

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 188 final

Brussels, 23 April 1981

Recommendation for a
COUNCIL DECISION

on the conclusion of the agreement on certain horticultural products
between the European Economic Community and Finland negotiated under
Article XXVIII of the GATT

(submitted to the Council by the Commission)

COM(81) 188 final



CONCLUSION OF AN AGREEMENT RESULTING FROM THE
NEGOTIATIONS INITIATED WITH FINLAND UNDER ARTICLE
XXVIII OF THE GATT

The Commission hereby presents to the Council :

- a report on the outcome of the negotiations initiated with Finland under Article XXVIII of the GATT concerning the modification, by that country, of tariff concessions relating to tariff heading no 06.02.035 (potted plants) (Annex I) ;
- a draft agreement and the annexes thereto, negotiated between Finland and the Community under Article XXVIII of the GATT (Annex III).

At its meeting in Brussels, on 20 November, the Article 113 Committee delivered a favourable opinion on the outcome of the above negotiations.

The Commission recommends that the Council approve the agreement and annexes thereto initialled with Finland.

To that end it presents a draft decision concluding the agreement (Annex II).

x
x x

EXPLANATORY MEMORANDUM

A satisfactory agreement was reached upon the conclusion of the negotiations which Finland initiated with the Community under Article XXVIII of the GATT.

Under that agreement the Community authorizes Finland to modify the tariff concession - which Finland had bound under GATT - in respect of heading No 06.02.035 (potted plants).

In return, Finland has granted the Community certain new concessions for products belonging to the same sector.

REPORT

ON THE NEGOTIATIONS UNDER ARTICLE XXVIII OF THE GATT CONDUCTED WITH
FINLAND ON THE MODIFICATION OF ITS CONCESSIONS FOR HORTICULTURAL PRODUCTS

1. The Finnish Permanent Mission in Geneva informed the Director-General of GATT on 30 May¹⁹⁶⁰ of its intention to modify, in accordance with Article XXVIII (5) of the General Agreement on Tariffs and Trade, the tariff concession for heading No 06.02.035 of its Customs Tariff (potted plants).
2. Finland indicated in this communication that it was prepared to initiate negotiations or consultations in accordance with Article XXVIII of the GATT. The Community availed itself of its rights and announced its intention to enter into negotiations with Finland ; Finland stated that it was prepared to conduct negotiations or consultations with the Community, in accordance with Article XXVIII of the GATT.
3. Since July a series of negotiations and consultations with the Finnish authorities has taken place and the members of the Article 113 Committee have taken part in these or have been kept regularly informed of them by the Commission.
4. The negotiations covered in particular the future level of protection which Finland planned to apply to the heading which it intended to modify and the compensation which Finland should grant the Community under Article XXVIII of the GATT.

a) Re-binding of heading No 06.02.035

Finland's initial intention was to re-bind the entire heading at an ad valorem customs duty of 15 % with a minimum charge of Fmk 2.35/kg accompanied by a clause on the adjustment of this minimum charge in line with the increase in production costs in Finland. This would have had the effect of multiplying the present level of protection by 10 and would therefore have had very serious repercussions on the Community's exports.

The introduction in particular of a very high minimum charge which would be adjusted automatically in line with production costs (which are likely to rise substantially as a result of the price of oil), would have caused very serious difficulties and uncertainty for certain low-priced plants (e.g. heather). The final outcome of the negotiations was as follows :

- a subheading will be introduced for heather imported from 1 September to 30 November (*Ericas Graciles*, including hybrids) with a customs duty slightly reduced in relation to the current bound duty ;
- for the other plants the customs duty is raised to 15 % ad valorem with a minimum charge of Fmk 1.50/kg ;
- there will be no clause for the automatic adjustment of the minimum charge in line with the increase in production costs.

These levels of protection, which will be bound, should enable the Community to maintain its traditional trade flows with Finland.

b) Compensation resulting from the negotiations under Article XXVIII of the GATT

The problem was finding suitable compensation within the horticultural sector which would be of real benefit to the Community.

After difficult negotiations, Finland finally presented an offer which was satisfactory as regards quantity and quality and acceptable to the Community.

c) Conclusions

The EEC's claims and Finland's offers of compensation can be compared as follows : (see Annex Ia for details) :

	<u>Volume of trade involved</u>	<u>Change in the amount collected</u>
	(average 77-78-79)	Fmk million
<u>EEC's claims</u>	12 884.0	+ 1 646.0
<u>Compensation (within the sector)</u>	61 578.9	- 1 663.4
Difference	48 694.9	- 17.4

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At its meeting on 20 November, the Article 113 Committee agreed to the Commission's proposal that the negotiations with Finland should be concluded on the above basis.

The documents containing the outcome of the negotiations were initialled in Geneva on 4 December.

Annexe I a)

Heading number	Description	Present customs duties	Customs duties offered	EEC				
				Imports		Customs levy charge		
				kg	Fmk	present	offer	differ.
	1. CLAIM							
ex 06.02.035	Ericas graciles (including hybrids) 1/9 - 30/11	Fmk 0.26/kg	Fmk 0.25/kg	33 000	205 000	8 580	8 250	- 330
ex 06.02.035	Other potted plants	Fmk 0.26/kg	15 % min.charge Fmk 1.50/kg	1 111 000	12 633 000	288 860	1 935 150	1 646 290
				1 144 000	12 884 000	297 440	1 943 400	1 645 960
	2. COMPENSATION							
06.01.030	Flower bulbs	Fmk 0.39/kg	Fmk 0.31/kg	2 556 500	34 575 000	997 035	792 515	204 520
06.01.091	Gladiola corns, begonia, gloxinia or dahlia tubers	Fmk 0.39/kg	free	167 600	3 033 000	65 350	-	65 350
06.02.031	Rose plants	Fmk 0.23/kg	free	396 000	9 249 000	90 926	-	90 926
06.01.032	Plants of azalea, rhododendron and camelia	Fmk 0.26/kg	free	367 900	3 568 000	95 654	-	95 654
06.02.034	Other plants, except flowers and flowerbuds ... incl. exc. 30 cm	Fmk 0.26/kg	free	172 466	2 907 434	44 841	-	44 841
06.02.038	Other ornamental plants	Fmk 0.26/kg	free	197 000	1 923 000	51 220	-	-
06.02.099	Other roots, cuttings and slips	Fmk 0.26/kg		39 000	699 000	10 140	-	10 140
06.03.039	Roses, fresh 1/10-31/5 ex 1/12-29/2	50% min.charge Fmk 45.99/kg	25% min.charge Fmk 38.25/kg	25 442	3 519 035	1 759 732	973 596	786 136
06.03.089	Other cut flowers 1/10-31/5 ex 1/12-29/2	50% min.charge Fmk 45.99/kg	25 % min.charge Fmk 38.25/kg	22 743	2 105 456	1 183 209	868 633	314 576
				3 943 984	61 578 925	4 298 107	2 634 744	1 663 363

RECOMMENDATION FOR A COUNCIL DECISION

... lead to the
on the conclusion of the agreement on certain horticultural
products between the European Economic Community and Finland
negotiated under Article XXVIII of the GATT

... of the report ... reinitialled in
on 4 December

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Article 113 thereof,

Having regard to the Recommendation from the Commission,

Whereas, on the basis of Article XXVIII of the General Agreement on Tariffs and
Trade (GATT), Finland made known its intention to unbind the tariff concession for
certain potted plants for which the European Economic Community is the main
supplier ;

Whereas the Commission initiated negotiations with Finland under Article
XXVIII of the GATT ; whereas it has reached a satisfactory agreement with
that country,

HAS DECIDED AS FOLLOWS :

Article 1

The agreement on certain horticultural products between the European
Economic Community and Finland, negotiated under Article XXVIII of the
GATT, is hereby approved on behalf of the Community.

The text of the agreement is annexed to this decision.

Article 2

The President of the Council is hereby authorized to designate the person empowered to sign the agreement in order to bind the Community.

Done at Brussels,

For the Council
The President

AGREEMENT
BETWEEN THE EUROPEAN ECONOMIC COMMUNITY
AND FINLAND
IN RESPECT OF CERTAIN HORTICULTURAL PRODUCTS
NEGOCIATED UNDER ARTICLE XXVIII OF THE GATT

PROCES-VERBAL

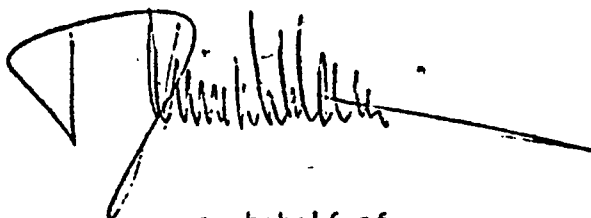
The Delegations of Finland and the Commission of the European Communities have concluded their negotiations under Article XXVIII of the GATT for the modification of concessions regarding certain horticultural products provided for in schedule XXIV - Finland with the following agreement :

The concessions included in schedule XXIV - Finland, and set out in annex I, shall be modified as set out in parts B, C and D of annex III.

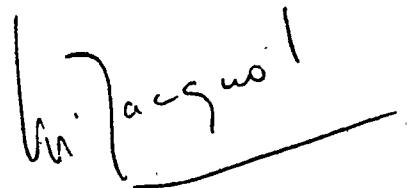
The provisions contained in this paragraph shall enter into force on the same date.

They agree to submit the agreement for approval by their respective authorities.

Geneva, December 4, 1980



on behalf of
the Delegation of Finland



on behalf of
the Delegation of the
Commission of the European
Communities

RESULTS OF NEGOTIATIONS BETWEEN FINLAND
AND THE EUROPEAN ECONOMIC COMMUNITY UNDER
ARTICLE XXVIII OF THE GATT FOR THE
MODIFICATION OF CERTAIN CONCESSIONS IN SCHEDULE XXIV - FINLAND

CHANGES IN SCHEDULE XXIV - FINLAND

NOTE : Any item listed in Part B, C and D confers upon the European
Economic Community initial negotiating rights

A. Concessions to be withdrawnB. Bound rates to be increased

<u>Tariff item number</u>	<u>Description of products</u>	<u>Rates of duty bound in existing schedule</u>	<u>Rates of duty to be bound</u>
ex 06.02.035	Other plants (than Ericas Graciles - including hybrides - cleared through customs from 1.9 to 30.11) in pots the greatest cross-sectional dimension of the pots or earth-balls of which exceeds 6 cm	0,26 mk/kg	15 %, minimum 1,50 mk/kg

C. Reduction of rates bound in the existing schedules

<u>Tariff item number</u>	<u>Description of products</u>	<u>Rates of duty bound in existing schedule</u>	<u>Rates of duty to be bound</u>
06.01.030	Flower Bulbs	0,39 mk/kg	0,31 mk/kg
06.01.091	Gladiola corms, begonia, gloxinia or dahlia tubers	0,39 mk/kg	free
06.02.010	Fruit trees	0,26 mk/kg	0,25 mk/kg
06.02.020	Forest trees	0,26 mk/kg	0,25 mk/kg
06.02.031	Rose plants	0,23 mk/kg	free
06.02.032	Plants of azalea, rhododendron and camellia	0,26 mk/kg	free
06.02.033	Trees, bushes, shrubby trees and ornamental perenial plants of the graminaceous kind	0,26 mk/kg	0,25 mk/kg
06.02.034	Other plants, except flowers and flower-buds, the greatest cross-sectional dimension of the pots or earth-balls of wich does not exceed 6 cm	0,26 mk/kg	free
ex 06.02.035	Ericas Graciles (including hybrids) in pots the greatest cross-sectional dimension of the pots or earth-balls of which exceed 6 cm, cleared through Customs from 1.9 to 30.11	0,26 mk/kg	0,25 mk/kg

06.02.038	Other ornamental plants	0,26 mk/kg	free
06.02.080	Other live plants	0,26 mk/kg	0,25 mk/kg
06.02.091	Carnation, chrysanthemum, begonia and hortensia slips	0,26 mk/kg	0,25 mk/kg
06.02.099	Other roots, cuttings and slips	0,26 mk/kg	free

D. New concessions on items not in existing schedules

<u>Tariff item number</u>	<u>Description of products</u>	<u>Rates of duty at present in force</u>	<u>Rates of duty to be bound</u>
ex 06.03.039	Roses fresh, cleared through Customs from 1.12 to 29.2	50 % min perc. 45,99 mk/kg	25 % min. perc. 38,25 mk/kg
ex 06.03.089	Other cut flowers cleared through Customs from 1.12 to 29.2	50 % min. perc. 45,99 mk/kg	25 % min. perc. 38,25 mk/kg

