

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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PROGRAMME OF CONSULTATIONS ON TRADE LIBERALIZATION

CUT FLOWERS

Informal record prepared by the secretariat

Revision¹

1. The consultation on cut flowers was held on 4 March 1982 under the Chairmanship of Ambassador F. Jaramillo (Colombia).
2. As a basis for the consultation, the secretariat had prepared document COM.TD/W/340 and Add.1 containing information on cut flowers of tropical origin, the commercial policy situation, trade flows, consumption and seasonality of consumption.

General comments on trade in cut flowers

3. Representatives of some exporting countries stated that cut flowers had become one of their main export items as a result of a significant expansion of international trade in cut flowers in the 1970s. Referring to the role that cut flower exports had played for the diversification of their exports and to the effects of such exports on their economies, employment and farmers' incomes, representatives of a number of exporting countries emphasized the importance they attached to the question of liberal access to markets for these products. In this connexion, some of these representatives stated that their exports of tropical orchids did not compete with flower production in developed countries.
4. Representatives of a number of importing countries noted that international trade in cut flowers, which had been limited to insignificant border trade between neighbouring countries until late the 1960s, increased substantially in the 1970s reaching a level of approximately \$500 million by 1979. This had occurred as a result of certain technological developments, an evolution in consumer tastes, and the commendable efforts of exporting countries in developing the trade. Some of these representatives drew attention to the positive results obtained in the Tokyo Round for the liberalization of trade in cut flowers and to the openness of their markets for that commodity.

¹The revision takes into account comments made by delegations after the consultations.

5. The representative of the European Communities stated that the EEC accounted for some 40 per cent of world imports of cut flowers and that its imports of tropical varieties of flowers and certain seasonal imports from developing countries had been complementary to its own flower production. No non-tariff measures were applied in the Community to these imports. Although tariffs remained applicable to imports, they were lower in the EEC's production off-season than other seasons. This representative added that EEC regulations concerning possible Community surveillance of imports in certain circumstances referred to in the secretariat note had not been so far applied.

6. The representative of the United States stated that the period of rapid increase in cut flower imports coincided with the time when U.S. flower production had undergone significant structural transformation: the number of commercial growers of flowers, which had tended to decrease in the 1960s, continued to decrease significantly in the 1970s. Thus, cut flower imports had become a sensitive issue in his country. In this respect, the International Trade Commission had found in 1977 that domestic cut flower production had been injured by imports; however, the United States had not had recourse to any additional protection for this item.

Identification of trade problems; clarification and additional information

7. Representatives of a number of exporting countries stated that major problems they had encountered in their exports of cut flowers to developed country markets included (i) tariffs applied in a number of importing countries, (ii) non-tariff measures such as quantitative restrictions and phytosanitary regulations applied by some importing countries, (iii) recent stagnation of cut flower consumption in certain major markets, and (iv) the incidence of high freight costs on the price of their exports.

8. Some of these representatives referred to certain specific difficulties they had encountered in individual markets and sought clarifications with regard to certain tariff and non-tariff measures. The representative of the EEC stated that GSP rates of the Community on cut flowers ranged between 7 per cent and 17 per cent¹ and m.f.n. rates, between 17 per cent and 24 per cent. The representative of Finland stated that in the context of the renegotiation of certain tariff concessions, his country's duty on fresh cut flowers other than gladioli, carnations and roses imported from 1 December to 29 February had recently been reduced to 25 per cent or a minimum of Fmk 38.25/kg.

9. In response to enquiries made with respect to the modality and operation of quantitative restrictions, the representative of Finland stated that Finnish quantitative restrictions (discretionary licensing) on imports of fresh and dried cut flowers were more liberally applied in the months of March-May and October-November than in the months of June-September when domestic production was available. These restrictions were operated differently according to the varieties of flowers; further details could be provided to interested delegations bilaterally.

¹ 7 per cent on dried flowers, 15 per cent on fresh orchids and anthurium and 17 per cent on processed cut flowers other than dried which was introduced on 1 January 1982.

10. The representative of Norway stated that Norwegian quantitative restrictions (global quotas) did not apply to such fresh flowers as orchids, anemones, lilacs, mimosa, genista and ranunculus or dried flowers. With respect to certain other fresh cut flowers import quotas did not apply during the following periods:

roses	1 November - 31 March
carnations	1 November - 15 May
freesia	1 December - 31 March
daisies	1 November - 30 April
other chrysanthemums	15 December - 15 March

11. The representative of Switzerland stated that import quotas applied in the summer season (1 May - 25 October) were maintained in the context of his country's general agricultural policy and for the security of food supply in an emergency situation. Certain land areas kept for flower cultivation would be made available for food production at the time when food imports became difficult, e.g. during war. The quotas were not intended for protection of the horticultural industry nor for the neutralization of GSP benefits during the quota season. Imports of cut flowers during the quota period increased from 653 tonnes (SwF 7.4 million) in 1966 to 973 tonnes (SwF 13.1 million) in 1970, to 1,666 tonnes (SwF 23.3 million) in 1975 and to 2,421 tonnes (SwF 34.4 million) in 1981. The share of developing countries in total imports increased from 4 per cent in 1966 to 18 per cent in 1981. Total imports of cut flowers, including imports during the non-quota period, amounted to 7,376 tonnes in 1981 and the per capita flower consumption of Switzerland was one of the highest in the world. This statistical situation would provide an indication of the effect of the Swiss seasonal import quotas.

12. The representative of Switzerland also provided details of his country's quota operation. Basic quotas were distributed among traders on the basis of their imports in the previous year and additional quotas, having regard to their participation in the marketing of indigenous flowers. The amount of quotas was determined by a commission whose members consisted of importers, wholesalers, retailers and producers. The quotas had been globalized since 1980 without prejudice to bilateral quotas agreed upon with certain exporting countries.

13. With regard to Austria's seasonal import prohibition of carnations for phytosanitary reasons, the representative of Austria stated that this measure applied from 15 March to 30 November, i.e. during the flower production season in Austria.

14. Recognizing that the perishable nature of fresh cut flowers required speedy customs and sanitary clearance, the representative of the United States expressed the willingness of his country to cooperate in finding solutions to any problems which may have arisen in this regard. Some importing countries suggested that exporting countries might concentrate their export efforts in the production off-season of importing countries rather than in their production seasons when prices were relatively low and shipping costs represented a higher share of c.i.f. prices. Representatives of some tropical countries drew attention to the situation where cut flowers were produced throughout the year in their countries; improvements in market access in all seasons were therefore desirable for their countries.

Possibilities for further progress in trade liberalization

15. Certain exporting countries stated that the purpose of the consultations on trade liberalization was, according to their understanding, to bring the trade problems of developing countries to the attention of developed countries and to suggest specific remedies for them for the expansion of exports from developing countries.

16. With respect to fresh cut flowers exported by developing countries, importing countries were requested by certain producing countries to examine the following specific suggestions for possible liberalization of trade:

- Austria: Duty-free treatment under the GSP throughout the year and the removal of the import prohibition for phytosanitary reasons (carnations).
- Canada: Reduction of GSP rate on orchids to zero per cent.
- EEC: Extension of GSP to cut flowers not yet covered by the GSP, reduction of GSP rate on orchids to zero per cent at least in the November-May period, and reduction of the m.f.n. rate on June-October imports from 24 per cent to 17 per cent.
- Finland: Removal or relaxation of quantitative restrictions and duty-free treatment under the GSP.
- Norway: Removal or relaxation of quantitative restrictions and duty-free treatment under the GSP.
- Sweden: Duty-free treatment under the GSP.
- Switzerland: Elimination or relaxation of quantitative restrictions and extension of GSP treatment to imports in the period 26 October - 30 April.
- United States: Inclusion of roses in the US GSP scheme, reduction of the m.f.n. rate on carnations from 8 per cent to 4 per cent and sub-division of TSUS No. 19221 into four headings (carnations, pompon chrysanthemums, other chrysanthemums and other cut flowers).

17. Representatives of the importing countries concerned stated that they would transmit these requests to their governments. The representative of the United States added that imports of cut flowers from developing countries into developed country markets had increased rapidly under existing access conditions. He expressed doubt as to whether the proposed sub-division of TSUS No. 19221 would qualify a major exporting country for GSP treatment because of the percentage requirement of the competitive need criteria. He invited delegations requesting improvements in the US GSP scheme to enter applications or reapplications for such action at an appropriate time under the relevant procedures of the US GSP scheme.