

Brussels, 17 February 2011

## Commission proposes suspension of import duties on cereals for certain tariff quotas

***Import duties on certain cereals imported into the EU will be suspended next week until the end of June 2011 in order to ease the pressure on the EU market, especially for animal feed. Backed by Member States this morning within the Management Committee, the move is intended to help maintain a good balance on the EU market. The suspension relates to existing tariff rate quotas for low & medium quality soft wheat and for feed barley, where the preferential tariffs of 12 €/tonne and 16 €/tonne respectively will be reduced to zero for the volumes permitted under the quota.***

Speaking after the Management Committee vote, Dacian Ciolos, Commissioner for Agriculture and Rural Development, stated: "*I hope this proposal will reduce tensions on the European cereals market. While prices remain high on world and EU markets we have an obligation to do what we can to help ease the situation until the end of the marketing year.*"

The outlook for the world cereals markets in 2010/2011 suggests that prices will remain high, given that world cereals ending stocks will be 62 million tonnes lower than at the end of the last marketing year.

The formal regulation will be published in the Official Journal next week. In order to avoid penalising traders who have cereals *en route* to the Union, transport time will be taken into account. As long as transport to the Union is underway by 30 June 2011, at the latest, traders will be allowed to release the cereals for free circulation under the proposed customs duty suspension regime.

### **Background on import duties which applied before the suspension**

Under WTO rules, the EU has bound tariffs for all cereals. However, the applied rates are different. The duty is fixed on the basis of the difference between the effective EU intervention price for cereals, multiplied by 1.55 and a representative cif import price for cereals at Rotterdam.

The resulting duty has been set at 0 for durum wheat and high quality soft wheat since the beginning of the current 2010/11 marketing year. The duty for maize has been set at €0/t since 17 August 2010 and the duty for sorghum and rye at €0/t since 19 October 2010. For other cereals, the EU has established a number of Tariff Rate Quotas, i.e. a quota for import at a tariff much lower than the standard duty. For medium and low quality soft wheat, there is an "*erga omnes*" [open to all] annual Tariff Rate Quota of 2 989 240 tonnes at an import duty of 12€/t. Within this overall volume, there is a specific country-specific quota of 572 000 tonnes for imports originating in the United States and 38 853 tonnes for Canada. The remaining 2 378 387 tonnes is split into four equal tranches of 594 597 tonnes, one of which is open each quarter to other third countries.

For feed barley, there is an annual Tariff Rate Quota of 306 215 tonnes with a duty of €16/tonne.

For the record, there are also other quotas - for 50 000 tonnes of malting barley at a duty of €8/tonne. A duty-free quota of 242 074 tonnes of maize was introduced in 2006, which is split into two equal tranches open to all third countries.

The take-up of the tariff rate quotas so far this calendar year (1 January-11 February) is as follows:

| <b>Principal annual Tariff Rate Quotas</b>   | <b>Quantity (tonnes)</b> | <b>% use in 2011</b> |
|--|--------------------------|----------------------|
| <b>Common wheat low &amp; medium quality</b> | <b>2 989 240</b>         |                      |
| SUB I (USA)                                  | 572 000                  | 9.0                  |
| SUB II (Canada)                              | 38 853                   | 1.9                  |
| SUB III (others countries)                   | 2 378 387                | 0.2                  |
| <b>Maize</b>                                 | <b>242 074</b>           | <b>0</b>             |
| <b>Barley</b>                                | <b>306 125</b>           | <b>0</b>             |