



# WASHINGTON MONITOR

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

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## Trade Briefs

This week the U.S. Chamber of Commerce released a study titled “Opening Markets, Creating Jobs: Estimated U.S. Employment Effects of Trade with FTA Partners.” The study examines the economic effects of current free trade agreements held by the United States with various countries. It focuses on fourteen FTA’s already in effect, specifically, Israel, Canada, Mexico, Jordan, Chile, Singapore, Australia, Morocco, Bahrain, and the U.S. Dominican Republic – Central America FTA.

The study was born out of the Trade Reform, Accountability, Development and Employment Act of 2009, which mandates a “quantification of the U.S. employment impacts of current U.S. trade agreements.” It points out that there are increasing public policy concerns among members of both the House and Senate, domestic producers, and society in general that FTA’s are harmful to the U.S. economy and to those seeking employment. Laura Baughman and Joseph Francois, the prime researchers in the report, chose to exclude trade data from 2009 and the countries whose agreements were established that year (Peru, Costa Rica, and Oman) in order to avoid the independent effects and bias of the global recession. It analyzes the trade trends before and after implementation of the free trade agreements and their impact on the United States.

### *Trade Trends*

The aim of the report is to account for the “upstream, downstream, direct and indirect effects” of trade in both goods and services and employment figures. In 2008, U.S. exports increased by \$462.7 billion as a result of free trade with the above mentioned countries. The agreements resulted in an additional 17.7 million jobs throughout various sectors of the economy. While these figures demonstrate positive effects to the United States it also points out that 92 percent of jobs created and output increases are in some way tied to the North American Free Trade Agreement (NAFTA). The NAFTA agreement was scrutinized throughout the 2008 election campaign and has been subjected to criticism in that it has done more for Canada and Mexico at the expense of the United States. It has yet to be seen whether this negativity stems solely from the economic crisis of 2009 or if Congress and the public are able to find fundamental flaws which may need to be renegotiated.

The initial findings underscore the overall benefits to free trade as trade amounts between the United States and partner countries rose to over 30 percent of total U.S. imports and just under 40 percent of total U.S. exports. More importantly, U.S. exports to FTA countries grew exponentially at an average annual rate of 17.4 percent while those subject to import restrictions and tariffs grew at a much slower rate of 6 percent. The study examined the average annual growth of U.S. exports to FTA partner countries three years prior to the implementation of the agreement and post implementation through 2008. As it stands the average annual growth of U.S. exports stood at 3.2 percent prior to implementation for the combined countries. Among developing countries, known for their strict protectionist policies, average export growth after the establishment of the FTA stood at just under 20 percent.

The study notes that these statistics are limited in their measure of services trade, however, free trade agreements are expanding “the coverage of services trade barrier elimination.” The United States, like most developed countries, is service-oriented and it is estimated that 78 percent of U.S. private sector output and 83 percent of private sector employment originate in the services sector. Baughman and Francois argue that trade services liberalization is an area whereby the United States stands to gain the most from free trade. They reference a study done but the U.S. Department of Commerce where U.S. services exports gained almost 15 percent and 13 percent average annual growth in Chile and Singapore after the agreements were finalized.

### ***Impact of FTAs on the U.S. Economy and U.S. Employment***

The economic crisis of 2009 has fueled strong opposition to pending free trade deals within the United States, but the report argues that indirect effects (such as an increase in domestic orders for raw materials and equipment to meet foreign demand) are often overlooked by critics. In addition, the threat of foreign imports to U.S. products is overstated as the number of jobs tied to delivering those goods to their final destination tends to have a positive correlation. Moreover, if the prices of imports decrease then U.S. consumers will increase spending as their disposable incomes rise.

While each FTA operates differently (fully implemented or in transition) they each have a lasting impact on the U.S. economy. The study states that by year end of 2008, U.S. gross domestic product increased by 7.2 percent, a direct result of taking part in free trade. The United States produced almost a trillion more dollars in goods and services across all sectors of the economy (mining, fishing, construction, services, manufacturing, etc). The FTA themselves created 5.4 million new jobs due to the link in gains from trade. The benefits of trade on an individual basis are skewed as Canada alone is responsible for 60 percent of the increase in employment and GDP while also accounting for a 50 percent share in increased U.S. exports.

### ***Impact on Pending Free Trade Agreements***

While these findings provide new incentive to pass already pending FTAs (Colombia, Panama, and South Korea) slow economic growth and mid-term elections in November have prevented the Obama administration from actively promoting their passage. Outside of the many pro-trade announcements by senior administration officials, there has been little action on the ground to move forward.

U.S. Chamber of Commerce President Thomas Donohue states that “jobs and export opportunities are being lost as the FTAs stagnate” and that the Obama administration trade policy is “stuck in a state of suspended animation.”

The study will do little to curb labor union opposition against trade liberalization. It will continue as long as unemployment hovers around the 10 percent mark. Proponents of free trade can use these results to show that any resistance to these agreements can stifle U.S. production and make the United States less competitive as other countries negotiate their own trade deals.

## Dumping Watch

### Amended Final Determination in AD Case on Oil Country Tubular Goods from China

On May 21st, the Department of Commerce (DOC) announced the amended final determination in the antidumping duty (AD) case regarding oil country tubular goods from China. On April 19, 2010, the Department published its final determination in this investigation. On April 21, 2010 TPCO and petitioners submitted ministerial error allegations on the part of the DOC with respect to the DOC's final determination. Petitioners submitted rebuttal comments on April 26, 2010 with the respondent submitting comments the following day. On May 18th, 2010 the DOC gave notice of an amended final determination in this case. The DOC considered these allegations and comments and accepted some allegations of ministerial error. Within the final determination the DOC determined that numerous companies qualified for a separate rate. The cash deposit rate for the separate rate companies is based on the calculated rate of the only mandatory respondent, TPCO. Since the margin for TPCO has changed since the final determination so will the separate rates. The amended weighted-average dumping margin now stands at 32.07 percent.

On May 14, 2010 the International Trade Commission (ITC) notified the Department that it did find a threat of material injury and therefore duties will be assessed on the subject merchandise on or after the date of the final determination. In addition, the U.S. Customs and Border Protection (CBP) will be instructed to terminate the suspension of liquidation and liquidate without regard to antidumping duties unliquidated entries of OCTG from the People's Republic of China (PRC) on or after November 17, 2009.

### Federal Register Notices

#### *International Trade Administration*

**[A-570-912] New Pneumatic Off-the-Road Tires from the People's Republic of China:** Notice of Partial Rescission of Antidumping Duty Administrative Review *75 FR 28567-28568*, May 21, 2010.

**[A-570-945] Pre-stressed Concrete Steel Wire Strand from the People's Republic of China:** Final Determination of Sales at Less Than Fair Value *75 FR 28560-28564*, May 21, 2010.

**[C-570-946] Pre-Stressed Concrete Steel Wire Strand from the People's Republic of China** Final Affirmative Countervailing Duty Determination *75 FR 28557-28560*, May 21, 2010.

**[A-549-502] Circular Welded Carbon Steel Pipes and Tubes from Thailand:** Extension of Time Limit for Final Results of Antidumping Duty Administrative Review *75 FR 28557*, May 21, 2010.

**Executive Green ICT & Energy Efficiency Trade Mission to Mexico City, Mexico:** Notice *75 FR 28555-28557*, May 21, 2010.

**[A-570-943]: Certain Oil Country Tubular Goods from the People’s Republic of China:** Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order 75 FR 28551-28554, May 21, 2010.

**Aerospace Supplier Mission to Russia:** Notice 75 28547-28548, May 21, 2010.

**[A-570-954] Certain Magnesia Carbon Bricks from the People’s Republic of China:** Notice of Preliminary Affirmative Determination of Critical Circumstances 75 FR 28237-28239, May 20, 2010.

**[A-570-893] Certain Frozen Warmwater Shrimp from the People’s Republic of China:** Extension of Final Results of Antidumping Duty Administrative Review 75 FR 28235-28236, May 20, 2010.

**Export Trade Certificate of Review:** Notice of Application to Amend the Export Trade Certificate of Review Issued to U.S. Shippers Association 75 FR 28235, May 20, 2010.

**[A-580-810] Certain Welded Stainless Steel Pipes from the Republic of Korea:** Final Results of Antidumping Duty Administrative Review 75 FR 27987-27989, May 19, 2010.

**[A-475-059] Pressure Sensitive Plastic Tape from Italy:** Final Results of Antidumping Duty Changed Circumstances Review 75 FR 27706-27708, May 18, 2010.

**[A-533-843, A-570-901] Certain Lined Paper Products from India and People’s Republic of China;** Extension of Time Limits for the Preliminary Results of Antidumping Duty Administrative Reviews 75 FR 27706, May 18, 2010.

**[A-552-802] Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam:** Extension of Final Results of Antidumping Duty New Shipper Review 75 FR 27705-27706, May 18, 2010.

**[A-570-002] Chloropicrin from the People’s Republic of China:** Notice of Continuation of Antidumping Duty Order 75 FR 27704, May 18, 2010.

**[A-428-602] Brass Sheet and Strip from Germany:** Extension of Time Limit for the Final Results of Antidumping Duty Administrative Review 75 FR 27538-27539, May 17, 2010.

*International Trade Commission*

**[Investigation No. 337-TA-696] In the Matter of Certain Restraining Systems for Transport, Components Thereof, and Methods of Using Same;** Notice of Commission Determination Not to Review an Initial Determination Granting Respondent’s Second Amended Motion To Terminate the Investigation in Its Entirety Based on a Consent Order Stipulation and To Issue a Consent Order 75 FR 28654, May 21, 2010.

**[Investigation No. 332-516 and 332-517] Certain Environmental Goods: Probable Economic Effect of Duty-Free Treatment for U.S. Imports; Certain Environmental Goods: U.S. International Trade and Competitive Conditions** 75 FR 28652-28654, May 21, 2010.

**[Investigation No. 337-TA-718] In the Matter of Certain Electronic Paper Towel Dispensing Devices and Components Thereof;** Notice of Investigation *75 FR 28651-28652*, May 21, 2010.

**[USITC SE-10-016] Government in the Sunshine Act Meeting Notice** *75 FR 28286*, May 20, 2010.

**[Investigation No. 337-TA-564] In the Matter of: Certain Voltage Regulators, Components Thereof and Products Containing Same; Enforcement Proceeding;** Notice of Commission Determination Not to Review the Enforcement Initial Determination; Schedule for Briefing on the Issues of Remedy, Public Interest and Bonding *75 FR 28284-28285*, May 20, 2010.

**[Investigation No. 337-TA-678] In the Matter of Certain Energy Drink Products;** Notice of Commission Decision Not To Review an Initial Determination of Violation of Section 337; Schedule for Submissions on Remedy, Public Interest, and Bonding *75 FR 28285-28286*, May 20, 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 Complaints' Motion to Amend the Complaint and Notice of Investigation *75 FR 28283-28284*, May 20, 2010.

**[Investigation No. 731-TA-1070B] Certain Tissue Paper Products from China** *75 FR 28061-28062*, May 19, 2010.

**[Investigation No. 337-TA-669] In the Matter of Certain Optoelectronic Devices, Components Thereof, and Products Containing the Same;** Notice of Commission Decision Not to Review a Final Initial Determination Finding a Violation of Section 337; Request for Written Submissions Regarding Remedy, Bonding, and the Public Interest *75 FR 28060-28061*, May 19, 2010.

**[Investigation Nos. 731-TA-1159 (Final)] Certain Oil Country Tubular Goods from China;** Determination *75 FR 28058*, May 19, 2010.

**[Investigation No. 337-TA-717] In the Matter of Certain Digital Imaging Devices and Related Software;** Notice of Investigation *75 FR 28058-28059*, May 19, 2010.

**[Inv. No. 332-515] Actual Effects of the Free Trade Agreements with Chile, Australia, and Singapore** *75 FR 28059-28060*, May 19, 2010.

**[Investigation No. 701-TA-437 and 731-TA-1060] Carbazole Violet Pigment 23 from China and India;** Determinations *75 FR 27815*, May 18, 2010.

**[USITC SE-10-015] Government in the Sunshine Act Meeting Notice** *FR 27580*, May 17 2010.

*Office of the U.S. Trade Representative*

**[Docket No. USTR-2010-0013] WTO Dispute Settlement Proceeding Regarding United States—Measures Affecting the Production and Sale of Clove Cigarettes** *75 FR 27614-27615*, May 17, 2010.

### **The Week Ahead**

- On June 2, the ITC will hold a hearing on the final phase of AD and CVD investigations for potassium phosphate salts from China
- On June 4, the ITC will vote on the five year (sunset) review adequacy determinations for magnesium from China and Russia