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**Council for Trade in Goods
Committee on Safeguards**

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**IMMEDIATE NOTIFICATION UNDER ARTICLE 12.5 OF THE AGREEMENT
ON SAFEGUARDS TO THE COUNCIL FOR TRADE IN GOODS OF
PROPOSED SUSPENSION OF CONCESSIONS AND OTHER
OBLIGATIONS REFERRED TO IN PARAGRAPH 2
OF ARTICLE 8 OF THE AGREEMENT
ON SAFEGUARDS**

EUROPEAN UNION

The following communication, dated 7 April 2020, is being circulated at the request of the delegation of the European Union.

Pursuant to Article 12.5 of the Agreement on Safeguards and in accordance with the agreed format for notifications (G/SG/1 1 July 1996; amended 19 October 2009 G/SG/1/Rev.1 - G/SG/N/6/Rev.1 - G/SG/89), the European Union provides the immediate notification to the Council for Trade in Goods of the proposed suspension of concessions and other obligations referred to in paragraph 2 of Article 8.

1. Which Member is proposing suspension of concessions and other obligations referred to in Article 8.2?

The European Union.

2. Specify the measure, the product subject to the measure, the WTO document that notified the safeguard measure and the Member imposing the measure in relation to which the Member is proposing a suspension of concessions and other obligations referred to in Article 8.2 of the Agreement on Safeguards.

On 24 January 2020, the United States of America ("United States") adopted safeguard measures in the form of a tariff increase on imports of certain derivative aluminium articles and certain derivative steel articles (at rates of 10% and 25%, respectively) effective from 8 February 2020 and with an unlimited duration. Notwithstanding the United States' characterisation of these measures as security measures, they are safeguard measures.

The United States failed to notify the WTO Committee on Safeguards under Article 12.1(c) of the Agreement on Safeguards on taking a decision to apply safeguard measures.

3. Describe the proposed suspension of concessions and other obligations referred to in Article 8.2 of the Agreement on Safeguards and the proposed date from which it will come into effect.

The European Union provides this written notice in order to achieve the highest degree of legal certainty that in all the circumstances its rights to suspend the application of substantially equivalent concessions or other obligations pursuant to Article 8 of the Agreement on Safeguards are fully protected. The European Union reserves the right to withdraw, modify, supplement or replace this notification and/or make a further notification or notifications, should it deem that appropriate, including in light of any subsequent developments.

The proposed suspension of substantially equivalent concessions and other obligations under the GATT 1994 to the trade of the United States will take effect from 8 May 2020, accounting for the expiry of 30 days after this notification. The proposed suspension takes the form of an increase of the import duty on selected products originating in the United States, as specified in Annex I and Annex II. The substantially equivalent concessions or other obligations under GATT 1994 were calculated as indicated in Annex III.

The European Union hereby reserves its right to exercise the proposed suspension as follows:

- from 8 May 2020, as regards the products specified in Annex I; and
- from 8 February 2023 or the fifth day following the date of the adoption by or notification to the WTO Dispute Settlement Body of a ruling that the United States' safeguard measures are inconsistent with the relevant provisions of the WTO Agreement on Safeguards if that is earlier, as regards the product specified in Annex II;

until the United States' safeguard measures are lifted.

ANNEX I

CN code ¹	Description for information purposes	Additional <i>ad valorem</i> duty
9613 80 00	Lighters (excluding gas fueled pocket lighters, and fuses and primers for propellant powders and explosives)	20%
3926 30 00	Fittings for furniture, coachwork and the like, of plastics (excluding building components for permanent mounting on parts of buildings)	7%

ANNEX II

CN code ²	Description for information purposes	Additional <i>ad valorem</i> duty
9504 40 00	Playing cards	4.4%

ANNEX III

The substantially equivalent concessions or other obligations under the GATT 1994 were calculated as follows:

1. The US measures affect at least US \$44.65 million worth of EU exports of the relevant derivative aluminium articles and the relevant derivative steel articles to the United States in 2019. The application of the US measures would result in theoretical additional duties collected of US \$ 10.16 million in 2019 (Table 1).

Therefore, a suspension of trade concessions in the form of an increase in import duties on the products listed in Annex I and Annex II and originating in the United States, up to a level which reflects and does not exceed the amount that would result from the application of the United States' measures to the imports of the relevant derivative aluminium articles and the relevant derivative steel articles from the European Union into the United States, represents

¹ The nomenclature codes are taken from the Combined Nomenclature as defined in Article 1(2) of Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 256, 7.9.1987, p. 1-675) and as set out in Annex I thereto, which are valid at the time of publication of this Regulation and mutatis mutandis as amended by subsequent legislation, including most recently Commission Implementing Regulation (EU) 2017/1925 of 12 October 2017 amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 282, 31.10.2017, p. 1-958).

² *Ibid* footnote 2.

an appropriate suspension of the application of substantially equivalent trade concessions in line with the Agreement on Safeguards.

Table 1

Products³	2019 US imports from the EU	Additional US duty to imports from the EU	2019 theoretical additional duty collected
7614.10.50	\$ 0.01 million	10%	\$ 0.001 million
7614.90.20	\$ 3.63 million	10%	\$ 0.36 million
7614.90.40	\$ 0.05 million	10%	\$ 0.005 million
7614.90.50	\$ 0.13 million	10%	\$ 0.01 million
7317.00.30	\$ 0.02 million	25%	\$ 0.01 million
7317.00.5503; 7317.00.5505; 7317.00.5507; 7317.00.5560; 7317.00.5580; 7317.00.6560	\$ 19.40 million	25%	\$ 4.85 million
8708.10.30	\$ 19.99 million	23% ⁴	\$ 4.60 million
8708.29.21	\$ 1.43 million	23% ⁵	\$ 0.33 million
Total	\$ 44.65 million		\$ 10.16 million

Source: Global Trade Atlas

2. The total amount of additional *ad valorem* duties of a maximum rate of 7% and 20% in Annex I reflects the United States' tariff increase of:

- estimated 23%⁶ on imports of bumper stampings of aluminium, comprising parts and accessories of the motor vehicles of headings 8701 to 8705 and of bumper stampings of steel, comprising parts and accessories of the motor vehicles of headings 8701 to 8705⁷, from the European Union, and
- estimated 23%⁸ on imports of body stampings of aluminium for tractors suitable for agricultural use and of body stampings of steel for tractors suitable for agricultural use⁹, from the European Union.

These are the products for which the United States' safeguard measures have not been taken as a result of an absolute increase in imports.

3. The total amount of additional *ad valorem* duties of a maximum rate of 4.4% on imports of the product listed in Annex II and originating in the United States reflects the United States' tariff increase of 10% on imports of the remaining derivative aluminium articles and of 25%

³ Products referred to by Proclamation 9980 of January 24, 2020, Adjusting Imports of Derivative Aluminum Articles and Derivative Steel Articles Into the United States, Federal Register vol. 85, no. 19, January 29, 2020 (<https://www.whitehouse.gov/presidential-actions/proclamation-adjusting-imports-derivative-aluminum-articles-derivative-steel-articles-united-states/>).

⁴ Subheading 8708.10.30 comprises both bumper stampings of *aluminium*, comprising parts and accessories of the motor vehicles of headings 8701 to 8705, and bumper stampings of *steel*, comprising parts and accessories of the motor vehicles of headings 8701 to 8705. Thus, it is not possible to determine the US import volumes from the world per product before the start of the application of the duties by the United States. The two products are subject to additional 10% and 25% *ad valorem* rate of duty, respectively. For the purposes of estimating the theoretical duty collected in 2019, a 23% duty is applied based on the approximated share during the period 2015-2019 of aluminium and products thereof in total EU exports to the United States of steel, iron, aluminium and articles thereof, as described in HS chapters 72, 73 and 78.

⁵ Subheading 8708.29.21 comprises both body stampings of *aluminium* for tractors suitable for agricultural use and body stampings of *steel* for tractors suitable for agricultural use. Thus, it is not possible to determine the US import volumes from the world per product before the start of the application of the duties by the United States. The two products are subject to additional 10% and 25% *ad valorem* rate of duty, respectively. For the purposes of estimating the theoretical duty collected in 2019, a 23% duty is applied based on the approximated share during the period 2015-2019 of aluminium and products thereof in total EU exports to the United States of steel, iron, aluminium and articles thereof, as described in HS chapters 72, 73 and 78.

⁶ *Ibid* footnote 4.

⁷ *Ibid* footnote 3.

⁸ *Ibid* footnote 5.

⁹ *Ibid* footnote 3.

on imports of the remaining derivative steel articles¹⁰ from the European Union. These are the products for which, on the basis of the information currently available to the European Union, there may have been an absolute increase in imports.

Table 2

	EU proposed additional <i>ad valorem</i> duties to EU imports from the US	Theoretical additional duty collected
Annex I Rebalancing on two products	20% and 7%	\$ 4.33 million
Annex II Rebalancing for remaining products	4.4%	\$ 5.15 million
Total		\$ 9.48 million

Source: Eurostat COMEXT

4. On the basis of the Global Trade Atlas statistics for 2019 the products of subheadings 8708.10.30 and 8708.29.21 are not being imported into the United States from the world in increased absolute quantities. In fact, these imports did not even increase in the period 2015-2019.

Table 3

US imports from the world not subject to an absolute increase

Reference period	8708.10.30 ('000 units)	8708.29.21 ('000 units)
2015	17 618	1 682
2016	12 987	1 714
2017	10 970	751
2018	12 224	1 234
2019	11 286	950

Source: Global Trade Atlas

¹⁰ *Ibid* footnote 3.