European Commission
Directorate-General for Agriculture

The horticulture sector in the European Union

Fact sheet

Horticulture is the science or art of cultivating fruits, vegetables, flowers, or ornamental plants. Whether it's growing, eating or trading, the European Union (EU) is a major player in world horticulture. Across the EU there are wide regional variations in the types of produce grown, from the cabbages and turnips of northern Europe to the citrus fruits of Greece. The EU is also a leading importer and exporter of fruit and vegetables.

Production in the EU is characterised by rapid and significant fluctuations in supply and demand for products which are, on the whole, highly perishable. This creates challenges for EU policy-makers and influences the type of assistance provided. EU policy is aimed at encouraging growers — whether of fruit, nuts or flowers — to improve both their product quality and their marketing.

FRUIT AND VEGETABLES

1. Supply, demand and trade

Around 15 % of the value of the EU's agricultural production derives from the fruit and vegetables sector, which provides a range of fresh and processed products remarkable for its variety. All regions are involved, in the existing EU and in the soon-to-be-enlarged EU. In several States fruit and vegetables account for around one quarter of total agricultural output. The EU is also a major market for the produce of third countries.

EU production and the contribution of the Accession States

The figures in **Graph 1** illustrate the size and diversity of EU fruit and vegetable production. Total vegetable production in the EU-15 was about 55 million tonnes in 2001/02. The leading vegetable producing Member States were Italy, Spain and France (with 15, 12 and 8 million tonnes respectively). Fresh fruit production was 57 million tonnes. Again, Italy was the leading Member State (18 million tonnes), followed by Spain (15 million tonnes) and France (11 million tonnes).

The 10 Accession States together produce 9 million tonnes of vegetables and 6 million tonnes of fruit. Poland is the main producer (5 million tonnes of vegetables and 3 million tonnes of fruit).

Production of 15 million tonnes makes tomatoes the most produced vegetable. Of this volume, 7 million tonnes are produced in Italy, almost 4 million tonnes in Spain, 2 million tonnes in Greece and over 1 million tonnes in Portugal. Apples are the leading fruit in the EU-15 with production of just over 9 million tonnes. Production takes place primarily in France (2.5 million tonnes), Italy (2.3 million tonnes) and Germany (1.8 million tonnes).

Within total citrus fruit production of 10 million tonnes, oranges account for 6 million tonnes and small citrus fruits (tangerines, mandarins, clementines and satsumas) for 2.6 million tonnes. Spain is the main producer of citrus fruit (5.6 million tonnes), followed by Italy (3 million tonnes) and Greece (1.3 million tonnes). Peaches and nectarines (4.2 million tonnes), dry onions (3.9 million tonnes), carrots (3.7 million tonnes), lettuce (3.2 million tonnes), cabbages (3 million tonnes) and pears (2.9 million tonnes) are also widely produced within the EU.

Consumption of fresh fruit and vegetables is generally stable with 43 million tonnes and 46 million tonnes (respectively) consumed within the EU.

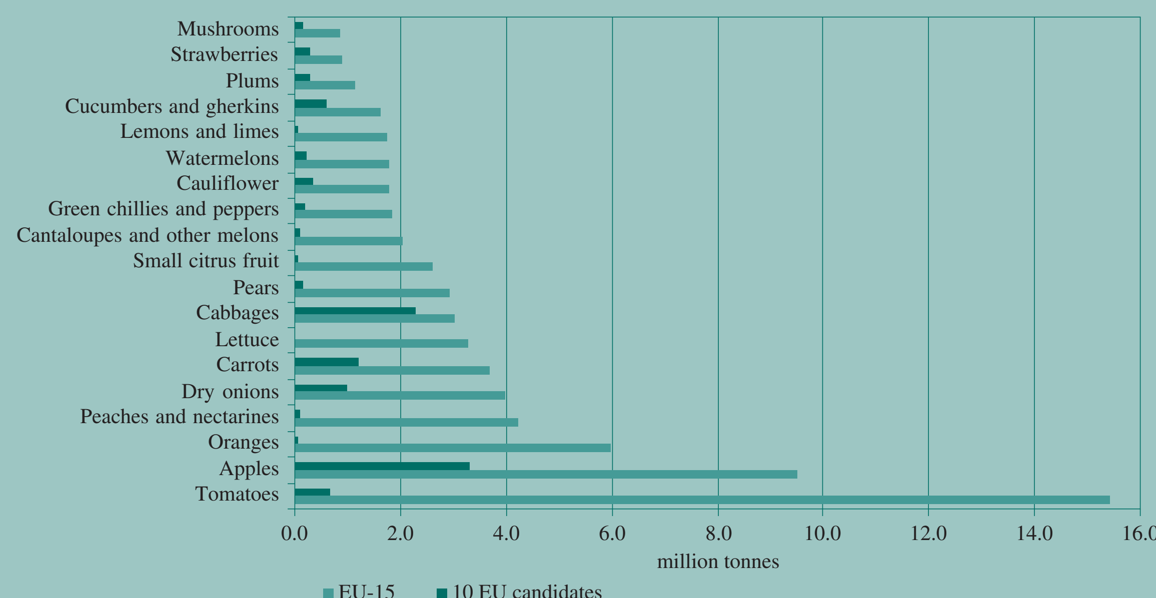
Fruit and vegetables are vital to many Member States

The fruit and vegetables sector is particularly well developed in the Mediterranean Member States (current and Accession States). As **Graph 2** shows, fruit and vegetables account for around one quarter of total agricultural output in Spain, Italy, Greece, Portugal, Malta and Cyprus. But it is also important in Belgium and the Netherlands, where it is the primary non-livestock production sector, and in the United Kingdom.

The second biggest global producer with 9 % of the total

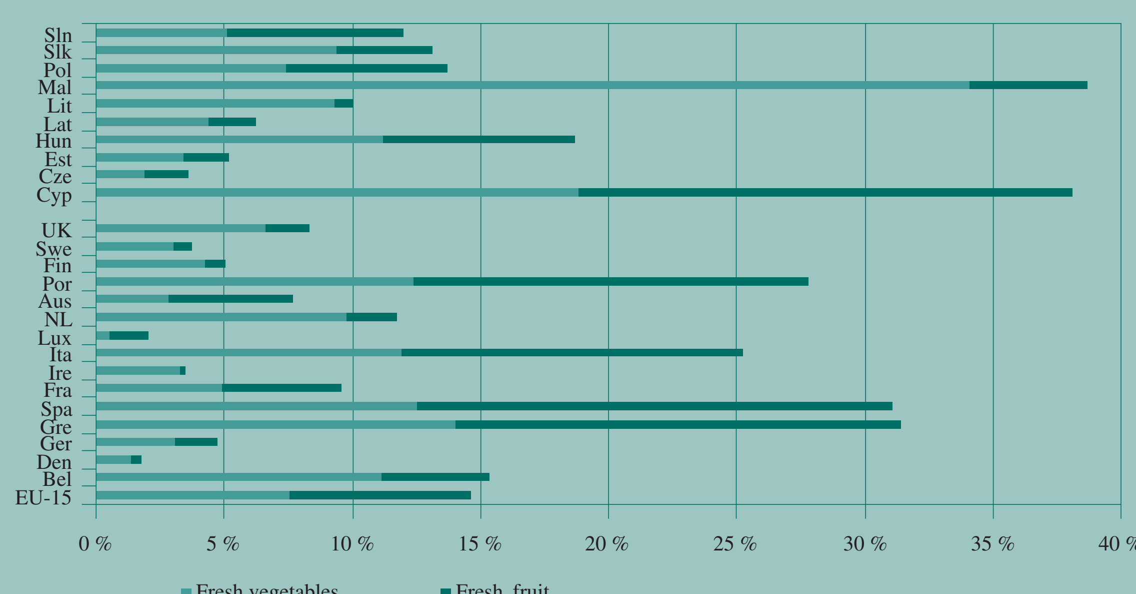
World production of fruit and vegetables in 2001-02 was just over 1 230 million tonnes with fruit amounting to 470 million tonnes and vegetables to 760 million tonnes. Asia is the leading production region with a

Graph 1. Production of fruit and vegetables in the EU and 10 candidate countries 2001–02 average



Source: FAO.

Graph 2. Share of fresh vegetables and fruit in final agricultural production (2000–01 average) (for candidate countries, 1998–99 average)



Source: Eurostat.

share of 61 %, followed by the EU (9 %), North and Central America (9 %), Africa (8 %) and South America (7 %) — see **Graph 3**.

At world level there is a largely increasing production trend. In some developing countries production growth potential seems oriented towards increased domestic consumption, while in others export-oriented production is being developed.

The EU's major share of USD 50 billion worth of trade

The EU is the second largest exporter and the biggest importer of fruit and vegetables. In 2000-01 world trade was worth about USD 50 billion (50 000 million US dollars). The United States was the world's leading exporter with a share of 17 %, followed by the EU (11 %), China (8 %), Mexico (7 %) and Turkey and Canada (4 % each). In the same period, the leading importer was the EU with 25 % of the total, followed by the United States (20 %), Japan (12 %) and Canada (6 %). **Graph 4** has further details. Two areas had a significant trade deficit, the EU (– USD 7.7 billion) and Japan (– USD 5.9 billion), while surpluses were registered mainly in China (+ USD 2.6 billion), Mexico (+ USD 2.4 billion) and Turkey (+ USD 1.8 billion).

The leading products traded are citrus fruit (oranges, tangerines and clementines) with 7 million tonnes, apples (5 million tonnes), tomatoes (4 million tonnes) and onions (3.7 million tonnes).

The EU is an active operator on the world market. Among fresh products, the main imports are bananas (3.3 million tonnes), citrus fruit (1.9 million tonnes), apples (0.7 million tonnes), grapes (0.3 million tonnes) and pineapples (0.3 million tonnes). Fruit juices, mostly citrus and apple juice, also represent important imports. Onions and tomatoes are the most imported vegetables (respectively 0.26 and 0.17 million tonnes). Frozen and dried vegetables are also traded in large volumes.

The EU's main exports are citrus fruit (1.0 million tonnes), apples (0.5 million tonnes), grapes (0.2 million tonnes) and peaches and nectarines (0.2 million tonnes) while onions (0.4 million tonnes) and tomatoes (0.2 million tonnes) are the most exported vegetables. Tomato paste and peeled tomatoes also are major exports (0.3 million tonnes each).

The specialised nature of EU production

Fruit and vegetables occupy around 4 % of the EU's utilised agricultural area (UAA). In 1997 — the last available farm structure survey — there were 636 000 holdings with an average size of 4.1 hectares (ha) producing fresh fruit and vegetables in the EU. Only 14.5 % of these were vegetable oriented. Specialised commercial holdings, i.e. with an economic size over 16 ESU ([1]), numbered 63 000 with an average size of 22.5 ha. Between 1990 and 1997, the number of specialised holdings decreased by 21 % while their average area increased by 28 %. Specialised vegetable holdings are on average 6 ha larger than specialised fruit holdings.

2. European Union fruit and vegetables policy

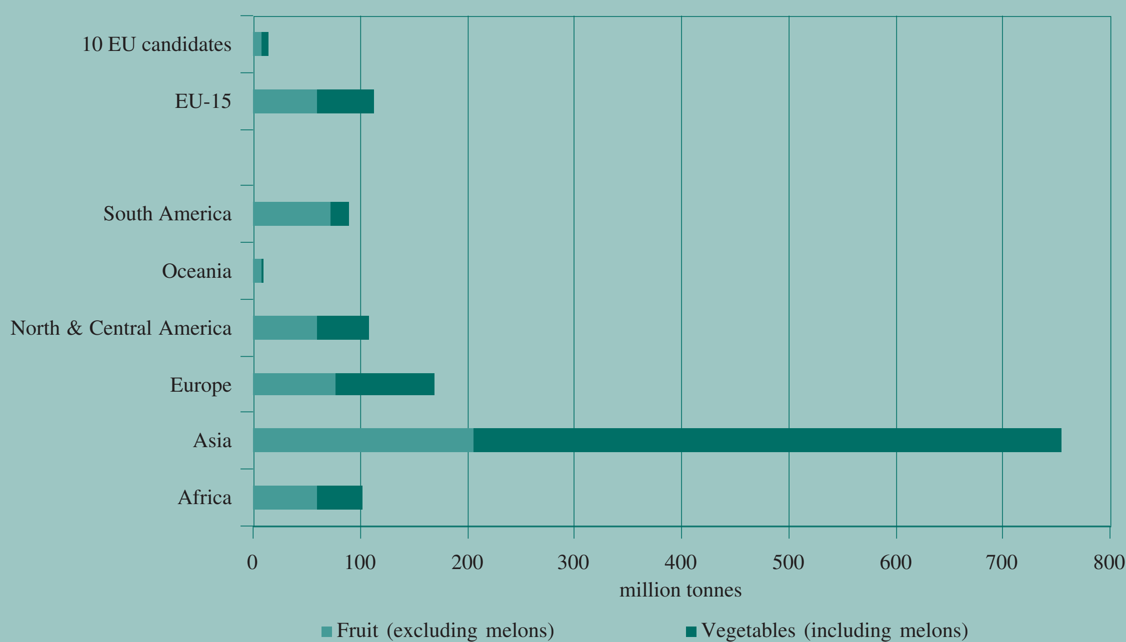
The EU's fruit and vegetables policy is designed with four main criteria in mind: the diversity of production types; the perishable nature of many products; the need to improve product quality; and, the importance of trade. Policy is continuously updated and is increasingly targeted at encouraging producers to be more market-oriented. Subsidising the withdrawal of products from the market is practised much less often than in the past.

A common market organisation (or 'regime') for fresh fruit and vegetables was initially set up in 1962, and a regime for processed fruit and vegetables has developed since 1968.

The regimes already contain many of the elements being introduced in policy reforms in other market sectors. The fruit and vegetables regime has supported traditional production, often in less-developed regions, using rural development style measures, but is largely market-oriented. The role of subsidised withdrawals of produce from the market (intervention) has been significantly reduced in order that producers orientate production to market demand rather than to benefit from CAP support systems.

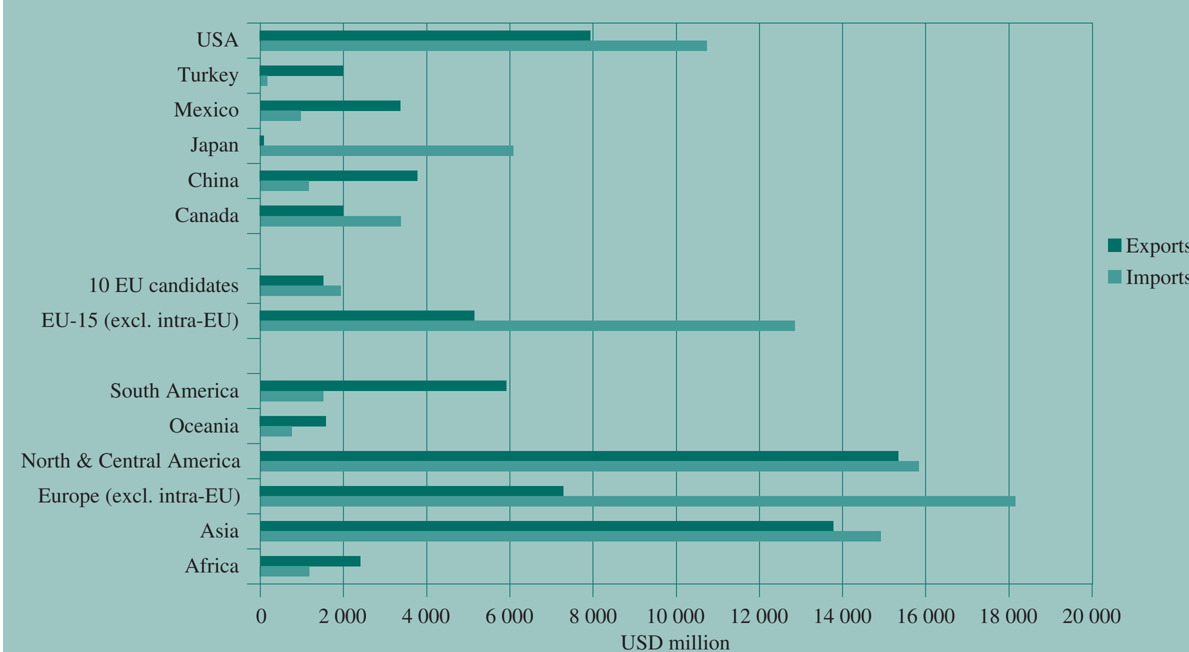
([1]) Economic size is expressed in European size units. The value of the ESU was ECU 1 200 for the 1997 survey.

Graph 3. World production of fruit and vegetables 2001–02 average



Source: FAO.

Graph 4. World imports and exports of fruit and vegetables 2000–01 average value



Source: FAO.

These trends were reinforced in the 1996 reform of the regimes ([2]). The economic objective of the regimes is to encourage producers to group together in order to strengthen their position on the market and deal with increasingly more concentrated demand in the retailer and processing industry elements of the food chain.

Products covered

The regime applies to fruit and vegetables grown in the EU with the exception of potatoes, wine grapes, bananas, sweetcorn, peas and beans for fodder and olives (see **Box 1** for the list of fresh fruit and vegetables and **Box 2** for processed fruit and vegetables).

Getting producer organisations more involved

Producer organisations

The EU provides financial assistance to recognised producer organisations to set up operational funds, encouraging them to become a major means to market fruit and vegetables. Nearly 1 400 producer organisations channel about 40 % of all fruit and vegetable production to market. The number and size of producer organisations varies widely among Member States. While in the Netherlands and Belgium more than 70 % of all fruit and vegetable production is marketed through producer organisations, the percentage is much lower in the three most important producing Member States: less than 30 % for Italy, 50 % for Spain and 55 % for France. The main aims of producer organisations, and the ways in which operational funds are increasingly used, are to:

- ensure that production is planned and adjusted to demand, particularly in terms of quality, traceability and quantity;
- encourage concentration of supply and the placing on the market of the products produced by members;
- improve technical and economic crop management and stabilise producer prices;
- promote the use of cultivation practices, production techniques and environmentally sound waste-management practices in particular to protect the quality of water, soil and landscape and preserve and/or encourage biodiversity.

([2]) Council Regulation (EC) No 2200/96 of 28 October 1996 on the common organisation of the market in fruit and vegetables, Council Regulation (EC) No 2201/96 of 28 October 1996 on the common organisation of the markets in processed fruit and vegetable products, and Council Regulation (EC) No 2202/96 of 28 October 1996 introducing a Community aid scheme for producers of certain citrus fruits (all in OJ L 297 of 21.11.1996).

Different categories of producer organisation may be set up: some specialise in marketing citrus, nuts, mushrooms or products intended for processing; others are multi-product. Membership is voluntary. The general rule is that members are obliged to market their entire production through the producer organisation.

Operational funds and programmes

Operational programmes include objectives such as the improvement of product quality, boosting of products' commercial value, consumer promotion campaigns, creation of organic product lines, the promotion of integrated production or other methods of production respecting the environment, and the reduction of market withdrawals. They should also include actions to ensure compliance with plant-health standards and maximum permitted levels of residues (e.g. of plant protection products).

Operational funds are financed by members of the producer organisation and via an EU contribution (on a 50/50 basis). EU aid is limited to a maximum of 4.1 % of the value of production marketed by the producer organisation. Operational funds can be used to finance market withdrawals for products not benefiting from EU compensation, to top up EU compensation, or to finance operational programmes approved by Member States.

Interbranch organisations

Interbranch organisations are made up of organisations or associations involved in the production, trade or processing of fruit and vegetables. Their aim is to aid production and marketing of fruit and vegetables in a more general way than producer organisations. They must be formally recognised by the Member State and are allowed to lay down rules that are stricter than EU or national rules.

Interbranch organisations may request financial contributions for activities they carry out from groups which are not members but which benefit from these activities (though only for products grown in the region concerned and products imported from third countries).

Six interbranch organisations have been recognised within the EU:

- two in France — Interfel for fresh fruit and vegetables and Anifelt for fruit and vegetables for processing;
- three in Spain — Aipema for pears and apples, Ailimpo for lemons and grapefruit, and Intercitrus for

fresh and processed citrus products (oranges, mandarins, clementines, satsumas);
- one in Greece — Edovra for peaches and pears for processing.

Marketing standards — reducing transaction costs and adding value

Marketing standards (previously called quality standards) have been laid down in the EU for products which are supplied fresh to the consumer (see **Box 3**). The marketing standards, which are similar — with minor variations — to the United Nations Economic Commission for Europe (UN/ECE) standards, are designed to encourage trade by ensuring the free movement of produce internally within the EU and outside. Implementing international standards on domestic and world markets reduces transaction costs along the fruit and vegetables chain, and is a means to add value.

The standards allow producers to describe their products and give indications of their market value without requiring physical presentation. They include a definition of the produce, some quality requirements, sizing, tolerances, packaging and presentation, and marking. Member States are responsible for the enforcement of the standards. Food safety standards are not included. Separate minimum marketing characteristics have been laid down for dried grapes of the sultana and Muscatel varieties and currants.

To simplify the administrative procedures for trade in fruit and vegetables, the European Union has recognised controls conducted in an increasing number of third countries, which account at the end of March 2003 for approximately 45 % of EU imports. This system reduces delivery times, administrative costs and overheads for EU importers, improves the quality of imported products, and adds administrative certainty for the exporter. In addition, it allows national controllers to concentrate their activities on products where no significant quality guarantee is given to EU consumers.

Promotion and EU quality products — a better image for EU fruit and vegetables

Producer organisations can promote fruit and vegetables through their operational programmes. In addition, the EU funds information and promotional campaigns to encourage the consumption of fruit and vegetables both in the EU and in third countries. The EU cofinances these measures (at the rate of 50 %), the remainder being paid by the professional or interbranch organisations that proposed them and/or by the Member States concerned.

Campaigns for promotion on the internal market aim to restore the image of the fresh products as ‘fresh’ and ‘natural’, and to bring down the average age of consumers, chiefly by encouraging young people to consume the products concerned. Modernising the image and making it more youthful is the overall aim of the campaigns for processed fruit and vegetables. Promotion of fruit and vegetables in third countries is part of a larger framework of measures seeking to advertise the high standards of EU foodstuffs, particularly in terms of hygiene, food safety, nutrition, safety, labelling and environmental sustainability.

Special emphasis is usually given to those quality products recognised as PDO (protected designation of origin), PGI (protected geographical indication) or TSG (traditional speciality guaranteed). A full list of fruit and vegetables registered under these quality schemes is available at http://europa.eu.int/comm/agriculture/qual/en/1bbaa_en.htm.

Market withdrawals of fresh fruit and vegetables

Fruit and vegetable production is unpredictable. In addition, a small surplus on the market in some weeks can have dramatic consequences for prices during the whole marketing campaign. This is why producer organisations have the right to withdraw any of the products covered by the fruit and vegetables regime from the market, in whatever quantity and for whatever period they consider appropriate. However, they have to finance such withdrawals themselves. For 16 products ([3]) the producer members of the producer organisations can benefit from a limited EU withdrawal compensation up to a ceiling of 10 % of the quantity marketed by the producer organisation (5 % for citrus fruit and 8.5 % for apples and pears). Non-members of producer organisations can also benefit from EU withdrawal compensation at a reduced rate of 10 % and within the same quantitative limits as for the members. The withdrawn products can be made available for free distribution to charitable organisations (including penal institutions, children’s holiday camps, hospitals, old people’s homes, etc.), for animal feed or for processing into industrial alcohol. The regime requires that any withdrawn produce which cannot be so utilised is

([3]) Cauliflowers, tomatoes, aubergines, apricots, peaches, nectarines, lemons, pears (other than perry pears), table grapes, apples (other than cider apples), satsumas, mandarins, clementines, oranges, melons, and watermelons.

destroyed, but only in a way that takes account of the possible environmental effects.

Use of the withdrawal mechanism has been reduced dramatically following the 1996 reforms (halved in the post-1996 five-year period), due to the introduction of ceilings on purchases, the sharp decrease of the Community withdrawal compensation and the requirement for producer contributions.

Statistical surveys of production potential of fruit trees

To provide the Commission with information on production potential Member States must carry out surveys on plantations of fruit trees once every five years, under Eurostat auspices (the most recent being in 2002). Surveys cover dessert apples, dessert pears, peaches, apricots, oranges, lemons and small-fruited citrus fruit. They must record fruit variety, age of trees, area planted, number of trees and density of plantation.

Fruit and vegetables budget

The EU budget for fruit and vegetables was EUR 1 650 million for 2002 (3.7 % of the agricultural budget — EAGGF Guarantee Section). Around 56 % of this amount is budgeted for fresh fruit and vegetables. Allocations among the various support measures are shown in Graph 5. The main beneficiaries of 2002 EU spending were Spain (34 % of fruit and vegetables expenditure), Italy (22 %), France (19 %) and Greece (15 %).

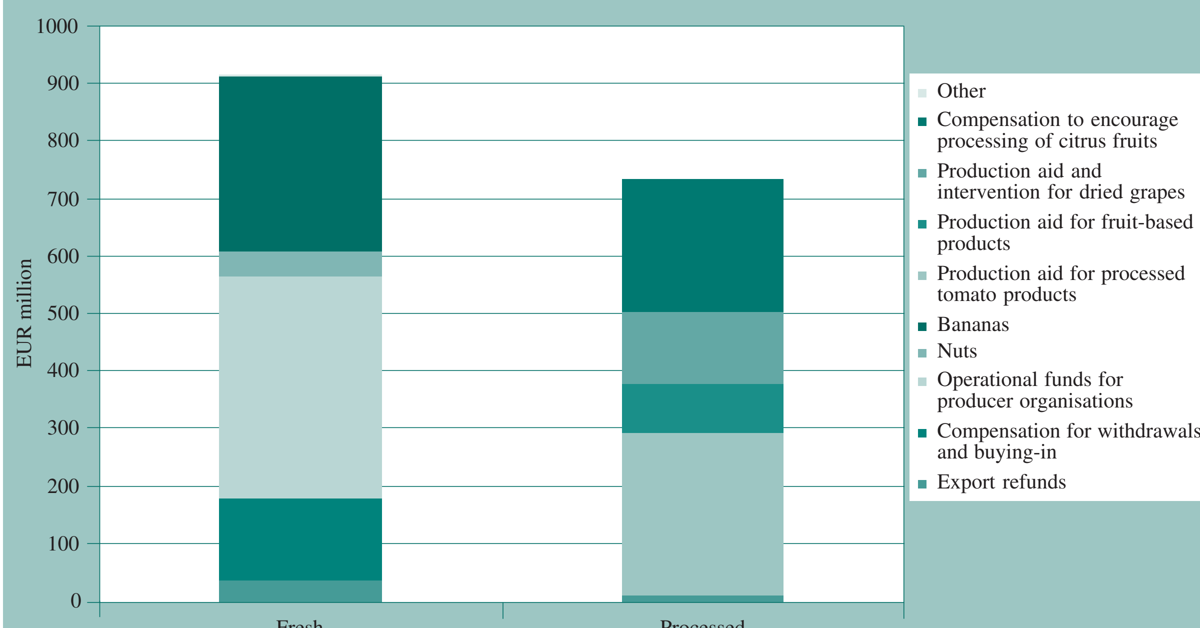
3. Assistance for specific sectors

Given the large number of different fruit and vegetables grown, under very specific conditions, the EU operates several mechanisms to assist producers and processors.

Aid for tomatoes, peaches, pears and citrus fruit grown for processing

An EU aid scheme exists to assist producer organisations supplying tomatoes, peaches, pears and citrus fruits harvested in the EU for the production of specified processed products. This aid is granted on the fresh produce delivered during a prescribed period. Aid is paid to recognised producer organisations, which pay out to the growers. Delivery to approved processors is based on

Graph 5. Available budget for fruit and vegetables 2002



Source: European Commission.

contracts specifying the quantities they cover, the price and the schedule of supply. These contracts require the processor to process the products delivered. Minimum characteristics of the raw material supplied for processing and minimum quality requirements for finished products are defined. Annual EU thresholds have been established to limit the total volume of aid: 8 251 455 tonnes for tomatoes, 539 006 tonnes for peaches, 104 617 tonnes for pears, 1 500 236 tonnes for oranges, 510 600 tonnes for lemons, 6 000 tonnes for grapefruit and 384 000 tonnes for small citrus fruits subdivided by Member State. There are penalties for overrunning thresholds.

Production aid for dried figs and dried prunes

Production aid for dried figs and dried prunes is available to processors provided they pay producers at least the minimum price for products. Supply is managed under contracts between producer organisations and processors, according to minimum quality criteria.

Cultivation aid for grapes grown for drying

Aid per hectare is available to growers for grapes intended for the production of dried Muscatel grapes, sultanas and currants, within a maximum guaranteed area (53 000 hectares for the EU). Contracts must be concluded between the producer or producer organisations and processors. The aid level is fixed per hectare of specialised area harvested, on the basis of the average yield per hectare of the area concerned.

Storage aid for sultanas, currants and dried figs

Storage agencies receive aid for the storage of sultanas, currants and dried figs bought in during the last two months of a marketing year. Products must meet quality standards.

Support measures for nuts

Existing nuts support arrangements consist of improvement plans introduced under a 1989 scheme covering five products: almonds, hazelnuts, walnuts, pistachios and locust beans. The principal measure was the financing of 10-year quality and marketing improvement plans, presented by producer organisations. The last of these plans will expire in 2006-07.

4. The fruit and vegetables regime — looking to the future

The EU fruit and vegetables regime is dynamic. The European Commission keeps it under constant review in order that it helps producers to keep pace with the changing needs of the marketplace and international trade demands. This section examines some current themes.

Simplification of the common market organisation

The regime was reformed in 1996. Based on the first years' experience thereafter, some rules were modified in 2001 to simplify the regime, to make it more flexible and to increase producer responsibility. Examples are the setting of a single ceiling to calculate EU aid for the operational funds of producer organisations, the introduction of EU and national thresholds for processing aids, and abandonment of the minimum price. Revision and updating of marketing standards is ongoing.

Following a report approved by the Commission in 2001 (and discussed by the European Parliament, the European Economic and Social Committee and the Committee of the Regions) and discussions under the Spanish Council Presidency in 2002, the Commission launched an ambitious work programme in 2003 focused on simplifying and further clarifying the regulations.

Further reform of the common agricultural policy

The only proposal relating directly to the fruit and vegetable sector in the Commission's January 2003 proposals for further CAP reform — 'CAP reform — a long-term perspective for sustainable agriculture' involves maintaining and simplifying the support arrangements for the nuts sector. The target is to reinforce the important part played by traditional nut production in protecting and maintaining the environmental, social and rural balance in a number of regions. The Commission has proposed that the current support system for nuts should be replaced by an annual flat rate payment of EUR 100/ha granted for a maximum guaranteed area of 800 000 hectares divided into national guaranteed areas. This can be topped up by an annual maximum amount of EUR 109/ha by Member States. Eligible nuts are almonds, hazelnuts or filberts, walnuts, pistachios and locust beans (carobs). Areas under active improvement plans will not be eligible.

The Commission keeps under review the possibility of making further changes to the fruit and vegetables regime.

Enlargement

Production in the 10 EU Accession States is considerable compared to EU-15 production in the case of blueberries (303 % of EU-15 production), sour cherries (228 %), raspberries (107 %), currants (94 %), cabbages (76 %), cucumbers and gherkins (37 %), gooseberries (35 %), apples (34 %), carrots (32 %), strawberries (28 %), dry onions (24 %) and plums (23 %). Poland is the main producer of such products among the 10 Accession States. Cyprus is important in grapefruit growing. Hungary is a significant producer of plums, sour cherries and raspberries while Lithuania plays this role in the production of blueberries. Types of products imported and exported are comparable to those in the EU-15.

The Commission is helping the Accession States to group supply and meet marketing standards. Temporary assistance is being made available to certain vulnerable sectors (e.g. Maltese tomatoes for processing and fresh fruit and vegetables). This aid may be granted for 11 years from the date of accession and is degressive.

5. Trade arrangements

The EU operates within GATT/WTO ([4]) rules and applies a variety of import and export measures (depending on which products are involved).

Import arrangements

Imports of the products covered by the fruit and vegetables regimes may be subject to the issuing of import licences. In principle, the rates of import duty in the Common Customs Tariff apply. However, concessions have been agreed for certain products, on multilateral or bilateral trade bases (GATT/WTO, GSP ([5]), ACP ([6]) etc). These concessions may be restricted to certain tariff quotas or to certain periods of the year, depending on the Community season. The tariff quotas are normally managed on a first come, first served basis. However, specific regimes, based on import licences, exist for fresh garlic and processed mushrooms.

For a number of fresh products ([7]) the import duty during fixed periods depends on the entry price of the imported consignment. Different systems may be selected by the importers to establish the entry price of a particular consignment. Among these is the use of the standard import value which varies by origin and is fixed daily by the Commission on the basis of representative prices of the products imported from third countries sold on EU import markets. If import volumes of products subject to the entry price system exceed the trigger volumes agreed within the WTO, an additional import duty may be applied. An additional import duty may also be charged on the percentage of added sugars in processed fruit and vegetables under the sugar regime.

Export arrangements

Export refunds (subsidies on products exported outside the EU under certain conditions) are paid on exports of some fresh fruit and vegetables, i.e. apples, lemons, oranges, peaches, nectarines, table grapes, tomatoes and certain nuts. They are granted on the basis of export licences which may be issued under four different systems. Export refunds are also paid on exports of some processed fruit and vegetables. Products eligible are processed tomatoes, provisionally preserved cherries, glacé cherries, processed hazelnuts and certain pure orange juices. Refunds may also be fixed on the percentage of added sugar in the processed fruit and vegetable products. Export refunds can vary by country of destination. The total amount spent on export refunds, and the volume of products benefiting from these refunds, are limited by the WTO agreement on agriculture.

([4]) General Agreement on Tariffs and Trade/World Trade Organisation.

([5]) Generalised system of preferences.

([6]) African Caribbean and Pacific States party to the Cotonou Agreement.

([7]) Currently these products are: fresh or chilled tomatoes, cucumbers, globe artichokes, courgettes, fresh sweet oranges, mandarins (including tangerines and satsumas), clementines, wilkings and similar citrus hybrids, lemons, fresh apples (excluding cider apples, in bulk, from 16 September to 15 December), and fresh pears (excluding perry pears, in bulk, from 1 August to 31 December).

Box 1. Products covered by the fresh fruit and vegetables regime

	CN Code	Description
	0702 00 00	Tomatoes, fresh or chilled
	0703	Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled
	0704	Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled
	0705	Lettuce (*Lactuca sativa*) and chicory (*Chichorium spp*), fresh or chilled
	0706	Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, fresh or chilled
	0707 00	Cucumbers and gherkins, fresh or chilled
	0708	Leguminous vegetables, fresh or chilled
ex	0709	Other vegetables, fresh or chilled, excluding vegetables of subheadings 0709 60 91, 0709 60 95, 0709 60 99, 0709 90 31, 0709 90 39 and 0709 90 60
ex	0802	Other nuts, fresh or dried, whether or not shelled or peeled, excluding areca (or betel) and cola nuts falling within subheading 0802 90 20
	0803 00 11	Fresh plantains
ex	0803 00 90	Dried plantains
	0804 20 10	Figs, fresh
	0804 30 00	Pineapples
	0804 40	Avocados
	0804 50 00	Guavas, mangos and mangosteens
	0805	Citrus fruit, fresh or dried
	0806 10 10	Fresh table grapes
	0807	Melons (including watermelons) and pawpaws (papayas), fresh
	0808	Apples, pears and quinces, fresh
	0809	Apricots, cherries, peaches (including nectarines), plums and sloes, fresh
	0810	Other fruit, fresh
	0813 50 31 0813 50 39	Mixtures exclusively or dried nuts of CN Nos 0801 and 0802
	1212 10 10	Carobs

Box 2. Products covered by the processed fruit and vegetables regime

		CN Code	Description
(a)	ex	0710	Vegetables (uncooked or cooked by steaming or boiling in water) frozen, excluding sweetcorn of subheading 0710 40 00, olives of subheading 0710 80 10 and fruits of the genus *Capsicum* or the genus *Pimenta* of subheading 0710 80 59
	ex	0711	Vegetables provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption, excluding olives of subheading 0711 20, fruits of the genus *Capsicum* or the genus *Pimenta* of subheading 0711 90 10 and sweetcorn of subheading 0711 90 30
	ex	0712	Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared, excluding potatoes dehydrated by artificial heat-drying and unfit for human consumption falling within subheading ex 0712 90 05, sweetcorn falling within the subheadings ex 0712 90 11 and 0712 90 19 and olives falling within subheading ex 0712 90 90
		0804 20 90	Dried figs
		0806 20	Dried grapes
	ex	0811	Fruit and nuts, uncooked or cooked by boiling or steaming in water, frozen, not containing added sugar or other sweetening matter, excluding frozen bananas falling within subheading ex 0811 90 95
	ex	0812	Fruit and nuts, provisionally preserved (for example by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption, excluding bananas provisionally preserved falling within subheading ex 0812 90 95
	ex	0813	Fruit, dried, other than that of heading Nos 0801 to 0806; mixtures of nuts or dried fruits of this chapter excluding mixtures exclusively of nuts of heading Nos 0801 and 0802 falling within subheadings 0813 50 31 and 0813 50 39
		0814 00 00	Peel of citrus fruit or melons (including watermelons), fresh, frozen, dried or provisionally preserved in brine, in sulphur water or in other preservative solutions
		0904 20 10	Dried sweet peppers, neither crushed nor ground
(b)	ex	0811	Fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen, containing added sugar or other sweetening matter
	ex	1302 20	Pectic substances and pectinates
	ex	2001	Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid, excluding: – Fruit of the genus *Capsicum* other than sweet peppers or pimentos of subheading 2001 90 20 – Sweetcorn (*Zea mays var. saccharata*) of subheading 2001 90 30 – Yams, sweet potatoes and similar edible parts of plants containing 5 % or more by weight of starch of subheading 2001 90 40 – Palm hearts of subheading 2001 90 60

		– Olives of subheading 2001 90 65 – Vine leaves, hop shoots and other similar edible parts of plants falling within subheading ex 2001 90 96
	2002	Tomatoes prepared or preserved otherwise than by vinegar or acetic acid
	2003	Mushrooms and truffles, prepared or preserved otherwise than by vinegar or acetic acid
ex	2004	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than the products of No 2006, excluding sweetcorn (*Zea mays var. saccharata*) of subheading ex 2004 90 10, olives of subheading ex 2004 90 30 and potatoes prepared or preserved in the form of flour, meal or flakes of subheading 2004 10 91
ex	2005	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than the products of No 2006, excluding olives of subheading 2005 70, sweetcorn (*Zea mays var. saccharata*) of subheading 2005 80 00 and fruit of the genus *Capsicum* other than sweet peppers or pimentos of subheading 2005 90 10 and potatoes prepared or preserved in the form of flour, meal or flakes of subheading 2005 20 10
ex	2006 00	Fruit, nuts, fruit-peel and other parts of plants, preserved by sugar (drained, glacé or crystallised), excluding bananas preserved by sugar falling within headings ex 2006 00 38 and ex 2006 00 99
ex	2007	Jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes, being cooked preparations, whether or not containing added sugar or other sweetening matter, excluding: – Homogenised preparations of bananas of subheading ex 2007 10 – Jams, jellies, marmalades, purée or pastes of bananas of subheadings ex 2007 99 39, ex 2007 99 58 and ex 2007 99 98
ex	2008	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included, excluding: – Peanut butter of subheading 2008 11 10 – Palm hearts of subheading 2008 91 00 – Maize of subheading 2008 99 85 – Yams, sweet potatoes and similar edible parts of plants, containing 5% or more by weight of starch of subheading 2008 99 91 – Vine leaves, hop shoots, and other similar edible parts of plants falling within subheading ex 2008 99 99 – Mixtures of banana otherwise prepared or preserved of subheadings ex 2008 92 59, ex 2008 92 78, ex 2008 92 93 and ex 2008 92 98 – Bananas otherwise prepared or preserved of subheadings ex 2008 99 49, ex 2008 99 68 and ex 2008 99 99
ex	2009	Fruit juices (excluding grape juice and grape must of subheadings 2009 61 and 2009 69 and banana juice of subheading 2009 80) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter

Box 3. Fresh fruit and vegetables subject to marketing standards

Almonds
Apples and pears
Apricots
Artichokes
Asparagus
Aubergines
Avocados
Beans
Brussels sprouts
Cabbage
Cauliflower
Celery
Cherries
Citrus fruit
Courgettes
Cucumbers
Cultivated mushrooms
Garlic
Hazelnuts
Kiwis
Leeks
Lettuce, curly and escarole chicory
Melons
Onions
Peaches and nectarines
Peas for shelling
Plums
Spinach
Strawberries
Sweet peppers
Table grapes
Tomatoes
Walnuts
Water melons
Witloof chicory

Other fruit and vegetables when combined with at least one of the above products in a sales package of a net weight of less than three kilograms.

BANANAS

Bananas are ranked the fifth most valuable agricultural product traded worldwide, after cereals, sugar, coffee and cocoa. Whilst the European Union is a small producer itself, in global terms, it is second largest world importer with those imports coming from developing countries.

1. The EU — a banana producer and consumer

The EU accounts for only 1.16 % of world banana production. But most of this takes place in overseas territories such as the Canary Isles and the French Antilles (Guadeloupe and Martinique), where the sector is vital for the local economy. Roughly 3 % of EU production takes place in Portugal (Madeira, the Azores and the Algarve) and Greece (Crete and Laconia).

Consumption of bananas among EU Member States is not homogenous. Consumption levels are partly determined by whether there are historic links to producing countries and to the availability of other fruits. Germany and Sweden are among the countries with the highest per capita consumption.

2. The banana regime aims at high quality

The EU brought in a banana regime in 1993 ([8]) following the introduction of the European Single Market. The regime aims to assist EU growers to become more market-oriented, and to ensure fair access to the EU market for different types of operators and for bananas from many different origins. The regime consists of four elements:

- establishment of quality and marketing standards;
- organisation of producer groups and other joint actions;
- direct aid for banana growers;
- trade arrangements with third countries.

([8]) Council Regulation (EEC) No 404/93 of 13 February 1993 (OJ L 47, 25.2.1993).

EU rules ([9]) are designed to promote producer organisations in order to encourage growers to group together to improve their marketing efforts and to increase their strength in the marketplace. The EU also emphasises the need for producers to maintain the highest quality standards for bananas marketed in the EU. From 1995 the EU has had quality standards in place ([10]). While less stringent than commercial market standards they are a minimum standard that producers must meet in order to qualify bananas for direct aid.

Direct aid is paid to cover the difference between an EU reference price level and actual average receipts (from EU banana production) over a one-year period. Payment of aid is limited to 854 000 tonnes per year across the whole of the EU (higher than actual production, which was 790 621 tonnes in 2002). Regions experiencing very low prices compared to the EU average may receive supplementary aid. Advance payments of aid are also made in order to help growers with cash flow problems. Member States have the right to withhold aid payments for bananas from new plantations if they believe the production involved poses environmental risks ([11]).

The cost of the bananas sector to the EU budget was EUR 219 million in 2001.

3. Trade in bananas

The major banana producers in the world are India, which has 19 % of production (1999 figures), all consumed domestically, and Ecuador (11 % in 1999), much of which is exported making Ecuador the world's biggest exporter. Around one quarter of global banana production is traded on the world market. The United States is the biggest importer, taking 29 % of total imports, with the EU close behind at 27 %.

EU import arrangements

The EU has always been a large importer of bananas, sourcing traditionally from ex-colonies of EU Member States where few economic alternatives to banana growing are available. Before 1993 Member States

([9]) Commission Regulation (EC) No 919/94 (OJ L 106, 27.4.1994).
([10]) Commission Regulation (EC) Nos 2257/94 (OJ L 245, 20.9.1994) and 2898/95 (OJ L 304, 16.12.1995).
([11]) For example, Commission Decision No 414/2002 of 31 May 2002 authorised Spain to suspend such aid payments for three years (OJ L 148, 6.6.2002).

adopted differing approaches to market access for bananas, ranging from very open access (the case in Germany) to import quotas and customs duties.

Since the establishment of the common market organisation, the EU has sought an equitable balance of imports from the different origins and categories of operators. The understanding arrived at with the United States and Ecuador in 2001 brought an end to the eight-year-long 'banana dispute'. It is envisaged that at the latest on 1 January 2006, imports will be governed by the application of a tariff-only system. Import arrangements in force for the interim period comprise:

A/B quotas

These quotas are predominantly composed of bananas of Latin American origin, the main exporters being Ecuador, Colombia, Panama and Costa Rica (traditionally called 'Dollar bananas'). The quotas allow access to 2 653 000 tonnes of imported bananas per year to the EU. However, these quotas are accessible to all the third countries, including African Caribbean and Pacific (ACP) States. The latter are entitled to export to the EU at a zero duty, while non-ACP countries are subject to a preferential tariff of EUR 75/tonne, a considerable reduction from the full tariff of EUR 680/tonne.

C quota

Within the framework of the Lomé Convention agreements (now the Cotonou Agreement), and as a result of historic ties with certain EU Member States, banana-producing countries from among the ACP States have had preferential access to the EU banana market. The supplying countries fall into two main groups: the Caribbean countries exporting traditionally to the United Kingdom; and, central African countries (notably Cameroon and the Ivory Coast) mainly supplying the French market. They have the right to export to the EU, with no tariff applied, within an annual quota of 750 000 tonnes.

Balanced and stable supply

As a result of these arrangements Dollar bananas represented 63 % of supplies on the EU market in 2001, with ACP (18 %) and EU bananas (19 %) providing the rest. Imports outside the quotas may take place with higher tariffs applied.

Everything but arms (EBA)

Under the EBA initiative approved by the EU in February 2001, banana imports from the 48 least developed countries (LDC) of the world will have duty-free access to the EU market (being phased in over the 2002 to 2006 period).

4. Enlargement of the European Union

Import quotas will be increased to take account of the larger EU market, in order to ensure sufficient banana supply to EU consumers in conformity with WTO rules. Demand in the Accession States is increasing rapidly (for example per capita consumption of bananas in Poland nearly doubled between 1993 and 1998 and continues to rise).

FLOWERS AND PLANTS

With 6 % of the European Union's agricultural production, the flowers and plants — or 'ornamentals' — sector is characterised by the enormous diversity of its products, from bulbs to ornamental plants and cut flowers. The EU's assistance to the sector is aimed at encouraging the efficient marketing and promotion of high quality produce.

1. Flowers and plants — some facts and figures

The EU's production of flowers and plants involves about 160 000 hectares of land, some under glass or other protective cover, and is worth about EUR 16 billion (16 000 million) per year. The sector is growing in size and worth. The Netherlands produces about 30 % of the EU's ornamentals (in product value terms) and is a major world player too especially for cut flowers and bulbs (EUR 6 billion). Other significant producers are Germany (16 % of EU production), Italy (15 %), France (14 %) and the United Kingdom (7 %).

Intra-Community trade in ornamentals is worth about EUR 5 billion (in 2001). Danish and German consumers buy the most (EUR 80 per inhabitant per year).

2. Survival of the fittest

Heavy investment is needed to establish as a producer. There are high environment-related and other costs (especially labour and energy) associated with modern production. Only the best-managed businesses survive and grow. For the moment the sector is permitted to pay a reduced rate of VAT (under an EU-wide agreement) in recognition of its cost structure.

The main EU rules for the sector were laid down in 1968 ([12]) and apply to live trees and other plants, bulbs, roots, cut flowers and ornamental foliage. Quality standards have been laid down for bulbs and cut flowers. They set out minimum physical characteristics, size/shape, presentation and labelling norms. The marketing standards are designed to ensure that products are labelled correctly with their origin and size grading.

There is no EU financial assistance to the flowers and plants sector. No aid to producers, no intervention (storage) buying or other price support and no export subsidies are made available. This means that the flowers and plants sector is very exposed to competition on the world market.

3. Trade in ornamentals

The EU is a major player in the global market. It has been a net exporter since 1994 and exports were worth EUR 1 493 million in 2001 (mostly plants, flowers and bulbs). The main export destinations are the United States, Switzerland and Japan. The Swiss 'consume' EUR 124 worth of ornamentals per inhabitant per year and the Norwegians EUR 111 per inhabitant!

Imports of ornamentals represent about 8 % of the value of EU production and are governed by WTO rules. At 357 000 tonnes, and a value of approximately EUR 1.24 billion, imports have risen by nearly 75 % since 1991. The EU is the major world market for cut flowers and about 80 % of those imports enter the EU under preferential trade terms. Kenya is the main third country supplier of cut flowers.

Tariffs are applied, in particular for cut flowers where global competition is strong. Special safeguard measures are also available in case of sudden disturbances to the EU market. Some specific products are covered by additional measures, for instance roses and carnations coming from Mediterranean third countries must abide by minimum entry prices operating within import quotas. Israel and Morocco are the principal countries using these arrangements.

4. Enlargement of the European Union

Enlargement is likely to be positive for the flowers and plants sector, not least because the EU market should grow by 75 million inhabitants. Demand for ornamentals is normally closely linked to income per inhabitant and the average income of the Accession States' consumers is growing steadily. At the same time the ornamentals sector of the Accession States will play a major role in meeting additional demand helped, at least initially, by lower production costs.

([12]) Council Regulation (EEC) No 234/68 of 27 February 1968 (OJ L 55, 2.3.1968).

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