

**GlassFibreEurope**

ARFCE - European Glass Fibre Producers Association (AGRF)

**EUROFER**

The European Steel Association

**EUROTEXTILE**  
UNION OF THE EUROPEAN APPAREL  
AND TEXTILE INDUSTRY

**EM** EUROMETAUX  
EUROPEAN ASSOCIATION OF METALS

**Euro  
Alliances**  
Council of Europe and European of Finance Alliance

**ESTA**

**euromines**

**cepi**  
Confederation of  
European Paper Industries

**EWRI**  
European Federation of Steel Wire Rope Industries

**EUROCORD**

**EUROCOTON**

**CIRFS**  
Confederation of European  
Fertiliser Producers

**Cerame-  
unie** The European Ceramic  
Industry Association

**EDG** EUROPEAN  
DOMESTIC  
GLASS

**TPF**

**EUROPEAN  
BICYCLE  
MANUFACTURERS  
ASSOCIATION**

**EU ProSun**  
THE SUSTAINABLE SOLAR ENERGY INITIATIVE

**EFIC**  
European Fertiliser Industry Confederation

**fertilizers  
europe**

**CEC**  
Confederation European des Industries de Céramiques  
European Confederation of the Ceramics Industry

**EiFi**

**INTERGRAF**  
European Federation for Print and Digital Communications

**ECGA** European Ceramic and Glass Association

**CONEBI**  
Confederation of the European  
Bicycle Industry

**EUWA**

**EUROPEAN MELAMINE PRODUCERS ASSOCIATION**

A sector group of **cefic**

**CAA**  
EUROPEAN ALUMINIUM

Brussels, 4 June 2015

Dear President Juncker,

The question of changing the status of the Chinese economy for the purpose of price comparisons in future anti-dumping proceedings is currently under review in the European Commission. To consider China, or any other country, a market economy when it is not merited, would have a direct and immediate negative impact on investment, growth and hundreds of thousands jobs in the EU. It would allow the EU's manufacturing core to be undermined by unfair trading practices.

In April this year, the Commission services concluded that Vietnam did not meet three of the five criteria used by the Union to determine whether a country is, or is not, a market economy. The last published conclusions in relation to China found that China only met one of the same five criteria.

Thus, the Commission has concluded that neither China nor Vietnam can be considered as market economies for the purpose of anti-dumping investigations. And Commissioner Malmström has confirmed that full compliance with all five criteria remains a necessary precondition for the consideration of any change.

Some think that market economy status (MES) can be bargained for greater investment opportunities for EU companies in China within the context of the ongoing bilateral investment treaty negotiations. There is no evidence that such a deal is available. And a prior evaluation of its net impact or cost to the EU economy would in any event be essential.

Some legal opinions interpret China's WTO Accession Protocol as suggesting that all WTO Members should grant, automatically, market economy status to China by December 2016. However, other legal opinions have come to different conclusions, assessing there is no legal automaticity in granting MES to China, particularly if the five technical criteria are not met.

Many of the EU's major trading partners including the United States, Canada, Japan, Brazil, India and Mexico do not consider that China has achieved the status of a market economy and do not consider that change is automatic. Any decision on the issue must be made in coordination with these countries. Acting unilaterally could result in massive deflections of trade without any possibility of redress.

Furthermore, it should be emphasized that the agreed meaning of the Accession Protocol can only be determined by the WTO which, as an international independent body, will be the final arbitrator. A unilateral EU decision to grant full MES to China (and Vietnam) in the short term **is irreversible** if, subsequently, the WTO were to rule that MES was not automatic depending on compliance with the domestic law of each importing WTO member, as provided for by the Accession Protocol.

The Better Regulation for Better Results, the new policy approach at the core of your Commission, is intended to ensure that EU measures are evidence-based, well designed and deliver tangible and sustainable benefits to EU citizens, businesses and society as a whole. Applied to the issue of the status of China's economy, transparent consultation and social, environmental, economic and technical impact assessments should precede any Commission decision on this matter.

The industries signing this letter are a broad spectrum of EU industry including large companies and SME's and represent a major share of the EU's investment and jobs. Those industries ask the EU not to grant MES to China before it has met the EU's technical criteria, knowing that a different approach will jeopardise investments in EU manufacturing and jobs by removing a critical means of addressing unfair trade.

We would welcome the opportunity to discuss the matter personally with you in greater depth at your earliest convenience.

Sincerely yours.

*cc.: Vice-President Frans Timmermans, Vice-President Jyrki Katainen, Vice-President Federica Mogherini*

Signatories:

CEC	European Confederation of the Footwear Industry
CEPI	Confederation of European Paper Industries
CERAME-UNIE	The European Ceramic Industry Association
CIRFS	European Man-made Fibres Association
CONEBI	Confederation of the European Bicycle Industry
EBMA	European Bicycle Manufacturers Association
ECGA	European Carbon and Graphite Association
EDG	European Domestic Glass
EFIC	European Furniture Industries Confederation
EIFI	European Industrial Fasteners Institute
EMPA	European Melamine Producers Association
ESTA	European Steel Tube Association
EU PRO SUN	The Sustainable Solar Energy Initiative
EURATEX	The European Apparel and Textile Confederation
EUROALLIAGES	The European Ferro-alloys Association
EUROCORD	The European Federation of Rope, Twine & Netting Industries
EUROCOTON	European Federation of Cotton and Allied Textiles Industries
EUROFER	The European Steel Association
EUROMETAUX	European Association of Metals

EUROMINES	European Association of Mining Industries, Metal Ores & Industrial Minerals
EUROPEAN ALUMINIUM	European Aluminium Association
EUWA	Association of the European Wheel Manufacturers
EWRIS	European Federation of Steel Wire Rope Industries
FERTILIZERS EUROPE	European Fertilizers Manufacturers Association
GLASS FIBRE EUROPE	European Glass Fibre Producers Association
INTERGRAF	European Federation for Print and Digital Communication
TPF	Tube and Pipe Fittings