

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Belgium EU-27**

**Post:** Brussels USEU

### **Commission approves extension of duty suspension for cereals**

**Report Categories:**

Agricultural Situation

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**Report Highlights:**

High EU grains prices coupled with low stock levels have prompted the European Commission to continue to suspend import duties applied to soft wheat of low and medium quality and feed barley within existing Tariff Rate Quotas (TRQ) until June 30, 2012. Imports into the EU above the TRQ will remain subject to the usual Euro 95 per Metric Ton (MT) duty on soft wheat and Euro 93 per MT on feed barley.

**General Information:**

Further to the Cereals Management Committee of Thursday, November 24, 2011, the Commission will shortly approve the extension of suspension of import duties applied to existing quotas of soft wheat of low and medium quality and feed barley until June 30, 2012. Duties for these grains were initially suspended in February 2011.

The EU has established an annual *erga omnes* (open to all) Tariff Rate Quota (TRQ) for medium and low quality soft wheat of 2,989,240 MT at Euro 12 per metric ton (MT). Within this total quantity, there is a specific quota of 572,000 MT for imports from the United States and 38,853 MT from Canada. For feed barley, there is an annual *erga omnes* TRQ of 306,215 MT with a duty of Euro 16 per MT.

These preferential duties will be maintained at zero in respect of quantities within the TRQ. Imports into the EU above the TRQ would remain subject to the usual Euro 95 per MT duty on soft wheat and Euro 93 per MT on feed barley.

The measure was taken to ease pressure on the European cereals market and to help the livestock sector. Prices remain high at over Euro 180 per MT for wheat, barley and corn and 2011/12 stocks are at their lowest.

**Background**

Under WTO rules, the EU has bound tariffs for all grains, although the applied rates are different. The duty is fixed on the basis of the difference between the effective EU intervention price for grains multiplied by 1.55 and a representative cif (cost, insurance, freight) price for grains in Rotterdam. The resulting duty has been set at 0 per MT for durum wheat and high quality wheat since the beginning of the 2010/11 marketing year. The duty for corn has been set at Euro 0 per MT since August 17, 2010 and the duty for sorghum and rye at Euro 0 per MT since October 19, 2010. For other grains, the EU has established a number of Tariff Rate Quotas (TRQ). For medium and low quality soft wheat, there is an *erga omnes* (open to all) annual TRQ of 2,989,240 MT at an import duty of Euro 12 per MT. Within this overall volume, there is a country specific quota of 572,000 MT for imports originating in the United States and 38,853 MT for Canada. The remaining 2,378,387 MT is split into four equal tranches of 594,597 MT, one of which is open each quarter to other third countries. From January 2012, the first two tranches will be merged into a single tranche of 1,189,194 MT. For feed barley, there is an annual TRQ of 306,215 MT with a duty of Euro 16 per MT.