



## Trades Union Congress

Cecilia Malmström  
Trade Commissioner  
European Commission  
Rue de la Loi 200  
1049 Brussels  
Belgium

Dear Cecilia

### China MES

I wanted to raise a number of points to accompany our survey response *attached* to the Commission's consultation on possible changes in the methodology to establish dumping/subsidisation in trade defence investigations of China. As we discussed when we met on February 17, the TUC believes China should not be granted Market Economy Status (MES) as this will deepen the crisis facing the British steel industry and damage other sectors such as ceramics by making it easier for China to dump cheap goods on the European market.

The TUC believes China does not meet the EU's criteria for MES and there is no automaticity to China gaining this status under WTO rules. The Commission's own investigations show China is currently engaging in overproduction and dumping practices, producing an estimated 350 million tonnes of steel a year, which is two years' worth of European consumption.

Steel is a vital industry to the UK's economy employing half a million people in production and connected supply chains, contributing around £9.5 billion to the economy every year. The TUC does not believe enough is being done currently to protect the sector at national or European levels.

In the immediate term, we are calling for the UK government to intervene to prevent the large number of job losses threatened by the recent announcement by Tata Steel that it intends seek a buyer for its steel interests in the UK. Urgent reform of EU Trade Defence Instruments is also needed. We welcome the fact the EU is currently using the trade policy instruments at its disposal to take action on Chinese imports, however stronger trade defence measures should be introduced to be able to respond to price crashes more quickly and effectively. The 'lesser duty rule' should be removed – and the TUC is calling on the UK government to stop blocking this in Council - as this limits the tariffs that can be imposed on dumped or unfairly subsidised imports.

We believe trade unions should have the right to submit complaints around dumping, following similar practice in Australia, USA, New Zealand and South Africa. This call was made by the European Parliament in 2014 and welcomed by ETUC at the time.

It is important in the context of the EU referendum debate in the UK, where the EU is being wrongly blamed by Brexit campaigners for the crisis in the steel industry that the Commission demonstrate that it is acting to protect the sector by opposing China being granted MES.

I look forward to hearing from you about how the European Commission plans to develop stronger protections against dumping of Chinese exports and communicate these protections, as well as those it is possible for Member States to introduce, to the public.

Yours sincerely

FRANCES O' GRADY  
General Secretary