

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 survey¹, five varieties of flowers (roses, carnations, chrysanthemums, tulips and freesias) are responsible for the greater part of consumption in European countries. The share of exotic 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

¹"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 cyripedium are most important in trade. While the first two are tropical, the cyripedium 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. Most-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.

8. 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 m.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.

TABLE 1
Trade in Cut Flowers and Foliage (SYN 292.7 - EYN 06.03 and 06.04) in 1972
(\$'000)

Main exporting country	Canada (f.o.b.)	USA (f.o.b.)	Japan	Australia (1971)	New Zealand	EEC (9)	Austria	Finland	Norway	Sweden	Switzerland	Total
Thailand	-	-	69	..	..	2,455	27	-	4	147	154	2,860
Singapore	-	1	27	..	..	1,466	20	-	-	25	105	1,644
Colombia	22	1,764	-	..	..	375	-	24	106	106	50	2,447
Brazil	71	1,349	74	..	..	376	23	-	1	12	15	2,281
Kenya	4	-	-	..	..	1,233	-	-	6	15	6	1,264
Israel	14	8	5	..	..	8,462	805	31	332	579	1,396	11,630
Spain	7	400	7	..	..	2,517	291	1	271	734	1,191	5,419
Canada	5,554	4,929	72	..	..	11	-	-	-	117	-	4,910
United States	588	3,296	20	..	..	1,961	6,486	1,527	2,746	9,778	15,318	7,751
EEC	-	-	-	..	..	1,742	106	-	-	5	87	39,769
Finland	-	-	-	..	..	-	-	-	-	-	-	1,940
Imports from world	6,409	13,540	536	174	..	29,613	8,146	1,612	3,564	11,668	18,702	93,944
Imports from developing countries (\$)	218	4,613	368	14	..	19,984	1,202	58	720	1,639	2,585	31,801
	3.4%	34.1%	68.7%	8.0%	..	67.5%	14.8%	3.6%	20.2%	14.0%	16.0%	33.9%

Sources: OECD - Trade by Commodities, Series C, Volume I - 1972
UN - Commodity Trade Statistics

