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Workshop on Policy Coherence for Development in Fisheries

**TARIFFS, PREFERENTIAL TARIFF ARRANGEMENTS AND TARIFF ESCALATION: POLICY
COHERENCE ISSUES**

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TARIFFS, PREFERENTIAL TARIFF ARRANGEMENTS AND TARIFF ESCALATION: POLICY COHERENCE ISSUES¹

Introduction

1. The EU is one of the key players in the world-wide fisheries sector in terms of catches and fleet size as well as imports and consumption. The EU is the world's largest importer accounting for approximately 36% of the world's total. Nearly 60% of the fish consumed in the European Union is from third countries. Spain specifically is the world's third largest importer accounting for 6% of the total and is the eighth largest exporter with 3% of the total.

EU tariff structure

2. While Community rules regarding imports from third countries are public information and may be easily checked, it is also true that the existence of a wide range of trade agreements between the EU and third countries complicates the response to an apparently straightforward question such as what tariff should be paid on a particular product upon entry into EU territory. Although it is difficult to establish specific figures, it can be affirmed that a very significant percentage of the Community's fishery imports benefit from tariff preferences.

3. It is interesting to note that all of the tariffs applied by the EU are ad valorem duties and therefore, as concerns the fishery sector, the EU cannot be accused of having a complex tariff structure. The analysis of the tariffs applied to fishery products should draw a distinction between fish, crustaceans and molluscs for direct human consumption on the one hand, and fish, crustacean and mollusc products on the other.

4. Tariffs range from 0% in the case of certain species such as eel for example up to 23% in the case of sardines of the *sardina pilchardus* genus. It should be pointed out that in the case of certain products (frozen and fresh tuna, bonito and striped bonito) destined for the canning industry, the MFN customs duties have been suspended for an indefinite period of time. In the case of molluscs and crustaceans, tariffs range from 0% applicable to oysters of the *ostrea* genus to 18% applicable to shrimp of the *crangon* genus.

5. Having regard to fish, crustacean and mollusc products, applicable tariffs tend to be higher (tariff escalation). The highest tariffs for preserved fish are on tinned mackerel, bonito and anchovy (25%) and striped bonito and bonito (24%).

6. And lastly it should be indicated that the EU may establish autonomous tariff quotas in a non-discriminatory fashion. This trade policy measure envisages the total or partial exemption of tariffs on limited quantities of imported goods. The aim of these quotas is to supply Community industry with the necessary raw materials to maintain its activity in the event that Community supply is unable to keep pace. These quotas are managed by means of Community rules for multi-annual periods of time.

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Tariff structure of other countries

7. In general, most countries have a tariff structure similar to that of the EU featuring a degree of tariff escalation with the lower tariffs applying to less processed products. By way of example of the tariffs applied by different countries, the EU applies an average rate of 12%, Argentina 10%, Australia 0%, Brazil 10%, Chile 6%, China 10%, India 28%, Morocco 47%, Mexico 17%, New Zealand 0% and the United States 2%. Generally speaking, in the developed countries the applied tariff and the consolidated tariff are practically the same. This is not the case in developing countries, however, where the consolidated tariff rises to the 32% level in Brazil, 96% in India and 34% in Mexico.

Preferential agreements with the EU

8. The EU's Generalised System of Preferences (GSP) grants lower tariffs or franchised access to Community market rights in the case of imports from developing countries and therefore does not require reciprocity from beneficiary countries. A tariff reduction of 3.5 percentage points is applied to all fishery products due to their consideration as "sensitive" products. Special benefits are also envisaged for less developed countries (LDC) thanks to the EBA (everything but arms) initiative and for countries complying with certain basic rules in the areas of labour and environment; in both cases all fishery products enter free of duties and quotas.

9. The Cotonou Agreement with the ACP countries is another example of a preferential regime which has been developing since the 1960's. In general, fishery products enter duty free. Today we find ourselves immersed in a process of changing trade relations with the ACP countries, the intention being the entry into force of Regional Economic Agreements by 1 January 2008 replacing the current unilateral concessions granted by the EU. Negotiations are under way with six different economic areas.

10. The EU-Mexico Agreement which entered into force in the year 2000 aims to establish a free trade area. In the specific case of fisheries, lists of products have been drawn up envisaging different speeds of tariff dismantling. Tariff quotas which will gradually increase over time have been established for sensitive products. A similar agreement has been struck with Chile.

11. The agreements with the Euro-Mediterranean countries (Morocco, Algeria, Tunisia, Jordan, Egypt, Israel, Lebanon, Syria, the Palestine Authority) entered into a new stage in November 2005 following the tenth anniversary of the Barcelona Process. The goal is to establish free trade areas with these countries. In this connection, new rounds of negotiations are under way to increase concessions in the fisheries sector as part of a trade liberalisation approach (with the necessary asymmetry in terms of timetables) with certain exceptions in the case of sensitive products.

Tariff escalation

12. As mentioned above, tariff escalation is an issue which affects tariffs. The EU proposed the application of a Swiss formula in the Non Agriculture Market Access (NAMA) negotiations. This work scheme would allow for the elimination of the escalation problem because the highest tariffs would be reduced by the greatest amount. Some examples would be Japan with an average tariff for fish products of 5% and 10% for preserved fish, the United States which applies an average tariff of 0% for fish products but for certain preserves such as tuna that rate can reach 35% and Canada which applies 0% to fishery products and 7% in the case of preserved tuna.

Other issues of interest

13. There are other issues currently under discussion which are very important for the future of fishing and the fishery sector. First of all we have the Doha Round NAMA negotiations (Non Agriculture

Market Access). No agreed formula has yet emerged but there is a commitment to reach an agreement by the end of April. We would point out the incongruity of significantly reducing tariffs on certain products because this could contribute to worsening the situation of overfishing affecting some species.

14. Secondly, discussions are also being held within the framework of the Doha Round to tighten control over those fishery sector subsidies which tend to increase fishing capacity.

15. Thirdly, it is our view that the future of the fishery sector depends on the effective action of the regional fishery organisations in terms of managing fishery resources within their sphere of influence.

Policy consistency

16. International trade is of great importance for the EU because it accounts for a fifth of the sum total of world trade. The EU is making an effort to foster the inclusion of developing countries in the world trading system so that all nations may take part in its potential benefits. Community trade policy should consolidate and be consistent with development policy objectives, especially the eradication of poverty and the fostering of sustainable development in developing countries.

17. The case of the common fisheries policy is a clear example of policy consistency in that it seeks to strike a balance between the biological, economic and social dimensions of fisheries to the benefit of fishers as well as consumers. The common fisheries policy is not an isolated policy. Over the last several years it has been acquiring an increasingly important international dimension as the number of bilateral and multilateral negotiations with third countries, regional fishery organisations and international bodies increased with a view to striking agreements on ways to manage resources and fish responsibly throughout the world. The common fisheries policy is now making a significant contribution to resolving the dilemma of the sustainable contribution of fisheries. All of the facets of which it is composed have been reinforced with a view to making it more efficient in the conservation of fish populations, in the maintenance of employment in coastal areas and in the supply of healthy food products to consumers.

18. Trade has proven itself to be one of the most effective tools in stimulating development. For developing countries, it is the means by which to increase export revenues, stimulate industrialisation and help them to diversify their economies. However, we must also be aware that trade in and of itself is not enough but is rather a necessary tool for the development of other types of policies to reach the targets set.