



Management Committee for the Common Organisation of Agricultural Markets

LIVE PLANTS AND PRODUCTS OF FLORICULTURE

Exchange of views on the market situation

16 October 2012

PREVIOUS EXCHANGE OF DOCUMENTS

- ✓ March 2011 – Letter from Italy proposing “Permanent Committee” on plants and flowers describing problems of the sector
- ✓ May 2011 – **ITALIAN DOCUMENT ON PLANTS AND FLOWERS: EUROPEAN ECONOMIC SCENARIO** (to support letter)
- ✓ October 2011 – European Commission: “**Live plants and products of floriculture sector in theEU**”
- ✓ November 2011 – Letter from Directorate asking for information
- ✓ March 2012 – Answer from Italy and Italian document: **EUROPE IN THE INTERNATIONAL SCENARIO OF FLORICULTURE AND PLANT NURSERY: THE ROLE OF KEY COUNTRIES**

AIMS OF THIS DOCUMENT

- ✓ to point out **crucial issues** of plants and flowers European sector emerging from previous documents (Section 1)
- ✓ to briefly illustrate some **general proposals** (Section 2)
- ✓ to point out **critical problems about statistics** (Section 3)
- ✓ to illustrate **specific proposals** related to these problems (Section 4)

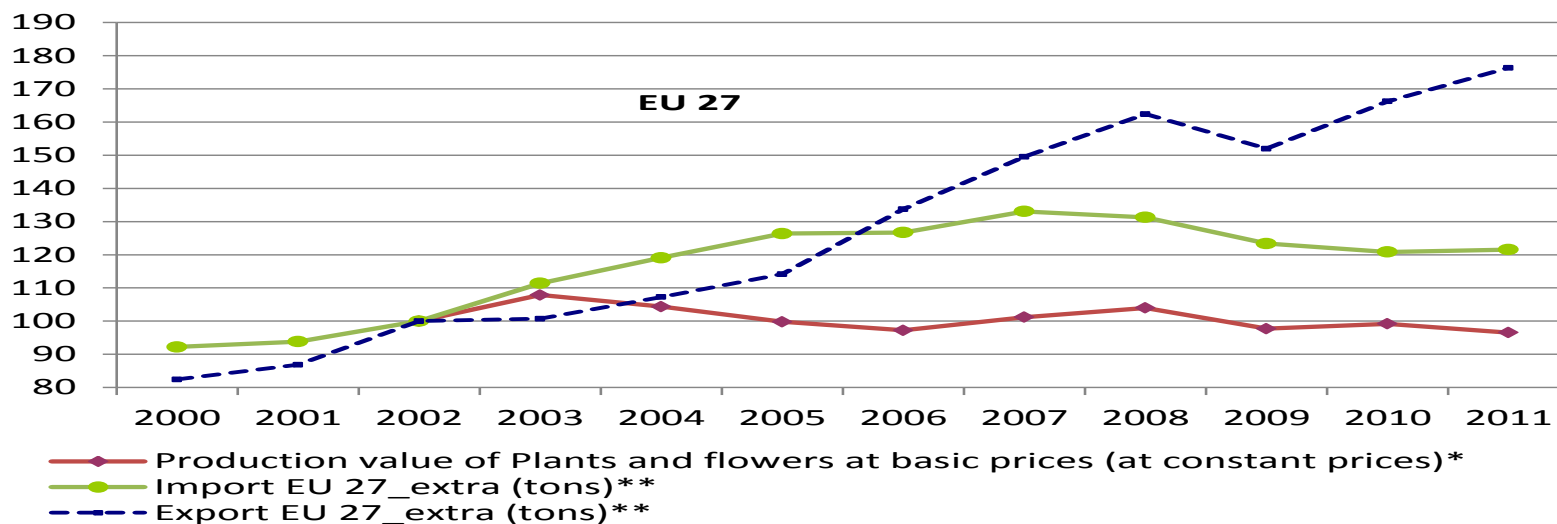
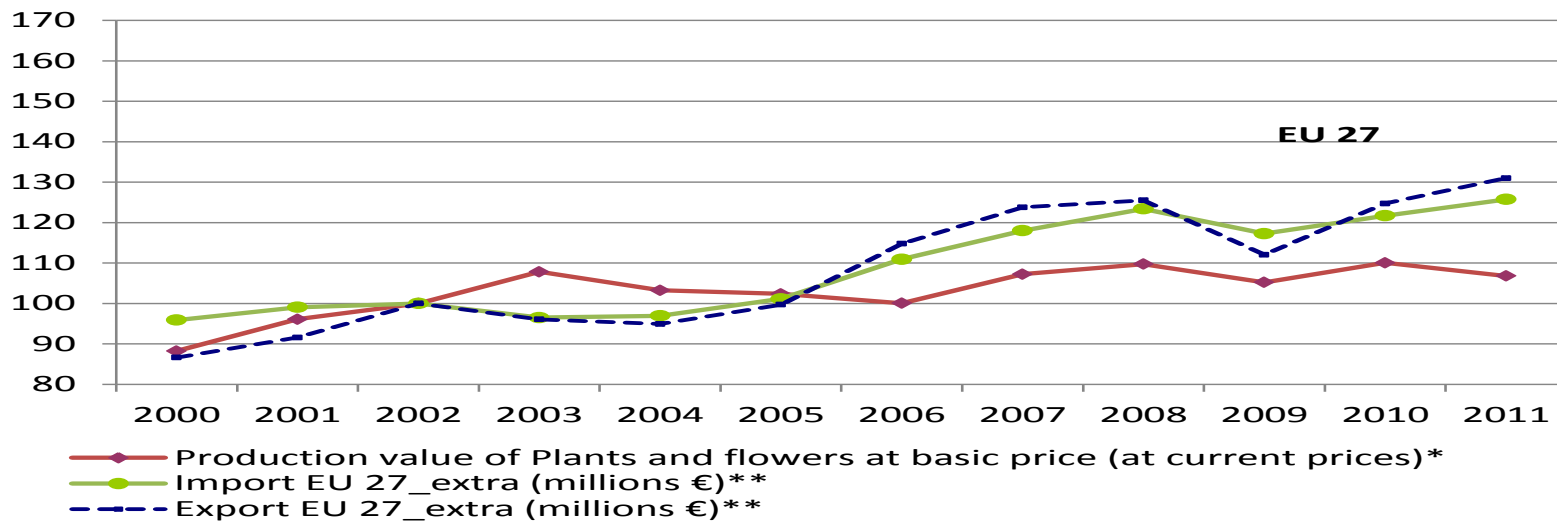


1

FACTS AND ASSUMPTIONS

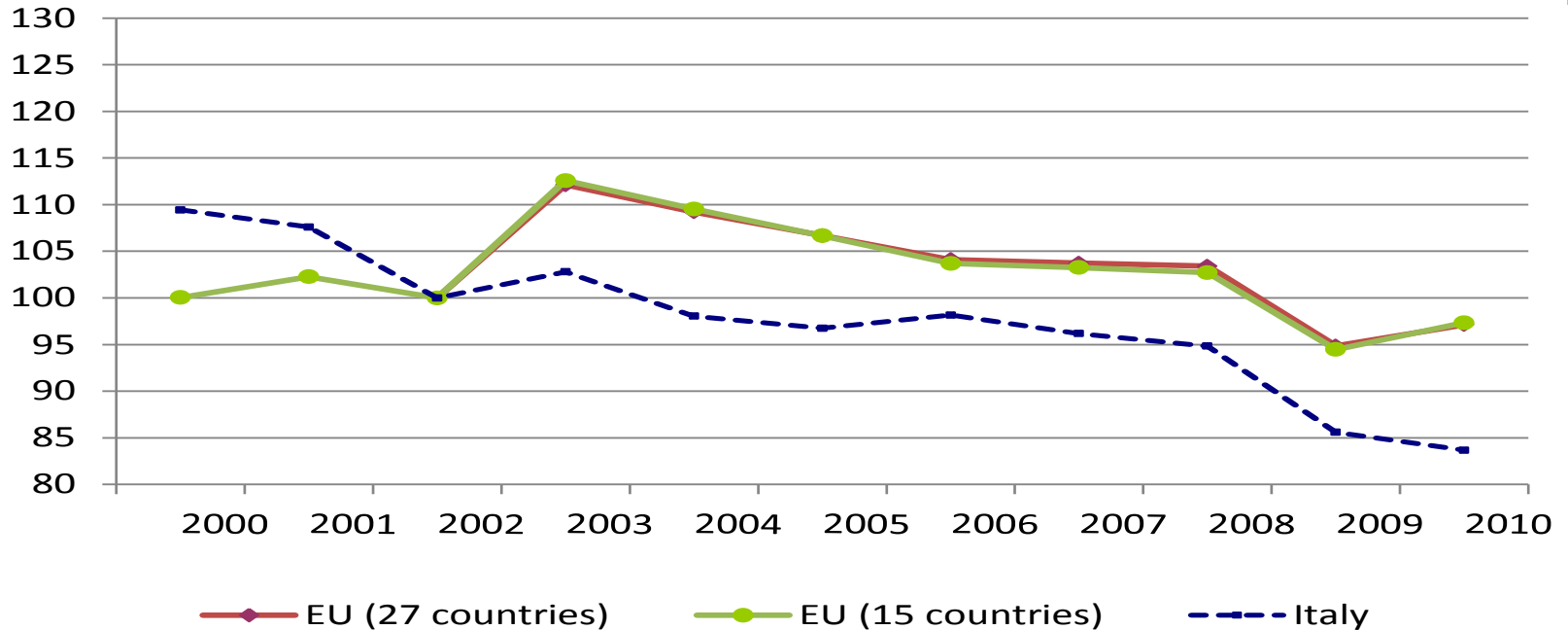
PRODUCTION, IMPORT AND EXPORT IN EU 27

For the whole EU: a substantial stability of production in real terms; a significant growth of import and, above all, of export (in value and in volume terms).



ORNAMENTAL PLANTS AND FLOWERS

Production value at basic prices (value at constant prices 2005), 2002 =100

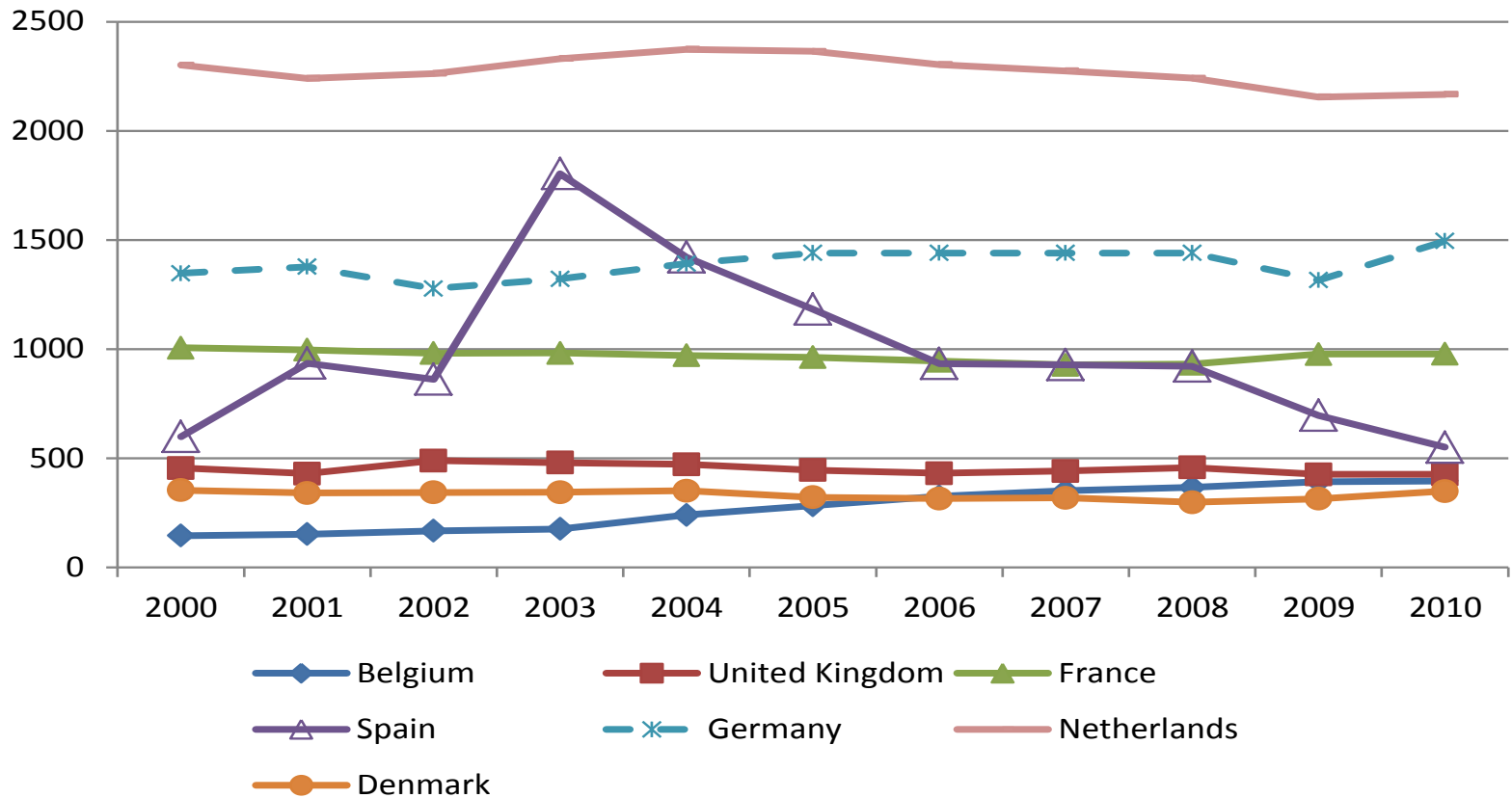


- ✓ Considering the distinction between flowers (and plants) and nursery: the production of the first sector appears to be subject to a decrease in real terms. For the whole sector (flowers, plants and nursery) the area shows a declining trend (except for NL).
- ✓ **First hypothesis:** there are problems not only linked to the general crisis we are living; we need more explanations and more information about trends.

ORNAMENTAL PLANTS AND FLOWERS

Production value at basic price

(millions of euro constant prices) for main countries:
Main producers show a stagnant trend or even in recession



Source: Eurostat

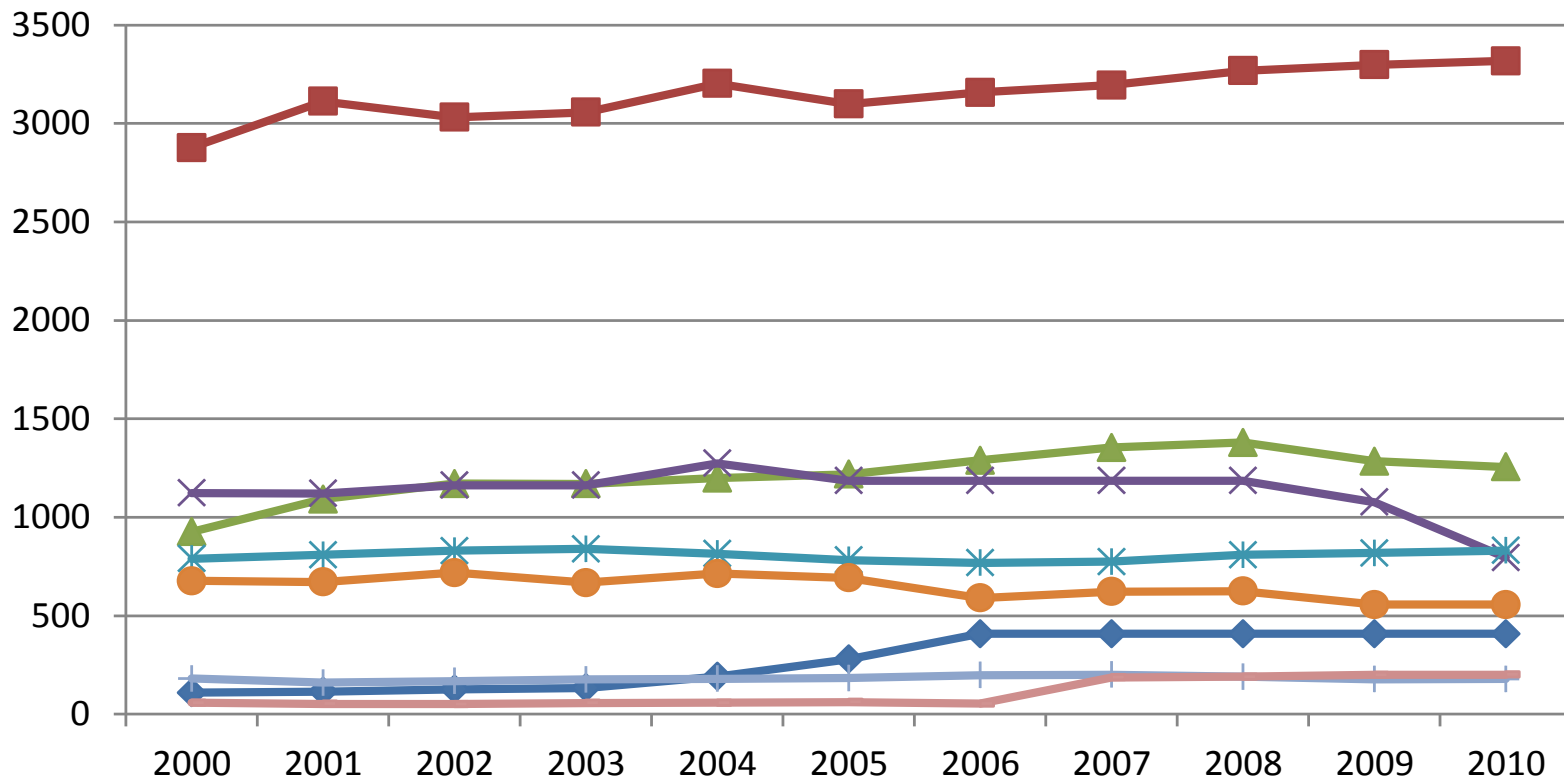


NURSERIES Production value at basic price

(millions of euro constant prices) for main countries:

Main producers show a stagnant trend

(except The Netherlands)



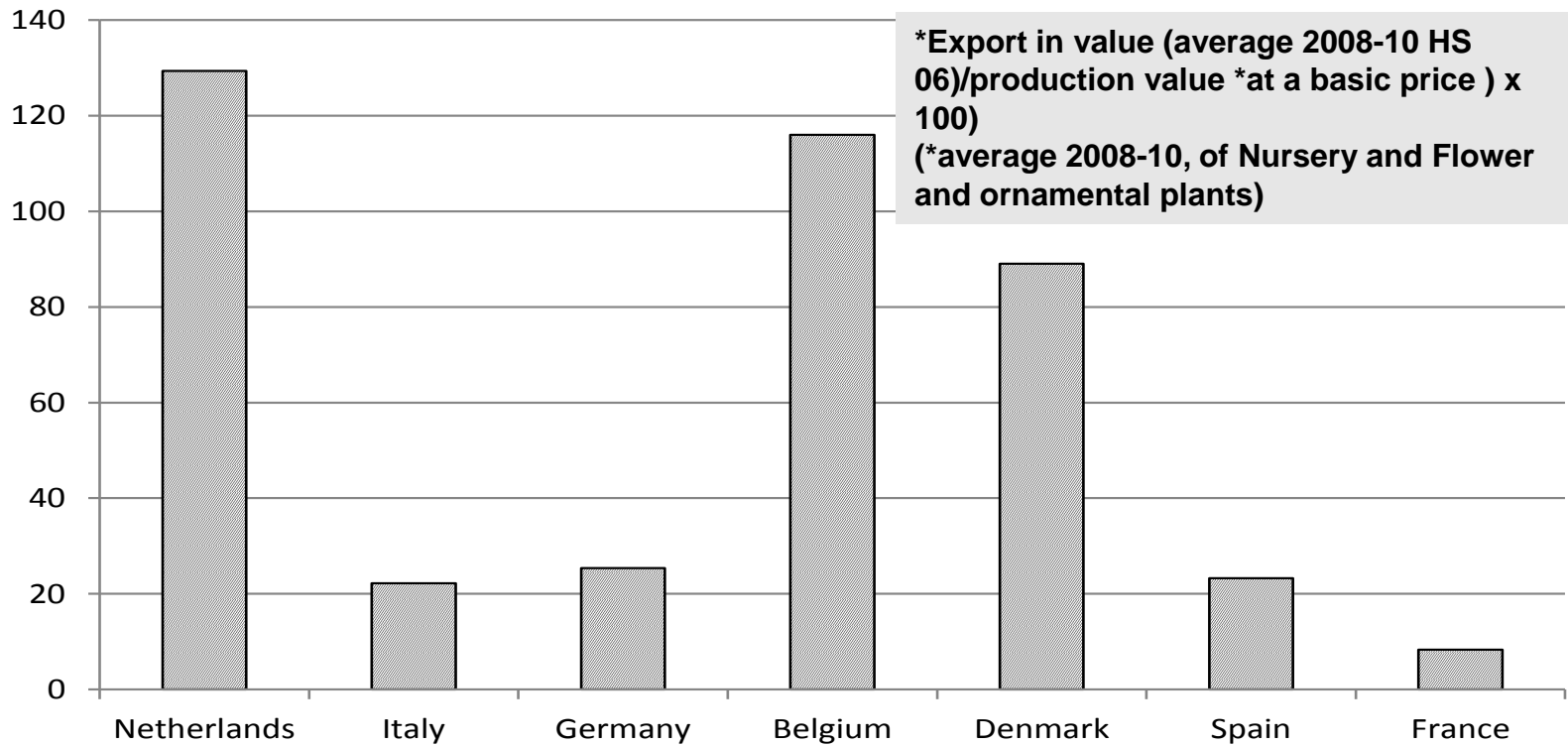
- ◆ Belgium
- Netherlands
- ▲ Italy
- × Germany
- ✱ France
- United Kingdom
- + Switzerland
- Spain

Source: Eurostat



HORTICULTURAL (COD 06) EXPORT

PROPENSITY INDEX OF THE MAIN EUROPEAN COUNTRIES* %
(2008-10)



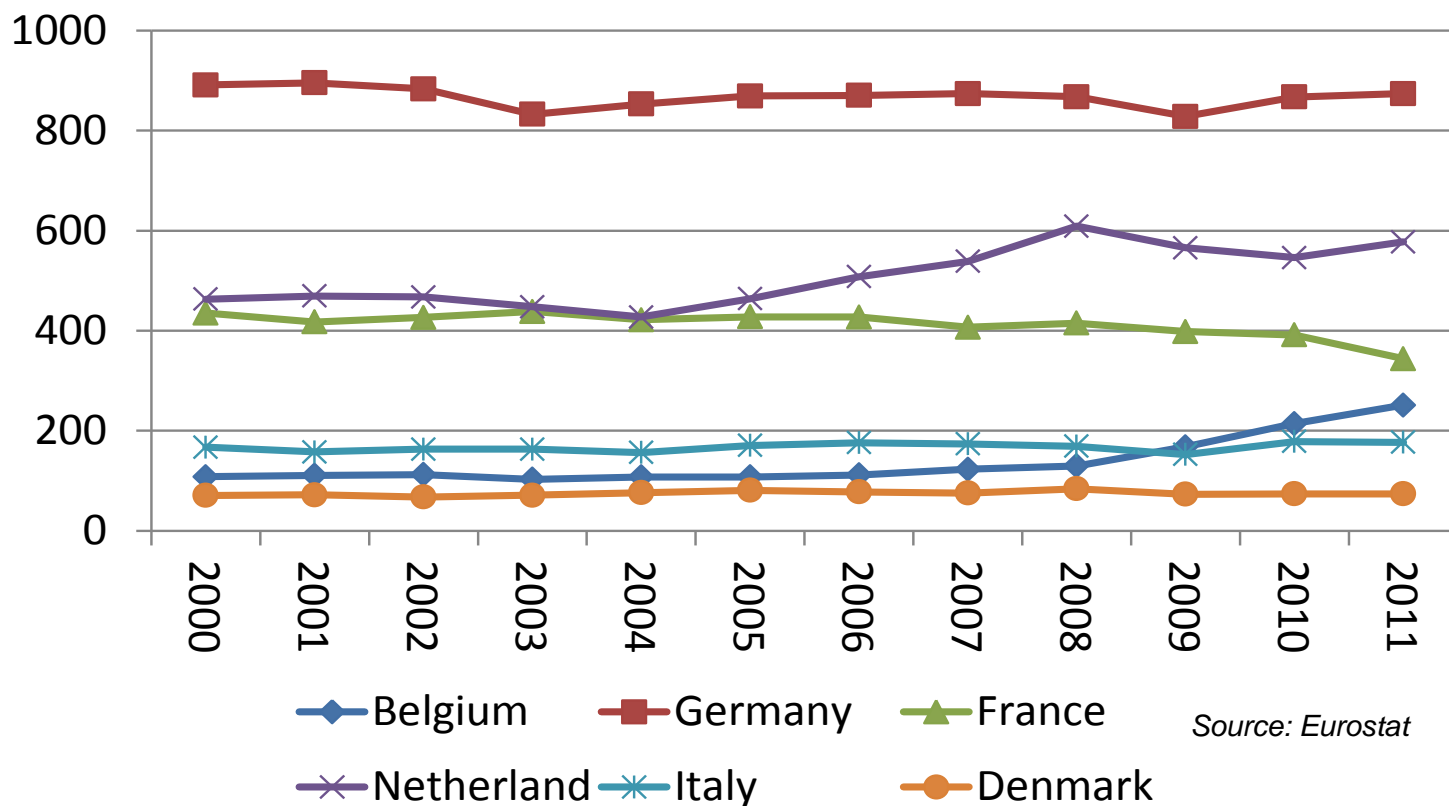
At EU level the total trade balance is positive; the one of cut flowers and of foliage is negative; the one of live plants and of bulbs is positive. Imports are focused on cut flowers and cut foliage; the export comprehends all categories: potted plants, conifers and perennial, bulbs, and cut flowers. Main suppliers: CR, Eth, Ken; Main destination market: Russia, Switzerland.



CUT FLOWERS

IMPORT FROM KEY COUNTRIES

(mln euro)



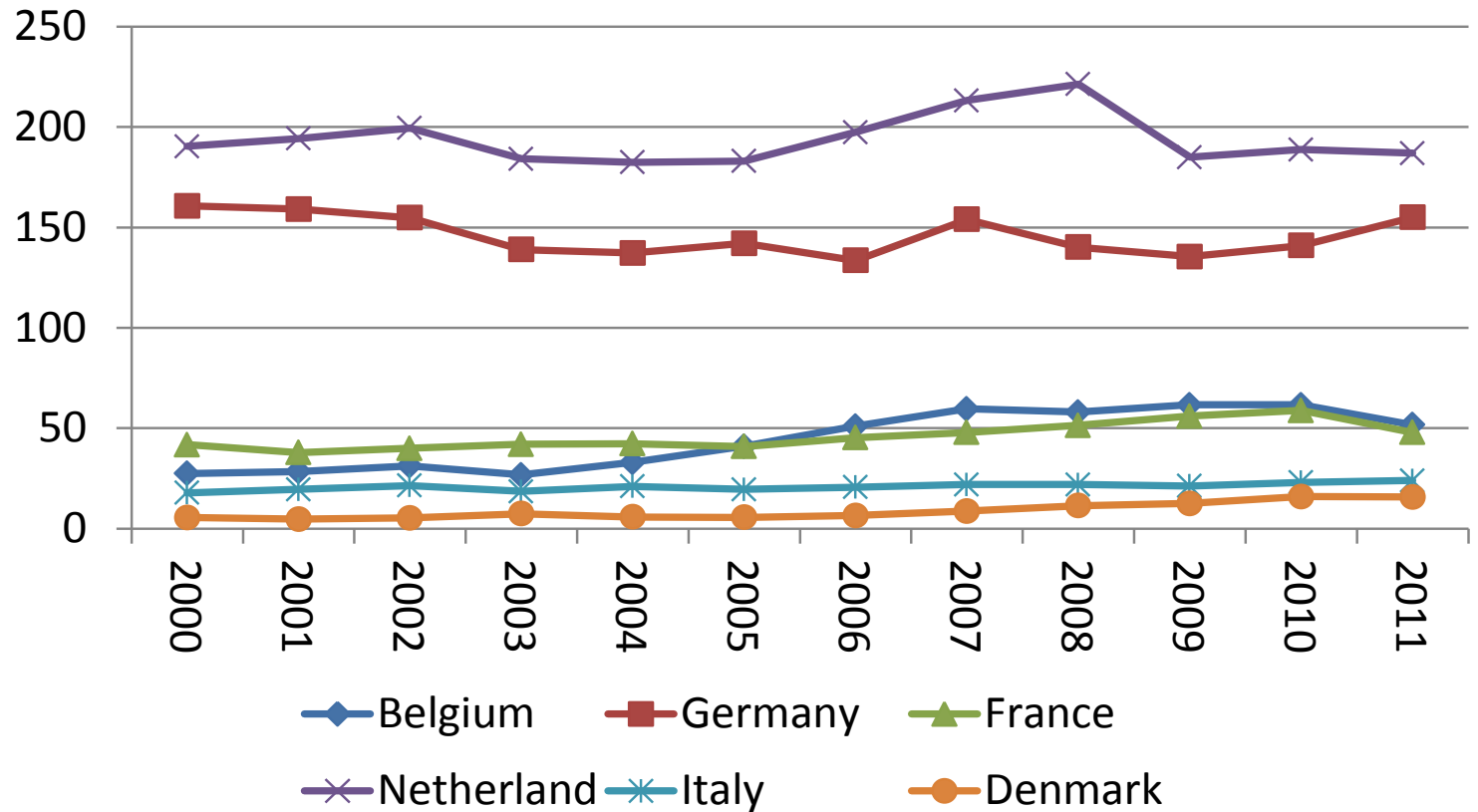
Second hypothesis: the international scenario has changed as the role of EU in it.



CUT FOLIAGE

IMPORT FROM KEY COUNTRIES

(mln. euro)



Source: Eurostat

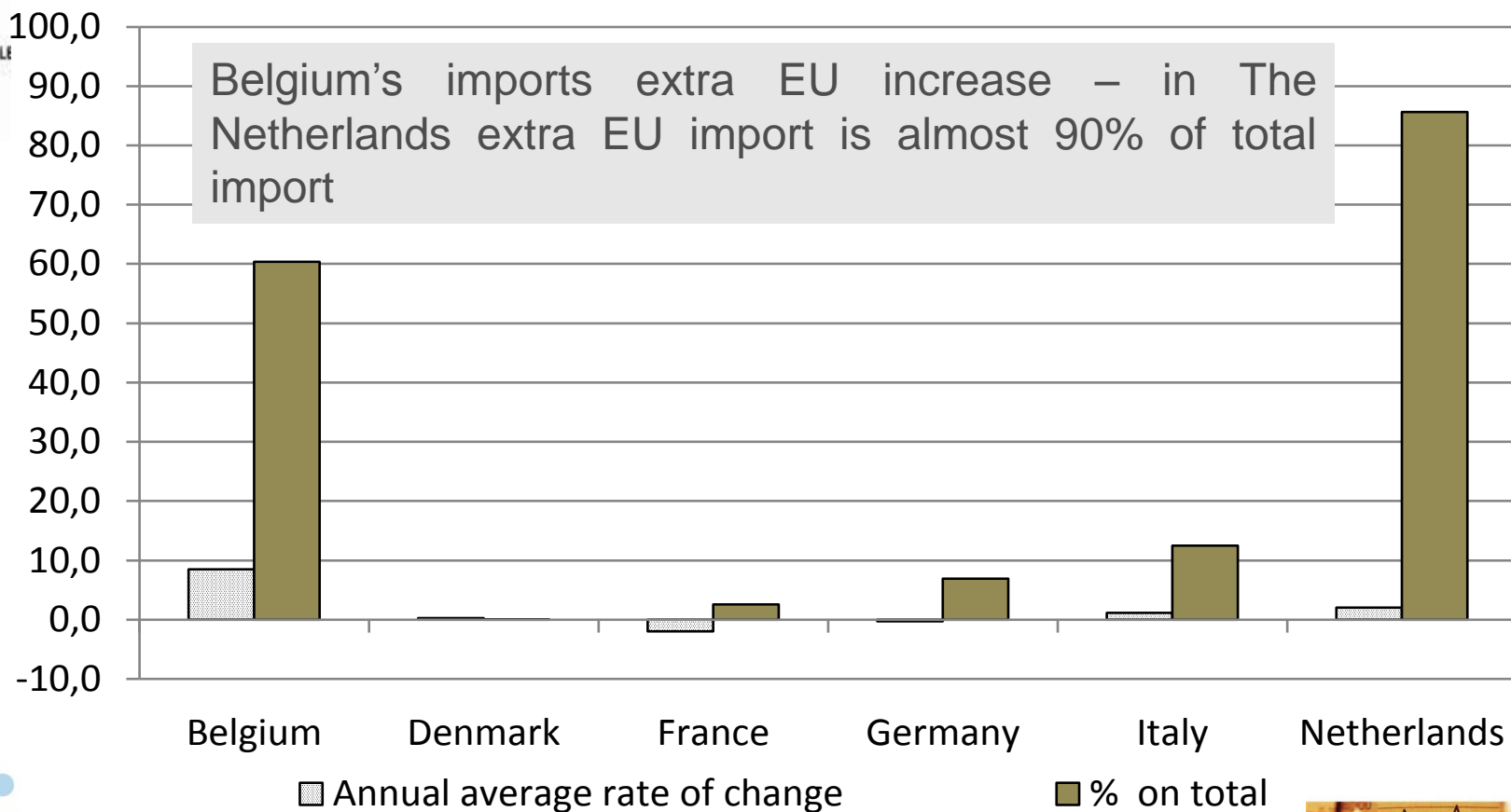
✓ **THIRD hypothesis: the new role of EU must be analyzed considering mainly "key countries"-**



CUT FLOWERS

IMPORT EXTRA UE OF KEY COUNTRIES

Role and trend (T_{max} 2001-11 %)



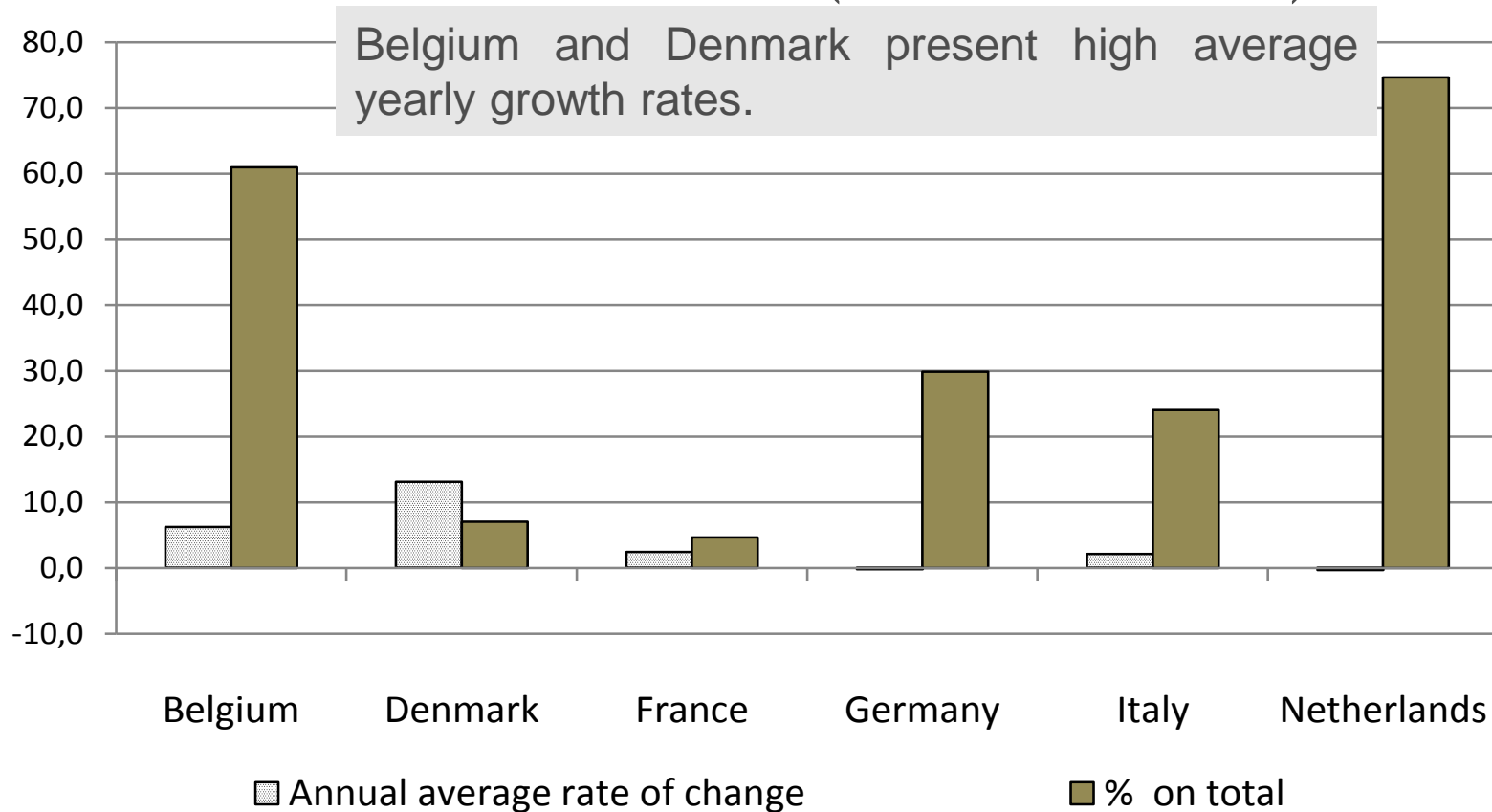
Source: Eurostat



CUT FOLIAGE

IMPORT EXTRA UE OF KEY COUNTRIES

Role and trend (T_{max} 2001-11 %)



Source: Eurostat



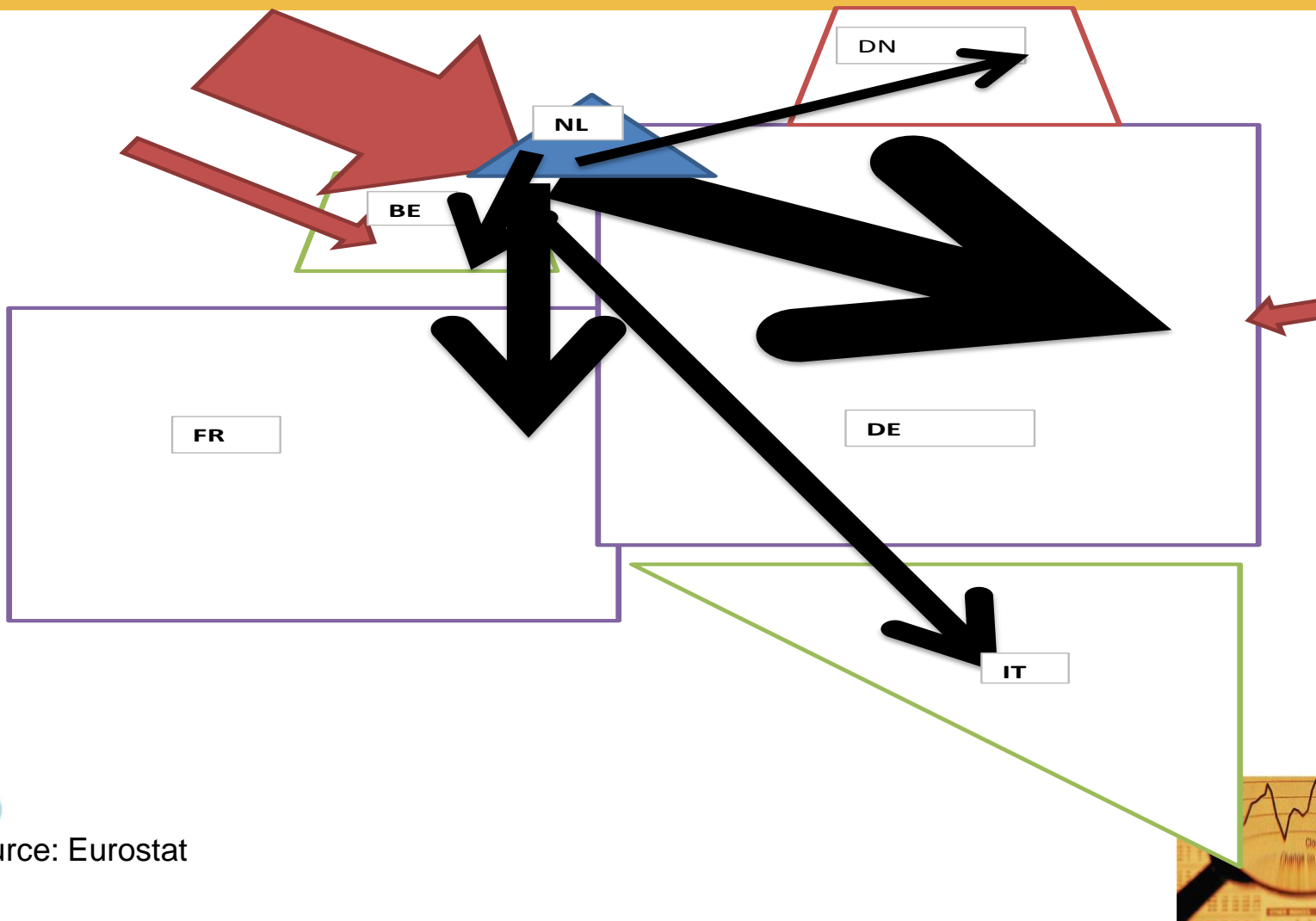
CUT FLOWERS AND FOLIAGE IMPORT : relationships among EU countries and Extra EU (mln €)

from/to	Extra EU	Belgium	Netherland	France	Denmark	Germany	Italy
Belgium	163		92			0	
Netherland	700	49				16	24
France	14	12	385			7	12
Denmark	1	0	75			2	3
Germany	98	4	783		28		16
Italy	25	1	155		0	2	

Source: average 2009-2011 Eurostat



PRINCIPAL FLOWS OF CUT FLOWER AND CUT FOLIAGE EXPORT



Source: Eurostat



MAIN INDICATORS OF THE SECTOR AS A WHOLE (HS 06)- YEAR 2007 (mln €)

	Ha plants and flowers	ha x holding Flowers and plants	PPB- Flowers Ha and nursery	PPB- and plants	PPB- nursery	Total PPB	Imp HS 06	Exp HS 06	Quota % Exp/imp	Apparent Cons.
Belgium	1.930	1,26	4.550	278	263	541	407	510	125,1	439
Denmark	490	0,94	2.250	328	71	399	243	443	182,5	199
France	8.940	1,26	17.880	886	800	1.686	1.093	167	15,3	2.612
Germany	9.200	0,94	20.370	1.562	1.118	2.680	2.184	508	23,3	4.356
Italy	13.090	0,89	18.720	1.609	1.351	2.960	508	641	126,1	2.827
Netherland	32.800	4,59	14.940	2.500	3.627	6.127	1.322	7.704	582,8	-255

Netherland statistics on surface concerns 23.561 ha of bulbs.

Source: Ismea on Eurostat figures



MAIN INDICATORS OF THE SECTOR AS A WHOLE (HS 0603+ 0604)- YEAR 2007 (mln euro)

	PPB Flower s and plants	PPB Cut flowers + foliages (2)	imp	exp	Apparent cons. cons.	exp/val prod %	Quota % Exp/imp	App. cons. per capita € - A	Per capita cons. € B (1)	Retail value market B (1)
Belgium	278	8	182	122	69	1458	67	6,9	38	380
Denmark	328	3	84	99	-11	3010	118	-	48	240
France	886	106	455	25	536	24	6	8,6	30	1.860
Germany	1.562	203	1.028	84	1.147	41	8	13,8	35	2.905
Italy	1.609	563	196	162	597	29	83	10,1	26	1.523
Netherlands	2.500	1.000	752	3.110	-1.358	311	414	-	56	896

The most explanatory indicator of the unusual import and export flows, especially for Belgium, Denmark and the Netherland is the apparent consumption in value. Such indicator is very low for Belgium and non-significant for Denmark and Holland because, starting from production in value, the declared import are too low when compared to the export. The *export, in comparison with the value of production*, is too high for Belgium, Denmark and Holland. Plus, exports are so high as to be 118% of import in the case of Denmark, 414% of import for Holland, and 67% for Belgium. This same indicator for France and Germany is worth 6% and 8%, while in the case of Italy the peculiarity of the species produced allows a good level of export, with the indicator worth 83%.

Source: Ismea on Eurostat figures, AIPH, Flower Council of Holland for National Value market i.e. «per capita consumption B and retail value market B»





2

GENERAL PROPOSALS

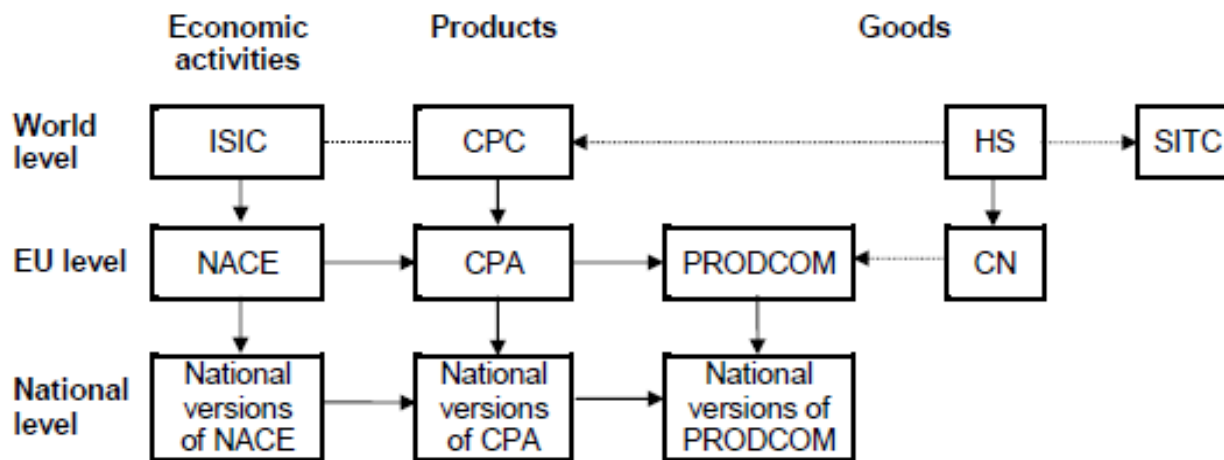
PROPOSALS

- ✓ **Improvement of the information about productions and trades**, both extra EU and intra EU, by verifying: the real commodity content of the different headings, the determination criteria of the exchanges value, flows allocation per country, aiming also at improving information about off-shoring phenomenon;
- ✓ **Improvement of the information about EU trade policies effects**, competition of some extra EU countries - also linked to the non-compliance with the environmental and labor regulations - and evaluation of the customs policies;
- ✓ More careful **monitoring of the market trends and especially of the supply chain costs** (concerning production, logistics and distribution);
- ✓ **Protection of the productive, economic and of the Know-how potential of all the MS, also through labeling policies (origin) and quality certification of the productive processes;**
- ✓ **Biodiversity protection, aiming also at landscape and public green conservation (risk of allochthonous species), phytosanitary protection (especially related to imports), promotion of social, ethic and environmental quality models;**

3

**STATISTICS:
CLASSIFICATION
PROBLEMS**

THE INTERNATIONAL SYSTEM OF ECONOMIC CLASSIFICATIONS



is the reference classification. Classifications are linked by the structure

is the reference classification. Classifications are linked by conversion tables

Classifications are linked by conversion tables

- International agreements, European and Member state laws, etc.
- System constant change and releases evolution
- Institutional relationships
- Direct and indirect links between classifications

PRELIMINARY REMARKS: main Criteria definition and "old" aggregation problems

Point of view of each classification:

USERS - function of the product : fresh flowers and artificial flowers

PRODUCERS in according to technological similarities: horticultural activities + forest tree nurseries

ORNAMENTAL HORTICULTURE is a "mixed" criterion:

- "final" goods (cut flowers and cut foliage, plants for retailers and private gardens)
- intermediate goods: nursery productions linked directly to ornamental production: not always easy to distinguish in several cases (for example fruit trees, etc.)
- technological similarities between cut flowers and cut foliage and branches

FOCUS ON

- 1) NACE (Rev. 2)
- 2) CPA and Economic Accounts for Agriculture (EAA)
- 3) Combined Nomenclature

NACE

- Classification of activities :resources + production process + output);
- hierarchical structure: sections, divisions, groups, classes;
- importance to the production process (similar technologies) in the definition of classes (less aggregated level)
- NACE code assigned to each holding according to its principal economic activity (that one which contributes most to its value added)

NACE CLASSES IN REGARDS OF HORTICULTURAL SECTOR



01.19 Growing of other non-perennial crops

- swedes, mangolds, fodder roots, clover, alfalfa, sainfoin, fodder maize and other grasses, forage kale and similar forage products;
- growing of beet seeds (excluding sugar beet seeds) and seeds of forage plants;
 - *flowers, production of cut flowers and flower buds, growing of flower seeds*
 - *(excludes non-perennial spices, aromatic, drug and pharmaceutical crops see 01.28)*

01.29 Growing of other perennial crops

- rubber trees for harvesting of latex, trees for extraction of sap, vegetable materials of a kind used primarily for plaiting;
 - growing of Christmas trees;
- (excludes flowers, see 01.19, gathering of tree sap or rubber-like gums in the wild, see 02.30)

01.30 Plant propagation

Production of all vegetative planting materials including cuttings, suckers and seedlings for direct plant propagation or to create plant grafting stock into which selected scion is grafted for eventual planting to produce crops. Includes:

- growing of plants for planting
- *growing of plants for ornamental purposes, including turf for transplanting*
- growing of live plants for bulbs, tubers and roots; cuttings and slips; mushroom spawn
- operation of tree nurseries, except forest tree nurseries

(excludes: seed production, see 01.1, 01.2, operation of forest tree nurseries, see 02.10)

REMARKS ON THIS CLASSES

- Separation between flowers and plants: flowers are "mixed with forage";
- in the previous release (NACE Rev 1) flowers and plants (for planting or ornamental purposes) were in class 01.12 together with vegetables;
- difficulties to distinguish clearly activities involved in production of Foliage and branches;
- the same for activities involved in ornamental trees, shrubs and bushes;

The switch to Rev. 2 has not brought any improvement in order to have better statistics on the sector. In EAA, i.e. , classification adopted is:

04200 Plants and flowers

- 04210 Nursery plants
- 04220 Ornamental plants and flowers (including Christmas trees)
- 04230 Plantations

THE SECTOR IN “Combined Nomenclature” (CN)

CHAPTER 6 - LIVE TREES AND OTHER PLANTS; BULBS, ROOTS AND THE LIKE; CUT FLOWERS AND ORNA-MENTAL FOLIAGE

- 0601 Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, dormant, in growth or in flower; chicory plants and roots (other than roots of heading 1212) Dormant; In growth or in flower;
- 0602 Other live plants (including their roots), cuttings and slips; mushroom spawn Unrooted cuttings and slips; Trees, shrubs and bushes, grafted or not, of kinds which bear edible fruit or nuts; Rhododendrons and azaleas, grafted or not; Roses, grafted or not, other;
- 0603 Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared; Fresh and other;
- 0604 Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, mosses and lichens, being goods of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared, fresh, other;

REMARKS ON COMBINED NOMENCLATURE

Subject to the second part of heading 0601, the chapter 06 covers only live trees and goods (including seedling vegetables) of a kind commonly supplied by nursery gardeners or florists for planting or for ornamental use; nevertheless, it does not include potatoes, onions, shallots, garlic or other products of Chapter 7

In general the structure fits with categories used in international trade;

at low level there are problems that need to be considered :

For instance, heading 0601 it's necessary consider disaggregate heading (8 digit)

0601 10 10	Dormant hyacinth bulbs
0601 10 20	Dormant narcissi bulbs
0601 10 30	Dormant tulip bulbs
0601 20 30	Orchid, hyacinth, narcissi and tulip bulbs, in growth or in flower
0601 20 90	Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, in growth or in flower (excl. those used for human consumption, orchids, hyacinths, narcissi, tulips and chicory plants and roots)

REMARKS ON 0602

- heading 0602 contains disparate products for which is not simple to distinguish between ornamental and non-ornamental outputs. So it's necessary consider disaggregate heading (8 digit)

0602 20 90	Trees, shrubs and bushes, grafted or not, of kinds which bear edible fruit or nuts (excl. vine slips)
0602 30 00	Rhododendrons and azaleas, grafted or not
0602 40 00	Roses, whether or not grafted
0602 90	Live plants, incl. their roots, and mushroom spawn (excl. bulbs, tubers, tuberous roots, corms, crowns and rhizomes, incl. chicory plants and roots, unrooted cuttings and slips, fruit and nut trees, rhododendrons, azaleas and roses)
0602 90 41	Live forest trees
0602 90 45	Outdoor rooted cuttings and young plants of trees, shrubs and bushes (excl. fruit, nut and forest trees)
0602 90 49	Outdoor trees, shrubs and bushes, incl. their roots (excl. cuttings, slips and young plants, and fruit, nut and forest trees)
0602 90 50	Live outdoor plants, incl. their roots (excl. bulbs, tubers, tuberous roots, corms, crowns and rhizomes, incl. chicory plants and roots, unrooted cuttings, slips, rhododendrons, azaleas, roses, mushroom spawn, pineapple plants, vegetable and strawberry plants, trees, shrubs and bushes)
0602 90 70	Indoor rooted cuttings and young plants (excl. cacti)
0602 90 91	Indoor flowering plants with buds or flowers (excl. cacti)
0602 90 99	Live indoor plants and cacti (excl. rooted cuttings, young plants and flowering plants with buds or flowers)

REMARKS ON 0602

- Several headings are "not so much" ornamental or functional to ornamental production (e.g. vine cuttings, vegetable plants, etc.)
- "Unrooted cuttings and slips (excl. wine)": ornamental products are not discernible
- "Trees, shrubs and bushes, grafted or not, of kinds which bear edible fruit or nuts" can be used for food production but also for ornamental purposes
- "Outdoor rooted cuttings and young plants of trees, shrubs and bushes " maybe is too much unspecific. It could be specified if it contains young plants for edible uses or medical, cosmetical uses and in this case it's better to add another code.

Heading 0603 in detail (8 digit)

0603	Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared
0603 11 00	Fresh cut roses and buds, of a kind suitable for bouquets or for ornamental purposes
0603 12 00	Fresh cut carnations and buds, of a kind suitable for bouquets or for ornamental purposes
0603 13 00	Fresh cut orchids and buds, of a kind suitable for bouquets or for ornamental purposes
0603 14 00	Fresh cut chrysanthemums and buds, of a kind suitable for bouquets or for ornamental purposes
0603 15 00	Fresh cut lilies "Lilium spp." and buds, of a kind suitable for bouquets or for ornamental purposes
0603 19	Fresh cut flowers and buds, of a kind suitable for bouquets or for ornamental purposes (excl. roses, carnations, orchids, chrysanthemums and lilies)
0603 19 10	Fresh cut gladioli and buds, of a kind suitable for bouquets or for ornamental purposes
0603 19 80	Fresh cut flowers and buds, of a kind suitable for bouquets or for ornamental purposes (excl. roses, carnations, orchids, gladioli, chrysanthemums and lilies)
0603 90 00	Dried, dyed, bleached, impregnated or otherwise prepared cut flowers and buds, of a kind suitable for bouquets or for ornamental purposes

HEADING 0604

0604	Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, mosses and lichens, of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared
0604 20	Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, mosses and lichens, being goods of a kind suitable for bouquets or for ornamental purposes, fresh
0604 20 11	Reindeer moss, suitable for bouquets or ornamental purposes, fresh
0604 20 19	Mosses and lichens, suitable for bouquets or ornamental purposes, fresh (excl. reindeer moss)
0604 20 20	Fresh Christmas trees
0604 20 40	Fresh conifer branches, suitable for bouquets or ornamental purposes
0604 20 90	Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, fresh, suitable for bouquets or ornamental purposes (excl. Christmas trees and conifer branches)
0604 90	Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, mosses and lichens, being goods of a kind suitable for bouquets or for ornamental purposes, dried, dyed, bleached, impregnated or otherwise prepared
0604 90 11	Reindeer moss, suitable for bouquets or ornamental purposes, dried, dyed, bleached, impregnated or otherwise prepared
0604 90 19	Mosses and lichens, suitable for bouquets or ornamental purposes, dried, dyed, bleached, impregnated or otherwise prepared (excl. reindeer moss)
0604 90 91	Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, suitable for bouquets or ornamental purposes, dried
0604 90 99	Foliage, branches and other parts of plants, without flowers or buds, and grasses, suitable for bouquets or for ornamental purposes, dyed, bleached, impregnated or otherwise prepared (excl. dried)



4

STATISTICS: PROPOSALS

GENERAL TARGET AND SUGGESTION BASED ON CLASSIFICATIONS AND GOODS

GENERAL TARGET:

- improve coherence between classifications based on activities, products, and goods;

SUGGESTION ABOUT CLASSIFICATIONS:

- To distinguish in all statistics among nursery, potted plants, cut flowers and foliage.
- to distinguish - by means of specific headings - growing of "finished" plants, trees (ready to final utilization) from "half-processed", to place in "nursery" (with bulbs, cuttings, young plants, etc.)

SUGGESTIONS ABOUT GOODS

- Clear better (maybe using illustrative lists) heading definitions to avoid uncorrected uses .
- Clarify if in 060290049 are there "fruit plants", that can be already considered in 06022090.
- Consider the possibility to distinguish ornamental fruit plants (trees, shrubs and bushes) and within "citrus" trees.
- Distinguish - using appropriate parameters - young plants to cultivate from finished products.
- Distinguish - using appropriate parameters - outdoor potted "plants" from others.
- Reconsider headings of indoor plants considering, beyond "flowering" and green plants other as wood indoor plants, cacti plants and plants on stick.,
- Improve distinction between indoor and outdoor considering the pot diameter and the main destination use (i.e. balcony or flower bed). Several headings are "not so much" ornamental or functional to ornamental production (e.g. vine cuttings, vegetable plants, etc.)



THANK YOU FOR YOUR
ATTENTION

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