

Brussels, 11 July 2016

To the attention of President Juncker

Cc: Mr Martin Selmayr, Mr Léon Delvaux, Mr Alexander Italianer, Mr Luis Romero Requena,

Dear President Juncker,

AEGIS Europe, representing a broad variety of industries including traditional industries, consumer products, SMEs and renewable energy sectors, is deeply concerned by the risk that the European Commission, in the context of the so called 'MES China' debate, might soon propose amendments to the EU anti-dumping legislation which would weaken the EU's ability to tackle unfair dumping coming from China.

Following the College of Commissioners' meeting of 13 January 2016, and with a view to a further meeting on 20 July 2016, the Commission has carried out a public consultation and an impact assessment, and is considering options on possible changes to the methodology to be used in EU anti-dumping investigations of imports from China.

In this regard, and in view of the upcoming EU-China summit taking place on 12 and 13 July in Beijing, AEGIS Europe would like to share with you the following key messages:

- **In anti-dumping investigations of imports from China, the EU must continue to use a Non-Market Economy methodology, i.e. not considering distorted Chinese prices and costs when calculating dumping.** The provisions of Section 15 of China's WTO Accession Protocol which remain after 11 December 2016 provide full legal justification to do so.
- **The Non-Market Economy methodology must apply until China has fully met the EU's five existing market economy criteria, which must integrally remain the cornerstone of the EU anti-dumping regulation against which to measure the degree of distortions existing in the Chinese economy.** Reference to these criteria is essential to allow the EU to use the possibilities of China's WTO Accession Protocol not to use the standard dumping calculation methodology, as both several Member States and the European Parliament have repeatedly emphasised.
- **Any use of Chinese prices and costs in EU anti-dumping investigations must continue to take place only upon request by Chinese producers, leaving on them the burden of proving that they operate under market economy conditions, pursuant to the remainder of Section 15 of China's WTO Accession Protocol.**
- **Treating China the same as other WTO members for anti-dumping purposes before it fully meets market economy criteria would ignore the remainder of Section 15 of China's WTO Accession Protocol.** Regardless of additional measures that could be proposed to try to maintain effective anti-dumping measures, this would expose EU industries to unfair competition and unlimited dumping and have a devastating effect on European jobs and growth, thereby threatening the competitiveness and survival of many European companies, particularly SMEs.

These key priorities are fully consistent with:

- **the resolution on China's Market Economy Status adopted in the European Parliament on 12 May 2016 by an overwhelming majority;**
- **the position expressed by several EU Member States in relation to the continued existence of Section 15 of China's WTO Accession Protocol and the need to give it full effect into EU law;**
- **the position of our main trading partners**, notably the US, Brazil and Japan, which continue to treat China as a Non-Market economy, based on clear and transparent technical criteria and relying on the provisions of China's WTO Accession Protocol.

Any decision taken by the European Commission in this respect must be consistent with the documented lack of progress of China to respect the obligations to which it committed upon joining the WTO in December 2001, and take into consideration that China has not yet ensured that all prices in the Chinese domestic economy are determined by market forces.

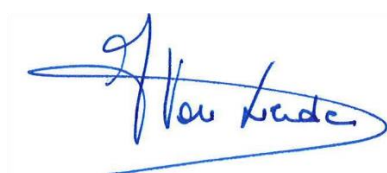
Moreover, all major and strategic sectors in China are plagued by massive State-subsidised overcapacities. Therefore it is imperative that the European Commission not adopt a proposal which would make it even more difficult (i) for EU producers, especially for SMEs, to submit complaints, and (ii) for the Commission to initiate anti-dumping investigations and impose effective anti-dumping measures, thus irreversibly weakening the anti-dumping instrument. **AEGIS Europe believes that the EU should maintain a strong and effective anti-dumping instrument as this is the only tool to re-establish a level playing field on the EU market.**

We urge EU political leaders, all Commissioners and MEPs involved in discussions on this issue at both the EU-China summit and the College of Commissioners' orientation debate, to take the above views duly into account and to resist Chinese pressure to undermine the effectiveness of the EU anti-dumping instrument.

We remain at your disposal to discuss these matters further.

Sincerely,
Inès Van Lierde
Chair of AEGIS Europe

Milan Nitzschke
Spokesperson of AEGIS Europe

A handwritten signature in blue ink, appearing to read "Inès Van Lierde", with a long horizontal flourish extending to the right.A handwritten signature in grey ink, appearing to read "Milan Nitzschke", with a long horizontal flourish extending to the right.

ABOUT AEGIS EUROPE

AEGIS Europe is a grouping of nearly 30 industrial associations dedicated to ensuring that EU policymakers work towards free and fair international trade. AEGIS members are leaders in sustainable manufacturing and account for more than €500 billion in annual turnover and millions of jobs across the EU. To find out more about AEGIS Europe please visit www.aegiseurope.eu.