Fresh Cut Flowers in China: 2018

Submitted August 1, 2018 by:
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Executive Summary

China is a major global producer of cut flowers, with production of 18.4 billion stems in 2016. If only by virtue of the sheer size of its population, it is also a significant market. However, China does not currently import or export very many cut flowers as a ratio of its total production. Total imports of cut flowers in 2017 were worth $54.9 million USD and exports were worth $104 million. Mainland China’s domestic per capita consumption remains low, estimated not to exceed $5 per year.

One factor holding down consumption is that use of flowers as a daily home decoration is simply not a strong part of the culture. But there are structural problems within the industry as well:

- PVR enforcement is still difficult in China, despite a stronger desire in recent years on the part of the government and private industry to protect breeders’ rights.
- The quality of China’s flower production is still low by modern floricultural standards, although the industry is pushing growers to improve techniques and introduce more new crops and varieties.
- Cold chain management has improved in recent years, especially refrigerated trucking, but remains unavailable, in short supply, or unreliable at certain points in the supply chain.

Nevertheless, consumption is steadily rising, and growers are optimistic about the future – with many of the foreign-owned growers in the main flower-producing province of Yunnan currently expanding or planning to expand their capacity.

One driver in raising personal consumption of flowers has been ecommerce companies, especially those offering ‘daily use’ flower subscriptions, as opposed to gift bouquets. But the major players in that space are trying to figure out the formula for finally turning a profit amidst brutal price competition.

China currently has little supermarket floral. This means that the retail channels for most non-government and non-corporate consumption of flowers are either ecommerce or traditional floral shops.

For the moment, imports of cut flowers into China are on an upward trajectory. This is widely said within the industry to be due to domestic production not having kept up with increasingly sophisticated and trend-driven consumer demand. But there are also some crops in which China, for reasons of geography and climate, most likely will never compete with imported flowers – for example, equatorial highland roses.

Exports, while still larger than imports, are on a flat to declining trend amidst rising prices on the domestic market. The total value of China’s exports of cut flowers fell from USD 105.5 million in 2016 to USD 104 million in 2017, despite the fact that production rose over the
same period. In the short to medium-term, China does not seem poised to expand its exports of cut flowers to new markets outside of East Asia, Southeast Asia and Oceania.

While there are challenges, especially with land rights, rising costs and scarcity of labor, a handful of foreign producers have been successful in setting up production in China – specifically, in the southwestern province of Yunnan, China’s dominant flower production region. While many of those foreign-owned companies were traditionally using Yunnan as a low-cost base to supply Asia-Pacific markets like Japan, Taiwan or Australia, an increasing amount of their production is now going to the growing China market.

Overall, domestic production is in the beginning stages of a major transition. Larger, more professional domestic flower growers and breeders are emerging. Small landowners are increasingly forming co-ops to brand their flowers and pool resources. Variety royalties are incrementally more likely to be paid. More new crops and varieties are coming to market and are more attuned to consumer demand. Post-harvest treatment and cold chain management are receiving more attention.

Given the emphasis the industry is paying to modernizing and addresses its problems, we expect to see gradual but continuous increase in the quality and post-harvest handling of cut flowers grown in China over coming years.

**A Note About Statistics**

As discussed later in this report, the national flower industry in China does not have any very well-resourced central government body or industry associations. Flowers, furthermore, do not seem to be a particularly high priority compared to other agricultural crops.

Given these facts, along with some questions in the past about all sorts of economic statistics coming out of China, as well as possible errors PMA turned up in its own analysis of data sets, it is advised to take the production and other macro statistics in this report as rough indicators or guideposts, rather than matters of 100% accuracy.

Compared to national-level statistics, we feel somewhat better about the stats coming out of Yunnan province’s Agriculture Department. But we did identify some instances of official media releases from this department that contained highly significant errors in how data was labeled.

A US dollar to Chinese Renminbi conversion rate of RMB 6.5 per one US dollar was used in this report.
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1. China’s Economic Environment

Since instituting economic reforms in the late 1980s, China has been on an unprecedented four decades-long run of continuous growth and development. Today it is the world’s second largest economy after the United States in real terms, and largest when adjusted to purchasing power parity.

The middle class grows larger every year. As younger generations enter their peak earning years, more consumers are looking to indulge in new consumption patterns – for example fresh cut flowers – as a reward for their hard work and fast-paced lifestyles. The country continues to urbanize as a matter of both individual choice and government policy, although there is plenty more to go with a current urbanization rate of only 57%.

China’s economy grew by 6.9% in 2017, a slightly higher rate than the previous year and the same as two years earlier. Amidst this growth – modest by the double-digit boom years of the 1990s and early 2000s, but unimaginable for highly developed economies – was a continued restructuring of China’s economy away from manufacturing and infrastructure development, and toward domestic consumption, technology, high-value exports, private capital ventures, and service industries.

But potential problems loom: for one, although economic decision making is often highly opaque, central government officials are said to be trying to negotiate the very delicate task of reducing reliance on debt-fueled growth while still maintaining what President Xi Jinping in 2014 dubbed the ‘new normal’ of GDP growth in the 6 to 7% range.

Furthermore, 2018 has brought with it a trade war with the United States. As of late July, opinions are divided about which country is better equipped to ride out the conflict. Some predict that the trade war could spark economic problems in China related to the aforementioned issues with debt. Most agree that it will do more harm than good to both countries’ economies.

2. China Fresh Cut Flower Production Overview

Contextualizing China’s Fresh Cut Flower Segment

Fresh cut flowers make up less than 5% of the overall plantation area in China dedicated to “flowers and plants” (花卉), a US$21.4b (RMB 139b)\(^1\) industrial category that includes trees for landscaping, potted plants, food and medicinal flowers and plants, turf/sod, and flowers and plants grown for propagation materials.

\(^1\) [http://www.forestry.gov.cn/main/72/20180427/1096379.html](http://www.forestry.gov.cn/main/72/20180427/1096379.html)
The cut flower industry in China has grown from practically nothing in the early 1980s to producing 18.4 billions stems in 2016, the latest year for which national statistics were available. Rose, lily, carnation and chrysanthemum are among the cut flowers most widely cultivated in China. But a wide variety of other flowers are cultivated to at least some degree, with new crops and varieties being introduced each year. For example, king protea have started to be cultivated in Yunnan province in recent years as that flower has gained popularity. And a much wider range of PVR protected roses, carnations, hydrangeas and many other crops are now being cultivated.
China's Top Fresh Cut Flower Production Regions

As of 2016, the top fresh cut flower growing provinces in China from largest to smallest by area of land under cultivation were Yunnan, Hubei, Guangdong, Liaoning and Jiangsu.  

4 http://www.yearbookchina.com/navibooklist-N2017120283-1.html
5 https://wenku.baidu.com/view/1985e6a4ed3a87c24028915f804d2b160b4e86fb.html###
Yunnan province is China’s key flower producing region, accounting for more than half of the country’s annual output of fresh cut flowers. More information about production in Yunnan is contained in Section 3 of this report.

Among the other major cut flower producing provinces, the following are some main types of flower produced there:

- **Hubei**: carnation, rose, gypsophila, gladiolus, calla lily, gerbera, lily, dendrobium
- **Guangdong**: rose, lily, chrysanthemum, curcuma, pygmy water lily
- **Liaoning**: carnation, chrysanthemum, gerbera, calla lily, gladiolus, lily, marigold, rose
- **Jiangsu**: lily, tulip, rose, gerbera.

New production in non-traditional areas is reportedly coming online. An industry supplier reported as of mid-2018 that a lot of greenhouse construction projects for floriculture were taking place in Fujian, Henan, Sichuan and Chongqing provinces. Despite this growth of production into some new areas, the growth rate of plantation in Yunnan is believed to be outpacing the rest of China, cementing its status as the center of China’s cut flower industry.

The relatively limited production of tropical flowers and orchids that takes place in China is largely confined to southern provinces like Hainan, Guangdong, Fujian and Yunnan.

**Related Products**

China also produces notable amount of cut leaves and branches. Plantation area for fresh cut leaves in 2016 was 18,525 acres, with the provinces of Hubei, Zhejiang, Hainan, Guangdong and Sichuan the top production regions by plantation area.10

For cut branches, the 2016 plantation area was 16,216 acres and the top provinces were Guangdong, Hainan and Sichuan.11

Substantial amounts of flowers for food, drink and medicinal uses are also grown. For example, chrysanthemum and jasmine for tea, rose hips for bakery products, or a range of flowers that are used in Traditional Chinese Medicine preparations. There is also a small amount of production of edible flowers for high-end food service, such as by the Shanghai-based Taiwanese grower Bio Farm.

**Labor Challenges**

In China, "even though we are paying double the minimum salary, it's still not possible to find enough labor for a large farm," says an executive from a

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7 [https://read01.com/RAOQg0.html#Wx3fd1OFPB1](https://read01.com/RAOQg0.html#Wx3fd1OFPB1)
10 [http://vlambda.com/wz_5ldTa3pg5Yj.html](http://vlambda.com/wz_5ldTa3pg5Yj.html)
11 [http://vlambda.com/wz_5ldTa3pg5Yj.html](http://vlambda.com/wz_5ldTa3pg5Yj.html)
major Yunnan-based producer “It's very different from the situation in Indonesia, Vietnam, Kenya, Ethiopia...” This executive says the aging labor force and shortages of labor are a growing concern: “If you look at the average age in our company—off the top of my head, it's 45 years old,” much higher than it would be in other emerging economies.

All across the agriculture and manufacturing sectors, executives point out that China is getting old. A further challenge is that many among the limited pool of younger people are moving out of the countryside and into the cities. And those who do stay in the countryside, prefer retail, delivery or service sector jobs over agriculture. The days of China as an unlimited source of cheap labor are drawing to an end.

3. The Yunnan Floral Industry

According to official statistics, Yunnan produces a little more than half of China’s fresh cut flowers. Industry insiders think the number is closer to 75%. It is not clear whether this is because Yunnan’s output is underreported or the rest of the country’s output is overreported.

**Yunnan Cut Flower Industry Plantation and Output**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cut Flower Output (billion stems, projected for 2018 and 2020)</th>
<th>Area under plantation for cut flowers (1000s of acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>7.40</td>
<td>9.40</td>
</tr>
<tr>
<td>2013</td>
<td>8.00</td>
<td>9.60</td>
</tr>
<tr>
<td>2014</td>
<td>8.90</td>
<td>9.70</td>
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<td>12.70</td>
</tr>
<tr>
<td>2018</td>
<td>15.00</td>
<td>15.00</td>
</tr>
<tr>
<td>2020</td>
<td>35.91</td>
<td>35.91</td>
</tr>
</tbody>
</table>


**Climate and Geography**

Yunnan sits in southwestern China and borders Myanmar to the west, and Laos and Vietnam to the South. It has a wide variety of climates within a relatively small area, from sub-himalayan plateaus in the northwest near the city of Lijiang, to semi-tropical lowlands in the southern prefectures of Honghe and Xishuangbanna.
The traditional flower producing region of Yunnan is in the center of the province on a plateau of around 1,900m elevation. It encompasses a 60-90 mile radius around the capital city of Kunming, with concentrations of growers in Songming, Yiliang, Jinning, Jiangcheng, Tonghai, and Jiangchuan, which are counties within Kunming and Yuxi prefectures. There was also formerly a lot of production along the eastern shores of Kunming’s Dianchi Lake, including in the village of Dounan, which is home to Dounan Flower Wholesale Market and the Kunming International Flora Auction Trading Center (KIFA). But that production has gradually migrated to other areas of the province as the city of Kunming has urbanized and grown in size.
Yunnan’s important flower producing areas are mostly rural counties of Kunming or Yuxi prefectures. Image/Map: Google

The recent trend in Yunnan is that new production is expanding beyond the traditional growing areas. Particularly it has been growing in Qujing (northeast of Kunming), Chuxiong (West of Kunming) and Honghe (South/Southeast of Kunming) prefectures.

The Yunnan provincial Department of Agriculture is working with local officials at the prefecture and county levels to set up floral demonstration areas throughout Yunnan, which its hopes will encourage industry clusters – with professional growers, cold chain logistics depots, and associated breeders and service providers all nearby each other (see below, New Yunnan Production Clusters).
Growing areas in Yunnan receive high levels of sunlight during the dry season from November to late May or early June. Conversely, during the peak of the rainy season from July to August, persistent cloud cover limits the amount of sunlight.

By global standards, Yunnan does not measure up to some other flower production areas, due to the aforementioned cloud cover, relatively high latitude and occasional winter cold snaps (with temperatures sometimes dropping below freezing). According to one Yunnan-based grower, "[The area around] Kunming may be the best growing location for flowers from a Chinese perspective. But from a world perspective, the climate is not as good as places like Vietnam, Malaysia, Ecuador, Columbia, Ethiopia, Kenya or Tanzania." China has trouble competing, for example, with the stem length and head size of roses from Kenya, Ecuador or Colombia.

Yunnan Key Varieties

Though a wide range of flowers are cultivated in Yunnan, the key species are rose and carnation (with production in 2016 respectively of 4.8 billion and 2.9 billion stems). Other important crops are lilies, lisianthus, gerbera, chrysanthemum, solidago and gladiolus.

Challenges in Yunnan Flower Production

Fragmented Production

While production tends to take place in certain counties, it is spread around quite a bit in relation to Kunming – the province’s capital, logistics hub and home of Asia’s largest wholesale flower market. Furthermore, there are 190,000 individual household producers of...
flowers in Yunnan. These small household farmers often have a low level of education and historically resisted investment in equipment upgrades or varietals that require royalty payments – though the latter has been changing in recent years (see Section 9, IP subsection). Furthermore the fragmented, smallholder nature of production means that flowers are rarely kept cool on a several hour’s truck journey from farm to the first point of sale in Kunming.

Lack of Variety and High Quality Flowers

The above factors of climate, fragmentation, breaks in the cold chain, and small size and low level of sophistication of farmers mean that Yunnan has historically not achieved very high levels of quality, and mostly produced older varieties. This is changing within the past few years in response to market demands and with more large-scale growers emerging, but it has not been a very fast process.

New Yunnan Production Clusters

The Yunnan Department of Agriculture is actively working with local (prefecture and county-level) governments to promote more clustered flower production through what are often labeled “demonstration zones”. Officials hope this clustering will lead to larger projects, consolidation amongst growers, and also more chances for smaller scale farmers to pool their resources and share knowledge. It is hoped this will contribute to raising the quality of production and introducing new varieties, both of which are considered essential to the future growth of Yunnan’s flower industry.

There is also a hope that having more clustered production will also attract more investment in processing and logistics facilities, especially for major logistics companies like S.F. Express to set up cold logistics depots adjacent to production areas, potentially avoiding the need to first transport the flowers to Kunming before sending them to market (see Section 5 of this report).

One of the most important aspects of these government-backed projects – and potentially most beneficial to flower producers – is how land leasing is handled. When China finished its post-revolutionary rural land reforms in the 1980s, the average plot of agricultural land per household came out to 1.73 acres, and is now closer to an average of 1.48 acres. While parcels of land are allotted to individual households, they are ‘owned’ collectively by the village, which is in turn governed by the Communist Party.

In the new production clusters in Yunnan and other similar projects around China, the local government tends to do the legwork of consolidating many small tracts of land into large plots with long-term guaranteed leases (up to 40+ years) suitable for modern floriculture. Theoretically, this should save producers a lot of time and trouble if they choose to set up production in one of these areas.

The largest of these projects, the Yunnan Modern Flower and Plant Demonstration Park in Luxi county of Honghe prefecture has more than 4,000 acres set aside for floriculture
greenhouses, including more than a thousand acres of land that is ready to for immediate development. However, like most of these production clusters, the project is just getting off the ground; some benefits, like cold shipping depots, have not materialized yet. Read more: http://www.producereport.com/article/bringing-modern-floriculture-china-yunnans-luxi-county

For a list of new production clusters and contact information, see Appendix F.

Yunnan Channels to Market

The Dounan Wholesale Flower Market and Kunming International Flora Auction Trading Center (KIFA) are located adjacent to each other in Dounan village in southern Kunming’s Chenggong District. They play important roles in consolidating Yunnan’s flower production and getting it to the big coastal consumption centers. The majority of flowers (as much as 70%) grown in Yunnan are transacted through these markets.

Dounan Wholesale Market is significantly larger in terms of transaction volume, with 6.53 billion stems sold in 2017. Compared to KIFA, the seller at Dounan is more likely to be a small household farmer.

KIFA is a Dutch-style auction (diminishing price) established under consultation from Royal FloraHolland and heavily modeled on the large Dutch auctions such as Aalsmeer. With a transactions in 2017 of 1.1 billion stems, it does much less volume than Dounan. But the flowers transacted through KIFA are generally thought to be of higher quality and more likely to be from large producers or co-ops compared to the flowers transacted through Dounan.

Source: Dounan Wholesale Flower Market
The Kunming International Flora Auction Trading Center (KIFA)

KIFA officially opened at the end of 2002 and grew in transaction volume from around 100 million stems in 2003 to 1.1 billion in 2017.

- Equipped for up to six auction clocks, with 300 bidding seats.
  - According to the General Manager, KIFA plans to soon renovate an older auction hall with three auction clocks to bring the total clocks at KIFA to nine.
- It is also expanding its storage and grading facilities.
- Auctioning starts in mid-afternoon every day.
- For a scene of an auction taking place, see: https://www.youtube.com/watch?v=qlyk4MOaiw
- KIFA inspects and grades flowers itself to ensure more reliability and consistency for buyers.
- In addition to its core revenue stream from commissions on transactions in the flower auction, KIFA also provides a number of revenue-generating services to the Yunnan floral industry:
  - A logistics service for refrigerated transportation from producers to the auction center.
  - Sorting, grading and processing, including a processing center in Yiliang county to the east of Kunming serving 600 small-scale producers and processing 74 million stems a year.
  - Variety licensing (See Section 9 of this report)
  - Assistance to small growers in Yunnan in forming branded co-ops

Dounan Wholesale Flower Market

- Unlike KIFA, where buyers and sellers may never see each other, transactions at Dounan are negotiated face-to-face.
● Has over 2,000 flower suppliers most of which are relatively small-scale growers, who typically bring a small volume of flowers to sell at the market once every three to five days.
● Although the market is open all day to cater to tourists, the wholesale selling starts taking place in earnest at 9:30 PM and finishes late at night.
● Dounan Wholesale Market in late 2015 launched its own flower auction, also based on the Dutch model, to compete with KIFA.
● https://www.youtube.com/watch?v=Q9-URdXsEgE

4. Technology and Investment

Greenhouse Construction

Unless growers have specific reasons for growing outdoors, essentially all flower cultivation in China takes places in greenhouses.

However, the level of greenhouse sophistication in Yunnan and elsewhere in China varies widely. For example, most of the small-plot household farmers that are still the norm in Yunnan use traditional polytunnels. Though a rarity in China, especially in flower production, there are a few examples of glass greenhouses, which are often part of government-backed demonstration projects.
The most common construction for medium to large investment-backed floriculture projects in China are gutter-joined poly greenhouses, either with rounded or sawtooth style roofs. These are currently being constructed in large numbers across China as major producers continue to invest—often with strong support from local governments—in more capacity.

At one project in Yunnan, local officials estimated the cost of the building the gutter-joined greenhouse structure itself at $30.77 (RMB 200) per square meter, not including climate control, feeding and watering systems. Another Yunnan producer that recently constructed new greenhouses from mostly imported materials estimated the total construction cost at $60 per square meter.

Climate Control and Computer Technologies

The large foreign-owned operations in Yunnan, such as Hasfarm, Van den Berg Roses, Anthura and Lynch group have all also invested to a high degree by local standards in automated systems, climate management, ebb/flood irrigation systems for certain crops, and mechanized sorting and packing equipment. A source with understanding of greenhouse construction and technology characterized the foreign-backed producers in Yunnan as medium-high end in terms of greenhouse construction and technology investment.

Chinese operations, especially those backed by significant investment, will often be eager to invest in highest level possible of greenhouse automation systems and other expensive technology. However there is a relative scarcity of workers in China with the skills and experience to operate these systems. This can lead to poor return on investment or failed projects as the systems go unused and unmaintained due to lack of qualified staff.

The Dutch greenhouse systems and equipment supplier Ridder states that it is trying to differentiate itself in the Chinese market by offering more training and after sales services in order to help local growers make better use of its products.

In 2016, several Dutch greenhouse technology providers, including Ridder, pooled their resources to build a “Chinese-style solar greenhouse” to mimic typical growing conditions, construction methods and methods used in Chinese horticulture.1213 This project and other initiatives represent efforts by these companies to introduce technologies that are simpler to use and suitable for a wider variety of projects in China.14

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In other segments, more examples can be seen of very modern and advanced greenhouses. For example, the domestic potted plant producer Dashine in Tianjin, near Beijing, with 75 acres of Venlo-style glasshouses and a full arsenal of modern solutions like thermal heating, ebb/flood irrigation and water recycling, all fully computer controlled by a system from Dutch company Priva. There are also large and advanced glasshouse projects devoted to different types of vegetables and some fruits such as strawberries.

Investment

Local governments (usually prefecture or county-level) are increasingly setting up ‘demonstration zones’ or other types of horticultural projects where they do the legwork of consolidating land and building infrastructure (see Section 3, New Yunnan Production Clusters).

These local-government backed projects are, in turn, often backed by provincial level government, often using agriculture and rural development funding from the central government in Beijing. Therefore, while the producers themselves will most likely invest their own money or seek bank loans to build the actual production base, China’s government itself can be seen as a significant investor in the floriculture industry through favorable land use policies.

Yunnan is China’s top tobacco-producing region. Many of the state-owned tobacco companies have invested in flower production as a way of diversifying their interests. And across China, significant amounts of investment coming into floriculture have been from companies in other industries, for example real estate or mining, that are trying to diversify as the economy matures.

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15 https://www.youtube.com/watch?v=YSPVUcaUWwg
In the flower ecommerce sphere, most of the well-known companies have received funding from domestic venture capital firms.

Asian Development Bank (ADB)\textsuperscript{17}

In December 2016, ADB announced a USD 5 million loan to Kunming Hasfarm Flowers alongside another USD 15 million in loans to Kunming Hasfarm’s holding company, which also runs flower and vegetable growing centers in Vietnam.

The loan was part of a project to upgrade and expand production of flowers in China and flowers and vegetables in Vietnam. Under the project agreement, the holding company would also invest slightly more than USD 20 million.

In granting the loan, ADB highlighted the following development opportunities:

- Rural development and antipoverty
- Raise value addition through high value crops, technology investments and consolidation of small land plots
- Mitigate vulnerability to climate change
- Facilitate technology adoption and transfer through foreign direct investment

\textsuperscript{17} https://www.adb.org/sites/default/files/project-documents//50243-001-rrp-en.pdf
5. Supply Chain and Logistics

Traditional Transaction Chain

The “typical” traditional transaction chain goes something like this:

1. Flowers are imported or sold through a primary transaction market
   a. Domestic flowers:
      i. Dounan Wholesale Flower Market in Kunming
      ii. Kunming International Flower Auction
      iii. Another large wholesale market nearby the production region, such as Lingnan Wholesale Market in Guangzhou.
   b. Imported flowers
      i. Purchased by importer from a grower or consolidator in a foreign country
1. Larger importers may also act as a distributor, sending the flowers to distribution centers in other parts of China.
2. Flowers are sold on to a regional wholesale market or other wholesaler closer to the major centers of consumption
   a. They may be further sold onward to another wholesaler in an even more local market.
3. Flowers are sold to a florist
4. Flowers are sold to the end consumer

The Role of the Wholesaler
Wholesale flower markets continue to play a very important role in the cut flower trade in China, especially for imported flowers.

Wholesalers have the following value propositions:
- Split large purchases into small volumes that are manageable for independent florists: this is especially important for imported flowers, which are much more expensive and therefore may be used sparingly.
- Consolidate scattered supply from small-scale importers and domestic household growers.
- Good contacts with florists and small-scale ecommerce sellers and understanding of customer needs.
- Because professional supply chain and cold logistics industry is still developing, wholesalers may be the best bet for keeping flowers in cold storage in lower tier cities.

Ecommerce Transaction Chain
Ecommerce flower companies are changing the traditional transaction model, and are expected to play a much larger role in the future. However, for now, the volume of product flowing through ecommerce channels remains relatively small.

Here are some of the ways that flower ecommerce is shortening the supply chain and may reshape the standard model in the future:
- **B2B** ecommerce providers can buy directly from growers, control the cold chain, logistics and processing themselves, and then deliver the product directly to florists.
  - Bypasses primary transaction market and regional wholesale markets
  - This already occurs: EasyFlower has its own storage and logistics facility in Kunming.
- **B2C** ecommerce can buy directly from farmers and deliver directly to consumers.
  - This is already happening to a limited extent. Flowerplus and Reflower both have facilities in Kunming where they receive flowers directly from the growers.
  - Jiuye Supply Chain has the ambition to provide third-party full supply chain services for ecommerce clients, all the way through to last-mile delivery
In this scenario, ecommerce companies would never handle the product, just market it and manage sales and customer service.

Logistics company S.F. Express has also expressed an interest in getting into processing and/or supply chain management for flowers.

- On the import side, large purchasers such as ecommerce companies now go straight to foreign suppliers and receive delivery straight to their own warehouses.
  - In this situation, the importer, if there is one, is acting more in the role of a service provider.

## Cold Chain Overview

Despite improvements in recent years, especially in the reliability of point-to-point shipment by refrigerated truck, the floral cold chain in China is characterized by a lot of potential for broken links.

Potential breaks in the domestic China cold chain include:

- Lack of professionalism, quality control and accountability in airport storage facilities, which are controlled by state-owned airline subsidiaries such as Air China Cargo.
- Unrefrigerated transport from the grower to the primary transaction market: common for domestically produced flowers
- Wholesale markets: many wholesalers will display their inventory unrefrigerated during the daytime
- Domestic air freight: no climate control
- Shipping by express package service
- Last-mile delivery: mostly done by electric scooter or tricycle in China because it’s cheap and because streets are small and snarled with traffic. In that context, refrigeration is not possible.

## Imported Flowers from Europe, Oceania, Africa and South America

The treatment and business flow of imported flowers after they have entered China varies widely depending on the size and professionalism of the importer.

For example, larger and more professional enterprises including the major ecommerce companies may purchase large quantities themselves directly from foreign suppliers, with the largest buyers purchasing tens of thousands of stems per week. These companies will be more likely to have a cold warehouse nearby the port of entry and maintain the cold chain as they repack and transport the flowers to wholesalers or retailers within China, especially in larger cities.

## Imported Flowers from Thailand

Cut flowers entering China from Thailand (mostly orchids) are typically shipped overland by truck across Laos to Kunming before being distributed to wholesalers and retailers in China. From Bangkok to Shanghai via Kunming takes about six days.
A Shift from Air Cargo to Truck and/or Ocean Container

Refrigerated Truck

A significant shift has occurred in recent years in how flowers are transported from China’s major flower production region, Yunnan, to the largest markets in southern and eastern China. Yunnan’s capital, Kunming, is more than 700 miles from the Pearl River Delta, 1,200 miles from Shanghai, and 1,300 miles from Beijing. According to officials from Yunnan’s Department of Agricultural and other industry sources, this long distance and the lack of reliable refrigerated shipping by truck, meant that flowers from Yunnan historically depended entirely on air freight to get product to market, especially as freight on passenger flights, often arranged by freight forwarding agents.

Now, it is estimated that ⅓ of Yunnan’s flower production is being shipped to market by refrigerated truck, which is cheaper and, while slower, leads to up 1/3 less quality loss due to stable temperatures (domestic air cargo does not have climate control).

Though the situation is understood to be better than just a few years ago, there is nevertheless a shortage of refrigerated trucking capacity in China, both to transport flowers from pre-cooling facilities to primary distribution points (for example from a farm a hundred miles outside of Kunming to a private warehouse, Dounan Flower Wholesale Market or the Kunming International Flower Auction (KIFA) in Kunming), as well as to transport them between regional distribution centers.

Refrigerated Container

Hasfarm Group, a major producer in Yunnan with production bases in Vietnam and Indonesia reports that it has dedicated a lot of energy developing processes for moving fresh flowers from inland production bases in China and Vietnam to destinations around Asia by refrigerated container.

Jiuye Supply Chain also reports that it is engaged in moving fresh cut flowers regionally by refrigerated ocean container in the corridor from Vietnam to Japan.

Snapshot: Easy Flower

EasyFlower, a B2B flower ecommerce company, operates a 3,600m² warehouse in Shunyi district, Beijing, nearby Capital International Airport. It includes 1,300m² of refrigerated space. The company claims on peak days workers can sort, process and package 750,000 stems of fresh cut flowers, mostly arriving from Kunming. Processing finishes late at night and at 5am flowers are sent out to be delivered to flower shops in 63 cities around China by as early as 8AM. EasyFlower also has distribution centers in Kunming, Shanghai, and Guangzhou.
Domestic Logistics and Delivery

<table>
<thead>
<tr>
<th>Cold Logistics</th>
<th>Domestic Air Freight</th>
<th>Express Delivery</th>
<th>Last Mile/Local Courier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulk shipment by truck from production zones to Regional Distribution Centers (RDC) in Beijing, Shanghai, Guangzhou, or between RDCs by trucks</td>
<td>Via freight agent, usually using commercial flights No climate control in domestic cargo holds</td>
<td>Door to door delivery by truck or air freight with electric scooter for last mile. No cold chain.</td>
<td>Point-to-Point service within one city, usually by electric scooter (no cold chain)</td>
</tr>
</tbody>
</table>

Market leader is: SF Express

Companies to keep an eye on:
- Jiuye
- JD Express
- ZTO Express
- FedEx

Also, many smaller unconsolidated carriers

Logistics and delivery in China is still highly fragmented, although some dominant firms are beginning to emerge. S.F. Express is a major name in both cold logistics and express delivery services. By air and now increasingly by refrigerated truck, S.F. works with many of the biggest purchasers to get flowers from production areas in Yunnan to large urban markets. In early 2018 it launched its first flower-specific cold trucking line, from Kunming to Guangzhou and other cities in southwestern and southern China. Previously flowers had shared space in refrigerated trucks with other fresh goods produced in Yunnan, such as fruits and wild mushrooms. Company representatives say the new flower-specific lines will feature temperatures tailored to different kinds of flowers as well as departure times that are specific for the flower industry. S.F. representatives say they will continue to roll out more flower-specific truck routes over the next year.

There are also numerous unconsolidated refrigerated trucking line firms, typically each running a handful of regularly scheduled point-to-point routes.

JD.com, one of China’s two dominant ecommerce companies, has expressed interest in investing more in floral logistics. CC Fresh, whose parent company Yiguo has received significant investment from the other dominant ecommerce company, Alibaba, has also
expressed interest in investing more in floral logistics. Jiuye Supply Chain is looking to provide end-to-end supply chain management, logistics, processing and delivery for flowers.

Domestic air freight is usually carried out through forwarding agents who book space on domestic airline flights. S.F. Express additionally runs a dedicated Kunming-Hangzhou cargo flight every day.

S.F. Express is the leader in express delivery, but it is competing against several other large companies, which tend to be cheaper, slower and less careful with handling packages. S.F.’s fastest level of service can usually deliver packages nationwide within 24 to 48 hours at a cost of $3.54 (RMB 23) for the first kilogram and $2.77 (RMB 18) for additional kilograms. Though more gentle than some of its competitors, treatment of packages by S.F. can be quite rough. Flower e-commerce companies, The Beast and RoseOnly, use FedEx as one of their express delivery providers, even though FedEx has a limited presence in China. This is due to the prestige of the international brand name.

Delivery to customers’ doorsteps is generally accomplished by a courier driving an electric scooter. Several companies offer this service as a standalone product, though many are owned by e-commerce companies, such as JD.com’s Dada and ExFresh, which is owned by fresh ecommerce company Yiguo and is the sister company of CC Fresh Cold Chain. Alibaba is the parent company of Yiguo.

App-based delivery services like Meituan, Ele.me and JD Daojia mostly serve as an integrated sales platform and delivery service for local businesses. Couriers working for these companies are a ubiquitous presence in Chinese cities nowadays. Meituan was recently valued at more than US$ 2 billion. Though most of their transactions are for sales and delivery of food from local restaurants, florists can also list products on a special flowers section within each app.

6. China Fresh Cut Flower Import/Export

While China’s exports of cut flowers are still more than double its imports, it’s worth keeping a few facts in mind about China’s trade balance in cut flowers. First, imports could catch up to and surpass imports very quickly in coming years. After a declining trend between 2008 and 2012, China’s imports of fresh cut flowers rose 333%, from $16.5 million in 2012 to $54.9 million USD in 2017. Exports, on the other hand are experiencing a flat to declining trend over the past several years.

Rising domestic demand is cited as the reason behind the drop in exports. Producers can get higher prices on domestic markets than on export markets. Amidst rising overall demand, higher demand for quality and differentiated flowers, especially for use as gifts, is helping to push up imports.
Most of China’s exports are to its neighbors in East and Southeast Asia. Few observers think that Chinese flower exports will pose a significant threat of competition in more distant markets anytime soon. Unlike in countries that are heavily dependent on flower exports and have therefore invested heavily in export infrastructure, flowers, and especially flower exports are almost an afterthought in China’s broader agricultural landscape. Higher costs, labor shortages, and a suboptimal climate also hinder the competitiveness of Chinese exports outside of Asia and Oceania.

In addition to cut flowers, China also imports a very large amount of flower bulbs and other propagation materials from the Netherlands and some other European countries like Germany and Denmark.
Import Details

China Fresh Cut Flower Imports: Top 10 Origin Regions by Value

Source: China customs data for all exports falling under HS code 0603

China Fresh Cut Flower Imports: Top 10 Origin Regions by Volume

Source: China customs data for all exports falling under HS code 0603
Top ten countries of origin as of 2017

1. Ecuador

**Important crops:** Gypsophila, roses

In the fresh cut flower category, Ecuador surpassed Thailand in 2017 to be the top supplier of imported flowers to China by value. Several years ago, Ecuador’s import growth in China was being driven by demand for the country’s premium quality roses, which are popular in high-end floral shops, and are also bought directly from Ecuadorian suppliers by ecommerce companies such as Roseonly. More recently, Ecuadorian growth has been driven by a surge in demand for gypsophila starting from 2016. In 2017, gypsophila also overtook roses as the top Ecuadorian flower imported into China by both value and volume.

With help from national export support bureau ProEcuador, suppliers have in recent years been putting more focus on developing the China market in the wake of declining sales to Russia. It has run some successful rose promotion campaigns, such as teaming up with China Southern Airlines for a Women’s Day promotion, and arranging for Ecuadorian roses to be featured on a popular television variety show. As a country, Ecuador now has high ‘brand’ recognition for rose and gypsophila, as well as a perception of quality among purchasers and consumers.

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18 [http://hhxh.forestry.gov.cn/uploadfile/hhxh/2017-5/file/2017-5-23-1ec6aba8a134400eb826de8234cba442.pdf](http://hhxh.forestry.gov.cn/uploadfile/hhxh/2017-5/file/2017-5-23-1ec6aba8a134400eb826de8234cba442.pdf)

2. Thailand

**Important crops:** Orchids

Thailand is far and away China’s largest supplier of imported flowers by weight, though no longer by value (see above). Thousands of truckloads of orchids – mostly Dendrobium – are shipped overland by truck from Kunming to China each week. But prices are persistently low and consumer demand for Dendrobium has not grown as fast as for some other types of flower. In response, the country’s trade promotion officials are trying to promote the diversity of Thai orchids available in order to drive demand for species other than Dendrobium.

Thailand and China trade flowers with each other tariff-free under the China-ASEAN FTA.

3. The Netherlands

**Important crops:** Tulips, lily of the valley, peony, hydrangea, red spider lily, Astilbe, Clematis, Tanacetum, Eryngium

The Netherlands offers unparalleled selection, but imports have not grown as quickly in recent years as many of the African and South American countries. Flowers from Holland have a reputation for quality, but are also expensive by local standards.

4. Kenya

**Important crops:** Rose (spray and single head), Alstroemeria/Florinca, Gypsophila

Kenyan flowers, especially roses, are favored by some Chinese importers and distributors who supply the more traditional Chinese channels such as wholesalers, hospitality industry and brick and mortar retailers based on the following factors:

- Higher quality than domestic flowers, but still not as expensive as some other imports (Kenyan roses are less expensive than Ecuadorian roses)
- Direct flights from Nairobi to Guangzhou

5. Colombia

**Important crops:** Rose, hydrangea, alstroemeria

Colombia has the second-best five-year growth rate of imports coming into China, after Ethiopia. It also boasts a much wider selection of flowers than neighboring Ecuador, which mostly only produces roses and gypsophila. But fairly or not, Colombia lags behind Ecuador among people in the Chinese flower industry and consumers in terms of awareness of its flowers and reputation for quality.

6. South Africa

**Important crops:** King protea, Berzelia, Leucospermum, waxflower, Brunia, Leucadendron

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20 CCTV2 documentary

21 [http://www.sohu.com/a/127065591_608982](http://www.sohu.com/a/127065591_608982)

22 [https://www.sohu.com/a/157872712_661566](https://www.sohu.com/a/157872712_661566)

23 [http://www.sohu.com/a/127065591_608982](http://www.sohu.com/a/127065591_608982)
South African woody-stemmed flowers are quite popular in China recently and the country has showed solid growth of flower exports to China.

7. Vietnam

**Important crops:** rose\(^{24}\), ping-pong chrysanthemum, chrysanthemum

In 2017, China imported roughly an equal amount of flowers from Vietnam as it exported to Vietnam. Flowers from Vietnam can be exported to China by refrigerated container, saving on costs. Furthermore, Vietnam and China trade flowers with each other tariff-free under the China-ASEAN FTA. However, Vietnam has strong domestic demand and a more developed mass market floral retail sector than China, which may depress exports from Vietnam to China as those flowers are in high demand domestically.

8. Ethiopia

**Imported crops:** Hypericum berries, Alstroemeria, roses\(^{25}\),

Although imports remain low, at about $1.3 million worth of fresh cut flowers imported into China in 2017, imports from Ethiopia have been growing very rapidly in the past few years. Some importers say they perceive the quality of Ethiopian roses to be lower than those of Kenya or South American countries, but are attracted to the lower price. Cut flowers from Ethiopia can be imported into China with no tariff due to a non-FTA Chinese government policy.

9. New Zealand

**Important crops:** Hydrangea, peonies, Cymbidium\(^{26}\)

Flowers traded between China and New Zealand have zero tariff under the China-New Zealand Free Trade Agreement.

10. Australia

**Important crops:** Geraldton waxflower\(^{27}\), protea, assorted Australian wildflowers

Growth in imports from Australia has been healthy in recent years and could be set to continue on strong demand for exotic woody-stemmed flowers like protea and various Australian wildflowers. In 2019, the tariff on flowers traded between China and Australia will fall from 2% to zero under the terms of the China-Australia Free Trade Agreement.

**Direct Imports to Smaller Markets**

The state-run newspaper People’s Daily reported in November of 2017 on the first shipment of fresh flowers to be imported into Hunan province. The shipment of 315kg of different types of Dutch flowers was harvested in Holland and transported to the airport in Frankfurt, Germany before

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\(^{25}\) [http://www.sohu.com/a/216645846_320672](http://www.sohu.com/a/216645846_320672)

\(^{26}\) NZ MPI

\(^{27}\) [http://op.inews.qq.com/m/20180201G174GB00?refer=100000355&chl_code=kb_news_plantual](http://op.inews.qq.com/m/20180201G174GB00?refer=100000355&chl_code=kb_news_plantual)
going via air freight directly to the airport in Hunan’s capital city of Changsha. The shipment was reportedly destined to be split up and resold at the local plant and flower wholesale market. Previously all imported flowers sold in Changsha would have been routed through the major traditional import points such as Shanghai, Guangzhou or Kunming, according to the report.28

Whether or not a move in imports to regional airports as ports of entry becomes a trend, or whether Shanghai, Beijing and Guangzhou remain the only important ports of entry, remains to be seen.

Export Details

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**China Fresh Cut Flower Exports: Top 10 Destinations by Value**

![Bar chart showing China fresh cut flower exports by value for 2016 and 2017, with Japan, South Korea, and Thailand being the top three destinations.](image)

*Source: China customs data for all exports falling under HS code 0603*

**Mainland China Fresh Cut Flower Top 10 Export Destinations by Volume**

![Bar chart showing mainland China fresh cut flower exports by volume for 2016 and 2017, with Hong Kong, Japan, South Korea, and Thailand being the top three destinations.](image)

*Source: China customs data for all exports falling under HS code 0603*

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7. Retail and B2B Ecommerce

Traditional Retail

Flower sales in China ranges from a street vendors selling a few stems of lilies off the back of a bicycle, to ultra high-end florists in urban shopping malls.

In Shanghai, China's top flower market, there are an estimated 3,800 flower shops.\(^2\) It is anecdotally reported that the number of retail florists in tier 3 and 4 cities is growing briskly.

High-end florists in China see themselves as the trendsetters in terms of types of flowers, colors, arrangement style – with photos of their arrangements being shared though China's highly developed social

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networking services and serving as inspiration to ecommerce companies and florists in smaller cities.

There is said to be a lack of talented florists to staff these high end retail outlets. There is not a strong educational system to train florists in China.

From the perspective of exporters to China, high-end retail is an important segment. These florists, which tend to be located in modern shopping malls adjacent to the most expensive downtown residential developments, are highly focused on the gift market, where customers are more likely to want to spend a lot of money in order to make a statement. Therefore the proportion of imported flowers used by high-end florists is high.

Customers at these high-end florists can easily spend several hundred dollars on a single arrangement. Spring Florist is a retailer with several shops in Shanghai, including four shops adjacent to locations of City Super, a premium supermarket originally from Hong Kong. The bouquets at Spring Florist start from around $61 (RMB 400). At The Beast, which is both a premium, gift-oriented flower ecommerce company, but also runs high-end retail shops, the cheapest bouquets available at a retail shop can be as much as $123 (RMB 800 each), with ‘mid-range’ bouquets reaching above $153 (RMB 1,000).

The Beast, which started out as an online flower seller, is now one of the larger retail floral chains in China. Another high-end chain with many outlets, Roseonly, also started out solely as an ecommerce operation.

Lack of Supermarket/Hypermarket Cut Flower Retail

In contrast to the West and some neighboring Asian countries, it is very rare to see a cut flower display at a Chinese supermarket or hypermarket. Produce section managers for even very upscale supermarkets say that they are wary of the high shrink of flowers, especially in the context of low demand for daily flower use among Chinese consumers. They also feel they lack the expertise necessary to deal with flowers.

A few caveats to the above statement:

- Some hypermarkets in China (for example, Carrefour) do carry potted flowers or other plants.
- As alluded to above in discussion of Spring Florist and City Super, some high-end supermarkets do have a florist adjacent to (but not inside of) their retail space.

Ecommerce

Private Chinese research firms that have tried to measure the size of China’s flower ecommerce market have arrived at vastly different numbers. For example, a firm named iiMedia Research concluded the market was worth $3.62 billion (RMB 23.55 billion) in 2017. Another firm, iResearch, measured the market size in 2017 at $1.91 billion (RMB 12.41 billion).
While estimates of the ecommerce market size differ vastly, what most observers tend to agree on is that ecommerce is both the segment that holds the greatest potential for growing the industry, but is also currently the segment that faces the most challenges:

- When Chinese consumers buy something online, they want the product they receive to look exactly like the photo. This is a challenge for ecommerce companies buying many different types of flowers from many different suppliers.
- Breaks in the cold chain, lack of capacity and general rough handling of packages can lead to quality problems during transportation and delivery.
- Many consumers would still prefer to touch, smell and see the flowers in person
Flower Subscriptions

Companies like Flowerplus and Reflower that promote subscriptions for personal use, “are opening up the market for consumers who have maybe never bought flowers before,” says a Shanghai-based importer. “And they make it cheaper than a cup of Starbucks coffee – and that includes the delivery fee.” Many in the industry have therefore pinned their hopes on the services as a way to mainstream the idea of using fresh flowers as a daily home decoration and raising per capita expenditure.

But, subscriptions services are competing with each other for market share by offering artificially low prices and covering the gap with venture capital funding. But even selling at a loss, their products are too inexpensive and they use a lot of low quality flowers, which is one factor in discouraging domestic farmers to upgrade to better techniques and higher quality and more diverse varieties.

But, apparently weary of unreliable profits amidst brutal price competition, major flower subscription sellers like FlowerPlus are beginning to shift toward marking a wider range of gift bouquets for special occasions and more expensive subscription products. This may signal that these companies will purchase more imported flowers in the future as they raise the price and quality of their products.

Key Ecommerce Enterprises

B2C-Gift Focused

Roseonly
http://www.roseonly.com.cn/
As its name implies, Roseonly specializes in roses, specifically imported Ecuadorian roses. It is focused on the gift market, and offers pre-made and custom bouquets, as well as preserved roses and jewelry through its own website, WeChat mini-program and shops on the JD.com and TMall platforms. It also operates more than 30 retail locations across China. On average, Roseonly prices its roses at $15 (100 RMB) per stem.

The company uses a marketing ploy in which, once a customer places an order, they will not be allowed to change the recipient name for any future orders. The idea is that giving the gift of a Roseonly bouquet signals a lifelong commitment to the recipient.

The Beast 野兽派
http://www.thebeastshop.com/
The Beast also sells many roses among other imported flowers. Each rose stem is sold at an average price of $15 (100 RMB). Products are sold on its official website, JD.com, TMall and over 28 retail stores across China. Apart from selling flowers, its business also covers home decor, fragrances and jewelry. The Beast built its reputation by sponsoring and designing celebrity weddings.

B2C-Subscription Focused
Flowerplus 花加
https://www.flowerplus.cn/
Founded in 2015, Flowerplus is a pioneer in flower subscription services, covering 202 cities in China, and has been a champion of developing the daily use market. According to its own statistics, more than 3.5 million individuals have used or are using its subscription service, mostly women born after 1985. Subscriptions for weekly flower deliveries are sold through its official Wechat account,
and range from $12 (79 RMB) to $261 (1699 RMB) per month. Flowerplus has a 10,000m² warehouse in Kunming and bought more than 70m stems of flowers from Yunnan in 2017.

It also has distribution centers in Beijing, Shanghai, Shenzhen, Wuhan, Ji’nan and Chengdu. Flowerplus has reportedly experienced financial struggles, loss of talent and image problems over the past year.

Read more:

ReFlower 花点时间
http://www.reflower.com.cn/
Founded in 2015, Reflower claims to have sold 300 million stems of cut flowers in 2017. Subscription prices come out to $3.85 to $5.85 (RMB 25 to 38) per bouquet. Flowers come from farms in Yunnan such as Van Den Berg Roses. The target audience is younger professional women.

24tidy 泰笛鲜花
https://www.24tidy.com/
24tidy’s main customers are women aged 25-30. Apart from flower subscription, 24 tidy also provides services like laundry pickup and rental potted plants for special occasions. The company emphasizes its delivery service, composed of 1,300 young, handsome, male college graduates. Subscription pricing starts from $15 (RMB 98) for 4 bouquets per month.

Wire Service/Order Relay (Known in China as B2B2C)

AmorFlora 爱尚鲜花
http://www.iishang.com/
Founded in 2008, AmorFlora offers flower subscriptions and gift bouquets to consumers across China through a network of flower shops that the company claims covers 600 cities and includes 12,000 florists. Starting at $30 (RMB 199), its least expensive one-a-week monthlong subscription service is twice the price of the least expensive monthly subscription from Flowerplus.

B2B

EasyFlower 宜花
http://www.easyflower.com/
EasyFlower is mainly a B2B company that provides a simple way for wholesalers and retailers to buy their inventory online, including via the WeChat app (see photo). The company, which has an origin distribution facility in Kunming and distribution centers around China, mainly deals with domestic flowers, but also sells some imported flowers. In addition to the B2B ecommerce business, EasyFlower also runs B2C flower subscription

http://www.chinadaily.com.cn/a/201804/12/WS5acebe80a3105cddf6517cda.html

https://36kr.com/p/5089012.html
and wedding floral services. The company says it has the capacity to transact about 1.5 million stems per day.

24hua.cn 24鲜花上线
http://www.24hua.cn
Another B2B provider with online procurement options, which is more import-focused than EasyFlower.

Royal FloraHolland
Royal FloraHolland launched a new Chinese-language WeChat-based B2B selling platform in mid-2018 that promises to join its member growers around the world with Chinese buyers, who can place their orders in RMB.

Platforms

JD.com and Tmall
These two platforms, run by China’s two dominant ecommerce companies, offer digital shopfronts for companies to list a wide range of goods. Each one has a fresh goods channel with a floral subcategory, which feature a wide range of flowers and arrangements from sellers across China. Most of the major flower ecommerce companies also maintain shopfronts on Tmall and/or JD.com. JD.com also sells some flowers under its own name with its own inventory and fulfillment. There are also some flower sellers operating on Alibaba’s Taobao platform.

Meituan, Ele.me, JD Daojia
These app-based services offer a way for local businesses to list products and offer delivery within a limited radius. They are an important way for small florists to offer home delivery to customers without the cost of keeping a dedicated delivery driver on staff. For more information, see Section 5 of this report.
Even a decade ago, consumption of fresh cut flowers in China was dominated by government and business use. Government consumption, in the form of floral arrangements at lavish official banquets and meetings, was by some accounts, as much as a third of China’s fresh cut flower market. However, since Chinese President Xi Jinping launched an anti-profligacy campaign in 2012, government consumption has tumbled to perhaps 10% of the total. For whatever government consumption that still remains, there is strong political pressure to use domestically grown flowers.

Although this crackdown caused a difficult few years for the industry, much of the pain was offset by a coinciding rise in personal consumption. The steady climb in personal consumption in recent years has been fueled by steady economic growth, a growing middle class, and the entrance into the labor force of younger generations that are more likely to embrace gifting flowers for holidays as well as buying themselves flowers for daily use.
The major segments in which imported flowers are consumed, from largest to smallest share, are:

1. **Gift**: Largely by high-end florists in 1st or 2nd tier cities, but also through some of the more upscale ecommerce offerings, like The Beast or Roseonly (see previous section).
2. **Wedding**: Imported flowers are only used for relatively upscale ceremonies
3. **Daily use**: Still small (<10%), but growing fast. Though domestic flowers are much cheaper, imports can provide pleasant variety to products such as flower subscriptions.
   a. Ecommerce companies such as Flowerplus and Reflower have heavily marketed flower subscription products, in which the customer receives flowers on a weekly basis.

China’s current annual per capita expenditure on cut flowers is estimated to be less than $5. In fact, many estimates place per capita consumption lower than $1. Nevertheless, in first tier cities, middle class consumers commonly gift bouquets of RMB 300 or more.

In a major contrast to the US and Europe, consumers of flowers (and florists themselves) in China tend to be young – in their 30s or younger.

- Consumers born after 1985 are now entering the labor force and are showing a higher level of participation in the practice of giving flowers for the three major romantic holidays.
- For subscription services and other personal daily use, the average consumer is young, female and well-educated.
  - Flower ecommerce company Reflower reported that among its weekly flower delivery subscribers, 78.8% are women and 90% of them work in the industries of internet, finance, public relations or media.

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32 [http://www.sohu.com/a/141569677_782485](http://www.sohu.com/a/141569677_782485)
34 Taiwan Flower Report
Trends in Species and Varieties

Currently consumer demand in China is in a state of flux. Traditionally popular species for cut flower arrangements include roses, carnations, spray carnations, gerbera and lisianthus (eustoma). Demand remains strong for those traditional products, but retailers, growers and other industry observers are seeing more desire for novel species and varieties. This is especially true for high-end gifts and daily use. For festivals, preferences about species and colors are more deeply embedded (i.e. red roses for Valentine’s Day).

The following products have picked up in demand within the past few years:

- Alstroemeria have become popular in recent years leading to a boom in exports from Kenya: but domestic production in Yunnan has now picked up a lot.
- Spray alstroemeria (Florinca)
- Spray chrysanthemum
- Gypsophila: Very popular as of mid-2018, but some florists think it is a fad and will subside just in time for the market to be flooded with new production from Ecuador and Yunnan.
- Scented roses: mostly imported so far, but domestic growers are looking to license varieties.
- New rose varieties: plantation in Yunnan is shifting away somewhat from older hybrids that were longtime favorites of growers, such as Carola, Black Magic and Movie Star.
  - Two newly-introduced varieties of domestically produced bi-color spray roses from Dutch breeder De Ruiter performed better than expected on Valentine’s
day 2017, reaching retail prices of up to $2.69 (RMB 24) per stem, a record for a newly introduced rose variety

- **Pink Butterfly** (粉蝴蝶)
- **Breathtaking Bubbles** (惊艳泡泡)

However, red roses are still most popular: 40% of roses transacted through the Kunming International Flora Auction (KIFA) are red.

- Mini roses and spray roses
- Tinted roses from Ecuador and, more lately, Colombia
- Woody stemmed plants are hot lately and seem to be accelerating
  - Australian wildflowers
  - South African protea and other exotic flowers
  - Hydrangea
- Antique carnations
- Green balls

### Demand Driven by Particular Arrangement Styles

Trends in floral arrangement in China, especially in the high-end, can be driven by floral artists around the world. But, as with many other areas of fashion and culture, Korean – and to a lesser extent Japanese – floral artists are particularly likely to spark trends in China.

Within China, leading floral artists in Shanghai, Beijing and Guangzhou are likely to influence florists in other cities and designers of off-the-shelf bouquets sold by ecommerce companies.

### Cultural Aversion Toward White Flowers

Traditionally, white is a funeral color in China and white flowers would be reserved for use in funerals. It is not a hard-and-fast rule that all consumers are averse to using white flowers in other situations. For example, white lilies are relatively common and popular. And white flowers are often used in weddings to match a Western-style white gown. However, it should be noted that white flowers generally don’t perform as well in China compared to other markets.

### Peak Purchasing Times

Generally the peak buying season for fresh cut flowers in China starts from early November with the November 11 ‘Singles Day’ annual shopping holiday, and runs through Christmas, the solar New Year, the lunar New Year in January or February and to Western Valentine’s Day on February 14. There is another peak in May for Mother’s Day and the May 20th
“Internet Valentine’s Day” holiday. Generally, the lowest demand comes during the summer months, especially after the May peak and prior to Qixi ("Chinese Valentine’s Day) in August.

Many exporters to China complain that there is sometimes almost no slack season demand from China. Demand can peak by up to 20 times during festivals, especially, Valentine’s Day, May 20th (5.20) and Qixi (Chinese Valentine’s Day). For more information about these holidays and festivals, see Appendix G.

A ‘Typical Romantic Holiday Bouquet?’

- Ele.me is a nationwide app-based service that provides local delivery services for a range of items such as prepared food, groceries and fresh flowers. In 2017, it released an analysis hundreds of thousands of fresh flower delivery orders processed through its platform in order to examine rose gifting behavior during romantic holidays in China. It arrived at the following conclusions about bouquets containing roses:
  - **Color:** Red roses comprised 73% of roses gifted to a significant other, followed by 11% yellow, 8% pink, 6% blue and 2% white.
  - **Stems per arrangement:** Popular numbers of stems per arrangement include 11 (symbolizing two individuals coming together), 19 and 99 (the number nine can symbolize “long lasting” love).
  - Popular flowers to accompany roses for romantic bouquets include: forget-me-nots, gypsophila, carnations, lilies and China pinks.

9. IP and Government Policy

Central Government Policy

The government’s current Thirteenth Five-Year Plan strongly emphasizes the development of modern agriculture, and it would not be a surprise to see an equal or even stronger emphasis in the next Five-Year plan due out in 2021. However, there is some question as to how much the government prioritizes floriculture within the broader agricultural industry.

Madam Jiang Zehui is President of the China Flower Association and has been a strong proponent of the flower industry. Her relatively high influence stems from the fact that she is the adoptive sister and biological cousin of former Chinese President Jiang Zemin. But she is 80 years old and rumoured to be retiring soon from her position at the China Flower Association, leaving in doubt whether the floriculture will continue to receive much attention in the future at a national level.

In Yunnan, where floriculture is an important source of income for the rural poor, the government is more organized and has more in the way of formal support structures for the

37 http://www.sohu.com/a/168814152_310877
flower industry. Elsewhere, it’s hard to identify a strong national or provincial-level body that promotes or lobbies on behalf of the flower industry.

Yunnan Flower Industry Office Contact:
Ms Wu Mingying
23F, Fengyuan Building, Renmin Zhong Lu, Kunming, Yunnan
Tel:+86-871-65355876
Mobile: 13888786672
Email: hhyc@sina.com

IP (Intellectual Property)

Plant Variety Rights (PVR)
China is a party to UPOV 1978 treaty, but not the 1991 treaty (reportedly mostly because it does not wish to give up farmers’ privilege). Flower varieties do not have their own laws in China, but are protectable under its PVR regulations (中华人民共和国植物新品种保护条例). Individuals, corporations and some other types of entities can apply for PVR for a flower variety with the Ministry of Agriculture (农业部) for herbaceous plants and through the National Forestry and Grassland Administration (国家林业和草原局) for woody stemmed flowers, provided the variety meets the tests of distinctiveness, uniformity and stability.

This is a complex process that will require a local attorney or consultant.

Trademark

The brand name of a flower can be registered as a trademark in China. Additionally, in theory, if a new flower of a distinctive shape/color was developed, its shape/color should be able to be trademarked in China. Scent cannot at this time be trademarked in China.

Enforcement Gaps
As with many other spheres of regulation, China has relatively robust rules surrounding intellectual property, but has historically struggled with enforcement. In the past the bulk of the violations of flower breeder’s rights would have affected variety owners based in other countries, so there was not strong motivation to shore up enforcement.

39 https://www.hg.org/article.asp?id=32879 Fact checked with Dr Sun
Some foreign producers and industry consultants based in China say that attitudes are changing and authorities would like to strengthen enforcement. This is because more new varieties are being introduced by private domestic breeders and government-backed research institutes, which sometimes have their funding levels tied to how many new varieties they can register. Additionally, KIFA, a state-invested enterprise, is generating income from variety royalties.

However, a big problem, according to an employee of a major grower and variety rights owner operating in China is, “at the moment there are not enough people in the government who know how to enforce the regulations.” Indeed, according to European Seed, China’s PVR system processes the second highest volume of new variety applications globally each year, after the European Union system.40

**PVR Success Stories**

Demand for new flower varieties in China is big and going up by the day. Many companies have chosen to ignore the risks and go ahead with licensing of their PVR in China. And many appear to be generating healthy revenue streams in China. Some examples of companies licensing varieties in China include:

- Armada Young Plants (Holland)
- De Ruiter (Holland)
- Dümmen Orange
- Selecta (Germany)
- Meilland (France)
- Schreurs (Holland)

The Kunming International Flower Auction (KIFA) says that about 12.5% of its annual volume transactions of roses are protected varieties.41

**Case Study: The KIFA Three-Party Rights Protection Scheme**42

Though critics say it contains some holes, the ‘Three-Party’ variety licensing scheme introduced by KIFA in 2006 has played an important role in introducing new varieties of rose 43 to Yunnan and has generated significant royalties, including for several foreign variety rights owners.

- Under the scheme, KIFA acts as the intermediary between variety owners and growers.
- Variety owners hand over the China licensing rights to KIFA and growers agree to only sell the protected variety exclusively through KIFA.
- For each variety, growers must pre-apply to KIFA to register the plantation area and expected production quantity.

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41 Taiwan Report
42 https://www.sohu.com/a/216568532_465390
43 http://www.kifa.net.cn/news.do?method=show&contentId=71550
• KIFA automatically deducts the licensing fee and pays it to the variety owner when the growers sells the flowers at auction (minus a 10% commission KIFA pays to itself for the service).
• More than 6,000 small farmers participate in the scheme.
• KIFA has helped to negotiate royalty reductions with variety owners in bad seasons, as well as helping variety owners pursue action against growers found to be violating the owners’ rights.
• Dummen Orange and De Ruiter are part of the scheme from the breeder side, with De Ruiter collecting up to 60% of the total royalties generated to variety right owners under the scheme. Strong domestic breeders like Yangyueji and Yunxiu have also benefited.
• The scheme started with roses only, and then expanded to add gypsophila and will next add gerbera.

Tackling a Rights Violation

According to a Beijing-based intellectual law lawyer, the first action by a party that believes its varietal rights have been violated in China is to file a complaint with the China Ministry of Agriculture’s PVR office. The office may then take up the matter with the defendant and file an administrative action (or criminal in serious cases). If the PVR office declines to take the case, then the PVR owner can file a lawsuit against the infringer seeking injunctions and damages.

However, as mentioned earlier, enforcement can be difficult due to a large volume of variety applications and a shortage of well-trained and experienced staff at all bureaucratic levels. Pursuing violations across provincial lines can reportedly bring additional challenges because plaintiffs need to bring the case in the province where the violation occurred, where the courts may be more friendly to the defendant as a local individual or company.

Tariffs

Cut flowers imported into China are subject to a 10% tariff and an 10% value added tax (VAT) for WTO member nations. Because the VAT is added on top of the tariffed value, the comprehensive import levy on flowers is 21%. Several exceptions, mostly as parts of Free Trade Agreements (FTAs) are listed in Section 6 of this report under individual descriptions for countries of origin of China’s fresh cut flower imports.

44 [http://www.greentimes.com/green/econo/hcyl/xptj/content/2018-01/16/content_372809.htm](http://www.greentimes.com/green/econo/hcyl/xptj/content/2018-01/16/content_372809.htm)
47 Taiwan report
48 [https://www.sohu.com/a/216568532_465390](https://www.sohu.com/a/216568532_465390)
Customs and Quarantine

Most importers will retain an import agent for customs and quarantine clearance. Agents have specialized knowledge/skills and relationships with the specific officials at the airport.

Some customs and quarantine fees are flat-rate regardless of the size of the shipment, so they can get expensive for companies importing small volumes.

Customs and quarantine practices for flowers vary according to the port of entry, including restrictions on import of certain types of flowers through some ports, but no such restriction at other ports. Cold chain treatment also varies (see Section 5)

- Shanghai’s Pudong has a good reputation amongst importers for speed of customs clearance, know-how in dealing with flowers, and availability of cold rooms. But it still lags behind world airports like Miami and Amsterdam in terms of equipment, skill and experience for handling fresh cut flowers.
  - A Shanghai importer interviewed in mid-2018 said that officials at Pudong airport perform spot inspections of fresh cut flower shipments. If a possible quarantine problem is discovered, the whole shipment will be inspected. If the problem is not widespread, they will often destroy the few problematic cartons and let the rest of the shipment pass through.

- In 2015, domestic media reported that the Guangzhou airport had introduced a streamlined inspection and quarantine process specifically aimed at getting imported fresh cut flowers through more quickly.

Subsidies

Growers in Yunnan province (both foreign and Chinese) can apply each year to waive the tariff for all flower seeds, bulbs and young plants they will be using for their own production. The tariff waiver application is submitted each year to the Department of Agriculture and approved based on factors including the previous year’s reported output. This subsidy is not available to growers in other provinces.

Some foreign growers say there are other hidden subsidies that local governments give out to domestic growers, but exclude foreign growers from receiving.
Appendix A: Notable Producers

Aibida 云南爱必达园艺有限公司
Qujing, Yunnan
Produces mainly potted flowers such as mini roses, Anthurium, Phalaenopsis and calla lilies. 494 acre fresh cut flower production base is being built in Qujing. By the end of 2018, it will have 44 acres of smart greenhouses, with annual production of 20 million potted plants, 40 million cuts flowers, and annual production value of $37.6 million.
http://www.aibida.cn/

Fomdas Holding Group Co., LTD. 云南丰岛花卉有限公司
Fumin, Kunming, Yunnan
Fomdas produces 25 million seedlings, about 20 million fresh cut chrysanthemums, and 300 thousand potted chrysanthemums each year. The annual output value is more than $37 million. The products are sold mainly in Japan, South Korea, Russia and the domestic market. 42 acre production base in Fumin, nearby Kunming.
http://www.fomdas.com/company/584628cc79d4f129.html

Hongzhihua Gardening Co Ltd 昆明虹之華園藝有限公司
Songming, Kunming, Yunnan
Mostly produces chrysanthemum seedlings and cuttings and fresh cut chrysanthemum for export to Japan, as well as some calla lily bulbs. 52 acre production base in Songming county, Kunming. Also has smaller production operations in Shanghai and Hainan.
http://en.zhongguoujuhua.cn/

Jinyuan Flower 云南锦苑花卉产业股份有限公司
Kunming, Yunnan
Produces fresh cut flowers including carnation, rose, lily, gerbera and Lisianthus. 329 acre carnation production base in Shilin county, Kunming, and 165 acre rose production base in Anning, to the west of Kunming. It is also part owner of Kunming International Flora Auction Center (KIFA).
http://www.yunnan-flower.org.cn/company_de pict/62.html

Kunming Brighten Floriculture Ltd. 昆明缤纷园艺有限公司
Chenggong, Kunming, Yunnan
Hong Kong-invested company that has over 20 production bases across mainland China. The company mostly deals with seedlings, bulbs, potted flowers, and cut flowers.
http://www.brighten.cn/index.asp

Kunming Trifecta Orchid Nursery Co. Ltd 昆明真善美兰业有限公司
Songming, Kunming, Yunnan
A Taiwan-invested operation that mostly produces cutted, potted and young plants of Phalaenopsis. 3 acre Phalaenopsis nursery greenhouse.
http://www.kmzsm.com/lx.html

Mile Pingyuan Floriculture Company 弥勒品元园艺有限公司
*Mile, Yunnan*
Produces mainly fresh cut roses and has around 60 employees. 7 acre greenhouse base in Mile.

Mingzhu Flower Company 玉溪明珠花卉股份有限公司
*Yuxi, Yunnan*
Mostly produces Lilies seedlings and fresh cut lilies. Products are sold in domestic cities and are exported to Japan, Russia, Singapore, Thailand, Hong Kong as well. 823 acre lilies bulbs cultivation bases in Qujing, Yuxi, and Zhaotong. 49 acre greenhouse for fresh cut lilies production.
http://yuxi.nongqiwang.com/

Ruiyuan Huahui 云南瑞园花卉产业有限公司
*Tonghai, Yuxi, Yunnan*
Mostly produces fresh cut lisianthus and claims to be the biggest lisianthus producer in Yunnan Province. 413 acres of combined production at three locations in Yuxi and Honghe prefectures. Each lisianthus is sold for an average price of $0.28.
http://www.ryhh.cn

Yinmore Group 云南英茂现代农业有限公司
*Taiping, Kunming, Yunnan*
Mostly produces carnation seedlings and fresh cut carnation. Claims to control more than 50% of China’s carnation seedlings market, as well as act as a distributor in China for breeders from the Netherlands, Japan, Spain, Italy and Israel.
http://www.yinmore.com/cy/i=13&comContentId=13.html

Yangyueji Floriculture Co. Ltd 昆明杨月季园艺有限责任公司
*Kunming/Yuxi, Yunnan*
Produces mainly rose, hydrangea, King protea, Australian wax and other cut flowers, cuttings and cut leaves, for domestic consumption and export, with an annual output of more than 15 million fresh cut flowers. Holds PVR for 46 varieties of rose and 9 varieties of hydrangea. 445 acre production base in Yangzong, near Kunming and 98 acres in Yuxi. It has over 150 employees.

Yunnan Yunxiu Flower Co. Ltd 云南云秀花卉有限公司
*Yuxi, Yunnan*
Produces mostly roses. 128 acre plantation base for roses and has over 100 employees. The company produces and sells more than 40 million roses fresh cut flowers each year. Also a noted domestic breeder.
http://www.ynyxhh.com/
Yuxi Chunmanyuan Flower Industry Company  玉溪春满园花卉产业有限公司
Yuxi, Yunnan
Produces mostly roses and gerbera and has over 100 employees. Flowers are exported to Russia, South Korea, Japan, and Australia. Starting in 2017, the company forecasts to increase flower plantation by 50-66 acres each year.

Foreign-Owned Producers

Kunming Anthura 昆明安祖花园艺有限公司
Songjie Town, Songming County, Kunming
Netherlands-based Anthura is a global leader in breeding and production of Anthurium. Its 135-acre facility north of Kunming was originally established in 2006 and is mostly involved in producing potted Anthurium for retail and wholesale and Anthurium young plants and bottle plants for sale to growers of potted and cut anthurium. It markets Anthurium in China for their air purifying properties. The Kunming base also produces some other species, such as Phalaenopsis.
www.anthura-china.com

Kunming Hasfarm 昆明海盛园艺有限公司
Kunming, Yunnan
Kunming Hasfarm’s parent company Hasfarm Holdings is one of the largest and most modern floriculture companies in Asia, with operations in several countries and spanning across the supply chain. Kunming Hasfarm has 74 acres of flower production bases in Songming County, Kunming, and a new 200 acre production base in Qujing. In China the company is producing young carnations via a joint venture with Dutch company HilverdaKooij and cut flowers including carnations, Alstroemeria, tulip, and hydrangea. It will soon start growing roses in China for the Chinese market. Export markets include Japan, Vietnam, Taiwan, S. Korea and Australia. But the domestic China market is becoming increasingly important for Hasfarm’s China production. Around 30 million stems of flowers are produced each year in China and the company has around 600-650 employees in Yunnan. Hasfarm also has larger production bases in Dalat Vietnam, and new production in Indonesia.
Read more: http://www.producereport.com/article/hasfarm-holdings-pan-asian-flower-power

Lynch Group 林奇集团
Jinning, Yunnan
Lynch Group of Australia has a 33 acre (13.3) ha production base in Jinning, which includes production of cut roses and carnations. All of its cut flower production is apparently exported to Australia to be fed into Lynch Group’s distribution business there. Lynch has also started importing Australian wildflowers into China to be sold under the “Old John” brand name.

Van Den Berg Roses 昆明方德波尔格玫瑰花卉有限公司
Yiliang, Kunming, Yunnan
Mostly produces roses, Cymbidium, cut and potted anthurium, tulips, curcuma and amarllis. 50 acres of production base and is expected to increase to 150 acres within the next five years. The company currently has an annual output of 30 million roses, 3 million anthurium, and 800 thousand potted plants. Aside from being consumed in the domestic market, its flowers are also exported to Japan, South Korea, Thailand and Australia.

http://www.vandenbergroses.com/

Yuxi De Ruiter Flower Co., Ltd 玉溪迪瑞特花卉有限公司
Yuxi, Yunnan
Part of a well-known Dutch breeder and supplier. Its China operations are largely engaged in producing young rose plants for the Yunnan flower industry, but it also produces a small amount of cut roses. The company is rumored to be considering expanding its China operations in the near future. It is one of the most prominent rose variety rights licencers in China,

Appendix B: Industry Suppliers and Consultants

Focusun
Shanghai, refrigeration equipment, vacuum coolers
http://www.focusun.com

Hoogendoorn Asia
Beijing, Climate, water and dosing management systems.
info@hoogendoorn.asia
www.hoogendoorn.asia

MMLC Group
Beijing, Intellectual Property Lawyers and Consulting
Matthew A. Murphy, Managing Partner
mmurphy@mmlcgroup.com
https://mmlcgroup.com/

Oritech
Beijing, glasshouse/greenhouse construction
http://www.oritech.cn

Priva Asia
Beijing and Shanghai, climate, water and dosing management systems
info@priva-asia.com
http://www.priva-asia.com

Ridder China
Shanghai, greenhouse drive systems, plus climate, water and dosing management systems
sales@cn.ridder.com
https://ridder.com/en/page/contact

Sanxing Greenhouse Engineering
Kunming, Modern Greenhouse Construction in Yunnan
http://www.sanxing-greenhouse.com/
Appendix C: Importers and Major Purchasers

**Multi-City**

**Royal FloraHolland China** (Shanghai FloraHolland Trading Co., Ltd.)

*Martijn van Os* 牛谨
General Manager

Room 307, No. 309 Hankou Road, Shanghai, China

室上海市黄浦区汉口路309号412室

T: +86 15618942050
E: martijnvanos@royalfloraholland.com

Acts as a representative, distributor and logistics provider for FloraHolland members to sell product direct to the China market. Also imports and sells flowers. Deals with product from Holland, Kenya, South Africa, Italy, Columbia, Ethiopia. The company has cold storage and distribution facilities in Shanghai, Beijing and Guangzhou, and counts several B2C and B2B platforms among its customers. Also has a new online B2B purchasing tool in Chinese to offer real time pricing and inventory information from farms around the world to Chinese buyers.

**Jiuye Supply Chain** 九曳供应链

5th Floor, Tower B, Building 9, No. 3131, Jinshajiang Road, Jiading District, Shanghai

上海市嘉定区金沙江路3131号9号楼B座5楼

www.jiuyescm.com/

In addition to offering purchasing, cold chain logistics, processing and packaging services to the domestic industry, also imports flowers – mainly from Kenya and South Africa, but also roses from Ecuador and Colombia.

**Flowerplus** 花+

*Hedy Song* 宋洛颖
Imported Flower Purchasing Director

4F, Building #2, No. 679, Hewang Road, Jiading District, Shanghai

https://www.flowerplus.cn/

T: +86 18621064638
E: songluoying@flowerplus.cn

Imports mainly from Holland, but also Ecuador, Colombia, South Africa, Ethiopia and Portugal. Imports only account for about 10% of their purchasing and are mainly for custom orders or higher priced products offered during festivals such as *Qixi* (Chinese Valentine’s Day). For more information, see Section 7.

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Beijing

24 Floral (Beijing) Online Co. Ltd. 24鲜花在线
Luo Nan 罗楠
Vice General Manager
Room 9059, Jingchao Building, No. 5, Nongzhan South Road, Chaoyang District, Beijing, China
http://m.24hua.cn/index.php
T: +86 13811562492
E: luonan@24hua.cn
Through its own B2B online platform, supplies a wide range of imported cut flowers including roses, hydrangea, carnation, orchid, lisianthus, tulip, and gypsophila.

Beijing Jingke Hongxiang Trading Co Ltd
Chen Yingxu, General Manager
Tel: 86 10-8585 5291 /Fax: 8610-5201 1631
MP: 86 13911530783
Cut flower and preserved rose importer.

Beijing Cathay Bloom (Dongfang Huida) International Trading Co Ltd. 北京东方卉达国际贸易有限公司
Contact: 宋孝臣
MP 86 13911012857
Email: cb@cbloom.com.cn
Website: www.cbloom.com.cn
Cut flower importer.

Beijing Beautiful Agriculture Co., Ltd 北京世纪嘉韵科技发展有限公司
No. 79 Suiyuan, Chunhuiyuan, Shunyi District, Beijing
北京市顺义区春晖园-随园79栋
T: +86 13436307985
E: heidi@bba99.com
http://www.bba99.com/
Serves as the agent of many well-known foreign breeders from with the Netherlands, Belgium, Germany, Italy, Spain, the United States, New Zealand, Israel, Malaysia, South Korea and other countries. Main products are hydrangea, Crane’s-bill, Saffron, Begonia, Fuchsia, Calla Lilies, Lilies, Hippeastrum, Tulips, Hyacinth

Beijing Green Agriculture Co., Ltd. 北京绿尔农业科技开发有限公司
Room 401, Block A, Kaichi Building, No. 2, Jiafu Road, Daxing Industrial Development Zone, Beijing
北京市大兴工业开发区金辅路甲2号凯驰大厦A座401室
Supplies lilies, tulips, gladiolus, amaryllis, hyacinths, and narcissus and other kinds of flower bulbs from Holland, France, Chile, and New Zealand.

Beijing Youxin Baihui Technology Co. Ltd. 北京优信佰汇科技有限公司
Unit A021, Huantie Art City, Chaoyang District, Beijing
北京市朝阳区环铁艺术城A021号
T: +86
E: yulialee@foxmail.com  lynn_hou@foxmail.com
Supplies imported flowers from Holland, Kenya (roses), South Africa, and Ecuador (roses) and Colombia (carnations) to the China market.

Beijing Apsaras Horticulture 北京飞天苑花卉销售中心
Sun Huimin 孙慧敏
Beijing Chaoyang District, Chaoyang Beilu 107#yuan, Building 53, Room 203, 100123
北京市顺义区李桥镇沿河村
T: +86 13718586661
E: flysky8899@vip.sina.com
http://www.ftflower.com/export1.asp
Supplies imported bulbs, cuttings, and seeds.

Beijing Sangu Horticulture Co.,Ltd 北京山谷园艺有限公司
Ni Fenglei 倪风雷
General Manager
Room 2508, Zone 2C, Wangjing SOHO Tower, Chaoyang District, Beijing
北京市朝阳区望京SOHO塔2C区2508房间
T: +86 1084786817
E: fred@chinasangu.com
http://www.chinasangu.com/
Supplies imported bulbs (Lilies, Tulips, Hyacinths, Grape Hyacinths, Gladiolus, European Narcissus, Hippeastrum, Colored Calla Lilies, Flowering Allium, Flower Fritillaria).

Beijing Sunny Agriculture Co.,Ltd 北京五洲翔远农业发展有限公司
Fu Xiaoyu 付小宇
Vice General Manager
Room 806, Building 6, Tianchang Park, Chaoyang District, Beijing
Beijing Bozon Agriculture 北京博众农业科技有限公司
Xu Boqiang 徐博强

Beijing International Flower Port
北京国际鲜花港
T: +86 10-51659291
E: bof@bozon.net.cn
http://bozon.net.cn/

Supplies imported flowers from Holland, Belgium, and Norway.

Shanghai

Shanghai Hua Han Flower
Contact: Changtian Wu, Owner
Tel/Fax: 86 21 60711822
Email: flower-shanghai@163.com

Identifies itself as one of the top one or two importers in Shanghai. Currently mainly imports from Ecuador, Holland and Kenya. In total, imports from more than 10 countries, including Australia, South Africa, Spain and Italy. (“for Huahand, the GM said during the normal month, it is only at 30,000-50,000 stem per month, while during the peak season, they would order 300,000-400,000 tems, 10 times of the low season.”)

Mimame 爱自己
Alejandra Garcia Olivo
+8615895838526
alejandrag@mimameroses.com
258 Gaohe Road, Pudong New District, Shanghai
上海浦东新区高荷路258号
http://www.mimameroses.com

Specializes in Ecuadorian rose and gypsophila, but also importing flowers from Holland, South Africa and Colombia, as well as foliage from Italy. Wholesales and sells direct to customers via WeChat shop.

Shanghai Easto Flower
Contact: John Li, managing Director
Shanghai Hezhong International Co. Ltd. 上海荷中经贸发展有限公司
Contact: Liu Bin 刘斌
General Manager
Shanghai Hezhong International Co. Ltd.
Room 912, 1482 North Zhongshan Road, Shanghai, China
中国上海市普陀区中山北路1482号B-912室
T: +86 21-61171401
E: info@hezhong-international.com
http://www.hezhong-international.com/
Specializes in importing Dutch flower bulbs, young plants.

Other Cities
Dalian Haiming Horticulture Co. Ltd. 大连海明园艺有限公司
Guo Mingzhe 郭明哲
Operation Manager
26-10, Shahekou District, Zhenzhu Street, Dalian, China
辽宁省大连市沙河口珍珠巷26-10
T: +86 13998659282
E: haimingh@126.com
Supplies imported seeds and seedlings.

Kunming Sunnybay Flower Co. Ltd. 西贝儿
Contact: Rong Huihuang 荣辉煌
No.6 Building A,Kunming International Flower Auction Trading Center
昆明国际花卉拍卖交易中心“KIFA第一街”A栋6号
T: +86 1388808001
E: info@lovesunnybay.com
http://www.lovesunnybay.com/index.aspx
Suppliers of imported bulbs (lily,tulip,hyacinth)
Wo Yao Hua 我要花
Li Huajun 李华军
Manager
Lingnan Flower Market, Fangcun Xi Avenue, Guangzhou City
广州市芳村大道西岭南花卉市场剑兰区
T: +86 020-81691308
http://www.woyaohua.net
Smaller importer/wholesaler supplying imported cut flowers from Ecuador and Kenya, including gypsophila, hydrangea, alstroemeria, and roses.

Zhejiang Licai Garden Co. Ltd. 浙江丽彩园艺有限公司
Li Qin 励琴
Sales Manager
Flower Park Jinzhuyuan No. , Chang'an Town, Haining City, Zhejiang Province
浙江省海宁市长安镇花卉园区金筑园1号
T: +86 573-87489668
E: chenxi8838@foxmail.com
http://www.licaigarden.com/
Supplies imported lily, tulip, hyacinth, Daffodil, Hippeastrum, Calla lily, peonies and others.
Appendix D: Floral Expos in China

Hortiflorexpo IPM 中国国际花卉园艺展览会
Location: Shanghai or Beijing (rotates annually)
Date: April or May
Website: [http://en.hortiflorexpo.com/](http://en.hortiflorexpo.com/)
Organized and managed by: China Flower Association, China Great Wall International Exhibition Co., Ltd., Shanghai Intex Exhibition Co., Ltd.
Size: 40,000 square meters
Number of exhibitors: ~800

Hortiflorexpo is the largest trade show for floral, gardening and landscaping in Asia, and includes strong participation from international suppliers of fresh cut flowers, propagation materials and other solutions. Many of the major Yunnan-based producers also typically exhibit. Compared to the Kunming International Flower Expo, this show features more suppliers of potted plants and horticultural supplies and solutions.

Kunming International Flower Exhibition, China 昆明国际花卉展
Location: Kunming, Yunnan
Date: July
Website: [http://www.yunnan-flower.org.cn/](http://www.yunnan-flower.org.cn/)
Organized by: China Chambers of Commerce of Foodstuffs and Native Produce, China Flower and Gardening News, Yunnan Bureau of Agriculture, and Yunnan Flower Technical Training and Extension Center
Size: 30,000 to 35,000 square meters
Number of exhibitors: 300+
English-speaking contact: Ms. Wanting MOU, 46528695@qq.com

The Kunming International Flower Exhibition, China is held concurrently with the China Home Gardening Expo and, for the first time in 2018, the China Floriculture Retail Forum. It is located in Kunming, capital city of Yunnan and transit hub for roughly 75% of China’s fresh cut flower production. Therefore, the attendees and exhibitors include a lot of local producers, including foreign-owned producers with farms in Yunnan. The 2018 edition also saw a stronger presence from China-based importers, foreign-based exporters, and domestic ecommerce companies. The concurrent Retail Forum also boosted the number of florists from around China who were in attendance as visitors. Organizers usually include opportunities to visit local producers during the expo or participate in longer study trips after the expo has concluded, but participation must be negotiated directly with the organizers.


China International Floriculture & Horticulture Trade Show( Flower Expo China)
Location: Guangzhou
Date: March
Website: http://www.hppexhibitions.com/floriculture/2018/china/
Organized by: HPP Exhibitions
Number of exhibitors: ~200

Flower Expo China is an internationally-focused show that also features attendance from regional florists in southern China. It is organized by HPP Exhibitions, which also holds a number of annual floriculture and horticulture shows around the world.
Appendix E: Regional Wholesale Markets

Guangzhou

广州岭南花卉市场 Guangzhou Lingnan Flower and Plant Market
Size: 40,900 square meter (22,000 for flowers)
Address: 57 Fangxing Rd, FangCun, Liwan Qu, Guangzhou Shi, Guangdong Province
Lingnan is China’s second largest wholesale flower market after Dounan Market in Kunming. It serves as the distribution point for many of the mid-range imported flowers entering China both by air and also by refrigerated ocean container from Vietnam. There is also a significant level of international export activity flowing out of the market. Furthermore, Guangdong is an important flower producing region in its own right (with more than 230,000 acres of land under plantation for flowers) and many flowers destined for export or other domestic markets will be sold through Lingnan. A portion of Yunnan’s production is also distributed through Lingnan to other cities in China or for export market. Roughly 0.75 to 1.5 million stems of fresh cut flowers are reportedly transacted daily through Lingnan, a large enough volume to influence flower prices in large and medium-sized cities across China.

Shanghai

Shanghai’s wholesale flower trade was formerly largely centered around the Caojiadu Bird and Flower Market, which closed down in 2017 so the valuable land it occupied in the heart of downtown Shanghai could be redeveloped. The trade is generally more scattered around the city now, but has clustered somewhat around four newer wholesale markets further outside the center of the city:

精盛花卉市场 Shanghai Jingsheng Flower Market
Size: 40,000 square meter
Address: No. 588 Liuzhou Road, Xuhui District, Shanghai (near Yishan Road)
The biggest flower market in east China. Its flower sales account for two-thirds of Shanghai’s total and one-fifth of the country’s total. Has more than 300 shops and transaction volume of $107 million.

虹桥花市 Shanghai Hongqiao Flower Market
Size: 20,000m²
Address: No. 718 Hongjing Road, Minhang District, Shanghai (near Huanghua Road)
Has over 130 shops, the majority of which sell flowers.

美陈广场 Meichen Flower Market
Address: No. 1611 Caoangong road, fengzhuang, Jiading District, Shanghai
Size: 44,000m²
Has over 300 shops, 80% of which relocated from Caojiadu flower market that was abolished in 2017.
**Lingshilu Flower Market**

Size: 21,000 square meter (7,000 square meter for fresh cut flowers)

Address: No. 1197 Lingshi Road, Jing'an District, Shanghai

Supplies both domestic and imported cut flowers.

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**Beijing**

**Wangsiying Flower Market 王四营鲜花批发市场**

Address: Wangsiying Bridge South Shenghuahonglin Wholesale Market, Chaoyang District, Beijing

The Wangsiying Flower Market is located inside Shenghuahonglin wholesale market, a large wholesale market dedicated to fresh goods. It supplies both domestically produced and imported cut flowers.

**Lai Guangyin Flower Market 来广营花市**

Address: Laiguangying Township, Chaoyang District, Beijing

Formerly known as the Xinghuo flower market. It supplies both domestically produced and imported cut flowers.

**Laitai Flower Trading Center 莱太花卉交易中心**

Address: 9 West Maizidian Street, Chaoyang District, Beijing

Size: 55,000 square meter (12,000 for flowers)

The Laitai Flower Trading Center is located in northeastern Beijing, making for convenient access to Beijing Capital International Airport.

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**Other Cities**

**Shandong Jinglin Flower Market 山东京林鲜花交易市场**

Size: 5,000 square meter (1,500 square meter for fresh cut flowers)

Address: No. 206 North Park Avenue, Ji'nan, Shandong Province

The Biggest flower wholesale market in Shandong province.

**Zhengzhou Chenzhai Flower Market 郑州陈砦花卉市场**

Size: 62,000 square meter

Address: Guoji Rd, Jinshui District, Zhengzhou Shi, Henan Province

In 2017, approximately 8061 tons (approximately 130 million stems) fresh cut flowers were transacted. 70% of the fresh cut flowers come from Kunming, about 30% from Guangdong and Hainan, Yinchuan and local every year. The annual transaction volume exceeds $90 million.

**Wuhan Flower Market 武汉花卉市场**

Size: 30,000 square meter

Address: No. 422 Xiongchu Street, Wuhan City, Hubei Province
There are more than 300 business from across the country. Annual sales are around $7.7 million (50 million RMB). It is currently the largest and most diverse flower distribution hub in central-south China.

**Shenyang Fulaimei Flower Market 沈阳富莱美花卉市场**
Size: 15,000 m²
Address: No. 7 Nanjing Street, Heping District, Shenyang, Liaoning Province
Flower hub for Northeast China and Inner Mongolia, and is currently extending its business to Northeast Asia, South Korea, Japan, and Russia. For cut lilies, most are from local production.

**Tianjin Caozhuang Flower Market 天津曹庄花卉市场**
Size: 333,333 m² (30,000 for flowers)
Address: Xiqing District Outer Ring No. 7 bridge N, Tianjin

**Xi'an Qinmei Flower Market 西安秦美花卉市场**
Size: 100,000 m²
Address: Zhangba N Rd, Yanta District, Xi'an City, Shanxi Province
Biggest flower market in Northeast China. It has 30 flower production greenhouses with more than 4,000 square meters and a trading square more than 10,000 square meters.

**Shijiazhuang Xisanjia Flower Market 石家庄西三教花卉市场**
Size: 70,912 m² (13,600 for flowers)
Address: S 2nd Ring Rd W, Qiaoxi District, Shijiazhuang City, Hebei Province
Biggest flower market in Hebei province, with more than $12.3 million (RMB 80 million) transaction volume per year.
Appendix F: Contact Information for Yunnan’s Major Production Cluster Projects

- **Luxi County, Honghe Prefecture (红河州泸西县)**
  - Project name: Yunnan Modern Flower and Plant Demonstration Park Construction Project (云南省现代花卉示范园区建设项目)
  - Contact: Liu Shengyun (刘升云), Deputy Director, Luxi County Agricultural Bureau (泸西县农业局副局长), Mobile: 13987357679

- **Mile City, Honghe Prefecture (红河州弥勒市)**
  - Luo Yun (罗云) Director General, Mile City Agricultural Bureau (弥勒市农科局局长), Mobile: 13988089535

- **Kaiyuan City, Honghe Prefecture (红河州开远市)**
  - Liu Cheng (刘成), General Manager, Honghe Chuangsen Plateau Characteristic Agricultural Development Co Ltd (红河创森高原特色农业开发有限公司总经理), Mobile: 13888850280

- **Lijiang City (丽江市)**
  - Zhao Hui (赵慧), Lijiang City Agricultural Bureau (丽江市农业局), Mobile: 13708826785
Appendix G: Key Holidays and Festivals for Flower Sales

- **Spring Festival (mid January to late February)**
  
  *Popular flowers: Lilies, Carnations, tulips, Phalaenopsis*
  
  - The lunar New Year celebration, known as Spring Festival, is a 7-day-long holiday period. For many people working away from their hometowns, it is the one time per year they will see their families.
  
  - The lead-up to the festival is a time to do some spring cleaning and mark the renewal of a new year, which people will increasingly choose to mark by decorating their homes with some fresh flowers.
  
  - Just before and after the festival period is also a peak time for weddings, which also contributes to a rise in flower consumption\(^5\).

- **Western Valentine’s Day (Feb 14)**
  
  *Popular flowers: roses*
  
  - Western Valentine’s Day has grown into a popular holiday in China, especially those born in the 1980s or later.
  
  - One survey of users by a Chinese online dating service found that flowers were considered to be the second most popular gift for Valentine’s day, after jewelry and before cash.
  
  - Following Western tradition, roses are a top choice.
  
  - At this time of year, cold weather suppresses domestic production, the import supply is tight and prices are high due to Valentine’s Day demand from other markets, and therefore domestic wholesale and retail prices can see very large spikes.\(^4\)
  
  - **NOTE:** if Valentine’s day coincides with the Spring Festival celebration, demand is generally not as heavy because many people are visiting their families and not together with their romantic partners. Furthermore, many retailers and shipping companies are closed during Spring Festival. For example, for the Shanghai-based importer Huahan, Valentine’s period sales went down to 450,000 stems in 2018, compared to 700,000 the year before.

- **Mother’s Day (2nd Sunday of May)**
  
  - Popular flower types: carnations, lilies, roses, forget-me-nots, gerbera\(^3\)
  
  - In a 2018 survey\(^4\), 9% of respondents said they planned to give their mothers flowers for Mother's Day.

Prior to the holiday, wholesale prices for carnations at Dounan Flower Wholesale Market in Kunming can double.

- **May 20th (5.20: “Internet Valentine’s Day”)**
  - **Popular flowers: roses**
    - When spoken in Chinese the numbers 5 and 20 form a homophone for "I love you", and thus a holiday has been born.
    - This holiday tends to be celebrated by a younger and more price-sensitive demographic, who might prefer to spend around $15 to 30 (RMB 100 to 200) on a bouquet.
    - By May, the quality and volume of local roses is better than for Western Valentine’s Day, prices are cheaper, and domestic flowers are therefore a popular choice. But sales of imported roses also go up.

- **Qixi Festival (Chinese Valentine’s Day, date varies)**
  - **Popular flowers: roses**
    - Based on the lunar calendar, so date varies but normally falls in August.
    - Though Qixi is an ancient folk festival, in modern times it is celebrated as something akin to Valentine’s Day in August, and is often called “Chinese Valentine’s Day”.

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