

Australian Market for Cut Flowers and Foliage



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1. Overview

Australian cut flower and foliage industry is diversified in its all forms as it operates with a large floriculture production industry and supply base. Most flowers sold are Australian-grown, usually within 100km of the farm. But it still relies on imported cut flowers about 10% of flowers sold in Australia as;

- They lack the ideal climate to grow some flower varieties e.g.: cold frost or intense tropical heat
- The most traded varieties are generally cheaper than domestically produced flowers at certain times of year. e.g. chrysanthemums, roses, carnations because of high labour, land, energy or production costs in Australia
- There are few niche products that Australian growers don't have the expertise, experience or equipment to grow commercially yet.
- They need to cater the huge demand on key calendar events in the year e.g. thousands of red roses that are demanded at Valentine's Day and Mother's Day

Australian Floriculture Production industry's performance has been negatively affected by adverse trading conditions in the country over the past five years. Industry revenue has declined due to lower domestic demand and strong import competition. Government and Floriculture Associations are working together to increase the demand of consumers in this sector to strengthen the production chain.

According to IBIS World industry analysis, the industry is expected to generate revenue of \$337.5 million in 2016-17. Currently, Australia's imports represent 0.4% of world imports of floriculture products; its ranking in world imports is 32nd. Australia imports 75 US\$ Mn worth of floriculture products which includes 41.3 % from Asia from countries like Maldives, Taipei, China, Singapore, India, Thailand & Vietnam. Sri Lanka export has exported 330 US\$ thousand worth floriculture products to Australia in year 2016 and its share in the total Sri Lankan exports is 2.42%. Average growth rate of this sector in the Australian market is over past 5 years is 21.59%.

Considering above, there is a potential to widen the current export markets in Australia for floriculture products and horticulture related garden substrates.

2. Industry Classification

The products covered in this report are from Harmonized System Code Chapter 06

Code	Description
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage
H.06.01	-Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, dormant, in growth or in flower; chicory plants and roots other than roots of heading no 1212
H.06.02	-Other live plants (including their roots), cuttings and slips; mushroom spawn
H.06.03	-Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared
H.06.04	-Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, mosses and lichens, being goods of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared

3. Floriculture statistics in Australia

Sri Lanka's top export floriculture Statistics in 2016 (US\$ thousands)

<i>Code</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>Average growth rate</i>	<i>% Growth 2012 to 2015</i>	<i>% Growth 2015 to 2016</i>
<i>H.0601</i>	1	1	2	...	14	38.3	1,021.6	3,646.7
<i>H.0602</i>	5,052	6,293	6,247	5,022	6,329	2.25	25.28	26.02
<i>H.0603</i>	304	202	217	151	122	-21.23	-59.94	-19.37
<i>H.0604</i>	5,055	7,671	8,391	8,736	7,167	8.28	41.79	-17.96
	10,412	14,167	14,857	13,910	13,632	5.21	30.93	-1.99

Sri Lanka's first top 10 export floriculture Statistics in 2016 (US\$ thousands)

Code	Description	SL Export to Australia	Australia import from World	SL Export to the World
H.06.02.90	Live plants & tissue cultured plants incl. their roots	301	10,250	5,139
H.06.04.20	Fresh- Foliage, branches and other parts of plants	21	1,642	6,424
H.06.04.90	Other-Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, mosses.	5	895	742
H.06.02.10	Unrooted cuttings and slips	3	925	1,086
H.06.03.19	Fresh cut flowers and buds, of a kind suitable for bouquets or for ornamental purpose	-	5,624	24
H.06.01.20	--Bulbs, tubers... rhizomes in growth or flower; chicory plants and roots	-	2,286	14
H.06.02.20	Edible fruit or nut trees, shrubs and bushes, whether or not grafted	-	5	104
H.06.03.11	--Rose flowers, fresh	-	21,660	6
H.06.03.14	--Chrysanthemum flowers, fresh	-	8,591	1
H.06.03.90	--Dried, dyed, bleached or otherwise prepared cut flowers and buds	-	208	91

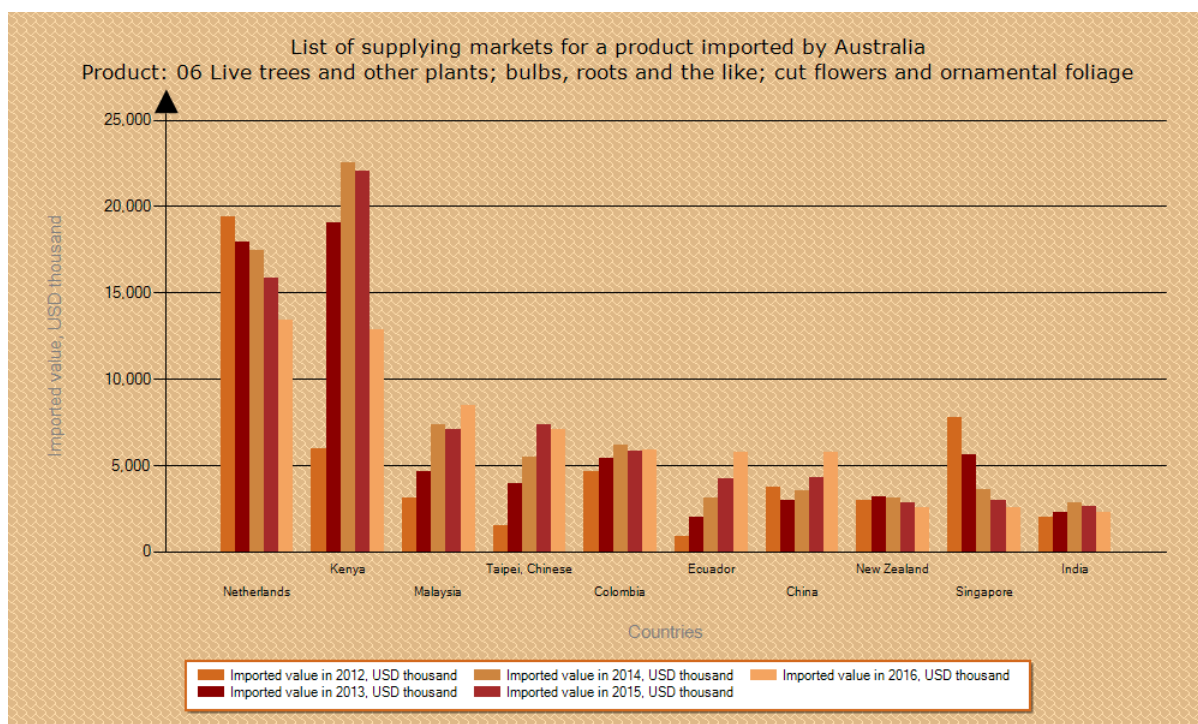
Australia's First top 10 import Floriculture statistics in 2016 (US\$ thousands)

Code	Description	Australia import from World	SL Export to Australia	SL Export to the World
H.06.03.11	Rose flowers, fresh	21,660	-	6
H.06.01.10	Dormant bulbs, tubers, rhizomes, tuberous roots, corms, crowns & rhizomes	14,333	-	1
H.06.02.90	Live plants & tissue cultured plants incl. their roots	10,250	301	2,139
H.06.03.14	Chrysanthemum flowers, fresh	8,591	-	1
H.06.03.13	orchids and buds, Fresh	5,520	-	-
H.06.03.19	Fresh cut flowers and buds, of a kind suitable for bouquets or for ornamental purposes	5,624	-	24
H.06.01.20	Bulbs, tubers... rhizomes in growth or flower; chicory plants and roots ...	2,286	-	14
H06.03.12	Fresh cut carnations and buds	3,014	-	-
H.06.04.20	Fresh- Foliage, branches and other parts of plants	1,642	21	6,424
H.06.04.90	Other-Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, mosses.	895	5	742

Above figures indicate that there is very good potential for live plants and cut foliage exports to Australia. Currently, Australia is one of the main importer of Sri Lankan Tissue cultured plants. The credibility built with the Tissue culture plant exporters has led to long lasting business negotiation.

Top 10 countries of the world floriculture export to Australia 2015

Country	Value in US \$ Thousands
Netherlands	13,442
Kenya	12,861
Malaysia	8,469
Taipei, Chinese	7,107
Colombia	5,918
Ecuador	5,781
China	5,745
New Zealand	2,559
Singapore	2,548
India	2,272



In a graph Top 10 countries of the world exporting floriculture products to Australia 2016

Top 10 countries in Asia exporting floriculture products to Australia 2016

Country	Value in US \$ thousand
Malaysia	8,469
Taipei, Chinese	7,107
China	5,745
Singapore	2,548
India	2,272
Thailand	2,129
Viet Nam	1,899
Indonesia	436
Sri Lanka	335
Korea, Republic of	193

4. Existing barriers to enter to the market

a. Phytosanitary Requirements for treated flowers & foliages

Department of Agriculture and Water Resources (ADAWR) is the government body which develops and implements policies and programmes to ensure Australia's agricultural, fisheries, food and forestry industries remain constant. Sri Lankan exporters need to be vigilant of Australian biosecurity guidelines. The required declarations are explained in the Biosecurity Import Conditions Database (BICON) which is available online. www.agriculture.gov.au/import/online-services/bicon

The current policy of the Department of Agriculture and Water Resources in Australia is that all propagatable cut flowers and foliage imported into Australia must be devitalised before they are released from biosecurity control. Devitalisation may be performed by an approved treatment provider overseas or when the flowers arrive in Australia.

Consignment of flowers that have been devitalised overseas must be accompanied by an original Phytosanitary certificate that describes how the flowers have been treated. Eg: If roses have been treated with fungicide for powdery mildew this also needs to be recorded on the Phytosanitary certificate.

According to BICON, recommendations for propagatable floriculture items importation in Australia include dipping them in concentrated glyphosate solutions, which is a banned chemical for Sri Lankan agriculture industry. EDB is taking the initiative to convince the government on this issue requesting them to allow exporters to import Glyphosate in limited quantities.

b. New Floriculture Products to Australian Market

When exporting floriculture products to Australia, as per the guidelines given in the BICON, Sri Lankan exporters need to submit an import proposal or a request to ADAWR if the product is a new product to the Australian market. This can be done by Sri Lankan Government jointly with the Sri Lankan exporters. According to that ADAWR will perform a Bio Security Risk Assessment for the particular product before they give the approval for the importation,

EDB have proposed two popular foliage varieties (*Dracaena* and *Cordyline* stems & foliage) to the Department of Agriculture, Australia [DOAWR]. Currently, National Plant Quarantine Service, Sri Lanka collaborating with the DOAWR for the providing further details for Pest Risk Analysis (PRA) required for the assessment process. Report of the list of concern pests was evaluated and sent to the DOAWR in Australia as a supplementary document to the obtain Pest Risk Analysis [PRA] for those two varieties of Dracaena & Cordyline

5. Market Access to Australia

a. Internatioanal Trade fairs

Participating international trade fairs would be beneficial to open up the market access to Australia. There are very few international trade events related to floriculture industry in Australia. Once such event is,

Melbourne International Flower & Garden Show-

Southern hemisphere's largest horticultural event, Melbourne International Flower & Garden Show is one of the main international horticultural exhibitions held in Australia. It is organized by Victorian Farmers Federation in collaboration with Nursery and garden Industry Victoria at the Royal Exhibition Building and Carlton Garden, Melbourne. Over 22 years this event was annually held in Carlton Gardens and Royal Exhibition Building around March & April.

Participating such events will provide opportunity Sri Lankan florists to capture the attention of Australia's leading buyers. This would be a unique platform to expose their products for 105,000 plus flower and garden enthusiasts.

b. Inward buying Missions

In order to expand market access in Australia, it can be suggested to arrange some inward buying missions with leading floriculture importers in Australia.

List of importing companies in Australia for the Ornamental floriculture and nursery products

No.	Company name	City
1.	A J & M R Robertson	Gawler
2.	Airmartech (Amt Australia) Pty. Limited	Belmore
3.	Alliance Seeds Pty. Ltd.	The Basin
4.	Bakker & Co. Flowers Pty. Ltd.	Silvan
5.	Blyth Bros. Pty. Ltd. - Blyth Bros Pty Ltd	Ellinbank
6.	Elite Nursery Pty Ltd - Barossa Tablegrapes	Freeling
7.	Erosion Solutions International Pty Ltd - Jimboomba Group	Acacia Ridge
8.	Grarock Pty. Ltd. - Glenview Nursery	Monbulk
9.	Henderson Seed Group Pty. Ltd. - Hm Clause Pacific	Templestowe Lower
10.	Highsun Express Plugs Pty. Ltd.	Ormiston
11.	Longreach Plant Breeders Management Pty Ltd	Lonsdale
12.	R.S Sutherland & S.A Sutherland - Sutherland Seeds	Yarck
13.	Rb Dessert Seed Company	Kununurra
14.	S.D. & P.R. Dominello Pty. Limited - Sd & Pr Dominello	Peats Ridge
15.	Seed Technology & Marketing Pty Ltd - Seedmark	Dandenong South

c. Expand current Australian exporters

There are only about 10 Sri Lankan floriculture exporters engaged in exporting to Australian market. By increasing the capacity of the existing exporters would be beneficial to widen the recognition among the buyers.

List of current exporting companies in Sri Lanka to Australia

No.	Company name
1.	Hayleys Agro Biotech Pvt Ltd
2.	Frontier Holdings Pvt Ltd
3.	Mike Biotech Asia Pvt Ltd
4.	Tropiflora Ltd
5.	Borneo Exotics Pvt Ltd
6.	Serendib Horticulture Technologies Pvt Ltd
7.	Derana Marketing Services Pvt Ltd
8.	Ruvini Aqua Plants Lanka Pvt Ltd
9.	Ramya Horticulture Pvt Ltd
10.	Asian Cuttings Lanka Pvt Ltd

Sources of Information:

- ✓ UN Comtrade : International Trade Statistics Database
- ✓ Trade Map - Trade statistics for international business development
- ✓ Sri Lanka Custom statistics