

EUROPEAN PARLIAMENT CERAMICS FORUM

16th EPCF Plenary | 1 December 2015, Brussels

On 1 December 2015 the European Parliament Ceramics Forum (EPCF) met for its 16th Plenary meeting in Brussels. Co-hosted by EPCF Chairs MEP Paul Rübzig and MEP Inmaculada Rodríguez-Piñero, the event attracted over 120 participants from EU institutions, the ceramic industry and other stakeholders.

Trade, particularly the thorny issue of whether or not to grant China Market Economy Status, and climate, namely the carbon leakage protection in the reviewed EU Emissions Trading Scheme post 2020, featured on the agenda. Keynote speeches by MEP Antonio Tajani, European Parliament Vice-President, and Stefano Bonaccini, President of the Emilia-Romagna region, rounded out the event.

Co-hosted by EPCF Chairs:



MEP Paul Rübzig



MEP Inmaculada Rodríguez-Piñero



Held in the context of:



MEP PAUL RÜBIG, EPCF CHAIR

MEP Paul Rübzig opened the 16th Plenary by stating the importance of platforms like the EPCF which enable the industry and politicians to exchange views on key topics. He also welcomed MEP Inmaculada Rodríguez-Piñero as the first woman to Chair the EPCF and applauded her commitment to the ceramic industry.

MEP ANTONIO TAJANI, VICE-PRESIDENT EUROPEAN PARLIAMENT

MEP Antonio Tajani, former European Commissioner for Enterprise and Industry and EPCF Vice-Chair, called for a level playing field at global level in both trade and climate policies. Moreover, he emphasised that if the EU is to increase the industry's share of GDP to 20% by 2020, politicians must work with European industries like ceramics to find effective and sustainable measures to boost competitiveness.



On trade, Mr Tajani highlighted the crucial role that anti-dumping measures play in ensuring a level playing field between EU industry and the subsidised Chinese industry. China is not a market economy and does not play by the same rules as the EU. Granting China Market Economy Status would put millions of EU jobs at risk and endanger key sensitive sectors including ceramics but also steel, aluminium, paper and glass. MEPs must give a strong political message to the European Commission and Member States: no to MES for China.

When it comes to climate policy, European industry abides by different rules than competing countries such as China, Russia and the US. A global agreement is needed in order to both combat climate change and avoid putting European industry at a competitive disadvantage. It is important to pursue a balanced approach to the Emissions Trading Scheme reform by awarding full free allocations to best performers. To ensure the competitiveness of EU industry carbon and investment leakage must be avoided.

The impact on jobs and growth should be principal concern when EU addresses issues such as granting MES to China or fighting against climate change. Because without industry, the EU has neither growth nor jobs.

EU TRADE DEFENCE INSTRUMENTS AND THE NON-MARKET ECONOMY STATUS (MES) OF CHINA

EPCF member **MEP Jude Kirton-Darling** chaired the panel on China's Market Economy Status (MES), highlighting the importance of this decision for Member States and the European Commission in 2016. Member States should use this opportunity to push for a common approach to an efficient trade defence instruments (TDI) system and ensure EU industry not only maintains but also creates jobs.



MEP Inmaculada Rodríguez-Piñero, EPCF Chair, shared her view that MES is not automatic and China does not meet the necessary EU criteria to be considered a market economy. In addition to facing high energy costs, EU industry is challenged by China's unfair trade practices and social, labour and environmental dumping. To ensure a level playing field, the EU needs effective anti-dumping measures based on a methodology that fairly compares China's export prices with its domestic prices. Moreover, the EU should be equipped with a strong and effective TDI system accessible to SMEs that ensures fair competition for the European industry and reciprocity. She concluded that diverging views should not prevent the EU from speaking with one voice.

Leopoldo Rubinacci, DG Trade Director Trade Defence, confirmed that TDI are very important for individual industries and companies. Two measures on ceramics presently cover more than 100,000 jobs and one new case is under investigation. Current non-market economy treatment of China shields a large number of EU jobs from unfair competition. Nevertheless, the existing system for calculating anti-dumping measures allows Chinese producers to request to be treated differently if they operate under market economy conditions. Certain specific WTO provisions concerning China expire in December 2016. If there is change in the calculation method then the EU would need to change its basic anti-dumping regulation. The European Commission has not taken a decision yet and is considering three options: do nothing, remove China from the list of non-market economies in the EU legislation, or changing the methodology to ensure that the EU can continue to combat the main distortions on the Chinese market.



Ines Van Lierde, spokesperson for industry alliance AEGIS Europe, called for strong and efficient trade defence instruments in the EU. The alliance represents about 30 associations from raw materials, commodities to consumer end products, which together generate over €500 billion in annual turnover and millions of EU jobs. The debate on China's MES is of utmost importance for EU industry as close to 80% of all anti-dumping measures in force address unfair trade from China. Following a request from the European Commission for comprehensive employment data, the industry commissioned an independent economic expert to evaluate the impact on jobs if China were granted MES prematurely. The study found that between 1.7 and 3.5 million EU jobs would be at risk. As this is the only available economic study, the industry expects the Commission to respect the Better Regulation principles and conduct a full impact assessment.



The debate on MES addresses a technical and legal issue. Technically, China is a centrally-planned economy and meets only one out of the five EU criteria to be considered a market economy. Legally, China's WTO Accession Protocol does not oblige countries to grant it MES, particularly as China has not fulfilled its WTO commitments. EU industry firmly hopes that the methodology will not change until China has met the criteria and that the burden of proof will remain on China.



Cerame-Unie President **Alain Delcourt** stressed that the ceramic industry, 80% composed of SMEs and providing 200,000 direct jobs, is an important contributor to the EU's economy. Currently half of the European ceramic jobs are being defended by anti-dumping measures and would be at risk if China were granted MES. Tackling unfair trade with effective anti-dumping measures can therefore have a major impact on the European industry and thereby its economy. This was clearly shown in the ceramic tiles case where imports from China dropped by 65% once anti-dumping measures were established in 2011. In the absence of such measures, the tableware sector saw China's market share in the EU boom from 22% in 2004 to 67% in 2011, leading to the loss of 33,000 direct jobs. Policymakers should not ignore the economic reality. The anti-subsidy instrument cannot act as a substitute for the anti-dumping instrument as it will not be able to address unfair trade practices – especially for SME sectors like ceramics.

Before making any proposal, EU policymakers should conduct a full impact assessment and ensure the continued efficiency of the EU's trade defence instruments, in particular for SMEs. Not only should the question of China's MES be addressed in coordination with major trade partners, it should be considered in the context of the TTIP negotiations to avoid redirecting Chinese exports from the US to the EU.

THE POST-2020 EU EMISSIONS TRADING SCHEME IN THE CONTEXT OF COP21

The second panel addressed the post-2020 EU Emissions Trading Scheme (ETS) in the context of the climate negotiations in Paris (COP21). EPCF Chair **MEP Paul Rübzig** moderated the panel consisting of a range of speakers from the European Commission, Council Presidency and the European Parliament as well as industry. The discussion focussed on the proposal for the EU ETS review published by the Commission in July, which could carry significant implications for the ceramic industry.



Hans Bergman, DG CLIMA Head of Unit, underlined the importance of the ceramic sectors for the EU's economy and jobs and the need to combine climate action with economic growth in the EU. He explained the content of the Commission's proposal for the ETS review and the proposed rules for phase IV (2021-2030). The Commission's intention is to keep the free allocation and consequently the carbon leakage protection measures until 2030. The coming legislative debate will be mostly about the details of sharing these free allowances.



Christophe Hansen, Environment Attaché from the Permanent Representation of Luxembourg to the EU (and Council Presidency), admitted that the discussions are still at an early stage and that it is impossible to give the Council's position right now. The outcome of the global climate negotiations in Paris will play a crucial role in the results of the ETS review negotiations.

MEP Ivo Belet, EPP shadow rapporteur on the EU ETS reform, stressed that a "tangible" agreement is needed in Paris, also to ensure a robustness of the ETS system. Post-2020 ETS reform is vital and the system should be kept market-based. The carbon leakage measures should be maintained as they are crucial for sectors at risk and for those that cannot pass-through carbon costs. The system must ensure that the most exposed are truly protected and ETS itself should also be simplified.



EPCF member **MEP José Inácio Faria** agreed on the need for carbon leakage risk protection for the industry. The economic crisis in Europe in recent years affected the functioning of the EU ETS to a large extent. Europe should not be alone in paying the price for the environment: there is a need for a global climate agreement.



Dr Heimo Scheuch, Vice-President of Cerame-Unie and CEO of Wienerberger AG, stated that the EU's industry fights every day to keep jobs in Europe, despite labour and energy costs making it difficult to compete internationally. To continue this fight, European industry requires a global level playing field with external competitors. EU companies contribute significantly to the EU's economy in terms of employment, investment and innovation. In ceramics, the global best performers and world leaders in their sectors are European and should be encouraged to stay and produce in Europe. All sectors exposed to the risk of carbon leakage need a full protection and long term legislative stability in order to incentivise investment. In particular, the carbon leakage risk assessment should be flexible, particularly regarding qualitative criteria, and enable a comprehensive assessment of the risk for each sector.

STEFANO BONACCINI, PRESIDENT EMILIA-ROMAGNA REGION

Stefano Bonaccini, as President of the Italian region of Emilia-Romagna, recognises the importance of investing in manufacturing sectors like the ceramic industry owing to its benefits in terms of employment and innovation. The region, partly thanks to European funds, is therefore investing in infrastructures linking the ceramic district in Sassuolo with the motorway.

The EU needs to be vigilant and fight unfair trade practices like dumping. Anti-dumping measures are essential to ensure that industry is able to compete on a level playing field with countries like China. The EU must therefore not grant Market Economy Status (MES) to China while it is still a centrally-planned economy, otherwise it will be unable to use the anti-dumping tool to promote fair competition. In addition to TTIP, which represents an opportunity for a free trade agreement between the EU and the US, "Made in" labelling is very important for the Emilia-Romagna region considering the volume of high quality products exported around the world.



MEP INMACULADA RODRÍGUEZ-PIÑERO, EPCF CHAIR

After summarising the outcomes of the debates, MEP Inmaculada Rodríguez-Piñero thanked MEP Rübzig for co-hosting the 16th Plenary and expressed her eagerness to work together to defend European industry. She is proud to be the first woman to Chair the EPCF, a unique platform enabling an exchange between decision-makers and industry leaders on all key policy issues.



The European Parliament Ceramics Forum (EPCF), which dates back to the 1994-1999 Parliament, is a cross-party discussion group whose aim is to facilitate dialogue between the European institutions and the ceramic industry on all relevant policy developments. EPCF participants include Members of the European Parliament, decision-makers from the ceramic industry and representatives of European trade unions. The European Commission actively supports the Forum and officials regularly attend the meetings to provide updates on current and forthcoming issues. For more information, visit www.epceramicsforum.eu and www.cerameunie.eu.