

# **China Market Economy Status Congressional Review Act**

## **Sponsored by: Sen. Al Franken**

### **Current Law**

The United States and the World Trade Organization ban foreign exporters from engaging in predatory pricing schemes known as “dumping.” Dumping schemes undermine U.S. industries by exporting goods to the United States at prices below fair value – and typically below the prices of the same goods in an exporter’s home country.

Dumping is bad for the U.S. economy and bad for U.S. workers because it can put U.S. firms out of business, after which the foreign competitor can raise prices on consumers.

To stop dumping schemes, the U.S. Department of Commerce is authorized to levy anti-dumping tariffs on mispriced imports so that imports are priced comparably to fair market value. When a company’s home country has a traditional market economy, Commerce typically calculates fair market value based on prices in an exporter’s home country.

But in non-market economy countries like China, where governments dominate the economy, prices don’t necessarily reflect a fair value. For that reason, anti-dumping duties for non-market economies may be calculated differently – often resulting in more accurate – and higher – duties on foreign imports than if distorted prices of a non-market economy were used.

Under current law, the Department of Commerce may make an administrative determination to grant market-economy status to China as part of an anti-dumping case. Congress does not have a role in any decision to grant market-economy status to China.

Despite China’s government-dominated economy, China is currently pushing the United States and the European Union to grant them market-economy status as soon as December 2016.

### **Reason For Change**

China accounts for more anti-dumping cases than any other country in the world. Designating China as a market economy could result in a significant reduction in anti-dumping duties, reduce the accuracy of the anti-dumping calculations, and make it more difficult to combat future dumping by Chinese companies.

Therefore, given the significant impact on granting market-economy status, Congress deserves a voice in any change to China’s status as a non-market economy.

### **Proposal**

The China Market Economy Status Congressional Review Act would require Congress to consider and approve any action by the Department of Commerce to grant market-economy status to China. Under the bill, Congress would be required to consider any proposed change within 45 days, and a resolution approving market-economy status for China would be considered under expedited procedures.

### **Supporters**

The China Market Economy Status Congressional Review Act is endorsed by the United Steelworkers. A companion measure (H.R.4927) was introduced in the House of Representatives by Rep. Rosa DeLauro (D-Conn.).