



## Changes in autonomous tariff suspensions

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### 1 Background

Since 01.07.2019 the amended Council Regulation on autonomous tariff suspensions, (EU) No 1387/2013, has been in force. Its Annex lists goods whose release for free circulation is not subject to the duty rates laid down in the Common Customs Tariff. These are goods, which are not sufficiently available within the EU. At the request of economic operators, who require these goods for the production of their own goods, the duty rates in force may be reduced or totally suspended. This system exists because, in individual cases, duties may fail to fulfil their usual purpose of protecting the economy of the Union.

This happens when goods are needed by production plants in the EU but are not available in sufficient quantities. In this case, the collection of duties on foreign goods weakens the European economy instead of strengthening it. This situation leads to companies having no choice but to purchase the artificially more expensive foreign products without EU companies benefiting from these purchases. EU companies that are in need of these goods then automatically produce their own products at a higher price than companies in third countries who can obtain the raw materials without having to pay customs duties. In such cases, customs duties in the EU should be suspended. Any such suspension will only apply for a specified period. As a result, the Regulation is updated every six months, each year on 1 January and 1 July.

### 2 Amendments in July 2019

The most recent amendment provides suspensions for 97 new products, while simultaneously cancelling the suspension for 96 other goods. The total number of goods affected therefore remains constant. For 47 products, the conditions for the suspension were adapted to take account of technical product developments and economic market trends.



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A large portion of the abolished suspensions relate to information technology goods, for which the general duty rate has been reduced to 0%, as a result of the expansion of the Information Technology Agreement (see KMLZ Newsletter 02/2018, point 1.). These goods include loudspeakers, headphones, radio receivers and antenna components. The need for suspension was eliminated with the reduction of the duty rate to 0%. 20 products will not be subject to suspension because they contradict the EU's higher-level objectives of promoting integrated battery production. This is an important part of the development and introduction of electric vehicles. Therefore, the suspensions on batteries were withdrawn. This applies, in particular, to lithium-ion accumulators. In return, the list of suspensions has now been extended to include numerous primary materials for the manufacture of batteries and accumulators. For 26 other products, the suspension was, for other reasons, no longer in the interest of the EU.

In addition to the primary materials for batteries, numerous other primary products from the automotive industry have also been added to the list. These products range from door handles to radio components to exhaust system and engine parts. Steering column locks, air conditioning compressors and some valves (e.g. for flow regulation) are now also subject to suspension. However, this only applies where the components are intended for motor vehicles.

### 3 The way to autonomous suspension

Any manufacturing company can request a suspension of duties. This is subject to the condition that there is an EU shortage of the products concerned. This means that the goods can either not be procured at all, or not be procured in sufficient quantities or quality from suppliers within the EU. Goods for which EU companies request a suspension may not, in principle, be finished products. Further, the applicant must not merely trade with them.

If these and other conditions are met, duty may be suspended on the goods at the earliest 11 months after the date of submission of the application. There is no automatic right to suspension.

All companies purchasing materials or means of production from third countries and paying customs duties on them should consider the possibility of purchasing these goods from producers in the EU. If this is not possible, the other conditions for autonomous suspension should be examined. An application could lead to the future elimination of the cost of duties.