

**M'sia may face EU action over Chinese screws**  
**Malaysiakini.com**  
**October 21, 2010**

Chinese exporters are using Malaysia as an illegal transshipment hub to evade European Union import duties on steel screws and bolts, prompting possible EU action against Malaysia, a report obtained by *Reuters* shows.

"The commission has at its disposal several emails from various operators in the EU and in China that confirm transshipment practices via Malaysia," the confidential EU document says.

Chinese and Malaysian officials in Brussels declined to comment.

EU officials may start investigating before the end of the month, *Reuters* has learned. If they find evidence that tariff circumvention is hurting EU producers, they could impose taxes worth up to 85 percent on screws exported by Malaysia.

"I know of no reason why this investigation should not go ahead," a senior EU official told *Reuters*.

EU moves to bolster the defences for its 4 billion euro (US\$5.51 billion) fasteners market could raise suspicions that the EU is battling China's weak currency with a barrage of new import tariffs.

A move against screw and bolt imports would be the latest in a string of trade protection measures the EU has brought against Asian exporters in recent months.

Disputes between Beijing and Brussels are on the rise as the EU's trade deficit with China hovers above 100 billion euros.

European producers watched for years as fierce competition from China closed factories supplying screws and bolts to sectors from the car industry to DIY shops.

Illegal pricing to crush competitors

In 2009, a complaint that Chinese exporters were using illegal pricing to crush their European competitors - lodged by the European Industrial Fasteners Institute - led the 27-nation bloc to impose steep import tariffs on the Chinese goods.

Worth up to 85 percent, the duties had the desired effect.

One likely trigger for Brussels' action is that EU fraud officials have been questioning operators in China and Malaysia for several months to uncover illegal activities by EU importers, say people close to the case.

Another is Malaysian export data, which shows ballooning sales of fasteners to the EU.

In the year that the EU hoisted duties against Chinese fasteners, Malaysia's exports of the same product nearly tripled to 32,700 tonnes from 13,700 tonnes in 2008, EU statistics show.

The boom continued this year, with Malaysia supplying more than 20,000 tonnes - more than 10 percent of Europe's demand - in the first three months of the year.

In 2008, Malaysia's market share in the EU had been less than 1 percent.

At the same time, China's sales of fasteners to Europe plummeted by 80 percent, and rose more than five-fold to Malaysia, according to the internal EU document.

- Reuters

Copyright © 1999-2007 Mkini Dotcom Sdn. Bhd.  
Source : <http://www.malaysiakini.com/news/145962>