

Elimination of customs duties on certain products

2020/0253(COD) - 08/09/2020 - Legislative proposal

PURPOSE: to eliminate customs duties on certain imports into the European Union with a view to consolidating the partnership between the European Union and the United States.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the EU and the US have a close trade and investment relationship. Bilateral trade in goods and services between them amounts to more than EUR 1000 billion per year, or EUR 3 billion per day.

On 21 August 2020 Commissioner Hogan and US Trade Representative Lighthizer stated their intention to go ahead with a trade-facilitating package to eliminate or reduce customs duties for a small number of tariff lines covering EUR 168 million (approximately USD 200 million) in EU and US exports.

The Commission therefore proposes to create additional opportunities for EU and US operators by eliminating or reducing tariffs. It sees this initiative as a first step to de-escalate bilateral trade tensions and to support the settlement of on-going disputes.

CONTENT: the Commission proposes to eliminate a number of customs tariffs on lobster. Lobster is not sensitive products for the EU, which is a net importer of these products. EU producers supply less than 5% of European consumption. The elimination of import duties shall support the food-processing industry and the hospitality sector.

In return, the US has committed to ease market access for EU27 exports worth EUR 143 million (USD 160 million) on average in the past three years, through a 50% reduction of duties. These include products such as prepared meals, certain crystal glassware, surface preparations, propellant powders, cigarette lighters and lighter parts. The US requested the tariff reduction for lobster in light of its declining exports of the product to Europe and the world.

The tariff reductions should be implemented in a fully WTO consistent manner and respect the most-favoured nation (MFN) principle. The measures shall apply retroactively as of 1 August 2020 and end on 31 July 2025.

The agreement shall have a limited negative impact on the budget of the EU in the form of foregone customs duties due to tariff liberalisation for the products covered by the tariff lines in annex to this Regulation, representing some EUR 5.3 million in duties collected from the US (average 2017-2019 period).