

Public Opinion on China's PNTR Status

September 2022

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PNTR: A Decades-Old Mistake

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Anyone who takes an objective look at our trade policy with China must conclude that it is an absolute failure and needs to be fundamentally overhauled.

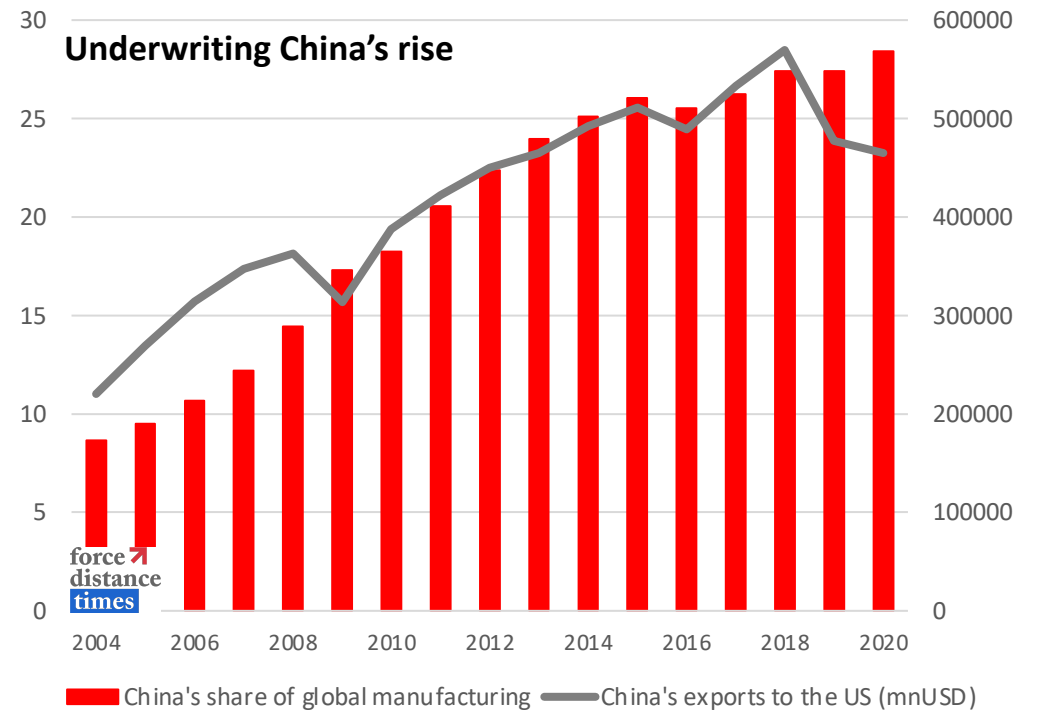
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- Senator Bernie Standers, 2005

Defining PNTR

*Permanent normal trade relations (PNTR) status, previously called Most Favored Nation (MFN) status, is a designation the US grants foreign nations as part of free trade. **The receiving nation is awarded all trade advantages that any other nation receives.***

- In 2000, the United States, under President Clinton, granted China PNTR status so that it could join the World Trade Organization
- The PNTR decision facilitated outsourcing and trade: Between 2000 and 2015, Chinese exports to the US more than quadrupled. US manufacturing jobs plummeted.
- PNTR comes with obligations: The receiving government must not restrict the emigration of its people and must reach a bilateral commercial agreement with the US.



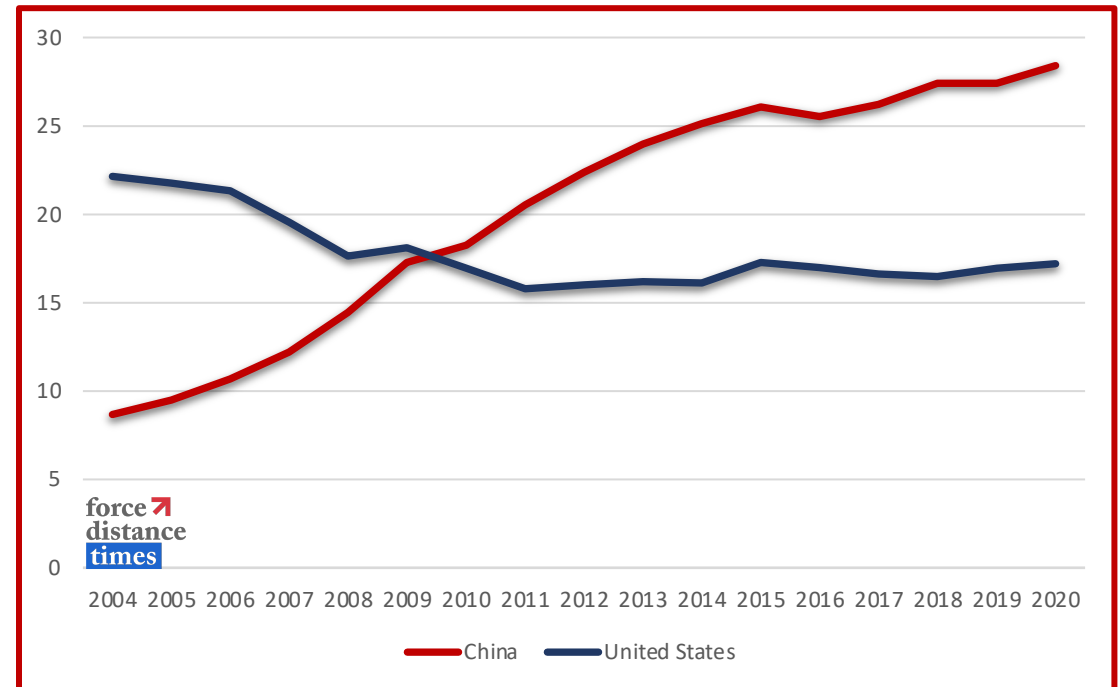
Subsidizing the CCP's Rise

"...The terms of the U.S.-PRC agreement will encourage reform in China. China will have to make its trade regime consistent with its WTO obligations. This will lead to a deepening of its market reforms; leaders who want their country to move further and faster toward economic freedom will be empowered...This process will also strengthen the rule of law in China."

- US Department of State: China WTO Accession and PNTR, May 2000

- PNTR status was supposed to make China a freer, fairer society and economy – and the US richer for it.
- Instead, since 2000, the Chinese Communist Party has implemented a genocide against its own people, tightened control of its domestic economy, defied every obligation to the international market – and, in the process, hollowed out US industry, growth, and opportunity.
- **China's authoritarian, non-market rise has been subsidized by free trade with the US.**
- There have been three attempts to repeal China's PNTR status, including one led by Senator Bernie Sanders in 2005.

Shares of Global Manufacturing: US v. China, 2004-2020



Repealing PNTR: Strategic Opportunity in US-China Competition

- The US government has recognized the threat posed by the Chinese Communist Party – and the imperative of economic competition.
- But existing US tools of economic competition are inadequate to address the CCP threat: Constrained by unwieldy bureaucracies, political pathologies, and regulatory limitations, they permit, at best, a half-hearted “whack-a-mole” defense.
- Overcoming these constraints requires strategic action to reset the foundational structure of US-China economic relations:
- **Addressing China’s Permanent Normal Trade Relations (PNTR) status offers a step toward strategic action to compete with the Chinese Communist Party.**

ADDRESSING CHINA’S PNTR STATUS WOULD:

1. Reset the playing field for US-China economic competition,
2. Send a strategic signal to the CCP,
3. Correct the private sector incentives that encourage cultivating economic interdependence and catering to the CCP, and
4. Establish a human rights-minded vision for 21st century economic and security leadership

Political Will and Immediate Precedent

After Russia's invasion of Moscow, the US ended favorable trade status for Russia. This provides immediate precedent for addressing the PNTR status of China, Russia's most powerful ally.

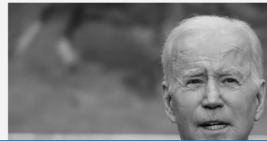
Cold War Precedent

The **Jackson-Vanik Amendment**, an addition to the U.S. Trade Act of 1974, was crafted to put pressure on the Soviet Union for human rights abuses but has become a symbol of lingering tensions in the U.S.-Russia relationship. In order to receive the benefits of normal trade relations with the United States, nonmarket economies, which originally meant Communist economies, must comply with free emigration policies. Though the United States denies normal trade relations treatment only to Cuba and North Korea, U.S. trade relations with eight former Soviet states still fall under the jurisdiction of Jackson-Vanik. These countries--Azerbaijan, Belarus, Kazakhstan, Moldova, Russia, Tajikistan, Turkmenistan, and Uzbekistan--are deemed either compliant with the emigration requirement or provisionally exempt. Yet many experts assert that the amendment is an irritant in U.S. relations with these countries, particularly Russia, and has outgrown its relevance.

Russian Revocation

G7 moves to end normal trade relations with Russia

New sanctions against Moscow include US and EU ban on exports of luxury goods



April 08, 2022
By RFE/RL

U.S. Congress Votes To End Favorable Trade Status For Products From Russia, Belarus



The past two years have seen bipartisan interest from Congress in revoking China's PNTR status: **The political will is there.**

MARCH 18, 2021

COTTON, INHOFE, SCOTT INTRODUCE BILL TO END CHINA'S PERMANENT NORMAL TRADE STATUS

FOR IMMEDIATE RELEASE

Contact: [Caroline Tabler](#) or [James Arnold](#) (202) 224-2353

March 18, 2021

Rep Smith moves to block China from normal trade relations with US

Trade Status

The US and China traded more than \$559 billion in goods in 2020

By Caitlin McFall FOXBusiness

FIRST ON FOX: New Jersey Republican Rep. Chris Smith introduced legislation this week to block **China** from engaging in **normal trade relations** with the U.S. as "punishment" for its human rights abuses in Xinjiang.

The bill, which was co-sponsored by New York Democrat Rep. Tom Suozzi and Wisconsin Republican Tom Tiffany, would transform the U.S. trade with one of its top business partners.

APRIL 1, 2022

ICYMI: AT SENATE FINANCE HEARING, BROWN CALLS FOR AGGRESSIVE TRADE ENFORCEMENT AGAINST CHINA, ENDING NORMAL TRADE RELATIONS WITH RUSSIA

So is the public will.

American Public Will in the PNTR Fight

The American public supports revoking PNTR status from China.

A July 2022 poll found the plurality of likely voters favors ending China's Most Favored Nation status, and 2-1 support among Republicans – all at the height of inflation.

Polling Methodology

Poll

The publisher of Force Distance Times commissioned Echelon Insights, a leading national pollster, to pose a question about China's permanent normal trade relations status to a nationwide sample of likely voters.

Process

The professional research team at Echelon Insights crafted the question language in a fashion meant to minimize bias and to accurately introduce likely voters to this relatively specific issue.



Timing

Polling was conducted at the height of inflation awareness, at a time when average gas prices exceeded \$5/gallon.

Verified Voter Omnibus Survey

N = 1,030 Voters in the Likely Electorate (LV), Nationwide
Field Dates: June 17-20, 2022

Question

Q. A most-favored-nation clause requires a country providing a trade concession to one trading partner to extend the same treatment to all partners. In the United States, this is commonly referred to as permanent normal trade relations. Which of the following comes closest to your view, even if neither is exactly correct?
The United States should...

End China's most favored nation trading status because of the Chinese Communist Party's human rights abuses, unfair trade practices, and intellectual property theft of American businesses

Unsure

Not end China's most favored nation trading status because it risks exacerbating inflation and causing supply chain issues in the short term

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Findings Summary

A plurality of respondents in the Echelon Insights Likely Electorate nationwide poll support ending permanent normal trade relations with China

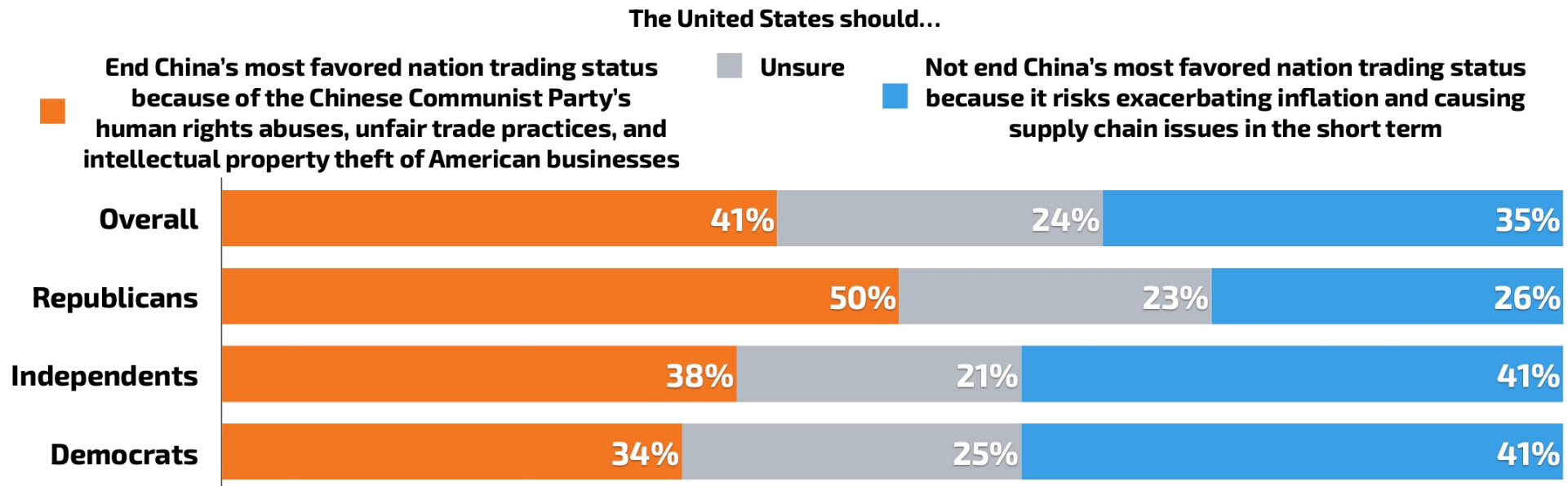
A majority of Republicans and Conservatives support ending PNTR (2x those that prefer maintaining PNTR)

Support for ending China's PNTR status is highest among suburban and rural voters

Findings

Plurality Say End China's Most Favored Nation Status, Including 2-1 Support Among Republicans

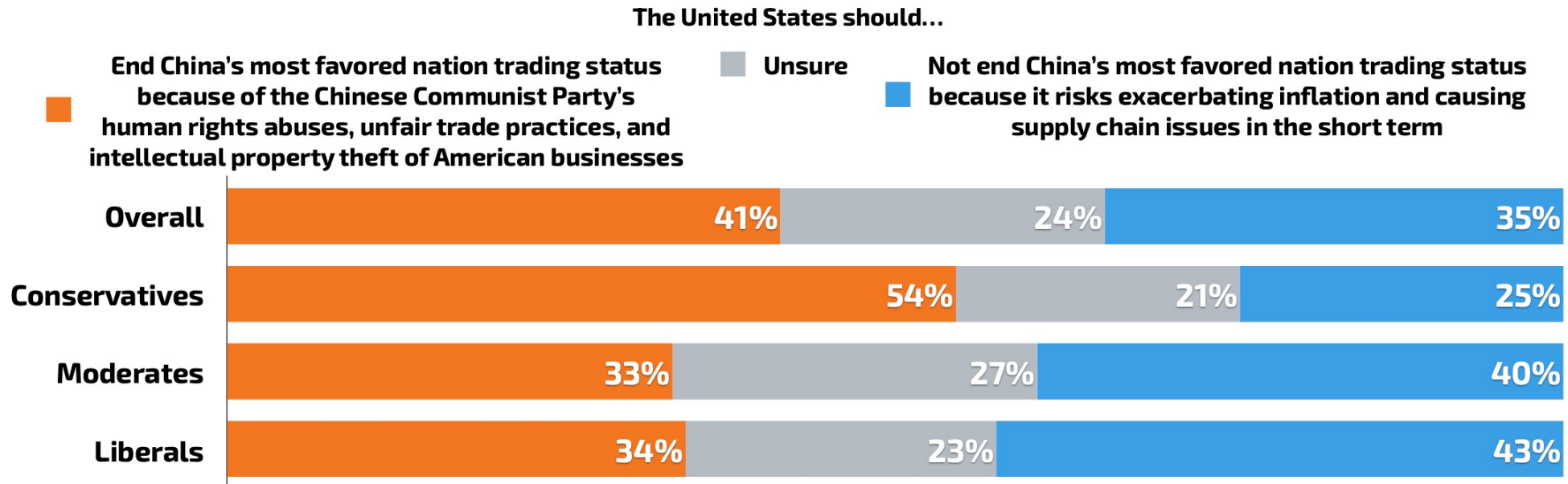
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Findings

Majority Of Conservatives Support Ending China's Most Favored Nation Status

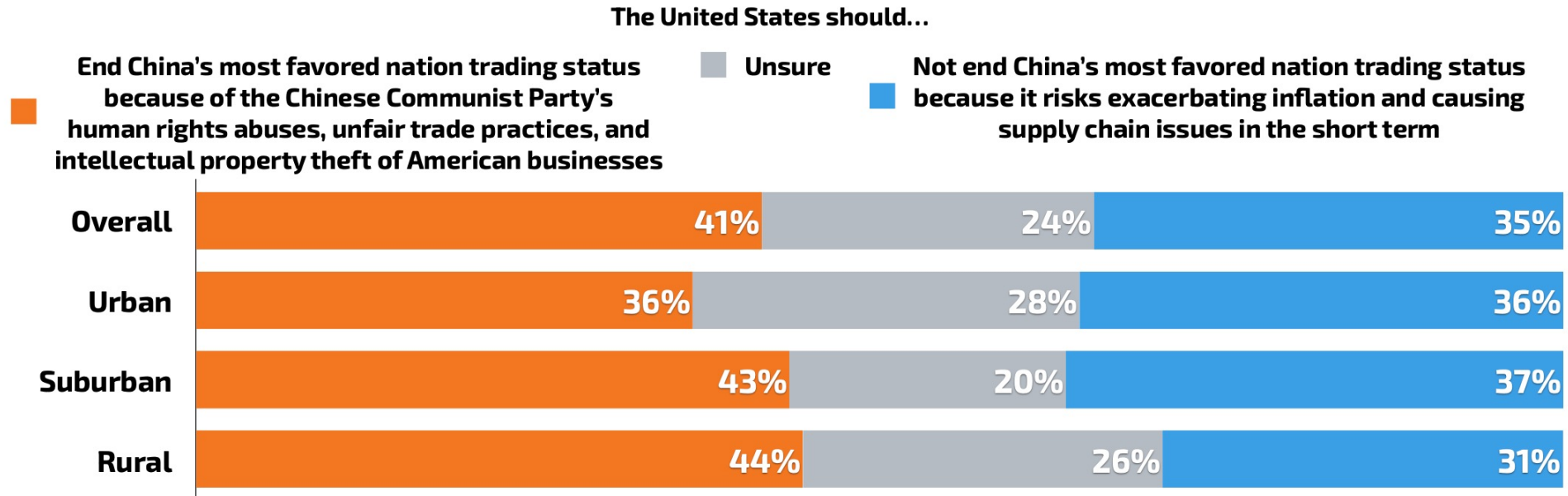
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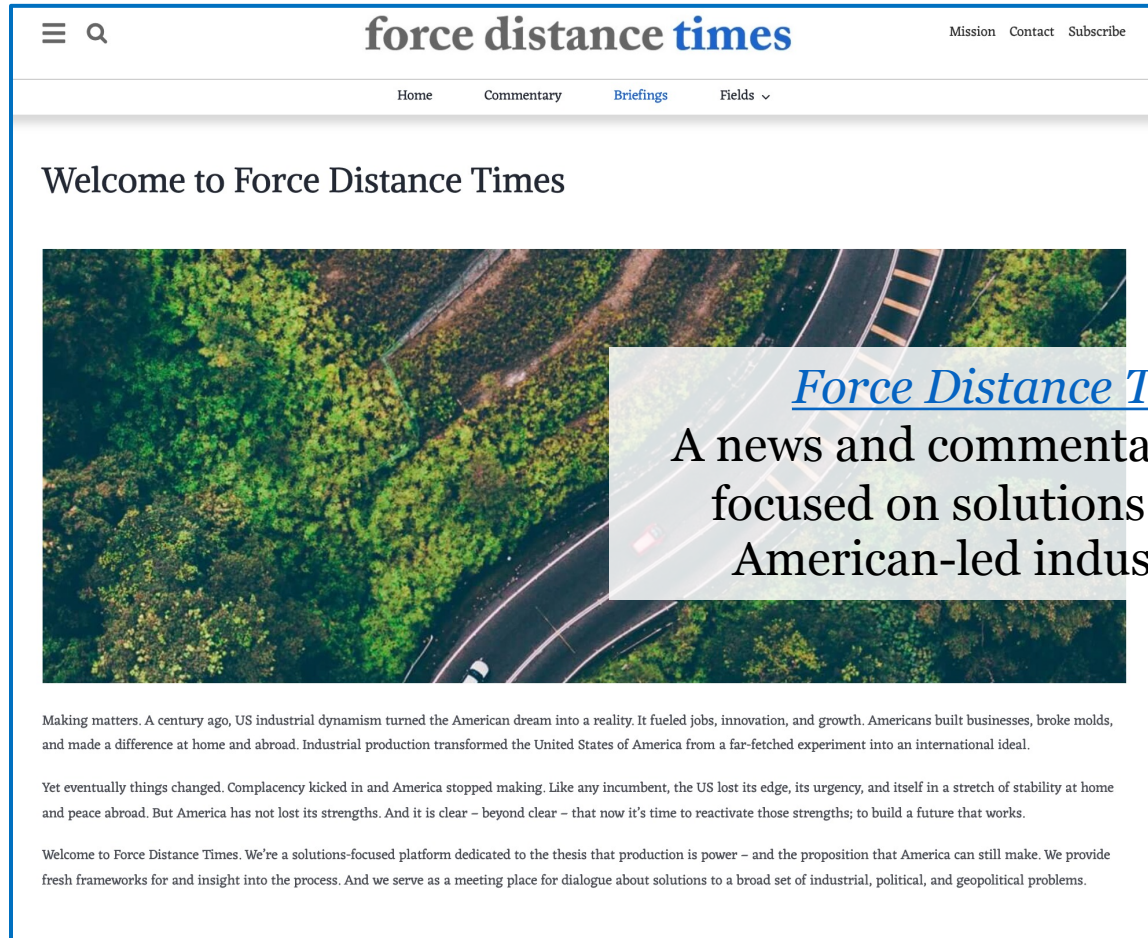
Findings

Support For Ending China's Most Favored Nation Highest Among Suburban, Rural Voters

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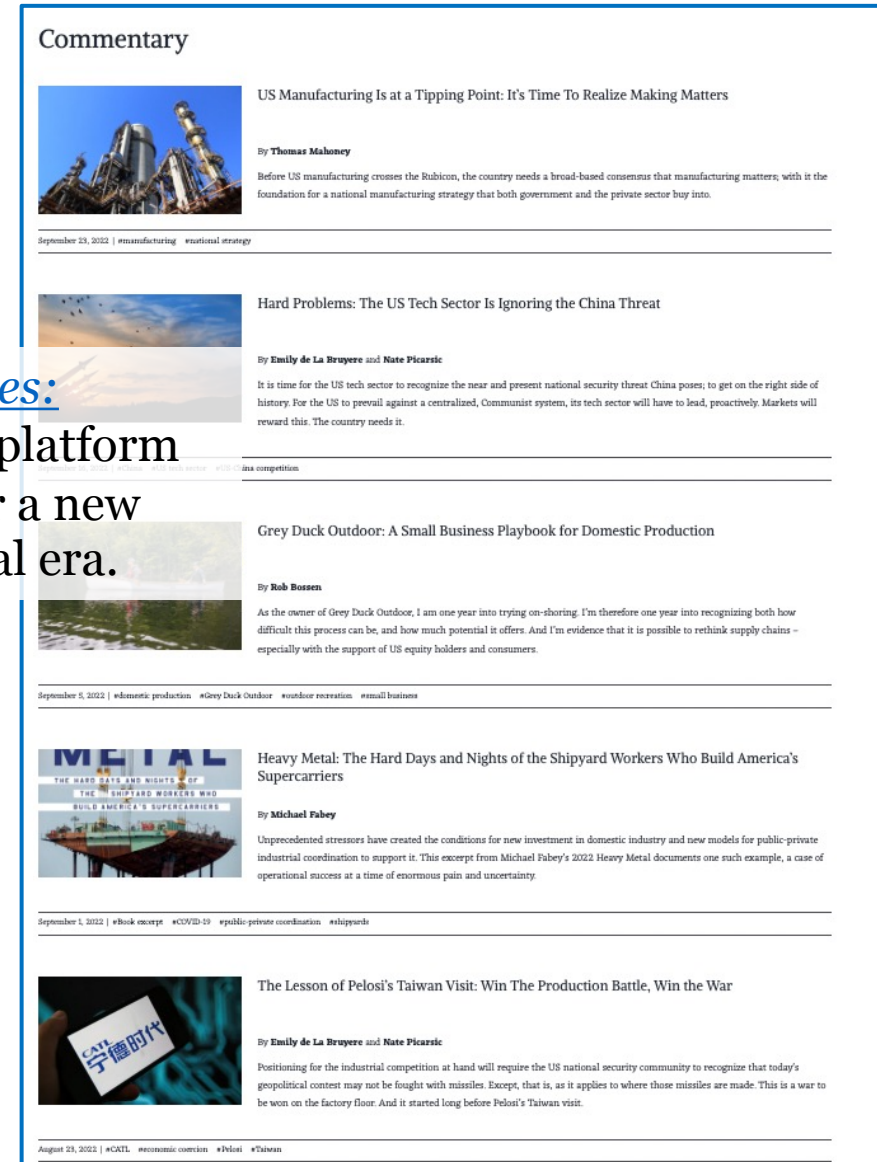
Welcome to Force Distance Times

Force Distance Times:
A news and commentary platform
focused on solutions for a new
American-led industrial era.

Making matters. A century ago, US industrial dynamism turned the American dream into a reality. It fueled jobs, innovation, and growth. Americans built businesses, broke molds, and made a difference at home and abroad. Industrial production transformed the United States of America from a far-fetched experiment into an international ideal.

Yet eventually things changed. Complacency kicked in and America stopped making. Like any incumbent, the US lost its edge, its urgency, and itself in a stretch of stability at home and peace abroad. But America has not lost its strengths. And it is clear – beyond clear – that now it's time to reactivate those strengths; to build a future that works.

Welcome to Force Distance Times. We're a solutions-focused platform dedicated to the thesis that production is power – and the proposition that America can still make. We provide fresh frameworks for and insight into the process. And we serve as a meeting place for dialogue about solutions to a broad set of industrial, political, and geopolitical problems.



Commentary

US Manufacturing Is at a Tipping Point: It's Time To Realize Making Matters
By **Thomas Mahoney**
Before US manufacturing crosses the Rubicon, the country needs a broad-based consensus that manufacturing matters, with it the foundation for a national manufacturing strategy that both government and the private sector buy into.
September 23, 2022 | #manufacturing #national strategy

Hard Problems: The US Tech Sector Is Ignoring the China Threat
By **Emily de La Bruyere** and **Nate Picaric**
It is time for the US tech sector to recognize the near and present national security threat China poses; to get on the right side of history. For the US to prevail against a centralized, Communist system, its tech sector will have to lead, proactively. Markets will reward this. The country needs it.
September 16, 2022 | #China #US tech sector #US China competition

Grey Duck Outdoor: A Small Business Playbook for Domestic Production
By **Rob Bossen**
As the owner of Grey Duck Outdoor, I am one year into trying on-shoring. I'm therefore one year into recognizing both how difficult this process can be, and how much potential it offers. And I'm evidence that it is possible to rethink supply chains – especially with the support of US equity holders and consumers.
September 5, 2022 | #domestic production #Grey Duck Outdoor #outdoor recreation #small business

Heavy Metal: The Hard Days and Nights of the Shipyard Workers Who Build America's Supercarriers
By **Michael Fabey**
Unprecedented stressors have created the conditions for new investment in domestic industry and new models for public-private industrial coordination to support it. This excerpt from Michael Fabey's 2022 Heavy Metal documents one such example, a case of operational success at a time of enormous pain and uncertainty.
September 1, 2022 | #book excerpt #COVID-19 #public-private coordination #shipyards

The Lesson of Pelosi's Taiwan Visit: Win The Production Battle, Win the War
By **Emily de La Bruyere** and **Nate Picaric**
Positioning for the industrial competition at hand will require the US national security community to recognize that today's geopolitical contest may not be fought with missiles. Except, that is, as it applies to where those missiles are made. This is a war to be won on the factory floor. And it started long before Pelosi's Taiwan visit.
August 23, 2022 | #CMTL #economic coercion #Pelosi #Taiwan

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