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The Washington Monitor is a product of the Japan Fair Trade Center in cooperation with the international trade practice of the U.S. law firm of Winston & Strawn LLP. All questions concerning its content should be addressed to:

Washington Monitor
Winston & Strawn L.L.P.
1700 K Street, N.W.
Washington, D.C. 20006
rmassony@winston.com

Trade Briefs

Obama Picks Commerce Secretary, Hires Staff

President Barack Obama, now in his third week in power, is continuing to make hiring decisions and appointments to fill out key staff positions for his Administration. Some recent hires on his National Economic Council (NEC) could have significant effects on the way that the executive branch handles economic issues and trade issues. And he has finally chosen a candidate for Secretary of Commerce.

Obama has chosen Jason Furman and Diana Farrell to serve as Deputy Directors on his NEC.

During the campaign, Furman was President Obama's top advisor on economic issues. While Furman was passed over for top posts at the NEC and the Council of Economic Advisors (CEA), he has been chosen as the NEC's deputy director.

Furman, an advisor to the failed presidential campaigns of Former Vice President Al Gore and General Wesley Clark, is seen as a center-left economist. He fits in the Democratic mainstream, but he has drawn the ire of organized labor groups and free-trade skeptics. Before joining the Obama campaign, he was the director of the Hamilton Project, a policy group founded by Robert Rubin. Hamilton generally advocated free trade policies.

As a deputy director, Furman will likely be in agreement with NEC Director Larry Summers' generally pro-free trade views. However, it is not clear that Furman's views will significantly affect Obama's "fair trade" rhetoric and policies. Furman's views on trade were not clearly represented in Obama's campaign, and this dynamic may survive the transition from campaigning to governing.

Before joining the Administration, Farrell was the Director of the McKinsey Global Institute (MGI).

While at MGI, Farrell was a columnist for *BusinessWeek*, and her writing occasionally touched on trade issues. In August 2007, she wrote a column decrying the focus of the Congress on Chinese currency manipulation. Regarding the U.S.-China trade imbalance, she said that MGI's research showed that "China's currency is not at the heart of the problem." She did not discount manipulation as a factor, but she warned against "scapegoating" China instead of addressing deficiencies in U.S. policy.

Also, Farrell edited a book called *Driving Growth: Breaking Down Barriers to Global Prosperity* that praises the North American Free Trade Agreement (NAFTA) and has an entire chapter dedicated to defending against the charge that free trade is to blame for loss of jobs in the U.S.

As with Furman, it is not clear how Farrell's personal views on trade will be translated into policy. However, based on our initial findings, she could be considered a tentative ally for those interested in the liberalization of U.S. trade policy.

Senator Judd Gregg (R-NH) has been nominated to be Secretary of Commerce in the Obama Administration. Governor Bill Richardson (D-NM) had originally accepted the nomination from President Obama but withdrew his name from consideration due to a grand jury investigation into "pay-to-play" allegations in which political donors to Richardson won a lucrative public infrastructure contract.

Gregg is the second Republican named to a cabinet post in the Democratic Administration, following Secretary of Transportation Ray LaHood (R-IL). Secretary of Defense Robert Gates, a holdover from the Bush Administration, is a registered Independent.

At first glance, it is not clear why Gregg would want to be Commerce Secretary. While Commerce Secretary is a cabinet position, U.S. Senator is generally considered to be a more prestigious job. Also, as a Republican in a Democratic Administration, Gregg might feel ideologically trapped, having to advocate policies he disagrees with. Moreover, the initial speculation was that this appointment was a bit of political gamesmanship. In one simple move, Obama could remove a senator from the opposition party and have the New Hampshire Governor, a Democrat, name a Democrat to replace Gregg. Were this to occur, Gregg would be blamed for this loss of power on the part of Republicans. For these reasons, it seems odd that Gregg would accept the job.

On the other hand, there are reasons the job is attractive. First, Gregg is a very conservative Republican from New Hampshire, a state that voted for Obama and is trending liberal. Had he stayed in the Senate, Gregg would have been up for re-election in 2010, and Democrats would have had a decent chance to unseat him. Also, Republicans are likely to be in the minority in the Senate for at least the next four years. So even if he were to be re-elected, he would have been a member of the minority party for a while. Finally, it has been reported that Gregg's acceptance of the Commerce job was conditioned on the assumption that he will be replaced by a Republican. In the end, Gregg appears to be executing a smooth transition out of the Senate and into the private sector or retirement, and he may not be forced to anger his Republican colleagues in doing so.

On the issue of trade, the Cato Institute gives Gregg high ratings, labeling him a "free trader" for his votes on subsidies and trade barriers. Gregg has voted against barriers 81% of the time and against subsidies 86% of the time. He has earned the praise of the National Foreign Trade Council (NFTC), with NFTC President Bill Reinsch saying that he is knowledgeable and calling him "an excellent pick." He is praised by his Republican colleagues for his instincts on economic issues. Also, in December of last year Gregg was given the National Association of Manufacturers (NAM) Award for Manufacturing Legislative Excellence Award, an award that is generally given to supporters of low taxes and free trade.

As he praised Gregg, Reinsch also pointed out that Gregg is not likely to see trade as a priority when he assumes office. He said that the 2010 Census and the federally-supported transition to digital television transmissions will likely consume much of the Secretary's time.

Furthermore, it's unlikely that Gregg will spend his first year fighting against the Administration's stated policies on trade. For example, Gregg will probably not spend his time

fighting bureaucratic battles over the ratification of pending free trade agreements (FTAs) or trade enforcement. He will probably focus, at least at first, on less controversial managerial issues.

This is not to say that supporters of free trade should be disheartened by the choice. On the contrary, Gregg could be a quiet ally for free trade advocates within the Obama Administration. It's not clear how much power or access he will have, but he is far from a protectionist.

Dumping Watch

DOC Reaches Final Determination in AD and CVD Cases on Chinese Circular Welded Austenitic Stainless Pressure Pipe

On January 28, the Department of Commerce (DOC) announced that it had reached final determinations in the antidumping (AD) and countervailing duty (CVD) cases on circular welded austenitic stainless pressure pipe from China. In the AD case, the DOC found that the subject merchandise was being sold in the U.S. at less than fair value. In the CVD case, the DOC reached an affirmative CVD determination.

In the AD case, the DOC reached a preliminary determination of sales at less than fair value in July 2008. In that preliminary determination, the DOC found that Winner Machinery Enterprise Co., Ltd (Winner), a mandatory respondent, should be assigned a dumping margin at equivalent to the China-wide (PRC-wide) rate, a rate of 22.03%. Since that preliminary determination, the DOC has decided to consider Winner part of the PRC-wide entity. Also, the DOC has assigned a separate rate for Zhejiang Jiuli Hi-Tech Metals Co., Ltd. (Jiuli), a rate based on an average of the dumping margins used in the initiation of the investigation. This rate is 10.53%. Furthermore, the PRC-wide rate has been revised to be 55.21%. The DOC will instruct Customs and Border Protection (CBP) to continue to suspend liquidation of all entries of the subject merchandise and to collect cash deposits or posting of bonds according to the calculated margins. Within 45 days of the notice, the International Trade Commission (ITC) will determine whether the sale of the subject merchandise materially injured, or threatened to injure, a domestic industry.

In the preliminary determination in the CVD case, published in July 2008, the DOC found that countervailable subsidies were being provided to producers of the subject merchandise. The final determination found a net subsidy rate of 1.10% for Winner, a 299.16% subsidy rate for Froch Enterprise Co., Ltd. (Froch), and a PRC-wide rate of 1.10%. Froch did not respond to a questionnaire, and therefore its rate was calculated based entirely on adverse facts available. The ITC will be notified of the DOC's finding and will go on to determine whether or not there is material injury to a domestic industry.

Federal Register Notices

International Trade Administration

[A-549-822] Implementation of the Findings of the WTO Panel in United States-- Antidumping Measure on Shrimp From Thailand: Notice of Determination Under Section 129 of the Uruguay Round Agreements Act and Partial Revocation of the Antidumping Duty Order on Frozen Warmwater Shrimp From Thailand *74 FR 5638-5639*, January 30, 2009.

[A-570-898] Chlorinated Isocyanurates From the People's Republic of China: Initiation of New Shipper Review *74 FR 5639-5640*, January 30, 2009.

Proposed Information Collection; Comment Request; Watch Duty-Exemption and 7113 Jewelry Duty-Refund Program *74 FR 5143*, January 29, 2009.

Commercial Service; Proposed Information Collection; Comment Request; User Satisfaction Surveys *74 FR 5144*, January 29, 2009.

[A-570-891] Hand Trucks and Certain Parts Thereof From the People's Republic of China: Initiation of New Shipper Review *74 FR 5144-5145*, January 29, 2009.

[A-580-825] Oil Country Tubular Goods, Other Than Drill Pipe, From Korea: Court Decision Not in Harmony With Final Results of Administrative Review *74 FR 5147-5148*, January 29, 2009.

Mission Statement; Aerospace Executive Service at Latin America Aero and Defence 2009 April 14-17, 2009 *74 FR 5145-5147*, January 29, 2009.

[A-552-801] Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Preliminary Results of the Third New Shipper Reviews *74 FR 4920-4924*, January 28, 2009.

[A-570-930] Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Final Determination of Sales at Less Than Fair Value *74 FR 4913-4916*, January 28, 2009.

[A-552-802] Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam: Preliminary Results of the Second New Shipper Review *74 FR 4924-4929*, January 28, 2009.

[A-570-939] Certain Tow Behind Lawn Groomers and Certain Parts Thereof from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination *74 FR 4929-4936*, January 28, 2009.

[A-570-890] Amended Final Results of Antidumping Duty Administrative Review: Wooden Bedroom Furniture From the People's Republic of China *74 FR 4916-4920*, January 28, 2009.

[C-570-931] Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Final Affirmative Countervailing Duty Determination *74 FR 4936-4938*, January 28, 2009.

[C-423-809] Stainless Steel Plate in Coils From Belgium: Extension of Time Limit for Preliminary Results of the Countervailing Duty Administrative Review *74 FR 4940-4941*, January 28, 2009.

[C-489-806] Notice of Initiation of Countervailing Duty Changed Circumstances Review: Certain Pasta from Turkey *74 FR 4938-4940*, January 28, 2009.

North American Free-Trade Agreement, Article 1904 NAFTA Panel Reviews; Request for Panel Review *74 FR 4940*, January 28, 2009.

[A-570-904] Certain Activated Carbon From the People's Republic of China: Notice of Initiation and Preliminary Results of Changed Circumstances Review, and Intent To Revoke Order in Part *74 FR 4736-4737*, January 27, 2009.

[A-351-840] Certain Orange Juice From Brazil: Final Results of Antidumping Duty Changed Circumstances Review *74 FR 4733-4734*, January 27, 2009.

[C-475-819] Certain Pasta From Italy: Notice of Partial Rescission of Twelfth (2007) Countervailing Duty Administrative Review *74 FR 4734-4736*, January 27, 2009.

International Trade Commission

[Investigation Nos. 731-TA-1146-1147 (Final)] 1-Hydroxyethylidene-1,1-Diphosphonic Acid (HEDP) From China and India *74 FR 5677*, January 30, 2009.

[Investigation Nos. 731-TA-1014, 1016, 1017 (Review)] In the Matter of Polyvinyl Alcohol From China, Japan, and Korea; Notice of Commission Determination To Conduct a Portion of the Hearing in camera *74 FR 5181-5182*, January 29, 2009.

[USITC SE-09-003] Government in the Sunshine Act Meeting Notice *74 FR 5182*, January 29, 2009.

[Investigation No. 332-506] Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2008 Review of Competitive Need Limit Waivers *74 FR 4974-4975*, January 28, 2009.

[Investigation No. 337-TA-545 (Consolidated Enforcement and Advisory Opinion Proceeding)] In the Matter of Certain Laminated Floor Panels Certain Laminated Floor Panels; Notice of a Commission Determination Not To Review an Initial Determination Terminating Consolidated Enforcement and Advisory Opinion Proceeding on the Basis of a Settlement Agreement and Cross-License Agreement *74 FR 4760-4761*, January 27, 2009.

Office of the United States Trade Representative

Request for Comments and Notice of Public Hearing Concerning Proposed Trans-Pacific Partnership Free Trade Agreement With Singapore, Chile, New Zealand, Brunei Darussalam, Australia, Peru and Vietnam *74 FR 4480-4482*, January 26, 2009.

United States-Israel Free Trade Area Implementation Act; Designation of Qualifying Industrial Zones *74 FR 4482*, January 26, 2009.

The Week Ahead

- On Thursday, February 5, the ITC will hold a commission vote on the final phase AD investigation into small diameter graphite electrodes from China.
- On Friday, February 6, the ITC vote on a five-year sunset review adequacy determination concerning the AD order on malleable cast iron fittings from China.