

RIETI BBL Webinar Handout

Economic Security Policy as Growth Strategy and Recent Developments in Trade Rule

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Commentator: **KAWASE Tsuyoshi**



Comments on “Economic Security Policy as Growth Strategy and Recent Developments in Trade Rules”

Tsuyoshi Kawase

Faculty Fellow, RIETI

Professor of Law, Sophia University

I. Trade Remedies in World Trading System

- Trade remedies tend to increase in the time of economic crisis
 - Covid-19 Pandemic (2020)
 - Global Financial Crisis (2008)
 - Asia Financial Crisis (1997)

- Trade remedies serve not only as a policy tool to tackle unfair trade practices, but also as an *interface*

“[T]he system of anti-dumping rules may be performing a useful function in world trade, not only as a response to so-called unfairness, but rather as an ‘interface’ or buffer mechanism to ameliorate difficulties..., which are caused by interdependence among different economic systems”

(John H. Jackson, *The World Trading System* (1989))

II. Japan's Efforts: Domestic

- Exceptionally limited use of trade remedies
 - Traumatized experiences of being “target”
 - “Protectionism” stigma attached to trade remedies
 - Competitiveness of Japanese manufacturing industries

Excerpt from Mr. Kazeki's ppt (p.15)

Case No.	Product	Country	Date of Duties	Duty Rates
-	Cotton yarn	Pakistan	1995.8 - 2000.7	0.0-9.9%
A001	Certain polyester staple fiber	Korea Chinese Taipei	2002.7 - 2012.6	6.0-13.5%
C001 *CVD	DRAMs (dynamic random access memories)	Korea	2006.1-2009.4	27.2%(2006.1-2008.8) 9.1%(2008.9-2009.4)
A003	Electrolytic manganese dioxide	Australia	2008.9 - 2013.8	14.0-46.5%
		Spain South Africa	2008.9 - 2019.3	
		China	2008.9 - 2024.2	
A004	<u>Toluenediisocyanate</u>	China	2015.4 – 2020.4	69.4%
A005	Potassium hydroxide	Korea China	2016.8 – 2021.8	49.5%, 73.7%
A006	Polyethylene terephthalate with a high degree of polymerization	China	2017.12 – 2022.12	39.8-53.0%
A007	Carbon steel butt welding fittings	Korea China	2018.3 – 2023.3	41.8-69.2%
A008	<u>Tris (chloropropyl) phosphate</u>	China	2020.9-2025.9	37.2%
A009	Dipotassium carbonate	Korea	2021.6-2026.6	30.8%

*A002:Uncoated certain cut sheet paper originating in Indonesia (2012) – Investigation terminated with no dumping

- Change of mentality in early 2000
 - Rise of emerging economies including China
 - Turning point: Provisional safeguard measures on agricultural products (2001)
 - Cases increase constantly: from “victim” to active user
- Successive improvement of the procedure: assuring domestic industries of better access to trade remedy system
 - Relaxing requirements for petition to initiate ADD/CVD investigation
 - Reduction of data/documents necessary for petition

- Hypothetical case of ADD/CVD collective application (2020)
 - Hint of *dos and don'ts* for prospective petitioners to avoid anti-monopoly law infringement in application
 - Substitute for *Noerr-Pennington* doctrine in U.S. Supreme Court
- Outreach for domestic producers by METI
 - Seminar for business
 - Consultation desk at METI
 - Providing relevant data and information via METI Web site

- Proposal by Subcommittee on Trade Remedies, Industrial Structure Council for active use of CVD (2021)
 - Establishment of international cooperation between investigation authorities for information sharing
 - Intensifying outreach to domestic industry
 - More technical assistances at preliminary stage of petition

**新たな貿易問題に対応するための
相殺関税措置の活用に向けた課題と対応の方向性**
(産業構造審議会 通商・貿易分科会 特殊貿易措置小委員会提言)

2021年8月30日

III. Japan's Efforts: International

- Trilateral Trade Minister Meeting (since Dec. 2017)
 - Discussing reinforcement of WTO SCM Agreement
 - Jan. 2020 Statement: list of prohibited subsidies, specifying “out-of-country” benchmark situations, redefinition of “public body” etc.
- Need for proposal on trilateral cooperation in trade remedy investigation
 - Appellate Body has been and will be defunct: CVD is more effective than WTO DS to combat unfair industrial subsidies

IV. Conclusion

- Active use of trade remedies are necessary for level playing field
- Trade remedies must be WTO consistent, avoiding protectionism

Thank you ! 😊