# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
MTN/3F/W/14
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Special Distribution

Multilateral Trade Negotiations

#### GROUP 3(f) - TROPICAL CUT FLOWERS

# Note by the Secretariat

- 1. Tropical cut flowers, including orchid flowers (BTN 06.03) are among the products suggested for inclusion in the work of Group 3(f) by certain tropical producing countries (MTN/3F/W/2, Annex 2). In accordance with the programme of work adopted by the Group, the secretariat has collected information, to the extent available, on trade flows and commercial policy measures affecting these products.
- 2. Being a highly perishable commodity, cut flowers from tropical producing countries are generally shipped to the main developed country markets by air. The high transport costs which are involved in the marketing of this item by developing countries have been exacerbated by the rise in freight rates resulting at least partly from higher fuel prices. At the same time, it has been suggested that the costs of production and marketing of cut flowers in developed countries have also risen substantially, partly because of increases in trade margins, etc., and also because of rises in other associated costs including that of energy for the heating of glasshouses, etc.
- 3. Table 1 provides information on cut flowers and foliage (SITC 292.7 BTN 06.03 and 06.04). In 1972, total imports by developed countries amounted to \$94 million, out of which \$32 million or approximately one third came from developing countries. Imports from Thailand and Singapore alone, which supply mainly tropical flowers including orchids, amounted to approximately \$4.5 million. Table 1 also indicates that the EEC is the major market for cut flowers from developing countries, followed by the United States, Switzerland, Sweden and Austria.
- 4. According to an ITC survey, five varieties of flowers (roses, carnations, chrysanthenums, tulips and freesias) are responsible for the greater part of consumption in European countries. The share of exetic flowers (orchids, anthuriums and stralizias, etc.) was comparatively small in 1972. Nevertheless, there has been some diversification of demand in recent years: in particular, the sale of orchids is

<sup>1&</sup>quot;The Market for Cut Flowers in Certain Western European Countries", ITC/MDAS/MR/1, August 1973.

continually rising. Orchids are produced in most climates throughout the world, but they occur in by far their greatest density and abundance in humid tropical countries. Among hundreds of genera belonging to the orchid family, cymbidium, cattleya and cypripedium are most important in trade. While the first two are tropical, the cypripedium variety is found in both temperate and tropical zones.

5. Only fragmentary information is available on trade in different varieties of cut flowers. However, according to the ITC survey referred to above, Israel is an important supplier of roses and carnations and Colombia and Kenya are suppliers of carnations. Singapore and Thailand export almost entirely exotic flowers, mainly orchids, some of which may also be produced in developed consuming countries often under greenhouse conditions. A number of other tropical countries have shown interest in the market for these items. During the period 1967-1971, the consumption and importation of flowers in Europe have shown a steady upward trend. The ITC study states that in the light of recent market developments, it may be expected that the annual rate of growth of cut flower consumption in European countries will be of the order of 7 to 8 per cent during the period 1973-78.

## Tariffs

- 6. Nost-favoured-nation, GSP and other preferential tariffs and non-tariff measures applied by developed countries to this group of items are indicated in Table 2.
- 7. While Japan provides for the import of cut flowers from developing countries free of duty under her GSP scheme and Australia and New Zealand apply no duties to these items (under either m.f.n. or GSP arrangements), they are subject to duties ranging up to 25 per cent in most other developed country markets. Seasonal duties or import taxes are applied, for example, by the EEC, Austria, Sweden and Finland. Lower rates of duty generally occur in the European winter and early spring, although in Finland a higher rate applies in these periods. The m.f.n. duty in the United States for fresh flowers is 10 per cent.
- 6. Tropical flowers (including orchids) are generally not separately identified in the tariff schedules of developed countries, an exception being Canada where orchids attract a higher n.f.n. duty (British preferential rate is zero) than other cut flowers.
- 9. Processed flowers, which account for only a small proportion of the whole flower trade, are generally subject to duties which are the same as, or in some cases lower than, those on fresh, cutflowers in developed countries. Tariffs applying to these items are, however, higher in New Zealand, EEC and Switzerland.

## Non-tariff measures

10. Import restrictions applying to cut flowers and included in the inventory of non-tariff measures are also shown in Table 2. Import restrictions on fresh, cutflowers in Denmark, France and Federal Republic of Germany are applied throughout the year, while those of Belgium, Luxembourg, Norway and Switzerland are seasonally operated. Notifications on other non-tariff measures (which may not be exhaustive) include health and sanitary regulations applied by Austria and New Zealand.

Trade in Cut Plowers and Poliage (SITO 292.7 - BiN 08.05 and 06.04) in 1972

(000,\$)

Hain Importing exporting country countries	Cenada (f.o.b.)	USA (f.o.b.)	Japan	Australia (1971)	Kew Zealand	EEC (9)	Austria	Finland	Horwa.	Sweden	Switzer- land	Total
Thailand Singapore Colombia Brazil Kerael Spain	- 22 71 71 4 4 4 114	1,764 1,749 - 8	69 27 14 7 5	::::::	:::::::	1,455 1,466 1,466 1,235 1,235 8,462 2,517	27 20 23 23 23 805	7	4 - 106 106 332 271	147 25 106 106 12 15 579 734	154 105 50 15 15 1,191	2,860 1,644 2,447 2,281 1,264 11,630 5,419
Canada United States EEC Finland	\$55.6 \$98	4,929	- 72 20 -	::::	::::	11, 1,961 1,742	6,486 106	1,527	9#L'2	117 9,778 5	-40 15,318 87	4,940 7,751 39,769 1,940
Imports from world	6°n°9	13,540	536	ηΔι		29,613	8,146	1,612	3,564	11,668	18,702	93,944
imports from developing countries [\$]	218 3.44	4,613	368	14 8.0%	: :	19,984 67.5%	1,202 14,8%	58	720 20,2%	1,639	2,585 16.0%	31,801 33.9%

Sources, OECD - Trade by Commodities, Series C. Volume I - 1972

UN - Commodity Trade Statistics

Tirtiff and Hornfuriff Persures Applying to Cut Ploners (06.03)

Symbole used:

A - Frosh cut flowers; B - Dried cut flowers; C - Cut flowers, dyed, blenched, imprognited or otherwise prepared.
(A - ...) - British or Commonwealth rate of duty
(A - ...) - British or Commonwealth rate of duty
(A - ...) - British or Commonwealth rate of duty
(A - ...) - British or Commonwealth rate of Associated African and Helaginy States and Esst African and Enlagation of Ereferent Commonwealth duty-free Greatest and State of Associated African and Helaginy States and Lagrangian of Experience of Specific duty based on import data for 1970 and 1971, which have been extracted from the Thriff Study file.

L - Ligansing; OQ - Global quote; BQ - Blateral quota; DL - Discretionary litensing; K - Import restriction (unspecified); SR - Seasonal restriction; KI - Health and sanitary regulations notified

	Canada	US	Japan	Australia	Lew	890	Austria	Pinland	Horway	Suaden	Sultzorland
			.,		כנים לפוונה		per kg	per Kg	per kg	per kg	por kg
Navi (Co	12.5% (B-0); 25,5% (B-0); 71.6%	A 10% B,C 5%	\$2. **	P14.6	A. Froe B. Froe C. Froe i.55(B-25g}	A 244. (A E-0); (A, E-0); (A, E-0)	A S24.506/ (23%): S12.00 (11-12%) B S0.35 (1%) C S2.80	1	HKC6 009/	B.C.Free	A.Su FO.2512/ (2-34) B.Su FO.15 (1:4%) C.Su F2 50 (10-11%)
aso	•		Free		Free.3/						1
Mon- tariff Reasures	ı	•	t		FIS.	A. Fr-R Gy-0Q or BQ Dan - L <sub>2</sub> BL - SR <sup>2</sup> / B,C - Fr-R	R (Poland, Rouania); H3	Import Tax A Famk 39.00 (67-696); Famk 26.00 [5-126) B,C. Park 3.90	A. Di, OR SR10/	,	A. 3R. 3/
Vorchids 2/cumas, da yother than	Vorchids $2/c_{2}$ nas, dahlias, paeculas, rhododend $V$ other than fresh, dried or bleached	Yorchids 2 Connas, dahlias, paeculas, rhododendrons including azaleas and pot-grown Yother than fresh, dried or bloached	uding azaleas	and pot-grown Macs		11/Duties of Suc	11/ Duties of Suedon on fresh, cut Clonors		HRN per kg.	Ad valorem Incidence (1970-71)	n 70-71)
4/Seasonal	duty applicable fro	4/Seasonal duty applicable from 1 June to 31 October	tober			001 - Mimosu and heather	heather	skr.	SK4: 3,00*	12-15%	
Belgium and Luxembourg Sassonal duty applicab pply to imports from the BB;	nd Luxembourg rest suty applicable from the BBS.	rict imports of re	oses and carnut october. Ad va	Belgium and Luxembourg restrict imports of roses and caracters from 1 April to 30 September. Sasasanal duty applicable from 1 April to 31 October. Ad valoren duties of 17-24 per cent to imports from the BB;	30 September. 4 per cent	3 8	Tractons 1 Narch-30 November 1 December-end February adioli	SKr. SKr.	7.50	318 31-51 34-83 34-83	, o , o , o
Vimport ta:	k on fresh-cut flo	$U_{\rm import}$ tax on fresh-cut flowers other than gladfoli. Lower taxes (kmk l Movember-31 Karch and Fmk 26 per kg., 1 April-31 October) apply to gladfoli.	ladioli. Lover tober) apply t	Jimport tax on fresh-cut flowers other than gladioli. Lower taxes (but 19 $ m crr$ kg., wher-11 Karch and Pak 26 per kg., 1 April-31 October) apply to gladioli.	8	006 1 Karch-J 007 1 December 017 - Roses	1 Karch-30 November 1 December-end February ****	SKr	5.00# )	910 910 210	g
WApplicable	WApplicable from 1 October to 31 May	10 31 Kay				Ē	1 December-end February	SK1.	SK1. 5.00*	with JTo and	
10/The taport	ies apply on imper t restriction appl	Lower duties apply on imperts from the nine member countries of the ERC. O'The import restriction applies to fresh-cut flowers other than libra by	lowers other to	LIVEN duties apply on imports from the nine member countries of the ERY. 19/The import restriction applies to fresh-cut flowers other than libras browns orchide	orchide		1 Phrch-30 November her	SKr	3Kr 7.50* )		
anssones and ranunculuses.	nculuses.			• • • • • • • • • • • • • • • • • • • •	· China	017 1 Kurch-	1 Kurch-30 November	3,5	3Kr 7.50	19-20%	<b>10</b>

Lover duties apply to imports from the nine EEC member countries, - Other 1 Kurch-30 Hovember 1 Becenber-end February

SK1. 5.00\* SKr 7.50\* 3Kr 7.50 3Kr 5.00 12/A higher duty of SwF 1.275 per kg. applies te tulips imported from 26 Octgiss to 30 April and a lower duty of SwF 0.25 per kg. on reses. The application of the present duties on fresh flowers imported from 1 lisy to 25 October is cenditional upon the maintenance of quantitative restrictions during the period Should these restrictions cease to operate, higher General Tariff duties shall be applicable.

If Scasson 1 restrictions applying from 1 key to 25 dotober, quotes are liberally issued for varioties not domestically grown. Monthly quotes for traditional suppliers and additional quotes for other suppliers are allocated in accordance with market requirements.