Commission Implementing Regulation (EU) 2020/1628 of 3 November 2020 introducing retrospective Union surveillance of imports of renewable ethanol for fuel

COMMISSION IMPLEMENTING REGULATION (EU) 2020/1628

of 3 November 2020

introducing retrospective Union surveillance of imports of renewable ethanol for fuel

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2015/478 of the European Parliament and of the Council of 11 March 2015 on common rules for imports[(1)], and in particular Article 10 thereof,

Having regard to Regulation (EU) 2015/755 of the European Parliament and of the Council of 29 April 2015 on common rules for imports from certain third countries[(2)], and in particular Article 7 thereof,

After consulting the Committee on Safeguards and Common Rules for exports,

Whereas:

(1) Pursuant to Article 2 of Regulation (EU) 2015/478, France has informed the Commission that trends in imports of renewable ethanol for fuel appear to call for surveillance. In particular, France has requested the introduction of retrospective surveillance.

(2) According to Article 10 of Regulation (EU) 2015/478 Union surveillance may be introduced where the trend in imports of a product threatens to cause injury to Union producers and where the interest of the Union so require. Article 7 of Regulation (EU) 2015/755 allows the possibility to introduce surveillance where the Union's interests so require. Retrospective surveillance may be introduced under both Regulations, respectively pursuant to Article 10(1)(a) and Article 7(1)(a).

(3) Based on the information submitted by France, imports into the Union of renewable ethanol for fuel increased by 512 % between 2017 and 2019, from 87,6 thousand tonnes to 536,2 thousand tonnes. Moreover, during 2019, prices of imports of renewable ethanol for fuel from the main six import sources undercut the price of Union producers by 15 % on average.

(4) Estimated EU consumption of renewable ethanol for fuel increased by 10% between 2017 and 2019, from 3,9 million tonnes to 4,3 million tonnes. In the same period, however, world production of renewable ethanol for fuel passed from 80,6 million tonnes to 87,5 million tonnes. Due to the size of the world production in comparison to the total EU consumption, it is considered that even minor disturbances in the global market of renewable ethanol for fuel might have very severe impacts on the offer in the EU market, in terms of both quantities and prices.

Changes to legislation: *There are currently no known outstanding effects for the Commission Implementing Regulation (EU) 2020/1628. (See end of Document for details)*

(5) Moreover, around 84% of the total world production of renewable ethanol for fuel (more than 70 million tonnes) is concentrated in the US (54 %) and Brazil (30 %). These two countries have such a large production capacity that even a limited excess in their annual production may translate in an oversupply on the world market, with potentially negative consequences for much smaller markets such as the EU. Imports from the US into the EU have increased steadily over the last three years, and imports from Brazil have surged in the first months of 2020.

(6) It should also be recalled that a situation of slight overcapacity has already been observed in the US market over the last five years, which has prompted a number of countries (e.g. Brazil, China, Peru, Colombia) to adopt or reinstate measures to limit the level of imports of renewable ethanol for fuel from the US. Obviously, quantities previously exported from the US to those markets might now be redirected to other markets as for example the EU market. It should furthermore be recalled that EU anti-dumping measures on renewable ethanol for fuel were repealed in May 2019.

(7) Since imports have increased in the last years, the market shares of the Union industry have been reduced. The EU demand collapsed in recent months and the economic situation of the Union industry has deteriorated. Once the market will recover, it can be expected that the existing unused stocks in the main producing countries outside the EU will be massively exported to the EU, thereby preventing the EU industry to recover. Moreover, it cannot be excluded that in an effort to sustain production activities some governments might introduce subsidies or other forms of support in favour of their ethanol industry. Some support projects are already under discussion in the US.

(8) On the basis of recent trends in imports of renewable ethanol for fuel and of the current excess capacity, injurious effects to Union producers may therefore develop quickly in the near future.

(9) Thus, the Union interest requires that imports of renewable ethanol for fuel should be subject to retrospective Union surveillance in order to provide statistical information, before the issuance of official import statistics, permitting rapid analysis of import trends from all third countries. Rapid and anticipated trade data is necessary to deal with the vulnerability of the Union renewable ethanol for fuel market to sudden changes on world markets.

(10) Since ethanol for fuel can be classified in various CN headings containing other products, specific TARIC codes should be created in order to ensure an adequate surveillance limited only to the relevant product. The scope of the retrospective surveillance shall include the products listed in Annex.

(11) The surveillance system should be introduced for a period of one year, which is deemed sufficient to monitor the development of imports during the market recovery, until a stabilised situation is reached,

HAS ADOPTED THIS REGULATION:

Article 1

1 The release for free circulation in the Union of renewable ethanol for fuel listed in Annex to this Regulation shall be subject to retrospective Union surveillance in accordance with Regulation (EU) 2015/478 and Regulation (EU) 2015/755.

2 The classification of the products covered by this Regulation is based on TARIC. The origin of the products covered by this Regulation shall be determined in accordance with Article 60 of Regulation (EU) No 952/2013 of the European Parliament and of the Council[(3)].

Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall apply from the day following its publication in the Official Journal of the European Union and shall remain in force for one year.

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