

Parliament defends decision to reject China MES

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News

MEPs have defended their decision to reject granting market economy status (MES) to China, saying it was vital to defend Europe against unfair Chinese competition.



A resolution, adopted in Strasbourg by an overwhelming majority of 83 per cent, says that China does not yet fulfil the criteria established by the EU to define market economies.

The Parliament also urges the Commission to ensure that China does not abuse its position to dump steel and other products on the European market.

Until China has fulfilled the EU's five criteria for market economy status, its exports to the EU must be treated in a non-standard way, said MEPs in a non-legislative resolution passed on Thursday.

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MEPs pointed out that 56 of the EU's current 73 anti-dumping measures apply to imports from China.

Deputies, however, also stressed "the importance of the EU partnership with China".

China is the EU's second biggest trading partner and with daily trade flows of over €1bn, the Chinese market "has been the main engine of profitability for a number of EU industries and brands", MEPs said.

Reaction to the decision was swift, with Socialist spokesperson on trade, Scottish member David Martin, saying the vote sent a strong signal that Parliament "will not accept any measures that weaken our ability to defend ourselves from unfair Chinese competition."

Martin added, "We cannot accept the granting of MES to China and insist on improving our trade defence instruments. The manufacturing communities of Europe cannot afford further delay. We must act now or soon there won't be any EU industry left to defend."

S&D group spokesperson on trade relations with China, Alessia Mosca, insisted that the vote was not a vote pro or against China.

The Italian deputy said, "This is not a protectionist attitude: this is about defending our industries - and our standards - from unfair competition. We support free trade but only if a level playing field is ensured."

The outcome of the vote was also greeted by AEGIS Europe, an alliance of 30 European industrial associations which promotes manufacturing, investment, employment, growth and innovation in Europe.

"The signal from the Parliament could not be more clear," said Milan Nitzschke, from AEGIS.

"MEPs have spoken and they do not agree to a weak compromise, which removes the effectiveness of the anti-dumping instrument. A fair partnership is only possible if China plays by the rules of free and fair international trade, and honours its WTO obligations.

"So long as China remains a planned economy, which builds up irrational overcapacities, and encourages its industries to dump in foreign markets, Europe cannot grant it MES status.

"Instead, European anti-dumping defence tools must be strengthened, in compliance with WTO rules."

Further reaction came from BUSINESSEUROPE director general Markus Beyrer who said, "The resolution comes at a time when the EU's decision-making process on this issue is in full swing and when full engagement in the debate from all EU Institutions involved is critical. China should also be engaged. This question is not just about China, this question involves China."

He said the vote, supported by the EPP, S&D, ECR, ALDE and Greens/EFA groups, reflected

BUSINESSEUROPE's own concerns.

He added, ""For European business, it is important that the EU strives for a sound and balanced economic relationship with China. The EU should reach a decision that is in line with WTO and EU law and takes into account the remainder of Section 15 of China's WTO accession protocol. In this context it is important that the EU maintains effective trade defence instruments that take into account the real market situation in China today and in the future."

Last week, German economy minister said that China must not obtain MES until it meets the relevant criteria.

In a recent plenary debate on how to deal with Chinese imports, MEPs heard that the Commission is working on a new set of rules that will include a strong trade defence system and ensure compliance with WTO rules, and that it would debate this before the summer recess.

About the author

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