

Ladies and Gentlemen,

Let me start by thanking the Commission Services for allowing us to present our views this morning. I would also like to express our gratitude to the Commission Services for having granted us the opportunity of outlining our arguments at an earlier hearing that took place on the 20th of June this year.

The reason that brings this high-level delegation of CCCLA here today is our wish to express our concerns caused by the current anti-dumping investigation on ceramic tableware and kitchenware from China and to provide the Commission Services with some additional background information.

As a general point, CCCLA strongly denies that Chinese imports of ceramic tableware and kitchenware have caused any injury to the European industry and therefore vigorously opposes the imposition of any anti-dumping measures on imports of tableware and kitchenware from China.

China has been supplying the European market for thousands of years with a signature product that is even named after our country. Now, a small and unrepresentative number of European manufacturers is trying to close the European market by unfairly imposing duties that will only work to the detriment of Chinese producers, European importers and European consumers.

I consider it worth reminding this gathering that fine porcelain was once China's defining export product to Europe. Even nowadays, the EU still imports around 500 million kg of Chinese ceramic tableware every year, thereby, according to Eurostat data for 2011 supplying around 60% of EU's total demand.

China does not merely export one type of product to the EU. Exports are diverse, covering various types of ceramics and porcelain, with often distinguishable characteristics.

The imposition of any anti-dumping measures will therefore have serious consequences for the tableware sector. Obviously, Chinese producers, and the Chinese tableware industry is an industry characterized by the presence of many small and medium sized enterprises will suffer. However, given the present market share of Chinese imports, the imposition of anti-dumping duties on Chinese tableware would have negative consequences for European importers and European consumers. Indeed, anti-dumping duties will result in EU importers having to source from alternative sources. That this will not be easy, if not impossible, as is witnessed by statements by many European that have actively participated in the proceeding that the European tableware industry is, by no means, able to provide them with products with the same speed and flexibility as does China. In fact, there is even evidence on the file that EU producers simply refuse to supply EU importers that are currently buying from China.

Given that it is impossible for the EU industry to meet the demand on the EU market, the imposition of anti-dumping measures will result in increased prices. While this may be good for EU producers, it will ultimately be the consumers that will carry the burden. Given the current economic crisis the EU is currently going through, it would be irresponsible to burden consumers even more by imposing price increases on them to protect EU producers that appear to not even being injured.

Moreover, it appears that the conditions for the imposition of anti-dumping measures are not even met since publicly available data do not support any allegations of injurious dumping to European producers.

Indeed, in recent years the prices of Chinese imports have clearly risen and the volume of Chinese imports has decreased, yet, at the same time some EU producers are claiming they are being injured. In fact, it seems that the EU industry has been doing rather well since 2009 with substantial increased in production, sales and profit and, as can be observed from press articles, continues doing excellent. In an April 2012

press article in the Sentinel, for example, Chief Executive Kevin Oakes of Steelite described the company's performance as "outstanding".

In addition, there appears to be a lack of a causal link between the development of Chinese imports, both in volume and price, and the situation of the EU industry. As already mentioned before, prices of Chinese imports have risen and import volumes have decreased over the past years, yet part of the EU industry claims it is being injured.

Clearly, such declining imports from China and increasing prices, cannot be the source of any injury part of the EU industry may be suffering. Other factors, such as a decrease in demand on the EU market and export markets due to the financial and economic crisis; changes in consumer preferences whereby younger generations are far less willing to spend money on expensive high-quality tableware; over optimistic investments at an ill-timed moment, *i.e.* 2008, right before the economic and financial crisis; and increasing imports of Turkish products.

Moreover, the European table- and kitchenware industry is characterized by anti-competitive practices. In 2010, for example, fines amounting to over 600 million EUR were imposed by the European Commission because of a cartel on the Belgian, German, French, Italian, Dutch and Austrian markets. Similarly, in 2011, the Bundeskartellamt launched an investigation due to suspicions of collusion on the German tableware market. VKI, the Verband der Keramischen Industrie, one of the main three associations supporting the present investigation, is one of the entities under investigation.

CCCLA trusts the Commission Services will carry out this investigation as an objective investigating authority and that all the information and evidence presented by CCCLA will be taken into account when determining whether there is injurious dumping. In this respect, CCCLA wishes to thank the Commission Services for already having taken on board CCCLA's objections to the proposal of Russia as an analogue country and for having decided that Brazil will now be used as the reference country.

At the same time, however, CCCLA is concerned about some procedural aspects pertaining to the present investigation that negatively affect CCCLA's rights of defence.

First, by pre-selecting the sample of EU producers prior to the initiation of the investigation, the Commission has not only exceeded its prerogatives but has also in effect allowed the Complainants to select the sample itself as best suits its own interests. Moreover, as the WTO Panel found in *EC – Footwear*, such a pre-selection whereby non-complainant producers are excluded might well result in a sample that is not sufficiently representative.

Second, the secretive manner in which the entire investigation has been carried out is also a matter of great concern for us. The names of the Complainants and, more importantly, the sampled EU produces have not been disclosed to interested parties. This generates great uncertainty for all interested parties in this investigation. The granting of confidentiality for EU companies means that CCCLA is effectively impaired from commenting on the standing of the Complainants (for example whether they import themselves from China) and analysing the representativity of the sample of EU producers. Additionally, we cannot analyse whether or not the sampled producers are indeed materially injured. Furthermore, the lack of disclosure of their names can only heighten our suspicions regarding collusive behaviour by European companies.

Ladies and Gentlemen, this delegation sincerely hopes that the Commission Services takes full account of all our concerns. I would like to kindly thank once again the Commission for allowing us to present our views.

Thank you very much for your attention.

Li Wenfeng