

## 10.4 Tariffs and quota

You can download information on requirements on tariffs and quota in specific EU markets from the CBI website. Go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select Food Ingredients and the EU country of your interest, click on the search button and click on 'market surveys' for an overview of documents on the country of your interest.

Conventional duty rates for rice and pulses are laid down in EC No. 1549/2006: [http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l\\_301/l\\_30120061031en00010880.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_301/l_30120061031en00010880.pdf)

However, in order to support exports from developing countries, the EU operates the Generalised System of Preferences (GSP). As from 1 January 2006, a new GSP system became applicable; it consists of 3 schemes instead of 5 as in the years between 1995 and 2006. The general scheme covers roughly 7, 200 products which can be divided into non-sensitive products and sensitive products. Non-sensitive products enjoy duty free access, while sensitive products benefit from a tariff reduction of 3.5% points on the Most Favoured Nation (MFN) tariff.

### Everything but Arms

Also from 1 January 2006, a new 'GSP Plus' scheme applies to especially vulnerable countries with special development needs. The beneficiaries must meet a number of criteria including ratification and effective application of 27 key international conventions on sustainable development and good governance. There is a special scheme for Least Developed Countries (LDCs): 'Everything but Arms'. This allows for the world's 50 poorest countries duty-free access to the EU for all products except arms and ammunition.

To apply for the GSP preferential tariff, the evidence of origin has to be submitted to the EU Customs by a Certificate of Origin, known as 'Form A' or 'EUR 1'. This form must be completed by the exporter and subsequently be endorsed by the authorities of the exporting country which have been nominated by the European Commission to issue 'Form A' or 'EUR 1'. Two conditions attached to the application of the GSP preferential tariff are:

- only goods originating in a beneficiary country are eligible for GSP treatment;
- the goods must be transported directly from the exporting country to the EU.

More information about the GSP and the countries falling under the GSP scheme can be found at: [http://europa.eu.int/comm/trade/issues/global/gsp/index\\_en.htm](http://europa.eu.int/comm/trade/issues/global/gsp/index_en.htm)

### Common Agricultural Policy Reform

As of June 2003, EU farm ministers adopted a fundamental reform of the Common Agricultural Policy (CAP). The 2003 CAP reform requires the decoupling of support payments from production, under the act: the Single Farm Payment (SFP). This will completely change the way the EU supports its farm sector. The new CAP will be geared towards consumers and taxpayers, while giving EU farmers the freedom to produce what the market wants. In future, the vast majority of subsidies will be paid independently from the volume of production. The reforms also had vast consequences for producers of rice and pulses, briefly discussed below.

### EC Rice Regime

Over the last two years, major changes to the EC rice regime and resetting of European import tariffs for rice have led to a fundamental reshaping of the rice market. The Reform in 2003 aimed to stabilise the rice market and reduce intervention stocks which had been accumulating since the mid-1990s. The Reform reduced the intervention price for rice by 50% to € 150/ton in order to be more closely aligned to world prices. Rice producers were compensated with an increase in direct aid: from € 52/ton to € 177/ton. Of this, € 102/ton is part of the single farm payment and € 75/ton is crop specific aid. The Maximum Guaranteed Areas granted to rice production were also reduced. EU farmers are now limited to producing what is currently around 63% of the rice required by an enlarged EU.

In the light of reductions in the intervention price, the European Community sought to renegotiate the tariff structure under GATT Article XXVIII negotiations. Through negotiations undertaken independently with the US (for brown rice) and Thailand (white rice), agreement was finally reached to reduce bound rates to € 175/ton for white rice and € 65/ton for brown rice. The actual rates applied by the Community vary (between € 30 and € 65/ton for brown rice and € 145/ton and € 175/ton for white rice) according to the respective volumes of rice imported in the previous 6 months. In September 2005, when the Post-CAP reform trade negotiations ended, the tariff was set at € 42.5/ton and after relatively low imports in the first quarter of the campaign, the expectation was that the € 42.5/ton tariff would be maintained throughout 2005/6. However, uncertainty provoked 'panic' purchases of brown rice in 2006. As a result the trigger import volume was met and, contrary to expectations, the tariff rose by € 22.5/ton to € 65/ton. Therefore, please keep in mind that the import tariffs as in Table 10.1 are regularly subject to change.

### Pulses

Decoupling officially began in 2005, but individual countries may delay implementation until 2007. Regarding crops, nearly all EU countries plan to have full decoupling by 2006. The system of support in the ten countries which joined the EU in 2004 is somewhat more complex, but generally pulse crops and rice (Hungary) in these countries will receive lower levels of support for a number of years. Broad and horse beans are classified as protein crops. They are eligible for additional premium; the amount of aid is € 55.6 per hectare for a maximum guaranteed area of 1.4 million hectares for the EU. Chickpeas and lentils will have the same SFP as other types of production starting in 2006.

A reduction of the Customs duty payable for a number of products, is allowed for limited quantities of imports. The contingents for these products are often reached within a few days. At the moment that the total EU imports of the products exceed the contingent, the general tariff applies again. The actual status of contingents can be found at the following website: [http://ec.europa.eu/taxation\\_customs/dds/en/qotcau.htm](http://ec.europa.eu/taxation_customs/dds/en/qotcau.htm).

**Table 10.1 Import tariffs by product group**

HS code	Product description	Conventional import duty (%)	Country group	
			SPGA Contingent	SPGA Conventional
<b>10</b>	<b>Cereals</b>			
<b>1006</b>	<b>Rice</b>			
1006 10	Rice in the husk (not for sowing practices)	€ 211/t	0	€ 168.8/t
1006 20	Rice, husked (brown)	€ 42.5/t	0	€ 34/t
1006 30	Rice, semi-or wholly milled, polished etc or not	€ 145/t	0	€ 332.8
1006 40	Rice, broken	€ 65/t	0	€ 102.4
<b>07</b>	<b>Edible vegetables</b>			
<b>0713</b>	<b>Pulses</b>			
0713 20	Chickpeas	0	n.a.	0
0713 31	Urad and mung beans	0	n.a.	0
0713 32	Adzuki (Small red) beans	0	n.a.	0
0713 33	kidney beans	0	n.a.	0
0713 39	Other Vigna and Phaseolus beans	0	n.a.	0
0713 40	Lentils	0	n.a.	0
0713 50	Broad and horse beans	3.2	n.a.	0
0713 90	Other leguminous vegetables	3.2	n.a.	0

Note: SPGA: excluding Myanmar. SPGL: excluding Chile and Moldavia

Source: <http://hbi.douane.nl/tarieven/aktueel/M/S2/ContentFS.htm> (November, 2006)

### Value added taxes (VAT)

Although fiscal borders between EU countries were in theory dominated from 1 January 1993 onwards, in practice, harmonisation of VAT (tax levied at consumer sales' level) rates has not

yet been achieved. Please refer to the country surveys for the VAT rates applied in the different EU member states.

Import duties are levied on the value of the products at the moment of entrance into the European Union. i.e. Customs value (as established in the GATT valuation code). Regarding rice, a fixed tariff is applied as explained under the EC Rice Regime (Table 10.1). In the case of an importer who buys FOB, the import duty will be calculated on the basis of the FOB price, increased by the shipment costs up to entrance into the EU. An importer buying CFR or CIF will have to pay import duties calculated based on the CFR/CIF price, minus the shipment costs made within the EU.

It is very important to realise that this information is more complex than indicated (because of exceptions and special rules) and that VAT rates and import tariffs are subject to continuous changes (like the exhaustion of quota). Therefore, this information can only be considered as an indication of the actual situation. For exact and up-to-date information on import duties one should contact the local Chamber of Commerce or Trade Promotion Office. Information can also be obtained from the Chamber of Commerce in Rotterdam, the European Commission or the Customs department. Another option is to consult the Internet site of the Netherlands Customs where the General Customs Tariffs for all products are listed, including exceptions that are made for import from specific countries. This information, written in Netherlands' language, is up-dated daily.