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Non-Confidential

**Comments regarding the Statement of Essential Facts on the transition review of
countervailing measures on imports of certain continuous filament glass fibre
products originating in the People's Republic of China (TS0009)
Submission of GOC**

On 20 April 2022, The UK Trade Remedies Authority (TRA) released the Statement of Essential Facts (SEF) on the transition review of countervailing measures on imports of certain continuous filament glass fibre products (GFR) originating in the People's Republic of China (TS0009), the Government of the People's Republic of China (GOC) would like to submit the following comments.

1. The maintenance or application of the EU measures by the UK lacks legal and factual basis.

The Brexit is that the UK withdrew from the EU, rather than the EU was split into different entities or replaced by a succeeding entity. The very act of exit from the EU by the UK released the UK from all its rights and obligations as a former member state of the institution so the UK cannot inherit the EU's rights and obligations in terms of treaties or the EU's trade remedy measure (EU measures). Similarly, the UK has no right to maintain the international agreements concluded by the EU as a contracting party. It is null and void for the UK to maintain or continue to apply the EU measures purely on the ground of its domestic legislation. The EU stated that all its trade measures in force no longer applied to the UK after the Brexit transition period. There are no international law or WTO rules authorizing the UK to maintain or apply trade remedy measures of other WTO members.

Countervailing duties may only be imposed pursuant to investigations initiated and conducted in accordance with the provisions of the Agreement on Subsidies and Countervailing measures (SCM). It is inconsistent with Article 10 of the SCM that the UK directly applies the EU measures without WTO-compliant investigations. The EU existing measures are imposed based on the EU's trade remedy legislation as well as information and data from the 28 countries rather than that of the UK market only. The maintenance or application of the EU measures by the UK lacks factual basis. It is inconsistent with the UK domestic law, SCM, WTO rules, spirit of procedural justice that the UK maintain the EU's measures which are based on the EU investigation data after 1 January 2021.

The initiations of the transition review of the countervailing measures on GFR and all other transition reviews so far are inconsistent with the ADA or SCM. These transition reviews should be conducted as *ab initio* WTO-compliant investigations. The lack of disclosure of the information received in the Call for Evidence and the initiation of these transition reviews and the failure of demonstration of whether the application has been made by the domestic industry are inconsistent with related provisions of the ADA or SCM.

GOC would like to reiterate its request that all the on-going transition reviews including the countervailing measure on GFR be terminated and that all measures in force emanating from the EU measures be terminated with duties levied since 1 January 2021 refunded.

2. The comments regarding the SEF on TS0009

Without prejudice to the above position, GOC would like to submit the following comments on SEF.

2.1 There is no likelihood for China's export of certain continuous filament glass fibre products to the UK at subsidized price.

SEF shows that TRA did not have sufficient information to calculate the countervailing amount or analyze the likelihood of subsidy on exporter basis, but on a countrywide basis. It should be pointed out that we believe whether the measures sufficiently offset the subsidy cannot be judged by whether goods have continued to be imported from China with countervailing measures in place. Countervailing measure is to eliminate the impact of subsidy on import price, rather than reduce or even completely hinder import.

In addition, TRA intends to maintain EU measures in this transitional review, which is essentially that TRA uses the conclusions of analysis of subsidy schemes and calculation of countervailing amount, injuries and causal links in the EU countervailing case on GFR as facts available. However, it is obvious that the data basis during the POI of this transition review on analysis of subsidy schemes and calculation of countervailing amount, injuries and causal links are significantly different, as well as the volume and price of products exported to the UK.

At last, we note that during the POI, China's exports of GFR chopped strands to the UK accounted for only 0.01% of its total export volume, and the price was as high as 1302 USD/mT, while China's exports of GFR rovings to the UK accounted for only 0.6% of its total export volume, with price as high as 1021 USD/mT. The UK is not the main target export market for China's export of GFR, and the export price is much higher than that of products to the third countries. It is our view that there is no likelihood for China's export of GFR to the UK market at subsidized price.

2.2 The injury of the UK domestic industry is mainly caused by other factors such as the decline of domestic demand and imports from the third countries.

SEF shows that during POI demand for GFR in the UK fell by 16%, the domestic market share of the volume of imported products from China in the UK fell by 22%, accounting for only 5% - 10% of the domestic market share in 2020. In the mean time, despite the impact of the COVID-19, the domestic market share by volume of import products from non-EU countries (excluding PRC) in the UK raised by 37%, while the imports from other countries accounted for 85%-90% of the market share in 2020. Therefore, the injury of domestic industry in the UK is mainly caused by the above factors, and has nothing to do with imports from China.

3. Conclusion.

The maintenance or application of the EU measures by the UK lacks legal and factual basis. The initiation and on-going transition reviews are inconsistent with the ADA or SCM. TRA shall conduct the on-going and any other such review as *ab initio* WTO-compliant investigations. There is no likelihood for China's export of GFR to the UK market at subsidized price. The injury of the UK domestic industry is mainly caused by other factors such as the decline of domestic demand and imports from the third countries. GOC would like to reiterate its request that all the on-going transition reviews including the countervailing measure on GFR be terminated and that all measures in force emanating from the EU measures be terminated with duties levied since 1 January 2021 refunded.