

Valentine's Day: Colombian Success

Valentine's Day will mark another strong sales event for Colombian flowers. But the sector is concerned about the fallout if the US-Colombian free trade agreement is not approved.

BY CHRONICLE STAFF

Augusto Solano should be a carefree man these days. The association he heads up — the Colombian Association of Flower Exporters, or Asocolflores — is expecting yet another big sales day on Wednesday, February 14 - the day the United States celebrates Valentine's Day. The event accounts for 15 percent of all Colombian flower sale volumes during the whole year. By value, it's even more.

And since Valentine's this year (as last year) comes on a weekday, that's also good news. "Usually weekdays are better than weekends," he says. Most people stay at home over the weekends, but are more likely to buy flowers during the week, he says. And among weekdays, Wednesday is considered a good day.

Colombia accounts for 62 percent of the rose market in the United States. It also delivers 92 percent of carnations, 93 percent of all chrysanthemums and 97 percent of alstroemerias. All in all, Colombia provides 77 percent of the flowers that are imported in the United States. Last year, Colombia's flower exports reached an estimated \$930 million, according to Solano. That marks a 2.6 percent increase from 2005. Flowers are Colombia's fourth-largest export, according to Proexport data for the first nine months last year. Only oil, coal and coffee generate more revenues.

NEEDS US FTA

However, the Colombian flower sector is now anxiously following the process in the U.S. Congress, where a free trade agreement with Colombia is expected to be voted on before July. Members of the Democratic majority have sent mixed signals on the agreement, with some vowing to vote against it due to Colombia's record in union issues. Also environmental standards are a concern for Democrats.

"Not having it will make a big difference," Solano says of the Colombia-FTA. "The industry will be disrupted."

Colombian flowers currently benefit from duty-free access to the United States thanks to the Andean Trade Promotion and Drug Eradication Act, but the ATPDEA is set to expire in July after already



FLOWER POWER: Colombia accounts for most of the roses and flowers sold in the United States for Valentine's Day and throughout the year. (Photo: Florverde).

being extended from its original deadline of December 31 last year. Having an FTA in place will provide the necessary guarantees for investors to invest long-term, Solano says. Not having it will mean Colombia will lose its competitive advantages, he adds.

LABOR AND ENVIRONMENTAL CERTIFICATION

And the Colombian flower industry has a good story to tell U.S. lawmakers concerned about labor and environmental standards. Long before those issues have become key to passing a Colombia-US FTA, Asocolflores created a special program aimed at addressing those concerns: Ten years ago, the association started Florverde, a program that certifies flower farms that meet requirements aimed at improving the lives and living standards of workers and their families, preserves and protects the environment for the farmers for generations to come and ensures high-quality, affordable flowers for consumers year-round.

"It [shows] a lot of labor and social responsibility," Solano says.

All in all, more than 160 farms (or the equivalent of half of the acreage devoted to growing flowers in Colombia), have qualified for, or are in the process of qualifying for, Florverde certification. The certification is verified by Switzerland-based SGS, an international audit company which also has worked with companies like Avon, McDonald's and the GAP.

The certified farms use agricultural chemicals consistent with U.S. regulations, while workers are educated and trained in the safe use of these chemicals and provided appropriate safety equipment, Asocolflores says. Access to on site medical care, dining areas and hot meals are provided and some farms go beyond specified worker requirements and offer child care, housing subsidies and literacy education.

Asocolflores has informed US lawmakers about Florverde during the past 10 years as part of its efforts to keep them informed on the results of the duty-free access Colombia enjoys. And most recently, US Assistant Secretary of State for Western Hemisphere Affairs Thomas Shannon visited Florverde farms during a recent trip to Colombia, Solano says.

ONE MILLION FAMILIES

The Colombian flower industry provides 110,000 direct jobs and another 94,000 indirect jobs and is the most labor-intensive agriculture sector in Colombia. Combined they feed close to one million people, Solano estimates.

The flowers are grown by more than 550 farms, including those operated by US-based Dole Fresh Flowers. "They decided to leave Ecuador and concentrate on Colombia for their operations," Solano says.

Last October the company announced it was closing its farms in Ecuador and two farms in Colombia to save costs. "These farms have historically produced products with limited/seasonal demand and have high costs," Dole said at the time.

Most of the flowers - some 80 percent - are grown near Colombian capital Bogota, while most of the remaining ones are grown in the warmer Rio Negro area that includes Medellin. The combination of high altitudes, proximity to the equator and predictable weather patterns, make Colombia an ideal place to grow flowers, Solano points out.

MIAMI HUB

The US is by far the top market for Colombia, accounting for 85 percent of total exports, while Europe accounts for around 10 percent.

Within the United States, flowers are evenly sold in all the big cities. But Miami alone accounts 90 percent of the flower flights from Colombia. Once in Miami, they are put on refrigeration trucks and shipped all over the country. At one point they even drove as far as Canada, but that market is now served by a direct flight between Bogota and Toronto, Solano says.

Top carriers flying flowers from Colombia to Miami include TAMPA, Florida West, Aero Republica and Cielos del Peru. For Valentine's Day, they typically expand their plane capacity 2-3 times.

In the United States, Colombian flowers mainly face competition from Ecuadorian flowers, but also from Dutch and California growers.

EUROPE

Colombia is also hoping for a free trade agreement with the European Union. The EU has started negotiations Colombia, Ecuador and Peru for a so called "association agreement," which is roughly equivalent to a free trade agreement. Colombia also benefits from a temporary duty-free access to the EU thanks to a Generalized System of Tariff Preferences (GSP). Colombia's GSP status was renewed two years for 10 years, but like the ATPDEA only provides temporary relief, Solano says.

In the EU, Colombia has to face fierce competition from the dominant flower vendor - The Netherlands. But it has managed to carve out a niche in the market and today top EU markets for Colombian flowers include the UK, Germany and The Netherlands. Most of the EU-destined flowers are flown from Bogota to Amsterdam and then redistributed in Europe.

Other important markets include Japan and Russia. Colombia is the top carnation exporter to Japan. Colombia is also benefiting from strong demand in Russia, where flowers are in high demand but difficult to grow due to harsh local weather conditions most of the year. "They have a culture of flowers," Solano says. "On Woman's Day [it's key] and you can see many places where they are selling flowers 24 hours a day." While Russia is currently served by trucks from Amsterdam, Solano expects the market to pickup with more direct flights between Bogota and Moscow.

In the meantime, he is following closely the sales of Valentine's Day roses in the United States - and the process of getting the US-Colombia FTA passed.