



WASHINGTON MONITOR

A Weekly Review of U.S. Trade Policy Developments Affecting Japan

9 September 2008

Volume 12 Issue 29

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Trade Briefs

McCain Selects Palin as Running Mate

On Friday, August 29, Republican Presidential Nominee John McCain (R-AZ) tapped Governor Sarah Palin (R-AK) as his vice presidential running mate. Unlike Barack Obama's (D-IL) selection of Joe Biden (D-DE), the choice reveals little about McCain's position on international affairs and free trade.

Before becoming the presumptive Republican vice presidential nominee, the 44-year-old Palin served in Alaskan municipal and statewide office. She served two terms on the Wasilla, AK, city council, and two terms as mayor of Wasilla. She failed in a 2002 bid for lieutenant governor and chaired the Alaska Oil and Gas Conservation Commission for two years. In 2006 she was elected governor of Alaska, becoming the first woman and youngest person to hold that office. While she was known among activist Republicans before she was chosen to run as McCain's VP and her name was occasionally mentioned as a possible choice, few knew much about her beyond the fact that she was a rising star in the Republican party.

Thus, the selection of the obscure Alaska governor was totally unexpected, and it has caused a media firestorm as journalists and Democrats, as well as many Republicans, scrambled to learn about Palin. It is clear that Palin was selected for her brand of Christian conservatism, for her image as a reformer, and also because she was a woman who might be able to woo disaffected Hillary Clinton (D-NY) voters away from Obama. She is a pro-gun, anti-abortion, evangelical Christian mother of five, which makes her very attractive to the Republican activist base.

However, it is also clear that she was not chosen for her foreign policy acumen. She has little experience in foreign affairs, having only applied for a U.S. passport in July 2007 in preparation for her trip to visit soldiers in Germany and Kuwait. Other than those two countries, her only trip outside American borders was to Alaska's neighbor, Canada. She has spoken sparingly about her views on the wars in Iraq and Afghanistan, on U.S. relations with China and Russia, and on international economics. She appears to be a somewhat clean slate when it comes to U.S. foreign policy.

In preparation for her campaigning alongside the nominee, Palin has been getting intensive briefings on McCain's platform. It is assumed, then, that she will completely adopt McCain's views on international trade. McCain is an ardent supporter of free trade, and the Cato Institute identifies him as a "free trader" based on his votes in the U.S. Senate. He has voted 88% of the time against trade barriers and 80% of the time against trade subsidies. He is one of few Members of Congress to vote against the 2007 Farm Bill which offers subsidies and protection from foreign competition to domestic agriculture. McCain is a strong supporter of all pending free trade agreements, and he has vocally supported the North American Free Trade Agreement despite its political unpopularity.

Palin's personal or political views on Japan or U.S.-Japanese trade relations are unclear at this point. On the Alaska governor's website, Japanese-Alaska trade statistics were included alongside trade statistics for other countries, and a page on the site is devoted to Alaskan exports to Japan. However, there is no indication that Palin has been personally involved.

While Palin might not add policy heft to the ticket in the area of free trade, she is expected to appeal to a populist strain of the electorate. She appears to be the quintessence of small town America, a former beauty queen who has pulled herself up by the bootstraps, a mother coping with the birth of a child with Downs Syndrome. Also, her husband is a union member. It is possible that Palin's populist appeal could free McCain from having to adjust his trade policy. On the other hand, it could be an indication of a wider shift in the campaign where McCain hardens his stance against immigration and trade.

The selection of Palin will probably do little to change McCain's positions on free trade. Rather, Palin will likely become simply an attractive advocate for McCain's trade policies.

USTR Prepares WTO Case Against Chinese Export Barriers for Steel Raw Materials

News outlets in the American and international media are reporting that the U.S. Trade Representative (USTR) is preparing to file a case at the World Trade Organization (WTO) objecting to Chinese export barriers for raw materials used in the production of steel. Filing a case at the WTO would be a strong move by the Bush Administration to answer critics who believe that China has been shirking its responsibilities as a WTO member state.

The case is aimed at Chinese export restrictions, both export taxes and quotas, on materials like metallurgical coke, molybdenum, silicon carbide, fluorspar, and zinc. A full list of the products included is not available, but it is reported that the list has been narrowed from "more than a dozen raw materials." The case would not, according to sources, challenge Chinese rebates of a value-added tax on steel production inputs.

There has been no formal statement from Bush Administration trade officials, but multiple media outlets have confirmed that the USTR is actively preparing a challenge.

However, while it is possible that the USTR could begin the WTO settlement process by requesting a consultation "within weeks," according to press reports inside sources say that the case is "not imminent."

There are political implications to this inquiry. Critics of President Bush have pointed to what they consider to be the Administration's sluggish and lackadaisical policy of responding to trade issues with China. Therefore, murmurs of a WTO challenge against China being filed so close to the November elections may be designed as a political response. A high-profile challenge at the WTO could demonstrate that the Bush Administration is aggressive about enforcing trade laws.

However, it is not clear that the effect of bringing the case would offer a significant political boost for the Bush Administration or for the Republican Party. Those who are following the issue closely—labor unions and American steel producers—are unlikely to be swayed by a last minute nod to their concerns about foreign competition. The Democrats have swung far left on the trade issue, and their stated views would probably trump any token effort by the Bush Administration to get tough on China. Furthermore, the November elections are only two months away, and it is not clear that the challenge will be completed in

time for Republicans to capitalize on it. At most, it would provide a talking point that could play at the margins of the overall conversation about the economy.

Dumping Watch

DOC Makes Affirmative Determination in CVD Investigation into Circular Welded Carbon Quality Steel Line Pipe from China

On September 3, the Department of Commerce (DOC) announced the conclusions of its preliminary countervailing duty investigation into circular welded carbon quality steel line pipe from China. The DOC made an affirmative determination, finding that Chinese producers of this pipe benefited from countervailable subsidies. As a result, U.S. Customs and Border Protection will suspend liquidation of this kind of pipe upon entry and will collect a deposit or bond based on the preliminary findings. The subsidy rates were calculated preliminarily to be between 18.89% and 31.65%. The final determination is currently scheduled for November 2008. If the completed investigation confirms the preliminary findings and the International Trade Commission decide that these countervailing subsidies materially injure or threaten to injure domestic industry, the DOC will issue a countervailing duty order.

DOC Issues CVD Order on Pneumatic Off-the-Road Tires from China

On September 4, the DOC issued a countervailing duty order on certain pneumatic off-the-road tires from China. The order is based off of a ruling by the International Trade Commission (ITC) that found that Chinese producers of these tires received subsidies from their government and were selling these tires in the U.S. at less than fair value. The subsidy rates for these tires was found to be between 2.45% and 14.00%.

Federal Register Notices

International Trade Administration

[Investigation Nos. 701-TA-448 and 731-TA-1117 (Final)] Certain Off-the-Road Tires From China; Determination. 73 FR 51842-51843. September 5, 2008.

Summary of Commission Practice Relating to Administrative Protective Orders. 73 FR 51843-51849. September 5, 2008.

[A-570-912] Certain New Pneumatic Off-the-Road Tires From the People's Republic of China: Notice of Amended Final Affirmative Determination of Sales at Less Than Fair Value and Antidumping Duty Order 73 FR 51624-51627, September 4, 2008.

[C-570-913] Certain New Pneumatic Off-the-Road Tires From the People's Republic of China: Countervailing Duty Order 73 FR 51627-51629, September 4, 2008.

[A-570-803] Heavy Forged Hand Tools, Finished or Unfinished, With or Without Handles, From the People's Republic of China: Rescission of Antidumping Duty Administrative Review 73 FR 51629-51630, September 4, 2008.

Notice of Solicitation of Applications for Allocation of Tariff Rate Quotas on the Import of Certain Worsted Wool Fabrics to Persons Who Cut and Sew Men's and Boys' Worsted Wool Suits, Suit-Type Jackets and Trousers in the United States 73 FR 51630-51631, September 4, 2008.

Notice of Solicitation of Applications for Allocation of Tariff Rate Quotas on the Import of Certain Worsted Wool Fabrics to Persons Who Weave Such Fabrics in the United States 73 FR 51631, September 4, 2008.

(A-351-828) Certain Hot-Rolled, Flat-Rolled Carbon Quality Steel Products from Brazil: Preliminary Notice of Intent to Rescind Administrative Review. 73 FR 51440-51443. September 3, 2008.

[A-583-833] Polyester Staple Fiber from Taiwan: Notice of Partial Rescission of Antidumping Duty Administrative Review 73 FR 51274, September 2, 2008.

Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Advance Notification of Sunset Reviews 73 FR 51272, September 2, 2008.

Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review 73 FR 51272-51274, September 2, 2008.

National Renewable Energy Laboratory, et al.; Notice of Consolidated Decision on Applications for Duty-Free Entry of Electron Microscopes 73 FR 51274-51275, September 2, 2008.

Initiation of Five-year ("Sunset") Review 73 FR 51275-51276, September 2, 2008.

International Trade Commission

[Investigation No. 731-TA-1143 (Final)] Small Diameter Graphite Electrodes From China 73 FR 51647-51648, September 4, 2008.

[Investigation No. Australia FTA-103-021] Viscose Rayon Staple Fiber: Probable Effect of Modification of U.S.-Australia Free Trade Agreement Rules of Origin 73 FR 51648-51649, September 4, 2008.

[Inv. No. 337-TA-654] In the Matter of: Certain Peripheral Devices and Components Thereof and Products Containing the Same; Notice of Investigation. 73 FR 51514-51515. September 3, 2008.

[Investigation No. 731-TA-1020 (Review)] Barium Carbonate From China 73 FR 51315-51317, September 2, 2008.

[Investigation Nos. 701-TA-452 and 731-TA-1129-1130 (Final)] Raw Flexible Magnets From China and Taiwan 73 FR 51317, September 2, 2008.

Foreign-Trade Zones Board

Docket 47-2008 Foreign-Trade Zone 189 Kent/Ottawa/Muskegon Counties, Michigan, Application for Subzone, Wolverine World Wide, Inc. (Footwear and Apparel Distribution). 73 FR 51440. September 3, 2008.

Foreign Assets Control Office

Additional Designation of Individuals and Entities Pursuant to Executive Order 12978. 73 FR 51883-51884. September 5, 2008.

Unblocking of Specially Designated Narcotics Traffickers Pursuant to Executive Order 12978. 73 FR 51884-51885. September 5, 2008.

Trade Representative, Office of United States

Anti-Counterfeiting Trade Agreement (ACTA): Notice of Public Meeting. 73 FR 51860-51861. September 5, 2008.

The Week Ahead

- On Thursday, September 11, the ITC will hold a vote on the final phase antidumping investigation into steel wire garment hangers from China.
- On Friday, September 12, the ITC will hold a vote on preliminary phase countervailing duty and antidumping investigations into certain kitchen appliance shelving and racks from China. Also, the ITC will hold a vote on the final phase antidumping investigation into electrolytic manganese dioxide from Australia and China.