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Trade Briefs

President-Elect Obama's Trade Policy

Trade will probably not be a top priority in President-elect Barack Obama's Administration. As far as it is addressed, however, Obama is likely to pursue a reevaluation of the free trade policies of the Bush Administration.

Obama calls for "fair trade" that opens foreign markets to American-made goods but also spreads higher labor and environmental standards. "Fair trade" is often code for more judicious negotiation of trade agreements as well as fierce enforcement of existing remedy law.

Mostly, his trade policy is designed to appeal to the American worker:

- Obama has called for the renegotiation of NAFTA that many blame for the loss of industrial jobs in the U.S.;
- he supports reforms to the Trade Adjustment Assistance system so that workers can be supported and retrained when their jobs are lost due to a changing economy;
- he says that he would "end tax breaks for companies that send jobs overseas"; and
- he would give tax breaks to companies that hire American workers for jobs with good wages and benefits.

And while Obama may have prominent free traders like Robert Rubin advising him, he is also beholden to many organized labor groups who oppose new trade agreements and are in favor of trade barriers that protect American industry.

Many in Washington believe that Obama will act like a mainstream Democrat when it comes to international trade. They predict that he will not fight for new free trade agreements (FTAs) early on, as it simply isn't a priority and is not worth the political capital. On the other hand, many think that it is just as unlikely that he will carry out a strongly protectionist trade policy. The bulk of his advisors are in favor of trade, albeit to different degrees, and they would surely advise against onerous new trade barriers.

One likely area of action for Obama will be reform of the Trade Adjustment Assistance (TAA) program, as described in his trade platform. TAA reform has bipartisan support, as even many staunch free traders see it as a smart way to soften the effects of globalization.

China will likely be a major focus of Obama's trade policy because of its centrality to the U.S. trade deficit and its rising economic stature. China's ownership of so much of America's debt, along with its aggressive growth, has created anxiety among the American public. It is often used as the scapegoat for America's economic woes, especially

among organized labor groups who see industrial and manufacturing jobs outsourced to Asia. Therefore, China will naturally get a lot of attention from the Obama Administration.

Obama has specifically pointed to Chinese currency manipulation as a problem that will demand the full force of American diplomatic pressure to resolve. He said that China must rely less on exports and more on domestic demand for its continued growth. And while the clear target will be China, Japan would probably be included in any complaint to the World Trade Organization as the U.S. will not want to single out any one country.

Additionally, Obama has agreed with organizations representing domestic industry in their call for more robust enforcement of existing trade laws with respect to China. He has proposed increased funding for the U.S. Trade Representative (USTR) so that they have the resources to investigate and prosecute alleged violations of trade remedy laws.

Free-traders are concerned with President-elect Obama's reliance on protectionist constituencies such as organized labor. Despite the free trade tendencies of many on his economic advisory team and despite his softening rhetoric on trade post-primary, he was still elected with the support of the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) and other major labor unions. Also, free-traders will be concerned with Obama's promise to strengthen the enforcement of trade laws and to give more resources to the USTR. China will surely remain the top target in dumping investigations, but Japanese producers will be under increased scrutiny.

Finally, as mentioned above, Asian currency manipulation is likely to be a focus of the Obama Administration. The Chinese Renminbi is the primary concern, but Japan's monetary policy will probably receive a lot of attention, as well.

Dumping Watch

ITC Votes for Sunset Reviews of AD Duty Orders on Cut-to-Length Carbon Steel Plate from China, Russia, and Ukraine

On November 4, the International Trade Commission (ITC) voted to conduct full five-year sunset reviews of the antidumping (AD) duty orders on cut-to-length carbon steel plate from China, Russia, and Ukraine. The ITC will now conduct full reviews of these duty orders to determine whether revocation of these AD duty orders will result in recurrence of dumping and material injury to domestic injury. The ITC is required to conduct such reviews if responses to the ITC's giving notice are adequate or if other circumstances warrant the review. In this case, all six commissioners found that the domestic and respondent group responses were adequate regarding imports of this type of steel from Russia and Ukraine. In the case of China, all six commissioners found that the domestic response was adequate but that the respondent group response was inadequate. However, they voted unanimously in favor of a review due to other circumstances. The ITC will usually complete five-year sunset reviews within a year of initiation. These reviews can, however, be expedited so that determinations are made within 150 days.

DOC Preliminarily Determines Sales of Chinese Line Pipe at Less Than Fair Value

On November 6, the Department of Commerce (DOC) preliminarily determined that certain circular welded carbon quality steel welded line pipe from China is being sold at less than fair value. On April 3, 2008, a petition concerning imports of this type of line pipe was submitted to the DOC, and the DOC initiated a preliminary investigation. Because China is considered a non-market economy (NME), the investigation used Colombia, India, Indonesia, the Philippines, and Thailand as surrogate countries. The DOC found that this type of line pipe was being sold at less than fair value and calculated dumping margins between 67.83% and 81.52%.

Federal Register Notices

International Trade Administration

[A-489-807] Certain Steel Concrete Reinforcing Bars From Turkey; Notice of Extension of Time Limits for Preliminary Results of Antidumping Duty Administrative Review *73 FR 66218*, November 7, 2008.

[A-489-807] Certain Steel Concrete Reinforcing Bars From Turkey; Final Results of Antidumping Duty Administrative Review and Determination To Revoke in Part *73 FR 66218-66221*, November 7, 2008.

[A-570-863] Sixth Administrative Review of Honey From the People's Republic of China: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review *73 FR 66221-66228*, November 7, 2008.

[A-533-810] Stainless Steel Bar From India: Final Results of Changed Circumstances Antidumping Duty Review *73 FR 66011-66012*, November 6, 2008.

[A-570-935] Certain Circular Welded Carbon Quality Steel Line Pipe from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination 73 FR 66012-66020, November 6, 2008.

[A-580-861] Preliminary Determination of Sales at Less Than Fair Value and Postponement of the Final Determination: Certain Circular Welded Carbon Quality Steel Line Pipe from the Republic of Korea 73 FR 66020-66030, November 6, 2008.

[A-533-808] Stainless Steel Wire Rods From India: Final Results of Changed-Circumstances Antidumping Duty Review 73 FR 65832, November 5, 2008.

[A-570-848] Freshwater Crawfish Tail Meat from the People's Republic of China: Final Results of the Expedited Second Sunset Review of the Antidumping Duty Order 73 FR 65832-65833, November 5, 2008.

[A-274-804] Carbon and Certain Alloy Steel Wire Rod From Trinidad and Tobago; Preliminary Results of Antidumping Duty Administrative Review 73 FR 65833-65837, November 5, 2008.

[A-570-836] Glycine From the People's Republic of China: Initiation of Antidumping Duty New Shipper Review 73 FR 65584-65585, November 4, 2008.

[A-533-824] Polyethylene Terephthalate Film Sheet and Strip from India: Rescission of Antidumping Duty Administrative Review 73 FR 65585-65586, November 4, 2008.

[A-549-502] Circular Welded Carbon Steel Pipes and Tubes from Thailand: Initiation of New Shipper Antidumping Duty Review 73 FR 65290, November 3, 2008.

[A-533-820] Certain Hot-Rolled Carbon Steel Flat Products from India: Notice of Rescission, in Part, of Antidumping Duty Administrative Review 73 FR 65291-65292, November 3, 2008.

Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Advance Notification of Sunset Reviews 73 FR 65287-65288, November 3, 2008.

Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review 73 FR 65288-65290, November 3, 2008.

Initiation of Five-year ("Sunset") Review 73 FR 65292-65293, November 3, 2008.

International Trade Commission

[Investigation Nos. 731-TA-1131-1134 (Final)] Polyethylene Terephthalate Film, Sheet, and Strip From Brazil, China, Thailand, and the United Arab Emirates; Determinations 73 FR 66056-66057, November 6, 2008.

[Investigation No. 337-TA-582] In the Matter of: Certain Hydraulic Excavators and Components Thereof; Notice of Commission Decision To Review the Administrative Law Judge's Final Initial Determination; Schedule for Written Submissions 73 FR 65879-65880, November 5, 2008.

[Investigation No. 337-TA-652] In the Matter of Certain Rubber Antidegradants, Antidegradant Intermediates and Products Containing the Same; Notice of Commission Determination Not To Review an Initial Determination of the Administrative Law Judge Granting Sinorgchem's Summary Determination Motion and Kumho's Summary

Determination Motion; Termination of the Investigation *73 FR 65880-65881*, November 5, 2008.

[Investigation Nos. 701-TA-459 and 731-TA-1155 (Preliminary)] Commodity Matchbooks From India *73 FR 65881-65882*, November 5, 2008.

[Investigation No. 332-501] Textile and Apparel Imports From China: Statistical Reports *73 FR 65882-65883*, November 5, 2008.

[Investigation Nos. 731-TA-1140-1142 (Final)] Uncovered Innerspring Units From China, South Africa, and Vietnam *73 FR 65883*, November 5, 2008.

Initiation of Pilot Mediation Program for Investigations Under Section 337 of the Tariff Act of 1930 *73 FR 65615-65616*, November 4, 2008.

[Investigation No. 337-TA-640] In the Matter of Certain Short-Wavelength Light Emitting Diodes, Laser Diodes and Products Containing Same; Notice of Commission Decision to Review and Remand in Part an Initial Determination of the Administrative Law Judge Granting Complainant's Motion To Amend the Amended Complaint *73 FR 65398*, November 3, 2008.

[Investigation No. 731-TA-1023 (Review)] Ceramic Station Post Insulators From Japan *73 FR 65398-65401*, November 3, 2008.

[Investigation No. 731-TA-1021 (Review)] Malleable Cast Iron Pipe Fittings From China *73 FR 65401-65403*, November 3, 2008.

The Week Ahead

- On Tuesday, November 11, the ITC will be closed for Veterans Day holiday.
- On Thursday, November 13, the ITC will hold votes on the final phase anti-dumping investigation into sodium metal from France and on the five-year sunset reviews on ferrovandium from China and South Africa.
- On Friday, November 14, the ITC will hold a vote on the five-year sunset review on crawfish tail meat from China.