

Fighting for fairness: stepping up trade defence and coercion deterrence to shield Europe's industrial base from unfair competition

Executive summary

Europe's technology industries rely on open trade as a key source of growth and prosperity. At the same time, we face growing import pressure (primarily from China), fuelled by structural state-induced distortions, overcapacity and unfair subsidisation. We therefore urgently call for the following measures to restore a level playing field for our industries:

- **Strengthen Europe's industrial base as the first line of defence** by improving framework conditions for competitiveness – including regulatory simplification, affordable and secure energy, innovation and investment support, a deeper single market, and open trade diversification.
- **Make greater and broader use of Anti-Dumping (AD) and Anti-Subsidy (AS) measures**, including by broadening their product scope, addressing circumvention risks and allocating more resources to DG TRADE to ensure faster and more effective investigations.
- **Apply a full value chain approach**, so that new measures do not undermine downstream manufacturers' competitiveness.
- **Exercise restraint in the use of safeguard measures**, which restrict imports from all countries in principle, generate a significant administrative burden, and risk harming trusted trade and FTA partners.
- **Develop new EU trade defence tools** to overcome the limits of existing AD/AS measures and reduce the burdens for companies associated with making a case for AD/AS measures, including:
 - an automatic framework for the imposition of AD duties on selected goods originating from countries presenting significant distortions, with reversal of the burden of proof
 - a 'European Section 301' enabling broad and swift countermeasures against systemic unfair practices.
- **Step up market surveillance and enforcement of EU product legislation** to ensure imported products comply with EU technical and safety requirements.
- **Build credible coercion deterrence** to create leverage and reduce the risk of other countries weaponising the EU's existing dependencies to harm Europe's industrial base.
- **Foster cooperation and alignment with European partner countries** that are economically and institutionally closely integrated with the EU (such as Norway, Switzerland and the UK), and work together in a spirit of reciprocity and shared commitment to create deeper, open and mutually beneficial relationships.

Introduction

The EU's openness and integration in global value chains remains a major driver of economic growth and prosperity. **International trade accounted for 21.4% of the EU's GDP in 2024** – higher than in other major trading powers such as China (18.8%) or the US (12.8%). Moreover, more than one in six jobs – over 15% of total EU employment – depend on exports to third countries. To continue to be a driving global force for rules-based, free and fair trade together with promoting development and commercialisation of new technologies is key for the future of the EU.

However, in recent years the EU's openness has also become a clear **source of vulnerability**. **The international rules-based order is progressively eroding** and major international trading partners such as the US are implementing unilateral policies to aggressively pursue their own strategic interests. Our industries are particularly exposed to growing pressures from unfairly priced Chinese imports resulting from systematic and disproportionate levels of subsidisation. Technology companies also experienced unprecedented supply chain disruptions due to Chinese restrictions on Critical Raw Materials (CRM) exports. **The EU must therefore make more effective use of, and strengthen, existing tools, while also adopting new tools to become more competitive, resilient and assertive on the international stage.**

The new geopolitical environment requires **decisive EU action to step up trade defence** to restore fairness and a level playing field for European industry and **build credible deterrence** against potential economic coercion by trade partners.

Europe's best defence against unfair competition and economic coercion: a favourable business environment that supports its industrial base

Whenever European industries are confronted with dumped or subsidised imports, Trade Defence Instruments (TDIs) can play an important role in restoring fair competitive conditions. However, even when well-designed and effectively enforced, TDIs or deterrence tools cannot, on their own, offset the massive structural domestic disadvantages that hamper the competitiveness of Europe's manufacturing and industrial base: for example, an excessive regulatory burden, high energy prices, employee and skills shortages, and other persisting barriers in the EU's single market or one-sided industrial policy approaches.

Building a favourable business environment that supports a highly competitive industrial base remains the EU's best defence against unfair competition and economic coercion. To achieve this, EU policy should focus first and foremost on **improving the framework conditions that determine whether our industries can compete, invest and scale up in Europe. As a matter of priority, EU policy should focus on:**

- Simplifying regulation and reducing the administrative burden;
- Supporting innovation and industrial investment;
- Improving access to affordable and secure energy and charging infrastructure to enable electrification;
- Deepening the single market;
- Pursuing an open trade policy that allows European companies to diversify value chains and improve their access to global markets;
- Developing integrated EU policies that strengthen the competitiveness of *entire* industrial value chains, rather than supporting the competitiveness of upstream sectors at the expense of downstream industries;
- Reviewing and adapting existing policies such as the Carbon Border Adjustment Mechanism (CBAM) and the phase-out of free allowances under the Emission Trading Scheme (ETS), to mitigate the considerable increases in manufacturing costs that they generate for our industries.

Fighting for fairness: restoring a level playing field for Europe's industry

Focus EU trade defence on addressing unacceptable distortions from unfair competition

Europe's technology industries face **growing pressure from imports from China that systematically benefit from structural state-induced distortions, overcapacity and subsidisation**. This often translates into unfairly low prices on the EU market.¹ A recent OECD report found that China subsidises its companies up to eight times more than other OECD countries and that 60% of China's global market share gains are attributable to this.² Furthermore, the state-supported undervaluation of China's currency (the Renminbi), estimated at up to 30%, creates a horizontal unfair cost advantage for Chinese exporters across all sectors of the economy³. While China remains a very important export market for our industries and a crucial source of specialised production inputs, these issues must be urgently addressed. We therefore **call on the European Commission to restore a level playing field for our industries and address unacceptable trade distortions stemming from structurally unfair competition from China**. Addressing this challenge requires a two-pronged approach:

1. Greater and broader use of existing EU trade defence tools, with iterative improvements to make them more effective; and
2. The development of specific new tools.

Make greater and broader use of Anti-Dumping & Anti-Subsidy (AD/AS) measures to tackle unfair competition

We call on the Commission to make **greater and broader use of Anti-Dumping and Anti-Subsidy (AD/AS) measures to tackle unfair competition**, by:

1. Making increased use of the ex-officio procedure:

The Commission should make increased use of the ex-officio procedure to initiate investigations, based on reliable industry input and consultation. This will effectively reduce the burden on companies to submit official complaints and provide *prima facie* evidence of dumping/subsidies, injury and the causal link between the two.

2. Broadening the scope of AD/AS investigations and measures (using 4-digit CN codes):

The structural and horizontal nature of unfair competition from countries such as China means that the challenges relate to entire industrial sectors and value chains. To address them, the Commission should broaden the scope of AD/AS investigations and related measures. Today, products under AD/AS measures are typically identified at the narrow level of 8-digit CN codes. To ensure more products and sectors are covered in the future, the scope of AD/AS measures should be broadened using 4-digit CN codes.

3. Addressing circumvention risks more effectively:

The Commission should consider the product scopes of the anti-dumping and anti-subsidy investigations with more agility, so as to cover – when needed – like-products and directly competing products, taking into account that almost identical products can have different CN codes. This would ensure full protection for the products

¹ Our members also report increasingly frequent cases where imported products do not meet EU regulatory requirements, adding a further layer of unfair competition and reinforcing the need for robust market surveillance and enforcement.

² https://www.oecd.org/en/publications/oecd-magic-database-of-industrial-subsidies_ce94f33b-en/full-report.html

³ <https://www.cer.eu/publications/archive/policy-brief/2026/china-shock-20-cost-germanys-complacency>

targeted by the initial measure and minimise the risk of dumped/subsidised products being replaced by similar ones, leaving European businesses unprotected against ongoing unfair competition. Similarly, the Commission should implement appropriate measures to prevent circumvention of AD/AS duties by re-routing goods to artificially change the country of origin.

4. Allocating more resources to DG TRADE to ensure faster conclusion of investigations:

The sharp increase in the number of trade defence investigations is putting significant pressure on the Commission's resources. In 2024, the Commission initiated 33 new investigations, nearly three times the average of around 12 cases per year in the previous years. However, staffing and resources do not appear to have increased at the same pace. It is therefore absolutely essential to allocate more resources to DG TRADE. Additional staffing would enable a greater number of investigations into unfair trade practices, improve the EU's ability to monitor and respond to evolving state-driven trade strategies, support more innovative use of existing trade instruments, and facilitate the development of proposals for legislative reform.

5. Adopting new AD/AS measures only in line with a 'full value chain approach', including dedicated measures to maintain the export competitiveness of Europe's downstream industries:

While AD/AS measures can be effective in restoring a level playing field for domestic producers of upstream products such as steel or aluminium, they generate significant additional costs for downstream steel and aluminium users, such as our industries. Any future EU AD/AS measures, including broader measures implemented at the 4-digit level, should only be adopted in line with a 'full value chain approach'. When implementing AD/AS measures on certain products, the Commission should include under the scope all downstream products that incorporate such products as manufacturing inputs, following mandatory and systematic consultations with the concerned downstream industries and a thorough impact assessment. This is essential to ensure that downstream manufacturers do not lose competitiveness on the EU market.

However, this would still not address the structural loss in competitiveness on foreign export markets. The Commission must therefore implement separate, dedicated measures to safeguard the export competitiveness of Europe's downstream industries.

Exercise restraint in using safeguard measures due to their untargeted, uncertain nature

We call on the Commission to **exercise restraint in the use of safeguard measures due to their untargeted, uncertain nature**. While we acknowledge the need to address unfair practices by third countries that put our industries at a disadvantage, the EU should at the same time strive to deepen trade relationships with trusted partners worldwide that play fair. Safeguard measures are a legitimate tool (allowed under WTO rules) to limit unforeseen surges in imports that may harm the EU's domestic industry. However, they have a major impact on the ability of European manufacturers to build resilient and diversified value chains, because they restrict import flows from *all* countries in principle. For instance, the new EU steel measure⁴ will result in a massive increase in both imported and domestic steel prices for our industries, raising our manufacturing costs and hindering our ability to compete on both domestic and international markets. Although the steel measure is not a safeguard measure in the strict legal sense, it largely mirrors the safeguard measures previously in place on EU steel imports.

In the case of Orgalim industries, it is abundantly clear that the key challenge stems from structurally unfair competition from China, which is not the issue that safeguards are designed to address. AD/AS measures are the tool of choice in

⁴ [Regulation \(EU\) 2026/1384 of the European Parliament and of the Council of 17 June 2026 addressing the negative trade-related effects of global overcapacity on the Union steel market and amending Regulation \(EU\) 2020/2170](#)

addressing unfair competition from individual third countries in a targeted manner, without unduly impacting the EU's trade relationships with other partners.

Safeguard measures should therefore be used only for their intended purpose (i.e. to prevent unforeseen and damaging import surges, in line with WTO law) and only if backed by sound economic evidence, because they:

- Effectively **restrict EU import flows from all countries in principle, unduly affecting trusted trade and FTA partners of the EU such as the EEA countries (Norway, Iceland and Liechtenstein), which are integrated in the internal market, and Switzerland, the UK, Canada and Japan.** These countries have production systems that are closely aligned with those of the EU and do not usually unfairly subsidise their industries. They are key export markets for our industries, as well as a trusted source of specialised production inputs which are essential for complex industrial applications.
- Typically take the form of Tariff Rate Quotas (TRQs) combined with prohibitive out-of-quota tariffs. **Importing under TRQs creates a significant administrative burden for companies.** Companies also face planning **uncertainty**, as quotas are allocated on a first-come, first-served basis and may already be exhausted by the time imports cross the border, leaving importers exposed to out-of-quota tariffs. Whenever safeguard measures are applied, Orgalim stresses that close trade partners should be exempted to avoid an adverse effect on EU trade relations.

Structural limitations of AD/AS measures

A broader and more aggressive use of existing AD/AS measures is therefore imperative in the short term and will make a substantial contribution towards addressing unfair competition from countries such as China. However, we believe that AD/AS measures have some structural limitations which would be likely to prevent them from addressing the full scale of the challenge that our industries face on their own. In particular, AD/AS measures are:

1. **Too costly:** building a successful AD/AS case typically **entails considerable costs and burdens for industry.** The costs of building an AD/AS case can often exceed €1 million, which makes them clearly unsustainable, especially for SMEs.
2. **Too long: investigations can last between 12 and 18 months,** resulting in duties often being imposed too late. To make a case for AD/AS measures, European industries need to provide evidence of dumping/subsidies, injury and the causal link between the two. Hence, by definition, AD/AS measures can only be implemented after the injury has already taken place and there is evidence of it in economic data. In addition, the period before provisional measures can be imposed is often too long. For example, in the US, provisional AD measures may be imposed at the latest within 140 days from the start of an investigation, while in the EU provisional AD measures may be imposed at the latest eight months from the start of the investigation (approximately 240 days).
3. **Too piecemeal:** although it is possible to broaden the scope of existing tools, for example to cover 4-digit CN codes instead of 8-digit CN codes, this is still likely to be **insufficient to fully address unfair competition from China, which is horizontal and essentially involves all industrial sectors.**

New trade defence tools to shield Europe's industrial base from unfair competition

While deploying all the necessary resources to use existing trade defence tools in a broader and more aggressive fashion, we believe the Commission should at the same time start developing new tools that can overcome the structural limitations of existing tools. To address the full scale of the challenges stemming from unfair competition, Orgalim wishes to express its support for two possible new trade defence tools, which are described below.

Both tools would need to be carefully designed and their implementation should be preceded by a careful assessment of retaliation risks. Also, the proposed new tools should always be implemented in line with a 'full value chain approach', with adequate measures in place to avoid negative impacts on downstream value chains whenever tariffs are imposed on upstream production inputs. The Commission should develop a calibrated escalation strategy to avoid situations where third countries retaliate by weaponising asymmetric dependencies capable of severely disrupting Europe's manufacturing base. Rather, new EU instruments should strengthen the credibility of Europe's response, create leverage, and incentivise third countries to enter into negotiations aimed at restoring a level playing field and rebalancing the trade relationship.

- **The deployment of the new tools outlined below would send a powerful signal to third countries that the EU is prepared to swiftly counter unfair commercial practices with powerful countermeasures.**
- **The mere adoption of the necessary legal frameworks could effectively deter unfair behaviour in the first place, without the need for actual countermeasures to be implemented.**
- **It could also provide an incentive for third countries to enter into negotiations with the EU to voluntarily address unfair practices and correct existing imbalances.**

1) **A new EU framework for the automatic imposition of AD measures on countries presenting 'significant distortions', with reversal of the burden of proof**

The Commission could set up a monitoring system for **imports from countries that have been identified as presenting 'significant distortions' of the economy**, pursuant to Article 2(6a)(b) of the EU Anti-Dumping Regulation⁵. Currently, China and Russia have been identified as such.

The Commission could then devise a mechanism whereby **AD measures could be rapidly put in place on imports of specific goods when certain thresholds are met**. The Commission should carefully set such thresholds, for example to account for excessive surges in imports associated with significant reductions in import prices over a short period of time. The thresholds should be designed to ensure an activation of TDIs in response to actual dumping practices, rather than import increases linked to other factors, such as legitimate increases in industrial demand for certain goods.

Once TDIs are in place on certain goods originating from countries that present significant distortions, **the burden of proof should be fully placed on foreign exporters** to demonstrate the absence of dumping practices.

2) **A 'European Section 301'**

The Commission could create a new legislative framework to **respond to unfair practices** by third countries such as China (e.g. excessive industrial subsidisation resulting in dumping on the EU market), putting in place **broad retaliatory measures covering a wide range of goods**, without the requirement for individual companies to make the case for such measures.

Such a new framework could be broadly modelled on **Section 301 of the US Trade Act of 1974**. Section 301 allows the US to investigate whether a foreign country's practices are "unjustifiable," "unreasonable," or "discriminatory" and burden or restrict US commerce. If the US makes an affirmative determination, Section 301 enables them to take responsive action, including tariffs and other trade-related restrictions. For example, in 2018 the US concluded that China engaged in unfair practices, including forced technology transfer and cyber-enabled theft of US IP and trade secrets. In response, the US

⁵ [Regulation \(EU\) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union](#)

imposed tariffs ranging from 7.5% to 25% on around \$370 billion worth of imports from China (approximately 70% of all US imports from China), covering a broad range of industrial sectors.

A 'European Section 301' would allow the EU to swiftly impose countermeasures to address unfair competition from China, using as part of the evidence the growing number of studies documenting the disproportionate level of industrial subsidies received by Chinese companies⁶. Countermeasures could cover a **wide range of industrial products and include all products under the Orgalim scope**. This would be *de facto* impossible to achieve by means of individual AD/AS measures, even assuming their scope could be broadened to the 4-digit level. As we estimate over 200 product customs codes (CN-codes) at the 4-digit level fall under the scope of Orgalim, the Commission would have to carry out over 200 separate investigations, leading to a massive strain on DG TRADE's resources and generating a considerable burden for our industries to provide evidence to support such investigations. To put this in context, it is worth noting that the EU had a total of 186 trade defence measures in place in 2025 (many of which were first imposed several years before), and that only 40 new measures were implemented over the period 2023-2025.

Step up market surveillance and enforcement of product legislation

Our members report that products originating in countries such as China are not only often dumped onto the EU market below the cost of production, but also fail to meet EU technical requirements and safety standards. This creates a second layer of unfair competition that puts our industries at a disadvantage. We therefore call on the EU to step up efforts to strengthen its market surveillance and enforcement system across Member States. Detailed recommendations in this respect are included in our [September 2025 position paper](#) "*Ensuring fairness for manufacturers and protecting consumers: Reinforcing the EU's market surveillance system*".

Four pillars to build up credible coercion deterrence

In the fiercely competitive geopolitical world of today, Europe must be prepared to prevent, or swiftly react to, potential acts of economic coercion by trade partners. A credible demonstration of Europe's assertiveness on the global stage in this regard will be essential to **reduce the risk of future trade disruptions in global value chains and uncertainty**, which hinder investments.

China's export restrictions on critical minerals (including rare earth elements) have caused disruptions in European industrial value chains. These materials are indispensable for the green and digital transitions, as well as for defence-related applications. However, the EU still remains heavily dependent on China for critical minerals supply and refining, including rare earth magnets. The licensing delays, uncertainty and disruption risks experienced by European companies demonstrate how strategic dependencies can be leveraged to constrain Europe's industrial and political autonomy. The same logic applies beyond raw materials. The July 2025 EU-US 'Turnberry' trade agreement illustrates that Europe's room for manoeuvre in trade policy can be constrained when economic interdependence overlaps with wider strategic and security asymmetries. While the agreement may provide a degree of predictability for transatlantic trade, it also underlines the need for the EU to be able to defend its interests when partners use tariff threats, security arguments or broader geopolitical leverage to extract concessions. The credibility of Europe's deterrence therefore depends on its ability to reduce the dependencies that make the use of such instruments politically difficult.

In light of the above, we believe that credible coercion deterrence for Europe rests on four mutually reinforcing pillars:

1. **Strive for tech leadership and indispensability in critical areas:** this would enable companies to develop strengths and capabilities that foster reverse and mutual dependencies, limiting the risk of economic coercion.

⁶ One example is the already referenced OECD report: https://www.oecd.org/en/publications/oecd-magic-database-of-industrial-subsidies_ce94f33b-en/full-report.html

This requires, for example, a strong focus on excellence in research and innovation, a regulatory framework geared towards promoting innovation and stronger investment conditions for advanced manufacturing in Europe.

2. **Address asymmetric dependencies that could be leveraged against the EU**, focusing on critical inputs, components and technologies where disruption would have systemic impacts on European manufacturing, energy security, digitalisation or defence-relevant supply chains. For example, Orgalim welcomes the Commission's focus on addressing EU dependencies in the area of critical raw materials, including by means of the European Critical Raw Materials Act.
3. **Strengthen the resilience of critical infrastructure**, implementing workable trusted supply chain frameworks to mitigate systemic risks and vulnerabilities. For example, as explained in our [position paper on the EU Cybersecurity Act 2](#), Orgalim supports the establishment of a harmonised EU-level trusted critical ICT supply chain framework, to de-risk the ICT supply chain from high risk suppliers.
4. **Pursue a strong and ambitious trade liberalisation – and diversification – agenda**, via FTAs and other types of agreements (e.g. agreements on conformity assessment) with a broad range of trading partners worldwide. This is essential to reduce Europe's strategic dependencies and prevent trade partners from weaponising them for coercive purposes. A strong and open trade policy remains one of Europe's most effective tools to reduce vulnerability to coercion while preserving the competitiveness of its industrial base.

Credible coercion deterrence also depends on broader strategic conditions that increase Europe's room for manoeuvre. The EU's ability to deter economic coercion will be stronger if it is underpinned by sound public finances, credible defence capabilities and greater energy independence, alongside a competitive and resilient industrial base. These horizontal enablers reduce the scope for third countries to exploit strategic vulnerabilities, make EU countermeasures more credible when needed, and strengthen Europe's capacity to act autonomously in defence of its economic and security interests.

Case example: Europe's semiconductor strategy

The semiconductor value chain illustrates how such a strategy can work in practice. As outlined in the [Orgalim position paper on the Chips Act 2](#), Europe should focus on those parts of the chips ecosystem where it can realistically be a leader (including materials, equipment, microcontrollers, sensors, industrial AI, power electronics and related value chains), while ensuring reliable access to the full range of chips needed by downstream industries, from leading-edge to legacy and customised chips. This will help reduce excessive dependencies, build European indispensability in critical technology segments, and make the EU less vulnerable to coercion in a sector that is essential for industrial competitiveness, digitalisation and security.

Ensuring EU funding remains geared towards promoting competitiveness and innovation

We understand that the Commission is evaluating the possibility of establishing a 'solidarity fund' to compensate companies for potential retaliation from trade partners in response to more assertive EU action in the area of trade defence.

We would be fundamentally sceptical about the creation of such a fund. In our view, this would amount to an inefficient use of scarce EU resources, as it would compensate companies after damage has occurred without strengthening the underlying competitiveness and resilience of Europe's industrial base. EU funding should instead be fully geared towards promoting competitiveness, technological innovation and industrial investment, including by supporting advanced manufacturing, clean and digital technologies, skills, energy infrastructure and the diversification of critical inputs and supply chains.

Europe's best defence against unfair competition and coercion remains a strong, innovative and globally competitive industrial base. Public resources should therefore be used to reduce vulnerabilities before they can be exploited, rather than creating ex-post compensation mechanisms that do not address the structural causes of such vulnerabilities.

Orgalim represents Europe's technology industries, comprised of 770,000 innovative companies spanning the mechanical engineering, electrical engineering, electronics, ICT and metal technology branches. Together they represent the EU's largest manufacturing sector, generating annual turnover of over €2,972 billion, manufacturing one-third of all European exports and providing over 11,9 million direct jobs. Orgalim is registered under the European Union Transparency Register – ID number: 20210641335-88.