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INFORMATION NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the elimination of customs duties on certain products - Outcome of the European Parliament's first reading (Brussels, 23 to 26 November 2020)

I. INTRODUCTION

On 18 November 2020, the Permanent Representatives Committee confirmed that, should the European Parliament approve the abovementioned Commission proposal without amendments, the Council would approve the European Parliament's position.

In this context, the rapporteur, Bernd LANGE (S&D, DE), presented a report on behalf of the Committee on the International Trade, aiming at taking over the Commission proposal.

In addition, the GUE/NGL political group tabled 1 amendment (amendment number 1).

II. VOTE

The Parliament adopted its first-reading position on 26 November 2020 by taking over the Commission's proposal. This position is contained in its legislative resolution. No amendments were adopted.

The Council should therefore be in a position to approve the European Parliament's position as set out in the Annex hereto, thus bringing to a close the first reading for both Institutions.

The legislative act would then be adopted in the wording which corresponds to the European Parliament's position.

P9_TA(2020)0333

Elimination of customs duties on certain products *I**

European Parliament legislative resolution of 26 November 2020 on the proposal for a regulation of the European Parliament and of the Council on the elimination of customs duties on certain products (COM(2020)0496 – C9-0284/2020 – 2020/0253(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2020)0496),
 - having regard to Article 294(2) and Article 207(2) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C9-0284/2020),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the undertaking given by the Council representative by letter of 18 November 2020 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the report of the Committee on International Trade (A9-0217/2020),
1. Adopts its position at first reading, taking over the Commission proposal;
 2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Position of the European Parliament adopted at first reading on 26 November 2020 with a view to the adoption of Regulation (EU) 2020/... of the European Parliament and of the Council on the elimination of customs duties on certain goods

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 207(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure¹,

¹ Position of the European Parliament of 26 November 2020.

Whereas:

- (1) The Union and the United States of America (the 'United States') have the largest and deepest bilateral trade and investment relationship in the world and have highly integrated economies. The two-way trade in goods and services between them is worth over EUR 1 trillion per year, which is approximately EUR 3 000 million per day. That close trade and investment relationship is beneficial for consumers, workers, businesses and investors.
- (2) The Union is committed to improving its trade and investment relationship with the United States. This includes finding new ways to improve the bilateral trade relationship, to address trade irritants and to resolve on-going trade disputes. To avoid further disruption of that trade relationship, the customs duties applied by the Union to imports should be eliminated for a limited number of goods for a period of five years on an *erga omnes* basis.
- (3) The elimination of customs duties should be subject to the effective implementation by the United States of its announced reduction of customs duties on a selected number of goods and to the abstention by the United States from the introduction of new measures that would undermine the objectives pursued by the Joint Statement of the United States and the European Union on a Tariff Agreement of 21 August 2020 (the 'Joint Statement')².
- (4) The elimination of customs duties should apply from the same date as the effective implementation of the announcement of the United States regarding the reduction of its customs duties on a selected number of goods, namely from 1 August 2020.
- (5) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission to temporarily suspend the application of this Regulation if the conditions set out in this Regulation are not complied with. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council³.
- (6) In view of the urgency of avoiding further disruption of the trade relationship between the

² See document ST 12652/20 on <http://register.consilium.europa.eu>.

³ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

Union and the United States, this Regulation should enter into force immediately after its publication. For the same reason, it is also considered to be appropriate to provide for an exception to the eight-week period referred to in Article 4 of Protocol No 1 on the role of national Parliaments in the European Union, annexed to the Treaty on European Union, to the Treaty on the Functioning of the European Union and to the Treaty establishing the European Atomic Energy Community,

HAVE ADOPTED THIS REGULATION:

Article 1

Elimination of customs duties

The applicable import customs duties of the Common Customs Tariff shall be 0 % (free of duty) for the goods classified in the tariff lines listed in Section I of the Annex on an *erga omnes* basis.

Article 2

Conditions for the elimination of customs duties

The elimination of the customs duties for the goods classified in the tariff lines listed in Section I of the Annex shall be subject to the following conditions:

- (a) the reduction of customs duties by the United States on an *erga omnes* basis for the goods classified in the tariff lines listed in Section II of the Annex; and
- (b) the abstention by the United States from the introduction of new measures against the Union that undermine the objectives pursued by the Joint Statement.

Article 3

Temporary suspension

If the United States does not comply with the conditions set out in Article 2, or if there is sufficient evidence of a future failure of the United States to comply with those conditions, the Commission may adopt an implementing act suspending the elimination of customs duties referred to in Article 1 until the conditions set out in Article 2 are complied with. That implementing act shall be adopted

in accordance with the examination procedure referred to in Article 4(2).

Article 4

Committee procedure

1. The Commission shall be assisted by the Customs Code Committee established by Article 285 of Regulation (EU) No 952/2013 of the European Parliament and of the Council⁴. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Article 5

Entry into force and application

1. This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Union*.
2. This Regulation shall apply from 1 August 2020 to 31 July 2025.
3. The Commission shall publish a notice of suspension in the *Official Journal of the European Union* in the event that the application of this Regulation is suspended pursuant to Article 3 or in the event that this Regulation ceases to apply before 31 July 2025.
4. At the request of the economic operators concerned, the national customs authorities of the Member States concerned shall reimburse any duties paid in excess of those applicable in accordance with this Regulation for imports from the United States between 1 August 2020 and ... [date of entry into force of this Regulation].

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at ...,

⁴ Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ L 269, 10.10.2013, p. 1).

For the European Parliament
The President

For the Council
The President

ANNEX

Section I (European Union Combined Nomenclature)

CN Code	Description
0306 11 90	Frozen rock lobster and other sea crawfish 'Palinurus Spp., Panulirus Spp. and Jasus Spp.', even smoked, whether in shell or not, incl. ones in shell, cooked by steaming or by boiling in water (excl. crawfish tails)
0306 12 10	Frozen lobsters 'Homarus Spp.', whole, even smoked or cooked by steaming or by boiling in water
0306 12 90	Frozen lobsters 'Homarus Spp.', even smoked, whether in shell or not, incl. lobsters in shell, cooked by steaming or by boiling in water (excl. whole)
0306 32 10	Live lobsters 'Homarus Spp.'

Section II (United States Customs Tariff)

Tariff Code	Description	Existing MFN Tariff	New MFN Tariff Rate
1604 20 05	Products containing meat of crustaceans, molluscs or other aquatic invertebrates, prepared meals	10 %	5 %
7013 41 50	Glassware for table or kitchen purposes (other than drinking glasses), of lead crystal, valued over 5\$ each	6 %	3 %
3214 90 50	Nonrefractory surfacing preparations for facades, indoor walls, floors, ceilings or the like, not based on rubber	6.5 %	3.25 %
3601 00 00	Propellant powders	6.5 %	3.25 %
9613 10 00	Cigarette lighters and	8 %	4 %

	similar lighters, gas fueled, not refillable, for the pocket		
9613 90 80	Parts for nonelectrical cigarette lighters and similar lighters	8 %	4 %
