

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** EU Eliminates Grain Import Duties

**Country:** European Union

**Post:** Brussels USEU

**Report Category:** Agriculture in the Economy, National Plan, Policy and Program Announcements, Grain and Feed, Country/Regional FTA's, Trade Policy Incident Report, Trade Policy Monitoring, WTO Notifications

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**Report Highlights:**

The European Commission (EC) eliminated EU import duties for corn, sorghum and rye on August 27, 2020, only four months after re-introducing duties for the first time since March 2018. The re-introduction of duties in April 2020 were allegedly triggered by the decline in U.S. corn prices after the COVID-19 crisis significantly reduced the demand for U.S. bio-ethanol production.

On Thursday, August 27, 2020, the EC reviewed EU import duties for maize, sorghum and rye, with Commission Implementing Regulation (EU) 2020/1221. The EC set duties at €0 per metric ton (MT) as of August 27, 2020, only one day after lowering those duties to €0.26/MT, and down further from €5.48/MT imposed since August 12, 2020. The tariff is calculated in accordance with Commission Regulation (EU) 642/2010 and based on the difference between the European and world reference prices for maize, or the cost, insurance, and freight (CIF) price delivered to the port of Rotterdam. Import duties for maize, sorghum and rye were reintroduced on April 27, 2020, at €5.27/MT, the first-time duties were imposed since March 2018. This is likely due to the decline in the CIF price of corn in the United States because of the fall in demand for bio-ethanol production, an outcome triggered by the economic fallout of COVID-19 crisis. The import duties have fluctuated several times since April.

Note that the EU administers bound duties for all grains under the General Agreement on Tariffs and Trade (GATT). Some grains, however, are subject to GATT applied rates different from the bound tariffs. The EU tariff system for grains originates in the Blair House Agreement between the United States and the EU and involves setting tariffs on the basis of individual world reference prices for specific types of grains and the duty calculation mechanism is triggered automatically based on the difference between the effective EU intervention price for grains multiplied by 1.55 and a representative CIF price delivered to the port of Rotterdam.

**Attachments:**

No Attachments.