Resolution on China’s market economy status

2016/2667(RSP) - 12/05/2016 - Text adopted by Parliament, single reading

The European Parliament adopted by 546 votes to 28, with 77 abstentions, a resolution on China’s market economy status.

The resolution was tabled by the EPP, S&D, ECR, ALDE and Greens/EFA groups.

An important partnership: Parliament reiterated the importance of the EU partnership with China. China is the EU’s second biggest trading partner and the EU is China’s biggest trading partner, with daily trade flows of well over EUR 1 billion between them.

In 2015, investment from China into the EU for the first time exceeded investment from the EU into China, whereas the Chinese market has been the main engine of profitability for a number of EU industries and brands.

Respecting criteria: Parliament stressed that China is not a market economy and that the five criteria established by the EU to define market economies have not yet been fulfilled. It is convinced that, **until China meets all five EU criteria** required to qualify as a market economy, **the EU should use a non-standard methodology** in anti-dumping and anti-subsidy investigations into Chinese imports in determining price comparability, in accordance with China’s Accession Protocol which provide room for the application of a non-standard methodology.

The Commission is called upon to make a proposal in line with this principle.

The Commission is urged to:

- **coordinate with the EU’s major trading partners**, including in the context of the upcoming G7 and G20 summits, on how best to ensure that all provisions of Section 15 of China’s Accession Protocol to the WTO that remain in force after 2016 are given full legal meaning under their domestic procedures,
- **oppose any unilateral granting** of market economy status to China.

Impact on industry and employment: Parliament called on the Commission to take due account of the concerns expressed by EU industry, trade unions and other stakeholders as to the consequences for EU jobs, the environment, standards and sustainable economic growth in all the manufacturing sectors affected and for EU industry as a whole, and ensure, in this context, that EU jobs are defended.

The resolution noted that China’s overcapacity is already having strong social, economic and environmental consequences in the EU, as demonstrated by its recent detrimental impact on the EU steel sector, in particular in the United Kingdom, and the social impact on EU jobs of granting market economy status (MES) to China could be substantial.

EU antidumping reform: recalling that 56 of the 73 anti-dumping measures currently in force in the EU apply to Chinese imports, Parliament stressed the imminent need for a general reform of the EU’s trade defence instruments in order to guarantee a level playing field for EU industry with China and other trading partners in full compliance with WTO rules.

The Council called on the Council to rapidly seek agreement with Parliament on the **modernisation of the Union’s trade defence instruments.**