

September 20, 2017

Mr. Edward Gresser
Chairman
Trade Policy Staff Committee
Office of the United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20506

Subject: Request for Comments and Notice of Public Hearing Concerning China's Compliance with WTO Commitments

Dear Chairman Gresser:

The Aluminum Association welcomes the opportunity to submit comments in response to a request by the Office of the United States Trade Representative (USTR) and the Trade Policy Staff Committee (TPSC) in a Federal Register notice regarding *Request for Comments and Notice of Public Hearing Concerning China's Compliance with WTO Commitments*.¹ The Aluminum Association represents the full U.S. domestic aluminum value chain – from primary producers, to recyclers, fabricators, and their suppliers. Our member companies account for the vast majority of U.S. aluminum production and support 713,000 U.S. aluminum jobs and facilities in 35 states. These views are submitted in connection with USTR's annual report to Congress on China's compliance with the commitments it made in connection with its accession to the World Trade Organization (WTO).

The Aluminum Association believes China has failed to adhere to the letter and spirit of its WTO accession. At the time, China's decision to join the WTO was seen as an opportunity to improve market access for leading U.S. goods, services, and farm exports and lock in China's commitment to continued market-oriented economic reforms. Despite initial progress after China's WTO accession, the last decade has seen a major regression, which calls into question the underlying premises for the decision by

¹ 82 Federal Register 36071 (August 2, 2017). These comments are timely filed, based on USTR's notice.

the United States and other WTO members to welcome China into the WTO's rules-based global trading system.

The aluminum sector is an important example of recent trends. Instead of allowing aluminum markets, capacity, and production to be guided by market forces as provided by WTO rules, China has engaged in industrial, regulatory, and trade policies designed to boost domestic production and supply. The Association has seen indications these policies have involved high levels of government intervention, including (1) government subsidization of new plants, (2) discriminatory VAT rebates and export taxes to promote exports of value-added Chinese aluminum products, (3) lax enforcement of environmental standards, (4) a fundamental lack of transparency regarding trade-distorting government measures in an apparent effort to conceal levels of government interference in markets and trade flows, and (5) a host of other government policies designed to directly and indirectly support Chinese producers. In aluminum, as in other industrial sectors, the result of this failure to heed market signals is massive subsidized excess Chinese aluminum capacity, which has distorted global markets and prices and contributed to injurious dumping into the U.S. and other markets.

As explained in comments filed by the Aluminum Association with the Department of Commerce earlier this year, we would like to reiterate our position that China's state-controlled economy does not meet the basic requirements set forth by the Department of Commerce for a market economy, and the Chinese economy continues to meet the definition of a "non-market economy" for purposes of the U.S. antidumping law.² Such a determination is vital for U.S. aluminum and other U.S. manufacturers and their employees, who need effective U.S. antidumping and countervailing duty remedies to secure redress against unfair trade practices by Chinese firms. The continued application of non-market antidumping procedures remains fully appropriate in view of China's stalled economic reforms, extensive industrial planning, promotion of national champions and state-owned enterprises, and indigenous innovation

² **See** *Letter to the Honorable Wilbur L. Ross, Jr. from the Manufacturers for Trade Enforcement Coalition regarding Inquiry Into the Status of the People's Republic of China as a Nonmarket Economy Country Under the Antidumping and Countervailing Duty Laws, ITA-2017-0002* (May 10, 2017).

policies. In short, China does not meet any of the established statutory criteria for treatment as a market economy for purposes of the U.S. antidumping law and WTO rules.

With respect to China's WTO accession, the Aluminum Association urges USTR and President Trump's Administration to continue to press China to adhere to both the letter and spirit of the WTO's open, rules-based trading system. Achieving this goal will require China to (1) eliminate trade-distorting government subsidies for the construction of new aluminum capacity and aluminum exports; (2) end government industrial policies that target specific sectors, such as primary and value-added aluminum production; (3) respect intellectual property rights, including by ending forced technology transfers and trade secret theft; (4) adhere to market signals instead of government industrial policies, targets, and production quotas, and (5) improve the transparency of government measures affecting trade so that China's acts, policies, and practices are out in the open.

* * *

We appreciate the consideration by USTR and the TPSC of these comments and stand ready to discuss them further if it would be helpful.

Respectfully submitted,

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

Heidi Brock
President and CEO
The Aluminum Association