

T&D Europe Position Paper

On the European Commission anti-dumping proceeding concerning the imports of grain-oriented flat-rolled products of electrical steel (GOES) originating in the People's Republic of China, Japan, the Republic of Korea, Russian Federation and the United States of America.

Conclusions following the T&D Europe Hearings with DG Trade on 14 September and of 16 September 2015 with the Hearing Officer

Brussels, 23 September 2015

On 14 and 16 September 2015, T&D Europe¹ was given the opportunity to discuss with DG Trade the content of the final disclosure document of the European Commission dated 1 September 2015. On both occasions, the Commission Services confirmed their intention to maintain unchanged their proposal to impose definitive anti-dumping measures in the form of minimum prices covering the entire spectrum of GOES products subject to the proceeding.

Recalling its position paper of 10 September, T&D Europe wishes to make it abundantly clear that the proposal set out by the Commission in the final disclosure cannot be seen as a reasonable compromise but rather as the confirmation of the one-sided prioritisation of one EU steel producer's hypothetical future supply, over the competitiveness of the entire EU transformer industry. T&D Europe cannot see any remaining legitimate need for measures - with price levels in the EU that are well above the non-injurious levels established by the Commission itself, the EU GOES industry is no longer in an injurious situation and increasing shortages indicate that there is no need for any form of protective measures in the foreseeable future.

More importantly, the Commission's proposal fails to take into consideration the following fundamentally important concerns of the 25,000 worker strong transformer industry that is represented by T&D Europe:

- 1) The Union market is suffering from an unprecedented situation of ever increasing shortages due to the recent implementation of the Eco Design Directive, in particular with respect to the high grade products and there is no sign that these shortages will disappear in a reasonable future: **there is therefore no justification whatsoever to impose measures on GOES and in particular with respect to high grade products that should, in any event, be excluded.**
- 2) The MiPs currently proposed by the Commission are not set at a fair level of a truly non-injurious price, but rather reflect the unreasonably high production costs and inefficiency of the EU GOES industry. Setting the MiPs at these high levels will only remove the

¹ T&D Europe (www.tdeurope.eu) is the European Association of the Electricity Transmission & Distribution Equipment and Services Industry, which members are the European National Associations representing the interests of the electricity transmission and distribution equipments manufacturing and derived solutions. The companies represented by T&D Europe account for a production worth over € 25 billion EUR, and employ over 200,000 people in Europe.

remaining incentives for the European steel producers to improve their production processes. With the entry into force of the Eco Design rules (and the implementation of similar rules in other parts of the world), the EU and global markets for GOES are entering into a new period of stricter technical standards and considerable shifts in demand, which is likely to result in many changes, including changes in GOES prices around the world. Combined with prevailing instabilities in the global economy and the looming threat of new crises, the future development of the commodity markets, including the GOES market, is totally unpredictable. **It is therefore illogical to fix MiPs at levels that reflect the current situation and existing inefficiencies and shortages, but are intended to remain in place for a long period of time (5 years in the current proposal).** During this period of time, the European and global markets are likely to change and significant price changes may occur due to new technologies, increased efficiencies, cheaper feedstocks, etc. As a result, the EU transformer industry may suddenly become entirely uncompetitive because it is locked in to GOES prices that are out of line with world prices.

- 3) The dramatic and - by the Commission's own acknowledgement - increasing shortages of GOES justify at the very least an **immediate suspension of any form of anti-dumping measure**, no matter its duration, in order not to further disturb the supply chain for this crucial input product.

During the hearings of 14 and 16 September, T&D Europe recognised the ambition of the European Commission to find a mutually acceptable solution. In T&D Europe's view, in order to find such a solution, the Commission must find ways to reflect the abovementioned concerns of the transformer industry in any final measures that it chooses to propose. Only a truly balanced proposal can reassure the EU transformer industry sufficiently to continue to recognize the value of investing in future production within the Union rather than delocalizing to non-European countries.

T&D Europe remains at the Commission's disposal to discuss the conclusions and solutions presented above and, together with its members, will discuss these with the Member States.