

**Comments of the China Chamber of Commerce of Metals, Minerals
Chemicals Importers & Exporters on Market Oriented Enterprise**

We are the China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters. With a membership of over 4,000, we are the largest and most representative association in the fields of metals, minerals and chemicals. We attach great importance to the issue of the DOC granting individual respondents market-economy treatment (MET) in anti-dumping proceedings and are grateful for the opportunity to comment.

With the following comments we argue that market economy status should be granted to China in anti-dumping investigations and that individual respondents should be considered for MET. For quite a long time, the US and China have held different opinions on China's market economy status. It is a prejudice against Chinese respondents that DOC refuses to recognize China's market-economy status.

It is well known China has established a market economy system over the past 20 years. The government, at both national and local levels, has faded out from direct involvement in the management of enterprises and become a macro regulator. It has no right to fix the prices for these enterprises, whether they are state-owned or privately owned, nor does it have the ability to influence prices by interfering in the purchase of raw materials, the channels of distribution, or company business practices. Additionally, a basic legal system for the market economy has been established in China. This system protects the independence and autonomy of enterprises, and ensures that the nature and quantity of the goods to be produced are decided by the producer at his

own will, according to the demand in the market. Even state-owned enterprises are operated under the rules of market economics. Therefore, domestic prices of Chinese products as a whole are not interfered with, and they are reliable. All Chinese enterprises operate in a competitive and fully open market that relies on supply and demand to for price determinations.

With regard to the methods employed by the United States to determine China's current market economy status, we believe that, the analyses are partial and the criteria used to decide whether or not to grant this status to China is doubtful. Although China's market economy is not perfect at present, this imperfection is quite normal. There is no perfect market economy in any country in the world, including those recognized as market economies by the U.S. The key issue is whether the U.S. will adopt the same criteria when granting market economy status to China as it did with other countries. In addition, the mechanism of market economy treatment itself is worth arguing on the grounds of accuracy and fairness. We are curious why it is necessary to conduct a complicated and rigorous investigation before granting market economy status to China when other countries were able to achieve such status almost automatically.

As the representative for China's metals, minerals and chemicals industries, we argue that these industries already meet U.S. standards of market oriented enterprise (MOE). We are puzzled as to why the DOC continues to use the same criteria to examine China's industries. Although the intention to grant individual respondent market economy treatment is a positive step, we think that the DOC should take into consideration that the overwhelming majority of Chinese enterprises already function within the rule

of the market economy without governmental influence. Currently, the vast majority of Chinese industries have met the three MOE criteria, yet none have been recognized as MOE.

We firmly believe that the market-based prices of Chinese enterprises should be compared to the broader economic environment when considering granting individual Chinese respondents MET. When calculating production cost, only the data submitted by the enterprises should be used to determine the cost of different factors of production, including labor, land, power, and water. Some parties think that the firms' input prices are distorted under the broader NME environment, but this conclusion is unfair. DOC should respect the fact that Chinese enterprises work under the rule of the market economy and should grant Chinese enterprises full MET instead of partial MET. Furthermore, DOC should remove the measure of "double counting" when conducting AD/CVD investigations against the products imported from China, as it is against U.S. law and its WTO obligations. It is unfair and discriminatory.