



# WASHINGTON MONITOR

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

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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:*

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## Trade Briefs

### Rangel Out, Levin In at Ways & Means

Rep. Charlie Rangel (D-NY) has taken a “temporary leave of absence” from his chairmanship of the House Ways & Means Committee in response to ongoing ethics controversies. Rep. Sander Levin (D-MI) will take over as chairman. The House Ways & Means Committee is central to U.S. trade policy, and any chairman would be deeply involved in any trade legislation that would come to a vote on the House floor. Therefore, the fall of Rangel and the rise of Levin could have significant effects on U.S. trade policy.

Rangel has been under close scrutiny since 2008, when House Republicans called on Rangel to resign his chairmanship of the powerful committee because of ethics questions. In September 2008, Republicans signed a letter calling for Rangel to step down until the ethical issues surrounding him are resolved. The letter referenced reports that Rangel failed to disclose at least \$75,000 in rental income from a Caribbean vacation property. The taxes owed on this property amounted to more than \$10,000, according to Rangel’s attorney. In addition, the letter cited the controversy over the discovery that Rangel occupied four rent-controlled apartments in his home district of Harlem. Rent-controlled property is provided for use by low-income tenants to use as a primary residence. Thus, Rangel’s occupancy of four of these apartments, in addition to the discovery that one of these apartments was used as a campaign office, appeared to be an abuse of the system. Not mentioned in the letter was another controversy, this one over Rangel’s use of his congressional letterhead to fundraise for the City College of New York education center which would bear his name. This was in contravention of House Ethics Rules, as the use of the congressional letterhead suggests federal support for the center. Rangel responded to each of these issues by calling for House ethics investigations. He said that he regretted his failure to disclose income on the Caribbean resort property, admitting that he had been “irresponsible.” On the issue of the rent-stabilized apartments, he moved out of the unit used as a campaign office which he conceded “present[ed] an issue,” but denied malfeasance. Regarding the use of congressional letterhead, Rangel argued that his use of the stationery was not improper because he used it to facilitate meetings rather than directly solicit funds.

In February, the House Ethics Committee released a report on Rangel, concluding that he had violated House ethics rules by accepting trips to the Caribbean that were funded by corporate interests. Republicans quickly moved for a vote to strip Rangel of his committee chair, and Democrats subsequently pressured Rangel to give up his post. Rangel said that he was stepping down temporarily, but some congressmen and political journalists believe that the change is permanent.

Although Rep. Pete Stark (D-CA) was in line to take over the Ways & Means Chair according to Democratic seniority, Levin was eventually chosen to lead the Committee. Stark was seen as an unpredictable and sometimes extreme liberal member, and many feared that he would not be a consensus builder and would not be the best choice for an embattled party in an election year. Levin is seen as a more steady and agreeable member, and House Speaker Nancy Pelosi (D-CA) decided, along with other Democrats, that he should chair the powerful Ways & Means Committee in Rangel’s absence.

The Cato Institute, which compiles statistics on the voting records of congressmen on the issue of trade, finds Levin to have a mixed record on the issue of trade generally. He has always supported domestic subsidies, and he has voted a majority of the time to oppose trade barriers. Cato found that Levin voted 63% of the time against trade barriers, but he has never voted against trade subsidies. Levin is known for his strongly held positions in U.S. trade policy, where he opposes ratification of the pending agreements with Colombia, Korea, and Panama. Levin represents the U.S. auto industry, and he has been fixated on opening the Japanese and Korean markets to U.S. autos. Levin is also known for his aggressive position on trade remedies, and he is often a co-sponsor to laws that would impose the most strict and radical enforcement measures. In particular, Levin has worked to implement the Trade Enforcement Act of 2008 and the Trade Enforcement Act of 2009. Had these bills become law, they would have required the U.S. to use controversial methods such as zeroing and to vigorously impose trade sanctions on China through safeguard measures. In addition, Levin worked alongside Sen. Sherrod Brown (D-OH) to author legislation that would impose duties on imports from countries based on their greenhouse gas emissions. In sum, Levin is generally a pro-union, anti-free trade Democrat, and his views directly contradict the views of those who seek liberalization of international trade.

This is a temporary arrangement (at least in theory). Therefore, Levin is not guaranteed to hold the Chair of Ways & Means for the foreseeable future. However, there is little indication that Rangel will actually return to his Chair, even if no more ethics violations are revealed. There is no precedent for a Chairman taking a temporary leave of absence, and there is no provision in the House rules for such a move. Republicans claim that Rangel would need to win the votes of the entire House to be reinstated, and Democrats are unlikely to go very far to defend Rangel in an election year.

## Dumping Watch

### **Preliminary Determination in CVD Investigation into Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China**

On March 1, the Department of Commerce (DOC) gave notice that it had reached a preliminary determination in the countervailing duty (CVD) investigation into certain seamless carbon and alloy steel standard, line, and pressure pipe from China. On September 16, 2009, the DOC received a CVD petition from United States Steel Corporation and V&M Star L.P. concerning imports of this type of steel pipe from China. TMK IPSCO and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union also entered as petitioners. The petitioners allege that Chinese producers and exporters of the subject merchandise received countervailable subsidies and that imports materially injure and threaten future material injury to an industry in the U.S. The DOC determined that the petitioners filed the petition on behalf of the domestic industry because they are interested parties, and they have demonstrated significant industry support with respect to this CVD investigation. The petitioners contend that the industry is injured due to evidence of reduced market share, increased import penetration, underselling and price depressing, lost sales and revenue, reduced production, reduced shipments, increased inventory overhand, and an overall decline in financial performance. On October 15, the DOC initiated an investigation. On March 1, the DOC reached an affirmative preliminary determination in this investigation and found that critical circumstances exist. The DOC calculated the following net countervailable subsidy rates: 11.06% for Tianjin Pipe; 12.97% for Hengyang; and 12.02% for all others.

### **Final Results of AD Review regarding CTL Plate from Korea**

On March 5, the DOC gave notice that it had reached final results in the administrative review of the antidumping (AD) duty order on cut-to-length carbon-quality steel plate (CTL plate) from Korea. The DOC also gave notice that this administrative review would be rescinded in part. On March 24, 2009, the DOC initiated this review with regard to Korean CTL plate at the request of interested parties. On September 24, the DOC gave notice that it had preliminarily determined that sales have been made below normal value by Hyosung Corporation (Hyosung), Hyundai Mipo Dockyard Co., Ltd. (Hyundai Mipo), and JeongWoo Industrial Machine Co., Ltd. (JeongWoo). The DOC calculated a preliminary margin of 32.70% for these three producers/exporters. Also, the DOC gave preliminary notice that it would rescind this review with respect to Daewoo International Corporation (Daewoo) because the DOC preliminarily determined that Daewoo had no shipments of subject merchandise during the period of review. On March 5, the DOC announced final results that are in line with the preliminary results: the three producers/exporters' margins will remain at 32.70% and this review will be rescinded with regard to Daewoo.

## **Federal Register Notices**

### *International Trade Administration*

**[A-580-836] Certain Cut-to-Length Carbon-Quality Steel Plate From the Republic of Korea:** Final Results of Antidumping Duty Administrative Review and Rescission of Administrative Review in Part *75 FR 10207-10210*, March 5, 2010.

**[Docket No. 100301119-0119-01; I.D. GF001] Market Development Cooperator Program 2010** *75 FR 10210-10213*, March 5, 2010.

**[A-570-890] Wooden Bedroom Furniture from the People's Republic of China:** Initiation of Antidumping Duty New Shipper Reviews *75 FR 10214-10216*, March 5, 2010.

**The Manufacturing Council: Meeting of the Manufacturing Council** *75 FR 10216*, March 5, 2010.

**[A-570-881] Malleable Cast Iron Pipe Fittings from the People's Republic of China:** Notice of Rescission of the 2008-2009 Administrative Review of the Antidumping Duty Order *75 FR 10216-10217*, March 5, 2010.

**University of Pittsburgh, et al.; Notice of Consolidated Decision on Applications for Duty-Free Entry of Electron Microscopes** *75 FR 9867-9868*, March 4, 2010.

**University of Arkansas; Notice of Decision on Applications for Duty-Free Entry of Scientific Instruments** *75 FR 9868*, March 4, 2010.

**[A-570-806] Silicon Metal From the People's Republic of China:** Extension of Time Limit for the Preliminary Results of Antidumping Duty Administrative Review *75 FR 9869*, March 4, 2010.

**Initiation of Administrative Review of the Antidumping Duty Order on Wooden Bedroom Furniture From the People's Republic of China** *75 FR 9869-9874*, March 4, 2010.

**Initiation of Antidumping Duty Administrative Review** *75 FR 9874-9876*, March 4, 2010.

**Caribbean Trade Mission** *75 FR 9574-9576*, March 3, 2010.

**Civil Nuclear Policy Mission to Central and Eastern Europe** *75 FR 9576-9578*, March 3, 2010.

**Executive-Led Trade Mission to Colombia and Panama; Change to Mission Dates** *75 FR 9578-9579*, March 3, 2010.

**[A-580-807] Polyethylene Terephthalate Film, Sheet, and Strip from the Republic of Korea:** Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review *75 FR 9579-9580*, March 3, 2010.

**[A-570-890] Wooden Bedroom Furniture from the People's Republic of China:** Preliminary Results of Antidumping Duty New Shipper Review *75 FR 9581-9586*, March 3, 2010.

**[A-570-601] Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from the People's Republic of China:** Extension of Time Limit for the Preliminary Results of the 2008-2009 Administrative Review of the Antidumping Duty Order *75 FR 9391*, March 2, 2010.

**[C-570-921] Lightweight Thermal Paper From the People's Republic of China:** Rescission of Countervailing Duty Administrative Review *75 FR 9397*, March 2, 2010.

**Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Advance Notification of Sunset Reviews** *75 FR 9156-9157*, March 1, 2010.

**[A-570-822] Certain Helical Spring Lock Washers from the People's Republic of China:** Extension of Time Limit for the Final Results of the 2007-2008 Antidumping Duty Administrative Review *75 FR 9159-9160*, March 1, 2010.

**[A-570-898] Chlorinated Isocyanurates From the People's Republic of China:** Notice of Extension of Time Limit for the Preliminary Results of the Antidumping Duty Administrative Review *75 FR 9160*, March 1, 2010.

**Initiation of Five-Year ("Sunset") Review** *75 FR 9160-9161*, March 1, 2010.

**Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review** *75 FR 9162-9163*, March 1, 2010.

**[C-570-957] Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe From the People's Republic of China:** Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Critical Circumstances Determination *75 FR 9163-9181*, March 1, 2010.

**Secretarial China Clean Energy Business Development Mission;** Application Deadline Extended *75 FR 9181*, March 1, 2010.

**Secretarial Indonesia Clean Energy Business Development Mission:** Application Deadline Extended *75 FR 9181-9182*, March 1, 2010.

*International Trade Commission*

**[Inv. No. 337-TA-631] In the Matter of Certain Liquid Crystal Display Devices and Products Containing the Same;** Notice of Commission Determination To Rescind a Limited Exclusion Order and Cease and Desist Orders *75 FR 10311-10312*, March 5, 2010.

**[Inv. No. 337-TA-634] In the Matter of: Certain Liquid Crystal Display Modules, Products Containing Same, and Methods Using the Same;** Notice of Commission Determination to Rescind a Limited Exclusion Order and Cease and Desist Orders *75 FR 9928*, March 4, 2010.

**[Inv. No. 332-509 and Inv. No. 332-510] Small and Medium-Sized Enterprises: U.S. and EU Export Activities, and Barriers and Opportunities Experienced by U.S. Firms and Small and Medium-Sized Enterprises: Characteristics and Performance** *75 FR 9431-9432*, March 2, 2010.

**[Investigation No. 731-TA-1071 and 1072 (Review)] Magnesium From China and Russia** *75 FR 9252-9255*, March 1, 2010.

*Office of the U.S. Trade Representative*

**Generalized System of Preferences (GSP):** Announcing the Availability of Import Statistics Relating to Competitive Need Limitations (CNLs) and Inviting Public Comment on CNL Waivers Subject to Potential Revocation Based on New Statutory Thresholds, Possible De Minimis Waivers, and Product Redesignations for the 2009 Annual Review *75 FR 10339-10340*, March 5, 2010.

### **The Week Ahead**

- On March 8, the ITC will hold votes on the five-year sunset reviews regarding crepe paper products and wooden bedroom furniture from China.
- On March 10 and 12, the ITC will hold hearings in St. Louis, Missouri, and Portland, Oregon, on its general factfinding investigation of “Small and Medium-Sized Enterprises: U.S. and EU Export Activities, and Barriers and Opportunities Experienced by U.S. Firms.”