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ECONOMIC REPORT CONCLUDES GRANTING CHINA MARKET ECONOMY STATUS WOULD HAVE DEVASTATING IMPACT ON NAFTA-WIDE STEEL INDUSTRIES

A report released today concludes that treating China as a market economy in antidumping investigations would "severely damage the NAFTA steel industries and harm NAFTA economies." The study, comprised of three economic analyses, was conducted by leading economists from Capital Trade Incorporated in Washington, DC; the Centre for Spatial Economics in Ontario, Canada; and IMCO in Mexico City, Mexico.

Six steel industry groups —the American Iron and Steel Institute, the Steel Manufacturers Association, the Canadian Steel Producers Association, CANACERO, the Specialty Steel Industry of North America and the Committee on Pipe and Tube Imports — sponsored the report. They today issued the following statement:

"China is a state-run economy and does not operate on market principles, yet it argues that it must be treated as a market economy as of the 15th anniversary of its accession to the WTO in December 2016. This third party report found that granting China market economy status is premature and would lead to significant job losses in our sector, and in steel communities where plants are being idled and jobs are already being decimated. This is unacceptable."

The groups also cited findings in the studies that show granting market economy status to China would:

- Cause NAFTA steel industry output to shrink by $31.5 billion and NAFTA economic welfare to decrease by $42.5- $68.5 billion.
- Cause job losses of 400,000 to 600,000 workers in the U.S. and near-term job losses in Canada of up to 60,000 highly-skilled, well-paying jobs.
- Make antidumping laws much less effective for remedying injury from dumping, since dumping margins would likely drop to zero or close to zero.

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The report summary concludes, "China is a reforming economy, not a market economy, and now accounts for nearly half of global steel output. [China's] share is likely to continue growing if it is treated as a market economy for purposes of antidumping laws. Allowing China the benefit of this treatment, without requiring a completion of economic reforms, would remove a powerful incentive for completion of the reform program."

The report also notes that China's competitiveness in steel is artificial, "a creation of steel-oriented industrial policies that led to outsized increases in capacity, production and exports since 2002-2004."

The full report can be found here.

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