Non-market Economy Status

May 10, 2024 • vajiramandravi.com

About Non-market Economy Status:

- The **United States of America** designates a country as non-market economy based on several factors namely
  - If the country's **currency is convertible**;
  - If wage rates are determined by free bargaining between labour and management;
  - If joint ventures or other foreign investment are allowed; whether the means of production are owned by the state; and
  - If the state controls the allocation of resources and price and output decisions. Other factors like human rights are also considered.
- The non-market economy label allows the US to impose "**anti-dumping" duties** on goods imported from designated countries.

What is market Economy?

- It is a system in which **production decisions** and the **prices of goods** and services are guided primarily by the **interactions of consumers and businesses.**

- That is, the law of supply and demand, not a central government's policy, is allowed to determine what is available and at what price.
- A market economy gives entrepreneurs the **freedom to pursue** profits by creating new products, and the freedom to fail if they misread the market.

Key facts about anti-dumping duty

- It is a **tariff imposed on imports** manufactured in foreign countries that are priced below the fair market value of similar goods in the domestic market.
- The government imposes anti-dumping duty on foreign imports when it believes that the goods are being "dumped" – through low pricing – in the domestic market.
- Anti-dumping duty is **imposed to protect local businesses** and markets from unfair competition by foreign imports.

Q1: What is Inverted duty structure?

It is a situation where import duty on finished goods is low compared to the import duty on raw materials that are used in the production of such finished goods.

Source: Why Vietnam wants US to change its 'non-market economy' status

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