

## INSIGHT

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15TH APRIL 2013

### EU trade defense measures

The European Commission has made a proposal last week on EU trade defense instruments (anti-dumping and anti-subsidy) to better protect EU producers from unfair practices of foreign companies and from any risk of retaliation. It plans to introduce “ex officio”, meaning that the EU could initiate investigations on unfair trade cases on its own without an official request from industry/company, when there is a threat of retaliation from a target country. Currently, the Commission can launch investigations based on a complaint with the support of at least 25% of the total EU production evidencing the allegations made.<sup>1</sup>

Trade defense is one of the main issues in the EU-China trade relations and China is the main target country of the

EU’s trade defense measures, with 38 new EU investigations on Chinese exports between 2008-2012.<sup>2</sup> The recent main anti-dumping investigations on Chinese exports include solar panels<sup>3</sup> and telecom equipment.

In 2012, the European Commission intended to launch a case against Huawei and ZTE on low prices wireless network equipment exported to the EU due to government’s/bank’s subsidy. However, the main EU producers, for example Ericsson, Nokia Siemens Network and Alcatel-Lucent did not support the allegations nor provide

relevant evidence. Analysts say that these companies fear that a complaint to the EU would result in retaliatory measures from the Chinese authorities and would hurt their business in China. In the absence of a formal complaint, the European Commission therefore delayed its investigative action.

Commentators say that the proposal will have some impact on Chinese exports to the EU and would give the EU more leverage on trade defense policies. The proposal will need to be approved by the European Parliament and the Council.



### SPECIAL POINTS OF INTEREST:

- 1) EU producers making an anti-dumping complaint need to provide evidence (for example price offers, invoices and officials statistics) showing that the products are imported to the EU at dumped prices and cause injury to the EU industry. However, the complaint cannot be accepted if it is opposed by a larger majority than the complainants.
- 2) There was a total of 99 new EU investigations for all countries of export in 2008-2012.
- 3) In September 2012, the Commission launched an investigation over Chinese photovoltaic products following a complaint from SolarWorld AG. The sectors concerned amount to over US\$20 billion and is the largest investigation so far in terms of trade value.

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Should you have any comments or feedbacks on the issue, please feel free to e-mail at [kpleung@hkbu.edu.hk](mailto:kpleung@hkbu.edu.hk)

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This project is co-funded  
by the European Union