

Washington Trade Daily

Volume 20, Number 179

Thursday, September 8, 2011

Trade Reports International Group

House Passes GSP Extension

The House yesterday easily approved legislation (HR 2832) renewing the expired US Generalized System of Preference program that Senate leaders say will be the vehicle for extending also-expired Trade Adjustment Assistance benefits – the first step in a process that will lead way to final approval of the three long-pending free trade agreements with South Korea, Panama and Colombia (WTD, 9/7/11).

Senate Majority Leader Harry Reid (D-Nev) told reporters he believes there is a way forward for TAA and the three trade agreements. But he made clear the Senate will not take up the FTAs until the renewal of expired TAA benefits has been passed and is on the President's desk.

President Obama must formally submit implementing legislation for the three FTAs before Congress can act on them. Sen. Reid said he planned to discuss the legislative process for TAA and the FTAs with White House chief of staff Bill Daley last evening.

Senate Republicans said they would be willing to approve the TAA renewal before President Obama formally submits the three trade deals. Although the expanded TAA benefits are not popular with many Republicans, senators are willing to support renewal as the “price” that must be paid in order for the President to submit the three FTAs, Sen. Roy Blunt (R-Mo) told reporters.

The 60 votes necessary to pass TAA in the Senate are there, a Republican aide told WTD told. “The Administration has said they need to see action on TAA before they will submit the FTAs and we are cooperating in moving it forward. The Administration needs to uphold their end of the deal and submit the FTAs as soon as possible,” the aide commented. “House leadership has already committed to the President that they will consider TAA so there is nothing more for Republicans to do here. The onus to act is all on the Administration and Harry Reid,” he continued.

Twelve Senate Republicans have promised to vote with Democrats to end any attempt to filibuster TAA on the Senate floor. Those senators also are committed to making sure the TAA renewal that comes out of the Senate is acceptable to the White House, Sen. Blunt added.

Jobs and Trade Agreements

Republicans said they are tired of hearing President Obama talk about the need to create more jobs while he continues to sit on three trade agreements. “If the President really cares about jobs, he will send these agreements up immediately,” said Sen. Rob Portman (R-Ohio) – a former US trade representative.

President Obama will address a joint session of Congress this evening on his jobs plans.

Until the President allows Congress to approve the three FTAs – negotiated under the previous Administration – his own trade agenda will remain in limbo, commented Senate Finance ranking Republican Orrin Hatch (Utah).

House Speaker John Boehner (R-Ohio) also urged the President to submit the three “job-creating” FTAs.

The GSP renewal bill passed the House on a voice vote with little debate. Ways and Means Chairman Dave Camp (R-Mich) noted that the GSP program also has a jobs component since many US companies are able to take advantage of the access to duty-free imports of materials used in domestic manufacturing. According to an analysis by the Coalition for GSP, approximately 82,000 jobs are either directly or indirectly associated with the importation and use of GSP-eligible imports.

The legislation renews GSP until July 30, 2013 and permits importers to apply for duty refunds



for eligible products imported since the program's expiration on December 31, 2010.

Around the Globe

- Guatemala is confident it will defeat a US challenge to its record on labor rights, the country's economy minister said on Wednesday, and he linked the challenge to White House efforts to win domestic support for several free trade deals, Reuters news service reported from Saskatoon (WTD, 8/10/11). The United States said last month it wanted a free-trade dispute settlement panel to hear its year-old complaint that Guatemala has failed to protect workers' rights as required under the Dominican Republic-Central American Free Trade Agreement, known as CAFTA-DR, to which the United States is a signatory.

"We respect the law, the work law, the unions and there is no background for the claims – no basis for it," Economy Minister Luis Velasquez told Reuters in an interview. "We think the United States is going to lose." Velasquez was speaking before a meeting of the Cairns Group of agricultural exporting countries in Saskatoon, Saskatchewan.

Under Guatemalan law, the government can shut down or penalize companies that violate workers' rights, Velasquez said. "We are not a banana republic anymore." In a complaint first filed in 2008, the US AFL-CIO labor federation and six Guatemalan unions accused the Guatemalan government of failing to enforce laws guaranteeing workers the right to organize and bargain collectively, as well as the right of association and acceptable conditions of work. Velasquez said the US decision to escalate the AFL-CIO complaint into a formal free-trade challenge is linked to the Obama administration's hopes to win congressional approval of long-delayed free trade pacts with South Korea, Panama and Colombia. "We are thinking the United States is trying to use us as a case. They want to show (they have) high standards," he said.

- Two elderly businessmen struggled to push a dolly cart loaded with boxes of 10,000 postcards addressed to the US Trade Representative to the door of the Chicago Hilton as negotiators launched a new round of negotiations on the Trans-Pacific Partnership Agreement (WTD, 9/6/11). These were no ordinary businessmen. The founders of Ben & Jerry's ice cream had been traveling the country educating communities about fair trade and collecting signatures on the postcards. They were determined to hand them personally to the US lead negotiator. Hotel security turned them away.

The postcards call for no more free trade deals based on the model of the North America Free Trade Agreement. Instead a 21st century fair trade agreement should "advance labor, environmental and human rights standards at home and abroad." That would include: "Strong, clear and enforceable labor standards based on International Labor Organization Conventions; an end to investor-to-state provisions that threaten environmental and consumer protections; a clear mandate enabling countries to obtain affordable, generic medications for sick people; and respect for communities' decisions as to how to best protect family farmers and feed their populations."

- European parliamentarians in the legal affairs committee have once again cast doubt on the efficacy of the controversial Anti-Counterfeiting Trade Agreement, but stopped short of declaring it illegal, IDG news service reported (WTD, 10/28/10). Nonetheless doubts linger over whether the agreement can be legally enforced, as the committee has referred the question to the Parliament's legal department.

Following a report by the Greens and the European Free Alliance, the committee was asked last week to give an opinion on whether agreement with the US and other countries is compatible with European Union law. The agreement seeks to enforce intellectual property rights and combat online piracy and illegal software. French Member of the European Parliament Françoise Castex said that she was not sure if the matter needed to go to the European Court of Justice and that the legal department of the Parliament would address the matter.

MEP Daniel Caspary defended the legality of ACTA, saying: "The Commission has promised during the last months and years that the ACTA text currently on the table, is in accordance to the Aquis

(European Union Law), it doesn't hurt the Aquis and I think this is important as we don't have to change the rules," he said.

- Brazil vowed on Tuesday to defend its domestic industry against unfair competition and slapped import tariffs on select Chinese steel products, Reuters news service reported from Brasilia. It is the latest in a series of measures to defend struggling domestic manufacturers and help shield Latin America's largest economy from the fallout of global financial turmoil. The Latin American economic powerhouse will impose an anti-dumping tariff of \$743 per ton on steel pipes, the government's foreign trade chamber said. The levy will be valid for five years.

The move is part of a broader effort by President Dilma Rousseff, who took office on Jan. 1, to get tough on imports and protect domestic jobs.

- Last week, the Brazilian government reportedly granted an export subsidy of about \$53 per ton covering 117,711 metric tons of rice, according to USA Rice. Brazil's program, called "PEP," provides a minimum guaranteed price to producers and cooperatives by paying the difference between the minimum guaranteed price and the market price to purchasers in Brazil who agree to move the rice out of the area of production and/or to the export market. USA Rice is actively engaging the U.S. Embassy in Brasilia and USDA and USTR in Washington to determine whether the PEP exceeds Brazil's commitments to the World Trade Organization.

Total reported subsidies under the program have supported 1,476,626 tons of Brazilian rice costing about \$120.2 million this calendar year.

- A global economic group says the US slipped further among competitive economies, taking fifth place due to huge deficits and pessimism about government, the Associated Press news service reported from Geneva. Switzerland retained the top spot in the Geneva-based World Economic Forum's annual ranking Wednesday based on economic data and a survey of 15,000 business executives. It was followed by Singapore, Sweden and Finland. The United States was in fourth place last year, after falling from No. 1 in 2008.

- International tourism grew by almost 5% in the first half of 2011 totalling a new record of 440 million arrivals, the United Nations reported. Results confirm that, in spite of multiple challenges, international tourism continues to consolidate the return to growth initiated in 2010. Advanced economies grow faster than expected International tourist arrivals are estimated to have grown by 4.5% in the first half of 2011, consolidating the 6.6% increase registered in 2010. Between January and June of this year, the total number of arrivals reached 440 million, 19 million more than in the same period of 2010.

- Overseas investments by Indian firms jumped by 94 percent to \$5.5 billion in the April-June period of the current fiscal year, Parliament was informed on Tuesday according to the *Economic Times*. In the corresponding period of 2010-11, outward investment totalled \$2.8 billion, according to the latest figures given by Finance Minister Pranab Mukherjee in a written reply in the Rajya Sabha. Mauritius (\$548.54 million) was the top destination for Indian investors in the first quarter of 2011-12, followed by the US (\$185 million) and Singapore (\$157.31 million). Even for the inward foreign direct investment Mauritius with which India has a double taxation avoidance agreement, is the preferred route.

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On the Web.....

Asia-Pacific

TPP. US Business Coalition for TPP letter to President Obama urging negotiations on a high-level agreement.) issued: 9/7/11.

Developing Countries

GSP. House debate on legislation to extend the US Generalized System of Preferences. (available in the Congressional Record of September 7).

GSP. National Association of Manufacturers statement on the US Generalized System of Preferences. (available at: <http://www.nam.org>) issued: 9/7/11.

GSP. Statement by House Speaker Boehner on the US Generalized System of Preferences and the free trade agreements. (available at: <http://www.speaker.gov/news/email/show.aspx?ID=MCJRFNJQCFEAT5KK7NEIL5WU74>) issued: 9/7/11.

GSP. National Foreign Trade Council statement on the US Generalized System of Preferences. (available at: <http://www.nftc.org>) issued: 9/7/11.

European Union

Fisheries. European Union and US joint statement on bilateral cooperation to fight illegal fishing. (available at: <http://www.eurunion.org>) issued: 9/7/11.

NEI. Statement by Commerce Undersecretary for International Trade Francisco Sanchez on a new public/private partnership on the President's National Export Initiative. (available at: <http://trade.gov/>) issued: 9/7/11.

Exports

ExIm Bank. US Export-Import Bank release on speech by Chairman Fred Hochberg on how the bank can help increase exports. (available at: <http://www.exim.gov/>) issued: 9/7/11.

NEI. Statement by Commerce Undersecretary for International Trade Francisco Sanchez on a new public/private partnership on the President's National Export Initiative. (available at: <http://trade.gov/>) issued: 9/7/11.

Fisheries

European Union. European Union and US joint statement on bilateral cooperation to fight illegal fishing. (available at: <http://www.eurunion.org>) issued: 9/7/11.

Intellectual Property Rights

Software. Business Software Alliance report on software piracy. (available at: <http://blog.bsa.org/>) issued: 9/7/11.

Mexico

Trucking. Transportation Department Inspector General's report on the Mexican trucking pilot program. (available at: <http://www.oig.dot.gov/sites/dot/files/NAFTA%20Final%20Report.pdf>) issued: 8/16/11.

Tourism

International. United Nations release on international tourism in first half of 2011. (available at: <http://www.unwto.org>)

issued: 9/7/11.

Trade Policy

FTAs. Statement by Sen. Hatch urging President to send the pending FTAs.. (available at: <http://finance.senate.gov>) issued: 9/7/11.

FTAs. Statement by House Speaker Boehner on the US Generalized System of Preferences and the free trade agreements. (available at: <http://www.speaker.gov/news/email/show.aspx?ID=MCJRFNJQCFEAT5KK7NEIL5WU74>) issued: 9/7/11.

Transportation

Mexican Trucking. Transportation Department Inspector General's report on the Mexican trucking pilot program. (available at: <http://www.oig.dot.gov/sites/dot/files/NAFTA%20Final%20Report.pdf>) issued: 8/16/11.

Negotiations. US Business Coalition for TPP letter to President Obama urging negotiations on a high-level agreement.) issued: 9/7/11.

World Trade

Trade Policy. World Trade Organization report on trade-related developments since October 2010. (available at: http://docsonline.wto.org/GEN_highLightParent.asp?qu=&doc=D%3A%2FDDFDOCUMENTS%2FT%2FWT%2FTPR%2FOVW5R1%2EDOC%2EHTM&curdoc=13&popTitle=WT%2FTPR%2FOV%2FW%2F5%2FRev%2E1) issued: 9/7/11.