

U.S Tariff-rate Quotas and AGOA Market Access

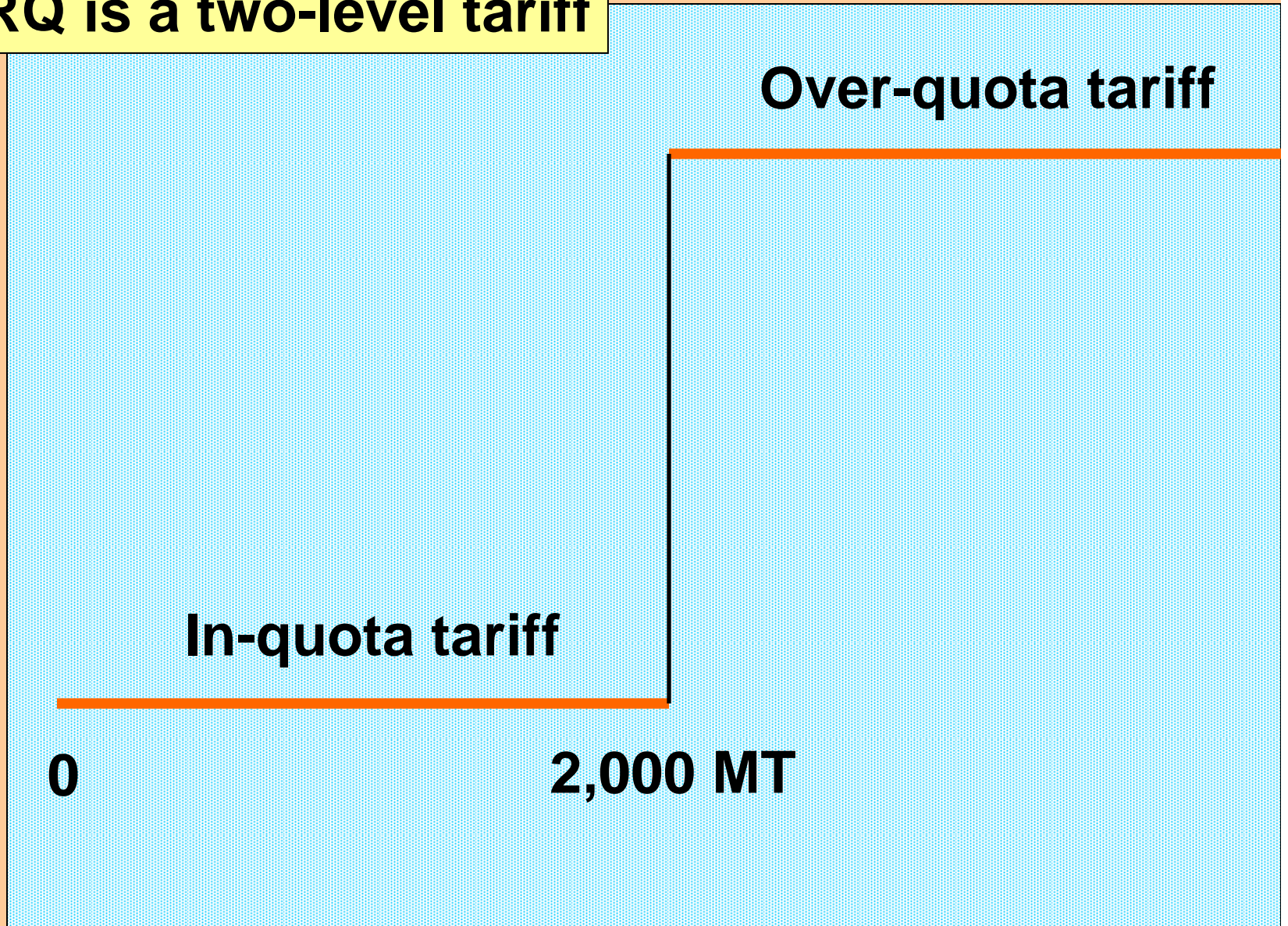
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What is a TRQ?

**Do U.S. TRQs matter for
AGOA market access?**

**How can U.S. TRQs be
modified to allow greater
AGOA market access?**

A TRQ is a two-level tariff



0

2,000 MT

In-quota tariff

Over-quota tariff

U.S. TRQs

	TRQs	Tariff lines	Over-quota tariff AVE
Sugar & sugar-containing products	9	49	120-210%
Tobacco for cigarettes	1	9	350%
Peanuts & peanut butter/paste	2	5	163.8%
Cotton	6	6	20-35%
Beef, chilled or frozen	1	14	26.4%
Dairy products	22	107	30-120%
Other	5	6	
TOTAL	46	196	

AVE = ad valorem equivalent = specific tariff / import unit value

Do U.S. TRQs limit AGOA market access?

Sugar & sugar-containing products

Tobacco for cigarettes

Peanuts & peanut butter/paste

Cotton

Beef, chilled or frozen

Dairy products

Yes!

Yes

Yes, sometimes

No longer

Not yet

Not likely

TRQ tariffs:

In-quota tariff

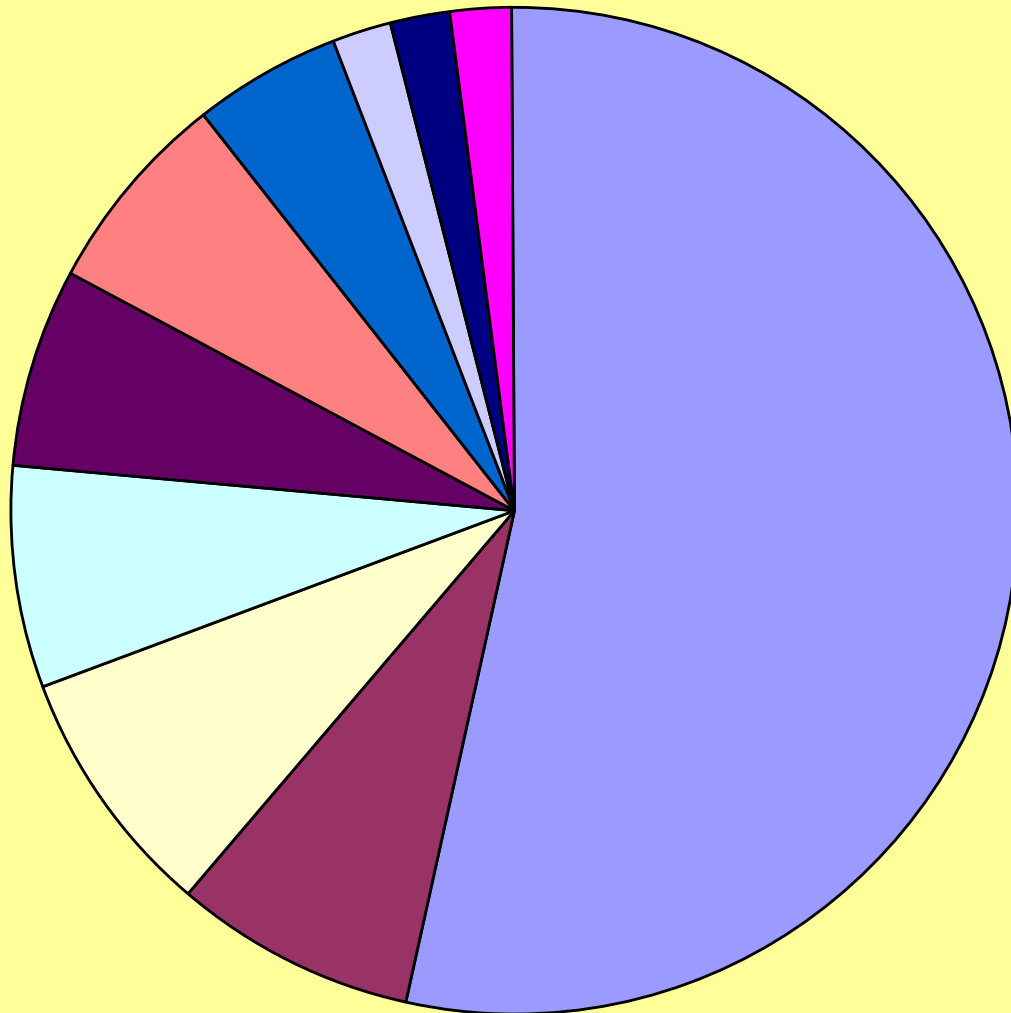
**29 of 196 in-quota tariff lines are not yet duty-free for AGOA:
4 Cotton
(25 sugar-containing products)**

Over-quota tariff

**Is duty-free possible ?
this would allow DFQF access
No. Not under current U.S. law.**

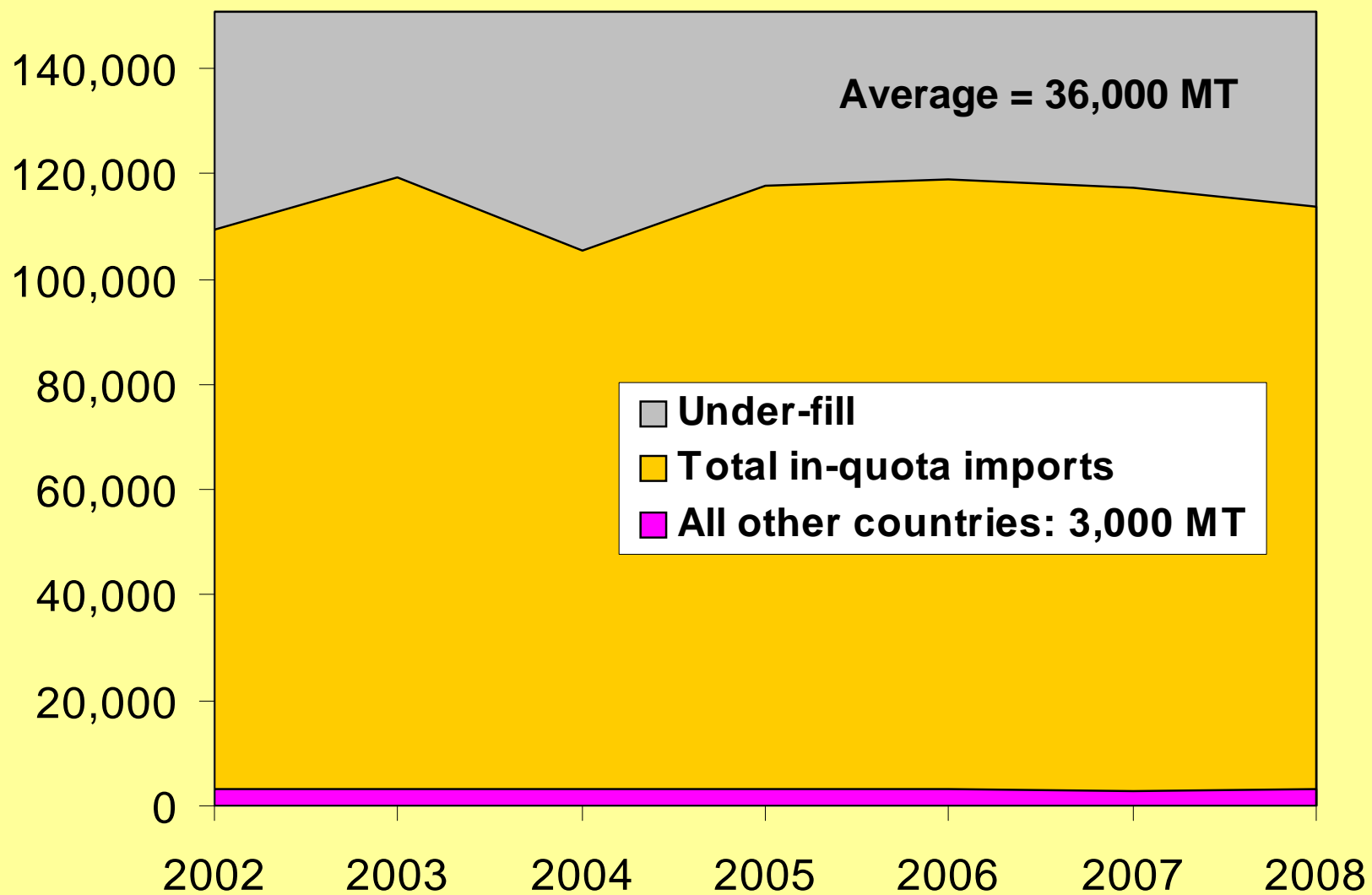
What about the way TRQs are allocated?

Cigarette Tobacco TRQ - 150,700 MT



- Brazil
- Malawi
- Zimbabwe
- Argentina
- European Union
- Guatemala
- Thailand
- Chile
- Philippines
- Other Countries or Areas

U.S. Tobacco TRQ : 150,700 MT

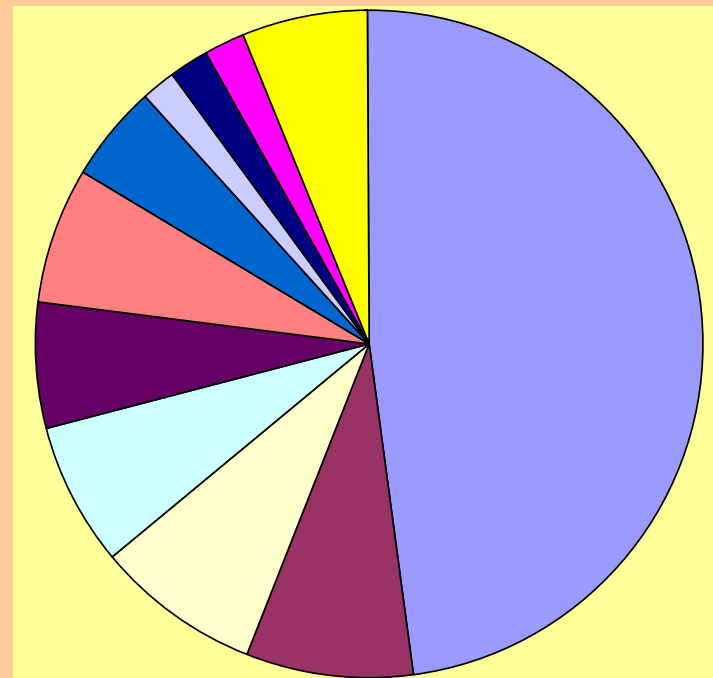
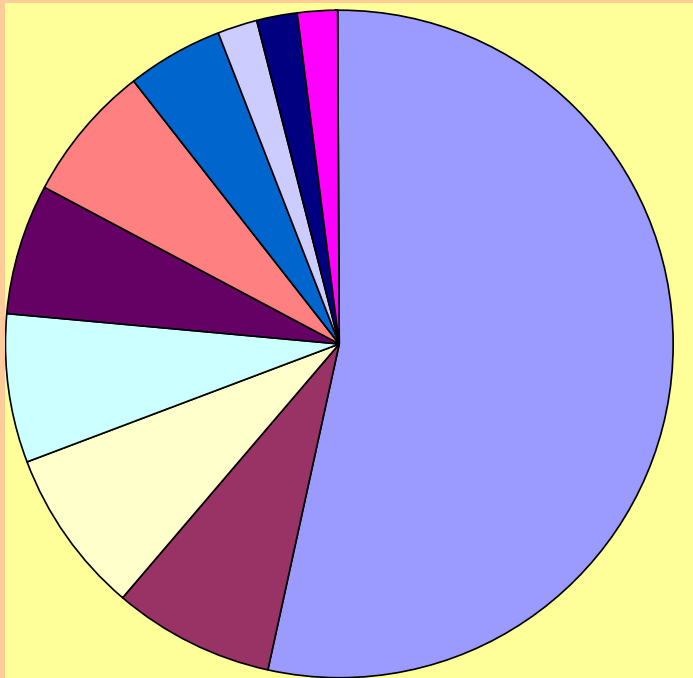


Can TRQs be re-allocated?

19 U.S.C. § 3601(d)(3): “Allocation: The President may allocate the in-quota quantity of a tariff-rate quota for any agricultural product among supplying countries or customs areas and may modify any allocation as determined appropriate by the President.”

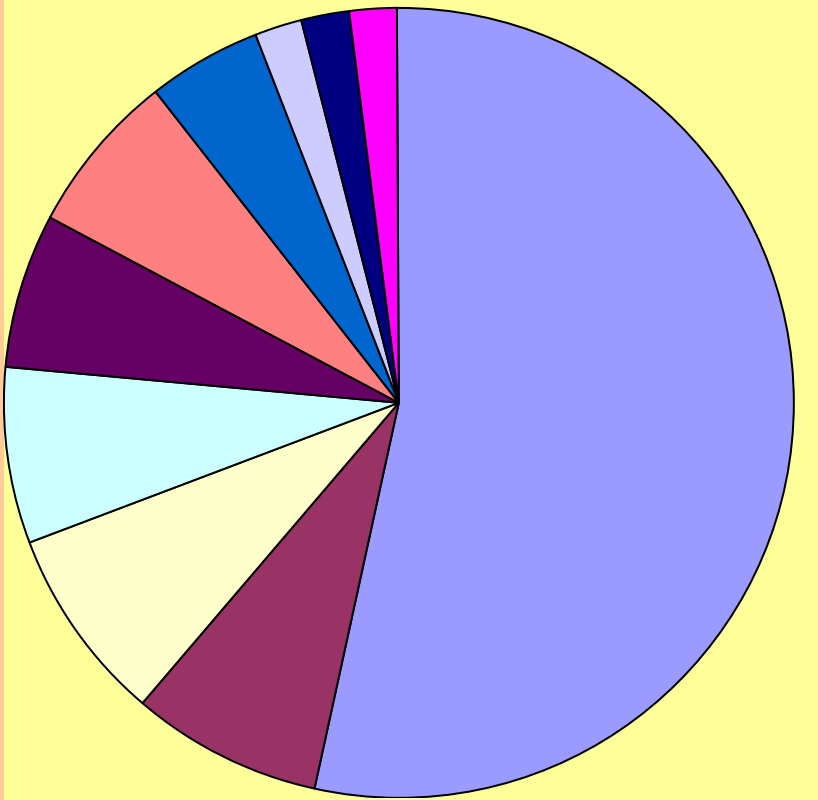
The U.S. has obligations to other WTO Members

Altruistic Hypothetical Tobacco TRQ re-allocation
Assume a 10% donations from Brazil and EU
Create an “AGOA-only” allocation

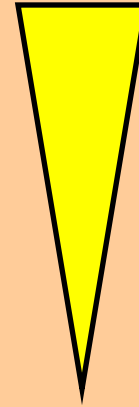


Would other WTO Members contest this?
Does the WTO waiver for AGOA provide “cover”?

Create an additional AGOA-only TRQ – an extra slice



+



Additional TRQs are routinely created for U.S. FTA partners

Current law

**Provide duty-free in-quota access
for all in-quota tariff lines**

**Creation of AGOA-only allocation
consistent with WTO obligations**

Requires changes to current law

**Create additional AGOA-only TRQs
– an extra slice**

Provide duty-free over-quota access



**Extra Slides
for Q&A**

Tariff-rate Quota – TRQ

Uruguay Round Agreement on Agriculture (1994)

**“Tariffication” of Quantitative Restrictions
(Import Bans & Quotas)**

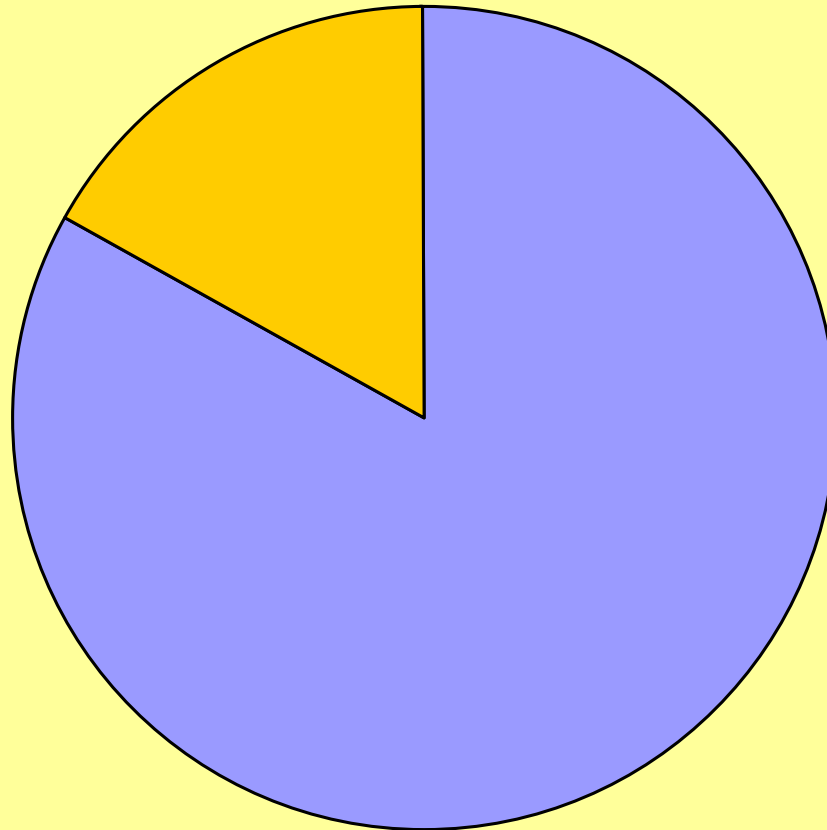
**Convert Quotas & Bans into tariffs
or into TRQs**

A TRQ is a two-level tariff

Over-quota tariff:

19 U.S.C. § 2463 (b)(3) : “No quantity of an agricultural product subject to a tariff-rate quota that exceeds the in-quota quantity shall be eligible for duty-free treatment under this subchapter.”

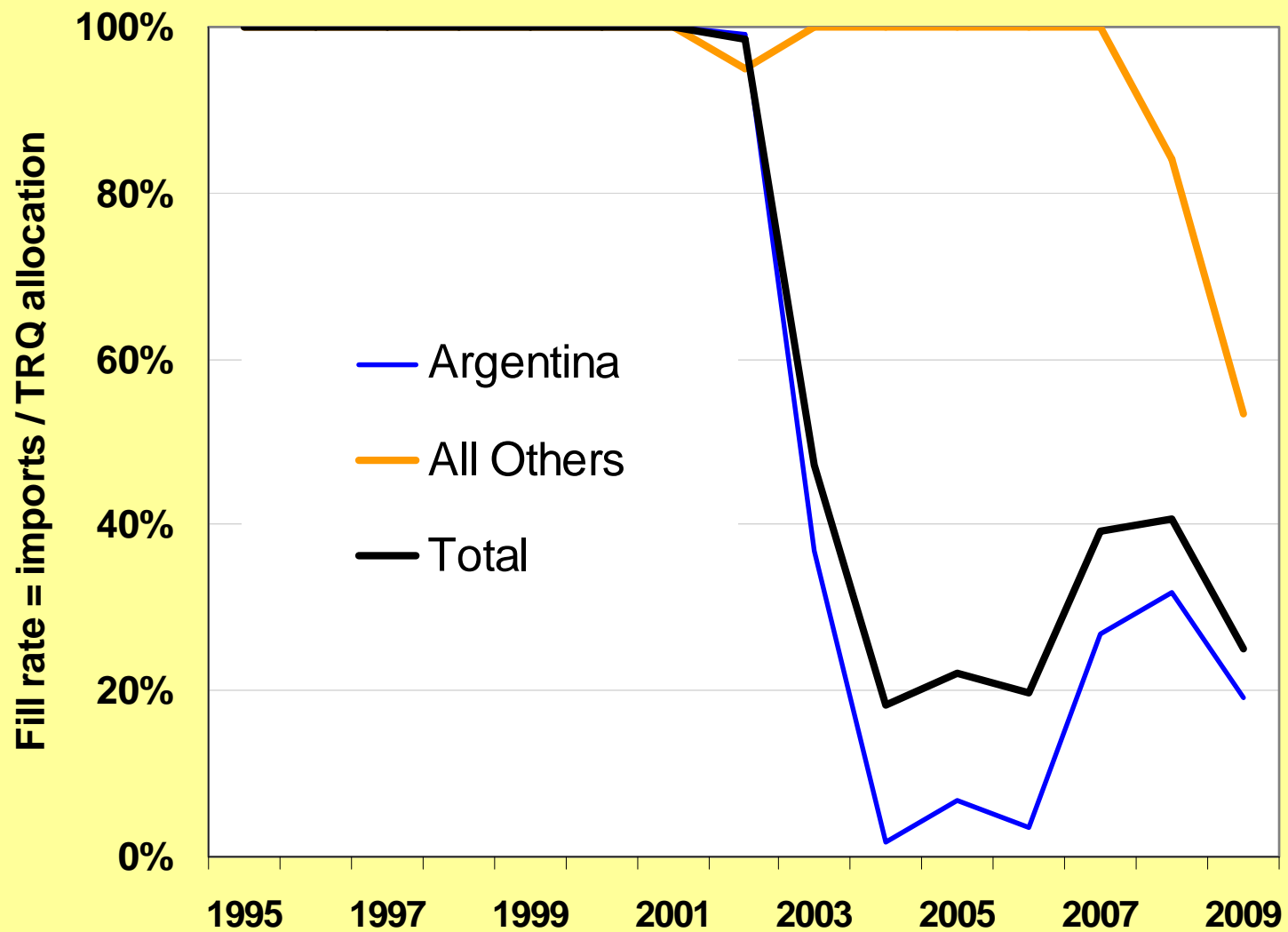
Peanut TRQ - 52,906 MT



■ Argentina 43,901 MT

■ All other countries 9,005 Mt

U.S. Peanut TRQ: Fill rates 1995-2009



U.S Beef TRQ - "Other countries or areas" 64,805 MT

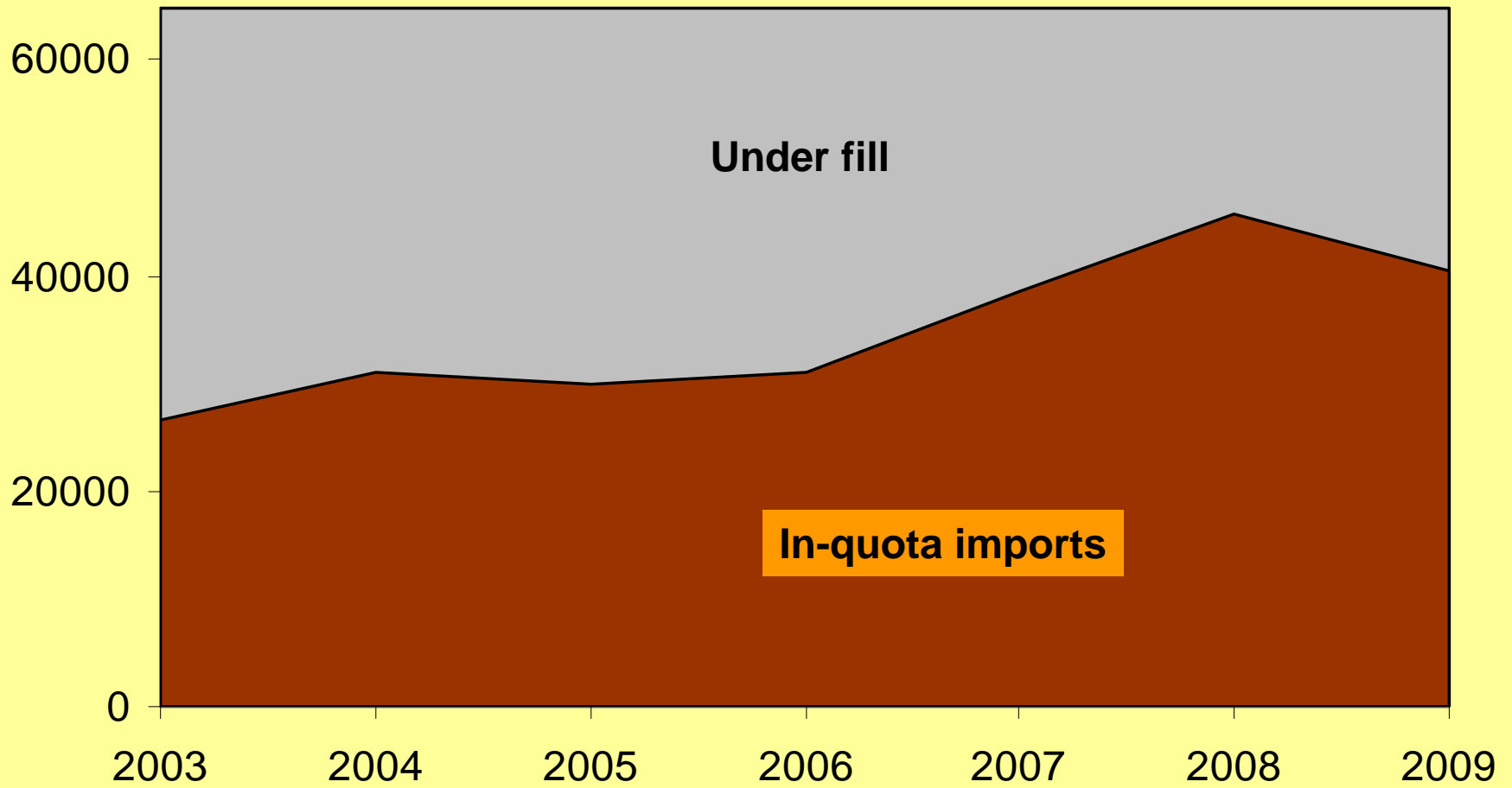


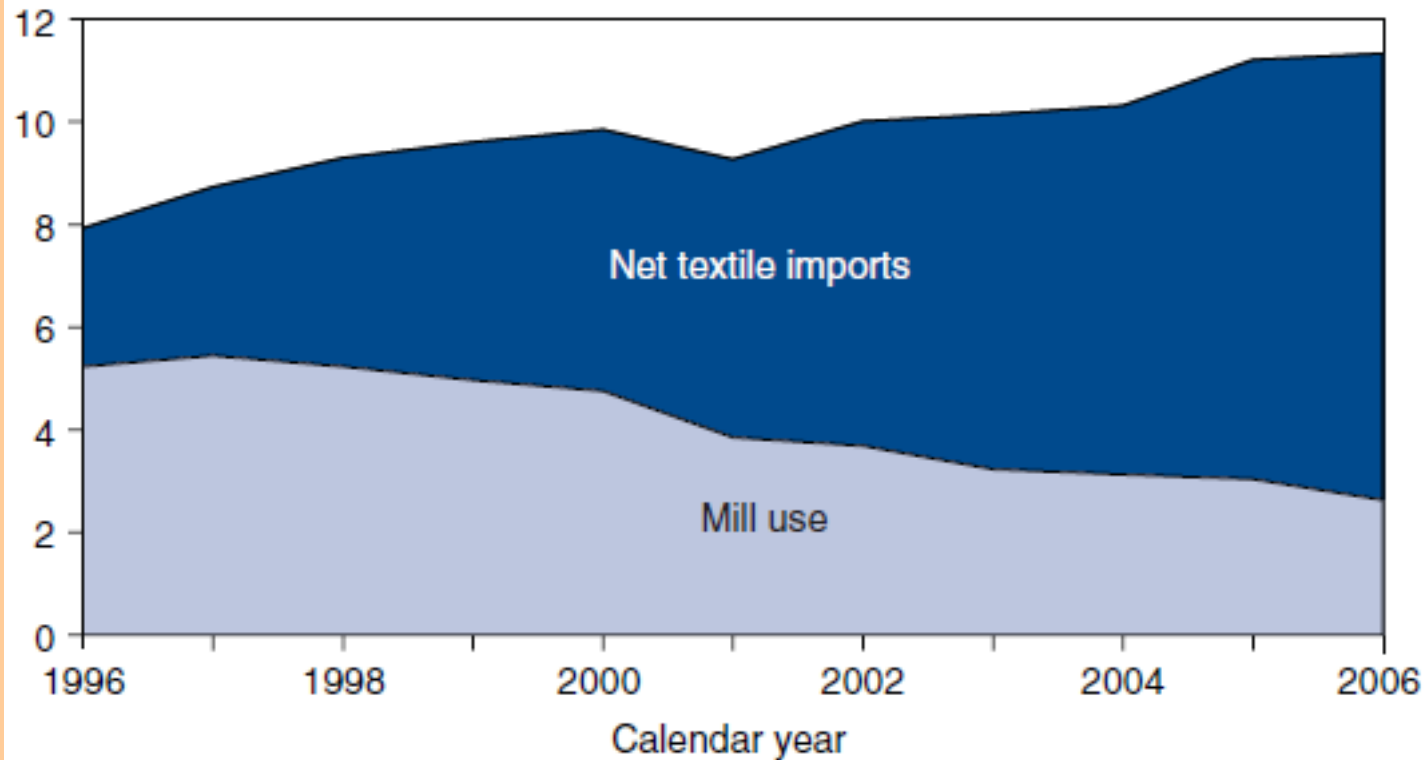
Table 2: U.S. Cotton TRQs

HTSUS Chapter, Note	Description	In-quota volume available to “all other countries”	AGOA In- quota tariff	AGOA Over- quota tariff
52 N 5	Short staple	17,652 MT, FCFS	Free	31.4 c/kg
52 N 6	Harsh, rough	1,400 MT, FCFS	4.4 c/kg	31.4 c/kg
52 N 7	Medium staple	11,500 MT, FCFS	4.4 c/kg	31.4 c/kg
52 N 8	Long staple	40,100 MT, FCFS	1.5 c/kg	31.4 c/kg
52 N 9	Waste	2.3 MT, FCFS	Free	7.8 c/kg
52 N 10	Processed, not spun	2.5 MT, FCFS	5%	31.4 c/kg

Figure 7

U.S. cotton mill use and cotton-equivalent of net textile imports

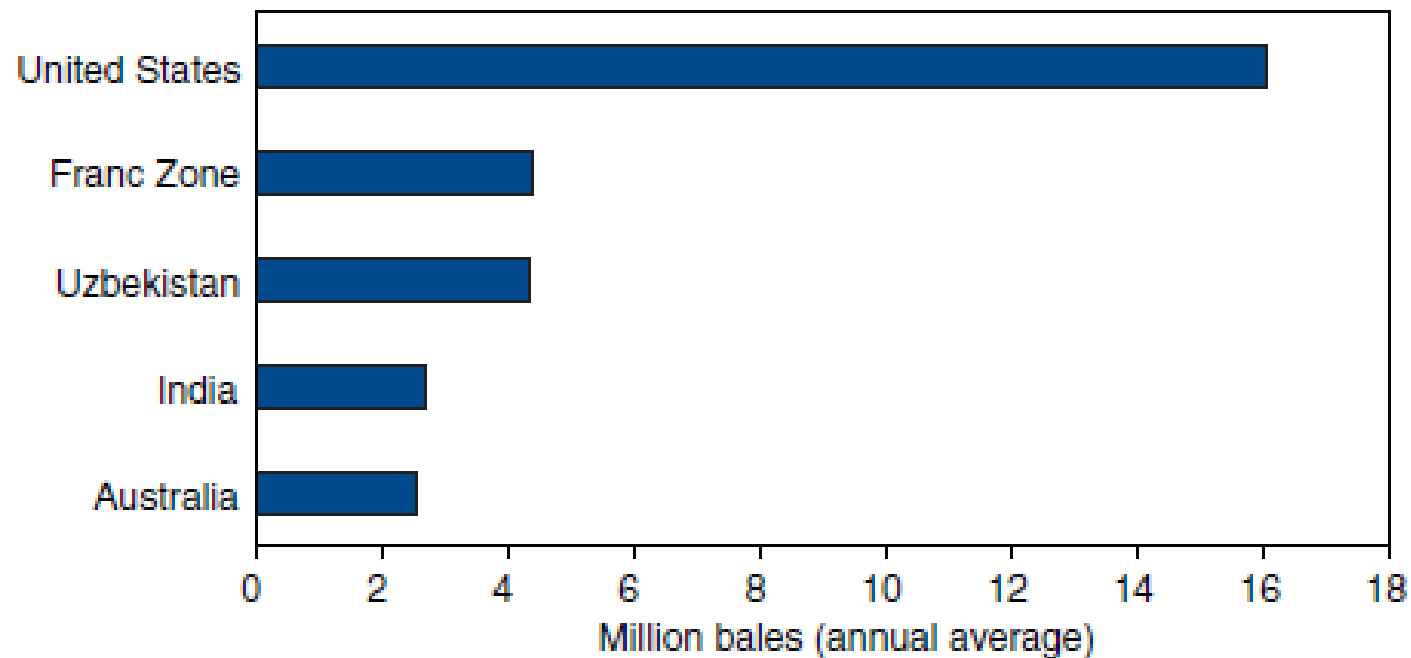
Billion pounds



Source: Economic Research Service, USDA and Bureau of the Census, USDC.

Source: Meyer, MacDonald, Foreman (2007) "Cotton Backgrounder"
www.ers.usda.gov

Figure 4
Leading cotton exporters, 2004-06



Note: These 5 countries account for 75 percent of world exports. Franc Zone includes Benin, Burkina Faso, Cameroon, Chad, Central African Republic, Cote d'Ivoire, Mali, Senegal, Togo, and Niger.

Source: *World Agricultural Supply and Demand Estimates*, WAOB, USDA.

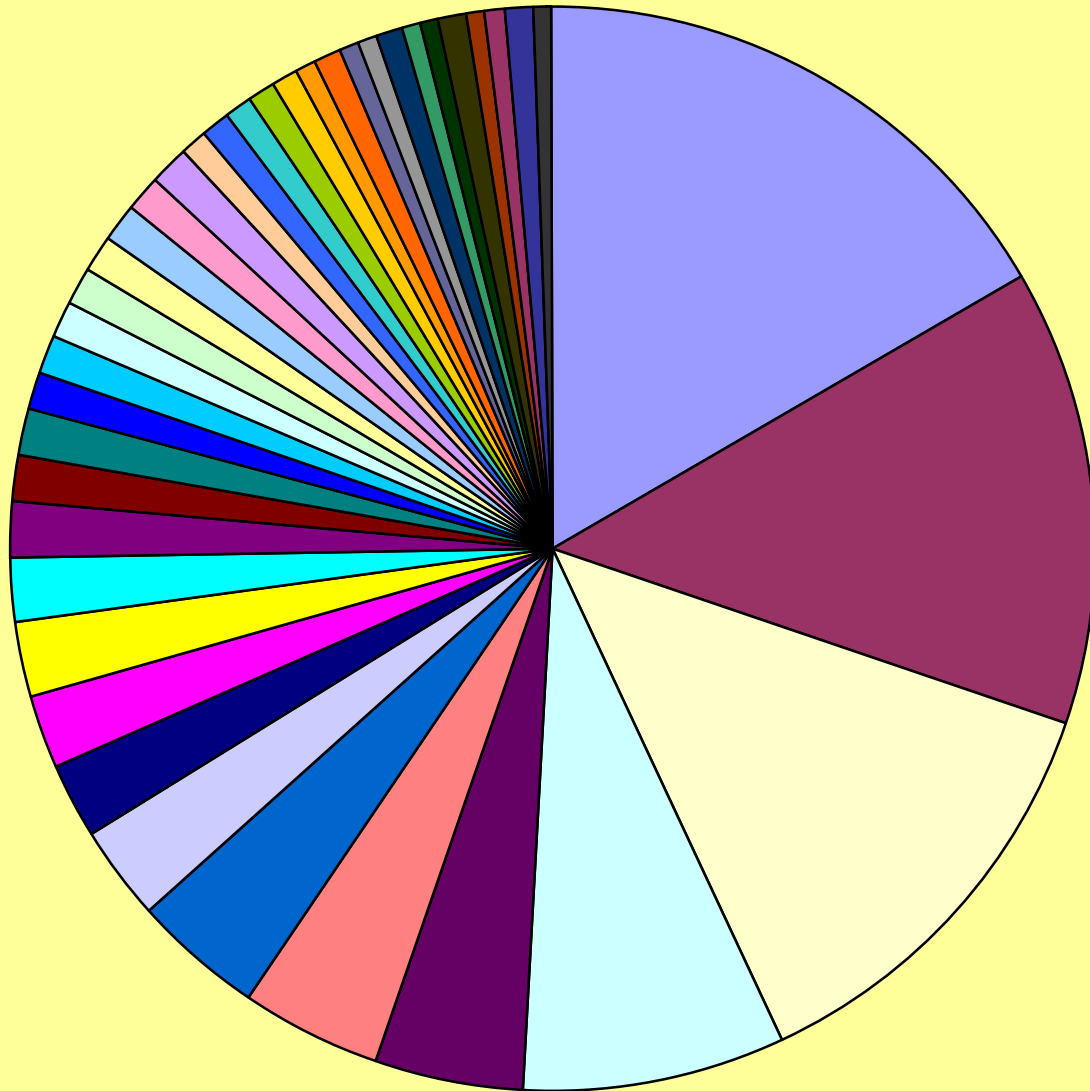
Table 3: Over-quota tariffs on raw cane sugar

Raw Cane Sugar Import Price	Over-quota tariff	Value-based Safeguard	Ad valorem equivalent tariff
14c/kg	33.87c/ kg	5.5c/ kg	281 percent
18c/kg	33.87c/ kg	3.4c/ kg	207 percent
20c/kg	33.87c/ kg	1.5c/ kg	177 percent
25c/kg	33.87c/ kg	None	135 percent

Table 4: Raw cane sugar TRQ allocations to African countries

Country	Quota MT	Average fill rate 2005-09*
Congo	7,258	20 %
Cote d'Ivoire	7,258	20 %
Gabon	7,258	0 %
Madagascar	7,258	0 %
Mauritius	12,636	29 %
Malawi	10,530	66 %
Mozambique	13,690	60 %
Swaziland	16,849	92 %
South Africa	24,200	100 %
Zimbabwe	12,636	90 %

U.S. Raw Cane Sugar TRQ: 1,117,192 MT (minimum)



40 countries

**Dom. Republic
Brazil
Philippines
Australia**

...

...

No "all others"

**Minimum allocation
= 7,258 MT**

Table 5: AGOA Exports of Cocoa and Cocoa Preparations to the U.S.

Tariff code	Description	Average Value 2005-09 \$million
1801	Cocoa beans, raw or roasted	64.881
1802	Cocoa shells, husks, skins & other cocoa wastes	0.159
1803	Cocoa paste	10.636
1804	Cocoa butter, fat, oil	5.167
1805	Cocoa powder, not containing added sugar	1.980
1806	Chocolate & other food preparations containing cocoa	0.017

Cocoa-containing products

A Venn diagram with three overlapping circles on an orange background. The top circle is light blue and labeled 'Cocoa-containing products'. The bottom-left circle is orange and labeled 'Products containing Butterfat or Milk solids'. The bottom-right circle is yellow and labeled 'Sugar-containing products'. The intersection of the top and bottom-left circles is shaded purple and labeled '10 in-quota tariff lines'. The intersection of the top and bottom-right circles is shaded green and labeled '12 in-quota tariff lines'. The intersection of the bottom-left and bottom-right circles is shaded brown. The central intersection of all three circles is shaded dark brown.

10 in-quota tariff lines

12 in-quota tariff lines

Products containing Butterfat or Milk solids

Sugar-containing products