



June 11, 2007

The Honorable Charles B. Rangel
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Jim McCrery
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Rangel and Ranking Member McCrery:

On behalf of Consumers for World Trade (CWT), I am writing to express our concerns over HR 1229, the *Nonmarket Economy Trade Remedy Act* that may be scheduled for a markup soon before the Ways and Means Committee. We are concerned that this bill to require the Department of Commerce (DOC) to apply countervailing duty law against non-market economies such as China, may adversely impact many hard working American families by inflating the price of many consumer products and potentially exposing the United States to a challenge before the World Trade Organization.

HR 1229 could be inconsistent with our international trade agreements if it permits the benefit of a subsidy to be offset twice – through concurrent antidumping and countervailing duty cases on the same product – unless the legislation contains language preventing such double-counting. The World Trade Organization (WTO) rules prohibit the imposition of more than one remedy in such instances. Also, the provision in the bill requiring Congressional approval to graduate NME countries to market economy status would violate the presentment clause of the U.S. Constitution as the Supreme Court explained in the case of *INS v. Chadha*. Finally, provisions of HR 1229 that require the use of certain “external” benchmarks in countervailing duty investigations against NME countries are inconsistent with the terms of China’s WTO accession agreement. In the end, the U.S. could be taken before the WTO’s dispute settlement panel. If a WTO panel finds that these provisions violate WTO rules, many U.S. exporters could face high retaliatory tariffs from our trading partners, including China, our fastest growing export market.

We recognize that U.S. countervailing duty law is designed to protect domestic U.S. manufacturers from unfair foreign subsidies through higher duties placed on these foreign goods. However, those remedies must be applied in a way that conforms to U.S. obligations under international trade rules. In addition, it must be recognized that the import taxes imposed in these cases are passed on to consumers through higher market prices. Were HR 1229 to essentially allow petitioners in these cases two bites at the apple, the result would be that consumers would very likely pay a grossly inflated price for imported goods. Over the past decade, a wide variety of consumer products have been sourced from non-market economies such as China and Vietnam. These imported products have allowed the neediest of Americans to afford a variety goods for their families. In the event that both anti-dumping and countervailing duties are applied to the same imported product without correcting the double-counting problem, the resulting increase in price paid by U.S. consumers could erode these benefits through an unwarranted trade tax imposed on many hard working Americans.

We thank you for providing us with the opportunity to provide you with our comments on HR 1229.

Sincerely,

Robin Lanier
Executive Director

Consumers for World Trade | 1707 L Street NW | Suite 570 | Washington, DC 20036
www.cwt.org | tel: (202) 293-2944 | fax: (202) 293-0495

