

Voluntary Report – Voluntary - Public Distribution

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Report Name: Update on the Management of EU Tariff Rate Quotas

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Report Highlights:

The overhaul of the European Union (EU) rules on the management of Tariff Rate Quotas (TRQs) with import licenses intends to address existing problems with the allocation of licenses to EU importers. While the requirements of the new regulations apply for the most part only to EU importers, they have also raised a number of practical questions on the need for documentary changes by exporters and third country authorities.

Documentary Changes by Exporters and Third Country Authorities

This summary of the EU new rules on the management of Tariff Rate Quotas (TRQs) with import licenses is intended to make clear where these may lead to changes in the documentary requirements for U.S. exporters and certifiers of documents that allow use of the TRQ's. We have identified the need for the adjustment of the Certificate of Authenticity for imports under the Hilton beef quota¹ which will have to carry the reference to the new legislation for shipments benefitting of the this TRQ from July 1, 2021 onwards.

This report does not concern TRQ's that are managed on a first come first served basis. These rules are however also under revision and are expected to be finalized after the summer.

Legislation

The legal bases governing the management of agricultural tariff rate quotas are contained in EU Regulation 1308/2013 and in different sectorial regulations. As of 2021, the rules for the administration of tariff quotas for agricultural products managed with licenses are laid down in Commission Delegated Regulation (EU) 2020/760 and Commission Implementing Regulation (EU) 2020/761.

See also: https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/market-measures/trqs_en

Key Elements of the New Regulations

Regulation (EU) 2020/760 specifies the conditions and eligibility requirements that an *EU operator* has to fulfil to submit an application within the EU license-based tariff quotas. The regulation also establishes the rules on the transfer of rights between operators and on the lodging and release of securities, and contains some specific requirements related to the EU management of the Spanish and Portugal Abatimento² TRQ's for the imports of corn and sorghum.

Some of the key elements of the legislation that the *EU operator* has to comply with concern the new License Operator Registration and Identification (LORI) electronic system, the requirement of proof of trade (Article 8 of Delegated Regulation (EU) 2020/760,) and the requirement of reference quantity (Article 9 of Delegated Regulation (EU) 2020/760).

¹ The Hilton quota is the informal name for a TRQ of high-quality meat of bovine animals from buffalo meat open to suppliers in North and South America, New Zealand and Australia and was agreed as part of the GATT agreement. Under this quota a portion of 11,500 MT is allocated to the United States and Canada under quota number 09.4002. The U.S. can export beef and bison under this quota.

² Abatimento: The accession of Spain and Portugal to the EU resulted in the application of common EU tariff barriers to Spanish and Portuguese imports and the loss of competitiveness for imports from non-EU countries. An agreement between the EU and the United States allows for the import of a fixed quantity of non-EU corn and sorghum at a preferential import duty as compensation for the loss of the Spanish market and Portuguese market.

Reference Quantity: Link to CN Codes on the Invoice

Reference quantities are only established for TRQ's that are considered to be sensitive, e.g. because they are over-demanded. For most of those TRQ's, the reference quantity is defined as the average annual quantity of products released for free circulation in the Union during two consecutive 12-month periods ending 2 months before the first application may be submitted for the tariff quota period. Unless otherwise specified, the reference quantity of an operator shall not exceed 15 percent of the quantity available for the tariff quota concerned in the relevant tariff quota period. The total quantity of products covered by applications for licenses for one tariff quota submitted in a tariff quota period shall not exceed the applicant's reference quantity for that tariff quota. Reference quantities are intended to balance the interest of different importers, thereby allowing new and smaller importers access to the quota.

As part of the required proof of reference quantity, the EU operator has to present invoices to the EU licensing issuing authorities. This invoice has to include (a) the name of the importer or declarant, (b) the product description associated with its 8-digit Combined Nomenclature code and (c) the invoice number. For quotas for which the requirement of reference quantity does not apply, this requirement concerning the presentation of invoices does not apply.

A table with the specific requirements for all license based TRQ's is published in Annex I of [Commission Implementing Regulation \(EU\) 2020/761](#).

Taking the example of the Hilton Beef Quota, Annex I provides the following overview of requirements for the EU operator. As in this case there is no requirement of reference quantity, the invoice with the 8-digit CN code does not need to be presented.

Tariff rate quota number/description	Sector	Type of quota	Management method	Requirement of reference quantity laid down in Article 9 of Delegated Regulation (EU) 2020/760	Requirement of proof of trade laid down in Article 8 of Delegated Regulation (EU) 2020/760	Licence expiration date	Prior compulsory registration of operators in the electronic system referred to in Article 13 of Delegated Regulation (EU) 2020/760
09.4002	Beef and veal	Import	EU: simultaneous examination	No	No		No

A Data Sheet for Each TRQ

Furthermore, Annexes II-XIII provide individual data sheets for all quota with the following specifics:

- Order number
- International agreement or other act
- Tariff quota period
- Tariff quota sub-periods
- License application
- Product description
- Origin
- Proof of origin at license application. If yes, body authorized to issue it
- Proof of origin for release into free circulation
- Quantity in kilograms
- CN codes
- In-quota customs duty
- Proof of trade
- Security for import license
- Specific entries to be made on the license application and on the license
- Period of validity of a license
- Transferability of license
- Reference quantity
- Operator registered in LORI database
- Specific conditions

Certificate of Authenticity as Proof of Origin

A number of the TRQ's are origin specific and in those cases a proof of origin in the form of a well-defined format may be required. Models of these documents can be found in Annex XIV of Commission Implementing Regulation (EU) 2020/761. With respect to imports from the United States, Annex XIV contains a model certificate of EU quota Allocation for Semi-milled Rice or Husked/Brown rice (page 227) and also a model Certificate of Authenticity (COA) on page 232 of the regulation for beef and bison. This COA is issued by the USDA Food Safety Inspection Service (FSIS) to allow access to the Hilton beef quota under order number 09.4002. At the start of the new quota year in July 2021, the COA with the new reference to Commission Implementing Regulation (EU) 2020/761 in box 5 of the certificate will have to be presented to EU licensing authorities, replacing the previous model that referred to Commission Implementing Regulation (EU) 593/2013. FSIS will have to make this change on the COA template that can be downloaded from its export library.

Attachments:

No Attachments.