

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Import duties on grains for certain tariff quotas suspended

Report Categories:

Agricultural Situation

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Report Highlights:

The European Commission's Cereals Management Committee which met on Thursday, February 17, 2011 voted to suspend import duties on certain grains imported into the EU from week beginning February 21, 2011 until the end of June 2011. The move is aimed at easing the pressure on the EU market, especially for animal feed. The suspension relates to existing tariff rate quotas for low and medium quality soft wheat and for feed barley, where preferential tariffs of Euro 12 per metric ton and Euro 16 per metric ton respectively will be reduced to zero for the volumes permitted under the quota.

General Information:

The European Commission's Cereals Management Committee which met on Thursday, February 17, 2011 voted to suspend import duties on certain grains imported into the EU from week beginning February 21, 2011 until the end of June 2011. The move is aimed at easing the pressure on the EU market, especially for animal feed. The suspension relates to existing tariff rate quotas for low and medium quality soft wheat and for feed barley, where preferential tariffs of Euro 12 per metric ton and Euro 16 per metric ton respectively will be reduced to zero for the volumes permitted under the quota.

In order to avoid penalizing traders who have grains currently being transported to the EU, transport time will be taken into account. As long as transport to the EU is underway by June 30, 2011 at the latest, traders will be allowed to release the grains for free circulation under the duty suspension scheme.

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 price for grains in Rotterdam. The resulting duty has been set at 0 for durum wheat and high quality wheat since the beginning of the current 2010/11 marketing year. The duty for corn has been set at Euro 0 per metric ton since August 17, 2010 and the duty for sorghum and rye at Euro 0 per metric ton since October 19, 2010. For other grains, the EU has established a number of Tariff Rate Quotas. For medium and low quality soft wheat, there is an *erga omnes* (open to all) annual Tariff Rate Quota of 2,989,240 metric tons at an import duty of Euro 12 per metric ton. Within this overall volume, there is a country specific quota of 572,000 metric tons for imports originating in the United States and 38,853 metric tons for Canada. The remaining 2,378,387 metric tons is split into four equal tranches of 594,597 metric tons, one of which is open each quarter to other third countries. For feed barley, there is an annual Tariff Rate Quota of 306,215 metric tons with a duty of Euro 16 per metric ton.