



EUROPEAN COMMISSION

*Brussels, 04.05.2017  
C(2017) 2808 final*

*Ms Laura BOLDRINI  
President of the Camera dei Deputati  
Piazza Montecitorio  
IT – 00100 ROME*

*Dear President,*

*The Commission would like to thank the Camera dei Deputati for its Opinion on the Communication from the Commission to the European Parliament, the European Council and the Council "Towards a robust trade policy for the EU in the interest of jobs and growth" {COM(2016) 690} and a Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 2016/1036 on protection against dumped imports from countries not members of the European Union and Regulation (EU) No 2016/1037 on protection against subsidised imports from countries not members of the European Union {COM(2016) 721}.*

*As laid out in the above Communication, the Commission attaches great importance to maintaining a robust trade defence policy which will shield European Union industry against unfair trade practices. The legislative proposal {COM(2016) 721}, as well as the proposal to modernise trade defence instruments from 2013<sup>1</sup> represent individual elements in a range of measures which the Commission is taking to ensure that the Union will be equipped with effective trade defence tools which will provide adequate protection for its industry and citizens.*

*The Commission notes that the Camera dei Deputati raises a number of questions and expresses certain reservations with respect to some aspects of the two legislative proposals.*

*Concerning the question whether the proposed legislative amendments amount to strengthening European Union trade policies, the Commission would like to reiterate its position that the proposal {COM(2016) 721} will ensure that, while respecting World Trade Organisation rules, the European Union maintains effective trade defence instruments on which its industry will be able to rely in the future. The Commission fully agrees with the Camera dei Deputati that in the current international trading climate, we must not expose our industries and the jobs they represent to any further risks. Given also the ongoing World*

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<sup>1</sup> COM(2013) 192 final.

*Trade Organisation dispute<sup>2</sup> concerning the existing legislation, the Commission considers the proposal to be the best solution to this complex issue and to restore the much needed legal certainty and provide the Union with a sound legal basis for future actions in the trade defence area.*

*As to the Camera dei Deputati's view that China should not be granted so called "market economy status", the Commission would like to clarify that the proposal {COM(2016) 721} is not about granting market economy status to China (or to any other country). Rather, the core element of the proposal consists in introducing a new, country neutral, dumping calculation methodology which would allow the Commission to discard domestic prices and costs when significant, in particular state-induced, distortions would be established in the exporting country. By introducing this new methodology, the European Union would be able to tackle precisely the root cause of the unfair trading practices which the Camera dei Deputati correctly identifies as damaging to the Italian and European Union industry.*

*With regard to well-defined and unambiguous criteria for establishing "normal value", the Commission would like to underline that the proposal explains in detail the concept of significant distortions. This concept, with the examples given in the text, is sufficiently specific to ensure legal certainty while, at the same time, not unduly narrow. This would allow various forms of possible state-induced distortions to be captured by the new methodology. In this context, the Commission would like to draw the Camera dei Deputati's attention to the fact that formulating the notion of significant distortions too restrictively could risk missing numerous types of distortions present in third countries. For this reason, it is essential to have a broad notion of significant distortions combined with key examples of what constitutes such distortions.*

*In addition, in order to ensure the continued effectiveness of the Union's trade defence instruments, the 2013 modernisation proposal also plays a key role. Elements of the modernisation proposal such as the adaptation of the lesser duty rule, the earlier imposition of measures and the new rules regarding the calculation of the injury margin, would, if adopted by the legislator, clearly strengthen the instruments. Others, such as the pre-disclosure and the re-imburement of duties in expiry reviews will enhance transparency and predictability.*

*The Camera dei Deputati suggests the elimination of the lesser duty rule completely. As outlined in the Commission Communication "Towards a robust trade policy for the EU in the interest of jobs and growth"<sup>3</sup>, in order to facilitate agreement in Council, the Commission proposed as a compromise to adapt the lesser duty rule in certain well defined circumstances, i.e. for exports which benefit from significant raw material distortions. Such raw material distortions provide an unfair competitive advantage to industries in the exporting country and also prevent European Union industries from sourcing such raw materials. The Council agreed its position in December 2016 around this concept.*

<sup>2</sup> [https://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/ds516\\_e.htm](https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds516_e.htm).

<sup>3</sup> COM (2016) 690 final.

*Hence, a swift conclusion of the trilogues and the adoption of the proposal by the European Parliament and the Council are desirable, so that our industry can finally benefit from more effective tools when faced with unfair trade practices.*

*The Commission hopes that the clarifications provided in this reply address the issues raised by the Camera dei Deputati and looks forward to continuing the political dialogue in the future.*

*Yours faithfully,*

*Frans Timmermans  
First Vice-President*

*Cecilia Malmström  
Member of the Commission*