

June 25, 2007

The Hon. David Spooner  
Assistant Secretary for Import Administration  
U.S. Department of Commerce  
Central Records Unit, Room 1870  
Pennsylvania Avenue and 14th Street, NW  
Washington, DC 20230



Re: Federal Register Notice (May 25, 2007 – Volume 72, Number 101) –  
Regarding Antidumping Methodologies in Proceedings Involving Certain Non-  
Market Economies: Market-Oriented Enterprise

Dear Mr. Spooner:

The Coalition for a Prosperous America is a diversified coalition consisting of companies, farms and farm organizations, trade associations and individuals that are based in the United States and committed to a fair trade agenda. The coalition spans the interests of manufacturers, farmers, livestock producers and others who have become energized to change the unacceptable path this country is taking in international trade matters.

The notice in the Federal Register regarding anti-dumping methodologies referenced above is alarming. CPA is united in strong opposition to a Department of Commerce (DOC) proposal that DOC consider granting market-economy treatment to individual respondents in antidumping (AD) cases involving China.

The United States is already facing a flood of dumped, subsidized and disruptive imports of manufactured goods from China. There is nothing short of a crisis developing in food safety. And, the U.S. bilateral trade deficit with China is heading toward another all-time record in 2007 (in excess of \$250 billion). This proposal would seriously weaken U.S. trade laws and cause further harm to U.S. companies, farmers and workers. To “graduate” individual companies in China to market-economy status would simply be a “back-door” method of graduating China. To treat individual firms in China as “market-oriented” would encourage more truly dangerous and unfair trade plus market-distorting behavior in China. It would be wholly inappropriate and contrary to the U.S. national economic interest.

There are numerous technical reasons why China cannot be considered a market economy ranging from currency manipulation to government ownership of industries. There are a host of WTO violations that continue to not be effectively addressed that distort and abort any notion of free or fair trade. Reports of labor and child labor abuse are hideous. Beyond technical arguments there are a host of issues that China and its often state-owned companies refuse to deal with openly and honestly. For example, when problems of a life threatening nature on contaminated goods are pursued, China simply stonewalls everything from inspection to correction of the issue in question. We won't burden you with citing the hundreds of examples. You are fully aware of many of these issues.

The DOC policy decision to end the “free pass” China (and non-market economies) had to escape U.S. trade laws was correct. This proposal simply upends that correct decision.

It is important to note that the DOC has consistently and correctly found that China is a non-market economy (NME) because, among other reasons: China’s currency is not fully convertible; its wage rates are not determined by free bargaining; there are limits and conditions on foreign firms’ ability to engage in joint ventures and investments; the government still owns and/or controls many of the means of production; and the government still controls the allocation of resources and the price and output decisions of many enterprises. The DOC reiterated this finding in August 2006 in an analysis that documents how China’s economy is still government-controlled.

For 15 years, the DOC has also had a test that allows Chinese respondents the possibility of market- economy treatment, if their industry is determined to be a “market-oriented industry.” During these 15 years, the DOC has never found a “market oriented industry” in China. Non-market practices and influences are purposely embedded in the Chinese economy. It is no wonder the DOC has never found an industry in China to be “market-oriented.” In this type of economic environment the identification of “market-oriented” firms is absurd.

Additionally we have significant concern as to how such determinations would be made. There is virtually no confidence that politics would not be injected in the process. Politicizing this area is unacceptable. Introducing more subjectivity to duty calculations is also inappropriate.

Finally, the cost of pursuing legal remedy for trade violations is exorbitant. The costs this would impose on companies and industries already being damaged by unfair and illegal trade would simply impose more financial bleeding on those who can least afford it. The time line of successful prosecution, in the view of a petitioning company, currently stands at two years. Not considered in such litigation is the time line associated with cumulative (substantial) injury on the front end and market correction post-finding on the back end. This inappropriate and totally unnecessary further complication would essentially shoot the wounded.

Respectfully,



Thomas F. Stokes, President