

EC: 'WE WILL NOW ANALYSE CHINA'S DECISION AND CONSIDER APPROPRIATE STEPS.'

No justification for China extending potato starch duties, says Starch Europe

By Niamh Michail+, 18-Sep-2017

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The European starch industry is “*deeply disappointed*” by the Chinese government’s decision to extend anti-subsidy duties against EU potato starch while the European Commission says it is considering appropriate steps to take.

On Friday (15 September), the Chinese Ministry of Commerce (MOFCOM) confirmed its final decision to extend anti-subsidy duties on exports of EU-manufactured potato starch for another five years. The policy notification, **published** on the Ministry’s Chinese language website, confirmed duties ranging from 7.5% to 12.4%.

These duties have been in place since 2010, a response to the EU potato starch support scheme which provided subsidies to manufacturers.

However, this EU support scheme came to an end in July 2012 – “*a significant policy change*”, according to trade association Starch Europe, which means the anti-subsidy duties are no longer warranted.

The association, which represents the interests of 95% of European starch suppliers, said in a statement it was “*disappointed by the decision that fails to be supported by hard facts and figures and sound justification*”.

“[We] deeply regret that the Chinese Minister of Commerce did not provide any justification supporting the decision to extend the application of the countervailing duties and questions the arguments provided in the final disclosure of basic facts supporting the decision of the MOFCOM.”

Dissenting views

China's policy-makers also face opposition at a political level. A spokesperson for the European Commission told FoodNavigator it “*regrets*” the decision to keep the trade defence measures.

“Since 2011, the EU has profoundly reformed its Common Agricultural Policy (CAP). Throughout the investigation, the EU has provided ample evidence to China that the new CAP aid is not product-specific and disconnected from production.

“The Commission has strongly expressed its dissenting views to China's Ministry of Commerce at a political level. We will now analyse China's decision and consider the appropriate steps.”

The Chinese potato starch market is estimated to produce around 400,000 tonnes annually while EU exports around 20,000 tonnes a year to China since the duties have been in place, which represents just 5% of the Chinese market, according to Starch EU.

“Bearing in mind that the EU is the world's largest producer of potato starch and its quality is widely recognised, there can be no doubt that the duties have had a considerably negative impact,” said Claire Grosbois, economic affairs officer for the trade group.

Anti-dumping duties may also be renewed

Anti-subsidy duties are not the only levies that European manufacturers wishing to export to China face.

Since 2006, China has also levied anti-dumping duties on imported potato starch from the EU, ranging from 12.6% to 56.7%. According to MOFCOM, the duties are necessary to prevent EU producers from harming the domestic industry.

In 2013, the duties were extended for a further five years, meaning they are up for review in February next year. *“[If] a second anti-dumping expiry review is initiated, the Commission will provide all the necessary support to the EU potato starch industry,”* the spokesperson said.

Potato starch is widely used in the food industry to make ingredients such as a water binders, thickeners, anti-caking ingredients, bulking ingredients or gluing agents. It is used in both savoury and sweet applications such as meat products and dry blends as well as baked goods and confectionery.