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Trade Briefs

USTR Officials Comment on Pending FTAs

Recently, officials from the Office of the U.S. Trade Representative (USTR) have been speaking in more detail about their plans for pursuing ratification of the three pending free trade agreements (FTAs) with Colombia, Panama, and Korea. Specifically, there are reports that the USTR does not intend to reopen negotiations over the text of these agreements. Also, there are indications that the USTR has prioritized the Panama FTA over the Colombia FTA and the Korea-U.S. FTA (KORUS FTA).

According to reports, the USTR reiterated that trade enforcement—rather than new trade negotiations—would be their first priority. However, business leaders have said that they have been encouraged by some of the pro-trade rhetoric coming out of the USTR. For example, there are reports that the USTR will not give "special attention" to the desires of labor unions. Free trade advocates had feared that the Obama Administration would reward labor unions with a kind of veto power over trade agreements. Now, it appears that the USTR is laying the rhetorical groundwork for disagreeing with labor on some issues. In addition, the USTR has been outspoken in drawing attention to the economic benefits of trade. The USTR has explicitly linked the importance of exports with economic recovery. When discussing the KORUS FTA, the USTR referenced the economic importance of that agreement as a powerful reason for seeking ratification.

Despite these positive signs, however, the fact remains that this is a difficult environment for trade and the USTR has really only begun to earnestly consider its approaches on the pending FTAs.

Panama FTA

According to reports, the USTR has identified the obstacles to passage for the Panama FTA. Furthermore, it has already entered talks with the Government of Panama to address these stumbling blocks. The USTR has clearly decided that the Panama FTA can be ratified, and soon.

House Ways and Means Chairman Charlie Rangel (D-NY) has said that in order to get congressional support for the FTA, Panama must follow international labor standards as well as respond to allegations that the country acts as a tax haven. These are likely among the obstacles identified by the USTR.

The Panamanian Government has continued to lobby the Congress for ratification. Their lobbyists have said that they have identified the upcoming Summit of the Americas to be held April 17-19 as possible venue for an announcement by Obama that he would submit implementing legislation for the FTA. However, there is not yet any indication from the Obama Administration that it plans to do so.

One lobbyist said that if Obama did not move on the Panama FTA at the upcoming summit it was unlikely that there will be any action on any of the pending FTAs this year. This is the opinion of one man, but it does represent a general pessimism regarding the ability and/or motivation of the President and the Congress to make hasty progress on pending agreements.

Colombia FTA and KORUS FTA

While USTR says that it is actively working to resolve the issues with the Panama FTA, the USTR appears to acknowledge that the FTAs with Colombia and Korea will be more difficult to implement. The USTR is still in the early stages of engaging with these two governments, and they have not established a timeline or a set of benchmarks for progress.

The Colombia FTA is plagued by labor issues. Specifically, critics of the FTA say that Colombia does not adequately adhere to international labor standards and that the Colombian Government has not sufficiently addressed the murder of trade unionists. The violence The USTR says that it will consult with the State Department and the Congress in order to review these complaints.

The KORUS FTA is seen to be both the most economically consequential FTA and also the furthest from implementation. The USTR says that it would like to address the outstanding issues in a way that does not reopen the negotiated agreement. However, it did not rule out such a development, and some in Congress say that it is not politically feasible to ratify the KORUS FTA as is.

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When viewed in concert with the rest of the young Obama Administration's rhetoric on the trade issue, these developments appear to foreshadow a cautious yet pro-trade agenda.

Dumping Watch

AD and CVD Petitions Filed Against Imports of OCTG From China

On Thursday, April 9, antidumping and countervailing duty petitions were filed against imports of oil country tubular goods (OCTG) from China on behalf of Maverick Tube Corporation, TMP Ipsco, V&M Star L.P., Wheatland Tube Corp., Evraz Rocky Mountain Steel, and related union interests.

The petition's subsidy allegations are broken down into nine distinct categories, including: (1) Preferential loans; (2) debt-to-equity swaps, equity infusions, and loan forgiveness; (3) tax programs; (4) VAT programs; (5) land grants and discounts; (6) provision of inputs for less than adequate remuneration; (7) grant programs; (8) other regional programs; and (9) FIE programs. While many of the individual alleged programs under each category raise familiar issues common to prior CVD investigations, the allegations also raise new issues not before considered in prior investigations.

Based on a non-market economy analysis using Indian surrogate values, the petition alleges an overall dumping margin of 80.72 percent. The petition also alleges "critical circumstances"—arguing that imports have surged so much and so rapidly that any AD or CVD measures should be imposed retroactively 90 days prior to the date of the preliminary determinations. In this case, the petition seeks an expedited preliminary determination on critical circumstances within 45 days after the filing of the petition, rather than waiting until the Department's preliminary determination on countervailable subsidies or dumping.

Federal Register Notices

International Trade Administration

[A-201-834] Purified Carboxymethylcellulose From Mexico: Notice of Preliminary Results of Antidumping Duty Administrative Review *74 FR 16359-16363*, April 10, 2009.

[Application No. 97-9A003] Export Trade Certificate of Review *74 FR 16363-16364*, April 10, 2009.

[A-405-803] Purified Carboxymethylcellulose from Finland; Notice of Preliminary Results of Antidumping Duty Administrative Review *74 FR 16180-16185*, April 9, 2009.

North American Free-Trade Agreement, Article 1904 Binational Panel Reviews: Notice of Termination of Panel Review *74 FR 16185-16186*, April 9, 2009.

[A-570-849] Cut-to-Length Carbon Steel Plate, from the People's Republic of China: Notice of Rescission of Antidumping Duty New Shipper Review *74 FR 15930*, April 8, 2009.

[A-570-836] Glycine from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review *74 FR 15930-15938*, April 8, 2009.

[C-533-829] Final Results of Expedited Sunset Review of Countervailing Duty Order: Prestressed Concrete Steel Wire Strand from India *74 FR 15938-15939*, April 8, 2009.

[A-351-838, A-533-840, A-549-822] Certain Frozen Warmwater Shrimp From Brazil, India and Thailand: Notice of Initiation of Administrative Reviews *74 FR 15699-15708*, April 7, 2009.

[A-570-851] Certain Preserved Mushrooms from the People's Republic of China: Notice of Initiation of Antidumping Duty New Shipper Review *74 FR 15698-15699*, April 7, 2009.

[Docket No. 090401622-9623-01; I.D. GF001] Market Development Cooperator Program (MDCP) 2009 *74 FR 15709-15712*, April 7, 2009.

[A-201-802] Gray Portland Cement and Clinker From Mexico: Final Results of Changed-Circumstances Review, Revocation of Antidumping Duty Order, and Termination of Five-Year (Sunset) Review of Antidumping Duty Order *74 FR 15435*, April 6, 2009.

[A-821-819] Magnesium Metal From the Russian Federation: Preliminary Results of Antidumping Duty Administrative Review and Intent To Rescind in Part *74 FR 15435-15438*, April 6, 2009.

[A-351-840] Certain Orange Juice From Brazil: Preliminary Results of Antidumping Duty Administrative Review *74 FR 15438-15444*, April 6, 2009.

[A-570-894] Certain Tissue Paper Products From the People's Republic of China: Preliminary Results and Partial Rescission of the 2007-2008 Administrative Review and Intent Not To Revoke Order in Part *74 FR 15449--15458*, April 6, 2009.

Application(s) for Duty-Free Entry of Scientific Instruments *74 FR 15444*, April 6, 2009.

[C-533-849] Commodity Matchbooks from India: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination *74 FR 15444-15449*, April 6, 2009.

International Trade Commission

[Investigation No. 731-TA-1145 (Final)] Certain Steel Threaded Rod From China Determination *74 FR 16427-16428*, April 10, 2009.

[Investigation No. 337-TA-604] In the Matter of Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof; Notice of Commission Issuance of a Limited Exclusion Order; Termination of Investigation *74 FR 16426-16427*, April 10, 2009.

[Investigation No. 731-TA-1021 (Review)] Malleable Iron Pipe Fittings From China *74 FR 16233*, April 9, 2009.

[Investigation Nos. 701-TA-462 and 731-TA-1156-1158 (Preliminary)] Polyethylene Retail Carrier Bags From Indonesia, Taiwan, and Vietnam *74 FR 16009-16010*, April 8, 2009.

[Inv. No. 337-TA-674] In the Matter of Certain Light Emitting Diode Chips, Laser Diode Chips and Products Containing Same; Notice of Investigation *74 FR 15520-15521*, April 6, 2009.

The Week Ahead

- The ITC has no scheduled hearings or votes for this week.

- The Congress is currently out of session and will return next week.