



## U.S.-China Economic and Security Review Commission

Monthly Analysis of U.S.-China Trade Data

June 4, 2014

**Note to our readers:** Starting with this edition, our monthly trade bulletin will be modified. In particular, the month-to-month analysis of the bilateral goods trade and Chinese economic review sections will be abbreviated, in order to focus on broader trends at greater length on a quarterly basis (February, May, August, and November). We will also begin to regularly analyze bilateral services trade data as it is published by the Census. We hope our readers will find the document more timely and relevant as a result.

### Highlights of this month's edition

- **Bilateral trade:** U.S. service exports in 2013 outperformed 2012 levels; bilateral deficit expands in April due to weak U.S. exports; oil & gas a novel source of export growth
- **Bilateral policy issues:** United States wins WTO case on large-engine autos; U.S. to impose duties on some Chinese solar panels; Alibaba files for IPO in the United States
- **Policy trends in China's economy:** Chinese government takes additional steps to boost growth; RMB slips further
- **Sector spotlight:** Booming automotive trade is benefiting U.S. exports to China, but the industry claims winners and losers: U.S. auto companies and Chinese industry benefit, China-branded auto companies and U.S. auto parts makers face tough road ahead

### Bilateral Goods Trade

The U.S. trade deficit in goods with China increased substantially in April. At \$27.3 billion, it was \$3.1 billion higher than a year ago, and \$6.9 billion higher than last month (see Table 1). The cumulative deficit has expanded by \$3 billion so far this year, on track to set another annual record. U.S. exports to China fell by 16.7 percent month-on-month, and compared to the prior year, grew by just 0.9 percent. In contrast, U.S. imports from China grew by 9.6 percent year-on-year.

Table 1: U.S. Trade in Goods with China, January-April, 2014  
(US\$ billions; growth %)

	Jan	Feb	Mar	Apr
<i>US\$ billions</i>				
Exports	10.4	9.9	10.8	9.0
Imports	38.2	30.7	31.2	36.3
Balance	(27.8)	(20.9)	(20.4)	(27.3)
Total	48.6	40.6	42.1	45.3
Balance YTD	(27.8)	(48.7)	(69.1)	(96.4)
<i>yoy growth %</i>				
Exports	10.4%	8.2%	13.6%	0.9%
Imports	2.7%	-6.1%	14.4%	9.6%

Source: U.S. Census Bureau, NAICS database (Washington, DC: U.S. Department of Commerce, Foreign Trade Division, June 2014). [http://censtats.census.gov/cgi-bin/naic3\\_6/naicCty.pl](http://censtats.census.gov/cgi-bin/naic3_6/naicCty.pl).

Transport equipment (primarily aerospace and automotive) led U.S. exports to China in April, accounting for about one-quarter of total exports. Excluding transport equipment, exports to China actually declined by 3 percent. Two mainstays of U.S. exports performed poorly: machinery (minus 19.6 percent yoy) and agricultural products (minus 2.5 percent yoy). A novel source of exports is oil & gas—although growing from a low base, these exports to China totaled \$98.3 million through the first four months, an increase of over 1,000 percent from last year. These shipments could increase further as liquefied natural gas from the Sabine Pass Terminal in Louisiana comes online next year.

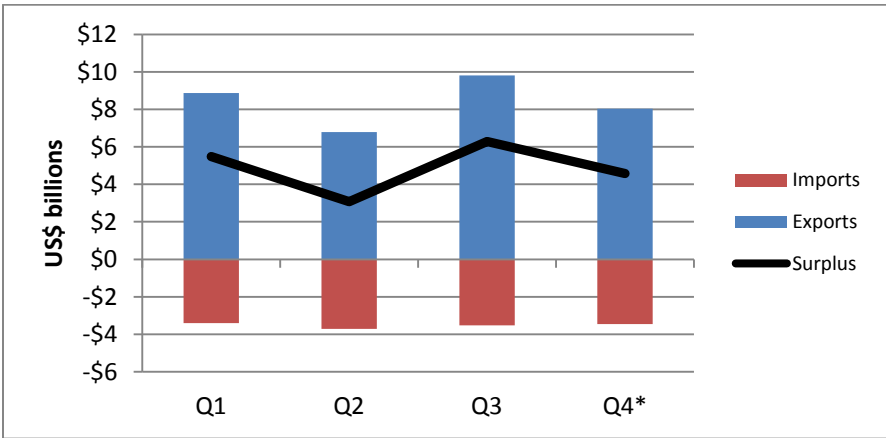
Computer and electronic products accounted for 36 percent of U.S. imports from China, by far the largest export category. But these products are gradually ceding market share to the second- and third-largest imports—machinery and electrical equipment—which have each witnessed double-digit gains so far this year.

Excluding information & communications products (ICT), U.S. advanced technology product trade with China is improving so far this year. While ICT products have registered a deficit of \$37.4 billion, all other advanced technology products achieved a \$3.2 billion surplus, up from \$2.6 billion at the same point last year. Trade in these non-ICT advanced products increased by 16.2 percent through April, nearly three times the pace of total bilateral trade between the United States and China. The ATP share of total U.S. exports to China has also increased, from 21 percent in 2013 to 22.8 percent this year. It is worth noting, however, that aerospace alone accounts for 44 percent of these exports.

**Trade in Services**

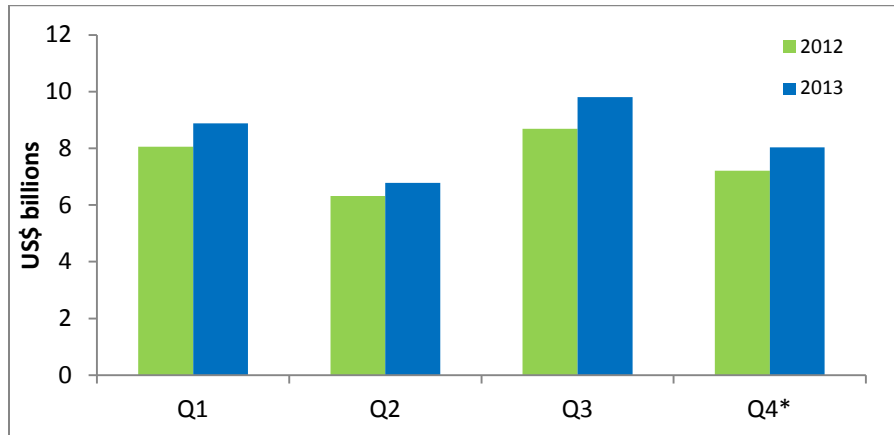
The U.S.-China trade surplus in services increased 12.9 percent from 2012 to 2013 to \$19.4 billion (latest data available). Total bilateral trade in services increased 9.7 percent in 2013, with U.S. service exports increasing 10.6 percent and Chinese service imports increasing 7.7 percent (see Figure 1). On a quarterly basis, U.S. service exports in 2013 outperformed 2012 levels throughout the year (see Figure 2). U.S. service exports to China as a share of total bilateral exports were 21.3 percent in 2013, the same level as 2012. Similarly, Chinese service imports as a share of total bilateral imports remained at the same 3 percent level.

*Figure 1: U.S.-China Trade in Services, 2013*  
(quarterly, in US\$ billions)



Source: U.S. Bureau of Economic Analysis, International Transactions Data (U.S. Department of Commerce, March 2014). [http://www.bea.gov/iTable/index\\_ita.cfm](http://www.bea.gov/iTable/index_ita.cfm). \*Preliminary data.

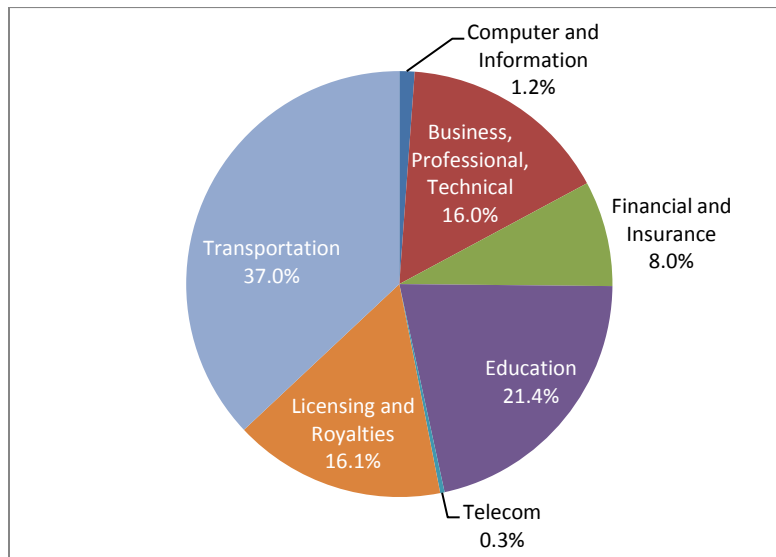
Figure 2: U.S. Service Exports, 2012-2013  
(quarterly, in US\$ billions)



Source: U.S. Bureau of Economic Analysis, International Transactions Data (U.S. Department of Commerce, March 2014). [http://www.bea.gov/iTable/index\\_ita.cfm](http://www.bea.gov/iTable/index_ita.cfm). \*Preliminary data.

The top U.S. service export to China in 2012 (latest available) was transportation services, which includes passenger and freight transportation and represented 37 percent of total bilateral service exports. Educational services and other services requiring licenses or royalty payments, such as intellectual property, were also top U.S. service exports to China, as shown in Figure 3. By service sector, the largest U.S.-China surplus was in educational services with a surplus of \$6.15 billion (see Figure 3).

Figure 3: U.S. Service Exports to China by Sector, 2012

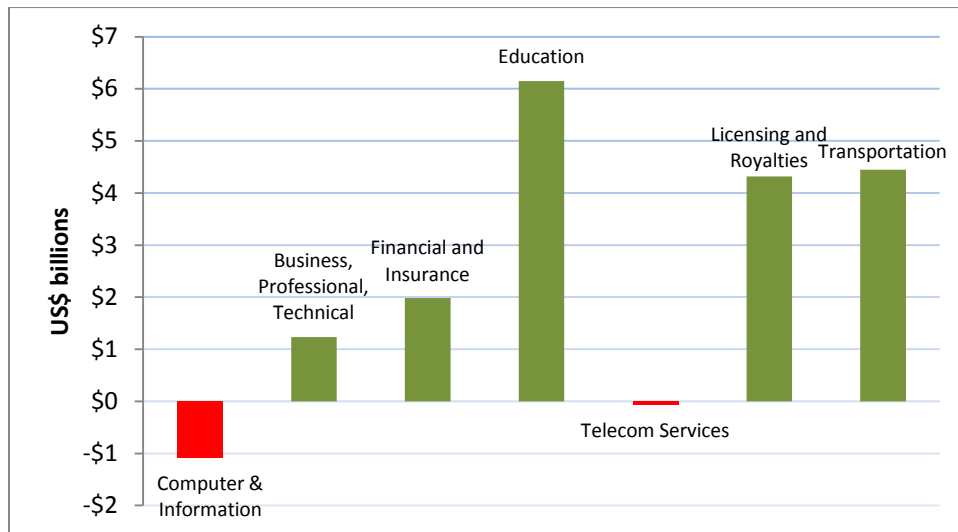


Source: U.S. Bureau of Economic Analysis, International Transactions Data (U.S. Department of Commerce, March 2014). [http://www.bea.gov/iTable/index\\_ita.cfm](http://www.bea.gov/iTable/index_ita.cfm).

The U.S. ran trade deficits with China in two service sectors: computer and information services and telecommunications services (see Figure 4). While this may be partly due to Chinese restrictions on Internet and other telecommunications services, Figure 5 shows that U.S. exports in these two sectors are relatively low both across the Asia Pacific and globally.

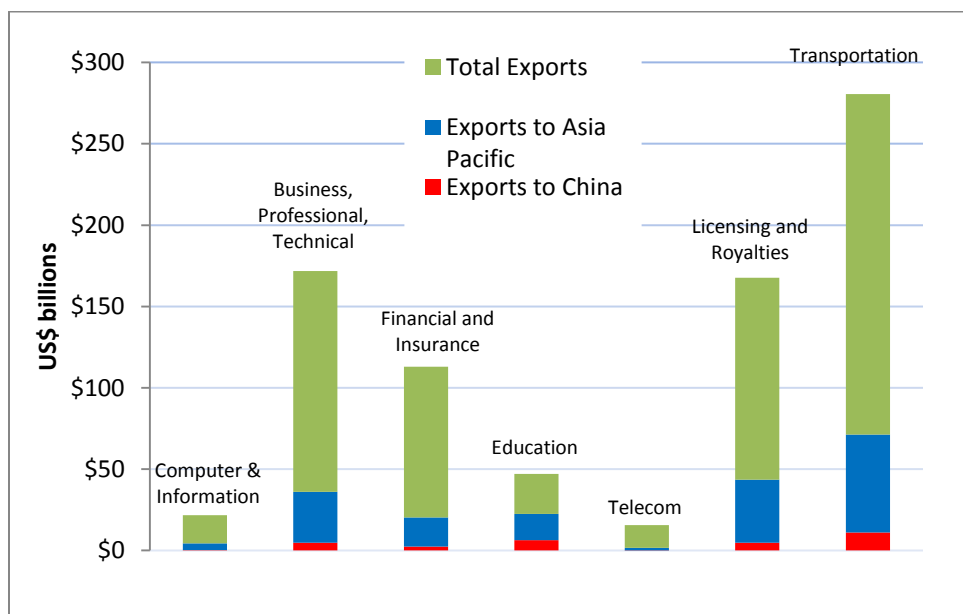
In aggregate, Figure 5 shows that despite the increase in U.S. service exports to China and a growing bilateral trade surplus in services, export values remain very low compared to the Asia Pacific region and globally. This imbalance is due in part to China’s market access restrictions on imported services or regulations that force businesses to invest directly in China rather than export their services cross-border. Further reform and liberalization of China’s services sectors could help to lessen this imbalance.

Figure 4: U.S.-China Trade Balances in Services by Sector, 2012  
(in US\$ billions)



Source: U.S. Bureau of Economic Analysis, International Transactions Data (U.S. Department of Commerce, March 2014). [http://www.bea.gov/iTable/index\\_ita.cfm](http://www.bea.gov/iTable/index_ita.cfm).

Figure 5: U.S. Service Exports by Sector, 2012  
(in US\$ billions)



Source: U.S. Bureau of Economic Analysis, International Transactions Data (U.S. Department of Commerce, March 2014). [http://www.bea.gov/iTable/index\\_ita.cfm](http://www.bea.gov/iTable/index_ita.cfm).

## **Bilateral Policy Issues**

### ***United States Wins WTO Case Challenging Chinese Duties on U.S. Autos***

In a May 23 report, the World Trade Organization (WTO) Dispute Settlement Panel sided with the United States in the dispute regarding China's application of antidumping (AD) and countervailing duties (CVD) on U.S. cars and SUVs with an engine capacity 2.5 liters or larger.<sup>1</sup> The case is unusual in that China removed the duties on December 13, 2013, after the Panel heard the case but before it issued a report. This decision marks the third win for the United States in challenging China's improper application of duties on U.S. exports (the other two cases pertain to specialty steel and broiler chicken products).<sup>i</sup>

In this case, China alleged that certain U.S. cars were being subsidized or "dumped" in the Chinese markets, citing two programs under the U.S. government's Troubled Asset Relief Program (TARP), which provided loans to General Motors (GM) and Chrysler.<sup>2</sup> The Office of the U.S. Trade Representative (USTR) did not challenge China's finding of subsidies under these two programs, but rather focused on the failure by the Chinese Ministry of Commerce (MOFCOM) to demonstrate that any injury took place. The Panel agreed. The Panel also found MOFCOM failed to disclose to U.S. respondents the essential facts that formed the basis of its decision to impose duties.

The Panel did not uphold U.S. arguments regarding MOFCOM's reasoning in determination of residual AD duty and CVD rates for unknown U.S. exporters (the "all others" rate) and the way China defined domestic industry.<sup>3</sup> A senior USTR official, who asked to remain anonymous, downplayed the U.S. loss on these points, since the Panel determined that China failed to show any injury to domestic procurers.<sup>4</sup>

According to the USTR, China's duties affected an estimated \$5.1 billion worth of auto exports in 2013.<sup>5</sup> China is the second-largest export market for U.S. autos (after Canada) and was the destination for \$8.5 billion worth of auto exports in 2013, or 13 percent of the total U.S. car exports (for further discussion, see this month's sector focus below).

MOFCOM announced it would initiate the AD/CVD investigations shortly after President Obama in September 2009 imposed safeguard measures against Chinese tire imports under Section 421 of the Trade Act.<sup>ii</sup> Although never formally acknowledged, it was widely understood in the policymaking community that the duties on U.S. cars were in retaliation for the imposition of safeguard measures on tires.<sup>6</sup> MOFCOM started imposing the duties (which ranged from 2 percent to 21.5 percent for AD duties and 6.2 percent to 12.9 percent

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<sup>i</sup> For more information on the cases, see World Trade Organization, *China – Measures Imposing Countervailing and Antidumping Duties on Grain Oriented Flat-Rolled Electrical Steel (GOES)*, Dispute DS414. [http://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/ds414\\_e.htm](http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds414_e.htm); World Trade Organization, *China – Anti-Dumping and Countervailing Duty Measures on Broiler Products from the United States*, Dispute DS427. [http://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/ds427\\_e.htm](http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds427_e.htm).

<sup>ii</sup> These duties themselves were a subject of a WTO dispute. When China joined the WTO, it agreed to the so-called "China-specific safeguard" that permits China's trading partners to impose tariffs on surges of Chinese imports if these imports harm domestic producers. This provision was codified in U.S. law in Section 421 of the 1974 Trade Act. On September 11, 2009, the White House announced its decision to impose remedies under Section 421 to stop a surge of imported Chinese tires for passenger cars and light trucks from entering the United States. Imports of Chinese tires have grown from 4.7 percent of the U.S. market in 2004 to 16.7 percent in 2008. The International Trade Commission determined that the surge of imports of Chinese tires has disrupted the U.S. market. The duties imposed were 35 percent in the first year, 30 percent in the second, and 25 percent in the third. The U.S. tire tariffs expired in September 2012. This "safeguard" provision was made part of China's accession agreement to the WTO in 2001, and allows U.S. companies or workers to ask the government for protection simply by demonstrating a surge of Chinese imports. MOFCOM accused the United States of protectionism and violation of international trade laws, and brought a case to the WTO challenging the duties. The Dispute Settlement Panel rejected China's claims and the Appellate Body upheld the decision. See World Trade Organization, *United States – Measures Affecting Imports of Certain Passenger Vehicle and Light Truck Tires from China*, Dispute DS399. [http://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/ds399\\_e.htm](http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds399_e.htm).

for CVD) in December 2011. The United States initiated the dispute settlement consultations in July 2012.

Still pending before the WTO is another auto-related case, challenging China's subsidy program that provides subsidies to auto and auto parts producers located in designated regions known as "export bases."<sup>7</sup>

### ***U.S. to Impose Duties on Some Chinese Solar Panels***

The U.S. Department of Commerce on June 3 announced preliminary determination in countervailing duty (CVD) investigation of imports of crystalline silicon photovoltaic (PV) panels.<sup>8</sup> The decision is preliminary, but U.S. Customs will begin collecting the duties—which range from 18.56 percent to 35.21 percent—in advance of the final decision, expected around August 2014.<sup>9</sup>

This marks the latest step in an ongoing fight over low-cost panels from China. The original petition, brought in 2011 by German-owned solar company SolarWorld's U.S. arm and a coalition of other solar PV manufacturers, alleged illegal subsidies from the Chinese government to Chinese producers.<sup>10</sup> In 2012, Commerce imposed duties ranging from 24 to 36 percent on imports of Chinese solar panels.<sup>11</sup> Chinese manufacturers responded by buying solar cells from Taiwan and elsewhere, which allowed them to avoid most of the duties. This latest determination from International Trade Administration addresses such circumvention by broadening the scope of the investigation to include solar panels assembled in China from solar cells made in third countries, provided those cells contain key Chinese-made components, such as ingots or polysilicon wafers.<sup>12</sup>

The impact of this decision on the solar panel market in the United States remains to be seen. U.S. solar community is split, and many companies, particularly in the installation and project development, opposed the SolarWorld's petition and Commerce's determination.<sup>13</sup> In the meantime, Chinese government policy, aimed at reducing pollution, continues to spur manufacturing in the solar panel sector, which is already plagued by overcapacity. This drives the prices down further. According to PVinsights, a consultancy, prices on Chinese panels were down almost 8 percent in May 2014 year on year.<sup>14</sup>

The U.S. department of Commerce is separately investigating allegations that Chinese and Taiwanese producers dumped solar products below cost. The preliminary ruling is expected on July 24.

### ***Alibaba Files for IPO in the United States***

In April, China's largest e-commerce company, Alibaba, filed to launch its initial public offering (IPO) in the United States in what is expected to be one of the largest IPOs in U.S. history.<sup>15</sup> Prospective investors view the company's 45 percent market share in China and high profitability (\$1.35 billion in the fourth quarter of 2013) as positive indicators. Industry experts expect these investors will welcome the IPO, which is estimated to reach a value of up to \$200 billion when it launches later this year.<sup>16</sup> However, in order to list on a U.S. exchange, Alibaba, like other Chinese Internet companies publicly traded in the United States, must use a complex corporate structure known as a variable-interest entity (VIE) to circumvent Chinese government regulations that limit foreign ownership of Internet companies operating in China.<sup>17</sup> Experts warn that VIE-structured companies are highly risky investments, and caution prospective investors to review carefully the disclosures on corporate structure in such companies' filings to the Securities and Exchange Commission (SEC).<sup>18</sup> The Chinese government has indicated in the past that VIEs are unlawful because they are designed to evade foreign equity caps in the Internet sector.<sup>19</sup> Prospective investors in Alibaba and other Chinese Internet companies publicly traded in the United States should be aware that the Chinese government views these structures as illegal, and

that legal disputes related to investments in these companies will be handled through the lesser-developed Chinese judicial system.

## **Policy Trends in China's Economy**

### ***China Seeks to Reenergize a Slowing Economy***

Signs of continued economic weakening are prompting more action from the Chinese government to meet the 7.5 percent GDP growth target for this year.<sup>20</sup> The Chinese government is lowering bank reserve requirements, accelerating government spending, and increasing railway investment in an effort to boost economic growth without resorting to outright stimulus. Policies announced in the last month include:

- *Targeted Lowering of Reserve Requirement Ratios.* On May 30, the State Council announced it is lowering reserve requirement ratios (RRR) a second time this year to further expand lending to the agriculture sector and small and medium-sized enterprises. Earlier this year, the State Council reduced the RRR for county-level rural commercial banks by 2 percent and rural credit cooperative unions by 0.5 percent.<sup>21</sup> Zong Liang, deputy chief of the research institute of the Bank of China, estimated that these combined reductions will free approximately 300 billion renminbi (RMB) (\$47 billion) for additional lending.<sup>22</sup>
- *Acceleration of Local Government Spending.* On May 28, the Ministry of Finance called for local governments to accelerate the spending of budgeted funds to ensure construction of key infrastructure projects and spur economic growth.<sup>23</sup> As part of this acceleration, local governments must allocate their 2014 budget by the end of June, with unallocated funds at risk for being returned to the central government in September.<sup>24</sup>
- *Increased Railway Investment.* On April 30, China Railway Corporation, the state-owned company in control of the railway network, announced a 27 percent increase in investment to reach 800 billion RMB (\$128 billion) in 2014.<sup>25</sup>

At the same time, the RMB continues falling, reaching 6.26 to the dollar on May 28—its weakest since October 2012. The initial fall in the RMB's value was attributed to efforts by the People's Bank of China (PBoC) to discourage speculators before the RMB daily trading band widened.<sup>iii</sup> The depreciation has continued, however, giving a much-needed boost to struggling Chinese exporters. In all, the RMB weakened 3.1 percent against the dollar this year, even as currencies of export rivals Japan and South Korea strengthened against the dollar, chipping away at their competitive advantage.<sup>26</sup>

### **Sector Focus: Automotive Parts**

The automotive sector is a large and dynamic component of U.S.-China economic ties. China overtook Japan in 2009 as the world's largest automotive producer, and the United States in 2011 as the largest auto market. Last year, China set the world record for single-year sales with 21.9 million units.<sup>27</sup> In the first four months of this year, vehicles sold in China also hit a new high (see Figure 6). Concurrently, China has become the second-largest export market for U.S. automotive products. Transport equipment (primarily aerospace and automotive) has ranked among the fastest-growing U.S. exports to China over the past five years, and is one of the only manufacturing sectors in which the United States enjoys a bilateral trade surplus.<sup>iv</sup>

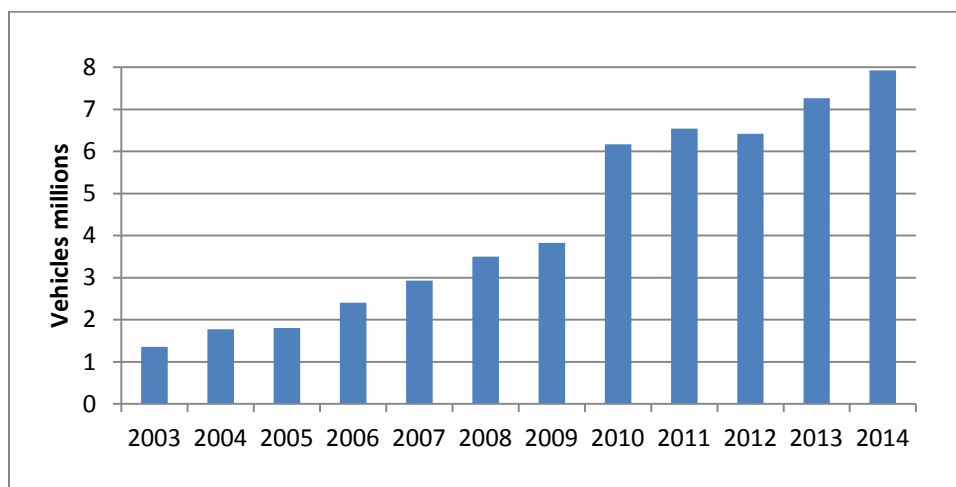
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<sup>iii</sup> See May 2014 USCC Monthly Trade Bulletin, [http://origin.www.uscc.gov/sites/default/files/trade\\_bulletins/May%202014%20Trade%20Bulletin.pdf](http://origin.www.uscc.gov/sites/default/files/trade_bulletins/May%202014%20Trade%20Bulletin.pdf).

<sup>iv</sup> According to U.S. Census data, transport equipment exports to China in the first quarter of this year grew by 32 percent year-on-year, while exports to the rest of the world declined by 0.1 percent. For more information on the automotive sector, see Jacob Koch-Weser, "China's Hunger for U.S. Planes and Cars: Assessing the Risks," (Washington, DC: U.S.-China Economic and Security Review Commission, March 2014).

Who actually benefits from this relationship, however, is not so clear-cut. For the time being, the booming auto industry is helping to revive Detroit while also creating jobs in Shanghai. But a closer look at the sector—in particular, distinguishing auto parts from finished vehicle production—suggests there are winners and losers on both sides.

Figure 6: Vehicle Sales in China, January-April, 2003-2014 (YTD; units millions)



Source: China Association of Automobile Manufacturers, via CEIC data.

In China, the government has treated automotive production as a strategic “pillar industry” since the late 1980s. Many facets of its original industrial policy, such as forcing foreign market entrants into local joint ventures (JVs), remain in place. Foreign companies have relocated parts production to China and upgraded supplier networks, a trend that is now unlikely to reverse. By 2006, 70 percent of the world’s top-100 auto suppliers were manufacturing in China, with over 1,200 foreign-invested enterprises in the segment.<sup>28</sup> By all indications, this pattern is continuing. In October 2013, for example, the Hubei-based SOE Dongfeng concluded a 50-50 JV with Germany’s Getrag Group, one of the world’s leading producers of advanced dual-clutch transmissions.<sup>29</sup> The presence of foreign auto parts makers is also allowing China to develop its own auto parts makers. One example is Hangzhou-headquartered Wanxiang Group, which has built up a vast global business, in part by acquiring several smaller U.S. auto parts makers.<sup>v</sup>

The flipside for China is that its domestic-branded vehicles are faltering. In the initial years following WTO accession, a string of independent carmakers led by Chery, Geely, and Great Wall helped China boost its auto exports, mainly to emerging markets. Geely famously purchased Swedish automaker Volvo in 2010. Domestically, China-branded vehicles achieved market share of 42 percent in 2012. In the past few years, however, Chinese automotive exports have stagnated. During last year’s record sales period, China-branded vehicles ceded domestic market share as well. In the first four months of 2014, Chinese-branded car sales actually declined in absolute terms, counter to the overall market.<sup>30</sup>

Chinese-branded vehicles are being crowded out by foreign brands. Although Chinese vehicles have improved in terms of quality, Chinese consumers—most of them first-time buyers—are becoming more brand-conscious, which leads them to purchase foreign instead of domestic brands.<sup>31</sup> German brands (22 percent through April 2014) and Japanese brands

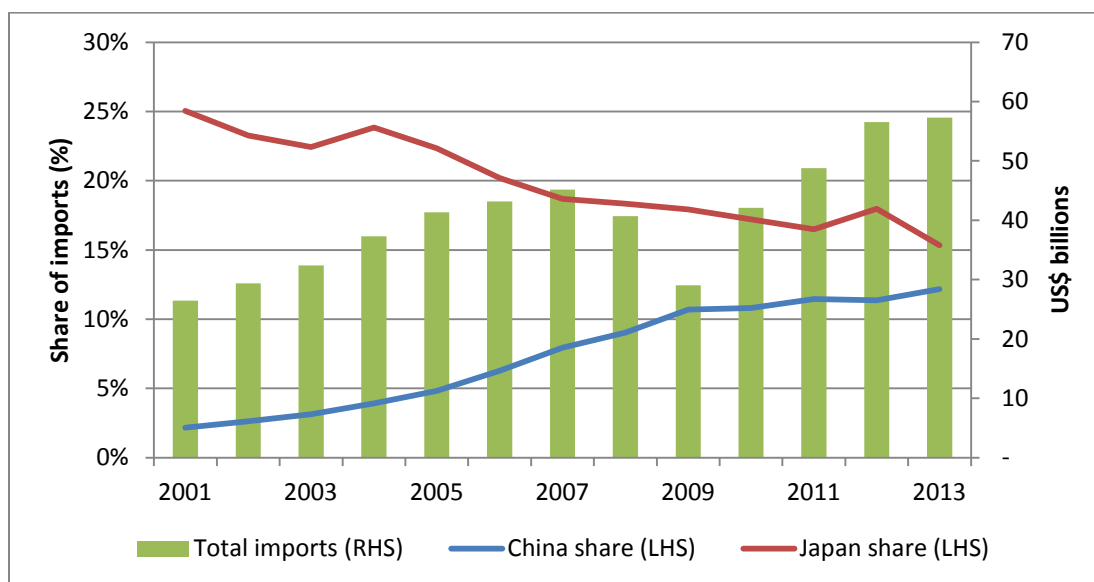
<sup>v</sup> For a detailed business case study of Wanxiang Group’s U.S. operations, see William C. Kirby et al, “Wanxiang Group: A Chinese Company’s Global Strategy” (Cambridge, MA: Harvard Business School, February 2008). <http://www.hbs.edu/faculty/Pages/item.aspx?num=35693>.



(15 percent) lead in terms of market share, but U.S. brands (13 percent) are catching up.<sup>32</sup> Ford China sold 935,813 wholesale vehicles in 2013, a 49 percent increase over 2012, and nearly three times Ford's total auto exports from the United States.<sup>33</sup> Ford sold 271,321 cars in the first quarter of 2014, up 45 percent.<sup>34</sup> GM's sales in China also set consecutive monthly records last fall, and hit an all-time high of 348,061 units in January 2014.<sup>35</sup> China now accounts for around one-third of all GM car sales worldwide.<sup>36</sup>

These booming sales of U.S.-branded companies in China stand in contrast to the state of the auto sector back home. The United States ran a \$5.6 billion deficit in car parts<sup>vi</sup> with China in 2013. China's share of U.S. auto parts imports is fast catching up with Japan (see Figure 7). After receiving sizable federal support during the financial crisis, Ford and GM are making multi-billion dollar investments in new facilities in China in the coming years, diverting much-needed investment from U.S. states like Michigan and Wisconsin, where thousands of U.S. auto parts jobs have been lost to Chinese competition over the past decade. A related risk is that U.S. automakers may use China as an export platform. Bob Socia, head of GM China, stated in April last year that GM could triple its exports from Chinese plants by 2015, to 300,000 units. In other words, about one out of every four cars exported from China would be a GM brand.<sup>37</sup>

Figure 7: U.S. Imports of Auto Parts (HTS Code 8708)



Source: United States International Trade Commission (USITC). Staff calculations.

Optimists point out that the situation may be turning, as trade lifts all boats. U.S. auto parts exports to China doubled in 2012-2013 to \$1.4 billion, and the bilateral deficit in this segment declined slightly. U.S. auto exports to China also indirectly benefit U.S. auto parts makers. Chrysler, which does not have manufacturing operations in China, relies heavily on domestic suppliers. This month, it opened the Tipton Transmission Plant, a sprawling factory in Indiana that has been seven years in the making. At full capacity, it will employ 850 workers and ship about 800,000 finished transmissions to Toledo, Ohio, for the Jeep Cherokee and to Sterling Heights, Michigan, for the Chrysler 200. It also will supply FIAT plants in Italy, Turkey, Brazil, and China.<sup>38</sup>

<sup>vi</sup> "Car parts" here indicated HTS code 8708, which includes parts and accessories for tractors, public-transport passenger vehicles, motor cars, goods transport vehicles, and special-purpose vehicles.

For inquiries, please contact a member of our economics and trade team (Jacob Koch-Weser, [jkoch-weser@uscc.gov](mailto:jkoch-weser@uscc.gov); Nargiza Salidjanova, [nsalidjanova@uscc.gov](mailto:nsalidjanova@uscc.gov); Kevin Rosier, [krosier@uscc.gov](mailto:krosier@uscc.gov); or Katherine Koleski, [kkoleski@uscc.gov](mailto:kkoleski@uscc.gov)).

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<sup>1</sup> World Trade Organization, *China — Anti-Dumping and Countervailing Duties on Certain Automobiles from the United States*, Dispute DS440.

[http://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/ds440\\_e.htm](http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds440_e.htm).

<sup>2</sup> World Trade Organization, *China — Anti-Dumping and Countervailing Duties on Certain Automobiles from the United States*, Dispute DS440.

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<sup>3</sup> World Trade Organization, *China — Anti-Dumping and Countervailing Duties on Certain Automobiles from the United States*, Dispute DS440.

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<sup>4</sup> *China Trade Extra*, "WTO Faults China's AD, CVDs on U.S. Autos, Siding with Most U.S. Claims," May 23, 2014.

<sup>5</sup> Office of the U.S. Trade Representative, "Fact Sheet: WTO Case Challenging Chinese Antidumping and Countervailing Duties on Certain American-Made Automobiles," May 23, 2014.

<http://www.ustr.gov/sites/default/files/05232014-China%20Auto-Fact-sheet.pdf>.

<sup>6</sup> "WTO Faults China's AD, CVDs on U.S. Autos, Siding with Most U.S. Claims," *China Trade Extra*, May 23, 2014.

<sup>7</sup> Office of the U.S. Trade Representative, "Obama Administration Challenges China's Export Subsidies to Auto and Auto Parts Manufacturers in China," September 17, 2012. <http://www.ustr.gov/about-us/press-office/press-releases/2012/september/obama-administration-challenges-china-auto-subsidies>; World Trade Organization, *China — Certain Measures Affecting the Automobile and Automobile-Parts Industries*, Dispute DS450.

[http://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/ds450\\_e.htm](http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds450_e.htm).

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