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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

Administration Ties Trade to Domestic Agenda

On May 21, the Senate Finance Committee held a hearing on the pending Panama-U.S. Trade Promotion Agreement (Panama FTA). During the hearing, an official from the Obama Administration testified that trade will be viewed within the larger context of Obama's domestic agenda.

Chairman Max Baucus (D-MT) and Ranking Member Charles Grassley (R-IA) presided over the hearing, and Senators Jim Bunning (R-KY), Bob Menendez (D-NJ), Pat Roberts (R-KS), and Ron Wyden (D-OR) participating.

The hearing featured testimony from four witnesses: Everett Eissenstat, Assistant U.S. Trade Representative (USTR) for Western Hemisphere Affairs; James Owens, Chairman and CEO, Caterpillar, Inc.; Thea Lee, Policy Director, American Federation of Labor and Congress of Industrial Organizations (AFL-CIO); and Sam Carney, President-Elect, National Pork Producers Council.

To begin the hearing, Chairman Baucus and Ranking Member Grassley gave opening statements reflecting their support of the Panama FTA and their desire for the Obama Administration to submit implementing legislation. Both Baucus and Grassley said that they had concerns about Panama's tax laws and practices that make it a problematic tax haven. However, they said that they were satisfied with the Panamanian government's pledge to address these issues, and they believe that this should not impede the passage of the trade agreement.

The opening statements from the witnesses represented the Administration's views, the views of companies with major interests in liberalized trade with Panama, and the views of organized labor. Eissenstat, speaking for the Obama Administration and for U.S. Trade Representative (USTR) Ron Kirk, said that President Obama seeks a "new framework" for trade and that the President hopes the Panama FTA will be a part of this framework. Eissenstat said that the Administration was working with the Panamanian government on address labor issues and tax policy issues while emphasizing that the agreement has the potential to be a "good deal" for the U.S. Owens and Carney gave opening statements reflecting their strong support for the FTA. They said that the opening of Panama's market would be a boon for American exporters and that it would create jobs in the U.S. Lee, speaking for union workers, opposed the implementation of the Panama FTA as written. She identified three areas that organized labor would like to see addressed in the agreement: labor and tax law reforms, concerns over investment and procurement provisions, and the need to lay out a coherent overall trade strategy.

During questions, Baucus said that he was "perplexed" as to why the Obama Administration was not proceeding to implement the Panama FTA before the transfer of power in Panama scheduled for June 30. He said that in his travels with the President to the Summit of the Americas, he had gotten the impression that the Administration would move swiftly to seek ratification. However, the Administration appeared to be backpedaling. Eissenstat answered by saying that the Administration would like to consider the FTA in the context of the President's broader domestic agenda.

Senators Grassley and Roberts responded to this statement with bewilderment, questioning what trade policy has to do with the President's domestic agenda. Grassley wondered if that meant that trade policy would not move forward until the Administration had passed healthcare reform, cap and trade legislation, education reform and the other domestic priorities. Meanwhile, Roberts angrily called the President's and the Congress' reticence in passing the two-year-old agreement "nuts."

Eissenstat's linkage of trade policy to Obama's overall domestic policy appears to reveal the new Administration's fears of alienating major constituent groups like organized labor. While Eissenstat later clarified that the two areas—domestic policy and trade policy—would move in parallel, it seems that the Administration believes that it must significantly soften the blow of trade for American workers by implementing robust social safety-net programs such as trade adjustment assistance and universal healthcare.

Dumping Watch

Review of AD Duty on Japanese Cut-to-Length Carbon-Quality Steel Plate Rescinded

On May 19, the Department of Commerce (DOC) gave notice that it was rescinding the administrative review of the antidumping (AD) duty order on certain cut-to-length carbon-quality steel plate (CTL CQ plate) from Japan.

On March 24, the DOC announced the initiation of an administrative review of the AD order on Japanese CTL CQ plate. The review was to cover sales or entries of this product from Kawasaki Steel Corporation (Kawasaki) and its alleged successor-in-interest JFE Steel Corporation (JFE) during a period of review (POR) of February 1, 2008 to January 31, 2009.

On April 7, JFE notified the DOC that it had not made sales or exports of the subject merchandise during the POR. The DOC investigated and concurred with JFE, finding that neither JFE nor Kawasaki had such entries. Therefore, the DOC has rescinded this review of the AD order on CTL CQ plate from Japan.

ITC Makes Preliminary Determination in Case Against Chinese OCTG

On May 22, the International Trade Commission (ITC) made an affirmative preliminary injury determination in the recently filed AD and CVD cases against China.

The preliminary affirmative determination was based on only threat of material injury. As indicated in the ITC's announcement, all six Commissioners based their affirmative determination on threat of injury. The ITC's affirmative preliminary determination means that the AD and CVD cases will continue. The next phase is for the Commerce Department to analyze dumping and subsidy issues.

The OCTG trade cases against China are among the largest ever filed against China. In 2008, Chinese exporters shipped more than \$2.5 billion of OCTG products to the United States.

Federal Register Notices

International Trade Administration

[A-570-882] Refined Brown Aluminum Oxide from the People's Republic of China: Final Results of Antidumping Duty Administrative Review *74 FR 23682-23683*, May 20, 2009.

[A-588-847] Certain Cut-to-Length Carbon-Quality Steel Plate From Japan: Notice of Rescission of Antidumping Duty Administrative Review *74 FR 23391-23392*, May 19, 2009.

[A-475-818] Certain Pasta From Italy: Notice of Partial Rescission of Antidumping Duty Administrative Review *74 FR 23392-23393*, May 19, 2009.

University of Utah, Consortium for Astro-Particle Research, Notice of Decision on Application for Duty-Free Entry of Scientific Instruments *74 FR 23393*, May 19, 2009.

Application(s) for Duty-Free Entry of Scientific Instruments *74 FR 23393-23394*, May 19, 2009.

Application(s) for Duty-Free Entry of Scientific Instruments 74 FR 23394, May 19, 2009.

Notice of Consolidated Decision on Applications for Duty-Free Entry of Electron Microscopes 74 FR 23394-23395, May 19, 2009.

U.S. Travel and Tourism Advisory Board: Meeting of the U.S. Travel and Tourism Advisory Board 74 FR 23395, May 19, 2009.

[Application No. 87-8A001] Export Trade Certificate of Review 74 FR 23169-23171, May 18, 2009.

International Trade Commission

[Investigation No. 332-227] Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries 74 FR 24033-24034, May 22, 2009.

[Investigation Nos. 701-TA-407 and 731-TA-902, 904, 905 (Review) (Remand)] Hot-Rolled Steel Products From Kazakhstan, Romania, and South Africa 74 FR 23203, May 18, 2009.

[USITC SE-09-015] Government in the Sunshine Act Meeting Notice 74 FR 23203, May 18, 2009.

Office of the U.S. Trade Representative

[Docket No. WTO/DS384 and WTO/DS386] WTO Dispute Settlement Proceeding Regarding United States--Certain Country of Origin Labeling Requirements 74 FR 24059-24061, May 22, 2009.

The Week Ahead

- On Monday, May 21, the ITC is closed for the Memorial Day holiday.