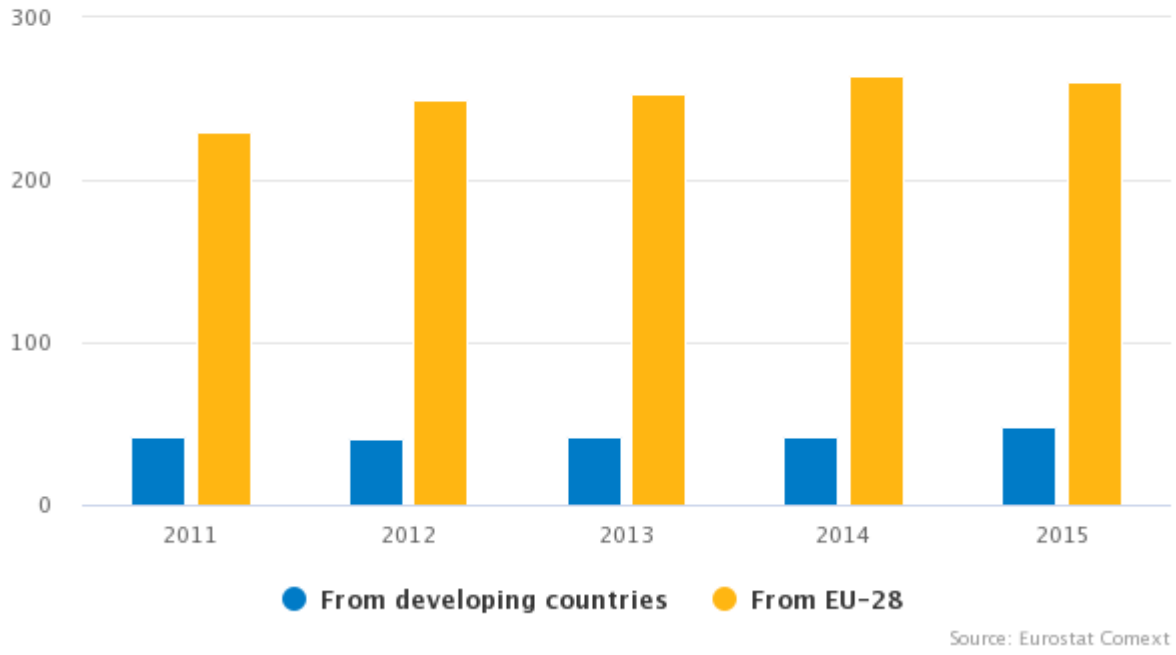
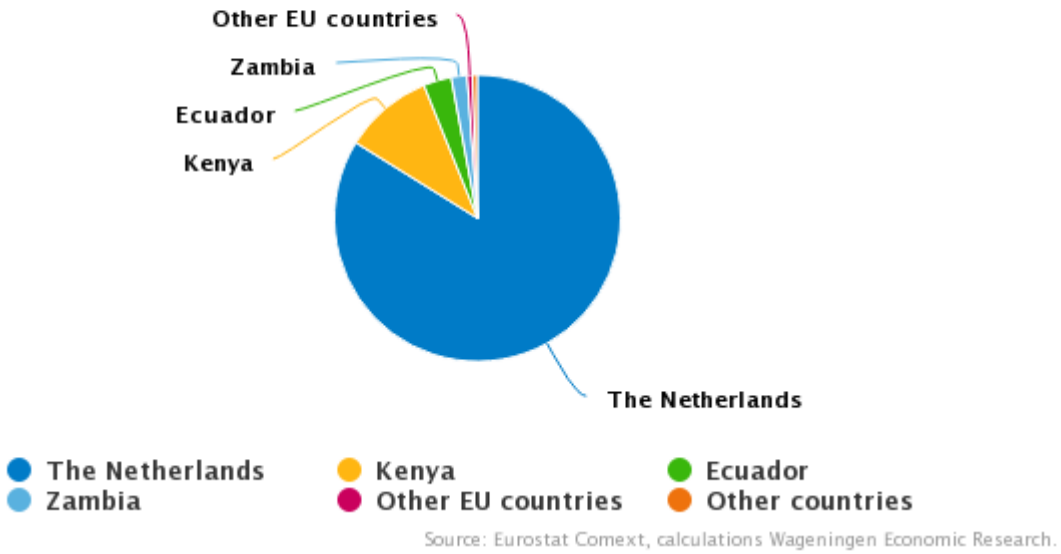


Figure 2: Division of import value to Germany of cut roses (intra and extra-EU trade)

(in 2015, in %)



Source: Eurostat Comext, calculations Wageningen Economic Research.

The import of cut roses to Germany increased from €272 million to €309 million between 2011 and 2015. The main import partner is the Netherlands (84% of the imported value). Direct imports from developing countries increased to €48 million in 2015. The main suppliers from developing countries in 2015 were Kenya (€31 million) and Ecuador (€10 million). In Germany, there are a number of import wholesale traders such as Omniflora and Bloomways that are specialised in supplying to the German market with roses from Africa and Latin America.

Tips:

- The Netherlands is an important trade hub for cut roses and is the main supplier of cut roses to the German market. Germany is very near the Netherlands, so the use of Dutch logistics may facilitate your access to the German market. If you want to supply to the German market, consider trading via the Dutch wholesale industry. They have experience in supplying to the German market.
- Contact wholesale traders such as Omniflora and Bloomways if you plan to supply to the German market directly.
- Cargo routes and access to cargo flights can be very important. Maintain good relationships with freight forwarders and importers to ensure access to the most competitive routes. Try to have alternative routes available at all times.
- See the Eurostat website for more international trade statistics.

2. What trends offer opportunities on the German market for cut roses?

An increasing demand for sustainable cut roses is a major trend in Germany. 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

The demand for cut roses that are certified socially responsible and environmentally friendly is increasing in

Germany. Many retailers require suppliers to comply with production standards that involve Good Agricultural Practices or environmental and social standards, including MPS-ABC, Fairtrade, FFP and GLOBALG.A.P. Large retailers often ask for a variety of certificates. This trend is less marked in the traditional florist and market stalls sales channels.

Dehner, a large garden centre chain with more than 100 locations and a turnover of more than €700 million per year, has adopted the FFP label and offers FFP flowers, mainly from the Netherlands and Africa. The large German supermarket chain REWE sells Fairtrade certified flowers.

Environmental standards are also important aspects of sustainability in Germany. German retailers are paying extra attention to ensuring that their customers get sustainable flowers. They test flowers to check that minimum residue levels (MRLs) are not exceeded, comply with environmental standards such as MPS-ABC and require exporters to do the same. The main elements of environmental responsibility are low energy consumption during transport, pesticide use and water use. These requirements are incorporated in the various certification schemes.

Tips:

- Many German retailers are starting to demand social standards such as 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.
- Find more information about sustainability and corporate social responsibility certification schemes at ITC Standards Map and CBI Buyer Requirements.

Top quality and longer vase life

Quality is a prerequisite for supplying to the German market, as it is almost everywhere on the European market. Good quality is important in every market channel, also for low-priced flowers. A vase life of approximately seven days is often regarded as the minimum.

Tip:

- A long vase life is essential to successfully supplying to the German market, so make sure that the product is cut while the bud is still closed and is 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. These wholesale traders are also supplying to the German market. Wholesale traders set a wide variety of buyer requirements (based on their clients' requirements) that may deviate from the general auction requirements.

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 to supply to them. Requirements often differ per supermarket.

Moderate growth, low price/high quality

The overall demand for cut flowers in Germany is only growing moderately. The population growth and income growth are relatively low. The quantity of flowers sold in Germany has increased, but experts state that the value of transactions has reduced since buyers try to cut costs on all aspects. Sales are increasing in the supermarket channel, although the average prices are very low in this market channel. To compete in this market channel and segment, low production costs, a professional organisation and excellent planning are extremely important. At the same time, German consumers are demanding high quality and are less easily satisfied.

Tip:

- Invest in a sustainable relationship with your European buyers and look for possibilities to set your product apart from the competition.

Increasing internet sales and 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. Examples include the auction's distance buying system and linked web shops for both the auction and the wholesale trade. This leads to the disconnection of physical supply logistics 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.

Tips:

- E-commerce requires information standards and reliability in terms of quality and the information provided. Learn about buyer requirements, quality control and e-commerce-related IT systems. Check Floricode, a sector initiative for the registrations, standards and codes for information management in the ornamental industry.
- IT systems are vulnerable to trust issues. Be consistent and as honest as possible when supplying digital information about product quality.
- Stocks for online shops are increasingly held at suppliers (upstream) with integrated stock management systems. This requires growers and exporters to respond quickly and efficiently to orders.
- The Dutch Association of Wholesale Trade in Horticultural Products (VGB) and the Dutch Flower Auction Royal FloraHolland can provide a range of information about available software systems and electronic applications.

3. What requirements should cut roses comply with to be allowed on the German market?

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

Plant health

Roses exported to Germany 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. Plant health protection in Germany is regulated by the federal states' Plant Protection

Services and the Federal Ministry of Food and Agriculture. Your importer needs to be registered with the Plant Protection Service and must apply for import inspection of each consignment of cut roses. Each federal state in Germany has its own Plant Protection Service, though EU plant health legislation applies equally in all states. Roses imported to the EU must be accompanied by an official ”phytosanitary certificate” guaranteeing the phytosanitary conditions of the plants and plants products, as well as 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).

Tips:

- 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 exact procedures to be followed to obtain the phytosanitary certificate.
- A model phytosanitary certificate can be found in Annex VII of the Plant Health Directive.
- Applications for import inspection at a German port of entry to the European Union are available in electronic form via the password-protected website PGZ-online. Usually, your importer will take care of these procedures. Check if your country has implemented digital services to facilitate the trade process of exporting cut roses to Germany.
- 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.
- 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).

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.

4. What additional requirements do buyers often have?

CSR - Corporate Social Responsibility

German consumers are paying more and more attention to social and environmental circumstances during the production of roses. As a result, 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 Agricultural Practices, pesticide use and water use) is a very common requirement, while social conditions are gaining importance.

Tips:

- German buyers and consumers consider environmentally friendly production very important, and this importance is expected to increase in 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 that 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 quality schemes for roses in Germany are MPS, Fairtrade, GLOBALG.A.P. and FFP. MPS offers several standards, of which MPS-ABC certification covers environmental performances and is considered a must for growers. Furthermore, there are 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 the requirements for different certification schemes by consulting the ITC Standards Map.

GLOBALG.A.P. and other B2B labels

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.
- Look 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.

All leading supermarket chains in Germany have signed up to the Business Social Compliance Initiative (BSCI), which focuses on improving social conditions in their members' supply chains. If you supply to a German supermarket chain, you will also be required to meet BSCI requirements.

Tip:

- Assess your company's current performance by performing a self-assessment, which you can find on the BSCI website.

Cold chain management

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

5. 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. Examples of relevant consumer labels are Fair Flowers Fair Plants (FFP) and Fairtrade International. The market share of Fairtrade roses increased considerably in the past couple of years, particularly in the supermarket segment. FFP is used mostly in traditional flower shops and gardening centres, whereas Fairtrade is the most common label in supermarkets.

Tips:

- Always check with your buyers if they require certification and, is fo, which certification they prefer.
- Consult the ITC Standards Map for the different labels and standards relevant to cut flowers.
- You can check which traders and retailers are part of the FFP or Fairtrade initiatives on the websites of Fair Flowers Fair Plants and Fairtrade Germany.

Organic

The market for organic roses is small. Organic roses must be 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, although German consumers are willing to pay more for organic flowers.

Tip:

- Growing organic roses could represent an opportunity in future.

6. What competition do I face on the German cut roses market?

German cut rose production is modest (230 hectares in 2012). A typical local rose speciality, however, is Freiland roses (Pompon Roses), with an estimated area of 250 to 300 hectares of open field cultivation. Most Freiland roses are sold within Germany, but some are traded on the Dutch auctions.

Germany imports cut roses from a number of countries, most notably the Netherlands, Kenya, Ecuador and Zambia. EU production has declined in recent years. Roses make up a large share of cut flower consumption in Germany. Competition on the German market for cut roses is generally high, as it is for most other major types of cut flowers. Further information on competition on the EU cut flower market can be found in the CBI fact

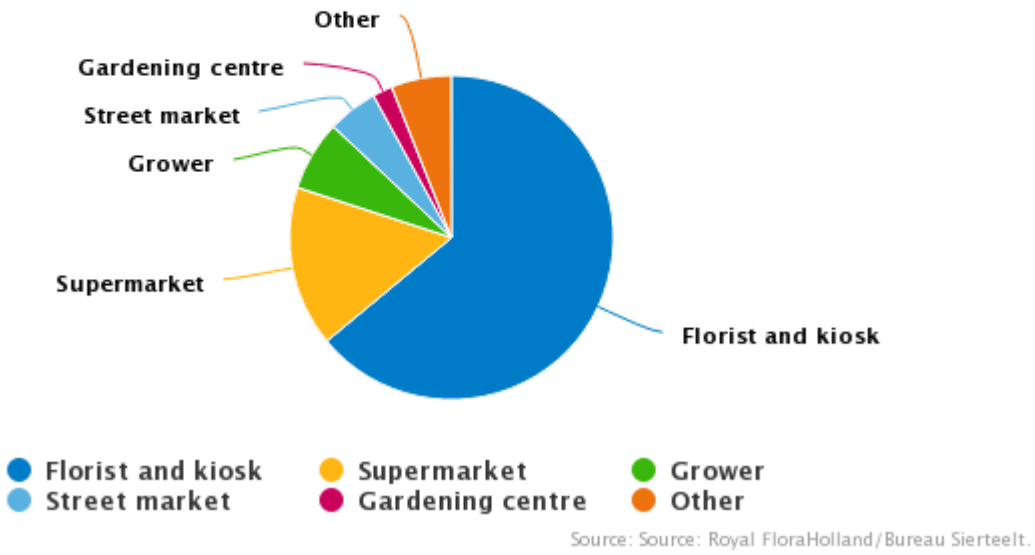
sheet Competition for cut flowers and foliage.

7. Through which channels can you get roses on the European market?

The trade channels and market segments for cut roses in Germany do not differ from those on most other EU markets. The main market channel is the florist shops. More information on this topic may be found in the CBI fact sheet Trade channels and market segments for cut flowers and foliage.

Figure 3: Market shares of sales channels for cut flowers in Germany

(in 2013, in %)



Source: Source: Royal FloraHolland/Bureau Sierteelt.

8. What are the end-market prices for cut roses?

Roses are sold as mono bunches, in bouquets or as single stems. Consumer prices vary, depending on the market segment and country involved. In florist shops, mono bunches (10-12 stems) are sold for €15-25 and bouquets for €30-50. A bunch of 10 small roses in the supermarket in Germany sells for much less, between €2 and €5. Figure 4 below gives an estimation of the average price breakdown, showing 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 Germany (transport costs, insurance, tax, documentation costs and some additional charges) amounts to about 20-40% of the export value (Free On Board, FOB), depending on the distance; this corresponds to about 15% of the consumer price.

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