



Royal Dutch Trade Association for Flowerbulbs and Nursery Stock

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To: Whom it may concern

Re: Serious problems with import of flower bulbs in Chinese province Yunnan

Hillegom, October 10, 2017

Dear Sir/Madam,

Anthos is the organisation that promotes the interests of trading companies in flower bulbs and nursery stock products worldwide. We can inform you that China has grown into one of the most important markets for the Dutch flower bulb sector. The flower bulbs that are exported to China are mainly intended for the production of bulb flowers and for park plantation. China is our largest export market for lilies: about 250 million lily bulbs are exported to China annually. From these bulbs, lily flowers are produced locally and the lily has a symbolic value, in particular during the Chinese New Year.

Recently, the export to China suddenly became threatened because the import of flower bulbs in Yunnan is confronted with huge problems. We received information that three import companies have been shut down by the Chinese authorities. As far as we know the authorities are conducting an investigation with respect to the payment of VAT and the subsequent distribution of flower bulbs after import in China. We respect that this investigation is conducted as it is an internal Chinese matter. However, the consequences thereof are far-reaching for the Dutch and also the Chinese business community. For that reason, we urgently request your attention for this matter.

From our contacts with the export companies, it appears that containers are being held up upon arrival in Yunnan and payments for shipments received have been cancelled due to frozen bank accounts of the importers involved. There is a lot of concern about the situation and about the containers that are in transit and the shipments that still have to be shipped. Recently, Anthos carried out an inventory among the exporters to China and from this it appears that the situation of over 180 sea containers is uncertain, also because over 80% of those containers are now being transported by boat to China, with the three importers in Yunnan as final destination. The total trade value is estimated at 12 to 15 million euros.

The Dutch business community not only bears the financial risks of this affair, but it is also being confronted with a large degree of uncertainty about what will happen further. Furthermore, we are also receiving signals that stricter import inspections are being carried out in Yunnan on all flower bulb containers, which easily can lead to a severe delay. If the delays take too long and the shipments are not properly conditioned, this will have a very negative effect on the quality of the products.

The Chinese business community is also suffering because of the current situation. They are faced with the risk that flower bulbs are not, or not in time, being supplied to their facilities in order to start the flower production. For example, the lily bulbs must be planted quickly otherwise they will not flower in time for the Chinese New Year. This will have disastrous commercial consequences for the Chinese growers. Next to the export of lilies, also the export season of spring flowering flower bulbs (Tulip, hyacinths, daffodils, etc.) has started. This category is also faced with uncertainty about what is going to happen with containers that are currently in transit to China. Delays will have a huge impact because the flower bulbs are shipped in temperature controlled containers and need to be planted directly upon arrival. Dutch trade companies are



also reluctant to ship new containers to China, even if it is a shipment to an importer that is currently not under investigation by the Chinese authorities.

On behalf of the Dutch flower bulb export companies, I not only ask for your attention to the problems in Yunnan, but I also urgently ask for your help and we need your assistance in finding a solution for this severe problem. I do hope that you respect our efforts to limit the financial damage for our members and their Chinese customers and I hope you will be able to help us.

I am looking forward to receiving your reaction and in case you wish to receive additional information, I would be happy to provide it.

Yours sincerely,

Anthos

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

Mr H. Westerhof LL.M.,  
Chairman