

Distribution of EU agri-food imports by import regimes (2014)



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Highlights:

- In 2014, about 71% of all agri-food imports entered the EU at zero duty, representing a value of EUR 72 billion.
- Of these, agri-food imports at MFN zero duty (including cereals imports at suspended tariff), represented a value of about EUR 44 billion (43% of all agri-food imports).
- 38% of EU agri-food imports benefited from preferential treatment (duty free or reduced duties), corresponding to almost EUR 40 billion.
- 20% of EU agri-food imports (about EUR 20 billion) entered at full duty, without benefiting from any kind of preference.
- Fruit, vegetables, nuts and their preparations were the products benefiting the most from preferential market access. Food preparations were the second most important sector benefiting from bilateral tariff reductions while vegetable oils (especially palm oil) and non-edible products (raw tobacco and cut flowers) were the other main products benefiting from GSP.
- In value, TRQs provided improved market access mainly to meat (bovine, poultry and sheep) and meat preparations (poultry), cereals (two thirds wheat, one quarter maize and rice for the rest), wine and honey.

1. Introduction

The EU has already implemented or recently concluded several Free Trade Agreements (FTAs). Negotiations are on-going with key trade partners and will result in further liberalisation of agri-food trade. In this context, this publication analyses the share of EU imports which benefit from zero duty and the share of those which are subject to tariffs. It is also interesting to know more about the use of preferential import regimes such as the Generalised Scheme of Preferences (GSP), including the Everything But Arms (EBA) initiative, or Tariff Rate Quotas (TRQ) but also the use of tariff preferences granted in the context of bilateral trade agreements.

The purpose of this MAP is to present the **distribution of EU agri-food imports by import regimes, in 2014**.

To get the information on EU imports by regime required linking statistical trade data available in COMEXT with information provided by customs authorities on the use of preferential regimes (GSP, TRQ) and data provided by TAXUD TARIC database.

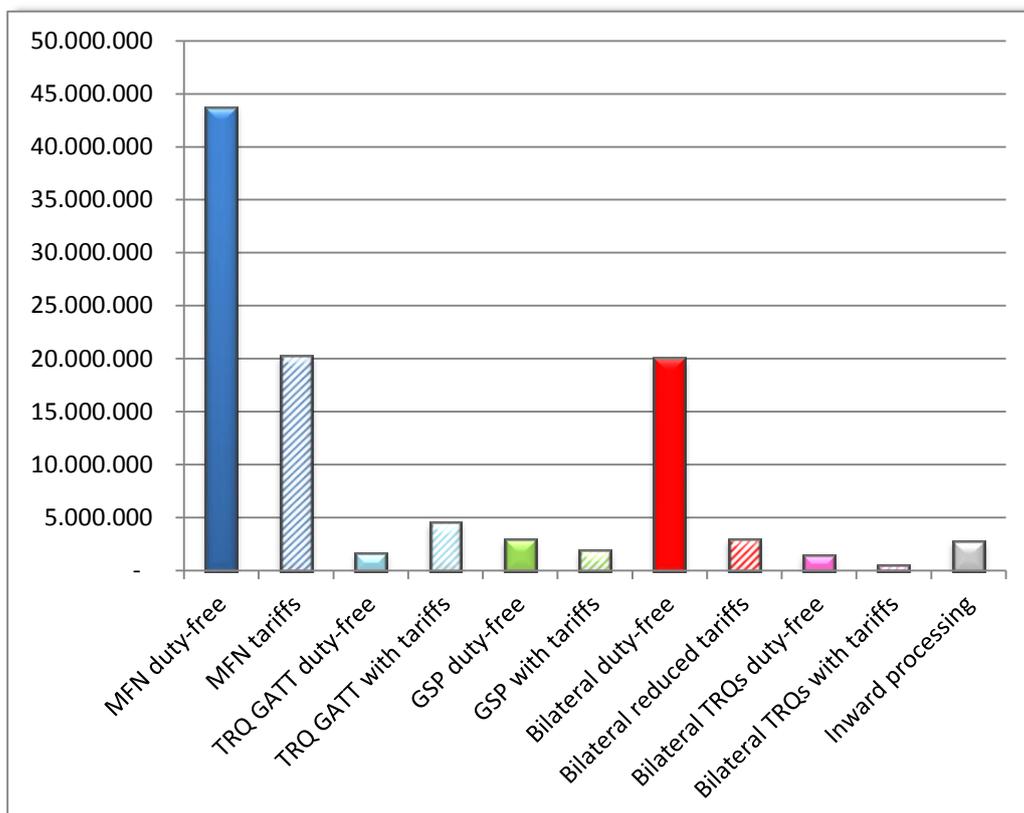
Data were also gathered on imports through inward or outward processing regimes (whereby imports to be processed for re-export can benefit from tariff reduction – inward – and EU goods processed abroad pay the duty only on the value added abroad – outward).

Confidential trade was not considered due to the lack of data available.

2. EU agri-food imports by import regime in 2014

The EU is the biggest global importer of agri-food products (see DG AGRI MAP 2015-1 [Agri-food trade in 2014: EU-US interaction strengthened](#)). Those products are imported under several import regimes (Figure 1).

Figure 1: Distribution of EU agri-food imports by import regimes, in value ('000 EUR, 2014)



Most of the imports entered the EU market at **zero duty** under the **Most Favoured Nations (MFN)** status (including cereals imports at suspended tariff), representing a value of about EUR 44 billion.

In addition, about EUR 20 billion of agri-food imports benefited from **preferential duty-free** access to the EU market, while about the same value of imports came in at **MFN full tariffs**.

Imports under **GATT TRQs** (duty-free or with in-quota tariff) amounted to slightly more than EUR 6 billion while those benefiting from **GSP, including EBA**, reached almost EUR 5 billion (duty-free and dutiable imports combined).

Imports benefiting from **bilateral tariff reduction** reached almost EUR 3 billion, slightly more than imports benefiting from the **outward processing regime** and 50% more than imports under **bilateral TRQs**.

Figure 2: Distribution of EU agri-food imports by import regime groups

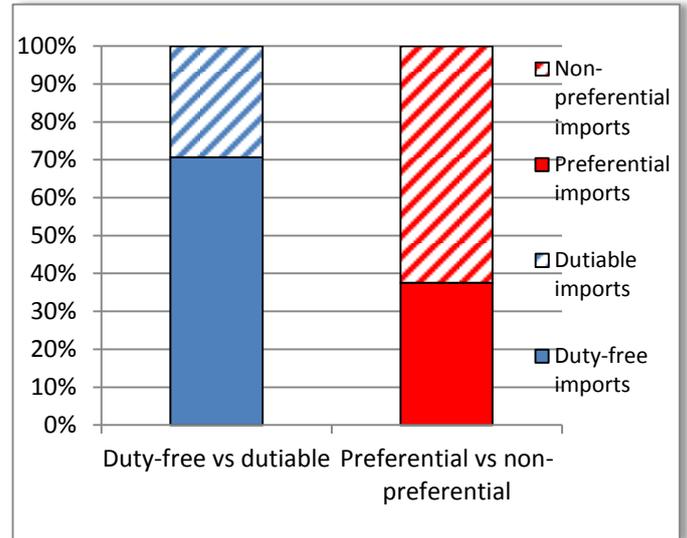
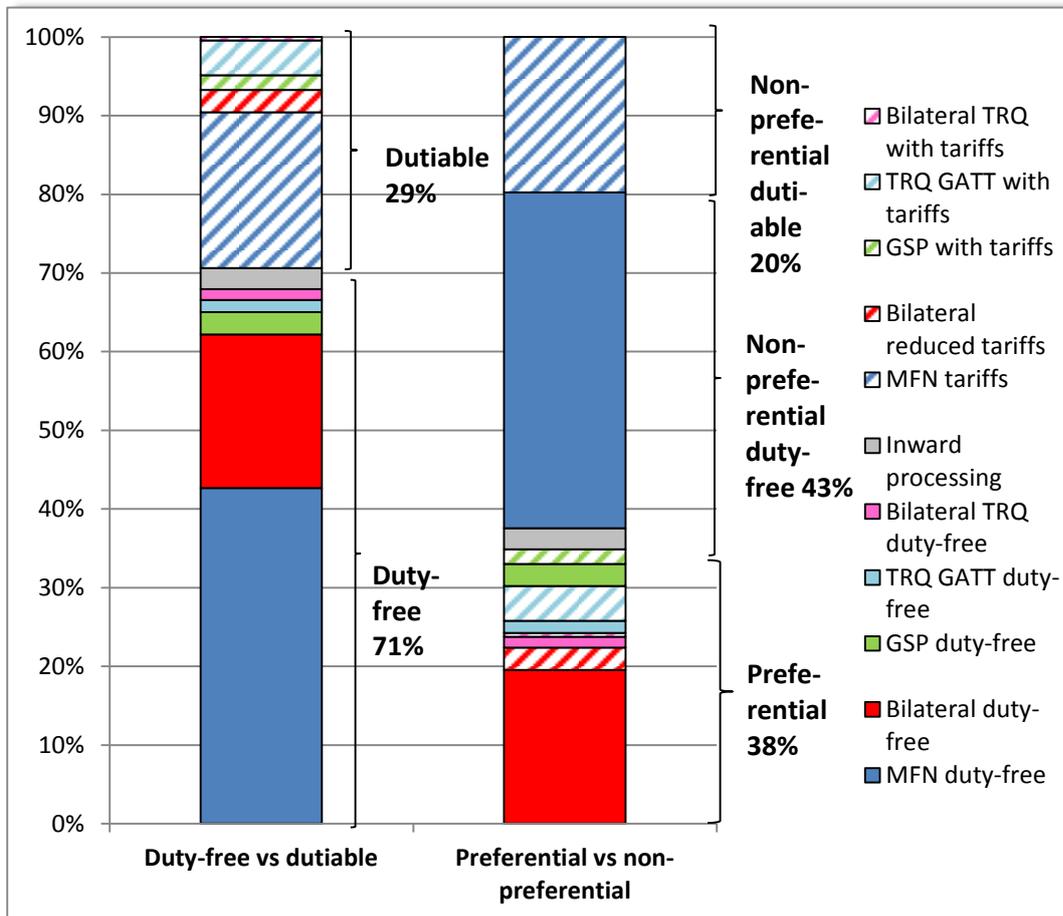


Figure 3: Distribution of EU agri-food imports by import regime groups (details)



This information can be analysed from two different angles: duty-free vs dutiable imports and preferential vs non-preferential imports (see Figure 2). Additional analyses can also be carried out looking at the situation of specific countries and of EU sensitive sectors.

More than **two thirds** of EU agri-food imports in 2014 (in value) took place **duty-free**, i.e. about **EUR 72 billion**. This is to be put in perspective with the fact that in the EU WTO schedule, 19% of the EU agri-food tariff lines (at 8-digit level) are at MFN duty-free. Three fifths of the EU duty-free imports are MFN duty-free imports and one quarter result from bilateral liberalisation (bilateral duty-free, see Figure 3).

Dutiable imports, slightly more than EUR 30 billion, took place either at MFN tariff (the majority), with tariff reduction resulting from a bilateral trade agreement or the implementation of the GSP scheme, or under TRQs, mostly GATT TRQs (15% of the dutiable imports).

38% of EU agri-food imports benefited from **preferential treatment** (see Figure 2) i.e. from (essentially) bilateral preferences (including those

provided by the Market Access Regulation (MAR)¹, or from preferences provided by the GSP scheme, including the EBA scheme, the inward processing regime or GATT TRQs (see Figure 3). This corresponded to almost **EUR 40 billion** of agri-food imports.

Considering that 43% of EU agri-food imports took place at MFN duty-free, this leaves 20% of EU imports (about EUR 20 billion) entering at full duty, without benefiting from any kind of preference.

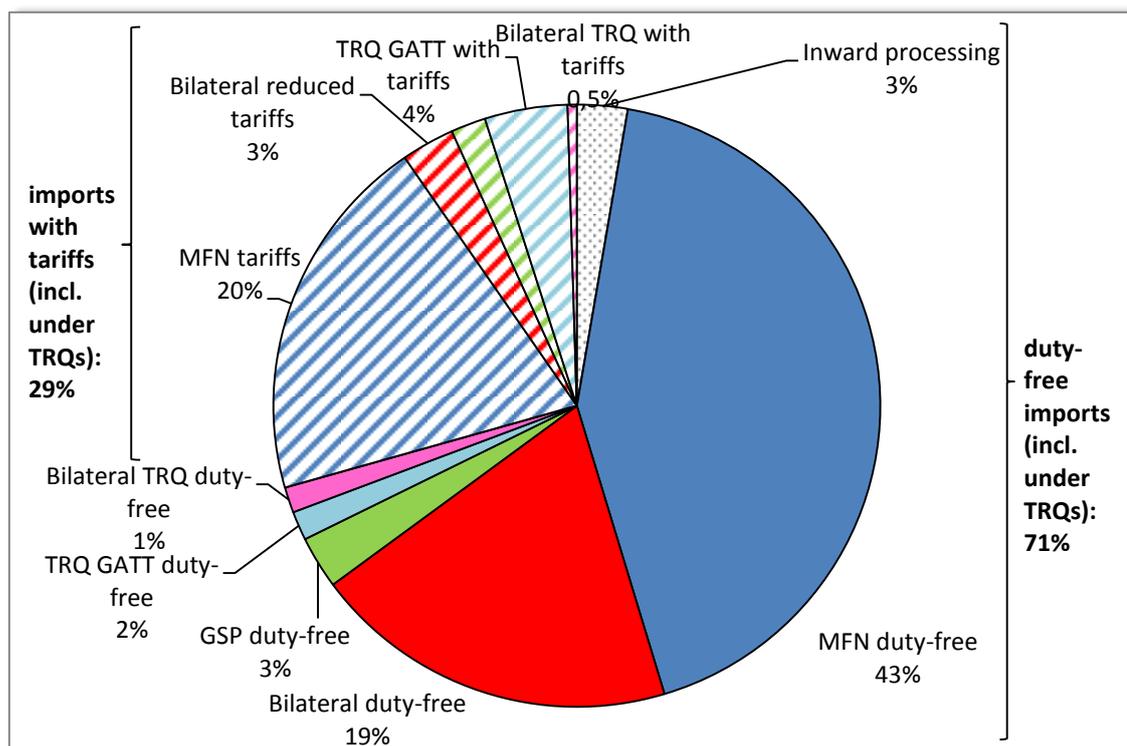
3. Duty-free vs dutiable imports

71% of EU agri-food imports come in at zero duty

The majority of **EU duty-free imports** (and 43% of the value of all EU agri-food imports) concerns products already liberalised under the GATT agreement (**MFN duty-free**, see Figure 44). Most of the remaining EU duty-free imports benefited from liberalisation in **bilateral agreements** or from the MAR (19% of the value of all EU agri-food imports). 12% of EU duty-free imports came in under the **GSP scheme**, including the EBA scheme, from **duty-free TRQs** (GATT and bilateral ones) and from imports through the **inward processing regime** (3% each).

¹ MAR – Council Regulation (EC) No 1528/2007 of 20 December 2007.

Figure 4: Distribution of EU28 imports of agri-food products by import regime, duty-free vs dutiable 2014



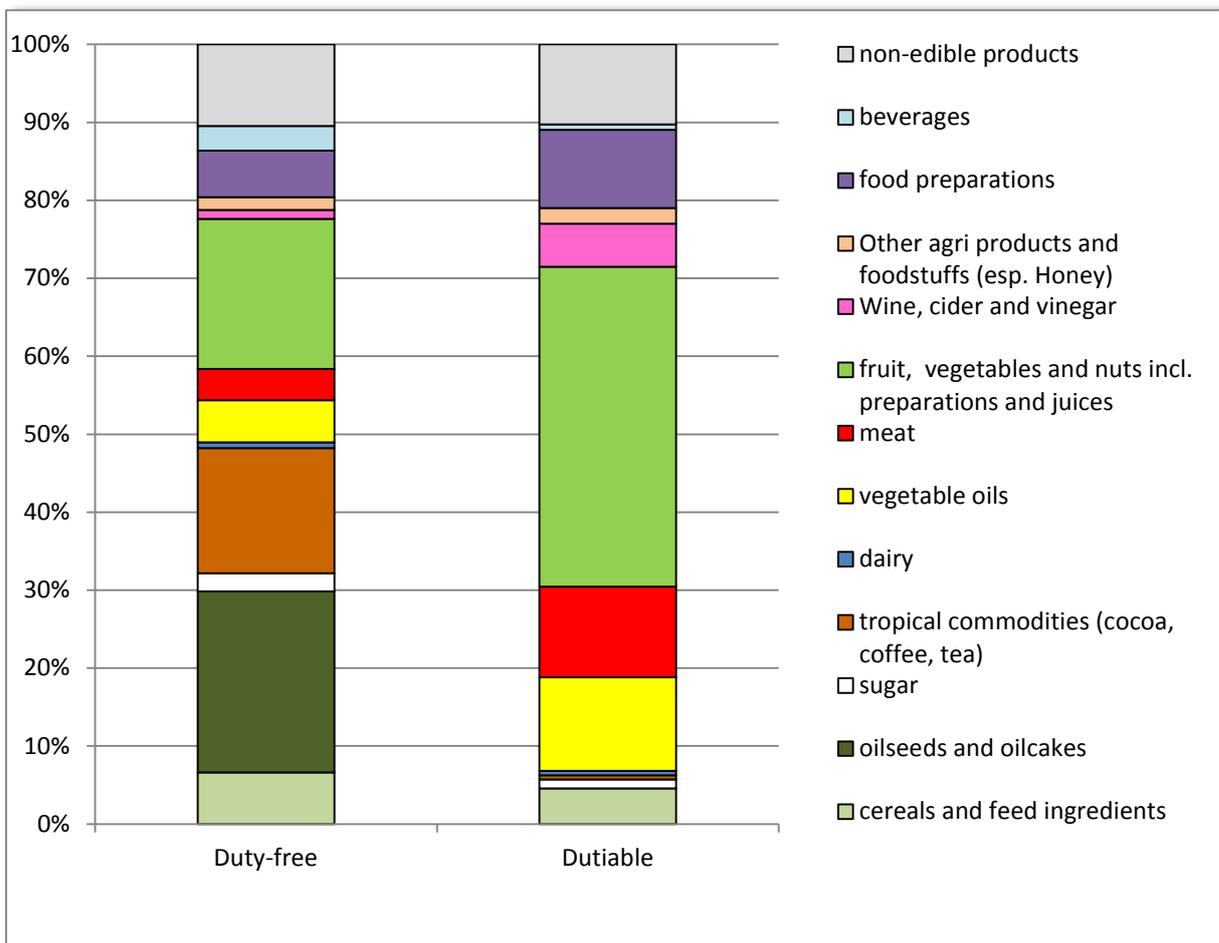
Two thirds of **EU dutiable imports** (corresponding to 20% of the value of all EU agri-food imports) were subject to **MFN tariffs**. The remaining dutiable imports benefited from **tariff reductions** following the conclusion of a bilateral trade agreement (3%, mostly), tariff reductions offered by the **GSP scheme** (2%) and **TRQs**, mostly GATT ones (4%).

Main sectors benefiting from duty-free imports and those subject to duties

More than half of **EU agri-food imports at duty-free** (54%) were **commodities**: cereals, oilseeds, oilcakes, vegetable oils, cocoa, coffee (see **Figure 5**). Duty-free imports of **fruit, vegetables and nuts including their preparations and fruit juice** represented 19% of the EU duty-free imports of agri-food products in 2014. **Non-edible products** amounted to 15% of duty-free imports and **food preparation** to 6%.

Fruit, vegetables and nuts including their preparations and fruit juice were by far the main sector **importing with duties**. Some of those imports did not actually pay duties as a consequence of tariff elimination in bilateral agreements, but are nevertheless not considered duty-free due to the persistence of the entry price system. The persistence of a tariff for bananas, an EU major import, even in preferential agreements also contribute to this situation, together. **Vegetable oils** were the second main sector in terms of duty paid, with essentially imports of palm oil. **Meat** dutiable imports were almost equivalent (in value) with almost exclusively meat preparations (poultry) and bovine meat.

Figure 5: Sectors importing with and without duties, 2014



4. Preferential vs non-preferential

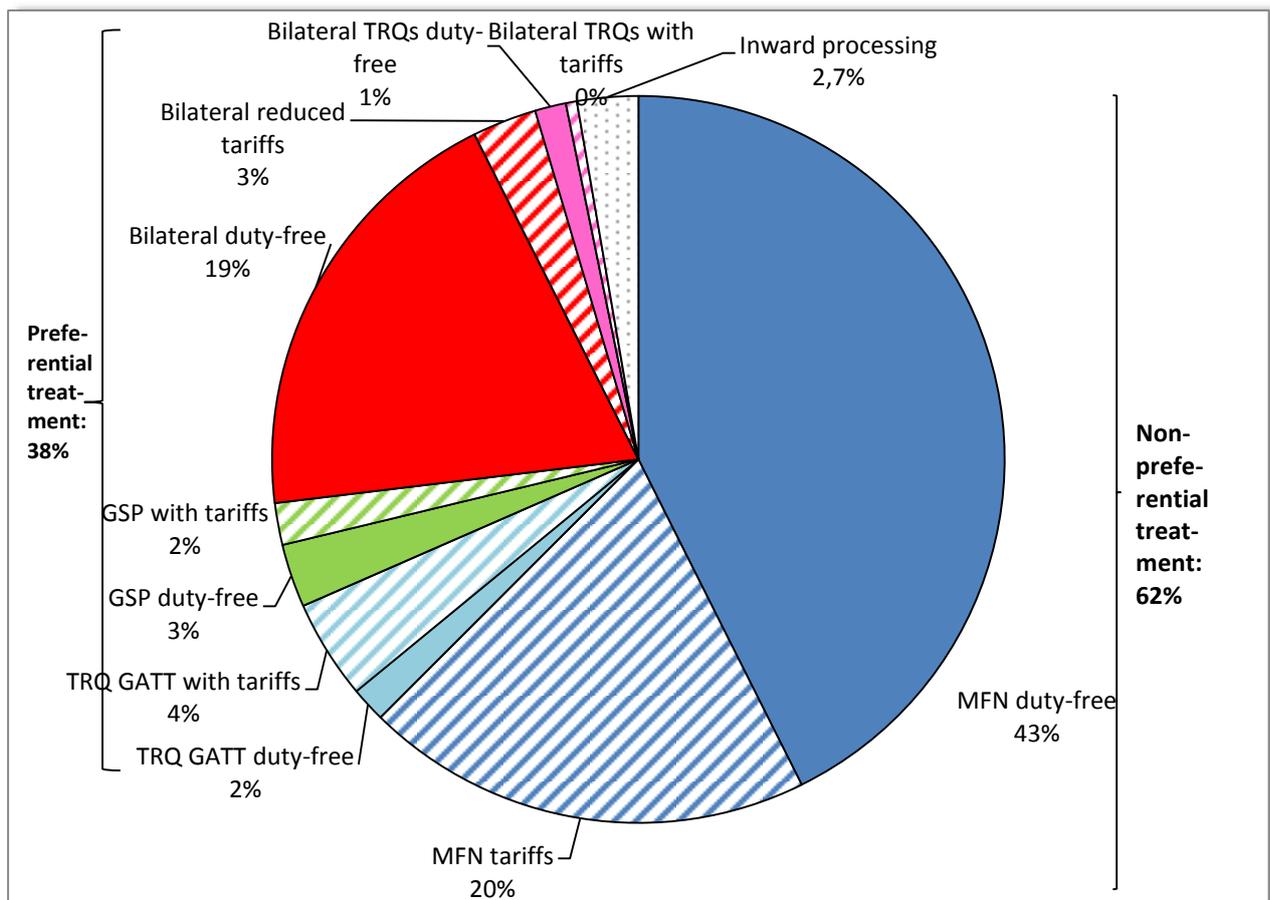
38% of EU agri-food imports (in value) benefited from preferential treatment in 2014

Out of the 38% of EU agri-food imports benefiting from **preferential treatment** (in value), two thirds benefited from tariff reductions resulting from a **bilateral trade agreement** – with most of them (and half of the preferential imports) liberalised i.e. imported duty-free quota-free (see Figure 6). Imports

benefiting from the **GSP scheme** corresponded to 5% of all EU agri-food imports, almost the same value as imports under **GATT TRQs** (6%).

Even if 62% of EU agri-food imports were **non-preferential imports**, more than two-thirds of those were duty-free (43% out of 62%). Therefore, only 20% of EU agri-food imports were subject to full **MFN tariffs**.

Figure 6: Distribution of EU28 imports of agri-food products by import regime, preferential vs non-preferential, 2014



Main sectors benefiting from preferential treatment

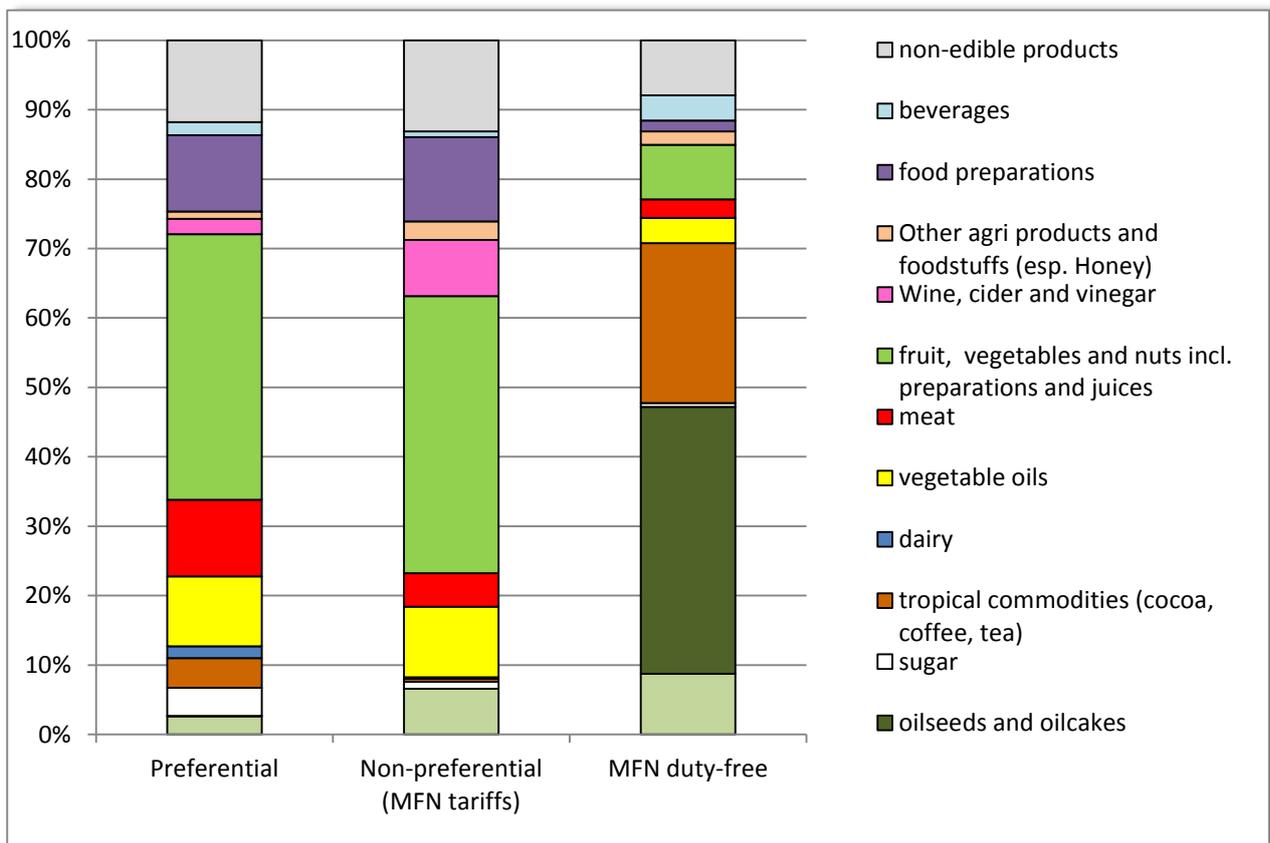
Fruits, vegetables, nuts and their preparations were the products benefiting the most from preferential market access (see Figure 77), mostly thanks to **bilateral reduced tariffs** and **GSP**.

Food preparations were the second most important sector benefiting from bilateral tariff concessions while **vegetable oils** (especially palm oil) and non-edible products (raw tobacco and cut flowers) were the other main products benefiting from GSP.

TRQs provided improved market access to other products namely **meat** (bovine, poultry and sheep) and **meat preparations** (poultry), **sugar**, **cereals** (two thirds wheat, one quarter maize and rice for the rest), **wine** and **honey**.

Non-preferential imports were mostly **commodities** imported at MFN duty-free (see Figure 7), **fruit, vegetables and nuts including their preparations and fruit juice** imported either with or without duties.

Figure 7: Preferential imports vs non preferential (MFN full tariffs) and MFN duty-free



Use of preferences by selected trade partners

Looking at imports from selected EU trade partners benefiting from bilateral trade agreements (see Figure 8) representing 92% of EU bilateral and GSP preferential trade (GATT TRQs not considered) it appears that these countries benefited strongly from the existing bilateral concessions.

64% of EU agri-food imports from those countries (in value, in average) benefited from a preferential tariff (mostly duty-free) while only 5% were subject to the

full MFN duties. This is to be compared with the 28% for other countries (see Figure 9).

South Korea is an exception, in particular due to imports of food preparations with tariffs despite the liberalisation of the tariff lines concerned. Further investigation would be necessary to know exactly what is happening.

Figure 8: Distribution of imports by import regime (in value) from selected preferential trade partners, 2014

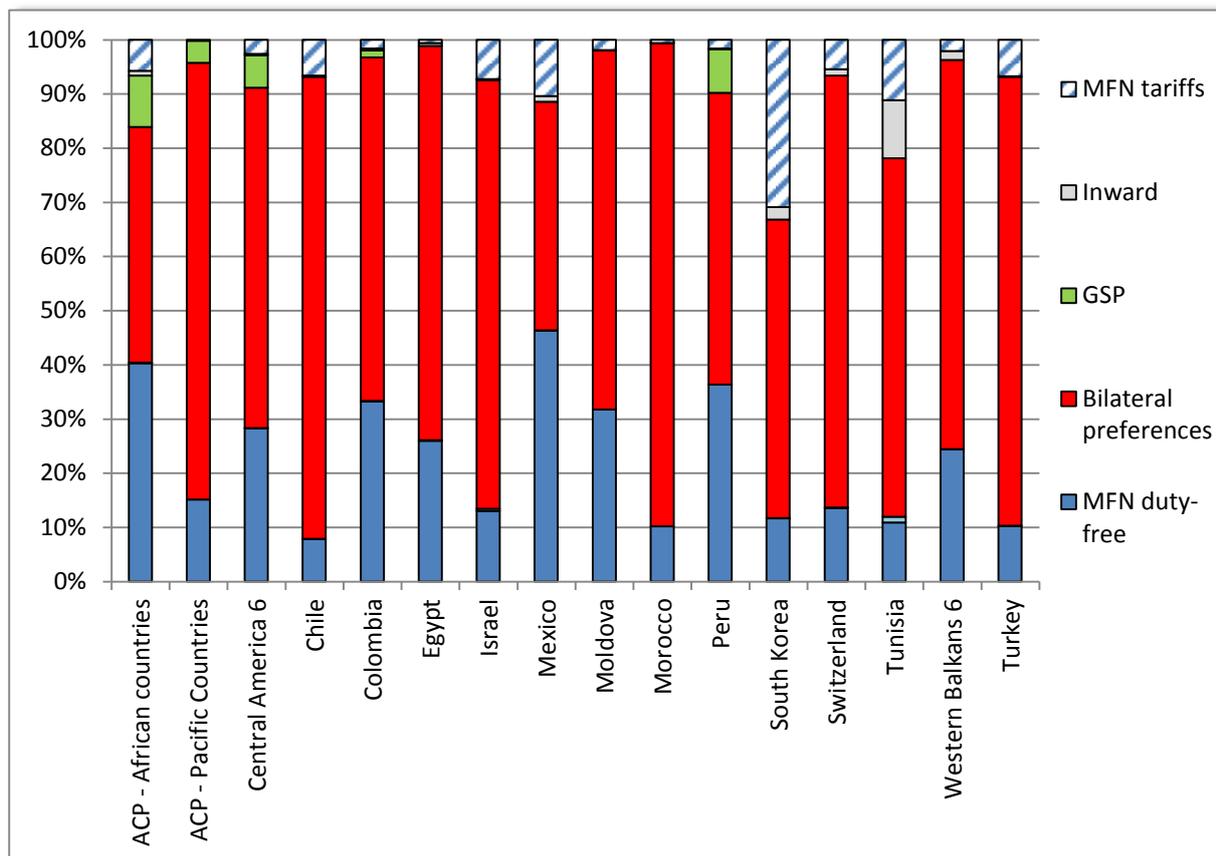
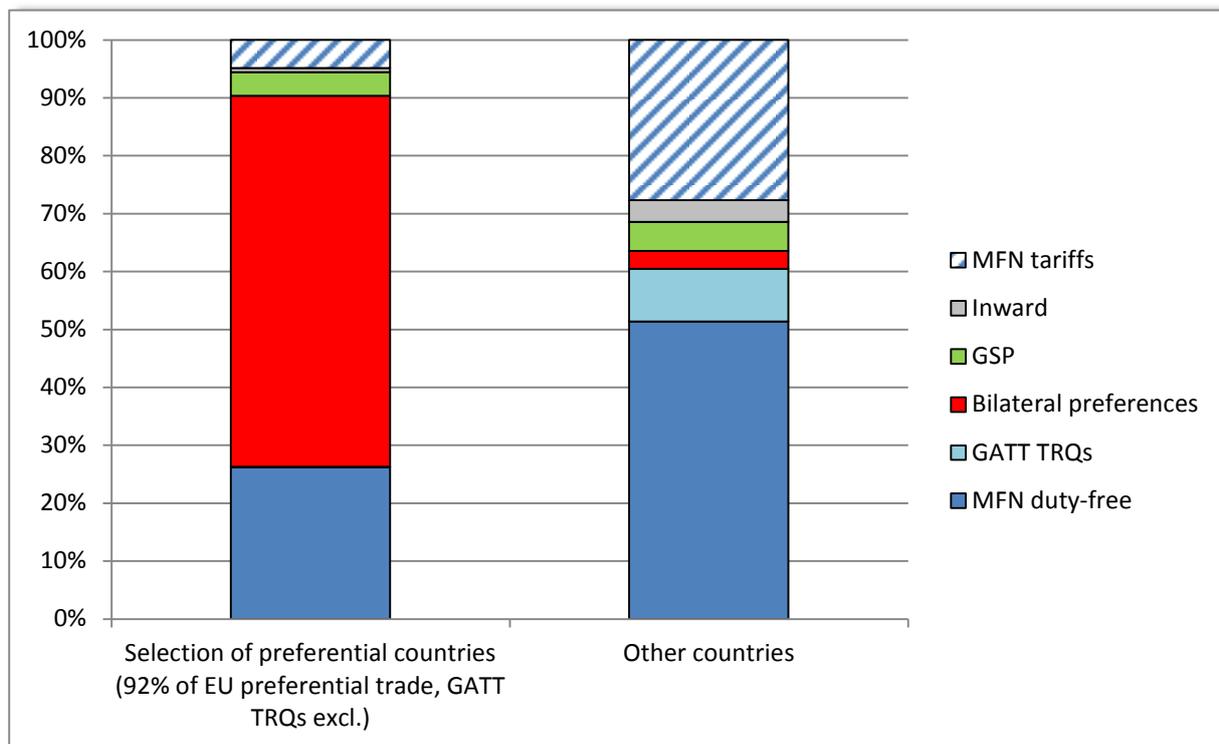


Figure 9: Overview of the distribution by import regime of imports (in value) from selected preferential trade partners and from other countries, 2014



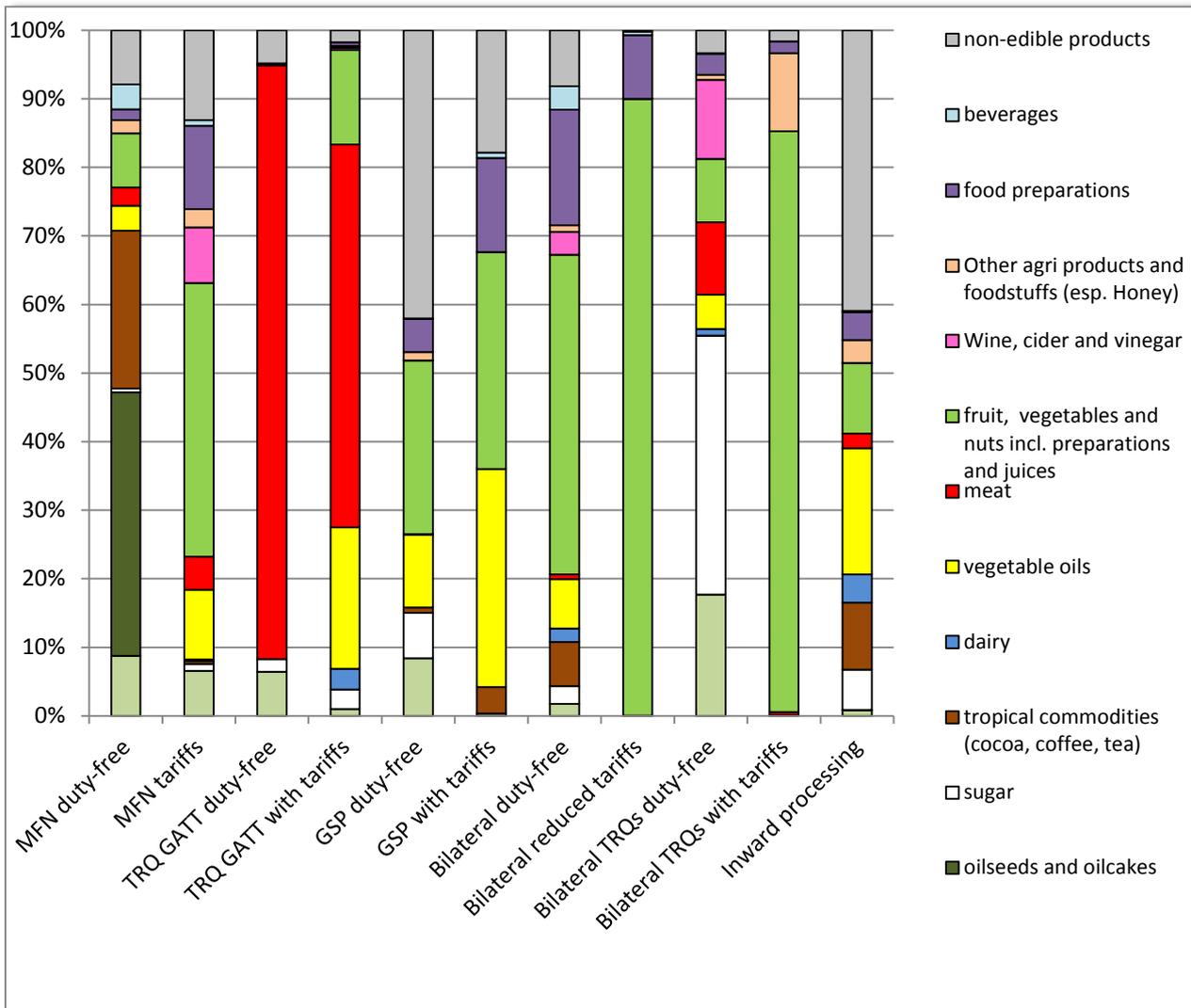
5. Details of imported products by import regime

Imports at MFN tariffs (duty-free and dutiable)

The bulk (65%) of EU MFN duty-free imports in 2014 (in value) were commodities: **oilcakes** essentially from Brazil and Argentina (two thirds of EU imports) but also from Ukraine, Russia, the US and Paraguay; **soybeans** from Brazil and the US and **other oilseeds** from Australia, Ukraine, Argentina, the US and China, **coffee** from several origins including in particular Brazil and Vietnam (half of EU imports), Colombia and Honduras; **cocoa** from Ivory Coast and Ghana; and **crude palm oil** from Indonesia and Malaysia.

Main imports at MFN duty were **tropical fruit and nuts** (mostly bananas from Ecuador and almonds and pistachios from the US), **other fruit** (fresh melons and grapes from Brazil, apples from New Zealand, South Africa and Chile, Kiwi from New Zealand, dried grapes from the US) and **fruit juices** from Brazil. **Palm and palm kernel oil** from Indonesia and Malaysia completed the top 5 categories imported at MFN tariff together with **wine** from Australia, the US, New Zealand, South Africa and Argentina.

Figure 10: Distribution of sectors by import regime, in value, 2014



GATT TRQ imports

As regards **GATT duty-free TRQs**, they were almost exclusively used to import **meat**: sheep for two thirds, essentially from New Zealand and to a lesser extent Australia, beef meat for one quarter from the US (30% of beef imports under duty-free GATT TRQs), Australia (27%), Argentina (21%) and Uruguay (19%) and poultry meat from Brazil (two thirds) and Thailand) and **cereals** (rice for three quarters and maize).

GATT TRQs with in-quota tariffs were mostly utilised by Brazilian exporters with imports of **meat preparations**, in particular poultry meat preparations, and imports of **bovine meat** (together with Argentina and Uruguay), by Indonesia with **palm oil**, Thailand with meat preparations and the US which filled almost the entire TRQ for **fresh and dried almonds** (about EUR 450 million). It contributes also strongly to Cuba exports of **sugar** to the EU and Russia exports of **vegetable oils**.

Imports benefiting from the GSP scheme

Fruit and vegetables including preparations were among the products benefiting the most from **GSP duty-free** unilateral concessions (especially fruit prepared or preserved, CN 200899, from Ecuador and Costa Rica) together with **vegetable oils** (especially palm oil from Thailand and crude coconut oil from the Philippines) and **cereals** (rice from Cambodia and Myanmar) and after **non-edible products** (above all flowers from Ecuador and Ethiopia and tobacco from Malawi, Tanzania and Mozambique).

4 types of products benefited from **GSP tariff reductions** with India the country being the main beneficiary of the scheme: **vegetable oils** (crude coconut oil from the Philippines, castor oil from India and sunflower oil from Ukraine), **fruit and vegetables** (mostly from India) **including their preparations** (from India, Indonesia and the Philippines), **bread, pastries and pasta** from Vietnam, Indonesia and India and **non-edible products** (raw tobacco from India and China and cut flowers from Kenya, Thailand and India).

Imports benefiting from bilateral preferences

Almost half of imports benefiting from **bilateral tariff liberalisation** were **fruit** (in particular fresh grapes from South Africa, Chile and Peru, dried grapes from Turkey, bananas from ACP countries, pineapples from Costa Rica), **vegetables** (in particular avocados from Peru, South Africa, Chile and Israel, beans from Morocco essentially as well as Kenya and Egypt) and **fruit, vegetables and nuts preparations** (in particular prepared and preserved nuts from Turkey). **Food preparations** were the second most important sector benefiting from this type of trade concessions, essentially from Switzerland as well as Turkey and Israel.

The main product benefiting from **bilateral tariff reduction** were by far **bananas** (from Colombia, Costa Rica and Peru), following the entry into force of the FTAs concluded with those countries which foresee a gradual reduction of the tariff for banana. **Hazelnuts** from Turkey were the second main imported product benefiting from tariff concessions. Other products were **fruit** from Chile and Turkey (apples, cherries, grapes and pears), **citrus** (orange, mandarins and grapefruit) from Turkey, Morocco, Egypt and Israel as well as **vegetables** (beans, pepper) from Morocco,

Turkey, Israel and Tunisia. Those products benefited from tariff reduction or elimination but the entry price system was maintained or the tariff was eliminated only for a certain period of the year. In certain circumstances (when the import price is always above the entry price), the importer therefore does not pay any duty. Tariff reduction for **food preparations** (chocolate and confectioneries as well as pasta and biscuits) mostly benefited Turkey.

Bilateral duty-free TRQs allowed more diversified imports, with **sugar** imported from Serbia as well as **cereals** (two thirds wheat almost exclusively from Ukraine, one quarter of maize imports originating from Ukraine and for the rest rice from Egypt), **meat** (half of it poultry from Chile and Ukraine), **wine** (three quarters from South Africa and 20% from FYROM), **fruit** (strawberries from Egypt) and **vegetables** (potatoes from Israel) including **preparations** (prepared tomatoes from Turkey). Most of the sugar imported from non-LDC ACP countries which benefited from a duty-free access with a safeguard (as laid down in Commission Regulation (EC) No 828/2009 of 10 September 2009) is also treated as a TRQ in this analysis for technical reasons. In 2014 Fiji secured the highest market share with 17% in value of the sugar imported under this regime.

The **bilateral TRQs with in-quota tariffs**, which correspond to less than EUR 500 million, covered **vegetables** (tomatoes from Morocco accounted for half of EU imports under bilateral TRQs with in-quota tariffs), **citrus** (mandarins from Morocco and Israel, oranges from Tunisia and Egypt) and **honey** from Mexico.

Imports benefiting from the inward processing regime

Main products benefiting from the regime are **non-edible products** (raw tobacco, 22% of all imports under this regime, casein and modified starches, raw hides and skins), **vegetable oils** (mostly palm oil), **fruit, vegetable or nuts preparations and fruit juices, cocoa paste and powders** and **sugar**.

Details for product categories

Distribution of product categories by import regime, with main product categories emphasised, is provided in annex.

Annex – distribution of Agri-food product categories by import regime, 2014

