

Executive summary of the anti-subsidy complaint concerning imports of Optical Fibre cables originating in the People’s Republic of China

1. PRODUCT CONCERNED

The product subject to this investigation is single mode optical fibre cables (commonly referred to as “*Optical Fibre Cables*” - “*OFC*”), made up of one or more individually sheathed fibres, with protective casing, whether or not containing electric conductors, falling under CN code ex 8544.70.00.

The product scope includes hybrid cables, which are fitted both with optical fibres and electrical conductors.

The following products are excluded from the product scope: (i) multimode OFC; (ii) cables in which all the optical fibres are individually fitted with operational connectors at one or both extremities; (iii) cables for submarine use. Cables for submarine use are plastic insulated optical fibre cables containing a copper or aluminium conductor in which fibres are contained in metal module(s).

2. CASE SUMMARY

Applicant and standing

This Complaint is submitted by the European Union producers of OFC, EUROPACABLE, on behalf of the complaining EU producers (“*Complaining EU Industry*”), which represents about 63% of the EU production of OFC.

Evidence of subsidies

The Complaint has provided *prima facie* evidence of market distortions in China in general and in particular in the Chinese OFC industry. The Government of China (“*GOC*”) adopted several cross-cutting strategies and policies which apply to the telecommunications and OFC sectors, including the “*Broadband China Strategy*”, “*Made in China 2020 Plan*”, “*13th Five-Year Plan*”. In addition, the GOC implemented and enforced specific subsidisation schemes applicable to the Chinese OFC industry in the form of e.g. direct transfer of funds, government revenue foregone or not collected, provision of goods and services at less than adequate remuneration and payments to a funding mechanism (or entrusting or directing of a private body).

Chinese measures at issue constitute actionable subsidies under the Basic EU AS Regulation as well as under the WTO SCM Agreement since they cause injury and/or threat of material injury to the domestic EU industry.

Evidence of material injury and threat of injury

The Complaint establishes that the Complaining EU Industry is has been materially injured by subsidised (and dumped imports) of OFC from China. Despite significant growth in demand of OFC between 2016 and 2019, the Complaining EU Industry was not able to take any

material advantage of the very strong increase in EU consumption. Increased and subsidised imports from China heavily undercut EU prices which affected the overall profitability of the industry, which caused decrease of the market share of the Complaining EU Industry during the period between 2016 and 2019. In an industry that is investment driven, the current level of profitability simply does not enable the EU producers to sufficiently invest in future technologies (i.e., 5G) and maintain a competitive position on the EU market as a result of the increasing levels of cheaply priced imports from China.

The Complaint also provides evidence of the aggressive subsidisation of the OFC industry in China and substantial overcapacity of OFC in China, which is further threatening the market position of the Complaining EU Industry.

Causal link between subsidised imports and material injury and/or threat of injury

The Complaint shows that the material injury and/or threat of injury is caused by the subsidised imports of the product concerned from China. There are no other factors that cause or threaten to cause imminent injury that would have the effect of breaking the causal link.

Union interest

The Complaint demonstrates that the imposition of anti-subsidy measures on imports of OFC from China is in the overall EU interest. EU producers of OFC clearly have an interest in the restoration of fair competition on the EU market. The imposition of anti-subsidy measures would enable the Complaining EU Industry to recover from the material injury caused by the subsidised imports originating in China, as well as eliminate the immediate threat of further material injury. Imposition of anti-subsidy measures would also enable the Complaining EU Industry to make further investment in their EU production sites to the benefit of the users. In addition, measures would not prevent imports from third countries (including China) from competing fairly on the EU market, thus imposition of measures on imports of OFC from China would not be contrary to the interest of the industrial users.

3. INTERESTED PARTIES

Applicant

Europacable

List of known exporting producers

Fiberhome Telecom Tech
Hangzhou Futong Communication Technology holding
Hubei Kaile
Jiangsu Tongding Optic-Electronic Co. Ltd.
Jiangsu Zhongli Group Co
Nanjing Huamai Technology Co.
Shenzen Tefa Information Co.
Sichuan Huiyan Optical Communication Co.
The Hengtong Group
Tianjin Futong Xinmao Technology Co.
Yangtze Optical FC (YOFC)

Zhongtian Technologies Fibre Optics Co. Ltd.
ZTT International Limited

List of known users / importers

A1 Telekom Austria AG
Allinq
ALPITEL SPA
ALTITUDE INFRA
BAM Infratechnik Telecom
BREKO e.V.
BYCN / AXIONE
CABLE77
CIRCET
Comel SA
Connect Com GmbH
Correos Telecom, S.A.
COVAGE
Deutsche Telekom Technik GmbH
ECOTECH SRL
EIFFAGE
eku Kabel & Systeme GmbH
ENGIE
ETC
Faberkabel
FIBERNET SRL
FIRALP
HANS FOLSGAARD AS
HAR&CA SRL
Infrabel
Infraconcepts
Meinhardt
METRIC INDUSTRIAL AS
NGE
NOS, SGPS, S.A.
OPEN FIBER SPA
Orange
POST Luxembourg
Proximus
RETELIT SPA
SADE TELECOM
SCOPELEC
SIELTE SPA
SIRTI SPA
SOGETREL
SPIE
TDF
TeleColumbus GmbH
TELEKOM SLOVENIJE d.d.
TIBA GmbH
TKT - Comércio e Telecomunicações, Lda
VALTELLINA SPA

Van Gelder
VINCI
Vodafone
Vodafone GmbH
Volker Wessels Telecom