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Trade Policy Monitoring

US Export Opportunities Through European Union Accession

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Report Highlights:
Accession to the European Union of the Czech Republic, Hungary, Slovakia and Slovenia will provide across the board export opportunities through reduced tariffs for the following U.S. products: wine, whisky, beans, dried fruits, corn, sweet corn, fruit juice, mineral water and sodas. Some opportunities will improve for seafood as well. Adoption of other EU policies, such a biotech labeling and traceability, may reduce or limit these export opportunities. This is a summary of reports: HU3002, EZ3007, SI3001, and LO3004. The full reports can be found at www.fas.usda.gov.

Includes PSD Changes: No
Includes Trade Matrix: No
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I. Summary

Joining the European Union (EU) in May 2004, Slovakia, Slovenia, The Czech Republic, and Hungary will adopt a variety of EU regulatory policies, including those governing common import tariffs, agricultural subsidies, and phytosanitary regulations. The implementation of the Common Agriculture Policy (CAP) will lead to significant shifts in domestic commodity production. The changes in tariff levels and production trends will result in certain products becoming less accessible, while creating new market potentials for other US Agricultural Exports. Changing consumption trends within these countries as disposable income increases will also lead to the creation of new export markets.

II. General Trends

Although these countries are bringing their tariffs in line with one common standard, whether they will be higher or lower for US exports depends on the levels that each individual country had previously established. While there are few products where the changes will be uniform across the board (i.e. Wines, Whiskeys, Beans), most commodity tariff changes will vary from country to country.

III. Specific commodities

A. Beans:

The EU currently has a 0% tariff level on dried beans, meaning that tariffs will decrease for all countries. This is the case for Slovenia and Hungary, who currently have tariffs on dried bean imports, while The Czech Republic and Slovakia already have 0% levels. Current figures would indicate that although the US only holds a small share in the bean market within these countries, the lack of tariffs and an increasing trend in consumption suggests that this could be a positive market for US export. (See fig 1.)

Fig. 1

Beans, shelled, prepared/preserved, (200551)

Czech Republic	Import				
	1998	1999	2000	2001	2002
	1000$	1000$	1000$	1000$	1000$
United States	24	10	7	9	NA
World	784	968	1,190	1,439	NA
Hungary	**Import**				
	1998	1999	2000	2001	2002
	1000$	1000$	1000$	1000$	1000$
United States	9	15	18	9	NA
World	74	68	145	301	NA
Slovakia	**Import**				
	1998	1999	2000	2001	2002
	1000$	1000$	1000$	1000$	1000$
United States	0	0	1	3	NA
World	111	137	153	262	NA
Slovenia	**Import**				
	1998	1999	2000	2001	2002
	1000$	1000$	1000$	1000$	1000$
United States	2	0	1	0	NA
World	900	989	903	1,183	NA

NA - Data not available (not reported)   Data: Harmonized Tariff Schedule (HS 6 Digit)
Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

B. Dried Fruits:

The EU common external tariff for dried fruit is 9%. Although this is an increase for Slovakia and The Czech Republic (0.8% and 0% respectively), it is a significant decrease for Hungary (down from 34%) and slight decrease for Slovenia (down from 10%).

C. Maize (corn) excluding corn seed:

The EU also has no external tariff on corn. All four countries currently have relatively high corn tariffs, 8.9% in Slovenia, 17% in The Czech Republic and Slovakia, and 32% in Hungary. This means that following accession, these markets will potentially be much more favorable for US exports, especially in Slovakia and Slovenia which have had seen a significant increase in consumption in recent years. (See fig. 2)

Fig 2.

Maize except seed corn - 100590

Slovakia	Import				
	1998	1999	2000	2001	2002
	1000$	1000$	1000$	1000$	1000$
United States	51	143	74	64	NA
World	1,035	679	631	23,955	NA

Slovenia	Import				
	1998	1999	2000	2001	2002
	1000$	1000$	1000$	1000$	1000$
United States	34	32	42	59	NA
World	8,785	15,334	20,353	21,065	NA

NA - Data not available (not reported) Data: Harmonized Tariff Schedule (HS 6 Digit)
Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical

D. Sweet corn:

There is currently no EU tariff on sweet corn. This represents a small decrease for Slovakia, down from 8%, and a significant decrease for Hungary, down from a whopping 55%! Although there are minimal amounts of US sweet corn in these countries, the lack of a tariff would suggest that U.S. exports might be more successful than in the past.

E. Peanuts:

Peanuts also have no EU tariff. This will not represent a significant change, because Slovakia, Slovenia, and The Czech Republic already have no tariff on peanuts. The only significant change will be for Hungary, where it will decrease from 8.5%.

F. Fruit juices:

Entry in to the EU will lead to a significant increase in tariffs on apple juice concentrate for all four of the countries. The EU common tariff is over 70%/net. Figures are similar but not as high for orange juice concentrate. Grape fruit juice has a 12% tariff according to EU standards. This will lead to an increased tariff for Slovakia and the Czech Republic, but a decrease in Hungary and Slovenia.

G. Seafood:

In general, EU accession will hurt the export of US seafood. Tariffs will increase for a variety of seafood, especially shellfish. Salmon tariffs will increase slightly, but only to about 5%. Fish, frozen or fillet will have a tariff of 2%, which is an increase for Slovakia and the Czech Republic, which previously had no tariff barriers. This will be a decrease for Hungary, which previously had a 9% applied tariff.

H. Mineral Waters and Soda:

The market for mineral waters and soda appears to be a potentially successful market following EU accession. Although the common EU tariff for mineral waters and soda is 9.6%, this is a relative decrease for all four countries. Hungary's is now at 34%, Slovakia at 22% and Slovenia at 25%. This decrease, combined with the increase in consumption within the four countries, suggests that the mineral water and soda market is favorable for US goods. The lack of domestic competition and name brand recognition also contribute to the potential success of American soda and mineral water products. (See fig. 3)

Fig. 3

Non-alcoholic beverages nes, except fruit juices - 220290

Czech Republic	**Import**				
	1998	**1999**	**2000**	**2001**	**2002**
	1000$	**1000$**	**1000$**	**1000$**	**1000$**
United States	3	54	92	104	NA
World	10,025	13,144	15,299	17,187	NA
Hungary	**Import**				
	1998	**1999**	**2000**	**2001**	**2002**
	1000$	**1000$**	**1000$**	**1000$**	**1000$**
United States	0	1	962	1,050	NA
World	4,072	3,390	5,269	7,956	NA
Slovakia	**Import**				
	1998	**1999**	**2000**	**2001**	**2002**
	1000$	**1000$**	**1000$**	**1000$**	**1000$**
United States	0	0	0	10	NA
World	6,758	5,883	6,175	8,385	NA
Slovenia	**Import**				
	1998	**1999**	**2000**	**2001**	**2002**
	1000$	**1000$**	**1000$**	**1000$**	**1000$**
United States	88	84	59	88	NA
World	9,272	8,857	5,644	5,264	NA

NA - Data not available (not reported) Data: Harmonized Tariff Schedule (HS 6 Digit)
Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical (

I. Raisins:

The EU tariff level for raisins is 2.4%. This represents a slight increase for Slovakia, Slovenia, and the Czech Republic (less than 2%), and a decrease for Hungary of 7.6%. This shouldn't have a significant impact on US exports, however recent trends indicate that raisin consumption has seen little increase over the past few years.

J. Wines:
Tariff levels for imported wines following accession will range between 9-11%. This represents a decrease for all four countries; making wine a potentially successful US export to these markets. The current level for Slovakia, Slovenia, and the Czech Republic are at 30%. For Hungary, it is over 60%. General trends indicate that wine consumption in the region is increasing slightly, and the lower tariffs should allow US exporters greater access to this market. (See fig. 4)

Fig. 4

Grape wines nes, fortified wine or must - 220421

Czech Republic	**Import**				
	1998	**1999**	**2000**	**2001**	**2002**
	1000$	**1000$**	**1000$**	**1000$**	**1000$**
United States	61	94	162	150	NA
World	9,155	11,383	16,567	16,748	NA
Hungary	**Import**				
	1998	**1999**	**2000**	**2001**	**2002**
	1000$	**1000$**	**1000$**	**1000$**	**1000$**
United States	17	4	8	14	NA
World	725	632	936	925	NA
Slovakia	**Import**				
	1998	**1999**	**2000**	**2001**	**2002**
	1000$	**1000$**	**1000$**	**1000$**	**1000$**
United States	4	9	7	24	NA
World	905	1,267	1,558	2,328	NA
Slovenia	**Import**				
	1998	**1999**	**2000**	**2001**	**2002**
	1000$	**1000$**	**1000$**	**1000$**	**1000$**
United States	1	10	4	47	NA
World	516	638	870	930	NA

NA - Data not available (not reported)   Data: Harmonized Tariff Schedule (HS 6 Digit)
Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical (

K. Whiskeys:

Whiskeys also represent a potentially successful US export, especially because the EU currently has a 0% tariff. This will be a major decrease for all four countries, with Hungary being the highest at 68%. Slovenia has the second highest at 27%, while Slovakia and the Czech Republic are both currently at 8.5%. Consumption trends would suggest a slight increase in recent years, and US products would also be helped by name brand recognition, and the demand for US specific whiskies.

IV. Changing Consumption Trends:

Although prices are expected to rise following the accession, it is expected that higher disposable incomes, and increased consumer purchasing power will offset this increase. General consumption trends are not expected to decrease for any specific type of commodity, and an overall increase in consumption of a variety of goods is expected. US exports will also be aided by the expectations that these countries will gradually adopt a Western-European consumption style, which is more partial towards American goods. Certain products which are expected to see a general consumption increase are mineral waters and sodas, fruit juices, snack foods, certain alcoholic beverages (spirits).

US exporters may also be aided by the fact that a significant amount of US products enter Europe by distribution through other European Union countries. Once these countries join the EU, there will be greater and easier access for these types of goods, and a reduction in structural barriers that had previously prevented the movement of US agricultural products.

V. Conclusion:

The entry into the EU of these four countries, and the adoption of EU regulations might suggest that exports to these markets might become more difficult for US products. Higher tariffs on some commodities, and the strict phytosanitary and veterinary regulations, as well as continuing resistance to GM products supports this theory. However, a number of these regulations are similar to the ones that had already been in place, and the entry into the European Union provides greater access to the markets for certain commodities in these countries, as well as lower tariffs for other commodities.