

Liu, Xiang; Vandenbussche, Hylke

Working Paper

EU Antidumping Cases against China: An Overview and Future Prospects with Respect to China's WTO Membership

LICOS Discussion Paper, No. 119

Provided in Cooperation with:

LICOS Centre for Institutions and Economic Performance, KU Leuven

Suggested Citation: Liu, Xiang; Vandenbussche, Hylke (2002) : EU Antidumping Cases against China: An Overview and Future Prospects with Respect to China's WTO Membership, LICOS Discussion Paper, No. 119, Katholieke Universiteit Leuven, LICOS Centre for Transition Economics, Leuven

This Version is available at:

<https://hdl.handle.net/10419/75032>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

LICOS

Centre for Transition Economics

LICOS Discussion Paper

Discussion Paper 119/2002

EU Antidumping Cases against China: An Overview and Future Prospects with Respect to China's WTO Membership

Xiang Liu
Hylke Vandenbussche



Katholieke Universiteit Leuven

LICOS Centre for Transition Economics
Huis De Dorlodot
Deberiotstraat 34
B-3000 Leuven
BELGIUM
TEL: +32-(0)16 32 65 98
FAX: +32-(0)16 32 65 99
<http://www.econ.kuleuven.ac.be/licos>

EU Antidumping Cases Against China: An Overview and Future Prospects With Respect To China's WTO Membership

Xiang Liu ^(a) and Hylke Vandenbussche ^(b)

^(a) LICOS, Centre for Transition Economics, Catholic University of Leuven, Belgium

^(b) Department of Applied Economics, Catholic University of Leuven, Belgium

July, 2002

Abstract

Since 1979, when the first antidumping case against China was initiated by the European Union, the EU has lodged nearly 90 antidumping proceedings against China by the end of 2000. China by now, has become the country most accused of dumping by the EU. Most of the antidumping suits have led to relatively high duties on Chinese products. This paper explores the characteristics and the trends of EU antidumping actions against China over the past two decades and provides a comprehensive analysis of the factors that have led to China's vulnerability to EU antidumping charges. Some future prospects with respect to China's membership of WTO are also presented.

JEL classification: L11, L12, L13, D42, D43

Key words: EU antidumping, China, WTO, monopoly, oligopoly

Address for correspondence: hylke.vandenbussche@econ.kuleuven.ac.be, Hylke Vandenbussche, Catholic University of Leuven, Faculty of Economics and Applied Economics, 3000 Leuven, Belgium

Acknowledgements: This research was supported by grant F41-U-P-DSE-PO2 from the Belgian Science Foundation (FWO).

1. Introduction

The very first antidumping case against China, involving saccharin and its salts, was initiated by the EU in 1979. This was at a time when China had just started its economic reforms and its opening policy towards the West. Between 1979 and 2000, the European Community initiated or reviewed nearly 90 anti-dumping proceedings against China, making China the most accused country of EU antidumping charges. In 2000, the antidumping charges against China reached a peak of around 20% of the EU's total annual antidumping proceedings.

In this paper we document the general trends and characteristics of two decades of European Antidumping policy against China. We pinpoint a number of factors that seem to have affected the vulnerability of Chinese products to EU antidumping charges. These include the non-market economy treatment of China, the strength of product market competition between Chinese and European companies, the trade deficit that the EU has been running with China, the ownership structure of Chinese exporters and the very concentrated nature of the market structure of EU producers involved in formulating complaints against Chinese imports.

For the largest part EU antidumping protection against China has involved chemical products, followed by the Mechanical goods (bicycles, ring binders,...), with most cases concluded with duties rather than price-under takings. Case analysis shows that China has always received high duties compared to other defendants. Many Chinese exporting companies accused of dumping were state-owned companies that often did not follow up the Commission's demand for additional information, when asked for it. Regarding the dumping decision we note that Chinese requests for market economy treatment, were often rejected by the EU Commission. Regarding injury

determinations we note that market share evolutions in the EU and price-undercutting are the two factors mostly resulting in injury findings. EU employment effects and capacity utilization seem to play a lesser role in the injury decision.

Another interesting observation that emerges from scrutinizing the 90 EU antidumping cases against China in the period 1979-2000, is the very concentrated nature of the EU industry filing for protection. In the majority of cases, a few EU complaining firms represented well over 50 % of total EU production. This seems to confirm political economy studies suggesting that concentrated industries are more successful when applying for protection than diffused industries. Over the past two decades, China has been consistently running a trade surplus with the EU, which may have contributed to the large number of EU complaints under the antidumping laws. In the future, however, this is likely to change, at least in part, as a result of China's WTO membership. It is expected that when China becomes a member of the WTO, its currency will appreciate which will lower China's exports. WTO membership for China also implies greater openness and transparency that is likely to improve the EU's exports to China. The outlook is therefore that European antidumping cases against China will fall. Also, since 1997 the Chinese installed have their own antidumping clause. Just as we have observed in other countries, like India, we can expect this to have a chilling effect on the number of antidumping initiations by the large trade blocs. China's WTO membership is also expected to expedite the country's reforms and market orientation which is likely to lead to more market economy treatment under EU antidumping laws which again will have a lowering effect on the number of positive dumping cases.

The structure of the paper is as follows. In the next section, the characteristics and trends of the EU antidumping action against China are summarised. The factors that

have led to China's vulnerability to EU antidumping charges are analysed and evidence is presented. Section 3 discusses the results described in section 2. And the final section 4 provides some future prospects with respect to China's WTO membership.

2. EU Antidumping Cases Involving Chinese Products (1979-2000): Characteristics and trends

2-1 General Trends

Table 1 gives an overview of the total cases initiated against China in the period 1979-2000. The last column indicates the share of China in total EU antidumping cases.

Insert Table 1 here

From 1979 to the mid-eighties, about two dumping proceedings were typically brought against China each year. This number gradually went up. In the nineties typically around 10 cases were lodged each year. In 1999, the EU antidumping cases against China peaked to 12. The sudden growth of antidumping investigations may be partly attributed to the Asian financial crisis that started in April 1997. As domestic demand in South East Asia declined sharply and as China did not devalue its currency during the Asian financial crisis, China was compelled to redirect exports into other available markets, especially the US and the EU.¹

¹ 18th Annual Report From the Commission to the European Parliament

The majority of the EU antidumping proceedings against Chinese imports led to unfavourable results for China. Of a total of 90 antidumping cases against Chinese imports, about 22 cases were terminated by the Commission without any measures or were withdrawn by the EU complainants and 3 cases were still undecided when writing this paper. All the others led to provisional antidumping measures, and later to definitive measures. In 55 cases, definitive duties² were imposed, while in 10 cases, Chinese exporters faced price-undertakings³.

Insert Table 2 here

In the 1980s, price undertakings offered by Chinese companies were normally accepted. But after 1988, the EU was much less inclined to accept price undertakings offered by Chinese companies. Since then, ad valorem duties have been most often applied. The definitive duties ranged from about 10% to 130%, and averaged at 40.0% over all duty cases.

In most of the cases where more than one country was listed as a defendant, China was normally the recipient of the most severe duties. Table 3 lists a few random examples. For instance, in *Stainless steel fasteners*⁴, the EU applied a definitive duty of 74.4% to China while only 26.7% to Korea, 54.0% to India, 23.1% to Taiwan, 7.0% to Malaysia, and 8.4% to Thailand.

² Antidumping duties may have several forms:

- ☐ Ad valorem duty, i.e., a fixed percentage of the CIF prices before payment of customs duty;
- ☐ Specific duty, i.e., a fixed amount per unit imported;
- ☐ Duty of an amount equal to the difference between the price at the Community frontier and a fixed price established by the EC Commission

³ OJL50/4-20.2.98

⁴ a price undertaking is a voluntary price increase by the exporters.

Insert Table 3 here

2-2 Sectoral incidence

Table 4 shows the sectoral distribution of EU antidumping cases against Chinese products over time. The number of total EU antidumping cases against China shows cyclical patterns. There has been a shift of EU antidumping initiations from Chemical, Mineral/Ores and Machinery sectors in earlier 1980s to Electronics and Mechanical goods in the later 1990s.

Insert Table 4 here

The **Chemical sector** involves products like artificial corundum, potassium permanganate, barium chloride, oxalic acid, silicon carbide, unwrought magnesium etc. **Ores** involve products like magnesite, ferro-silicon, flurspa, tungsten ores. **Mechanical goods** refer to mainly light manufacturing goods such as bicycles and its parts and ring binder mechanisms, roller chains, and some consumer goods for instance photo album. **Textile goods** that have been involved in European antidumping cases are cotton fabrics, polyester yarn, synthetic fabrics, polyelefin sacks, silk ribbon and handbags. **Electronics** refers to microwave ovens, small colour television, cathode-ray colour television tubes etc. **Iron and steel products** include steel fasteners, iron tube or pipe, steel ropes and cables. **Agriculture** involve products like pearls in syrup but rarely occur under the antidumping cases, which can be seen from table 4.

⁴ OJL 50/4-20.2.98

Cases involving exports of Chinese **chemicals** and **Ores** accounted for about half of the total cases. Also frequently affected sectors include **Electronics** and **Textile** products.

In terms of the type of products that are subject to antidumping measures and the level of the duties are listed, Table 5 gives an overview of all products and measures.

Insert Table 5 here

2-3 Complainants

In this section, we would like to argue that antidumping complainants are usually initiated by very concentrated EU industries. A first idea of concentration can be obtained by looking at the number of EU firms that are actually involved in the filing of antidumping complaints. Table 6 gives an overview of the EU complainants identified in EU antidumping cases against China. About 400 EU firms were involved in EU antidumping cases against Chinese products between 1979 and 2000. This represents an average of 4.5 EU complaining firms per case. Only in 5% of the cases, there are more than 10 EU firms involved.

Insert Table 6 here

In Table 7 we look in more detail at these EU firms involved in the formulation of the complaint by listing their share in total EU production of the product under investigation. As can be seen from Table 7, the complaining firms often represented a major proportion of total EU production.

Insert Table 7 here

These figures seem to suggest that antidumping complaints against China are usually dominated by a few firms in highly concentrated industries. In many cases the complaining EU firm is a monopolist representing 100% of total EU production.

2-4 Defendants

Another interesting feature of antidumping policy against China is that among the hundreds of Chinese firms which have been involved in the EU antidumping cases between 1979 and 2000, over 50% of them are state-owned enterprises (SOE). The others are joint-venture (JV) companies and sole foreign funded-enterprises (FFE). This can be seen from Table 8.

Insert Table 8 here

To some extent this is not surprising since in the early 1980s, China's foreign trade was dominated by state-owned enterprises and almost all those named as defenders in antidumping cases were state-owned enterprises. In late 1980s, more Chinese joint venture companies were named as offenders. For instance, in a 1988 AD-case on *small colour televisions* two sino-Japan joint-ventures Fujian Hitachi Television Co Ltd and Huaquiang Sanyo Electronics Co Ltd were listed as offenders together with three Chinese SOEs.

2-5 Degree of Co-operation of Chinese Exporters

In most EU antidumping cases against China, there was no co-operation or very limited co-operation from the charged Chinese exporting companies in the investigation.

In 1980s, targeted Chinese companies largely ignored the demand for information by the Commission. In earlier 1990s, occasionally there was limited co-operation from Chinese companies. However, in the instances where Chinese companies responded, documentation often had been incomplete and untimely. In later 1990s, the response rate of Chinese companies improved. From earlier 1990s up to now, about 60 Chinese companies involved in 14 cases responded to the information demand of the Commission. These respondents were mainly joint ventures and foreign-funded enterprises. By and large, the response rate and the degree of co-operation of Chinese companies is still low.

For example, in *glyphosate*, the Commission sent questionnaires to all the 35 Chinese exporters and producers. Only one company responded. The sole co-operating exporter also requested individual treatment and submitted some information to support its claim. The Commission deemed such information insufficient and sent a specific individual treatment questionnaire to the Chinese company. No reply was made to this questionnaire.

In the absence of co-operation from the Chinese exporters, the Commission can use whatever information is available, i.e., the so-called 'Best fact available' practice. In one review case, *glyphosate*, the complaining community producers submitted some evidence to show that the imposition of the original antidumping duty of 24% had no impact on the selling prices in the Community. The Chinese exporters did not respond to the dumping charge. Despite of the fact that the fall of resale prices of glyphosate

was partly attributed to a worldwide decline in the cost of production of glyphosate, the Commission decided to impose a new duty on Chinese glyphosate, which was 48%.

2-6 Selection of 'like products'

In some cases the Chinese producers raised objections to the 'like product' definition and its interpretation by the European Commission. In some cases with low prices of Chinese goods in the EU, it was argued by the Chinese that these prices reflected their low level of technology and value added. For instance, in *hot-rolled flat products of non-alloy steel*, Chinese producers argued that in comparison to the Community produced product, the Chinese product was made from lower quality raw materials with less capital-intensive production processes, and in general were of a lower quality than EU products. In *lamps*, the Chinese producers alleged that the Community industry produced 'lifelong' product with lifetimes above 8000 hours while Chinese products have lifetimes of up to 6000 hours.

Table 9 gives an overview of these objections. However, in none of the cases did the Commission take these alleged quality differences into account.

Insert Table 9 here

2-7 Market Economy Treatment

In determining normal values, the EU makes a distinction between market economy (ME) and non-market economy (NME). Up to 1998, China was classified as a non-market economy country. In all the antidumping cases against China before that date, an analogue country has been used for the determination of the normal value.

In most of the cases, the Commission simply accepted the analogue countries suggested by EU complainants. Only in minority of the cases, the initial choice of analogue country was reversed due to objections from the defendants and the unwillingness of co-operation from the producers in the proposed analogue countries.

Table 10 reports on the analogue countries selected by the Commission to construct the normal values of Chinese products. They involved countries like USA, South Korea, Japan and Norway. It is clear that most of these analogue countries listed have a much higher level of economic and/or industrial development level than China, which made China vulnerable to violation of the dumping condition in the EU law.

Insert Table 10 here

However, in July 1998, the EU deleted China from the list of NME countries. But market economy status is not granted automatically to defending Chinese companies. Only if Chinese exporters can prove that they are operating under market economy conditions, the domestic prices and costs of Chinese exporters will be used to establish the normal value rather than information from an analogue country. Until now, 32 Chinese companies involved in 9 cases have applied for market economy status, but only 5 of them have been approved by the Commission. All these 5 companies are FFEs or JVs. None of SOEs has been granted market economy status. In Table 11, typical reasons for rejection of Chinese companies' MES application are given. These include state interference, accounting criteria, degree of cooperation etc.

Insert Table 11 here

2-8 Determination of Injury

The establishment of dumping is necessary but not sufficient to impose antidumping measures. It also has to be shown that the dumped imports are injurious to the Community industry. In determining the injury, the EU Commission looks at the volume and prices of dumped imports, and the actual or potential impact on the EU industry, such as on production, utilisation of capacity, stocks, sales, market share, price, profits, return on investment, cash flow and employment. Table 12 gives an overview of the frequency of injury criteria used in antidumping cases against China.

Insert Table 12 here

The evolution of market shares is the injury criteria most often mentioned by the Commission, together with price-undercutting by the Chinese products in the European market and the price depression caused to EU products as a result of cheap imports. Criteria like EU employment and capacity utilisation play a lesser role in the decision of whether injury has taken place a result of Chinese dumping or not.

2-9 Determination of causal relationship

To determine a causal relationship between Chinese dumping and injury suffered by the EU Community industry as a result of dumped goods, the Commission tries to control for other factors that may explain the condition of the EU industry apart from dumped imports. These factors may include the evolution of demand in the

Community market, imports from third countries, the situation on the world market etc. If none of these other factors seem accountable for the state of the EU industry, a causal link between dumping and injury is assumed to exist and the Commission would conclude that the dumped goods caused the material injury suffered by the Community industry.

In some cases, the causal link between Chinese imports and the injury suffered by the Community industry was rather weak. An example is a reviewed case *silicon carbide* originating from China, Russia and Ukraine. As a result of the previous antidumping measure, China and Ukraine had lost significant sales volume and their market share was minimized over time. However, the Russian imports did not decrease sharply and remained stable, and imports from other third countries, such as Venezuela and the Czech Republic, had significantly increased their market shares substantially during the initial antidumping conviction. However, in the review case, the Chinese exporters did not reply to the information demand of the Commission. As a result the review case was decided with new protectionist antidumping measures against China, Ukraine and Russia, whereby the Commission applied the highest definitive duty to China (China: 52.6%; Russia: 23.3%; Ukraine: 24%).

2-10 Community interest test

Before protection can be applied, it has to be shown that the imposition of antidumping measures are in the overall Community interest. The short term benefits of low prices for consumers are weighed against the injurious effects of the dumped imports in terms of the industrial and social costs of the contraction or elimination of

firms, sectors or whole industries. Table 13 gives an overview of reasons cited by the EU Commission for imposing antidumping measures.

Insert table 13 here

The argument most often used by the EU Commission to impose protection is that the EU industry would otherwise disappear or be forced to shut down. A comparison of Table 13 and Table 7 reveals that most of these endangered Community producers are in a highly concentrated industry, often involving only one producer. The difficulty here of course also refers to the causality issue. Is an industry disappearing because of dumped imports or is it largely due to inefficiencies on behalf of the European industries. A few examples illustrate that in some cases reasonable doubt can be expressed. For example, in *micro disks* the Community producer and complainant was a new entrant to the industry. In *bicycles*, the EU complaining industry showed low profits in a period of increased demand. In *Gum-rosin*, a similar situation occurred, financial losses for the EU industry despite market expansion (by 24%). This case was terminated by the Commission.

2-11 Imposition of Duty

To eliminate the injury, the Commission imposes duties based on the lower of dumping margin and injury margin. The average dumping margin across all EU antidumping cases against China was 50% with the lowest duty level equal to 11% and the highest equal to 138.7%. The average injury margin across all cases is equal

to 40.3% with a range of 10-94% while the average duty level is equal to 41.2%, with a range of between 10-102%.

Insert Table 14 here

3. Discussion of EU antidumping policy against China 1979-2000.

Section 2 provided an overview and tabulation of trends in EU antidumping cases against Chinese products in the period 1979-2000. This comprehensive analysis seems to suggest that the intense EU antidumping action against Chinese products is a reflection of the following factors: the intense product market competition between EU and Chinese products, state ownership in the Chinese export sector, the non-market economy status of China, the concentrated nature of the EU complaining industries, the non-membership of China in the WTO.

Product Market competition

Chinese goods involved in EU antidumping cases are characterised by low prices and often involve an abrupt surge and aggressive market share expansion. For example, in **glyphosate**, Chinese imports in the EU surged from 48 tons in 1991 to 1397 tons in 1995, market share increased from 1% to 11% in the same period. Price-undercutting was determined at 12.9%. In **briefcases and schoolbags**, Chinese imports increased by 262%, market share increased by 372% and price undercutting was 74%.

On the one hand, cheap Chinese imports provided European consumers with value-for-money consumption. For example, in a number of cases such as **Fluospar**,

Glycine, coke 80+, EU users argued that without antidumping measures against China in force, it would continue ‘to *benefit* from the existing low prices of Chinese products on the Community market’. The imposition of measures would result in an increase in their purchase costs, which could affect their competitiveness.

On the other hand, cheap Chinese products put high pressure on the EU producers. For instance, in **bicycle**, the complaining industry suffered from unsatisfactory profits during a period of increased demand. In **cotton fabrics**, despite investment aiming at cost efficiency, 88 Community firms closed down; 8625 jobs were lost and EU profitability reduced from 100% to -25%; EU market share decreased from 30.7% to 28.4% and prices declined by 35%.

A related argument, be it of a more political economy nature is the evolution of the trade balance between the EU and China in the period 1979-2000 that was mainly favourable for China, but unfavourable for the EU that has been running a large trade deficit with China. By merely plotting the number of EU antidumping cases over time together with the China-EU trade balance, the relationship between the two becomes apparent. While the number of EU antidumping cases against China clearly shows an upward trend, the trade deficit the EU has been running with China steadily got more negative.

Insert Figure 1 and figure 2 here

This casual empiricism seems to correspond with what has been suggested in the literature namely that trade deficits and the use of trade policy tend to go hand in hand (Tharakan, 1991).

State Ownership

The large amount of State-owned Enterprises in China involved in export activities is no doubt another reason for the frequent antidumping action by the EU against China. State firms are known to be operating under softer budget constraints than private firms because they are either subsidised by the state or enjoy tax or credit arrears (Everaert and Vandenbussche, 2001). This is all likely to lead to low prices that can consequently result in antidumping protection. In section 2 we have presented case evidence that is suggestive of the fact that state ownership affects the probability of EU antidumping protection against China.

Concentrated EU industries

The concentrated nature of the EU industries involved in filing antidumping cases against China is another explanation for the frequent occurrence of China in EU antidumping statistics. We have shown that the complaining EU producers are often monopolists or part of a very concentrated industry with only a few large EU players.

Non-market economy status

The non-market economy status of China throughout most of the period under investigation is another factor that has accounted for its vulnerability under EU antidumping policy. After 1997, Chinese companies can apply for market economy treatment. However, many firms applied but failed to convince the Commission of

their market economy status, especially state owned enterprises, sometimes because of their low degree co-operation in the investigations by the Commission and sometimes because of insufficient evidence.

WTO membership

China's membership of WTO has been recent. Up to that point China's bargaining power to exert political pressure on the EU in antidumping disputes was rather weak. Before 2001, China was not a member of WTO, and thus unable to resort to WTO dispute settlement. In addition, China did not have its own antidumping system until 1997, which meant that for the EU industries, there was no fear of retaliation from Chinese counterparts.

4. Outlook with respect to China's WTO membership

At this moment, China has successfully completed its bid for WTO membership. China's WTO entry is likely to have a lowering impact on the EU's antidumping practice against Chinese products. Chinese exporters can probably expect more predictable and favourable treatment with respect to EU antidumping proceedings. Some of the reasons for this prediction are outlined below.

First, China's WTO entry is expected to expedite the country's reforms and to encourage Chinese companies to restructure themselves so that they are more market-oriented. Chinese exporters can therefore expect to get more market economy status in EU antidumping proceedings. China's state-owned enterprises will withdraw from

146 of the total 196 industrial sectors. The 146 sectors include overcapacity industries such as textile and garments, consumer goods and household electronics items. The prices of these goods will become more subject to market forces, making it easier for Chinese firms to apply in antidumping proceeding for market economy treatment, which is more favourable to them.

Secondly, upon entry to the WTO, China will have to cut import tariffs and open up its markets to EU. In its WTO accession deal with the EU, China has agreed to reduce import tariffs on over 150 leading European exports. The sharp reduction in tariffs and non-tariff trade barriers is likely to lead to a surge of EU exports to China and a reduction of China's trade surplus with EU. In the 1980s, Japan was very often targeted by EU antidumping complaints, according to some as a result of the large trade surpluses Japan had with the EU (Tharakan, 1991).

Thirdly, as a WTO member China will be able to resort to the WTO dispute settlement mechanism to resolve disputes with its trading partners in relation to antidumping measures. China can also take part in the development of WTO rules and procedures to counter possible changes that may be unfavourable to the country's exports. China has already established its antidumping system. On March 25, 1997, China's State Council issued its 'Dumping Prevention and Offset Tariff Regulations' ('Anti-dumping Regulations'). One element in China's Anti-dumping Regulation is that 'when foreign countries take discriminatory anti-dumping action against Chinese products, China can take retaliation action'. By the end of 2000, Chinese companies have lodged five antidumping investigations against exporters from countries in North America, Asia and Europe. It can be expected that China in future will actively use its antidumping regulations. This tendency of using antidumping as a potential retaliatory

means against actions from the developed world is becoming a widespread phenomenon in less developed countries. The potential for China to initiate antidumping actions against the EU is again likely to translate in a lower number of EU antidumping cases against China.

**Table 1: EC antidumping proceeding initiated against imports from China
(1979-2000)**

Year	Proceedings Against China	Total initiations By the EU	Share in EU Total Annual Proceedings (%)
1979	2	-	-
1980	1	25	4.0
1981	2	48	4,2
1982	4	58	6,9
1983	2	38	5,3
1984	2	49	4,1
1985	1	36	2,8
1986	2	24	8,3
1987	0	39	0,0
1988	7	40	17,5
1989	5	27	18,5
1990	6	43	13,9
1991	4	20	20,0
1992	8	39	20,5
1993	4	21	19,0
1994	5	43	11,6
1995	5	33	15,2
1996	6	25	24,0
1997	5	45	11,1
1998	1	29	3,4
1999	12	86	14,0
2000	6	31	19,4
Total	90	774	11,4

Table 2: Result of EU Antidumping Proceedings Against Chinese Products

Total inititated	Price Undertaking	Definitive duties	Termination	Undecided
90	10	55	22	3

Table 3 Examples of Some Antidumping Cases decided in 2000 and involving China

Product	Year	Duties
Stainless steel fasteners	1998	China 74.4% , Korea 26.7%, India 54.0%, Taiwan 23.1%, Malaysia 7.0%, Thailand 8.4%
Steel ropes and cable	1999	China 60.4% , Hungary 28.1%, India 30.8%, Mexico 6.1%, Poland 48.3%, South Africa 38.6%, Ukraine 51.8%
Colour television	2000	China 44.6% , Malaysia 23.4%, Korea 15.1%, Singapore 23.6%, Thailand 29.8%
Silicon carbide	2000	China 52.6% , Russia 23.3%, Ukraine 24%

Table 4: EU Antidumping Cases Against Chinese Imports Across Year and Sectors (1979-2000)

Year	Chemical	Texile	Mechanical	Electronics	Iron&steel	Ores	Agricultural	Total
1979	1	0	1	0	0	0	0	2
1980	1	0	0	0	0	0	0	1
1981	2	0	0	0	0	0	0	2
1982	1	0	0	0	0	2	1	4
1983	2	0	0	0	0	0	0	2
1984	1	0	1	0	0	0	0	2
1985	0	0	1	0	0	0	0	1
1986	1	0	1	0	0	0	0	2
1987	0	0	0	0	0	0	0	0
1988	4	0	0	1	0	2	0	7
1989	0	3	0	0	0	2	0	5
1990	2	1	2	1	0	1	0	6
1991	0	0	1	1	0	2	0	4
1992	3	0	2	1	0	2	0	8
1993	2	0	0	1	0	1	0	4
1994	3	1	0	0	1	0	0	5
1995	2	2	1	0	0	0	0	5
1996	1	4	0	0	1	0	0	6
1997	2	1	0	2	0	0	0	5
1998	0	0	0	0	1	0	0	1
1999	3	0	4	3	2	0	0	12
2000	3	0	0	1	0	2	0	6
Total	34	12	14	11	5	13	1	90

Table 5: Chinese Products currently subject to antidumping measures (till end of 2000)

Product	Year of Measures	Measures	Level
Artificial corundum	1997	Specific	204ECU/Ton
Bicycles	1997	Ad-valorem	30.6%
Coke 80+	2000	Specific	33.7ECU/Ton
Coumarin	1996	Specific	3.479ECU/Ton
Electronic weighing scales	2000	Ad-valorem	30.7%
Ferro-silicon-manganese	1998	Ad-valorem	58.3%
Fluospar	2000	Minimum price based	113.5%
Footwear (with textile uppers)	1997	Ad-valorem	49.2%
Footwear (with leather or plastic uppers)	1998	Minimum price based	5.7ECU/pair
Furfuraldehyde	1999	Specific	352ECU/Ton
Glyphosate	1998	Ad-valorem	48.0%
Handbags (leather)	1998	Ad-valorem	58.3%
Hot-rolled flat products of non-alloy steel	2000	Ad-valorem	8.1%
Lighters (non-refillable)	1995*	Specific	0.065ECU/lighter
Magnesium (deadburned)	2000	Minimum price based	120ECU/Ton
Magnesium (unwrought, unalloyed)	1998	Mixed	2622ECU/Ton; 63.4%
Magnesium oxide (caustic magnesite)	1999	Minimum price based	112ECU/Ton
Magnetic disks	1993*	Ad-valorem	35.6-39.4%
Peroxidisulphates	1995*	Ad-valorem	83.3%
Personal fax machines	1998	Ad-valorem	21.2-51.6%
Potassium permanganate	2001	Specific	1.26ECU/Kg
Powdered activated carbon	1996	Specific	323ECU/Ton
Ring binder mechanism	1997	Ad-valorem	51.2-78.8%
Sacks and bags (woven polyolefin)	1997	Ad-valorem	102.4%
Silicon Carbide	2000	Ad-valorem	52.6%
Silicon metal	1997	Ad-valorem	49.0%
Stainless steel fasteners	1998	Ad-valorem	13.6-74.7%
Steel ropes and cables	1999	Ad-valorem	60.4%
Televisions (colour)	1995*	Ad-valorem	44.6%
Tube or pipe fittings (malleable cast iron)	2000	Ad-valorem	49.4%
Tube and pipe fitting of iron or steel	1996	Ad-valorem	58.6%
Tungsten carbide and fused tungsten carbide	1998	Ad-valorem	33.0%

* Case reviewed and antidumping duty extended

Table 6: EU Complainants Identified in Cases involving Chinese Imports (1979- 2000)

Number of EU Complainants	1	1-2	1-5	1-10	>10
Percentage in total cases	25%	40%	70%	80%	5%

Table 7: Some Examples of the Number of EU Complainants and the Percentage of Production They Represented

Product	Number of Complaining Firms	Percentage of Total EU production
Hairbrush (1999)	11 firms	70%
Hot-rolled flat products (2000)	10 firms	77%
Malleable cast-iron tube (1999)	6 firms	100%
Coke 80+ (2000)	6 firms	80%
Paracetamol (1981)	4 firms	78%
Electronic weighing scales (1999)	3 firms	50%
Antimony trioxide (1992,1994)	5 firms	100%
Silicon carbide (2000)	4 firms	100%
Magnesite (caustic-burned) (2000)	4 firms	100%
Ring Binder Mechanism (1995)	2 firms	90%
Magnesite (dead-burned) (2000)	2 firms	62%
Furfural (1980)	4 firms	95%
Saccharin and its salts (1979)	1 firm	100%
Paracetamol (2000)	1 firm	100%
Calcium metal (1992)	1 firm	100%
Furfuraldehyde (1999)	1 firm	100%
Furazolidone (1993)	1 firm	100%
Coumarin (1996)	1 firm	100%
Unwrought magnesium (1993, 1997)	1 firm	100%
Yellow phosphorus (1999)	1 firm	100%
Glycine (1999)	1 firm	100%
Potassium permanganate (2001)	1 firm	100%
Cathode-ray TV picture tubes (1999)	1 firm	100%
Ferrosilicon manganese (1996)	7 firms	major
Tube or pipe fittings (1994)	6 firms	major
Photoalbums (1992)	5 firms	major
Gum-rosin (1992)	5 firms	major
Microwave ovens (1993)	4 firms	major
Activated powdered carbon (1994)	3 firms	major
Glyphosate (1998)	3 firms	major
Handbags (1998)	2 firms	major
Fax machines (1997)	2 firms	major
Refractory chamottes (1993)	2 firms	major

Table 8: Ownership of the Chinese Defendants Named in EU Antidumping Cases

Period	State-owned	Joint-ventures and Sole Foreign Funded
1979-1989	92%	8%
1990-2000	49%	51%

Table 9: The EU's Selection of Like Products and the Differences Proposed by Chinese Companies (2000-2001)

Product	Difference claimed	Considered by the EU?	Measures
Lamps	Life time	No	Provisional duty
Malleable Cast Iron Tubes	Grade	No	Provisional duty
Hot-rolled flat products	Quality	No	Provisional duty
Dead-burned magnesia	Quality	No	Definitive duty
Glycine	Grade	No	Provisional Duty

Table 10: Frequency of Analogue country Criteria used in AD cases against China between 1979-2000

Country	Frequency	Country	Frequency
USA	18	Brazil	3
South Korea	9	South Africa	3
India	8	Hong Kong	3
Turkey	6	Argentina	3
Japan	5	Spain	2
Taiwan	5	Yugoslavia	2
Thailand	5	Sri Lanka	2
Indoneasia	5	Austria	1
Mexico	4	Australia	1
EC	4	Poland	1
Norway	4		

Table 11: Frequency of Reasons for rejection of MES Treatment to Chinese Exporting Companies (1998 - 2000)

Related to State interference	
Wholly or majority state-owned	10
State interference as regards the	
Raw material sourcing	5
Setting of the salaries of workers	3
Tax rebates	1
Exports made through state-owned trader	3
Restrictions in its buying and selling activities	1
Land ownership	5
Accounting criteria not met	
Accounts not independently audited	7
International accounting standards were not respected	3
Financial situation and production costs distorted	2
Accounts and audit reports were not made public	1
Accounting record incomplete	1
Related to co-operation	
Did not cooperate	3
Information insufficient	3
Other	
Barter trade	5
Not producers	3

Table 12: Frequency of Injury Criteria Used in Antidumping cases Against China (1990-2000)

Injury Criteria	Number of cases	Average figure	Range of variation
Changes in:			
Imports	44	20.0%	15.1-1500%
Importer's market share	44	37.9%	2-372%
Price undercutting	44	34.8%	4-75%
EU price depression	44	29.9%	1-59%
EU market share	43	16.2%	5-55%
EU sales decrease	33	26.2%	5-55%
EU financial situation	31		
EU profitability	24	24.7%	
EU financial loss	4		small-heavy
EU expected financial loss	1		
EU employment	28	20.1%	
EU Job loss	4		20-19000
Exit of EU producers	7		1-88
EU quantity	14		
EU production	27	19.3%	8-33%
EU productivity	2	3%	
EU cost of production	4	5%	
EU capacity utilisation	16	8.8%	
EU stocks	6	37%	
EU cash flow	1	67.7%	
EU investment	7	16%	
EU return on sales	2		
EU overall performance	6		
Total numbers of cases investigated	44		

Table 13: Effects of Non-Imposition of Antidumping Measures cited in Community interest test

Year	Product	Effect of Non-imposition	Antidumping measure
1991.7	Micro disks	Existence	37%
1991.10	Magnsite (dead-burned)	Shut-down	120ECU/Ton
1991.10	Magnesite (caustic-burned)	Shut-down	112ECU/Ton
1992.5	Photo album	Cease production	19%
1992.7	Ferro-silicon	Disappearance	49.7%
1992.11	Calcium Metal	Continue to operate	2074ECU/Ton
1993.7	Furfuraldehyde	Disappearance	24%
1994.3	Peroxodisulphates	Shut-down	83%
1994.5	Coumarin	Shut-down	3479ECU/Ton
1995.2	Footwear	Disappearance	49.2%
1995.10	Glyphosate	Cease production	24%
1995.10	Ring binder mechanism	Disappearance	325ECU/Ton
1997.8	Unwrought magnesium	Disappearance	31.7% (2622ECU/Ton)
1999.4	Silicon carbide	Cease production	52.6%
1999.5	Malleable cast-iron tubes	Disappearance	49.4%
1999.7	Cathode-ray TV picture tubes	Shut-down	11%
1999.8	Hairbrush	Cease production	48.2%
1999.8	Glycine	Closure	45.9%
1999.9	Coke 80+	Disappearance	45.1%

Table 14: Dumping Margin, Injury Margin and Duty Level-China Cases

	Dumping Margin	Injury Margin	Duty Level
Average figure	50.4%	40.3%	41.2%
Range of Variation	11-138.7%	10-94.1%	10-102%

Table 15: EU-China Trade (in thousands of US \$)

	1980	1990	1998
EU Imports from China	1999	11355	49476
EU Exports to China	1901	5794	19297
Trade Balance			
EU-China	-98	-5561	-30179

Figure 1: EU Antidumping cases against China 1979-2000

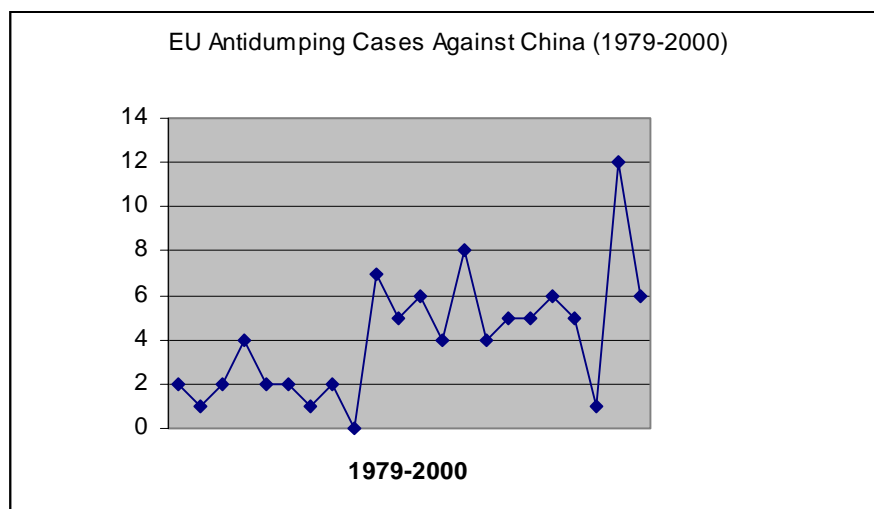
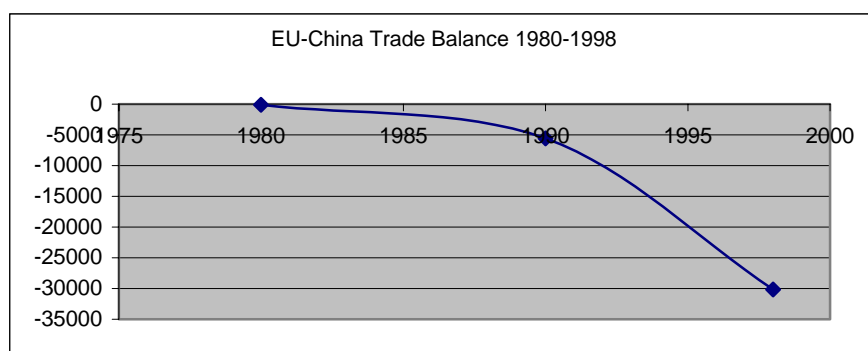


Figure 2: EU-China trade balance 1980-1998



References:

1. A. Boardman and A. Vining, (1989), "Ownership And Performance in Competition Environments: A Comparison Of The Performance Of Private, Mixed And State-Owned Enterprise", *Journal of Law and Economics*, 1989
2. S. Brown, (1988), "The People's Republic of China and US Unfair Trade Laws", *Journal of World Trade*, vol. 22, n° 4, p 74-94.
3. S. Brown and H. Deborah, (1990), "Centrally Planned Economy Vulnerability to Antidumping Protection", *Comparative Economic Studies*, vol.32, issue 4.
4. Commission of the EC, Annual reports on the Community's antidumping and antisubsidy activities.
5. P. Eeckhout, (1997), "European Antidumping Law and China", *European Integration online papers*, vol.11,n° 7.
6. G. Everaert and H. Vandenbussche, (2001), "Does Protection Harden Budgets Constraints ?", *LICOS Discussion Paper 8/2001*, Catholic University of Leuven (KULeuven), p 25.
7. T.W. Huang, (2002), "The Gathering Storm of Antidumping Enforcement in China", *Journal of World Trade*, vol. 36, n° 2.
8. B. Jacques and T. Steinert ,(1991), "Protecting Europe's markets", *China Business Review*, vol. 18, issue 4.
9. Q. Kong,(2001), "Enforcement of WTO Agreements in China illusion of reality", *Journal of World Trade*, vol. 35,n° 6.

10. J. Konings, (1997), "Competition And Firm Performance in Transition Economies: Evidence From Firm Level Surveys in Slovenia, Hungary and Romania", *CEPR Discussion Paper* , n° 1770, 1997
11. J. Konings, H. Vandenbussche and L. Springael (2002),"Import Diversion under European Antidumping Policy", *Journal of Industry, Competition and Trade*, 1:3, pp. 283-299.
12. R.W. McGee, (1998),"Antidumping and the People's Republic of China: five case studies", *Working paper* 98.2 of the Dumont Institute for Public Policy Research.
13. P.K.M. Tharakan (ed)(1991), *Policy implications of antidumping measures*, North Holland, p 292.
14. H. Vandenbussche, (1996), "Is European antidumping protection against Central Europe too high?", *Weltwirtschaftliches Archiv/Review of World Economics*, March, vol.132, pp. 116-138.1
15. E. Vermulst and F. Graafsma, (1992), "A decade of European Community Antidumping Law and Practice applicable to imports from China", *Journal of World Trade*, 26:3.