

Union Civil Protection Mechanism: prevention; European Civil Protection Pool; rescEU

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The Commission presents its 37th Annual Report on the EU's anti-dumping, anti-subsidy and safeguard activities and the use of trade defence instruments by third countries targeting the EU in 2018. This report gives two accounts of the EU's trade defence activity:

- exceptionally, going beyond the legal obligations, the report specifically takes stock of the major challenges, developments and achievements of the Juncker Commission in the area of trade defence;
- the report describes the EU's [anti-dumping](#), [anti-subsidy](#) and [safeguard activities](#) as well as the trade defence activity of third countries against the EU in 2018, in accordance with the requirements of the Anti-Dumping, Anti-Subsidy and basic Safeguard Regulations.

Overview and achievements of the Juncker Commission

The Commission notes that during the 60 years of history of the EU's trade defence instruments (TDI), there was probably no period that was more challenging than the one between 2014 and 2019. Global overcapacity in steel significantly increased the requests for trade defence measures.

Modernisation of trade defence instruments (TDI): new global market realities and a rising wave of unfair trade practices made modernisation of the rules a necessity. These entered into force on 8 June 2018 and made the following changes:

- introduction of an improved injury margin calculation, including a minimum profit of 6% as well as the possibility of reflecting the investments and R&D needs of the Union industry when calculating the injury margin;
- adoption of a shorter time-frame for the imposition of provisional measures– these measures must now be adopted normally within seven months, but not later than within eight months (previously the timeframe was nine months);
- introduction of a pre-warning mechanism on the imposition of provisional anti-dumping and anti-subsidy measures. No other TDI jurisdiction operates such a system.
- EU SMEs will receive additional support when considering or being affected by TDI measures;
- for the first time, trade defence law allows the Commission to take into account social and environmental aspects in countries under scrutiny in a number of well-defined circumstances. This applies in particular in relation of the lesser duty rule when it comes to determining the injury margin.

New dumping calculation methodology and strengthened anti-subsidy instrument: amendments to the TDI legislation introduced a new methodology to calculate the normal value of goods subject to investigation, in case of significant distortions induced by the authorities of the exporting country. To allow stakeholders to make their case concerning countries where distortions exist, the Commission may publish reports on a country or sectoral distortions. The first such report concerned China, as it has been so far the country most subject to the EU's trade defence activity. New amendments have also strengthened the anti-subsidy instrument. It allows the Commission to better capture the full magnitude of subsidisation by making it possible to also address subsidies identified only in the course of an

investigation. This change is important because foreign governments increasingly provide subsidies in a non-transparent manner and in violation of the World Trade Organisation (WTO) rules on the notification of subsidies.

Increased trade defence activity: global overcapacity in steel significantly increased the requests for trade defence measures. The Commission, by imposing 25 new TDI measures on steel during this period, made an important contribution to the viability and global competitiveness of the European steel industry. In addition:

- in the period of November 2014 - December 2018, 170 TDI cases were initiated and 95 measures were applied in order to restore a level playing field. Of the latter, 35 are new measures and the remainder are renewals or extensions of existing measures;
- EU TDI measures imposed since the beginning of the Commission's mandate effectively preserved more than 124 000 jobs. The steel sector benefited the most, with over 86 000 jobs protected. Overall, the EU measures that were in force at the end of 2018 effectively protected 320 000 direct industrial jobs from unfair competition;
- the Commission services intervened in around 70 foreign trade defence investigations. The number of trade defence measures targeting EU exporters now stands at 174, as compared to 162 in 2017. This upward trend is expected to continue over the next years.
- in 2018, 10 new investigations were initiated. Provisional duties were imposed in two proceedings. Four cases were concluded with the imposition of definitive duties, while eight investigations were concluded without measures.

Duty levels

Duty levels applied by the EU were lower than those imposed by other trade partners. For instance, duties on steel currently range on average from 29% to 45%, while the corresponding duty averages applied by the United States (US) is 54% – 87%. One of the main reasons for these lower average duties in the EU is the ‘lesser duty rule’ (LDR), which commands that either the source of unfair competition (dumping margin) or its effect (injury margin) - whatever is lower - should be remedied.⁸ Furthermore, the Commission only initiates investigations when they are necessary. It also assesses whether TDI measures are against the EU's overall economic interest before imposing corrective measures.

Anti-dumping activities

At the end of 2018, the EU had 93 definitive anti-dumping measures and 12 countervailing measures in force. This constitutes a slight decrease as compared to the previous year. Investigative work remained at a high level, reaching nearly that of 2017. The work consisted mainly of new investigations under new sets of TDI rules, as well as of a still significant number of reviews. At the end of 2018, 45 investigations were ongoing, as well as six refund investigations covering 99 refund requests.

Review investigations continued to represent a substantial part of the casework. In 2018, as many as 17 expiry review investigations were initiated and seven expiry reviews were concluded with a confirmation of the duty. No expiry review was concluded by the termination of measures. During 2018, four measures expired automatically. Three interim reviews were initiated. Four interim reviews were terminated without amending the measures, and two were concluded with an amendment. Three reinvestigations, which usually concern the implementation of court rulings, were initiated. Five such reviews were concluded.

Lastly, in the period of November 2014 – November 2018, the EU collected, as a result of the imposition of measures, more than EUR 1.5 billion in anti-dumping or countervailing duties (CVD), which were all transferred to the EU budget.

