

The European Union

From January 1995, following the accession of Sweden, Finland and Austria, the European Community (EC) changed its name to the European Union (EU). The members of the EU are now: Austria, Belgium, Denmark, France, Finland, Germany, Greece, the Republic of Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom. The only West European countries not forming part of the Union are Switzerland and Norway, both of whom voted to stay outside.

The Free Market

1993 was the first year in which member states of the EC operated in a totally free trade area, allowing the unrestricted movement of goods, services, people and capital. With the accession of Spain and Portugal to the EC in 1986, the unification of Germany, and the accession of Sweden, Finland and Austria the EU now has a community of more than 350 million people - very nearly as many as the USA and Japan combined.

Harmonisation of trade legislation means in practice that no regulatory checks are imposed at the internal frontiers in the Community, and that all road haulage permits and quotas for trade between member states have been abolished. Many time-consuming delays at border crossings have been eliminated; however, trader-based controls do exist to protect the Community's high standards of hygiene and plant health.

Tariffs and Quotas

The application of tariffs and quotas to imports into the EU has now been harmonised across the member states. A commodity will attract the same tariff irrespective of the port of entry, and, once imported, goods are free to circulate within the EU without further duty.

A list of EU duties applying to spices and herbs is given in Table 12. Members of the African, Caribbean and Pacific (ACP) group of countries, the Least Developed Developing Country (LDDC) group and some other country groupings and individual countries benefit from preferential rates of duties for certain products. A full, detailed, and up-to-date tariff schedule should always be consulted. Other countries outside the EU not belonging to the Mediterranean states or Eastern Europe are subject to GSP duty rates as negotiated under the new GATT agreement (see Annex 2).

To benefit from ACP duty preferences the exporter must ensure that each shipment is accompanied by documentary evidence that the goods comply with the rules of origin. To be classified as ACP Form EUR 1 must be supplied, while Form A is used to identify the produce as originating in an LDDC (Annex 3).

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With the exception of spices which are grown in EU countries such as saffron and paprika, duties are small or non-existent. Duties on product used for extraction may be subject to a duty, as are some essential oils and oleoresins. This is largely to protect the EU spice processing industry.

Table 12 - Tariffs by product group, as a percentage of CIF value, without duties or VAT

Code	Product	Preferential Tariffs			
		Full Tariff	GSP	ACP	LDDC
0904.11.10	Pepper of the genus <i>Piper</i>				
0904.11.90	Dried pepper for industrial manufacture of essential oils or resinoids (excluding crushed or ground)	Free			
0904.12.00	Dried pepper (excluding crushed or ground and that for manufacture of oils or resinoids)	Free			
0904.20	Pepper; crushed or ground	4%	Free	Free	Free
0904.20.10	Fruits of the genus <i>Capsicum</i> or the genus <i>Pimenta</i> , dried or crushed or ground				
0904.20.31	Dried sweet peppers (excluding crushed or ground)	11.6%	11.6%	Free	Free
0904.20.35	Dried fruit of genus capsicum for manufacture of capsin or capsicum oleoresin dyes (excluding crushed or ground)	Free			
0904.20.39	Dried fruits of genus Capsicum or Pimenta, for industrial manufacture of essential oils or resinoids (excluding crushed or ground)	Free			
0904.20.90	Dried fruits of genus Capsicum or Pimenta (excluding 0904.20.35)	5%	5%	Free	Free
0905.00.00	Fruits of genus Capsicum or Pimenta, crushed or ground	5%	1.6%	Free	Free
0906.10.00	Vanilla	10.6%	10.6%	Free	Free*
0906.20.00	Cinnamon and cinnamon-tree flowers (excluding crushed or ground)	Free			
0907.00.00	Cinnamon and cinnamon-tree flowers, crushed or ground	Free			
0908.10	Cloves whole fruit, cloves and stems	10%	10%	Free	Free*
0908.10.10	Nutmeg				
0908.10.90	Nutmeg for industrial manufacture of essential oils or resinoids (excluding crushed or ground)	Free			
0908.20.10	Nutmeg other	5%	Free	Free	Free
0908.20.90	Mace (excluding crushed or ground)	Free			
0908.30.00	Mace, crushed or ground	4%	Free	Free	Free
0909.10.10	Cardamon	Free			
0909.10.90	Anise seed	Free			
0909.20.00	Badian seeds	10%	7%	Free	Free
0909.30.11	Coriander seeds	Free			
0909.30.19	Cumin seeds for industrial manufacture or essential oils or resinoids (excluding crushed or ground)	Free			
0909.30.90	Cumin seeds (excluding crushed or ground, or for industrial manufacture or essential oils or resinoids)	Free			
0909.40.11	Cumin seeds, crushed or ground	Free			
0909.40.19	Caraway seeds for industrial manufacture or essential oils or resinoids (excluding crushed or ground)	Free			
0909.40.90	Caraway seeds (excluding crushed or ground, or for industrial manufacture or essential oils or resinoids)	Free			
0909.40.90	Caraway seeds, crushed or ground	Free			

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Preferential Tariffs

Code	Product	Full Tariff	GSP	ACP	LDDC
0909.50.11	Seeds of fennel or juniper berries for industrial manufacture of essential oils or resinoids (excluding crushed or ground)	Free			
0909.50.19	Seeds of fennel or juniper berries (excluding crushed, ground or for industrial manufacture of essential oils or resinoids)	Free			
0909.50.90	Seeds of fennel or juniper, crushed or ground	Free			
0910.10.00	Ginger	Free			
0910.20.10	Saffron (excluding crushed or ground)	10%	10%	Free	Free
0910.20.90	Saffron, crushed or ground	10%	10%	Free	Free
0910.30.00	Turmeric (curcuma)	Free			
0910.40.11	Wild Thyme (excluding crushed or ground)	Free			
0910.40.13	Thyme (excluding crushed or ground, and wild thyme)	7%	7%	Free	Free
0910.40.19	Thyme crushed or ground	8.5%	8.5%	Free	Free
0910.40.90	Bay leaves	7%	7%	Free	Free
0910.50.00	Curry	Free			
0910.91.10	Mixture of 2 or more products	12.5%	Free	Free	Free
0910.91.90	Crushed or ground spice mixtures of 2 or more different headings	12.5%	3%	Free	Free
0910.99.10	Fenugreek seed	Free			
0910.99.91	Other spices	12.5%	Free	Free	Free
0910.99.99	Other spices NES	12.5%	3%	Free	Free
3301.29	Essential Oils of Spices				
3301.29.61	Not deterpenated	Free			
3301.29.91	Deterpenated	2.3%	Free	2.3%	2.3%
3301.90.39	Oleoresins of Spices	Free			

* Excluding Peru, Ecuador, Colombia and Bolivia.

Export Procedures

Trade in spices is always done on the basis of samples. Most importers have standard contract forms which specify the agreed quality, price, shipment conditions, arbitration and payment terms. Arbitration procedures may be initiated if shipments fail to meet the standards of the sample. Because of the recent introduction of due diligence legislation, buyers, specifications may also include quality assurance details on such matters as purity of water used for washing produce, pesticide residues etc. Most traders prefer CIF or C&F port of destination quotations in the major trading currencies. New exporters are usually paid only on receipt and acceptance of goods. This usually involves laboratory testing of batch samples. Established suppliers tend to be paid cash against documents.

The International General Produce Association (IGPA) is an important organisation for the promotion and regulation of trade in spices and produce such as medicinal plants, essential oils and other natural product extracts. Based in London, its membership consists of importers, brokers, agents and exporters involved in trading these commodities. IGPA contracts are rapidly becoming the industry norm. There are three basic types of contract: No 1, No 3 and Spot. No 1 includes general produce on CIF and

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C&F terms, No 3 general produce on FOB terms, and Spot for general produce for goods in store or forward delivery. Special contracts exist for pepper (No 5) and essential oils and aromatic chemicals (No 9).

The IGPA is working closely with another important organisation involved in the promotion and organisation of the spice industry, the European Spice Association (ESA). The ESA, established in 1984, comprises 12 national associations drawn from the EU and elsewhere in Europe. The ESA's main aim is to represent, promote and protect the interests of its members, especially concerning relations with the European legislative institutions. Much of the legislation affecting the European spice industry emanates from the European Commission. ESA provides an effective channel of two-way communication between the Commission and the European industry.

The ESA has links with all the EU national associations. Where no spice association exists, as in Greece, the ESA encourages the industry to form one. The ESA is presently involved in the following important tasks:

- Development of “ Specifications of Quality Minima”, minimum standards which can be attached to contracts such as those of the IGPA.
- Development of new recommendations on aflatoxin for submission for consideration by the European Commission.
- EU-wide collection and review of tests on pesticide residues with a view to formulating new recommendations on maximum residue levels (MRLs).