



April 13, 2026

Ms. Lisa R. Barton  
Secretary to the Commission  
U.S. International Trade Commission  
500 E Street S.W., Room 112A  
Washington, D.C. 20436

RE: Investigation No. 332-609 - Effects on the U.S. Economy of Revoking China's  
Permanent Normal Trade Relations Status

Dear Ms Barton:

The National Foreign Trade Council (NFTC) appreciates the opportunity to share our perspective on the International Trade Commission's (ITC) Investigation No. 332-609 - *Effects on the U.S. Economy of Revoking China's Permanent Normal Trade Relations Status* ("the Investigation"). A summary for inclusion in the report is attached.

The House Committee on Appropriations report directing the ITC to conduct this investigation asked the ITC to assess the impacts of withdrawing PNTR for China on U.S. imports of the goods that would be "directly and most affected" by applying the rates of duty in column 2 of the Harmonized Tariff Schedule of the United States (HTSUS) on products of China, either immediately or over a five year phase-in. We are concerned that this analysis excludes the potential adverse impacts on a host of other U.S. industries that could be at risk if PNTR for China is withdrawn.

World Trade Organization (WTO) rules require all members, including the United States, to extend most favored nation (MFN) treatment "immediately and unconditionally" to new WTO members. Consequently, Congress enacted the U.S.-China Relations Act of 2000 (H.R.4444), replacing annual reviews and approvals of China's trade status with Permanent Normal Trade Relations (PNTR). Passage of this legislation was necessary for the United States to benefit from commitments China made as part of its WTO membership.

Withdrawing PNTR for China would effectively terminate the United States' recognition of China's WTO rights, which would almost certainly cause China to retaliate. Retaliation could result in higher Chinese tariffs on U.S. imports, but may also target U.S. interests beyond tariffs, such as:

## PUBLIC SUBMISSION

- **Market Access Restrictions:** Restricting the entry of U.S. goods, services, and companies into its market, beyond just raising tariff rates.
- **Technical Standards & Regulatory Barriers:** Implement stricter licensing, quarantine, or technical standard requirements on U.S. products.
- **Export Restraints:** Curtailing U.S. access to products and materials necessary for various supply chains, and for which China holds significant global market share.
- **Intellectual Property and Investment Violations:** Withdrawing specific protection for intellectual property (IP).

The potential for retaliation and the associated economic effects are not theoretical. China has aggressively retaliated against other measures by leveraging its control of 90% of the world's supply of critical minerals and rare earth elements (CM/REE) and its bureaucratic licensing processes to cut off exports to the U.S. of these products. For example, in response to new U.S. export control measures (the Bureau of Industry and Security's "Affiliates Rule"), China immediately suspended U.S. export licenses for CM/REE, leaving producers of a range of defense, consumer, and industrial products such as semiconductors, magnets, batteries for electric vehicles, and components for medical imaging devices scrambling. China also is able to inflict disruption to U.S. supply chains through third countries; it can (and has) restrict(ed) exports of CM/REE to other nations when it believes such exports will ultimately result in products being supplied to the U.S. market or U.S. companies. If the United States withdraws PNTR, China will not hesitate to apply maximum pressure, including through third countries.

Regardless of what form retaliation takes, a unilateral U.S. move to withdraw PNTR for China will leave U.S. businesses at a disadvantage in the Chinese market compared to rival companies from other WTO member countries that are not subject to retaliation.

The NFTC is concerned that the true economic impact of withdrawing PNTR for China will not be captured by the ITC's current investigation. We urge the ITC to address the potential effects of retaliation in its report or, at a minimum, note that there are additional negative effects from retaliation that fall outside the scope of this investigation.

Sincerely,



Jeannette Chu  
Vice President, National Security Policy



Tiffany Smith  
Vice President, Global Trade Policy

## Summary for Inclusion in the Report

The National Foreign Trade Council is concerned that the ITC's investigation may not fully capture the broad and long-term effects of withdrawing PNTR from China, resulting in greater economic harm to the United States.

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