



COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT FROM THE COMMISSION TO THE COUNCIL

**Flowers - method of calculating Community producer and import prices**



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### Flowers - method of calculating Community producer and import prices

#### 1. INTRODUCTION

Council Regulation (EEC) No 4088/87 of 21 December 1987 fixing conditions for the application of preferential customs duties on imports of certain flowers originating in Cyprus, Israel, Jordan, Morocco, the West Bank and the Gaza Strip<sup>1</sup>, as last amended by Regulation (EC) No 1300/97<sup>2</sup> of 30 June 1997, provides for preferential customs duties to be granted within quota limits and, for certain cut flowers (roses and carnations), only if the import price is at least 85% of the Community producer price for these products.

The main change introduced in June 1997 by Council Regulation (EC) No 1300/97 is the use of weighted averages instead of arithmetical averages in order to mirror reality more closely. Article 2 states that twelve months after the entry into force of the Regulation the Commission must present to the Council an assessment report on the implementation of this new system for determining Community producer prices, possibly accompanied by proposals for adjustments to be made to it.

Commission Regulation (EEC) No 700/88<sup>3</sup> of 17 March 1988 has been amended by Regulation (EC) No 2062/97<sup>4</sup> of 21 October 1997 to incorporate these changes, and Member States have been notifying the new prices to the Commission since 3 November 1997.

#### 2. BRIEF OUTLINE OF THE METHOD

Since the introduction of the new system, the Member States have notified the data required under the above Regulations, i.e. the weighted producer and import prices (indicating the total quantities in each case) for each of the four groups of flowers in question (bloom carnations, spray carnations, large-flowered roses, small-flowered roses). This data is notified to the Commission every two weeks, in national currency per 100 pieces, by fax or by IDES electronic transfer. However France does not notify the import quantities within the required time, which means that French import prices have not been weighted; and these are not, therefore, taken into consideration in calculating the Community average. France has committed itself to setting up a system to rectify this problem.

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<sup>1</sup> OJ L 382, 31.12.1987, p. 22.

<sup>2</sup> OJ L 177, 5.7.1997, p. 1.

<sup>3</sup> OJ L 72, 18.3.1988, p. 16.

<sup>4</sup> OJ L 289, 22.10.1997, p. 1

As for the moment prices are only notified for flowers imported from Israel and Morocco, each Member State has to notify 12 figures at most (4 producer prices + quantities, and 8 import prices + quantities).

The Commission converts the notified prices into ECU (using the valid agricultural conversion rate) and weights them to obtain Community averages. Community producer prices are published every two weeks in the Official Journal of the European Communities in an Annex to a Commission Regulation. If necessary, further Regulations are adopted to suspend or reintroduce preferential customs duties for Israel and/or Morocco, for each group of flowers.

Data is collected for the previous fifteen days and is used to determine the customs duties that apply for the following two weeks. This period begins on a Wednesday so that the Commission has time to finalise the procedure.

### 3. ASSESSMENT OF THE METHOD

Impact of this method on producer prices and on customs duties to be paid

#### 3.1. Producer prices (see enclosed Tables 1 to 4)

Although the graphs showing the evolution of prices in 1997/98 (weeks 45 to 24) mirror the trends already observed over the two previous years, for the same periods, the peaks are much sharper. This is because the old method eliminated the extremes - 40% either side of the calculated average - while the new method takes all values into account.

#### 3.2. Application of customs duties (see enclosed Table 5)

In Israel, the situation relating to bloom carnations and small-flowered roses is comparable with that of the previous year for the same period; for large-flowered roses the situation is comparable with that of 2 years ago, and for spray carnations it is mid-way between these two years.

Morocco benefits, as in the past, from preferential customs duties for the entire quota period except for two two-week periods for bloom carnations. These results are therefore very similar to those obtained by the old method.

### 4. CONCLUSION

The results obtained by the new method as regards the suspension of preferential customs duties are fairly similar to those obtained by the old method, while having the advantage of mirroring market realities more closely, since producer prices are calculated on the basis of current weighted prices rather than arithmetical averages over a three-year period as before.

The Commission therefore considers that it is not necessary for the time being to draft proposals to modify the present system which was introduced in late 1997.

TABLE 1

Reference week No	ECU/100		
	1995/96	1996/97	1997/98
45 - 46	12,60	12,54	13,91
47 - 48	12,17	12,92	12,23
49 - 50	12,21	13,44	14,62
51 - 52	15,39	16,90	16,37
01 - 02	13,97	13,87	15,06
03 - 04	13,83	13,55	13,20
05 - 06	14,79	14,90	14,97
07 - 08	13,42	14,25	15,83
09 - 10	12,54	13,36	17,01
11 - 12	11,87	12,56	11,74
13 - 14	12,96	12,38	11,68
15 - 16	13,07	12,27	16,09
17 - 18	14,97	14,23	17,16
19 - 20	11,24	13,37	14,36
21 - 22	10,48	11,04	14,04
23 - 24	10,46	10,29	13,96
25 - 26	10,12	9,94	
27 - 28	8,30	8,52	
29 - 30	9,20	8,42	
31 - 32	9,80	9,62	
33 - 34	12,22	11,91	
35 - 36	13,56	13,10	
37 - 38	13,97	14,47	
39 - 40	14,33	14,45	
41 - 42	14,31	14,23	
43 - 44	19,40	19,11	

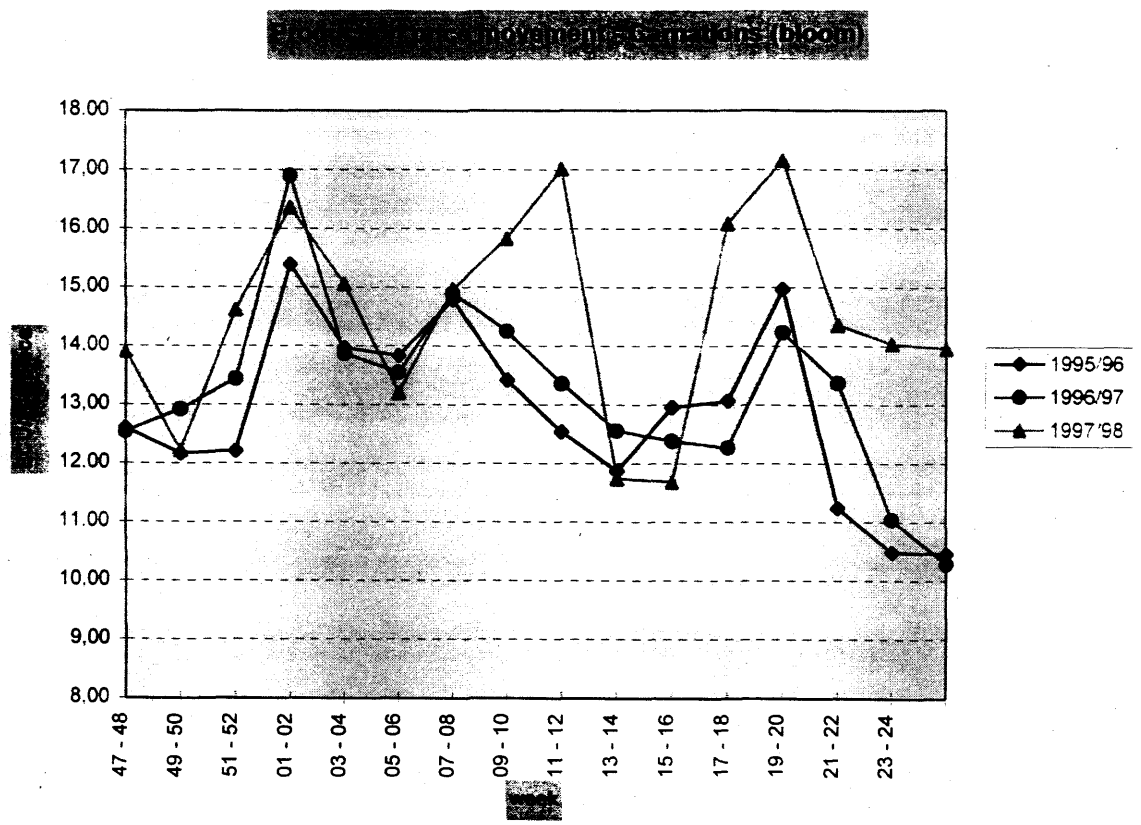


TABLE 2

Reference	ECU/100		
	1995/96	1996/97	1997/98
45 - 46	10,83	11,39	11,27
47 - 48	9,82	10,03	9,19
49 - 50	9,16	10,40	9,87
51 - 52	8,87	9,94	11,74
01 - 02	9,61	10,09	11,15
03 - 04	10,84	10,36	11,68
05 - 06	11,55	11,94	11,86
07 - 08	11,65	11,49	11,94
09 - 10	9,84	10,61	11,18
11 - 12	11,02	11,18	10,37
13 - 14	9,92	9,97	10,23
15 - 16	9,74	9,38	10,72
17 - 18	12,85	12,06	14,23
19 - 20	9,55	10,60	8,40
21 - 22	9,46	11,37	7,27
23 - 24	10,37	9,96	10,56
25 - 26	10,60	10,00	
27 - 28	10,16	9,95	
29 - 30	8,92	9,02	
31 - 32	7,77	8,05	
33 - 34	9,09	9,27	
35 - 36	11,69	11,38	
37 - 38	12,24	12,21	
39 - 40	12,73	11,93	
41 - 42	12,72	12,17	
43 - 44	13,55	13,04	

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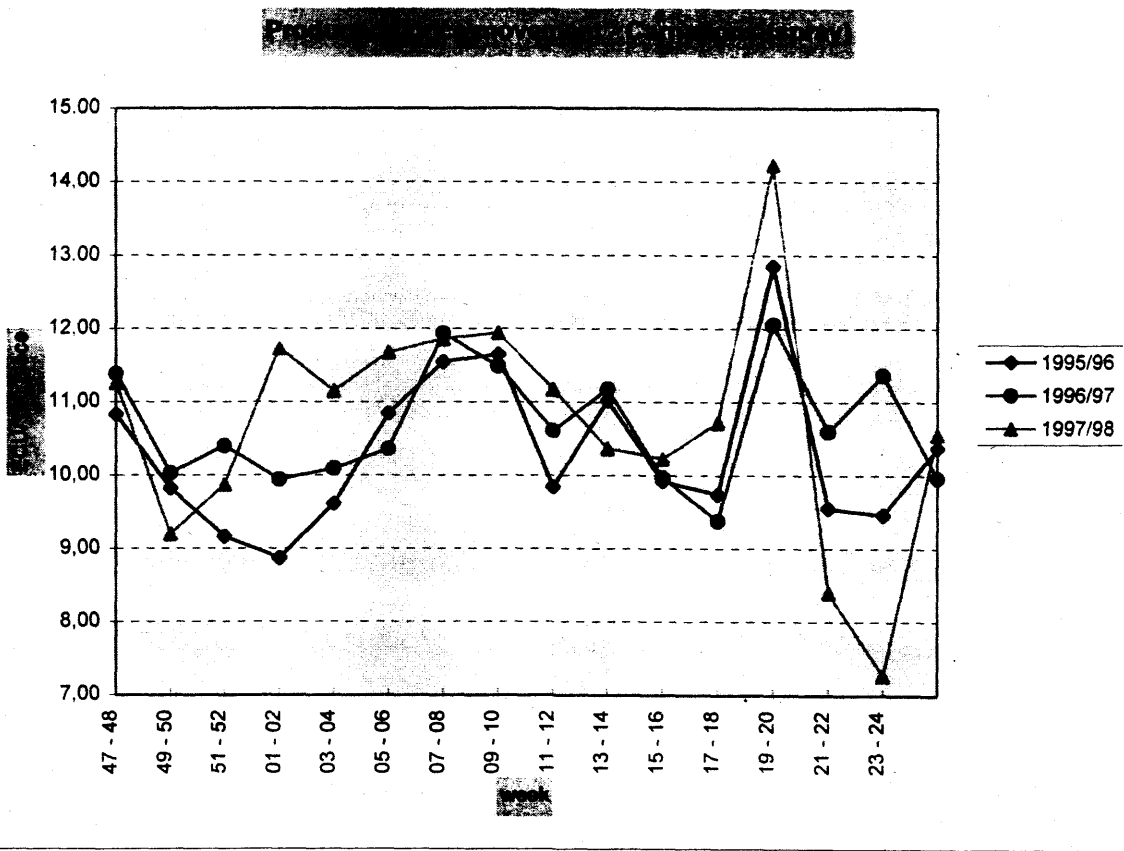


TABLE 3

Reference Week No	ECU/100		
	1995/96	1996/97	1997/98
45 - 46	28,01	30,19	36,84
47 - 48	27,94	31,92	42,81
49 - 50	34,31	36,28	44,15
51 - 52	42,10	48,40	56,02
01 - 02	42,26	43,35	46,23
03 - 04	49,39	52,21	47,65
05 - 06	57,76	61,54	65,00
07 - 08	55,25	63,70	71,64
09 - 10	49,57	53,28	58,27
11 - 12	38,14	49,54	41,90
13 - 14	29,52	36,02	27,37
15 - 16	27,52	31,31	29,46
17 - 18	29,34	32,85	33,31
19 - 20	25,99	32,29	31,78
21 - 22	27,29	30,66	29,37
23 - 24	25,67	26,38	31,83
25 - 26	21,19	24,57	
27 - 28	20,24	21,99	
29 - 30	20,30	21,01	
31 - 32	19,25	20,79	
33 - 34	20,69	22,31	
35 - 36	25,17	26,35	
37 - 38	26,14	27,53	
39 - 40	25,00	26,53	
41 - 42	26,68	27,98	
43 - 44	32,17	33,70	

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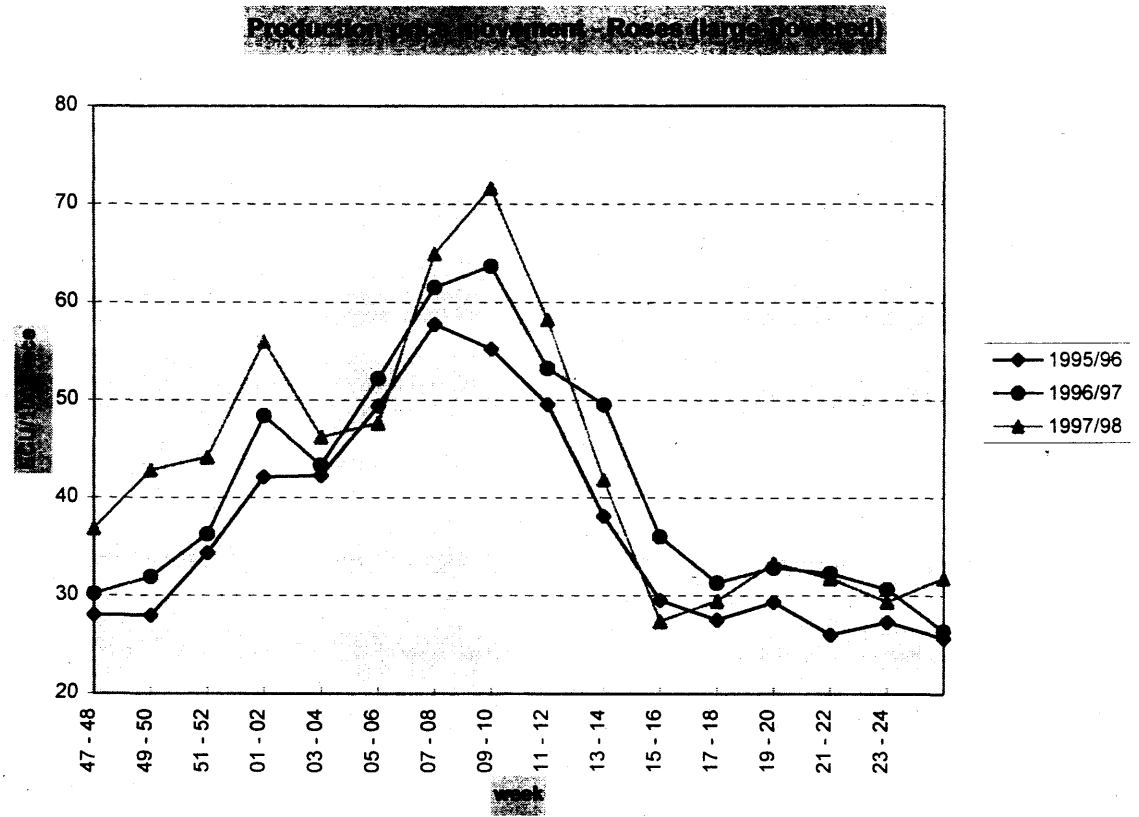


TABLE 4

Reference week No	ECU/100		
	1995/96	1996/97	1997/98
45 - 46	16,11	17,31	14,62
47 - 48	17,00	16,97	16,28
49 - 50	17,56	18,45	16,95
51 - 52	22,69	25,16	21,03
01 - 02	20,32	21,67	20,84
03 - 04	21,49	19,36	21,90
05 - 06	27,07	23,07	26,85
07 - 08	29,93	30,37	27,60
09 - 10	26,76	25,28	20,15
11 - 12	21,33	22,37	15,12
13 - 14	19,12	20,06	14,27
15 - 16	17,90	16,73	15,79
17 - 18	18,29	17,40	16,37
19 - 20	16,31	19,80	15,18
21 - 22	16,55	18,44	15,11
23 - 24	12,66	13,97	14,30
25 - 26	11,64	12,9	
27 - 28	9,90	11,23	
29 - 30	9,35	10,93	
31 - 32	9,02	13,17	
33 - 34	10,33	12,7	
35 - 36	12,56	14,34	
37 - 38	12,06	14,13	
39 - 40	12,70	13,78	
41 - 42	14,80	15,06	
43 - 44	18,41	19,19	

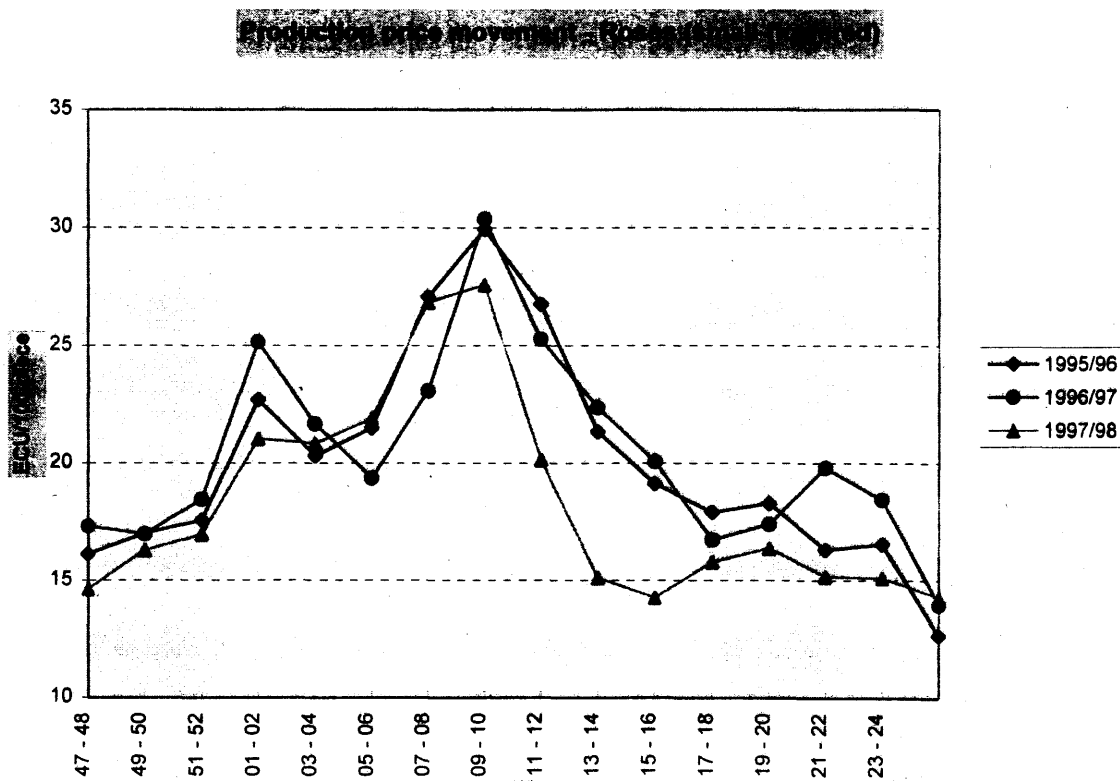




TABLE 5

	No of weeks	ISRAEL				MOROCCO			
		bloom carnations	spray carnations	large-flowered roses	small-flowered roses	bloom carnations	spray carnations	large-flowered roses	small-flowered roses
		1997/98 (current method)				1997/98 (current method)			
from 19 Nov. '97	47 - 48					preferential	preferential	preferential	preferential
	49 - 50	full (quota exhausted)				preferential	preferential	preferential	preferential
	51 - 52				full	full	preferential	preferential	preferential
	1 - 2	pref. autom.	pref. autom.	full	full	full	preferential	preferential	preferential
	3 - 4	preferential	preferential	full	preferential	preferential	preferential	preferential	preferential
	5 - 6	preferential	preferential	full	preferential	preferential	preferential	preferential	preferential
	7 - 8	preferential	preferential	full	preferential	preferential	preferential	preferential	preferential
	9 - 10	preferential	preferential	full	preferential	preferential	preferential	preferential	preferential
	11 - 12	preferential	preferential	full	preferential	preferential	preferential	preferential	preferential
	13 - 14	full	preferential	full	full	preferential	preferential	preferential	preferential
	15 - 16	preferential	preferential	full	full	preferential	preferential	preferential	preferential
	17 - 18	preferential	preferential	full	full	preferential	preferential	preferential	preferential
	19 - 20	full	full	full	full	preferential	preferential	preferential	preferential
	21 - 22	full	preferential	full	preferential	preferential	preferential	full: 42 days (quota period closed on 14/5/98)	
	23 - 24	full	preferential	full	full	full: 28 days (quota period closed on 31/5/98)			
to 30 June 1998	25 - 26	full	full	full	full				
Tot. = 224 days									

19/11/97-30/06/98	preferential	112	154	0	84	168	196	182	182
(tot.: 224 days)	full	112	70	224	140	28 + 28* = 56	*28	*42	*42
18/11/96-29/06/97	preferential	110	126	65	78	175	196	182	182
(tot.: 224 days)	full	114	98	159	146	19 + 28* = 49	*28	*42	*42
19/11/95-30/6/96	preferential	91	184	6	131	182	196	173	182
(tot.: 225 days)	full	134	41	219	94	15 + 28* = 43	*28	10 + 42* = 52	*42

(1996: 29 days in February)

\* "Full" because quota period closed

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# DOCUMENTS

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