



Direzione Dogane  
Ufficio regimi e procedure doganali

Protocollo: 60516/RU

Rif:

All. doc. TAXUD/A2/SPE/2019/11EN

## **Risoluzione n. 2**

Roma, 3 marzo 2020

Alle Direzioni  
Interregionali/Regionali/  
Interprovinciale  
TUTTE

Agli Uffici delle Dogane  
TUTTI

Alla Direzione Accise  
SEDE

e p. c.  
Ministero delle Politiche  
Agricole Alimentari e  
Forestali  
Direzione generale delle  
politiche internazionali e  
dell'Unione europea  
Roma

Ministero dello Sviluppo  
Economico  
Direzione generale per la  
politica industriale e la  
competitività delle piccole e  
medie imprese  
Roma

**OGGETTO:** Perfezionamento attivo di alcool etilico – esame delle condizioni economiche – parere favorevole Gruppo esperti dogane – sez. procedure speciali

Si fa presente che nel corso della 21<sup>a</sup> riunione del Gruppo esperti dogane - sezione procedure speciali, che si è tenuta a Bruxelles il 31

gennaio 2020, è stata sottoposta ad esame delle condizioni economiche, un'istanza di perfezionamento attivo, presentata dalla delegazione belga, per la trasformazione di alcool etilico di origine agricola e sintetica (CNC 2207 1000) in etilammine. In particolare i prodotti trasformati sono: etilammina 70% (CNC 2921 1999), dietilammina (CNC 2921 1950) e trietilammina (CNC 2921 1999).

Il parere espresso nel corso della suddetta riunione è stato favorevole al rilascio dell'autorizzazione in quanto le condizioni economiche sono state ritenute soddisfatte.

Si evidenzia che, ai sensi dell'art. 259 parag. 5 del Reg.to (UE) 2447/2015, le conclusioni raggiunte sulle condizioni economiche vengono prese in considerazione non soltanto dall'Autorità (belga) interessata, ma anche da qualsiasi altra Autorità doganale che si occupa di autorizzazioni e richieste simili.

Pertanto, ove eventuali analoghe istanze – concernenti merci di importazione, attività di trasformazione e prodotti trasformati della stessa tipologia - siano presentate all'Autorità doganale italiana, le condizioni economiche dovranno intendersi del pari soddisfatte.

Si allega il documento unionale in cui viene rappresentata la fattispecie oggetto di esame e lo stralcio del verbale della riunione da cui risulta che, nell'ambito della discussione, è stato deciso di consentire il rilascio dell'autorizzazione per un quantitativo di 15.000 TN annue, come richiesto da un'associazione di categoria del settore, anziché quello di 20.000 TN, oggetto dell'istanza esaminata.

La presente risoluzione sarà pubblicata sul sito dell'Agenzia.

Il Direttore centrale  
f.to Roberta de Robertis

“Firma autografa sostituita a mezzo stampa ai sensi dell'art. 3, comma 2 del D. Lgs. 39/93”



**EUROPEAN COMMISSION**  
DIRECTORATE-GENERAL  
TAXATION AND CUSTOMS UNION  
Customs Policy, Legislation, Tariff  
**Customs Legislation**

Brussels, 26 February 2020  
TAXUD/A2/SPE  
Taxud.a2/(2020)1369339

**Minutes of the 21th meeting of the Customs Expert Group  
Section ‘Special procedures other than transit’ (CEG/SPE/21)**

**Date:** 31 January 2020

**Venue:** Albert Borschette Conference Centre, room 4C, 36 rue Froissart, 1040 Brussels

**Disclaimer:** These are not the definitive minutes, as they must undergo a linguistic check before they are published in the transparency register.

## **1) Introduction and adoption of the agenda.**

The Commission (COM) informed the Customs Expert Group – section Special Procedures other than Transit – (CEG-SPE) that ‘Brexit’ would not affect the use of the official languages of the EU institutions. Only the Council would be empowered to change unanimously the language regime according to Art. 342 of the TFEU.

COM informed that China notified the Secretariat of WCO that their customs authorities would accept ATA Carnets issued for temporary admission of goods imported for sport purposes as of 1 January 2020.

One Member State (MS) asked whether the latest non-paper sent for COM's consideration was added to the agenda and COM confirmed it was included as item 7 f) in the Agenda with Ref. Ares (2020)531987.

The agenda was adopted.

## **2) Application inward processing – agricultural or synthetic ethanol (CN 2207 10 00) processed to obtain ethylamines (CN 2921 19 99 and 2921 19 50) (CONFIDENTIAL version Ref. Ares (2019)6523518 – 22/10/2019 – (available in EN)) - Second and final discussion on the request for examination of economic conditions.**

COM presented the document that had been discussed at the previous meeting of the CEG-SPE, where there was no simple majority concluding that the economic conditions on the application for the Inward Processing (IP) authorisation were met. The company used the right to be heard and provided additional information. Two associations also reacted on the additional information. One of these associations was in favour of granting the authorisation, under the condition it is limited to 15 000 tons of ethanol per year. The applicant accepted the limitation according to the information provided by the concerned MS.

COM stressed that the formal vote would be based on the updated request, i.e. the company could use 15 000 tons of ethanol per year for processing of chemicals instead of the original request for 20 000 tons. The case was not considered as a unique case and therefore the conclusion has to be taken into account regarding possible future applications for authorisations under the same conditions.

One MS asked to clarify whether the ethanol was synthetic, as mentioned in the agenda, or also agricultural. COM clarified that there was a mistake in the agenda and the ethanol should refer to both synthetic and agricultural.

A formal vote took place with the following outcome:

Votes in favour: 14

Votes against: 10

Abstentions: 2

Not represented: 2

The formal conclusion of the vote was that in view of the CEG the economic conditions were met. Therefore, the concerned MS would be able to grant the IP authorisation under the established conditions.

### **3) Amendment of Article 76 UCC-DA**

**(Document TAXUD/A2/SPE/2019/016 – Ref. Ares (2019)7785111 – 18/12/2019 (available in EN)) and TAXUD/A2/SPE/2019/016-EN (Ref. Ares(2020)524437 - 28/01/2020)**

COM introduced the item informing that the latest corrigendum document sent to MSs reflected changes on paragraphs 2, 3 and 4 of the amended Article 76 UCC-DA after the inter-service consultation that do not entail a change in substance.

COM focused the discussion on paragraph 5 of Article 76 of the Union Customs Code Delegated Act (UCC-DA). During the Customs Expert Group – section General customs legislation (CEG-GEN) on 27 September 2019, a transitional period of 1 year was proposed for economic operators who are holders of authorisations for inward processing at the time when the new Article 76 UCC-DA will enter into force. COM accepted this proposal and therefore added a new paragraph 4 to Article 76 UCC-DA. An additional transitional period was proposed by one MS during the CEG-GEN meeting on 28 October 2019 to cover economic operators potentially affected by measures imposed after the entry into force of the amended Article 76 UCC-DA. This proposal, initially accepted by COM, led to the inclusion of a new paragraph 5 to Article 76 UCC-DA. Several MSs opposed to this proposal because it was not sufficiently discussed and because its implementation would entail a huge workload for the customs authorities, in terms of additional checks on existing IP authorisations when for instance an additional import duty would be imposed. For these reasons, and because there is already a one-year transitional period on paragraph 4, finally COM withdrew the paragraph 5 from the package of amendments to the UCC-DA for 2020.

One MS stressed that the proposal of paragraph 5 aimed to ensure legal certainty to the business at the time of lodging an authorisation for IP when goods would not be subject to any of the measures concerned. The companies should be given time to adapt to the new legal situations as, for instance, the possibility to amend contracts already in place in order to avoid economic disadvantages.

A MS raised a question on the wording used in paragraph 5 where it is said “*an authorisation complying with the following conditions*“, namely conditions *a)* and *b)*. It was not clear from the text whether both conditions should be met or just one of them. This MS showed opposition to the proposal on paragraph 5 because its implementation would be too costly and because of the potential advantages that better informed businesses would have. COM clarified that both *a)* and *b)* conditions above mentioned shall be complied with.

One MS was against the introduction of paragraph 5 because of too many administrative burdens.

Another MS showed no opposition to paragraph 5 and asked for clarification on the date of entry into force of the regulation mentioned in paragraph 4. COM said that the publication office will set a concrete date.



**EUROPEAN COMMISSION**  
DIRECTORATE-GENERAL  
TAXATION AND CUSTOMS UNION  
Customs Policy, Legislation, Tariff  
**Customs Legislation**

Brussels, 22 October 2019  
TAXUD-A2/SPE  
Ares(2019)

**TAXUD/A2/SPE/2019/11 EN**  
[Non-confidential](#)

Working paper

## **CUSTOMS EXPERT GROUP**

*Section 'Special Procedures other than transit'*

**Subject:** IP of **ethanol** (CN Tariff- number: 2207 1000), into processed products **ethylamine** as follows: CN 2921 1999 Ethylamine 70 %, CN 2921 1950 Diethylamine and CN 2921 1999 Triethylamine).

Examination of the economic conditions in accordance with Articles 211(6) UCC and 259 UCC-IA.

*Disclaimer:*

*This document reflects solely the application for IP as submitted by an operator via the relevant MS and cannot in any circumstances be regarded as the official position of the Commission.*

**Application for Extension of IP authorization of economic operator and analysis of economic conditions**



20191018  
Aanvraagformulier v

**Annex II to the application for an authorisation for Inward Processing Relief (hereafter IPR) containing the justification that our request meets the economical conditions**

1. Introduction

A COMPANY (hereafter X), situated in the North of Belgium applies for an IPR authorisation for the import of ethanol, in order to maintain a sustainable competitive position in the market of ethylamines (= the processed product).

2. Product to be processed (ethanol)

Trade name: Ethyl alcohol with an alcohol content of at least 80% by volume  
 Tariff- number: 2207 10 00  
 Tariff rate: EUR 19,2/hl  
 Origin: Brazil and/or US  
 Estimated quantity: maximum 20.000 tonnes per year  
 Estimated value: 12.500.000 EUR

The purchasing specifications of ethanol can be found in annex 2.1.

Please note that bio-based ethanol having T1-status originating from Brazil and the US only represents around one third of X's ethanol purchases. The remaining two third will be fulfilled by sourcing significant amounts of synthetically produced and bio-based ethanol having T2-status on the European ethanol market.

3. Processed products (ethylamines)

CN-code	Trade name	EU Import duty rate (Erga omnes)
2921 1999	Ethylamine 70 %	6,5%
2921 1950	Diethylamine	5,7%
2921 1999	Triethylamine	6,5%

Specifications of the above mentioned types of ethylamines can be found in annex 2.2.

X produces Ethylamines by a reaction of Ethanol and Ammonia.

Ethanol accounts for more than 60% of production costs of ethylamines. Our production has the flexibility to use synthetically produced as well as bio-based ethanol.

Hereafter you will find the average rate of consumption of ethanol required to produce the different types of ethylamines:

Ethylamine 70 %	→	0,77
Diethylamine	→	1,35
Triethylamine	→	1,47



Ethylamines are intermediate chemicals that have no link at all with bio fuels.

The major industry for ethylamines is agriculture taking up approximately 24% of the total ethylamines demand globally. The second largest market for ethylamines is the pharmaceutical industry making up 19% of the market. This is followed by foundry mold catalysts at 16%, then diethylethanolamine with 9% and rubber applications with 7%. There are many other applications which include, but are not limited to, insect repellents and water treatment.

The ethylamine market overall is expected to remain stable.

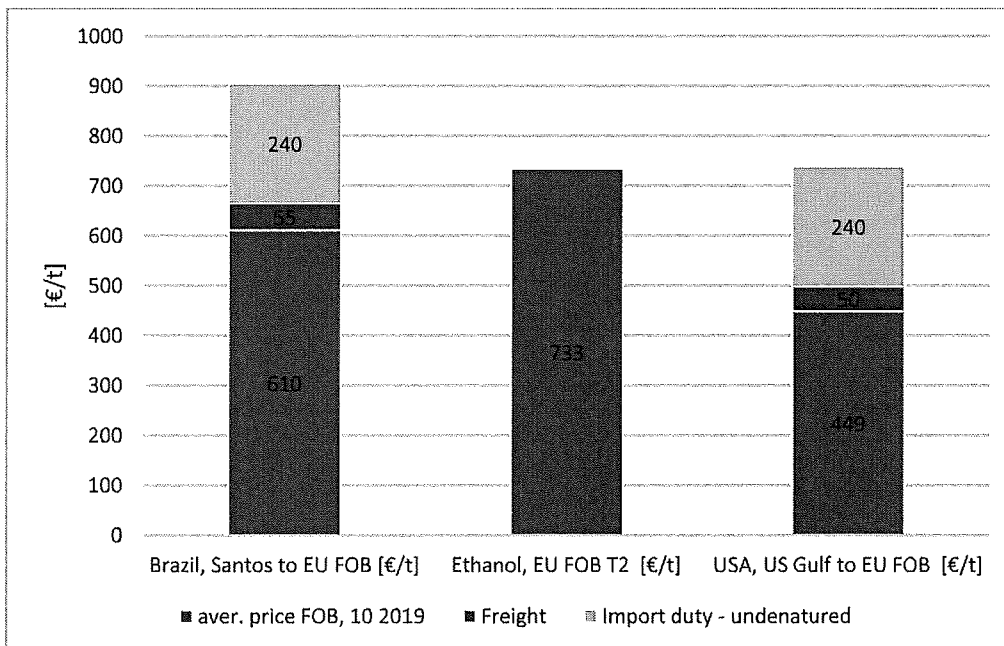
X [REDACTED] currently sells the majority of their ethylamines in Europe:

Period	% of ethylamines sold into Europe	% of ethylamines sold for export
January-December 2018	60%	40%
January-September 2019	61%	39%

#### 4. Economic conditions

##### 4.1 Fundamental competitiveness problem

The average price of European manufactured ethanol is 733 €/t according to F.O. Licht data, whereas the price of local produced bio ethanol in the US is only 449 €/t and the FOB price of bio ethanol produced in Brazil is 610 €/t.



In the US, the industry has the choice to use locally produced ethanol or low-taxed imported ethanol, for its industrial (non bio fuel) production. In the US the customs duties on denatured ethanol for industrial use are only 1,9 % and 2,5 % for undenatured ethanol. In Europe there are specific customs duties of 19,2 €/hl on undenatured ethanol (HS 22071000) and of 10,2 €/hl on denatured ethanol (HS 22072000). On the Brazilian price of 610 €/t and with a density of 1,265 liter per kg, this means customs duties of 40% for undenatured and 21% for denatured ethanol.

Furthermore, because of several new bio ethanol facilities in the US, the domestic price has dramatically decreased over the past years to 449 €/t.

The end products, Ethylamine 70 %, di-ethylamine and tri-ethylamine have only customs duties of respectively 6,5 %, 5,7 % and 6,5%. This means that there is a negative effective protection of the ethylamine industry in Europe. If we take into account the production factors, the negative effective protection amounts to:

HS 2921.19-80 Ethylamine 70 %	$0,77 \times 21 \% = 16,17 \% - 6,5 \% = 9,67 \%$
HS 2921.12-00 di-ethylamine	$1,35 \times 21 \% = 28,35 \% - 5,7 \% = 22,65 \%$
HS 2921.19-10 tri-ethylamine	$1,47 \times 21 \% = 30,87 \% - 6,5 \% = 24,37 \%$

This means that it is 9,67 % to 24,37 % less expensive to produce ethylamines outside of Europe and importing them into Europe. Because of this customs anomaly, the European industry cannot compete and will be driven out of Europe. The purpose of customs duties is to protect the industry, not to create a competitive disadvantage. It achieves exactly the opposite of the Lisbon-goals: "to become the most competitive economic area in the world".

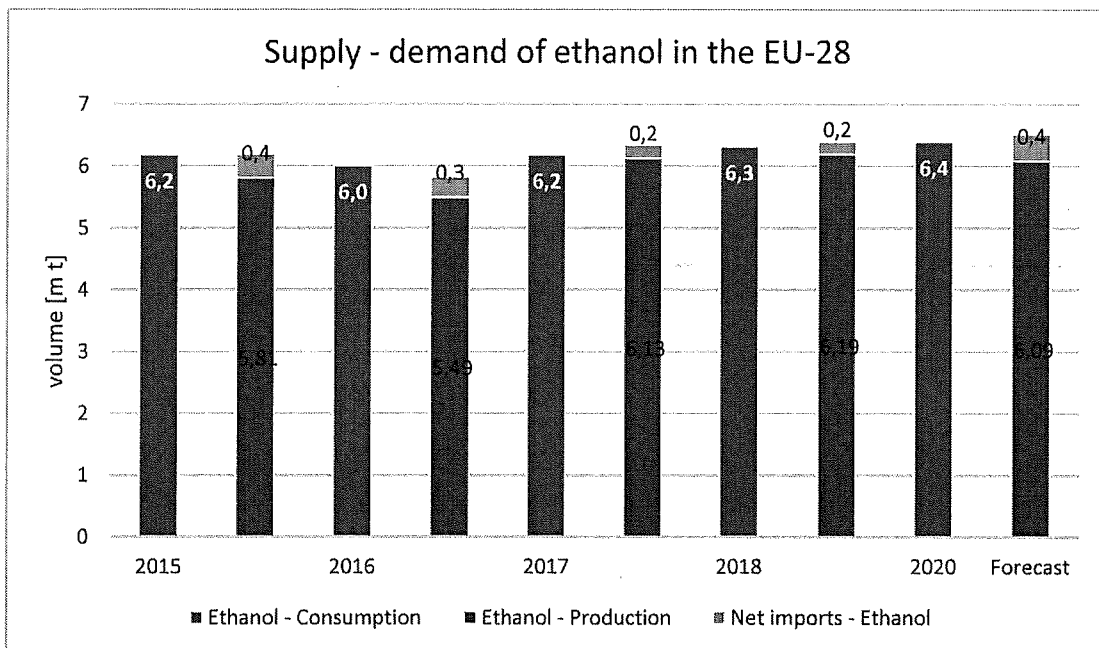
#### 4.2 Unavailability of ethanol produced in the European Union

The current problems on the European ethanol market lead to a secondary and subsidiary argument to grant an IPR license to [REDACTED].

For the moment there is still no balance on the ethanol market, and a balance will probably never be achieved. There is more demand than local production capacity in the EU-28; resulting in the fact that the EU is a net importer of ethanol.

As annex 2.3. of this document we added some relevant extracts of e-mail communication with European ethanol suppliers confirming the above mentioned.

The following chart also present that for the future, it is expected that the demand will remain larger than the local production capacity in the EU-28.



#### 4.3 Solution: Inward processing relief

The envisaged solution for [REDACTED] is inward processing relief. This system was specially designed to counter customs anomalies as the one the European ethylamines producers are confronted with.

Furthermore, this system is no competition to the European based ethanol producers. The synthetic ethanol they offer is in general too pure and as a result too expensive. On the other hand, [REDACTED] buys significant quantities of European bio ethanol to cover the sales of ethylamines on the European market as well as to ensure delivery reliability. Not granting the system of inward processing relief to [REDACTED] will not lead to more purchases of European produced ethanol. Instead, the plant will be forced by the international ethylamines market to reduce his production volume of ethylamines within the EU. As a result, the quantity of European ethanol that is currently bought by [REDACTED] will decrease as well. As a result, the market for European ethanol producers would actually shrink.

The overview added as annex 2.4. to this document summarises all outbound shipments of ethylamines (split by ship to: EU vs EXPORT) as well as all inbound shipments of ethanol (split by customs status: T2 vs T1) that took and are planned to take place during 2019. The concerned overview clearly demonstrates that more ethanol is needed to produce the different types of ethylamines that are or will be sold for export than the total amount of ethanol that was sourced or will be sourced outside the EU to be processed under IPR.

#### 4.4 Employment

[REDACTED] wants to keep the European plant running at the same capacity and therefore wants to maintain the employment of about 280 people directly and indirectly linked to the production of ethylamines within the EU.

It goes without saying that this can only be realised in case [REDACTED]:

- can maintain a competitive position on the international ethylamines market in comparison to the overseas competitors, who have access to cheap ethanol produced locally or imported ethanol which is only subject to low import duties.
- can maintain a competitive position on the European ethylamines market in comparison to the overseas competitors who can import their ethylamines (made out of cheap ethanol produced locally or imported ethanol which was only subject to low import duties) cheaply into the EU.

Therefore, the use of IPR is of the utmost importance. When [REDACTED] can no longer make use of IPR for the production of ethylamines within the EU, [REDACTED] will be forced to reduce his production of ethylamines in the EU. This will have an impact on the number of employees directly and indirectly linked to the production of ethylamines within the EU

#### 4.5 No alternatives

There are no short term alternatives except IPR available to counter this competitiveness handicap [REDACTED] is currently facing.

Import duties on ethylamines cannot be increased under current WTO obligations. Trade instruments like the safeguard clause and anti-dumping cannot be applied. The non-EU producers do not dump their products on the EU market.

Imports of ethanol without duties from ACP and GSP countries do not close the price gap:

- Most of these countries produce only very limited quantities and focus on the production of beverage alcohol. There simply is almost no industrial ethanol available.
- The ethanol production in these countries is not competitive because of competitive disadvantages, small scale and bad production methods. Although customs duties wouldn't have to be paid, this wouldn't close the price gap with the non-EU competitors because of the high prices they have.

## 5. Summary

We believe that our request to obtain a new IPR license can be approved based on the following:

- The application of [REDACTED] can not be compared with applications linked to the sourcing of ethanol for bio fuel applications.
- Granting [REDACTED] an IPR license will create no negative impact on the European based ethanol producers as [REDACTED] today buys and in the future will still buy less ethanol having T1-status on the global market than the amount of ethanol that is needed to produce the different types of ethylamines that will be sold for (re-)export.
- [REDACTED] will no longer be able to compete on the global ethylamines market without access to ethanol at world market prices.
- Global competitors within the European ethylamines market have access to cheap ethanol produced locally or imported ethanol which was only subject to low import duties.

If the IPR authorisation is not granted to [REDACTED], the plant located in Belgium will be forced to reduce his production of ethylamines.

- This will have an impact on the number of employees (directly and indirectly) linked to the production of ethylamines at [REDACTED]'s plant located in Belgium.
- The global ethylamines market would loose a significant volume of ethylamine produced within the EU.
- This would also result in a smaller market for European produced ethanol.

To conclude, granting [REDACTED] an IPR license will create a level playing field on the global ethylamines market without having a negative impact on the European ethanol market.

Annex 2.1:

Purchasing specifications of ethanol

Attribute	Specification limits	Units	Test method
Water (vv)	Max. 7.0	%	DIN 51777 (ASTM 1744-64)
Ethanol (vv)	Min 93.0	%	GC
Methanol	Max 50	mg/kg	GC
Higher Alcohols (Total)	Max 600	mg/kg	GC
Higher Alcohols (C3 + C4)	Max 500	mg/kg	GC
Aldehydes (acetaldehyde)	Max 100	mg/kg	GC
Total sulphur	Max 1.8	mg/kg	ASTM D3120
Other organic compounds	Max 300	mg/kg	GC
Esters (as ethylacetate)	Max 200	mg/kg	GC

Annexe 2.2:

Sales specifications of Ethylamines:

**1. Ethylamine 70 %**

Attribute	Specification limits	Units
Purity	Min 99.8	%
NH3	Max 0.02	%
DEA	Max 0.15	%
TEA	Max 0.01	%
Conc	69.0 – 71.5	%

**2. Diethylamine**

Attribute	Specification limits	Units
Purity	Min 99.5	%
EA	Max 0.20	%
TEA	Max 0.01	%
Water	Max 0.10	%

**3. Triethylamine**

Attribute	Specification limits	Units
Purity	Min 99.7	%
EA	Max 0.05	%
DEA	Max 0.1	%
Ethanol	Max 0.05	%
Water	Max 0.06	%
Colour	Max 15	APHA

## Annexe 2.3:

### Extracts of e-mail communication with European ethanol suppliers

#### (1) E-Mail from supplier [REDACTED] (France) about limited ethanol availability in Q1/2020

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Von: [REDACTED]  
Gesendet: Freitag, 9. August 2019 13:55  
An: Jan W... [REDACTED]  
Cc: [REDACTED]  
Betreff: RE: AW: Ethanol Q4/2019 - Q1/2020

Hallo Jan,

meine Kollegen haben mich informiert, dass wir derzeit eine starke Nachfrage von Bioethanol im Januar und Februar im Fuel-Bereich haben. Dadurch dass wir mit Euch bereits 5 Schiffe in diesem Zeitraum vereinbart haben, bleibt uns wenig Möglichkeit, diese zusätzliche Nachfrage zu bedienen.

Ich wollte Dich daher fragen, ob wir ggf. 2 Schiffe auf März bzw. April verschieben könnten.

Vielen Dank für Dein Verständnis und Hilfe.

Wir können gerne auch dazu telefonieren.

Viele Grüße,  
[REDACTED]

#### (2) E-Mail from supplier [REDACTED] (Italy) about limited ethanol availability in Q3/2019

Von: [REDACTED]  
Gesendet: Montag, 3. Juni 2019 11:49  
An: Jan W... [REDACTED]  
Cc: [REDACTED]  
Betreff: R: Ethanol RFQ June-Sep 2019

Dear Jan,

I am fine, thank you, I hope you are well too.

Thank you for your request.

Unfortunately, according to our schedule, we don't have extra quantity available for August. Please continue to send us your requests, maybe next time we will be able to offer.

Best regards  
[REDACTED]

