POSITION PAPER

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GLASS FIBRE VIEWS ON THE EU DIVERSIFICATION PACKAGE

Strengthening European resilience through effective trade defence, genuine diversification and a competitive European production base

Glass Fibre Europe (GFE) welcomes the European Commission's initiative to strengthen the resilience of European supply chains and reduce critical dependencies. The objective of diversification is particularly relevant at a time when **structural global overcapacity, state-supported expansion of production and increasing trade barriers in other major markets are fundamentally reshaping global trade flows and increasing pressure on European manufacturing.**

For the European continuous filament glass fibre industry, diversification must be understood in economic and strategic terms, rather than simply as increasing the number of countries supplying the European market. Glass fibre products are strategic enabling materials for a wide range of European value chains, including **energy, defence, mobility, construction and infrastructure**. Maintaining a European glass fibre production base is therefore essential to the resilience and strategic autonomy of the downstream sectors it serves, as well as to Europe's capacity to innovate across advanced composite value chains.

In GFE's views, the most reliable foundation for resilient European supply chains is a strong, competitive and innovative European production base. The EU's diversification strategy should therefore combine effective trade defence with policies that strengthen European industrial competitiveness and investment.

Against this background, GFE considers that the forthcoming package should build on **three complementary levels of action**. First, existing **trade defence instruments should be sharpened** to reflect evolving patterns of state-backed international investment. Second, the EU should make **more effective use of existing instruments**, particularly safeguards, to respond to structural global overcapacity and increasing imports from multiple origins. Third, where a genuine gap remains, **a new diversification instrument** can provide an additional response. It should enable the Commission to **take targeted action, including through border measures where appropriate**, to prevent or reduce strategic dependencies. The assessment underpinning such action should go beyond absolute import volumes and geographical origin and reflect the economic reality of supply, including global overcapacity, market developments, state support, and the ownership and control of suppliers.

1. Sharpen existing trade defence instruments: Adapt trade defence to new patterns of state-backed international investment

Trade defence instruments must remain capable of addressing new patterns of international investment, including the expansion of state-backed producers into third countries.

The experience of the European glass fibre industry illustrates the challenge. Jushi Egypt, the only glass fibre reinforcement (GFR) producer in Egypt, is a Chinese State-owned company operating in a special economic zone owned, controlled and operated by a Chinese government agency. Under the China-Egypt cooperation framework governing the zone, the company benefited from support involving both the Chinese and Egyptian governments, including preferential financing, tax benefits and the provision of land for less than adequate remuneration. These forms of support were documented by the European Commission in its anti-subsidy investigation.

Yet, the subsequent anti-dumping investigation conducted in 2025–2026 concluded in April 2026 with anti-dumping measures at a very low level. This illustrates the risk that relying on costs and prices in the country where production takes place may not adequately capture the economic reality of state-backed investments of this nature.

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The Commission should therefore make full use of Article 2(6a) of the Basic Anti-Dumping Regulation and the alternative methodology where reported prices or costs are not the result of free market forces because they are affected by substantial government intervention, including where state-backed producers establish production in third countries but their prices or costs continue to be influenced by government intervention or support originating from their home country. This is increasingly important as Chinese producers expand production capacity outside China and existing trade defence measures contribute to changing global investment and trade patterns.

2. Make more effective use of safeguards to address increased imports and injury resulting from structural global overcapacity

The global trading environment has fundamentally changed. Structural overcapacity, the multiplication of production capacity across different countries and increasing trade barriers in other major markets are creating growing pressure on the European market. Anti-dumping and anti-subsidy measures remain essential, but country-specific action cannot address all the consequences of these global developments for the sectors concerned.

Where rising imports from multiple origins cause or threaten serious injury to European industry, safeguards provide an appropriate instrument to address the broader market disruption resulting from global overcapacity and trade diversion.

Europe must be able to act before the resulting damage to its industrial base becomes irreversible and vulnerability to the weaponisation of dependencies exist. This requires not only a **greater willingness to use safeguards**, but also a decision-making framework that enables timely action.

The Commission should therefore consider **introducing an inverted-majority mechanism for safeguard measures**, whereby a Commission proposal would take effect unless opposed by the required majority of Member States.

3. Design a diversification instrument that reflects economic reality

GFE supports the Commission's objective of examining whether gaps remain in the existing toolbox. The Commission notably identifies the absence of an adequate regulatory basis for using trade measures to encourage alternative sourcing and envisages a new trade diversification instrument, including the possibility of tariff measures.

If such an instrument is established, **it must be sufficiently well calibrated to produce meaningful effects. Its added value should lie in addressing strategic vulnerabilities and dependencies that anti-dumping, anti-subsidy and safeguard measures, given their different objectives and conditions, are not designed to address.** It should complement, rather than substitute for, these existing instruments.

3.1. Assess vulnerabilities based on broad market developments

The assessment should not rely on absolute import volumes or predetermined concentration thresholds alone. High import concentration can be an important indication of vulnerability, but structural global overcapacity can put European production under significant pressure before one source achieves an overwhelmingly dominant share of EU imports.

The assessment should therefore consider, where relevant:

- absolute import volumes, market shares and **the rate and scale of increases in imports**;
- changes in **European production, market share and capacity utilisation**;
- existing and announced **global production capacity and structural overcapacity**, and its impact on prices and competitive conditions in the European market;
- **trade restrictions and trade defence measures in other major markets**, and the resulting risk of trade diversion towards the EU;
- relevant **state support, dumping and other market distortions**; and
- concentration at the level of **economic operators and corporate groups**, in addition to geographical concentration.

This broader assessment would allow the EU to identify emerging vulnerabilities before strategic dependencies become deeply entrenched.

Monitoring these developments should primarily be the responsibility of public authorities, making full use of existing information and engaging with industry where sector-specific knowledge is required.

Industry associations can contribute aggregated market intelligence and sector expertise without creating disproportionate additional reporting obligations for individual European manufacturers.

3.2. Ensure that diversification is genuine

For the glass fibre industry in particular, **geographical diversification does not necessarily amount to genuine diversification**. Moving supply from China to production located in another country may appear as diversification in trade statistics. However, where that production remains controlled by the same Chinese economic operator or corporate group, the underlying dependency may remain substantially unchanged.

The assessment should therefore look beyond the formal origin of the goods and consider **the economic operator behind the supply**, including:

- **ownership** and control of the producer and its membership of a wider corporate group;
- **links** with economic operators subject to EU trade defence measures;
- significant **state support associated** with the producer or investment;
- previous **findings of circumvention** involving the economic operator or corporate group; and
- **existing and planned global production capacity** of the group concerned.

The objective should be to ensure that alternative sourcing results in genuine diversification of supply, rather than simply shifting the geographical origin of an existing dependency.

3.3. Enable targeted action where a strategic vulnerability is identified

Where this assessment identifies a strategic vulnerability that cannot be adequately addressed through existing instruments, the diversification instrument should **enable the Commission to take targeted action, including through border measures where appropriate**.

Such measures could include additional tariffs and should be calibrated to encourage genuine diversification while supporting the preservation of viable European production. Their design and application should reflect the same economic reality underlying the assessment, including the nature of the dependency and the identity and control of the suppliers concerned.

4. Support to European production must be at the heart of diversification

Ultimately, Europe's ability to reduce strategic dependencies depends on its ability to maintain a **competitive European industrial base**.

The Commission's consultation correctly envisages diversification measures that can support alternative supply capacity both in the EU and in trusted non-EU countries and recognises that diversification can generate additional demand for European production.

For strategically relevant materials such as glass fibre reinforcements, **European production should constitute a central element of the diversification strategy**.

Trade defence and safeguards are necessary to address unfair trade and serious injury caused by imports, but they cannot alone guarantee the long-term competitiveness of European manufacturing. Europe must also create the conditions for producers to continue investing and innovating in the EU.

This is particularly important for an industry supplying technologically dynamic downstream sectors in which material innovation is essential. A weakening of European production would mean losing not only industrial capacity, but also the capacity to develop and provide innovative material solutions to strategic European value chains.

The diversification package should therefore be accompanied by policies that improve the competitiveness of manufacturing in Europe and create the conditions for continued investment.

About Glass Fibre Europe – EU Transparency Register n°635608817518-09.
Glass Fibre Europe, founded in 1987, is the voice of the European continuous filament glass fibre industry. It is composed of 6 companies: 3B the fibreglass company, FYSOL SAS, Johns Manville, Owens Corning, Valmiera Glass, and Saint-Gobain Vetrotex. Glass Fibre Europe represents all the major producers of continuous filament glass fibre in Europe. The continuous filament glass fibre industry is the cornerstone of the glass-based composite materials and technical textiles value-chains. Glass fibre's unique properties enable the production of wind energy, electric and electronic devices, and the development of sustainable solutions in a wide range of applications, such as transport and construction.