

# **U.S Tariff-rate Quotas and AGOA Market Access**

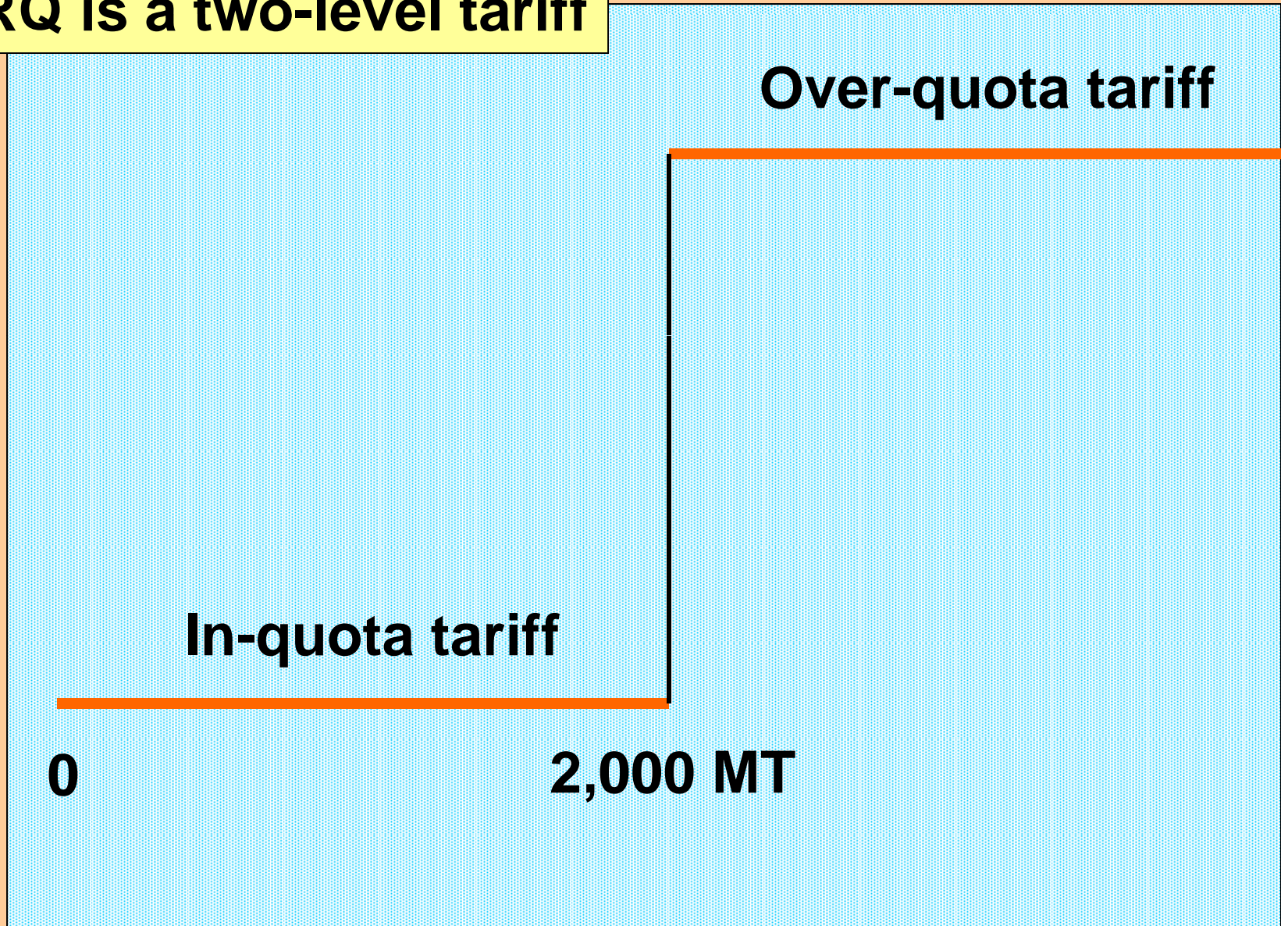
**David Skully  
Jagiellonian University  
Krakow, Poland**

**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**



# 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	
<b>TOTAL</b>	<b>46</b>	<b>196</b>	

**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**

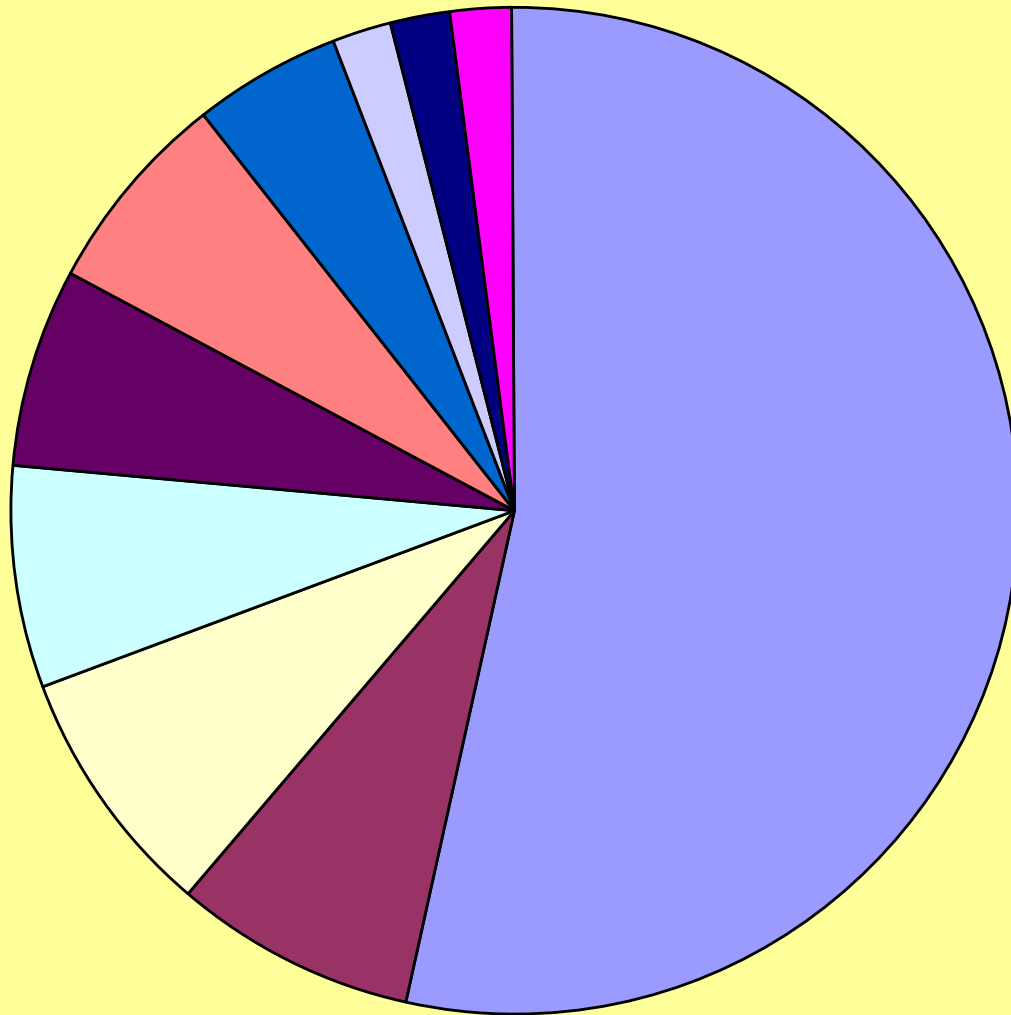
**29 of 196 in-quota tariff lines are not yet duty-free for AGOA:  
4 Cotton  
(25 sugar-containing products)**

### **Over-quota tariff**

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

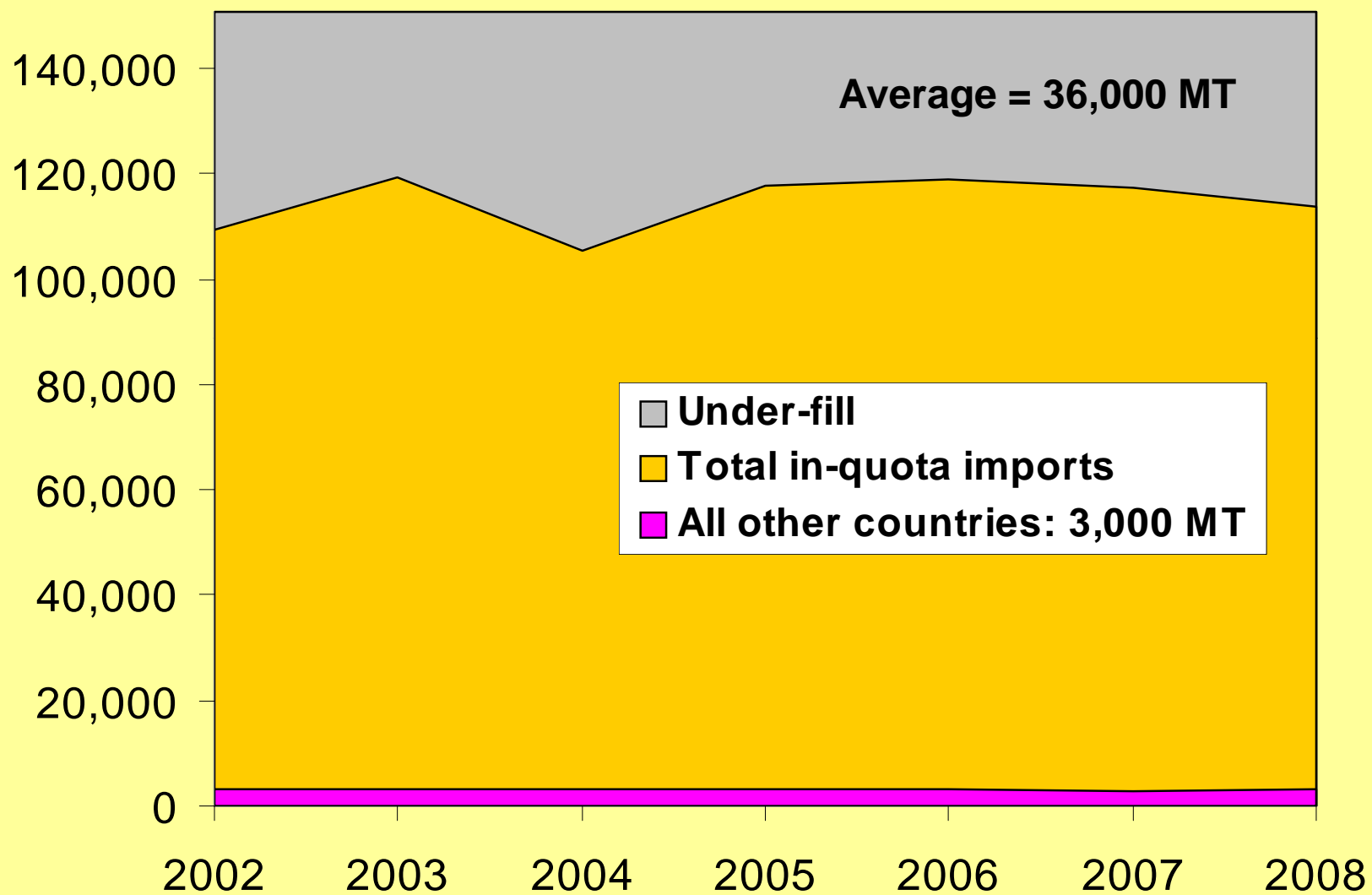
**What about the way TRQs are allocated?**

## 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

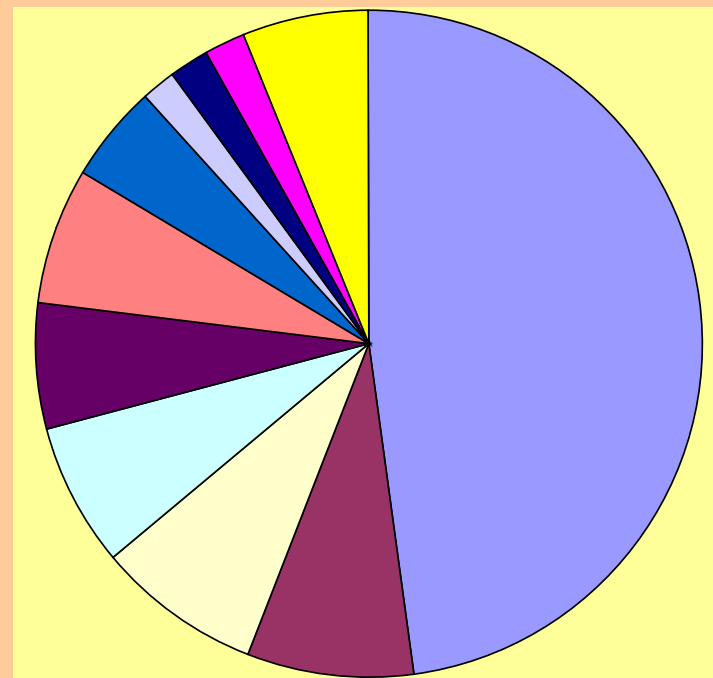
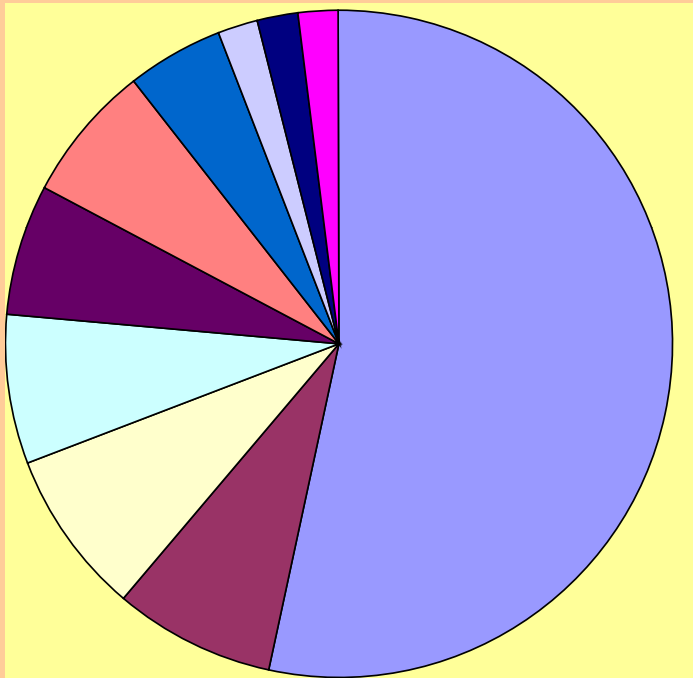


## **Can TRQs be re-allocated?**

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.”

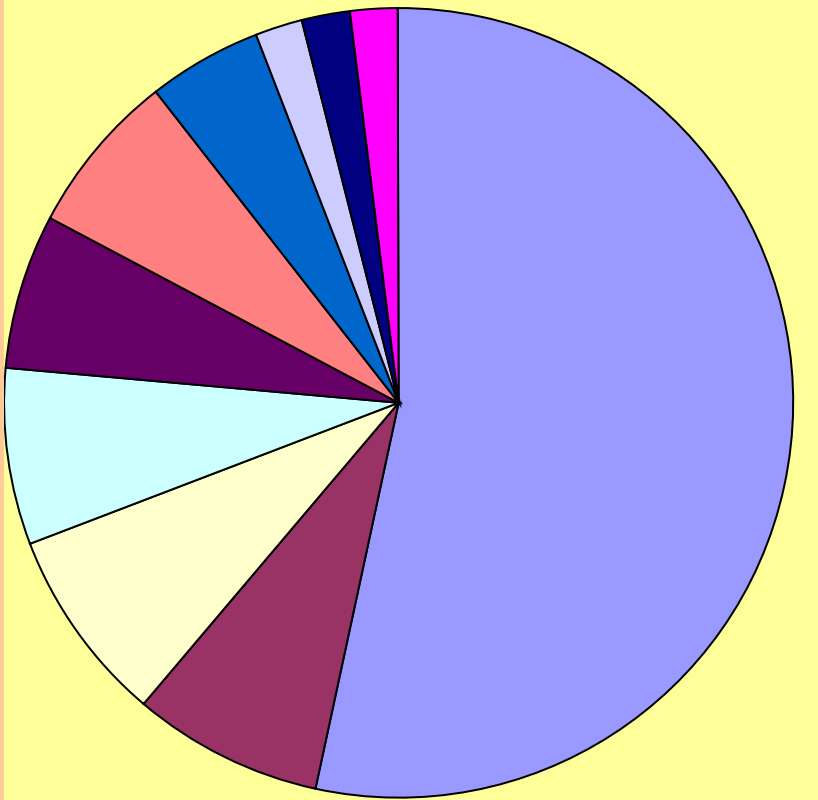
**The U.S. has obligations to other WTO Members**

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

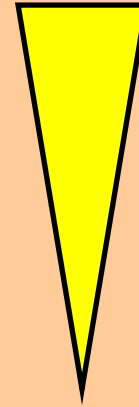


**Would other WTO Members contest this?**  
**Does the WTO waiver for AGOA provide “cover”?**

**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)**

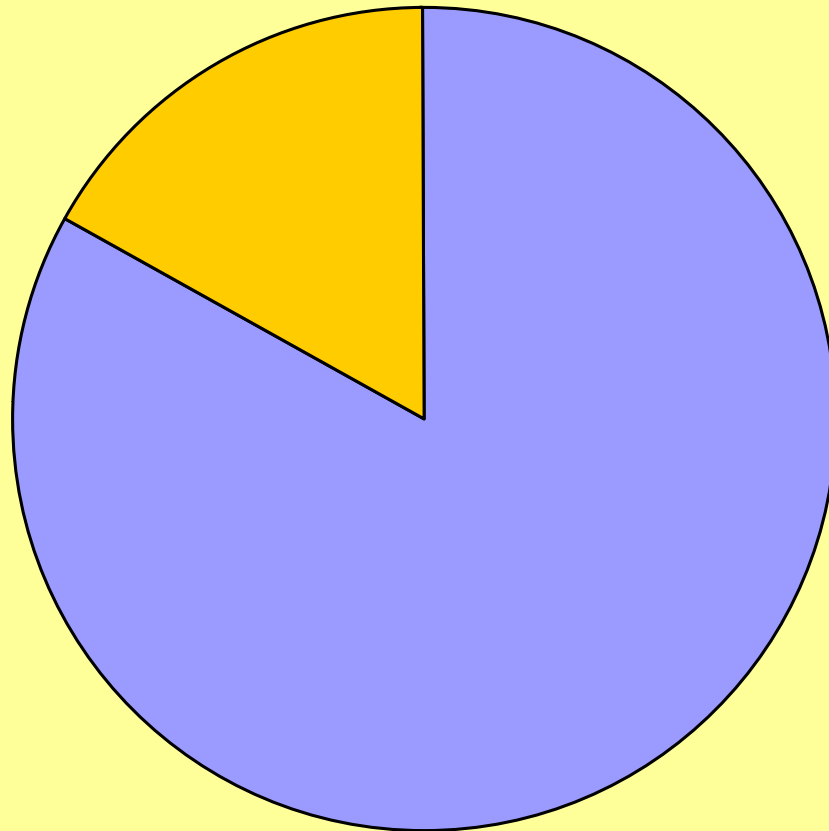
**Convert Quotas & Bans into tariffs  
or into TRQs**

**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.”

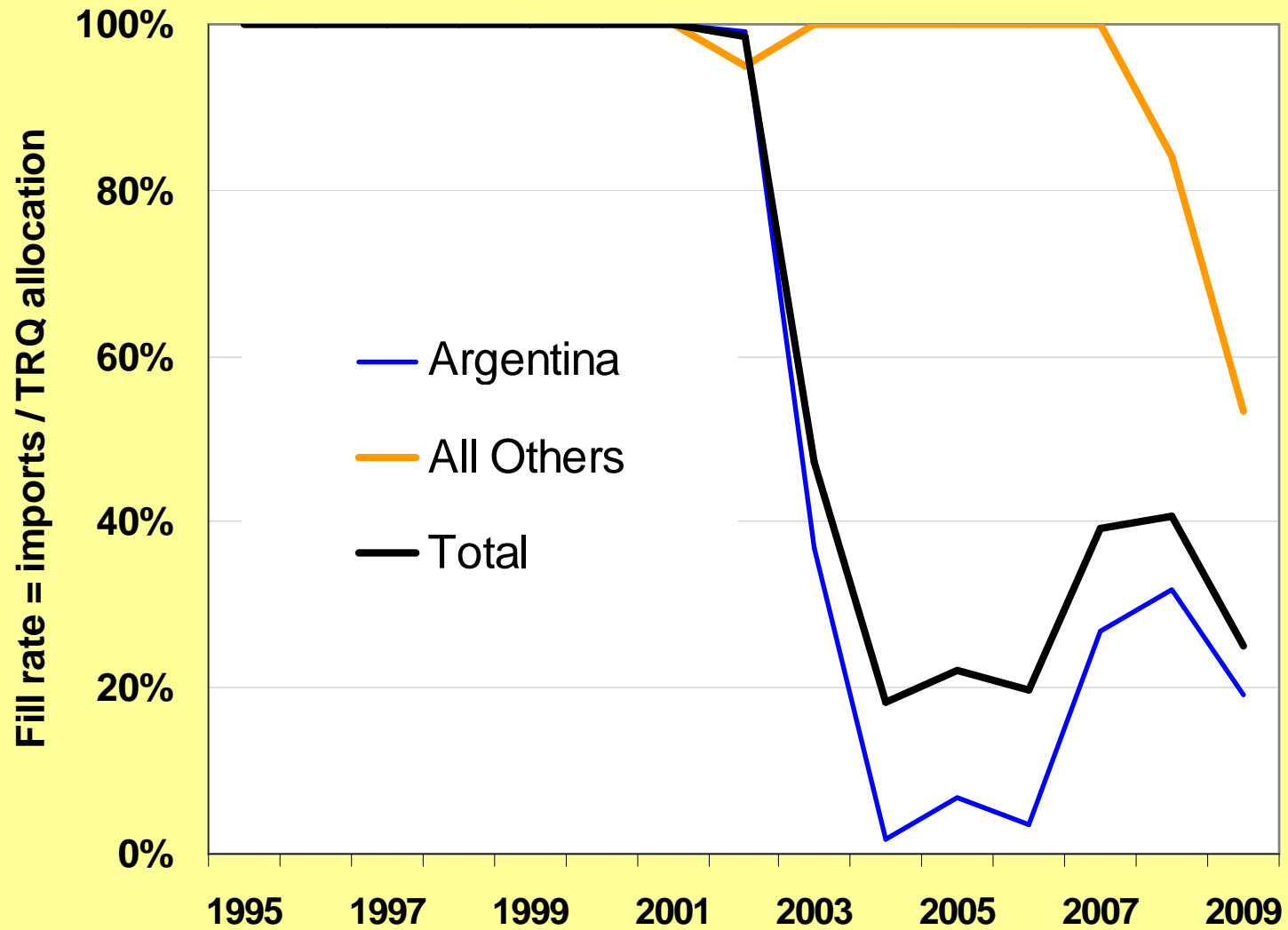
## **Peanut TRQ - 52,906 MT**



**■ 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

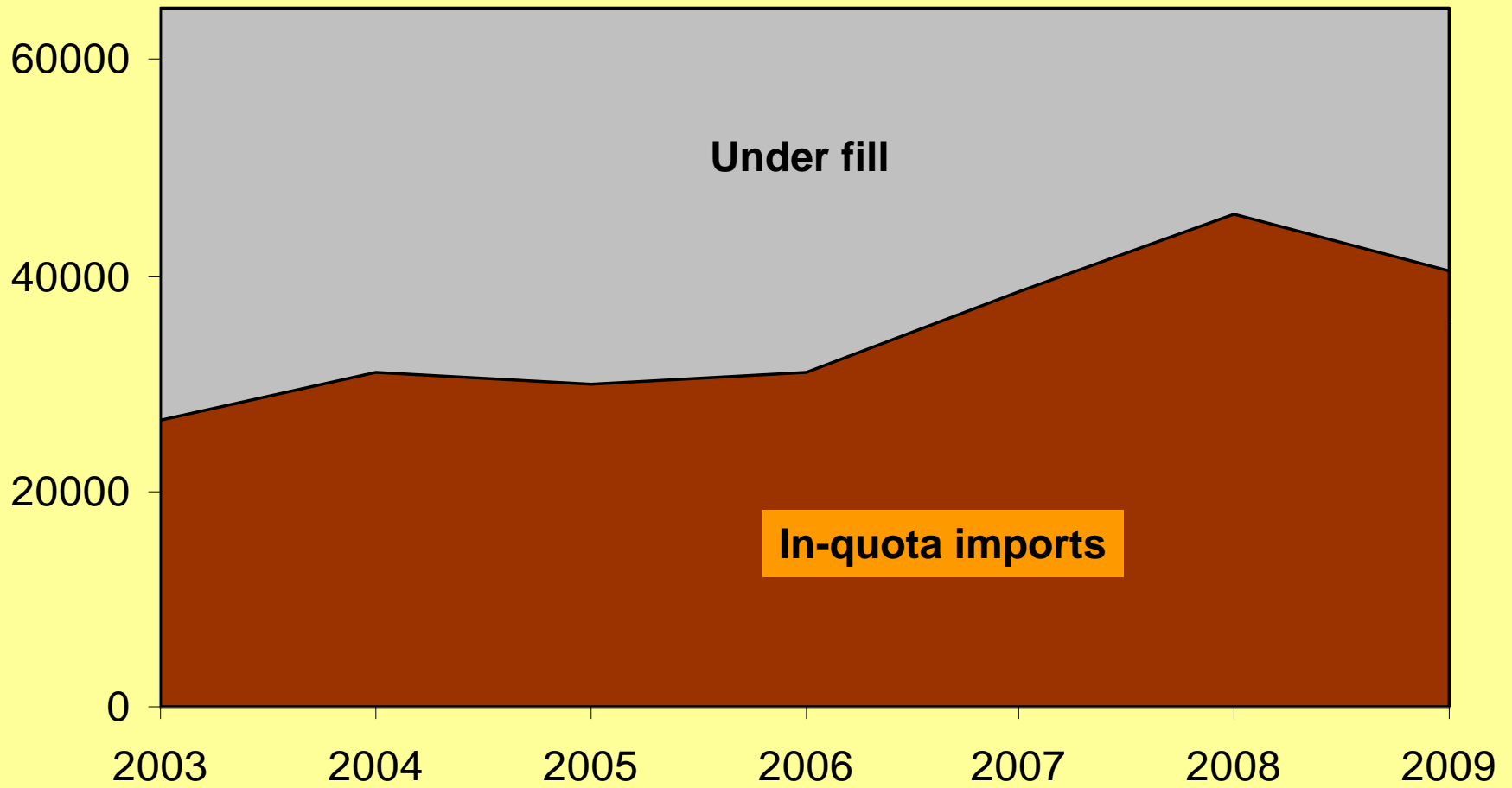


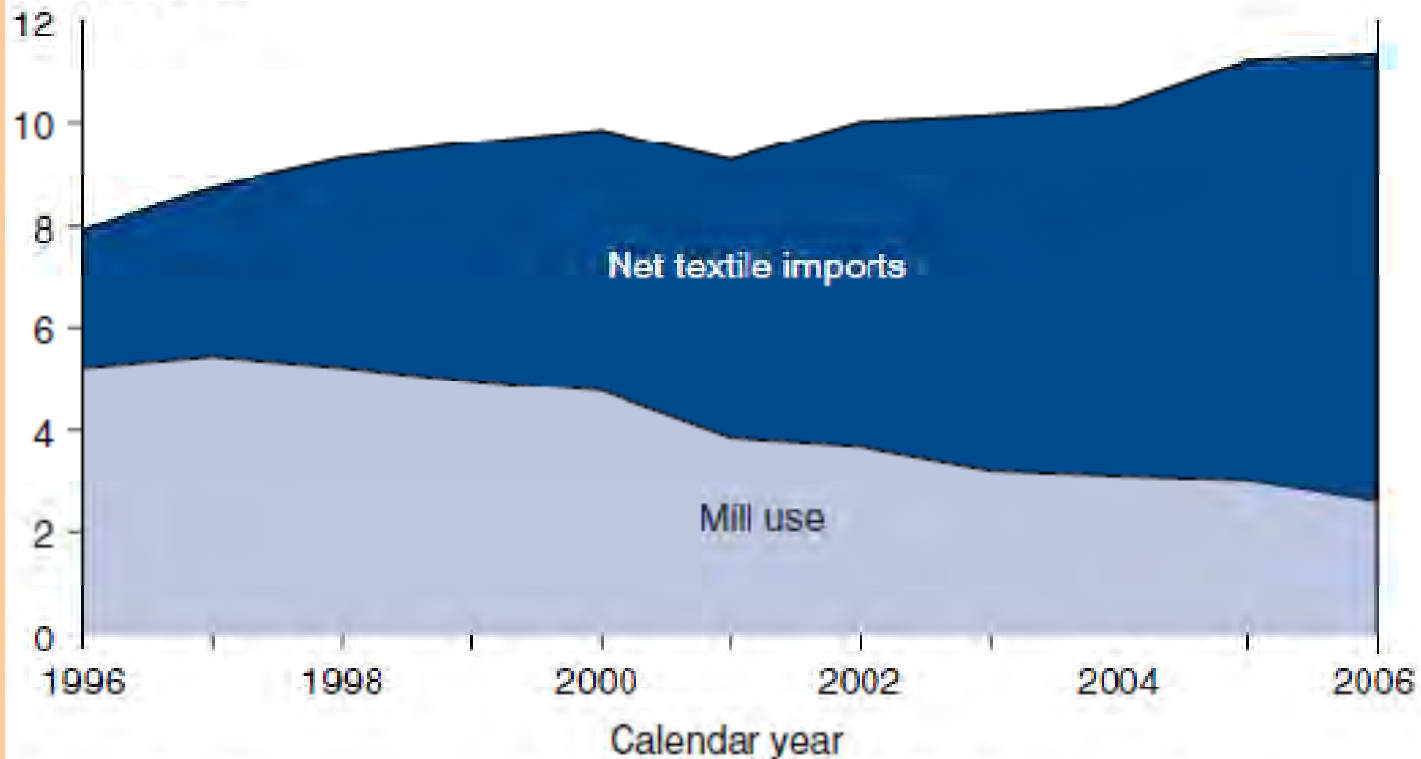
Table 2: U.S. Cotton TRQs

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**

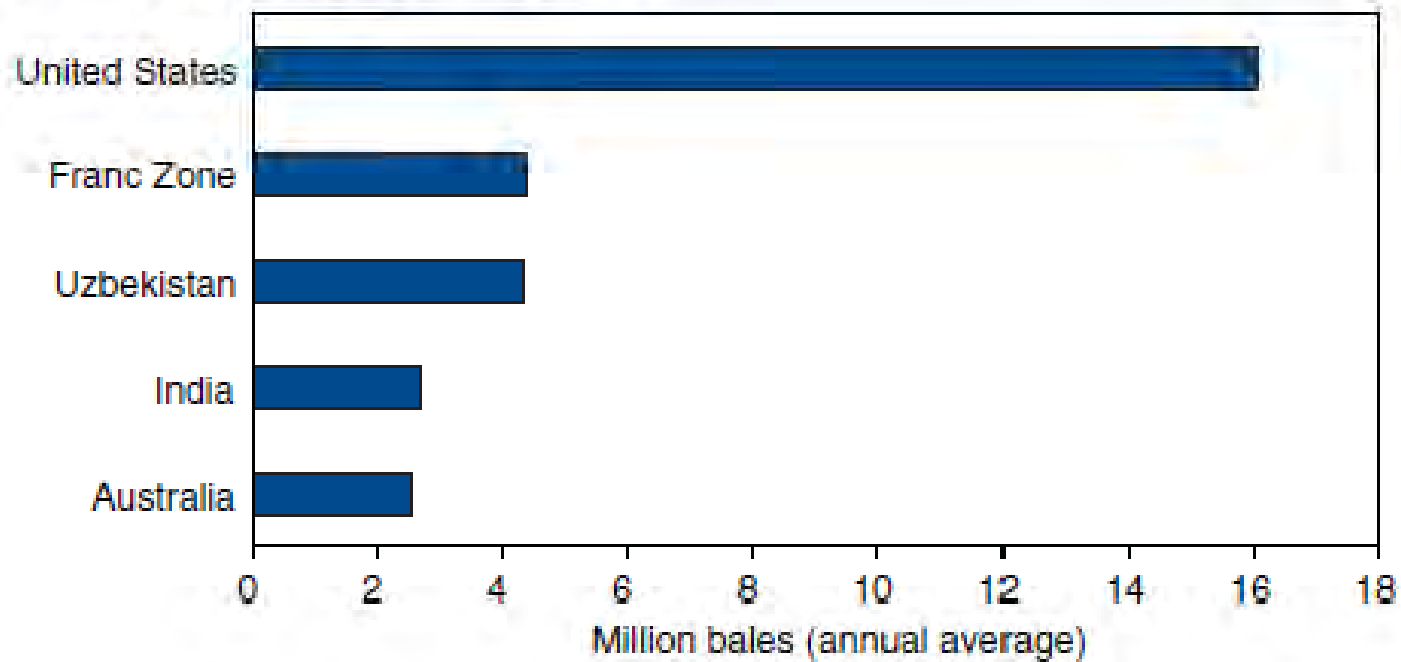
Billion pounds



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

**Source: Meyer, MacDonald, Foreman (2007) "Cotton Backgrounder"  
[www.ers.usda.gov](http://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.

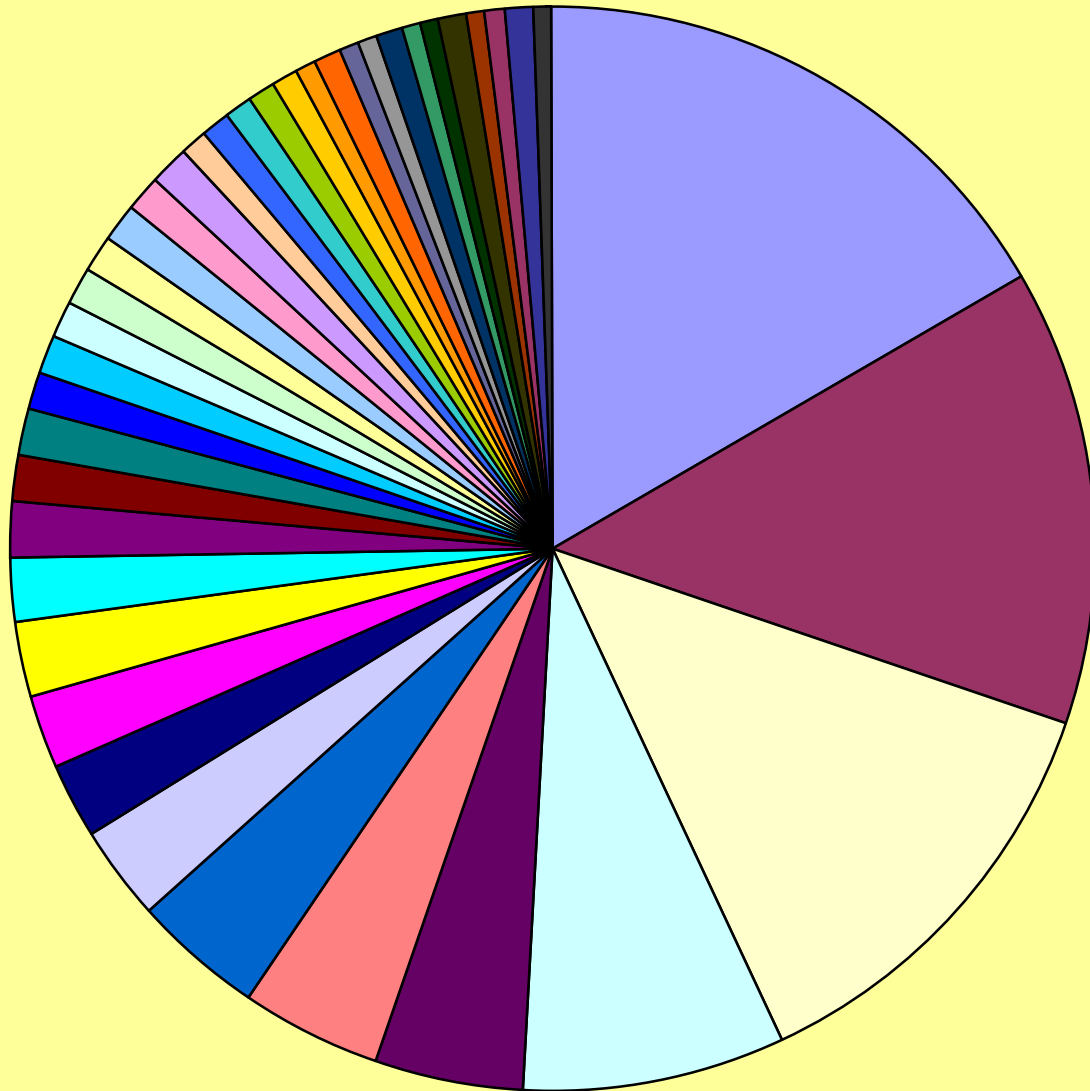
Table 3: Over-quota tariffs on raw cane sugar

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	79 %
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**