



Review of administration AGRI tariff rate quotas

19 February 2019

COMAGRI

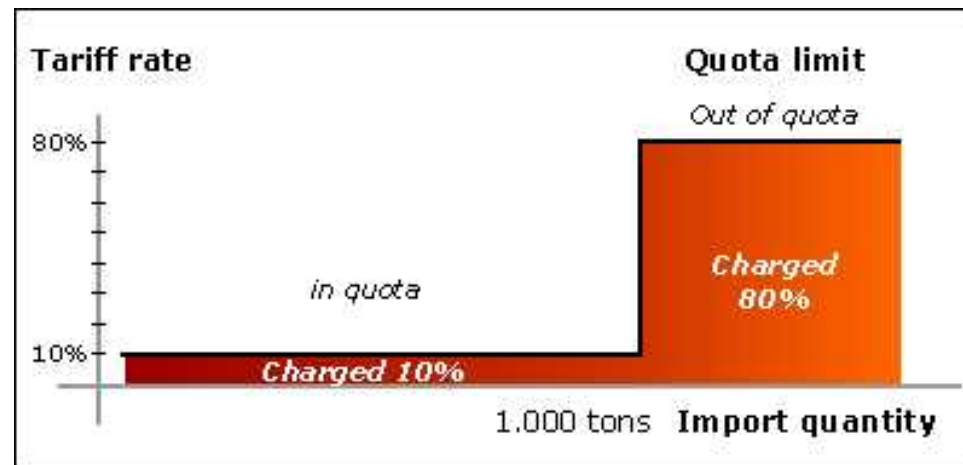
Michael Scannell – Director for Common Market Organizations for agricultural products, DG AGRI



What is a Tariff Rate Quota (TRQ)?

In the framework of negotiations, TRQ is an alternative to free access to the market for sensitive products.

Quantities inside a quota are charged lower import duty rates, than those outside (which can be high).



Source chart: WTO E-Learning – Copyright © March 2015



What is a Tariff Rate Quota (TRQ)?

- ❖ A TRQ is a trade policy tool used to protect a sensitive domestically-produced commodity or product from competitive imports.
- ❖ A TRQ combines two policy instruments that nations historically have used to restrict imports: quotas and tariffs.





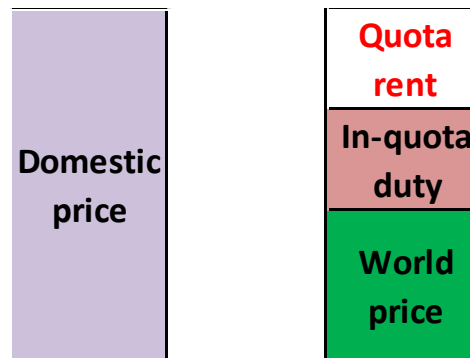
Monetary value of TRQs: Quota rent

When:

domestic price > Import price + in-quota tariff



QUOTA RENT



The quota rent yearly generated by agriculture TRQs could be estimated between € 1 to 1,2 bn in 2015





Quota rent

Quota rents depend on many factors, e.g.:

- ✓ internal and external prices
- ✓ Size of the quota
- ✓ In-quota rate
- ✓ Individual contracts





TRQs on agricultural products

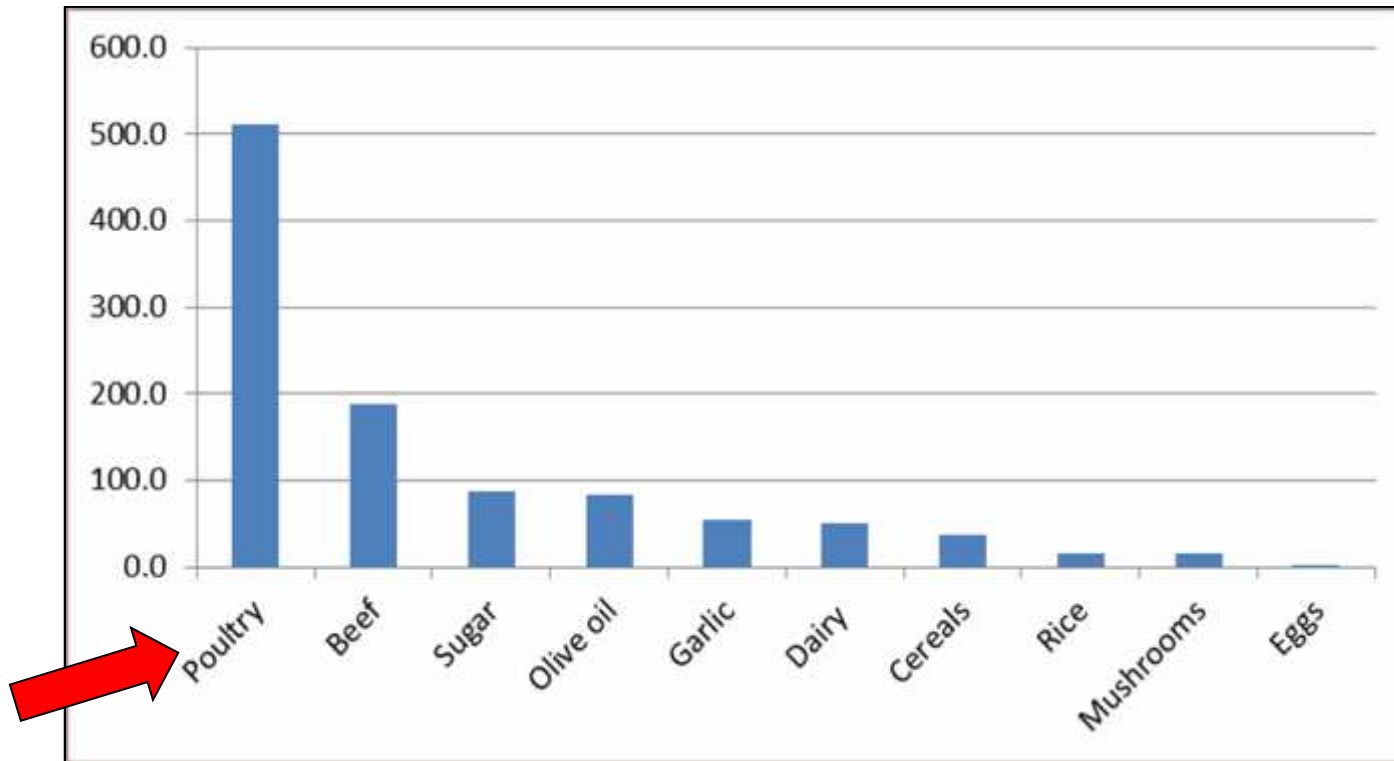
- There are currently ± 500 TRQs:
- 355 managed by TAXUD on a first-come-first-served (FCFS) system, i.e. without import licence
- 145 managed by AGRI with a licence on a simultaneous examination system.





Quota rent by product...

... received "for free" by operators in 2015



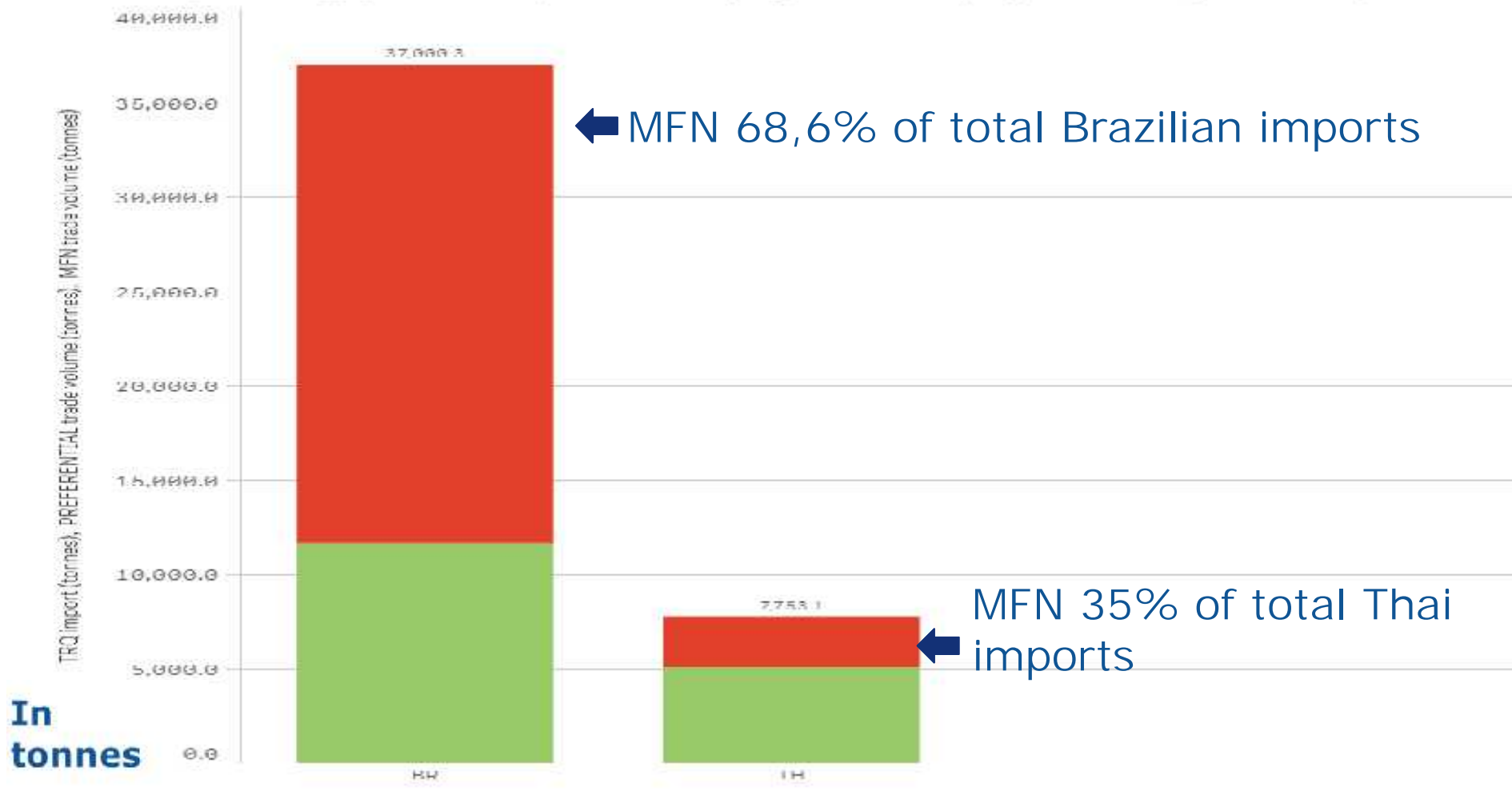
Estimate based on 2015 data - Million EUR





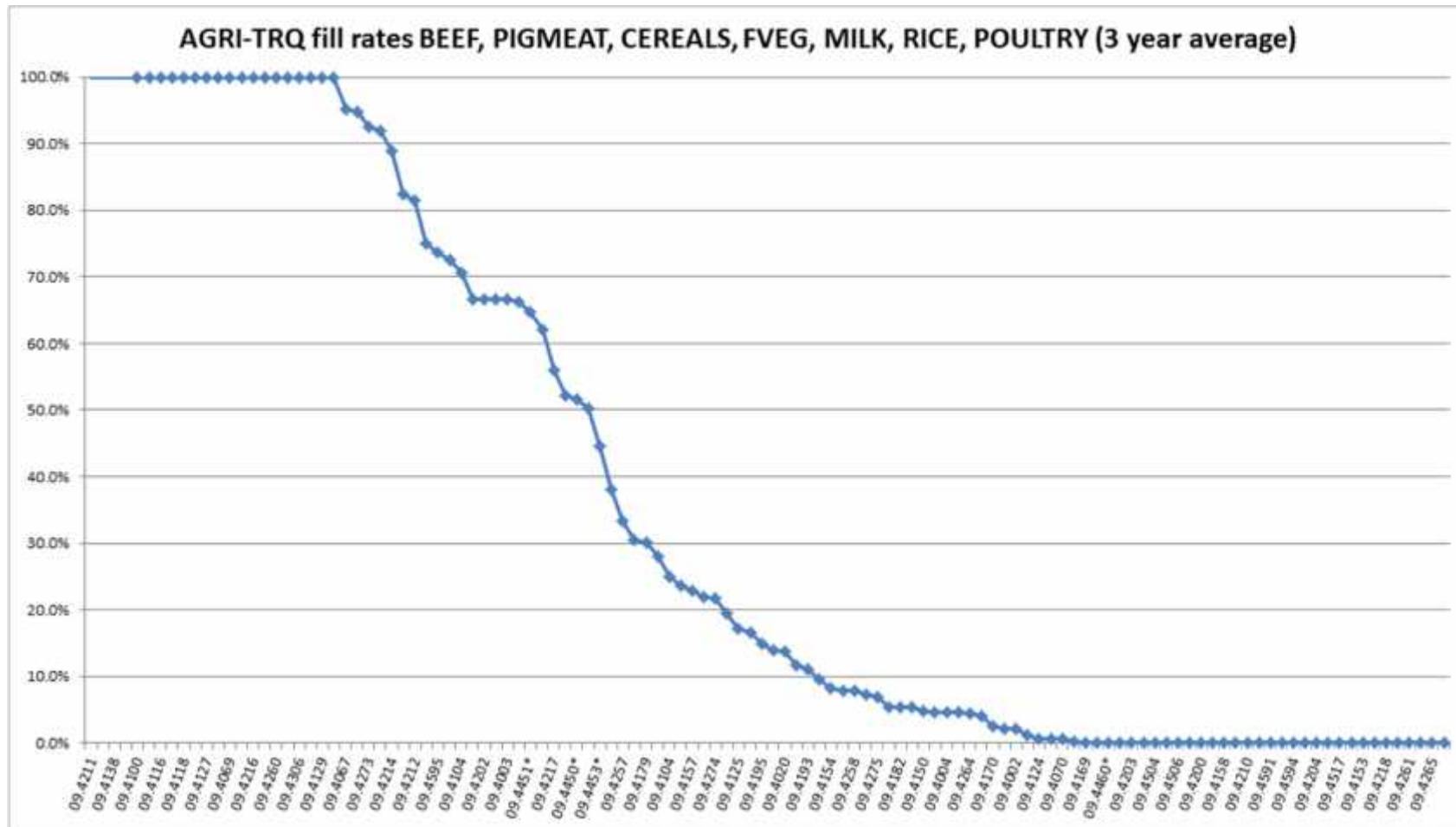
Brazil and Thailand poultry TRQs: the difference in quota rent level is captured by the difference in MFN imports with total imports

IMPORTS by main category for POULTRY, TRQ 09.4410 (BR), TRQ 09.4411 (TH), Chicken cuts, CN 020714⁴, 2015





AGRI TRQs





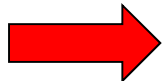
TRQ review

➤ Lisbonisation of about 40 Commission Regulations...

... that will end up in 1 Delegated Regulation and 1 Implementing Regulation (instead of 40*2!).

Aims set by the Market Committee members:

- Streamline
- Simplify
- Keep specific rules where necessary
- Target real economic actors





TRQ review

- Very inclusive process
- Many requests of stakeholders taken on board
- Divergent interests involved -> aim of the Commission is to find a reasonable balance
- Fair and objectives rules for both:
 - "EU" operators
 - trade partners





Poultry over-demanded TRQs

Current system: inefficient

1

- TRQ with high quota rent



2

- An importer can apply only for 10% of the TRQ quantity

3

- Creation of "shelf" companies



4

- A high number of applications: i.e 35-50k in NL



5

- Very low allocation coefficient (<1%)





Proposed solution for over-demanded TRQs

A “pro-rata” system, based on:

- Reference quantity
- LORI database (for 21 TRQs only)

 as explained in the next slides





Reference quantity

... attributed to an operator on the basis of its historical import

 Sensitive TRQs

Calculation: 2 years average annual quantity of products imported by an operator

Use: it's an evolving ceiling to applications that an operator can submit in a TRQ period





Reference quantity

To ensure that 100% of the TRQ can be filled:



This requirement will be suspended:

- ❑ If by the end of the 9th month of a TRQ period, the quantities applied for under a TRQ are lower than the quantity still available.
- ❑ Or even, possibility to anticipate the suspension if operators with reference quantity are not applying.





The LORI database



For 21 TRQs: poultry



+ garlic from China



- ✓ Importers shall register in the LORI database before applying for any of these TRQs

- ✓ The operator shall be:
 - an independent operator; or
 - a non-independent operator with substantial economic activity





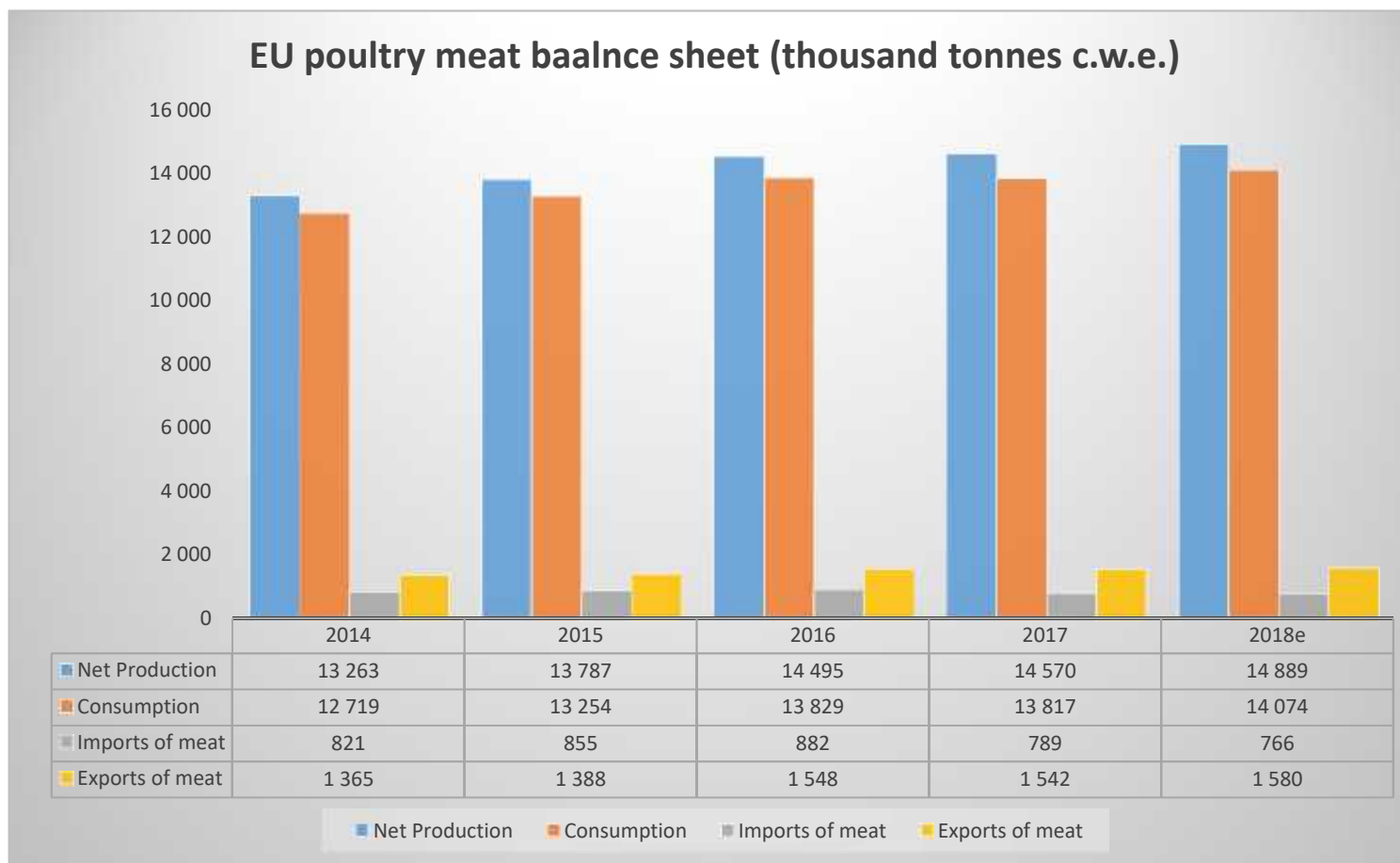
The LORI database: to keep in mind

- ✓ Operators and MSs agree that the current management system is not sustainable
- ✓ Basic principle: only genuine operators apply for licences (no "shelf" companies)
- ✓ Rules on reference quantity ensure equal treatment among EU registered operators
- ✓ Some flexibility introduced, while ensuring fair TRQs administration.
- ✓ Improvement compared with current situation. Alternative: tendering system but operators are very reticent.





Basic facts



Source: https://ec.europa.eu/agriculture/markets-and-prices/short-term-outlook_en



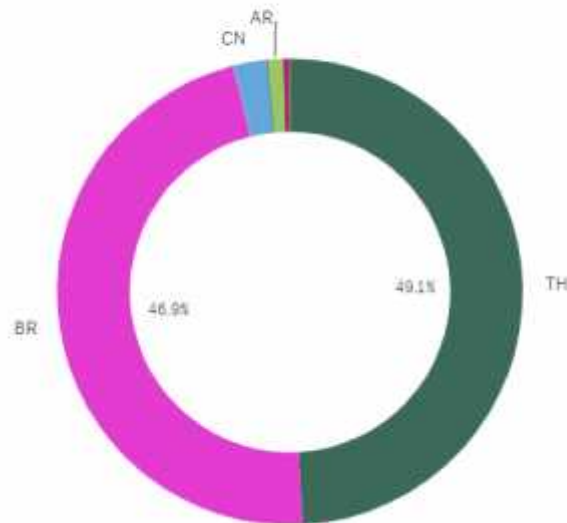
European Commission

LORI 20 Poultry TRQ – 2014 to 2018

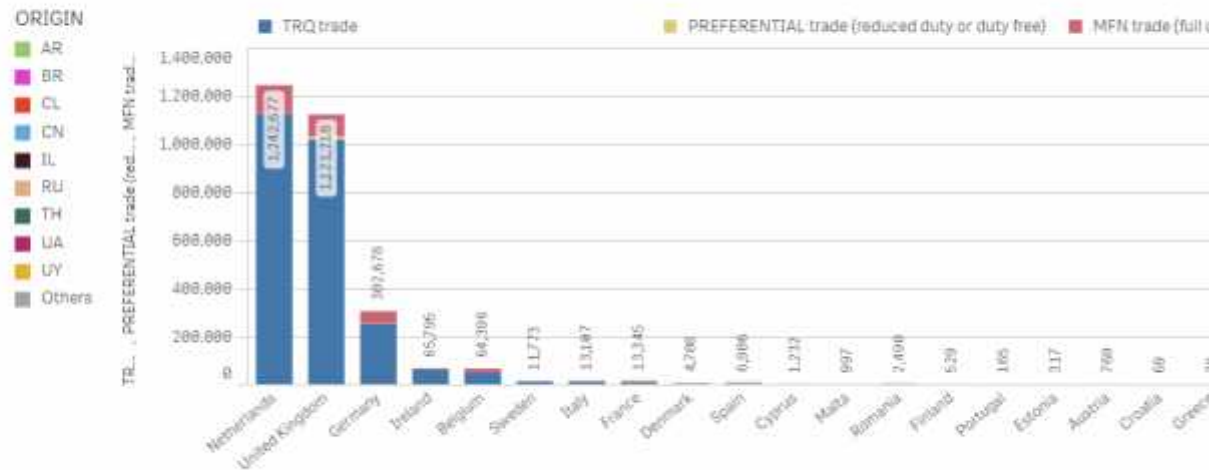
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes

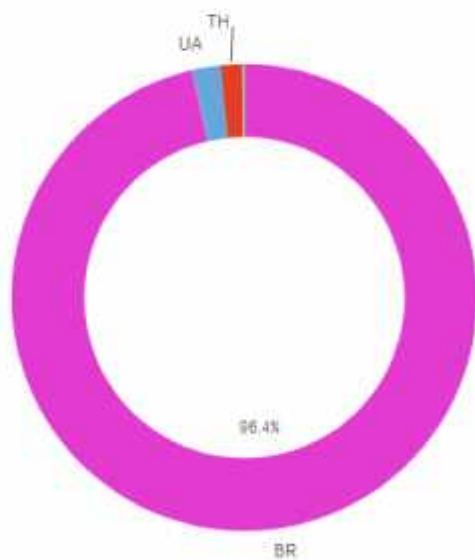


LORI Poultry – 09.4069 - BRAZIL - frozen chicken fillet (2014 – 2018)

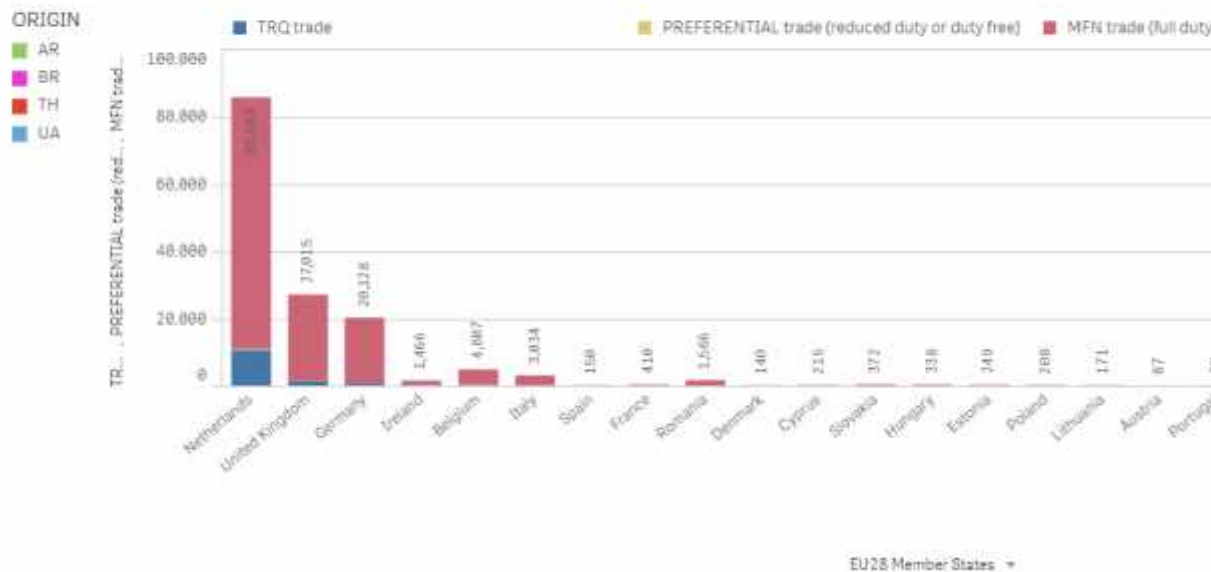
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes





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LORI Poultry – 09.4067 - ERGA OMNES - whole chickens (2014 – 2018)

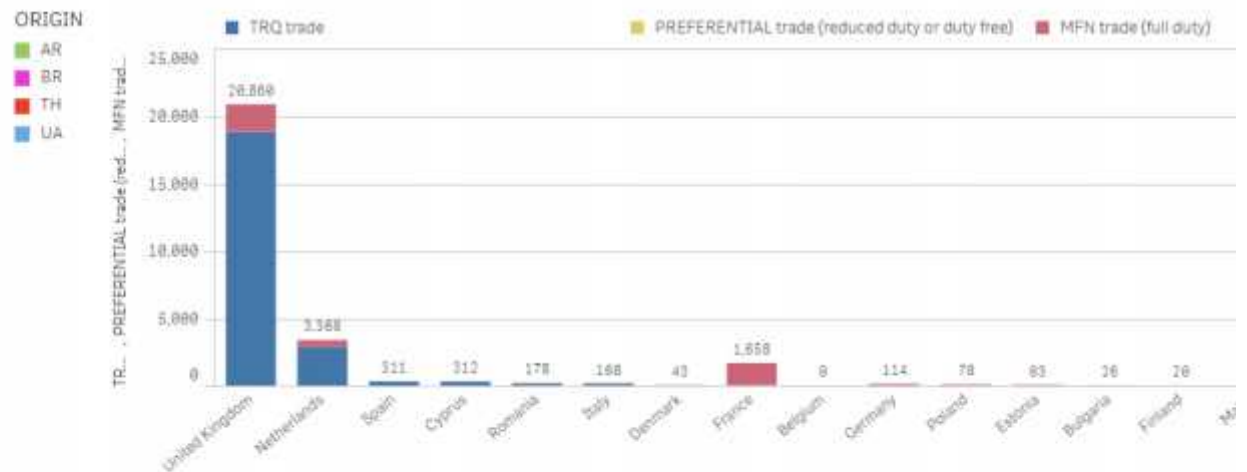
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes





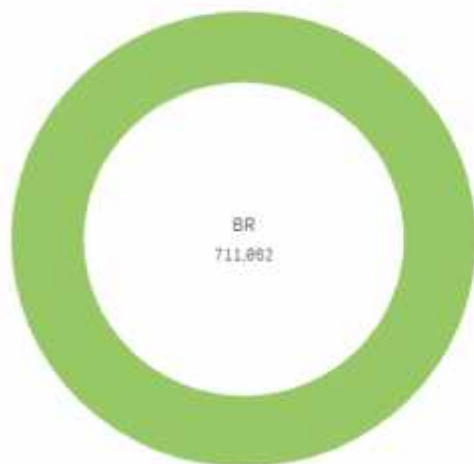
European Commission

LORI Poultry – 09.4211 - BRAZIL - poultry meat, salted, dried or smoked (2014 – 2018)

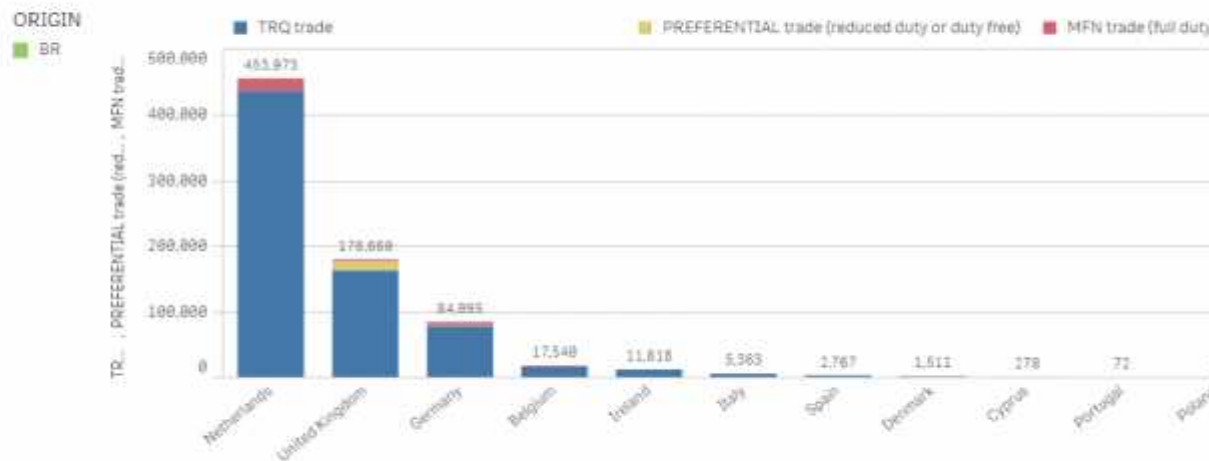
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes





European Commission

LORI Poultry – 09.4212 - THAILAND – poultry meat, salted, dried or smoked (2014 – 2018)

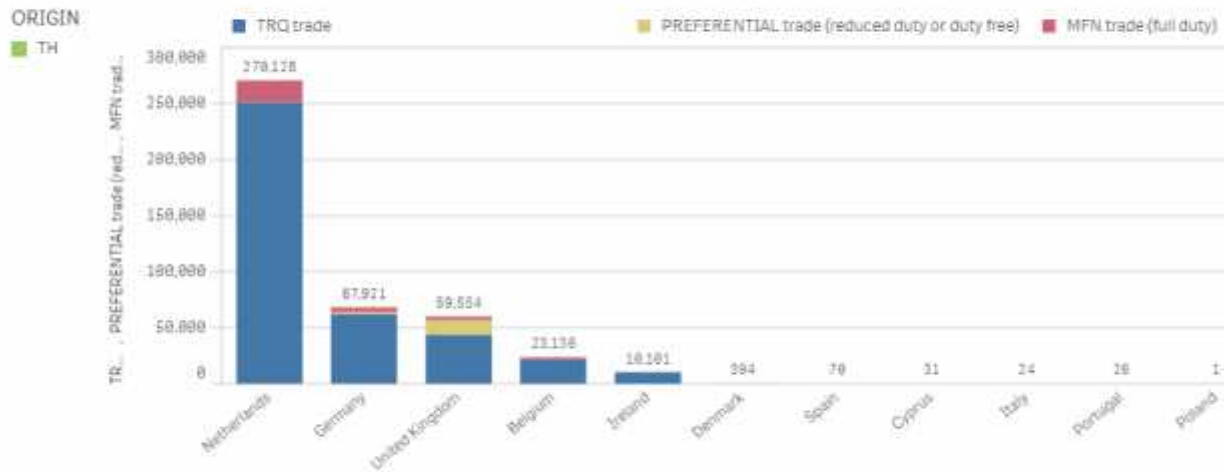
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes





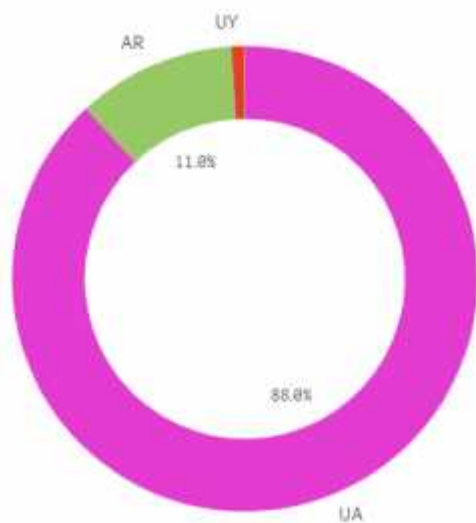
European Commission

LORI Poultry – 09.4213 - UKRAINE – poultry meat, salted, dried or smoked (2014 – 2018)

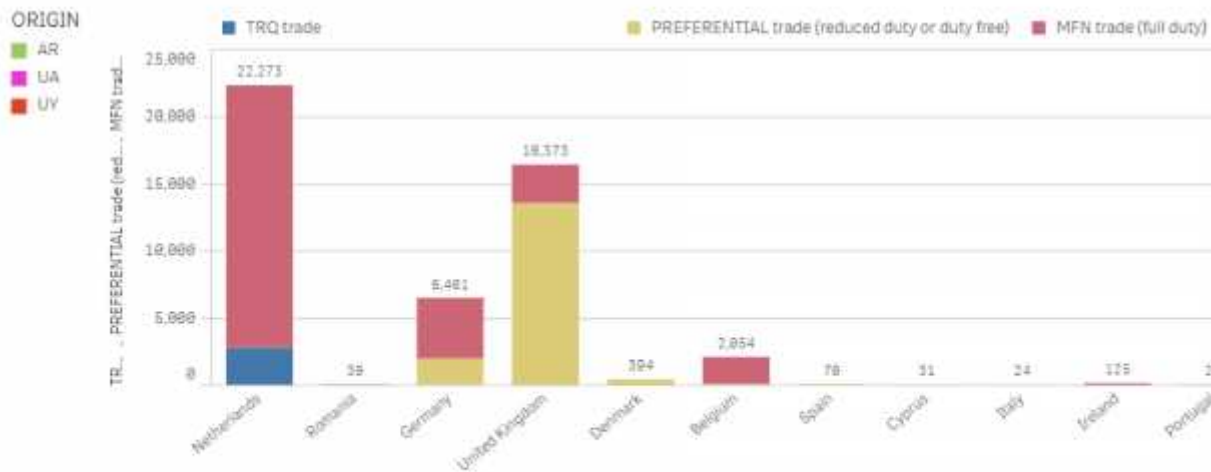
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes





European Commission

LORI Poultry – 09.4214 - BRAZIL – chicken preparations \geq 57%, cooked (2014 – 2018)

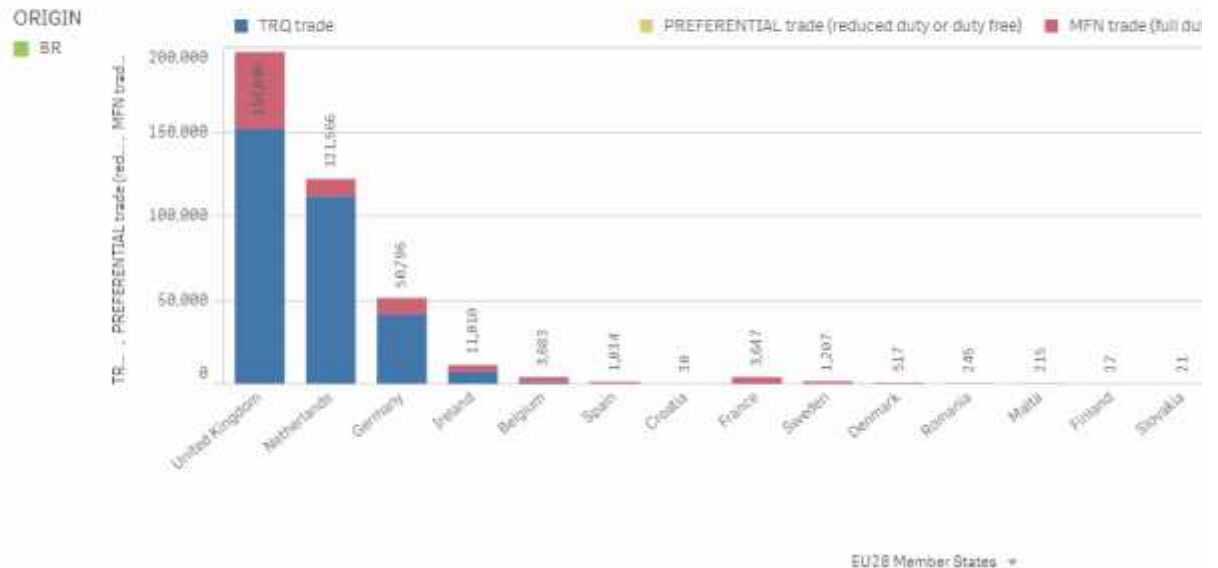
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes





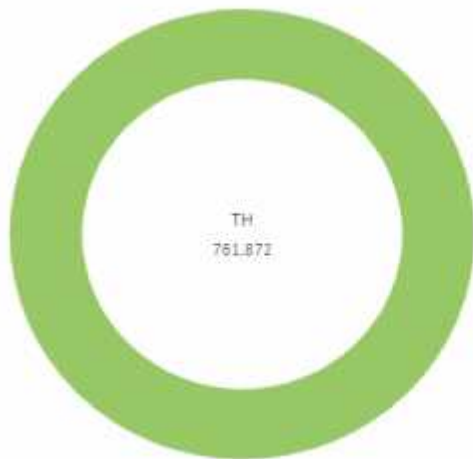
European
Commission

LORI Poultry – 09.4215 - THAILAND - chicken preparations \geq 57%, cooked (2014 – 2018)

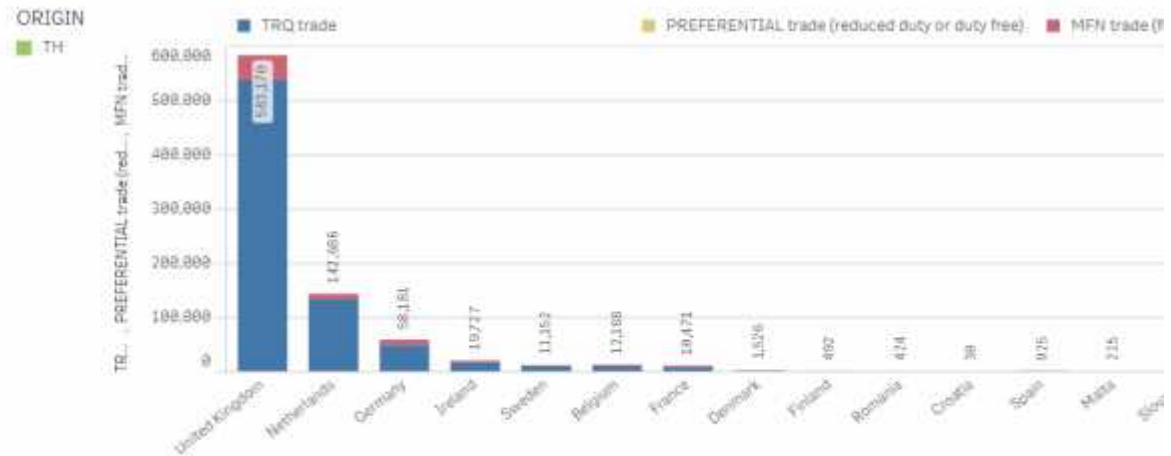
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes





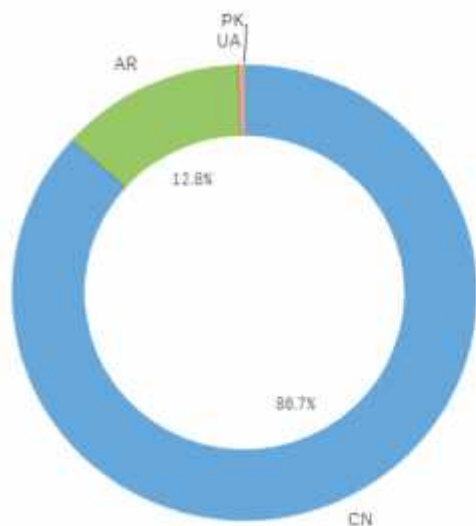
European Commission

LORI Poultry - 09.4216 - CHINA - chicken preparations \geq 57%, cooked (2014 – 2018)

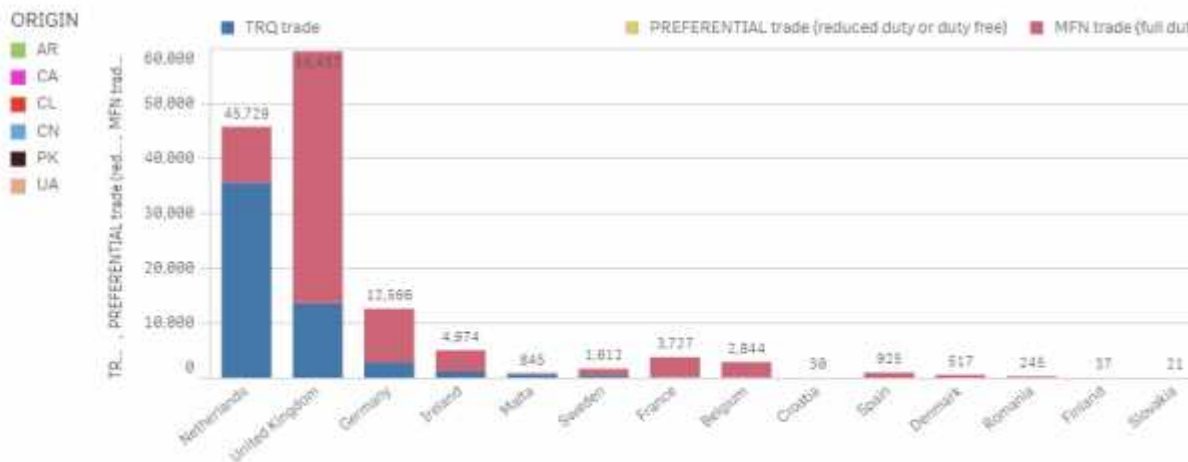
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes



EU28 Member States



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Commission

LORI Poultry - 09.4251 - BRAZIL - chicken preparations \geq 57%, uncooked (2014 – 2018)

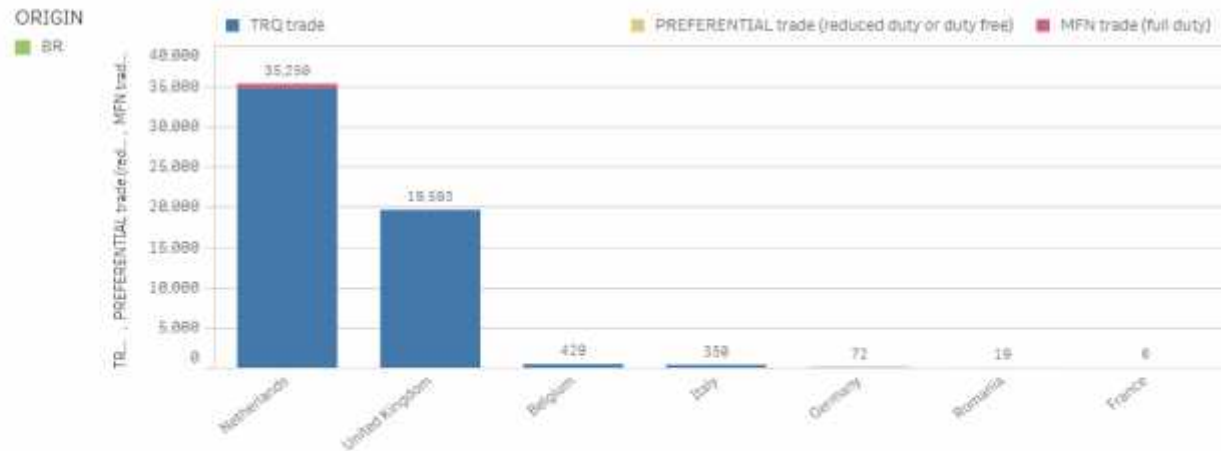
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes





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Commission

LORI Poultry - 09.4254 - THAILAND - chicken preparations 25 - < 57% (2014 – 2018)

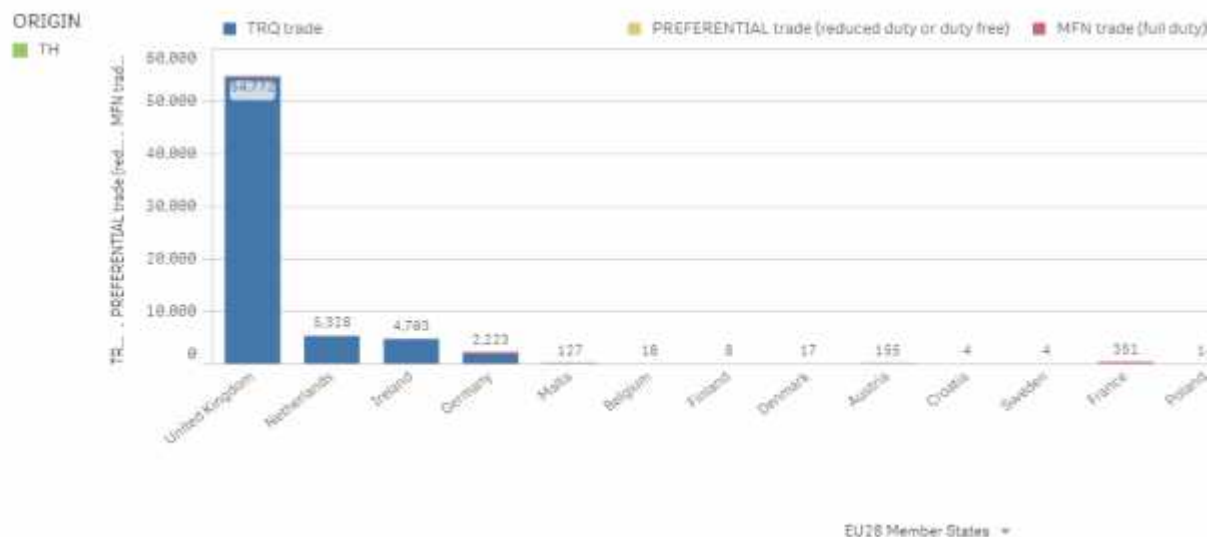
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes



EU28 Member States



European Commission

LORI Poultry – 09.4255 - THAILAND - chicken preparations < 25% (2014 – 2018)

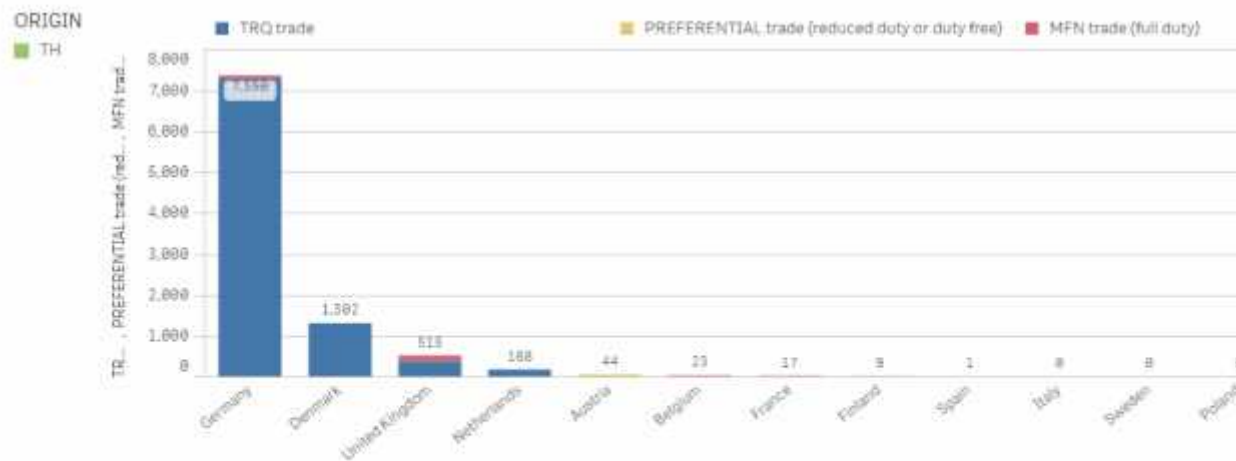
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes





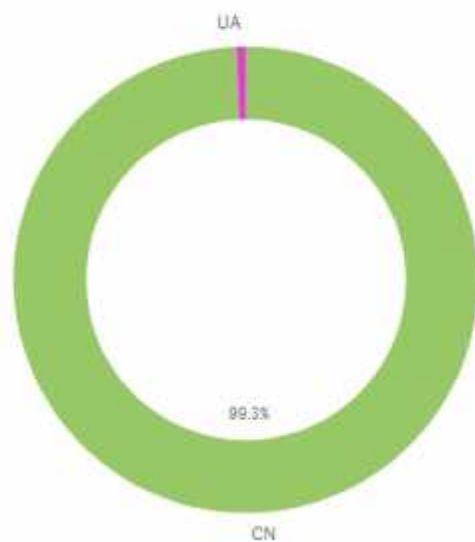
European Commission

LORI Poultry – 09.4260 - ERGA OMNES excl. BR-TH - chicken preparations 25 - < 57% (2014 – 2018)

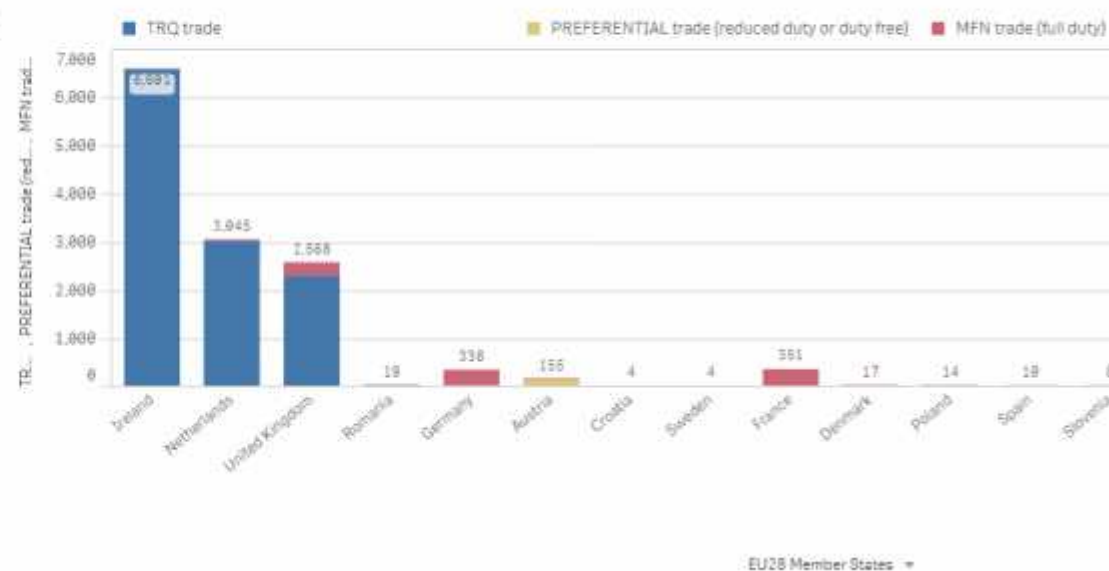
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes





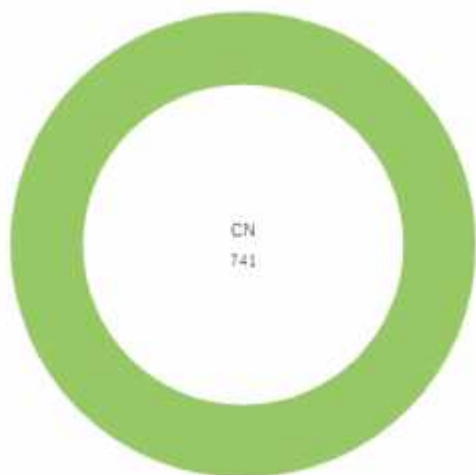
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Commission

LORI Poultry – 09.4263 - ERGA OMNES excl. TH - other poultry preparations >= 57% (2014 – 2018)

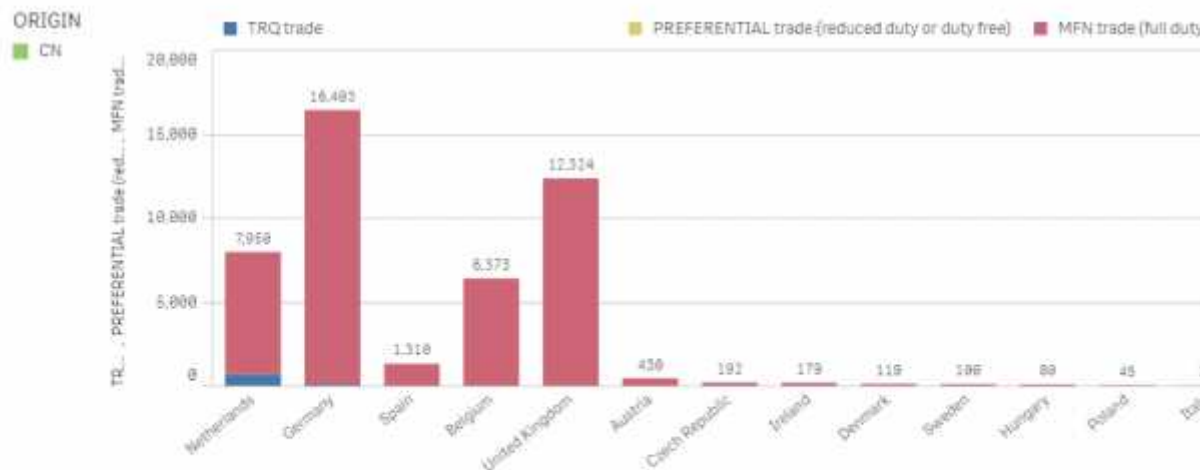
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes





European Commission

LORI Poultry – 09.4411 - THAILAND - chicken cuts (GATT-Oilseed) (2014 – 2018)

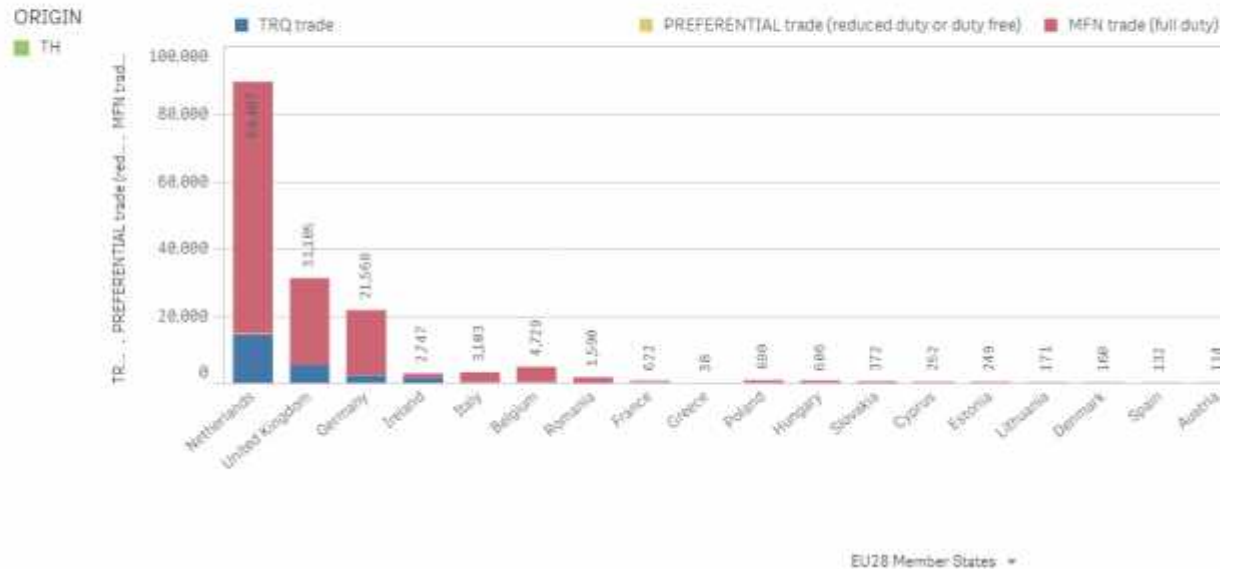
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes





LORI Poultry – 09.4410 - BRAZIL - chicken cuts (GATT-Oilseed) (2014 – 2018)

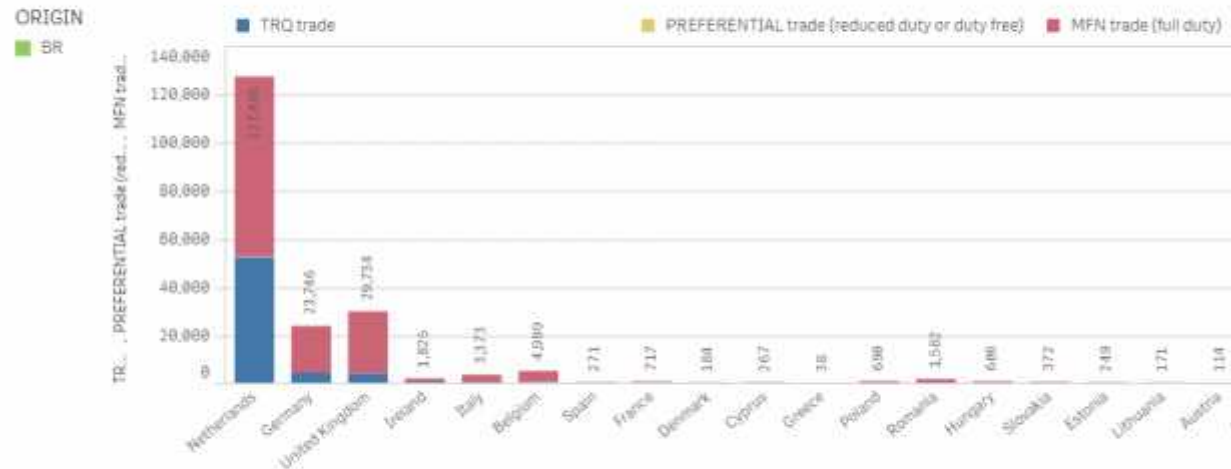
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes





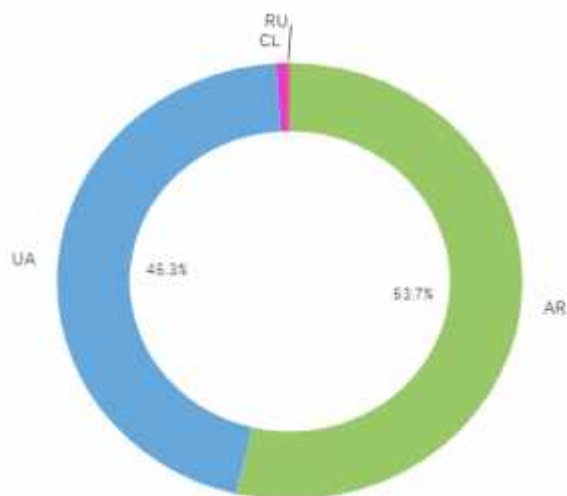
European Commission

LORI Poultry – 09.4412 - ERGA OMNES excl. BR-TH - chicken cuts (GATT-Oilseed) (2014 – 2018)

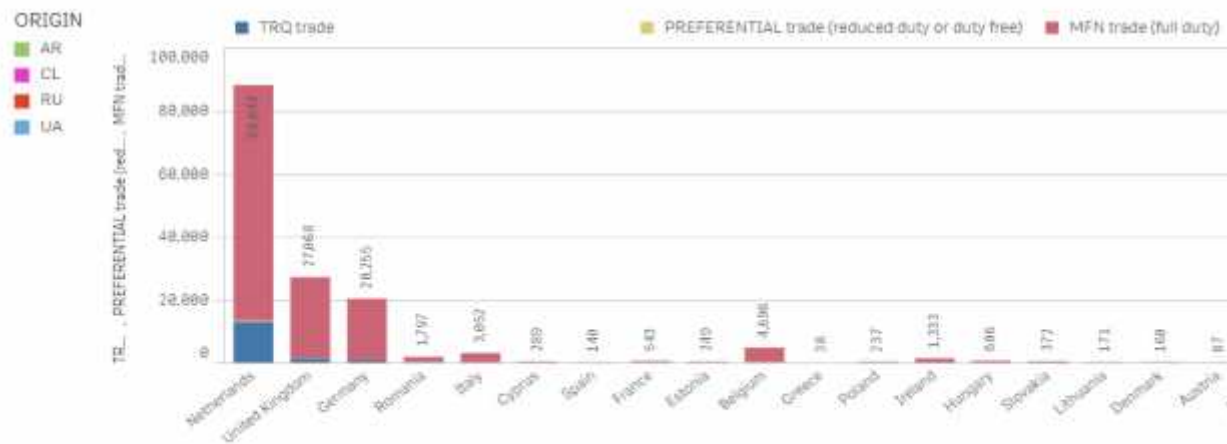
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes





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Commission

LORI Poultry - 094420 - BRAZIL - turkey cuts (GATT-Oilseed) (2014 – 2018)

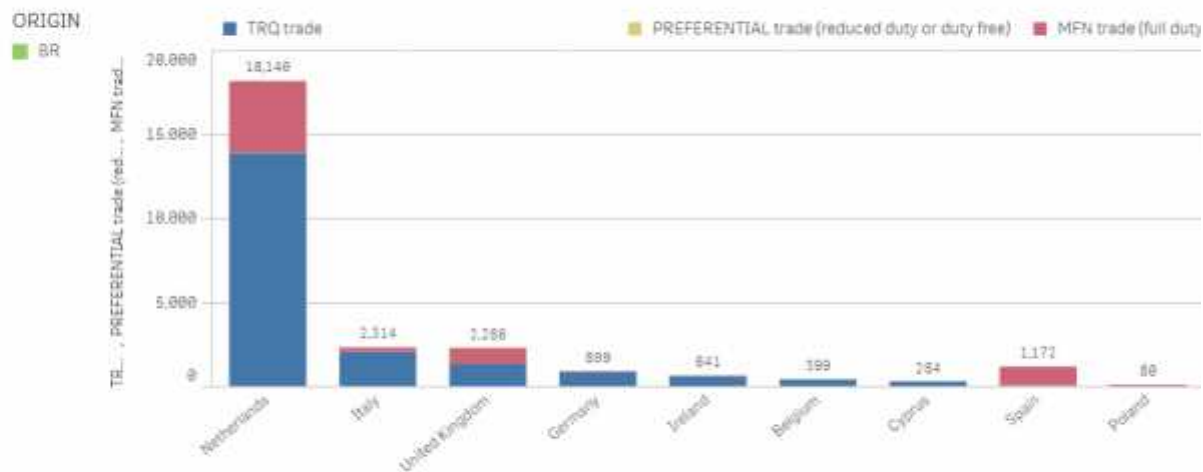
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes



EU28 Member States



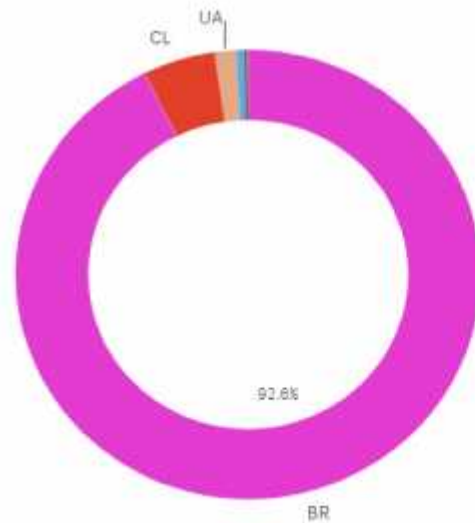
European Commission

LORI Poultry – 09.4422 - ERGA OMNES - turkey cuts (GATT-Oilseed) (2014 – 2018)

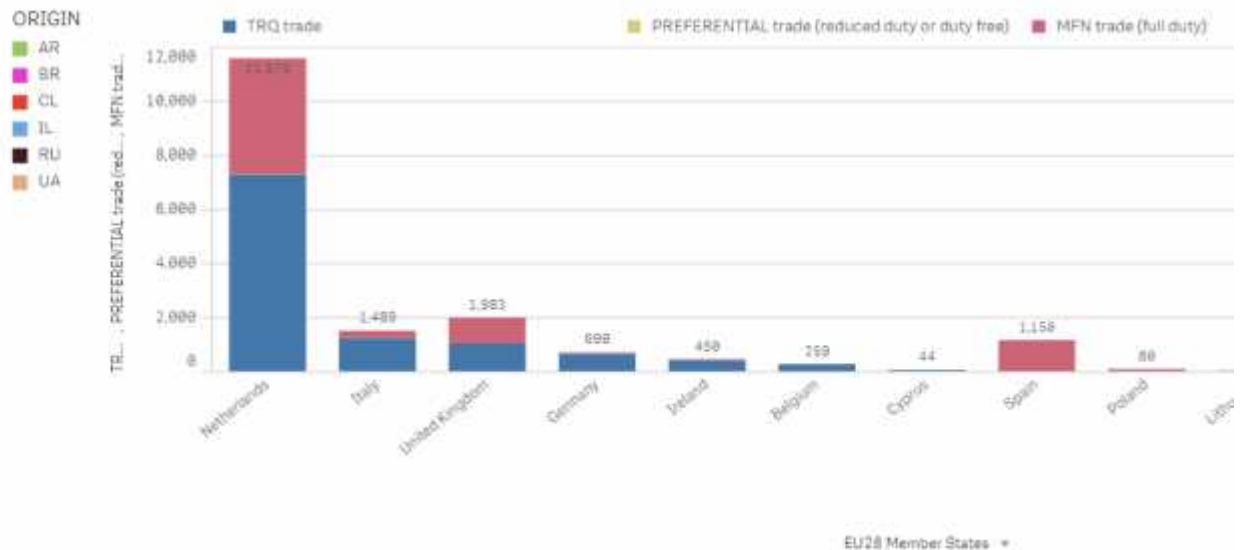
TRADE BREAKDOWN in tonnes



DISTRIBUTION BY PARTNER COUNTRY in %



TRADE BREAKDOWN BY MEMBER STATE in tonnes





Thank you

