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Spain

Grain and Feed

Spain's Sorghum Import Quota

2004

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Report Highlights:

For the first time in recent history since the 1996 Spain could start its calendar year sorghum quota year without any Roll-over.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Madrid [SP1]
[SP]

Executive Summary

Trade sources indicate that at U.S. sorghum will enter the Spanish market in sufficient quantities to satisfy this year quota and roll-over if the European Commission reduces the in-quota tariff rate to zero for the remaining imports. Otherwise, there will be another rollover at year end.

History:

Spain was a major buyer of U.S. feed grains when it joined the EU in 1986. In order to preserve some of this market, the U.S. negotiated the 1986 U.S.-EU Grain Enlargement Agreement (Agreement), which provided reduced tariff quotas for a minimum of 2 million tons of corn and 300,000 tons of sorghum. These are calendar year (CY). The Agreement provides for the subtraction of the volume of imports of three byproducts (corn gluten, brewers' grains and citrus pulp) from these quotas, and a roll-over of any unused volume.

During the 18 years that the Agreement has been in effect, the sorghum quota has had periods of underfill, most recently beginning in 1997. The net shortfall, combined with the currently unfilled portion of the 2004 quota, estimated at about 206,400 tons, implies that the Spain would need to import EU should import (May/December) **143,987** tons before February 28, 2005, to start the CY 2005 quota-year without a roll-over quantity. Some grain traders believe that a combination of a declining U.S. sorghum price, weakening rates, and strengthening Euro vis-a-vis the U.S Dollar could lead to imports of at least 120,000 tons in the next few months.

Sorghum quotas- Roll-Over Calculations *

Year	Sorghum Import Quotas	*Sorghum Imports in Peninsula from non EU countries	Gluten	Brewer's sdg	Citrus Pulp	Total by-Prod.	Sorghum short fall
1995	176,204	420,182	783,575	140,617	28,084	952,276	0
1996	205,109	392,749	619,486	50,092	52,660	722,238	0
1997	198,629	148,932	638,260	48,339	19,707	706,306	59,248
1998	197,356	227,977	710,764	63,405	7,701	781,870	29,628
1999	201,088	207,208	684,618	68,224	321	753,163	24,509
2000	194,465	189,073	728,459	61,652	14,003	804,114	30,901
2001	215,528	646	597,349	37,073	15,356	649,778	245,784
2002	195,680	8,194	719,054	83,410	0	802,464	433,270
2003	222,674	543,081	552,430	42,384	0	594,814	112,863
**2004	235,000		450,000	42,000	8,000	500,000	

* Spanish Customs data

** Forecast

2003 Sorghum Shortfall

2003 Sorghum Import Requirement (300,000-13/100*Total by product Imports)	222,674
Plus 2002 Sorghum Shortfall	433,270
Minus 2003 imports	(543,081)
2003 Sorghum Shortfall	112,863

Outstanding 2004 Sorghum Quota

Estimate of 2004 Sorghum Import Requirement (300,000-13/100*Total import forecast for by products)	235,000
Plus 2003 Sorghum Shortfall	112,863
Minus January/ April 2004 imports	(203,876)
Outstanding 2004 Sorghum Quota	143,987