

Joint Industry Statement on the need for more ambition in EU Trade Defence

Europe is at a critical juncture. Unfair trade practices and structural overcapacity/oversupply in non-market economies represent a growing threat to Europe's industrial backbone, affecting upstream to downstream sectors alike.

These distortive practices are often the result of state-led industrial policies, implemented through instruments such as direct subsidies and tax incentives. They enable state-supported producers to expand and sustain excess output, undermining European industry, which already faces high energy costs and ambitious environmental and regulatory requirements.

This creates an unlevel playing field and is one of the key drivers for the EU's flagging competitiveness. We are not asking the EU to protect us from competition. We are asking it to ensure that competition is fair.

The global trade order has significantly changed over the last few years, and WTO rules need substantial revision to fit the new geopolitical landscape. As the EU heavily relies on the WTO rules, it should play a key role in this revision.

In the meantime, however, a more effective and swift application of the EU's trade defence toolbox is urgently needed. While EU Trade Defence Instruments should remain targeted and subject to thorough processes, they should be applied with greater responsiveness to threats of material injury acting on clearly foreseen and imminent harm to Union industry, based on positive evidence, in line with the global shift in approach to trade policy. It should be recognised that many industries have seen an exponential increase in third-country import competition, yet are not even being considered for investigation due to the strict financial criteria on which the trade assessment framework is built.

We call on the European Commission to increase the effectiveness of the EU trade defence toolbox through the following actions:

- **Allocate sufficient staff to DG Trade's units conducting trade defence investigations:** DG Trade's trade defence services are severely understaffed, both in absolute terms and compared to the EU's main international partners. Reinforcing them is key to ensuring the EU's capability to defend itself against global trade distortions that are threatening the EU's industrial backbone. This is the key short-term action.
- **Need for speed: Use existing TDIs more flexibly, faster, and preventively.** It is fundamental to speed up trade defence investigations. There are substantial delays, particularly at the case initiation stage, where waiting times now extend over several months, leaving EU producers longer exposed to unfair practices. These come on top of already lengthy statutory investigation timelines. For sectors operating in fierce international competition, such delays risk having

irreversible consequences, including plant closures and permanent loss of industrial capacity and jobs. TDIs need to be implemented earlier and faster, addressing unfair trade practices before major injuries occur. To this end, the Commission should use the possibility of the existing laws to the fullest. This also includes addressing circumvention practices, further integrating environmental and social costs in the calculation of dumping margins and duties, and addressing threats that encompass entire value chains. A more integrated value chain approach in TDIs is crucial to avoid that measures imposed on one product simply shift the injurious trade to adjacent segments of the value chain — a 'whack-a-mole' effect — particularly in the case where foreign exporters are vertically integrated and also state-owned, and can thus benefit from extensive state support to produce significant volumes of products in each segment of the value chain. Where such distortions exist, the Commission should adopt a value-chain approach and initiate, where necessary, ex-officio investigations swiftly.

- **Consider a new instrument to address state-induced distortions and their spillovers:** State-driven distortions, in particular in non-market economies and an increase in investments by such countries in production sites in other regions have produced surges of underpriced exports externalising the costs onto EU industry. Given the variety of root causes, the EU should consider a dedicated, WTO-compliant instrument to address the unlevel playing field in a targeted manner.
- **Implement a more strategic use of the Foreign Subsidies Regulation (FSR):** The FSR is currently considered case-based since companies should notify specific acquisitions, mergers, procurement bids, etc., for Commission investigations on whether foreign financial contributions amount to distortive foreign subsidies affecting the EU internal market. Unlike traditional EU TDIs, the FSR operates primarily through case-specific reviews of transactions and procurement procedures. Considering a broader approach to case-by-case investigations would allow the European Commission to focus not only on individual transactions or procurement procedures, but also analyse judiciously established patterns of foreign non-market behaviour across sectors and value chains

Implementing these steps would be a start in the process to allow EU trade policy to support EU industry. In this regard, we call for more effective and assertive application of trade defence tools, taking into account the realities of today's global trading system.

List of Signatories:

