



Via Email & Post

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January 12, 2007

Ms. Susan H. Kuhbach
Senior Office Director for Import Administration
U.S. Department of Commerce
14th Street and Constitution Avenue, NW
Room 1870
Washington, DC 20230

Subject: Application of the Countervailing Duty Law to Imports from the People's Republic of China

Dear Ms. Kuhbach:

On behalf of General Motors Corporation, I would like to respond to the Department of Commerce's request for public comments on applying U.S. countervailing duty law (to offset foreign subsidies) to imports from China.

First, I would like to stress that it is clear that unfair pricing and government subsidies of exported goods may distort the free flow of goods and adversely affect the competitiveness of U.S. products. Accordingly, we support U.S. policies, including robust anti-dumping and countervailing duty laws, that provide U.S. firms reasonable recourse against the unfair trade practices of foreign companies and countries.

At the same time, it is important to recognize that overuse of such tools can also distort trade flows and hurt the competitiveness of industries that consume foreign goods and materials. Specifically, the imposition of punitive duties on imports can lead to higher prices and reduced availability of critical parts and materials. It is precisely because of these potentially damaging impacts that the Department and the International Trade Commission are obligated to conduct "sunset reviews" every five years to determine whether it is necessary that anti-dumping and countervailing duties remain in place.

Given these considerations, General Motors takes the position that the use of anti-dumping and countervailing duty law and the methodologies used to identify and address unfair trading practices must be fair and balanced, and that the methodologies used to establish

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unfair trade practices should not unduly handicap imports that are fairly traded or do not result in material injury to domestic producers.

With regard to the specific issue of non-market economies, both case law and the Department of Commerce's current practice have recognized the difficulty of accurately measuring the amount of subsidies provided in non-market economies. However, any advantage gained by such economies because of the reluctance of the US to pursue subsidy cases has clearly been offset by the disadvantage that non-market economies experience in anti-dumping cases. Since World Trade Organization rules allow the use of factors of production analysis as a proxy for prices in non-market economies, designation as a non-market economy represents a significant penalty in anti-dumping proceedings, particularly in the US where factors of production analysis is routinely used.

Given this situation, we believe that industries should be treated consistently in both countervailing duty and anti-dumping proceedings. If the Department of Commerce establishes that an industry in a non-market economy is developed enough to be considered as if it were part of a market economy (and, therefore, subject to countervailing duty action), then we believe that industry should also be treated as a market economy for the purposes of any anti-dumping investigations.

We appreciate the opportunity to offer our comments for this review.

Sincerely,

A handwritten signature in black ink, appearing to read "Mustafa Mohatarem". The signature is fluid and cursive, with a large initial 'M'.

Mustafa Mohatarem