

EU'S TRADE DEFENCE INSTRUMENTS MODERNISATION

AEGIS EUROPE POSITION

MARCH 2017

Key messages:

AEGIS Europe welcomes EU Institutions' efforts to modernise EU trade defence instruments. We strongly believe that **this dossier must be assessed on its own merits and needs, independently from the on-going discussions relating to the new non-standard dumping calculation methodology**. While we need to make sure that the new non-standard methodology is effective – i.e. it should yield dumping margins at an appropriate level (among other things) – **the modernisation exercise addresses key elements of trade defence methodology and procedures**, such as the level of target profitability used to determine the injury margin, and the circumstances in which measures would be established at the level of the dumping margin rather than at the level of the injury margin (i.e. disapplication of the so-called "Lesser Duty Rule").

- **AEGIS Europe strongly supports the introduction of a minimum target profit in any case higher than 5%**. This minimum target profit will take into account the level of profitability needed to cover full costs and investments - including costs for R&D and innovation – and will not be limited to the level of profitability before the increase of imports from the country under investigation.
- **AEGIS Europe also supports the removal of the "Lesser Duty Rule" in certain circumstances but highlights that some of the conditions set in the Council compromise of December 2016 are too restrictive**. In this respect, AEGIS Europe supports the definition of raw material distortions which was agreed upon as the starting point for the removal of the "Lesser Duty Rule", but highlights that **the thresholds set by the Council are totally arbitrary and disconnected from industrial reality**. In fact, we note that for some key EU industrial sectors and for several important products, it would be impossible to meet them. **Clearly, the proposed thresholds lack economic rationale**.
- **AEGIS Europe also believes that the (additional) Union interest test introduced by the Council compromise as an additional condition to remove the "Lesser Duty Rule" is not justified**.

- **AEGIS Europe welcomes the shortening of the investigation period**, provided that this does not lead to less (or no) imposition of provisional measures, which is a key step to provide relief to European producers that have been hit by injurious dumping, and to curtail the deadlines for answering to heavy procedural questionnaires. AEGIS Europe strongly supports the imposition of provisional measures, while recognising, according to the circumstances of the case, the need for the Commission to investigate further after provisional measures are imposed.

- **Opposing a “shipping clause” (“goods on the water”), AEGIS Europe is concerned about the proposed doubling from 2 to 4 weeks of the pre-disclosure mechanism** as this facilitates stock-building in the EU by anticipating the imposition of measures, thus undermining their remedial effect.

- **AEGIS Europe also considers that the European Parliament’s amendments on the application of TDIs to the Exclusive Economic Zone/Continental Shelf**, such as the ones that read: “The use of any dumped/subsidized product in connection with the exploration of the Continental Shelf or the Exclusive Economic Zone of a Member State, or the exploitation of its resources, shall be treated as an import under this Regulation and shall be charged to duty accordingly, when it causes injury to the Union Industry” **should be part of the final text.**

To conclude, **AEGIS Europe believes that the existence of a robust EU trade defence system is fundamental to the future of industrial manufacturing in Europe.** In particular, AEGIS Europe holds that, provided the new non-standard methodology which would apply to countries like China is truly effective, the combination of the above elements (new assessment of the target profit and removal of the “Lesser Duty Rule” under certain circumstances) should help to secure the imposition of trade defence measures at a level which will effectively remove injury and restore fair competition in Europe.

Relevant documents:

- European Commission [proposal](#), 10 April 2013.

- European Parliament [legislative resolution](#) 16 April 2014.

- European Parliament [Legislative Observatory](#).

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.

