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Leo W. Gerard
International President

October 26, 2014

VIA E-MAIL
The Honorable Michael Froman
United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Froman:

I am writing to you regarding the Transatlantic Trade and Investment Partnership (TTIP) and the potential for U.S manufacturing interests to be adversely affected by how the European Union (EU) may change its current treatment of the People's Republic of China (China) as a non-market economy.

As you well know, under the terms of China's Protocol of Access to the World Trade Organization, other WTO members had the right to treat the PRC as a non-market economy (NME) for purposes of antidumping and countervailing duty laws. One clause regarding the treatment of China expires on December 11, 2016, but the remaining language continues to operate. This has led to an active effort by China to end its treatment as a non-market economy by those countries which continue to treat it as such so as to gain preferential treatment. The media has suggested that while the EU has not decided how it will proceed, an internal EU memo argues for granting market economy treatment. This memo is not yet public. How China is treated under U.S. and EU antidumping laws is critical to workers and companies in both countries. With massive distortions in most aspects of the Chinese economy, changing China's status before their economy in fact operates on market principles on a sustained and verifiable basis will have far reaching consequences for workers, companies and communities across the U.S. and the EU. If the EU makes a change in treatment of China under its antidumping law when China has not in fact truly engaged in comprehensive reform of its economy, there will be broad repercussions for how fair market conditions will be assessed in Europe and, in terms of U.S. exports to the EU, could result in dramatically lower opportunities for the export of America's manufactured products.

As noted, press reports indicate that the EU is considering granting China market economy status in the near future, despite overwhelming evidence of the continued state-led direction, intervention, subsidization and control of that country's economy and its firms. If the EU chooses to grant China this preferential status, either for the country as a whole or for individual sectors or firms, it will subject U.S. products to a potential risk of having to compete against unfairly traded products in the EU and, potentially, as components in products shipped to the U.S. or to third country markets. Thus, the EU's decisions in this area must be addressed as part of the ongoing TTIP negotiations and that any alterations in their treatment of China as a NME be subject to dispute resolution and potential compensation for any adverse effects it may have on the U.S., producers and workers

The TPP negotiations have overshadowed the TTIP negotiations and, as a result, many important issues are receiving limited attention. The EU's potential actions in this area must not be viewed simply as a matter for the EU Commission to consider but, rather, must be addressed in terms of their potential impact on the U.S. manufacturing sector and its employees.

I look forward to working with you on this important matter.

Sincerely,

Leo W. Gerard

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