

Anti Dumping investigation in the UK (2021) on Chinese imports of extrusions.

### **Legal aspects**

In 1973 the UK joined the EC (now EU). By then the UK was one of the only countries in Europe having expertise in trade defence remedies. In so far that UK officials were hired by the EC to educate the EU officials in trade remedies. I had the honour to know Neil McDonald, a former UK official who started working for the EC to introduce a system of trade defence for the whole EC. Neil passed by a few years ago. Since then the EU is the only responsible for trade remedies for all memberstates together, and thus on a European scale. In its methodology the EU will look into the impact of dumping practices on the EU market as a whole. There is legally no trade remedy possible on one memberstate level only!. The logic is that there is 1 market in EU with normal intra EU competition circumstances, creating a level playing field.

And then came Brexit. This is in fact a restauration of the situation for the UK as before 1973. The claim of importers that we should have stepped forwards before on a UK level, is thus complete nonsense. This was legally impossible.

It would also be an unforeseen precedent if the UK authorities would accept the claim of the importers. Because this would mean that if a case was not started before Brexit, it could not be opened anymore now. That would make the British toolbox of trade remedies obsolete.

### **Market trends in UK**

Already early years 2000 imports from China were substantial and growing in the UK. The main reasons were the growing market and the traditional cultural and economic relationships between UK + Hong Kong and China. And of course, because English is the business language. The remarkable fact is that only in the UK the production of extrusions showed a declining trend, whilst in other EU memberstates the production was still growing between 2000 and 2010. Even in the economic peak years 2004 and 2006/2007 production of extrusions was declining in the UK. The Chinese growing imports was the main cause.

You find attached some work I did just before the financial crisis. It compares per individual European country the shipments of extrusions on its market divided by domestic supply, imports from within Europe, and from outside Europe. For Western Europe, Domestic share in 2002 was 73%, and it declined to 65% in 2004, 62% in 2006; and 60% in 2008. Imports from outside Europe increased from 3% to 6%.

If we compare the UK situation: Domestic share moved from 74% in 2002 to 47% only in 2008! Imports from outside Europe moved from 5% to 21% already in 2008. These were mainly imports from China. The other big extrusion markets in Europe: Germany, France, Italy, Spain only had an import share from outside Europe of 4 to 5%. What a difference!

The UK extrusion market was always around 8% of the total EU market. Imports of Chinese extrusions in UK grew from around 25% towards 50%. Roughly the Chinese volume on a EU/European scale was only around 2 to 5%. The EU commission sees this often as minimum level to open an AD investigation. And the fact that it was almost only concentrated on British soil, made that the EU was not willing to step forward. It plays also that the UK government is know as very liberal, and far from keen to restore a level playing field. Also in this case my expectation is that they will defend less the domestic industry its interests as the EU.

What is so different in the extrusion industry in the UK now and 1 or 2 decades back ? The UK extruders hardly export anymore to other EU memberstates, and maybe even in general.

### **EAA/ European Aluminium efforts to step forwards**

From around the years 2010 onwards the Chinese started to export more and more extrusions to other memberstates too. The financial crisis created more and more excess capacities in China, also in extruded products. And the bad planned excess production in China moved into exports. The members of EAA started to develop taskforces with the goal to demonstrate the dumping practices of the Chinese on the EU market. The Chinese dumping practices were built on their experiences on the UK market before the financial crisis.

A first effort was done around the years 2011/2012 with Eurometaux in the lead. The taskforce consisted of Sapa/Constellium/Metra/Alumil..and the national aluminium associations of Germany, Italy, France and UK. This shows that the willingness was spread over Europe, from Sweden to Greece, and from UK to Germany. For the UK Alfred was presented , and I believe it was Mr David Harris or Mr Savage. For EAA, I was not involved, but the secretary General Mr de schrynmakers was present. I have still a good contact with him, so if you wish I can reach out to him for more details.

The effort was without an official complaint. The reasons for that I don't know.

In 2018 we tried a second effort as European Aluminium, but the threshold for the EC to open an investigation was too high. Basically they did not accept that our industry was suffering enough because of the Chinese dumping practices. The dumping practices were recognised, however. The main issue was that Sapa/Hydro restructured so drastically (see closures that Paul summed up) that the negative profits turned slightly positive during the investigation period (4 years). In the context of an AD case, we have shot in our own feet with the closures. Another explanation was that the import level of Chinese extrusions on EU scale was only around 4 to 5%, or the minimum that the EU expects before looking into a case.

Our third effort was the good one. A major difference was that the EC recognised that a big part of the so called Chinese structures were simple Chinese extrusions. And this clearly explained the big price pressure we felt since more than 10 years on our market in Europe. The EU investigation made it clear that the Chinese volumes were much bigger than was known before. So This should be carefully evaluated in the British case too. And of course the Chinese expanded their dumping practices all over the EU, with still a big focus on the UK. This is clearly proven by the outcome of the EU investigation. Since then AD measures are in place for 5 years.

### **Politics**

I saw that the UK prolonged the safeguard measures for certain steel products, as was inherited from the EU for several products where there is not even domestic production . This in the frame of the transition reviews. (see article below).

We were guided by the EU commission in 2018 when Trump installed the 232 measures towards AD complaints. Th steel industry however got safeguard measures, although the redirection from Chinese aluminium was as bad for us, as for the EU steel companies. The only difference was that steel got 25% 232 duties, and we "only" 10% in the US.

My point is that the UK government interferes in the market balances between competitive materials, as steel and aluminium, by keeping safeguard measures, even for a set of products where

there is no UK production existing, for steel. And not support trade remedies for aluminium. That is clearly not material neutral, and against market principles.

I can only recommend hard lobby work in the UK to make sure that traders don't win this battle.

If I can assist let me know.

I hope this is helpful.

Kr

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