

Brazilian flower sector debated at Fiaflora

It was appropriate that a congress on the flower sector in Brazil took place in its capital Brasília last May. All nine previous editions of Fiaflora were held in São Paulo, but the sector is searching for a more visible position in the political arena. A 10-page open letter was presented to the public and the government, aiming to project floriculture as an organised business chain by listing its achievements, challenges and constraints.

By Mauricio Mathias

Flower Tech was invited to the event by the Sebrae National Agency, one of the events organisers. The venue was divided into a series of debates, a flower expo and rounds of business meetings designed to bring suppliers and buyers together. A list of previously registered growers and their crops was matched to wholesalers' needs. All potential buyers and sellers also had meetings scheduled for hours before the day activities; in this way the maximum interaction was achieved.

To date there has been little coordination among different

production areas in the country, and there is not a united sector in the national sense. Differences between regions are considerable and generally there is more competition between them than co-operation. São Paulo state for example represents 70% of all flower exports. The concentration of growers attract input suppliers and plant buyers, keeping production and trade costs down, which in turn further accentuates regional differences.

The congress focused on three topics: the sector's potential, opportunities and challenges. Organisers invited regional

leaders, successful entrepreneurs and experts to talk about varying fields, from logistics to e-commerce. Here are some of the ideas presented by these speakers.

Potential and opportunities

Brazil is following the international trend in increased flower sales in supermarkets and convenience stores, rather than in flower shops, but at a faster pace. At the Veiling Holambra for example, it represents 30% of the revenue and it is their fastest-growing segment.

Around 50% of all plant sales in Brazil are potted plants, which is above the world average but spells good news for substrate and vase suppliers.

A trend towards enhanced regional production and trade rather than long-distance transportation is likely to strengthen. The combination of internal distances in Brazil, bad roads and a still-developing cold chain is taxing on quality. Growers may ship out good quality products at a fair price but if it arrives at the consumer's home at a higher price and lesser quality, future sales are jeopardised.

An undisputed point among all is that Brazil's potential market is still to be conquered. Even though flower exports have doubled in the last five years, it is still only 3% of the national plant business. Consequently, a 10% increase in internal demand would represent many times the total export revenue.

In that respect Brazil is in a unique situation of trying to foster its own internal market while increasing its participation in the world plant trade.

Challenges

In this competition Brazil does not have the altitude climate of Andean and African countries, nor does it have production costs as low as some of them. As most developed countries have little or no market growth, growers have tried to maintain or increase their margins by going to lower cost areas. Greenhouse acreage has grown much more in some African nations for example than in Brazil. However, almost all investments there are from EU investors with grants from their home countries, which in turn absorb their production. The lack of frequent cargo planes out of the São Paulo hub is another relative disadvantage.

What neither of these countries have is a US\$ 750 million/year internal market. When looked at from this perspective, the main challenge to the Brazilian flower business is to raise the still low per capita consumption, and not so much production issues. Fortunately for the sector there has been an improvement in the perception that growers, retailers and wholesalers are not separate entities but links of the same chain that cannot thrive at the other's expense.

Other perceived challenges are national bureaucracy,



Fiaflora inaugurated the recently renovated Brasília Convention Center.



Central Flores, the grower's market in Brasília to promote regional production and local sales.

increasing the number of growers coops for concerted actions and to raise the entrepreneurial level of wholesalers and retailers. Last but not least is the breeder's rights issue. Grower groups from other states visiting Brasília for the event visited the offices of their congressmen to stress their interest in a speedy approval of the upcoming law amendment.

The Expo projects

The stands exhibited 23 projects partly supported by Sebrae offices in 16 states. "This agency and their local partners have invested R\$ 10.2 into flower projects so far and it will be R\$ 19 million until 2007", says Léa Lagares, national manager for agribusiness since 1996, a segment that is responsible for one-third of all of Sebrae's projects. The Brazilian Institute of Floriculture, Ibraflor, also took the opportu-

nity to release the results of the most complete chain scan and diagnosis ever made in Brazil. In a CD format it consists of market research and analysis, compilations of interviews with key figures and much more.

Brasília, the third largest national flower market in Brazil has also been the centre of attention for its own new growers market. Its location within the city's main produce market makes it easier to acquire plants locally, directly from growers. The city is also at a logistically central location in Brazil, equidistant from the main cities. To promote its products, two publications were issued at the fair, a catalogue of all plants grown commercially in the region and a first-of-its-kind market research and flower chain diagnosis made by Sebrae. [y](mailto:mauriciomathias@hotmail.com)

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