

Brussels, 20. 06. 2018

Dear Mr Arslan,

I would like to start by thanking you for sharing the concerns of the Global Pulse Confederation in relation to the US tariffs on steel and aluminium and the EU's response with Commissioner Moscovici and with me.

Over the last few months, the EU has engaged in a detailed and intensive dialogue with the United States on the challenges facing the steel and aluminium sectors, as well as on a wider set of issues relevant for a positive transatlantic trade agenda in an attempt to avoid trade restrictions being imposed and further escalation. To this end, I have been in close contact with Commerce Secretary Ross and with US Trade Representative Lighthizer.

EU heads of government provided guidance during their discussion of the issue on 16 May 2018, and confirmed the EU's openness to explore a positive market opening agenda with the US in case the EU would receive a permanent and unconditional exemption from the US tariffs. However, the discussions proved difficult, as the US was using the threat of trade restrictions as leverage to obtain not only a cap on future European exports of steel and aluminium, but also assurances on the content and goals of a future bilateral agenda to address market access barriers.

The Commission regrets that by its decision to impose unjustified additional duties on imports from the EU, the US is effectively undermining this positive agenda and leaves the EU with no other option than to defend European commercial interests by responding in a firm but measured manner. As you have pointed out in your letter, a WTO dispute settlement case against the US was launched on 1 June 2018. However, as WTO litigation might take several years to produce an outcome, it will also be important to move forward with the introduction of more immediate rebalancing measures against US imports in a proportionate manner. To this end, the Commission has adopted on 20 of June a Commission Implementing Regulation, which allows the actual imposition of additional tariffs on products imported from the US. This has received the full support from EU Member States in the Trade Barriers Committee on 14 June. The measures were published in the Official Journal of the European Union on 21 June, and entered into force the day after.

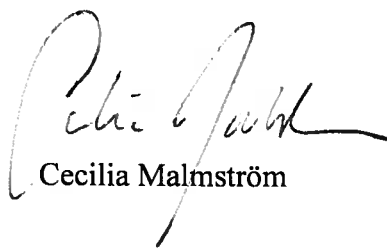
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As regards dried kidney beans for sowing (HS 0713 33 10), I would like to inform you that the Commission has addressed your concerns on this matter, and in particular the ones on sourcing limitations. Consequently, this product was removed from the list of possible duty increases, which was published in the Official Journal of the European Union on 17 May and notified to the WTO the day after¹.

However, since there is a political consensus to implement the full range of rebalancing measures for which the EU has reserved its rights in the WTO, we do not have the scope to exclude other types of dried kidney beans (HS 0713 33 90) from the EU's planned duty increases, or to postpone the application of import duties on this product. In reference to the specific point raised in your letter, I confirm that this approach has received unanimous support from the EU Member States in the Trade Barriers Committee on 14 June 2018. I sincerely hope that European kidney beans traders will be able to reorganise their existing supply chains without absorbing further economic damage.

As regards shipments which are en route at the time of entry into force of the new Regulation, you might be reassured in knowing that the Commission Implementing Regulation 2018/724 already guarantees traders a certain predictability of the economic conditions under which they carry out their export activities from the US². The trader has to prove to the EU customs authorities that the export took place prior to the date on which an additional duty entered into force. The form this proof should take and its acceptability is left to the appreciation of the EU national customs authorities. An example of a proof that could be accepted by the EU customs authorities is the bill of lading where the shipping date would be compared to the date of entry into force of the EU additional customs duties. The EU customs legislation is fully applicable.

Yours sincerely,



Cecilia Malmström

¹ Commission Implementing Regulation 2018/724 of 16 May 2018, published in the Official Journal of the European Union on 17 May 2018 (L 122/14) and notified to the WTO on the following day.

² Article 4(2) of the Commission Regulation 2018/724, which safeguards the EU's right to rebalance on certain products imported from the US.