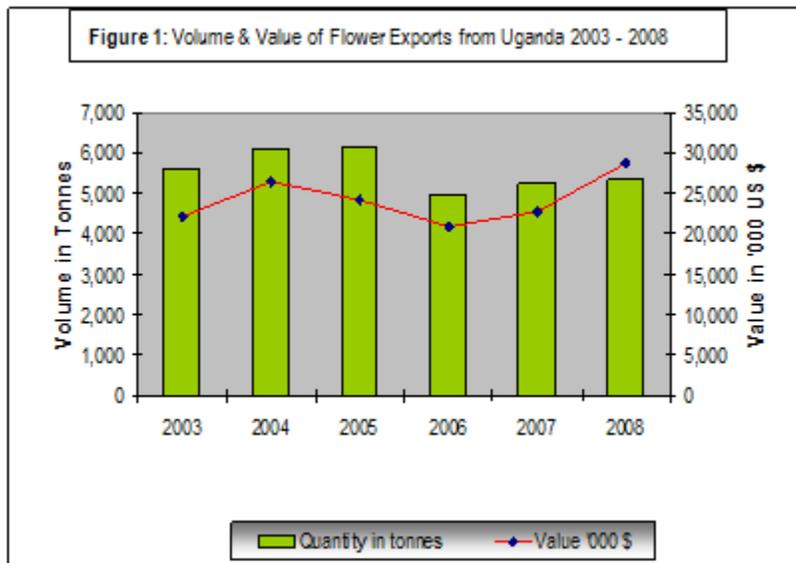


Floriculture Sector Profile



The Floriculture sector is one of Uganda's top ten foreign exchange earners contributing close to \$ 30 million in export revenue. The sector has grown from a single 2 hectares farm in 1992 to 20 farms covering 192.1 hectares in 2009 (Table 3). Investment in the sector stands at over US \$ 54 million employing more than 6,000 people (UIA, 2009). The sector produces over 40 varieties mainly – Roses (70%), Chrysanthemum cuttings (25%) and potted plants (5%). The main flower growing areas in Uganda are in the central region around the Lake Victoria basin – in districts such as Mpigi, Mukono and Wakiso. Other flower growing areas are in South Western Uganda - Ntungamo District (Figure 2) and Kapchorwa District in Eastern Uganda. The volumes and value of the flower exports have grown from 3,000 tonnes worth US\$14.61 million in 2000 to 5,349 tonnes worth an estimated \$ 29 million in 2008. The escalating growth trends in flower exports have positioned Uganda among the top five largest exporters of cut flowers in Africa.

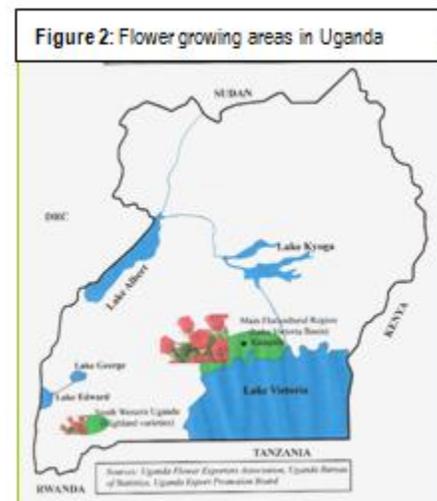


Competitive Strengths in the Sector

- Ideal Climatic Conditions for Flower Growth & Production

Uganda's hot humid temperatures around Lake Victoria basin are ideal for the growth of short stem roses (sweethearts), chrysanthemum cuttings and potted plants. As a result, investors do not incur any production costs on heating green

Agreement provides for non-reciprocal trade arrangement for ACP countries including Uganda. Flower exporters therefore also benefit from preferential tariffs to the European markets.



• Stringent Quality Standards Regime

The Floriculture sector is very well regulated and meets the highest European product safety and quality standards. The sector has developed a landmark regulatory framework, the Uganda Code of Practice for the Horticulture Sector, which specifies strict guidelines for farmers and managers in occupational safety, worker welfare, discrimination, and equal pay. In addition, flower growers use production techniques associated with hydroponics, recycling, irrigation, filtration, and sterilization to allow for rational attainment of high quality flowers for export.

• Salaries/Wages in the Sector

Salaries/Wages in the sector are competitive in the region. They range between Uganda shillings 70,000 (\$35) and 100,000 (\$ 50) per month for the unskilled workforce, Uganda shillings 100,000 (\$50) and 400,000 (\$ 200) per month for the semi skilled (supervisors and clerks among others) and between Uganda shillings 400,000 (\$200) and 2.5 million (\$1,300) for the skilled manpower.

• Specific Sector Incentives

0% Import duty on importation of a complete unit of a Green house and VAT is deferrable; 10 year tax holiday for flower exporters (Incentive awaits approval of relevant regulations).

• Export Market Demand

The main flower products traded in the world markets are roses and carnations and chrysanthemums accounting for about 50% of the world cut flower trade. The Netherlands through the Dutch auction is the leading buyer of cut flowers and foliage, with a value of 56% cut flowers and foliage imported from external sources outside the EU and 61% in terms of volume (Table 1). The Dutch auction has made Europe the major source of world flower exports. African countries are rapidly becoming major sources of flowers with countries such as Kenya, Uganda, and Zambia contributing sizeable export volumes already produced in Colombia, Ecuador, Thailand, and Israel.

The main export destination for Uganda's flowers is the European Union particularly Netherlands/Holland. Uganda produces 60 per cent of the chrysanthemum cuttings exported to the Netherlands (UFEA). This implies that for every bunch of 10 chrysanthemums bought in Holland, six are imported from Uganda. Ugandan flowers are further redistributed within the Netherlands to importers in other European countries such as Norway, Sweden, United Kingdom and Germany. Other important markets are the United Arab Emirates and the USA.

Table 1: Outlets for Uganda Flower Exporters

Country	Contact
Flora Holland (Holland): A leading internationally oriented Auction with six branches in the Netherlands	Website: www.floraholland.nl
Tele Flower Auction (Holland):A private computerized auction focusing on flower exports from East Africa	Website, www.tfa.nl
Aalsmeer Flower Auction (Holland)	Website: www.vba.com
Landgard (Germany): The leading sales organization and auction in Germany	Website: www.landgard.de
The UK Flower Industry	Website: www.flowers.org.uk

Source: Uganda Export promotion Board

Investment Opportunities

Investment opportunities in the flower sector include:

- Expansion of other floricultural plants for example “summer flowers”, fresh foliage and grasses required for bouquets, bulbs, tubers and live plants;
- Production of propagation material;
- Establishment of soil analysis laboratory and services;
- Manufacture of green house plastics;
- Manufacture of packaging materials and;
- Other inputs: Fertilizers, herbicides, pesticides that are currently imported at high costs.

Setting up a 6ha Flower Plant

The cost of setting up a 6 hectare Rose farm is approximately \$ 1.53 million (Table 2). Successful investors in the sector have however invested up to \$ 3 million. Other necessary requirements include a pre-cooling area, cold store, materials store, pump room, workshop, store for fertilizers and pesticides and staff housing.

Table 2: Cost of setting up a 6 hectare Flower Plant

Item	Cost (\$)	Cost \$ /ha
Land purchase	45,000	7,500
Land preparation	60,000	10,000
Greenhouse structure	180,000	30,000
Irrigation infrastructure	60,000	10,000
In-house irrigation, sprayers	54,000	9,000
Electrical Installation/generator	40,000	6,667
Plants	600,000	100,000
Packhouse-400 m ²	50,000	8,333
Cold store-100 m ²	50,000	8,333
Other buildings	60,000	10,000
Vehicles-truck, pickup	30,000	5,000
Tools and equipment	30,000	5,000
Working Capital for 8 months	190,000	31,667
Miscellaneous-5%	72,950	12,158
Total	1,531,950	255,325

Table 3: Flower Producers and Exporters - 2009

	Company	Products Exported
1	African Agro Industries/ Xpressions	Poeme, Lambada, Black Beauty, Frisco, Escimo, First red, Sacha, Hocus Pocus, Amefika, Bonanza, Pondorosa, Maxine
2	Aurum Roses	Jupiter, Chelsea, Red Calypso, Samoa, Red Giant, Valentino, Banjo, Sancirre, Citrone, Josie
3	Chrysanthemums Uganda Ltd	<i>(new company)</i>
4	Fiduga	Chrysanthemum cuttings
5	Jambo Roses	Red Giant, Red Champ, Escada, Valentino, Red Calypso, Aqua,
6	JP Cuttings	Hortensia and ficu benjaminus, Vegetables
7	Kajjansi Roses	Red Calypso, Poeme, Chelsea, Sunbeam, Viva
8	Xclusive Cuttings	Crysanthemum Cuttings, Kalanchoe cuttings,
9	Mairye Estates	Chelsea, Frisco, Escimo, Sacha, Poem, Lambada, Valentino
10	Melissa Flowers	Red Calypso, Dekora, Chelsea, Sunbeam, Viva, Akito
11	Oasis Nurseries	Escimo, Lambada, Frisco, Poeme, Akito
12	Pearl Flowers	Frisco, Dream, Black Beauty, Safari, Chelseam, Red Calypso
13	Rosebud Limited (I & II)	Meera, Valentino, Redcalypso, Jumbo, Chelsea, Poem, Viva, Lambada, Blushing akito, Akito
14	Uganda Hortec	Dream, Konfetti, Sunbeam, Red Calypso, Frisco, Chelsea
15	Ugarose Flowers Limited	Red Calypso, Frisco, Jamila, Safari, Poeme, Lambada, Valentino, Dream, Viva, Rodeo
16	Royal Van Zanten Ltd.	Chrysanthemums cuttings
17	Sai Farms Ltd.	Frisco, Chelsea
18	Venus Farms (U) Ltd.	Jamila, Frisco, Viva, Sacha, Chelsea, Escimo
19	Victoria Flowers (U) Ltd.	Eskimo, Akito, Red calypso, Sunbeam, Bixa, Birdy, Lambada, Inka, Esprit, Viva, Poeme
20	Wagagai Ltd.	Pot plant cuttings - Impatiens, Poinsettia, Pelargonium

Source: Uganda Flowers Exporters Association, 2009

References

Fresh Handling Services
 Uganda Export Promotion Board (UEPB)
 Uganda Flower Exports Association (UFEA)
 Uganda Investment Authority (UIA)
 Uganda Bureau of Statistics (UBOS)

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