

English summaries

Dispute on China's economy status in the context of Polish market protection

Łukasz Sarek

In June, the WTO panel, established at China's request to examine a complaint against the EU, issued a statement about the suspension of its proceedings. The dispute concerned the EU's refusal to grant China market economy status and the continued application of elements of "price comparability" in anti-dumping proceedings involving Chinese imports. According to China's accession agreement, the WTO members were, subject to certain conditions, permitted to use a methodology not based on a strict comparison with domestic prices or costs in China. Beijing claims that those provisions should automatically expire in December 2016, 15 years after the date of China's accession to the WTO. The EU authorities continued to determine the normal value of imports from China on the basis of a special calculation methodology, unless the producer establishes that he operates under market economy conditions. The new rules, implemented in December 2017 by the EU authorities, practically continue this practice. They also greatly facilitate claims brought by the EU producers that seek protection from the unfair Chinese competition. The burden of evidence collection has been significantly diminished as the EU producers can use the information included in the special report on the China's economy distortions procured by the EU itself. China's claim also included the new EU rules.

The panel was suspended at China's request. Since April, media have reported that the panel leans towards the decision largely unfavourable for Beijing. The Chinese authorities preferred this solution rather than the public presentation of the evidence gathered during the proceedings and conclusions from panel experts rejecting Chinese claims. The Chinese authorities are aware that they are unable to prove that the Chinese economy operates within the market economy framework, so their claim was based only on the literal interpretation of certain provisions included in the accession agreement. It seems possible that panel experts interpreted the agreement provisions in a broader context. After a 12-

month suspension, the proceedings will be automatically terminated. The Chinese side can request the proceedings to reopen at any time and as the panel's decision has not been officially communicated yet, its final shape can be to some extent different from the media reports. The Chinese request, however, is already a significant success for the EU authorities as they can continue their application of the new provisions favourable for the European producers in accordance with the WTO rules and spirit.

The list of anti-dumping and anti-subsidy EU proceedings concerning imports from China is quite long. The majority of these investigations also concern Polish manufacturers of goods as varied as bicycles, ceramic tableware, kitchenware, ironing boards, ferro-silicon, threaded tube or pipe cast fittings and hot-rolled steel sheet piles. In 2018, the value of imports to Poland from China in the groups of goods under the ongoing anti-dumping and subsidy investigation totaled around 210 million USD (115 million USD under review proceedings and 95 million USD under new investigation).

If the proceeding before panel is automatically terminated or if it resumed, but the panel's decision is favourable for the EU, then it is possible that the number of claims against the Chinese imports brought to the European Commission increase. The number of investigations and the further engagement of European manufacturers will depend on: 1) the extent of further unfair competition from Chinese manufacturers, fuelled by the illegal support granted by the Chinese authorities; 2) the intensity of trade frictions between Beijing and Brussels and other European capitals; 3) further facilitation of the access to the Chinese market for the European companies and easing of conditions of operations in China; 4) the effective protection from the Chinese retaliation that will be granted to European claimants in anti-dumping and anti-subsidy proceedings.

The implications of the recent meetings in Jerusalem, Manama and Vienna for Iran

Łukasz Przybyszewski

In June, we witnessed three meetings which will have important consequences for the Iranian actions in the Middle East, namely: 1) the trilateral Israeli-American-Russian talks in