

Seminar
Innovative planting material from the EU:
'For professionals, from professionals'

On the occasion of ExpoVerde
March 23-25, 2006
Mexico City, WTC



Una campaña financiada con
ayuda de la unión europea y la
oficina holandesa de flores

LATEST DEVELOPMENTS OF THE NORTH AMERICAN MARKET

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This presentation

- Global Market Vision 200420092014
- Worldwide production & trade
- Consumption, Point of sale, Industry outlook
- Relation with planting materials

This presentation

- Global Market Vision 2004 2009 2014

Starting Points Market Surveys (1)

Consumption level

- Demand less traditional, more innovative
- Increasing interest in new products and applications

Point of Sale

- Increasing share of retail organizations
 - Pressure on price level
 - Smaller assortment at discounters
 - Chances for added value at garden centers, full-service supermarkets, chains of flower shops

Starting Points Market Surveys (2)

Wholesalers/Exporters level

- Decreasing numbers
- Economy of scale
- More small scale purchase
- Professionalization of top companies (in ICT, quality management, transport)
- Margins remain under pressure
- Financing remains problem (longer instalment)

Starting Points Market Surveys (3)

Productie and import level

- Production NW/Europe stabile, but increasing value
- Increasing production volume outside Europe, but also in Poland, Hungary, Southern Europe
- Import in EU± increasing market share to 30-40% of volume
- Cutflowers: central market place EU
- Potplants: further development central marketplace in EU

And.....

- Expensive euro -> more production in Africa
- Costs of road transport in Europe increases 50%

Flowers and plants sales remain strong growers

	2004-2009	2004-2014
Cut flowers	15%	35% = 3,1% annual
Pot plants	20%	47% = 3,9% annual

- ❑ Forecast cutflowers adjusted downwards from 45% to 35% in 10 years because:
 - ❑ Important parameters changed:
 - Exchange rate euro/dollar
 - Saturated markets

Cutflowers

More sales: 35% in next 10 years



- Sales: > up more than 30% from € 25 bln in 2004 - € 32 bln in 2014 (in 24 most important countries)
 - Increase sales for own use
 - Increase business market
 - Pressure on traditional point of sale

Points of sale



- ❑ Value and volume vary very much
- ❑ Florist and retailers > 75% of all sales
- ❑ Relatively decreasing sales at florist, but absolute figures: growth
- ❑ Growth at chains of flower shops
- ❑ More sales in supermarket

European market shares Points o Sale 2004- 2014





Pot plants

More sales: 47% in next 10 years

- ❑ Sales: > up more than 36% from € 10 bln in 2004
- € 14 bln in 2014
 - ❑ Increasing own use (more attention for living and home decoration)
 - ❑ Increasing business market

This presentation

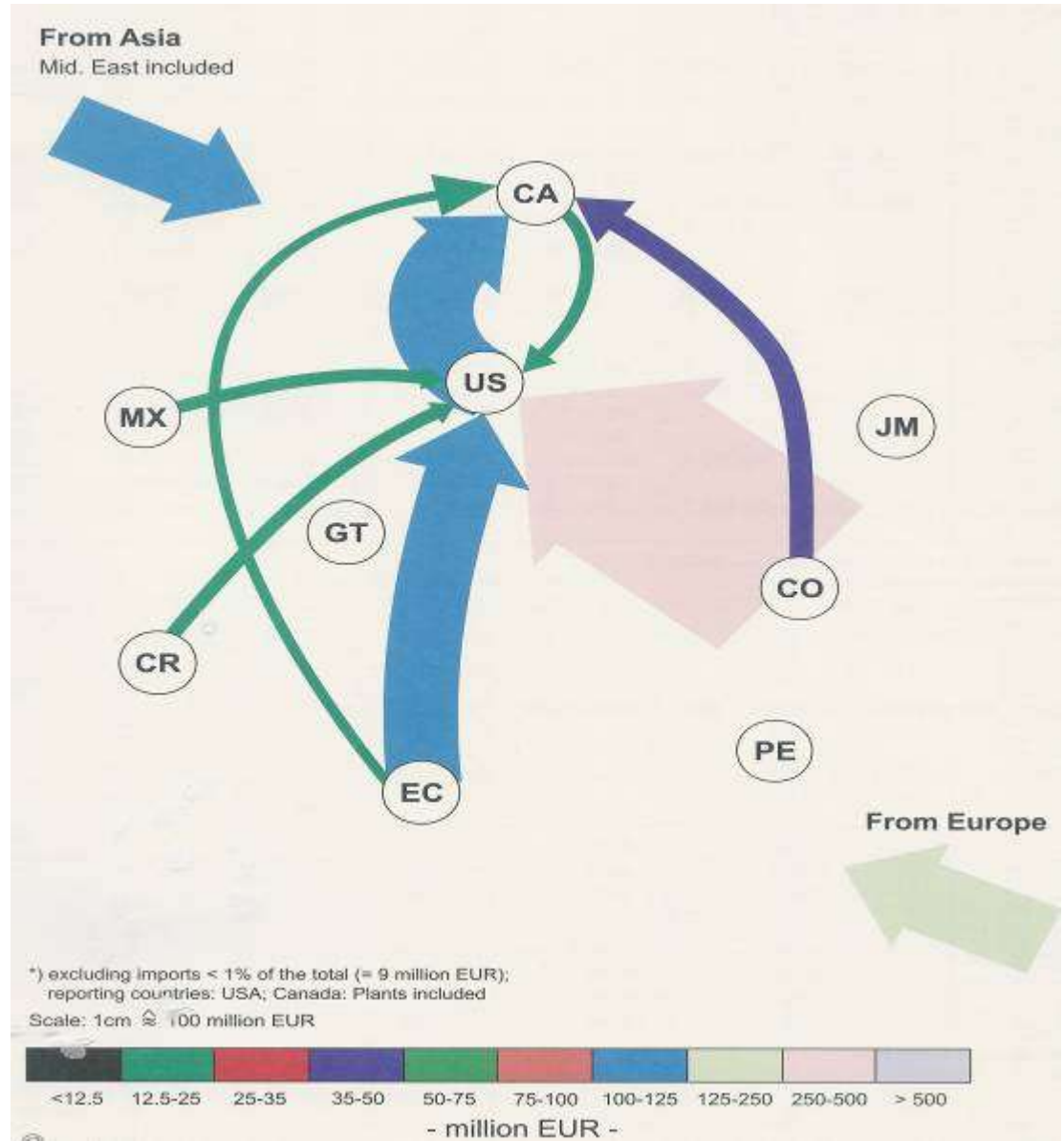
- Market Vision 200420092014
- Market figures World, Mexico, USA and Canada

Global ornamental production

(2003 x 1 million euro)

- Total ornamental production (est.) € 38,298
- Flowers & plants € 23,548
 - Europe € 9,965
 - Asia € 6,123
 - Middle East € 244
 - Africa € 160
 - North America € 5,817
 - South America € 1,239
- Nursery stock € 14,000
- Bulbs € 750

Intra American exchange of fresh cutflowers



Source: AIPH

US imports of floriculture products 2005 in mln USD,

- From NAFTA: 343 - 7%
- From Mexico: 39 + 11%
- Total horticulture Mex > USA: 2,607 + 7%

Ornamental products only 1,5% of all US horticulture imports from Mexico

- Some examples of US imports from Mexico in 2005:
 - Ornamental plants: 0,7
 - Perennials 0,7
 - Cutflowers (fresh & dried: 19,9
 - Foliage: 8,1
 - Propagation material: 9,8
 - Vegetables fresh 2.567,7
- *EU ornamental export to US: USD 275 mln (+1%)*

Total US retail market for floriculture products

Cut flowers	7,3 bln
Bedding plants	6,8 bln
Flowering pot plants	2,3 bln
Others	3,6 bln
Total	20,0 bln



USA: production of ornamentals 2003 in mln USD,

- Garden plants 2,739
- Flowering potplants 937
- Foliage plants 704
- Cut flowers: 425
- Cut foliage: 108

Mexican imports ornamental products per country (x USD 1,000)

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total	35.707	39.028	41.192	40.087	42.591	43.876	47.094	49.450	56.982	57.283
USA	24.786	27.616	30.311	29.127	32.121	31.570	31.661	29.232	32.505	31.634
Netherlands	5.262	5.261	5.607	6.592	6.157	8.582	10.297	14.394	17.366	20.349
Canada	1.756	2.942	3.150	1.313	1.365	1.191	1.981	978	1.279	1.699
Costa Rica	64	112	110	156	127	311	259	333	676	592
India	2.163	653	55	122	340	164	204	154	770	570
Spain	383	1.21	358	1.12	1.16	408	237	462	447	329
China	38	68	75	51	5	45	141	404	421	271
Colombia	34	16	24	330	49	161	572	1.114	1.202	265
Germany	36	111	60	181	89	112	62	254	282	257
Chili	2	0	2	26	50	5	253	324	525	228
Ecuador	14	12	90	78	244	240	347	154	191	219
Honduras	0	0	0	0	0	0	0	22	114	149
France	557	600	894	352	154	455	255	406	276	137
Brazil	144	55	170	86	55	194	259	190	204	107

Mexican imports ornamental products (x 1.000)

HS-8 code	Description	Value	Volume
.	Total	13.117	3.978
0601.10.01	Bulbos de gladiolas.	248	89
0601.10.02	Bulbos de tulipanes.	53	12
0601.10.04	Bulbos de lilies.	4.626	1.314
0601.10.99	Los demás.	468	85
0601.20.05	Bulbos de lilies.	120	29
0602.10.04	Cactáceas.	14	1
0602.10.99	Los demás.	231	4
0602.20.01	Arboles o arbustos frutales.	1.190	198
0602.20.02	Plantas para injertar (barbados), de longitud inferior o igual a 80 cm.	166	14
0602.20.03	Estacas de vid.	21	4
0602.20.99	Los demás (others)	1.476	279
0602.30.01	Rhododendros y azaleas, incluso injertados.	2	0
0602.40.01	Estacas, plantas o plántulas de rosales, con o sin raíz, incluso injertados.	285	16
0602.90.01	Blanco de setas (micelios).	929	633
0602.90.03	Plantones para injertar (barbados), de longitud inferior o igual a 80 cm.	25	3
0602.90.04	Plantas con raíces primordiales.	265	23
0602.90.05	Yemas.	10	0
0602.90.06	Esquejes con raíz.	614	31
0602.90.07	Plantas vivas acuáticas, incluidos sus bulbos y sus partes, para acuicultura.	29	1
0602.90.12	De piña, de plátano o de vainilla.	13	10
0602.90.13	Plantas de orquídeas.	138	5
0602.90.99	Los demás.	734	340
0603.10.02	Orquídea.	370	8
0603.10.06	Rosa.	20	3
0603.10.07	Gypsophilia.	28	6
0603.10.11	Anturio.	30	1
0603.10.13	Las demás flores frescas.	317	63
0603.90.99	Los demás.	73	22
0604.10.01	Musgo del género Sphagnum.	165	557
0604.10.99	Los demás.	2	0
0604.91.01	Follajes u hojas.	52	21

Exports ornamental products per country (x usd 1,000)

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total	34,654	35,671	40,675	44,296	51,365	52,498	51,603	49,490	43,850	43,503
USA	30,542	30,525	33,838	36,065	42,604	42,966	41,838	39,805	34,432	34,064
Netherlands	624	1,367	1,531	1,846	2,489	3,496	3,863	4,644	4,883	5,234
Germany	827	587	1,978	2,668	3,190	2,432	2,960	2,926	2,561	2,342
Canada	1,612	1,936	2,195	2,386	1,924	2,208	1,698	1,380	1,329	1,394
Japan	507	530	319	177	230	331	277	175	215	129
Guatemala	3	140	241	106	5	140	21	34	250	68
UK	101	21	131	181	200	171	100	39	36	52
China	0	0	0	0	0	0	7	21	8	40
Kenya	0	0	0	0	0	0	4	11	14	24
Spain	51	28	17	20	22	1	28	23	46	21
Italy	131	85	12	92	107	61	25	19	14	17
Belgium	0	0	0	2	2	7	1	2	4	14
Belize	0	8	0	0	0	56	0	12	11	10
Honduras	0	6	109	241	136	40	0	1	2	9
France	24	4	45	228	207	73	47	33	12	8

Mexican exports ornamental products (x 1.000)

HS-8 code	Description	Value	Volume
.	Total	19.264	10340
0602.10.05	De piña, de plátano o de vainilla.	0	0
0602.10.99	Los demás (others)	5.040	330
0602.20.99	Los demás.	5	5
0602.40.01	Estacas, plantas o plántulas de rosales, con o sin raíz, incluso injertados.	2	1
0602.40.99	Los demás.	600	9
0602.90.02	Arboles o arbustos forestales.	20	8
0602.90.13	Plantas de orquídeas.	20	0
0602.90.99	Los demás.	254	89
0603.10.01	Gladiola.	899	530
0603.10.03	Clavel.	124	92
0603.10.04	Crisantemo, excepto pom-pom.	1	1
0603.10.06	Rosa.	2.476	425
0603.10.07	Gypsophilia.	21	5
0603.10.08	Statice.	291	672
0603.10.09	Gerbera.	203	108
0603.10.10	Margarita.	91	259
0603.10.11	Anturio.	1	0
0603.10.12	Ave del paraíso.	442	215
0603.10.13	Las demás flores frescas.	2.909	3.626
0603.10.99	Los demás.	496	848
0603.90.99	Los demás	920	203
0604.10.01	Musgo del género Sphagnum.	79	67
0604.91.01	Follajes u hojas.	3.576	1.811

Canada imports of ornamentals 2003 in mln USD,

- Bulbs, tubers: 4,3
- Plants, young plants: 97,7
- Unrooted cuttings: 23,3
- Cut flowers: 89,9
- Cut foliage: 19,0

- TOTAL 234,4

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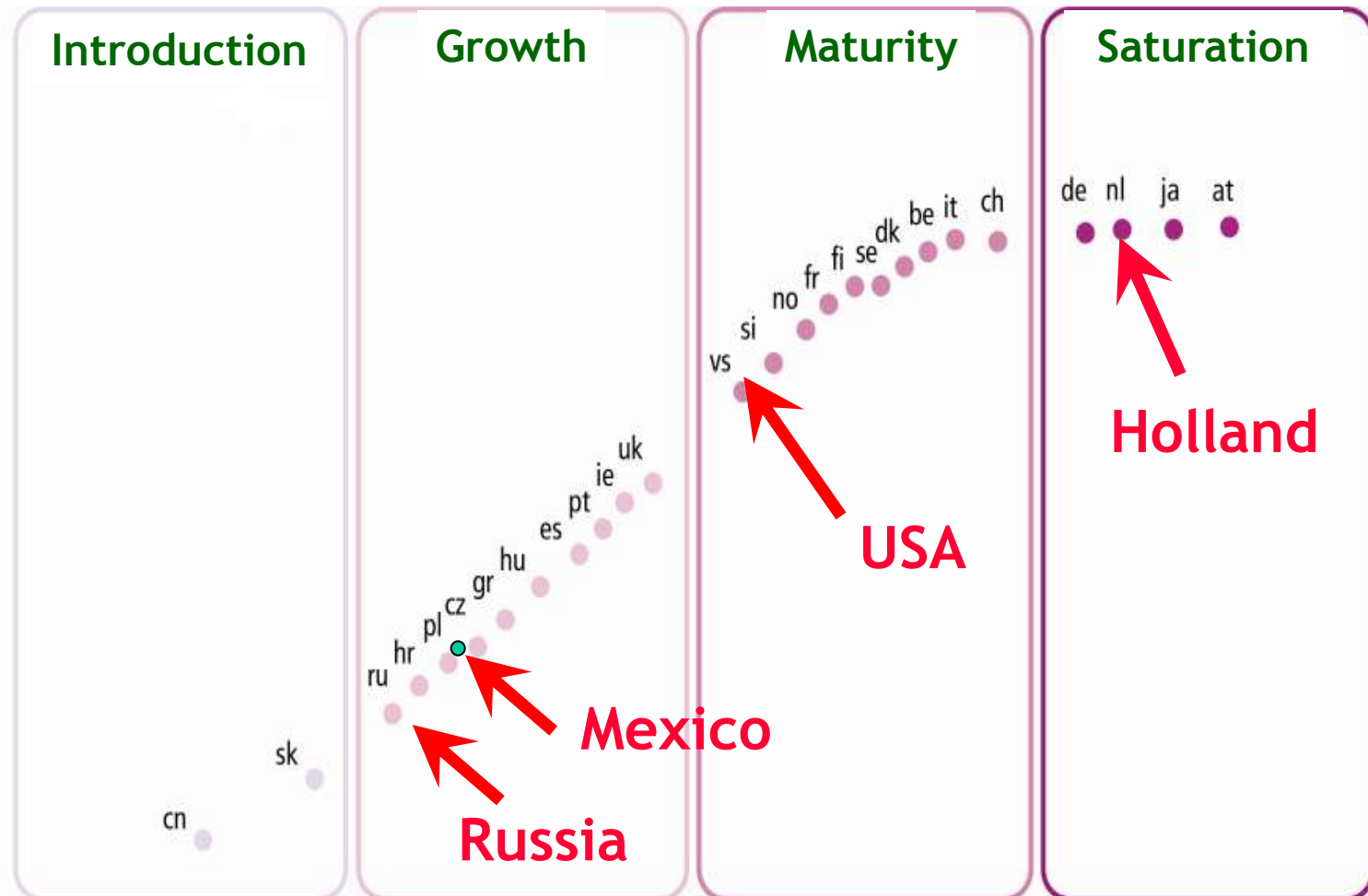
- Market Vision 2004-2009-2014
- Worldwide production & trade
- Consumption, Point of sale

Consumption of cut flowers per capita

Switzerland:		€ 94	↑
Netherlands:		€ 60	↓
Norway		€ 58	↑
Austria and Belgium	both	€ 44	↑ ↑
United Kingdom		€ 40	↑
Germany		€ 38	↑
Sweden		€ 34	↑
Italy and France	both	€ 33	↑ ↑
Ireland		€ 31	↑
United States		€ 21	↓
Spain		€ 19	↑
Mexico	est.	€ 10	↑
Poland		€ 7	↑
Russia		€ 3	↑
China	est. <	€ 0,25	↑



Stage of development for cut flowers



Market shares points of sale



Traditional outlet

- USA 52 %
- USA 25 %
- Mexico (estimated) 95 %
- Netherlands 44 %
- Germany 54 %
- UK 27 %
- France 67 %
- Switzerland 28 %
- Italy 73 %
- Europe (average) 55 %



Retailers

- 26 % (2002 value of spendings)
- 50 % (2002 no, of purchases)
- 5 %
- 24 %
- 15 %
- 58 %
- 13 %
- 51 %
- 4 %
- 21 %

This presentation

- Market Vision 2004 2009 2014
- Worldwide production & trade
- Consumption, Point of sale, Market development stage
- **Industry outlook**

Industry outlook for the EU

- The EU focus more on:
 - Trade
 - Innovation
 - Breeding
 - Exchange of knowledge
 - Worldwide distribution
 - Planting material

Global Industry outlook

- Trends become more important in growth and saturated markets
- Global sourcing of flowers will increase
- Bigger farms and distributors
- More cut flower production in low cost countries
- Relatively more growth in plants than cut flowers on mature and saturated markets
- Production propagation material move to low cost countries

Industry Outlook Mexico

- Cutflower market will increase up to 2014
- Sales in supermarkets will increase very strong
- Pressure on traditional markets
- More focus on quality and quality/price relation
- Upcoming export oriented farms
- Potplant market will increase
- New players will enter the market
- Contract production for US retailers

Preconditions Industry Outlook Mexico

- Improvement of distributions and wholesale structure
 - New wholesale market
 - Focused on improvement quality & market structure
 - Focused on better service and professionalizing entire industry
 - Focused on co-operation between producers
- Integrated cold chain
- Improvement of visual and internal quality
- Enforcement of basic quality level
- Market information / market know-how
- Education florists

Successful development market only with this preconditions

This presentation

- About the Flowercouncil of Holland
- FCH's Market Vision 200420092014
- Worldwide production & trade
- Consumption, Point of sale, Market development stage
- Industry outlook
- Relation with planting materials

Relation between quality of planting material and your success in business

- Consumer wants to see new products
- Retailer is focused on relation between price, quality
- Low production cost requires reliable planting material and modern assortment
- Higher vulnerability for pathogens
- Tracking & tracing from breeder to retailer



Questions?



Thank you for
your attention



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