

Vol. 37, No. 23

June 5, 2017

## Whirlpool Airs Dirty Laundry, Files Global Safeguard Petition

Citing moving production facilities of its two main global rivals, Whirlpool May 31 filed a global safeguard petition seeking relief from imports of large residential washers at the International Trade Commission (ITC) under Section 201 of the Trade Act of 1974. In the latest in a long string of complaints, the company specifically cited the “country-hopping behavior” of Samsung and LG.

“This filing addresses unprecedented behavior by two serial violators of U.S. trade laws,” said Jeff M. Fettig, Whirlpool chairman and CEO, in a statement. “If not for this unlawful behavior, we believe our washer category would have thrived like the rest of our North American business,” Fettig noted.

The original antidumping case is moving through the World Trade Organization (WTO) with a WTO arbitrator ruling in April on a “reasonable period of time” for the U.S. to implement a September 2016 dispute-settlement body ruling (see **WTTL**, April 17, page 6). In January, ITC found material injury to U.S. industry by dumped Chinese imports. “Several months before the government issued its ruling, Samsung and LG stockpiled product in the United States and again moved their washer production – this time to factories in Vietnam and Thailand – in order to do another end run around the U.S. trade laws and continue their injurious behavior,” the company said May 31.

In response to the latest petition, Samsung rejected “the notion that imports of our washing machines harms Whirlpool,” the company said in a statement. Consumers “stand to lose the most by this filing, with the potential for limited choices, higher prices and stunted innovation,” it added.

## Withdrawal from Paris Accord Could Jeopardize Trade Deals

While President Trump and his administration officials cited the benefits to U.S. workers as a reason for pulling out of the global Paris climate deal June 1, Fortune 500 executives,

influential senators and union leaders argue it could hurt those very workers due to potential trade retaliation. For one, U.S. Trade Representative (USTR) Robert Lighthizer in a statement called the deal “another unfair trade barrier that America cannot afford.” “While giving other major economies a pass, the Paris accord would put American workers and businesses at an unfair disadvantage, undercutting American competitiveness in the global economy,” he said.

In contrast, AFL-CIO President Trumka said, “When our leaders isolate America from the rest of the world, it hurts our ability to raise incomes for working families and achieve fairness in the global economy. The U.S. labor movement will continue to urge the United States to stay in the agreement so we can achieve the best outcomes for America’s workers.”

In announcing the decision, Trump compared the Paris accord with other multilateral trade deals he has promised to exit. “The same nations asking us to stay in the agreement are the countries that have collectively cost America trillions of dollars through tough trade practices and in many cases tax contributions to our critical military alliance. You see what’s happening. It’s pretty obvious to those that want to keep an open mind,” he said.

“I promised I would exit or renegotiate any deal which fails to serve America’s interests. Many trade deals will soon be under renegotiation. Very rarely do we have a deal that works for this country, but they’ll soon be under renegotiation. The process has begun from day one, but now we’re down to business,” he added.

Commerce Secretary Wilbur Ross joined the chorus, citing numbers that have been questioned by economic experts. The decision was “one more important step towards restoring the primacy of American workers and American businesses by unshackling them from the terrible deal,” he said in a statement. “That deal imposes little responsibility on the world’s largest emitters, while costing the U.S. economy three trillion dollars in reduced output, six million industrial jobs, and three million manufacturing jobs. That amount of economic carnage is unjustified, and so we welcome this long overdue action in defense of the American people,” Ross added.

The U.S. and China officially joined the Paris accord prior to a formal joint meeting in September (see **WTTL**, Sept. 12, page 3). China, the world’s largest carbon emitter, has reaffirmed its commitment to the deal.

In a letter two weeks before the announcement, executives from 25 U.S. firms, including Apple, Hewlett Packard, Johnson controls and Intel urged the president to stay in the deal. “By expanding markets for innovative clean technologies, the agreement generates jobs and economic growth. U.S. companies are well positioned to lead in these markets. Withdrawing from the agreement will limit our access to them and could expose us to retaliatory measures,” they wrote.

Senate Finance Committee Ranking Member Ron Wyden (D-Ore.) also acknowledged potential retaliation. “Many U.S. jobs depend on American exporters that would take a big

hit if America withdraws from the #ParisAgreement,” Wyden tweeted June 1. European government officials also were quick to denounce the president’s decision. The leaders of France, Germany and Italy issued a joint statement within hours of the announcement. “We deem the momentum generated in Paris in December 2015 irreversible and we firmly believe that the Paris Agreement cannot be renegotiated, since it is a vital instrument for our planet, societies and economies,” they wrote. “We are convinced that the implementation of the Paris Agreement offers substantial economic opportunities for prosperity and growth in our countries and on a global scale.”

As expected, environmental groups were the first to respond, including those based in the United Kingdom (UK). “Friends of the Earth will campaign vigorously against any trade deal with the US. Why should they get to profit from trade with the UK, when their actions will result in more people dying from extreme weather around the world, contribute to ever more serious refugee crises, and cause increased flooding and disruption here in the UK?” Craig Bennett, Friends of the Earth CEO, said in a statement.

## **Ross, Lighthizer Celebrate Billions in Deals with Vietnam**

Commerce Secretary Wilbur Ross and USTR Robert Lighthizer pressed Vietnamese Prime Minister Nguyen Xuan Phuc during his visit to Washington May 30-31 to level the playing field for U.S. industry, citing the \$32 billion trade deficit. Ross and Phuc also attended a ceremony for 13 new business deals valued at more than \$8 billion.

Lighthizer and Phuc “discussed the challenges presented by the growth in the U.S. trade deficit with Vietnam and the potential for further improvements in the trade relationship, including through initiatives under the U.S.-Vietnam Trade and Investment Framework Agreement,” according to a USTR readout. Lighthizer also met with Vietnamese Trade Minister Tran Tuan Anh.

Lighthizer also addressed the trade deficit in remarks at the U.S. Chamber of Commerce May 30, which Phuc attended. “This concerning growth in our trade deficit presents new challenges and shows us that there is considerable potential to improve further our important trade relationship,” he said. The U.S. is Vietnam’s largest export market, and U.S. exports to Vietnam reached \$4.4 billion in 2016, a 77% increase from 2014.

After meeting with President Trump, the two “welcomed the resolution of several priority trade issues, including mobile phone roaming services and veterinary drugs,” according to a joint statement released by the White House. The two leaders “pledged to continue to work together constructively to seek resolution of other priority issues of each country, including those related to intellectual property, advertising and financial services, information-security products, white offal, distiller’s dried grains, siluriformes [catfish], shrimp, mangos, and other issues,” they said.

The U.S. “noted Vietnam’s interest in achieving a market economy status, and the two sides pledged to continue to consult in a cooperative and comprehensive manner via the

bilateral working group,” the statement noted. Vietnam will host the Asia-Pacific Economic Cooperation summit Nov. 11-12, which Trump is expected to attend.

The more than \$8 billion in new deals include \$3 billion in U.S.-produced content supporting more than 23,000 jobs, according to Commerce. GE, Honeywell, Murphy Oil, UPS and Hilton were among the U.S. companies that participated in the ceremony. “The growth of the middle class and the increasing purchasing power in Vietnam are further incentives to strengthening our long-term trade and investment relationship,” said Ross.

## **G7 Pledges to Fight Trade Protectionism**

The U.S. let stand a pledge to fight trade protectionism in the final communique the Group of Seven (G7) leaders issued May 27 after meeting in Italy. This stands in contrast to objections raised last month at an Asia-Pacific Economic Cooperation (APEC) meeting.

“We acknowledge that free, fair and mutually beneficial trade and investment, while creating reciprocal benefits, are key engines for growth and job creation. Therefore, we reiterate our commitment to keep our markets open and to fight protectionism, while standing firm against all unfair trade practices,” read the communique.

“At the same time, we acknowledge that trade has not always worked to the benefit of everyone. For this reason, we commit to adopting appropriate policies so that all firms and citizens can make the most of opportunities offered by the global economy,” it noted. Just a week prior, a planned joint statement was scrapped over anti-protectionist language during the APEC trade ministers meeting in Vietnam May 20-21 (see **WTTL**, May 29, page 6).

Other trade objectives the G7 leaders agreed to include the removal of trade-distorting practices, such as dumping, discriminatory non-tariff barriers, market-distorting government subsidies, and forced technology transfers. The leaders committed to “improve the functioning” of the World Trade Organization; to strive for better application of social, labor, safety, tax cooperation and environmental standards throughout supply chains; and to “foster a predictable environment so as to facilitate foreign direct investment.”

## **Canada Readies for NAFTA Negotiations, Regional Trade Issues Persist**

Canadian Foreign Affairs Minister Chrystia Freeland told the House of Commons May 30 that “NAFTA negotiations will start in August, not September.” While Freeland is looking ahead to negotiations, there remain unresolved bilateral disputes between Canada and the U.S. and Mexico and the U.S.

For one, Canada and the U.S. have yet to resolve their softwood lumber dispute (see related story, page 7), and in another, Ottawa has filed objections to an ITC global safeguard investigation on crystalline silicon photovoltaic cells (CSPV) filed in April. In a

letter May 26, Minister Counsellor Colin Bird argued that as a NAFTA member, Canada should be exempt from emergency safeguard actions related to the case.

“According to [NAFTA] Article 802:1, a Party taking an emergency safeguard action is required to exclude imports from each other Party unless: (a) imports from a Party, considered individually, account for a substantial share of total imports; and (b) imports from a Party, considered individually, or in exceptional circumstances imports from Parties considered collectively, contribute importantly to the serious injury, or threat thereof, caused by imports,” he noted.

“The Commission's questionnaire should collect data on imports of CSPV laminates, panels and modules, from Canada, irrespective of the source of the cells used to make these laminates, panels and modules,” Bird wrote. “In this way, the Commission will be able to properly evaluate the criteria for the exclusion of imports from a NAFTA Party and thereby respect the United States’ obligations for global safeguard proceedings under Article 802 of NAFTA,” the letter concludes. ITC will hold a public hearing June 20.

Meanwhile, Mexico and the U.S. are fast approaching the June 5 deadline to resolve a sugar dispute (see **WTTL**, May 22, page 9). Mexican Economy Minister Ildefonso Guajardo told reporters May 30 that the two sides are closer to an agreement, but he could not guarantee a successful outcome.

## Commerce Secretary Hints at Hope for TTIP

Commerce Secretary Wilbur Ross is “open to resuming” talks on the Transatlantic Trade and Investment Partnership (TTIP) between the U.S. and European Union (EU), which have been on hold since last year, he said in a television interview May 30. “It’s no mistake that while we withdrew from TPP [Trans-Pacific Partnership] we did not withdraw from TTIP,” Ross told CNBC.

“The EU is one of our largest trading partners, and any negotiations legally must be conducted at the EU level and not with individual nations. Thus, it makes sense to continue TTIP negotiations and to work towards a solution that increases overall trade while reducing our trade deficit,” he added. President Trump has stated repeatedly that he prefers bilateral deals, an impossibility to achieve with European Union members that negotiate as a bloc.

While Ross may hope for a revival of TTIP, it remains to be seen if the EU has the appetite to go back to the negotiating table given EU Trade Commissioner Cecilia Malmstrom’s busy schedule striking deals with the rest of the world. In a speech in Brussels May 29, Malmstrom described the completion of the EU-Canada Comprehensive Economic and Trade Agreement (CETA) and ongoing negotiations with Japan, Mercosur, Mexico, Indonesia and Tunisia, and she is preparing to ask the Council for a mandate on Australia, New Zealand and Chile.

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

**TRADE FIGURES:** Merchandise exports in April jumped 5.95% from year ago to \$126.9 billion, Commerce reported June 2. Services exports gained 3.15% to \$64.0 billion from April 2016. Goods imports increased 9.3% from April 2016 to \$195.3 billion, as services imports gained 4.0% to record-high \$43.3 billion. April exports to South Korea were highest on record, while exports to Japan were largest since August 2014, Commerce noted in press release.

**FCPA:** Son of former Gabon prime minister was sentenced May 31 in Brooklyn, N.Y., U.S. District court to 24 months in prison for violating Foreign Corrupt Practices Act (FCPA) by conspiring to make corrupt payments to African government officials from 2007 to 2012. Samuel Mebiame, Gabonese national, pleaded guilty in December (see **WTTL**, Dec. 19, page 8). Mebiame worked as consultant to mining company that was joint venture between N.Y. hedge fund management company Och-Ziff Capital Management Group LLC, and entity in Turks and Caicos. Och-Ziff agreed in September 2016 to pay over \$412 million to resolve related charges.

**NORTH KOREA:** Treasury's Office of Foreign Assets Control (OFAC) June 1 designated six entities and three individuals, and identified three entities, related to North Korea's development of weapons of mass destruction and violation of UN Security Council resolutions. OFAC identified State Affairs Commission, Korean People's Army and Ministry of People's Armed Forces. OFAC designated Moscow-based Ardis Bearings LLC and its director, Korea Computer Center, Independent Petroleum Company and subsidiary AO NNK-Primornefteproduct, Songi Trading Company, and Korea Zinc Industrial Group. Designations and identifications made pursuant to Executive Orders 13382, 13687 and 13722. Separately, UN Security Council agreed unanimously June 2 to sanction four entities, including Koryo Bank and Strategic Rocket Force of Korean People's Army, and 14 individuals.

**CONGO:** OFAC June 1 added François Olenga from Democratic Republic of Congo (DRC) to SDN List. Olenga is head of "Maison Militaire," which oversees Republican Guard. In that role, "Olenga has overseen security operations on behalf of President Kabila's efforts to suppress political opposition in the DRC," OFAC noted. At same time, OFAC also designated Safari Beach, resort on outskirts of Kinshasa, for being owned or controlled by Olenga. In December, OFAC designated two other DRC government officials for "engaging in actions or policies that undermine democratic processes or institutions" (see **WTTL**, Dec. 19, page 7).

**FIBER:** DAK Americas LLC, Nan Ya Plastics Corporation, America, and Auriga Polymers May 31 filed antidumping and countervailing duty petitions at ITA and ITC against imports of fine denier polyester staple fiber from China, India, Korea, Taiwan and Vietnam.

**EXPORT ENFORCEMENT:** Imran Khan of North Haven, Conn., pleaded guilty June 1 in New Haven U.S. District Court to charge of exporting Alpha Duo Spectrometer to Pakistan in 2013 without Commerce license. Spectrometer was classified under Export Control Classification Number 3A999 and shipped on behalf of Pakistan Atomic Energy Commission (PAEC), which was listed on BIS Entity List. Sentencing is set for Aug. 25. Khan was arrested in December 2016 and released on \$100,000 bond.

**COMOROS:** At second meeting of working party on WTO accession June 1, Comoros expressed determination to complete process as quickly as possible, with December ministerial conference as target. Working party held first meeting in December 2016 (see **WTTL**, Dec. 12, page 7). Comoros government applied for accession in February 2007, and working party was established in October 2007.

**TRADE PEOPLE:** Longtime Senate Finance Committee chief trade counsel Everett Eissenstat is moving to National Economic Council, according to White House source. He is expected to start June 8 or 9. Eissenstat was named chief trade counsel for then-committee minority in 2011. He previously served as assistant USTR for Western Hemisphere. Mentioned as possible successor to Eissenstat is David Ross, counsel at Wilmer Hale, who previously served as Finance trade counsel and USTR associate general counsel. When asked for confirmation, Ross told WTTL, “I don't have a comment one way or the other.”

**WTO:** At meeting with WTO Director-General Roberto Azevedo June 1 in Washington, USTR Robert Lighthizer “reaffirmed his support for improving the WTO and his commitment to working closely with U.S. trading partners to increase the WTO’s ability to promote free and fair trade,” USTR readout noted. Two will meet again on sidelines of Organization for Economic Co-operation and Development Ministerial Council Meeting in Paris June 7-8. Azevedo also met with Commerce Secretary Wilbur Ross and Treasury Secretary Steven Mnuchin.

**SOFTWOOD LUMBER:** Canadian government June 1 announced \$867 million in support for its forest industry impacted by U.S. measures targeting softwood lumber (see **WTTL**, May 15, page 1). Actions “defend the interest of Canadians against ... Commerce’s imposition of countervailing duties on Canadian softwood lumber and build upon recent efforts made to ensure the continued growth and vibrancy of this sector,” noted Canadian government news release. U.S. Lumber Coalition spokesperson Zoltan van Heyningen said in statement that action “only further tilts the trade scale in Canada’s favor, threatening more than 350,000 jobs in communities across the United States.”

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