



**Consuming Industries  
Trade Action Coalition**

January 25, 2007

The Honorable Max Baucus  
Chairman  
Committee On Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510-6200

Dear Mr. Chairman:

On behalf of the Consuming Industries Trade Action Coalition ("CITAC"), I write to bring to your attention the substantial benefits to the U.S. economy and to U.S. consuming industries that will flow from abandoning the WTO-illegal practice of "zeroing," in which "negative" price comparisons are inaccurately treated as though they were zero.

CITAC is a coalition of U.S. manufacturers and organizations committed to promoting a trade arena where U.S. consuming industries and their workers have access to global markets for imports that enhance the international competitiveness of American firms.

The Department of Commerce is to be commended for taking steps to eliminate this practice in original investigations, although we believe that to date it has not gone far enough.

The effect of zeroing is not only contrary to WTO agreements that the United States has signed; it also runs contrary to the best interest of the U.S. The appropriate measure of the effect of dumping on the U.S. economy is to treat all sales equally. A sale in the U.S. of an imported product at a price greater than its home market selling price is not accurately assessed by zeroing. Rather, the law must recognize that it counterbalances sales at less than the "normal value" for that product.

American manufacturers rely on vigorous competition in securing their supplies of raw materials and components, and face tremendous competition from global suppliers of their products. Excessive taxation of U.S. manufacturers in the form of actual or threatened antidumping duties makes it that much harder to compete in the United States and encourages manufacturers to look to other countries. Zeroing

only adds encouragement to those companies already pressured to move offshore. The antidumping law should benefit U.S. manufacturers but not excessively. It is vital to look at the full picture.

From the point of view of consuming industries, the WTO decisions on zeroing are entirely in keeping with the letter of the WTO Antidumping Agreement, properly concluding that a product “as a whole” under investigation or review is the subject of a dumping margin calculation, and not individual sales transactions.

It is also important to bear in mind that these decisions represent the law of the World Trade Organization and in our view do not constitute an instance of the WTO unilaterally rewriting agreements. We urge the authorities in the United States not to defy the law established by these cases, but rather to seek changes – if indeed such changes are in the national interest – through the established processes of the WTO.

The time has come for the practice of zeroing to be discontinued altogether. CITAC has repeatedly urged the Department of Commerce to abandon zeroing in all phases of antidumping proceedings, including investigations, administrative reviews, sunset reviews and changed circumstances reviews. Only by this action will we truly serve the interest of all American manufacturers and conform to the WTO rulings.

We look forward to working with you on these important issues.

Very truly yours,

A handwritten signature in black ink, appearing to read "Steve Alexander", with a long horizontal flourish extending to the right.

Steve Alexander  
Executive Director



**Consuming Industries  
Trade Action Coalition**

January 25, 2007

The Honorable Charles B. Rangel  
Chairman  
Committee On Ways And Means  
1102 Longworth House Office Building  
Washington D.C. 20515

Dear Mr. Chairman:

On behalf of the Consuming Industries Trade Action Coalition ("CITAC"), I write to bring to your attention the substantial benefits to the U.S. economy and to U.S. consuming industries that will flow from abandoning the WTO-illegal practice of "zeroing," in which "negative" price comparisons are inaccurately treated as though they were zero.

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