

United States Senate

WASHINGTON, DC 20510 - 3505

June 19, 2017

The Honorable Bernd Lange
Chairman
Committee on International Trade
European Parliament
Rue Wiertz
Altiero Spinelli 12G205
1047 Brussels

The Honorable Salvatore Cicu
Rapporteur
Committee on International Trade
European Parliament
Rue Wiertz
Altiero Spinelli 10E165
1047 Brussels

Dear Chairman Lange and Rapporteur Cicu:

Global market distortions continue to undermine European and American manufacturers and their workers, forcing facilities to idle and workers to lose their jobs in numerous sectors. Strong EU-U.S. collaboration and close coordination on the enforcement of international trade standards are essential to effectively addressing the underlying causes of these distortions. As you continue to consider the proposal regarding the EU's designation of China's nonmarket economy status, particularly with respect to antidumping trade cases, I urge you to ensure any EU policy changes will not undercut efforts by the U.S. and other trading partners to protect our industries from unfair trade practices and to ensure China transitions completely to a market economy.

Article 15 of China's World Trade Organization (WTO) Accession Protocol does not require countries to treat China as a market economy in antidumping investigations by the end of 2016, despite China's claims. Only one provision of Article 15 – subparagraph (a)(ii) – expired in December 2016. The other provisions of Article 15 remain in force, and WTO members are allowed to use an alternative antidumping methodology in trade cases to accommodate for nonmarket economy distorted costs.

There is no doubt that China's economy remains state-controlled and that this state control has contributed to massive global market distortions. The U.S. continues to rely upon its antidumping laws to address the impact of China's nonmarket economy and is working to build a coalition of international trading partners, including the EU, to increase China's compliance with its WTO obligations. It is imperative that any EU policy changes on nonmarket economy not undermine U.S. trade remedy statutes or these coordinated efforts among allies.

To that end, I urge you to ensure any EU proposal underscores the ongoing authority granted under Article 15 for countries to treat China as a nonmarket economy in antidumping cases. In addition, any changes to EU law must place the burden of proof on exporting producers in nonmarket economies to justify the use of individual costs in antidumping cases. If petitioning producers must justify the use of antidumping methodologies and costs in nonmarket economies, our trade remedy laws will be significantly weakened and less effective. Perhaps most

important, I urge the EU to make joint submissions with the U.S. in the nonmarket economy WTO cases brought by China. The U.S. will be making the same legal arguments against the Chinese government, and joining forces in the case will ensure there is no daylight between the EU and U.S. positions.

I know you share my concerns that China's state-controlled economy has threatened and continues to undermine EU and U.S. industries. The U.S. and EU must collaborate closely and join forces on nonmarket economy policies to prevent unintended consequences that may inhibit our efforts to level the playing field for our workers. Any changes must preserve the ability of the EU and the U.S. to defend our economies from unfair trade practices and encourage China to transition to a market economy.

Thank you for your consideration of this letter.

Sincerely,

A handwritten signature in blue ink that reads "Sherrod Brown". The signature is written in a cursive, flowing style.

Sherrod Brown
United States Senator