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| The Rt Hon Lord Maude of Horsham  Minister of State for Trade and Investment  Department of Business, Innovation and Skills  1 Victoria Street London SW1H 0ET | our ref mes/fog/ot  date: 25 November 2015  contact: Owen Tudor  direct line: +44 (20) 7467 1325  email: otudor@tuc.org.uk |

Dear Francis

Foreign Affairs (Trade) Council meeting: Friday 27 November – Market Economy Status for China and trade defence instruments

I understand that on Friday, you will take part in an EU Foreign Affairs (Trade) Council meeting which will, among other things, discuss Market Economy Status (MES) for China, as well as trade protection instruments. In the light of developments in the UK steel industry in recent weeks, I urge you to make clear that the UK Government will:

* insist on firm action against dumping by China on the European market, including the modernisation of EU trade defence instruments (TDIs); and
* in particular, oppose the granting of Market Economy Status (MES) to China.

In the long-run, we want to see the global economy stimulated, for example through sustainable investment in infrastructure, so that demand for steel can be rebalanced with supply. But in the short-run, China’s huge overcapacity in steel production is a global problem and China is dumping steel on the global markets and in particular the UK. Action is needed at UK and European level, and the EU should align with its major trade partners on this important economic and social issue.

Granting MES to China would have a devastating impact on manufacturing in the UK and the EU, especially on investment and job creation. It would allow the UK and EU’s manufacturing core to be undermined by unfair trading practices and expose our main markets to unlimited Chinese dumping. I urge you to reverse the UK Government’s support for granting MES to China.

Further, we strongly believe that the EU should maintain an effective, transparent and technically sound anti-dumping instrument.

A review of the current anti-dumping provisions was initiated in 2013, most importantly creating an exemption to the ‘lesser duty’ rule in imposing higher duties on imports from countries which use unfair subsidies and create structural distortions in their raw material markets. The European Parliament proposed amendments granting trade unions the scope to request investigations, as well as covering social and environmental dumping, but Governments including the UK rejected any further action. I urge you to drop your objections and allow the renewal of EU trade defence instruments, as proposed by the 9 November Competitiveness Council meeting on the European steel industry.

I would be grateful if you could confirm that you will take the steps set out above, in the interests of fairness and, indeed, in the national interest.

Yours sincerely

**FRANCES O’GRADY**

General Secretary

cc Rt Hon Sajid Javid MP, Secretary of State