

In a description of the amount and type of regional production of pot plants, ornamental trees and shrubs and their trade, reference is made to the possible effects of the economic crisis upon the different regions and their plant availability.

Facing the crisis; restructuring is required

Spain is a middle-sized country with many different climatic conditions within relatively short distances. Regarding ornamentals, factors like good ecological conditions coupled with the aforementioned climatic variability, determine a clear spatial distribution of production.

In the last few years, with growing purchasing power in the domestic market and a speculative bubble in the real-estate sector - house prices growing and growing - the ornamental sector, a direct supplier of the building industry, roared ahead. The main growth engine has been the internal market. Exports also increased, growing threefold between 1992 and 2006, reaching €206 million in the last year mentioned. Even when this value is given in current monetary units (in constant monetary units the result would have been less impressive) it cannot

be doubted that exports have grown at a quick pace.

Growers and nurseries of pot plants (the main subject of this article) have fared especially well up until a few months ago. The management and structural problems of the sector haven't been especially burdening due to the already mentioned fast growth. Since the last quarter of 2008, however, the situation has changed radically and there hasn't been any growth at all. The country is in the midst of a deep recession that mirrors the international downturn; the situation has been made worse by the domestic real-estate bubble bursting. Sales of certain nursery products directly linked to the building industry, especially ornamental trees, have stopped almost completely and others are struggling. The present comments are focused on the interaction between regional production structures of pot plants,



ornamental trees and bushes and the crisis churning ahead. Different kinds of products are likely to be affected in different ways by the crisis. Different regions will also suffer differently according to their production structures.

Andalusia, a horticultural champion

Andalusia is the most important Spanish horticultural region.

The ornamental subsector in this region was represented, until a few years ago, by a booming cut flower industry (carnations, chrysanthemum) in and around the province of Cádiz, west of Gibraltar. Even though this activity is still important, it has suffered heavy setbacks in the last few years, even before the economic crisis, due to quality problems. Pot plants and nurseries have taken its place, but in other locations, further east. Most of the



Middle sized trees in a nursery in Málaga, Andalusia.



"Comunidades Autónomas": comments focus on the interaction between regional production structures of pot plants, ornamental trees and bushes and the crisis churning ahead, starting with Andalusia in the south and moving further north along the coast (Murcia, Valencia and Catalonia) to jump finally to the north-western corner (Galicia).

Valencia

Murcia

Catalonia

Murcia, nurseries under pressure

Further north up the Mediterranean coast, in the province of Murcia, two kinds of nurseries are found. Cut flowers - mainly carnations - have always played an important role in the Guadalentín Valley and around the city of Lorca. Barberet and Blanc, the international producer of plant material and cuttings, has its headquarters in this area.

Barberet dominates the Spanish market for carnation cuttings. It produces around 56 millions plants a year, with a trade value of €11 million, being the only real multinational of the ornamental sector based in Spain. In this region there are also some 180 ha dedicated to pot plant and tree production (ficus, poinsettias, hybiscus, etc.). These producers are also heavily dependent on the construction industry - mainly second homes on the coast. This dependency will probably cost the growers dear in the coming months; a strong restructuring of the sector is expected.

Valencia; two different kinds of nurseries

In the nurseries of Valencia two very different production systems

are to be found. In the southern part of the region production of big trees for landscaping predominates; further north more traditional pot plant growers predominate.

More than 500 growers have nurseries in the area of Valencia; 390 of them are of the ornamental branch - the rest serve the citrus and fruit tree industry. Total value of production for the nursery sector amounts to €210 million. Some 120 million plants of all kinds (including fruit and citrus trees) are produced. Valencia's production, valued in euros, represents 34% of the total Spanish production of ornamental plants and is strongly oriented to external markets. Table 1 shows the main customers and the export value for 2006.

Within the Autonomous Community of Valencia, the southern province of Alicante has its own profile, with most nurseries producing large Mediterranean plants such as palm trees, large shrubs and agricultural plants "recovered" for ornamental use (e.g. old olive trees). Most of these nurseries are located within a 20 km wide strip along the Mediterranean coast. In 2005 some 229 growers were located in the area. Basically, four kinds of plants are produced. >>>

nurseries are located in Málaga, Almería and Granada, but show a fairly diffuse geographical distribution. Almería being the European powerhouse for vegetables¹, some pot plant growers have set-up shop amongst the vegetable growers, profiting from the existing infrastructure. Many of them were producing plants for local consumption by the booming construction industry on the Mediterranean coast. However, with this customer base now virtually extinct many growers are banking on home owners and summer visitors renewing their gardens from next spring onwards, but it is doubtful that these retail customers will be able to take up the slack. Some of the bigger nurseries located further inland of Málaga are better placed as they have always had an important stream of exports to the Netherlands and Central Europe.

Export value originating from nurseries in Valencia.

Country	Export value, origin Valencia (€ million)	Valencia export value as % total Spanish export to each country (%)
France	22.1	39.8
Italy	6.80	30.1
Netherlands	6.70	22.7
Germany	5.90	37.1
Portugal	4.30	21.7
Belgium	2.10	46.6
United Kingdom	1.20	7.2
Total	59.90	36.4

¹ In Almería, in a coastal area 45 km long and 10 km wide, some 35,000 ha of vegetables (mainly peppers and tomatoes) are grown in plastic greenhouses.

Trees and shrubs, both traditional (rosemary, lantana, viburnum) and also some new species introduced from similar climates. Medium sized or large plants from dry climates, like cactus or dracaenas, are also found in the area. Also interesting are the ornamental olive trees (ficus and grevillea) that are planted in containers and then later transplanted to the soil, where they finish their development after four to six years. The plants are pruned regularly and the final product is about 3 m high and marketed in 50 to 100 litre containers. It is of course a very costly product due both to the large amount of labour required in its production and to the long years that capital stays bound in the product. These are upmarket products sold very often to Northern European customers. But this kind of plant should not be mistaken for the so called "adult recuperated plants", which are submitted to a radically different process. This sector of the trade is the one that has provided the nurseries of Alicante (Southern Valencia) with their largest sales volume in recent years. In this case, large, adult trees are rooted out from old commercial groves and transplanted to the nursery. During their time in the nursery the uprooted plants need to redevelop their damaged roots and branches in order to be able to survive later in their new location. Among the species recuperated are olive, granate and fig. Last but not least, the production of palm trees has been very important during the bonanza years in this area. Traditional plants belong to the genus Phoenix and Washingtonia. Of late some exotic palms have also been added to the local production. The economic perspectives of the Valencia nurseries seem mixed. Like the rest of the Spanish industry, sales to property developers are already stalled, however, their valuable export market and also the sales of smaller plants for domestic consumption will probably hold better. The next few months, when spring and summer come to the Mediterranean coast, will show if these hopes become reality.

Trees and pot plants in Catalonia

In Catalonia there are also two very well differentiated production areas. One is the coastal region of Maresme, located to the northeast of Barcelona, right outside the city, where an important production cluster exists.

Originally developed to supply fresh vegetables to the city, during the second half of the last century it turned, firstly, to the production of cut flowers and later to the production of pot plants. Sandwiched between the sea and a range of hills, plant production is always threatened by the presence of real-estate developers, which has imposed high opportunity costs on the soil. Hopefully, the crisis in the building industry will provide some respite, if only for a short time.

Maresme's production is mainly pot plants and bedding plants. Demand is focused towards either private demand - the smaller pot plants - or towards landscapers working for municipalities and other public customers. Production for the home market has been dominant, but with a growing tendency to exports (Germany, Great Britain and the Benelux countries). The growers' association of the province of Barcelona has 130 members, representing about 90% of the nurseries. Its membership has increased strongly since 1990. Most of the members are located in the region of Maresme.

The production of Maresme, with its focus both on the home market (the city of Barcelona, with 6 million consumers, is on the doorstep) and exports also seems to be better positioned to face the current crisis. Maresme is a well-developed production hub, with research institutions, trade channels and local suppliers of plant material. Further inland, the growers in the province of Girona will probably face a harder struggle. To speak about Girona is to speak about trees. Currently more than 700 different species of trees - conifers, shrubs and others more adapted to Central European conditions - are grown. The regional growers' association (Asociación de Viveristas de



Palm trees in rather large containers. Trees for landscaping are not in such great demand nowadays. Exports to Northern Europe could offer a way out for these products.

Girona) has 54 members. Regarding production technologies, most of the plants (77%) are grown in the soil and the remainder (23%) are grown in containers (small trees and shrubs). This tendency will surely increase in the near future. Produce is normally presented for sale in container, but some species are sold with naked roots. Almost half of the area (46%) is devoted to trees and 25% to shrubs and less developed conifers (less than 2.5 m high). Christmas trees occupy 10% of the area. 80% of the customers are other nurseries, 30% are real-estate developers (up to now...) and 21.5% are garden centres. In recent years sales were growing at the very acceptable rate of 4% per annum. In 2007/08 the growth in sales levelled off. Presently, nobody is making any optimistic forecast. High dependency on property development, which was fine so long as all went well, is now showing itself to be very painful for the growers.

The economic consequences

The Spanish ornamental industry has grown with a strong dependency on the home market. This home market has three main areas: private consumption; professional consumption from real-estate developers and the gardeners working for them; and, official consumption for public areas. Construction of golf courses in tourist



areas has also had a certain importance, but is an activity closely linked to the rest of the construction industry. Of these three areas, the construction industry is nowadays in deep recession and private consumption has been deeply affected. Exports could be, for companies already in the export business or able to develop marketing channels, a way to survive the next, surely very difficult, months. The quality of the produce is certainly up to the challenge and like everywhere else, the Government is ready to support the industry by putting money into public green areas, which should help to stimulate demand. The industry, then, is facing tough times and restructuring will be inevitable. Moreover, response to the difficulties will be different in different regions. However, the fundamentals are sound and the industry will surely emerge strengthened from the crisis and be able to continue being an important supplier of trees, pot plants and Mediterranean products to the rest of Europe. III

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Galicia, an emerging region

Located in the north-western corner of the country, on the Atlantic coast, Galicia has some 160 registered nurseries. Some 50 of them are considered to use updated production technologies. The regional growers' association, Asproga, started in 1998 with 27 members. Today it has 48 members, of which 21.5% claim 85% of the ornamentals production in the region. The region enjoys a high climatic diversity which explains the wide array of ornamentals offered. The most widely produced plant is camellia (2.5 million units/year) which is present in two thirds of the nurseries in the region. Other plants to be found are abelia, thuya, rhododendron, hydrangea and a wide selection of conifers and bedding plants. Some Galician nurseries specialize in bamboos. The plant material is imported from Belgium and the plants are presented in pots/containers sized between 2 and 130 litres. Almost all of this production is exported.

According to Jaime Ramos Motos, who is responsible for sales to northwest and

west Spain and Portugal for the Floragen plant material supplier based in Maresme (Catalonia), a strong restructuring awaits the Spanish nurseries. Technological improvement to increase energy and labour efficiency is unavoidable if they wish to survive. Sales are dropping quickly and will continue to do so in the next months, but growers producing smaller - and cheaper - plants will probably fare better than tree and shrub producers. In Galicia, tree producers focused on supplying the building industry of Madrid are having a really tough time. The ones that have oriented to foreign markets during better times are in a better position to fight back. As Galicia is lacking the large external marketing structures (unlike Maresme in Catalonia where cooperatives and auctions such as Corma or Mercat de la Flor are located) growers that have developed their own direct contacts to the market and are proactive in selling seem to be in better shape than the ones simply waiting for the customers to come to them.



Buying small pots directly from producer in Galicia. In face of the current crisis some nurseries are fighting back with products adapted to their consumers smaller pockets and by taking a more proactive attitude towards marketing.