



WASHINGTON MONITOR

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

July 22, 2010

Volume 14 Issue 24

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Trade Briefs

On July 15, 2010 Deputy U.S. Trade Representative Demetrios Marantis announced that the issues related to the U.S.-Korea Free Trade Agreement (KORUS FTA) revolve mainly around increased market access for beef and automobiles. He noted that any other concerns regarding the U.S.-Korean relationship would need to be addressed in other venues through bilateral meetings. Marantis also mentioned that USTR must first complete consultations with Congress before negotiations can begin as they still need to develop a package of proposals for the Korean government.

It is widely agreed that neither the U.S. or Korean government is ready to open direct talks on KORUS as both need more time to prepare for discussions. Korean Ambassador Han Duk-soo stated that while the United States has already had extensive talks with Congress and business officials, they now need to make additional adjustments for stakeholders.

USTR has continued on its pledge to deliver a package for KORUS by the G20 Summit in Seoul and just this week has started to reach out to members of the powerful Senate Finance Committee which covers trade related issues within the Senate. It is believed that no other issues have been raised other than those of beef and autos. While some believe it is highly unlikely that negotiations will conclude before the mid-term elections, this will leave only a small window for the United States and Korea to finalize an agreement. This has its benefits as it will allow politicians to forgo taking a stance on the highly contentious issue and will also help avoid a never ending exchange between both sides.

The timing for the vote remains up for debate. Some argue that if both governments can agree on a proposal by November then one can be held by early next year. Since this is one of the few issues where the Administration can work with Republicans, the only delay would be making sure there are enough votes on the side of the Democrats. Others argue that a vote will most likely be held around Memorial Day of next year as they want to guarantee enough votes for passage. The next few weeks will be centered around USTR working to address the concerns of opponents of the KORUS FTA if they haven't been already.

On July 20, 2010 ten Democratic Senators sent a letter to President Obama praising his efforts to move forward on the Korean free trade deal. They regard this as a "strong affirmation to our ally the Republic of Korea" and agree that by moving ahead we will solidify America's strategic role in Asia. They cite "new export opportunities" which will lead to a stable economic recovery. They note that Korea is America's seventh largest trading partner and vital sectors of the U.S. economy, such as manufacturing, technology, and agriculture, will expand as a result of the free trade agreement. They also pointed out that any failure to approve KORUS will have "ranging repercussions" and ultimately diminish U.S. engagement in Asia. It will continue to reduce American competitiveness in the region as other large trading blocks, such as the European Union and Canada, move forward on their own free trade agreements.

Dumping Watch

Notice of Preliminary Results of Antidumping Duty Administrative Review for Polyethylene Terephthalate Film, Sheet, and Strip from the Republic of Korea:

On July 14, 2010 the Department of Commerce (DOC) published preliminary results of the antidumping (AD) duty administrative review for polyethylene terephthalate film, sheet and strip (PET film) from the Republic of Korea (ROK). The review covers one exporter/producer, Kolon Industries Inc. (Kolon), during the period of review from June 1, 2008 through May 31, 2009. While the DOC has initially determined that Kolon has not made sales under the normal value (NV) the final results shall be the basis for the assessment of AD duties on entries of subject merchandise. The Federal Register notice is attached.

On June 1, 2009 the Department published the notice of “Opportunity to Request Administrative Review” of the AD duty order on PET film. On June 30, 2009 Kolon requested a review of PET film from Korea while Dupont Teijin Films (DuPont), Mitsubishi Polyester Film, Inc. (Mitsubishi), and Toray Plastics America, Inc. (Toray) requested a review of Kolon. Kolon responded to all the Department’s questionnaires in a timely manner and on March 3, 2010 the deadline for preliminary results of the review were extended until July 7, 2010.

In order to determine whether sales of PET film from Korea to the United States were made at less than normal value, the DOC compared Kolon’s export price sales in the U.S. to unaffiliated purchases to the normal value. The constructed export price (CEP) and export price (EP) of individual transactions were compared to the monthly weighted-average normal values. Kolon classified all of its U.S. sales shipped directly from Korea to the U.S. as EP sales whereas all sales invoiced through Kolon USA as CEP transactions. These classifications have been accepted for the preliminary results. In order to calculate the normal value, the Department had to prove there was a “sufficient volume of sales in the home market to serve as a viable basis.” The home market was viable because Kolon’s volume of home market sales of the merchandise was greater than 5 percent of the aggregate volume of U.S. sales.

Since the DOC had reason to believe Kolon made home market sales below its costs of production (COP) it therefore calculated a COP based on the sum of Kolon’s cost of materials, fabrication of the foreign product, plus selling, general, and administrative expenses, interest expenses, and packing costs. This COP was then compared to the average-weighted COPs during the period of review.

As a result Kolon Industries, Inc. received a preliminary weighted-average dumping margin of 0.30 percent for the period of review. Calculations for these results will be released five days after the publication of this notice and interested parties may submit case briefs no later than thirty days after date of publication.

Notice of the Final Results of Antidumping Duty Administrative Review for Stainless Steel Bar from Brazil:

On July 12, the Department of Commerce (DOC) published final results of its administrative review of the antidumping (AD) duty order on certain stainless steel from Brazil. The Federal Register notice is attached.

On March 16, 2010 the DOC issued preliminary results for stainless steel from Brazil for one producer/exporter of the subject merchandise, Villares Metals S.A. (VMSA). On May 5, 2010 the Department released post-preliminary analysis which altered the cost-of-production methodology which was then applied to the prelim results. The DOC found it appropriate to use quarterly costs based on VMSA's supplemental cost data because the changes in the cost of manufacture were significant and could be reasonably compared with the price of sales made during the quarter.

On May 13, 2010 the petitioners (Carpenter Technology Corporation, Valbruna Slater Stainless, Inc., Electralloy Corporation, a Division of G.O. Carlson, Inc., and Universal Stainless) submitted a case brief arguing the Department made ministerial errors by neglecting to reduce U.S. gross unit price for movement expenses VMSA reported under the computer variable for U.S. duties. The DOC corrected this error as it resulted in an understatement of VMSA's dumping margin in the preliminary results. The Department recalculated the net U.S. price for constructed export-price transactions by reducing the U.S. gross unit price for the movement expenses.

The weighted-average dumping margin for Villares Metals S.A. increased from 0.00 percent to 3.7 percent for the period of review (February 1, 2008 through January 31, 2009).

Federal Register Notices

International Trade Administration

[A-428-840] Lightweight Thermal Paper from Germany: Extension of Time Limits for the Preliminary Results of Antidumping Duty Administrative Review *75 FR 41439*, July 16, 2010.

[A-533-810] Stainless Steel Bar from India: Extension of Time Limit for the Final Results of the 2008-2009 Antidumping Duty Administrative Review *75 FR 41438*, July 16, 2010.

[A-428-801] Ball Bearings and Parts Thereof From Germany: Notice of Court Decision Not in Harmony With Final Results of Administrative Review *75 FR 41435-41436*, July 16, 2010.

[A-570-601] Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, From the People's Republic of China: Preliminary Results of the 2008-2009 Administrative Review *75 FR 41148-41157*, July 15, 2010.

[A-570-806] Silicon Metal from the People's Republic of China: Preliminary Results and Preliminary Rescission, in part, of Antidumping Duty Administrative Review *75 FR 41143-41148*, July 15, 2010.

[A-580-807] Polyethylene Terephthalate Film, Sheet, and Strip from the Republic of Korea: Preliminary Results of Antidumping Duty Administrative Review *75 FR 40784-40788*, July 14, 2010.

[A-570-868] Folding Metal Tables and Chairs from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review *75 FR 40788-40795*, July 14, 2010.

[A-570-905] Certain Polyester Staple Fiber from the People's Republic of China: Notice of Preliminary Results and Preliminary Rescission, in part, of the Antidumping Duty Administrative Review *75 FR 40777-40784*, July 14, 2010.

[A-520-803] Polyethylene Terephthalate Film, Sheet and Strip from the United Arab Emirates: Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review *75 FR 40776*, July 14, 2010.

[A-580-809] Circular Welded Non-Alloy Steel Pipe from the Republic of Korea: Extension of Time Limit for Preliminary Results of the Antidumping Duty Administrative Review *75 FR 39917*, July 13, 2010.

[A-570-904] Certain Activated Carbon from the People's Republic of China: Extension of Time Limit for Final Results of the Antidumping Duty Administrative Review *75 FR 39916-39917*, July 13, 2010.

[A-351-825] Stainless Steel Bar from Brazil: Final Results of Antidumping Duty Administrative Review *75 FR 39663-39664*, July 12, 2010.

International Trade Commission

[Investigation No. 337-TA-670] In the Matter of Certain Adjustable Keyboard Support Systems and Components Thereof; Notice of Commission Determination of No Violation of Section 337 *75 FR 41238*, July 15, 2010.

[Investigation No. 337-TA-726] In the Matter of Certain Electronic Imaging Devices; Notice of Investigation *75 FR 39971-39972*, July 13, 2010.

[Investigation No. 731-TA-244 (Third Review)] Natural Bristle Paint Brushes from China; Revised Schedule for the subject review *75 FR 39706*, July 12, 2010.

United States Trade Representative

Generalized System of Preferences (GSP): Notice of the Results of the 2009 Annual Product Reviews *75 FR 40019-40020*, July 13, 2010

The Week Ahead

- On July 27th, the ITC will hold a hearing on the final phase countervailing duty and antidumping duty investigations for Certain Magnesia Carbon Bricks from China and Mexico
- On July 27th, the House Ways and Means Committee will hold a hearing on Enhancing the U.S.-EU Trade Relationship
- On July 28th, the ITC will hold a vote on the final phase antidumping investigation for Woven Electric Blankets from China
- On July 29th the ITC will hold a hearing on the Five-Year (Sunset) Review for Natural Bristle Paint Brushes from China