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Wiley Rein Publishes Report – *China's Broken Promises: Why It Is Not a Market Economy*

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Wiley Rein LLP's prominent International Trade Practice published a report today which illustrates why the U.S. Department of Commerce should continue to treat China as a non-market economy in U.S. antidumping proceedings. The report analyzes the characteristics and consequences of China's rejection of market principles, including:

- Strict capital controls and management of the RMB exchange rate;
- Political and legal restrictions on organized labor and collective bargaining;
- Strategic management and control of foreign investment pursuant to industrial policy objectives;
- Disproportionate and expanding state ownership and control of important enterprises in key economic sectors;
- Distortions in the allocation of resources like financial capital and raw materials; and
- Poor transparency and rule of law.

Based on an analysis of these and other economic distortions, the report concludes that "China has not only failed to complete its transition to a market economy, but has consciously rejected the notion that economic development should be guided primarily by market forces. Instead, it has actively pursued a model of heavy-handed state ownership and intervention."

It was originally filed pursuant to the U.S. Department of Commerce's recent Inquiry into the Status of the People's Republic of China as a Nonmarket Economy Country Under the Antidumping and Countervailing Duty Laws. The original filing with accompanying

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Practice Areas

Antidumping and Countervailing Duties/ Trade Remedy Cases

International Trade

exhibits is available on the docket of that inquiry here.

To read Wiley Rein's full report, please click here.