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Boeing Agrees to Sell Planes to Another Iranian Airline

Current or potential U.S. sanctions on Iran will not impact the Memorandum of Agreement (MOA) between Boeing and Iran Aseman Airlines that the U.S. firm confirmed April 4. According to Boeing, the airline intends to purchase 30 Boeing 737 MAX airplanes, valued at \$3 billion, and has purchased rights for 30 additional 737 MAXs per the agreement. Deliveries will begin in 2022.

“Boeing negotiated the MOA under authorizations from the U.S. government following a determination that Iran had met its obligations under the nuclear accord signed in 2015. Boeing will look to the Office of Foreign Assets Control for approval to perform under this transaction. Boeing continues to follow the lead of the U.S. government with regards to working with Iran’s airlines, and any and all contracts with Iran’s airlines are contingent upon U.S. government approval,” the company said in a statement.

Aseman is owned by Iran’s civil service pension fund and is Iran’s third-largest airline. It was banned from operating within the European Union in December 2016 due to safety concerns about its aging fleet. Though Iran is still being sanctioned by the U.S., with new restrictions introduced recently in Congress, those rules will not impact this new Boeing deal or the controversial deal Boeing struck with Iran Air in December (see **WTTL**, March 27, page 1).

U.S., China Agree to 100-Day Trade Action Plan

At the conclusion of the April 6-7 meeting between President Trump and China’s President Xi Jinping, Commerce Secretary Wilbur Ross announced a 100-day action plan on trade with China. In a colorful turn of phrase, the action plan would include “way stations of accomplishment” along the path, Ross told reporters April 7. The exact way stations are a matter of negotiation, he clarified, though the U.S. objectives are to

increase U.S. exports to China and decrease the trade deficit. “Normally, trade discussions, especially between China and ourselves, are denominated in multiple years. This was denominated in the first instance in 100 days with hopefully way stations of accomplishment along the way. Given the range of issues and the magnitude, that may be ambitious, but it’s a very big sea change in the pace of discussions. And I think that’s a very, very important symbolization of the growing rapport between the two countries,” said Ross.

Treasury Secretary Steven Mnuchin hedged on whether the administration will label China a currency manipulator. He told reporters that he’ll address the issue when the currency report comes out “in the near future.” Reps. Sander Levin (D-Mich.) and other House Democrats introduced a bill April 6 on this very issue (see Briefs, page 5).

Xi and Trump agreed to “elevate existing bilateral talks” and established a new high-level framework for negotiations, Secretary of State Rex Tillerson told the press. The U.S.-China Comprehensive Dialogue will be overseen by the two presidents and contain four pillars: diplomatic and security; comprehensive economic dialogue; law enforcement and cybersecurity; and social and cultural issues.

A day before the meeting, the leaders of the Senate Finance and House Ways and Means committees urged Trump to raise specific economic concerns with Xi. “While we recognize that many U.S. companies have productive operations in China and are exporting to and investing in China, we continue to be alarmed by the growing number of trade barriers that China imposes,” Sens. Orrin Hatch (R-Utah) and Ron Wyden (D-Ore.), with Reps. Kevin Brady (R-Texas) and Richard Neal (D-Mass.), wrote in a letter April 5.

In particular, the letter drew attention to: market-distorting behavior that harms American manufacturers; discriminatory and distortive technology policies; weak intellectual property protection; barriers placed on U.S. agricultural exports; distortive currency and exchange rate policies; and retaliatory policies and nontransparent legal regimes. The lawmakers added that many of the same priorities are described in the 2017 National Trade Estimate Report on Foreign Trade Barriers published March 31 (see **WTTL**, April 3, page 7).

“Above all, we encourage you to use this meeting to ensure the full effectiveness of existing fora to address the range of challenges with respect to China. We believe that existing dialogues such as the Joint Commission on Commerce and Trade (JCCT) and the Strategic and Economic Dialogue (S&ED) can be useful if followed by vigilant enforcement of the commitments that China has made to the United States, including through these dialogues at the WTO,” the letter noted.

China’s WTO Subsidy Notification Late & Incomplete, Says U.S.

China’s submission to the World Trade Organization (WTO) on sub-central subsidy programs is woefully incomplete – and late – according to the U.S. “China’s first subsidy

notification, which was to cover all levels of government, was due fifteen years ago. Such a delay, obviously, does not facilitate the degree of transparency envisioned by the Agreement on Subsidies and Countervailing Measures,” the U.S. noted in a document published April 6 and circulated to WTO members April 7.

The communication went on to question China on deficiencies in the country’s report. For instance, while there are 32 provincial-level administrative units in China, the country’s notification included subsidy programs for only 20. When will China complete its notification for the remaining subsidies, the U.S. wondered. How does China decide if a program falls under the central government or sub-central government auspices? What happens if a program is funded at multiple levels of government?

The U.S. took particular issue with the omission of pages’ worth of measures related to China’s “Famous Export Brand” and “World Top Brand” programs. The measures, which the communication listed in detail, were part of a dispute the U.S. brought against China in 2008 (DS387) (see **WTTL**, Dec. 21, 2009, page 3). The measures were included in the U.S.’ first counter notification, but are not accounted for in China’s sub-central notification. “We hope and expect that China will begin providing full sub-central subsidy notifications in a timely manner going forward,” read the document.

Fifth Time’s the Charm for Commerce on Aluminum Appeal

It only took Commerce five swings at bat, but the Court of Appeals for Federal Circuit (CAFC) March 28 reversed the Court of International Trade’s ruling on whether certain aluminum trim kit packages (trim kits) fall within the scope of the antidumping and countervailing duty orders on aluminum extrusions from China.

In 2012, Commerce found the trim kits subject to the orders, and Meridian Products challenged that ruling before the CIT. “Five opinions and three remands later, the CIT sustained Commerce’s third remand determination, in which Commerce found, under protest, that the trim kits do not fall within the Orders’ scope,” Circuit Judge Evan Wallach wrote for three-judge panel in *Meridian Prods., LLC v. U.S.*

Meridian described trim kits as “an aesthetic frame around the perimeter of (though not attached to) a major home kitchen appliance,” such as a freezer or refrigerator. “Commerce, in its interpretation of the Orders’ scope, looked to prior rulings that found a kit with aluminum components and extraneous materials could not be excluded from the Orders’ scope using the same interpretation of the exclusion’s terms argued here,” Wallach wrote.

“The plain text of the other passages in the Orders thus contemplates a basic divide between products whose components relevant to the scope inquiry consist of non-aluminum extrusion parts, which are excluded from the scope of the Orders, and products whose components relevant to the scope inquiry contain only aluminum extrusion parts, which are not excluded,” he noted.

IG Finds Inconsistency in Commerce AD/CVD Proceedings

International Trade Administration's (ITA's) Enforcement and Compliance (E&C) office applies its policies inconsistently during antidumping duty (AD) and countervailing duty (CVD) proceedings, but generally follows its internal process, Commerce's Inspector General (OIG) found. In addition, it found that E&C completed 22% of regulatory cases after the original deadlines, while the department generally issued statutory determinations on time.

"E&C does not consistently comply with its policies regarding calculation review panels, such as not using the formal calculation review panel checklists, not maintaining records of its calculation reviews, or, in some instances, conducting the reviews themselves. Additionally, E&C did not maintain all records of supervisory review of preliminary and final determinations; however, where documentation was available, E&C nearly always complied with its concurrence policies," OIG found in a report dated Feb. 28 (OIG-17-017-A).

"On average, regulatory cases were 170 days late, including 25 that were over 300 days behind schedule. By contrast, all determinations from our sample of 55 statutory cases were completed on time. According to E&C management, staffing constraints compel it to extend deadlines for regulatory cases in order to ensure that statutory cases are completed on time," it noted.

The OIG made four recommendations: update and implement standard quality assurance (QA) processes across AD/CVD Operations enforcement offices, and train analysts and supervisors on the revised policies; update practices to ensure that records related to QA processes are retained; develop a process to track and certify completion of QA processes and provide case analysts with training to correct any errors discovered in calculation review panels as they arise; and revise workplace processes, including those for assigning cases, to better meet or document adjusted deadlines for regulatory cases. ITA concurred with all the recommendations.

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UNVERIFIED LIST: In April 6 Federal Register BIS added six entities in China, Azerbaijan, Lebanon and UAE to its Unverified List (UVL). In addition, rule revised two addresses and added one alternate name for current UVL in Hong Kong: Brilliance Technology Ltd. Rule also revised two addresses and added three additional addresses and alternate name for another current UVL in Hong Kong: Ling Ao Electronic Technology Co., Ltd.

FCPA: SEC FCPA Unit Chief Kara Novaco Brockmeyer will leave agency by end of month, SEC announced April 4. She has led FCPA unit since 2011. Current Deputy Chief Charles Cain will serve as acting chief. No future plans announced as yet, SEC spokesperson said.

TRADE FIGURES: Merchandise exports in February jumped 7.6% from year ago to \$128.5 billion, Commerce reported April 4. Services exports gained 4.95% to record-high \$64.4 billion from January 2016. Goods imports increased 4.6% from February 2016 to \$193.4 billion, as services imports gained 4.0% to \$43.0 billion.

NORTH KOREA: OFAC March 31 designated one entity and 11 individuals in response to country's ongoing development of weapons of mass destruction (WMD) and continued violations of UN Security Council Resolutions (UNSCRs). OFAC designated North Korea-based Paeksol Trading Corporation for "having sold, supplied, transferred, or purchased metal or coal from North Korea, where the revenue may have benefited the Government of North Korea or the Workers' Party of Korea," it said. Individuals were agents for blocked firms with connections to North Korean defense industries or banks.

WTO: Dispute Settlement Body (DSB) in special meeting April 3 established panel to determine whether EU's price comparison methodology in antidumping investigations against China is in line with WTO rules. EU blocked first request for panel (see **WTTL**, April 3, page 4). U.S. supported EU's right to use non-market economy methodology.

USTR: Senate Finance Committee April 6 delayed vote on USTR nominee Robert Lighthizer due to lack of quorum. Vote will now wait until Congress returns from two-week recess April 24. Waiver Lighthizer needs likely to be included in appropriations measure Congress must pass to avoid shutdown. Democrats still pushing for miners' benefits to be tied to passage of waiver (see **WTTL**, March 20, page 1). Committee Chairman Orrin Hatch (R-Utah) said he supports waiver, though he doesn't think it necessary.

GUATEMALA: Guatemala will speed up elimination of tariffs on U.S. exports of fresh, frozen and chilled chicken leg quarters, USTR announced April 3. New agreement eliminates tariffs 4.5 years earlier than planned. Guatemala will also establish tariff rate quota (TRQ) allowing U.S. exports of 1,000 metric tons of processed chicken leg to enter Guatemala duty-free each year through December 2021. Tariffs and TRQ will be eliminated Jan. 1, 2022. According to USTR, U.S. agricultural exports to Guatemala were \$1.1 billion in 2016.

ASIA-PACIFIC: Vice President Mike Pence will travel to Asia-Pacific April 15-25, White House said April 6. He will make stops in Korea, Japan, Indonesia, Australia and Hawaii. Pence will meet with Japanese Prime Minister Shinzo Abe April 18 and lead inaugural U.S.-Japan Economic Dialogue with Deputy Prime Minister Taro Aso. Plans for dialogue were laid out during Abe's White House visit in February (see **WTTL**, Feb. 13, page 1).

TREASURY: White House sent two Treasury nominations to Senate April 4: Heath Tarbert to be assistant secretary and Sigal Mandelker to be under secretary for terrorism and financial crimes. Tarbert is partner at Allen and Overy where he heads firm's U.S. Bank Regulatory group. He was part of Trump transition team... Mandelker is partner at Proskauer Rose LLP and previously worked at Justice and Homeland Security. She was assistant U.S. attorney for Southern District of New York and clerked for Supreme Court Justice Clarence Thomas.

USDA: Senate vote scheduled for April 24 to confirm Agriculture secretary nominee Sonny Perdue.

CURRENCY: Ways and Means Trade Subcommittee Ranking Member Bill Pascrell, Jr. (D-N.J.), along with Reps. Sander Levin (D-Mich.) and Tim Ryan (D-Ohio), April 6 introduced "Currency Reform For Fair Trade Act" (H.R. 2039), which would "clarify that countervailing duties may be imposed to address subsidies relating to a fundamentally undervalued currency of any foreign country," bill said. "During the campaign the President repeatedly declared that he would name China a 'currency manipulator' on day one. Day one has come and passed, and he has failed to do anything meaningful to give the American people the new trade policy they demanded during the campaign. Rather than bombastic rhetoric, we have a better approach," said Levin in statement.