

PRESS RELEASE

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Joint position of the chemical, electrical and mechanical engineering industry on China's market economy status

EU and China must find common solution

- European industry must continue to be given effective protection from goods dumped by China.
- As of December the EU must amend its antidumping law. China must also stand by its WTO obligations.
- The intensive economic relationships must not be jeopardised. However, China must open up its markets further.

The sector associations from the chemical, electrical and mechanical engineering industry are advocating a cooperative solution in the debate on China's market economy status. China is a very important partner for the German economy. This cooperation must not be jeopardised. An escalation of the trade measures owing to the discussions on market economy status must be avoided.

The associations emphasise that the EU antidumping regulations must still be consistent with WTO law after the middle of December. This is when the period of China's WTO accession protocol ends. Antidumping law must be adjusted to this situation. In principle the EU would then be obliged to use Chinese manufacturing costs or domestic prices when calculating dumping margins in the future. However, if it can be shown in individual cases that the Chinese companies about whom the complaints are being made are not operating under market economy conditions, other calculation methods would have to be applied.

Such effective instruments are already envisaged in the basic antidumping regulation. However, the Communication from the Commission issued today envisages the introduction of a completely new method of calculation in addition to a large number of adjustments to antidumping law. From the perspective of the associations, particular attention must be paid to these not breaching WTO law.

Antidumping tariffs must not be driven artificially higher to the detriment of the competitiveness of processors and importers.

The three industry associations expressly emphasise that German and European industry can still be effectively protected against dumped goods from China even after adjusting EU antidumping law. The associations advocate neutral trade defense instruments, which ensure fair competitive conditions.

The EU should agree on the question of China's market economy status with important partner countries such as the USA, Canada, Japan and India. Different ways of applying the WTO accession protocol would run the risk of leading to enormous changes in the direction of trade flows.

The associations stress that China has opened up trade since its accession to the WTO. However, the EU Commission should insist that China opens up its market to foreign investors to a much greater extent. There are still significant limitations for key industries in particular. These include the lack of access for foreign branches to local subsidy programmes or the compulsion to join joint ventures in certain economic sectors.

Background: The European Commission published an announcement today, Wednesday, about how it envisages the new antidumping regulations. This is to be discussed by the heads of State and Government in the European Council on Friday.

The German Chemical Industry Association (VCI) represents the politico-economic interests of over 1,650 German chemical companies and German subsidiaries of foreign businesses. For this purpose, the VCI is in contact with politicians, public authorities, other industries, science and media. The VCI stands for over 90 percent of the chemical industry in Germany. In 2015 the German chemical industry realised sales of around 189 billion euros and employed over 446,000 staff.

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The German Mechanical Engineering Industry Association (VDMA) represents more than 3,100 medium-sized companies in mechanical and plant engineering. With well over one million employees in Germany at present and turnover of EUR 218 billion (2015), the sector is the largest industrial employer and one of the leading German industrial sectors overall.

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The ZVEI - Zentralverband Elektrotechnik- und Elektronikindustrie e. V. (German Electrical and Electronic Manufacturers' Association) represents the interests of 1,600 companies in the electrical industry and in the latter's supply chain in Germany. In 2015 turnover in the sector totalled EUR 178.2 billion. It employs approximately 844,000 people in Germany and a further 704,000 abroad.

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