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

DEPT. OF COMMERCE  
ITA  
IMPORT ADMINISTRATION

Dear Assistant Secretary Spooner,

I am writing to share with you the National Council of Textile Organizations (NCTO) strong concerns regarding the Department of Commerce proposal to grant market-economy treatment to individual respondents in antidumping proceedings involving China. NCTO believes that such a proposal is ill-conceived and would dramatically weaken our existing trade laws; trade laws upon which the domestic textile industry will be forced to rely once the U.S.-China textile bilateral agreement expires on January 1, 2009.

When China joined the World Trade Organization they were granted permanent normal trade relations (PNTR) and agreed to be treated as a non-market economy for up to 15 years (until 2014). During this time, China had the opportunity to transition itself from a non-market to a market oriented industry (MOI). Yet, as recently as August 2006, the Department continued to find that China's economy is still government controlled and reiterated its finding in an 80-page analysis that carefully documented this conclusion. In light of this analysis, we see no reason or justification as to why an 'individual' company should be granted market-economy treatment when its government continues to heavily subsidize its industry and is not even recognized by the Department's own findings to be market-oriented.

For every antidumping case brought against China, it could be expected that most Chinese producers would claim they were "market-oriented" enterprises in an effort to obtain much lower antidumping margins than their non-market counterparts. This would be extremely harmful to U.S. industries that use trade remedy laws, while also resulting in an overwhelming number of investigations to rule on each enterprise. In addition to the time and resources needed to conduct these investigations, the onset affect of the initial dumping will have already had an impact on the affected industry.

With respect to textiles and apparel, the Chinese government recently launched its 11<sup>th</sup> Five-Year Plan for textiles and apparel and has designated this industry as a pillar of its economy. The subsidies provided under the Five-Year Plan are available to all manufacturers and there would be no way to differentiate among manufacturers the effect of such subsidies. As a result, the Department's proposal could have a devastating effect on U.S. textile manufacturers all the while

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China's manufacturers continue to enjoy a broad array of subsidies resulting from the government's direct intervention and management of its textile and apparel supply chain. In light of these facts, drafting loopholes for individual respondents to receive market status, while failing to consider the market as a whole, is simply creating a 'back-door' method of graduating China to market status which is completely unwarranted and injudicious.

We strongly urge Commerce to acknowledge what its own studies have proven and not adopt this proposal to allow for market-economy treatment of individual Chinese companies in antidumping cases.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Cass Johnson". The signature is fluid and cursive, with the first name "Cass" and last name "Johnson" clearly distinguishable.

Cass Johnson  
President