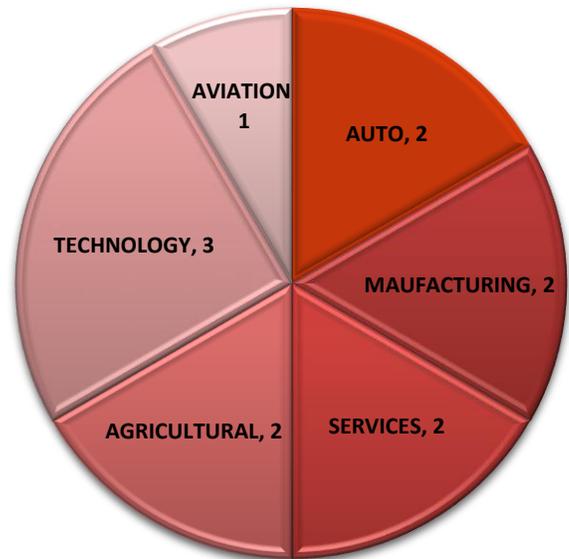


# STANDING UP FOR AMERICAN WORKERS

## SUMMARY OF KEY ENFORCEMENT VICTORIES AGAINST CHINA

- **Billions of Dollars of Opportunity for U.S. exporters** -- Seek to open/restore major export markets – Autos (duties on \$5 billion in exports), poultry (\$1 billion market, industry est.), high tech steel (\$250 million in exports)
- **Focus on Opening Large, Strategic Markets** – Autos, electronic payment services, high tech steel.
- **First-ever 421 safeguard on tires** -- President Obama imposed tariffs on Chinese tires.
- **First-ever WTO victory defending a safeguard** -- U.S. tires tariffs found consistent with WTO rules.
- **Leveling the Playing Field in Key Sectors** – Rare Earths; wind, solar, green technologies; services; agriculture.



USA's WTO complaints against China by Sector

### [Presidential Safeguard Action on Tires from China \(Auto\)](#)

In September 2009, President Obama directed the imposition for three years of additional tariffs to stop a harmful surge of imports of Chinese tires for passenger cars and light trucks. From 2004 to 2008, imports of tires from China tripled in volume. China's share of the U.S. market rose from less than 5% to nearly 17%, at the expense of U.S. producers. The surge caused production of U.S. tires to drop, domestic tire plants to close, and Americans to lose their jobs. Acting on behalf of American manufacturers and workers, President Obama invoked a law that had been passed, but never before used, to give the United States the right under WTO rules to address harm caused by imports from China. The WTO found that the President's action on tires was fully within the rights of the U.S. under the WTO Agreement and rejected China's challenge.

### [Export Restraints on Raw Materials I \(Manufacturing\)](#)

In June 2009, USTR challenged China's export restraints on nine raw materials to create a level playing field for U.S. workers and businesses that manufacture downstream products in the steel, aluminum and chemical sectors. The case addressed a main problem: the export restraints enabled China's downstream producers to obtain a dramatic competitive advantage by significantly decreasing their input costs. A prime example: China's downstream steel producers incurred input costs for coke that were \$268 per MT less than their foreign counterparts. In 2011, the WTO found China's quotas and duties to be inconsistent with its WTO commitments. In December 2012, China eliminated the offending measures. For the last two years, the Interagency Trade Enforcement Center, created by President Obama to support and strengthen trade enforcement, has monitored China's exports and actions to guard against any distortions in these critical sectors.

### [Chinese AD/CVD Duties on High Tech Steel from the United States \(Technology\) \(Includes Dispute and Compliance Challenge\)](#)

In September 2010, the United States challenged China's imposition of antidumping (AD) and countervailing duties (CVD) against U.S. exports of grain oriented flat-rolled electrical steel (GOES). This action cut off more than \$250 million in U.S. exports of this high-tech steel product. In July 2012, the WTO found China's measures to be inconsistent with its WTO commitments. In 2014, USTR challenged China's failure to comply with WTO rules in the WTO's first ever compliance proceeding brought against China. The WTO concluded that China's actions following the WTO findings in 2012 were inconsistent with WTO rules. China revoked the AD and CVD duties on GOES from the United States.

### [Electronic Payment Services \(Services\)](#)

In September 2010, USTR challenged China's restrictions and requirements on electronic payment services (EPS) for payment card transactions and the suppliers of those services. Each year well over one \$1 trillion worth of electronic payment card transactions are processed in China. In 2012, the WTO agreed with the United States that China's measures discriminate against U.S. suppliers. China has taken some steps to address the problems identified by the WTO, and the Administration continues to work with U.S. stakeholders and China to ensure American credit and debit card companies' fair access to China's market.

### [Wind Power Equipment \(Technology\)](#)

In December 2010, following a petition from the United Steelworkers, the United States initiated a WTO case challenging subsidies that China provided to manufacturers in its wind power equipment sector. The subsidies appeared to require the use of local content, at the expense of foreign manufacturers' products. At the time of the dispute, USTR estimated that grants provided under this program from 2008 to 2010 totaled several hundred million dollars. In response to USTR's challenge, China terminated the challenged subsidy program.

### [Chinese AD/CVD Duties on Poultry from the United States \(Agriculture\) \(Includes Dispute and Compliance Challenge\)](#)

In September 2011, USTR challenged China's AD/CVD duties on U.S. exports of chicken "broiler products." These duties hindered access to what was a major market for American poultry farmers who produced these products. In August 2013, a WTO panel agreed that China's measures were inconsistent with its WTO commitments. In May 2016, USTR challenged China's continued failure to comply with the WTO ruling in the WTO's second ever compliance proceeding brought against China. Through these actions, the Administration is seeking to ensure that China does not misuse AD/CVD measures to unfairly harm American workers and companies.

### [Export Restraints on Rare Earths II \(Manufacturing\)](#)

In March 2012, the United States challenged China's export restraints on rare earths, tungsten and molybdenum products. China is the world's leading producer of rare earths, producing an estimated 130,000 metric tons of rare earth oxide, which accounted for approximately 97 percent of global production in 2011. In all, China's export restraints on the materials at issue in this dispute cover approximately 100 tariff codes. USTR brought this dispute to create a level playing field for U.S. workers and businesses that manufacture many important downstream products in the United States, including hybrid car batteries, wind turbines, energy-efficient lighting, steel, advanced electronics, automobiles, petroleum and chemicals. In late 2014, the WTO agreed with the United States and found that China's export restraints are inconsistent with WTO rules. China announced that it has eliminated WTO-inconsistent export duties and quotas on these products. The United States is closely monitoring China's actions to ensure that these illegal policies are in fact discontinued and that China fully complies with its obligations.

### [Chinese AD/CVD Duties on Autos from the United States \(Auto\)](#)

In July 2012, the United States challenged China's anti-dumping and countervailing duties on certain automobiles from the United States. The WTO agreed with the United States that China's duties breached numerous international trade rules. Following USTR's challenge and before issuance of the panel's report, China announced the termination of its AD and CVD duties. In 2013, those duties had been imposed on exports of over \$5 billion of American-made cars and SUVs. Through this dispute, the Administration is ensuring the right of American companies to fair treatment in antidumping and countervailing duty investigations in China.

### [Chinese Export Bases for Autos and Auto Parts \(Auto\)](#)

In September 2012, the United States challenged a Chinese export subsidies program to auto and auto parts enterprises in China that severely distort competition. In the years 2002 through 2011, the value of China's exports of autos and auto parts increased more than nine-fold, from \$7.4 billion to \$69.1 billion, and China rose from the world's 16th largest to the 5th largest auto and auto parts exporter during this period. U.S. efforts to address this important program are ongoing.

### [Chinese Demonstration Bases / Common Service Platform \(DB/CSP\) Program \(Services\)](#)

In February 2015, USTR requested WTO consultations on China's measures that appear to establish a program of prohibited export subsidies. China is directing service providers to offer discounted or free services to producers across industries, including agriculture, light industry, new materials (including ferrous and non-ferrous alloys), pharmaceuticals, textiles, hardware and building materials, and specialty chemicals. These producers are clustered in designated export regions called "Demonstration Bases." In addition, producers may also receive subsidies such as cash grants, grants for research and development, subsidies to pay interest on loans, and preferential tax treatment for exporting. In April 2016, China signed a Memorandum of Understanding with the United States in which China agreed to take specific actions that would remove all WTO-inconsistent elements of the program.

### [Chinese Tax Measures Concerning Certain Domestically Produced Aircraft \(Aviation\)](#)

In December 2015, USTR requested consultations with China on its measures exempting certain aircraft produced in China from a 17% value-added tax (VAT) while imposing those taxes on imported aircraft. The discrimination caused by the Chinese measure affects U.S.-made aircraft and U.S. parts producers who provide components to foreign-made aircraft. The measures affect imported aircraft generally under 25 metric tons, including general aviation and regional jets, while exempting such China-made aircraft. China also failed to publish these measures in accord with its WTO obligations, confounding the ability to identify the rules affecting the business environment. Through this action, the United States is challenging China's breaches of fundamental WTO rules of non-discrimination and transparency in this strategically important sector.