



WASHINGTON MONITOR

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

February 23, 2010

Volume 14 Issue 8

Contents

Trade Briefs

- Obama Administration Describes Trade Policy in Economic Report
- New Data on Trade Remedy During Global Economic Crisis

Dumping Watch

- Amended Initiation of AD Investigation of Drill Pipe from China

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

Trade Briefs

Obama Administration Describes Trade Policy in Economic Report

On February 11, President Barack Obama's Council of Economic Advisors released its "Economic Report of the President", a wide-ranging document that includes a discussion of the Administration's trade policy going forward.

The annual report is required under the Employment Act of 1946 and the Full Employment and Balanced Growth Act of 1978. The Council of Economic Advisors, led by Chair Christina Romer and members Austan Goolsbee and Cecilia Elena Rouse, covered a variety of economic areas in the report. The report discusses the economic rescue (including the American Recovery and Reinvestment Act (ARRA) and Troubled Asset Relief Program (TARP)), the dimensions of the economic crisis, federal savings and investment, the long-term fiscal challenge, financial reform, healthcare reform, labor issues, energy, and climate change.

The last chapter, Chapter 10, focuses on fostering growth through "innovation and trade." The chapter first discusses the importance of research, intellectual property rights, "national priority areas," and increasing openness and transparency. Then, the chapter ends with a section on "Trade as an Engine of Productivity Growth and Higher Living Standards." This section explains how trade will allow for increased specialization, increased scales of production, and the rapid growth of productive firms. All of this, the Administration concludes, are important benefits from trade and are particularly valuable in the current economic environment.

However, the Administration admits to having concerns that the benefits of trade are shared broadly by all Americans. The report says that trade agreements, while guaranteeing more reliable trade, must be enforced. The report points to the World Trade Organization (WTO) as a great stabilizing force for trade during the economic crisis, allowing the U.S. and other member states to enforce their trading partners' obligations.

The report describes the Administration's trade enforcement activities, specifically mentioning its WTO case against Chinese auto parts, its action against Chinese subsidies in the countervailing duty (CVD) context, and its adding Canada to a priority watch list calling for more enforcement of intellectual property rights.

The report also expressed the Administration's goal of concluding the Doha Round of negotiations. The report does not specifically mention any of the three pending free trade agreements (FTAs) with Colombia, Korea, and Panama.

The report promotes a number of mechanisms to protect American workers from the harsh effects of trade: Trade Adjustment Assistance (TAA) for workers displaced due to trade, more progressive taxation schemes, and a more open healthcare system.

This document, while comprehensive with regard to the Administration's own view of the economy, does not reveal anything new or surprising about Obama's trade policy. However, when contrasted with President George W. Bush's final "Economic Report of the President" from 2009, it is clear that the priorities in the White House have noticeably shifted since Obama took office.

In contrast to Obama's report, Bush's report contains an entire chapter devoted to trade, and it is the fourth chapter out of nine (Obama's section on trade is tucked into the final chapter). Furthermore, Bush's report specifically advocates the implementation of the pending FTAs and touts the implementation of FTAs already accepted by the Congress. Bush also mentions the pending FTAs in the introduction section, while Obama makes only a passing mention of trade in general in his introduction. Finally, Bush announced very clear goals at the end of the chapter on trade: work toward a Doha agreement, limit trade protectionism at home, negotiate new trade agreements, and implement currently pending FTAs.

New Data on Trade Remedy During Global Economic Crisis

On February 18, the Centre for Economic Policy Research published "Antidumping, Safeguards, and Protectionism during the Crisis: Two New Insights from 4th Quarter 2009", a column by Chad P. Bown, Senior Economist in the Development Research Group of the World Bank. The column discusses data showing a drop in new trade remedy investigations but a rise in trade restrictions imposed.

Bown says that protectionism goes hand in hand with economic downturns. However, he claims that this recent economic crisis has resulted in a much broader protectionist reaction than normal. Specifically, Bown points to two insights to be gleaned from Global Antidumping Database data for the fourth quarter 2009:

- **Global industry demands for import barriers have decreased for the first time since the third quarter 2008 (when the economic collapse began).** World Trade Organization (WTO) members initiated 26 new product-level investigations in 4Q 2009, down 23.8% since 4Q 2008. When compared with 3Q 2009, industry requests dropped 57% in 4Q 2009.
- **New trade barriers imposed have increased worldwide as the result of investigations started earlier in the crisis.** WTO members imposed 30 new product-level import restrictions in 4Q 2009, a 43% increase from the 3Q 2009 total of 21 new restrictions.

This data shows that the major effects of protectionism during the economic crisis may only be beginning. However, the data also may show that the tide is turning, as industry groups are starting to slow their demand for import restrictions.

Dumping Watch

Amended Initiation of AD Investigation of Drill Pipe from China

On February 18, the Department of Commerce (DOC) gave notice that it was amending the initiation of the antidumping (AD) duty investigation on drill pipe from China. The DOC identified 77 producers and exporters of drill pipe from China. However, the DOC decided that it does not have sufficient resources to mail questionnaires to all of these producers. Therefore, the DOC will limit its investigation to exporters and producers of a small number of products according to their numbers under the Harmonized Tariff Schedule of the United States (HTSUS). The DOC will also extend the deadline to submit responses to the quantity and value questionnaires to March 3, 2010.

Federal Register Notices

International Trade Administration

[A-560-823, A-570-958] Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses From Indonesia and the People's Republic of China:

Postponement of Preliminary Determinations of Antidumping Duty Investigations 75 FR 7447-7448, February 19, 2010.

[A-570-965] Drill Pipe From the People's Republic of China: Amendment to Initiation of Antidumping Duty Investigation 75 FR 7233, February 18, 2010.

[A-583-844] Narrow Woven Ribbons with Woven Selvedge from Taiwan: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination 75 FR 7236-7244, February 18, 2010.

[A-570-952] Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination 75 FR 7244-7254, February 18, 2010.

International Trade Commission

[Investigation No. 337-TA-671] In the Matter of Certain Digital Cameras; Notice of Commission Determination Not To Review an Initial Determination Terminating the Investigation Based on the Execution of a Settlement Agreement; Termination of the Investigation 75 FR 7519-7520, February 19, 2010.

[Investigation No. 337-TA-632] Certain Refrigerators and Components Thereof; Notice of the Commission's Final Determination of No Violation of Section 337, Extension of Target Date, Termination of the Investigation 75 FR 7520-7522, February 19, 2010.

[Investigation No. 337-TA-687] In the Matter of Certain Video Displays, Components Thereof, and Products Containing Same; Notice of Commission Decision Not To Review an Initial Determination Granting Complainant's Motion To File a Second Amended Complaint and To Amend the Notice of Investigation 75 FR 7520, February 19, 2010.

[USITC SE-10-002] Government in the Sunshine Act Meeting 75 FR 7291, February 18, 2010.

The Week Ahead

- On February 26, the ITC will hold a vote on the five-year sunset review of the antidumping duty order on pressure sensitive plastic tape from Italy.