Ending China's Special Treatment Act

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Background

In 2000, Congress voted to grant Permanent Normal Trade Relations (PNTR) to the People's Republic of China (PRC), which gave favorable trade treatment to China based on expectations that China would undertake meaningful market reforms, comply with international trade obligations, reduce state intervention in its economy, and become a more responsible participant in the global trading system. Normal trade relations are premised on nondiscriminatory treatment between trading partners, but the PRC has repeatedly failed to uphold the principles of fair and reciprocal trade.

The U.S.-China Economic and Security Review Commission recommended revoking China's PNTR status in November 2024, concluding that the policy failed to produce the anticipated changes in China's economic and political behavior. In the two decades since China was granted PNTR, the PRC has doubled down on unfair and predatory trade practices, engaged in intellectual property theft and market manipulation, and pursued global dominance in industries like shipbuilding. Through initiatives such as Made in China 2025 and the Belt and Road Initiative, China has sought to expand its manufacturing dominance, increase its global influence, and make other countries more dependent on its economy. Continuing to extend the same preferential tariff treatment to China's communist party state-led economy as we do our allies is a failed strategy. It is time for the United States to revoke China's PNTR status and establish a trading relationship that reflects economic reality.

American workers and manufacturers have paid this price for this failed policy. According to the Economic Policy Institute, Wisconsin lost an estimated 88,900 jobs to the growing U.S. trade deficit with China between 2001 and 2018, equivalent to 3.02% of state employment, ranking 7th in job loss out of 50 states.

What the Bill Does

The bill would revoke China's PNTR status one year after enactment, shifting imports from China to the tariff rates established under Column 2 of the Harmonized Tariff Schedule (HTS). The HTS sets the tariff rates and import categories for all goods coming into the U.S. Column 2 rates are higher than Column 1 rates currently applicable to China, although rates vary by product.

The bill would also direct the U.S. Trade Representative (USTR), in consultation with the U.S. International Trade Commission, the U.S.-China Economic and Security Review Commission, and the U.S. Department of Commerce, to issue a report no later than 270 days after the bill is enacted to inform future policy decisions addressing ongoing trade and economic challenges posed by China.

Endorsing Organizations: Coalition for a Prosperous America