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Trade Briefs

Trade Issues with Japan Addressed in NTE, New Reports on SPS, TBTs

On March 31, the U.S. Trade Representative (USTR) released the National Trade Estimate Report (NTE). The report describes significant trade barriers to U.S. goods and investment from the past year as well as the actions taken by the USTR to address those barriers. The report is organized by trading partner, and there is an extensive section on Japan. This year, the USTR also issued two new, related reports, including the 2010 Report on Sanitary and Phytosanitary Measures (SPS) and the 2010 Report on Technical Barriers to Trade (TBTs). These reports reflect USTR Ron Kirk's promise to a "sharper focus" on SPS and TBTs. Both of these reports have specific sections on Japan.

National Trade Estimate

The section on Japan describes the U.S.-Japan trade relationship. The section notes that Japan is the 4th largest export market for U.S. goods, and that the current goods trade deficit with Japan was \$44.8 billion in 2009, down \$29.4 billion from 2008. The NTE also remarks on the reduction of U.S. foreign direct investment in Japan from \$81.9 billion in 2007 to \$79.2 billion in 2008 (latest available data).

The section on Japan also notes a number of areas of concern. Specifically, the NTE comments extensively on the following areas:

- **Regulatory Reform Overview.** This includes the U.S.-Japan Regulatory Reform and Competition Policy Initiative. The U.S. and Japan completed the Eighth Report to the Leaders under the Regulatory Reform Initiative in July 2009.
- **Sectoral Regulatory Reform.** This includes telecommunications, information technologies (IT), medical devices and pharmaceuticals, financial services, and agriculture. In telecommunications, the report noted the March 2009 decision by the Japanese Ministry of Internal Affairs and Communications (MIC) to authorize rates for voice-over-internet-protocol (VoIP) calls onto certain networks, and these rates "remain high by international standards." In IT, the report notes the Diet's passage of the "Payment Services Act" in June 2009 that will give greater access to non-banking entities to provide fund transfer services. In medical devices and pharmaceuticals, the report looks forward to the enforcement of Foreign Average Pricing (FAP) by the Japanese government for medical products. In financial services, the report notes Japan's new law raising the defined contribution pension employer contribution limit.
- **Structural Regulatory Reform.** This includes competition policy, transparency, privatization, commercial law, legal system reform, and customs clearance. The report takes notes of new amendments to Japan's Antimonopoly Act (AMA) that were enacted in June 2009.
- **Import Policies.** This includes import policies on rice, wheat, pork, beef, fish, citrus, dairy, processed food products, wood, building materials, and leather/footwear.

- **Government Procurement.** This includes the award of construction, architecture, and engineering contracts. The report noted that less than 1% of projects awarded in Japan's public works market in 2009 went to U.S. companies.
- **Intellectual Property Rights (IPR) Protection.** This includes patents, copyrights, and border enforcement issues. The report notes Japan's revisions to its Copyright Law, which went into effect on the first day of 2010. However, the report said that the U.S. Government continues to urge Japan to expand its protections of copyrighted works.
- **Services Barriers.** This includes the insurance issue, as well as professional services like healthcare and education.
- **Investment Barriers.** This includes barriers to cross-border mergers and acquisitions. The report says that despite Japanese efforts to improve its FDI environment, it remains very difficult to engage in cross border M&A in Japan.
- **Other Barriers.** This includes autos and auto parts, aerospace products, business aviation, civil aviation, and transport/ports. The report notes the U.S.'s initialing of the text of the Open Skies agreement with Japan in December 2009, an agreement that will promote competition and market access in civil aviation.

This NTE's Japan section is very similar to that in the NTE released last year. Some sections have been condensed or expanded, but it does not appear to raise any surprising new issues.

Report on Sanitary and Phytosanitary Measures

The Japan section in the SPS report discusses food safety, animal health, and plant health. In the section on food safety, the SPS report covers beef and beef products, potatoes, food additives, post harvest fungicide (PHF), maximum residue limits (MRLs), and rice. The report points to a 2009 memorandum of understanding between the U.S. and Japan on MRLs, but the U.S. is still concerned with the length of time it takes for Japan to establish its permanent MRLs. In the section on animal health, the SPS report covers poultry. In the section on plant health, the SPS report covers cherries.

Report on Technical Barriers to Trade

The Japan section in the TBT report discusses bilateral engagement between Japan and the U.S. The section touches on the July 2009 Regulatory Reform Initiative's Report to the Leaders, a report that "outlines the steps that Japan has either taken, or will take, across a number of areas" in technical barriers. The section also describes what the U.S. sees as onerous standards for organic products. Specifically, the U.S. would like to see Japan's ban on alkali extracted humic acid lifted. The report said that Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) has been too restrictive, and that their zero tolerance policy for pesticide and herbicide residues on organic products is "problematic." The report noted the MAFF's ongoing revision process for organic plants, organic processed foods, organic livestock products and organic feeds.

Dumping Watch

Extension of Time Limit in AD Review of Japanese Pipe

On April 9, the Department of Commerce (DOC) gave notice of an extension of the time limits for preliminary results in the administrative review of the antidumping (AD) duty order on certain large diameter carbon and alloy seamless standard, line, and pressure pipe from Japan. The results of this review were due on March 9, 2010. The due date was extended to April 8, 2010, because the DOC needed additional time to analyze additional time to analyze information regarding a respondent's entries. On April 9, the DOC announced that it would need more time to analyze new information regarding additional period of review entries for consumption of the subject merchandise manufactured by one of the four respondent companies. The DOC extended the due date to July 7, 2010.

Federal Register Notices

International Trade Administration

[A-533-813] Certain Preserved Mushrooms from India: Notice of Amended Final Results Pursuant to Final Court Decision *75 FR 18151-18152*, April 9, 2010.

[C-533-821] Certain Hot-Rolled Carbon Steel Flat Products from India: Extension of Time Limit for Final Results of Countervailing Duty Administrative Review *75 FR 18152*, April 9, 2010.

[A-588-850] Certain Large Diameter Carbon and Alloy Seamless Standard, Line, and Pressure Pipe From Japan: Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review *75 FR 18153*, April 9, 2010.

[C-580-818] Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Extension of Time Limit for Preliminary Results of Countervailing Duty Administrative Review *75 FR 18153-18154*, April 9, 2010.

[A-552-802, A-570-893] Notice of Initiation of Administrative Reviews and Requests for Revocation in Part of the Antidumping Duty Orders on Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam and the People's Republic of China *75 FR 18154-18159*, April 9, 2010.

[C-570-966] Drill Pipe from the People's Republic of China: Notice of Postponement of Preliminary Determination in the Countervailing Duty Investigation *75 FR 17902-17903*, April 8, 2010.

[A-201-822] Stainless Steel Sheet and Strip in Coils from Mexico; Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review *75 FR 17690-17691*, April 7, 2010.

[A-351-838, A-533-840, A-549-822] Certain Frozen Warmwater Shrimp from Brazil, India, and Thailand: Notice of Initiation of Antidumping Duty Administrative Reviews *75 FR 17693-17699*, April 7, 2010.

Quarterly Update to Annual Listing of Foreign Government Subsidies on Articles of Cheese Subject to an In-Quota Rate of Duty *75 FR 17699-17700*, April 7, 2010.

[A-570-851] Certain Preserved Mushrooms from the People's Republic of China: Amended Final Results Pursuant to Final Court Decision *75 FR 17376-17377*, April 6, 2010.

[A-583-831] Stainless Steel Sheet and Strip in Coils from Taiwan: Notice of Extension of Time Limits for Preliminary Results of Antidumping Duty Administrative Review *75 FR 17378-17379*, April 6, 2010.

[A-201-822] Stainless Steel Sheet and Strip in Coils from Mexico; Notice of Amended Final Results of Antidumping Duty Administrative Review *75 FR 17122-17124*, April 5, 2010.

[A-475-059] Pressure Sensitive Plastic Tape from Italy: Notice of Continuation of Antidumping Duty Finding *75 FR 17124-17125*, April 5, 2010.

[A-570-909] Certain Steel Nails from the People's Republic of China: Extension of Time Limit for the Preliminary Results of the New Shipper Review *75 FR 17125*, April 5, 2010.

[A-570-894] Certain Tissue Paper Products from the People's Republic of China: Notice of Initiation of Anti-circumvention Inquiry *75 FR 17127-17131*, April 5, 2010.

International Trade Commission

[Investigation No. 337-TA-650] In the Matter of Certain Coaxial Cable Connectors and Components Thereof and Products Containing Same; Notice of Commission Issuance of a General Exclusion Order, a Limited Exclusion Order, and a Remand Order; Extension of Target Date *75 FR 18236-18237*, April 9, 2010.

[Investigation No. 731-TA-244 (Third Review)] Natural Bristle Paint Brushes From China *75 FR 18237-18238*, April 9, 2010.

[USITC SE-10-007] Sunshine Act Meeting Notice *75 FR 18238*, April 9, 2010.

[Investigation No. 731-TA-1047 (Review)] Ironing Tables and Certain Parts Thereof From China *75 FR 18238*, April 9, 2010.

[USITC SE-10-006] Government in the Sunshine Act Meeting Notice *75 FR 17956*, April 8, 2010.

[Investigation No. 337-TA-679] In the Matter of Certain Products Advertised as Containing Creatine Ethyl Ester; Notice of Commission Issuance of a Limited Exclusion Order Against the Products Advertised as Containing Creatine Ethyl Ester of Respondents Found in Default; Issuance of Cease and Desist Orders *75 FR 17769-17770*, April 7, 2010.

[Investigation No. 731-TA-1178 (Preliminary)] Glyphosate From China *75 FR 17768-17769*, April 7, 2010.

[Investigation Nos. 701-TA-475 and 731-TA-1177 (Preliminary)] Certain Aluminum Extrusions From China *75 FR 17436-17437*, April 6, 2010.

[Investigation No. 337-TA-698] In the Matter of Certain DC-DC Controllers and Products Containing Same; Notice of Commission Decision Not to Review the Administrative Law Judge's Initial Determination Granting Complainants' Motion To Amend the Complaint and Notice of Investigation *75 FR 17433-17434*, April 6, 2010.

[Inv. No. 337-TA-711] In the Matter of Certain Inkjet Ink Cartridges With Printheads and Components Thereof; Notice of Investigation *75 FR 17435-17436*, April 6, 2010.

[Investigation No. 337-TA-705] In the Matter of Certain Notebook Computer Products and Components Thereof; Notice of Commission Decision Not To Review an Initial Determination Correcting the Claims Asserted From U.S. Patent No. 7,156,693 in the Complaint and Notice of Investigation *75 FR 17437*, April 6, 2010.

[Inv. No. 337-TA-710] In the Matter of Certain Personal Data and Mobile Communications Devices and Related Software; Notice of Investigation *75 FR 17434-17435*, April 6, 2010.

Office of the U.S. Trade Representative

Trade Policy Staff Committee: Public Comments Regarding Granting Suriname Eligibility for Benefits Under the Caribbean Basin Economic Recovery Act and the Caribbean Basin Trade Partnership Act *75 FR 17198-17200*, April 5, 2010.

The Week Ahead

- On April 13, the ITC will hold a hearing on the five-year sunset review of the AD order on ironing tables from China.
- On April 15, the ITC will hold a vote on the final phase AD and CVD investigations into polyethylene retail carrier bags from Indonesia, Taiwan, and Vietnam.