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OF LIGHT INDUSTRIAL PRODUCTS & ARTS-CRAFTS  
(CCCLA)**

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From: China Chamber of Commerce for I/E of Light Industrial Product and Arts-Crafts  
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To: United States Department Of Commerce

International Trade Administration, Import Administration

June 22, 2007

**Re: Comments on Antidumping Methodologies  
in Proceedings Involving Certain Non-Market Economies**

To whom it may concern,

On May 25, 2007, the US Department of Commerce (DOC) published the notice (BILLING CODE: 3510-DS-S) to request public comment on whether it should consider granting market-economy treatment to individual respondents in antidumping proceedings involving China and so on. We, China Chamber of Commerce for Import & Export of Light Industrial Products and Arts-crafts, on behalf of China Light industry, would like to present our comments as follow:

**First, we hope DOC should not only grant market-economy treatment to individual Chinese respondents but also to China light industry as a whole, and even acknowledge China as a market-economy country.**

**I China has been a full market economy country and should be granted**

### **Market-economy status.**

As is known to everybody, China started market-oriented economic reform as early as 1978, which has gained remarkable achievements. Nowadays, China's economy has been operating under the condition of full market economy. Non-state-owned economy has accounted for about 70% of the GNP and the prices of 95% commodities are made completely by the market mechanism. Loads of facts have proven that China has already become a complete market economy country. This has been acknowledged by many countries and international organizations. Up to now, 67 countries such as Australia, New Zealand, Singapore, Malaysia, South Africa have granted MARKET-ECONOMY status to China. In addition, an objective and fair assessment of China's current economic situation can be found in an OECD survey report published in 2005. The economic minister of OECD said that production and sales in China are conducted in response to the market supply and demand, and market economy has played a leading role in China. He clearly pointed out that China has been a market economy country. From this point of view, US should attach importance to the great achievement of China market economy reform, and acknowledge China as a Market Economy Country.

**II Chinese light industry does not concern the nation's economy and the people's livelihood, so it was one of the first industries that benefited from the opening-up and reform policy and that operate in accordance with market economy rules. We hope US could grant China light industry market economy status if it still hesitate to acknowledge China as a market economy country.**

For many years, US has adopted three standars for Market Oriented Industry(MOI) to decide whether to grant market economy status to Chinese subject industry in any antidumping proceeding against China,. However, though Chinese respondents had provided proof of their consistency with the MOI standards in numerous anti-dumping investigations, the US authorities always refused to grant MOI status. So far, neither Chinese individual respondent nor industry has won MOI

status. We think it seriously deviated from the status quo of China light industry and it is unfair to Chinese enterprises.

China light industry should be granted market-economy status, because of the fact that it has met the MOI standards:

**i ) The increasing export of China light industry is mostly contributed by foreign-invested and private enterprises.**

In light industry, foreign-invested and private enterprises account for a large proportion not only in terms of the number of enterprises but also in terms of the import and export value. Most state-owned enterprises have been reformed and the number of state-controlled ones have decreased to below 200. As for China light industry in 2006, in terms of the number of trade companies, foreign-invested enterprises accounted for 40.85%, private-owned ones 48.17% and state-owned ones 6.03%; in terms of export value, foreign-invested, private-owned, and state-owned enterprises accounted for 53.89%, 23.08% and 17.91% respectively.

**ii ) All the prices of production factors are determined by the market.**

China's light industrial products are featured by the diversified variety, thus we may take furniture industry for example. As one of the largest products in the China's light industry, the wooden bedroom furniture was also under US's anti-dumping investigation. In the production of wooden bedroom furniture, the lumber, as the main raw material, is primarily imported from rest of the world including the US. One of the core competitiveness advantages of China is the labor force, which is another important production factor. As we are all aware, China's low labor cost is the result of sufficient labor resources. Furthermore, the Chinese furniture manufacturers are mostly located in the East and coastal region, the free flow of labor force within China has driven those of furniture manufacturers in the East developed region to employ the labor force from middle-west region with low-cost. Besides, the workers

in the Chinese wooden bedroom furniture factories can freely accept, reject or quit their jobs and the employers have the liability to pay the salary, which is enough to attract the workers. Therefore, the workers' wage in the wooden bedroom furniture industry is completely determined by the market.

**Second, We highly appreciate the US's consideration of granting the MES to individual respondents in antidumping proceedings involving China at the current stage.**

Although we hope that the US could give the MOI treatment to China industry or grant the MES to China as a whole at the current stage, we still welcome the US's consideration of granting the MES for the individual Chinese companies. We are of the opinion that the US's above-mentioned practice would be an essential step towards the acknowledgement of China's MES. Hopefully, this will lead US to further understand China's fruitful achievement in its market economic system reform and the current situation where the Chinese companies are self-managerial and responsible for profit and loss. Based on this, the US authority could make the fair and reasonable determination to the Chinese companies in the future anti-dumping investigation. In respect of giving the MES to the individual Chinese companies, we would like to address the following suggestions:

**I The US DOC should simplify the current procedures and extend the time limits in the anti-dumping investigation against China.**

The reasons are that: if the Chinese respondents apply for the MES, a large quantity of data and material will be needed. However, the US's current procedures are so complex that the Chinese companies are difficult to follow in such a short time. We may assume that the Chinese respondents would bear the increasingly heavy burden and it would be very hard for them to submit sufficient and well-founded materials in time, if the US fails to simplify its procedures and extend the duration of the investigation. This would have an adverse impact on the Chinese

companies in obtaining MES.

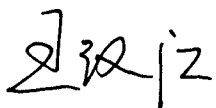
**II The criteria for determining MES should be feasible.**

The US DOC should take into full consideration the China's success in the market-oriented reform and also the fact that the Chinese light industry is operated according to the market signal and law , while establishing the MES criteria. In addition, all of the criteria should be concrete, feasible and workable.

Considering all the facts above mentioned, we highly appreciate the US DOC's consideration of granting the MES for the Chinese individual companies and also hope that the US DOC, in its practice, could respect the reality of China's economic development and the interest of the Chinese companies, and establish the workable methodology and eventually grant the complete MES to China.

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