

## EMERGING MARKETS PROGRAM ASSESSMENT

**Date:** December 31, 2017  
**Title:** Certified American Grown Flowers  
Market Feasibility Research  
**Target Market:** China  
**Target Commodity:** Cut Flower & Foliage  
**Lead Author:** Alicia Adler, Grant Administrator  
**EMP Agreement #:** 2017-02  
**Activity Code:** E17MXCH001

## Who conducted the assessment and what makes them an expert?

Alicia Adler of AMA Grant Management Services LLC was retained to serve as project manager and act as Lead Author of the Assessment.

PR Consultants Limited (PRC) was appointed as the in-country market research contractor under the supervision of Alicia Adler and the Certified American Grown Flowers Council (administered through the California Cut Flower Commission). PRC specializes in handling market access and U.S. funded programs in the Greater China and Indochina Region, with a total of 21 full-time members on staff. PRC's main office is located in Shanghai with regional offices in Hong Kong, Beijing, Guangzhou, Taipei and HoChiMinh City, Vietnam.

### PRC's List of Clients and Geographic Coverage

California Table Grape Commission	<i>Taiwan</i>
Ginseng Board of Wisconsin	<i>China, Hong Kong, Taiwan, Vietnam</i>
Potatoes United States	<i>China, Taiwan, Vietnam</i>
Raisin Administrative Committee	<i>China, Hong Kong, Vietnam</i>
United States Rice	<i>China, Hong Kong, Taiwan</i>
United States Dairy Export Council	<i>China, Hong Kong, Taiwan, Vietnam</i>
Wine Institute of California	<i>Taiwan</i>

### Relevant Experience and Key Personnel for CAGC Account

PRC has experience working on cut flower projects in Hong Kong over the past two decades. PRC has worked on trade relations and at the Hong Kong Flower Show for the industry. A brief description of the team that conducted the in-country research on behalf of the Certified American Grown Flowers Council in China:

1. Management Supervisor – Daniel Chan, President  
Managed and supervised project budget and progress
1. Project Manager – Irene Zhou, Vice President  
Managed and supervised project research, drafted research scope of work and surveys. Supervised trade mission to China.
2. Project Consultant – Jane Zhang, Sr Vice President  
Market access and regulatory consultant
3. Project Executive - Phoebe Yang, Program Assistant  
Conducted market research in East China, reviewed overall statistics and customs data
4. Project Executive - Jessie Wang, Regional Manager, Beijing  
Conducted market research in North China and led the trade mission to China

5. Project Executive - Fiona Chen, Regional Manager, Guangzhou  
Conducted market research in South China and reviewed logistics information

### **How was the assessment conducted?**

Despite the vast floral production in the United States, it is only a small player in the current cut flower and foliage market in China. This assessment explored the underlying reasons, opinions and motivations of China's floral market, and determined the market potential, logistical challenges and key players to help increase exports of U.S. cut flowers and foliage to China. This process was completed through interviews, surveys and observations. A delegation of key industry players visited Beijing and Shanghai for meetings with Chinese traders in May 2017 to conduct primary research and establish direct contacts in the market.

#### Stages of research:

1. Initial desk research stage to determine overall market background and import statistics analysis
2. Develop trade interview questionnaire
3. Identify major traders, industry entities and logistics companies for basic market surveys.
4. Select targeted floral markets for the industry delegation visit in May 2017 and one-on-one interviews
  - a. PR Consultants selected three major wholesale markets according to their size and strategic position: Guangzhou Linnan Market, Beijing DongFeng International Flower Wholesale Market, Beijing Laitai Market/Tianjin Caozhuang Market and Shanghai Jingsheng Market
5. Identified major cut flower/foilage importers and wholesalers for one-on-one interviews
6. Interviews were conducted in March through June 2017
7. Initial research findings were presented to the Certified American Grown Flowers Council in July 2017
8. CAGC solicited input from the delegation of industry experts prior to the submission of the final report
9. A final report was completed in November 2017



## What is the assessment of the food and rural business system needs of the target market?

### China: Potential Growth Market and Major Competitor

According to Chinese government trade statistics, China imported \$38.86 million worth of cut flowers in 2016, which represents a 28.7% increase from the previous year. The top five cut flower suppliers were Thailand, Ecuador, Netherlands, Kenya and Colombia. Thailand and Ecuador represented approximately 61% of the market. The United States ranked 24<sup>th</sup> with an export value of \$38,097 in 2016, which was an 11% increase from 2015.



For foliage, China imported \$2.91 million in 2016, which was an 11.2% decrease from 2015. The top five foliage suppliers were Italy, Netherlands, North Korea, Australia and India. The top three, Italy, Netherlands, and North Korea represented 49% of the market. Italian foliage exports rose from \$180,000 to \$660,000 in

2016, surpassing the Netherlands as the number one imported foliage supplier. The United States dropped 44% from number five to number eight in 2016, with \$100,000 in export value to China.



While China imported \$38.86 million worth of cut flowers from 51 countries, it exported \$105.5 million to the world. China is a net exporter and has become an important supplier to the world. Similarly, China imported \$2.91 million of foliage from 44 countries, but exported \$58.2 million to the world.

China has become one of the most important floriculture markets in the world, as cut flower imports have grown 314% and foliage 280% over the past five years. While imports steadily increased, Chinese domestic production also grew, with Yunnan Province dominating floral and potted plant production in Guangdong and Fujian provinces. The major nursery stock producing areas are Sichuan, Zhejiang, Jiangsu and Shandong. Hainan Province is the largest producer of tropical plants and leaf foliage. Producers are increasingly focusing production of specific varieties based on location, like roses in Kunming, lilies in Liaoning and chrysanthemums in Beijing. This allows growers to produce larger volumes of these varieties at reduced costs.

Statistics show that national planting of cut flowers and foliage reached 1.31 million hectares in 2015, an increase of 2.77% over 2014. Total value reached US\$20.68 billion (Rmb130.3B). The industry's growth is a result of China's policy of duty-free imports for

seeds (balls and seeds), a solid industrial base, long-term investment in technology and improvement on the scale, standardization, and production practices.

For comparison, according to the USDA National Agricultural Statistics Service (NASS), the wholesale value of U.S. produced cut flowers was \$374 million in 2015, up 3% from 2014. California's value was \$294 million, accounting for 78% of the total cut flower value in the top 15 producing states in the country. Additionally, the wholesale value of cut cultivated greens reached \$80.4 million in 2015, up 10% from 2014. Florida is the top cut greens (also known as foliage) producer, representing 76% of the category at \$61 million.

The Chinese cut flower industry in Kunming, Yunnan Province is one of the world's leading flower industries in commercial floriculture. Yunnan Province is the primary region for new flower planting. The region boasts sufficient water resources, with 1,066 square kilometers of rivers and lakes. Yunnan produces mainly roses, carnations and chrysanthemums, among other flower species.

The city boasts a large floral trading center, partnering with the Netherlands' Aalsmeer Flower Auction, the world's largest cut-flower auction. Yunnan Province exported US\$119 million worth of flower products to 45 countries and regions in 2016. According to market information, the Kunming Dounan Flower Market is the leading flower trading center in China, followed by Guangzhou Lingnan Market, Beijing DongFeng International Flower Wholesale Market, and Shanghai Cao Jia Du Flower Market. Other active regional wholesale markets include Shanghai Joybell Flower Market, Tianjin Caozhuang Market, Xian Qinmei Market, Zhengzhou Chenzhai Market, Shijiazhuang SiSanJiao Market, Jinan Fulai Market and Wuhan Market.

According to the Netherland Floral Association, China's floral market sales were Rmb41.5billion (US\$5.87 billion) in 2015. Floral sales as a part of daily household expenditures accounted for only 5%. According to research conducted by Zhong Tai Securities, total floral market sales could reach US\$14 billion by 2020, and daily household expenditures on cut flowers could increase to US\$4.4 billion. Additionally, over the past two years (since 2015), online e-tailer business, a growing sector for household purchases, has grown 50-70%.

#### Import Statistics Analysis – Products and Competitors

The top five supplying countries of cut flowers to China by volume in 2016 were Thailand, Ecuador, Vietnam, Netherlands and Kenya. Total import volume reached 9,099 MT. The majority of these imports were orchids, with roses and chrysanthemums as a far second and third. Imports of lilies and carnations were less significant. China did not import any of these varieties from the U.S. China imported 1,173 MT worth of other species in 2016 from the Netherlands, Ecuador, South Africa, Kenya and Colombia. The United States ranked 25<sup>th</sup> with only 3.8 MT total.

For foliage and moss, China imported 1,775 MT in 2016 of mostly prepared foliage branches. The top five suppliers by volume in 2016 were North Korea, India,

Netherlands, Thailand and Italy. The United States ranked 6<sup>th</sup> following Italy. For fresh foliage only, United States ranked 3<sup>rd</sup> with 35 MT after the Netherlands and Italy.

The top supplying countries by species and varieties:

#### Cut Flower

Thailand: Orchids  
Ecuador: Rose, Gypsophila, Alstroemeria  
Vietnam: Chrysanthemum, Carnation  
Netherlands: Tulip, Hydrangea, Peony, Anthurium, Eucalyptus Astilbe Chinensis, Cymbidium Faberi Rolfe, Chrysanthemum, Hyacinth, Lilac, Atractia Majo, Eryngium Foetidum, Gloriosa Superba, Moss  
Kenya: Rose (single and multi-head), Hydrangea, Delphinium, Alstroemeria, Eryngium Foetidum  
Colombia: Rose, Carnation, Citrus Leaves, Hydrangea, Alstroemeria  
South Africa: Protea, Leucadendron, Leucospermum Cordifolium, Euphorbia Tirucalli, Leucadendron, Serruria Florida  
Malaysia: Chrysanthemums  
Australia: Waxflower, Banksia Integrifolia, Rosa Rubus  
New Zealand: Cymbidium Faberi Rolfe, Hydrangea, Paeonia Lactiflora Pall  
Ethiopia: Rose, Gypsophila, Tubocapsicum Makino  
Italy: Buttercup, Ranunculus Asiaticus

#### Foliage

North Korea: Non-Fresh Mosses and Prepared Foliage  
India: Prepared Foliage  
Netherlands: Fresh Mosses, Eucalyptus, Astilbe Chinensis, Salal, Ruscus, Cyrtomium Fort  
Thailand: Prepared Foliage  
Italy: Eucalyptus, Salal, Ruscus  
United States: Eucalyptus, Salal  
Australia: Sea Star Fern, Steel Grass  
Poland: Fresh Mosses  
Norway: Prepared Foliage  
South Africa: Eucalyptus

#### Overall Import Situation

For fresh cut flower regulations, China uses the Quarantine Law of the Import and Export of Animals and Plants and its implementing rules for general imports. Import permits are not required for fresh cut flowers and foliage. The Notice on Strengthening Inspection and Quarantine on Imports and Exports of Seedling Plants and Flowers was issued on September 30, 2007. It was then collated onto the AQSIQ website on June 19, 2015. The List of Quarantine Pests in Imported Plants has been updated with a total of 441 pests on June 14, 2017. (See *attached list*.)

Importers should submit a plant quarantine certificate of exporting country, a trade contract and other required certificates to CIQ at or before entry into China.

When product arrives at Chinese ports, the inspections are done by CIQ and the Customs department. Almost every shipment will be checked. CIQ will conduct pest and sanitary inspections, while Customs checks documents, varieties and quantity. The total time for clearance takes between 5-10 hours.

Import cut flower and foliage basic requirements:

- Phytosanitary Certificate
- Certificate of origin
- Packing list
- Airway bill
- Contract
- Invoice

Contract

There is no standard or uniform contract obtained from importers. Quotations can be based on either FOB (free on board) or CIF (cost, insurance and freight), but CIF is preferred. Beijing importers request CIF.

For initial trading and trial, payment is usually settled after receiving the product. Subsequent orders might be placed on a weekly basis, and payment on bi-weekly or monthly wire transfers. Many importers will ask for a payment term of one month. Individual importers have credit policies, especially based on product shrinkage. Minimum orders are typically 300 kilograms, at least. More business is now done via Wechat on smartphones, where importers receive product specifications, photos, prices and shipment dates on a weekly basis from suppliers.

Carrier and Carton Packing

The choice of carrier for shipments is decided by suppliers. For EU exports, Air Holland has committed to the trade that the cold chain can be maintained the entire way at 2-4 degrees Celsius. From the U.S. west coast to Shanghai, usually China Eastern is preferred. Cathay Pacific has also been used but needs to transfer in Hong Kong, which is less preferred. From the U.S. west coast to Beijing, China Airline is preferred as there are flights arriving in Beijing by early morning. Normally, products from the Netherlands, New Zealand and Italy arrive within 24 hours after an order is placed. Ecuador product arrives in three days, as product is transited through Miami.

Minimum packing quantities depends on suppliers and carrier services. Minimum loads typically range from 100 kilograms to 1,000 kilograms per shipment. Normally each order will have at least 300 kilograms. Packing of each variety will depend on the supplier's practice. For example, Kenya usually packs roses 10 pieces per pack, while Ecuador packs roses 25 pieces per pack. For high value items, buyers like to pack pieces individually. Many fresh cut flowers are packed by weight, too, with 600 grams per bunch (1-15 stems in one bunch) and 60 bunches in one large case.

There are no labeling laws or regulations on cut flowers and foliage, nor a uniform standard from the trade. However, the standard product name (Latin), quantity/weight and origin must be shown on the package. Some exporters require the following information on labels:

- 1) Name of flower
- 2) Name of variety
- 3) Grade
- 4) Length
- 5) Number of flower units
- 6) Name of producer
- 7) Place of origin

### Tariff and VAT

The U.S. does not enjoy tariff reductions like some competitors that have engaged in trade agreements with China. This puts the U.S. at a disadvantage, as many major existing suppliers are benefiting from reduced or eliminated tariffs:

HS code	Description	U.S. VAT%	U.S. Tariff%	South Korea	Australia	New Zealand	ASEAN	India	Ethiopia
06031100	Cut roses, & rose buds	13	10	8	4	0	0	5	0
06031200	Cut carnations and buds	13	10	8	4	0	0	5	0
06031300	Cut orchids and buds	13	10	8	4	0	0	5	0
06031400	Cut chrysanthemums and buds	13	10	8	4	0	0	5	0
06031500	Lilies, fresh cut and fresh buds	13	10	8	4	10	0	5	0
06031900	Other cut flowers and flower buds	13	10	8	4	0	0	5	0
06039000	Cut flowers and flower buds prepared, dried, etc.	17	23	20.7	9.2	0	5	11.5	0
06042010	Fresh mosses	13	23	18.4	9.2	0	5	--	0
06042090	Fresh foliage	13	10	8	4	0	0	--	0
06049010	Other mosses	17	23	18.4	9.2	0	5	--	0
06049090	Other foliage prepared	17	10	8	4	0	0	--	0

#### Notes:

1. Preferential tariffs for South Korea, Australia, New Zealand and ASEAN exist under Free Trade Agreements
2. The tariff for Australia will be reduced to '0' in 2019
3. ASEAN includes Malaysia, Indonesia, Thailand, the Philippines, Singapore, Brunei, Vietnam, Laos, Myanmar and Cambodia
4. China and India are both included in the Asia Pacific Trade Agreement
5. Ethiopia qualifies for the Most Favored Nation (MFN) rate for under-developed countries
6. Current tariff and VAT listed are MFN for other countries

### Import Procedures and Costs

Below are standard procedures for importing cut flowers and foliage into China, including which documents will be needed from exporters and basic costs for each shipment. Importers can handle the procedures themselves or they can appoint a customs service agent to handle the process.

1. Importer to prepare and present imported goods document for advance approval from Customs and Commodity inspections
2. A signed contract is required (and provide the relevant company documents)
3. Two days prior to arrival, buyers provide foreign contracts, invoices, packing list, the original import certificate to Customs and inspection
4. Customs declaration and inspection occurs upon arrival at port

Documents needed from exporters:

1. Packing list, invoice, contract
2. Bill of Lading
3. Certificate of origin, phyto-sanitary certificate

Documents needed from importer:

1. Importer business license, tax registration certificate, organization code certificate
2. Importer to provide letter of power of attorney with a company seal to the Customs agent
3. Phytosanitary approval (Entry inspection and quarantine certificate), to be applied at the business license location of the Commodity Inspection Bureau
4. Importer's port commodity inspection record, to be completed by a Customs agent

Import Fee (The following are estimates, and may differ based on region or port.)

**A. Customs clearance:**

1. Invoice fee: RMB200 /shipment (US\$30)
  2. Filing fee: RMB200 /shipment (US\$30)
  3. Landing fee: at cost
  4. Customs fees: RMB500 /shipment (US\$74)
  5. Inspection fee: RMB500 /shipment (US\$74)
  6. Commodity fee: at cost (0.3% of shipment value)
  7. Commodity inspection fee: RMB480/shipment (US\$71)
  8. Customs inspection fee: RMB480/shipment (US\$71)
  9. Fresh products processing fee: RMB150/shipment (US\$22)
  10. Importer's port commodity inspection record: RMB600 (a one-time payment as they only need to file the record once per company) (US\$89)
  11. Inspection and quarantine (including sending samples): RMB600/shipment (US\$89)
  12. Agent operating costs: RMB1,000/shipment (US\$148)
  13. Refrigerated trucks delivery fee: at cost (subject to destination)
- Above total for initial import costs in China: RMB4,800 or so (US\$712)

**B. Customs inspection value x comprehensive tax rate = tax** (Customs duty receipt shall prevail). Importers can handle payment directly or through a Customs agent.

*Note:*

- 1. The above offer does not include issuance of invoice. For issuing an invoice, a surcharge of 6% is added.*
- 2. The above offer does not include the cost from the shipping company and any overdue warehouse storage costs.*

## Top Import Ports

Import ports in China for fresh cut flowers and fresh foliage are Shanghai, Guangzhou, Beijing, Kunming, Chengdu, Zhengzhou, Chongqing, Xiamen, Nanjing and Ningbo. These ports are ranked from highest to lowest according to import volume in the first five months of 2017. From the list, market priority can be determined accordingly:

1. Shanghai: 562,118KG, 46%
2. Guangzhou: 274,119KG, 23%
3. Beijing: 192,283KG, 16%
4. Kunming: 145,622KG, 12%
5. Chengdu: 20,881KG, 1.7%



## Shanghai

Customs clearance can be completed in 5-10 hours. Cold storage is available at the Pudong International Airport. Importers in Shanghai usually place orders from the Netherlands on Thursday or Friday, and products arrive on Monday. Refrigerated trucks from the airport to the wholesale market are available in the summer months only. Importers have cold storage facilities in the wholesale market and other locations. There are practically no cold chain mechanisms, such as refrigerated trucks, for products after leaving the wholesale market. Shanghai covers Eastern China with

improved inland transportation services, and Jiangsu and Zhejiang Provinces are considered secondary markets to Shanghai.

### Guangzhou

Customs clearance can be completed within 48 hours. Cold storage is available at the BaiYun International Airport. Importers in Guangzhou prefer to have shipments arrive on Wednesday and Thursday. For Kenyan product, there are direct flights to Guangzhou. Refrigerated trucks are not available from the airport to the wholesale market. Most of the payment terms are FOB with 30 days, US\$ transaction.

### Beijing

Customs clearance can be completed in 5 hours. Cold storage is available at the Beijing Capital International Airport. Beijing importers receive better air shipment prices on Mondays, Wednesdays and Fridays from Kenya. Refrigerated trucks are available from the airport to the wholesale market in the summer months only.

### Kunming

Customs clearance can be completed in 5-10 hours. Cold storage is available at the Kunming International Airport. Product from Thailand and Vietnam are imported by truck load. Refrigerated trucks from the airport to the wholesale market are available in the summer months only. However, the cold chain can be maintained for transportation from Kunming International Airport to other provinces.

### Chengdu

Although Chengdu is one of the top five ports in China, the volume is small. The main reason for few direct flights into Chengdu is that fresh cut flowers are shipped to Beijing and Shanghai first. However, there is now a direct flight from the Netherlands to Chengdu. According to the trade, Chengdu Customs is much stricter than other ports on clearance. Importers must present import documents with their business license in advance for approval. Customs clearance can be completed in 24 hours. The cold chain cannot be maintained from Chengdu airport to the regional distribution network.

## **Major Wholesale Markets**

### Shanghai Cao Jia Du Flower Market

The Shanghai Cao Jia Du Flower Market is the largest wholesale market in Shanghai, with old and poor facilities downtown. There are over 200 traders including importers, wholesalers and retailers. Three of the top 25 importers have offices in this market. The market has more local flowers than imported. The government is moving the market to a new location in next two years.



### Shanghai Joybell Flower Market



The Shanghai Joybell Flower Market is the second largest wholesale market in Shanghai with a limited volume of imported cut flowers. The market is new but smaller in size and located in a suburban area. About 100 traders operate out of the market, and most are wholesalers. Only one of the top 25 importers have an office there.

### Guangzhou Lingnan Market

The Guangzhou Lingnan Market is the largest flower market in Guangdong province at present. The market covers an area of more than 40,000 square meters with a total of 438 shops and more than 1,900 booths. The market center site covers an area of 16,000 square meters. There are about 10 traders handling imported floral business. All key importers have showrooms in the market and most have a cold storage warehouse (0-10°C) within or nearby the market.



### Beijing DongFeng International Flower Wholesale Market

The Beijing DongFeng International Flower Wholesale Market is the first-tier market for imported flowers, and is located at the rural-urban fringe zone in the eastern part of Beijing. Approximately 150 traders

conduct business in the operation hall. All key importers have a showroom in the market. Imported items represent about 5% of the total business of the market. After government city planning and development is completed, Dongfeng Market will be moved to a designated building in the very near future.



### Beijing Laitai Market

Beijing Laitai Flower Market opened in 1998 in downtown, and now is regarded as the second-tier flower market in Beijing. There are about 100 floral traders in the hall. Very few imported products can be found in the market. Jingke Hongxiang maintains their foliage booth in this market.



### Kunming Dounan Flower Market

Kunming Dounan Flower Market has steadily increased their trading volume over the past ten years. Their volume, cash

flow and export volume ranks first in the country. It covers an area of over 100 mu (66,667square meters), houses over 500 flower booths and trades more than 66 flower categories and over 300 varieties annually. Around 280 metric tons of fresh cut flowers are traded everyday, representing 80% of cut flower transactions in the province and surrounding area, and 70% of the transactions in 80 different cities in China. The Kunming International Flower Auction Center established here is connected to the Holland Flower Auction and Transaction Market. Through the Auction Center, cut flowers are exported to 46 countries.

#### Kunming International Flora Auction Trading Center

The Kunming International Flora Auction Trading Center Co Ltd (KIFA) is a public service enterprise jointly invested by Yunnan Jinyuan Flower Industry Co Ltd and six other companies. Its function includes flower auction trading, promotion, introduction of new varieties and information services. The center opened in December 2002 with 54,000 square meters of trading space. There are 25,000 registered growers producing mainly roses, gerbera, gypsophila, carnations, and more than 100 other categories. Rose trading volume accounted for more than 70% of the entire Yunnan production. The KIFA auction now covers exports to more than 40 countries including Thailand, Japan, Singapore, Hong Kong, Russia and Australia.

#### **What are the opportunities in the market?**

##### Evolving Market, End User and Retail Trends

With improved infrastructure, cold chain and logistics, consumption of cut flowers and foliage has expanded from first and second tier cities to the third and fourth tiers. Whereas traditional consumption for special occasions and gifts is still dominant, daily household use of cut flowers is increasing. Shanghai, Beijing and Guangzhou online floral businesses have been successful and report good profit margins. As consumers increasingly prefer value-added packaging, new species and better quality, demand for imported floral products is on the rise.

China's most popular varieties include roses, lilies, carnations, gerbera and gypsum. However, production of gerbera and carnation is forecast to decline while roses and new species of eulermium and hydrangea will increase. Goldfish grass, violet and other mainstream varieties will likely maintain their market share. Grove, sunflower, kale and other new varieties are also increasingly popular.

Traditional retail sales in major cities are slacking behind online business and are not as trendy. Many traditional floral retail shops have moved to online sales only, and retailers are expanding their product lines to include home decorative items and accessories. Retailers are also conducting marketing activities like demonstrations, floral arrangement courses and even hosting afternoon tea gatherings for ladies to generate sales.

According to wholesalers, consumption from the hotel industry and service to state-owned companies is decreasing. However, the growing demand for a high-end lifestyle, such as specialty wedding design, floral arrangement training studios and household floral packages is increasing. Flowers for weddings and banquets are now the major profit making business.

Peak selling times for cut flowers in China are increasingly influenced by Western culture and holidays. Christmas, Valentine's Day, Chinese Lunar New Year, wedding season (from May to October), Mother's Day, Teacher Appreciation Day and Chinese Valentine's Day (July 7 on the Lunar calendar) are currently hot selling days for cut flowers. Besides the festive season, floral traders want to make flowers become a normal choice as a gift and influence regular consumption behavior in people's daily life.

Floral sales at high-end stores and online e-shops are booming in China. Monthly and quarterly floral packages are offered by online and offline stores. Offices and families are the targets and more specifically, women with middle class income levels. Choices of low to high budget options are available to encourage more frequent purchases. For example, for Rmb99-599 (US\$14-84) a consumer can receive four bunches every month with free delivery to reachable destinations. Online package sales are becoming more popular among consumers in major cities.

Online floral shops selling via Wechat, Taobao, Tmall and JD.com are on the rise. There are eight major online floral stores: Edible Arrangements, Floral Fantasy, Flower Time, FlowerPlus, AiShang Flowers, Roseonly, The Beast and Rose-to-me. These stores primarily use Tmall and Wechat as a platform. Edible Arrangements started in the U.S. and entered China in 2015. For an idea of their business size, sales turnover of FlowerPlus in 2016 reached Rmb300million (US\$42.4million). Its Wechat registered account has reached US\$4.5 million. Flower Time's net profit increased 25-30% compared to last year, and AiShang's traditional floral gift sales grew 135%. Additionally, its monthly floral package order volume increased by 300%. According to 24 Flora Beijing Online Co., a B2B cut flower supplier in Beijing, they now have more than 9,000 clients of online floral stores throughout the country.

**What are the recommendations or measures necessary to enhance the food and rural business system needs that will also develop the market for U.S. agricultural products?**

*From the opportunities identified, describe specific, logical and appropriate technical assistance activities, long term strategy and expected results for meeting the needs in the market and for the development, maintenance, or expansion of exports of U.S. agricultural products.*

Based in the findings of this EMP assessment project, CAGFC identified the following next steps for market development in China:

1. Identify five cut flower and foliage species in the U.S. that are good for initial market development in China:
  - Four categories identified from the local Chinese trade: Eucalyptus, Salal, Protea Cynaroides, and Double Lily
  - Under these main categories, different varieties and seasons should be reviewed, especially during fall to winter
  - In addition to the four categories, the U.S. industry could identify other categories/ species that fit into the peak season in China, are not supplied by competitors (or are available in off seasons), and appeal to the high-end market, for wedding banquets as an example.
2. The U.S. industry should review floral and foliage categories that are:
  - Niche and specialties only available in the U.S.
  - Categories of seasonal difference from other origins, like protea
  - Exotic or superior quality categories available around the Chinese New Year peak season (usually January-February)
  - High demand species from the U.S. include eucalyptus, double lilies and salal tips
  - Provide handling advice for salal tips, and consider ocean freight to reduce costs
3. Establish efficient communication channels – U.S. cut flower and foliage exporters should establish efficient communication channels with Chinese importers. Other than email, exporters should set up a Wechat account and use company apps to sell product.
4. U.S. exporters should consider attending major trade shows and China trade association events, and establish and maintain contact with the Retail Trade Committee of the China Flower Association in Beijing. There are major trade shows to explore and participate to gain awareness among the trade. Upcoming activities in China that the U.S. industry could visit and/or participate:
  - Guangzhou Trade Exchange Expo (December)
  - Hortiflora Expo Beijing (May 2018)
5. Exporters should look at payment terms and prepare to negotiate on credit terms of one month payment after sending product.
6. U.S. suppliers should consider consolidating shipments to lower transportation and import costs.

7. The U.S. industry should research various carriers from the west coast to China and study purchase/arrival patterns of imported cut flowers in China.
8. Offer marketing and technical support to the Chinese trade, such as promotion of U.S. origin to increase awareness, applications, storage technology and quality assurance.

*Provide a quantitative baseline and measurement that can be used to evaluate the effect the recommended activities will have on enhancing the effectiveness of the food & rural business system and for the development, maintenance, or expansion of exports of U.S. agricultural products.*

CAGFC has compiled the following export statistic table showing historic results and future export goals to China.

<b>Export Year</b>	<b>Export Value (\$)</b>	<b>Status</b>
2012	302,940	Actual
2013	250,100	Actual
2014	17,000	Actual
2015	60,620	Actual
2016	85,073	Actual
2017	89327	Estimate
2018	93793	Goal
2019	100358	Goal
2020	107384	Goal
2021	150000	Goal
2022	200000	Goal
2023	250000	Goal

## **Top 10 Cut Flower and Foliage Importers in China**

Of the top 10 cut flower and foliage importers in China, five were met and visited by the industry in May 2017 (listed in brown font). Two companies' contact information cannot be found. They are in most cases import service agents which are not real importers or product owners. Some are importers that operate at the market using another registered company. Please note that there are importers not on this list but operating in the Shanghai, Beijing and Guangzhou area that are considered key buyers and should be considered priority targets.

- 1 Shanghai Xiao Sheng International Trading Co Ltd**  
Contact: Eric Ding, Operation Manager  
Tel/Fax: 86 21 68352151 / MP: 86 18049733931  
Email: xiaoshengems@163.com  
Address: Rm 321, #6 Building, 839 Nanqiao Road, Nanqiao Town, Fengxian District, Shanghai, China
- 2 Shanghai Hua Han Flower**  
Contact: Changtian Wu, Owner  
Tel/Fax: 86 21 51276999 / MP: 86 13916002028  
Email: flower-shanghai@163.com  
Website: www.huahanflower.com  
Address: # 57-58, 1st Floor, Caojiadu Flower Market, 33 Wanhangduhou Road, Shanghai, China
- 3 Beijing Cathay Bloom (Dongfang Huida) International Trading Co Ltd**  
Contact person: Song Xiaochen  
Tel: 8610-5326 9284 / MP: 86 13911012857  
Email: songxiaochen2008@163.com  
www.cbloom.com.cn  
Address: Room 613, Building 7, 14 Shunchang Avenue, Nanfaxin, Shunyi District, Beijing, China
- 4 Shanghai Easto Flower**  
Contact: John Li, Managing Director  
Tel: 86 21 32580355 / MP: 86 18611407349  
Email: johnli@eastoflowers.com  
Website: www.eastoflowers.com  
Address: #3301 Joybells, 1500 Jinding Road, Shanghai, China
- 5 Guangzhou Cheng Jie Import & Export Co Ltd**  
*No information can be found. They are a possible import export service agent.*
- 6 Beijing Jingke Hongxiang Trading Co Ltd**  
Contact person: Chen Yingxu, General Manager  
Tel: / 86 10-8585 5291 / Fax: 8610-5201 1631  
MP: 86 13911530783

Email: [bhyongwen@126.com](mailto:bhyongwen@126.com)

Website: <http://hyhx.gotoip55.com/>

Address: 9 Maizidian Xi Road, Chaoyang District, Beijing, China

**7 Kunming Qiquan Trading Co Ltd**

Contact person: Wang Jiyuan

Address: Rm 216, B Tianxing Hangkong Building, Changshui Airport Economic Zone, Kunming, Yunnan Province, China

**8 Shenzhen Ruifuda Import & Export Co Ltd**

Contact person: Liu Tingting

Tel/Fax: 86 755 25545152

Address: 8-B05 Jihao Building, Shennan East Road, Luohu District, Shenzhen, China

*Possible import export service agent*

**9 Xintai City Tietuo Trading Co Ltd.**

*No information can be found.*

**10 Shenzhen Shunchang International Supply Chain Co Ltd**

Contact person: Chen Tupei

Address: 5B001 Hengyuan Garden, Shayinsanlu, Shajin Street, Baoan District, Shenzhen, China

*Possible import export service agent*

## **Floral Importers in Beijing, Shanghai and Guangzhou**

### **Beijing Major Importer / Wholesaler**

Beijing Cathay Bloom (Dongfang Huida) International Trading Co Ltd

[www.cbloom.com.cn](http://www.cbloom.com.cn)

Beijing Cathay Bloom is an international and domestic logistics service supplier based in Beijing, and specializes in imported fresh cut flowers and foliage. They have been in the business for more than 10 years with good partnerships in Guangzhou, Shanghai, Kunming and Zhengzhou. Their business reaches the Netherlands, Kenya, Ecuador, Columbia, Italy, New Zealand, South Africa, Israel and the U.S. They offer Customs and logistics services to other importers in Beijing. According to Customs records, from January through May, the company imported 92 MT of cut flowers and foliage, ranking 3<sup>rd</sup> among importers in China, and representing the largest imported volume in the north.

Address: Room 613, Building 7, 14 Shunchang Avenue, Nanfaxin, Shunyi District, Beijing, China

Contact person: Song Xiaochen

Tel: 8610-5326 9284 / MP: 86 13911012857

Email: [songxiaochen2008@163.com](mailto:songxiaochen2008@163.com)

Beijing Qian Ri Hong Trading Co Ltd (wholesaler)

Beijing Qian Ri Hong Trading Co. Ltd is one of the key high-end cut flower wholesalers in Beijing. They are the major client of Cathay Bloom (Dongdang Huida) and has been in the industry for over 12 years.

Address: Beijing Ever-blooming Flower Shop, 311 Xinghuo Xi Road, Dongfeng Flower Market, Beijing, China

Contact person: Zheng Hongjuan, General Manager

Tel: 138 1101 8828 / Fax: 8610-8582 2867

Email: [everblooming\\_bj@163.com](mailto:everblooming_bj@163.com)

Beijing Jingke Hongxiang Trading Co Ltd

<http://hyhx.gotoip55.com/>

Beijing Jingke Hongxiang is one of the largest cut flower importers in Beijing, and has been in the industry for approximately 15 years. They import from the Netherlands, Kenya, Ecuador, Columbia, Italy, New Zealand, South Africa, Israel and the U.S.

According to Customs records from January through May 2017, their import volume was approximately 70 MT, ranking 6<sup>th</sup> on the list throughout China. They are also one of the key wholesalers and floriculture-related service suppliers with a network covering Shanghai, Beijing, Guangzhou, Chengdu and Chongqing. Their high-end flower display and sales stores under the name of Ying Xiao Jia Ye opened in Chengdu last November and in Chongqing this April. A new store will be opening in Kunming soon.

Address: 9 Maizidian Xi Road, Chaoyang District, Beijing, China

Contact person: Chen Yingxu, General Manager

Tel: 8610-8585 5291 / Fax: 8610-5201 1631

MP: 86 13911530783

Email: [bhyongwen@126.com](mailto:bhyongwen@126.com)

24 Flora Beijing Online Co Ltd  
www.24Hua.cn

24Hua.cn is a high-target B2B service supplier of cut flowers in the region with their own logistics center in Beijing. They were established in 2015 by several trading and floricultural specialists with over 10 years of experience in the industry. They are ranked 21<sup>st</sup> according to Customs records with 13 MT from January to May 2017, primarily from Kenya, Netherlands, Ecuador, South Africa, Israel and the U.S.. They have their own domestic network across China.

Address: Room 9059, Jingzhao Building, 6 Nongzhan Nan Road, Chaoyang District, Beijing, China

Contact: Luo Nan, Purchasing Manager

Tel: 8610-5334 0876 / Fax: 8610-5335 9566

MP: 86 13811562492 /

Email: import@24hua.cn

#### Other Contacts Made in Beijing

Retail Trade Committee of China Flower Association

www.chinacfr.com .

Address: #22, 4<sup>th</sup> District, Xinyuan Residential Quarter, Caoqiao, Fengtai District, Beijing, China

Contact: Lin Qiaoling, Secretary General

Tel: 8610-65852598 / M: 86 18618426508

Email: linqiaoling@chinacfr.com

Beijing Florascape Co., Ltd.

www.bjfc.cc

Address: 79 Chongwenmen Nei Street, Dongcheng District, Beijing, China 100005

Contact: Li Haibo, Secretary, Vice General Manager

MP: 86 18811183218

Email: lihaibo@bjfc.cc

Beijing News Center, China Construction Magazine, Hua Jian Shi

www.huajianshi.cn

Address: 5/F, 9 Sanlihe Road, Haidian District, Beijing, China

Contact: Cheng Haipei, Director, Journalist

Tel: 8610-88586802 / MP: 86 13520385732

Email: chenhaipei@126.com

City Flower Shop

Address: 92 Huanghe Dao, Nabkai District, Tianjin, China

Contact: Yang Wei, General Manager

Tel: 8622-2759 0050 / MP: 86 13820588870

Beijing Fumi & Flower Cultural Development Co., Ltd.

www.fumiflowers.com

Address: Room 501, Building 1, Sanlitun SOHO, 8 North Gopngti Road, Chaoyang District, Beijing, China 100027

Contact: Zhang Baishu, General Manager

Tel: 8610-8527 0439 / MP: 86 18810059499

Email: zhangbaishu163@163.com

#### Shanghai Major Importer / Wholesaler

Shanghai Easto Flower

[www.eastoflowers.com](http://www.eastoflowers.com)

Shanghai Easto Flowers (Shanghai Yutong Flower Ltd) has imported cut flowers since 2010. The company is the largest importer of Ecuadorian flowers in China and the first company to have a branch office outside of China (JKIA Nairobi, Kenya). They own two wholesale shops in Shanghai and cooperate with more than 1,500 flower shops all over China. They have more than 20 distributor clients in most provincial capital cities. The turnover for 2015 reached US\$12.89 million. They focus on sourcing flowers directly (both domestic and imported), and offer superior cold chain logistics. They are looking for new partners all over the world, and now import flowers directly from Kenya, Ecuador, Colombia, Israel, South Africa, Italy and Australia. They have a new office in Kunming as weekly volume from Kunming is growing fast. The company imported over 87 MT of cut flowers in January through May 2017, ranking 4<sup>th</sup> according to Customs records. The majority of their imports came from Ecuador, Columbia, South Africa, Ethiopia and the Netherlands.

Address: #3301 Joybells, 1500 Jinding Road, Shanghai, China

Contact: John Li, Managing Director

Tel: 8621 32580355 / MP: 86 18611407349

Email: johnli@eastoflowers.com

Shanghai Hua Han Flower

<http://www.huahanflower.com/>

Shanghai Hua Han Flower has been in the horticultural industry for approximately 10 years. The company has become one of the leading fresh and preserved cut flower suppliers in China. The company set up a production base in Kunming and cooperates with several international suppliers. From January to May, the company imported 158 MT of fresh cut flowers and foliage, ranking 2<sup>nd</sup> according to Customs records. The majority of their imports come from Ecuador, Ethiopia, Netherlands, South Africa and the U.S.

Address: # 57-58, 1st Floor, Caojiadu Flower Market, 33 Wanhanguhou Road, Shanghai, China

Contact: Changtian Wu, Owner

Tel/Fax: 8621 51276999 / MP: 86 13916002028

Email: flower-shanghai@163.com

Shanghai Xiao Sheng International Trading Co Ltd

Shanghai Xiao Sheng Trading was established in 2012, and focuses on seafood and fresh cut flower import logistic services. The company consolidated over 172 MT of imported fresh cut flowers and foliage in January through May 2017, ranking first

according to Customs records. They have a direct office in Shanghai PVG airport and strong relationships with the Customs office and CIQ office. The company mainly handles cut flowers from Ecuador, South Africa, Netherlands, Columbia, Kenya and the U.S. Shanghai Song Yu Flower (see below) is their primary client.

Address: Rm 321, No.6 Building, 839 Nanqiao Road, Nanqiao Town, Fengxian District, Shanghai, China

Contact: Eric Ding, Operation manager

Tel/Fax: 8621 68352151 / MP: 86 18049733931

Email: xiaoshengems@163.com

Shanghai Qi Fang Trading Co Ltd

[www.qifangtrading.com](http://www.qifangtrading.com)

Shanghai Qi Fang Trading has been in the cut flower industry for over 10 years, and focuses on high-end domestic varieties and imported flowers. The company imported over 35 MT of cut flowers in January through May 2017, ranking 11<sup>th</sup> based on Customs records. They import product from Netherlands, Ecuador, Kenya, and Italy. They have imported product from the U.S., but in very small volumes.

Address: No.30, B1 Floor, Caojiadu Flower Market, 33 Wanhanguohou Road, Shanghai, China

Contact person: Guofu Zhang, Owner

Tel/Fax: 8621 51276987 / MP: 86 13916002028

Email: QiFangTrading@yeah.net

Shanghai Blue Moon Flower / Jing Fang Flower

Shanghai Blue Moon was established in 1992, and focuses on flower planting, trading, wholesale and retail sales. The company has a production base in Kunming city. The company imported 11MT of fresh cut flowers and foliage in January through May 2017, ranking 23<sup>rd</sup> based on Customs records.

Address: Rm 0211, B1 Floor, 1500 Jinding Road, Shanghai, China

Contact: Ms. Xiaoqing Xie, Owner

Tel: 8621 32552806 / Fax: 8621 32552807 / MP: 86 13801771599

Email: 1781181354@qq.com

Shanghai Song Yu Flower

<http://www.shanghaisongyu.com/>

Shanghai Song Yu Flower is one of the key wholesalers of cut flowers in Shanghai. The business includes imported flowers from South Africa, Ecuador, Colombia, Kenya and Japan. They also are the agent for roses and bellflowers from Yunnan province. The company imports flowers from Shanghai Xiao Sheng International Trading.

Address: #16 & 28, 1<sup>st</sup> Floor, Caojiadu Flower Market, 33 Wanhanguohou Road, Shanghai, China

Contact: Ms. Xiuer Zhou, Owner

Tel/Fax: 8621 51276927 / MP: 86 15001861087

Email: 841779713@qq.com

Guangzhou Major Importer / Wholesaler

#### Guangzhou Sen Run Cut Flower

Sen Run Cut Flower is an importer in Guangzhou. They import cut flowers directly from Kenya, Colombia, and Ecuador. They also distribute cut flowers to other cities in China.  
Address: Suite E19, Cut Flower Area, Lingnan Flower Wholesale Market, Guangzhou, China

Contact: Ye Zhi Yong – Owner

Tel: 8620 81592509 / MP: 86 13763370969

Email: 466577220@qq.com

#### Guangzhou Xin Ji Gardening Co. Ltd.

Guangzhou Xin Ji Gardening is an importer and distributor in Guangzhou. They also have branches in Yunnan and Hainan. They handle cut flowers from Colombia, Ecuador, Netherlands, and Kenya. Xin Ji also imports succulent plants, preserved cut flowers, fresh roses, and green mosses.

Address: E7-8, Cut Flower Area, Lingnan Flower Wholesale Market, Guangzhou

Contact: Liu Shan – Manager

Tel: 8620 81593211 / Fax: 008620 81569675

#### Guangzhou Everblooming Import Flower Co. Ltd.

Guangzhou Everblooming Import is an importer in Guangzhou, focusing primarily on cut flowers.

Address: Room 921, No. 623 West Fangcun Road, Liwan District, Guangzhou, China

Contact: George Zhang – Manager

Tel: 86 13711495529

#### Guangzhou Xinshan Commerce Trading Co. Ltd

Guangzhou Xinshan Commerce Trading is an importer in Guangzhou handling cut flowers from Kenya, Ethiopia, Australia, Netherlands and the U.S. “Flower Mate” is their brand when selling cut flowers online. According to Customs records, they ranked 24<sup>th</sup> for cut flower imports with 10 MT from January to May 2017.

Address: A5, Cut flower Area, Lingnan Flower Wholesale Market, Guangzhou

Contact: Vincent Cao – Manager

Tel: 86 13861830925

Email: cso@gzxsm.com

#### Guangzhou Flower Mate Imported Cut Flower Co. Ltd.

Guangzhou Flower Mate is a distributor in Guangzhou. They handle cut flowers from Kenya, Australia, and the Netherlands via Wechat mainly.

Address: A5, Cut flower Area, Lingnan Flower Wholesale Market, Guangzhou, China

Contact: Jin Ming – Manager

Tel: 86 18520270376

Wechat Official AC: flowermatecn

#### Guangzhou Jinshiyang Import & Export Co. Ltd.

Guangzhou Jinshiyang Import & Export is one of the importers to handling cut flowers from Netherlands, Italy, Kenya, Israel, South Africa, New Zealand and the U.S.

According to Customs records, they ranked 16<sup>th</sup> for cut flower imports with 24 MT from January to May 2017.

Address: Rm.402, No.15, Lane 8, Sanfengcun, Huadong town, Huadu District, Guangzhou, China

Contact: Anna Feng

Tel: 86 13570555776

Guangzhou Datian Agriculture Co. Ltd.

Guangzhou Datian Agriculture Co. Ltd is one of the importers handling cut flowers from South Africa, Netherlands, Ecuador, Colombia and the U.S. They also import other products related to cut flowers and plants such as fertilizers, peat soil and tools.

According to Customs records, they ranked #14 for cut flower imports with 26 MT from January to May 2017.

Address: 5 Yilinxi Street, Huaboyuan Technical Area, Longxi Da Dao, Guangzhou, China

Contact: Luo Bo – Manager

Tel: 8620 81485061

**Attachment:**

- List Of Quarantine Pests In Imported Plants updated on June 14, 2017