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The making of Dutch flower culture: Auctions, networks, and aesthetics

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Planet of Flowers

I am letting two old roses stand for everything I believe in.
I am restricting the size of the world, keeping it inside that plastic pot.

Gerald Stern

The Dutch Horticultural Industry and East African Roses

Increasingly, Dutch horticulture's social infrastructure and the practices of its institutions take place in an international context. The global flower system operates inside the larger world system, of course, with its multiple variables, its varieties of stability and volatility. Some of the variables that global horticulture both reflects and influences include the use of oil and gas to grow perishable commodities, the allocation and consumption of natural resources, and the auction system that shapes commodity production and distribution. The workings of these practices and institutions can be observed from a number of vantage points along the chain, from its nuclei at Dutch auctions to up-and-coming production areas like Ethiopia. Over the past several decades, the dynamics of horticultural production, transportation, and consumption have been shifting to more complex patterns and arrangements, and while the Netherlands remains at the center, the very idea of what it means to be at the center is changing. Industry planners, exporters, and growers alike have expressed anxiety that the Netherlands might eventually lose its grip on the business due to the increasing strength of competing growing regions and consumer markets. Though sales and distribution continue and will continue for some time to flow through the Netherlands and FloraHolland in particular, Dutch networks and horticultural institutions seem to be evolving toward the roles of middle men—indispensable brokers, facilitators, and suppliers of knowledge and services. But whatever the new shape and configurations of the world flower system in the future, the Netherlands will likely remain essential in a variety of other ways as well. Some planners predict Dutch horticulture will continue to maintain its conceptual, financial, aesthetic and trend-setting position, but not necessarily occupy a fixed geographical hub in the same way the auctions do today.

Although such developments don't take place overnight, the process may already be well underway. To discern the momentum of what's going on requires attending to several closely related factors connected to an array of institutions and actors. In doing so, it's helpful to keep in mind one generalization, namely, that while global horticulture does not merely mirror global political and economic trends, it does not stand outside such forces, either. As with the broad, complex, and unpredictable dynamics of the 'world order', change in the Dutch-centered horticultural business is both inevitable and continuous, and the elements of change often emerge from the present in unforeseen ways. Some studies have linked the distribution and use of commodities as different as cocaine and sugar to international policies and socio-economic trends as well as local patterns of consumption. But curiously, the politics of global horticultural production raises issues that are seldom addressed, and almost never emphasized, in discussions of global commodity chains, which tend to focus on labor exploitation, environmental concerns, and the collusion of governments and

international financial arrangements (Bestor 2004, Maharaj and Dorren 1995). Unfortunately, a popular adherence to a sort of commodity chain analysis template has led many researchers to overlook or disregard other basic concerns. Though the regularly identified issues are clearly important and are extremely germane to global horticultural operations, certain other equally crucial dynamics at play also contribute to how and why the system works as it does. For instance, one lesson of Dutch horticulture in the circuit of growing in East Africa and selling in the Netherlands is about the power of transportation. Far from the flat, conveyor-belt type of machinery it's often assumed to be, this is an erratic segment of the production chain, and is strongly connected to the politics of trade and the various institutions involved. Transportation touches on trade policy and trade routes, airlines, oil prices, international institutions and agreements, and more. These issues directly concern growers, importers and exporters, and the Aalsmeer auction, all of whom are on the front lines of negotiation over such matters. But ultimately, too, these issues impact the basic quality, price, and availability of the commodity, and so affect wholesalers, retailers, and consumers. But whether the issues in flux involve transportation, the flows of goods, capital, and investment, the growth of consumer markets, or the exploitation of labor and the environment, vital elements of the horticultural system remain robust. In order to accommodate such fluctuating conditions and continue reliably, you need some sort of flexible and resilient structure that can adapt, respond to, and even anticipate changes at different places along the value chain. Dutch networks are ideally suited to do all of that. And more than demonstrating mere adaptation or reactive response, these networks shape and direct development.

What do the changes currently underway look like? Dutch growers still cultivate more tulips and tulip bulbs than any other country, but that's already not the case with other top selling flowers. In the 1990s, Colombia became the number one producer of carnations; in just a few decades, Kenya and Ethiopia have come to produce more roses than the Netherlands. There are many reasons for these sorts of transitions, including the obvious factors one might suspect: land, labor, water, and sun are far more plentiful and cheaper in the equatorial regions of South America and East Africa than in the Netherlands. But this is far from the whole story. And these areas haven't so much displaced or usurped the Netherlands as added to and adjusted the workings of the value chain in both obvious and subtle ways. The Netherlands still grows a tremendous amount of flowers (about 60 percent of what passes through its auctions), and much of those that are grown elsewhere are sold through Dutch auctions. In 2010, the FloraHolland auction sold more than twelve billion flowers and plants, an increase from 2009 of almost four percent—in terms of changes underway, it is striking that the vast majority of production and sales occurs today through this single institution. Most commercial horticulture continues to be produced in the Netherlands, though each year

the percentage of total volume decreases, and other regions continue to increase production.

A basic principal of both capitalism and the flower industry is that it must continually expand. Expansion of the Dutch horticultural industry has occurred in very deliberate and controlled ways—through state and quasi-state funding, support from the Dutch institutions and auctions as well as the auction community, all of which takes shape through networks and Dutch cultural practices and business style. Though over the twentieth century the industry grew up from small scattered enterprises in Aalsmeer, today FloraHolland imports from around 60 countries and supplies nearly 70 percent of all commercial flowers sold on the planet. The shift toward on-line sales and the increased participation of international growers in Dutch auctions have introduced some big modifications to the system, yet even with these innovations, both the Netherlands' position and Aalsmeer's auction maintain pivotal roles. How does this work? As international growing increases, how does the Netherlands maintain itself at the center of an increasingly global industry? What does Aalsmeer look like to international growers that sell at Dutch auctions? How do growers in far off locations understand and negotiate relationships with the axis of trade in the Netherlands, and with the mother ship of FloraHolland? And since Aalsmeer's auctions were founded by growers to protect grower's interests, what happens to them as the cooperative institution expands internationally, incorporating more and more grower-members from abroad? How do those abroad understand and relate to the industry's heart in the Netherlands?

The international character of the flower trade touches on far more than economics and a glib notion of culture: the flower industry is deeply embedded in international political and trade dynamics, as well as moral economies and a felt sense of historical patrimony. To better grasp these issues, it's helpful to gaze across the panorama of international production as it relates to the Netherlands, and FloraHolland in particular. This may give a sense of the world-wide contours of the industry and cultural inflections of business practices, and the changing dynamics in volume and flows of cut flowers and plants. The main countries investigated here are in East Africa (Ethiopia and to a lesser extent, Kenya) but connections are made as well with Brazil, Ecuador, Colombia, and China. In less than a decade, Ethiopia has become one of the world's top producers of cut flowers. As in Ecuador, Israel, and other supply countries, the Dutch have played an active role in developing the industry, especially in East Africa. They do this through a clever combination of capital investment, economic assistance from financial institutions and development programs, lobbying, expertise, and above all, networking.

Again and again, Dutch people involved in the industry attribute its ongoing success to cooperation and networking. As at home, these ideologies and practices remain fundamental to expansion abroad. Not to be dismissed as mere lip service,

cooperation informs the practices and formation of the global flower chain pioneered by the Dutch. So the most apparent part of the industry, with its impressive statistics, is built on a highly organized and coordinated business and social structure. And the cultural logic of the Dutch flower cluster informs the story of expansion to East Africa and elsewhere. Since Aalsmeer's auctions sell flowers grown in 60 countries and export to about 140, no single extra-national place can tell the whole story, but a few import countries are emblematic. They illustrate the scope of Dutch-centered global horticulture, and emphasize its distinct characteristics: networking, a unique tradition of aesthetic and economic sensibilities, and a business culture built on private and state support. Though these practices are grounded specifically in the contemporary characteristics of the international horticultural industry, they're clearly related to a kind of Netherlandish "cultural grammar," which developed through colonial conventions, notably those of nineteenth and twentieth century Dutch-Indonesia (Gouda 1995: 6, 223-236). Some of these "mentalities, myths, and historical practices that buttressed Dutch colonial rule" also subtly inform the contemporary thinking and planning behind the management of the Dutch-centered global horticultural trade (Gouda 1995: 14).

In the nineteenth century it was said that the sun never set on the British Empire; one might say the same of the Dutch flower industry today. The colonial analogies are in several ways quite apt when considering the extraction of resources, labor exploitation, the cooperation from local officials with Dutch business and state, and the flows of capital and commodities from the resource-rich periphery to the core 'metropole' of FloraHolland. But while these trends and characteristics are an important part of the general story, the contemporary realities and practices defy generic categorization. One such complexity of the horticultural world-system involves the commercial dynamics of the rose market and the recent, sudden emergence of Ethiopia as a major global horticultural producer and exporter.

A decade ago the nation's flower industry did not exist, but now Ethiopia is the world's third largest rose producer, thanks to bountiful resources and labor combined with Dutch capital and expertise as well as favorable state policies from both Ethiopia and the Netherlands (among several other nations). All of this, in turn, has spawned growth and investment in Ethiopia, and the horticultural industry has been a high priority for the Ethiopian government. At the end of September, 2010, the Ethiopian Agriculture and Rural Development State Minister, Dr. Aberra Deressa, announced that in the first three quarters of 2010, his country had earned over 250 million dollars from flower exports and employed over 100,000 people. "The government believes it is just the beginning," he said. "The government is fully committed to the sustainable expansion of the production of cut flowers, fruits, vegetables and fresh herbs for

export.”⁶⁵ But a look below the surface of this rosy picture suggests that success is mixed for both Ethiopia and the Netherlands. For Ethiopia, environmental costs may be great, and much of the vaunted profits may not benefit the local and national economies as much as proponents like to tout.

For Holland, rose growers may suffer, unable to compete, since plentiful, inexpensive foreign roses drive down price, and that in turn, pressures them. And in the last decade, the production area of roses in the Netherlands has shrunk considerably: of the 765 rose nurseries covering 932 hectares in 2000, less than 400 hectares remain in 2010. But the picture is more complex than these numbers suggest. Ethiopian farms are not exactly putting Dutch growers out of business, for one thing, and rose sales at Dutch auctions continue to increase, and the grower-owned cooperative institution of FloraHolland stands in good stead. While it’s true that through this shifting ballast of trade volume, some Dutch growers have lost out, in general, the Dutch rose sector is still thriving. It’s just that ‘success’ looks different than it used to. Dutch growers are not producing more roses, or more varieties, than they once did. But some growers have switched location to East Africa and have seen profits soar; some have chosen to specialize on varieties that do better in northern latitudes and under Dutch growing conditions than East African environments. Others in the sector have gained business in producing fertilizers, chemicals, and greenhouse technology; and with their protected intellectual property rights, Dutch breeders have enjoyed a bonanza through this international growing. Yet it’s true that many Dutch rose growers are frustrated. It’s estimated that to generate revenue, Dutch growers need a yield of 100 euro per square meter, whereas their African counterparts only need 30-40 euro per square meter to eek out a profit, while most costs are dramatically higher in the Netherlands. The rose is by far the top selling flower around the world. Ethiopian rose growth (and international expansion generally) is in the best interest of the institution of FloraHolland and the Dutch industry as a whole, but in doing so, many of Aalsmeer’s oldest members go out of business or are forced to grow something else besides roses, a risky and sometimes unhappy transition.

East African rose producers have further, special relevance to the Aalsmeer auctions which is both material and sentimental. The founding flower of the auctions was the rose, and to this day remains on FloraHolland’s logo; it’s an important symbol of the trade and a reminder of humble origins. Of the approximately fifteen thousand varieties of flowers and plants sold each year in Aalsmeer, nearly a third are roses. The rose is consistently one of the top selling flowers both at the auction and around the world, so the decision to shift production to East Africa was based on sound business

⁶⁵ “Ethiopian flower industry reports \$250 million earnings in ten months” September 27, 2010, *African Press Agency*

sense, and on securing a steady increase in profits and market share. But there are other equally (or more) basic things going on, too. While the rise of the rose industry in other countries has meant a dramatically increased number of stems sold at the auction and the handsome profits that go along with higher trade volumes, it has also signaled the death knell for some local flower farms. Rose production in the Netherlands has shrunk considerably over the past several decades, and while it will probably never disappear altogether (as many once feared), Netherlands-based growers remain competitive only by aggressively pursuing niche markets, and avoiding direct competition with their now much larger and more powerful cousins in East Africa (and South America: Colombia and Ecuador are also rose producing titans, but they are largely linked to the North American market, and so are lesser figures in the Dutch trade.) The shift in production location has gone hand in hand with a shift in power within the institution of FloraHolland, away from the local growers who make up the cooperative's membership and into the laps of auction executives who set the policy agenda.

The great transfer in (and growth of) production over the past several decades from the Netherlands to East Africa and other regions exposes another aspect of tensions between local and global industries. But it's not quite as straightforward as that general story might suggest. Unlike many industries that have killed local business by outsourcing labor and production to distant parts of the globe, Dutch horticulture operates by expanding local networks to a global scale. This means that while some production occurs on foreign land, it remains part of 'Dutch success' in several important ways: many of the farms are Dutch owned, and profits remain largely in circulation of the Dutch network (via breeders, propagators, and other players, not only through the auction but also through necessary services such as soil testing and the sale of fertilizers and pesticides). Furthermore, the Netherlands and the institution of FloraHolland both benefit because as some of these foreign grown flowers and plants pass through the auction clock before moving on to wholesalers and retailers, and thus 'count' as Dutch products and, if they cross the border, as Dutch exports. This situation also points out the dangers of generalizing about the experience in familiar narratives and theories of 'the global' and 'the local' (Foster 2008; Inglis and Gimlin 2009).

Another of Bourdieu's general insights from *Distinction* seems relevant here. He argued that "taste governs people's relationship" with "objectified capital" in "this world of ranked and ranking objects," and that "any change in the system of goods production...induces a change in tastes" (Bourdieu 1984: 231). Given the magnitude of horticultural growth from East Africa, with Kenyan and Ethiopian roses flooding the market (a big change in goods production), one would predict a related shift or refinement in how roses perform at Dutch auctions and how they are marketed and represented in the Netherlands. In fact tastes have changed: roses grown in the Netherlands tend to outrank their Ethiopian-grown counterparts. Dutch roses have been

re-marketed or rebranded as classic, while East Africa's are considered almost ersatz—good, but of a slightly lesser quality and not as fresh since they have to fly from another continent, and they sell at cheaper prices. Seeing how and why it works this way requires a closer look at the international horticultural commodity chain; what many industry participants say about the system and their experience lends further insight as well as a felt sense of what Dutch auctions look like from abroad.

Movement in the Global Horticultural Value Chain

It's important to remember that the commodity chain is part of what Dutch planners and many in the industry call the horticultural cluster, or sometimes the 'agricluster' or 'horticluster.' Clusters are groups of closely related industries (as with fruit, vegetables, and cut flowers) that share long term interests, and whose infrastructure, financing, planning, and policy overlap. Over the past several decades, the Dutch horticultural cluster has swelled to become an increasingly internationally oriented, innovative, and knowledge-intensive business. The cluster incorporates the full value chain, from breeding and propagating to marketing and retailing, and also consists of a variety of specialized organizations ranging from high-tech research institutes to logistics organizations and international development programs. These all intricately relate with each other, are coordinated through national policies like those of the Greenports, and bring together a vast array of institutions, including grower's clubs, trade associations, importers, exporters, wholesalers, banks, specialized financial firms and services, packagers, those who specialize in logistics capabilities, transport, and greatest of all, the grower-created horticultural auctions. What's more, often the same individuals or the same families are involved in different segments of the value chain, which also functions to smooth relationships, deepen understanding and spread knowledge (Strating 1993: 151-173). Though now longer, more intricate and complex, the basic elements of the value chain have not changed as the trade has branched out and sunk roots in distant lands. Not that there is anything natural or inevitable about industry growth—it has been a highly planned and coordinated affair—but as Dutch growers have moved abroad, some features of the value chain have adjusted.

The sequence of production still begins with breeders and propagators, who develop the product; it then moves on to growers, who cultivate the flowers and plants under highly controlled conditions and using advanced techniques; and when ready, the flowers and plants are transported for sale at the auction, from which the products move on to wholesalers, retailers, and consumers. But today, a lot of propagating and growing occurs abroad, on larger farms far from both the auction and the consumer market. These two basic aspects of change—the dramatically increased size of the farms and their vastly increased distance from the auction—have had some perhaps less obvious consequences on the Netherlands-centered horticultural industry. These consequences

unfold from institutional dynamics at the auction, transportation issues, the volume and character of production, and financial and development programs. It's useful to keep in mind that none of this has been done haphazardly. Over the past several decades, Dutch cooperative auctions (FloraHolland especially) planned and organized much of the expansion, and took measures to anticipate and benefit from a variety of impacts on the horticultural cluster at home. The upshot has been that political and economic issues involved in the cultivation of flowers in East Africa and elsewhere have increased the diversity of supply. If you consult the value chain diagram in chapter two that represents and describes the basic stages of production and consumption, this surge in diversity occurs in the arrows between the boxes, arrows that indicate different kinds of movement.

Growing far from the auction means greater complexity, vulnerability, and unpredictability in the initial transportation segment of the flower chain. Cut flowers and plants account for a significant portion of global trade that relies on airplanes. Currently, flowers and other perishables account for approximately 15 percent of worldwide air cargo, and costs of air freight can represent up to 80 percent of the total product price, so transportation involves a crucial calculus, one that has often burned many growers. Fuel prices can be exorbitant; strikes and bad weather can ground flights; the politics and policies of airlines, governments, and airports can kink up production flow: flowers begin to lose value from the moment they are cut. Not surprisingly, many people in the industry continually seek ways to minimize risks and maximize profits. The methods vary, and airlines notoriously rip off patrons. In 2006, the US Department of Justice and the European Commission, along with authorities in Canada and Australia, concluded a long term investigation which found price rigging and cartels among several airlines. Between 1999 and 2006, many airlines coordinated pricing policy to maintain artificially high surcharges on fuel and security. In the U.S., seventeen airlines were fined 1.6 billion dollars, including the Dutch Frank de Jong of Martinair, who was sentenced to eight months in jail and fined 20, 000 dollars. In November 2010, the European Commission levied fines on eleven airlines totaling 799 million euros, and singled out Air France-KLM (which also operates Martinair) for egregious behavior, fining them alone 340 million euros. The airlines also face numerous civil lawsuits, about 300 of which (or 5-10 percent of total complainants) come from the flower industry, and they seek 21-42 million euros in retribution.⁶⁶

Some South American growers have minimized these risks by sending their flowers to Rotterdam by ship. Because a cut flower's value is tied closely to its freshness, this might seem an improbable method of transport, but shipping offers several advantages. It's far cheaper, actually; it reduces the flower's carbon footprint

⁶⁶ *Flora Culture International*, February 2011: 14-15.

(which is more and more important to both growers and to European consumers); and in spite of the 12 days by boat versus 12 hours or so by plane, the flowers remain just as fresh. Advancement in refrigerated container technology has made this possible. Once a flower is cut, cool temperatures keep it from wilting rapidly, but its life is seriously shortened by going in and out of refrigeration, as happens when flying—moving from storage on the farm to a truck, from that truck to the plane, and from the plane to the truck that carries it to the auction. Even though it takes place in a mere 24 hours or so, the trauma of flying really reduces a flower’s longevity. But by sea, the flowers are sealed in their heavy container at the farm and not reopened until they enter cold storage at the auction. In that way, many varieties of cut flowers can remain as fresh as or fresher than those flown in. Also, the sea route is less hindered by hazards like blizzards and volcanic ash clouds. But there are some downsides, too: not all cut flowers do well by this method, timing and security pose difficulties both at the place of loading and during transport, and customs officials and international trade policies, ostensibly combatting drug traffic and terrorism, are loathe to allow more sealed containers into the European Union. For decades, South America has established sea transport for bananas and other fruit; adding or substituting flowers as cargo was a relatively easy logistical accomplishment. There’s a history, practice, and infrastructure already in place. Nothing comparable exists yet in East Africa. The necessary infrastructure just is not there, so growers must send their flowers to the auction by plane.

Now as a producer, you face a host of difficulties, from aesthetic and genetic challenges to political negotiations. For foreign growers especially, stem length, thickness, and composition are crucial because they change the flower’s weight, and thus increase fuel costs—for instance, a flight containing 44 tons of flowers from South Africa to the Netherlands consumes 60 tons of jet fuel (Maharaj and Dorren 1995: 43). Every aspect of the flower must be attended to and accounted for. Calibrating such considerations as thorns and stem woodiness with the structural ability to hold up the bloom can become a tricky and costly operation, involving breeders and propagators as well as growers. Furthermore, if you’re in East Africa, it’s not just your flowers that travel by plane. Various samples and equipment go back and forth between the Netherlands and East Africa; chemicals and fertilizers are produced in the Netherlands; labs in the Netherlands regularly perform soil testing collected from East African farms. These sorts of requisites complicate matters for foreign-based growers, whether they’re Dutch or not. In many ways, day to day activities don’t differ much whether you’re cultivating flowers in the Netherlands or East Africa, but outside the Netherlands, you’re often working by remote control, since so many of the products and services you need (to say nothing of the auction and the consumer market) are thousands of kilometers away, on another continent.

The role of transportation in the global flower chain can not be exaggerated. In fact, the point may be generalized for other commodities, though the politics and economics of air freight and shipping often escape scrutiny. Following Appadurai, many studies that examine global commodities tend to focus on ‘scapes’ and ‘flows,’ or the myriad ways global products like *Coca Cola* become acculturated, while others expose labor exploitation and environmental destruction (Foster 2008). Most critical studies of the Colombian and Kenyan flower industries fall in the latter category, and clearly varying modes of analysis are valuable, but alone provide an incomplete picture of the trade. Transportation may not be as outrageous in its cruelty as some of the uglier flower farms in Kenya or Colombia, it may not be as culturally dynamic as media consumption in immigrant communities, or as enthralling as the working of the auction, but it’s an urgent part of horticultural production. As much as the flower’s symbolic meaning and cultural flows, as much as the abortion-inducing and skin shriveling properties of some flower pesticides, transportation characterizes the flower industry. When well over half of all flowers sold on the planet pass through Dutch auctions, movement is essential. Far more than a mere “relay system,” global production and distribution structures “depend on the precise coordination of hundreds of thousands of moving parts.”⁶⁷ As managers and capital are well aware, this system is vulnerable to labor unrest, technological malfunction, sabotage, hijacking, and piracy, though most of these problems are unheard of in the horticultural industry. More to the point with the flower chain, transportation is subject to political and economic jockeying and power games.

A few examples illustrate how. Zimbabwe was one of the earliest African countries to cultivate flowers for export and, as its neighbors subsequently did, used its national airline to deliver flowers to Europe. While the goal was to generate revenue, the national airline was less efficient and reliable than KLM, and so back in 1989, growers began to favor KLM over Affretair. Affretair could not compete with the Dutch airline’s services and number of flights. So to tip the scales in support of local industry, Zimbabwe then raised landing rights costs for KLM. KLM and the Dutch government responded, in turn, by refusing Affretair landing rights at Schiphol, causing millions of dollars in loss for Zimbabwean growers who had contracts with Affretair. Their only option was to land in Germany, and deliver to the auctions by truck, losing precious time, as their products’ quality and price diminished (Maharaj and Dorren 1995: 89). Though this occurred over twenty years ago, airfreight battles are not a thing of the past. In 2006, *Addis Fortune* reported that “A price war was sparked between Ethio Horti Share Company and Sher Ethiopia Plc after an email message was sent by Sher to 77 growers announcing new cargo services to Europe. The email said that the company

⁶⁷ “The Cargo Chain: On the Front Lines of the World Class Struggle” JoAnn Wypijewski. *Counterpunch* Vol. 17 No. 5.

would begin leasing an airplane to transport flowers and vegetables to Luik, Belgium...” The Netherlands-based Lauden Airways underbid Ethiopian airlines, offering growers two advantages: lower costs and a fixed rate. Sher, the Dutch rose grower with the largest flower farm in Ethiopia, had brokered the deal. Immediately, Ethiopian airlines and the Ethiopian government began to coordinate a response. Eventually, through a combination of government negotiations, compromises, and incentives, the deal with Lauden was scrapped and most floricultural exporters now use Ethiopian Airlines. I asked for a reaction from two Dutch growers, Peter Linssen of Linssen Roses and Wim Ammerlaan of AQ Roses, who together have almost 400 hectares of land and export daily to FloraHolland’s auctions. Both downplayed the tug of war aspect of airline and political competition as an ordinary part of doing business anywhere. In what may have been an effort not to air dirty laundry, they told me for the most part they were happy with Ethiopian Airlines’ service. But regardless of how frank or reluctant they were expressing these views, both affirmed the obvious: that reliable, efficient, and affordable air transport is essential to their cut flower business. Air transport for East African growers typically eats up 40 percent of profits.

Cultivating flowers along equatorial regions in South America and East Africa offers big advantages. *Location, location, location*, as they used to say in the business world. Land is available and very cheap; water is free, or very cheap; costs for heat and sunlight are zilch; there’s plenty of labor and wages are low. The EU charges little or no duty on South American and African agricultural products.⁶⁸ What’s more, you can get monetary and logistical assistance from Dutch horticultural organizations and financial institutions, and if you ‘partner with a local entrepreneur’ may even receive development funds. The widening geographical spread of Dutch flower growers has enabled them to more deftly manage the market, allowed for the industry as a whole to expand, and for profits at Dutch auctions to swell. Nowadays, varieties that thrive in warmth and sun are grown in regions that naturally provide those elements, while flowers that favor cooler climates or conditions that demand more advanced technique and control are produced in the Netherlands. Low priced but high volume flowers like

⁶⁸ Under GATT (Generalised System Tariff of Preferences) first the European Community and then the EU have granted autonomous trade preferences to certain developing countries under “Generalised Schemes of Tariff Preferences”. The specific policies and countries included are updated every 10 years.

The least developed countries (LDCs) receive more favorable treatment than other developing countries.

Ethiopia is not only a LDC but also one of the EBA countries: Everything But Arms (EBA) provides the most favorable regime available, giving the 49 LDCs duty free access to the EU for all products, except arms and ammunition. <http://ec.europa.eu/trade/wider-agenda/development/generalised-system-of-preferences/everything-but-arms/>.

carnations and many kinds of roses became too expensive to cultivate at home, and moving production south has encouraged many domestic Dutch growers to focus on niche markets, and allowed them to excel in higher value and specialized products. In this way, the core cluster in the Netherlands has moved up the value chain. Producing in an array of international locations has also permitted Dutch growers to more easily cultivate and sell certain varieties flowers over longer periods of the year and at higher quality, taking advantage of seasons in both northern and southern hemispheres to bring a consistent variety of fresh flowers to the auctions all year round.

Development/Expansion Funds: Masters of Agriculture

Within the Netherlands or around the globe, one might say that the ‘invisible hand’ guiding Dutch horticultural business success is not ‘the market,’ as many contend. Rather, financial institutions—whether private, state funded, or quasi public—have made crucial differences in Dutch flower growers’ expansion abroad. And these institutions and programs are not really invisible or secret—many in the industry could tell you personally about how they have been helped—but they do contradict popular ideas about the machinations of ‘the market,’ ‘international development,’ and much of what is called private industry. The state provides direct financial assistance to horticultural enterprises, and creates favorable policies through subsidies, incentives, and tax breaks, as well as through other tailored programs and organizations. By now, these institutions are several decades old.

The discourse that supports and justifies them, however, dates back even further. As early as the 1920s, the Dutch were touting international investment as a kinder, gentler way of relating to Indonesia, Africa, and the colonial world more generally. A 1924 report from the New York-based Netherlands Chamber of Commerce illustrates the thinking. Uncovered and contextualized by Frances Gouda, the report describes how the Dutch experience in the East Indies reveals, in its own words, “the truth of the philosophical dictum about the harmony of contrasts: a small mother country and a wealthy colonial empire...the inhabitants of the mercantile ‘Low Countries’ as masters of agriculture on the mountainside” (Gouda 1995: 41). Whether it was profits from the trade in nutmeg and clove during the seventeenth century, sugar production in the nineteenth, or flowers in the twentieth, the Dutch were indeed *masters of agriculture*, with all the resonance that phrase implies. But by the 1920s there was a difference—an admission, or at least an implied recognition—of the brutality and exploitation of colonial practices, whose ruthlessness was exacerbated by the acknowledgement that the malfeasance was based on economic self interest, and not on some kind of altruism. In this way, “the language of atonement for past transgressions gave way to a jubilant plea: the time was ripe for Holland to reach ‘the summit of *freiwirtschaftliche* (free trade) policy’ and to enact its pioneering role in the internationalization of economic life”, a

course that in fact they had set out on centuries earlier (Gouda 1995: 41). The process accelerated in earnest during the nineteen fifties and sixties.

Institutions such as the Netherlands Overseas Financing Association (NOF) were founded in the post colonial period as a way for the Netherlands to maintain some international footing in Indonesia and other regions that may have resisted the practices of plantations and other familiar policies of an overt Dutch presence. In 1959, as many Dutch businesses were forced to leave Indonesia, the Dutch government, together with twenty businesses and banks, set up this NOF fund, which private industry and public policy advocates alike recognized had lucrative and relatively safe business possibilities. It was a direct response to the policies of decolonization. Recognizing in the 1960s “that investing was a better tool,” by 1970, the NOF broadened and deepened its mandate to become a special kind of institution called the Netherlands Development Finance Company (FMO), which would use both public and private funds to advance commercial interests in the so-called developing world⁶⁹. Today, Dutch international development organizations like the FMO exercise considerable political and economic ‘soft power’ in advocating for Dutch financial benefit. Again, this is no secret, though the self interest is now portrayed as fostering ‘sound corporate governance,’ ‘reliable institutions,’ or ‘transparent business practices.’ As the organization puts it, the “FMO often plays a pivotal role in embedding sound corporate governance in our partners’ and clients’ own organizations”. In the nineteen eighties and nineties especially, the FMO funded major horticultural expansion, particularly in Kenya. The FMO receives taxpayer subsidies but is 49% owned by the private sector, primarily by multinationals such as Unilever and Phillips which ostensibly have nothing to do with flowers and plants, another indication of the broad embeddedness of Dutch horticulture (Maharaj and Dorren 1995: 88). Today in 2011, the FMO enjoys active presence in over 80 so-called developing countries and countries in transition, many of them in Africa, and boasts an investment portfolio of 4.6 billion euro.

The FMO is not the only organization of this kind. There is also the Center for the Promotion of Imports from Developing Countries (CBI) in the Netherlands, something which Dutch Agricultural Attaché Geert Westenbrink has lauded as an important element in establishing the Dutch horticultural cluster in Ethiopia. Established in 1971 as part of the Dutch Ministry of Foreign Affairs, the CBI aims to support the expansion of exports from poor countries with plentiful natural resources in order to support development. Some Ethiopian growers who ‘partner’ with Dutch entrepreneurs receive CBI support: such funds have provided necessary start-up for a number of flower farms. These days, as well as the FMO and CBI, the Land-en-Tuinbouworganisatie (LTO) Nederland has also provided valuable assistance to

⁶⁹ See <http://www.fmo.nl/>

international Dutch horticultural business ventures. Presided over by Albert Jan Maat, who from 1999-2007 headed the European Parliament in Brussels, LTO Nederland is the Dutch Federation of Agriculture and Horticulture, an entrepreneurial and employers' organization representing almost 50,000 agricultural entrepreneurs. With the involvement of such high profile 'big linkers' as Maat and its broad membership, obviously, it is an organization of real stature and weight. It also suggests the elevated place of horticulture within a larger framework of agricultural policy and planning. The partly state-financed LTO sponsors study trips abroad, and provides funding, logistical support, and information to Dutch horticultural and agricultural businesses, both domestically—notably with a glasshouse program—and abroad. Two Dutch flower growers I spoke with in Ethiopia had originally come there on trips inspired and funded by LTO Nederland. That is what greased the wheels for their transition from the Netherlands to Ethiopia. But in addition to LTO Nederland, smaller scale 'micro-investment' schemes also aid Dutch horticultural expansion. Another reliable benefactor is PSOM/PSI, a Dutch government funded grant scheme for developing countries whereby a new enterprise set up by a Dutch company with an Ethiopian one may be awarded 50 percent of costs, with a maximum investment of 1.5 million euro. For the past several years, Ethiopia and China have been the number one and two focuses of PSOM/PSI projects.⁷⁰ In a program earmarked for development aid, PSI gives financial assistance to "Ethiopian-Dutch partnerships," which have been used as start up funds for flower farms.

The Netherlands embassy has also been extremely active in the Ethiopian agricultural sector. Its Agricultural Growth Team has provided training and advice for local growers, and has contributed 1.5 million US dollars to a growth program trust fund, aiming at sustainable production and targeting women and youth for training. Partnering with the World Bank, the program was just getting under way in mid 2010, and will last four years, with a budget of three hundred million US dollars. *While horticultural development has been important to Netherlands embassy programs and Dutch policy, and some of the first foreigners to take advantage of the Ethiopian government's new programs for investment were Dutch flower growers, in fact, policy priority is not on horticulture at all.* It's more broadly on agriculture, and specifically on seeds and seed oils, (the significance of which is explored in more depth later). "The seed initiative will help much more than just the horticultural sector," Geert Westenbrink told me. "We are the biggest importer of edible oil in Europe. That's why we embarked on the seed venture."

⁷⁰ See "Overview of the Netherlands Ethiopian Bilateral Cooperation on Agricultural Development" published by the Dutch embassy

Clearly, at the heart of these Dutch development initiatives lies practical self interest, pragmatic planning, and ambitious efforts to seize opportunities. Which is not to say that Ethiopia and Ethiopian labor or growers don't profit. Though on balance, costs may outweigh benefits, there are advantages to the fact that Ethiopian commercial horticulture has increased employment, spurred investment, improved agricultural production, and dramatically raised the volume of exports. Flowers have led to the vast expansion of the horticultural and agricultural sector, a gateway opened up through institutions like LTO Nederland, and while its impact on the Dutch rose industry has been sizeable, ultimately, the largest and most enduring legacies for Ethiopia may well lie elsewhere, as Westenbrink pointed out. The embassy is not just another channel through which funds flow, but a node in the Dutch international horticultural network, and it throws diplomatic weight behind a number of initiatives ranging from transportation to banking policy. But in addition to the involvement of the embassy, financial institutions, and aid organizations, FloraHolland itself instigated and invested in international expansion, and was a major muscle behind the birth of international commercial horticulture in Ethiopia. Though aided financially and diplomatically through the helping hands of various programs, policies, and institutions, individual growers and the Aalsmeer auction took the initiative for expansion. Commercial interest was the driving force.

The Role of the Dutch Auction in the Internationalization of Horticultural Trade

In recent decades, the auction's expansion has been nudged along not merely by what was happening on the local or regional landscape, but what planners could see on the distant horizon. The waxing and consolidation of Dutch auctions has been driven ultimately by international competition and by the need to produce greater and greater amounts of flowers and plants at low cost. The mergers that have taken place over the past two decades have reduced the variety of auctions from nearly a dozen in the early eighties to seven by the 1990s and down to two companies with the Bloemenveiling Aalsmeer-FloraHolland merger of 2006. This latest merger, as discussed, was challenged in court for violating anti-monopoly laws; FloraHolland's successful defense was that the merger wasn't about steamrolling local Dutch competition, but about maintaining the Netherlands as the key player in the world market. A 2006 headline on the *Human Flower Project* captured the essence of the fusion as framed by its advocates: "FloraHolland and Bloemenveiling Aalsmeer join forces, not to be outdone by new global flower centers."

FloraHolland is not alone in these sorts of large mergers and acquisitions, of course—in recent years especially, breeders and growers too have been joining together and consolidating their interests. Over the past decade, many other commodity-driven industries around the world, from oil companies to agricultural mega-businesses, have

been merging, centralizing, concentrating power and securing greater market share. Elsewhere in the flower industry as well, global competition has hastened takeovers and mergers, not only at the auctions and at the sales end of the chain, but also in production, as evidenced by Karuturi Network Ltd's 2007 purchase of the Netherlands-based Sher for fifty million euros (making the Indian agricultural giant also the world's top rose producer). What is unusual about FloraHolland's international growth stems from the fact that the auctions' location in the Netherlands remains vital, and that the institution is a Dutch cooperative. In spite of the greater size and centralization of the industry, local Dutch players remain important, and, in theory if not always in fact, Dutch growers call the shots—they vote on all major decisions of the institution. Given that the auction was founded and is run by its grower-members, one might wonder why they would agree to admitting foreign grown flowers to the auction. Those cultivating in warmer climates, and in countries with inexpensive land and labor would seem to have major advantages over Dutch growers. What benefits did and does international production offer the Dutch cooperative auction?

Making sense of why the auction chose to support and advocate for a shift in production involves a particular way of envisioning the horticultural industry, and the role of the auction system. The auction works not only as a collection of growers united by their national location, or as an effective and efficient method of selling and distributing flowers and plants, or even as the nerve center of different or competing interests along the supply chain. It is also an institution. Just as important as the auction's relationship with its grower-members and with other elements of the supply chain is the institutional aspect of the auction, the auction as a profit-generating and influential company. The institution seeks to protect its own interests, which don't always coincide with those of local growers.

Auction planners and executives initially sold the idea of expansion to the membership by appealing to their interests. Growers want a stable and reliable price for their product, and while for decades the auction had removed many of the problems involved with sales, nevertheless, the fluctuation of prices from season to season caused problems. Production would slow and become more expensive for growers in the winter months, and by the late 1980s and early 1990s the auction was beginning to have trouble meeting demand for Valentine's Day and other big sales periods during the winter season. Foreign-supplied flowers, it was argued, would help stabilize supply levels, and thus help ensure more consistent prices at the auction year round, and even potentially reduce grower's costs of certain varieties. For instance, tea roses, those lighter colored hybrid varieties, require warm temperatures and a lot of light. Equatorial regions in Africa and South America provide ideal temperatures, and have nearly synchronous periods of day and night, which are particularly copascetic for many roses. Plus, these regions offer plentiful, inexpensive terrain and labor. It made sense. The health of the

auction depends on steady annual growth, and while technological advancements would and did increase yields and efficiency, it was clear that meaningful expansion would have to take place outside of the Netherlands, away from this *kleine stukje* land, as so many in the industry say fondly of the country's small but bountiful dominion.

And there was an even more powerful economic reason to expand. These new up and coming growers might one day come to challenge the auction and could eventually threaten the Dutch dominance in the market. A cheaper supply, a faster supply route, and an alternative center of distribution would take time to develop, but could conceivably happen, and that was what concerned auction planners and those the horticultural industry that kept their eye on trends and potentials. Better to include these outsiders, they reasoned, and tie them into our system, than allow them to emerge as competitors and develop alternative centers of sales and distribution.

As long ago as the 1960s, Dutch horticultural planners began to envision large scale growth of flowers in southerly regions, where warmer temperatures and longer annual periods of sunlight reduce expenses. But at that point the state of technology and logistics made large scale expansion or transfer unfeasible. The oil crises in the 1970s, and the ensuing instability in transportation, energy supply, and market prices further discouraged planners from seriously exploring expansion beyond the region. Nevertheless, there were some foreign growers (in Spain and Israel particularly) who supplied Dutch auctions. They weren't full members, meaning they paid an annual fee to sell via the auction, but couldn't vote on policy, and lacked certain other privileges of full members as well. By and large, until the 1980s, supply of Dutch auctions came from the Netherlands. At that point the arguments about transportation, competition, and growth started to make more sense for the auction.

Not everyone thought that international expansion was a good idea, however. Some did not initially support the admission of foreign grown flowers to the auction, and likewise in 2006, a minority voted *not* to admit foreign based growers as full members of the cooperative. Though criticized for exhibiting parochial attitudes or for looking-to-the-past-not-to-the-future, these growers may have had perfectly sound, self-interested reasons for their wariness. They saw the move as relatively risk-free for the institution, but very dangerous for them, as they might be signing off a lifetime's work, and generation's long investment, in rose cultivation. Aalsmeer grower Hans de Vries doesn't mince words: "the auction executives didn't and don't give a shit about small time growers. They sold out the Dutch rose growers," he told me. (And De Vries himself does not cultivate roses!) Not all growers are so blunt or outspoken, but you can't argue with the way things have turned out just a few decades after the process began. Both the fears of those reluctant 'backward-looking' growers and the hopes of ambitious auction planners have in some sense borne out. Rose production has partially transferred abroad, and some growers in Aalsmeer or other parts of the Netherlands

have gone out of business, have begun to cultivate other kinds of flowers, or have themselves gone abroad to grow—but even still, the Dutch rose industry has not vanished, far from it. At the same time, the auction has consistently grown, and maintained itself at the center of the horticultural trade, which in various direct and indirect ways confers numerous benefits on Dutch growers. The foreign cultivated roses, carnations, and other flowers pass through the Dutch auction clock, and strengthen the auctions' profits, power, and influence over the global market by ensuring its ongoing centrality.

A few figures might make these trends seem more concrete. For the first time ever, in 2008, imported tea-hybrids were greater than Dutch supplies at Dutch auctions—1.2 billion stems. For an auction cooperative founded on the sale of roses, and one that for nearly a century dominated production, this was a remarkable moment. Rose imports to Europe have steadily climbed over the past ten years, coming from Dutch and non Dutch farms mostly in East Africa; in 2007 Kenya became number one with 2.5 billion, next in line was the Netherlands at 2 billion, and third was Ethiopia at 458 million. One extraordinary aspect of this is the percentage rise in supply—while Kenya and the Netherlands increased three and four percent respectively, Ethiopian production soared by 104 percent, a trend that it has maintained for the few years the industry has existed. In one way, such growth was only possible because it was part of the Dutch horticultural cluster. But the cluster only absorbed this region in the first place because of its rivaling potential.

Bert Ottens, FloraHolland's Ethiopia representative, offered this cost-benefit argument to me one afternoon in Addis. "If you want to continue to be the hub of the flower industry, you need to accept growers from everywhere. You can not turn your back on them, because they are already there, and if they're not with you, they're competition." One example of this governing logic occurred with the Mavuno Group, a coalition of growers in Kenya pioneered by Dutch flower growers. Mainly cultivating roses and carnations, they were not auction members, and sold directly to buyers in the Netherlands, and to other import and export companies. For auction planners at FloraHolland, this was a fearful development, since they produced a considerable amount of flowers, and so could potentially weaken the auction's dominant position on the world market. Once coaxed to join the auction, however, FloraHolland would only enjoy that much more depth and clout. FloraHolland's strategy has been to cast a wider net, and to bring more territory (and other growers) into the fold.

But by the same token, foreign growers must have—or develop—an understanding of the Dutch horticultural auction, and for many Ethiopian growers, that means knowing about what's happening in Aalsmeer. The attitude of these Ethiopian growers toward the auction is a lot like many of their Dutch counterparts, a mixture of elation, confusion, and anxiety. On one hand, it's a relief to not have to particularly

worry about sales and marketing—the auction system and buyers take care of that. But on the other, the flowers you’ve poured so much investment into are sent off to a giant warehouse on another continent, and their fate rests in the hands of strangers. After months of planning, negotiation, and growing, the sale is over in nanoseconds: the process may seem unnerving and suspicious. I asked Santosh Kulikarni, a farm production manager in Holeta, Ethiopia, about his relationship with the Dutch auctions. Kulikarni hails from Mumbai, but came to Ethiopia after working for several years on a flower farm in Kenya. A friendly, cosmopolitan man in his mid forties, Kulikarni wore a red baseball cap as we strolled through several greenhouses, and he pointed things out to me—now, the latest organic agents developed at Wageningen University for dealing with spider mites (a bane for rose growers), now calling to a kerchiefed woman among a new breed of peach and lemon colored blooms.

“You speak Oromo,” I commented. “That’s impressive.”

“I speak enough to communicate with them, and I need to,” he explained. “But to answer your question about the Netherlands...” he said, trailing off into a thoughtful pause. He stopped walking, shook his head, and shrugged. “We are totally dependent on the auction. And yes, I’ve been to see them sold, not in Aalsmeer, but I went once to an auction in Japan. Long time ago. Oh my God! No! I could not handle it. Not for me. I just thought, if I have to sit here and watch this, I’ll die. Really.”

“Too much stress?”

“So too much stress!!! Leave that business to them. I will grow the flowers.”

Not all foreign growers feel this way, but most do have a relationship with the auction, and like Kulikarni, many have shared their strong sentiment. Kulikarni’s boss is the head of the Ethiopian Horticultural Exporter’s Association (EHPEA), Tsegaye Abebe, and the roses from his 20 hectare farm are sold in Aalsmeer. When I asked Abebe about his relationship to the auction, he just smiled calmly and said “Oh yes, a very nice place. I’ve been there many times. Many times. It’s my home away from home, really.”

“That’s interesting” I responded. “A lot of growers in the Netherlands and here have told me that the auctions make them nervous.”

“Ok, yeah, it can be a little confusing,” he emended himself. “But over all, the system works well for us.”

Abebe seemed eager to convince me that Everything Is Just Great in Ethiopian commercial horticulture, and was full of these sorts of generically positive comments. We met twice, and at our first encounter, he shook my hand and gave me his card. “We [EHPEA] have been making a lot of improvements. We are the new face of Ethiopia,”

he told me without a trace of irony, and drew his index finger across the card, which had printed an attractive young Ethiopian woman picking some greenery and the phrase in quotation marks “The New Face of Ethiopia.” Later, he gave me a copy of the first issue of EHPEA’s magazine, published in the fall of 2009. It’s cover featured a picture of Abebe standing beside the Ethiopian prime minister at the spring 2009 Hortiflora trade show in Addis sponsored by FloraHolland. “The prime minister has been very supportive of flowers,” he told me. If Abebe’s comments seemed bland and non-committal, that’s not particularly surprising, given the country’s political context, where all the press is government controlled, elections are orchestrated to offer a veneer of democracy to an autocratic system, and horticulture has been declared a major priority. But even if Abebe was merely repeating propaganda, his comments did make clear one important thing. Ethiopian flower growers need a business-like cultural fluency with Dutch auctions, and more broadly, with Dutch horticulture.

If this is where you will sell your flowers or plants, in order make your best choices (what to grow, selecting and negotiating transportation, packaging, etc), you need a good grasp of how they work. To a great extent, the auction system frees up growers from the burden of marketing and sales, and enables them to focus on cultivation. But strategic knowledge of what is happening at the auctions, and often, as well, enjoying friendly relationships with people on the ground in the Netherlands, can make the crucial difference in profits or even the survival of your business. Because it is the point of sale, the auction is especially critical, but it isn’t the only aspect of trade that a foreign grower selling in the Netherlands must manage. The horticultural industry, particularly the trade in cut flowers, is both capital and knowledge intensive. Also, capital and knowledge relate closely in several ways. The latest greenhouse technology, irrigation systems, and refrigeration are fundamental to a profitable commercial flower farm. In East Africa, tax holidays and other incentives have been granted not to local farmers but to foreign growers in order to attract larger scale investment; and access to subsidies, development funds, zero or low interest loans requires more than fluency in English or Dutch, but savvy to what’s available and possible in terms of funding, capital, business contacts, and technology. And even when all is working well, and especially on small and medium sized farms, profits may be low or non-existent. “We’re not talking about falling profit this year, just survival,” Ethiopian farm manager Emebet Tesfaye told the *Christian Science Monitor* in 2009. “Even Valentine’s Day was down from last year. The problem is Europeans don’t want flowers right now. The buyers in Amsterdam [sic] control the market, and they are setting prices very low – there is no minimum price for our stems. Every loss is on the growers’ side: transport, water, electricity, wages, and even fees to the rose breeders.”

Dutch Networks in East Africa

This grower's sense of frustration at being cut off from the decisions of distant buyers in the Netherlands is both poignant and to the point. While it illustrates a structural issue—that growers don't set the price for their commodity, and that they can lose while others along the value chain profit—and many Dutch growers may at times feel similarly stymied, it also underscores another element, which may be less obvious. That is, a lack of cultural fluency can be a real problem for non Dutch growers that sell their flowers and plants at Dutch auctions. Vital decisions about their livelihoods are made by faraway, mysterious forces, which aren't thought of as 'the market' so much as a sort of coterie. Sales take place on another continent among strange traders, and many aspects of the system are foreign. The issue is more than just one of the system seeming opaque or difficult to understand. One big reason why this lack of cultural fluency can be such a barrier is that they get excluded from Dutch networks, which makes it challenging or impossible to gain full access to this Netherlands-centered global industry, even though they already participate in the system. In a variety of ways, being part of the cluster of networks actually does translate into one's profits and ability to prosper as a grower. The networks are the circuits through which knowledge, funding, and capital flow; success is largely determined by this mixture of formal and informal structures, the cultural familiarity, the access to deals, meetings, funding sources, institutions and the knowledge of what is available or might be possible, in addition to having to having powerful advocacy and support from the state. At home in the Netherlands, basically, everyone is an insider, but abroad an outsider's differences really stand out and have consequences for business.

As foreign growers begin to sell at Dutch auctions, these distinctions become more pronounced. But a lot of the international expansion of the industry has come not from foreign growers entering the fold but from Dutch growers themselves moving abroad. In fact, along with funding incentives from the organizations like the FMO as well as the ambitions of the auction institutions themselves, international growth has been made possible, in large measure, by establishing 'sub clusters;' in other words, by extending policy, infrastructure, and Dutch networks to new territory. As volume increases, this affects the balance and dynamics of the value chain. When the growing segment of the value chain began to move abroad, a host of related services were needed, from breeding to chemicals and fertilizers and packaging. By traditional, local, and regional clusters going international, they have reshaped the horticultural business landscape, not only by ensuring sustained growth and profitability through greater volume and lower costs, but by securing the position of Dutch players on the value chain—and not only Dutch auctions—right at the center of global trade. Each part of the cluster has been freed up to innovate further, from biogenetic research to infrastructure and delivery. These innovations are both profitable and further entrench the

Netherlands-based horticultural value chain around the world—international property rights and technology being two important areas of Dutch dominance. The cluster has thus evolved from being largely production and trade oriented at home to specializing at all levels of the value chain on the global scale.

Networks are not exactly the same thing as clusters, but they're closely related and are often used synonymously in the industry. There aren't definitive differences between the two, though they can be roughly distinguished. If the cluster represents the industry's skeleton, then the network is its nervous system. Clusters tend to include institutions and infrastructure, while the networks run on personal relationships and cultural capital, and industry participants make no secret about this. They themselves attribute success to this model of clusters and networks. It's how they view not only their horticultural business, but also reflects and informs their outlook on the world. One afternoon at AQ Roses in Ziway, Ethiopia, a young grower named Wim Ammerlaan Jr. reflected on this. Though he hadn't been conscious of considering it before, he fully acknowledged that it was central, and if it wasn't unique, there was something characteristically 'Dutch' about these practices. As Ammerlaan put it: "I haven't noticed other countries really sticking together in this way, come to think of it. Except for one, actually. Israeli networks...they're even more closed up!" He smiled, and broke into a light laughter. Geert Westenbrink at the Netherlands embassy in Addis Ababa was even more explicit about the value of networks and clusters. He oversees much of the Netherlands' agricultural policies in Ethiopia, as one would expect of the Agricultural Attaché, but less obvious perhaps was his candid declaration at the beginning of our interview, that from the time he arrived in Ethiopia in 2006, his primary objective has been "to build the horticultural cluster." For Westenbrink, the key to the strength of the horticultural business involves establishing positions along the value chain, and forging connections between those positions. Government policy carried out through the embassy encourages financial investment, and generally makes business run more smoothly. These policies are the structural characteristics, the architecture behind Dutch expansion, and participants fully acknowledge it, and they themselves attribute success to this model. He went on to mention "some beautiful stories of networking," including marriages between Dutch flower growers and Ethiopian women, though he couldn't recall any names.

International expansion provides clear benefits across the industry value chain and to the auction system, and has let the Dutch manage the shape and direction of growth, while maintaining the Netherlands at the center of trade, with FloraHolland and Aalsmeer as the premier sales and distribution platform. In the practice of global horticulture, this affects not only how the Dutch relate to the rest of the world, but how the rest of the world relates to the Netherlands. As the Netherlands horticultural industry goes increasingly international, it becomes more and more valuable for non-Dutch

people to understand the workings of this Dutch trade. In other words, possessing some Dutch cultural capital becomes important, and in some cases essential, to doing business in the horticultural industry. Horticultural business practices, while ostensibly natural and obvious to insiders, may seem obscure and confusing to outsiders without much experience or practical knowledge. Yet ‘business practices’ may be a misleading expression, since it seems to suggest that some secret handshake, password, use of language or style of dress are what hold together the networks. While cultural codes undoubtedly contribute to feelings of familiarity and trust among constituents, they’re not the whole story. What deserves equal stress is the important framework of policy, infrastructure, and capital (i.e. ‘the cluster’)—all geared towards the promotion of Dutch horticulture. For Ethiopian (and many other international) growers, entrée into Dutch networks seems a necessity for long term success. And by the same token, for the Dutch-centered international horticultural system and the vibrancy of Dutch networks, international expansion is also indispensable. The growth of commercial horticulture in East Africa is a prime example of these interconnected needs and trends.

Without foreign capital and connections, export-oriented farms run by Ethiopians have found success much more difficult than those run by foreigners or those farm owners who pair themselves with flush non-Ethiopian partners. According to an October 5, 2010 article⁷¹, the Development Bank of Ethiopia (DBE) has foreclosed on at least a half dozen Ethiopian-owned flower farms, and has had considerable trouble finding Ethiopian bidders to buy these properties. According to the article, the biggest hurdle for potential buyers has been coming up with the 15-20 percent downpayment on land with price tags between one and five million dollars (13-60 million Br). The article offers no explanation for the failure of the farms, nor does it draw a contrast with the massive enterprises of foreign horticultural and agricultural farms, though both issues seem pertinent. Though foreign companies may not own land, many hold 100 year, near-free leases. And the biggest of these, Karuturi Global, has acquired several hundred thousand hectares of land; its Kenya holdings are similarly astronomical. Due to the sheer size of these foreign-run lands and the flight of economic earnings, these operations are sometimes described in the news as countries within countries.

Kenya

Kenya was the first place in the region where export oriented commercial horticulture really took off, and the Dutch were crucial, though not alone, in establishing the system that today generates billions of euros in revenue per year. In 2007 Kenya’s GDP rose by more than six percent, driven in part by profits from the horticultural

⁷¹ “Flower Farm Finally Fetches 17m Br”, October 5, 2010 *Addis Fortune*

sector, which has overtaken both tea and tourism to become the leading foreign exchange earner for the national economy⁷². Much of the estimated 200 billion euro profits in total agriculture ultimately goes to Kenya's biggest 'trade partner,' Britain. Though England may be the final market for many of these flowers, 69 percent of Kenya's flower exports (three-quarters of which are roses) go first to auctions in the Netherlands. And Kenya is the EU's largest international supplier, representing 32 percent of imports. This international horticultural expansion has occurred over the past several decades; it has dramatically affected the landscape of the flower growing areas, and has been the focus of debates on models of development and ethical trade. Some of the first people to establish farms and to build networks were colorful Dutch figures like Hans Zwager, whose 2005, four hundred page autobiography is called *The Flowering Dutchman*.

Born in Holland in 1926, Zwager studied classical and jazz music, and became an accomplished pianist. During Germany's occupation of Holland in World War II, he escaped to Belgium and later joined the Nederland Bank's branch in Nairobi, Kenya. In Kenya, Zwager and his wife began a flower farm and built a home in Oserian (the Djinn Palace), on the shores of Lake Naivasha. Today not only is the Zwager's Oserian farm one of the largest rose producers in the world, they are also well-known conservationists and have been recognized both locally and internationally for their positive contributions to the region and to the industry. They created a wildlife sanctuary on over 8,000 hectares of land that protects several endangered white rhinos, which live alongside hundreds of zebras, gazelles, ostriches, leopards, and cheetahs. Zwager's greenhouses run on electricity generated by geothermal energy from natural steam-holes on his property. His farm has become a showcase for the positive potential of this model of export-led horticulture. On a state visit to Kenya, then Chairman of China's Communist Party Jiang Zemin saw the Oserian Flower Farm and was reportedly "deeply impressed." In 1998, Kenyan President Daniel Arap Moi awarded Hans Zwager Kenya's Medal of Honour, the Moran of the Burning Spear, and his son Peter Zwager has been inducted as an honorable Masai tribal elder. Begun over thirty years ago, the farm in Oserian was one of the first East African farms to sell at Dutch auctions in Aalsmeer and elsewhere. Once it was established and there was more potential for expanding horticultural networks, other Dutch growers and investors began to see the advantages of cultivating flowers around Lake Naivasha. The Kenyan state allowed foreigners to buy land inexpensively, and investments poured in. The story of Zwager and his farm (now in its second generation) along with the Zwager's Corporate Social Responsibility program may surprise many of those familiar with the ugly side of the Kenyan flower trade. The happy story of the Zwagers contrasts with cultural, economic,

⁷² *FloraCulture International* April 2008

and political criticisms that portray the industry merely as foreign exploiter or despoiler; the Zwagers demonstrate that some local social institutions and individuals have embraced foreign flower growers, integrated them with vernacular customs, and recognized them as a welcome addition to the landscape. Unfortunately, this farm's glowing image does not represent the whole industry.

Civil society groups, independent researchers, non profits, and journalists present a starkly different portrait of commercial horticulture in Kenya, about as opposite as you can imagine from the environmentally-friendly and culturally sensitive presence of the Zwagers. A 2011 article in *The Guardian*, for instance, reports on the possible fraud and tax evasion in the sector⁷³: the Kenyan Revenue Authority is investigating the flower sector, including the Zwager's Oserian farm, Karuturi, and Flamingo/Homegrown, all based around Lake Naivasha. The article cautiously notes the unexplained discrepancies in profits and tax revenue. One study it cites, by Christian Aid, is based on the UN's commodity trade data and compared the differences between cut flower import and export prices; accounting for transport costs, it calculates that Kenya may be losing as much as \$500 million dollars a year on its flower exports. But investigations are tricky for several reasons. One is that about 60 percent of what is counted as international trade actually consists of internal transfers within multinational companies, according to the Organization for Economic Cooperation and Development, so it is difficult to trace exactly where a multinational company might hold particular earnings. The other is that many politically elite Kenyans have financial stakes in the flower industry, and do not want corruption or tax evasion exposed. Likewise, powerful international players neither wish to lose profits nor to see their names tarnished. Jane Ngige, chief executive of the Kenyan Flower Council, which represents both large and small flower exporters, responded to the tax investigation with circumspection: "It is very good the government is interested in where the money goes, but until we do a comprehensive value chain analysis we really cannot make those kind of pronouncements." But criticism of the industry is not premature. The evidence for wrongdoing consists of more than isolated studies, rumor, and speculation.

Again and again the industry has been condemned by investigative news reports, environmental studies, and even a damning documentary by a Dutch film maker. *Blooming Business* opens with the testimony of a young Kenyan woman who worked in the industry; she looks into the camera and says "this is what flowers mean to me" and presents her arms, which have been mutilated from handling chemicals unprotected; when the camera settles on her face, we see how her upper lip and cheek are similarly shriveled and mottled. It's quite powerful, and has inspired strong reactions from the public and the industry alike, mainly in the Netherlands, where it was screened at the

⁷³ "Kenyan flower industry's taxing question" *The Guardian* April 12, 2011

2009 IDFA, and in England, which has the biggest market for Kenyan flowers. Another woman in the film describes how she has put up with sexual harassment and even rape from her supervisor, fearful she would lose her job and be unable to provide what little she can for her children. We also see how the industry has devastated the local economy and ecology, since both have depended on Lake Naivasha for fishing, agriculture, drinking water, and more. Flower farms surround the lake, siphoning off millions of liters of water per day and leaching back chemicals and fertilizers. The results were predictable: a shrunken lake, sunken water table, pollution, contaminated water, greatly reduced fish populations and habitat under threat, and all those conditions magnify and proliferate as they impact the communities that depend on water, land, fish, and trade. Given this environmental destruction, it almost seems beside the point to debate whether or not the abusive labor practices are widespread, representative, or, as the industry people have responded, just constitute a few bad apples. On his dvd, filmmaker Ton van Zandvoort is careful to add that he doesn't claim his film represents the industry across the board, but that in contrast with the peppy success stories generated within the flower world and often used to justify development projects, he wanted to show a side of the business that consumers should know more about, vital issues that have not gotten enough attention. This Dutch exposé weaves together stories of a young flower worker who supports several young children, a man who sells water, a fisherman, and the lake itself. Each character earns a livelihood in one way or another from the lake. What the film captures so well is not only how these occupations and individual stories interrelate, but how local, international, and moral economies connect. Flower farms crowd the lake's shores, so that only one narrow passage remains open to the public—for the Massai, who come with their cattle to drink, for local women to wash clothes, for fishermen to launch their boats. The film argues that flower farms exploit the labor, pollute the region's most valuable natural resource, ruin the livelihoods of people who have for centuries lived off the lake, contribute to overcrowding by drawing thousands of people to the area for work, and prevent local communities from accessing fresh water. Representatives of the business side of the flower industry dispute this version of reality, but because they do not publish environmental studies of their own and seem to impede financial transparency, their counter narratives tend to focus on a few 'success stories,' voluntary policies (but not regulation or law) regarding labor and environmental standards, and statistics on generating profits, but without any demonstration of how or where those profits went or how they have been invested. As a result, informed consumers tend to be unconvinced by industry assertions.

The images from van Zandvoort's documentary have been further reinforced by reports such as the 2008 *Lake Naivasha: Withering Under the Assault of International Flower Vendors* published by the Food and Water Watch and the Council of Canadians. According to their mission statement, "Food & Water Watch is a nonprofit consumer

organization that works to ensure clean water and safe food. We challenge the corporate control and abuse of our food and water resources...” Along similar lines, “the Council of Canadians is Canada’s largest citizens’ advocacy organization working to safeguard social security, promote economic justice, renew democracy, advocate alternatives to corporate-style free trade, and preserve our environment.” Not surprisingly, their observations, criticisms, and conclusions differ radically from insiders with a financial stake in the industry, those whose overriding concerns must be the consistent supply of high quality products, reliable markets, and profit margins. The Lake Naivasha report quotes Isaac Ouma Oloo, an activist and ecological safari guide who grew up around the lake and remembers how it was before the flower industry took over. “We’re among the top of the list of the World Food Program for food donations, even though in Naivasha we have a freshwater lake that would allow us to grow food to feed ourselves. Yet we take this water to grow flowers and then ship them 5,000 miles to Europe so that people can say ‘I love you, darling’ and then throw them away three days later. To me that is an immoral act “(*Lake Naivasha*: 1).

The overlap of lives and the various consequences of flower production can be quite insidious and moving— for instance, between the roses you buy for Mother’s Day or Valentine’s Day and the manner in which they’re grown, but it’s not just the beginning and end points on the value chain that so dramatically contrast. Equally significant are the local impacts—financial, moral, and environmental—which is what *A Blooming Business* shows so hauntingly. The film shows the commodity chain to be anything but some abstract process. Flower farm workers unwittingly contribute to the poisoning of Lake Naivasha; then they drink bottled lake water from a man who feels guilty for selling them this water he believes is poisoned. The man, moreover, migrated to the Lake Naivasha area with dreams of becoming an entrepreneur and owning a car (exactly the kind of person the flower industry supposedly helps) but who is reduced to barely surviving at a precarious trade he sees as his only opportunity. The Canadian report draws some blunt conclusions. “Unless they are stopped, the flower agribusiness operations on Lake Naivasha will destroy the lake itself, the community dependent upon it, and the entire ecosystem of the watershed.” But if managed differently and with the multiple interests of the local environment at heart, “Lake Naivasha has immense potential for sustainable, small-scale agriculture and ecotourism that could protect both the lake and the livelihoods of the communities around it” (*Lake Naivasha*: 5).

Despite the fact that reports such as this have stoked the public’s sense of widespread environmental and labor problems on East African flower farms, the perception within the industry remains rather different. Kenya continues to be celebrated as a major success story, even if, from time to time, someone acknowledges ‘mistakes’ or ‘a few bad apples’. Some accused the filmmaker of ignoring or glossing over the overwhelmingly positive aspects of the industry (such as creating wealth and jobs and

spurring development), in favor of focusing on a few isolated horror stories. They argued too that such ‘warped’ perspectives give the industry a black eye, and wind up hurting those local Kenyans that the filmmaker, authors of reports, and journalists ostensibly want to help. For what this ugly press does is to snag the production flow at a particularly vital point, the consumer, and ultimately that reverberates back and costs jobs at the growth end of the chain in Kenya. Consumer boycotts and news reports have forced the industry to respond—but it remains to be seen whether the reaction amounts to window dressing or constitutes meaningful change. In early 2010, leading Kenyan flower growers met with technical and marketing managers from COOPERNIC (Cooperation of Independent European Traders), who in turn were nudged forward by consortiums of European retailers concerned with the environmental sustainability of flower production. According to the trade magazine *Floriculture International*, the visit was prompted by “some negative public perception,” as opposed to the need to address real problems and grievances, and concluded that they need to better market the industry, to more carefully manage the image, basically in order to change the “out-of-date, negative press”⁷⁴. Dismissive attitudes from the industry aside, such criticisms have impacted the market, if not the practices of growers and regulators. Already back in 2007 there was a proposal before the Dutch parliament to ban the importation of Kenyan flowers after a spate of news reports decrying “slave like” conditions for workers. While the proposal was rejected, debate in the Netherlands has continued about the ethical practices of flower growing. In England, similar debates inspired by publicity campaigns and activism have swayed the market.

But curiously, and especially in England, both sides of the debate appeal to moral arguments about African labor, the environment, and the global value chain. Some people suggest that buying Kenyan-grown flowers is a kind of moral duty, to help these struggling Africans. “This is about social justice and making it easier, not harder, for African people to make a decent living” argued International Development Secretary Hilary Benn, according to a pre-Valentine’s Day article posted on the BBC⁷⁵. He asserted that emissions produced by growing flowers in Kenya and flying them to the UK can be less than a fifth of those grown in heated and lighted greenhouses in Holland. “‘People want to buy ethically and do their bit for climate change, but often don’t realize that they can support developing countries and reduce carbon emissions,’ he said. Appealing to British consumers, he urged the public to buy Kenyan flowers in order to reduce poverty and lessen environmental impacts, while being romantic with your loved ones. The British minister’s plea inspired ridicule. Siding with social justice,

⁷⁴ *FloraCulture International* March, 2010 “Kenya Sets the Global Pace for IPM”: 14, and “IPM-Integrated Pest Management”: 8-9

⁷⁵ “Buy African Flowers – UK Minister” *BBC Online* February 13, 2007.

fair development, and environmental groups, the European Federation of Professional Florist Associations found Mr. Benn’s argument “very strange,” given the cases of child labor, unregulated use of pesticides and other toxins, and the questionable assertions about the flower industry’s history of success in promoting local wealth and sustainable horticulture.

Ethiopia

While for decades international growers and investors focused on Kenya, and by now the industry there is quite developed, in the first years of the twenty-first century, commercial horticulture began to thrive as well in neighboring Ethiopia. By 2010, less than a decade after its export-oriented cut flower industry began, Ethiopia had become the world’s third largest rose producer. The story of how the industry has grown so quickly in just a few years and why such development began in the early 2000s involves a combination of factors. The main one was a dramatic shift in Ethiopian state policy, which opened its borders to international agriculture and created more policies friendly to international agriculture and business. For a few dollars per hectare per year, foreign companies could (and can) lease vast swaths of highly arable land and use whatever water was available at little or no cost.⁷⁶ A poor, densely populated nation of 80 million offered plenty of people ready and willing to work for almost nothing—ideal conditions for large-scale farms and international companies.

This created a new climate domestically and internationally. The effects have been amazing: from 2003–2008 the flower industry in Ethiopia grew from occupying a mere 40 hectares to 1,100 hectares; by 2008, 85 horticultural farms employed roughly 60,000 workers and personnel; in addition to roses (at approximately 80 percent of exports, by far the dominant flower) Ethiopian growers also produce hypericum, lily, carnation, and gypsophila; the five main production areas are topographically diverse—Ziway, Koka, Suluta, Sebeta, and Holeta—each with slightly different temperature, elevation, and quality of light that in turn help determine the best conditions for particular varieties. For Dutch rose producers, particularly tea hybrid growers, the writing has long been on the wall. Philippe Veys of Olij Rosen, an international rose breeder headquartered in the Netherlands, says: “the tendency for increased supplies of imported tea hybrids will continue; in fact their market share will become bigger since the hactarage in the Netherlands continues to decrease. The expansion in Africa, on the

⁷⁶ To offer a sense of these ‘fire sale’ prices in a global context, according to Indian rose grower and agricultural powerhouse Karuturi, land of similar quality in Malaysia and Indonesia would cost about \$350 per hectare per year, and tracts of that size aren’t available in India (Bloomberg News Dec 31, 2009).

other hand, continues to increase.”⁷⁷ Although worldwide, the financial and economic crises put a damper on profits in 2009, Ethiopia managed to be the only country with significant overall horticultural growth, though some farms have struggled, often those owned by Ethiopians. One area of expansion has been the Russian market (one new popular variety is a popsicle orange rose called Sputnik), and International Woman’s Day is a major event with huge revenue, comparable to Mother’s Day sales in other big markets such as the UK.

The enormous appetite of Ethiopia’s commercial horticulture has also inspired a broader expansion in agricultural production for export (maize, soy, palm and seed oils) and, troublingly, to what is often described as a land grab by competing global players, India and China among them.⁷⁸ But the first group to take advantage of land grab opportunities were flower growers, many of them Dutch. Some of these Dutch flower growers came from the Netherlands, where land is scarcer and costs are higher, and some horticultural businesses have jumped ship from Kenya to Ethiopia. Indian-based Karuturi, the world’s largest rose grower, has expanded into Ethiopia while maintaining, but not increasing, its land in Kenya. Several other big players in Kenya such as Sher have moved to Ethiopia along with smaller Dutch growers who say they have sought to “avoid mistakes” of the experience in Kenya, though when pressed, no one I spoke with was willing to specify any of these “mistakes”. Peter Linssen, who generously opened his farm to me and shared his experiences, spoke with sympathy about the workforce on his farms in both Kenya and Ethiopia. Linssen, who’s commercial flower farm is one of the oldest in Ethiopia, explained to me that his move occurred after his farm manager in Kenya was robbed and killed on the road for the money he had withdrawn to pay employees, and a shocked and grieving Linssen felt it was too dangerous to continue there. “It was the final signal that the price of doing business there was just too high,” he said.

On the surface, the macro policies of Kenya and Ethiopia are quite similar: both have opened their natural resources to foreign growers at little or no cost, both offer cheap labor, little or no environmental regulation, and a tax-friendly environment. But

⁷⁷ *FloraCulture International*, February 2009

⁷⁸ According to a UN sponsored investigation, between 2004 and early 2009 foreign investors purchased two and a half million hectares of land in Ethiopia, Ghana, Madagascar, Mali and Sudan for agricultural development. Writing prior to the onset of this wave of investment, James Ferguson noted that “Africa’s position in the global economy has appeared to many observers in recent years as one largely defined by exclusion and marginalization,” but he nevertheless began to envision “that new forms of capital investment [are beginning to intersect with] new techniques for establishing political order on the continent” (2006: 194-5). This land grab taking place, with horticulture as a small but significant part, is already impacting the political order, and will likely continue to do so.

for all their similarities, Kenyan and Ethiopian horticulture for export are hardly identical. As a former British colony, the trajectory of development for Kenya's flower industry has resembled the destructive consequences of monoculture and boom and bust dynamics of tea, the previous generation's main export commodity (and Kenya remains a big tea producer) (Maharaj and Dorren 1995). Tea has generated a lot of profits, but ordinary Kenyans saw few benefits from the commodity. By contrast, Ethiopia doesn't share this long legacy of colonialism, which has resulted in a stronger, more independent central government. Partly because for decades this government was a vaguely socialist-oriented dictatorship, and was less involved with Western governments and companies until Meles Zenawi's new policies at the turn of the century, Ethiopia has been relatively cut off from foreigners, particularly the powerful commercial interests of states and corporations. But now that Ethiopia has opened up, it doesn't work exactly like Kenya once did, where development was somewhat reckless and much of the planning was left to the entrepreneurs. What this means in terms of Ethiopian horticulture today is that foreign businesses must consult a strong central government, which is not afraid occasionally to keep those companies in check, as it did in 2011 by putting the brakes on Karutiri's voracious land acquisitions. Foreign companies must also coordinate with the Ethiopian banking system. Geert Westenbrink at the Dutch embassy described the differences this way: "Kenya doesn't have a policy. Ethiopia has a policy."

In some ways, this leads to more coordination, less confusion and haphazard development, and at least in theory, could be a structure that provides some regulation. But for both Dutch growers and the Ethiopian public, this policy has its downsides, too. From the perspective of Dutch networks, a strong Ethiopian state often means roadblocks to doing business. Westenbrink told me (in a comment more fully addressed later), "There's a misfit between Ethiopia and the globalized world. It's not Brazil or Kenya, those countries are easier to operate in—Ethiopia's much more difficult." Some of the challenges he identified were the "three holy cows of lingering communist government policies: no foreign banks, and the government owns all the land and all telecommunications." The banking issue seemed particularly irksome to Westenbrink, and in this he is not alone—everyone I spoke to in the horticultural sector expressed frustration with Ethiopian banks, from Dutch and Ethiopian growers to members of the EHPEA and FloraHolland representatives. Westenbrink put it like this: "The IMF, the World Bank, the Netherlands— EVERYBODY has pressured Ethiopia to open its banking system. This is fundamental to what it means to be in the modern world, really. Recently the prime minister responded to all this by saying that 'we did not suffer an economic crisis because we were not involved with foreign banks.' Well, of course that's not a very good argument, but there you have it. We discuss this again and again with the prime minister, that opening up would be best, and he listens, but this is his

position. It's fully understandable, but we think it should be more open." One does not have to see eye to eye with the Dutch Agricultural Counselor nor support IMF policies in East Africa in order to understand their point. The Ethiopian banking system is slow and inefficient; very little is digitized or computerized; most transactions are still done on paper, and with cash; sales and agreements typically get held up while waiting for an official signature or stamp. (A small illustration of what doing business is like for foreigners: almost nothing may be purchased on credit, and in 2010, the country had just two ATMs, each located in elite Addis hotels.) But given the investigations of abuses and suspected losses in Kenya due to tax loopholes and other financial shenanigans, a healthy suspicion and heavy regulation of foreign banks would seem wise. Still, it's also useful to maintain skepticism over why certain policies are pursued—namely, Zenawi was no populist. It seems likely that his agenda has been aimed not to benefit the majority of Ethiopians and protect the country's natural resources, but rather to strengthen the position of the central government, both in the international arena and in relation to its own population.

In any case, the prime minister has done a lot to spur development, and if he hasn't liberalized the banking system, he has certainly unbolted the doors of the country, giving companies irresistible offers and welcoming investment, particularly in horticulture and agriculture. The Dutch flower growers I interviewed mentioned ten, fifteen, and twenty-five year leases, paying twenty five dollars per year per hectare. (By contrast, Kenya sold much of its land outright; even with these open-ended flimsy leases, the Ethiopian government maintains the possibility of restraining foreign companies.) These leases represent a paltry fraction of the cost of land even in comparable developing countries. Water is free: growers simply bore holes, or in the case of Lake Ziway, build an irrigation system connected to the resource. And labor is practically free—the Ethiopian minimum wage, which is normally what workers on flower farms earn, hovers at twelve birr, below the United Nations one dollar twenty-five cent per day poverty threshold. Plus, the country has appeared for the past two decades to be 'politically stable' for international capital, and even Ethiopian flower growers also get a five year tax holiday. For investors and growers alike, these sorts of policies, first in Kenya then in Ethiopia, have created a welcoming climate for business. But the Dutch presence in Ethiopia predates the transition from Kenyan farms and this latest policy shift of prime minister Zenawi. The ties actually trace straight back to colonial and post colonial Dutch Indonesia policies.

For one thing, and just generally, the outlook from the past seems remarkably similar to today's. Dutch growers conceive of their project in Ethiopia as not merely to earn a profit for themselves, but also to foster prosperity in the poor, rural communities which provide the setting for their farms, and also to instruct locals on the values of hard work. When I asked Wim Ammerlaan, Jr. what he was most proud of about his flower

farm, he said it was helping local people, offering employment, and teaching them valuable skills. “When we started,” he said, “we had trouble making them understand that they needed to show up for work every day. Some did, but most didn’t understand, they had no work ethic. But now they do. People come here and they work hard.” As Frances Gouda has pointed out of similar views of Dutch colonials in Indonesia, “even if these narratives are modulated by a self-imposed ethical duty to ‘civilize’ and ‘uplift,’ they nonetheless devise a tale that is a far cry from the renowned Dutch habit of compromise—of honestly negotiating over contested space or resolving moral ambiguities” (1995: 242). But the parallels go deeper than a common approach to business and development. In addition to the ideological and cultural links between twentieth century colonial Indonesia and the contemporary Dutch flower business in Ethiopia, there are direct business ties.

The first Dutch enterprise in Ethiopia was a sugar production and refining facility, a company called HVA, which left Indonesia in the early 1950s to open in Wonji/Shoa, about 200 kilometers south of Addis. It is considered the forerunner of the contemporary horticultural business both because of its Dutch origins and its export model of production. HVA was one of the companies kicked out of Indonesia shortly after independence, and quickly moved its sugar production to Ethiopia, which had no prior domestic production, no sugar market, and little or no sugar imports. In 2009, *FloraCulture Magazine* interviewed Bert van Blokland, a retired agricultural engineer who had overseen work and research for a number of years at HVA from his offices “right in the middle of the plantation,” which he described as “a fantastic job.” Van Blokland had studied tropical plants and plant breeding at Wageningen University, which worked closely with HVA and helped him to launch a career through HVA’s business as they transferred their sugar operation from Indonesia to Ethiopia. (A PR campaign quickly whet the appetite for domestic sugar consumption, and local Ethiopians, who had traditionally drank their coffee with salt, began to use sugar.) Given these elements, both the timing and the planning involved in the transfer of sugar operations have a familiar feel. They suggest a similar model of international expansion via clusters—close cooperation between business, university, and government policy, finessed by cultural familiarity and personal connections. As Geert Westenbrink said in 2007 when he was newly installed in Ethiopia, “Zonder consensus gebeurt er niks,” nothing happens without consensus. Westenbrink also specifically identified “an important impulse toward cooperation” between Wageningen University and Ethiopian farms, and between Dutch capital, knowledge, and development funds, and Ethiopian land, labor, and agricultural policies that welcome foreign investment.⁷⁹ The goals and strategies of policy remain remarkably similar for sugar and cut flowers. When

⁷⁹ “Geert Westenbrink, landbouwraad in Ethiopië,” June 2007 *Kennis Online*

interviewed in 2009, Van Blokland had recently returned from a “sentimental journey to Ethiopia,” and *FloraCulture Magazine* celebrated him as a pioneer of the Dutch flower business in Ethiopia, which has taken off so dramatically.

But not everyone has such fond memories of HVA’s sugar business. A former resident of the region now living in the U.S. has accused the company of causing extensive and long term problems to local health and ongoing environmental hazards. Almaz Mequanint is not alone in articulating her criticisms, pain, and outrage, and in 2003, she published an article in the *New Internationalist* under the title “Dirty Business.”⁸⁰ After ignoring her letters, HVA International NV did respond to her complaints, and while the company refused to accept legal liability, in its response, it did not deny the substance of her accusations. According to Mequanint, “many people I know were sick from diseases caused by pollution [from the sugar factory]. Some of my father’s friends were bedridden because of skeletal fluorosis.” She claims to have been debilitated herself for decades with joint problems as well as tooth decay, and that her children, too, suffer a variety of ailments from spending the early years of their childhoods in the village beside HVA’s plant. Mequanint recalls that in the late 1960s and early 70s, “the exhaust fumes were so thick they formed a sort of fog around the community where I used to live. Dust, gases, and smoke had affected many people’s lungs and circulation. Drinking water was heavily polluted with hazardous wastes,” though to her knowledge little of the damage had been studied or in any way officially substantiated. She ended her open letter by saying of HVA International NV, “I hold them accountable for the mess they have created.”

Clemens JM Rolink, the General Manager of HVA International NV in the Netherlands, prefaced his response by saying that while his company had no legal responsibility or culpability for the conditions, he felt “a moral obligation” to address her, since “we probably are the only party that might give some answers to [her] questions.” He acknowledged that “after some years it became apparent that these wells contained a high fluoride percentage,” after HVA’s official study conducted in the 1970s concluded “that drinking from the wells over a long period could have a negative impact on teeth and bones, especially those of children,” but that “the effects of fluoride were not known at that time,” and anyway, of this and other environmental complaints, “the air pollution from sugar factories is very limited if compared to other industries like steel, chemicals, etc.” Also, crucially, Rolink recounted that “during the time of nationalization...[when the military junta of the Derg took power in 1974] the Ethiopian Government claimed a large amount as compensation for the fluoride problem and at

⁸⁰ “Dirty Business” December 1, 2003. *The New Internationalist Magazine: People, Ideas, and Action for Social Justice*, Issue 163

the same time accepted responsibility for all future claims.” Unfortunately, Ethiopian governments have been no more accountable than HVA.

These sorts of stories are sadly typical concerning commodity production in the third world for consumption in Europe, Japan, and the US. Possibly due to a familiarity with this history, Ethiopia in 2007 set up for the horticultural industry a Codes of Practice, to guide (but not legally require) growers in Good Agricultural Practices (GAPs). The EHPEA provides information and training, though no monitoring, and as of late 2009, 15-20 flower farms out of 85 were “well on their way” to meeting the standards and the idea, which according to Tsgaye Abebe has full government support (hosannas are offered in official statements from departments of Environmental Protection EPA, the Occupational Safety and Health OSH, Ministry Labour and Social Affairs MoLSA). The idea is that all farms will adhere to these standards within a couple of years according to industry common sense.⁸¹ On paper, the standards look good, with emphases on environmental and labor protections, but without any legal requirement to follow the codes and no mandate for an independent body to inspect the farms, the codes of practice seem rather toothless. Might these unenforced codes soon be used as some sort of stamp or certificate to market flowers to European consumers?

Since it’s barely a decade old, and the horticultural codes have been in place less than half that time, it may be too early to conclude much about the environmental tolls of commercial horticulture in Ethiopia. But some signs portend ugly problems reminiscent of the sugar factories, and the experience around Kenya’s Lake Naivasha. Among a few independent, critical viewpoints published, one November, 2010 article called “Tearing down the Ethiopian society through land seizures” makes a harsh assessment of the new land policies and the horticultural industry, presenting a disturbing contrast to the upbeat claims and figures proffered by the Zenawi administration, the EHPEA, and foreign growers.⁸² While foreigners lease land from the government, even Ethiopian property owners do not ultimately control the deeds to their land, since the Ethiopian government can take land as it deems necessary (a carryover from ‘communist’ Derg policies where private property ownership was prohibited). And even where the government may negotiate over a deed held by some owner, they see no need to negotiate with poor communities who may well have lived on or farmed plots of land for decades, but hold no title and so have no legal status. Some of those who have resisted these land seizures faced violence and were forced to comply by Ethiopia’s formidable military. Once the land has been cleared of people, it’s turned over to foreign lessees. The article says, “as a rule, the regime offers a small fraction of the property

⁸¹ *FloraCulture International* February 2009.

⁸² “Tearing Down the Ethiopian Society Through Land Seizures” Agabos Debdebo, November 29, 2010, *Ethiopian Review*.

value as compensation [to those driven off], and hardly ever any adequate relocation assistance to tens of thousands of citizens affected by evictions.” To my knowledge, and in contrast with other agricultural projects, no flower farms have been built on such confiscated land, though in Holeta, near Addis, local cattle once grazed where the Linssen and Abebe farms now stand. Even the biggest flower farm, around Lake Ziway, was not confiscated but transformed from a state-owned vegetable farm, yet other industries that have entered the country under Zenawi’s open policies have plundered the land. According to a local journalist, “In Dejen, atop the Abay River, the otherwise pristine and clean mountain air is now polluted by a cement factory spewing toxic dusts into the air. This cement plant is a Pakistani investment scheme, built on confiscated land. The cement plant, imported in disassembled parts from Pakistan, is entirely run by Pakistani workers, except for a few local day laborers.”⁸³

As the landscape transforms, many ordinary people are talking about the flower industry, though a lot of what they have to say is negative. Because for years Ethiopia has been isolated, and foreigners, particularly western foreigners, are curiosities, during my fieldwork I was approached constantly by folks wanting to talk—by people who wanted to practice their English, or just to know what I was doing, for instance, on a flea-bitten bus between two small towns. I spoke to over a hundred people in this way. Some knew nothing of the Ethiopian flower industry, but many did, and of those who were familiar with it, most felt it was exploitative. These were all random conversations with (mostly male) strangers, and I have made no attempt to quantify their responses or verify their specific assertions. But I was struck by the vehemence of their criticisms. At a bus stop in Ziway, I met one such guy, who was handsome, confident, and voluble. He told me he was a twenty-two year old university student studying environmental science, and though he stumbled a bit in English, he spoke with clarity and passion. “I am Demelash Sisa. One year I work flower farm Holeta. These farms appear fast, like that—” he snapped his fingers. “These foreign people come and take land for free. And what do we do? We work for them.” Implicated himself as a former farmhand in what he recognized as an international phenomena, he found the situation both outrageous and gloomy. These sorts of conversations don’t prove violations or wrongdoing, but they do demonstrate that, justified or not, there’s widespread distrust of the industry, and strong beliefs that it is polluting the environment, and exploiting and poisoning its workforce. The Dutch flower growers I spoke with in Ethiopia responded calmly to these sorts of allegations; clearly, my questions were not the first they had heard of such claims. They offered several explanations for local’s perceptions: superstition, misinformation, rumor, and a natural tendency to distrust foreigners, particularly white

⁸³ “Tearing Down the Ethiopian Society Through Land Seizures”, Agabos Debdebo, November 29, 2010, *Ethiopian Review*.

ones. They welcomed me to their farms, and in their defense, they let me walk around freely, and I saw nothing like the horrors spoken of or secretly filmed on some Kenyan farms (in *A Blooming Business*). But given their frankness and willingness to show their farms, this isn't too surprising, nor does it mean that uglier practices do not occur elsewhere. Without a systematic inspection of all the farms across the country, there's no way to know for sure how representative these Dutch farms are. So there are a lot of accusations, and clearly a prevalent conviction among Ethiopians that they are being abused and losing out, but I did not come across much by way of hard evidence of gross violations.⁸⁴

On the other hand, what more proof does one need? No one disputes that in a country struggling to feed itself, these flowers are not for Ethiopian consumption but for export to Europe, nor that wages for six days work per week on these farms keep people in poverty.⁸⁵ It seems fair to say at a minimum that the benefits of the Ethiopian horticultural boom are not broadly shared by its population. When I asked Westenbrink if he hoped Ethiopia could avoid the gross labor violations and grave environmental consequences of the Kenyan horticultural industry, he frowned. "Have those really been substantiated? I don't think so." But at the same time, he shared that "we're trying to get the Ethiopian government to embark on proper registration to reduce pesticides, especially genetic pesticides coming from China and Kenya need proper regulation. And plants, too— we don't want any pesticides coming back, either [to European consumers when they're exported]." Dutch policy on these farms, even if voluntary, can have a huge impact.

Ethiopia's biggest flower farm, Sher, is Dutch owned; it's second largest, Shadi, at 410 hectares, is a joint Dutch-Indian venture. I visited Sher, about 160 km south of Addis, which extends along the shore of Lake Ziway in a stunning landscape. Sher owns the farm (but not the land) and leases parcels to different growers. The source of water is the lake, which hosts plentiful wildlife, including fish which are a staple of the local diet, flocks of flamingoes, and bloats of hippos that lurk in the shallows. Several islands dot the lake, each hosting a monastery, one of which dates back many centuries and once allegedly housed the Arc of the Covenant (the small vessel that carried the Ten

⁸⁴ I should also emphasize that my purpose there was not to inspect chemicals and working conditions nor to interview workers on the farms (who spoke Oromo and Amharic, and around whom I was closely watched). Instead, I was interviewing the owners and farm managers about their experiences in these new Ethiopian ventures, their views on Dutch networking, Ethiopia's policies, their relationship to the flower auctions in the Netherlands, and so on. Investigating violations would have involved much more time and a different agenda: in short, it was outside the scope of my research.

⁸⁵ Ethiopia's minimum wage is eight birr, the salary of flower farm workers on farms I visited was 12 birr, and exchange rate with the dollar was 12 birr.

Commandment tablets of Moses). The week I visited Ziway, each afternoon there was a lightning storm, and the dome of the sky flickered with as many colors as you would see at a glamor rock concert's light show. Even among these surroundings, the Sher farm strikes a grand presence with its five hundred hectares of bright roofs, a sort of glasshouse city upon a hill. To put the size in perspective, consider that the average flower farm in the Netherlands is between one and two hectares (a hectare is 10,000 square meters, or 2.471 acres), and that Sher's territory covers five square kilometers.

But the size of these flower farms pales in comparison to other foreign-owned agricultural businesses performing in Ethiopia. Karuturi alone operates 111,700 hectares of agricultural land in Ethiopia, and 200,000 hectares more are planned to be developed; its land concessions total an area larger than Luxembourg, and that doesn't include holdings in Kenya or other nations. Karuturi in Ethiopia produces sorghum, sugar, rice, maize, sunflower, soybeans, and palm and seed oils. Geert Westenbrink brought my attention to these facts when I asked about labor and environmental concerns on the flower farms. That doesn't take horticultural producers off the hook, but does place them in a larger context that makes what they do seem rather paltry by comparison. As foreign owned industries impacting labor, the environment, and the economy, big agriculture seems a much more significant player. But the conditions on these farms have scarcely raised an eyebrow in the international press, and since they're even newer than the flower farms, haven't received the same levels of attention from locals, either. For both horticulture and agriculture, the economic model is the same; from the perspective of planners, policy makers, and the owners of these farms, all these ventures boost development and deserve praise. As Westenbrink put it, "The seed initiative will help much more than just the horticultural sector. We are the biggest importer of edible oil in Europe. That's why we embarked on the seed venture." So clearly, these farms aren't just about promoting development: there's a recognition of self interest. But as with their commercial ventures in Indonesia, Dutch self interest is cloaked by a perfumed cape of enlightened generosity. In earlier ventures abroad, the Dutch found idealized environments and childlike inhabitants, particularly in an "arcadian Bali," but these locations also contained something dangerous, an element that "destroyed something in sensitive Dutch people of worthy intentions", and yet, the risky mission proved a valuable undertaking because it helped those less fortunate and less civilized natives (Gouda 1995: 134, 148, 118-156). And today, as in earlier eras, discourses about development or uplifting hardly obscure the basic material interests at stake.

But, justifications for pursuing self-interest aside, and considering the scale of the land grab occurring in Ethiopia, why do flower farms bear the brunt of outrage, while other agricultural behavior and practices seem to slip under the radar? Three reasons seem likely. First, the flower farms were the earliest to set up, so foreign presence on the landscape is largely associated with flower farms. Second, flower

farming is labor intensive, and although the hectareage is far smaller than that of commercial agriculture, they may well employ greater numbers of people, who then spread the word about conditions. Finally, all along the production chain, flowers have an emotional appeal and tie in with a visceral sense of moral economy in ways that sorghum and seed oils just don't. In this way, and contrary to Westenbrink's comment about Ethiopia's backwards banking practices, Ethiopia seems very much part of the contemporary dynamics in this 'globalized' world. Though mentioned off-handedly, his comment ("there's a misfit between Ethiopia and the globalized world") seems quite rich and provocative. For one thing, it draws attention to the dynamics of international commerce, development, and to ideas about how these can and actually do work in relation to the Netherlands and Ethiopia. And the notion of a unified world system lingers in the background of such a comment, as well. Westenbrink's version of 'globalization' may well epitomize that of the overall industry, and accurately summarize Dutch policies in horticulture, agriculture, and international development. But he doesn't speak for everyone in the trade. Clearly, with figures like Aalsmeer grower Hans de Vries, other voices within the industry criticize the ways FloraHolland and the business generally have evolved abroad and at home.

Dutch Networks Around the World: A Global Flower System?

To speak of a unified global flower industry is somewhat misleading. Yes, planetary commercial paths and links may make a single world view of the business seem plausible, and many invoke the term 'globalization' to describe this system, as Westenbrink's comment indicates. It's also true that the Netherlands occupies a sort of command center of world horticultural trade. But for all these reasons it's important to indicate what that does and doesn't mean. Each day, Dutch auctions set the prices for plants and cut flowers around the world. Up and down the value chain, from containers and transportation to sales and marketing, cutting edge research and breeding in the Netherlands constantly introduce innovation that the rest of the industry then adopts or imitates. Go anyplace on earth with a thriving commercial horticulture and you're likely to find Dutch involvement. But all of this might easily lead to some inaccurate impressions, such as the idea that the rest of the world just orbits around Dutch flowers and plants. Actually, most Dutch horticultural exports don't traverse the globe, but stay in Europe, with over half sold to Germany alone. Also, a mere five percent of cut flowers from the Netherlands enter the enormous U.S. market. And East Asia constitutes a small slice of consumers of Dutch cut flowers (though other horticultural products, particularly bulbs, partly because they're less perishable, have had more success in these other markets.) And this only addresses consumption. Yet even from the supply side, the majority of flowers sold at Dutch auctions (about 60 percent) don't come from other countries but were cultivated in the Netherlands. In other words, while

the system traverses world-wide routes, some channels are much deeper than others, and all markets are by no means wholly subsumed in this global horticultural system. Of course, Wallerstein's conception of a European world system in the sixteenth century also left a lot of the world outside that system. But for him the key distinction was between core, semi-periphery, and periphery, "that geographical sector of it wherein production is primarily of lower-ranking goods (that is, goods whose labor is less well rewarded) but which is an integral part of the overall system of the division of labor, because the commodities involved are essential for daily use" (Wallerstein 1974: 302). World systems analysis illuminates some of the broader elements of the Netherlands' trade in flowers and plants with its holistic approach that integrates political, economic, and socio-cultural developments in one systemic rubric. But as this quote implies, things like pepper, cloves, and other commodities play a different kind of role in the world economy than commercial flowers and plants do today, and the European-centered scheme here of core, periphery, and semi-periphery seems of limited value in describing the Dutch horticultural system.

In order to sketch the broad picture of the global horticultural business it may be helpful to see it in terms of three major regions of linked production and consumption. There is plenty of overlap and cross fertilization within and between regions, but roughly speaking, the three important ones are: the Americas (with Colombia supplying over 60 percent of cut flowers to the U.S. market); Europe, with the Netherlands and east Africa as major producers; and east Asia (Japan, China, and South Korea, with China rapidly rising as a producer). Not coincidentally, these three regions also reflect the world's dominant economic and technological hubs. But the aspect I want most to highlight is each one's connection to the Netherlands' industry, and its horticultural cluster or network. It's also valuable to keep in mind that the Netherlands-based system is by far the most highly developed, and its main consumer markets are the most mature. This is the best way to understand how, of all the cut flowers sold on the planet, over 60 percent pass through Dutch auctions. Major areas of growth lay farther and farther from the Dutch home base, and so for the Netherlands to maintain a stronghold in the trade, expansion is a necessity, and today, not all international flower growth directly relates to the Dutch industry. Although México is an up and coming producer, and commercial flower cultivation occurs in Peru, Argentina, and elsewhere, three south American countries are most pertinent to our discussion here: Brazil, Colombia, and Ecuador—and each for different reasons. For similar relevance to the Dutch horticultural network, it has made the most sense in Africa to focus on Kenya and Ethiopia, although cultivation goes on in Tanzania, South Africa, and elsewhere. In east Asia, China merits the most attention due to its dynamic potential as both producer and consumer, and especially because of the active role of Dutch players in promoting the industry. A sense of what these operations are like allows a more practical and meaningful look at what

‘globalization’ and ‘world system’ mean to the Dutch horticultural industry and FloraHolland.

Brazil

Holambra, in Brazil, was founded in the late 1940s by a group of Catholic farmers from the Netherlands’ Brabant who were led by a graduate of Wageningen University named J.G. Heymeijer. Heymeijer possessed the right combination of drive, knowledge, and charisma to organize and inspire a Dutch settlement in far-flung Brazil. His undergraduate thesis had focused on the emigration of Dutch farmers to France, and, showing further enthusiasm for and identification with Dutch agriculture, he had edited a volume called *Wij Boeren* (We Farmers). His small group of *boeren* settled in an undeveloped area not far from São Paulo, and named their village Holambra, for Holland-America-Brazil. (Curiously, it is not far from another relocated community, this one established a century earlier by pro-slavery secessionists fleeing the pre-civil war U.S. south to fashion a town called América, which to this day holds square dancing contests.) But for a variety of reasons including climate, cattle farming in Holambra did not work out, and soon the group of transplanted Dutch were cultivating citrus groves and other agricultural produce.

By the late 1970s, Holambra was also producing a respectable amount of gladiolas, much of which was exported to the Netherlands. Between 1963 and 1980, Holambra went from eight hectares devoted to flowers (mostly glads) to 1,180 hectares (an incredible growth rate that nevertheless, by the early part of the twenty-first century, Ethiopia would surpass). Central to this spectacular success, according to the growers, was the group’s *samenwerking* (cooperation), and the fact that they had come together to form a cooperative based on what they knew in the Netherlands (Smits: 163-4). Holambra even developed some prominently Dutch cultural and architectural features, such as windmills and ‘canal houses’ (but no canals), characteristics that subsequent Dutch horticultural outposts in Ecuador and east Africa lack. One might compare Holambra to eccentric billionaire Yang Bin’s replica of a Dutch village in northeast China, replete with drawbridges and a version of Amsterdam’s Central Station. But where Yang’s village resembles a personalized theme park, and an abandoned one at that, Holambra was established by Dutch immigrants, and by now has over ten thousand residents and six decades of history. Furthermore, Holambra is directly tied to Dutch horticultural auctions, not only through its past, but via ongoing practices and trade. Each year, Holambra hosts Expoflora, a prominent trade show, well-attended by Netherlands-based importers and exporters. Holambra even has developed its own auction with two clocks, a maneuver aiming to institute more regional authority and to capitalize on Brazil’s burgeoning domestic consumer market. Many people involved with Dutch horticulture have regular business and exchange with Holambra’s growers

and auctions. In 2007, I spoke with a retired executive from the Aalsmeer auction who visits there often, offering advice, and forging relationships, and who thinks fondly of the Brazilian branch of the horticulture business as a distant cousin on the Dutch family tree. Holambra's distinctive horticultural signal has not only emblazoned a star on the world flower business map, it has reached the radar of certain heads of state. In a 2009 speech at the University of São Paulo, prime minister Balkenende singled out Holambra from Brazil's considerable agricultural accomplishments as "a Brazilian success story, with Dutch roots," and expounded on this horticultural village with ongoing "Dutch traditions and Dutch culture."⁸⁶ Holambra represents a commercial and cultural relationship both countries seem eager to pursue.

Colombia

Colombia produces a staggering amount of flowers. In 2009, in its fortieth year of cultivating commercial flowers, Colombia became the top producer and exporter of carnations, one of the most purchased flowers worldwide, and became second only to the Netherlands in total volume of cut flower exports. Most of Colombia's flowers are destined for the United States, and so the industry there relates only indirectly with the Netherlands. But due to its size and what many in the industry describe as its 'leadership position,' events there impact the international market, and influence a range of economic and horticultural factors far beyond its borders, especially regarding health and safety standards. According to Ascoflores, the Association of Colombian Flower Exporters, the industry employs upwards of 150,000 people, over 70 percent of whom are women. Ascoflores, which began in 1973, has in recent years made efforts to highlight 'good news' about the flower industry. They started a peace building initiative in the countryside, for example, which receives partial USAID funding. They also say that in defiance of popular international images of Colombian drugs and violence, the flower industry offers a more pleasant and realistic representation of the country.

But many scoff at the idea of the flower industry presenting a positive face of Colombia to the world, or respond by claiming that if it is representative, it's for ugly practices like union busting, using toxic chemicals, and exploiting the labor force predominantly made up of young women. A sample of international press reports from Colombia regarding flowers typically publicizes such egregious conditions. In 2006, for example, the Associated Press reported how, after workers won protections against long hours and dangerous exposure to chemicals from Colombia's largest flower grower, Dole, the company elected to close thirteen of its farms, citing competition from east

⁸⁶ "Harvesting a sustainable future", Jan Peter Balkenende, March 3, 2003. Speech at University of São Paulo.

Africa and China⁸⁷. In fact, based on its own surveys in 2000 and 2002, Ascoflores has itself acknowledged that few Colombian flower farms adhere to safety guidelines and recommendations, and unfortunately, numerous other studies and exposés bear this out. Cactus, an NGO based in Bogotá, has carried out medical research that indicates almost two thirds of flower workers suffer from maladies linked to pesticide exposure, such as miscarriages, muscle pains, nausea, rashes, and conjunctivitis. In addition to risking their health, Cactus found, workers are typically fired if they become pregnant, in spite of their legal entitlement to maternal leave and other formal rights. Due to a steady stream of criticism, the tide of awareness among U.S. consumers has risen, and many people now associate Colombian flowers with these sorts of abhorrent practices.

Slowly and reluctantly, the industry has responded. Ascoflores, which represents seventy-five percent of Colombian growers, has been pressing its members to adopt a voluntary code of conduct. Many Colombian growers adhere to this code, or claim to. Other countries, including Ecuador, Kenya, and now Ethiopia as well, have followed suit with their own voluntary codes, certificates, and other proposals for self policing. They might sound promising, and depending on the goal—public relations show aimed at maintaining the status quo or sincere effort to reform the industry—the efforts may or may not be admirable. But in either case, the code of conduct seeks to sidestep legal enforcement and independent oversight. Many people both in and outside the industry express little enthusiasm for these voluntary safeguards and policies. One such critical voice, Barbara Dinham of the Pesticides Action Network, told *The Guardian*: “In the absence of effective monitoring and enforcement through the labour movement and government environmental agencies, they are little more than unenforceable wish-lists.” Based on reports from Colombia (and similar ones from Kenya), auto-regulation in horticulture seems about as reliable as in the oil and financial industries. The scale of violations in the horticultural industry has been great enough to be represented in exposés and documentaries, but in commercial films. The successful 2004 feature, *Maria Full of Grace*, follows the story of a young Colombian woman who quits her dreary job on a flower farm to smuggle cocaine to the U.S.. Another film about the international drug business, *The Amsterdam Kill* (1977), sets its drama among drug cartels smuggling their goods in flower containers, and featured a dramatic chase scene across the Aalsmeer auction floor.

Actually, the connections between the cut flower and illegal drugs industries extend beyond the movies. And the relationship between the two deeply inform both policy and practices in Colombia, and to a lesser extent, in Ecuador. To different degrees, Ecuador and Colombia both receive favorable trade advantages from the U.S.—zero or low tariffs on their flower imports in exchange for working closely with

⁸⁷ “Colombian Union Fights for Flower Farm” October 18, 2006, *Associated Press*.

U.S. authorities to combat the production, trafficking, and sale of drugs, an arrangement summed up by a legal regime known as ATPDEA, or the Andean Trade Promotion and Drug Eradication Act. ATPDEA mostly benefits Colombia, and only secondarily helps Ecuador. Updated and revised every several years, in many ways the ATPDEA is the father of the Colombian flower industry, since it was this regime of policies that enabled the country's cultivation and exportation of flowers to thrive and prosper. Without it, Colombian flowers would have had more competition in the U.S. market, a situation with obvious repercussions for other flower exporting nations, like neighboring Ecuador and of course the Netherlands.

Almost needless to say, safe, cheap, and reliable trade routes interest south American producers not only of flowers but also of cocaine, since both commodities are widely consumed in Europe and the U.S.. Though authorities make stabs at preventing transport, and occasionally seize large shipments, no one really knows how widespread drug traffic via flower containers might be. All we know is that from time to time there are significant busts, as occurred in December 2009 with a shipment arriving in Spain from Colombia, a familiar enough phenomena for police to dub the sting operation "Flower Power."⁸⁸ Given the overlap in trade routes, the cocaine- cut flower connection may not be so shocking, but as with environmental degradation, labor exploitation, and violence, it's probably not the first thing that pops to mind when one thinks of flowers.

Ecuador

Of course, cooperation with the U.S.'s War on Drugs is a highly charged political matter, both inside the U.S. and internationally, and a key piece of legislation framing policy is the ATPDEA, which many regard with a healthy dose of skepticism. Gonzalo Lazuriaga, for one, suspects ulterior motives in the U.S.-created-and-celebrated Andean trade arrangement. Lazuriaga is Chairman of the Board of Expoflores, the Association of Flower Producers and Exporters of Ecuador, and understands ATPDEA as one of Uncle Sam's 'big stick' tools to combat 'socialist' policies in what has been understood since the Monroe Doctrine as his backyard. He told *Floriculture International* magazine that "[t]he new ATPDEA will last for one or two years, after which it will be replaced by a new act. The idea behind it is not a fair one because in the end it's in the country consuming the drugs that action should be taken. New socialism will prevail anyway."⁸⁹

⁸⁸ "Spain uncovers cocaine haul beneath flower shipment", December 28, 2009. BBC Online, <http://news.bbc.co.uk/2/hi/europe/8433220.stm>.

⁸⁹ *FloraCulture International*, November 2008.

In my experience, these sorts of spirited geopolitical critiques are not unusual in the flower industry. Relatively well known are exploitative practices in neighboring Colombia, where young women work long hours for low wages and have numerous health problems ranging from skin disorders to miscarriages from exposure to horticultural chemicals. The portrayal of the flower industry that emerges from these stories is of a particularly cruel, sinister, and patriarchal exploitation. Lazuriaga's comments in no way dismiss or minimize such critiques, but they do demonstrate a plurality of views within the industry, a voice that's neither the apologetic exploiter and despoiler of natural resources, nor that of the 'apolitical' entrepreneur. Lazuriaga is no dupe, and like some growers, traders, and others I've encountered along the flower chain, his criticism of the geopolitical status quo reveals a social conscience. Granted, some of this might also have to do with his country, and with political effervescence in south America these days. Ecuador's left-leaning president Raphael Correa has not only challenged Washington's neoliberal orthodoxy and insisted on a time table for withdrawal of troops from the U.S military base installed for decades in the south American country. Correa has also instituted social and economic reforms as part of the 'soft' left known as the pink tide. "New Socialism in Ecuador means salaries are on the rise," notes *FloraCulture International*. "Since the beginning of 2008 salaries have risen by up to 18%. The average worker on a rose farm in Ecuador takes home around 480 dollars a month, including benefits, making flowers the best industry to work in."⁹⁰

The horticultural Aasacorporation built a school for forty kids outside of Quito in Tabacundo, and also provides adult education for their parents and others in the community. The general manager of this flower farm, Ricardo Canelos, states passionately that education and welfare of the workers go hand in hand with producing environmentally friendly horticulture. "To my opinion a sustainable rose is produced at a farm which meets the international social standards, avoiding pollution of the environment." Admirable sentiment, and while not especially rare, certainly unusual—across Ecuador, and industry-wide, fair trade practices have yet to be adopted on a large scale. Ecuador's industry started later than Colombia's, but instead of playing catch-up or little brother, it has attempted to distinguish itself from its 'superpower' neighbor. Though Ecuador and Colombia share some important issues, they also have serious distinctions concerning cut flower and plant production, as well as sales and transport. They're both signatories to the ATPDEA, but Ecuador doesn't face the same drug or violence issues, has a more progressive president, uses the U.S. dollar as national currency, and has actively pursued trade with the Netherlands and with international buyers via internet. In addition to expanding fair trade, this seems a smarter strategy for developing their industry. It's still a young industry, too. In Ecuador, fair trade and

⁹⁰ *Floraculture International* November 2008: 39.

organically cultivated roses make up 2-15 % of rose farms, and only 9 farms have the FLO certification label, or just 170 out of 3,800 hectares of roses nationally.⁹¹ In addition to the challenge of implementing such programs, one problem is the economic value of fair trade labels. With flowers (in contrast with bananas and chocolate), they're not yet widely recognized, except in Switzerland, and to a lesser extent in England, so still constitute relatively small markets. Nevertheless, Expoflores considers earning a fair trade label a national priority. Ecuador has been a model for the emerging rose industry in Ethiopia, though as in Colombia, without vigorous oversight and enforcement, the reliability and efficacy of such programs remain dubious.

China

As with many areas of economic dynamism, those who look at global trends have speculated on the future role of China in the international flower industry. The most significant kinds of flowers cultivated in China include carnations, gladioli, gerbera, orchids, and roses. The rose trade is not primarily for export to the west, and so China is not (yet) a competitor for the Netherlands. But Dutch horticultural entrepreneurs watch carefully for developments in China, and many have been actively involved in joint ventures, building infrastructure, seeking markets for Netherlands-grown bulbs, or new territory to cultivate seedlings. In 2007, Chinese horticultural exports increased by 24% to US\$126 million (mostly in potted plants and seedlings, not cut flowers), products headed mainly to Japan, Singapore, Thailand, Saudi Arabia, and for seedlings, to the Netherlands (approximately US\$ 14 million). Chinese imports were also up by 21% to US\$ 82 million, coming from south Korea, Japan, Holland (bulbs US\$37 million) Costa Rica and Taiwan (young plants, US\$ 27 million).⁹² As these statistics describe, the main flows of trade remain regional. But the Netherlands is an important producer and consumer in the Chinese market, and more than that, Dutch planners have actively involved themselves.

One place you can see this is in the Greenport-Shanghai initiative, mentioned in chapter 1. The Greenport concept originated in the Netherlands and is a central aspect of agricultural infrastructure and planning, involving the entire value chain, from production to sales and distribution. Dutch planners have been active at the highest level, including an enthusiastic endorsement from prime minister Balkenende in 2008. Billed as the world's first 'eco-city,' Greenport Shanghai is feted to become a high-tech agricultural production and sales city-state with a network of farms for fruit, vegetables, cattle, and flowers, and will include auctions, residential housing for workers, and a dense transport infrastructure, with trains and cars, and easy access to sea and air.

⁹¹ *Floraculture International* December 2008: 44.

⁹² *Floriculture International* December 2008.

Considering the rapid growth of China's coastal cities, Greenport Shanghai is strategically located. A range of Dutch institutions and investors sit behind the Greenport project, but Dutch industry is engaged with Chinese horticulture and agriculture in other ways as well.

Not surprisingly, Dutch counsel on horticultural success often involves emphasizing cooperation, offering hands-on suggestions as well as general guidance. At the 2008 Yangtze Delta International Flower Forum, speakers from the Netherlands and those familiar with the Dutch horticultural industry told about two hundred regional farmers "to cooperate with government and industry organizations in order to make best use of your product's advantages," advice that accompanied explanations of how such cooperation aids the Dutch industry.⁹³ The talks were not limited to broad strategy or to sentiment. Dr Gerhard Hartwick Buck-Sorlin of Wageningen University identified as a major area for improvement in the value chain knowledge and education at the farm level. Toward this end, he offered a particularly nifty new tool for rose growers, a Virtual Rose model which helps predict shoot quality and quantity based on greenhouse conditions, a virtual design lab, and an interactive simulation of the effects of cutting, pruning, and bud removal. It is not merely academics, importers, or exporters that seek to capitalize on the expanding horticultural sector in China. Across the value chain, Dutch horticultural researchers, planners, entrepreneurs, and others are digging in, offering equipment, and insinuating themselves and their services in local production and distribution.

In fact, modeled on the Netherlands system, and with input from Dutch consultants, in 1997 China began its first horticultural auction in Yunnan province. In just over 15 years Yunnan has emerged as a major flower producer, growing over fifty percent of China's flowers. Such growth was possible not only due to available land and favorable climate, but because of the synergy of a Dutch style horticultural cluster—you find supportive government policies, several top notch agricultural institutions, a lot of flower producers, and now as well, an auction system to handle marketing, sales, and distribution. FloraHolland Naaldwijk has been working closely with Kunming International Flower Auction (KIFA) to establish an Aalsmeer-style auction system drawing on growers from Yunnan and targeting a wide distribution.⁹⁴

From China to Ethiopia, Ecuador, and Brazil, Dutch horticulture has extended significant networks or established big commercial links and investments. Some of this, as in the case of Ethiopia, has been encouraged and enabled by the strategic use of development funds from the Dutch government. Both the policies and the ways

⁹³ *Floriculture International* December 2008:39.

⁹⁴ 'Chinese bloemenveiling bezoekt FloraHolland Naaldwijk' April 24, 2009, FloraHolland.com.

participants describe them are consistent with the historical trajectory of commercial endeavors ranging from the early days of the Republic to the twentieth century Netherlands in Indonesia. Agricultural Attaché Geert Westenbrink's comment that "there's a misfit between Ethiopia and the globalized world" provides a useful frame for thinking about horticultural development in terms of the internationalization of Dutch horticulture, how foreign-based industries understand and fit into a system organized around the Dutch auctions. It also gets to the heart of what 'globalization' means to those shaping Dutch horticultural policy.

While Mr. Westenbrink made this statement in the context of banking practices and did not necessarily intend it as a general observation about the country, it's worth emphasizing because it resonates powerfully in a number of other ways. Not being globalized sounds like a code for familiar ways of discussing African countries. To describe a place as not globalized is to assert that it's not part of the modern, contemporary world, that it's not merely isolated, but, one suspects, 'backwards' and 'primitive' as well. The problem, of course, is not with complaining about a banking system or pointing out a lack of infrastructure. It's with the values and ideas that often inform such observations, that these Africans live like this because they're lazy, or because of cultural characteristics, or because they lack a work ethic. Many growers also see their work as not just growing flowers but helping communities and bringing development, so it's not only on the levels of figures like Westenbrink, development funds, and the Netherlands' economic interests. Talking with Wim Ammerlaan in Ethiopia, for instance, he extolled the flower farms, directly comparing the benefits of the horticultural industry to international aid agencies. "Look what we've built here," he told me. "Five years ago there was nothing in this town [Ziway], practically nothing at all, and how long were they giving aid here? Now you have a lot of roads, development, banks, restaurants, hotels even. It has changed a lot, seriously, and not because some maybe well meaning aid agency was giving poor people money. It's because of this industry. We're actually building things, and hopefully, it really lasts." He makes some valuable points, but it's important to recognize the parameters of this world view—since he was not alone in this opinion, and the outlook grows out of some familiar values. In this understanding, 'globalization' can only proceed along two possible routes, either through a particular model of commerce or through charity, both of which are inspired by and depend on the benevolence of knowledgeable westerners (as distinct from those plainly self-interested Chinese and Indians engaged in a vulgar land-grab and using toxic pesticides and genetically modified techniques with impunity). In both perspectives, foreign involvement and horticulture are essential parts of the moral economy.

Because of the discourse about promoting development, creating jobs and opportunities while fostering a work ethic and teaching practical skills, critics of the

export-led model of development are sometimes cast as spoil sports, or accused of failing to appreciate the good intentions and positive aspects of orthodox policies. Today, these policies allegedly aim to bring, or expand, or include what is referred to as 'globalization.' The terminology has changed, but the sentiment and the policies of today's horticulture share noticeable similarities with earlier ventures. The values of 'encouraging investment and development' seem only slightly removed from prior notions of 'civilizing.' As Frances Gouda has argued, "A litany of tales about the time-honored traditions of Dutch tolerance and the 'ethical' governance of the Dutch East Indies molds historical memories and shapes Dutch visions of empire," and in this way, "it becomes easy to believe in a Dutch cultural record in colonial Indonesia that was characterized primarily by wisdom, thoroughness, and respect for native customs and traditions" (1995: 241).⁹⁵ Replace 'colonial Indonesia' with 'east African commercial horticulture' and the statement equally applies. Conditions on the flower farms don't need to be as brutal as plantations of colonial Indonesia for this to be true.

At the same time, horticulture occurs on a comparatively small scale.

Also, the idea that 'there's a misfit' with certain countries or regions is also remarkably consistent with much contemporary scholarship on globalization, which, James Ferguson contends, generally ignores the African continent since, on one hand, it doesn't conform to theories about proliferating McDonaldization and commodity driven consumer culture. And on the other hand, African situations prove equally inconvenient for so-called anti-globalizationists, who tend to conceptualize much of the third world as merely a source of cheap labor. Furthermore, "[w]here globalization theorists have addressed Africa, it has typically been as a negative case: an example of the failure to globalize, as the IMF would have it; a 'global ghetto' as the geographer Neil Smith (1997) would insist; a continent of 'wasted lives' of no use to the capitalist economy, as Zygmunt Bauman (2004) has recently suggested; or 'the black hole of the information

⁹⁵ The method through which the Netherlands pursued colonial administration was a point of Dutch national pride. As a minor player in Europe, the Dutch felt that they could not and should not rule with brute force. Instead, many Dutch colonial administrators "saw their primary role as one of governing their districts with more anthropological learning, greater cultural sensitivity, and better political skills than any other imperial power in Asia" (Gouda 1995: 41).

Those policies occurred during the so-called ethical period of Dutch colonial rule (1900- 1930) which grew out of social liberalism in the Netherlands, a specific response to nineteenth century era of exploitation exposed in the famous novel *Max Havelaar* (Gouda 2000: 14- 20). "Social liberals envisioned the primary purpose of state policy to be educating and civilizing both the disorganized, unruly poor and the more politically mobilized working class in order to elevate them to virtuous citizenship within their semi-cloistered circles" (Gouda 2000: 14).

society' as Manuel Castells (2000) would have it" (Ferguson 2006: 25). This sentiment is sometimes matched by African leaders, as when Prime Minister Zenawi told BBC's Hard Talk in April 2009 that "the current global system treats Africa as something extra." But Ferguson discusses some contemporary scholarship on Africa that avoids these pitfalls, and examines three important aspects of 'globalization': capital investment, government policy, and cultural adaptations—categories into which Dutch policy certainly 'fits.'

Though their conclusions and values may differ by 180 degrees, globalization theorists and those in the horticulture business sometimes use the same terms to refer to the same or similar policies and phenomena. "My business is the third wave of outsourcing," Sai Ramakrishna Karuturi, the forty-four year old managing director of Karuturi Global, told *Bloomberg News*, speaking from the company's office in Gambella, Ethiopia.⁹⁶ The dynamic and mustachioed Karuturi is not only frank about viewing the parts of Africa as ideal locations for east and Southeast Asian outsourcing, he also has this to say about the current global division of production. "Everyone is investing in China for manufacturing; everyone is investing in India for services. Everybody needs to invest in Africa for food." Though clearly not 'everyone,' many people are investing, and governments are creating policies to lure investment, which seem to have worked as designed. But the actual conditions on the ground may lend new meaning to Blake's famous line: O rose, thou art sick!

In July 2009, Reuters reported that Ethiopia had designated 1.6 million hectares of land for companies from Gulf and east Asian nations willing to develop commercial farms, much of it in Gambella.⁹⁷ Omod Obang Olom, president of Ethiopia's Gambella region, a close ally of Prime Minister Meles Zenawi's ruling party and friendly collaborator with Karuturi Global, recently spoke with Bloomberg News about the land deals. "The project will give the government revenue from corporate income taxes and from future leases, as well as from job creation," he said. "This strategy will build up capitalism. The message I want to convey is there is room for any investor. We have very fertile land, there is good labor here, we can support them."⁹⁸ It is remarkable that Olom unabashedly envisions this project as 'building up capitalism' at a time when much of the world, including many people in other African nations and even in 'core'

⁹⁶ "Ethiopian Farms Lure Investor Funds as Workers Live in Poverty" *Bloomberg News* December 30, 2009.

⁹⁷ "Ethiopia sets aside land for foreign investors" July 29, 2009, *Reuters*.

⁹⁸ "Ethiopian Farms Lure Investor Funds as Workers Live in Poverty", December 31, 2009, Bloomberg.com.

countries of Europe and the U.S.⁹⁹, have not only declared the neoliberal development model a failure, but have pointedly questioned the wisdom of capitalism. For many looking at the global production and distribution of resources, the current system is not something that needs fortification or expansion, but instead a radical reconstruction. The problems are structural, systemic: the model of development must be changed.

Regardless of who runs the farm in Ziway, for instance, the system does not lead to thriving, autonomous local communities. Before the land and water were used to cultivate flowers, in fact, they went to produce tomatoes and vegetables for regional consumption on what was a state farm. It was not an export model generating foreign currency, nor did it provide the level of employment of the flower farms. According to Ethiopians I spoke with who were familiar with environmental issues, this farm was a disaster. The state farm was possibly worse for the local ecosystem since more toxic and heavier amounts of fertilizers and pesticides were used. This too is important to keep in mind when evaluating the moral economy of the flower industry in Ethiopia. Furthermore, per hectare, flower farms pale in comparison to the scale of industrial farming for export of seeds oils, sorghum, soy, and more. And unlike those farms, in Ziway, they have built a hospital and a soccer stadium, and have an affectionate, if paternalistic, attitude toward the local population. The newer commercial farms run by Saudi, Chinese, and Indian companies occupy approximately 100 times the land space, but none seem to have this kind of relationship with the locals. Without denigrating the other sorts of farms, FloraHolland is eager to celebrate this friendly image.

FloraHolland Aalsmeer's centennial festivities in Addis in 2011 was attended by the Dutch Ambassador, the head of the Ministry of Agriculture, FloraHolland's CEO Timo Hughes, as well as the Ethiopian Horticultural Producers and Exporters Association. They awarded the EHPEA a plaque commemorating the successful cooperation between FloraHolland and the EHPEA, and they screened a film, '100 years FloraHolland'. Afterwards, Chairman of the Cooperative Board Bernard Oosterom spoke to the crowd in familiar, institutional language. "Today it is good to realize that you as an Ethiopian grower are connected to a strong system. It is strong because we as

⁹⁹ Though it's unclear exactly what the public understood by 'capitalism' and 'socialism', nearly half of American adults question the viability of capitalism: only 53% believe capitalism is better than socialism, according to a 2009 poll taken by Rasmussen Reports, and 20% disagree and say socialism is better. Twenty-seven percent (27%) are not sure which is better. Adults under 30 are essentially evenly divided: 37% prefer capitalism, 33% socialism, and 30% are undecided. Those in their thirties favor a 'free-enterprise approach' by a slim margin, with 49% for capitalism and 26% for socialism. Adults over 40 maintain a faith in capitalism, and only 13% of those older believe socialism is better

(http://www.rasmussenreports.com/public_content/politics/general_politics/april_2009/just_53_say_capitalism_better_than_socialism).

growers are strong. It is also strong because a major part of world demands goes to FloraHolland to buy it's flowers and plants. You are connected to the Netherlands, the world's leading flower nation."¹⁰⁰

¹⁰⁰ Quoted in *HortiBiz Magazine*, November 30, 2011.