



Open letter to Jean-Claude JUNCKER regarding the potential impacts of China's Market Economy Status on the European non-ferrous metals industry

Brussels, 18/07/2016

Dear Mr. Juncker,

Eurometaux, the voice of the non-ferrous metals industry in Europe, is deeply concerned that the European Commission, when deciding on China's Market Economy Status (MES), might propose amendments to the EU anti-dumping legislation that would weaken the EU's ability to tackle unfair dumping of products from China.

Following the EU-China Summit on 12-13 July in Beijing and ahead of the College of Commissioners' orientation debate on 20 July 2016, Eurometaux highlights the following key messages:

1. China's market economy status is not only about steel

All major and strategic sectors in China are plagued by massive State-subsidised overcapacities.

China also has huge overcapacities in most light metals sectors, across the value chain and including semi-fabrication and final products. Chinese non-ferrous metals production has increased significantly over the last decade, reaching a volume of more than 40 million tonnes in 2013, compared to stagnant EU production of almost 20 million tonnes. Notably, China's aluminium overcapacity is now five times bigger than EU primary production.

As a result, China is now a net exporter of semi-fabricated base metal products into the EU. Chinese imports of semi-finished metals products to Europe have increased dramatically by over 50% since 2007.

2. State-subsidised metals producers unfairly compete on the free market

Government intervention and subsidisation of Chinese smelters leads to artificially reduced prices. This allows State-supported producers to unfairly compete on the free market, causing injury to the domestic industry of the importing country.

These conditions make it imperative for the EU non-ferrous metals sector to be effectively protected against unfair trade from China.

3. Premature granting of MES to China will make EU TDIs obsolete

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 in the non-ferrous metals industry.





4. The EU must continue to use a Non-Market methodology

We strongly believe that the EU must continue to use a Non-Market Economy methodology within anti-dumping investigations of imports from China, 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.

5. All sectors should be protected equally by EU trade defence instruments

It is of utmost importance to the EU non-ferrous metals industry that the EU maintains effective trade defence instruments that apply to all sectors equally, in order to ensure a level playing field on the EU market.

In this context we would like to express our full support for the resolution on China's Market Economy Status adopted in the European Parliament on 12 May 2016 by an overwhelming majority.

Best regards,

Guy Thiran

Eurometaux Director General

