

## Horticulture In Romania Case Study: Flowers - A Luxury for Romanians

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### Abstract

The paper forwards an analysis of the Romanian flower sector. The production of flowers and ornamental plants is a sector that can bring considerable revenues and has the potential of being a market niche for Romanian farmers. The analysis was conducted based on the information published by the Ministry of Agriculture and Rural Development, the National Institute of Statistics, the European Commission, as well as media publications. The research has highlighted the fact that the Romanian market is dependent on imports, while domestic exports are low both quantitatively and in value. The main intra-Community supplier of flowers in Romania is represented by The Netherlands, and significant quantities being imported from Latin America. The production of flowers in Romania accounts for less than 1% of the production of the European sector, and the per capita consumption is one of the lowest in the region. The decline in domestic production was accelerated by the Covid-19 pandemic and will continue in the absence of a strong support for the sector from the part of officials. The competition of imports, the lack of investments and the black market are among the main factors affecting the Romanian ornamental plants market.

Flowers are a luxury product for Romanians, and unfortunately this is also an imported one.

**Keywords:** flowers and ornamental plants, import, consumption, Romania

### Introduction

The territory of Romania offers favorable natural conditions for the production of flowers and ornamental plants, in open or closed spaces. Although on the national level there is an important tradition in the field of floriculture and special research institutes have been established for the development of the sector, as there is a significant demand on the domestic and international market, Romania is not one of the important producers on the global or European flower market, the internal demand being largely supplied by imported products.

### Literature Review

Wróblewska et al. (2018), showed that European transactions with flowers and ornamental plants are based on the principle of geographical proximity. The main intra-Community supplier is represented by The Netherlands, and the main destination market for ornamental plants is Germany. The authors specify that an analysis of the European

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Union's international trade profile shows that Africa's role as the main supplier of cut flowers and seedlings has recently increased, with a decrease in the share of North and Latin America as main suppliers of cut flowers. The main recipients of European exports, especially tulip bulbs, are the states of North America and Asia.

The analysis of European production of flowers and ornamental plants shows a high degree of market concentration, with the output concentrated mainly in five Member States of the Union (The Netherlands, Italy, Germany, France and Spain, which are also the main suppliers of the internal market, and extra-Community exports, respectively (DG AGRI-G2, 2020).

In Romania, the market of flower products is not officially regulated, the flowers being sold both in specialized stores (taxed), but also in markets, on the street or in other authorized but not taxed points of sale. The level of unfair competition is high, and for Romanian growers capitalizing on production at real prices or obtaining an attractive profit are difficult objectives to achieve, Causes - the import of large quantities of flowers by specialized traders, who impose low prices during the holidays, when sales are higher, or due to a significant temporary overproduction launched on the market in the short term, with prices below the production costs of Romanian farmers.

The COVID-19 pandemic increased the share of online flower trade, to the detriment of traditional sales. With a profit margin of 15-25%, the online flower shop market in Romania is increasingly attractive for entrepreneurs, as currently there are about 150 online flower shops sharing the domestic market (Business Agricol, 2021).

Ionescu (2018), made an analysis of the national commercial balance, and showed that Romania has recently registered a significant trade deficit, flower imports being over 50 times higher than exports, and the area cultivated with flowers has halved in the last 10 years.

Xia et al (2006) point out that the rapid technological development of greenhouse production, biotechnological advances (including genetic manipulation), transport conditions and marketing strategies have led to the achievement of a historical maximum of activity and competitiveness for floriculture. The Netherlands, the United States and Japan are the world's largest producers, with three major floriculture centers in Europe-Africa, America and Asia-Pacific. The tele / internet flower exchanges and auctions play an increasingly important part in the floriculture industry.

## **Materials and Methods**

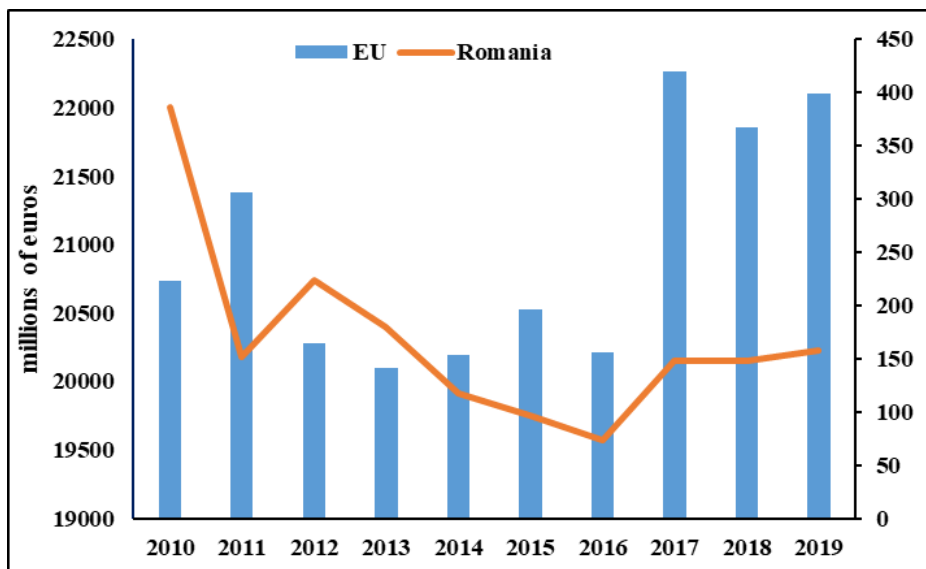
Documentation was made by accessing the scientific databases Clarivate Analytics, Google Scholar and ResearchGate. The research used the official information available on the websites of the Ministry of Agriculture and Rural Development, National Institute of Statistics and Eurostat, reports of public agencies for the European Commission, as well as specialized publications of producer associations. The information was statistically processed, graphically represented and interpreted. The results were compared with other specialized works for validation.

## **Results**

### ***The European context***

European Union is a major exporter of pot plants, conifers and hardy perennial plants, bulbs and corms and an importer of cut flowers and cut leaves on the global market. The commercial balance of the European trade in flowers and ornamental plants records a net trade surplus for live plants and floriculture products (European Commission, 2021).

The value of European production of flowers and ornamental plants in 2019 was 22.099 million euros, by 1.1% higher than in the previous year (DG AGRI-G2, 2020). Data shown in Figure 1 also included also UK.

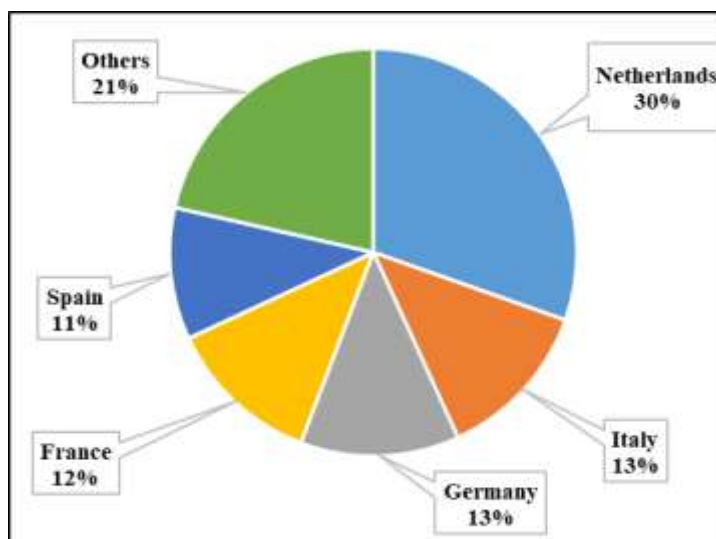


**Figure 1: Output of flowers and ornamental plants in the EU**

Source: Authors, by using DG AGRI-G2 (2020)

The annual European average of the value of flowers and ornamental plants output on the European level in the last 10 years is 20962.9 million euros, with a significant increase of about 10%, recorded in the 2017-2019 period. Romania occupies a modest position on the European level, with an output valued at 158 million euros and a market share of 0.71%. Significant outputs are obtained in The Netherlands (EUR 6.717 billion), Italy (EUR 2.823 billion), Germany (EUR 2.792 billion), France (EUR 2.711 billion) and Spain (EUR 2.313 billion), the top five countries in Europe, covering about 78.5% of the European Union profile market (Figure 2).

Belgium, Denmark and Portugal occupy the next positions, whereas Northern Ireland, Bulgaria and Macedonia rank last positions.

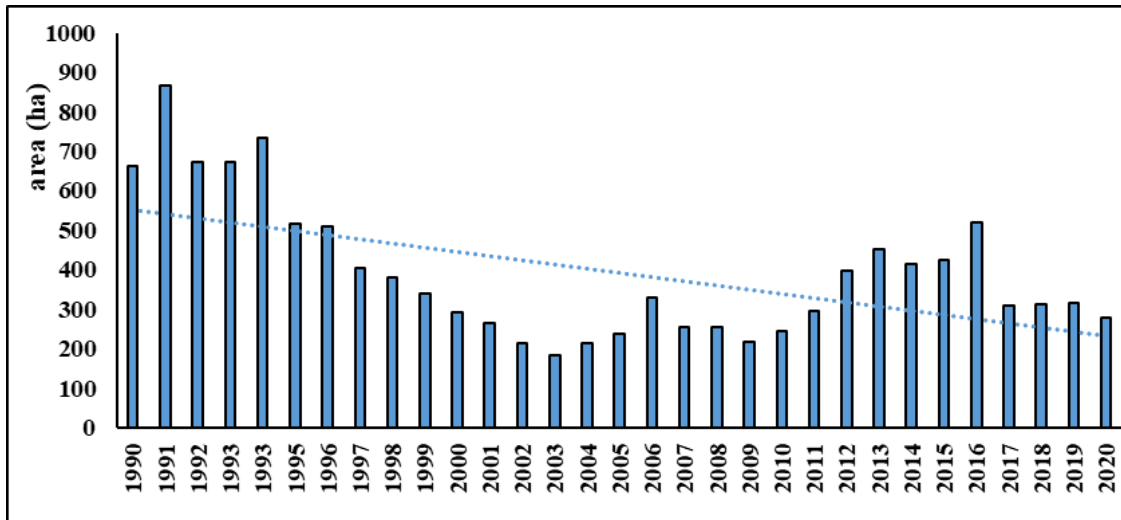


**Figure 2: Main producers of flowers and ornamental plants in Europe**

Source: Authors, by using DG AGRI-G2 (2020)

### ***Floriculture in Romania***

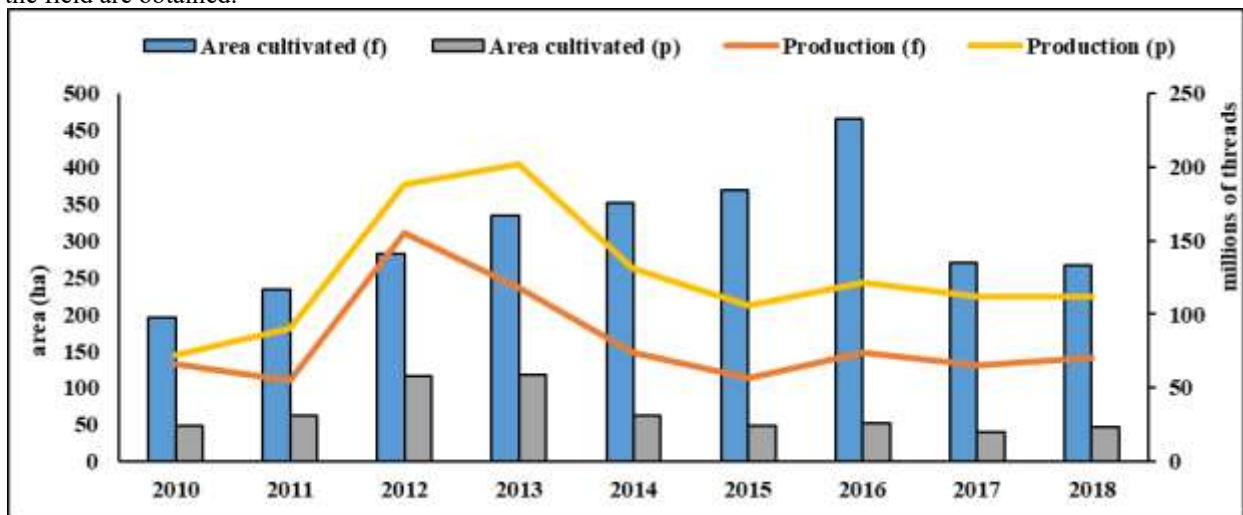
Ministry of Agriculture and Rural Development (MARD) Database (2021) provides information on the evolution of areas and output of cut flowers in Romania, with specifications about flowers cultivated in field and flowers cultivated in protected areas/greenhouses, the evolution of intra and extra-EU trade with flowers of Romania. According to the National Institute of Statistics (2021), last years the area cultivated with flowers and ornamental plants has steadily decreased in Romania, reaching in 2020 only 278 hectares, compared to 867 ha cultivated in 1991 (Figure 3).



**Figure 3: Production of flowers and ornamental plants in Romania**

Source: Authors, by using NIS (2021) and MARD (2021)

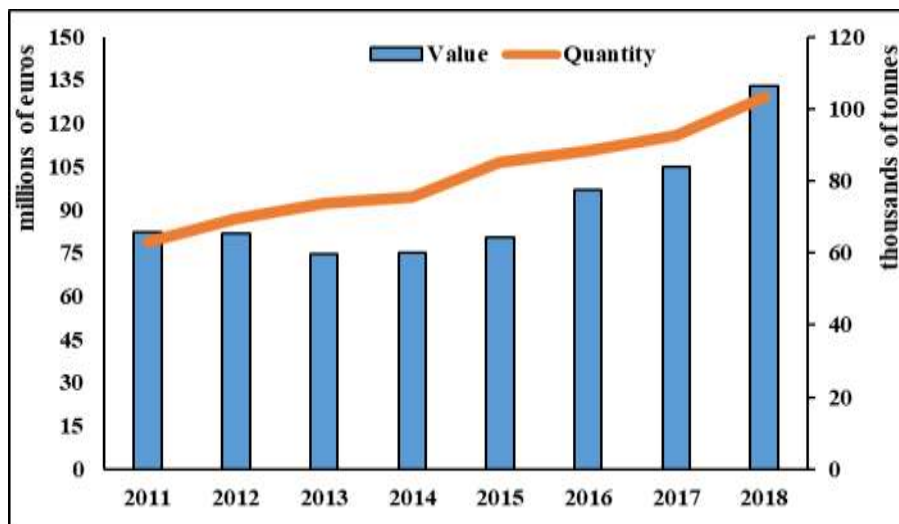
The information provided by the relevant ministry covers only the 2010-2018 period. In Romania, flowers are grown in the field and in protected areas. The evolution of output and areas for the two categories of crops is shown in Figure 4. The largest areas cultivated in domestic production are allocated to field crops, where conditions are variable depending on the season and productivity is low. This explains why in protected areas, with cultivated areas 5-6 times smaller, but no longer subjected to the conditionality of the seasons, yields almost equal to those in the field are obtained.



**Figure 4. Areas cultivated and flowers production in the field (f) and in protected areas (p), respectively**

Source: Authors, by using MARD (2021)

Imports of flowers in Romania reached a value of 133 million euros in 2018, for a quantity of 103 thousand tons (Figure 5). Romania's main intra-community flower supplier is The Netherlands, a world leader in the field, with tradition and innovation in floriculture. The Netherlands' output is over 4 billion tulip bulbs per year, 80% of which destined for export. Of the 1,800 new varieties of flowers and decorative plants acclimatized on the European market, 65% belong to Dutch farmers. Beside tulips, Romania imports especially roses, carnations, orchids, chrysanthemum and gladiolus flowers from The Netherlands (AgroInteligența, 2016).



**Figure 5: Imports of flowers and ornamental plants in Romania**

Source: Authors, by using MARD (2021)

The Dutch exports of flowers have been affected by the pandemic, with losses in 2020 estimated at over 5 billion euros (G4Media.ro, 2020). Tulip producers have tried to compensate for these losses by increasing exports of fresh vegetables and fruits. The flowers from Latin America, especially Ecuador and Colombia, are also in the top of Romanian importers' preferences, but the quantities brought are smaller, due to the higher costs of air transport.

The exports of flowers and ornamental plants conducted by the Romanian farmers are insignificant compared to the imports. For example, in 2018 the value of Romanian flower exports was 1.2% of the share of imports (Figure 6). The large domestic growers left the market, due to the lack or low value of subsidies, the low degree of profitability and the competition of imports. Sere Codlea (the Codlea Greenhouse), the largest Romanian producer, who covered the entire domestic market in the early 1990s, no longer exists on the actual market.



**Figure 6: Romanian flower exports**

Source: Authors, by using MARD (2021)

### ***Tendency of buying flowers in Romania***

Romanians buy flowers only when social norms oblige them, such as March 1st and 8th, the religious holidays or the opening of the school year (DIGI24, 2021). The flower industry has been hit hard by the pandemic. Although the share of online sales has increased recently, the number of orders cannot compensate for the losses recorded (Stanciu ET AL, 2019). In addition, restrictions on events in terms of organization and number of participants led to losses of up to 80% recorded by the large flower chains, while distribution to hypermarkets decreased by 70% (ProTV, 2020). The price of flowers is high in Romania, being comparable on the European level only with that practiced in Cyprus or seasonally in Germany. The high price of flowers, correlated with the low purchasing power of the population, is another reason why Romanians spend the least money in Europe on flowers, 6 euros per capita per year on the average, according to a Flower Council study quoted by Ionescu (2018).

## Conclusions

The lack of strong measures taken by the authorities in order to support domestic producers will further lead to low outputs and increased dependence on imports. The orientation towards production in protected areas, the acclimatization of new valuable species of flowers, a more efficient marketing and additional consumer education are the elements that can reduce this decline in floriculture recorded in Romania. Flowers are a luxury product for Romanians, and unfortunately this is also an imported one.

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