Puebla Competitiveness Report

(Work in Process)

Cut Flower Cluster In Puebla's State

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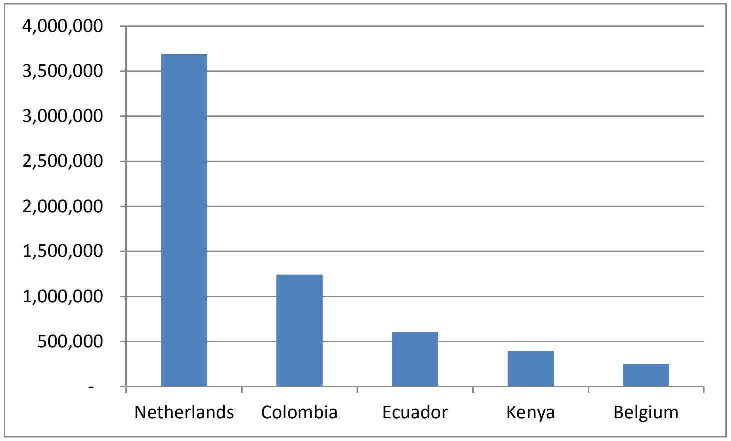
1. World Cluster Status

List of exporters for 0603 Cut flowers and flower buds for bouquets, fresh or dried

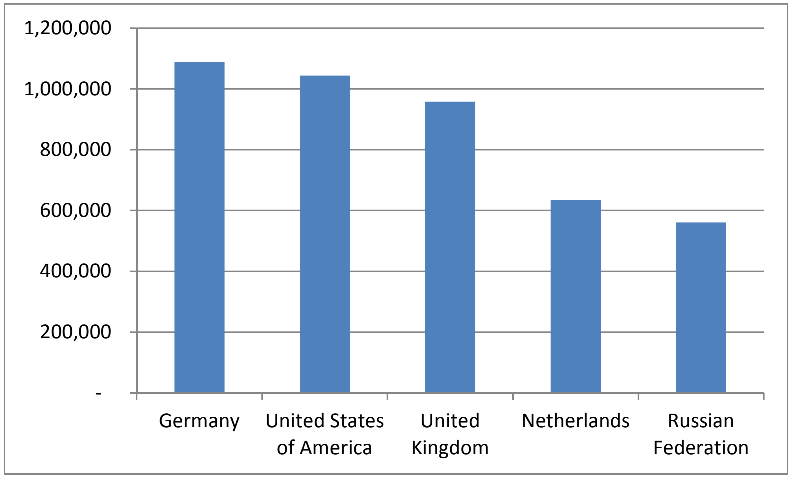
Exporters	**Exported value (Unit : US Dollar thousand)**			
Exporters	**2007**	**2008**	**2009**	**2010**
Netherlands	3,944,605	4,179,795	3,620,270	3,692,294
Colombia	1,114,884	1,094,475	1,049,225	1,240,481
Ecuador	403,028	565,513	507,810	607,761
Kenya	313,412	445,996	421,484	396,239
Belgium	87,305	103,868	167,716	248,628
World	**7,122,244**	**7,709,787**	**7,318,538**	**7,585,898**

Sources : UN COMTRADE statistics.

Exported value 2010



Imported value 2010



List of importers for 0603 Cut flowers and flower buds for bouquets, fresh or dried

Importers	**Imported value (Unit : US Dollar thousand)**			
	2007	**2008**	**2009**	**2010**
Germany	1,102,244	1,194,639	1,042,551	1,087,733
United States of America	1,043,617	1,021,196	960,405	1,043,818
United Kingdom	1,133,862	1,056,847	877,690	958,287
Netherlands	672,374	821,100	711,073	634,123
Russian Federation	485,764	555,026	500,408	560,678
World	**7,113,543**	**7,666,445**	**6,894,572**	**7,271,883**

Sources : UN COMTRADE statistics.

Sintonía

2. Relevant Cluster Charts

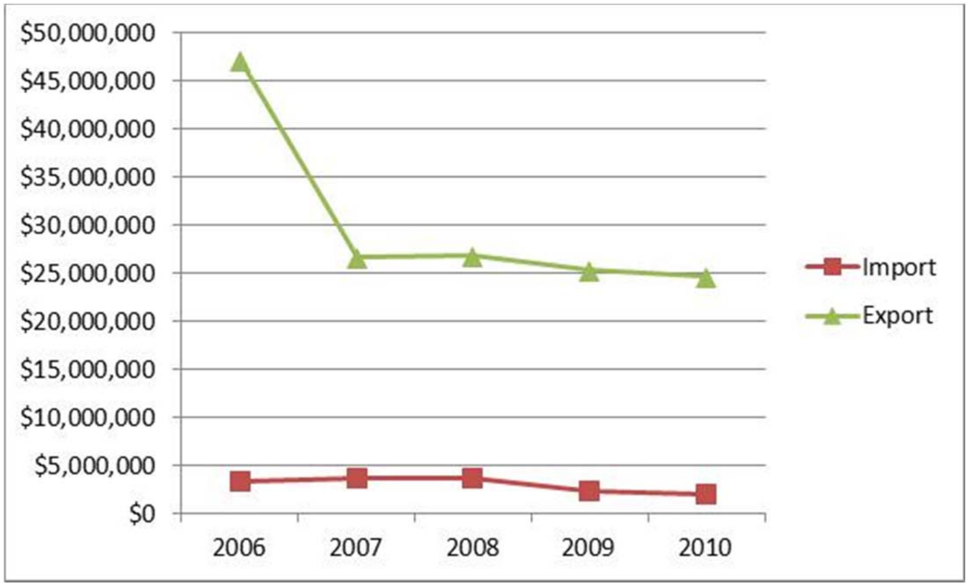
In the year 2010 Mexico occupied the 25th place as an exporter ($ 24.585 USD Thousand) having as its main target the United States which allocates 97% ($ 23.858 USD Thousand) of its imports, only 12% of the national production is exported the rest is for domestic consumption

Period	Trade Flow	Reporter	Partner	Trade Value
2006	Import	Mexico	World	$3,231,375
2007	Import	Mexico	World	$3,599,497
2008	Import	Mexico	World	$3,604,449
2009	Import	Mexico	World	$2,355,213
2010	Import	Mexico	World	$2,034,772

Sources : UN COMTRADE statistics.

Period	Trade Flow	Reporter	Partner	Trade Value
2006	Export	Mexico	World	$47,109,273
2007	Export	Mexico	World	$26,638,263
2008	Export	Mexico	World	$26,818,746
2009	Export	Mexico	World	$25,252,773
2010	Export	Mexico	World	$24,584,554

Sources : UN COMTRADE statistics.



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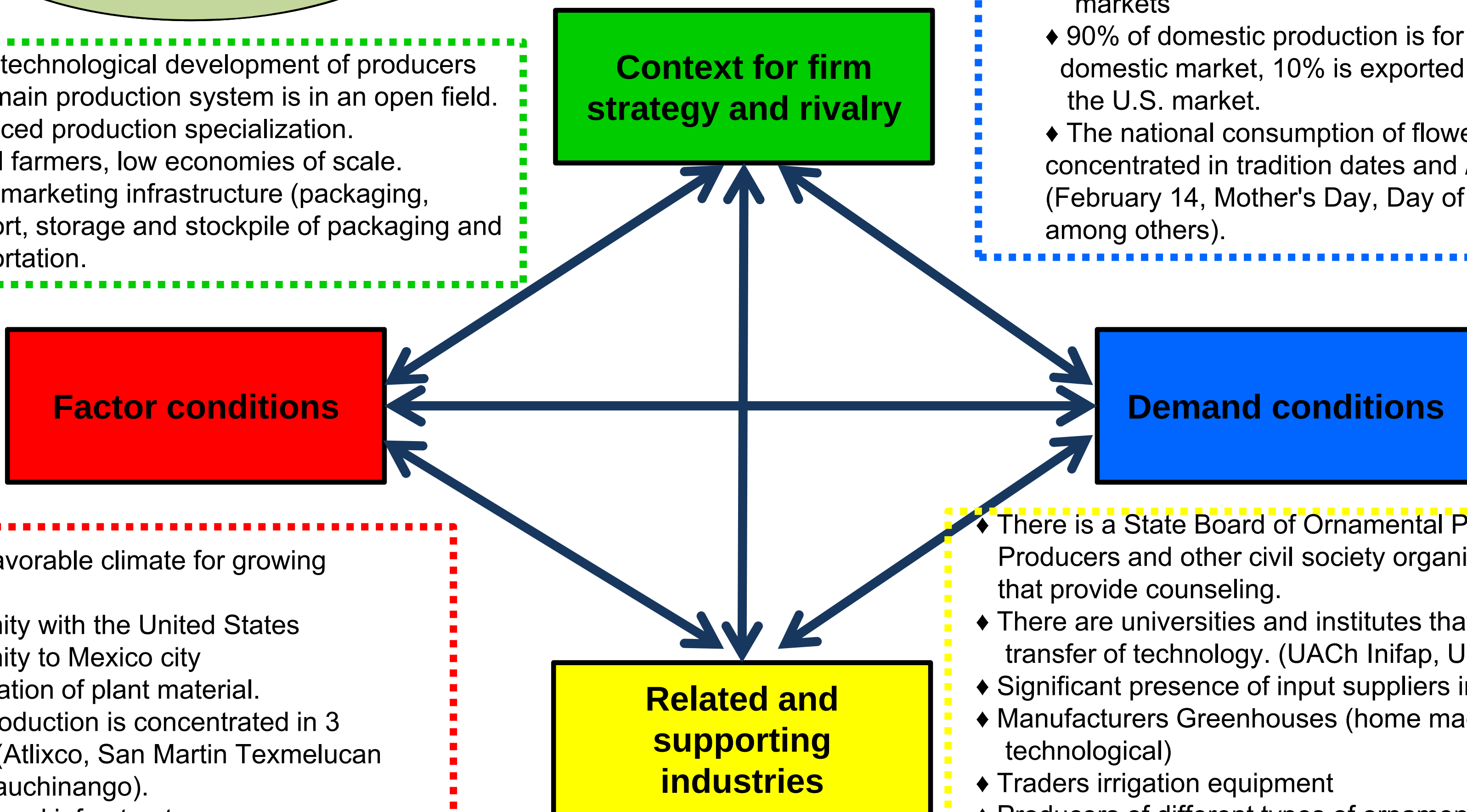
3. Diamond Cluster

Government
Ornamental Plants chain is a Priority in State´s Government Policy (Support to the sector).

.♦ Low technological development of producers
♦ The main production system is in an open field.
♦ Reduced production specialization.
♦ Small farmers, low economies of scale.
♦ Poor marketing infrastructure (packaging, transport, storage and stockpile of packaging and transportation.

♦High domestic consumption of flowers.
♦ Demanding and specialized international markets
♦ 90% of domestic production is for the domestic market, 10% is exported mainly to the U.S. market.
♦ The national consumption of flowers is concentrated in tradition dates and / or holidays (February 14, Mother's Day, Day of "Dead", among others).



♦ Very favorable climate for growing flowers.
♦ Proximity with the United States
♦ Proximity to Mexico city
♦ Importation of plant material.
♦ The production is concentrated in 3 regions (Atlixco, San Martin Texmelucan and Huauchinango).
♦ Good road infrastructure

♦ There is a State Board of Ornamental Plant Producers and other civil society organizations that provide counseling.
♦ There are universities and institutes that make transfer of technology. (UACh Inifap, UPAEP).
♦ Significant presence of input suppliers in the state.
♦ Manufacturers Greenhouses (home made and technological)
♦ Traders irrigation equipment
♦ Producers of different types of ornamental plants

Chance
Drought
Volcanic activity

4. Value Chain

Firm infrastructure	•A little funding for the sector •A little strategic planning for the development of the cluster	• A little government support.
Human resource management	• Low educational level of producers. • Just a few professionals in the production of flowers	•A lot of family labor is used (including teenagers and children)
Technology development	•A little research and development is conducted •A little linkage between universities and producers.	•Import of technology for production
Procurement	• Importation of plant material • Importation of fertilizers and agrochemicals	•Low scale purchasing of inputs

Inbound logistics	Operations	Outbound logistics	Marketing and sales	After-sales service
•Low scale purchasing of inputs •Poor supplying logistics of inputs.	•Open field and Greenhouse production •Low-tech production. •Quality control, resource management, •Production planning	•Inland transportation •Export procedures	•Local advertising tourism and from the government • Sales in shopping centers, local festivals and specific points. •The internal market is not saturated, •Participation in International Fairs	• There is not a after-sales service, the needs of customers is unknown

Margin

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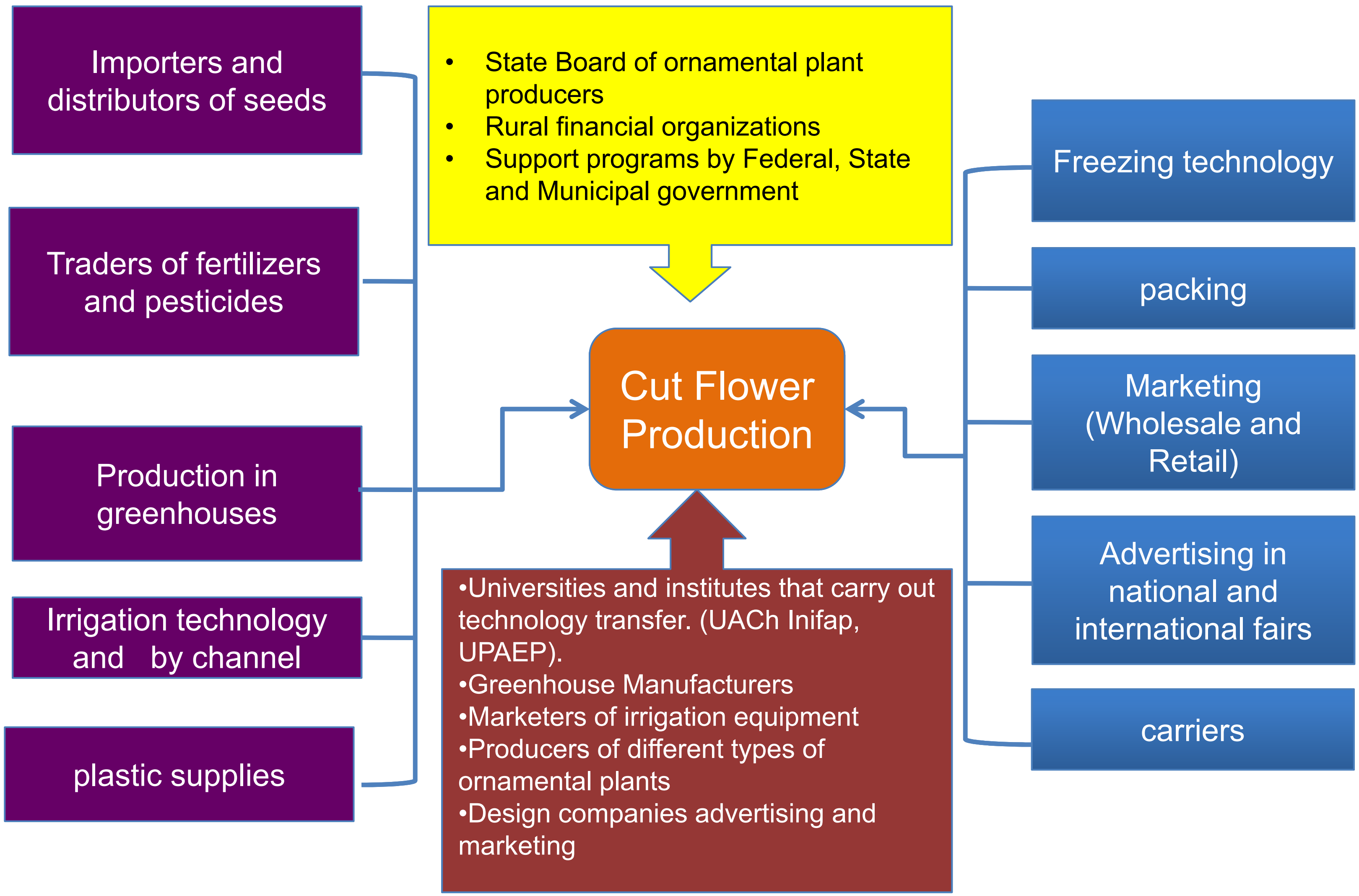
5.Cluster Map



6. Synthesis of Current Situation

- Few integration of the producers of the region
- Technology and development limited, inadequate resources
- To support in policies and obtaining of public resources and private investment.
- Production focused almost entirely to the national market, and therefore there are no benchmarks with international standards.
- Lack of innovation in the field of propagation, production and distribution.
- Production of many varieties, but in small amounts.
- Total dependence on foreign technology, both for innovative propagative material such as technical equipment, as well as inputs (fertilizers, pesticides, propagative material).
- A little interest in visual quality

7. Strategy: Cluster Value Proposition

In order to develop the chain value 7 main strategies must be developed:

1. **Improvement of production systems:** This should start from primary production, which is due to improve the productive capacity of farmers, through training courses, forums and international tours so that they have a comparison about quality in other countries .
2. **Increase of research and development:** Is necessary to invest in technological development that allows them to develop and propagate species and varieties in the country, not to remain dependent on imported plant material.
3. **Improvement of market structure:** Mainly in the cold chain, which can lead to a better post-harvest handling of the product.
4. **Promote the organizational development of the producer:** through capacity building and increasing social capital.
5. **Training of local producers in countries** where the clusters of production of flowers are successful.
6. **To stimulate legislative rules that promote the development** of the agro industry in order that to time benefited the production of flowers in the condition.
7. **Redefine the policies and objectives** of current producer´s organizations to promote unity and growth

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8. Relevant Project Priorities

1. Establishing a technology center to develop, propagate, produce and distribute plant material to reduce its import.

2. Establishing regional marketing centers, to count with adequate structure for the reception, storage and distribution of flowers

3. Implementing a development program of productive capacities, organizational and human, so as to improve product quality and develop thus strengthen organizational structures.

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Muchas Gracias

 

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