

European Commission Directorate-General for Trade

News archive

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EU files WTO panel request against illegal export restrictions by Indonesia on raw materials for stainless steel

Today, the EU has requested the establishment of a panel at the World Trade Organization (WTO) to seek the elimination of unlawful export restrictions imposed by Indonesia on raw materials necessary for the production of stainless steel, notably nickel ore and iron ore. The measures the EU is challenging concern an export ban on nickel ore and domestic processing requirements on nickel ore and iron ore. These measures illegally restrict access for EU steel producers to raw materials needed for stainless steel production.

Executive Vice-President and Commissioner for Trade Valdis Dombrovskis, said: "Following repeated attempts to resolve this issue directly with Indonesia, the EU is now forced to take action and refer this issue to the WTO. We will always act to protect the rights of our economic operators and safeguard the level playing field for EU producers. The fact is that no WTO member is permitted to restrict exports of raw materials in this way, imposing illegal restrictions to favour domestic producers. We will take the necessary measures to restore fair conditions for the EU steel industry, as is our right, and as we have undertaken to do as part of our implementation and enforcement agenda. These are very challenging times for the EU steel sector, which is faced with global overcapacity, illegal subsidisation and other trade-restrictive measures, as well as the COVID-19 economic crisis. We will take every possible action to support our steel operators in this difficult environment."

While the EU industry has reached its lowest level of stainless steel production in 10 years, Indonesia is set to become the second largest producer in the world after China, fuelled by unfair and illegal advantages like the ones challenged in this dispute.

In its panel request, the EU is challenging Indonesia's long-standing and varying restrictions of nickel ore exports. Since January 2020, Indonesia has introduced a full ban on exports of nickel ore, reserving it for Indonesian stainless steel production.

Indonesia also applies domestic processing requirements on nickel ore and iron ore, which oblige businesses to subject their raw materials to certain processing or purification operations in Indonesia prior to exporting them. This further unduly restricts exports of unprocessed raw materials.

These measures are clearly inconsistent with the prohibition of export restrictions in Article XI:1 of the General Agreement on Tariffs and Trade (GATT) 1994.

Next steps

The EU will at the next meeting of the WTO Dispute Settlement Body on 25 January 2021 request the establishment of a panel to rule on the legality of the Indonesian measures at hand.

Following the establishment of the panel, the EU will proceed to request the composition of the panel. Once the panel has been composed, the panel will present a timetable for the case.

Background

The EU has raised this issue with the Indonesian authorities repeatedly and over a long period of time, without success. The current panel request comes after consultations were held with the Indonesian government on 30 January 2020, which failed to resolve the matter. The EU is determined to bring to the relevant dispute settlement bodies other countries' policies that, by circumventing trade rules, have unfair negative effect on EU businesses.

The EU stainless steel industry turnover reaches around €20 billion and secures €420 million a year in investments. In total,

30,000 direct jobs and combined more than 200,000 direct, indirect and induced jobs depend on the stainless steel industry in Europe. The four major stainless steel flat producers in the EU recently announced plans for more than 1,000 permanent job cuts by the end of 2021.

About the EU's trade enforcement strategy

Ensuring that our trading partners respect their commitments in international or bilateral agreements is a key priority of the von der Leyen Commission. Since the start of this Commission, several steps have been taken to strengthen and target EU implementation and enforcement efforts. This includes:

- the appointment of a Chief Trade Enforcement Officer;
- the creation of a new Directorate in DG Trade for enforcement, market access and SMEs;
- the establishment under Access2Markets of a single entry point for complaints from EU stakeholders and businesses on trade barriers on foreign markets and violations of sustainable trade commitments in EU trade agreements;
- the strengthening of the EU's Enforcement regulation to empower the EU to protect its trade interests when necessary; and
- developing a legislative proposal on an anti-coercion instrument by the end of 2021.

For more information

EU request for WTO panel establishment