



Support required for Ornamental Horticulture producers during COVID-19 pandemic

Introduction

The International Association of Horticultural Producers (AIPH) has reviewed the condition of the ornamental horticulture industry globally. The industry is facing a disaster as a result of measures put in place to control the COVID-19 pandemic. The nature of this sector, with a highly seasonal and perishable product, means that businesses will be damaged to a much higher degree than other industries. Working capital is significantly tied up in perishable stock, that must be maintained, but for which distribution has largely closed. The sector in all countries requires urgent assistance to ensure its survival.

Background

The ornamental horticulture production industry consists of businesses producing trees, plants (hardy outdoor plants, seasonal bedding and indoor plants), bulbs, flowers and foliage. Production can be either in the ground or in containers, as field crops or in greenhouses.

Businesses in the supply chain include breeders, propagators, growers, hauliers (transport /logistic service providers), wholesalers/packers, retailers, landscape contractors and a range of other market channels.

Product is perishable (normally a fixed life) and requires ongoing husbandry and maintenance (including watering, feeding, crop protection and environmental controls).

Flowers, seasonal plants and many indoor plants are grown for fixed sales windows often linked with celebration days (e.g. Mothers Day) or key gardening weekends. Sales lost on these days are not recovered.

Current Situation for Ornamental Horticulture producers during COVID-19 Pandemic

Almost all sales have ceased due to the following reasons:

- Closure of many retail outlets – Garden Centres, retail nurseries
- Consumers are focusing on essential purchases only
- Closure of borders or reduction of available flights for flowers
- Landscape and construction projects put on hold

Retailers still open (e.g. food retailers) are focused on food products and some have stopped sales of ornamental horticulture products.

Some online and delivery sales are continuing but this represents small market share for these typically impulse purchase products.

For flowers, the sales windows have passed and crops must now be disposed of. There is no market.

Growers of flowers and seasonal plants have to decide whether to risk planting/sowing the next batch.

Unsold stock reduces space for subsequent planned crops.

Even if closed, some staff are required on site to maintain crops.

Consequences for producers without financial support

Urgent cash flow crisis

Revenue has dropped to almost nothing during a period when most revenue is normally earned (Spring in northern hemisphere) and when return on investment is expected. This leaves no money to pay staff and re-invest in crop maintenance and new crops.

Stock wastage

Considerable volumes of stock are rapidly becoming unsaleable due to perishability or missing sales windows. This stock will have to be written-off. This will reduce the stock valuation on company balance sheets making many businesses insolvent within weeks.

Bankruptcy

Typically, businesses in this sector run on narrow profit margins. Without support it is likely that a significant proportion of these businesses will go out of business during 2020.

Financial Support Required

Ornamental horticulture producers urgently require the following financial assistance to remain in business:

- Grant funding to support the cost of staff (including those who cannot work and those maintaining crops) during the crisis.
- Grant funding to support the cost of stock which will be written-off.
- Grant and/or liquidity assistance for the additional costs of managing stock for longer periods than normal.

Further Information

For further information visit <http://aiph.org/coronavirus-covid-19-response/>.