



IPC Policy Focus

U.S. Tariff Rate Quotas and AGOA Market Access

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The African Growth and Opportunity Act (AGOA) provides preferential access to the U.S. market for qualifying Sub-Saharan African countries above and beyond that provided under the Generalized System of Preferences (GSP). As noted in the 2009 Policy Brief, "AGOA and Agriculture," agricultural products covered by tariff-rate quotas (TRQs) are excluded from GSP and AGOA preferences.¹ The exclusion applies to "any agricultural product ... that is subject to a tariff-rate quota, if entered in a quantity in excess of the in-quota quantity for such product."² This Policy Brief explains what the last statement means and its implications for AGOA market access.

The first section explains what a TRQ is and why TRQs exist for agricultural commodities. The second section examines, commodity by commodity, whether and how TRQs impede AGOA countries' market access to the U.S. The third and final section considers how TRQs can be liberalized or modified to provide better, if not full, market access for AGOA countries. As agriculture is a key driver for poverty alleviation and economic growth in Africa, it is especially important to examine how changes to U.S. trade policy can serve to strengthen the export performance of this vital sector.

1 See August 2009 IPC – PCHPA paper "AGOA and Agriculture" for a discussion of agriculture under AGOA, http://www.agritrade.org/Publications/documents/PCHPAIPC_JointPolicyBrief_Aug3.pdf.

2 Harmonized Tariff Schedule of the United States (HTSUS), General Note 4(c)(vii) "any agricultural product of chapters 2 through 52, inclusive, that is subject to a tariff-rate quota, if entered in a quantity in excess of the in-quota quantity for such product."

I – Why Tariff Rate Quotas?

We start with a definition. A TRQ is a two-level tariff: a lower in-quota tariff is applied to a limited volume of imports in a particular period, and a higher over-quota tariff is applied to all additional imports. A TRQ may be less restrictive than a quota because it allows the possibility of additional imports if the over-quota tariff is not prohibitive.

TRQs were rarely employed prior to the Uruguay Round Agreement on Agriculture (1994). Agricultural commodities had been effectively excluded from earlier rounds of multilateral trade negotiations. Thus high tariffs, subsidies, quotas and outright bans persisted and proliferated for agricultural commodities, while other sectors were gradually liberalized. The Agreement on Agriculture ended this exclusion. To provide a uniform basis for liberalization, all quotas and import bans were converted into tariffs, a process called tariffication. Because of the political sensitivity of most formerly quota-controlled products, quotas were allowed to be converted into TRQs. A minimum access provision required that the newly formed TRQs provide in-quota market access equivalent to at least 3 percent of the volume of domestic consumption of the relevant commodity. This volume expanded to 5 percent of domestic consumption in 2000.

The Uruguay Round Agreement on Agriculture (Article 5) also allowed members converting quotas into TRQs to apply special safeguard tariffs on over-quota imports. The United States includes these value- and

volume-triggered tariffs in its tariff schedule; they are imposed automatically.³ The high over-quota tariffs, often augmented by special safeguard tariffs, make importing outside the quota expensive, if not prohibitive.

The U.S. maintains 46 TRQs on seven groups of agricultural commodities (Table 1). Most of the TRQs were formerly quotas imposed to prevent disruption of domestic price support or production control programs, which served the purpose of ensuring a higher price for domestic producers. It was also usually necessary to restrict imports of the processed derivatives and substitutes of the primary commodity. Thus, there are TRQs for raw cane sugar and eight other sugar-containing products - together covering 49 tariff lines.⁴ The 22 TRQs for dairy products cover 107 tariff lines.

In-quota imports are duty-free under GSP or AGOA for all but 29 in-quota tariff lines. The exceptions are four tariff-lines of cotton and 25 tariff-lines of sugar-containing products. The range of representative over-quota tariffs for each TRQ group is listed in the right-most column in Table 1. These are unusually high tariffs: less than 2 percent of all U.S. tariffs exceed 25 percent.⁵ The over-quota tariff on tobacco, 350 percent, is the highest in the U.S. tariff schedule.

Also influencing effective TRQ market access are the many Free Trade Agreements (FTAs) the U.S. has initiated. Partners to these FTAs often negotiate bilateral TRQs; such imports are additional

to the WTO-notified TRQs discussed in this paper. The special safeguard tariffs are waived for most FTA partners, and the over-quota tariffs are granted a margin of preference. The growing volume of preferential access allowed under FTAs dilutes the effective market access offered under the WTO-notified TRQs.

Besides the tariffs and in-quota volumes, the degree of market access a TRQ allows depends on how the TRQ is administered.⁶ The U.S. administers many of its TRQs by granting the right to export at the lower, in-quota tariff to exporting countries based on their 'historical' market share of U.S. imports. For example, current shares of the U.S. sugar TRQ are based on average import market shares realized in 1975-81. The shares of most of the U.S. cotton and dairy TRQs are based on market shares from the early 1950s. In

Table 1: U.S. TRQs*

Commodities With TRQs	Quota or TRQ Initially imposed	Number of TRQs	Number of 8-digit in-quota tariff lines	Over-quota tariff on key tariff line	Ad valorem equivalent range (2006-2010)
Dairy	1951-53	22	107	\$1.541/kg	30-120%
Sugar	1982	9	49	\$0.3387/ kg	120-210%
Cotton	1952	6	6	\$0.341/ kg	20-35%
Peanuts	1952	2	5	163.8 %	163.8%
Beef	1979	1	14	26.4 %	26.4%
Tobacco	1995	1	9	350.0 %	350%
Other**		5	6		
Total		46	196		
*Annex I includes a more detailed table on US TRQs					
** The four green olive and "satsumas in airtight containers" TRQs are not discussed in this paper; they stem from anti-dumping cases.					

3 Article 5 of the Agreement on Agriculture specifies the construction of these special safeguard tariffs. The price triggers are based on average 1986-1988 reference prices; the quantity trigger is determined annually and is based, in part, on the most recent three-year average volume of imports. The special safeguard tariffs are found in HTSUS Chapter 99 Subchapter IV.

4 This counts only in-quota tariff lines, over-quota imports are assigned different tariff lines. TRQ specifications are found in "additional notes" at the beginning of various HTSUS chapters. An online searchable U.S. harmonized tariff schedule is available at the U.S. International Trade Commission website: <http://hts.usitc.gov/>.

5 UNCTAD, "The Post-Uruguay Round Tariff Environment for Developing Country Exports: Tariff Peaks and Tariff Escalation", UNCTAD/WTO Joint Study, TD/B/COM.1/14/Rev.1 (Geneva, CH), January 28, 2000.

the intervening decades, comparative advantage has shifted and U.S. consumer preferences and agricultural policies have changed. Thus, most TRQs are "solving" problems that no longer exist and they perpetuate patterns of trade that no longer correspond to an efficient matching of supply and demand. Allocations of TRQs shares dating from before decolonization discriminate against developing countries. AGOA countries have no share of many of TRQs, and when they do have a share, it is usually small and shared with other countries. The allocation of the in-quota shares is a major

6 For more on how TRQs operate see: David Skully, *Economics of Tariff-Rate Quota Administration*. TB1893, U.S. Dept. of Agriculture, Econ. Res. Serv. (Washington DC, 2001) <http://www.ers.usda.gov/Publications/TB1893/>

impediment to AGOA market access, as the next section demonstrates.

II – Do TRQs matter for AGOA countries?

We answer this question by examining each commodity-related group of TRQs in turn. We start with peanuts and tobacco: they share several key characteristics and illustrate how TRQ administration can compromise market access.

Peanuts

There are two TRQs related to peanuts: one for peanuts – in shell, shelled, blanched or otherwise prepared – and one for peanut butter and paste. We focus on the peanut TRQ because it illustrates problems inherent in TRQ administration.

The U.S. peanut quota was imposed in 1952. It limited peanut imports to 775 MT. Under the U.S. peanut program, anyone could produce peanuts, but sales of peanuts for domestic consumption were limited by domestic marketing quotas, distributed to producers based on their production in the 1940s. Without quota, domestically-grown peanuts could only be exported or crushed for oil and meal for feed use. Non-quota peanuts sold for the world price, and quota peanuts usually sold for about twice the world price. The import quota was necessary to sustain the high price of “quota” peanuts in the U.S. market.

The peanut quota was tariffed in the Uruguay Round. Tariffication required that the newly created TRQs allow in-quota imports of at least 3 percent of domestic consumption, increasing to 5 percent by 2000. Accordingly, the U.S. peanut TRQ had a 1995 in-quota volume of 30,393 MT which expanded to 52,906 MT. Of this total volume, Argentina has the right to supply 43,901 MT; the balance, 9,005 MT, is available to all other suppliers on a first-come, first-served (FCFS) basis. The in-quota tariff is zero for AGOA; the over-quota tariff is 163.8 percent for in-shell peanuts and 131.8 percent for other peanuts.⁷

When there is a large gap between the domestic price and the world price, the opportunity to import in-quota is valuable and under a FCFS system, an import rush often results. The peanut quota assigned to “all others” usually filled the morning the quota year opened. Commercial success in exporting in-quota has as

⁷ In-shell peanuts are counted as 75kg per 100kg.

much to do with luck – being early – as with being an efficient or low-cost supplier. An exporter must have the product in a bonded warehouse ready to clear U.S. customs when the quota opens. If the full shipment does not enter in-quota, the exporter must either pay the over-quota tariff and possibly safeguard tariffs or ship the remaining goods elsewhere. Thus importing in-quota under FCFS is riskier than under a duty-free or tariff-only import regime. These risks inhibit trade and the development of long-term commercial relations between exporters and importers. These additional costs of FCFS market access are not captured in standard measures of protection.⁸

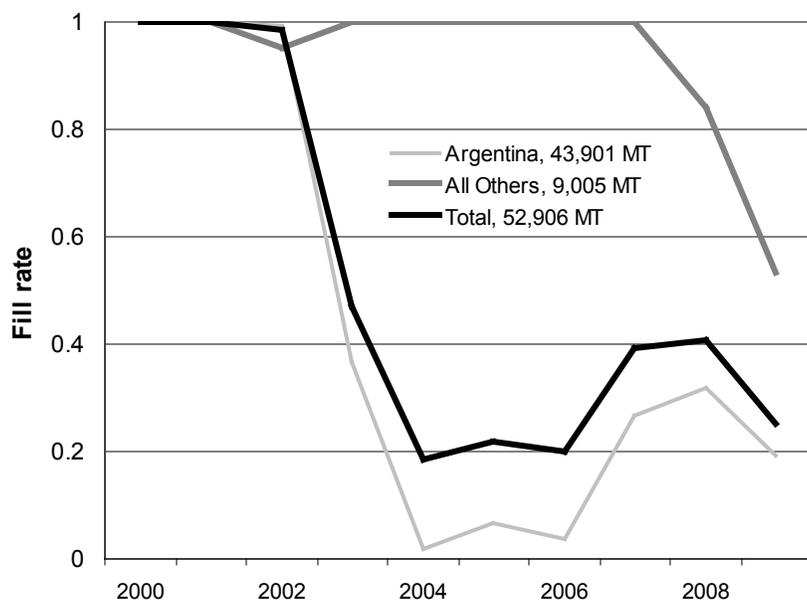
In 2002, the U.S. government bought up all domestic peanut quotas, to the benefit of former domestic quota holders.⁹ There is no longer a distinction between domestic quota peanuts and additional peanuts. The domestic price of peanuts is approximately the world price and the opportunity to import in-quota is no longer as valuable as it was.

The impact of domestic reform is evident in the peanut TRQ fill rates – the proportion of the in-quota volume utilized during the quota year. [Figure 1, next page] Pre-reform, the Argentine and “all others” quotas always filled; since 2003 the Argentine fill rate has been below 40%. Looking only at the aggregate fill rate, one might conclude that the U.S. peanut TRQ has ceased to be a binding constraint on trade. However, the “all others” fill rate remained at 100% until 2008. In 2007, 62,914 kg of peanuts were imported over-quota at the same time that Argentina had unused TRQ rights for over 31 million kilos of peanuts. Clearly, the aggregate fill rate of all suppliers, the number reported to the WTO, and the indicator typically used in trade liberalization simulations, does not accurately reflect the trade barrier facing countries lacking an historical entitlement. This highlights a common problem in historically allocated TRQs: in-quota rights are often allocated to countries that do not and perhaps cannot use them.

World trade in peanuts is dominated by Argentina,

⁸ U.S. Customs and Border Protection reports current TRQ fill status at its “Quota Information for Agricultural Producers” webpage, along with other useful TRQ information: http://www.cbp.gov/xp/cgov/trade/trade_programs/agriculture/quota_info_ag_lp.xml

⁹ Erik Dohlman, Linda Foreman, and Michelle Da Pra, *The Post-Buyout Experience: Peanut and Tobacco Sectors Adapt to Policy Reform*. EIB-60. U.S. Dept. of Agriculture, Econ. Res. Serv. (Washington DC, 2009). <http://www.ers.usda.gov/Publications/EIB60/>

Figure 1: U.S. Peanut TRQ: Fill rates 1995-2009

China, and the U.S. The “other countries” allocation of the U.S. TRQ is filled primarily by China, which became a WTO member in Dec 2001. The U.S. has not imported peanuts or peanut butter from AGOA countries since 2002. Between 1995 and 2002 Malawi, Gambia, Zambia and Ethiopia exported minor amounts of peanuts in-quota and South Africa exported both peanuts and peanut butter in-quota.

Most peanuts are traded as commodities, as generic peanuts, in-shell, shelled or blanched. Because the U.S. is a competitive peanut producer and exporter, and because domestic marketing quotas no longer exist, it is unlikely that the U.S. will import large volumes of generic peanuts, but limited trade opportunities will continue. The U.S. peanut TRQ includes a fourth tariff line (2008.11.45) for “peanuts, otherwise prepared or preserved.” These are differentiated value-added products, such as peanut snack foods. This is a potential market niche for peanut-producing AGOA countries.

Tobacco

In 2004, the U.S. government implemented a buyout of all domestic tobacco quotas, thus ending almost 70 years of strict production controls. Similar to the liberalization of the domestic peanut sector, domestic tobacco prices fell; but, unlike peanuts, tobacco production declined, particularly for burley, a more labor-intensive variety. The drop in production has not resulted in an increase in imports because leaf imports

are still limited by TRQs; moreover, U.S. cigarette consumption is declining.

In 1993 the U.S. attempted to slow an influx of imported cigarette tobacco by imposing domestic content requirements for cigarettes. This law was challenged successfully in the GATT; in 1995, the United States created a TRQ. The tobacco TRQ was not tariffed in the Uruguay Round and is not eligible for special safeguard tariffs. This may account for its exceedingly high over-quota tariff – 350 percent. The TRQ covers nine tariff lines of various forms of burley and flue-cured tobacco for use in cigarettes. Other kinds of cigarette tobacco and all tobacco for non-cigarette use are not subject to TRQ.

The tobacco TRQ is allocated proportionate to the import market shares in the period prior its imposition. It allows 150,700 MT of in-quota imports. Of this total, Brazil has the largest allocation, 80,200 MT; Malawi and Zimbabwe follow with 12,000 MT each; six other (non-African) suppliers have smaller allocations; finally, 3,000 MT, less than two percent of the total, is allocated to all other suppliers on a FCFS basis.

The aggregate fill rate for the tobacco TRQ has remained below 80 percent since 2002. Brazil, Argentina and Thailand usually have fill rates above 90 percent. Malawi’s fill rate fluctuates but has averaged 70 percent since 2002, filling completely only in 2005. Domestic problems in Zimbabwe have kept its fill rate below five percent since 2004. Other countries with historic entitlements also exhibit low fill rates. All other countries, however, face a major barrier: they compete for 3,000 MT. This quota always fills and it often fills the day the quota opens.

Malawi, because of its quota allocation, accounts for almost all AGOA tobacco TRQ imports and over 90 percent of U.S. imports of all tobacco from AGOA countries. Other AGOA countries, including South Africa, Mozambique, Tanzania, Cameroon, Kenya, Uganda, and Burkina Faso are minor suppliers to the U.S.; but all of their exports are of cigar wrapper tobacco, tobacco for non-cigarette use and, in the case of South Africa, of cigarettes. They are rarely able to export tobacco for use in cigarettes because they do not have TRQ allocations and the small “other countries” allocation effectively prohibits trading with the U.S.

Cotton

The U.S. imposed imports quota on six forms of cotton fiber in 1952; they were deemed necessary to prevent imports from interfering with domestic cotton programs which involved production and marketing controls similar to the former peanut program described above. Although the cotton production and marketing controls were abolished before the Uruguay Round, the six quotas were tariffied into TRQs.

Table 2 below shows the market access available to AGOA countries under the cotton TRQs. The in-quota duties have not been waived under GSP or AGOA for the four TRQs with MFN duties. The over-quota tariff, 31.4 cents per kilo, results in an ad valorem equivalent between 20 and 35 percent. The allocation of the short staple cotton TRQ merits comment. Most of it (17,652 MT) is available FCFS to any WTO Member, but 2,555 MT are allocated historically. This includes 1,016 kilos for “British East Africa”; 7,259 kilos for “British West Africa (except Nigeria and Ghana)”; and 355,532 kilos for “Egypt & Sudan (aggregate).” These allocations reflect shares of U.S. cotton imports in the late 1940s – prior to the decolonization of the British Empire – and do not reflect contemporary market conditions.

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

The U.S. has long been the world’s leading cotton exporter. Its cotton exports increased in the last decade because U.S. demand for cotton fiber has fallen dramatically. This is a direct result of the Uruguay Round Agreement on Textiles and Clothing which initiated the phase-out of the Multifiber Arrangement (MFA) between 1995 and 2004. Termination of the MFA, coupled with various FTAs, particularly NAFTA, allowed U.S. imports of cotton textiles and apparel to increase; as a consequence, U.S. mill use of cotton has declined. U.S. mill use of cotton is now less than one-third of what it was in 1999; thus, more cotton fiber is

available for export.¹⁰

The fill rates of six cotton TRQs have each averaged less than 25 percent in 2005-09; fill rates are commonly zero. The only TRQ that has filled in recent years is for “fibers of cotton, processed not but spun.” This is a global FCFS TRQ with a minuscule in-quota volume, 2.5 MT. Beyond this, the cotton TRQs do not appear to constrain AGOA exports; AGOA cotton-exporting countries have appropriately focused their attention on U.S. domestic support, export credits and export subsidies for cotton.

Beef

The U.S. beef TRQ is a tariffication of import quotas originally imposed under the Meat Import Act of 1981. The TRQ allows annual in-quota imports of 696,621 MT of beef and veal. Under NAFTA, formerly TRQ-constrained Canada and Mexico can now ship unlimited quantities of beef to the U.S. market. AGOA countries are duty-free in-quota; the over-quota tariff is 26.4 percent.

The beef TRQ is allocated historically, the largest shares go to Australia and New Zealand, smaller shares go to Argentina, Japan, and Uruguay; and 64,805 MT are allocated to “other countries or areas,” FCFS. The

aggregate fill rate has averaged 75 percent since 2005. The “other countries or areas” fill rate has averaged 57 percent since 2005, reaching 70 percent in 2008. Only Uruguay has had fill rates close to 100 percent in recent years. With this exception, the beef TRQ has not been constraining imports of beef.

The lack of an AGOA presence in the U.S. beef market has more to

do with Foot and Mouth Disease (FMD). Only Mauritius and Madagascar are fully FMD-free; but areas of Botswana, Namibia and South Africa have FMD-free zones. Indeed, Botswana and Namibia export beef to the European Union. There is potential for beef imports from some AGOA countries. Although the beef TRQ does not pose an impediment at this time,

10 Leslie Meyer, Stephen MacDonald, and Linda Foreman, *Cotton Background*. CWS-07B-01 U.S. Dept. of Agriculture, Econ. Res. Serv. (Washington, DC, 2007). <http://www.ers.usda.gov/publications/CWS/2007/03Mar/CWS07B01/>

market conditions could change. AGOA countries have an interest in increasing the “other countries or areas” in-quota allocation so that it does not constrain imports.

Sugar and Dairy

The U.S. sugar and dairy sectors are highly protected, as they are in most OECD member countries. Sugar and dairy account for two-thirds of U.S. TRQs and cover four-fifths of TRQ tariff lines. Cocoa-containing products are affected by both sugar and dairy TRQs; as these products are of particular interest to AGOA, they are treated in greater depth.

Raw Cane Sugar

The United States raw cane sugar TRQ is the primary sugar TRQ. It allows annual in-quota imports of at least 1,117,195 MT. In-quota imports are duty free under GSP; the non-GSP tariff is 1.46 cents per kilo. The over-quota tariff is 33.87 cents per kilo; at current (July 2010) world sugar prices, this is equivalent to a 100-percent ad valorem tariff. No value-based safeguard tariff is imposed on raw cane sugar when import prices are above 25 cents per kilo. World sugar prices (except for recent years) have historically been less than 25 cents per kilo; table 3 illustrates how the rate of protection increases at lower sugar prices.

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

The raw cane sugar TRQ is fully allocated to 40 exporting countries on the basis of their market shares of U.S. sugar imports in the period 1975 to 1981— there is no allocation for “all other countries.” This base period included some years of exceptionally high world sugar prices, thus sugar quota is allocated to some countries that are no longer competitive sugar exporters and in some case no longer produce sugar, resulting in quota underfill. Ten countries with small shares of base-period imports were allocated “minimum- boatload” volumes of 7,258 MT. Today a small bulk-carrier has 30,000 MT capacity: these small TRQ allocations face higher shipping costs and inhibit quota fill. The following sugar quota-holding countries have exported no sugar to the United States since 2002: Barbados,

Gabon, Haiti, St. Kitts and Nevis, Madagascar, and Trinidad and Tobago. Table 4 shows the allocations to African countries and recent fill rates.

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 %

*World sugar prices have been uncharacteristically high in the last three years as a result of poor crops in major producing countries which explains, in part, the lower than average fill rates for some countries.

The U.S. Department of Agriculture (USDA) administers the U.S. sugar program, while the U.S. Trade Representative (USTR) is responsible for allocating the U.S. sugar TRQ among exporting countries. When USDA and USTR determine that it is in the interest of U.S. sugar-using industries because of short supplies, they occasionally reallocate quotas away from non-performers and increase allocations for countries with ample supplies. This allows a higher aggregate fill rate. For example, in March 2010, 81,946 MT raw cane sugar quota were reallocated.¹¹ This is one solution to the problem of dormant, underutilized quota but so far it has only been utilized for sugar.¹²

Whenever the U.S. Secretary of Agriculture “believes that domestic supplies of sugars may be inadequate to meet domestic demand at reasonable prices,” the Secretary may allow a higher volume of in-quota imports.¹³ In the current (2009/10) quota year, USTR has

11 Office of the United States Trade Representative, *USTR Announces Reallocation of Unused FY 2010 Tariff-Rate Quota Volume for Raw Cane Sugar*, <http://www.ustr.gov/about-us/press-office/press-releases/2010/march/ustr-announces-reallocation-unused-fy-2010-tariff-rate> (July 12, 2010).

12 19 U.S.C. § 3601(d)(3) states: “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.”

13 HTSUS Chapter 17, Additional U.S. note 5(a)

announced an increase of 181,437 MT in May 2010; and an additional 272,155 MT in July 2010.¹⁴ These increases are allocated proportionally among sugar quota-eligible countries capable of supplying sugar. These additional imports help supply the U.S. market and stabilize U.S. domestic sugar prices.

Refined Sugar and Other Sugar-Containing Products

The minimum TRQ for refined sugar is currently set at 19,046 MT. Canada is allocated 10,300 MT; Mexico, 2,954 MT; and the balance is allocated to all other countries, FCFS.¹⁵ An additional amount in recent years has been set aside for specialty sugars, including organic sugar. To prevent disruptions in the domestic refined sugar market, entry of specialty sugars is partitioned into five pre-announced tranches through the quota year. Seven TRQs pertain to sugar-containing products; the over-quota tariff rates are structured to reflect the sugar content, producing an effective duty equivalent to that on raw cane sugar. Special safeguard tariffs also apply to over-quota imports of these products.

Dairy products

The dairy-product TRQs are similar to sugar TRQs. Their objective is to limit entry of butter fat and dried milk powders. Over-quota tariffs are structured to reflect the butter fat or milk solids content: the higher the butter fat content, the higher the over-quota tariff. We do not focus on dairy TRQs because AGOA countries export few dairy products and in-quota duty-free access has been available for all dairy TRQs since the inception of AGOA, although the in-quota volume available to AGOA is often negligible. In 2005-09 exports averaged \$4 million; almost all of this is South African exports of “ice cream and other edible ice.” This is likely edible ice, because it enters duty-free

(ii).

14 Office of the United States Trade Representative, *USTR Announces FY 2010 Tariff-Rate Quota Allocations for Additional Raw Cane Sugar*, <http://www.ustr.gov/about-us/press-office/press-releases/2010/may/ustr-announces-fy-2010-tariff-rate-quota-allocat> and *USTR Announces Allocation of Second Increase to the FY 2010 Tariff-Rate Quota for Raw Cane Sugar*, <http://www.ustr.gov/about-us/press-office/press-releases/2010/july/ustr-announces-allocation-second-increase-fy-2010-tar> (July 12, 2010).

15 The in-quota tariff is 3.66 cents per kilo and the over-quota tariff is 35.74 cents per kilo.

under AGOA; if it had significant dairy content it would be subject to a TRQ. During this period there have also been over-quota imports of cheddar cheese from South Africa and Edam and/or Gouda cheese from Niger; but the amounts are small, \$10,000 or less.

Cocoa-Containing Products

Cocoa and its by-products account for about one-eighth of AGOA agricultural exports to the U.S., averaging \$91 million annually in 2005-09. The corresponding value for chocolate and other, more processed cocoa preparations is only \$17,000. TRQs explain much of this disparity. Table 5 shows the six major product categories in Chapter 18 of the U.S. tariff schedule. Products in the first five categories are allowed duty-free entry under GSP. The last category – 1806 – is governed by seven TRQs. The TRQs restrict imports of products that contain significant proportions of sugar or butter fat or dried milk. Only cocoa preparations that contain zero butter fat or less than 10 percent sugar are allowed

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

duty-free GSP or AGOA access.

Products in the category “cocoa powder containing added sugar” (1806.10) are fully covered by two TRQs. One is for sweetened cocoa powder with less than 65 percent sugar (Ch. 18 additional note 1); it allows 2,315 MT duty-free from all WTO members, FCFS. This quota filled in 2008 and 2009. The other TRQ is for “mixtures containing more than 65 percent sugar” (Ch. 17 additional note 7). It covers 14 tariff lines across four tariff chapters and allows an in-quota volume of

zero.¹⁶ There is a 10-percent in-quota tariff for these tariff lines, but no imports are allowed: imports are only possible at the over-quota tariff. Thus, sweetened cocoa powder with less than 65 percent sugar faces an over-quota tariff of 21.7 cents per kilo; and cocoa powder with more than 65 percent sugar can only be imported at the over-quota tariff of 33.6 cents per kilo. Recall that the over-quota tariff for raw cane sugar is 33.87 cents per kilo. The two TRQs combine to treat all sweetened cocoa powder, for tariff purposes, as if it were sugar. Finally, it should be noted that all seven TRQs have special safeguard tariffs.

The remainder of products under the 1806 tariff heading is treated in the same manner. Except for products with zero butter fat or less than 10 percent sugar, everything is subject to a TRQ with a small or zero in-quota volume. The over-quota tariffs treat products as if they were sugar, butter fat, or dried milk. Before concluding our discussion of cocoa preparations, the TRQ for low-fat chocolate crumb merits our attention. It allows in-quota imports of 2,122.8 MT. Its aggregate fill-rate has not exceeded one-half of one percent since 2002. This is hardly surprising given its historical allocation: Ireland, 1,701 MT; U.K., 422 MT; New Zealand one kilo; and all other countries, zero kilos. This TRQ covers four 8-digit in-quota tariff lines; all four are duty-free under GSP and one, 1806.20.85, is also duty-free under AGOA. Because of the way the TRQ is allocated, these preferences are worthless: no GSP or AGOA country has any in-quota allocation; it is technically impossible to import their products in-quota.

Summary

Table 6 ranks TRQs by their potential importance to AGOA countries. In the last column, it reports the U.S. International Trade Commission's (USITC) 2009

16 This TRQ is described in Chapter 17, additional note 7 of the U.S. tariff schedule. The key text is: "aggregate quantity of articles . . . shall be none and no such articles shall be classifiable therein." The same phrase occurs in Chapter 17, additional note 9 which establishes a zero in-quota volume for all sugar-containing syrups. Thus, 25 tariff lines for sugar-containing products have zero in-quota market access. This is tariff escalation and appears contrary to the minimum access provision of the Agreement on Agriculture. These 25 tariff lines are excluded from GSP and AGOA duty-free lists, but in-quota duty-free access would be useless because of the zero in-quota volume.

estimate of the welfare costs imposed on the U.S. by TRQs.¹⁷ The sugar and tobacco TRQs pose the greatest barriers to AGOA market access. Both TRQs prevent

Commodity	Are TRQs barriers to AGOA market access?	Estimated annual welfare cost to U.S. economy of TRQ
Sugar	Yes. Sugar TRQs prevent imports from AGOA, including cocoa products containing sugar.	\$514 million
Tobacco	Yes. The small "other countries" FCFS allocation prevents AGOA imports.	\$ 99 million
Peanuts	Sometimes. The small "other countries" FCFS allocation can prevent AGOA imports.	n.a.
Beef	No: TRQ has never filled.	n.a.
Cotton	No: TRQs unlikely to fill, no import demand	n.a.
Dairy	No: TRQs fill, but AGOA rarely exports dairy.	\$733 million

imports and keep U.S. domestic prices well above world prices; these artificially elevated prices impose significant and unnecessary costs on the U.S. economy. The TRQs on sugar-containing products also impede imports of cocoa products containing sugar.

Since the reform of the U.S. peanut program in 2002, U.S. peanuts prices are now aligned with international peanut prices. The small volume allowed to "all other countries" can limit import opportunities and impede price transmission. Expanding the in-quota volume would reduce this risk and benefit AGOA peanut exporters.

The U.S. beef TRQ allocated to "other countries" has never filled: it does not currently present a barrier to AGOA beef or veal. Similarly, U.S. cotton TRQs do not fill and are rarely utilized. Post-MFA, there is little reason for the U.S. to import cotton fiber. Finally, several U.S. dairy TRQs always fill and impose large costs on the U.S. economy; but AGOA countries are not significant exporters of dairy products. The dairy TRQs are an important barrier, but currently not one of much significance for AGOA.

17 United States International Trade Commission, *The Economic Effects of Significant U.S. Import Restraints, Sixth Update 2009*. (Washington, DC: USITC, 2009). <http://www.usitc.gov/publications/332/pub4094.pdf>

III – How can AGOA market access be improved for TRQ controlled commodities?

The AGOA waiver granted to the U.S. by the WTO allows the U.S. to provide preferential duty-free market access for AGOA countries provided that such actions do not impair the market access of other WTO members or result in significant trade diversion:

“the duty-free treatment provided under AGOA should not prejudice the interests of other Members not benefiting from such treatment,” and “it is expected that the extension of such duty-free treatment will not cause a significant diversion of United States imports of products eligible under AGOA originating in Members who are not beneficiary countries.”¹⁸

This language provides the U.S. considerable latitude in granting additional market access to AGOA countries. In considering how to improve AGOA market access for TRQ-controlled commodities, we examine the three elements of TRQs: their in-quota tariff, over-quota tariff, and their in-quota volume and method of administration. We consider each element in turn, with the following recommendations.

In-quota tariffs

- Make all in-quota imports duty-free for AGOA. This only applies to four cotton tariff lines that have not been designated duty-free by GSP or AGOA (see table 2 and footnote 19). Such duty-free provision is authorized under AGOA.

Over-quota tariffs

- The ideal would be to provide duty-free, quota-free market access, similar to the terms offered by the European Union under its “Everything but Arms” program. As U.S. law currently prohibits the President from providing duty-free treatment for over-quota imports of agricultural commodities, Congressional action here would be necessary.¹⁹
- Such over-quota duty-free access for products of interest to AGOA – sugar, tobacco and peanuts – would result in margins of preference

exceeding 100 percent and could lead to objections from competing non-AGOA suppliers, which the U.S. would have to manage.²⁰

- An alternative is to provide a limited margin of preference to AGOA similar to that provided to FTA partners, although this would require a change to U.S. preference programs, which presently only allow the provision of duty-free preferential access: it is either all or nothing. Although not ideal, such limited margins of preference would provide AGOA with terms of over-quota market access closer to those of U.S. FTA partners.
- Exempt AGOA from all special safeguard tariffs on over-quota imports.

In-quota volumes and administration

The in-quota allocations of TRQs allocated historically are based on import market shares observed 16 to 60 years ago and do not reflect current market conditions or the contemporary pattern of comparative advantage. Many current holders of in-quota rights do not or cannot utilize them. Thus some historically allocated TRQs underfill because of the way they are allocated.

- One option is the permanent reallocation of historical in-quota allocations, but this is only possible if the countries surrendering TRQ rights are granted appropriate compensation. It is not impossible to make permanent reallocations, but it must be done with the consent of the affected countries and consistent with WTO obligations.
- AGOA in-quota market access is often though “all other country” allocations and these allocations are often so small as to effectively prohibit market access for AGOA countries. One way to resolve this problem is to create an additional AGOA-only allocation. These AGOA-only allocations would be additional to existing in-quota allocations and therefore would not impair or compromise the market access of other WTO members. This creates an “extra slice” beyond the existing TRQ pie. Such additional allocations are consistent with WTO waivers for AGOA and GSP. It is

18 World Trade Organization, *United States – African Growth and Opportunity Act, Decision of 27 May 2009*. WT/L/754, (09-2596) (Geneva, CH, 2009)

19 19 U.S.C. § 2463 (b)(3) states “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.” “This subchapter” means the U.S. Generalized System of Preferences.

20 It is important to recall that the UN Millennium Declaration called on industrialized countries to provide duty-free, quota-free market access for LDC exports, a commitment that was reaffirmed at the 2005 WTO Hong Kong Ministerial. See Center for Global Development report *Open Markets for the Poorest Countries; Trade Preferences That Work*, April 2010.

not clear whether they are possible under current U.S. preference programs, although the creation of “extra slice” TRQs are common in U.S. FTAs.

- As noted in the discussion of the raw cane sugar TRQ, USTR has arranged the temporary transfer of in-quota rights from underfilling countries to those able to export. Allowing quota-holders to temporarily transfer or lease their TRQ rights to any other WTO Member – with or without the mediation of USTR – would likely solve the underfill problem. Individual transferable quota systems have proven effective in fisheries management, and in controlling acid rain in the United States and carbon emissions in the European Union. Leasing allows quota rights to migrate from less-efficient to more-efficient exporters. Therefore: allow the routine temporary transfer of historically allocated in-quota rights and consider the possibility of allowing the leasing of such rights. This recommendation applies to all historically-allocated TRQs, not just the raw cane sugar TRQ.
- An additional option to allow countries to carry over unfilled TRQ volumes to the following year, allowing the accumulation of an in-quota volume sufficient for an economically-viable shipment. This is of particular importance to raw cane sugar, a bulk commodity. USDA allows year-to-year carry over for raw cane sugar on a case-by-case basis, usually on the basis of delayed shipments or other extraordinary circumstances: a petition is required. Carry over should be made automatic for countries with smaller-than-contemporary-boatload allocations.

Conclusion

TRQs are complex trade measures and allocations under TRQs limit and distort trade into patterns from decades earlier. Often the domestic commodity program the TRQ was initially design to protect no longer exists or has been radically changed: the rationale is gone, but the TRQ persists. Change is overdue, and this paper suggest several ways to change TRQs. While the U.S. has created additional, bilateral TRQs for its many FTAs, it has yet to do so as part of its preference programs: it should consider doing so. Since AGOA is intended to help meet the broader agenda of “expanding the number of beneficiary countries which use AGOA benefits; diversifying AGOA exports away from primary commodities such as oil; ...and strengthening the link between poverty reduction and trade in Africa,”²¹ providing improved market access for TRQ-controlled commodities makes eminent sense.

21 Danielle Langton, Congressional Research Service, *U.S. Trade and Investment Relationship with Sub-Saharan Africa: The African Growth and Opportunity Act and Beyond*, October 28, 2008.

Annex I

This table is constructed from information in the 2010 Harmonized Tariff Schedule of the U.S. (HTSUS). It does not contain full detail, only basic information of interest to AGOA countries. Please refer to HTSUS, available at U.S. International Trade Commission website: <http://hts.usitc.gov/>

Chapter, Note	Brief Product Description	In-quota 8-digit code	GSP AGOA	In-quota MFN tariff	over-quota code	Over-quota, MFN tariff	Country	In-quota Volume (MT)	Country	In-quota Volume	Country	In-quota Volume
PEANUTS												
Ch 12, N 2	Peanuts						Peanuts	MT				
	All other countries 9,005 MT, FCFS - April 1 - March 31						Argentina	43,901				
	In shell, not roasted, etc	1202.10.40	A, D	9.35c/k	80	163.80%	All other	9,005				
	Shelled	1202.20.40	A*, D	6.6c/k	80	131.80%						
	Blanched peanuts	2008.11.25	A, D	6.6c/k	35	131.80%						
	Other	2008.11.45	A, D	6.6c/k	60	131.80%						
Ch 20 N 5	Peanut butter or paste						Peanut butter or paste					
	Historically allocated						Canada	14,500	Ch 20, Note 6	1,600		
		2008.11.05		Free	15	131.80%	Argentina	3,650	(includes most countries)			
									All other	250		
Ch 24, N 5	Tobacco for cigarettes						Tobacco for cigarettes					
	Historically allocated: Sept 13 to Sept 12						Argentina	10,750				
	Unmanufactured	2401.10.63	A+ D	23.9c/k	65	350%	Brazil	80,200				
	Leaf Tobacco, Not threshed	2401.20.33	A+ D	40.9c/k	35	350%	European Commu	10,000				
	Leaf Tobacco, threshed	2401.20.85	A+ D	37.5c/k	87	350%	Guatemala	10,000				
	Tobacco stems, not cut	2401.30.33		Free	70	350%	Malawi	12,000				
	Tobacco stems, cut	2401.30.35	A+ D	87c/k	70	350%	Philippines	3,000				
	Tobacco stems, other	2401.30.37	A+ D	28.4c/k	70	350%	Thailand	7,000				
	Other manufactured	2403.10.60	A+ D	32.8c/k	90	350%	Zimbabwe	12,000				
	Homogenized or reconstituted	2403.91.45	A+ D	19.9c/k	47	350%	Other countries	3,000				
	Other homogenized or reconstituted	2403.99.60	A+ D	24.7c/k	90	350%						
BEEF												
	Beef and veal, All other countries: 64,805 MT, FCFS						Beef and veal,					
Ch 2, N 3	Meat of bovine animals, fresh/chilled						Canada	No limit				
	Chilled:						Mexico	No limit				
	Carcasses, half-carcasses	0201.10.10	A+ D	4.4c/k	50	26.40%	Australia	378,214				
	Cuts bone-in, processed, other	0201.20.10	A+ D	4%	80	26.40%	New Zealand	213,402				
	Cuts bone-in, other	0201.20.30	A+ D	10%	80	26.40%	Japan	200				
	Cuts bone-in, processed, high quality	0201.20.50	A+ D	4.4c/k	80	26.40%	Argentina	20,000				
	Boneless, processed, high quality	0201.30.10	A+ D	4%	80	26.40%	Uruguay	20,000				
	Boneless, processed, other	0201.30.30	A+ D	10%	80	26.40%						
	Boneless, other	0201.30.50	A+ D	4.4c/k	80	26.40%						
	Frozen						Other countries or	64,805				
	Carcasses, half-carcasses	0202.10.10	A+ D	4.4c/k	50	26.40%						
	Cuts bone-in, processed, other	0202.20.10	A+ D	4%	80	26.40%						
	Cuts bone-in, other	0202.20.30	A+ D	10%	80	26.40%						
	Cuts bone-in, processed, high quality	0202.20.50	A+ D	4.4c/k	80	26.40%						
	Boneless, processed, high quality	0202.30.10	A+ D	4%	80	26.40%						
	Boneless, processed, other	0202.30.30	A+ D	10%	80	26.40%						
	Boneless, other	0202.30.50	A+ D	4.4c/k	80	26.40%						
COTTON												
Ch 52, N 5	Short staple	5201.00.14		Free	18	31.4 c/k	Short staple Cotton (note scale)					
							Argentina	2,360	Ecuador	4,233	Iraq	0,088
							Brazil	280,648	Egypt & Sudan	355,532	Nigeria	2,438
							British E.Africa (aggregate)			1,016	Paraguay	0,395
							British W.Africa	7,259	Haiti	0,107	Peru	112,469
							(except Nigeria and Ghana)			7,259	Honduras	0,341
							British W.Indies	9,671	India & Pakistan	908,764	Former USSR	215,512
							(except Barbados, Bermuda, (aggregate)			9,671	All other	17,652,000
							Indonesia & Netherlands New Guinea			32,381		
							Jamaica, Trinidad, Tobago)			32,381		
							China	621,780	(aggregate)			
							Colombia	0,056				
Ch 52, N 6	Harsh, rough	5201.00.24		4.4 c/k	28	31.4 c/k	All countries	1,400				
Ch 52, N 7	Medium staple	5201.00.34		4.4 c/k	38	31.4 c/k	All countries	11,500				
Ch 52, N 8	Long staple	5201.00.60		1.5 c/k	80	31.4 c/k	All countries	40,100				
Ch 52, N 10	Processed, not spun	5203.00.10		5%	30	31.4 c/k	All countries	2,5				
Ch 52, N 9	Waste	5202.99.10		Free	30	7.8 c/k	Cotton Waste (note scale)					
							Belgium	5,830	France	34,385	Japan	154,917
							Canada	108,721	Germany	11,540	Netherlands	10,317
							China	7,857	Italy	3,215	Switzerland	6,711
							Cuba	2,968	India & Pakistan	31,582	United Kingdom	653,695
							Egypt	3,689	(aggregate)		Other countries	2,300,000

KEY

c/k = cents per kilo

USITC codes for "Special Tariff Programs"

The following four codes are of interest to AGOA

A - Generalized System of Preferences (GSP) (duty-free treatment)

A* - GSP -- Certain Countries Excluded

A+ - Only imports from least-developed beneficiary developing countries eligible for GSP under that subheading (duty-free treatment)

D - Africa Growth and Opportunity Act (AGOA) (duty-free treatment)

Annex I (continued)

Chapter, Note	Brief Product Description	In-quota 8-digit code	GSP AGOA	In-quota MFN tariff	over-quota code	Over-quota, MFN tariff	Country	In-quota Volume (MT)	Country	In-quota Volume	Country	In-quota Volume
SUGAR and SUGAR-CONTAINING PRODUCTS												
	Raw Sugar - Not less than 1,117,195 MT fully allocated on historical basis											
Ch 17, N 5	Raw cane	1701.11.10	A*	1.4606c/k	50	33.87c/k	Raw Cane Sugar					
							Argentina	45,281	Fiji	9,477	Nicaragua	22,114
							Australia	87,402	Gabon	7,258	Panama	30,538
							Barbados	7,371	Guatemala	50,546	Papua New Guinea	7,258
							Belize	11,583	Haiti	12,636	Paraguay	7,258
							Bolivia	8,424	Honduras	7,258	Peru	43,175
							Brazil	152,691	India	8,424	Philippines	142,160
							Colombia	25,273	Jamaica	11,583	South Africa	24,220
							Congo	7,258	Madagascar	7,258	St. Kitts and Nevis	7,258
							Costa Rica	15,796	Malawi	10,530	Swaziland	16,849
							Cote d'Ivoire	7,258	Mauritius	12,636	Taiwan	12,636
							Dominican Republic	185,335	Mexico	7,258	Thailand	14,743
							Ecuador	11,583	Mozambique	13,690	Trinidad-Tobago	7,371
							El Salvador	27,379		Uruguay	7,258	
									Zimbabwe	12,636		
							Total	1,117,195				
							This is the Minimum Required By WTO It can be increased, but not decreased.					
Ch 17, N 5	Refined Sugar - Not less than 22,000 MT						Refined Sugar					
	Refined sucrose	1701.12.10	A*	3.6606c/k	50	35.74c/k	Canada	10,300				
	w/ flavoring or coloring	1701.91.10	A*	3.6606c/k	30	35.74c/k	Mexico	2,954				
	In solid form	1701.99.10	A*	3.6606c/k	50	35.74c/k	Other countries	7,090				
	Other sugars	1702.90.10	A*	3.6606c/k	20	35.74c/k	Specialty sugar	1,656				
	Syrups w/coloring but not flavoring	2106.90.44	A	3.6606c/k	46	35.74c/k						
Ch 17, N 7	Products containing more than 65 percent sugar by weight											
	No allocation, no in-quota volume allowed											
	Flavoring over 65 percent sugar	1701.91.44		6%	48	33.9c/k + 5.1%						
	Other sugars, more than 65 percent sugar	1702.90.64		6%	68	33.9c/k + 5.1%						
	Sugar confectionary, more than 65 percent sugar	1704.90.64		12.20%	68	40c/k + 10.4%						
	Cocoa power, 90 percent or more sugar	1806.10.24		10%	28	33.6c/k						
	Cocoa power, 65-90 percent sugar	1806.10.45		10%	55	33.6c/k						
	Confectioners' coatings	1806.20.71		10%	73	30.5c/k + 8.5%						
	Blended syrups	1806.90.45		3.50%	49	37.2c/k + 6%						
	Mixes and doughs	1901.20.20		10%	25	42.3c/k + 8.5%						
	Mixes and doughs	1901.20.55		10%	60	42.3c/k + 8.5%						
	Mixes and doughs	1901.90.52		10%	54	23.7c/k + 8.5%						
	Coffee extracts	2101.12.44		10%	48	30.5c/k + 8.5%						
	Tea or mate extracts	2101.20.44		10%	48	30.5c/k + 8.5%						
	Other food preparations	2106.90.74		10%	76	70.4c/k + 8.5%						
	Other food preparations	2106.90.92		10%	94	28.8c/k + 8.5%						
Ch 17, N 8	Products containing more than 10 percent sugar by weight: 64,709 MT 1 Oct - 30 Sept						All countries	64,709				
	Articles, over 10% dry weight	1701.91.54	A	Free	58	33.9c/k + 5.1%						
	Confectionaries, not containing cocoa, other, over 10% dry weight	1704.90.74	A+, D	12.20%	78	40c/k + 10.4%						
	other cocoa containing items	1806.20.75	A	10%	77	30.5c/k + 8.5%						
	other cocoa containing items	1806.20.95	A+, D	10%	98	37.2c/k + 8.5%						
	other cocoa containing items	1806.90.55	A	3.50%	59	37.2c/k + 6%						
	other preparations	1901.90.56	A+, D	10%	58	23.7c/k + 8.5%						
	Coffee extracts	2101.12.54	A	10%	58	30.5c/k + 8.5%						
	Tea or mate extracts	2101.20.54	A	10%	58	30.5c/k + 8.5%						
	Other food preparations	2106.90.78	A+, D	10%	80	70.4c/k + 8.5%						
	Other food preparations	2106.90.95	A+, D	10%	97	28.8c/k + 8.5%						
Ch 17, N 9	Syrups containing sugar											
	No allocation, no in-quota volume allowed											
	Maple syrups	1702.20.24		6%	28	16.9c/k + 5.1%						
	Glucose syrups	1702.30.24		6%	28	16.9c/k + 5.1%						
	Blended syrups	1702.40.24		6%	28	33.9c/k + 5.1%						
	Blended syrups	1702.60.24		6%	28	33.9c/k + 5.1%						
	Blended syrups	1702.90.54		6%	58	33.9c/k + 5.1%						
	Blended syrups	1806.20.91		10%	94	37.2c/k + 8.5%						
	Blended syrups	1806.90.35		3.50%	39	37.2c/k + 6%						
	Coffee extracts, syrups	2101.12.34		10%	38	30.5c/k + 8.5%						
	Tea or mate extracts, syrups	2101.20.34		10%	38	30.5c/k + 8.5%						
	Blended syrups	2106.90.68		10%	72	70.4c/k + 8.5%						
	Blended syrups	2106.90.89		10%	91	28.8c/k + 8.5%						
Ch 19 N 2	Infant formula containing oligosaccharides											
	Global: 100 MT FCFS						All countries	100				
	with more than 10 percent milk solid	1901.10.15	A+, D	17.50%	30	\$1.035/k + 14.9%						
	other	1901.10.60	A+, D	17.50%	30	\$1.035/k + 14.9%						
Ch 19 N 3	Mixes and doughs											
	Global 5,398 MT FCFS, Oct 1 - 30 Sept						All countries	5,398				
		1901.20.30	A	10%	35	42.3c/k + 8.5%						
		1901.20.65	A	10%	70	42.3c/k + 8.5%						
Ch 21 N 4	Mixed condiments and mixed seasonings											
	All countries 689 MT FCFS, Oct 1 - Sep 30						All countries	689				
		2103.90.74	A	7.50%	78	30.5c/k + 6.4%						

Annex I (continued)

Chapter, Note	Brief Product Description	In-quota 8-digit code	GSP AGOA	In-quota MFN tariff	over-quota code	Over-quota, MFN tariff	Country	In-quota Volume (MT)	Country	In-quota Volume	Country	In-quota Volume
COCOA AND COCOA PREPARATIONS												
Ch 18 N 1	Cocoa powder over 10 percent by weight of sugars											
	All countries: 2,313 MT FCFS Oct 1 - 30 Sept						All countries	2,313				
	Less than 65 percent sugar	1806.10.10		Free	15	21.7c/k						
	More than 65 but less than 90 percent sugar	1806.10.34	A*	10%	38	33.6c/k						
	More than 90 percent sugar	1806.10.65	A*	10%	75	33.6c/k						
Ch 18 N 2	Chocolate containing over 5.5 percent by weight of butterfat (other than for retail)						Chocolate Crumb					
	Historically allocated, all other countries: 16,456,552 kg FCFS						Total	26,167,700				
	Not more than 32 percent by weight of butterfat or milk solids and not more than 60 percent by weight of sugar						Ireland	4,286,491				
		1806.20.24	A	5%	26	37.2c/k + 4.3%	UK	3,379,297				
	Over quota if 21 percent or more milk solids				28	52.8c/k + 4.3%	Netherlands	45,359				
		1806.32.04	A	5%	6	37.2c/k + 4.3%	Australia	2,000,000				
	Over quota if 21 percent or more milk solids				8	52.8c/k + 4.3%	New Zealand	1				
		1806.90.15	A	3.50%	18	37.2c/k + 4.3%	subtotal	9,711,148				
	Over quota if 21 percent or more milk solids				20	52.8c/k + 4.3%	All other	16,456,552				
Ch 18 N 3	Chocolate and low-fat chocolate crumb containing 5.5 percent or less by weight of butterfat (other than retail)						Low-fat Chocolate Crumb					
	Historically allocated, all other countries: Zero kg						Total	2,122,834				
	Not more than 32 percent by weight of butterfat or milk solids and not more than 60 percent by weight of sugar						Ireland	1,700,988				
		1806.20.34	A	5%	36	37.2c/k + 4.3%	UK	421,845				
	Over quota if 21 percent or more milk solids				38	52.8c/k + 4.3%	New Zealand	1				
		1806.20.85	A+, D	10%	87	37.2c/k + 4.3%	subtotal	2,122,834				
	Over quota if 21 percent or more milk solids				89	52.8c/k + 4.3%	All other	0				
		1806.32.14	A	5%	16	37.2c/k + 4.3%						
	Over quota if 21 percent or more milk solids				18	52.8c/k + 4.3%						
		1806.90.25	A	3.50%	28	37.2c/k + 4.3%						
	Over quota if 21 percent or more milk solids				30	52.8c/k + 4.3%						

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