



USDA Foreign Agricultural Service

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## EU-25

### Grain and Feed

## US-EU rice tariff deal published - lower tariffs for US brown rice exports

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**Report Highlights:**

The EU has finally published the legislation required to enact the US-EU brown rice deal. It introduces a mechanism which can lower the EU import duty for brown rice from €65/MT to either €42.50/MT or €30/MT depending on EU rice import licenses for the previous six months. The agreement is backdated to March 1 and sees the EU tariff for brown rice lowered from €65 to €42.50 for the period March 1 to August 31 2005. Brown rice imported from March to June can claim a rebate for the lowered duty. The tariff from September 1 2005 will be published by the EU in early September 2005.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Brussels USEU [BE2]Unscheduled Report  
[E3]

The EU has published the legislation so that the US-EU brown rice tariff Agreement can enter into force. In February 2005, the EU and US came to an Agreement which introduces a mechanism that can lower the brown rice tariff from €65 to €42.5 or €30 based on the volume of EU import licenses.

Twice a year the European Commission will review the brown rice import tariff based on import licenses for brown rice other than basmati<sup>1</sup>. The principle is that if EU rice imports remain the same as in the base period of 1999 to 2002 (plus 10%), within a margin of plus or minus 15%, then the tariff will be set at €42.5. If the import license volume is 15% less than the base then the tariff is reduced to €30. If export license volume increases by more than 15%, then the tariff rises to €65.

The tariff review for the period March to August will be based on the previous six months data, and the tariff review for the September to February period is based on the preceding twelve months, to cover the entire EU rice marketing year which runs from September to August. The EU is committed to publish the new tariff within ten days of the end of a six month period.

To take into account the growth in the EU rice market, the base volume of 431,678 MT will be increased by 6,000 MT in each of the three marketing years from 05/06 to 07/08. At the end of the 2007/08 Marketing Year, the US and EU will review the Agreement in the light of the consumption growth in order to assess whether the annual increase in volume should be increased.

#### Rice import license volumes and possible tariffs for the next three years

Period	License Volume	€30	€42.5	€65
Mar 1 2005 to Aug 31 2005	212,325 MT	Less than 183,463	Between 183,463 and 248,215	More than 248,215
Sept 1 2005 to Feb 28 2006	Based on volume from 9/04 to 8/05	Less than 372,026	Between 372,026 and 503,330	More than 503,330
Mar 1 2006 to Aug 31 2006	Based on volume from 9/05 to 2/06	Less than 186,013	Between 186,013 and 251,665	More than 251,665
Sept 1 2006 to Feb 28 2007	Based on volume from 9/05 to 8/06	Less than 377,126	Between 377,126 and 510,230	More than 510,230
Mar 1 2007 to Aug 31 2007	Based on volume from 9/06 to 2/07	Less than 188,563	Between 188,563 and 255,115	More than 255,115
Sept 1 2007 to Feb 28 2008	Based on volume from 9/06 to 8/07	Less than 382,226	Between 382,226 and 517,130	More than 517,130
Mar 1 2008 to Aug 31 2008	Based on volume from 9/07 to 2/08	Less than 191,113	Between 191,113 and 258,565	More than 258,565

<sup>1</sup> Rice import licenses are used as a proxy for actual rice imports because the data is available with only several days delay. Actual EU import data can take three or four months before it is available. By measuring import licenses instead of actual imports, EU imports of rice under inward processing schemes are excluded from the tariff calculation.

Commission Regulation [1007/2005](#) sets out that the current brown rice tariff is €42.50, backdated to March 1, 2005<sup>2</sup>. The Regulation states that the volume of import licenses for brown rice (excluding basmati rice) for the period September 1 2004 to February 28 2005 was 212,325 MT.

## Links

Full details of the Agreement can be found at:

Official Journal, 1 July 2005, OJ L170 page 69.

[Agreement in the form of an Exchange of Letters between the European Community and the United States of America relating to the method of calculation of applied duties for husked rice](#)<sup>3</sup>

The Council Decision of June 21 explains the context of the Agreement.

[Council Decision of 21 June 2005 on the conclusion of an Agreement in the form of an Exchange of Letters between the European Community and the United States of America relating to the method of calculation of applied duties for husked rice and amending Decisions 2004/617/EC, 2004/618/EC and 2004/619/EC](#)<sup>4</sup>

Regulation 1006/2005 sets out how the Agreement should be implemented into EU legislation. It also increases the security for a rice import license from €1/MT to €30/MT. The security is returned once rice has been imported. This is to ensure that licenses taken out are used and thus accurately reflect rice imports.

**COMMISSION REGULATION No [1006/2005](#) of 30 June 2005 amending Regulation (EC) No 1549/2004 derogating from Council Regulation (EC) No 1785/2003 as regards the arrangements for importing rice and laying down separate transitional rules for imports of basmati rice.**<sup>5</sup>

## Monitoring Import Licenses

Weekly updates of import license data are available from the Commission's [CIRCA website](#)<sup>6</sup>, (click on 'Import of Husked Rice to the EU'). Note, for the purposes of the tariff calculation, the basmati rice import figure must be subtracted from total husked (brown) rice import licenses.

Import licenses can also be monitored with the weekly Brussels Rice Weekly published by FAS/USEU Brussels through the [GAIN Report system](#)<sup>7</sup>, as well as [Rice Market News](#)<sup>8</sup>, published by USDA/Agriculture Marketing Service in Little Rock Arkansas.

Links to the Commission import license data can also be found on the FAS/USEU Brussels website at <http://www.useu.be/AGRI/usda.html>, in the Reports and Market Data section.

<sup>2</sup> [http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2005/L\\_170/L\\_17020050701en00290029.pdf](http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2005/L_170/L_17020050701en00290029.pdf)

<sup>3</sup> <http://europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=OJ:L:2005:170:0069:0074:EN:PDF>

<sup>4</sup> <http://europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=OJ:L:2005:170:0067:0068:EN:PDF>

<sup>5</sup> [http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2005/L\\_170/L\\_17020050701en00260028.pdf](http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2005/L_170/L_17020050701en00260028.pdf)

<sup>6</sup> <http://forum.europa.eu.int/Public/irc/agri/igriz/library?l=/publicdomain/rice&vm=detailed&sb=Title>

<sup>7</sup> <http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>

<sup>8</sup> [http://www.ams.usda.gov/LSMnpubs/pdf\\_weekly/rice.pdf](http://www.ams.usda.gov/LSMnpubs/pdf_weekly/rice.pdf)

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E35041	EU and US agree on new EU brown rice import tariff scheme	February 2005
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