



# WASHINGTON MONITOR

---

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

December 22, 2009

Volume 13 Issue 47

## Contents

### Trade Briefs

- U.S. Proposal for Japanese Auto Subsidy Program Rejected

### Dumping Watch

- Final Results of AD Sunset Review regarding Preserved Mushrooms from China
- Final Results, Rescission of AD Review regarding SS Butt-Weld Pipe Fittings from Taiwan

### The Week Ahead

*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](mailto:rmassony@winston.com)

## Trade Briefs

### U.S. Proposal for Japanese Auto Subsidy Program Rejected

Last week, Japan rejected a proposed change in its automobile tax incentive program from the Office U.S. Trade Representative (USTR) that would allow U.S.-made vehicles to benefit.

Japan's program is analogous to the U.S. "cash-for-clunkers" program. The U.S. Congress enacted a "cash-for-clunkers" program in order to address both the problem of rising polluting emissions as well as the struggling auto industry. A bipartisan group of congressmen from the Midwest wrote legislation to offer incentives to get people to sell their old inefficient cars and purchase new, more efficient models, thereby boosting the auto industry and taking heavy polluters off the road. Once passed, the program was a great success, funds for the program were quickly exhausted and new funding was appropriated to continue it. U.S. consumers using the program favored imported autos, with Japanese cars from Toyota and Honda making up nearly one third of the vehicles purchased with cash-for-clunkers rebates.

Japan's program is similar in that it allows consumers to trade in vehicles 13 years old and older in exchange for tax rebates toward the purchase of new vehicles, but it apparently favors Japanese autos over imports. Japan's cash-for-clunkers program has a strict fuel economy standard for new vehicles purchased under the program. The fuel economy standard is judged according to vehicles' certification by Japan. U.S. vehicles enter the Japanese market under a preferential handling program (PHP) that allows them to be sold under a lower emission standard and does not certify their fuel economy. Therefore, American-made vehicles do not qualify for the tax benefit.

The USTR suggested to Japan's Ministry of Economy, Trade, and Industry (METI) that they expand the program to allow for American-made cars to receive the same benefit. The USTR's proposal was backed by the American Automotive Policy Council (AAPC), a U.S. industry group that represents the "Big Three" major American automakers Ford, Chrysler, and General Motors (GM). The USTR reportedly believes that Japan's cash-for-clunkers program could violate Japan's obligations under the World Trade Organization (WTO). However, there is no indication that the USTR or the AAPC intends to bring a trade remedy action or to pursue this issue against Japan in the Court of International Trade (CIT). There is possibly a fear that such actions could bring retaliation against the U.S. on other trade issues, such as the "Buy American" provision in the American Recovery and Reinvestment Act of 2009.

METI rejected the USTR's proposal to change its vehicle rebate program but apparently left the door open to future negotiations. Japanese advocates of the program, both in the public and private sector, point out that the program has very high standards that exclude not only foreign vehicles but also many Japanese-made cars. They point out that Japan is allowing U.S. vehicles to enter through the PHP, and that these vehicles are therefore not required to conform to Japan's high emissions standard. U.S. vehicles could conceivably qualify for the Japanese cash-for-clunkers program if they were to enter without the PHP.

Apparently, U.S. automakers would like to benefit both from the PHP as well as the new vehicle tax rebate.

The program is set to expire in March 2010. If it were allowed to sunset, it is likely that there would be no further action from the USTR. However, as with the successful U.S. version of the plan, there may be a political imperative to renew it, and the AAPC and USTR may continue to be active on this front.

## Dumping Watch

### Final Results of AD Sunset Review regarding Preserved Mushrooms from China

On December 18, the Department of Commerce (DOC) gave notice of final results in the expedited sunset review of the antidumping (AD) duty order on certain preserved mushrooms from China, India, Indonesia, and Chile. The DOC found that revocation of the AD duty orders would lead to continuation or recurrence of dumping and calculated weighted-average dumping margins for Chinese importers/producers of between 121.47% and 198.63% (the China-wide rate).

### Final Results, Rescission of AD Review regarding SS Butt-Weld Pipe Fittings from Taiwan

On December 16, the DOC gave notice of final results and final rescission in part in the administrative review of the AD duty order on certain stainless steel butt-weld pipe fittings from Taiwan. The preliminary results of this review were published in July 2009, and this final determination is based on the comments received in response to those preliminary results. The review has been rescinded for the following exporters/producers because the DOC found that they had no entries during the period of review: Liang Feng Stainless Steel Fitting Co., Ltd.; Tru-Flow Industrial Co., Ltd.; Censor International Corporation; and PFP Taiwan Co., Ltd. However, for Ta Chen Stainless Pipe Co., Ltd. (Ta Chen), the DOC found that the order should not be revoked. The DOC calculated a weighted-average dumping margin of 0.82%. The all-others rate will remain at 51%.

## Federal Register Notices

### *International Trade Administration*

**[A-337-804, A-533-813, A-560-802, A-570-851] Certain Preserved Mushrooms from Chile, India, Indonesia and the People's Republic of China:** Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders *74 FR 67170-67172*, December 18, 2009.

**[A-570-904] Certain Activated Carbon from the People's Republic of China:** Amended Final Results of Antidumping Duty Administrative Review *74 FR 66952-66954*, December 17, 2009.

**[A-570-916] Laminated Woven Sacks from the People's Republic of China:** Partial Rescission of Antidumping Duty Administrative Review *74 FR 66954*, December 17, 2009.

**[A-570-954, A-201-837] Certain Magnesia Carbon Bricks from the People's Republic of China and Mexico:** Postponement of Preliminary Determinations of Antidumping Duty Investigation *74 FR 66954-66955*, December 17, 2009.

**[A-580-839] Certain Polyester Staple Fiber from the Republic of Korea:** Extension of Time Limit for the Preliminary Results of the 2008 - 2009 Antidumping Duty Administrative Review *74 FR 66616*, December 16, 2009.

**[A-570-887] Tetrahydrofurfuryl Alcohol from the People's Republic of China:** Continuation of the Antidumping Duty Order *74 FR 66616-66617*, December 16, 2009.

**[A-821-819] Magnesium Metal from the Russian Federation:** Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review *74 FR 66619*, December 16, 2009.

**[A-583-816] Certain Stainless Steel Butt-Weld Pipe Fittings from Taiwan:** Final Results and Final Rescission in Part of Antidumping Duty Administrative Review *74 FR 66620-66621*, December 16, 2009.

**[A-570-898] Chlorinated Isocyanurates from the People's Republic of China:** Final Results of Antidumping Duty Administrative Review *74 FR 66087-66088*, December 14, 2009.

**[A-570-832] Pure Magnesium from the People's Republic of China:** Final Results of Antidumping Duty Administrative Review *74 FR 66089-66090*, December 14, 2009.

**[C-570-953] Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China:** Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination *74 FR 66090-66096*, December 14, 2009.

**Quarterly Update to Annual Listing of Foreign Government Subsidies on Articles of Cheese Subject to an In-Quota Rate of Duty** *74 FR 66098-66099*, December 14, 2009.

*International Trade Commission*

**[Inv. No. 337-TA-631] In the Matter of Certain Liquid Crystal Display Devices and Products Containing the Same;** Notice of Institution of Formal Enforcement Proceeding *74 FR 67248*, December 18, 2009.

**[Inv. No. 337-TA-631] In the Matter of Certain Liquid Crystal Display Devices and Products Containing the Same;** Notice of Commission Determination To Modify a Limited Exclusion Order and Cease and Desist Orders *74 FR 67249-67250*, December 18, 2009.

**[Investigation Nos. 701-TA-463 (Final) and 731-TA-1159 (Final)] Certain Oil Country Tubular Goods from China** *74 FR 67248-67249*, December 18, 2009.

**[Investigation No. 337-TA-632] Certain Refrigerators and Components Thereof;** Notice of Commission Determination To Review in Its Entirety a Final Determination on Remand Finding No Violation of Section 337; Schedule for Briefing on the Issues on Review and on Remedy, the Public Interest, and Bonding *74 FR 67250-67251*, December 18, 2009.

**[Investigation No. 337-TA-674] In the Matter of Certain Light Emitting Diode Chips, Laser Diode Chips and Products Containing Same;** Notice of a Commission Determination Not To Review an Initial Determination Terminating the Investigation as to Dalian Lumei Optoelectronics Corporation; Termination of the Investigation in Its Entirety *74 FR 66993*, December 17, 2009.

**[Investigation No. 731-TA-44 (Third Review)] Sorbitol From France** *74 FR 66992-66993*, December 17, 2009.

**[USITC SE-09-034] Sunshine Act Meeting Notice** *74 FR 66993*, December 17, 2009.

**[Inv. No. 337-TA-694] In the Matter of Certain Multimedia Display and Navigation Devices and Systems, Components Thereof, and Products Containing Same;** Notice of Investigation *74 FR 66676*, December 16, 2009.

*Office of the U.S. Trade Representative*

**Determination of Trade Surplus in Certain Sugar and Syrup Goods and Sugar Containing Products of Chile, Morocco, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Peru** 74 FR 66718-66720, December 16, 2009.

**Request for Comments Concerning Proposed Trans-Pacific Partnership Trade Agreement** 74 FR 66720-66722, December 16, 2009.

**The Week Ahead**

- On December 25, the ITC will be closed for the Christmas holidays.