



January 11, 2007

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**FR Doc. E6-21437**

**RE: Application of the Countervailing Duty Law to Imports From the People's Republic of China: Request for Comment (71 Fed. Reg. at 75,507, Dec. 15, 2006)**

Dear Ms. Kuhbach:

I appreciate the opportunity to submit the following comments on behalf of the 350 member companies of AMT-The Association For Manufacturing Technology ("AMT"). Our members manufacture the machine tools and productivity technology and equipment that enable our country to stay in the forefront of manufacturing, and we are a critical part of the defense manufacturing base.

As a former Assistant Secretary for Trade Administration during the Administration of President Ronald Reagan, I am aware that the Commerce Department has exempted imports from the People's Republic of China from the countervailing duty ("CVD") law, because of China's classification as a non-market economy ("NME"). It is AMT's view that this is clearly not what the United States' and the World Trade Organization's ("WTO") CVD laws intend. Indeed, the WTO Subsidies and Countervailing Measures Agreement ("SCM Agreement"), which permits CVDs to be applied on subsidized imports, makes no distinction between market and non-market economies. Without that distinction, the law clearly applies to both types of economies. Other WTO member countries, such as Canada, agree and have investigated and imposed CVDs on Chinese imports.

It is unclear why United States trade policy continues to hinder U.S. manufacturers with regard to China, in light of China's predatory trade practices. The U.S. trade deficit with China has grown from \$83 billion in 2001 to approximately \$225 billion today, and it continues to grow at a rapid pace. In the meantime, nearly three million

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U.S. manufacturing jobs have disappeared. Without a doubt, the Chinese Government's subsidization of exports, including currency manipulation, low interest loans, grants, and export subsidies, has contributed significantly to these startling statistics.

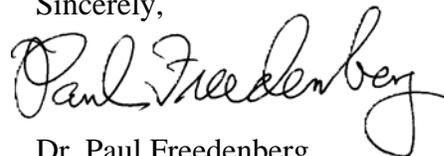
Without CVD relief, U.S. manufacturers are left with little means to redress the injury caused by these subsidies. Antidumping law alone is not sufficient. Why does China continue to receive special treatment under U.S. trade law one might ask? It makes no sense. U.S. law and WTO law simply give no justification for this preferential treatment. Not only is this special treatment severely damaging to U.S. manufacturers, it is also unfair to our trading partners where the CVD law is applied.

The Commerce Department's assertion that it is too difficult to determine subsidy levels in NMEs no longer makes sense when it comes to China. China is a very different country today than it was in the 1980s. In fact, China's economic reforms have made it increasingly possible to obtain the data necessary to determine the extent of export subsidies and to quantify the injury they cause. Central planning by the Chinese Government, which the Commerce Department cites as a reason subsidies cannot be measured in NMEs, is less prevalent in China today. The market increasingly plays a role in investment, pricing, and production. In addition, many Chinese companies are now publicly traded and so must file reports that provide sufficient financial data for determining whether they are being subsidized.

In sum, the U.S. position opposing CVDs on Chinese exports makes no sense in today's world. The position is not required by law, but rather was an administrative action (upheld in court) and could be changed by a similar administrative action. It is inconceivable that while the U.S. placed great emphasis on the reporting, limiting and elimination of Chinese subsidies as a condition for China's WTO ascension, we still adhere to a policy that suggests that they cannot be measured. How else could they be reported, limited, and eliminated?

When American industries are harmed by China's unfair trade subsidies, they should be able to look to the U.S. Government for help in rectifying the damage they suffer. And U.S. trade policy should be consistent with that of their WTO trading partners.

Sincerely,



Dr. Paul Freedenberg  
Vice President - Government Relations

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