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CHINA'S WTO COMPLIANCE
DOCKET NO. USTR-2014-0015

VIA ELECTRONIC SUBMISSION

Mr. Douglas M. Bell
Assistant United States Trade Representative
for Trade Policy and Economics
Chair, Trade Policy Staff Committee
Office of the United States Trade Representative
600 Seventeenth Street, NW
Washington, DC 20508

Re: *Comments concerning China's Compliance with WTO Commitments* (Docket Number USTR-2014-0015)

Dear Mr. Chairman:

The American Wire Producers Association ("AWPA") appreciates the opportunity to submit these written comments in connection with the Interagency Trade Policy Staff Committee's review of China's compliance with the commitments it made during its accession to the World Trade Organization ("WTO") in 2001.[1]

The members of the AWPA remain firmly convinced that the United States Government must insist that China abide by its WTO commitments and immediately stop its illegal trade policies and practices on several fronts: currency manipulation which protects and promotes

1 *See Office of the United States Trade Representative, Request for Comments and Notice of Public Hearing Concerning China's Compliance With WTO Commitments*, 79 Fed. Reg. 48,291 (August 15, 2014).

China's export-driven industries; mercantilist export tax and value added tax ("VAT") rebate schemes which restrict the exportation of basic products from China and promote the exportation of downstream value-added products by China; the widespread subsidization of Chinese production for export markets by every level of the Chinese governmental system; and the actions of many Chinese manufacturers and exporters to evade applicable antidumping and countervailing duty orders through transshipment, misclassification, falsification of country of origin, and other illegal schemes. American manufacturers of wire and wire products have been seriously and adversely impacted by these WTO-inconsistent practices, making it extremely difficult and often impossible for the U.S. industry to compete with unfairly-traded imports from China.

I. BACKGROUND

The AWPA is a trade association which represents companies that collectively produce more than 80 percent of all carbon, alloy, and stainless steel wire and wire products manufactured in the United States. The 86 member companies of the AWPA employ 20,000 workers in over 210 plants and facilities located in 35 states. Sales of these companies exceeded $11 billion in 2013.

American manufacturers of steel wire and wire products are entrepreneurial and committed to maintaining their competitive market position despite heavy import pressure in their product sectors. They pride themselves on their high productivity and constant reinvestment in the latest technology and equipment, keeping the American wire industry one of the most globally competitive segments of the steel industry. They are equally proud of the thousands of good-paying jobs that they provide to hard-working Americans in hundreds of communities throughout the United States.

The member companies of the AWPA firmly believe that the continued failure by the U.S. Government to halt China's unfair trade practices — including the Chinese Government's artificial suppression of the value of the Chinese renminbi, distortion of export patterns through manipulation of China's taxes and VAT rebate programs, subsidization of Chinese manufacturers, and evasion of applicable U.S. duties by Chinese exporters — threatens the jobs of thousands of American workers in the domestic wire and wire products industry.

II. MAJOR TRADE PROBLEMS WITH CHINA

A. CURRENCY MANIPULATION

The Chinese renminbi ("RMB") or yuan remains significantly undervalued against the U.S. dollar and other major currencies. At the same time, Chinese industries have achieved major increases in production capability and quality, productivity, foreign direct investment, and other factors that would normally be expected to cause a currency to appreciate. China has repeatedly stated that it may be willing to consider restraining its manipulation of the RMB, but the Chinese Government has fallen woefully short of adequately realigning its currency in accordance with free market principles. Our country cannot continue to accept half measures and token gestures when the U.S. manufacturing sector is suffering so severely as a direct result of the Chinese Government's deliberate and willful manipulation of its currency.

Under current law, the Department of the Treasury ("Treasury") is required to identify countries that manipulate their currencies for purposes of gaining an unfair competitive trade advantage.[2] In recent years, Treasury has found that certain countries' currencies are undervalued. However, despite overwhelming evidence, Treasury has refused to cite such countries — including China — as currency manipulators.[3] Treasury's *April 2014 Report* identified the many benefits that appreciation of the value of the RMB would have on the Chinese and global economies, and it recited the numerous protestations and undertakings by Chinese authorities of their intention to liberalize their economic policies and permit their currency to appreciate in accordance with market principles.[4] However, as Treasury recently reported, despite some limited steps in 2013, "China's real effective exchange rate continues to exhibit significant undervaluation."[5] Moreover, Treasury noted that: "{t}he exchange rate adjustment process remains incomplete and the currency has further to

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2 *Omnibus Trade and Competitiveness Act of 1988*, 22 U.S.C. § 5305.

3 *See, e.g., U.S. Department of the Treasury, Office of International Affairs: Report to Congress on International Economic and Exchange Rate Policies* (April 15, 2014) ("*April 2014 Report*").

4 *Id*. at 3—4, 12—16.

5 *Id*. at 4.

appreciate before reaching its equilibrium value."[6] Even more troubling, after China committed to enhancing its exchange rate flexibility at the U.S.-China Strategic and Economic Dialogue meeting in May 2012, "{t}he RMB exchange rate remains significantly undervalued," and "{t}he Chinese authorities have been unwilling to allow an appreciation large enough to bring the currency to market equilibrium."[7] Indeed, Treasury noted that recent intervention by the Chinese Government "suggests continued actions to impede market determination" and that, during 2014, the exchange rate of the RMB actually depreciated by "a marked 2.68 percent."[8] Despite all of this evidence to the contrary, Treasury again incredulously claimed that China has not manipulated the exchange rate of the RMB.[9] Instead, Treasury "will continue to monitor these issues closely going forward."[10]

We respectfully urge the United States Government to reverse its hitherto unsupportable position and identify China as a currency manipulator and initiate the remedial actions provided by law.

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6 *Id.* at 3.

7 *Id.* at 4.

8 *Id.* at 34.

9 *Id.*

10 *Id.*

B. BORDER TAX SCHEMES — EXPORT TAXES AND VAT REBATE INCENTIVES

AWPA members and many other American manufacturers must contend with an extraordinary distortion of trade patterns caused by the border tax regime manipulated by the Chinese Government. In violation of its international trade obligations, China has imposed export taxes on carbon steel wire rod while granting VAT rebates on many finished downstream wire products manufactured from wire rod, creating distortions that directly and adversely impact U.S. manufacturers of these downstream products.

The Chinese Government's use of export taxes and licenses to limit exports of wire rod is a violation of China's *Protocol of Accession to the WTO*. At the same time, China's VAT rebates subsidize the exportation of downstream wire products and severely distort the trade in these products. The imposition of export taxes on wire rod encourages the retention of this basic material input in China, resulting in greater availability and lower input costs for Chinese manufacturers of wire and wire products. Together, these programs manipulate China's border tax scheme to favor Chinese industries which export higher value downstream products to the United States and other countries. These practices violate the commitments made by the Chinese Government when it joined the WTO.

The specific violations of China's international obligations are:

(1) China's export taxes on wire rod violate Section 11.3 of China's *Protocol of Accession to the WTO*;[11]

(2) China's export licensing requirements on wire rod violate Article XI:1 of the *General Agreement on Tariffs and Trade* ("GATT") and Part I, Section 7.2 of China's *Protocol of Accession to the WTO*;

(3) China's differential tax scheme is a prohibited export subsidy that violates Article 3 of the *Subsides and Countervailing Measures Agreement*, Articles VI and XVI of the GATT, and Part I, Section 10.3 of China's *Protocol of Accession to the WTO*;

(4) China's discriminatory, steel-specific border measures are having adverse effects on the interests of the United States and as such also constitute an actionable subsidy under Articles 5 and 6.3 of the *Agreement on Subsidies and Countervailing Measures*; and

(5) China's differential export tax scheme, export taxes on wire rod, and export licensing requirements for wire rod further nullify or impair benefits of the United States within the meaning of Article XXIII:1(b) of the GATT.

The member companies of the AWPA have worked with U.S. officials to try to address the problems resulting from China's noncompliance with its obligations under the WTO. Discussions with the Office of the United States Trade Representative ("USTR") culminated in the participation of an AWPA member company representative in the meeting of the U.S.-China

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11 *World Trade Organization: Accession of the People's Republic of China*, WT/L/432 (November 23, 2001) — "China shall eliminate all taxes and charges applied to exports unless specifically provided for in Annex 6 of this Protocol or applied in conformity with the provisions of Article VIII of the GATT 1994." Steel wire rod is not listed in Annex 6 as a product subject to export duties.

Steel Dialogue which was held in Beijing, China, in October 2008. The USTR agreed that our industry has a unique story to tell and encouraged the AWPA to become an active participant in this government-industry initiative.

During the 2008 Steel Dialogue meeting, the AWPA representative made a presentation regarding recent trends in exports of wire rod and representative wire products from China. He pointed out that, while wire rod exports to the United States dropped significantly from 2007 to 2008, at the same time exports of wire and wire products — already sizeable — increased substantially. Additionally, the average unit values of the Chinese wire products were below the average unit values of imports from all other countries. These trade patterns were the direct result of China's border tax policies. In 2007, the Chinese Government eliminated VAT rebates on exports of wire rod, but it continued to provide VAT rebates on exports of a range of steel wire and wire products. These steps dampened the financial incentive to export wire rod but encouraged the exportation of downstream wire and wire products. On January 1, 2008, China increased the export tax on wire rod from 10 to 15 percent, which further diminished the financial return for exporters of wire rod. The AWPA is aware of no similar export taxes to discourage the exportation of downstream wire products.

During the October 2008 meeting in Beijing, the Chinese Government acknowledged that a distortion did exist but claimed that it had the right to limit exports of wire rod due to an allegedly adverse impact of increased wire rod production on China's environment.

USTR officials countered that this argument is not plausible because domestic rod production within China was not being reduced as a result of the limits on wire rod exports. Following the Beijing meeting, there was some optimism by both U.S. officials and the AWPA's representative that the Chinese Government would modify its export tax scheme. Two weeks after the meeting in Beijing, the Chinese Government did announce the removal of export taxes on many steel products, but it did not remove or reduce the export tax on wire rod. Moreover, in 2009, the Chinese Government actually raised the amount of VAT rebates on a number of downstream wire and wire products, including galvanized wire, silicon-manganese wire, and other alloy steel wire.

It is the AWPA's position that the Chinese Government's disparate treatment of wire rod in relation to other steel products undermines any potential legal defense based on environmental concerns. If the Chinese authorities were motivated by such concerns, why did they remove the export taxes on other steel products which present the same environmental concerns and, in fact, are likely to have an even greater adverse impact on the environment than the production of wire rod? Moreover, wire rod continues to be produced in China — it just remains in China, rather than being available for export. It appears that China's actions are driven not by concerns about the environment but by a commercial calculation to promote the production and exportation of downstream wire and wire products manufactured from wire rod.

These downstream products have higher added values than wire rod, and the Chinese companies that make these downstream products employ large numbers of workers.

The USTR raised these issues five years ago in its *2009 Report to Congress on China's WTO Compliance*, stating that "China maintains numerous export restraints that raise serious concerns under WTO rules," noting that export restraints by the Chinese Government create disadvantages for competing industries in the United States and other countries and that these "widespread" export restraints "can significantly distort trade."[12] Further, the *2009 Report* observed that "China's economic planners also attempt to manage the export of many intermediate and downstream products, often by raising or lowering the value-added tax (VAT) rebate available upon export and sometimes by imposing or retracting export duties."[13] Following the 2008 Steel Dialogue meeting, mentioned above, the USTR reported that, in December 2008, China responded to the global economic downturn "by seeking to boost its exports through changes to its VAT export rebate and export duty regimes" — which were intended again to increase exports of downstream steel products.[14]

12 United States Trade Representative, *2009 Report to Congress on China's WTO Compliance* (December 2009) ("*2009 Report*") at 38—39.

13 *Id*. at 39.

14 *Id*. at 40.

The USTR returned to these issues in its *2011 Report to Congress on China's WTO Compliance*, reiterating that:

> As in prior years, China maintains numerous export restraints that appear to violate WTO rules, including specific commitments that China made in its *Protocol of Accession*. These export restraints distort trade in raw materials as well as intermediate and downstream products.[15]

As the *2011 Report* explained:

> Typically, the objective of China's border tax adjustments is to make larger quantities of primary and intermediate products in a particular sector available domestically at lower prices than the rest of the world, giving China's downstream producers of finished products using these inputs a competitive advantage over foreign producers. To accomplish this objective, China discourages the export of the relevant primary and intermediate products by reducing or eliminating VAT rebates and perhaps also imposing export duties on them, resulting in increased domestic supply and lower domestic prices. China's downstream producers, in turn, benefit from these lower input prices as well as full VAT rebates on export of their finished products.[16]

In particular, the *2011 Report* addressed the effect of these export restraint schemes on steel wire products:

> In some situations, China has also used its border taxes to encourage the export of certain finished products over other

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15 United States Trade Representative, *2011 Report to Congress on China's WTO Compliance* (December 2011) ("*2011 Report*") at 37.

16 *Id.* at 39. This is precisely what the Chinese Government has done with respect to steel wire rod, the primary raw material for the production of wire and wire products.

> finished products within a sector. For example, China reduced or eliminated VAT export rebates in November 2006 and April 2007 and imposed export duties in May and July 2007 and January 2008 on a wide range of semi-finished and finished steel products, seeking to discourage further unneeded creation of production capacity for these products. At the same time, these changes did not target all steel products, and the result was that Chinese steel producers shifted their production to value-added steel products for which full or partial VAT export rebates were still available, **particularly wire products** and steel pipe and tube products, causing a surge in exports of these products, many of which ended up in the U.S. market.[17]

The USTR's *2012 Report to Congress on China's WTO Compliance* reads like a reprint of the *2011 Report*. Once again the *2012 Report* found:

> As in prior years, China maintains numerous export restraints that appear to violate WTO rules, including specific commitments that China made in its accession agreement. These export restraints distort trade in raw materials as well as intermediate and downstream products.[18]

As the USTR noted, these types of export restraints significantly distort trade by artificially increasing China's export prices for these inputs but at the same time artificially lowering China's domestic prices for these inputs, thus enabling Chinese producers of downstream products to produce lower-priced merchandise for competition in global markets.[19]

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17 *Id*. (*emphasis supplied*).

18 United States Trade Representative, *2012 Report to Congress On China's WTO Compliance* (December 2012) ("*2012 Report*") at 43.

19 *Id*. at 43—44.

Thus, Chinese manufacturers of steel wire and wire products benefit from the artificial restraints on exports of wire rod — the basic input for wire and wire products — to the detriment of the companies and workers in the U.S. wire and wire products industry.

In addition, the *2012 Report* addressed China's continuing manipulation of its border tax policies to promote the exportation of value-added downstream products in virtually the same language as the *2011 Report*, reflecting the lack of progress on eliminating this abuse:

> Typically, the objective of China's border tax adjustments is to make larger quantities of primary and intermediate products in a particular sector available domestically at lower prices than the rest of the world, giving China's downstream producers of finished products using these inputs a competitive advantage over foreign producers. To accomplish this objective, China discourages the export of the relevant primary and intermediate products by reducing or eliminating VAT rebates and perhaps also imposing export duties on them, resulting in increased domestic supply and lower domestic prices. China's downstream producers, in turn benefit not only from these lower input prices but also from full VAT rebates when they export their finished products.[20]

Again, as in 2011, the *2012 Report* specifically noted the damaging impact of China's illegal practices on American wire drawers and their employees:

> . . . China has also used its border taxes to encourage the export of certain finished products over other finished products within a particular sector. For example, in the past, China has targeted value-added steel products, **particularly wire products** and

20 *Id.*

> steel pipe and tube products, causing a surge in exports of these products, many of which ended up in the U.S. market.[21]

The USTR's *2013 Report to Congress On China's WTO Compliance* repeated the concerns expressed in previous reports, noting in particular "the Chinese government's interventionist policies and practices and the large role of state-owned enterprises in China's economy."[22] Reciting word for word its findings in the *2012 Report*, the USTR stated:

> As in prior years, China maintains numerous export restraints that appear to violate WTO rules, including specific commitments that China made in its accession agreement. These export restraints distort trade in raw materials as well as intermediate and downstream products.[23]

Further, "{t}hese types of export restraints can significantly distort trade," adversely and unfairly affecting U.S. and other foreign producers of a wide range of downstream products, such as steel.[24] Specifically, the Chinese Government's export restraints artificially increase China's export prices for raw material inputs, which also drive up world prices. The same export restraints have the effect of artificially lowering raw material prices in

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21 *Id*. (*emphasis supplied*).

22 United States Trade Representative, *2013 Report to Congress On China's WTO Compliance* (December 2013) ("*2013 Report*") at 2.

23 *Id*. at 42.

24 *Id*.

the Chinese market because they increase the amount of domestic supply.[25] The end result is that Chinese manufacturers of downstream products — such as steel wire and wire products — have a significant government-sponsored cost advantage over their competitors in the United States and elsewhere who operate on market-based principles.

The *2013 Report* also reiterated the USTR's concern about the Chinese Government's manipulation of border taxes to create artificial advantages for its domestic industries in violation of WTO rules.

> China's economic planners attempt to manage the export of many primary, intermediate and downstream products by raising or lowering the value-added tax (VAT) rate available upon export and sometimes by imposing or retracting export duties. . . . {T}hese border tax practices have caused tremendous disruption, uncertainty and unfairness in global markets for the affected products — particularly when these practices operate to incentivize the export of downstream products for which China is a leading world producer or exporter such as steel . . . .[26]

Unfortunately, there appears to have been little progress in eliminating this widespread abuse on the part of the Chinese Government, and American companies and their workers have paid the price for the failure to end these trade-distorting practices. As the *2013 Report* recognized:

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25 *See id*. at 42—43.

26 *Id*. at 44.

> In some situations, China has also used its border taxes to encourage the export of certain finished products over other finished products within a particular sector. For example, in the past, China has targeted value-added steel products, **particularly wire products** and steel pipe and tube products, causing a surge in exports of these products, many of which ended up in the U.S. market.[27]

Representatives of the AWPA have urged the USTR to initiate a WTO challenge of China's export tax on wire rod, similar to the successful challenge to China's regime of restraints on the exportation of other raw materials, such as bauxite, coke, fluorspar, magnesium, manganese, silicon metal, silicon carbide, yellow phosphorus, and zinc. In each case, China administers its export procedures unfairly, and the measures at issue are inconsistent with several WTO provisions as well as specific commitments made by China in its *WTO Accession Agreement*.

C. CHINESE GOVERNMENT'S POLICY OF SUBSIDIZATION

The Chinese Government's continued intervention in its domestic manufacturing sector in ways that promote the creation of excess capacity to produce wire and wire products is of great concern to the AWPA. China's productive capacity far exceeds its domestic demand for these products. Thus, Chinese manufacturers have a strong incentive to export wire products to the United States at prices far below the market-determined prices of American companies.

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27 *Id*. at 45.

In several recent countervailing duty investigations involving steel wire and wire products, the U.S. Department of Commerce ("Commerce") has made final determinations that the Chinese Government has bestowed subsidies on local industries which then exported merchandise to the United States at unfair prices. Specifically, Commerce found countervailing duty margins ranging from 7.85 percent to 264.09 percent on wire shelving for kitchen appliances; countervailing duty margins ranging from 9.42 percent to 45.85 percent on prestressed concrete steel wire strand; a countervailing duty margin of 62.46 percent on steel wire grating; countervailing duty margins ranging from 1.52 percent to 437.11 percent on steel wire decking; and countervailing duty margins ranging from 19.06 percent to 223.27 percent on galvanized steel wire.

We believe that the U.S. wire and wire products industry can compete with any manufacturer whose practices are governed by free market principles. We cannot compete, however, with the pervasive and substantial subsidies given by various levels of the Chinese Government to force otherwise non-competitive products into the U.S. market.

D. WIDESPREAD SCHEMES TO EVADE APPLICABLE ANTIDUMPING AND COUNTERVAILING DUTIES

Many export-oriented companies in China have engaged — and continue to engage — in a variety of schemes to evade the collection of applicable antidumping ("AD") and countervailing ("CVD") duties by U.S. Customs and Border Protection ("CBP"). These schemes include:

(1) *Transshipment of Goods through Third Countries*. Chinese-origin goods subject to AD and/or CVD orders are shipped to a third country which is not subject to such orders. Sales and import documents are falsified to indicate that the third country is the source of the goods, and the goods subsequently enter the United States without the payment of applicable AD and/or CVD duties.

(2) *Falsification of the Country of Origin without Transshipment.* This brazen scheme is similar to transshipment except that the goods are shipped directly from China to the United States. Sales and import documents falsely indicate origination in a third country in order to avoid the assessment of applicable AD and/or CVD duties.

(3) *Misclassification of Goods Subject to AD and CVD Orders*. The tariff codes and/or descriptions of the goods are falsified to indicate merchandise which is not subject to AD or CVD orders. Again, the goods enter the United States without the payment of applicable AD and/or CVD duties.

(4) *Undervaluation of Goods Subject to AD and CVD Orders*. This scheme unlawfully reduces an importer's liability because AD and CVD duties are calculated on the reported value of the goods generally on an *ad valorem* (percentage) basis.

(5) *Attribution of Goods to Companies with a Low or No AD/CVD Rate*. This scheme involves either shipping goods through a Chinese company with an AD/CVD rate which is lower than the Chinese producer's rate or simply falsifying the documents to reflect the name of a company with a lower or no AD/CVD rate. In either case, the United States is defrauded of the applicable duties.

U.S. manufacturers have submitted information about such evasion schemes to CBP through the e-Allegation program, as well as in meetings with officials at

CBP Headquarters in Washington and in visits with CBP inspectors at the ports. For example, the domestic industry which manufactures steel wire garment hangers has submitted 30 e-Allegations to CBP with documentary support, showing transshipment of hangers from China via third countries and misclassification of Chinese hangers as non-subject merchandise in order to evade the assessment of applicable AD duties.[28] The most egregious scheme involved the transshipment of hundreds of millions of Chinese-origin hangers through Taiwan even though an in-country investigation showed that there was no production of these hangers in Taiwan. In another case, the largest American producer of uncovered innerspring units used in the manufacture of mattresses filed and won an AD case against China but was deprived of effective relief when imports of Chinese-origin innerspring units were transshipped through Hong Kong to the United States. A report prepared by a private investigator confirmed that there was no evidence of any production of these units in Hong Kong. In addition, during the course of its administrative reviews of AD and CVD orders on products from China, the U.S. Department of Commerce often finds evidence of apparent violations of the trade laws,

28 In a 2013 report to Congress, CBP noted that "{p}ort operations targeting wire hangers from China led to the discovery of misclassifications and transshipments of this merchandise at several ports of entry, and a loss of revenue of more than $2 million." U.S. Customs and Border Protection, *Fiscal Year 2013 Report to Congress, Antidumping and Countervailing Duty Enforcement Actions and Compliance Initiatives: FY 2012* (July 19, 2013) at 5.

and it routinely furnishes this information to CBP "for further investigation and enforcement action."[29]

The pervasiveness of these evasion schemes was illustrated by a report prepared in late 2010 by the staff of Senator Ron Wyden (D-OR), who was at that time Chairman of the Trade Subcommittee of the Senate Finance Committee.[30] The Senator's staff created a fictitious company and set up a company profile on a Chinese business-to-business website "in order to find companies willing to cheat and evade AD/CVD orders."[31] The results were dismaying. In less than two weeks, staff obtained written confirmation from ten Chinese companies that they were willing to engage or assist in illegal evasion schemes in order to avoid the payment of applicable AD and/or CVD duties.[32] These schemes included transshipment of the subject merchandise through third countries and falsification of the country of origin, undervaluation of

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29 *Certain Steel Threaded Rod From the People's Republic of China: Preliminary Results of the First Administrative Review and Preliminary Rescission, in Part*, 76 Fed. Reg. 26,696 (May 9, 2011) at 26,697. *See also Steel Wire Garment Hangers From the People's Republic of China: Preliminary Results and Preliminary Rescission, in Part, of the Second Antidumping Duty Administrative Review*, 76 Fed. Reg. 66,903 (October 28, 2011) at 66,905 ("{W}e intend to refer this matter to CBP to investigate whether this entry was entered properly."); *Certain Steel Threaded Rod From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2212*, 78 Fed. Reg. 21,101 (April 9, 2013) at 21,102 ("{W}e intend to refer this matter to CBP to investigate whether Jiaxing Xinyue's entries were entered improperly.")

30 Senator Wyden is currently Chairman of the Finance Committee.

31 Staff Report Prepared for Senator Ron Wyden, *Duty Evasion: Harming U.S. Industry and American Workers* (November 8, 2010) at 5. The report is attached as Exhibit 1.

32 *Id*.

the merchandise to reduce the amount of AD or CVD duties, minor assembly operations in a third country, and shipping subject merchandise under the name of a Chinese company which had a lower AD or CVD rate.

While the Chinese Government may not be complicit in the execution of these evasion schemes, it does have the means to curtail, if not entirely eliminate, their operation. For example, export documentation submitted to the Chinese Government which shows a country of origin other than China is clear evidence of fraudulent activity, and surging Chinese exports of large quantities of merchandise destined for relatively small markets such as Malaysia or Vietnam are indications that the merchandise is a likely candidate for transshipment. Other irregularities or abnormalities with respect to Chinese exports — particularly of products subject to AD or CVD orders in the United States — raise the prospect that evasion schemes are at work. Just as the Chinese Government has apparently taken steps to curtail the exportation of counterfeit or otherwise illegal goods to other markets,[33] Chinese authorities can monitor exports to insure that they are in compliance with international trade norms.

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33 *See* Exhibit 2.

E. THE REALITY AND CONTINUATION OF CHINA'S DISTORTIVE TRADE PRACTICES

The cumulative effect of the Chinese Government's schemes to promote exports of downstream, value-added products — such as steel wire and wire products — while restraining the export of inputs — such as steel wire rod — can be seen in the import statistics of the United States. As Exhibit 3 shows, U.S. imports of wire and wire products from China have surged since China became a member of the WTO in 2001. While the impact of the great recession resulted in a general decline of imports in 2009, the Chinese export machine returned with a vengeance in 2010, and shipments of wire products again reached high levels in 2012 and 2013.[34] At the same time, imports of steel wire rod — the basic input for wire and wire products — plummeted largely as the result of the implementation of China's discriminatory border tax schemes.[35]

34 Certain wire products, such as wire strand, nails, and steel wire garment hangers, did not follow this general trend because the U.S. industries in those cases pursued successful trade actions against Chinese imports under our antidumping and countervailing duty laws. The resulting orders had a dampening effect on imports from China — at least temporarily.

35 It should be noted that wire rod imports from China fell dramatically beginning in 2007 despite the fact that the U.S. industry's antidumping case against wire rod from China failed in early 2006. One would normally expect that, under these circumstances, imports of wire rod from China would continue at historic levels or even increase. However, in 2007 — the year following the termination of the antidumping case — imports of Chinese wire rod fell by 56.5 percent. By 2008, imports amounted to 11.8 percent of 2006 levels and fell further to six-tenths of one percent of 2006 levels in 2009. Imports of Chinese wire rod were virtually nonexistent in 2010 and 2011, and imports in 2012 and 2013 remained far below 2008 levels. *See* Exhibit 3. An unintended consequence of the Chinese Government's manipulation of

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In some instances, the wire products that have flooded into the United States from China are not even consumed in the Chinese home market. For example, although China became the world's largest producer of steel wire garment hangers, China has virtually no domestic market for garment hangers. Instead, with its vast capacity and predatory pricing schemes, China targeted the U.S. market, and imports of steel wire garment hangers from China nearly destroyed a once-vibrant and competitive American industry, driving seven companies out of business and forcing unemployment on hundreds of American families. When the U.S. hanger industry turned to the U.S. trade laws to redress the imbalance, the effectiveness of the antidumping remedy was — and continues to be — undermined by the pervasive falsification of commercial and customs documents, transshipment of Chinese-made hangers through third countries, and other forms of circumvention and duty evasion.

The devastating impact of the Chinese Government's distortive monetary, regulatory, and fiscal policies to promote exports to the United States is chronicled in the Economic Policy

(Continued)

its border tax regime was the substantial increase of alloy steel wire rod exports from China to the United States in 2012 and 2013. The vast majority of this alloy product was essentially carbon steel wire rod with the addition of trace amounts of boron in order to qualify as an alloy product, eligible for preferential treatment under China's border tax regime. However, the increasing level of these exports resulted in the U.S. wire rod industry's filing antidumping and countervailing duty petitions on Chinese carbon and alloy wire rod in January 2014.

Institute's briefing paper entitled "The China Toll." According to this report, the trade deficit with China — fueled by currency manipulation, border tax schemes, and subsidy programs — eliminated or displaced more than 2.7 million American jobs, including 2.1 million lost jobs in the manufacturing sector, during the decade from 2001 through 2011.[36] Virtually every industrial sector has been damaged by China's failure to comply with its WTO commitments, resulting in job losses in every state.[37]

III. RECOMMENDED ACTIONS

A. TRADE STRATEGY

The AWPA respectfully urges the United States to develop a national economic and trade strategy to address effectively and comprehensively the challenges posed by these unfair trade practices of the Chinese Government.

B. CONSTRUCTIVE DIALOGUE WITH ACTION

The AWPA respectfully urges the United States to continue to engage China in constructive dialogue, but at the same time we must use all available means to ensure the effective enforcement of international trade obligations — including China's *Accession*

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36 Economic Policy Institute, *EPI Briefing Paper on The China Toll: Growing U.S. trade deficit with China cost more than 2.7 million jobs between 2001 and 2011, with job losses in every state* (August 23, 2012). A copy of the briefing paper is attached as Exhibit 4.

37 *See id*. at Tables 3 and 4.

Agreement to the WTO and all other WTO trade rules. Many of these recommendations are supported by the U.S.-China Economic and Security Review Commission in its 2011, 2012, and 2013 Annual Reports to Congress.[38]

C. COUNTERVAILING DUTY CASES AGAINST SUBSIDIZED PRODUCTS

Commerce now has explicit statutory authority to impose countervailing duties on subsidized imports from nonmarket economies — including China. The United States must meet and defeat any challenges to Commerce's enforcement of the countervailing duty laws.

D. REMEDIES AT WTO

The United States should continue aggressively to pursue the enforcement of its rights at the WTO regarding China's unfair trade practices, including China's border tax regime.

E. EFFECTIVE ENFORCEMENT OF TRADE REMEDIES AT THE BORDER

To date, it appears that U.S. Customs and Border Protection ("CBP") and its sister agency, Immigration and Customs Enforcement ("ICE"), have been overwhelmed by the sheer magnitude of the transshipment and circumvention schemes which have often characterized the response of Chinese exporters and their complicit U.S. importers to the imposition of

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38 *See 2011 Report to Congress of the U.S.-China Economic and Security Review Commission* (November 2011) at 129—130; *2012 Report to Congress of the U.S.-China Economic and Security Review Commission* (November 2012) at 109—110; *2013 Report to Congress of the U.S.-China Economic and Security Review Commission* (November 2013) at 1—2, 7—8, 48, and 79.

antidumping and countervailing duty orders. We respectfully urge the USTR, CBP, and ICE to press their Chinese counterparts for greater cooperation in stopping these illegal activities.

The United States also can take unilateral action consistent with the WTO to deal with the illicit duty evasion schemes of certain Chinese producers and exporters. First, passage of the Enforcing Orders and Reducing Customs Evasion (ENFORCE) Act would enhance the ability of CBP to investigate and take enforcement action against imports which avoid the payment of the applicable AD and CVD duties. By establishing transparency, accountability, and deadlines in CBP's investigations, the ENFORCE Act would encourage both U.S. manufacturers and U.S. importers to provide information and to cooperate in CBP's proceedings. Second, the President should direct the U.S. Department of Commerce to exercise its authority to investigate transshipment during its administrative reviews and scope inquiries of AD and CVD orders on products from China. The Department of Commerce has the expertise, experience, and authority to conduct on-site audits of foreign producers and exporters in order to verify information regarding the actual country of origin of the merchandise.

* * *

The AWPA member companies have been losing ground in competition with Chinese producers of wire and wire products, and we expect further losses as long as the Chinese Government is not held accountable and required to comply with its obligations under the WTO.

We look forward to continuing to work with the Administration as it takes effective steps to ensure that China fulfills its international commitments.

Sincerely,

Milton Magnus

Milton M. Magnus, III
AWPA President
President, M&B Metal Products Co., Inc.

Attachments

Exhibit 1

Staff Report Prepared for Senator Ron Wyden

"Duty Evasion: Harming U.S. Industry and American Workers" (November 8, 2010)

Public Version

STAFF REPORT

DUTY EVASION:

HARMING U.S. INDUSTRY AND AMERICAN WORKERS

Prepared for Senator Ron Wyden

November 8, 2010

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Table of Contents (cont'd)

Introduction

U.S. antidumping and countervailing duty (AD/CVD) laws form U.S. industry's protective backbone against injury from unfair trade. These laws provide American producers the ability to counter injurious unfair trade practices and ultimately allow for the imposition of additional duties on unfair imports.

Each year, U.S. companies collectively spend millions of dollars to initiate and litigate AD/CVD cases to keep illegally dumped or subsidized imports from entering the U.S. market and injuring them. Unfortunately, many U.S. producers believe that the evasion of America's unfair trade laws is increasingly pervasive. The circumvention of U.S. AD/CVD laws, either by foreign producers or importers, negatively affects industries throughout the United States, resulting in continued injury to U.S. industry, the loss of American jobs, and the loss of federal revenue.

Foreign suppliers subject to AD/CVD orders and their U.S. importers avoid paying AD/CV duties by a number of unscrupulous schemes, including illegal transshipment and falsified country of origin markings, undervalued invoices to pay less duty, and misclassification of goods. In sum, they cheat.

Staff set out to determine just how easy it is to find these trade cheats and determine the ease at which an importer could identify a foreign supplier willing to engage in circumvention schemes. In August 2010, staff created a fictitious company called AvisOne Traders, Inc. and set up a company profile on China's largest business-to-business e-commerce website, Alibaba.com, in order to find companies willing to cheat and evade AD/CVD orders. (AvisOne is an anagram for "evasion.")

The results are alarming and illustrative of how widespread the problem of duty evasion appears to be. In under two weeks and for as little as 30 minutes a day, one staff person, acting as a "purchasing manager" for AvisOne Traders, Inc., contacted roughly 120 companies through Alibaba.com and received 47 responses. Of these 47, this staff person received written confirmation from 10 Chinese companies that were willing to evade duties on five different products subject to U.S. AD/CVD orders. These products include uncovered innersprings units, lined paper school supplies, steel nails, natural bristle paint brushes, and light-walled rectangular pipe and tube. The AD/CVD orders on this merchandise, which represents just a small fraction of all AD/CVD orders currently in place, were put in place to protect over 120 businesses and 12,000 workers from unfairly traded imports.

This report is a compilation of information obtained by staff over a two-week period, and is organized into three parts. Part I presents e-mail correspondence between staff, acting under the auspices of AvisOne Traders, and Chinese producers. In a couple of additional examples, staff obtained from the counsel of U.S. industry non-solicited e-mails from Chinese producers offering to facilitate the evasion of AD/CVD orders. Part II presents a list of publically identified Chinese companies that advertise—in English—their ability to facilitate the evasion of AD/CVD laws. Part III includes snap shots of company websites that offer services designed to evade AD/CVD laws (in one instance, a website operated by the Chinese government itself and which advertises the services of a Chinese firm that facilitates evasion).

In the event that staff corresponded with a Chinese firm that is of interest to U.S. law enforcement, two versions of this report were prepared. A confidential version containing comprehensive information about the firms with which staff corresponded was provided to U.S. Customs and Border Patrol and Immigration and Customs Enforcement. This version, a public redacted version, was prepared in order to be shared with Members of Congress and their staff.

Part I:
Email Correspondence Showcasing Companies' Willingness to Evade AD/CVD Orders

Certain Steel Nails from China

(DOC Case No. A-570-909)

Steel nails have a shaft length up to 12 inches, and include steel nails made of round wire and nails that are cut. They may be made of any type of steel, and have a variety of finishes. Nails are used in the construction of houses and used to make furniture and cabinets, among other applications.

Industry at a Glance:

⇒ Subject to AD order since August 1, 2008 (DOC)
⇒ Number of U.S. producers in 2007: 17
⇒ U.S. producers' U.S. shipments in 2007: $220 million
⇒ U.S. employment of production and related workers in 2007: 791
⇒ U.S. production locations: Arkansas, California, Connecticut, Florida, Georgia, Illinois, Kentucky, Louisiana, Massachusetts, Missouri, Ohio, Pennsylvania, Rhode Island, Tennessee, Texas, Virginia, Wisconsin, West Virginia
⇒ Leading sources of U.S. imports (by value) in 2007: China, Korea, United Arab Emirates (USITCa, USITCb)

U.S. Production Locations of Steel Nails

Map source: http://www.coloringcastle.com

Companies Willing to Evade U.S. AD/CV Duties on Steel Nails

Staff, posing as a U.S. trading company, contacted these three Chinese steel nail producers/traders via Alibaba.com to inquire whether these companies could avoid paying duties on steel nails by illegal transshipment. In the first instance, Company A offered to transship when it was proposed by staff. In the second and third instances, Companies B and C directly proposed to illegally transship as a way to avoid paying duties. Below are transcripts of email correspondence documenting a willingness to evade AD/CVD orders (highlighted in red). Textboxes provide an explanation of the correspondence.

Company A

Product: Steel Nails
Country of origin: China
Means to evade duties: Illegal transshipment

From: feedback@service.alibaba.com
To: ***
Sent: Tues, August 31, 2010 5:12 AM
Subject: [avisonetraders@gmail.com]I want to buy the product you are selling on Alibaba.com

Dear ***,
You have received an inquiry from a free member on Alibaba.com. This is the first inquiry from this sender. Mr. Paul Union is interested in your company.

Buyer's Message
Subject: I want to buy the product you are selling on Alibaba.com.
Dear Sir:
We are a small trading company based in Oregon that supplies a diverse array of products to regional customers in the U.S. Pacific Northwest. We are seeking to diversify our supply chain in order to reduce costs. Can you provide a price list for your concrete steel nails? Also, are your steel nails subject to any U.S. antidumping duties?

Thank you,
Paul Union, Purchasing Manager
AvisOne Trading Company, Ltd.
Tel: (503) 583-4237
Email: AvisOneTraders@gmail.com

AvisOne Traders—Providing the Highest Quality Product at the Most Competitive Prices

Explanation:
In this email, staff, acting as AvisOne Trading Co., initiates a product inquiry with Company A via Alibaba.com, China's largest e-commerce platform.

Company A (cont'd)

From: ***
Sent: Tues, August 31, 2010 10:57 PM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: Concrete nail

Hi, dear sirs:

Thanks for your enquiry about nails

To take this opportunity, we are very glad to introduce our company to you. We are the professional manufacturer and exporter with high reputation in TianJin city China, handling of nail products etc. Pls let us know the concrete nails specification of you required, we will quote you our lowest price on based of that.

We are looking forward to your early reply.

Best regards.,

***

Explanation:
Company A describes its business and products. In the second email, staff asks if it is possible to avoid paying duties.

From: "Paul Union" <avisonetraders@gmail.com>
Sent: Fri, September 3, 2010 8:36 AM
To: ***
Subject: Re: Concrete nail

Dear ***,
Thanks for your reply. Are you nails subject to any U.S. anti-dumping duties? If so, in your experience is there any way to avoid paying the duties?

Regards,
Paul

Company A (cont'd)

From: ****
Sent: Sun, September 5, 2010 10:47 PM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: Re: Concrete nail

Hi, dear Paul:

Thanks for your email.

We have exported our products to U.S but the customer avoid the duties by themselve. So we do not know how can they avoid the duties. Sorry about that. But we can promise our products quality can meet your requirement.

Best regards.,
***

Explanation:
When asked if there is a way to avoid paying duties, Company A initially says no. However, when illegal transshipment is proposed as a way to avoid paying duties, Company A agrees, demonstrating at the very least that it is aware of the method. In this instance, Company A offers to ship product through a third country.

From: <avisonetraders@gmail.com>
Sent: Wed, September 8, 2010 7:48 AM
To: ***
Subject: Re: Concrete nail

Dear ***,
Thanks for your reply. Would it be possible to tranship the product through a third country and change the country of origin in order to avoid paying the duties?

Best regards,
Paul Union

From: ****
Sent: Wed, September 8, 2010 11:12 PM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: Re: Concrete nail

Dear Paul Union:

Thanks for your email.

As you said, we can arrange the container shiping from Xingang to Malaysia ,Bangladesh or Singapore. And the shiping agent can help us to issue the original certification, it will increase the cost but i think it must be lower than duties.

Best regards.,

Company B

Product: Steel Nails
Country of origin: China
Means to evade duties: Illegal transshipment

Explanation:
In this email, staff, acting as AvisOne Trading Co., initiates a product inquiry with Company B via Alibaba.com, China's largest e-commerce platform.

From: feedback@service.alibaba.com
To: ***
Sent: Tues, August 31, 2010
Subject: [avisonetraders@gmail.com]Inquiry about your product

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Dear ***,
You have received an inquiry from a free member on Alibaba.com. This is the first inquiry from this sender. Mr. Paul Union is interested in your company.

Buyer's Message
Subject: Inquiry about your product
Dear sir:
We are a small trading company based in Oregon that supplies a diverse array of products to regional customers in the U.S. Pacific Northwest. We are seeking to diversify our supply chain in order to reduce costs. Can you provide a price list for your concrete nails? Also, are your steel nails subject to any U.S. antidumping duties?

Thank you,

Paul Union, Purchasing Manager
AvisOne Trading Company, Ltd.
Tel: (503) 583-4237
Email: AvisOneTraders@gmail.com

AvisOne Trades - Providing the Highest Quality Product at the Most Competitive Prices

Company B (cont'd)

From: ***
Sent: Wed, September 1, 2010 3:02 AM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: [avisonetraders@gmail.com]inquiry about your product

Dear Mr Paul Union,
How are you?
Our factory have produce the steel nail for 46years.
If you need the quotation,pls inform me the exact information include the diameter of the wire nail,length of the nail,surface treatment and also the packing demand.
Sincerely thanks and best regards!~
Yours ***

Explanation:
In the first email, Company B describes its business and products. In the second email, staff asks if it is possible to avoid paying duties. Company B responds that it already engages in illegal transshipment.

From: "Paul Union" <avisonetraders@gmail.com>
Sent: Fri, September 3, 2010 8:33 AM
To: ***
Subject: [avisonetraders@gmail.com]inquiry about your product

Dear ***
Thanks for your response. Are your concrete nails subject to any U.S. anti-dumping duties? If so, in your experience is there any way to avoid paying the duties?

Regards,
Paul

From: ***
Sent: Sat, September 4, 2010 1:29 AM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: [avisonetraders@gmail.com]inquiry about your product

Dear Paul,
How are you?
Thank you for your e-mail. we have export the concrete nails to Canada then to U.S.or other country then to U.S. Our coil nail to U.S. do not need pay the duties.
If you have any other company in Canada or Singapore?
Maybe it is better way to avoid paying the duties.
Sincerely thanks and best regards!
Yours ***

Company C

Product: Steel Nails
Country of origin: China
Means to evade duties: Illegal transshipment

Explanation:
In this email, staff, acting as AvisOne Trading Co., initiates a product inquiry with Company C via Alibaba.com, China's largest e-commerce platform.

From: feedback@service.alibaba.com
To: ***
Sent: Tues, August 31, 2010 5:13 AM
Subject: [avisonetraders@gmail.com]Inquiry about your product

Dear ***,
You have received an inquiry from a free member on Alibaba.com. This is the first inquiry from this sender. Mr. Paul Union is interested in your company.

Buyer's Message
Subject: Inquiry about your product
Dear sir:
We are a small trading company based in Oregon that supplies a diverse array of products to regional customers in the U.S. Pacific Northwest. We are seeking to diversify our supply chain in order to reduce costs. Can you provide a price list for your concrete nails? Also, are your steel nails subject to any U.S. antidumping duties?

Thank you,

Paul Union, Purchasing Manager
AvisOne Trading Company, Ltd.
Tel: (503) 583-4237
Email: AvisOneTraders@gmail.com

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Company C (cont'd)

From: ***
Sent: Tue, August 31, 2010 10:23 PM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: concrete steel nails

Dear sir ,

Good day ! I am *** ,from *** .
I got your message on alibaba .
so if you have any need ,please contact me .

Best regard .
***

Explanation:
In this series of emails, staff ask Company C whether their nails are subject to U.S. antidumping duties and whether there is a way to avoid paying the duties. Company C proposes shipping product to Malaysia, changing containers, and then sending the new container with a different country of origin certificate to the United States.

From: "Paul Union" <avisonetraders@gmail.com>
Sent: Fri, September 3, 2010 8:37 AM
To: ***
Subject: Re: concrete steel nails

Thanks for your reply. I'm looking for concrete steel nails. Are these products subject to U.S. anti-dumping duties? If so, is there any way to avoid paying the duties?
Regards,
Paul

From: ***
Sent: Tue, August 31, 2010 10:23 PM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: concrete steel nails

Dear sir ,
Yes . you want concrete steel nails?

if you want to avoid paying the duties ,there is the way is send the goods to Malaysia and change a box ,then send to U.S

so what do you think about it .

Best regard .

Company C (cont'd)

From: "Paul Union" <avisonetraders@gmail.com>
Sent: Wed, September 8, 2010 7:19 AM
To: ***
Subject: Re: concrete steel nails

Thank you for your reply. So you can transship through Malaysia and change the country of origin to avoid paying the anti-dumping duties? Can your company do that?

Regards,
Paul

From: *
Sent: Wed, September 8, 2010 8:43 PM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: concrete steel nails

Dear sir ,

Thanks for your reply .

Yes .our company can do this .but in this way ,the cost will increase .

and just tell me your details product information .

Best regard .

Explanation:
Staff respond to Company C to confirm that it can transship product through Malaysia and change the country of origin of the product. Company C confirms its ability to illegally transship.

Certain Lined Paper School Supplies from China

(DOC Case No. A-570-901)

Lined paper school supplies include spiral-bound and wireless notebooks, hole-punched filled paper, and composition books. The paper is typically white and wide-ruled or college-ruled.

Industry at a Glance:

⇒ Subject to AD order since September 28, 2006 (DOC)
⇒ Number of U.S. producers in 2005: 13
⇒ U.S. producers' U.S. shipments in 2005: $260 million
⇒ U.S. employment of production and related workers in 2005: 942
⇒ U.S. production locations: California, Georgia, Iowa, Massachusetts, New York, Pennsylvania, Tennessee, Texas, Wisconsin (USITCc, USITCd)

U.S. Production Locations of Lined Paper School Supplies

Companies Willing to Evade U.S. AD/CV Duties on Paper Products

Staff, posing as a U.S. trading company, contacted Companies D and E via Alibaba.com to inquire whether they could avoid paying duties on paper school supplies. In the first instance, Company D proposes illegal transshipment through Malaysia to avoid paying duties. In the second instance, Company E professes that it does not know how to avoid paying antidumping duties. However, it states that it deliberately undervalues the value of its products, which is another form of duty evasion. Below are transcripts of email correspondence documenting a willingness to evade AD/CVD orders (highlighted in red). Textboxes provide an explanation of the correspondence.

Company D

Product: Paper school supplies
Country of origin: China
Means to evade duties: Illegal transshipment through Malaysia

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From: feedback@service.alibaba.com
To: ***
Sent: Wed, September 1, 2010
Subject: [avisonetraders@gmail.com]I want to buy the product you are selling on Alibaba.com

Dear ***,
You have received an inquiry from a free member on Alibaba.com. This is the first inquiry from this send. Mr. Paul Union is interested in your company.

Buyer's Message
Subject: Inquiry about your product

Dear Sir:
We are a small trading company based in Oregon that supplies a diverse array of products to regional customs in the U.S. Pacific Northwest. We are seeking to diversify our supply chain in order to reduce costs. Can you provide a price list for your lined paper products? Also, are your lined paper products subject to any U.S. antidumping duties?

Thank you,
Paul Union, Purchasing Manager
AvisOne Trading Company, Ltd.
Tel: (503) 583-4237
Email: AvisOneTraders@gmail.com

AvisOne Traders—Providing the Highest Quality Product at the Most Competitive Prices

Explanation:
In this email, staff, acting as AvisOne Trading Co., initiates a product inquiry with Company D via Alibaba.com, China's largest e-commerce platform.

Company D (cont'd)

From: ***
Sent: Tue, August 31, 2010 10:04 PM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: Re: Inquiry about your product

Dear Paul,

It's please to get your enquiry from alibaba. Our factory ***, specializing in paper printing products, stationery notepad is our main product.

Herely I sending you our catalogue, pls check it, hop to meet your interesting. And customed item welcome.

Actually, paper notebook is subjected to U.S. antidumping duties, because the our price is lower much than US market.

Looking forward to your soonly response.

Best regards,
***

Explanation:
In the first email, Company D describes its business and products. In the second email, staff asks if it is possible to avoid paying duties.

From: "Paul Union" <avisonetraders@gmail.com>
Sent: Fri, September 3, 2010
To: ***
Subject: Re: Inquiry about your product

Dear ***,
Thank you for your response. Is there any way to avoid paying the anti-dumping duties in your experience?

Regards,
Paul

Company D (cont'd)

From: ***
Sent: Wed., September 8, 2010 5:44 AM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: Re: Inquiry about your product

Dear Paul,
Notebook of A4, A5, A6 size subjected to U.S. antidumping duties, other size no problem. Solution is Shipping goods to Malaysia, transship to America to avoid paying the anti-dumping duties.

How do you think about this solution?
Looking forward to hearing from you soon.

Thanks & Best regards,
***

From: "Paul Union" <avisonetraders@gmail.com.
Sent: Wed., September 8, 2010 7:20 AM
Subject: Re: Inquiry about your product

Explanation:
In the first email, Company D offers to illegally ship product through Malaysia to avoid paying duties. Company D confirms that it can change the country of origin when asked by staff.

Dear ***

Thank you for your reply. Can your company transship through Malaysia and change the country of origin in order to evade the anti-dumping duties?

Best regards,

Paul Union

From: ***
Sent: Wed., September 8, 2010 7:31 AM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: Re: Inquiry about your product

Dear Paul,

Thanks for your quick reply.

yes, we can do that. but first of all, you should tell me what kind of notebook are you seeking for your market, then I give you the CNF or CIF price, if price is suitable for your market, let's talk over further more.

Looking forward to your early reply with your inquiry.

Thanks & best regards,
***

Company E

Product: Paper school supplies
Country of origin: China
Means to evade duties: Undervaluation of invoice to pay less duty

From: feedback@service.alibaba.com
To: ***
Sent: Wed, September 1, 2010
Subject: [avisonetraders@gmail.com]Inquiry about your product(AdminGenerate)

Dear ***,
You have received an inquiry from a free member on Alibaba.com. This is the first inquiry from this send.

Mr. Paul Union is interested in your company.

Buyer's Message
Subject: Inquiry about your product
Dear Sir:
We are a small trading company based in Oregon that supplies a diverse array of products to regional customs in the U.S. Pacific Northwest. We are seeking to diversify our supply chain in order to reduce costs. Can you provide a price list for your lined paper products? Also, are your lined paper products subject to any U.S. antidumping duties?

Thank you,

Paul Union, Purchasing Manager
AvisOne Trading Company, Ltd.
Tel: (503) 583-4237
Email: AvisOneTraders@gmail.com

AvisOne Traders—Providing the Highest Quality Product at the Most Competitive Prices

Explanation:
In this email, staff, acting as AvisOne Trading Co., initiates a product inquiry with Company E via Alibaba.com, China's largest e-commerce platform.

Company E (cont'd)

From: ***
Sent: Wed, September 1, 2010 1:39 AM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: Our product

Dear paul,
Let me introduce my company to you ,my company—*** is specialized in the manufacturer of various color printed paper cards, paper handbags, packing boxes, gift boxes, labels, tags, brochures, posters, packing materials and other related products for 20 years.Providing 'Quality Products, Excellent Service, Competitive Prices and Prompt Delivery', pls kindly browse our website:*** for free!
we can not only design and produce unique and fashion style products but also can make products according to your requirements, and your design is welcome
Attachment is our catalogue about some paper bags and boxes ,pls check it !
If you have some new inquiry ,pls contact us for free !
Await for your prompt reply !
Best regard !
***

Explanation:
In the first email, Company E describes its business and products. In the second email, staff asks if Company E's products are subject to antidumping duties and whether it is possible to avoid paying duties.

From: "Paul Union" <avisonetraders@gmail.com>
Sent: Fri, September 3, 2010 8:00 PM
To: ***
Subject: Re: Our product

Dear ***,
Thank you for your message. Are your paper notebooks subject to U.S. anti-dumping duties? In your experience, is there any way to avoid paying the anti-dumping duties?

Regards,
Paul

Company E (cont'd)

From: ***
Sent: Wed, September 15, 2010 4:26 AM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: Our product

Dear Paul,

Thank you for your reply !
I am sorry so late reply you ! we have no experience to avoid paying the anti-dumping duties ,besides we make the commerical invoice , we write that the value of products is less than the factual cost .

Await for your prompt reply !
Best regard !
***

Explanation:
In this email, Company E states that it does not know how to avoid paying antidumping duties, but professes that it undervalues products on commercial invoices, which is a form of duty evasion.

Light-Walled Rectangular Pipe and Tube from China

(DOC Case No. A-570-501)

Carbon-quality welded light-walled rectangular pipe and tube is often referred to as ornamental or mechanical tubing. Principal uses include ornamental fencing, window guards and framing, and railings for construction and agricultural applications. It is also used in metal furniture, athletic equipment, and store display shelves.

Industry at a Glance:

⇒ Subject to AD/CVD orders since August 5, 2008 (DOC)
⇒ Number of U.S. producers in 2007: 28
⇒ U.S. producers' total shipments in 2007: $513 million
⇒ U.S. employment of production and related workers in 2007: 973
⇒ U.S. production locations: Alabama, Arizona, Arkansas, California, Georgia, Illinois, Indiana, Kentucky, Michigan, Missouri, Mississippi, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Wisconsin (USITCe, USITCf)

U.S. Production Locations of Light-Walled Rectangular Pipe and Tube

Map source: http://www.coloringcastle.com

Companies Willing to Evade U.S. AD/CV Duties on Light-Walled Rectangular Pipe and Tube from China

Staff, posing as a U.S. trading company, contacted Company F via Alibaba.com to inquire whether its rectangular pipe and tube products are subject to U.S. antidumping duties and whether it could avoid paying such duties. Below is a transcript of email correspondence documenting a willingness to evade AD/CVD orders (highlighted in red). Textboxes provide an explanation of the correspondence.

Company F

Product: Pipe and tubular products
Country of origin: China
Means to evade duties: Illegal transshipment, also known as "entrepot" trade

From: feedback@service.alibaba.com
To: ***
Sent: Tues, August 31, 2010 5:52 AM
Subject: [avisonetraders@gmail.com]I want to buy the product you are selling on Alibaba.com

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Dear ***:
You have received an inquiry from a free member on Alibaba.com. This is the first inquiry from this sender. Mr. Paul Union is interested in your company.

Buyer's Message
Subject: I want to buy the product you are selling on Alibaba.com.
Dear Sir:
We are a small trading company based in Oregon that supplies a diverse array of products to regional customers in the U.S. Pacific Northwest. We are seeking to diversify our supply chain in order to reduce costs. Can you provide a price list for your rectangular tubular products? Also, are your light-walled rectangular tubular products subject to any U.S. antidumping duties?

Thank you,
Paul Union, Purchasing Manager
AvisOne Trading Company, Ltd.
Tel: (503) 583-4237
Email: AvisOneTraders@gmail.com

Explanation:
In this email, staff, acting as AvisOne Trading Co., initiates a product inquiry with Company F via Alibaba.com, China's largest e-commerce platform.

Company F (cont'd)

From: ***
Sent: Fri, September 3, 2010 4:42 AM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: To Paul Union

Dear Paul Union
HAPPY WEEKEND. and hope you received my qoutation of *** rectangular pipes .
About the antidumping duties .I check up alots of information on the net .I still can't sure if rectangular tubular products subject to any U.S. antidumping duties. Many informations said that On May 3rd, the InternationalTradeCommission voted for Chinese steel 99.14% at the tax anti-dumping tariffs on imports.Are you clear about this ??
Hope you can tell me more about .
Yours
***

Explanation:
In the first email, Company F is not sure whether rectangular pipe and tube is subject to antidumping duties. In the second email, staff ask if it is possible to change the country of origin to avoid paying duties.

From: "Paul Union" <avisonetraders@gmail.com>
Sent: Fri, September 3, 2010 7:37 AM
To: ***
Subject: Re: To Paul Union

***,
Thank you for your message. I am not sure if rectangular tubing is subject to U.S. anti-dumping duties. Is there any way to avoid paying the anti-dumping duties? Would it be possible to modify the country of origin certificate?

Regards,
Paul

Company F (cont'd)

From: ***
Sent: Sat, September 4, 2010 6:38 AM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: Re: To Paul Union

Dear Paul Union:
Thanks for your e-mail and have a good day .
I search a lot. Yes ,there has a way to avoid paying the antidumping duties .It's entrepot trade. Export documents issued by the third countries so that facilitate you in yours customs clearance, avoid "anti-dumping duties"customs clearance.
Can you accept the export file as payment terms, at the same time to third countries as its export documents, can reduce clearance documents tariffs?
And i've make certain about that rectangular tubular products subject to any U.S. antidumping duties.
Do you have any questions?
Yours Sincerly
***

Explanation:
Company F offers proposes "entrepot trade" another name for illegal transshipment. Company F states that it will help find a logistics company that can illegally transship.

From: "Paul Union" <avisonetraders@gmail.com>
Sent: Wed, September 8, 2010 7:45 AM
To: ***
Subject: Re: To Paul Union

Dear ***,
My apologies for my late reply. If I understand correctly, entrepot trade would involve transshipping the rectangular tubular products to another country in order to change the country of origin to avoid paying the anti-dumping duties on Chinese product? Can your company do this?

Best regards, Paul

From: ***
Sent: Thur, September 9, 2010 6:02 AM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: Re: To Paul Union

Dear Paul Union:
How are you recently?
Yes you are right .entrepot trade would involve transshipping the rectangular tubular products to another country in order to change the country of origin to avoid paying the anti-dumping duties on Chinese product.I find a company can do this .But the products's price would be a little higher.

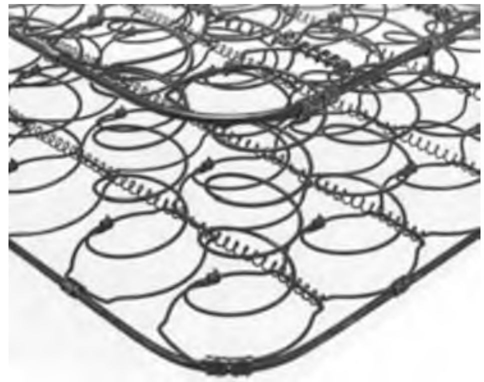
Uncovered Innersprings Units from China

(DOC Case No. A-570-928)

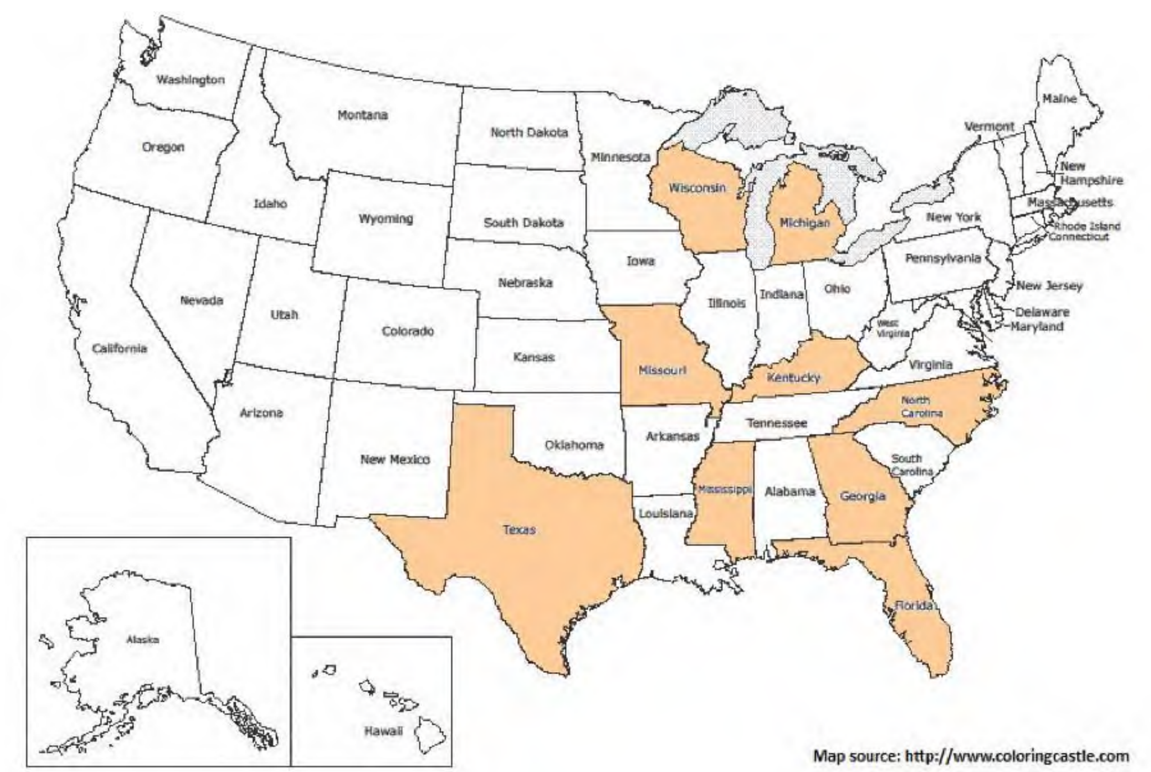
Uncovered innerspring units are composed of a series of individual metal springs joined together and used as the innerspring component in the manufacture of innerspring mattresses.

Industry at a Glance:

- ⇒ Subject to AD order since February 19, 2009 (DOC)
- ⇒ Number of U.S. producers in 2008: 8
- ⇒ U.S. producers' total shipments in 2007: $539 million
- ⇒ U.S. employment of production and related workers in 2007: 2,970
- ⇒ U.S. production locations: Florida, Georgia, Kentucky, Michigan, Missouri, Mississippi, North Carolina, Texas, Wisconsin (USITCg, USITCh)



U.S. Production Locations of Uncovered Innerspring Units



Map source: http://www.coloringcastle.com

Companies Willing to Evade U.S. AD/CV Duties on Uncovered Innersprings Units

Staff, posing as a U.S. trading company, contacted Company G via Alibaba.com to inquire whether it could avoid paying duties on uncovered innersprings units. Company G proposed illegally transshipping product through a third country, or undertaking minor assembly in the United States to avoid paying duties. Below is a transcript of email correspondence documenting a willingness to evade AD/CVD orders (highlighted in red). Textboxes provide an explanation of the correspondence.

Company G

Product: Uncovered innersprings units
Country of origin: China
Means to evade duties: Illegal transshipment or minor assembly in United States

From: feedback@service.alibaba.com
To: ***
Sent: Tues, August 31, 2010
Subject: [avisonetraders@gmail.com]I want to buy the product you are selling on Alibaba.com

---

Dear ***
You have received an inquiry from a free member on Alibaba.com. This is the first inquiry from this sender. Mr. Paul Union is interested in your company.

Buyer's Message
Subject: I want to buy the product you are selling on Alibaba.com.
Dear Sir:
We are a small trading company based in Oregon that supplies a diverse array of products to regional customs in the U.S. Pacific Northwest. We are seeking to diversify our supply chain in order to reduce costs. Can you provide a price list for your innersprings units? Also, are your innersprings units subject to any U.S. antidumping duties?

Thank you,

Paul Union, Purchasing Manager
AvisOne Trading Company, Ltd.
Tel: (503) 583-4237
Email: AvisOneTraders@gmail.com

Explanation:
In this email, staff, acting as AvisOne Trading Co., initiates a product inquiry with Company G via Alibaba.com, China's largest e-commerce platform.

Company G (cont'd)

From: ***
Sent: Wed, September 1, 2010 3:17 AM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: RE:FW [avisonetraders@gmail.com]I want to buy the product you are sel

Dear Paul

Thanks for your letter,and thanks for you are interested in our company.

We offer our price, as follows:
Wire :13g,(2.3mm). helical wire:17g (1.4mm) border 6g(4.88mm)
T type 36.5"*73.5"*6" 9*24 10.7Kgs FOB Tianjin US$11.07/pc
F type 51.5"*73.5"*6" 13*24 14.9kgs FOB Tianjin US$15.4/pc
Q type 58.5"*78.5"*6"15*26 18.3kgs FOB Tianjin US$18.92/pc
K type 74.5"*78.5"*6" 18*26 22kgs FOB Tianjin US$22.75/pc

Loading about 1250pcs in one 40' container. Gross weight 24Mt, Net weight :20Mt.

Yes ,our innerspring units is under U.S. antidumping duty, so we have two ways to export to your country: 1) Transit from the third part country, but would add about US$3000/40'container fee for the third part country.
2） We could export the springs and the helical wire to your country, then you could make up them together by yourself.

What do you think, please let me know without any hesitation.

Thanks & Best Regards

***

Explanation:
In response to staff's inquiry, Company G proposes illegally transshipping innersprings through a third market to avoid paying duties, or proposes that the U.S. importer undertake minor assembly of the product in the United States.

Natural Bristle Paint Brushes from China

(DOC Case No. A-570-501)

Natural bristle paint brushes are made with natural (hog) bristle or other types of animal hair, and are used primarily to apply paint, stain, or varnish. Paint brushes come in several quality ranges and in a wide variety of widths and lengths.

Industry at a Glance:

⇒ Subject to AD order since February 14, 1986 (order terminated July 30, 2010 due to lack of interest) (DOC)
⇒ Number of U.S. producers in 2003: 12
⇒ U.S. producers' U.S. shipments in 2003: $33 million
⇒ U.S. production locations: Florida, Illinois, Maryland, New Jersey, New York, Ohio, Oregon, Pennsylvania, Wisconsin (USITCi)

U.S. Production Locations of Natural Bristle Paint Brushes

Companies Willing to Evade U.S. AD/CV Duties on Natural Bristle Paint Brushes from China

Staff, posing as a U.S. trading company, contacted Company H via Alibaba.com. Although the product is no longer subject to antidumping duties, Company H offered to ship product under a different company's name to avoid paying duties. The company stated that it could not directly change the country of origin, although it proposed illegally transshipping goods through Taiwan or Hong Kong as a way to avoid paying duties. Below is a transcript of email correspondence documenting a willingness to evade AD/CVD orders (highlighted in red). Textboxes provide an explanation of the correspondence.

Company H

Product: Natural Bristle Paint Brushes
Country of origin: China
Means to evade duties: Exporting under a different company name (e.g., shipping agent)

From: feedback@service.alibaba.com
To: ***
Sent: Tues, August 31, 2010 5:34 AM
Subject: [avisonetraders@gmail.com]I want to buy the product you are selling on Alibaba.com

Dear ***:
You have received an inquiry from a free member on Alibaba.com. This is the first inquiry from this sender. Mr. Paul Union is interested in your company.

Buyer's Message
Subject: I want to buy the product you are selling on Alibaba.com.
ear Sir:
We are a small trading company based in Oregon that supplies a diverse array of products to regional customers in the U.S. Pacific Northwest. We are seeking to diversify our supply chain in order to reduce costs. Can you provide a price list for your natural bristle paint brushes? Also, are your paint brushes subject to any U.S. antidumping duties?
Thank you,
Paul Union, Purchasing Manager
AvisOne Trading Company, Ltd.
Tel: (503) 583-4237
Email: AvisOneTraders@gmail.com

Explanation:
In this email, staff, acting as AvisOne Trading Co., initiates a product inquiry with Company H via Alibaba.com, China's largest e-commerce platform.

Company H (cont'd)

From: ***
Sent: Tue, August 31, 2010 9:06 PM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: Info of Natural bristle brush to Mr. Paul Union from China

Dear Mr Paul Union,

We are pleased to receive your following inquiry of natural bristle paint brush dated 31 August. Many thanks for it.

Yes, there has antidumping duties if we export to US market with natural bristle brush. Most of our US customers import paint roller and polyester brush from us. If you can use polyester brush instead of the bristle brush? Our polyester brush can hold much paints too as its split top end and the price is economic too.

Please let us know your comments about it and we will send you the details within one workday if we get your confirmation.

Best regards,
***

From: "Paul Union" <avisonetraders@gmail.com>
Sent: Fri, September 3, 2010 8:27 AM
To: ***
Subject: Re: Info of Natural bristle brush to Mr. Paul Union from China

Dear ***,
Thanks for your response. In your experience, is there any way to avoid paying the anti-dumping duties?

Regards,
Paul

Explanation:
Company H acknowledges that its natural bristle paint brushes are subject to antidumping duties and asks if AvisOne is willing to purchase a different kind of paint brush. In the second email, staff ask Company H if it is possible to avoid paying duties.

Company H (cont'd)

From: ***
Sent: Fri, September 3, 2010 9:27 PM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: Re: Info of Natural bristle brush to Mr. Paul Union from China

Dear Paul,

Thanks for your message,maybe we can export in the name of agent's company that can aviod paying the anti-dumping duties.

Best regards,
***

Explanation:
Company H proposes exporting its products under a different name—in this case, the name of the shipping agent. Staff respond by asking if it possible also to change the country of origin certificate. Company H says that this is not possible, and proposes that AvisOne purchase brushes not subject to AD duties.

From: "Paul Union" <avisonetraders@gmail.com>
Sent: Fri, September 3, 2010 8:27 AM
To: ***
Subject: Re: Info of Natural bristle brush to Mr. Paul Union from China

Dear ***
My apologies for responding late to your email. As your describe it, your company can ship product under a different name (in this case, the shipping agent) in order to avoid paying the anti-dumping duties? Is it possible that your company can change the country of origin as well?

Looking forward to your thoughts on this. Best regards, Paul

From: ***
Sent: Wed, September 8, 2010 9:36 PM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: Re: Info of Natural bristle brush to Mr. Paul Union from China

Dear Paul Union,

Thanks for reply. I checked with the Exit Inscpetion and Quarantine,but the answer is "no" to change the origin country to other.

Now we don't have any better good thoughts about it,our most customers in America used the polyester material instead or just purchased the rollers. Can you use the polyester to instead the bristle?

Looking forward to your comments.

Best regards,
***

Company H (cont'd)

From: ***
Sent: Thur, September 9, 2010 2:00 AM
To: "Paul Union" <avisonetraders@gmail.com>
Subject: Re: Info of Natural bristle brush to Mr. Paul Union from China

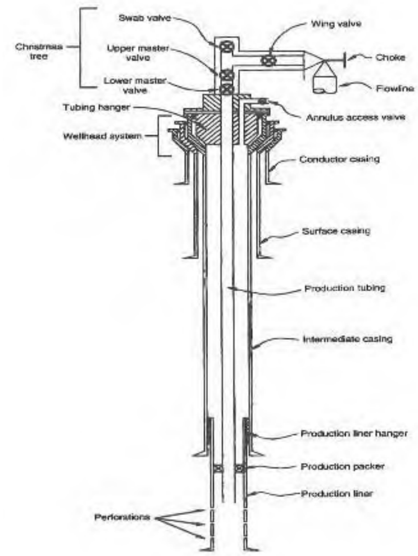
Dear Paul Union,

Do you know any companies in Taiwan or HK who can help you to export the brushes to your company? We send the brushes to them and then they export to you with their name.

Explanation:
In this last email, Company H proposes exporting its brushes to companies in Taiwan or Hong Kong that can then re-export the brushes under those companies' names.

Oil Country Tubular Goods (OCTG) from China

(DOC Case No. C-570-944)

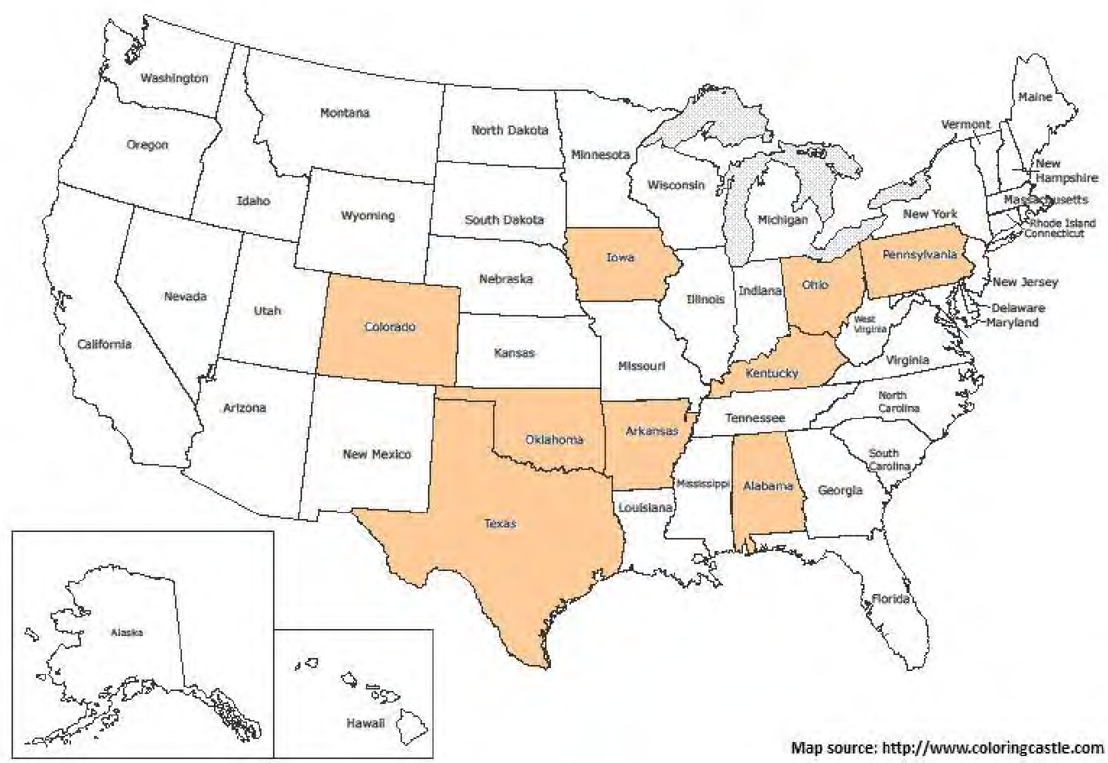


OCTG include carbon and alloy steel casing and tubing used in oil and gas wells. Casing is a circular pipe that serves as a structural retainer for the walls of the well. Tubing is installed inside the casing and is used to conduct the oil and gas to the surface.

Industry at a Glance:

- ⇒ Subject to AD/CVD orders since May 21, 2010 (DOC)
- ⇒ Number of U.S. producers in 2009: 7
- ⇒ U.S. producers' U.S. shipments in 2008: $6.2 billion
- ⇒ U.S. employment of production and related workers in 2008: 5,819
- ⇒ U.S. production locations: Alabama, Arkansas, Colorado, Iowa, Kentucky, Ohio, Oklahoma, Pennsylvania, Texas (USITCj, USITCk)

U.S. Production Locations of OCTG



Map source: http://www.coloringcastle.com

Companies Willing to Evade U.S. AD/CV Duties on OCTG from China

Company I is a trading company based in Turkey. It buys and sells Chinese-origin pipe products and changes the country of origin certificate to non-Chinese product. Below is a transcript of email correspondence provided to staff that document a willingness to evade AD/CVD orders on OCTG (highlighted in red). Textboxes provide an explanation of the correspondence.

Company I

Product: Oil Country Tubular Goods
Country of origin: China
Means to evade duties: Changing country of origin certificate

From: ***
Sent: Wed, August 11, 2010 3:45 AM
To: ***
Subject: DEAR *** PIPES FOR USA

DEAR ***

JUST MY BIG SPANISH PARTNER WHICH WE MADE WITH THEM OVER 10 MILLION USD PIPE ORDERS BEFORE SAID ,THEY CAN SHIP GOODS FROM VALENCIA SPAIN WITH EU ORIGIN CERTIFICATE .GOODS WILL BE PRODUCED IN CHINA& THEY WILL CHANGE ORIGIN IN SPAIN AND REEXPORT .THIS ONE OK?
ALSO OUR SPAIN SELLER CAN OFFER UKRAIN OR EU ORIGIN .BUT SUGGEST ME TARGET PRICE .
4-YOUR MSN OR SKYPE ID ? MY SKYPE ID *** MY MSN *** MY MP ***

BEST REGARDS
***

From: ***
Sent: Wed, August 11, 2010 5:32 PM
To: ***
Subject: RE: DEAR *** PIPES FOR USA

***,

THIS IS ILLEGAL! It is called “circumvention” and is subject to firm prison time.

We will end all discussion at this stage.

Explanation:
In this example, Company I, working with its business partners, is offering a U.S. importer Chinese-origin pipe with a false country of origin certificate. The U.S importer recognizes that this is illegal, and ceases communication with Company I.

Company I (cont'd)

From: ***
Sent: Wed, August 11, 2010 9:46 AM
To: ***
Subject: DEAR *** PIPES FOR USA

DEAR ***
YOU ARE VEYR HARDWORKING PERSON.
IT MEANS IF THEY CHANGE ORIGIN WITH COATING,PAINTING,BEVELLING ETC FORMALLY ,ACCORDING TO EU LAW ALSO NOT POSSIBBLE TO USE CHINESE RAW MATERIAL ? SO I IGNORE IT.
2-ANY TARGET PRICE AS 0 ANTIDUMPING TAX ORIGINS ?

BEST REGARDS
***

Explanation:
Company I acknowledges that Chinese-origin pipe is subject to anti-dumping duties, but "ignores it."

Diamond Sawblades from China

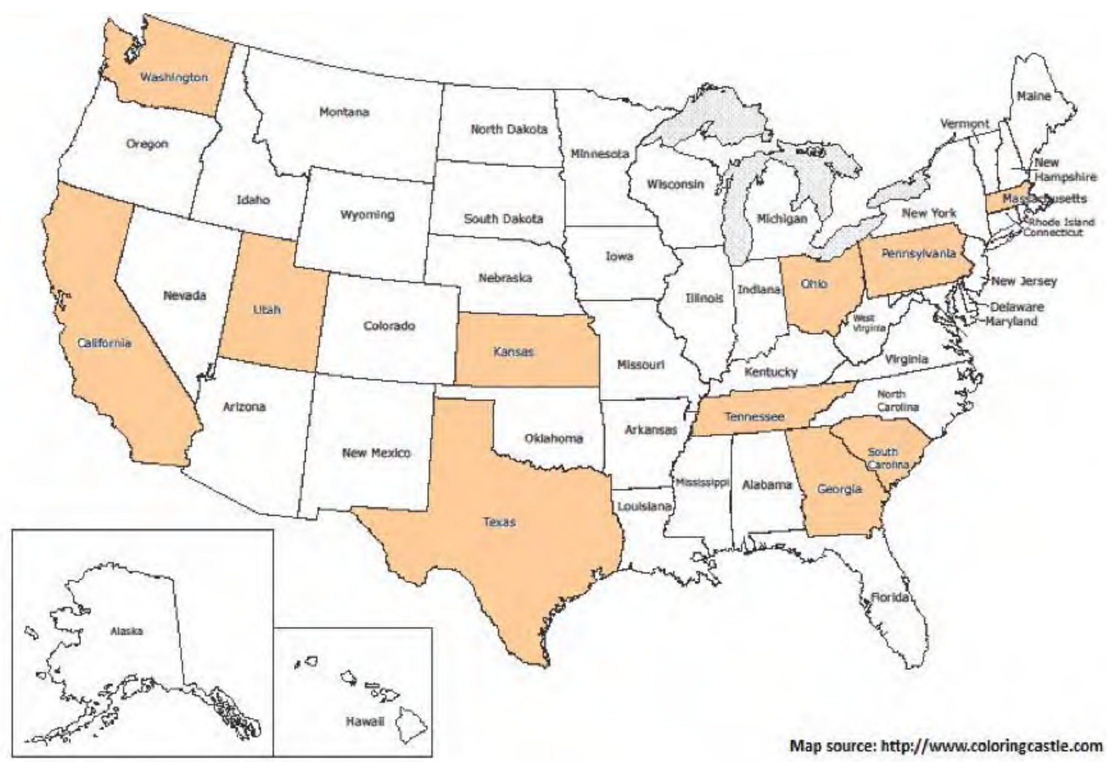
(DOC Case No. 570-900)

Diamond sawblades are circular cutting tools that have numerous functions and applications for cutting, ranging from cement, asphalt, marble, and tile, to masonry work such as brick and stone.

Industry at a Glance:

⇒ Subject to AD/CVD orders since January 23, 2009 (DOC)
⇒ Number of U.S. producers in 2005: 22
⇒ U.S. producers' U.S. shipments in 2004: $121 million
⇒ U.S. employment of production and related workers: 480 (finished diamond sawblades only)
⇒ U.S. production locations: California, Georgia, Kansas, Massachusetts, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Washington (USITCl, USITCm)

U.S. Production Locations of Diamond Sawblades



Companies Willing to Evade U.S. AD/CV Duties on Diamond Sawblades from China

Companies J and K are Chinese trading companies that import and export diamond sawblades. Company J characterizes antidumping duties as a "political game," while Company K admits that it engages in illegal transshipment to avoid paying antidumping duties. Below are transcripts of email correspondence documenting a willing to evade AD/CVD orders (highlighted in red). Textboxes provide an explanation of the correspondence.

Company J

Product: Diamond sawblades
Country of origin: China
Means to evade duties: Undervaluing invoices and misclassifying goods to avoid paying duties

From: ***
Sent: Thur, December 10, 2009 6:54 AM
To: Sales email account
Subject: Diamond tools and cutting machineries

Explanation:
In this email, Company J describes its business and products.

Dear Sir or Madam,

We are a Chinese company specialized in manufacturing various diamond tools which are widely used in Europe and USA.
Best ratio of quality to price could be achieved with the help of our diamond tools.
I'd like to offer you below tools for a reference in hope that we could be your competent and reliable partner in China.
Once got your requests, I'd like to send you our whole catalogue and pricelist.
Your prompt reply would be mostly appreciated.
Regards
***

Company J (cont'd)

From: ***
Sent: Thur, December 10, 2009 9:47 PM
To: ***
Subject: Re: Diamond tools and cutting machineries

Are your saw blades subject to antidumping duties?

From: ***
Sent: Thur, December 10, 2009
To: ***
Subject: Diamond tools and cutting machineries

Hi Sir,

Thanks for your prompt reply.

I don't think it's a big problem for us. We have 3 solutions to help you out of this high duty---it's just a political game: anti-dumping duty.

1. We can change the actual value of products in the Invoice a little bit.(as for small quantity such as trial order)
2. Our factory has responded to the lawsuit and will only be charged with 20% duty. When you order large quantity, it's no big deal.
3. We could ship the blades as the category of core.

Moreover, if you have any solutions, we would like to cooperate your actions from our side.

Regards

***

Explanation:
The U.S. importers asks if Company J's sawblades are subject to anti-dumping duties. Company J responds that antidumping is a "political game." Company J offers to undervalue the company invoice or misclassify the goods to avoid paying duties.

Company K

Product: Diamond sawblades
Country of origin: China
Means to evade duties: Illegal transshipment

Explanation:
Company K engages in illegal trans-shipment to avoid paying duties.

From: ***
Sent: Thur, August 5, 2010 9:28 PM
To: ***
Subject: Re: Diamond Blades

Hi ***,

Thanks for getting back to me.

No, we are not affected by the anti-dumping as we can do trans-shipment.

Regards,

***

Steel Wire Garment Hangers from China

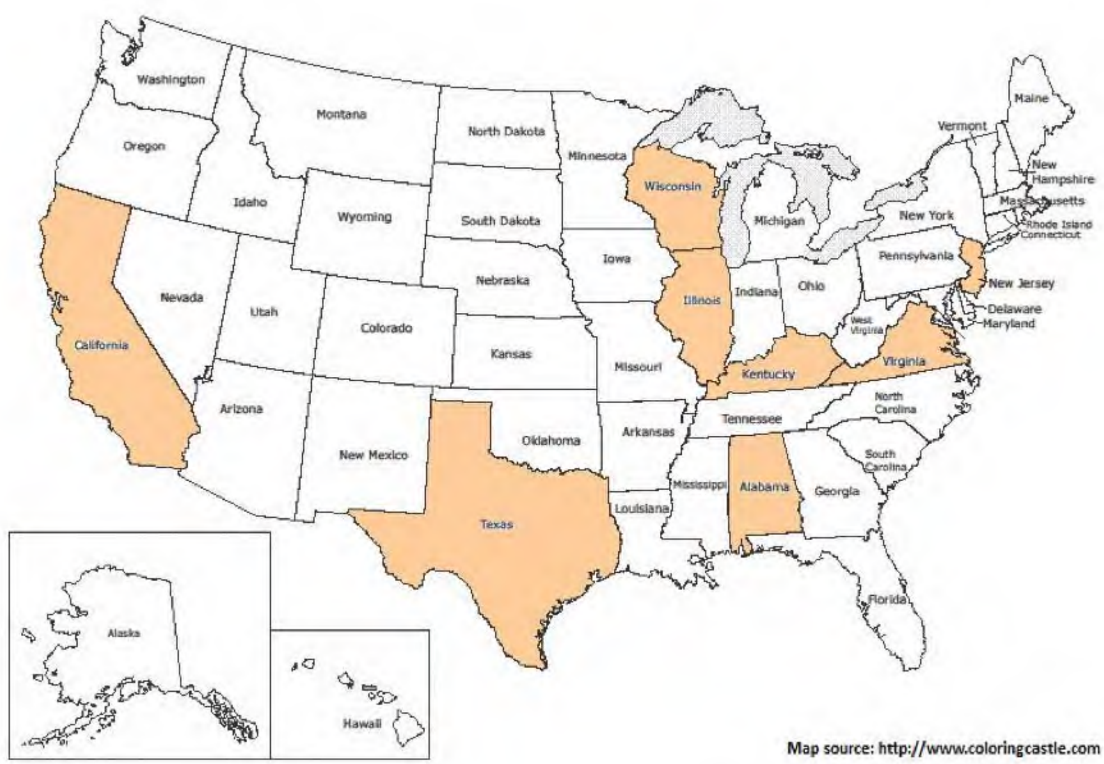
(DOC Case No. A-570-918)

Steel wire garment hangers are produced primarily for use by the dry cleaning, industrial laundry, textile, and uniform rental industries.

Industry at a Glance:

⇒ Subject to AD order since October 6, 2008 (DOC)
⇒ Number of U.S. producers in 2007: 7
⇒ U.S. producers' U.S. shipments in 2007: $12 million
⇒ U.S. employment of production and related workers: 139
⇒ U.S. production locations: Alabama, California, Illinois, Kentucky, New Jersey, Texas, Virginia, Wisconsin (USITCn, USITCo)

U.S. Production Locations of Steel Wire Garment Hangers



Companies Willing to Evade U.S. AD/CV Duties on Steel Wire Garment Hangers from China

Companies L and M are Chinese metal hanger producers. In the first instance, Company L states that it can illegally transship through either Taiwan or Malaysia. In the second instance, Company M states that it can illegally transship via a third country for its "friends." Below are transcripts of email correspondence provided to staff that document a willingness to evade AD/CVD orders (highlighted in red). Textboxes provide an explanation of the correspondence.

Company L

Product: Steel wire garment hangers
Country of origin: China
Means to evade duties: Illegal transshipment

From: ***
Sent: Thu, January 14, 2010 11:57:59 PM
To: ***
Subject: Re: ***

Attachment is our price list (FOB Shanghai), please find it. We have two ways to ship containers to US. One is from Taiwan, the transport charge is $4200.00 per container. Another is from Malaysia, the transport charge is $3200 per container, but the shipping date will be much longer than from Taiwan.

Please check the price, if it's ok, please let me know.

Best regards,

***

Explanation:
Company L offers to ship containers to the United States via Taiwan or Malaysia. Although not explicitly stated in this email, the motive for shipping through a third country is to avoid paying duties.

Company M

Product: Steel wire garment hangers
Country of origin: China
Means to evade duties: Illegal transshipment

From: ***
Sent: Friday, April 09, 2010 9:27 PM
To: ***
Subject: Re: RE: RE: Re: Re: Hanger Business

Yes, the tariff rate is high. However, we are not extinct because of it.
We keep a solution for our friends. It is benefit for us and our client. Both have made profit from it.

We do not know how much profit you can make from working with wells. In China, yes, wells' tariff rate is the lowest in china.
It is about 16%. He is the only one company for the first rank. Our factory is of the second rank. However, we still alive. "Fact speaks louder." Our clients also make profit working with us.

For this kind of client, we usually ship via another country, through which you only need to pay about 3.5% or lower rate. So for this, usually, CIF, DDU or DDP is suitable for you.

If you do not know it properly, we can do DDP for you. That is, door to door service. Its procedure is very easy for you, just like we send a package through courier. Through it, we will send the hangers directly to your warehouse. In a word, it will save you much energy, and most important, a lot of money.

A trial order may make you know much about us.

We look forward to your reply, and hope we can cooperate with each in the near future.

***

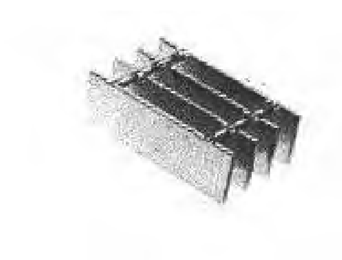
Explanation:
Company M offers to illegally ship product through a third country to avoid paying duties. As stated by Company M, this service is offered to "our friends" and that illegal transshipment "is a benefit for us and our client."

Steel Grating from China

(DOC Case Nos. A-570-947 and C-570-948)

Steel grating (commonly referred to as bar grating), consists of two or more pieces of steel, including load-bearing pieces and cross pieces, joined by any assembly process, regardless of: (1) size or shape; (2) method of manufacture; (3) metallurgy (carbon, alloy, or stainless); (4) the profile of pieces; and (5) whether or not they are galvanized, painted, coated, clad or plated. Excluded from the scope are expanded metal grating, which is a single sheet or thin plate that has been slit and pulled; and safety plank grating, which is a single sheet or this plate that has been pierced or cold formed.

Steel grating is designed to support and distribute the weight of objects. Common end uses include walkways, mezzanines, catwalks, fire escapes, stairways, and flooring.



Industry at a Glance:

- ⇒ Subject to AD/CVD orders since July 23, 2010 (DOC)
- ⇒ Number of U.S. producers in 2009: 7
- ⇒ U.S. producers' U.S. shipments in 2009: $162 million
- ⇒ U.S. employment of production and related workers in 2009: 518
- ⇒ U.S. production locations: Alabama, Illinois, Indiana, Ohio, Oklahoma, Mississippi, Pennsylvania, Texas, Utah (USITCp, USITCq)

U.S. Production Locations of Steel Grating

Map source: http://www.coloringcastle.com

Companies Willing to Evade U.S. AD/CV Duties on Steel Grating

Company N is a Chinese steel grating producer. Below is an email provided to staff that documents the company's disregard for antidumping duty orders (highlighted in red).

Company N

Product: Steel grating
Country of origin: China
Means to evade duties: Illegal transshipment

From: ***
Sent: Mon, August 30, 2010 1:01 AM
Subject: ***

Below is the result of your feedback form. It was submitted by () on Monday, August 30, 2010 at 01:01:13

Name: ***
Company: ***
Address: ***
City: Ningbo
State: Zhejiang
ZIP: 315195
Country: China
Phone: ***
Email: ***
Comments: Dear Sir,

If you need the best steel grating with low-cost, why not contact us directly here?

FYI, Antidumping duty is no problem for us.

Submit: Send!

Part II:
Foreign Logistics Companies Willing to Evade U.S. AD/CV Duties

Foreign Companies Willing to Evade U.S. AD/CV Duties

The following foreign logistics companies publically advertise services to avoid paying AD/CV duties and other import restrictions like import quotas. These firms advertise their services in both English and Chinese on websites like alibaba.com, China's largest e-commerce website that links buyers and sellers. Most evasion schemes involve illegal transshipment through a third country and falsified country of origin certificates for Chinese-origin product destined to the United States and other export markets. Many firms work with factories located in third countries to obtain authentic country of origin certificates for Chinese-origin product.

Everysky International Forwarding Agency

Address:	No. 455, Zhong Shan East Road, Ningbo, Zhejiang, China, 315400 Tel: +(86) 0574 2790 3558
Web:	http://www.everskyline.com/special1.php?id=6 http://www.alibaba.com/member/cn109650969.html http://www.made-in-china.com/showroom/infism/companyinfo/Eversky-International-Forwarding-Agency-Co-Ltd-.html
Company representative:	Mr. Zhao Hui Customer service representative: Mr. Cheng Tel: +(86) 0574 2787 9775 Email: jeffningbo@163.com
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Prepares false country of origin certificates for Indonesia and Malaysia. Principal transit ports are Singapore and Port Klang, Malaysia.

H&T International Logistics Ningbo Ltd.

(subsidiary of Hualianton International Logistics Co., Ltd.)

Address:	Room 10-1, Yinyi Time Square, No. 8, Lengjing Street, Haishu District, Ningbo, China Tel: +(86) 574 8785 2330
Web:	http://www.hltnb.com http://blog.china.alibaba.com/blog/nb75520859/article/b0-i7726014.html
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Prepares and provides false country of origin certificates and re-exports products through Port Klang, Malaysia. Company stipulates that domestic (Chinese) exporters must reach an understanding with the foreign importers regarding export documents (i.e. falsified country of origin certificates) and payment terms. Products illegally transshipped include fasteners, steel pipe, steel wire rope, steel wire hangers, aluminum products, clothing, shoes, candles, bearings, and citric acid.

Foreign Companies Willing to Evade U.S. AD/CV Duties (cont'd)

Ningbo Star International Freight Forwarding Co., Ltd

Address:	Also known as: Ningbo Richstar Freight Forwarding Agent Co., Ltd. High Storm International Freight Forwarding Co., Ltd. Win-Win International Freight Forwarding Co., Ltd. Sharp Gate Street, Ningbo City, Zhejiang Province, No. 58, City Renhe Center, 16-1, China Tel: +(86) 0574 8768 6088
Web:	http://www.richstarfreight.com http://www.sweiphone.eb80.com
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Company uses different names when advertising transshipment services. Obtains authentic country of origin certificates from foreign factories despite product being of Chinese origin. Ships product from the Chinese ports of Dalian, Tianjin, Qingdao, Ningbo, Xiamen, and Shenzhen to Port Klang, Malaysia.
Illegal export procedures:	(1) Company's Malaysian branch acts as consignee in Malaysia. Removes first leg transportation manifest from China. (2) After cargo leaves China, customers provide copy of release of export documentation (e.g., first leg transportation, packing list, and invoice). (3) Malaysian branch in charge of procedures for changing containers and arranging booking for second leg transportation. (4) Before departure, Malaysia factories apply for certificates of origin for use for shipment of Chinese origin.

Pulinktrans China, Ltd.

Address:	Room 206, Goldenland Building, No. 773 Siping Road, Shanghai, China, 200092 Tel: +(86) 21 6107 6102
Web:	http://pulinktranschina-3141826.en.gongchang.com/ http://www.hifob.com/redirect.php?tid=22211&goto=lastpost
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Provides authentic third-country country of origin certificates to clients, and can provide official authentication (by foreign country embassy) and notarized inspection report. Reportedly has cooperated closely with Ministries of Trade and Industry and Chambers of Commerce in Singapore, Malaysia, Indonesia, Thailand, Hong Kong, and the United Arab Emirates. Ports include Shanghai, Ningbo, Qingdao, Tianjin, Zhapu, Wenzhou, Shenzhen, and Hong Kong. Transshipment hubs include Malaysia and Thailand. Products illegally transshipped include fasteners, steel pipes, steel wire hangers, and clothing.

Foreign Companies Willing to Evade U.S. AD/CV Duties (cont'd)

Shenzen Sunpower Interntional Logistics, Ltd.

Address:	Room 2207, Gonglu Building, Block C, Yitai Centre, Dongmembei Road, Luohu District, Shenzhen, China, 518003 Tel: +(86) 0755 2519 1363 Email: sunpower@szsuperior.com
Web:	http://www.szsuperior.com/cn/home/index.asp http://www.ilazhu.cn/search/sell-service-9.html
Other info:	Company based in Shenzhen, China, but headquartered in Ipoh, Malaysia. Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Provides various country of origin certificates depending on degree of customs inspection, production subject to AD/CV duties, and country of destination. Third-country certificates of origin provided include Taiwan, Malaysia, Indonesia, Bangladesh, Thailand, Vietnam, and Sri Lanka. All certificates of origin are provided by in-country factories. Company provides all documentation, customs declarations, factory inspection, and other relevant procedures.

Wintrans Logistics and Investment & Management Co., Ltd

Addresses:	Room 26A-D, Ocean Building, 268 Lujian Road, Xiamen, Fujian, China Tel: +(86) 592 806 5305 Email: info@wintrans.com.cm **Shenzhen Wintrans Logistics Co., Ltd.** Luohu District, Shenzhen City, Pacific Business Building, B1402, Shenzhen, Guangdong, China **Shanghai Wintrans Branch** Siping Road, 188 2108, Shanghai China
Web:	http://www.wintrans.com.cn/en/info/detail.asp?ID=5 http://cn.made-in-china.com/showroom/wintransalice/companyinfo/%E5%8E%A6%E9%97%A8%E9%80%9A%E6%B4%B2%E7%89%A9%E6%B5%81%E6%8A%95%E8%B5%84%E7%AE%A1%E7%90%86%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8.html
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Claims to work with business partners in Indonesia, Myanmar, and Malaysia that provide certificates of origin issued by factories located in those countries. Directs payment through Malaysia or Hong Kong. Products include steel pipes, apparel, shoes, ceramics, and furniture. Export markets include the United States, Canada, Mexico, Turkey, and Latin America.

Foreign Companies Willing to Evade U.S. AD/CV Duties (cont'd)

Gateway Container Line Co., Ltd.

Addresses:	**Gateway Container Line Co., Ltd. (Qingdao)** B-1022, Yu Yuan Mansion, No. 75 West Hong Kong Road, Qingdao, China, 266071 Tel: +(86) 532 8197 8801 **Gateway Container Line Co., Ltd. (Tianjin)** Room 2602, Twain building, Hanggua Plaza, Dagunan Road, Hexi District, Tianjin, China, 300000 **Gateway Container Line Co., Ltd. (Shanghai)** Room 2201, No. 1, Alley 258, Dongbaoxing Road, Shanghai, China, 200080 Tel: +(86) 21 6356 0173 Room 612, Hesen Building, No. 1600 Yan'an Road (W), Shanghai, China, 200052 Tel: +(86) 21 5258 5515 **Gateway Container Line Co., Ltd. (Ningbo)** 19 Floor, Unit B, Century Square, No. 118 Daliang Street, Ningbo, China, 315000 Tel: +(86) 574 8717 5858 **Gateway Container Line Co., Ltd. (Shenzhen)** Room 1705, Building A, Huaguoshan Building, South Garden Road, Shekou, Shenzhen, China, 518067 Tel: +(86) 755 2680 5586
Web:	http://www.gateway-group.cn/en/index.htm
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Claims to provide services to both domestic (Chinese) exporters and foreign importers.

Foreign Companies Willing to Evade U.S. AD/CV Duties (cont'd)

Global Success International Transportation (Shenzhen) Ltd.

Address:	18F, Overseas Friendship Building, No. 12, Ying Chun Road, Luohu, Shenzhen, China, 510800 +(86) 755 8214 5368 Email: info@globalsourcing.com.cn
Web:	http://www.globesuccess.com.cn/en/index.asp http://www.ecplaza.net/tradeleads/seller/5605380/transhipment_project.html
Registration no:	Certified by China's Ministry of Commerce as a licensed non-vessel operating common carrier (NVOCC) (NVOCC#MOCNV 01254).
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Transshipment hubs include Malaysia, Singapore, Indonesia, Bangladesh, the Philippines, and India. Third-country certificates of origin are issued for Chinese-origin product. Provides illegal transshipment services for the following products subject to U.S. AD/CVD orders: fasteners, threaded rod, steel hangers, locks, and wooden bedroom furniture. Also provides transshipment services for products subject to AD/CV duties in Europe, South America, and Turkey.

Dyna International Shipping Ltd.

Address:	Room 01-02, 16/F, Ginza International Building, Shennan Road, Shenzhen, Guangdong, China Tel: +(86) 755 2151 7557 Email: Shenzhen@dynaprc.com Other offices located in: Hong Kong, Guangzhou, Shanghai, Beihai, Huangpu, Nanhai, Foshan, Zhongshan, Wuhan, Kunming, Ningbo
Web:	http://www.dynaprc.com/english/index.asp http://www.hardware-wholesale.com/d-p115413722755560100-service_to_avoid_the_anti_dump_tax_import_from_china/
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Transshipment hubs include Malaysia, Singapore, Thailand, and Indonesia with third-country certificates of origin. Advertises illegal transshipment services for Chinese products subject to AD/CV duties in the United States, Mexico, Colombia, Egypt, Turkey, and Europe.

Foreign Companies Willing to Evade U.S. AD/CV Duties (cont'd)

Hanhen Shipping (China) Co., Ltd.

Address:	A-1109, Jintian Building, Heping Road, Luohu, Shenzhen, China Tel: +(86) 0755 2556 5280
Web:	http://www.hanhen.com http://ca2.mofcom.gov.cn/aarticle/supplydemandofchina/supply/200905/20090506267440.html
Identification no:	China Tax ID: 440300769195249 United Nations Procurement Division Vendor ID: 09D00065 (Logistic Supplier)
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Transshipment hubs include Singapore and Dubai. Country of origin certificates from Malaysia, Vietnam, Indonesia, and Bangladesh are issued for Chinese-origin products subject to AD/CVD orders. Advertises illegal transshipment services on the website of the Embassy of China in Canada.

Suzhou Yuncheng Ex/Im Co., Ltd.

Address:	No. 8-7 Shop, Shuixiang West Road, Meili Street, Songling Town, Wujiang, Jiangsu, China, 215200
Web:	http://yuncheng.en.alibaba.com/trustpass_profile.html http://www.alibaba.com/product-gs/269042075/Third_country_re_exports_seamless_steel.html
Company representative:	Mr. Yucheng Zhou
Business registration no.:	320584000113121
Issuing authority:	Suzhou City Wujiang Administration for Industry and Commerce
Issue date:	10/18/2007
Expiration date:	10/17/2017
Registered capital:	RMB 3,000,000
Other info:	Advertises illegal transshipment services to avoid paying AD/CV duties and other import restrictions. Advertises illegal transshipment services for seamless steel pipe and carbon steel fasteners, among other products.

Foreign Companies Willing to Evade U.S. AD/CV Duties (cont'd)

L'Assurex International Logistic Ltd.

Address:	Room 1207, Logistics Center, No. 1, Haitian Road, Huli, Xiamen, Fujian, China, 361000
Web:	http://www.lassurex.com http://www.alibaba.com/product-gs/282892965/sea_freight.html http://lassurex.en.alibaba.com/product/283189523-209769395/shipping_agency_in_china.html?tracelog=cgsotherproduct1
Company representative:	Mr. Liming Zheng
Registration no.:	350200200006505
Issuing authority:	Xiamen City Administration for Industry and Commerce
Issue date:	10/11/2007
Expiration date:	10/10/2027
Registered capital:	RMB 10,000,000
Other info:	Advertises illegal transshipment services on alibaba.com to avoid paying AD/CV duties and other import restrictions. Provides certificates of origin from Malaysia, Indonesia, and India for Chinese-origin product. Export markets include the United States, Venezuela, Brazil, Argentina, Europe, Jordan, Egypt.

Part III:
Examples of Companies Advertising Illegal Transshipment Services on the Internet

The Economic and Commercial Counsellor's Office of the Embassy of the People's Republic of China in Canada

中华人民共和国驻加拿大大使馆经济商务参赞处

China Law | Host Country | Laws of Host Country | Enquiry Online

Current Location: Homepage > Supply & Demand > Cooperation > Text

Hanhen Shipping Company search for cooperation

Thursday,May 21,2009 Posted: 21:12 BJT(13 GMT)

From Hanhen Shipping Company Article type:Reproduced

Dear Sir/Madam,

I am writing to introduce you to Hanhen Shipping Company, which is based in Shenzhen on the east coast of China. We have taken the liberty of obtaining your details from the website and have made contact with a view to our respective organizations doing business together.

About Hanhen Shipping Company http://www.hanhen.com/
Logistics Partner of United Nations (VENDOR ID 09D000065)

My company has many years' experience in handling FCL/LCL/AIR/LAND/RAIL shipments. We provide a wide range of shipping services, including arranging local contact with the shipper(MAERSK、YANGMING、EVERGREEN WANHAI、APL、 COSCO and CSCL etc.), issuing of delivery documents, custom clearances etc. Especially we have a great advantage in rail transport from China to Russia/Middle Asia and large engineering machine transport We operate according to international law and the laws of the Republic of China.

Key services
We enjoy long-term relationships with all of the main shipping lines and airlines. As your shipping and trading agent we can offer:

Competitive freight rates and reliable service to and from most locations
Rail transport from Tianjin/Shanghai/Lianyungang/Xiamen/Shenzhen to Russia/Middle Asia etc
Industrial Projects Handling,Large Engineering Machine Transport(Such as crane,Heavy equipment etc.)
Sea Export & Import Service(FCL/LCL/Consolidation)
Air Freight Service
Third Party Logistics
Dangerous Cargo Handling
Transhipment from China to Malaysia then to USA direct, to avoid quota and provide C/O of Malaysia
Handling of documents and cargos for FOB to CIF transactions, including switch MBL and HBL
Assistance in application for Certificate of Origin, FormA, Legalisation of Docs, BV, SGS, as per instructions
Diversion of Shipments
Import to Shanghai/Ningbo/Shenzhen/Guangzhou
Import from Hongkong to Mainland China under CEPA
ATA/Personal Effects/Air Shipment
Door to door delivery (Mainly USA. Canada, India. Europe)
Warehouse consolidation services - 1. Receive cargo from more than one suppliers and loading container; and 2. Our warehouse can be used as your storage centre, you can put some cargo first, and sell them to your buyers in China
We have several offices in the India and other different coutries of Asia

If you need any further information, pls kindly feel free to contact us! And I'm sorry if any inconvenienced that caused by this e-mail.

Best Regards!
kent chen

Hanhen Shipping (China) Co.,Ltd
1109 Tinlian Building,Heping Road,
Luohu,Shenzhen,China.
(+86 0755 25565280
Fax: +86 0755 25561580
Cell : +86 13818671485
Skype: kentchenxuan
Msn: kent@hanhen.com
Email: kent@hanhen.com
http://www.hanhen.com
A leader of 3PL supplier in Asia

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Source: http://ca2.mofcom.gov.cn/aarticle/supplydemandofchina/cooperation/200905/20090506267416.html

Hanhen Shipping

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Home > Contract Logistics > Triangular Trade

Out-Sourcing Logistics
International Distribution
Triangular Trade
Business Service

According to traders' demands in commercial interests and import tariff reduction, we provide BL switch for triangular trade, changing the CO,etc in order to protect the interests of traders and save tariff expenses.

1. Based on the principle of commercial confidentiality, we HANHEN work seriously as a intermediate part between processing manufacturers, traders and end-buyers and switch documents reasonably.

2. We use Singapore, Dubai to offer entrepot trade service and issue CO of Malaysia, Vietnam, Indonesia, Bangladesh in order to avoid tariff barriers.

Hanhen | Contact us | OA Enter | Online

Contact: sales@hanhen.com | Global Contact: info@hanhen.com
Tel: +86 755 25594780 Fax: +86 755 25561580/1680

Source: http://www.hanhen.com/l3.asp?Id=247 (company has since removed "re-export trade" diagram from website)

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Products | Suppliers | Buyers

Search Products

About 909 results: Sea Freight

Advanced Search

Home > Products > Business Services > Logistics Services > Sea Freight (95839)

Language Options

There are 909 transshipment from 115 suppliers on Alibaba.com

Related Searches: **transshipment, Wholesale transshipment**

transshipment,the best way to avoid anti-dumping

Other products by Shipment Type: FCL and LCL

FOB Price:	US $2,000 - 8,000 / Carton **Negotiable**
Port:	china
Minimum Order Quantity:	1 Carton/Cartons
Supply Ability:	100 Carton/Cartons per Day
Payment Terms:	L/C,D/A,D/P,Western Union,MoneyGram

See larger image: transshipment,the best way to avoid anti-dumping

Add to My Favorites

Ms. Helen Lu

Contact Supplier

Send a Message to this Supplier

Supplier Details

Asavvy Furniture Co., Ltd.

Jiangsu, China (Mainland)

Business Type:

Manufacturer, Trading Company, Distributor/Wholesaler

Contact Details

Gold Supplier [1st Year]

A&V Checked

Online Showroom: 247 Products

Other Similar Products from this Supplier

View this Supplier's Website

Product Details | Company Profile

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Quick Details

Place of Origin: Zhejiang China (Mainland)	Brand Name: eversky	Model Number: transshipment
Departure: china	Destination: all over the world	Route: EU
Carrier: Eversky international fraight forward	Departure Day: Monday	Transit Time (Days): 38
Shipment Type: FCL and LCL		

Specifications

Are you looking for a way to avoid anti-dumping?
Transshipment may be the best way at present.

Nowadays, Transshipment is the best way to avoid anti-dumping duties.Now, we will tell you how it helps you to avoid anti-dumping and how it reduces your cost.

As we know, your country doesn't charge high tariffs for all the country but China. Now we can help you to provide the documents to your government certifying that the products are made of other low tariff countries instead of China.

How can we do it?
1st: We need to export those products(made in China) to other country (just as Malaysia). It is easy for us to do it and which just need cost your little money.
2nd: We will finish custom clearance for those cargos in Malaysia and then send it to our warehouse. Picking up those to re-load it to the new container(booking with Malaysia)
3rd: Finding a local factory to provide all the original documents to your country. And then export the products to your instruction Port.

After the operation of above, the original will be changed from China to Malaysia. You just need to pay the normal import duty.

Send your message to this supplier

Ms. Helen Lu

View Supplier's Details

Add to My Contacts

Enter your message here

-Enter between 20 to 3,000 characters. English only-

Send

Sourcing Products & Suppliers on Alibaba.com

Search Products – Enter the product you are looking for in the **Search Bar** and click **Search**

Contact Suppliers – Click **Contact Now** to send an inquiry or **I'm online, Chat now** to chat online

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transshipment,the best way to avoid anti-dumping

Are you looking for a way to avoid anti-dumping? Transshipment may be the best way at present.

US $ 2000-8000

Min. Order: 1 Carton/Cartons

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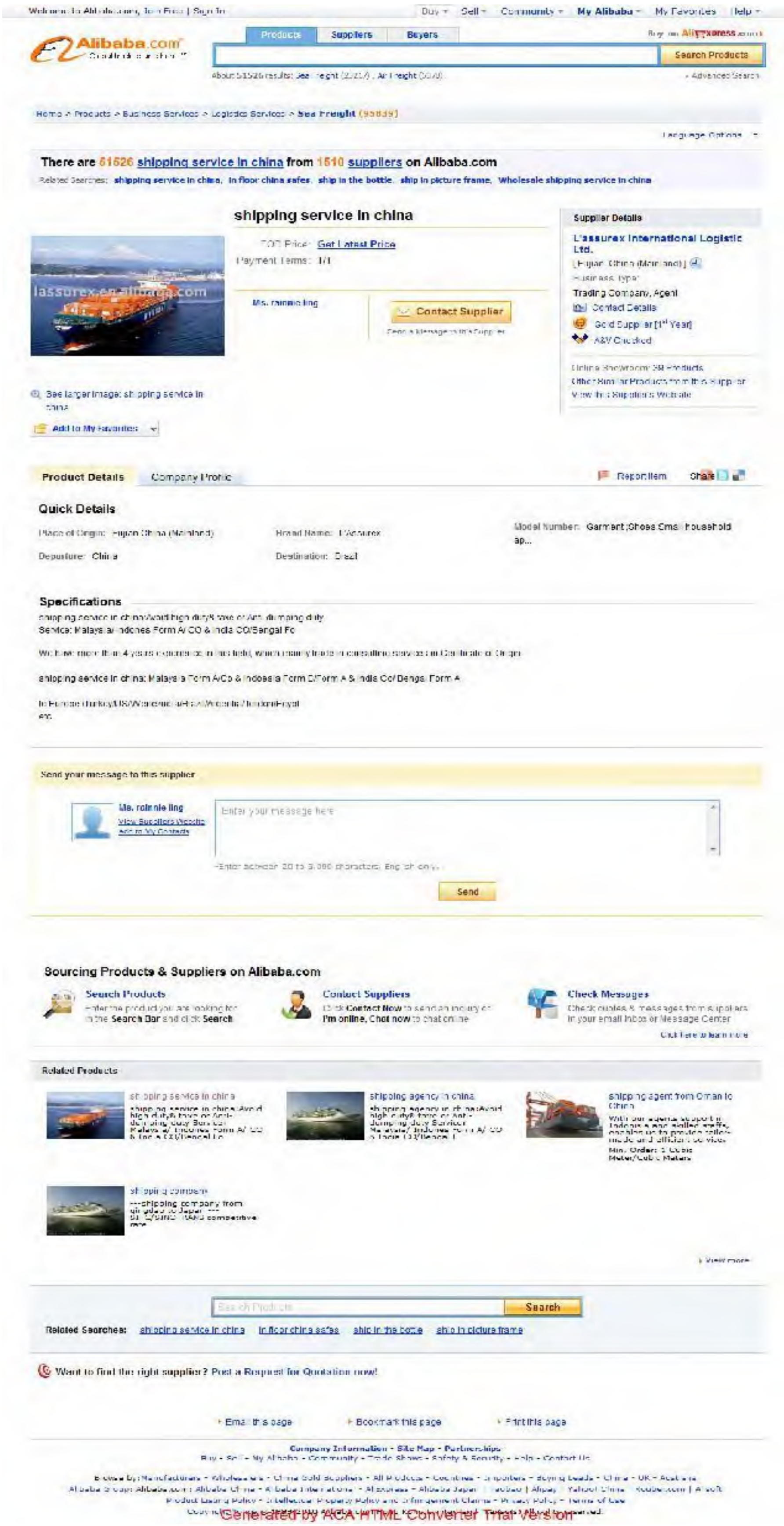
Source: http://www.alibaba.com/product-gs/333447619/ansshipment_the_best_way_to_avoid.html



Source: http://www.alibaba.com/product-gs/286715957/shipping_service_in_china.html

China Trade Leads [Service to Avoid the Anti-Dump Tax Import from China] Search

Home › China Service › China Commercial Service 3 › Service to Avoid the Anti-Dump Tax Import from China

Service to Avoid the Anti-Dump Tax Import from China

We are China dyna international freight forwarding company. We do the Ocean FCL &LCL, air service&train service ex-China ports to worldwide ports and any destination. You needn't concern about the anti-dumping tax or high duty import from China. We provide this kind of service to avoid the anti-dumping tax. To trans-ship from Malaysia/singapore/Thailand/Indonesia with(OC.: (BL, Packing list, Invoice, CO, form A).

1. Service to avoid this anti-dump tax import shoes from China to Europe/Mexico/USA.

2. Service to avoid this anti-dump tax import garment from China to Europe/Mexico/USA/Colombia.

3. Service to avoid this anti-dump tax import Door Locks from China to Egypt/South America.

4. Service to avoid this anti-dump tax import metel Silicon from China to Europe.

5. Service to avoid this anti-dump tax import metel valve from China to Mexico.

6. Service to avoid this anti-dump tax import ceramic tile&PVC from China to Turkey/Egypt.

7. Service to avoid this anti-dump tax import Bike fittings from China to Europe.

8. Service to avoid this anti-dump tax import Energy-saving lighting from China to Europe.

Pls do not hesitate to contact me if need this kind of service.

Shenzhen Commercial Service China Commercial Service Exporters Shenzhen Exporters Shenzhen Exporters 13 Dyna International Shipping Limited

Sourcing Services For African Clients Google Left Rankings QC Inspection Service Agent Service (China) Organic Production Certification New Sample/Product Design (BTM-2) Private Detective Commercial Investigation Outward Processing Arangements Final Random Inspection (FRI) Bill of Lading - Packing Machine ChinaPresence Export Agent In Yiwu China Project Coordination Services Acting As Drop Shipper And Offer Drop Shipping Service Website Design/Web Application/Flash Design LFGB Certification

[Service to Avoid the Anti-Dump Tax Import from China] Search

Source: http://china-trade-leads.com/china-service/china-commercial-service-3/service-to-avoid-the-anti-dump-tax-import-from-china

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Company Profile

Entrepot Logistics Shanghai

Contact us

Entrepot Logistics Shanghai

[China]

Address:
road siping 356 Shanghai Shanghai China

Phone:
86-21-55159001

Contact name:
kirk

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About Us

Inquire Now >

We provide via 3rd country bonded area logistics with CO, FORM A to evade anti-dumping duties in your country. MSN entrepot-logistics (at) hotmail.com

Transshipment is the best way to evade anti-dumping.

Now, more and more countries are restricting or anti-dumping import 참□□Made in China참□□ products, espacially Turkey and Mexico are restricting the fabrics which made in china is the severest. The transshipment is the only way to avoid it.

We can help you to avoid anti-dumping if ...

Read More

Company Profile

More

Company Name:	Entrepot Logistics Shanghai
Country/Territory:	China
Business Type:	Others
Registration Date:	2010/04/01 (Year/Month/Date)
Buyer / Seller in EC21:	Both
Keyword	fabrics, laminate floor, yarns, polyester

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Source: http://united5.en.ec21.com

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Transshipment,Help You Avoid Anti-Dumping Duties

Posted Wed, 08/11/2010 - 02:31 by infism
Expires: 08/31/2011

Company: EVERSKY INTERNATIONAL FORWARDING AGENCY CO., LTD

Website: Http://Www.re-Export.net

Description:

Are you looking for a way to avoid antidumping? Transhipment may be the best way at present.
Now we will show you how it helps you to avoid anti-dumping and how it reduces your cost.

As we know, your country doesn't charge high tariffs for all the country but China. Now we can help you to provide the doucments to your government certifying that the products are made of other low tariff countries instead of China.

How can we do it?
1st: We need to export those products(made in China) to other country (just as Malaysia). It is easy for us to do it and which just need cost your little money.
2nd: We will finish custom clearance for those cargos in Malaysia and then send it to our warehouse. Picking up those to re-load it to the new container(booking with Malaysia).
3rd: Finding a local factory to provide all the original documents to your country. And then export the products to your instruction Post.

After the operation of above, the original will be changed from China to Malaysia. You just need to pay the normal import duty.

We are experienced in it for many years, and we are confident that we have the ability to help you to lower the import tariff. You are welcomed to contact us if you are fond of our service

Tags: transshipment, freight forwarder, sea freight, air freight, avoid anti-dumping

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Source: http://nudeal.com/selling-lead/transshipmenthelp-you-avoid-anti-dumping-duties

Gateway Global Standard Service GATEWAY CONTAINER LINE CO.,LTD

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welcome to Gateway

Cargo track

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Tianjin Xiamen

Shenzhen Guangzhou

Branch introduced

Our Business:

Best tailor made sea, air, land and multimodal shipping solutions for clients, issue authorized all way Bill of Lading.

FCL Export Business:
Take the advantage of preferential contracts with HANJIN, CSCL and COSCO, we're able to provide requested cabinet space during peak seasons as well as long term stable price for Europe lines to ports Hamburg, Felixstowe, Rotterdam and Antwerp;
For Mid-east Persian Gulf lines to ports Dubai, Abu Dhbi, B. Abbas, Bahrain, Dammam, Doha, Kuwait and Muscat. Simultaneously, we also offered competitive rates.

Bulk Cargo Export Business:
Being export large machinery and autos in the manner of bulk cargo for long time, we've built up close relations with bulk carrier companies and bulk cargo ports.

Import Business:
Depend on a professional team, we have been offering flawless import distribution services for years, customers world wide are new able to trace their cargos on ship via our website. Our client-oriented employees are available for any queries even during national holidays.

Air Cargo Business:
Our competitive rate and services is to Southeast Asia, Australia and Europe.

Special Services: Third Country Transshipment
The fact that import tax for same product varies in Customs of different countries makes reasonably avoid anti-dumping possible. Since we are founded, count on our reliable official intelligence and mature experience, we have been providing One-Stop Third Country Transshipment logistic service for domestic exporters and foreign importers, effectively helped our clients lower the cost, increase the profit and the competitiveness.

Ningbo Advertisir

Source: http://www.gateway-group.cn/en/related.htm

TRANSHIPMENT PROJECT TO AVOID ANTIDUMPING TAX

Posting Date : Feb 20, 2009 GMT

No Image

Company: Globe Success International Transportation (Shenzhen) LTD
Membership: Free Member since Feb 20, 2009
Coutnry/Regioin: China
Address: 18FL, Oversea Friendship Building,12#, Yingchun Road, Luohu, shenzhen, Guangdong, China 510800
Contact: Ms. ANNA LEE
Phone: 86 755 8214 5702
Fax: 86 755 8230 7954
Mobile: 86-1371-4045-400
Tags: TO AVOID ANTIDUMPING TAX

Contact Now | Add to Cart | BOOKMARK

TRANSHIPMENT PROJECT TO AVOID ANTIDUMPING TAX

1) In order to save the antidumping tax when import the goods from China, here we would like to provide the service to China shippers and oversea consignees to arrange their goods via the third countries' port(this can be in Malaysia, Singapore, Indonesia, Bangladesh, Philippine, India, etc) and issue the third country document to ship the goods to the final destination country

A. antidumping goods export from China to USA:
a. fastener, thread rod, steel hangers, locks, bed room wooden furniture, etc

B. antidumping goods export from China to Europe:
a. fastener, thread rod, leather shoes, bicycle and energy saving lamp, etc.

C. Antidumping goods export from China to South America:
a. Hardware, garment, bicycle, tyre, etc.

D. antidumping goods export from China to Turkey:
a. ironing board, garment, shoes, tile, ceramic etc.

E. other antidumping goods, just keep us inquired

2) Any further inquiry, just let us know below information, then we will provide our best project for the routine way and advice for yr choosing.

A. goods name(if any H.S CODE, it is better)
B. quantity
C. destination
D. shot ready date—if any
E. yr special requirement—if any(such as transiting country, document, time, etc)

Appreciated for yr further contact.

Best regards!
Anna Lee
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Optional Information
HS Code: 7318 Screws, Bolts, Nuts, Coach Screws, Screw Hooks, Rivets, of Iron or Steel

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Source: http://www.ecplaza.net/tradeleads/seller/5605380/transhipment_project.html

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Number of Employees:	5 ~ 50
Business Scope:	Service
Member Since:	2009
Last Sign In Date:	2010-09-29

Product List

Product Name	Update Date
Export Via A-Third-Country Against The Anti-Dumping Policy	2010-07-05
Customs Clearance in Russia or Ukraine	2010-01-18

Related Category: Service » Commercial Service

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Homepage:	
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Contact Person (Department):	Mr. Zhang(Re-Export Department)

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Member Info

Business Type:	Trade, Service
Number of Employees:	5 ~ 50
Business Scope:	Transportation
Member Since:	2010
Last Sign In Date:	2010-04-21

Contact Details

Wintrans™

Company Name:	Shanghai Wintrans Branch
Company Address:	Siping Road 188 2108, Shanghai, China
City/Town:	Shanghai
Province/State:	Shanghai
Country/Region:	China
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Contact Person (Department):	Mr. Henry

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USITCk. "Certain Oil Country Tubular Goods from China Injure U.S. Injury, says USITC." Press Release, December 30, 2009.

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Exhibit 2

Daily News Online Edition e-Article

"Local importers to blame for fake Chinese products"

(August 19, 2014)

Before the Trade Policy Staff Committee
Office of the United States Trade Representative

American Wire Producers Association

Comments concerning China's Compliance with WTO Commitments
(Docket Number USTR-2014-0015)

September 17, 2014

BUSINESS

Local importers to blame for fake Chinese products

Details Published on Tuesday, 19 August 2014 00:49 Written by ABDUEL ELINAZA in Beijing, China
Hits: 441

TANZANIA'S possibility of reversing from imports of cheap and counterfeit goods from China lays on changing the behaviour of the way local traders are doing business.

The traders, mostly owning briefcase companies, are to blame for the cheap imports and counterfeit goods from China.

The 'Daily News' has established here that factories in China are producing according to the various standards of final destinations. However, there are backyard manufacturers famous for counterfeit products.

There are different level of standards for products that suit US, European, Russia and Africa markets. But, some traders, mostly from Africa, go for cheap stuff.

They look for some unscrupulous manufacturers and make order for cheap products at the expense of quality. Tianjin Able Import and Export Trading Company Mr Stephen Ketu said briefcase company traders have no ability to buy in bulk thus ending collecting their merchandises at backyard factories.

"China factories produce quality goods, and even according to buyer's specification but most these companies do not have the ability to order a container full of goods," Mr Ketu said.

Mr Ketu, a Ghanaian, has been in import and export business for 16 years, operating from Beijing and Tianjian serving a number of clients from Africa.

"China produce for the first world why fake are clogging Africa? Is it because traders are buying goods sometime suitable for local markets and not Africa?" he queered.

According to him, the best practice is for traders to join hands and put together their orders and be able to procure in bulk so that they have the ability to control quality and price as well.

China's Ministry of Commerce, Department of West Asian and African Affairs, Deputy Director, Mr Chen Hao said Beijing observes a zero tolerance on illegal and counterfeit exports to Tanzania in safeguarding consumers' right. "There are some problems, we have to admit and face it," Mr Chen said earlier.

"A small number of people are manufacturing substandard and illegal products for export and some are sold at China market as well."

In order to guarantee quality of goods, he said, in 2012 and 2013 his ministry organised special campaigns to crack-down and root-out illegal and substandard exports of goods from China to Africa. This involved multiple measures, such as prior-to-shipping quality examination for industrial products that were destined to Africa.

The campaigns involved the participation of the ministry of commerce, bureau of quality inspection, customs administration and local governments.

The campaign, he said, should not be for China alone but also for African states to improve their point of entry inspections on quality and standards. He said a group of unethical traders should not left to take consumers for a ride by supplying them cheap and substandard goods shipped from China.

“This should be the responsibility for both China and Africa as most African countries have representatives in Guangzhou and Yiwu. Let’s regulate the market by the rule of the marker,” he said.

Early this year China ambassador to Tanzania said owners of companies operating in the country that are found to be imported substandard goods would not be given visa to China as measures to fight the vice.

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<u>Exhibit 3</u>

U.S. Imports
of
Steel Wire, Wire Products,
and Wire Rod from China

Calendar Years 2001–2013

Before the Trade Policy Staff Committee
Office of the United States Trade Representative

American Wire Producers Association

Comments concerning China's Compliance with WTO Commitments
(Docket Number USTR-2014-0015)

September 17, 2014

U.S. Imports of Steel Wire, Wire Products, and Wire Rod from China
Calendar Years 2001–2013

Quantities in net tons for all products except garment hangers
Quantities of garment hangers in units

	Product Categories										
Year	Drawn Wire	Wire Rope	Wire Strand*	Wire Springs	Woven Wire Fabric	Wire Grill, Netting and Fencing	Nails and Staples*	Industrial Fasteners	Chains and Parts	Steel Wire Garment Hangers*	Carbon Steel Wire Rod
2001	37,218	10,482	2,169	11,716	4,517	47,601	123,645	174,180	37,062	0	22,961
2002	56,263	14,189	3,345	16,632	6,709	65,939	182,027	244,721	42,652	294,062,708	410,930
2003	61,233	19,124	22,642	18,039	8,010	70,191	265,603	259,976	47,940	487,748,019	262,330
2004	98,784	21,619	80,832	22,218	11,387	94,153	393,581	353,982	64,036	773,683,893	770,699
2005	129,238	26,472	105,763	36,338	6,504	59,214	558,387	443,882	73,959	1,044,700,856	684,739
2006	184,514	32,198	233,090	36,817	72,929	68,980	700,923	568,825	81,847	1,777,679,847	1,352,493
2007	157,760	34,717	229,442	32,073	81,421	68,750	636,882	542,377	89,421	2,697,369,183	588,110
2008	121,148	40,156	255,651	24,899	86,008	63,904	362,286	511,217	90,762	2,069,184,583	159,025
2009	79,287	30,580	69,303	10,733	56,709	47,866	212,630	298,025	66,413	733,870,626	8,408
2010	90,252	44,131	79,156	22,766	205,816	59,142	251,509	365,099	84,541	220,000,704	11,431
2011	80,047	43,957	86,578	21,704	218,462	61,705	247,811	398,184	99,569	588,917,073	253
2012	83,297	37,989	71,827	29,166	232,219	76,245	268,593	429,774	96,995	941,677,567	65,859
2013	98,315	34,661	51,312	30,164	239,784	66,211	244,435	418,470	86,808	1,119,899,939	37,364

* ***Antidumping (AD) and/or countervailing duty (CVD) petitions filed against imports from China, resulting in AD and/or CVD orders.***

Source: U.S. Department of Commerce and U.S. International Trade Commission, Trade DataWeb; AIS Import Report 3 (2001—2013).

<u>Exhibit 4</u>

EPI Briefing Paper

"The China Toll"

by

Robert E. Scott

(August 23, 2012)

Before the Trade Policy Staff Committee
Office of the United States Trade Representative

American Wire Producers Association

Comments concerning China's Compliance with WTO Commitments
(Docket Number USTR-2014-0015)

September 17, 2014

EPI BRIEFING PAPER
ECONOMIC POLICY INSTITUTE • AUGUST 23, 2012 • BRIEFING PAPER #345

THE CHINA TOLL

Growing U.S. trade deficit with China cost more than 2.7 million jobs between 2001 and 2011, with job losses in every state

BY ROBERT E. SCOTT

Since China entered the World Trade Organization in 2001, the extraordinary growth of trade between China and the United States has had a dramatic effect on U.S. workers and the domestic economy, though in neither case has this effect been beneficial. The United States is piling up foreign debt and losing export capacity, and the growing trade deficit with China has been a prime contributor to the crisis in U.S. manufacturing employment. Between 2001 and 2011, the trade deficit with China eliminated or displaced more than 2.7 million U.S. jobs, over 2.1 million of which (76.9 percent) were in manufacturing. These lost manufacturing jobs account for *more than half* of all U.S. manufacturing jobs lost or displaced between 2001 and 2011.

The more than 2.7 million jobs lost or displaced in all sectors include 662,100 jobs from 2008 to 2011 alone—even though imports from China and the rest of the world plunged in 2009. (Imports from China have since recovered and surpassed their peak of 2008.) The growing trade deficit with China has cost jobs in all 50 states and the District of Columbia and Puerto Rico, as well as in each congressional district.

Among specific industries, the trade deficit in the computer and electronic products industry grew the most, and 1,064,800 jobs were displaced, 38.8 percent of the 2001–2011 total. As a result, many of the hardest-hit congressional districts were in California, Texas, Oregon, Massachusetts, Colorado, and Minnesota, where jobs in that industry are concentrated. Some districts in North Carolina, Georgia, and Alabama were also especially hard-hit by job displacement in a variety of manufacturing industries, including computers and electronic products, textiles and apparel, and furniture.

But the jobs impact of the China trade deficit is not restricted to job loss and displacement. Competition with low-wage workers from less-developed countries such as China has driven down wages for workers in U.S. manufacturing and reduced the wages and bargaining power of similar, non-college-educated workers throughout the economy. The affected population includes essentially all workers with less than a four-year college degree—roughly 70 percent of the workforce, or about 100 million workers (U.S. Census Bureau 2012b).

Put another way, for a typical full-time median-wage earner, earnings losses due to globalization totaled approximately $1,400 *per year* as of 2006 (Bivens 2008a). For a typical household with two earners, the annual cost is more than $2,500. China is the most important source of downward wage pressure from trade with less-developed countries because it pays very low wages and because its products make up such a large portion of U.S. imports (China was responsible for 55.3 percent of U.S. non-oil imports from less-developed countries in 2011).

These conclusions about the jobs impact of trade with China arise from the following specific findings of this study:

- Most of the jobs lost or displaced by trade with China between 2001 and 2011 were in manufacturing industries (more than 2.1 million jobs, or 76.9 percent).
- Within manufacturing, rapidly growing imports of computer and electronic products (including computers, parts, semiconductors, and audio-video equipment) accounted for 54.9 percent of the $217.5 billion increase in the U.S. trade deficit with China between 2001 and 2011. The growth of this deficit contributed to the elimination of 1,064,800 U.S. jobs in computer and electronic products in this period. Indeed, in 2011, the total U.S. trade deficit with China was $301.6 billion—$139.3 billion of which was in computer and electronic products.
- Global trade in advanced technology products—often discussed as a source of comparative advantage for the United States—is instead dominated by China. This broad category of high-end technology products includes the more advanced elements of the computer and electronic products industry as well as other sectors such as biotechnology, life sciences, aerospace, and nuclear technology. In 2011, the United States had a $109.4 billion deficit in advanced technology products with China, which was responsible for 36.3 percent of the total U.S.-China trade deficit. In contrast, the United States had a $9.7 billion surplus in advanced technology products with the rest of the world in 2011.
- Other industrial sectors hit hard by growing trade deficits with China between 2001 and 2011 include apparel and accessories (211,200 jobs), textile mills and textile product mills (106,200), fabricated metal products (120,600), furniture and fixtures (80,700), plastics and rubber products (57,600), motor vehicles and parts (19,800), and miscellaneous manufactured goods (111,800). Several service sectors were also hit hard by indirect job losses, including administrative, support, and waste management services (160,600) and professional, scientific, and technical services (145,000).
- The more than 2.7 million U.S. jobs lost or displaced by the trade deficit with China between 2001 and 2011 were distributed among all 50 states, the District of Columbia, and Puerto Rico, with the biggest net losses occurring in California (474,700 jobs), Texas (239,600), New York (158,800), Illinois (113,700), North Carolina (110,300), Florida (106,100), Pennsylvania (101,200), Ohio (95,900), Massachusetts (92,700), and Georgia (87,300).
- Jobs displaced due to growing deficits with China equaled or exceeded 2.2 percent of total employment in the 12 hardest-hit states: New Hampshire (20,400 jobs lost or displaced, equal to 2.94 percent of total state employment), California (474,700, 2.87 per-

cent), Massachusetts (92,700, 2.86 percent), Oregon (50,200, 2.85 percent), North Carolina (110,300, 2.67 percent), Minnesota (72,300, 2.66 percent), Idaho (18,200, 2.65 percent), Vermont (8,000, 2.43 percent), Colorado (57,800, 2.38 percent), Texas (239,600, 2.26 percent), Rhode Island (11,800, 2.24 percent), and Alabama (43,900, 2.20 percent).

- The hardest-hit congressional districts were concentrated in states that were heavily exposed to growing China trade deficits in computer and electronic products and other industries such as furniture, textiles, apparel, and durable goods manufacturing. The three hardest-hit congressional districts were all located in Silicon Valley in California, including the 15th (Santa Clara County, which lost 44,700 jobs, equal to 13.77 percent of all jobs in the district), the 14th (Palo Alto and nearby cities, 32,700 jobs, 10.20 percent), and the 16th (San Jose and other parts of Santa Clara County, 29,000 jobs, 9.55 percent). Of the top 20 hardest-hit districts, seven were in California (in rank order, the 15th, 14th, 16th, 13th, 31st, 34th, and 50th), four were in Texas (31st, 10th, 25th, and 3rd), two were in North Carolina (4th and 10th), two were in Massachusetts (5th and 3rd), and one each in Oregon (1st), Georgia (9th), Colorado (4th), Minnesota (1st), and Alabama (5th). Each of these districts lost at least 11,400 jobs, or more than 3.7 percent of its total jobs.

The job displacement estimates in this study are conservative. They include only the direct and indirect jobs displaced by trade, and exclude jobs in domestic wholesale and retail trade or advertising; they also exclude re-spending employment.[1] However, during the Great Recession of 2007–2009, and continuing through 2011, jobs displaced by China trade reduced wages and spending, which led to further job losses.

Introduction: High expectations attended China's entry into the WTO

Today's international trading system grew out of the Bretton Woods Agreements negotiated among Allied nations in July 1944. Bretton Woods established rules for financial relations among signatories and established the International Monetary Fund and the World Bank. A subsequent U.N. Conference on Trade and Employment produced the General Agreement on Tariffs and Trade (GATT) in 1947. The GATT treaty established the international trading system, which evolved as a series of global trade negotiations that refined the rules of the system while progressively lowering tariffs and non-tariff barriers. The Uruguay Round, which lasted from September 1986 until December 1993, led to the 1994 creation of the World Trade Organization, an institution charged with settling disagreements among nations regarding the rules agreed upon in GATT.

The World Trade Organization was empowered to engage in dispute resolution and to authorize imposition of offsetting duties if its decisions were ignored or rejected by member governments. It expanded the trading system's coverage to include a huge array of subjects never before included in trade agreements, such as food safety standards, environmental laws, social service policies, intellectual property standards, government procurement rules, and more (Wallach and Woodall 2011).

Over time, countries that were not part of the original GATT group have sought entry into the WTO to gain improved market access for their goods at lower tariff levels, and to encourage development of their traded goods industries.

Proponents of China's entry into the WTO frequently claimed that it would create jobs in the United States, increase U.S. exports, and improve the trade deficit with China. In 2000, President Clinton claimed that the agreement then being negotiated to allow China into the

WTO "creates a win-win result for both countries." Exports to China "now support hundreds of thousands of American jobs," and these figures "can grow substantially with the new access to the Chinese market the WTO agreement creates," he said (Clinton 2000, 9–10).

China's entry into the WTO in 2001 was supposed to bring it into compliance with an enforceable, rules-based regime that would require China to open its markets to imports from the United States and other nations by reducing tariffs and addressing non-tariff barriers to trade. Promoters of liberalized U.S.-China trade argued that the United States would benefit because of increased exports to a large and growing consumer market in China. The United States also negotiated a series of special safeguard measures designed to limit the disruptive effects of surging imports from China on domestic producers.

However, as a result of China's currency manipulation and other trade-distorting practices, including extensive subsidies, legal and illegal barriers to imports, dumping, and suppression of wages and labor rights, the envisioned flow of U.S. exports to China did not occur. Further, the agreement spurred foreign direct investment in Chinese enterprises, which has expanded China's manufacturing sector at the expense of the United States. Finally, the core of the agreement failed to include any protections to maintain or improve labor or environmental standards or to prohibit currency manipulation.

In retrospect, the promises about jobs and exports misrepresented the real effects of trade on the U.S. economy: Trade leads to both job creation and job loss or displacement. (This paper describes the net effect of trade on employment as jobs "lost or displaced," with the terms "lost" and "displaced" used interchangeably.) Increases in U.S. exports tend to create jobs in the United States, but increases in imports will lead to job loss—by destroying existing jobs and preventing new job creation—as imports displace goods that otherwise would have been made in the United States by domestic workers. This is what has occurred with China since it entered the WTO; the United States' widening trade deficit with China is costing U.S. jobs.

Currency manipulation is a major cause of the trade deficit

A major cause of the rapidly growing U.S. trade deficit with China is currency manipulation. Unlike other currencies, the Chinese yuan does not fluctuate freely against the dollar.[2] Instead, China has tightly pegged its currency to the U.S. dollar at a rate that encourages a large bilateral trade surplus with the United States.

As China's productivity has soared, its currency should have adjusted, increasing in value to maintain balanced trade. But the yuan has instead remained artificially low as China has aggressively acquired dollars and other foreign exchange reserves to further depress the value of its own currency. (To depress the value of its own currency, a government can sell its own currency and buy government securities such as U.S. Treasury bills, which increases its foreign reserves.) China had to purchase $337 billion in U.S. Treasury bills and other securities between December 2010 and December 2011 alone to maintain the peg to the U.S. dollar (International Monetary Fund 2012a). As of June 30, 2012, China held a total of $3.24 trillion in foreign exchange reserves (Bloomberg News 2012), about 70 percent of which were held in U.S. dollars. This intervention makes the yuan artificially cheap relative to the dollar, effectively subsidizing Chinese exports.

Although the yuan has appreciated significantly since 2005, economist H.W. Brock (2012) estimates that the Chinese currency is still massively undervalued, and is "arguably one-sixth of what it should be" (Miller 2012).[3] New research by Joe Gagnon (2012, 3) estimates that massive currency manipulation, especially by countries in Asia, has raised "the current account of the developing economies by roughly $700 billion [per year], relative to what it would have been." Gagnon also notes that this "amount is roughly equivalent to the large output gaps in the United States and euro area. In other words, millions more Americans and Europeans would be employed if other countries did not manipulate their currencies…" (Gagnon 2012, 1). China is the single most important currency manipulator, based on both its massive currency intervention over the past decade and its share of global current account surpluses.[4] Currency intervention artificially raises the cost of U.S. exports to China and the rest of the world by a similar amount, making U.S. goods less competitive in that country and in every country where U.S. exports compete with Chinese goods. This is because China is the most important competitor for the United States in all other third country markets, even more important than Germany and all other members of the European Union combined.

China's currency manipulation has compelled other countries to follow similar policies in order to protect their relative competitiveness and to promote their own exports. Widespread currency manipulation has also contributed to the growth of very large global current account imbalances (a country's current account balance is the broadest measure of its trade balance; there are currently many countries with large surpluses or deficits). Gagnon recommends that the rules of the WTO be changed to allow countries to impose tariffs on imports from currency manipulators. Since changing the rules of the WTO requires unanimous consent of all members, Gagnon observes that "the main targets of currency manipulation—the United States and euro area—may have to play tough. One strategy would be to tax or otherwise restrict purchases of U.S. and euro area financial assets by currency manipulators" (Gagnon 2012, 1). Such financial taxes would be "consistent with international law" (Gagnon 2011).

A recent report showed that full revaluation of the yuan and other undervalued Asian currencies would improve the U.S. current account balance by up to $190.5 billion, thereby increasing U.S. GDP by as much as $285.7 billion, adding up to 2.25 million U.S. jobs, and reducing the federal budget deficit by up to $857 billion over 10 years (Scott 2011a). Revaluation would also help workers in China and other Asian countries by reducing inflationary overheating and increasing workers' purchasing power.

It would also benefit other countries. The undervaluation of the yuan has put the burden of global current account realignment pressures on other countries such as Australia, New Zealand, South Africa, and Brazil, along with members of the euro area, whose currencies have also become overvalued with respect to those of China and other currency manipulators.

Policy remedies available to address currency manipulation

A growing number of economists, workers, members of Congress, businesses, and communities are calling for increased action on currency manipulation. The Ryan-Murphy Currency Reform for Fair Trade Act (H.R. 2378) was approved by the House of Representatives on September 29, 2010 (OpenCongress.org 2012), near the end of the 111th Congress.[5] It received an 80 percent approval margin, with a vote of 348–79, with six abstentions. In the 112th Congress, the Senate passed a similar bill, the Currency Exchange Rate Oversight Reform Act of 2011 (S. 1619), authored by Sen. Sherrod Brown (D-Ohio), by a margin of 63–25 (Thomas 2012). A similar measure was introduced in the House in 2011 by Rep. Sander Levin with 234 cosponsors, but it is being held up by the House leadership. These bills would revise the Tariff Act of 1930 to include a "countervailable subsidy" that would allow tariffs to be imposed on some imports from countries with a "fundamentally undervalued currency." There is strong bipartisan support for such legislation in Congress.

Recently, a number of economists have condemned currency manipulation and developed innovative policy proposals for combating it. Paul Krugman has denounced China for its "predatory" trade policies (Krugman 2010). Fred Bergsten has described China's currency intervention as the "largest protection measure adopted by any country since the Second World War—and probably in all of history" (Palmer 2011). Joseph Gagnon and Gary Hufbauer (2011) have developed a proposal for taxing Chinese assets in the United States. They recommend withholding a share of the proceeds of interest payments on U.S. Treasury securities held by China's central bank. There are two problems with this proposal. First, since interest rates on U.S. securities are very low at present, a tax would have little impact on China. But the fundamental problem is that China is not holding and purchasing U.S. assets (at a rate of about $1 billion per day) to earn interest on these investments; these purchases are made simply to suppress the value of the Chinese yuan.

Daniel Gros (2010) has developed an innovative, alternative proposal that goes directly to the mechanism of currency manipulation. He recommends that the United States, Japan, and European countries "invoke the [WTO] principle of reciprocity and declare that they will limit sales of public debt henceforth to only include official institutions from countries in which they, themselves, are allowed to buy and hold public debt." Since China maintains strict capital controls, other central banks are not allowed to buy or hold Chinese debt (which is in part why China is able to manipulate the value of its currency). Gros would simply outlaw Chinese purchases of U.S. debt. Gros (2010) asserts, "No reputable financial institution would dare to become a hidden intermediary for the Chinese…as it would have to certify to the U.S. authorities that the beneficial owner is not from a country in which foreigners cannot buy and hold public debt." Gros notes that this form of capital control is "perfectly legal" under IMF rules because, "in contrast to the area of trade, there are no legal constraints on the impositions of capital controls." [6]

Gagnon (2011) estimates that many developing countries are manipulating their currencies. IMF data show that foreign central banks are spending about $1.2 trillion per year buying foreign exchange reserves, with China making about half the purchases (according to the author's analysis of IMF 2012a). These figures exclude sovereign wealth funds (SWFs), which many countries use to make investments in other countries; although Gagnon acknowledges that "foreign investment by SWFs clearly is currency manipulation," he excludes it from his calculations "for now" (Gagnon 2012, 4). Gagnon (2011) estimates that U.S. net exports are $400 billion lower than they would be without currency manipulation, a figure that would support three million or more jobs per year.

Other illegal laws, regulations, and policies are also responsible for the large U.S. trade deficit with China

Currency manipulation is one practice that violates the rules of the international trading system set out in the GATT and WTO agreements (Stewart and Drake 2010). Other Chinese government policies also illegally encourage exports. China extensively suppresses labor rights, which lowers production costs within China. An AFL-CIO study estimated that repression of labor rights by the Chinese government has lowered manufacturing wages of Chinese workers by 47 percent to 86 percent (AFL-CIO, Cardin, and Smith 2006, 138). China also provides massive direct export subsidies to many key industries (see, for example, Haley 2008, 2009, 2012). Finally, it maintains strict, non-tariff barriers to imports. As a result, China's $398.5 billion of exports to the United States in 2011 were more than four times greater than U.S. exports to China, which totaled only $96.9 billion (**Table 1**), making the China trade relationship the United States' most imbalanced by far.

Partly because the agreement accepting China into the WTO failed to include any protections to maintain or improve labor or environmental standards, China's entry has further tilted the international economic playing field against U.S. domestic workers and firms and in favor of multinational companies from the United States and

TABLE 1

U.S.-China trade and job displacement, 2001–2011

	2001	2008	2011	CHANGE ($BILLIONS) 2001–2011	CHANGE ($BILLIONS) 2008–2011	PERCENT CHANGE 2001–2011
U.S. trade with China ($billions, nominal)						
U.S. domestic exports*	18.0	67.2	96.9	78.9	29.7	439.6%
U.S. imports for consumption	102.1	337.5	398.5	296.4	61.0	290.4%
U.S. trade balance	-84.1	-270.3	-301.6	-217.5	-31.2	258.5%
Average annual change in the trade balance				-21.7	-10.4	13.6%
				CHANGE (THOUSANDS OF JOBS)		**PERCENT CHANGE**
U.S. trade-related jobs supported and displaced (thousands of jobs)						
U.S. domestic exports-jobs supported	169.4	547.9	707.4	538.0	159.5	317.7%
U.S. imports for consumption-jobs displaced	1,139.5	3,598.1	4,419.7	3,280.2	821.6	287.9%
U.S. trade deficit-net jobs displaced	970.1	3,050.2	3,712.3	2,742.2	662.1	282.7%
Average annual change in net jobs displaced				274.2	220.7	14.4%

* Domestic exports are goods produced in the United States and exclude re-exports, i.e., goods produced in other countries and shipped through the United States. Total exports as reported by the U.S. International Trade Commission include re-exports. Total exports were estimated to be $103.9 billion in 2011, and U.S. re-exports to China represent 6.72% of total exports. The employment estimates shown here are based on domestic exports only. See endnotes nine and 10 for additional details.

Source: Author's analysis of U.S. Census Bureau (2009), U.S. International Trade Commission (2012), and Bureau of Labor Statistics Office of Employment Projections (2011a and 2011b). For a more detailed explanation of data sources and computations, see the Appendix.

other countries, as well as state- and privately owned exporters in China. This shift has accelerated the global "race to the bottom" in wages and environmental quality and closed thousands of U.S. factories, decimating employment in a wide range of communities, states, and entire regions of the United States. U.S. national interests have suffered while U.S. multinationals have enjoyed record profits on their foreign direct investments (Scott 2007, 2011b).

Some actions have recently been taken in response. In September 2009, the Obama administration announced that it would take action to restrict imports of Chinese tires for three years under the special safeguard measures, the first time since 2001 that these measures had been utilized.

In September 2010, the United Steelworkers (USW) filed a Section 301 petition with the U.S. Trade Representative, accusing China of illegally stimulating and protecting producers of green technology exports, ranging from wind and solar energy products to advanced batteries and energy-efficient vehicles. Indeed, the U.S. trade deficit in clean energy products had more than doubled between 2008 and 2010, displacing more than 8,000 U.S. jobs in 2010 alone (Scott 2010). The 2010 USW petition details more than 80 Chinese laws, regulations, and practices that violate international trade agreements and have hurt U.S. clean energy manufacturing and green technology industries.

In July 2012, the Obama administration filed a WTO complaint against China over its tariffs on large vehicles exported from the United States to China. This was the seventh complaint filed by the administration against China, and the previous six have all been successful (Scott 2012).

Another crucial missing link: Foreign direct investment and outsourcing

Proponents of trade deals such as the agreement to endorse China's admission to the World Trade Organization usually focus on the impacts of these deals on tariff and non-tariff barriers to trade.[7] China agreed to make major tariff reductions as a condition of entry into the WTO. President Clinton and many others argued that since U.S. tariff barriers were already low, the agreement would have a much larger effect on U.S. exports to China than on U.S. imports.

But proponents failed to consider the effect of China's entry on foreign direct investment (FDI) and outsourcing. FDI has played a key role in the growth of China's manufacturing sector. China is the largest recipient of FDI of all developing countries (Xing 2010) and is the third-largest recipient of FDI over the past three decades, trailing only the United States and the United Kingdom. Foreign-invested enterprises (both joint ventures and wholly owned subsidiaries) were responsible for 52.4 percent of China's exports and 84.1 percent of its trade surplus in 2011 (Ministry of Commerce, China 2012). Outsourcing—through foreign direct investment in factories that make goods for export to the United States—has played a key role in the shift of manufacturing production and jobs from the United States to China since it entered the WTO in 2001. Foreign invested enterprises were responsible for the vast majority of China's global trade surplus in 2011.

Failed expectations of a growing Chinese market for U.S. goods

Another critically important promise made by the promoters of liberalized U.S.-China trade was that the United States would benefit because of increased exports to a large and growing consumer market in China. However, despite widespread reports of the rapid growth of the Chinese middle class, this growth has not resulted in a significant increase in U.S. consumer exports to China. The most rapidly growing exports to China are bulk commodities such as grains, scrap, and chemicals; intermediate products such as semiconductors; and producer durables such as aircraft and non-electrical machinery (see the discussion of Table 2 later in this paper, and Supplemental Table C to this report at http://www.epi.org/publication/bp345-china-growing-trade-deficit-cost/). Furthermore, the increase in U.S. exports to China since 2001 has been overwhelmed by the growth of U.S. imports, as discussed next.

Trade-distorting policies and unplanned-for investment shifts have combined to radically increase China's share of the U.S. trade deficit

The bottom line of the influences discussed above is this: As a result of China's currency manipulation and other trade-distorting practices (including extensive subsidies, legal and illegal barriers to imports, dumping, and suppression of wages and labor rights), the increase in foreign direct investment in China and related growth of its manufacturing sector, and the absence of a growing market for U.S. consumer goods in China, the U.S. trade deficit with China rose from $84.1 billion in 2001 to $301.6 billion in 2011, an increase of $217.5 billion, as shown in Table 1. Since China entered the WTO in 2001, this deficit has increased annually by $21.7 billion, or 13.6 percent, on average.

Despite the collapse in world trade between 2008 and 2009 caused by the Great Recession, the U.S. trade deficit with China increased $31.2 billion between 2008 and 2011. China's share of the overall U.S. trade deficit increased from 32.6 percent to 40.8 percent, and its share of the total U.S. non-oil trade deficit jumped from 69.6 percent in 2008 to 77.7 percent in 2011 (according to the author's analysis of U.S. International Trade Commission 2012).

Unless China raises the real value of the yuan by at least a third and eliminates these other trade distortions, the U.S. trade deficit and related job losses will continue to grow rapidly. (Although China did respond to international pressure in the late 2000s and allowed some appreciation in the yuan, it was too little and too late to help arrest the widening U.S.-China trade gap.[8])

Growing trade deficits and job losses

Each $1 billion in exports to China from the United States supports some American jobs. However, each $1 billion in imports from China displaces the American workers who would have been employed making these products in the United States. The net employment effect of trade depends on the changes in the trade balance. An improving trade balance can support job creation, but growing trade deficits usually result in growing net U.S. job displacement. The United States has had large trade deficits with China since 2001, which increased in every year except 2009, when U.S. trade with all countries collapsed due to the recession of 2007–2009.

The employment impacts of the growing U.S. trade deficit with China are estimated in this paper using an input-output model that estimates the direct and indirect labor requirements of producing output in a given domestic industry. The model includes 195 U.S. industries, 77

Trade and employment models

The Economic Policy Institute and other researchers have examined the job impacts of trade in recent years by netting the job opportunities lost to imports against those gained through exports. This report uses standard input-output models and data to estimate the jobs displaced by trade. Many reports by economists in the public and private sectors have used an "all-but-identical" methodology to estimate jobs gained or displaced by trade, including Groshen, Hobijn, and McConnell (2005) of the Federal Reserve Bank of New York, and Bailey and Lawrence (2004) in the *Brookings Papers on Economic Activity.* The U.S. Department of Commerce recently published estimates of the jobs supported by U.S. exports (Tschetter 2010). That study used input-output and "employment requirements" tables from the Bureau of Labor Statistics Office of Employment Projections (2011a), the same source used to develop job displacement estimates in this report. The Tschetter report represents the work of a panel of experts from 20 federal agencies, including Mark Doms, chief economist at the U.S. Department of Commerce, and David Walters, chief economist at the Office of the U.S. Trade Representative.

of which are in the manufacturing sector (see the box titled **"Trade and employment models,"** as well as the Appendix, for details on model structure and data sources). The Bureau of Labor Statistics Office of Employment Projections (BLS–OEP) revised and updated its labor requirements model and related data in December 2011 (a; b). Our models have been completely revised and updated using the newest, best available data for this report.

The model estimates the amount of labor (number of jobs) required to produce a given volume of exports and the labor displaced when a given volume of imports is substituted for domestic output.[9] The difference between these two numbers is essentially the jobs displaced by growing trade deficits, holding all else equal.

Jobs displaced by the growing China trade deficit are a net drain on employment in trade-related industries, especially those in manufacturing. Even if increases in demand in other sectors absorb all the workers displaced by trade (which is unlikely), job quality will likely suffer because many non-traded industries such as retail and home health care pay lower wages and have less comprehensive benefits than traded-goods industries.

U.S. exports to China in 2001 supported 169,400 jobs, but U.S. imports displaced production that would have supported 1,139,500 jobs, as shown in the bottom half of Table 1. Therefore, the $84.1 billion trade deficit in 2001 displaced 970,100 jobs in that year. Job displacement rose to 3,050,200 jobs in 2008 and 3,712,300 jobs in 2011.

Since China's entry into the WTO in 2001 and through 2011, the increase in U.S.-China trade deficits eliminated or displaced 2,742,200 U.S. jobs, as shown in the bottom half of Table 1. Rising trade deficits have displaced a growing number of jobs every year since China joined the WTO, with the exception of 2009 (during the Great Recession), as shown in **Figure A**. The U.S. trade deficit with China increased by $31.2 billion (or 11.6 percent) between 2008 and 2011, and the number of jobs displaced increased by 21.7 percent. Meanwhile, the U.S. trade deficit with the rest of the world *declined* 19.3 percent between 2008 and 2011 (according to the author's analysis of U.S. International Trade Commission 2012). These figures illustrate the damage done when China took advantage of the Great Recession to expand its beggar-thy-neighbor trade policies through currency manipulation and other illegal and unfair trade policies, which undermined job creation in the U.S. economy throughout the downturn.

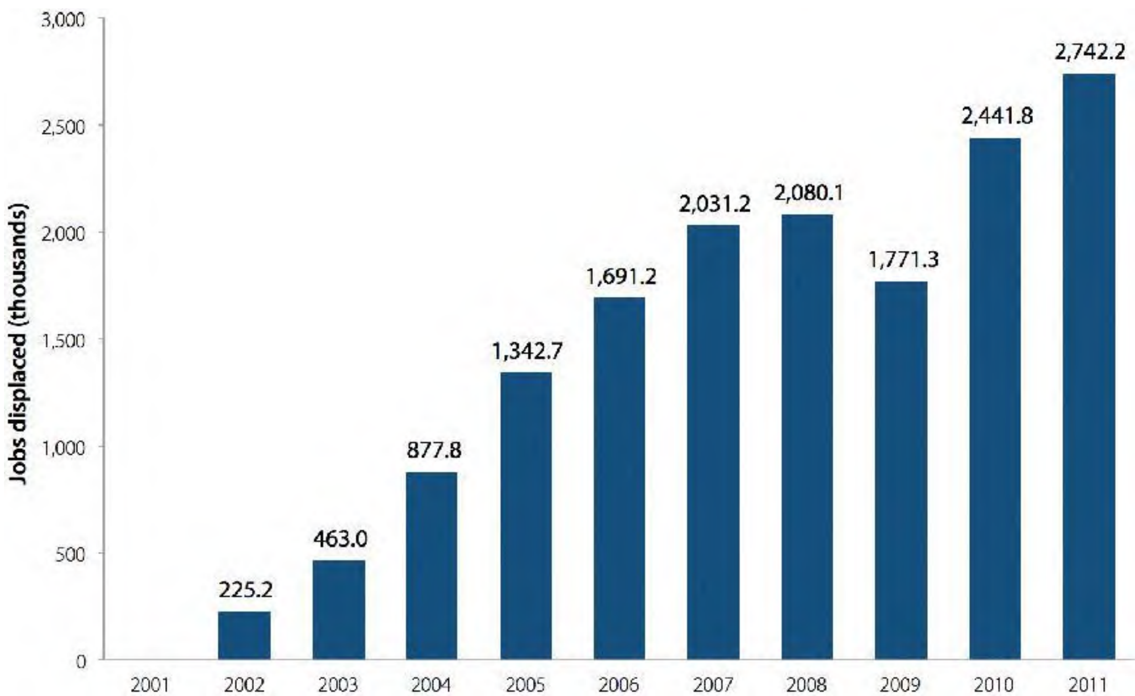
Between 2008 and 2011 alone 662,100 jobs were lost, either by the elimination of existing jobs or by the prevention of new job creation (Figure A). On average, 274,200 jobs per year have been lost or displaced since China's entry into the WTO (Table 1). The continuing growth of job displacement between 2008 and 2011 despite the relatively small increase in the trade deficit reflects the relatively rapid growth of U.S. imports of computer and electronics products from China, and the fact that the price index for most of these products fell continuously throughout the study period, as noted later in this paper. The share of U.S. imports from China accounted for by computer and electronic products (in current, nominal dollars) increased from 32.9 percent in 2008 to 37.4 percent in 2011 (according to the author's analysis of USITC 2012).

Trade and jobs, by industry

The composition of imports from China is changing in fundamental ways, with serious implications for certain kinds of high-skill, high-wage jobs once thought to be the hallmark of the U.S. economy. China is moving rapidly "upscale," from low-tech, low-skilled, labor-intensive industries such as apparel, footwear, and basic electronics to more capital- and skills-intensive sectors such as computers, electrical machinery, and motor vehicle parts. It has also developed a rapidly growing trade surplus in high-technology products.

FIGURE A

Cumulative U.S. jobs displaced by growing trade deficits with China since 2001



Source: Author's analysis of U.S. Census Bureau (2009), U.S. International Trade Commission (2012), and Bureau of Labor Statistics Office of Employment Projections (2011a and 2011b). For a more detailed explanation of data sources and computations, see the Appendix.

From 2001 to 2011, imports from China increased dramatically, rising from $102.1 billion in 2001 to $398.5 billion in 2011, as shown in Table 1.[10] **Table 2** provides a snapshot of the changes in goods trade flows between 2001 and 2011, by sector, for exports, imports, and the trade balance. The rapid growth of the bilateral trade deficit in computer and electronic products (including computers, parts, semiconductors, and audio-video equipment) accounted for more than 54.9 percent of the $217.5 billion increase in the U.S. trade deficit with China between 2001 and 2011. In 2011, the total U.S. trade deficit with China was $301.6 billion—$139.3 billion of which was in computer and electronic products (trade flows by industry in 2001 and 2011 are shown in Supplemental Table C, available at http://www.epi.org/publication/bp345-china-growing-trade-deficit-cost/).

Table 2 shows that the growth in manufactured imports explained 99.2 percent of total growth in imports from China between 2001 and 2011, and included a wide array of products. Computer and electronic products were responsible for 42.1 percent of the growth in imports in this period, including computer equipment ($60.2 billion, or 20.3 percent of the overall growth in imports) and communications, audio, and video equipment ($46.4 billion, 15.6 percent). Other major importing sectors included apparel ($23.8 billion, 8.0 percent) and miscellaneous manufactured commodities ($22.7 billion, 7.7 percent).

U.S. exports to China rose rapidly from 2001 to 2011, but from a much smaller base, from $18.0 billion in 2001 to $96.9 billion in 2011 (as depicted in Table 1). As Table 2 shows, manufacturing was the top industry export-

TABLE 2

Change in U.S. trade with China, by industry, 2001–2011

	IMPORTS		EXPORTS		TRADE BALANCE	
Industry*	Change ($billions)	Share of total change	Change ($billions)	Share of total change	Change ($billions)	Share of total change
Agriculture, forestry, fisheries	2.2	0.7%	15.8	20.0%	13.7	-6.3%
Mining	0.0	0.0%	2.5	3.1%	2.5	-1.1%
Oil and gas	-0.1	0.0%	0.1	0.1%	0.1	-0.1%
Minerals and ores	0.0	0.0%	2.4	3.1%	2.4	-1.1%
Manufacturing	294.1	99.2%	50.2	63.5%	-243.9	112.2%
Nondurable goods	46.6	15.7%	3.7	4.7%	-42.9	19.7%
Food and kindred products	2.8	0.9%	2.6	3.3%	-0.2	0.1%
Beverage and tobacco products	0.0	0.0%	0.4	0.5%	0.4	-0.2%
Textile mills and textile product mills	8.3	2.8%	0.4	0.5%	-7.9	3.6%
Apparel and accessories	23.8	8.0%	0.0	0.0%	-23.8	11.0%
Leather and allied products	11.6	3.9%	0.2	0.3%	-11.4	5.2%
Industrial supplies	29.1	9.8%	16.4	20.8%	-12.8	5.9%
Wood products	1.9	0.6%	0.7	0.9%	-1.2	0.5%
Paper	2.2	0.8%	2.1	2.6%	-0.2	0.1%
Printed matter and related products	1.5	0.5%	0.1	0.2%	-1.4	0.7%
Petroleum and coal products	0.0	0.0%	1.0	1.2%	1.0	-0.4%
Chemicals	10.8	3.6%	11.1	14.0%	0.3	-0.1%
Plastics and rubber products	9.2	3.1%	1.0	1.3%	-8.2	3.8%
Nonmetallic mineral products	3.5	1.2%	0.4	0.5%	-3.1	1.4%
Durable goods	218.3	73.7%	30.1	38.1%	-188.3	86.6%
Primary metal	3.4	1.2%	2.3	2.9%	-1.1	0.5%
Fabricated metal products	12.7	4.3%	1.4	1.8%	-11.2	5.2%
Machinery, except electrical	16.8	5.7%	7.9	10.0%	-9.0	4.1%
Computer and electronic products	124.9	42.1%	5.4	6.8%	-119.5	54.9%
Computer and peripheral equipment	60.2	20.3%	-0.2	-0.2%	-60.4	27.8%
Communications, audio, and video equipment	46.4	15.6%	-0.2	-0.3%	-46.6	21.4%

TABLE 2 (CONTINUED)

Industry*	IMPORTS Change ($billions)	IMPORTS Share of total change	EXPORTS Change ($billions)	EXPORTS Share of total change	TRADE BALANCE Change ($billions)	TRADE BALANCE Share of total change
Navigational, measuring, electromedical, and control instruments	3.9	1.3%	3.1	3.9%	-0.8	0.4%
Semiconductor and other electronic components, and magnetic and storage media	14.3	4.8%	2.7	3.4%	-11.6	5.4%
Electrical equipment, appliances, and components	18.8	6.3%	1.3	1.6%	-17.5	8.1%
Transportation equipment	9.0	3.0%	9.9	12.5%	0.9	-0.4%
Motor vehicles and parts	7.7	2.6%	6.0	7.6%	-1.7	0.8%
Aerospace products and parts	0.5	0.2%	3.8	4.8%	3.2	-1.5%
Railroad, ship, and other transportation equipment	0.7	0.2%	0.1	0.2%	-0.6	0.3%
Furniture and fixtures	10.1	3.4%	0.1	0.1%	-10.0	4.6%
Miscellaneous manufactured commodities	22.7	7.7%	1.8	2.3%	-20.9	9.6%
Information*	0.0	0.0%	0.1	0.1%	0.1	0.0%
Scrap and second-hand goods	0.2	0.1%	10.4	13.2%	10.2	-4.7%
Subtotal change, non-oil goods	296.5	100.0%	77.9	98.7%	-218.6	100.5%
Total change	**296.4**	**100.0%**	**78.9**	**100.0%**	**-217.5**	**100.0%**

* Excludes utilities, construction, and service sectors, which do not have trade in these data.

** Includes publishing industries (excluding Internet); goods trade in this sector is concentrated in NAICS 5111, *Newspaper, periodical, book, and directory publishers*.

Source: Author's analysis of U.S. International Trade Commission (2012). For a more detailed explanation of the data sources and computations, see the Appendix.

ing to China—63.5 percent of the growth in exports to China between 2001 and 2011 was in manufactured goods, totaling $50.2 billion. Within manufacturing, key export-growth sectors included chemicals ($11.1 billion, or 14.0 percent of the growth in exports), aerospace products and parts ($3.8 billion, 4.8 percent), machinery ($7.9 billion, 10.0 percent), and motor vehicles and parts ($6.0 billion, 7.6 percent). Scrap and second-hand goods industries (which support no jobs, according to BLS–OEP 2011a models[11]) accounted for 13.2 percent ($10.4 billion) of the growth in exports. Agricultural exports, which were dominated by corn, soybeans, and other cash grains, grew faster than any individual manufacturing sector, increasing $15.8 billion (20.0 percent of the total increase) between 2001 and 2011. Nonetheless, the overall scale of U.S. exports to China in 2011 was dwarfed by imports from China in that year, which exceeded the value of exports by more than 4 to 1.

The data reflect China's rapid expansion into higher-value-added commodities once considered strengths of the United States, such as computer and electronic products, which accounted for 37.4 percent ($149.2 billion) of U.S. imports from China in 2011. This growth is apparent in the shifting trade balance in advanced technology products (ATP), a broad category of high-end technology goods trade tracked by the U.S. Census Bureau.[12] ATP includes the more advanced elements of the computer and electronic products industry as well as other sectors such as biotechnology, life sciences, aerospace, nuclear technology, and flexible manufacturing. The ATP sector includes some auto parts; China is now one of the top suppliers of auto parts to the United States, having recently surpassed Germany (Scott and Wething 2012).

In 2011, the United States had a $109.4 billion trade deficit with China in ATP, reflecting a nine-fold increase from $11.8 billion in 2002. This ATP deficit was responsible for 36.3 percent of the total U.S.-China trade deficit in 2011. It dwarfs the $9.7 billion surplus in ATP that the United States had with the rest of the world in 2011, the result of a 5.1 percent annual increase in U.S. ATP exports to the rest of the world between 2002 and 2011. As a result of the U.S. ATP deficit with China, the United States ran an overall deficit in ATP products in 2011 (of $99.6 billion), as it has in every year since 2002 (U.S. Census Bureau 2012c).

Trade deficits are highly correlated with job loss or displacement by industry, as shown in **Table 3**. Growing trade deficits with China eliminated 2,109,700 manufacturing jobs between 2001 and 2011, more than three-quarters (76.9 percent) of the total. By far the largest job displacements occurred in the computer and electronic products sector, which lost 1,064,800 jobs (38.8 percent of the more than 2.7 million jobs displaced overall). This sector includes computer and peripheral equipment (620,700 jobs, 22.6 percent of the overall jobs displaced), semiconductors and components (235,000 jobs, 8.6 percent), and communications, audio, and video equipment (203,500 jobs, 7.4 percent). Other hard-hit sectors included apparel and accessories (211,200 jobs displaced, equal to 7.7 percent of the total), textile mills and textile product mills (106,200, 3.9 percent), fabricated metal products (120,600, 4.4 percent), furniture and fixtures (80,700, 2.9 percent), plastics and rubber products (57,600, 2.1 percent), motor vehicles and parts (19,800, 0.7 percent), and miscellaneous manufacturing (111,800 jobs, 4.1 percent). Several service industries, which provide key inputs to traded-goods production, experienced significant job displacement, including administrative, support, and waste management services (160,600 jobs, 5.9 percent) and professional, scientific, and technical services (145,000 jobs, 5.3 percent).

These job displacement estimates are based on changes in the real value of exports and imports. For example, while the share of U.S. imports accounted for by computer and electronic products from China rose from 23.8 percent in 2001 to 37.4 percent in 2011 (to $149.2 billion), the average price indexes (deflators) for most of these products fell sharply between 2001 and 2011—28.9 percent on a trade-weighted basis. Thus, the real value of computer and electronic imports increased more than 10-fold in this period, rising from $19.5 billion to $198.5 billion in 2011 in constant 2005 dollars.[13]

Job losses by state

Growing trade deficits with China have reduced demand for goods produced in every region of the United States and led to job displacement in all 50 states, Puerto Rico, and the District of Columbia, as shown in **Table 4** and **Figure B**. (**Appendix Table 1** ranks the states by the number of net jobs displaced, while **Appendix Table 2** presents the same data but sorts the states alphabetically.) Table 4 shows that jobs displaced from 2001 to 2011 due to growing deficits with China equaled or exceeded 2.2 percent of total state employment in states such as New Hampshire, California, Massachusetts, Oregon, North Carolina, Minnesota, Idaho, Vermont, Colorado, Texas, Rhode Island, and Alabama. As shown in Appendix Tables 1 and 2, nearly 475,000 jobs were lost in Cali-

TABLE 3

Net jobs created (+) or displaced (-) by U.S. trade with China, by industry, 2001–2011

Industry	Industry total*	Industry share of total jobs displaced
Agriculture, forestry, fisheries	53,200	-1.9%
Mining	-1,000	0.0%
Oil and gas	-900	0.0%
Minerals and ores	-100	0.0%
Utilities	-10,600	0.4%
Construction	-15,400	0.6%
Manufacturing	-2,109,700	76.9%
Nondurable goods	-396,300	14.5%
Food and kindred products	-7,200	0.3%
Beverage and tobacco products	800	0.0%
Textile mills and textile product mills	-106,200	3.9%
Apparel and accessories	-211,200	7.7%
Leather and allied products	-72,500	2.6%
Industrial supplies	-153,300	5.6%
Wood products	-17,200	0.6%
Paper	-17,700	0.6%
Printed matter and related products	-16,400	0.6%
Petroleum and coal products	-500	0.0%
Chemicals	-19,000	0.7%
Plastics and rubber products	-57,600	2.1%
Nonmetallic mineral products	-24,900	0.9%
Durable goods	-1,560,100	56.9%
Primary metal	-35,900	1.3%
Fabricated metal products	-120,600	4.4%
Machinery, except electrical	-54,300	2.0%
Computer and electronic products	-1,064,800	38.8%
Computer and peripheral equipment	-620,700	22.6%
Communications, audio, and video equipment	-203,500	7.4%
Navigational, measuring, electromedical, and control instruments	-5,500	0.2%
Semiconductor and other electronic components, and magnetic and optical media production	-235,000	8.6%

TABLE 3 (CONTINUED)

Industry	Industry total*	Industry share of total jobs displaced
Electrical equipment, appliances, and components	-78,100	2.8%
Transportation equipment	-13,800	0.5%
Motor vehicles and parts	-19,800	0.7%
Aerospace products and parts	8,000	-0.3%
Railroad, ship, and other transportation equipment	-2,000	0.1%
Furniture and fixtures	-80,700	2.9%
Miscellaneous manufactured commodities	-111,800	4.1%
Wholesale and retail trade	0	0.0%
Transportation	-76,500	2.8%
Information	-48,700	1.8%
Finance and insurance	-28,000	1.0%
Real estate and rental and leasing	-27,400	1.0%
Professional, scientific, and technical services	-145,000	5.3%
Management of companies and enterprises	-90,000	3.3%
Administrative and support and waste management and remediation services	-160,600	5.9%
Education services	-400	0.0%
Health care and social assistance	1,800	-0.1%
Arts, entertainment, and recreation	-8,500	0.3%
Accommodation and food services	-41,500	1.5%
Other services	-29,900	1.1%
Government	-4,100	0.1%
Scrap and second-hand goods	0	0.0%
Subtotal, non-oil goods	-2,740,800	99.9%
Total jobs created or displaced*	**-2,742,200**	**100.0%**

* Subcategory and category totals may not sum exactly due to rounding.

Source: Author's analysis of U.S. Census Bureau (2009), U.S. International Trade Commission (2012), and Bureau of Labor Statistics Office of Employment Projections (2011a and 2011b). For a more detailed explanation of data sources and computations, see the Appendix.

fornia, compared with nearly 240,000 in Texas, almost 159,000 in New York, and nearly 114,000 in Illinois. The more than 2.7 million U.S. jobs displaced due to growing trade deficits with China represented about 1.9 percent of total U.S. employment (Table 4).

TABLE 4

Jobs displaced due to U.S. trade with China, by state, 2001–2011 (ranked by jobs displaced as share of state employment)

State	Net jobs displaced	Total state employment*	Jobs displaced as share of state employment
New Hampshire	20,400	694,200	2.94%
California	474,700	16,565,000	2.87%
Massachusetts	92,700	3,241,300	2.86%
Oregon	50,200	1,764,400	2.85%
North Carolina	110,300	4,133,000	2.67%
Minnesota	72,300	2,713,700	2.66%
Idaho	18,200	685,800	2.65%
Vermont	8,000	329,700	2.43%
Colorado	57,800	2,424,500	2.38%
Texas	239,600	10,602,400	2.26%
Rhode Island	11,800	526,500	2.24%
Alabama	43,900	1,996,000	2.20%
South Carolina	40,800	1,950,800	2.09%
Georgia	87,300	4,310,000	2.03%
Tennessee	56,100	2,778,500	2.02%
Wisconsin	54,600	2,849,100	1.92%
Kentucky	35,700	1,863,500	1.92%
Indiana	56,600	3,000,700	1.89%
Illinois	113,700	6,087,800	1.87%
Puerto Rico	22,200	1,199,900	1.85%
New Jersey	76,000	4,212,200	1.80%
New York	158,800	8,954,600	1.77%
Ohio	95,900	5,412,100	1.77%
Pennsylvania	101,200	5,825,400	1.74%
Connecticut	29,900	1,742,300	1.72%
Arizona	47,100	2,756,400	1.71%
Arkansas	20,500	1,237,400	1.66%
Washington	50,200	3,051,500	1.65%
Mississippi	19,700	1,201,700	1.64%

TABLE 4 (CONTINUED)

State	Net jobs displaced	Total state employment*	Jobs displaced as share of state employment
Utah	20,000	1,228,900	1.63%
Michigan	68,900	4,503,100	1.53%
Maine	10,000	656,400	1.52%
Virginia	52,700	3,739,700	1.41%
Missouri	38,700	2,774,000	1.40%
Maryland	37,800	2,827,400	1.34%
Iowa	20,300	1,530,400	1.33%
New Mexico	11,500	868,100	1.32%
South Dakota	5,300	407,600	1.30%
Florida	106,100	8,204,700	1.29%
Kansas	17,500	1,370,300	1.28%
Oklahoma	20,400	1,626,900	1.25%
Delaware	5,000	407,900	1.23%
Nebraska	10,600	908,100	1.17%
Nevada	13,200	1,206,800	1.09%
West Virginia	7,200	753,200	0.96%
District of Columbia	2,600	286,400	0.91%
Louisiana	15,300	1,872,100	0.82%
North Dakota	2,700	336,900	0.80%
Hawaii	4,300	605,800	0.71%
Montana	2,800	464,900	0.60%
Alaska	1,800	322,300	0.56%
Wyoming	1,500	268,800	0.56%
Total*	**2,742,200**	**141,348,700**	**1.94%**

* Average state employment in 2005–2007. Analysis based on pooled, three-year time series data from the U.S. Census American Community Survey, as described in the Appendix.

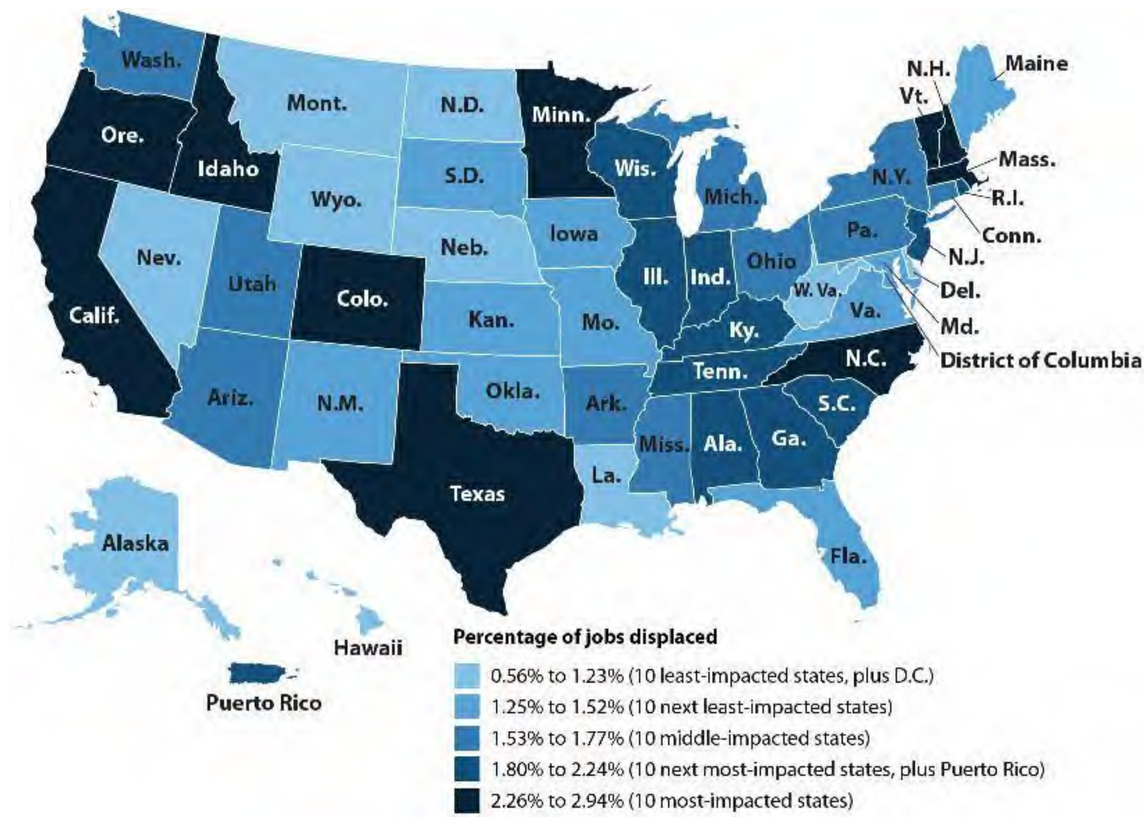
** Total may vary slightly due to rounding.

Source: Author's analysis of U.S. Census Bureau (2009), U.S. International Trade Commission (2012), and Bureau of Labor Statistics Office of Employment Projections (2011a and 2011b). For a more detailed explanation of data sources and computations, see the Appendix.

Figure B shows the broad impact of growing trade deficits with China across the United States, with no areas exempt. Job losses have been most concentrated in states with high-tech industries, such as California, Massachusetts, Oregon, Minnesota, Idaho, Colorado, and Texas, and in manufacturing states, including New Hampshire,

FIGURE B

Jobs displaced due to U.S. trade with China as a share of state employment, 2001–2011



Source: Author's analysis of U.S. Census Bureau (2009), U.S. International Trade Commission (2012), and Bureau of Labor Statistics Office of Employment Projections (2011a and 2011b). For a more detailed explanation of data sources and computations, see the Appendix.

North Carolina, and Vermont. Other hard-hit states include traditional manufacturing powers such as Rhode Island, Alabama, South Carolina, Georgia, Tennessee, Wisconsin, Kentucky, Indiana, Illinois, New Jersey, New York, Ohio, and Pennsylvania.

Job losses by congressional district

This study also reports the employment impacts of growing trade deficits in every congressional district, including the District of Columbia and Puerto Rico. (Data for all 435 districts plus the District of Columbia and Puerto Rico are shown in Supplemental Tables A and B posted online along with this report at http://www.epi.org/publication/bp345-china-growing-trade-deficit-cost/.)

Because the computer and electronic products industry experienced the largest growth in trade deficits with China, many of the hardest-hit congressional districts were located in California, Texas, Oregon, Massachusetts, Colorado, and Minnesota, where remaining jobs in that industry are concentrated. Other states with hard-hit districts include North Carolina, Georgia, and Alabama, which suffered considerable job displacement in a variety of manufacturing industries.[14]

The top 20 hardest-hit congressional districts are shown in **Table 5**. Seven were in California, four were in Texas,

TABLE 5

Top 20 congressional districts hardest-hit by U.S. trade deficits with China (ranked by jobs displaced as share of district employment), 2001–2011

Rank	District	Jobs displaced	District employment*	Jobs displaced as share of district employment
1	California 15	44,700	324,600	13.77%
2	California 14	32,700	320,700	10.20%
3	California 16	29,000	303,700	9.55%
4	Texas 31	24,300	338,200	7.19%
5	California 13	20,200	313,900	6.44%
6	Texas 10	26,300	436,900	6.02%
7	Oregon 1	21,100	388,100	5.44%
8	Massachusetts 5	17,200	317,400	5.42%
9	California 31	14,600	291,600	5.01%
10	Massachusetts 3	15,500	322,800	4.80%
11	North Carolina 4	17,700	384,800	4.60%
12	California 34	12,000	262,800	4.57%
13	Texas 25	15,600	377,800	4.13%
14	Georgia 9	14,300	352,100	4.06%
15	California 50	13,600	344,500	3.95%
16	Colorado 4	13,800	352,500	3.91%
17	Minnesota 1	12,900	334,100	3.86%
18	North Carolina 10	11,600	301,100	3.85%
19	Alabama 5	11,400	302,400	3.77%
20	Texas 3	15,600	418,300	3.73%

* Average congressional district employment in 2005–2007. Analysis based on pooled, three-year time series data from U.S. Census American Community Survey, as described in the Appendix.

Source: Author's analysis of U.S. Census Bureau (2009), U.S. International Trade Commission (2012), and Bureau of Labor Statistics Office of Employment Projections (2011a and 2011b). For a more detailed explanation of data sources and computations, see the Appendix.

two were in North Carolina, two were in Massachusetts, and one each was in Oregon, Georgia, Colorado, Minnesota, and Alabama. Each of these districts lost at least 11,400 jobs between 2001 and 2011, or more than 3.7 percent of its total jobs. These distributions reflect both the size of some states (e.g., California and Texas) and also the concentration of the industries hardest-hit by growing China trade deficits, such as computer and electronic products and other industries including furniture, textiles, apparel, and durable goods manufacturing.

The three hardest-hit congressional districts were all located in Silicon Valley in California, including the 15th (Santa Clara County), the 14th (Palo Alto and nearby cities), and the 16th (San Jose and other parts of Santa Clara County).

Summing up trade's overall employment and wage impact

Growing trade deficits with China have clearly reduced domestic employment in traded-goods industries, especially in the manufacturing sector, which has been pummeled by plant closings and job losses. Workers from the manufacturing sector displaced by trade have had particular difficulty securing comparable employment elsewhere in the economy. Many have not been reemployed, and more than half of those reemployed have experienced a decline in wages. One-third experienced a wage decline of more than 20 percent, according to the most recent Bureau of Labor Statistics survey covering workers displaced from January 2007 to December 2009 (BLS 2010). Nearly two-thirds (61.3 percent) of displaced workers in manufacturing remained unemployed, including 16.7 percent who were not in the labor force. The average wage decline for those who were reemployed was 17.5 percent (Farber 2011, 21). The lost output of unemployed workers, especially that of labor force dropouts, can never be regained and is one of the largest costs of displacement to the economy as a whole.

Some economists and others have argued that job loss numbers extrapolated from trade flows are uninformative because aggregate employment levels in the United States are set by a broad range of macroeconomic influences, not just by trade flows.[15] However, while the trade balance is but one of many variables affecting aggregate job creation, it plays a much larger role in explaining structural change in employment, especially in the manufacturing sector. Between December 2001 and December 2011, 3.9 million U.S. manufacturing jobs were lost (Bureau of Labor Statistics 2012a). The growth of U.S. trade deficits with China was responsible for the displacement of more than 2.1 million manufacturing jobs in this period, or about 54 percent of manufacturing jobs lost.[16]

The employment impacts of trade identified in this paper can be interpreted as the "all else equal" effect of trade on domestic employment. The Federal Reserve, for example, may decide to cut interest rates to make up for job losses stemming from deteriorating trade balances (or any other economic influence), leaving net employment unchanged. This, however, does not change the fact that trade deficits by themselves are a net drain on employment.

Many of the mechanisms that could offset employment losses caused by growing trade deficits are not operating in the current downturn. The Federal Reserve cannot cut interest rates any further than it already has, and interest-rate-sensitive industries such as residential construction are not experiencing employment gains from lower rates. In short, in today's economy with its high unemployment rate, jobs displaced due to trade deficits with China are much more likely to be actual net, economy-wide losses than simply job reallocations.

Conclusion

The growing U.S. trade deficit with China has displaced millions of jobs in the United States and contributed heavily to the crisis in U.S. manufacturing employment, which has heightened over the last decade largely due to trade with China. Moreover, the United States is piling up foreign debt, losing export capacity, and facing a more fragile macroeconomic environment.

Is America's loss China's gain? The answer is not clearly affirmative. China has become dependent on the U.S. consumer market for employment generation, suppressed the purchasing power of its own middle class with a weak currency, and, most important, now holds over $3 trillion in hard currency reserves instead of investing them in public goods that could benefit Chinese households.

Although economic growth in China has been rapid, it is unbalanced and unsustainable. Its vast purchases of foreign exchange reserves have led to the overheating of its domestic economy, and inflation in China has accelerated rapidly in the recent past. Its repression of labor rights has suppressed wages, thereby artificially subsidizing exports. China's economy is teetering on the edge between inflation and a growth slump, and a soft landing is nowhere in sight. China needs to rebalance its economy by becoming less dependent on exports and more dependent on domestic demand led by higher wages and infrastructure spending.

The U.S.-China trade relationship needs a fundamental change. Addressing the exchange rate policies and labor standards issues in the Chinese economy is an important first step. It is time for the administration to respond to the growing chorus of calls from economists, workers, businesses, and Congress and take action to stop illegal currency manipulation by China and other countries.

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Appendix

Methodology

The trade and employment analyses in this report are based on a detailed, industry-based study of the relationships between changes in trade flows and employment for each of approximately 195 individual industries of the U.S. economy, specially grouped into 53 custom sectors[17] and using the North American Industry Classification System (NAICS) with data obtained from the U.S. Census Bureau (2009) and the U.S. International Trade Commission (USITC 2012).

This study separates exports produced domestically from foreign exports—which are goods produced in other countries, exported to the United States, and then re-exported from the United States. Because only domestically produced exports generate jobs in the United States, employment calculations here are based only on domestic exports. The measure of the net impact of trade used here to calculate the employment content of trade is the difference between domestic exports and consumption imports.

The number of jobs supported by $1 million of exports or imports for each of 195 different U.S. industries is estimated using a labor requirements model derived from an input-output table developed by the BLS–OEP (2011a).[18] This model includes both the direct effects of changes in output (for example, the number of jobs supported by $1 million in auto assembly) and the indirect effects on industries that supply goods used in the manufacture of cars. The indirect impacts include jobs in auto parts, steel, and rubber, as well as service industries such as accounting, finance, and computer programming. This model estimates the labor content of trade using empirical estimates of labor content and trade flows between U.S. industries in a given base year (an input-output table for the year 2001 was used in this study) that were developed by the U.S. Department of Commerce and the BLS–OEP. It is not a statistical survey of actual jobs gained or lost in individual companies, or the opening or closing of particular production facilities (Bronfenbrenner and Luce 2004 is one of the few studies based on news reports of individual plant closings).

Nominal trade data used in this analysis were converted to constant 2005 dollars using industry-specific deflators (see next section for further details). This was necessary because the labor requirements table was estimated using price levels in that year. Data on real trade flows were converted to constant 2005 dollars using industry-specific price deflators from the BLS–OEP (2011b). These price deflators were updated using Bureau of Labor Statistics producer price indexes (industry and commodity data; Bureau of Labor Statistics 2012b). Use of constant 2005 dollars was required for consistency with the other BLS models used in this study.

Estimation and data sources

Data requirements

Step 1. U.S.-China trade data were obtained from the U.S. International Trade Commission DataWeb (U.S. International Trade Commission 2012) in four-digit, three-digit, and two-digit NAICS format. Consumption imports and domestic exports are downloaded for each year.

Step 2. To conform to the BLS Employment Requirements tables (BLS–OEP 2011a), trade data must be converted into the BLS industry classifications system. For NAICS-based data, there are 195 BLS industries. The data are then mapped from NAICS industries onto their respective BLS sectors.

The trade data, which are in current dollars, are deflated into real 2005 dollars using published price deflators from the BLS–OEP (2011b) and the Bureau of Labor Statistics (2012b).

Step 3. Real domestic employment requirements tables are downloaded from the BLS (2011a). These matrices are input-output industry-by-industry tables that show the employment requirements for $1 million in outputs in 2005 dollars. So, for industry i the a_{ij} entry is the employment indirectly supported in industry i by final sales in industry j and where i=j, the employment directly supported.

Analysis

Step 1. Job equivalents

BLS trade data are compiled into matrices. Let $[T_{2001}]$ be the 195×2 matrix made up of a column of imports and a column of exports for 2001. $[T_{2011}]$ is defined as the 195×2 matrix of 2011 trade data. Finally, $[T_{2008}]$ is defined as the 195×2 matrix of 2008 trade data. Define $[E_{2001}]$ as the 195×195 matrix consisting of the real 2001 domestic employment requirements tables. To estimate the jobs displaced by trade, perform the following matrix operations:

$$[J_{2001}]=[T_{2001}]\times[E_{2001}]$$

$$[J_{2008}]=[T_{2008}]\times[E_{2001}]$$

$$[J_{2011}]=[T_{2011}]\times[E_{2001}]$$

$[J_{2001}]$ is a 195×2 matrix of job displacement by imports and jobs supported by exports for each of 195 industries in 2001. Similarly, $[J_{2008}]$ and $[J_{2011}]$ are 195×2 matrices of jobs displaced or supported by imports and exports (respectively) for each of 195 industries in 2008 and 2011, respectively.

The employment estimates for retail trade, wholesale trade, and advertising were set to zero for this analysis. We assume that goods must be sold and advertised whether they are produced in the United States or imported for consumption.

To estimate jobs created/lost over certain time periods, we perform the following operations:

$$[J_{nx01\text{-}11}]=[J_{2011}]-[J_{2001}]$$

$$[J_{nx01\text{-}08}]=[J_{2008}]-[J_{2001}]$$

$$[J_{nx08\text{-}11}]=[J_{2011}]-[J_{2008}]$$

Step 2. State-by-state analysis

For states, employment-by-industry data were obtained from the Census Bureau's American Community Survey (U.S. Census Bureau 2009) data for the 2005–2007 period and were mapped into 53 census industries.[19] We look at job displacement from 2001 to 2011, so from this point, we use $[J_{nx01\text{-}11}]$. In order to work with 53 sectors, we group the 195 BLS industries into a new matrix, defined as $[Jnew_{01\text{-}11}]$, a 53×2 matrix of job displacement numbers. Define $[St_{05\text{-}07}]$ as the 53×52 matrix of state employment shares (with the addition of the District of Columbia and Puerto Rico) of employment in each industry. Calculate:

$$[Stj_{nx01\text{-}11}]=[St_{05\text{-}07}]_T\,[Jnew_{01\text{-}11}]$$

where $[Stj_{nx01\text{-}11}]$ is the 53×52 matrix of job displacement/support by state by industry. To get state total job displacement, we add up the subsectors in each state.

Step 3. Congressional district analysis

Employment by congressional district, by industry, by state is obtained from the ACS data from 2005–2007. In order to calculate job displacement in each congressional district, we use each column in $[Stj_{nx01\text{-}11}]$, which represent individual state job-displacement-by-industry estimates, and define them as $[Stj_{01}]$, $[Stj_{02}]$, $[Stj_i]\ldots[Stj_{52}]$, with i representing the state number and each matrix being 53×1.

Each state has Y congressional districts, so $[Cd_i]$ is defined as the 53xY matrix of congressional district employment shares for each state. Congressional district shares are calculated thus:

$$[Cdj_{01}]=[Stj_{01}]_T\,[Cd_{01}]$$

$$[Cdj_i]=[Stj_i]_T\,[Cd_i]$$

$$[Cdj_{52}]=[Stj5_2]_T\,Cd_{52}]$$

where $[Cdj_i]$ is defined as the 53xY job displacement in state i by congressional district by industry.

Congressional districts are estimated for the 110th Congress, which met from January 2007 through January 3, 2009 (including a lame duck session) (Beth and Soltis 2009).

To get total job displacement by congressional district, we add up the subsectors in each congressional district in each state.

Endnotes

1. Direct jobs displaced refer to jobs displaced within a given industry, such as motor vehicles and parts. Indirect jobs displaced are those displaced in industries that supply inputs into that sector, such as primary metal (e.g., steel), plastics and rubber products (e.g., tires and hoses), transportation, and information. Re-spending employment results from the spending of wages by employed workers. It is one form of a macroeconomic multiplier.

2. The official name of the Chinese currency is the renminbi (RMB) and the units of value are yuan, the term used to describe the currency throughout this paper.

3. Over the past two decades, China first massively devalued its currency (in 1994) and then gradually increased its value, especially after 2005. While the yuan gained 31 percent in nominal terms between 2005 and 2011 (IMF 2012a), its nominal, 2011 value (at year end) remained 17 percent *below* the par value in 1990. As Gagnon notes, "In many developing countries, manipulation prevented the normal trend appreciation associated with rapid economic growth rather than causing any outright depreciation. The point is that without trend appreciation, such countries experience growing trade and currency account surpluses" (Gagnon 2012, 3, note 2). Such countries would normally experience trend appreciation due to rapid productivity growth, especially in manufacturing (the sector that generates most exports). Between 1995 and 2009 China experienced manufacturing productivity growth that ranged between 6.7 percent and 9.6 percent per year (FutureofUSChinaTrade.com 2012). Over the same period, productivity growth in U.S. manufacturing averaged only 2.4 percent per year (BLS 2012c).

4. China's accumulation of total foreign exchange reserves (minus gold) between 2001 and 2011 accounted for more than one-third (36.6 percent) of total world accumulation of reserves, exceeding the next largest accumulator (Saudi Arabia) by 466 percent. As a result, China's current account surplus was the largest, by far, of the 20 top currency manipulators identified by Gagnon (2012, 7, Table 1). In 2010 China's current account surplus was a self-reported $305.3 billion, which was 31 percent of the current account surpluses of the top 20 currency manipulators (IMF 2012b).

The IMF conservatively projects that China's share of the global current account surplus of these 20 countries will rise to 53 percent in 2017, assuming continuation of current policies.

5. The Senate failed to consider a companion measure to H.R. 2378 in the 111th Congress.

6. Jeanne, Subramanian, and Williamson (2012) have recently published a book questioning the need for open capital accounts, especially for central bank purchases of government debt securities (such as U.S. Treasuries). They note that the economic literature has shown that such transfers make no contribution to economic growth. While they call for the use of price regulation (through taxes on foreign capital inflows), their arguments also support the case for outright restrictions on certain types of foreign capital movement, such as systematic foreign exchange intervention by central banks.

7. China's admission to the WTO was endorsed by the United States in domestic legislation that offered China permanent normal trade relations status.

8. Beginning in 2002, the dollar declined more than 30 percent against several major currencies such as the euro and the Canadian dollar. However, yuan appreciation was largely delayed until late 2007 and 2008—too little to be of any help in slowing the current U.S.-China trade gap to date. The appreciation of the yuan has had little effect on the prices of U.S. imports from China, which rose only 2.5 percent between July 2005 (when the yuan was first adjusted) and May 2008, much less than the 19 percent appreciation of the yuan in that period (Congressional Budget Office 2008, 2). Furthermore, given the continuing rapid growth in manufacturing labor productivity in China relative to the United States and other developed countries, there must be trend appreciation in the yuan for China to simply maintain its global trade surplus, as noted by Gagnon (2012, 3, note 2).

9. The analysis in this report is based on domestic exports, as shown in Table 1, and excludes re-exports—which are goods produced in other countries, imported into the United States, and then re-exported to China. Since re-exports are not produced domestically, their production does not support domestic employment, and they are excluded from the model used here.

10. Tables 1 and 2 report U.S. imports for consumption and domestic exports to China. These flows were chosen to emphasize goods produced and consumed in the United States. News reports from the Census Bureau and the Commerce Department usually emphasize general imports and total exports. Total exports as reported by the Census Bureau include re-exports, i.e., goods produced in other countries and shipped through the United States. For 2011, general imports from China were $399.3 billion, total exports were $103.9 billion, and the reported trade balance was -$295.5 billion (U.S. International Trade Commission 2012).

11. Scrap and used or second-hand goods are industries 192 and 193, respectively, in the BLS model, and there are no jobs supported or displaced by trade in these sectors, according to the BLS model.

12. ATPs are an amalgamation of products from a variety of industries and subsectors within the broad NAICS-based categories shown in Table 2. They consist of 10 categories of products including biotechnology, life science, opto-electronics, information and communications, electronics, flexible manufacturing, advanced materials, aerospace, weapons, and nuclear technology (U.S. Census Bureau 2012a). In total ATP trade with the world, the United States had exports of $286.8 billion and imports of $386.4 billion in 2011, and a trade deficit of $99.6 billion. The United States had total ATP exports to China in 2011 of $20.1 billion and imports of $129.5 billion, and a trade deficit of $109.4 billion. This exceeded the overall U.S. ATP deficit of $99.6 billion. Thus, the United States had an ATP trade surplus with the rest of the world in 2011 of $9.7 billion (U.S. Census Bureau 2012c).

13. Deflators for many sectors in the computer and electronics products industry fell sharply between 2001 and 2011 due to rapid productivity growth in those sectors. For example, the price index for computer and peripheral products fell from 1,695.8 in 2001 to 620 in 2011, a decline of 63.4 percent (the price index is set at 1000 in 2005, the base year). In order to convert from nominal to real values for 2011, for example, the nominal value is multiplied by 1000/620 (the price index in year 2011) = 1.61. Thus, the real value of computers and peripheral products is at least 50 percent *greater* than the nominal value in 2011. The average price deflator in computer and electronic products declined 22.2 percent between 2001 and 2011, and real values exceeded nominal values by 33.0 percent on a trade-weighted basis.

14. California, Colorado, Idaho, Massachusetts, Minnesota, Oregon, and Texas, all hard-hit states in Figure B, were especially hard-hit in the computer and electronic products industries. The shares of jobs lost in this sector ranged from 54.7 percent in Texas to 71.1 percent in Idaho, compared with the national average of 38.8 percent of jobs displaced in this industry (unpublished research results available upon request). Other hard-hit states with a concentration in manufacturing were New Hampshire (86.7 percent of jobs displaced in manufacturing), North Carolina (84.8 percent), and Vermont (86.9 percent), versus the national average of 76.9 percent. New Hampshire and Vermont also saw heavy displacements in computer and electronic products within manufacturing, with shares of 56.6 percent and 60.0 percent, respectively.

15. One frequently repeated criticism of trade and employment studies is that the growth of imports does not displace domestic production. Some assert that if imports from China fell, they would be replaced by imports from some other low-wage country (see, for example, U.S.-China Business Council 2011). However, important new empirical research by Autor, Dorn, and Hanson (2012, 4) has shown that "increased exposure to low-income country imports is associated with rising unemployment, decreased labor-force participation, and increased use of disability and other transfer benefits, as well as with lower wages…" The bottom line is that "trade creates new jobs in exporting industries and destroys jobs when imports replace the output of domestic firms. Because *trade deficits* have risen over the past decade, more jobs have been displaced by imports than created by exports" (Bivens 2008b, 1).

16. An additional 1.4 million manufacturing jobs were lost or displaced between January and December 2001, prior to China's entry into the WTO. Thus, a total of 5.3 million manufacturing jobs were lost between 2001 and 2011. From the depths of the downturn in manufacturing employment, in February 2010, through July 2012, 528,000 jobs were recovered (Bureau of Labor Statistics 2012a). Thus, structural factors were likely responsible for the bulk of manufacturing job loss between 2001 and 2011. See Autor, Dorn, and Hanson (2012) for additional research on the impact of China trade on U.S. manufacturing employment and wages.

17. The previous edition of this research used data for 56 industries provided by the ACS (Scott 2011c). The BLS–OEP consolidated several industries, including textiles and apparel, which required us to consolidate data for these sectors in our ACS state and congressional district models. Other "not elsewhere classified" industries were consolidated with other sectors (e.g., "miscellaneous manufacturing") or deleted ("not specified metal industries") to update and refine the crosswalk from BLS–OEP to ACS industries. As a result of these consolidations, there are 53 industries in the ACS dataset used for this study.

18. The model includes 195 NAICS industries. The trade data include only goods trade. Goods trade data are available for 85 commodity-based industries, plus software, waste and scrap, used or second-hand merchandise, and goods traded under special classification provisions (e.g., goods imported from and returned to Canada; small, unclassified shipments). Trade in scrap, used, and second-hand goods has no impacts on employment in the BLS model. Some special classification provision goods are assigned to miscellaneous manufacturing.

19. The Census Bureau uses its own table of definitions of industries. These are similar to NAICS-based industry definitions, but at a somewhat higher level of aggregation. For this study, we developed a crosswalk from NAICS to Census industries, and used population estimates from the ACS for each cell in this matrix.

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APPENDIX TABLE 1

Jobs lost through imports, jobs gained through exports, and net jobs displaced due to trade with China, by state, 2001–2011 (ranked by number of net jobs displaced)

State	Jobs displaced by consumption imports	Jobs supported by domestic exports	Net jobs displaced
California	540,800	66,200	474,700
Texas	279,200	39,600	239,600
New York	183,500	24,700	158,800
Illinois	138,000	24,400	113,700
North Carolina	126,100	15,800	110,300
Florida	128,600	22,600	106,100
Pennsylvania	123,900	22,700	101,200
Ohio	120,100	24,100	95,900
Massachusetts	104,100	11,400	92,700
Georgia	102,900	15,500	87,300
New Jersey	88,800	12,900	76,000
Minnesota	84,800	12,500	72,300
Michigan	90,500	21,600	68,900
Colorado	66,100	8,300	57,800
Indiana	71,500	15,000	56,600
Tennessee	67,400	11,300	56,100
Wisconsin	69,900	15,400	54,600
Virginia	63,900	11,200	52,700
Oregon	59,300	9,100	50,200
Washington	62,800	12,600	50,200
Arizona	56,400	9,300	47,100
Alabama	52,200	8,300	43,900
South Carolina	48,800	8,000	40,800
Missouri	49,500	10,800	38,700
Maryland	44,900	7,100	37,800
Kentucky	44,100	8,400	35,700
Connecticut	36,200	6,300	29,900
Puerto Rico	26,000	3,800	22,200
Arkansas	26,400	6,000	20,500

APPENDIX TABLE 1 (CONTINUED)

State	Jobs displaced by consumption imports	Jobs supported by domestic exports	Net jobs displaced
New Hampshire	23,400	2,900	20,400
Oklahoma	27,100	6,700	20,400
Iowa	28,500	8,200	20,300
Utah	24,200	4,200	20,000
Mississippi	24,400	4,700	19,700
Idaho	21,900	3,800	18,200
Kansas	24,000	6,500	17,500
Louisiana	21,300	6,000	15,300
Nevada	16,100	2,900	13,200
Rhode Island	13,600	1,700	11,800
New Mexico	14,300	2,800	11,500
Nebraska	15,200	4,600	10,600
Maine	12,400	2,400	10,000
Vermont	9,400	1,400	8,000
West Virginia	9,800	2,600	7,200
South Dakota	7,700	2,400	5,300
Delaware	6,400	1,400	5,000
Hawaii	5,800	1,400	4,300
Montana	4,900	2,100	2,800
North Dakota	4,700	2,000	2,700
District of Columbia	3,200	600	2,600
Alaska	2,700	900	1,800
Wyoming	2,600	1,100	1,500
Total*	**3,280,200**	**538,000**	**2,742,200**

* Total may vary slightly due to rounding.

Source: Author's analysis of U.S. Census Bureau (2009), U.S. International Trade Commission (2012), and Bureau of Labor Statistics Office of Employment Projections (2011a and 2011b). For a more detailed explanation of data sources and computations, see the Appendix.

APPENDIX TABLE 2

Jobs lost through imports, jobs gained through exports, and net jobs displaced due to trade with China, by state, 2001–2011 (ranked alphabetically)

State	Jobs displaced by consumption imports	Jobs supported by domestic exports	Net jobs displaced
Alabama	52,200	8,300	43,900
Alaska	2,700	900	1,800
Arizona	56,400	9,300	47,100
Arkansas	26,400	6,000	20,500
California	540,800	66,200	474,700
Colorado	66,100	8,300	57,800
Connecticut	36,200	6,300	29,900
Delaware	6,400	1,400	5,000
District of Columbia	3,200	600	2,600
Florida	128,600	22,600	106,100
Georgia	102,900	15,500	87,300
Hawaii	5,800	1,400	4,300
Idaho	21,900	3,800	18,200
Illinois	138,000	24,400	113,700
Indiana	71,500	15,000	56,600
Iowa	28,500	8,200	20,300
Kansas	24,000	6,500	17,500
Kentucky	44,100	8,400	35,700
Louisiana	21,300	6,000	15,300
Maine	12,400	2,400	10,000
Maryland	44,900	7,100	37,800
Massachusetts	104,100	11,400	92,700
Michigan	90,500	21,600	68,900
Minnesota	84,800	12,500	72,300
Mississippi	24,400	4,700	19,700
Missouri	49,500	10,800	38,700
Nebraska	15,200	4,600	10,600
Nevada	16,100	2,900	13,200
New Hampshire	23,400	2,900	20,400

APPENDIX TABLE 2 (CONTINUED)

State	Jobs displaced by consumption imports	Jobs supported by domestic exports	Net jobs displaced
New Jersey	88,800	12,900	76,000
New Mexico	14,300	2,800	11,500
New York	183,500	24,700	158,800
North Carolina	126,100	15,800	110,300
North Dakota	4,700	2,000	2,700
Ohio	120,100	24,100	95,900
Oklahoma	27,100	6,700	20,400
Oregon	59,300	9,100	50,200
Pennsylvania	123,900	22,700	101,200
Puerto Rico	26,000	3,800	22,200
Rhode Island	13,600	1,700	11,800
South Carolina	48,800	8,000	40,800
South Dakota	7,700	2,400	5,300
Tennessee	67,400	11,300	56,100
Texas	279,200	39,600	239,600
Utah	24,200	4,200	20,000
Vermont	9,400	1,400	8,000
Virginia	63,900	11,200	52,700
Washington	62,800	12,600	50,200
West Virginia	9,800	2,600	7,200
Wisconsin	69,900	15,400	54,600
Wyoming	2,600	1,100	1,500
Total*	**3,280,200**	**538,000**	**2,742,200**

* Total may vary slightly due to rounding.

Source: Author's analysis of U.S. Census Bureau (2009), U.S. International Trade Commission (2012), and Bureau of Labor Statistics Office of Employment Projections (2011a and 2011b). For a more detailed explanation of data sources and computations, see the Appendix.