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## Korea Makes Case for KORUS

Korea made a strong case for the U.S.-Korea Free Trade Agreement (KORUS) in comments published Aug. 6 in response to the Trump administration's call for a comprehensive review of all U.S. trade agreements. The U.S. requested a joint committee to review KORUS July 12; as of press time no date had been set, despite the fact that per the trade agreement, talks are supposed to begin 30 days after a request is made.

Seoul's comments were just one of over 100 responses to the administration's call (see **WTTL**, Aug. 7, page 2). In its comments, Korea described KORUS as a "win-win" deal for both countries. Since 2011, the year before KORUS entered into force, two-way trade has increased by 12% (in contrast to global trade, which decreased 12%). In addition, U.S. beef exports increased 54%, cherry exports by 164%, and automobile exports by 356%.

Tariff cuts saved exporters \$2.07 billion, exceeding the \$1.18 billion saved by Korean exporters, the comments noted. The U.S. has a \$10.1 billion services trade surplus as of 2016. The Koreans pushed back on the administration's stance that KORUS is a major factor in the U.S. trade in goods deficit with Korea.

"Although the increase coincided with the implementation of the KORUS FTA, it was primarily driven by a combination of macro-economic as well as micro-economic factors. Moreover, this deficit is now on a decreasing trend and projected to decrease even further," it noted. The Korean government's data shows that the U.S. trade deficit in goods with Korea in the first six months of 2017 is approximately \$8 billion, a 38% decrease compared to the first six months of 2016.

## Manufacturers, Energy Producers Look to Protect NAFTA Gains

NAFTA negotiations will kick off in Washington Aug. 16, and manufacturers and energy producers are looking to protect the gains they've made since the trilateral trade deal went

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into effect, including provisions on investor-state dispute settlement (ISDS), and to fix other issues, including current rules of origin.

The National Association of Manufacturers (NAM), along with 112 business groups, argued in a letter to U.S. trade officials that ISDS should be maintained and upgraded in the upcoming NAFTA negotiations. ISDS provisions “are highly valuable and have already helped many U.S. businesses that have faced the seizure, theft and mistreatment of investments in both Canada and Mexico,” NAM wrote.

The deal’s ISDS provisions have been “highly beneficial” to the U.S., which has only faced 18 cases and won all that have been concluded, it noted. “U.S. investors, however, have used ISDS in 40 cases with Canada and Mexico, winning several to ensure compensation when those governments have taken unfair actions against American investment. In other cases, the existence of strong, neutral and fair enforcement provisions has helped U.S. investors successfully avoid and resolve problems with foreign governments,” NAM added.

Meanwhile, oil and natural gas industries in the three NAFTA countries are putting up a united front. In a joint paper published Aug. 2, the American Petroleum Institute, Canadian Association of Petroleum Producers and the Mexican Association of Hydrocarbon Companies outlined shared policy positions including tariff elimination on all goods used in the energy industry across oil and natural gas exploration, production and refining; fully liberalized trade; non-discriminatory treatment in terms of market access; and investment protections, including the preservation of ISDS.

In contrast, the oil and natural gas coalition criticized the current rules of origin. “NAFTA has not kept pace with the development of the energy commodity marketplace where crude oil and natural gas are digitally traded in an efficient and free liquid market,” they noted. The associations support better requirements and incentives for producers and sellers to provide a NAFTA certificate of origin.

In addition, they suggested requiring Customs officials “when verifying NAFTA origin for hydrocarbons at the border, to rely on and accept general information and representations that crude oil or natural gas is originating from Mexico, the U.S. and Canada, and, therefore, qualifies for NAFTA preferential tariff treatment.”

## **AGOA Forum Letdown for African Countries**

With little fanfare, the African Growth and Opportunity Act (AGOA) 2017 Forum concluded Aug. 10 in Togo with no concrete next steps to show. Bernadette Legzim-Balouki, Togo’s trade minister, told reporters that the U.S. and eligible African countries agreed to general goals, including developing a plan for countries to take advantage of the pact, for eligible African countries to have bilateral talks with the U.S., and the need to protect African producers from price fluctuations.

“Not all the countries eligible have benefitted from the law,” said Legzim-Balouki, Reuters reported. Thousands of goods from 38 African countries currently are eligible for tariff-free access to the U.S. market per the trade pact. “We are trying to examine the constraints that prevent some African countries from profiting,” added Legzim-Balouki.

In his opening statement to the forum, Albert Muchanga, African Union’s trade commissioner, noted that in 2016, total exports to the U.S. under AGOA were estimated at about \$9 billion, a “significant reduction” from the high of about \$56 billion recorded in 2011, he said. “This reduction was largely as a result of a drop in our mineral oil exports to the United States,” Muchanga added.

In the Report of the African Ministerial Consultative Group on AGOA, the African trade ministers called for the establishment of a consultative committee comprised of representatives from the African Ambassadors Group, U.S. Trade Representative (USTR), Commerce and Agriculture. They also called upon the U.S. not to cut USAID funding, not to implement out-of-cycle reviews “in a way that would be detrimental to the spirit of AGOA,” and to continue general support as the countries integrate regionally and globally.

“Bilateral trade that benefits both U.S. and African exporters and service providers lies at the core of our Africa trade policy. I encourage our AGOA partners to promote fair trade, foster an improved business environment, and create economic opportunity that lays the groundwork for the next stage in the U.S.-Africa trade relationship,” USTR Robert Lighthizer said in his closing remarks Aug. 10.

AGOA at least has a champion in pro-trade House Ways and Means Committee Chairman Kevin Brady (R-Texas). “The bipartisan 10-year renewal and enhancement of AGOA was the longest extension, ever, of the program. The strong bipartisan commitment to Africa has been clear every time the Congress has legislated on AGOA since 2000,” Brady said in a statement. The bipartisan AGOA and Millennium Challenge Act Modernization Act (H.R. 3445) was introduced July 27 (see **WTTL**, July 31, page 8).

**\* \* \* Briefs \* \* \***

**IRAN:** Phoenix-based risk management firm IPSA International Services, Inc. (IPSA) agreed Aug. 10 to pay OFAC \$259,200 civil penalty to settle 72 charges of violating Iran sanctions in 2012. Charges involve importing Iranian-origin services into U.S. and “engagement in transactions or dealings related to Iranian-origin services by approving and facilitating its foreign subsidiaries’ payments to providers of Iranian-origin services,” OFAC said. IPSA did not voluntarily disclose apparent violations. In February 2015, IPSA International was acquired by root9B Holdings.

**PAPER CLIPS:** In 4-0 “sunset” vote Aug. 8, ITC said revoking antidumping duty order on imports of paper clips from China would renew injury to U.S. industry.

**STAPLE FIBER:** In 4-0 preliminary vote Aug. 10, ITC found U.S. industry may be injured by allegedly dumped imports of low melt polyester staple fiber from Korea and Taiwan.

**VENEZUELA:** OFAC Aug. 9 designated eight more individuals, including seven current and former officials of Venezuelan government, under Executive Order (EO) 13692 for “organizing or

otherwise supporting” creation of Venezuela's Constituent Assembly (AC) and “participating in anti-democratic action.” Agency designated Venezuela President Nicolas Maduro July 31 under same EO (see **WTTL**, Aug. 7, page 7). Blocked individuals include brother of deceased former Venezuelan President Hugo Chavez. “This regime’s disregard for the will of the Venezuelan people is unacceptable, and the United States will stand with them in opposition to tyranny until Venezuela is restored to a peaceful and prosperous democracy,” Treasury Secretary Steve Mnuchin said in statement.

**PAPER:** North Pacific Paper Company Aug. 9 filed countervailing and antidumping duty petitions at ITA and ITC against imports of uncoated groundwood paper from Canada.

**DIAMOND SAWBLADES:** In final note to long-running dispute, Court of Appeals for Federal Circuit (CAFC) Aug. 7 affirmed CIT’s affirmation of Commerce decision that Advanced Technology & Materials (ATM), comprised of Beijing Gang Yan Diamond Products Company, Gang Yan Diamond Products, Inc., and other affiliated companies, should receive single state-wide dumping rate of 82.12%. “Because ATM failed to rebut the presumption of government control, Commerce’s conclusion that the PRC-wide entity is subject to an AFA-based rate logically requires Commerce to apply the same AFA-based rate to all members of the PRC-wide entity that have not proven their independence from the state, including ATM,” Circuit Judge Kathleen O’Malley wrote for three-judge panel in *Diamond Sawblades Manufacturers Coalition v. U.S.* “This is an extremely important decision that will have a significant impact on one of the largest exporters of diamond sawblades to the U.S. market,” Daniel Pickard of Wiley Rein, counsel to the domestic industry, said in statement. Imports from China have been subject to antidumping duties since November 2009.

**MTB:** International Trade Commission (ITC) Aug. 8 submitted final report on Miscellaneous Tariff Bill (MTB) petitions to Senate Finance and House Ways & Means committees. Report included petitions received through new process created under 2016 American Manufacturing Competitiveness Act (AMCA) (see **WTTL**, July 24, page 11). ITC final report provided recommendations on 2,524 petitions, of which 72% (1,827) met beneficiary requirements. Largest petition categories were chemicals (1,464); machinery and equipment (457); textiles, apparel and footwear (456). ITC assigned 1,827 petitions to Categories I-IV (petitions that meet requirements of Act with or without modification); 54 to Category V (petitions do not contain enough information required by Act or are unlikely beneficiary); and 643 to Category VI (petitions not recommended under MTB). Second cycle of AMCA petitions will begin Oct. 15, 2019. Number of petitions is similar to last time Congress introduced individual bills under old MTB process in 2012.

**EX-IM:** Coalition of conservative groups sent letter Aug. 7 to Senate Banking Committee Chairman Michael Crapo (R-Idaho) in support of Export-Import Bank (Ex-Im) nominee Scott Garrett. “We’re extremely hopeful that President Trump will ignore the special interests that are so desperate for their Export-Import Bank gravy train to continue. To that end, our groups and the people we represent will vocally oppose any nomination (or slate of nominations) to Ex-Im’s board if Garrett’s nomination is not considered,” letter notes. Signatories include American Conservative Union, Let Freedom Ring and Club for Growth, among others. Garrett’s nomination faces steep opposition from former colleagues and outside groups (see **WTTL**, July 31, page 8).