



Brussels, 17 November 2017  
(OR. en)

14264/17

---

**Interinstitutional File:**  
2016/0351 (COD)

---

CODEC 1795  
COMER 118  
WTO 273  
ANTIDUMPING 17  
IA 182  
PE 90

## INFORMATION NOTE

---

From: General Secretariat of the Council  
To: Permanent Representatives Committee/Council

---

Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2016/1036 on protection against dumped imports from countries not members of the European Union and Regulation (EU) 2016/1037 on protection against subsidised imports from countries not members of the European Union  
- Outcome of the European Parliament's first reading  
(Strasbourg, 13 to 16 November 2017)

---

## I. INTRODUCTION

In accordance with the provisions of Article 294 of the TFEU and the joint declaration on practical arrangements for the codecision procedure <sup>1</sup>, a number of informal contacts have taken place between the Council, the European Parliament and the Commission with a view to reaching an agreement on this dossier at first reading, thereby avoiding the need for second reading and conciliation.

---

<sup>1</sup> OJ C 145, 30.6.2007, p.5

In this context, the rapporteur, Salvatore CICU (EPP, IT) presented one compromise amendment to the proposal amending Regulation (EU) 2016/1036, on behalf of the Committee on International Trade. This amendment had been agreed during the informal contacts referred to above.

## II. VOTE

When it voted on 15 November , the plenary adopted the compromise amendment (amendment 22) to the proposal amending Regulation (EU) 2016/1036. The parliament also adopted 1 amendment to the draft legislative resolution (amendment 23).

The Commission's proposal as thus amended constitutes the Parliament's first-reading position which is contained in its legislative resolution as set out in the Annex hereto<sup>2</sup>.

The Parliament's position reflects what had been previously agreed between the institutions. The Council should therefore be in a position to approve the Parliament's position.

The act would then be adopted in the wording which corresponds to the Parliament's position.

---

---

<sup>2</sup> The version of the Parliament's position in the legislative resolution has been marked up to indicate the changes made by the amendments to the Commission's proposal. Additions to the Commission's text are highlighted in ***bold and italics***. The symbol "■" indicates deleted text.

## **Protection against dumped and subsidised imports from countries not members of the EU \*\*\*I**

**European Parliament legislative resolution of 15 November 2017 on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2016/1036 on protection against dumped imports from countries not members of the European Union and Regulation (EU) 2016/1037 on protection against subsidised imports from countries not members of the European Union (COM(2016)0721 – C8-0456/2016 – 2016/0351(COD))**

**(Ordinary legislative procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to Parliament and the Council (COM(2016)0721),
  - having regard to Article 294(2) and Article 207(2) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0456/2016),
  - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
  - having regard to the resolution of the European Parliament of 12 May 2016 on China's market economy status<sup>3</sup>,
  - having regard to the provisional agreement approved by the committee responsible under Rule 69f(4) of its Rules of Procedure and the undertaking given by the Council representative by letter of 11 October 2017 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
  - having regard to Rule 59 of its Rules of Procedure,
  - having regard to the report of the Committee on International Trade and the opinion of the Committee on Industry, Research and Energy (A8-0236/2017),
1. Adopts its position at first reading hereinafter set out;
  2. Takes note of the statements by the Commission annexed to this resolution;
  3. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
  4. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

---

<sup>3</sup> Texts adopted, P8\_TA(2016)0223.

**P8\_TC1-COD(2016)0351**

**Position of the European Parliament adopted at first reading on 15 November 2017 with a view to the adoption of Regulation (EU) 2017/... of the European Parliament and of the Council amending Regulation (EU) 2016/1036 on protection against dumped imports from countries not members of the European Union and Regulation (EU) 2016/1037 on protection against subsidised imports from countries not members of the European Union**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 207(2) thereof,

Having regard to the proposal from the *European* Commission,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure<sup>4</sup>,

---

<sup>4</sup> *Position of the European Parliament of 15 November 2017.*

Whereas:

- (1) By Regulation (EU) 2016/1036<sup>5</sup> *the European Parliament and the Council* adopted common rules for protection against dumped imports from countries that are not *Member States* of the Union.
- (2) *Article 2(7)* of Regulation (EU) 2016/1036 *constitutes* the basis on which normal value should be determined in the case of imports from non-market economy countries. In view of developments with respect to certain countries, it is appropriate that normal value be determined on the basis of Regulation (EU) 2016/1036 *as amended by this Regulation* with effect from [the date of entry into force of this amending Regulation]. In the case of countries which are, at the date of initiation *of an investigation*, not Members of the *World Trade Organization* (WTO) and listed in Annex I of Regulation (EU) 2015/755 *of the European Parliament and of the Council*<sup>6</sup>, normal value should be determined *in accordance with a specific methodology designed for those countries*. This Regulation is without prejudice to establishing whether or not any WTO Member is a market economy *or to the terms and conditions set out in protocols and other instruments in accordance with which countries have acceded to the Marrakesh Agreement Establishing the World Trade Organization done on 15 April 1994*<sup>7</sup>.

---

<sup>5</sup> Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union (OJ L 176, 30.6.2016, p. 21).

<sup>6</sup> Regulation (EU) 2015/755 of the European Parliament and of the Council of 29 April 2015 on common rules for imports from certain third countries (OJ L 123, 19.5.2015, p. 33).

<sup>7</sup> *OJ L 336, 23.12.1994, p. 3.*

- (3) In light of experience gained in past proceedings, it is appropriate to clarify the circumstances in which significant distortions affecting to a considerable extent free market forces may be deemed to exist. In particular, it is appropriate to clarify that this *is the case* when reported prices or costs, including the costs of raw materials *and energy*, are not the result of free market forces because they are affected by *substantial* government intervention. It is further appropriate to clarify that *when assessing the existence of significant distortions regard should* be had, inter alia, to the potential impact *of one or more* of the following *elements*: the market in question *being to* a significant extent served by enterprises which operate under the ownership, control or policy supervision or guidance of the authorities of the exporting country; state presence in firms allowing the state to interfere with respect to prices or costs; public policies or measures discriminating in favour of domestic suppliers or otherwise influencing free market forces;

*the lack, discriminatory application or inadequate enforcement of bankruptcy, corporate or property laws; wage costs being distorted; access to finance granted by institutions which implement public policy objectives or otherwise not acting independently of the state.*

- (4) *The Commission should produce, make public and regularly update reports on significant distortions, which could potentially result in an anti-dumping investigation, describing the market circumstances concerning those instances in a certain country or a certain sector. Such reports and the evidence on which they are based should be placed on the file of any investigation relating to that country or sector. In such investigations, interested parties should have ample opportunity to comment on the reports and the evidence on which they are based. When assessing the existence of significant distortions, relevant international standards, including core conventions of the International Labour Organisation (ILO) and relevant multilateral environmental conventions, should be taken into account, where appropriate.*

- (5) ***Costs are*** normally calculated on the basis of records kept by the exporter and producer under investigation. However, where there are ***direct or indirect*** significant distortions in the exporting country with the consequence that costs reflected in the records of the party concerned are artificially low, such costs may be adjusted or established on any reasonable basis, including information from other representative markets or from international prices or benchmarks. ***Domestic costs may also be used, but only to the extent that they are positively established not to be distorted, on the basis of accurate and appropriate evidence.***
- (6) ***When data are sourced in representative countries and the Commission has to establish whether the level of social and environmental protection in such countries is adequate, it is necessary for the Commission to examine whether those countries comply with core ILO and relevant multilateral environmental conventions.***
- (7) ***Where part of the costs for an exporter and producer is distorted, including where a given input is sourced from different sources, that part of the costs should be replaced by undistorted costs.*** In ■ light of experience gained in past proceedings,



it is appropriate to further clarify that, for the purposes of *determining the existence of significant distortions in a third country*, due account should be taken of all relevant evidence ■ regarding the circumstances prevailing on the domestic market of the *exporters and producers from that country*, which has been placed on the file, and upon which interested parties have had an opportunity to comment, *including an opportunity for those exporters and producers to conclusively show that their domestic costs are undistorted. Where available, such evidence includes relevant reports. Indications as to the existence of significant distortions may also be presented by all relevant stakeholders, including Union industry and trade unions. Such indications and the need to avoid any additional burdens for Union industry in using the anti-dumping instrument, in particular in view of the economic and trade specificities of small and medium-sized enterprises, should be considered when deciding on preparing or updating the relevant reports.*

- (8) With respect to the methodology used in the original investigation and to be used in the review investigation, Article 11(9) of Regulation (EU) 2016/1036 applies. In this context, it is appropriate to clarify that, when examining whether there is an indication that circumstances have changed, due account should be taken of all relevant evidence, including relevant reports regarding the circumstances prevailing on the domestic market of the exporters and producers and the evidence on which they are based, which has been placed on the file, and upon which interested parties have had an opportunity to comment.
- (9) *In the absence of* any other specific transitional rules regulating the matter, it is appropriate to provide for the application of this Regulation to all decisions on the initiation of proceedings, and to all proceedings, including original investigations and review investigations, initiated on or after the ... [date of entry into force of this Regulation], subject to Article 11(9) of Regulation (EU) 2016/1036. Furthermore, by way of specific transitional rule *for existing measures*, and having regard to the absence of any other specific transitional *rules* regulating the matter, ■ in the case of a transition from a normal value calculated pursuant to *Article 2(7) of Regulation (EU) 2016/1036* to a

normal value calculated *in accordance with the methodology set out in Regulation (EU) 2016/1036 as amended by this Regulation*, the original methodology should continue to *apply until* the initiation of the first expiry review following such transition. With a view to reducing the risk of circumvention of the provisions of this Regulation, the same approach should apply with respect to reviews conducted pursuant to Article 11(4) of Regulation (EU) 2016/1036. It is also appropriate to recall that a transition from a normal value calculated pursuant to *Article 2(7)* to a normal value calculated *in accordance with the methodology set out in Regulation (EU) 2016/1036 as amended by this Regulation* would not in itself constitute sufficient evidence within the meaning of Article 11(3) of Regulation (EU) 2016/1036. Such transitional rules should fill a lacuna that would otherwise risk generating legal uncertainty, provide a reasonable opportunity for interested parties to adapt themselves to the expiry of the old rules and the entry into force of the new rules, and facilitate the efficient, orderly and equitable administration of Regulation (EU) 2016/1036.

- (10) By Regulation (EU) 2016/1037<sup>8</sup>, the European Parliament *and the Council* adopted common rules for protection against subsidised imports from countries that are not *Member States* of the Union. Experience has shown that the actual magnitude of subsidisation is usually discovered during the relevant investigation. In particular, investigated exporters are frequently found to benefit from subsidies whose existence could not have been reasonably known before carrying out the investigation. It is appropriate to clarify that, when such subsidies are found in the course of any given investigation or review, the Commission should offer additional consultations to the country of origin and/or export concerned with regard to such subsidies identified in the course of the investigation. In the absence of specific transitional rules regulating the matter, it is appropriate to provide for the application of this Regulation to all decisions on the initiation of proceedings, and to all proceedings, including original investigations and review investigations, initiated on or after the ...[date of entry into force of this Regulation].
- (11) Regulation (EU) 2016/1036 and Regulation (EU) 2016/1037 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

---

<sup>8</sup> Regulation (EU) 2016/1037 of the European Parliament and of the Council of 8 June 2016 on protection against subsidised imports from countries not members of the European Union (OJ L 176, 30.6.2016, p. 55).

## Article 1

Regulation (EU) 2016/1036 is amended as follows:

(1) In Article 2, the following paragraph is inserted:

“6a. (a) In case it is determined, when applying this **■** or any other relevant provision of this Regulation, that it is not appropriate to use domestic prices and costs in the exporting country due to the existence *in that country* of significant distortions *within the meaning of point (b)*, the normal value shall be constructed exclusively on the basis of costs of production and sale reflecting undistorted prices or benchmarks, *subject to the following rules*.

*The sources the Commission may use include:*

- corresponding costs of production and sale in an appropriate representative country with a similar level of economic development as the exporting country, provided the relevant data are readily available; *where there is more than one such country, preference shall be given, where appropriate, to countries with an adequate level of social and environmental protection;*

- *if it considers appropriate, undistorted international prices, costs, or benchmarks; or*
- *domestic costs, but only to the extent that they are positively established not to be distorted , on the basis of accurate and appropriate evidence, including in the framework of the provisions on interested parties in point (c).*

*Without prejudice to Article 17, that assessment shall be done for each exporter and producer separately.*

The constructed normal value shall include *an undistorted and* reasonable amount for administrative, selling and general costs and for profits.

- (b) Significant distortions *are those distortions which occur* when reported prices or costs, including the costs of raw materials *and energy*, are not the result of free market forces *because* they are affected by *substantial* government intervention. In *assessing the existence of* significant distortions regard *shall* be had, *inter alia*, to the potential impact of *one or more of* the following *elements*:
- the market in question *being served* to a significant extent **■** by enterprises which operate under the ownership, control or policy supervision or guidance of the authorities of the exporting country;
  - state presence in firms allowing the state to interfere with respect to prices or costs;
  - public policies or measures discriminating in favour of domestic suppliers or otherwise influencing free market forces;
  - *the lack, discriminatory application or inadequate enforcement of bankruptcy, corporate or property laws;*
  - *wage costs being distorted;*
  - access to finance granted by institutions *which* implement public policy objectives *or otherwise not acting independently of the state.*

- (c) *Where the Commission has well-founded indications of the possible existence of significant distortions as referred to in point (b) in a certain country or a certain sector in that country, and where appropriate for the effective application of this Regulation, the Commission shall produce, make public and regularly update a report describing the market circumstances referred to in point (b) in that country or that sector. Such reports and the evidence on which they are based shall be placed on the file of any investigation relating to that country or sector. Interested parties shall have ample opportunity to rebut, supplement, comment or rely on the report and the evidence on which it is based in each investigation in which such report or evidence is used. In assessing the existence of significant distortions the Commission shall take into account all the relevant evidence that is on the investigation file.*
- (d) *When filing a complaint in accordance with Article 5, or a request for a review in accordance with Article 11, Union industry may rely on the evidence in the report referred to in point (c), where meeting the standard of evidence in view of Article 5(9), in order to justify the calculation of the normal value.*



- (e) *Where the Commission finds that there is sufficient evidence, pursuant to Article 5(9), of significant distortions within the meaning of point (b) of this paragraph and decides to initiate an investigation on that basis, the notice of initiation shall specify this fact. The Commission shall collect the data necessary to allow the construction of the normal value in accordance with point (a) of this paragraph.*

The parties to the investigation shall be informed ***promptly*** after initiation about the relevant sources that the Commission intends to use for the purpose of ***determining normal value pursuant to point (a) of this paragraph*** and shall be given 10 days to comment. For that purpose, interested parties shall be given access to the file, ***which shall include*** any evidence on which the investigating authority relies, without prejudice to Article 19. ***Any evidence regarding the existence of significant distortions may only be taken into account if it can be verified in a timely manner within the investigation, in accordance with Article 6(8).***”

(2) In Article 2, paragraph 7 is replaced by the following:

“7. In the case of imports from countries which are, at the date of initiation *of the investigation*, not members of the WTO and listed in Annex I of Regulation (EU) 2015/755 of the European Parliament and of the Council<sup>9</sup>, normal value shall be determined on the basis of the price or constructed value in *an appropriate representative* country, or the price from such a third country to other countries, including the Union, or where those are not possible, on any other reasonable basis, including the price actually paid or payable in the Union for the like product, duly adjusted if necessary to include a reasonable profit margin.

*The appropriate representative* country shall be selected in a reasonable manner, due account being taken of any reliable information made available at the time of selection, *and in particular of cooperation by at least one exporter and producer in that country. Where there is more than one such country, preference shall be given, where appropriate, to countries with an adequate level of social and environmental protection.* Account shall also be taken of time limits. Where appropriate, *an appropriate representative* country which is subject to the same investigation shall be used.

The parties to the investigation shall be informed *promptly* after its initiation of the country envisaged and shall be given 10 days to comment.”

---

<sup>9</sup> Regulation (EU) 2015/755 of the European Parliament and of the Council of 29 April 2015 on common rules for imports from certain third countries (OJ L 123, 19.5.2015, p. 33).

- (3) In Article 11(3), **the** following subparagraph is added **■** :

***“Where existing anti-dumping measures are based on a normal value calculated pursuant to the Article 2(7) as it was in force on [the day before the date of entry into force of this amending Regulation], the methodology laid down in Article 2(1) to (6a) shall replace the original methodology used for the determination of the normal value only from the date on which the first expiry review of those measures, after ... [the day before the date of entry into force of this amending Regulation], is initiated. In accordance with Article 11(2), those measures shall remain in force pending the outcome of the review.”***

- (4) In Article 11(4), the following subparagraph is added:

***“Where existing anti-dumping measures are based on a normal value calculated pursuant to Article 2(7) as it was in force on [the day before the date of entry into force of this amending Regulation], the methodology laid down in Article 2(1) to (6a) shall replace the original methodology used for the determination of the normal value only after the date on which the first expiry review of those measures, after [the date of entry into force of this amending Regulation], is initiated. In accordance with Article 11(2), those measures shall remain in force pending the outcome of the review.”***

(5) In Article 11(9), the following *subparagraph* is added:

“In relation to the circumstances relevant for the determination of the normal value pursuant to Article 2, due account shall be taken of all relevant evidence, including relevant reports regarding the circumstances prevailing on the domestic market of the exporters and producers and the evidence on which they are based, which has been placed on the file, and upon which interested parties have had an opportunity to comment.”

(6) *Article 23 is replaced by the following:*

“*Article 23*

***Report and information***

- 1. The Commission shall, with due regard to the protection of confidential information within the meaning of Article 19, present an annual report on the application and implementation of this Regulation to the European Parliament and to the Council. The report shall include information about the application of provisional and definitive measures, the termination of investigations without measures, reinvestigations, reviews, significant distortions and verification visits, and the activities of the various bodies responsible for monitoring the implementation of this Regulation and fulfilment of the obligations arising therefrom.***

2. *The European Parliament may invite the Commission to an ad hoc meeting of its responsible committee to present and explain any issues related to the implementation of this Regulation. It may also, inter alia on the basis of the report pursuant to paragraph 1 and the presentation and explanations referred to in this paragraph, communicate any relevant considerations and facts to the Commission.*
3. *No later than six months after presenting the report to the European Parliament and to the Council, the Commission shall make the report public.”*

#### *Article 2*

In Article 10(7) of Regulation (EU) 2016/1037, the following subparagraph is added:

“The Commission shall also offer consultations to the country of origin and/or export concerned with regard to other subsidies identified in the course of the investigation. In these situations, the Commission shall send to the country of origin and/or export a summary of the main elements concerning other subsidies, in particular those referred to in point (c) of paragraph 2. If the additional subsidies are not covered by the notice of initiation, the notice of initiation shall be amended and the amended version published in the Official Journal of the European Union. ***All*** interested parties ***shall be given additional and sufficient time*** to comment.”

*Article 3*

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

*Article 4*

This Regulation shall apply to all decisions on the initiation of proceedings, and to all proceedings, including original investigations and review investigations, initiated on or after the date on which this Regulation enters into force.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at ...,

*For the European Parliament*

*For the Council*

*The President*

*The President*

Commission declaration on transition

*The Commission recalls that the purpose of the new methodology is to maintain the continued protection of the Union industry against unfair trade practices, in particular those arising from significant market distortions. In that respect, the Commission will ensure that the Union industry incurs no additional burden when seeking protection under the anti-dumping instrument, in particular in the context of potential expiry reviews requests lodged after the entry into force of the new methodology.*

Commission declaration on Article 23 and interaction with European Parliament and Council

*The Commission shall inform the European Parliament and the Council whenever it intends to produce or update a report pursuant to Article 2(6a)(c) of the Basic Regulation. Where the European Parliament or the Council inform the Commission that they consider that the conditions for producing or updating a report pursuant to Article 2(6a)(c) of the Basic Regulation are met, the Commission will take the appropriate action and inform the European Parliament and the Council accordingly.*

Commission declaration concerning the reports pursuant to Article 2(6a)c of the Basic Regulation

*The Commission will swiftly make use of the possibility foreseen under Article 2(6a)c of the Basic Regulation to produce reports on significant distortions, so that interested parties have those reports at their disposal when preparing submissions to which Article 2(6a) of the Basic Regulation may apply. It will provide guidance to interested parties on the use of those reports.*

