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

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Trade Briefs

This week the Washington International Trade Association (WITA) hosted a discussion with newly appointed Undersecretary of Commerce, Francisco Sanchez, regarding President Obama's National Export Initiative (NEI). The underlying theme of the event was to provide a thorough understanding of the initiative and how it will enhance the competitiveness and create new markets for American goods while also strengthening trade relationships abroad.

The overall goal of the NEI is to double the amount of exports, steady at 13 percent of GDP, within the next five years in hopes to create over 2 million new jobs. Undersecretary Sanchez highlighted the strategic value of trade and the role it will play in job creation and sustaining economic growth. He also mentioned that 58 percent of all American companies exporting abroad serve only a single market. This is neither beneficial for the exporting companies (as they become overexposed to economic fluctuations within a destination country) or the importing countries (such as India or China) whose growing economies are in high demand for Western goods and stand to benefit from the sales and distribution of these products. The NEI will create an Export Promotion Cabinet and Office of Strategic Partnerships which will provide greater access to information and transform small and medium sized enterprises (SME's) into exporters, allowing them to sell abroad and create jobs in the United States. In addition, it will improve access to capital through the use of export/import banks and induce export control reform by creating a single export control list.

The Obama administration has tasked the International Trade Administration (ITA) with implementing the wide ranging reforms needed to execute NEI. Undersecretary Sanchez focused largely on improving and nurturing already established trade ties while also taking part in commercial engagement strategies with emerging markets such as China, India, Brazil, Vietnam and South Africa. He also stated that the goals of the NEI can only be realized through the ratification of pending free trade agreements (with Panama, Colombia, and South Korea) and the development of the Trans-Pacific Partnership (TPP). While it was reaffirmed that the Obama administration supports free trade, he acknowledged that Congress has been slow to act as healthcare and financial reform have dominated domestic priorities these last few months.

Moreover, the ITA will continue to work with foreign governments to reduce trade barriers. For instance, the Undersecretary suggested increasing trade missions abroad and fielding organizations in over 80 countries to promote U.S. products and to assist companies operating within them. In addition, the NEI envisions improvements in trade facilitation at the border and express delivery of goods which has been welcomed by both the United States and its foreign partners. The U.S.-China Joint Commission on Commerce and Trade (JCCT) and the Commercial Dialogue with Brazil were cited as examples of collaboration which should be duplicated when negotiating highly sensitive trade related issues.

The initiative has also highlighted a "sector approach" for increasing export opportunities and job creation. The ITA has pinpointed clean energy and green technology as being the greatest areas for export growth and cooperation among nation-states. The developing world stands to invest over a trillion dollars in infrastructure over the next five years and developed countries will compete on a global level to fulfill these needs (such as the building of hospitals, transport networks, architectural services, and development of smart grids). Saudi

Arabia, Qatar, and Libya plan to invest over 600 billion dollars in infrastructure alone which will include investments in rail lines, public health projects, and energy efficiency technology.

The NEI will also work to alleviate trade disputes with the People's Republic of China (PROC), one of the world's fastest growing economies and a consistent source of trade friction for developed nations. While the ITA does not foresee a change in non-market economy (NME) status in the foreseeable future it has spelled out the criteria for passage which China and the United States hope to fulfill through the efforts of the JCCT. Undersecretary Sanchez noted that the United States does not arbitrarily decide the status of NME countries; however it does follow statute and a thorough investigation process in order for a country to make the transition to market economy. The Chinese "indigenous innovation" policy still poses a problem for the United States and foreign governments as it does not fall in line with free and fair trade and is inconsistent with the WTO Agreement on Government Procurement. While the PROC has not announced a suspension of this policy it has agreed to allow for comments by foreign governments and industry leaders. The ITA will continue to defer to the Department of Treasury on currency manipulation matters although a pending Congressional bill will seek to increase the role of the Commerce Department in this area.

Dumping Watch

Amended Preliminary Determination of Sales at Less Than Fair Value for Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China

On May 28th, the Department of Commerce (DOC) announced that it made significant ministerial errors in the preliminary determination of sales at less than fair value in the antidumping (AD) investigation for certain seamless carbon and alloy steel standard, line, and pressure pipe from the People's Republic of China (PRC). The determination will be amended for the mandatory respondent and the exporters available for a separate rate. On May 3rd, TPCO, the mandatory respondent, submitted ministerial error allegations on the part of the DOC with respect to the DOC's preliminary determination. As a result of the correction the DOC has determined that the weighted-average dumping margin of 22.67 percent will apply for TPCO and 57.3 percent for all other respondents.

Federal Register Notices

International Trade Administration

Trade Promotion Coordinating Committee Renewable Energy and Energy Efficiency Export Strategy to Support the National Export Initiative 75 FR 29993-29994, May 28, 2010.

[A-201-838] Seamless Refined Copper Pipe and Tube from Mexico: Correction to Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination 75 FR 29990-29991, May 28, 2010.

[A-475-826] Certain Cut-to-Length Carbon-Quality Steel Plate Products From Italy: Extension of the Final Results of Antidumping Duty Administrative Review 75 FR 29976, May 28, 2010.

Application(s) for Duty-Free Entry of Scientific Instruments 75 FR 29974-29975, May 28, 2010.

[A-570-956] Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the People's Republic of China: Amended Preliminary Determination of Sales at Less Than Fair Value 75 FR 29972-29974, May 28, 2010.

[A-552-801] Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Notice of Partial rescission of the Sixth Antidumping Duty Administrative Review 75 FR 29726-29727, May 27, 2010.

[A-570-822] Certain Helical Spring Lock Washers from the People's Republic of China: Final Results of Antidumping Duty Administrative Review 75 FR 29729-29722, May 27, 2010.

[A-570-827] Certain Cased Pencils from the People's Republic of China: Extension of Time Limit for the Final Results of Antidumping Duty Administrative Review 75 FR 29720, May 27, 2010.

[A-580-810] Certain Cut-to-Length Carbon Steel Plate from the People's Republic of China: Rescission of Antidumping Duty Administrative Review 75 FR 29519-29520, May 26, 2010.

[A-570-890] Wooden Bedroom Furniture from the People's Republic of China: Extension of Time Limit for the Final Results of Antidumping Duty New Shipper Reviews 75 FR 29516, May 26, 2010.

[A-570-831] Fresh Garlic from the People's Republic of China: Extension Time Limits for Final Results of the Antidumping Duty Administrative Review 75 FR 29314, May 25, 2010.

[A-570-890] Wooden Bedroom Furniture from the People's Republic of China: Extension of Time Limit for the Final Results of the Antidumping Duty Administrative Review 75 FR 29313, May 25, 2010.

[A-57-891] Hand Trucks and Parts Thereof from the People's Republic of China: Final Results of Antidumping Duty Administrative Review 75 FR 29314-29316, May 25, 2010.

International Trade Commission

[Investigation No. 332-519] China: Effects of Intellectual Property Infringement and Indigenous Innovation Policies on the U.S. Economy 75 FR 30060-30061, May 28, 2010.

[USITC SE-10-017] Government in the Sunshine Act Meeting Notice 75 FR 30061, May 28, 2010.

[Investigation No. 701-TA-470-471 and 731-TA-1169-1170] Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia; Scheduling of the final phase of countervailing duty and antidumping investigations 75 FR 29364-29365, May 25, 2010.

The Week Ahead

- The ITC, House Ways and Means Committee, and Senate Finance Committee will not be holding hearings or votes from June 7-11th, 2010