



Commission proposes changes to the EU's anti-dumping and anti-subsidy legislation

Brussels, 9 November 2016

A new method of assessing market distortions in third countries to ensure fair trade in imports into the EU.

The European Commission today presented a [proposal](#) for a new method for calculating dumping on imports from countries where there are significant market distortions, or where the state has a pervasive influence on the economy. The purpose is to make sure that Europe has trade defence instruments that are able to deal with current realities – notably overcapacities – in the international trading environment, while fully respecting the EU's international obligations in the legal framework of the World Trade Organisation (WTO). The proposal, which introduces changes to the EU's anti-dumping and anti-subsidy legislation, follows a broad public consultation and is accompanied by an [impact assessment](#).

The EU needs to ensure that its trade defence instruments (TDIs) remain effective in dealing with significant market distortions in certain countries that can lead to industrial overcapacity, and that encourage exporters to dump their products on the EU market. This causes damage to European industries, which ultimately can result in job losses and factory closures, as has been the case recently in the EU steel sector.

Today's proposal should be seen in the context of the October European Council's call for an urgent and balanced agreement on the Council position on the comprehensive modernisation of all trade defence instruments by the end of 2016. Reforming the anti-dumping methodology would be an important part of the reforms needed, on top of the modernisation of all TDIs which the Commission proposed back in 2013.

This new anti-dumping methodology would apply to cases initiated once the amended rules are in force. The proposal also includes a transition period during which all anti-dumping measures currently in place as well as ongoing investigations would remain subject to the existing legislation. The Commission has also proposed a 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. The European Parliament and the Council will now decide on the proposal through the ordinary legislative procedure.

EU Commission Vice-President Jyrki **Katainen**, responsible for Jobs, Growth, Investment and Competitiveness, said: *"Trade is Europe's best growth lever. But free trade must be fair, and only fair trade can be free. Today we are presenting a proposal to adapt our trade defence instruments to deal with the new realities of over-capacity and a changing international legal framework. More than 30 million jobs in Europe, including 6 million jobs in SMEs, depend on free and fair trade which remains at the heart of EU strategy for jobs and growth."*

EU Trade Commissioner Cecilia **Malmström** commented: *"The proposal is important because it means that the EU is living up to its WTO commitments. This method is country neutral and does not grant 'market economy status' to any country. The proposal, once adopted by the European Parliament and the Council, will ensure that the EU's Trade Defence Instruments are adapted to face new challenges as well as our legal and economic realities. We also maintain an equivalent level of protection."*

Under current rules, in normal market circumstances dumping is calculated by comparing the export price of a product to the EU with the domestic prices or costs of the product in the exporting country. This approach will be kept and complemented by the new methodology that will be country-neutral. It will apply the same way to all WTO members and will take into account significant distortions in certain countries, due to state influence in the economy. WTO members will no longer be part of a list of countries subject to the so called "analogue country" methodology. This approach will be reserved for non-market economy countries that are not members of the WTO.

In determining distortions, several criteria will be considered, such as state policies and influence, the widespread presence of state-owned enterprises, discrimination in favour of domestic companies and the independence of the financial sector. The Commission will draft specific reports for countries or

sectors where it will identify distortions. As is the case today, it will be for the EU industry to file complaints, but they can rely on such reports by the Commission to make their case.

The Commission's Impact Assessment demonstrates that the new methodology will result in a broadly equivalent level of anti-dumping duties as is currently the case.

Today's decision follows orientation debates held by the College on this subject in January and July. Extensive stakeholder and social partner contacts and a public consultation (which delivered more than 5300 replies) were also at the base of the decision taken today. A full Impact Assessment was conducted to assess the implications of any decision on each Member State and economic sector.

The adopted approach will ensure that the EU fulfils its international legal obligations, guarantees the continued effectiveness of the EU's TDIs and further strengthens them, while maintaining the overall existing employment levels.

This proposal does not replace the 2013 proposal on modernisation of the EU's Trade Defence Instruments. The earlier proposal would streamline procedures and allow the EU to impose higher duties in certain circumstances. The European Parliament adopted its report in the first reading and the Commission expects the Council to quickly overcome the differences preventing its adoption. The Council will address this proposal on Friday, 11 November.

Both these proposals were addressed in the Communication "Towards a robust trade policy for the EU in the interest of jobs and growth" presented by the Commission ahead of the October European Council.

More information

[MEMO](#): Commission proposes changes to the EU's anti-dumping and anti-subsidy legislation

[The proposal](#)

[Impact assessment](#)

Commissioner Malmström's [blog post](#)

[Press release](#): Commission urges Member States to support proposals to strengthen European defences against unfair trade

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

[Press release](#): College orientation debate of July 2016

[Communication](#): Modernisation of Trade Defence Instruments (2013): Adapting trade defence instruments to the current needs of the European economy

[More information on EU trade defence](#)

IP/16/3604

Press contacts:

[Daniel ROSARIO](#) (+ 32 2 295 61 85)

[Axel FOUGNER](#) (+32 2 295 72 76)

General public inquiries: [Europe Direct](#) by phone [00 800 67 89 10 11](#) or by [email](#)