

Commission urges Member States to support proposals to strengthen European defences against unfair trade

Brussels, 19 October 2016

Commission adopts Communication "Towards a robust trade policy for the EU in the interest of jobs and growth".

The Commission today called upon Member States to support its efforts to provide the European Union with updated, strengthened and more robust trade defence instruments.

Despite the fact that the European Commission has been using the available trade defence instruments toolbox to its full extent, these have proven insufficient to deal with the huge overcapacities that result in dumped exports on the EU market.

The EU is and wants to remain the biggest trading bloc in the world. But trade must be based on fair conditions. The EU accounts for 15% of world imports (second only to the United States), yet the EU's trade defence measures correspond to only 7,8% of those in place worldwide and affect a mere 0,21% of the imports. When it comes to implementing measures to defend jobs on its territory, no trade bloc exercises a similar level of self-restraint, due to the limitations imposed by the current legislation.

The necessary modernisation of trade defence instruments can be achieved through the swift adoption of the proposal tabled in 2013.

President Jean-Claude **Juncker** said: *"Trade is essential for our economic growth and jobs creation, but we should not be naïve. Our current rules are proving insufficient to combat the harm from unfair foreign competition. Some EU industries have lost thousands of jobs. We cannot stay idle. The EU's trade defence rules require an urgent update. The Commission has been doing its part, deploying trade defence instruments to their full force. But we have reached the limit of what is feasible under the existing legislation. We put forward measures that would significantly improve our room for manoeuvre. It's now high time for Member States to make the necessary decisions and equip the Commission with instruments fit to deal with the current realities of the international trading environment."*

Vice-President Jyrki **Katainen** said: *"Trade policy is one of the biggest assets of the EU to provide jobs, growth, and investment. 30 million jobs are directly related to our exports. This has increased by two thirds during the past 15 years. We have impressive results from the recent trade deals: The Korean deal has brought in five years a 55% increase in EU exports, increasing their value by €15 billion. This has brought more than 200 000 jobs to the EU. Our prosperity and welfare depend on trade. Free trade must be fair, and only fair trade can be free."*

Commissioner for Trade Cecilia **Malmström** said: *"Trade is key for growth and jobs in Europe. We have an ambitious agenda to open markets and create business opportunities and advantages for citizens and businesses. Trade also needs the trust of the public. That is a reason for why this Commission tirelessly works for inclusive, transparent, fair and value-based trade."*

In a dedicated Communication entitled 'Towards a robust trade policy for the EU in the interest of jobs and growth', the Commission also outlined how a new anti-dumping methodology which the Commission intends to propose would be used to address situations where market conditions do not prevail, while dealing with forthcoming changes to the legal framework of the World Trade Organisation (WTO).

The adoption of these changes - while respecting WTO rules - would allow the EU to impose higher anti-dumping duties in some instances, for example where there are massive production overcapacities in exporting countries. Furthermore the new envisaged anti-dumping methodology would allow the EU to capture market distortions linked to state intervention in third countries that mask the true extent of dumping practices.

Modernisation of TDI

The current EU legislation caps the levels of anti-dumping duties, hampering the Commission's efforts to address the challenges facing industries - such as the steel sector - which are suffering as a result of huge increases in import volume of dumped products.

This is due to the systematic application of the so called Lesser Duty Rule (LDR). To impose anti-dumping measures, there needs to be proven dumping from a third country and proven injury for EU industry with a causal link between them. The level of anti-dumping duties is then imposed at the level of the dumping margin or the level that removes injury, whichever is lower (the 'lesser duty'). In

practical terms, this means that on comparable dumped products originating from China, like certain cold rolled flat steel products, the average EU anti-dumping duty was 21,1%, while in the US, where the LDR is not applied, the average anti-dumping duty was 265,8%.

Under the current conditions, the existing tools are no longer fit for purpose. The proposal presented by the Commission in 2013 provides TDIs with better transparency, faster procedures, more effective enforcement and proposes changes to the application of the LDR in certain well-defined circumstances. Despite the presentation of possible compromises on this rule (adapting it to cases where there are massive overcapacities and/or raw material distortions, for example in energy prices), the Council has to this date not been able to find an agreement.

In its Communication on steel, from March 2016, the Commission advanced additional ideas on how to shorten trade defence investigations by two months and on how to change the present methodology for calculating the target profit.

New anti-dumping methodology

As to the new anti-dumping methodology, it was outlined in July, following the second orientation debate held by the College to take into account the changing international legal framework as certain provisions on dumping calculations in the Accession Protocols of several countries to the WTO will shortly expire.

The proposal will not grant 'market economy status' to any country but ensure that the EU's trade defence instruments are adapted to face the new challenges and legal and economic realities, while maintaining an equivalent level of protection.

The European Commission will propose a new method for calculating dumping on imports from countries where there are market distortions, or where the state has a pervasive influence on the economy.

The implementation of this new methodology would include a transition period during which all existing anti-dumping and anti-subsidy measures would remain subject to the existing legislation, and ongoing investigations would not be affected. The Commission will also propose a further strengthening of the EU anti-subsidy legislation so that in future cases, any new subsidies revealed in the course of an investigation can also be investigated and included in the final duties imposed.

A proposal should be tabled before the end of the year.

More information

Communication: ["Towards a robust trade policy for the EU in the interest of jobs and growth"](#)

Annex to the Communication: ["Towards a robust trade policy for the EU in the interest of jobs and growth"](#)

Press Release: [Steel industry: Commission takes action to preserve sustainable jobs and growth in Europe](#)

Press Release: [College orientation debate of July 2016 on the treatment of China in anti-dumping investigations](#)

Communication: ["Modernisation of Trade Defence Instruments: Adapting trade defence instruments to the current needs of the European economy"](#)

[More information on EU Trade Defence](#)

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