

Import tariffs and tariff rate quotas explained

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Description of import tariffs and quotas set by the EU and how they are managed, with links to legislation and databases

Council Regulation (EU) 2021/2278 of 20 December 2021

Commission Implementing Regulation (EU) 2020/761

<u>Communication</u> from the Commission concerning Autonomous Tariff Suspensions and Quotas (2011)

Update

Overview of the types of import tariff and import quotas set by the EU and how they are managed, with links to relevant legislation and databases.

Overview

TARIFFS

The amount of import tariff (also known as import duty) that must be paid when importing agri-food products into the EU will depend on the product; the trading relationship between the EU and the exporting country; and potentially on the time of year (e.g. for fruit).

Information on the tariffs that apply can be found on the European Commission's Access2Markets online resource.

Import tariffs fall into three categories.

Most favoured nation tariffs

MFN tariffs apply to third countries with which the EU does not have a preferential (special) trading arrangement. These tariffs have been negotiated and agreed in the context of multilateral negotiations at the World Trade Organization (WTO). They are therefore "bound", meaning that the EU (and other WTO members) may not raise these tariffs unilaterally except in very specific circumstances, such as a safeguard measure in response to exceptional increases in imports. The EU is permitted to put in place lower tariffs that have no detrimental impact on third countries. These are known as "applied tariffs".





Autonomous tariff suspensions

The EU may choose to totally or partially suspend standard import tariffs for a limited period. These reduced tariffs may be limited to a certain quantity of imported goods, termed an "autonomous tariff quota". The aim is to ensure that EU processing industries have an adequate supply of raw materials. Autonomous tariff suspensions may only be applied where no competing EU product exists, and where trade is significant enough (annual customs duties collected more than €15,000) (Commission Communication 2011). Requests for the suspension of tariffs can be made by industry groups via Member State administrations.

A list of current import tariff suspensions is set out in Council Regulation (EU) <u>2021/2278</u> (last updated 17 June 2022).

Preferential tariffs

Under WTO rules, the EU and other WTO members are permitted to establish "preferential" (i.e. lower) tariffs with individual countries or groups of countries. This occurs in two contexts.

(i) Free trade agreements

FTAs enable reciprocal opening of markets between the EU and third countries by granting preferential access. Products can enter the EU market at reduced or zero import tariffs from third countries with which the EU has an FTA in force. These reduced tariffs usually apply to a predetermined quantity of imports, known as tariff rate quotas (TRQs).

A list of existing agreements and ongoing negotiations can be found on DG Trade's <u>Negotiations</u> and <u>agreements</u>webpage.

Where the EU has agreed lower tariffs, these are included in the import tariff database found on Access2Markets.

(ii) Generalised Scheme of Preferences

EU GSP Regulation <u>978/2012</u> establishes tariff preferences for developing countries with the aim of supporting their economic and social development. This preferential tariff scheme allows developing countries to pay reduced or no tariffs on exports to the EU. The scheme has three arrangements:

- General GSP: targets lower- or lower-middle-income countries that do not have a preferential access to the EU market through another arrangement.
- GSP+: a special incentive arrangement aimed at encouraging sustainable development and good governance. Eligible countries must be considered vulnerable due to a lack of export diversification and insufficient integration within the international trading system.





 Everything But Arms (EBA): a special arrangement for least developed countries, providing them with duty-free, quota-free access to the EU market for all products except arms and ammunition. The European Commission publishes a List of GSP beneficiary countries.

TARIFF RATE QUOTAS

TRQs permit a predetermined quantity of imports to enter the EU at a lower import tariff ("in-quota duty") than the MFN tariff normally applied. Once that quota has been exhausted or filled, the normal import tariff is applied. TRQs on agricultural products for certain exporting countries have been set during negotiations of the WTO Agreement or of FTAs.

Agricultural TRQs are managed in two ways in the EU.

- "First-come, first served" method: these TRQs remain open to operators until exhausted. There is no need to apply for quotas, the in-quota duty is automatically applied. Operators can keep track of the amount of a given TRQ that has been used via the Tariff quota consultation website.
- Import and export licences: EU or third country operators can only benefit from these TRQs
 by applying for import licences for a certain quantity of product. On the basis of all
 applications i.e. the total quantity requested, an allocation coefficient will be established that
 will then be applied to the quantity requested. Member States then issue import licences for
 those quantities.

The <u>Tariff Rate Quota Allocation</u> is available online.

Details of the system for managing tariff rate quotas are set out in Commission Implementing Regulation (EU) 2020/761.

Timeline

Tariffs are generally only amended as a result of trade negotiations, or in the context of a review of the GSP initiated in September 2021. Autonomous tariff suspensions are regularly amended, in January and July each year, to take into account requests from Member States.

Resources

Online resources from the European Commission:

- Access2Markets
- Generalised Scheme of Preferences
- About GSP (EBA)





- About GSP(+)
- List of GSP beneficiary countries
- Guide for import of goods
- Negotiations and agreements
- Trade and Quotas

Sources

Council Regulation (EU) 2021/2278

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