



The Association of Women in International Trade

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Textile and Apparel Trade: China, the United States, and 2005

Letter from the President...

By Barbara P. Wanner
WIIT President

Elizabeth V. Baltzan

Throughout WIIT's 15 years as an organization, we have actively sought to provide members with valuable opportunities for professional growth by organizing networking events, among other initiatives. During the past nine months, in particular, WIIT has endeavored to offer members a richer networking experience by organizing special programs with various foreign embassies and other professional organizations. These outreach activities have enabled WIIT members to interact with different communities of professionals with whom they otherwise might not cross paths. Equally important, the joint programs have exposed a new group of diplomats and business professionals to WIIT and its dynamic members and generally helped to elevate WIIT's profile in the Washington trade community. A summary of the events follows.

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According to U.S. Department of Commerce statistics, last year China became the largest textile and apparel supplier to the United States, surpassing Mexico. This is true without including Hong Kong's exports to the United States. That China achieved this status is no surprise; the U.S. textile and apparel industry has long feared Chinese dominance in this sector and has sought tighter protection against imports from China as well as other sources. Indeed, attempts to liberalize U.S. trade in textile and apparel for developing countries, through unilateral programs such as the Caribbean Basin Initiative or the African Growth and Opportunity Act, have been framed by opposition from certain domestic producers

and concerns that products from China and other competitive producers would be transshipped through these beneficiary countries.

Concerns over issues like transshipment will, in theory, become less important in the near future. By January 1, 2005, the United States will have eliminated all quota restrictions on imports of textile and apparel products of World Trade Organization ("WTO") members, including China, pursuant to the Agreement on Textiles and Clothing. With the removal of these country-specific quota restrictions, one of the primary incentives for transshipment will have been removed as well. While these changes are cause for great celebration among those favoring trade liberalization in this sector, there are reasons to take a more tentative view, particularly with regard to Chinese exports to the United States.

As part of its accession to the WTO, China agreed to special safeguard rules, one specific to textiles and apparel, and a second

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In October 2002, WIIT kicked off the 2002-2003 outreach campaign by co-sponsoring TradeProExpo 2002 (TPE) with the Washington International Trade Association (WITA). The annual day-long program, entitled "Trade in a Changed World," featured prominent speakers from the Administration, Congress, and the private sectors. They explored issues as wide-ranging as the Congressional trade agenda, the outlook for the Doha Development Round of multilateral trade negotiations, and the impact of the September 11 terrorist attacks on international trade.

Certainly one of the highlights of 2002 was WIIT's 15th Anniversary Gala and Silent Auction in December 2002. Her Excellency Josefina Diakite, Ambassador to the U.S. of the Republic of Angola, graciously hosted this successful event at the elegant Embassy of Angola. The event drew a crowd of nearly 70 people and netted about \$4,000 in profit for WIIT to support our quality programs and professional development services. It also attracted prominent members of the trade community, such as The Honorable Charlene Barshefsky, U.S. Trade Representative under the Clinton Administration and The Honorable Jennifer Hillman, Commissioner of the U.S. International Trade Commission. At the Gala, WIIT formally appointed Ambassador Barshefsky to serve as an honorary member of the Board of Directors.

WIIT and WITA followed up their TPE collaboration by co-hosting an event at the Embassy of Belgium on February 3, 2003. The program, entitled "A Belgian Perspective: A Discussion with Annemie Nyets-Uyttebroeck," featured The Honorable Annemie Nyets-Uyttebroeck, Belgium's Minister of State for Foreign Affairs and Agriculture. Minister Nyets-Uyttebroeck shared her thoughts regarding the Doha Development Round and the Belgian initiative at the OECD on doing business in conflict areas. Following Minister Nyets-Uyttebroeck's remarks, attendees had an opportunity to speak directly with her as well as to mingle with others around a special buffet prepared by the Belgian Embassy.

The Embassy of the Republic of Bulgaria served as a venue for another important WIIT event in February 2003. On February 26, WIIT and the Women's Foreign Policy Group (WFPG) co-sponsored a program entitled "Spotlight on Bulgaria: Implications of EU Expansion, NATO Enlargement and Global Security Issues." Her Excellency Elena Poptodorova hosted the event -- which proved to be a huge success despite a sudden snowstorm! In view of Bulgaria's status as a non-

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WIIT Professional Brownbag: Recruiting in the Federal Government

The Professional Development Committee conducted a brown-bag discussion on navigating the federal government recruiting process in December. Speakers were Jill Pollack of the Department of Commerce (and Professional Development Committee Co-chair) and Gabrielle Sarrano, who recently passed the Foreign Service oral exam.

Ms. Pollack and Ms. Sarrano outlined the mechanics of the hiring process at the Department of Commerce (DOC), such as where to find job announcements and how to apply through the DOC's online recruiting system, COOL. Following this overview, Ms. Pollack offered tips on how to get selected by the human resource staff for an interview and Ms. Sarrano offered tips on preparing for the written and oral foreign service examinations.

Below are some highlights from the discussion.

Networking Helps

There are certain aspects of the federal government hiring process that are particular to the public sector. Specifically, the hiring process follows very specific procedures and, with the exception of a few special programs and political

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appointments, there is no way for a candidate to bypass these steps. Moreover, in contrast to the private sector, where knowing someone inside an organization can often be a key factor in receiving a job offer, the federal hiring process is somewhat "blind" and while a good recommendation from a manager is helpful, it carries much less weight in the overall process. This doesn't mean, however, that networking cannot help you find federal employment. By keeping in touch with people working

in a department that interests you, you can get advance notice of job openings before they are publicly posted and also get tips on what the office is looking for in a candidate.

The Application

The most important aspect of applying for positions (especially junior-level posts) is the application. The federal job application will determine whether or not you get an interview. Human Resources has a rigid system (much of which is statutory) for awarding points to candidates. The higher your score at this point in the process, the better your chances for an interview. If possible, it is recommended that you speak with recent hires who can give you advice on what to include in your application.

The Offer

Another key difference between federal and private sector recruiting is the negotiation of a job offer. Federal pay scales are not very flexible but there can be some room for negotiation within the pay range of your federal employment level. There is no rule that new employees must start at the bottom of the range so if you have relevant experience, ask to start at a higher salary step within your pay range.

If you are considering seeking employment with the federal government and would like some more specific advice, please contact Jill Pollack at jill_pollack@ita.doc.gov for more information.

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permanent member of the U.N. Security Council, Ambassador Poptodorova discussed her nation's views on critical issues before the UN, such as the looming war against Iraq. She freely mingled with the diverse WIIT/WFPG audience. Everyone enjoyed a sumptuous buffet of traditional Bulgarian food and wine.

In early March, WIIT established an important new relationship with the Business Council for International Understanding (BCIU). On March 4, WIIT and the BCIU co-hosted a program entitled, "TRIPs Negotiations: A Cause for Transatlantic Turbulence on the Road to a New WTO Round?" Shannon Herzfeld, Senior Vice President of the Pharmaceutical Research and Manufacturers of America (PHRMA), was the featured speaker.

WIIT will continue to provide members with new and different opportunities to broaden themselves -- both as professionals and as individuals -- by building bridges to different professional communities and organizations.

Postcard #1: Conference Dates



**Plan to attend the 2003
Organization of Women in
International Trade
Annual Conference**

September 10-12, 2003

In less than a year, the city of Calgary will welcome delegates from over 25 OWIT chapters. Conference participants will have plenty of opportunities to share, learn, network and have some fun! There will also be a trade show component.

The 2003 Conference Organizing Committee is currently confirming program details, speakers, cash and product sponsors. To access the most up-to-date conference information, check out www.owit.org.

Plan now to join us next September! The Countdown to Calgary has begun!

Host Chapter: OWIT-Alberta
Contact: 403.807.7746
Website: www.owit.org
Email: leann@concreteglobal.com

Chinese Trade Disputes

by Sean McElduff

As Sino-American trade increases, the number of trade disputes has also risen. In the last ten years, the U.S. has initiated twice as many antidumping investigations against Chinese products as it has against those from all but one other country.

The volume of trade remedy investigations is significant because of the dramatic increase in foreign direct investment (FDI) in Chinese industries. Foreign-invested enterprises in China now account for over half of the exports from China, and receive over half of the imported goods entering China. Indeed, with a 114-fold increase in FDI since 1990, trade remedy investigations and their resulting tariffs on exports and imports represent a significant risk for businesses involved in Sino-American commerce. Therefore, it is important to understand the issues unique to Sino-American trade remedy investigations.

In antidumping investigations—to determine whether to raise tariffs against products deemed to be unfairly sold below fair value—WTO members may treat China as a non-market economy until December 2016 (the U.S. has done so to date). This means that when calculating a “normal price” for Chinese imports, the investigating authority can exclude a Chinese producer’s actual costs of production and instead use representative manufacturing costs taken from a market-economy country—in China’s case, almost always India. This process allows for somewhat arbitrary calculations, often to the disadvantage of Chinese producers

APEC and The World Bank Group

by Mercedes Fitchett

The Asia Pacific Economic Cooperation (APEC) forum has a robust agenda of action plans, matrices, training initiatives, peer reviews and other activities in areas ranging from trade facilitation and secure trade (STAR initiative) to e-commerce readiness. At The World Bank Group, whose clients are developing countries, almost 40 percent of APEC member economies are World Bank clients and almost all APEC member economies (except for Taiwan) are represented among the Bank’s 184 shareholders. The missions of the Bank and APEC are very similar. APEC aspires for “free and open trade and investment in the Asia Pacific” by the years 2010/2020

and their exports.

Similarly, China’s WTO Accession Agreement includes a unique provision on safeguard investigations (not to remedy unfair trade such as dumping, but to address injury caused by sudden significant increases in imports). This China-specific provision will remain in effect until December 2013. Such investigations may result in provisional safeguard measures, e.g. tariffs or tariff-rate quotas. Although the WTO mandates that such safeguard measures must be applied to a product “irrespective of its source,” China’s Accession Agreement allows member countries to impose measures solely against Chinese products, even when similar imports from other countries have also increased. Whereas ordinary safeguard measures under the WTO are limited to 4 years (with a possible extension to 8 years),

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(2010 for developed countries, and 2020 for developing countries). The Bank takes a two “pillar” approach. The **first pillar** is to create the right environment for investment, jobs, growth and trade. The Bank’s **second pillar** is to invest in the poor by building off of the first pillar so that the poorest individuals in societies are empowered and educated to achieve higher rates of productivity growth and living standards. The Bank’s pillars support and provide the base for achieving APEC’s 2010/2020 goals.

How can the World Bank work with APEC to achieve its 2010/2020 agenda and goals on trade facilitation, secure trade, and other areas? The World Bank can play a pivotal role in capacity building in the APEC region, supporting the development of physical, institutional, financial, human and technical infrastructure, all of which are a focus of World Bank activities. The World Bank, InterAmerican Development Bank (IDB) and the Asian Development Bank (ADB) [APEC member economies also belong to these regional development banks] can and should be partners with their client countries in achieving APEC goals. The dialogue between the World Bank and APEC should be strengthened to synergize and leverage mutual activities and resources in order to fully assist APEC developing economies in their economic growth.

At the concrete level, the APEC Individual Action Plans (IAPs) and matrices serve as members’ roadmaps to achieve APECs Collective Action Plans (CAPs) and other initiatives (e.g., reducing transaction costs by 5% by the year 2005, the secure trade (STAR) initiative). At the World Bank, the Country Assistance Strategy (CAS) serves as the three-year business plan

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U.S. Security Requirements for Global Trade in a Post 9/11 Environment: Special Focus on Asia/Pacific Trade

By Evelyn M. Suarez

For U.S. Customs, security became a top priority virtually overnight after the events of September 11, 2001. Previously, U.S. Customs was focussed on maximizing trade facilitation to accommodate the business practice of just-in-time inventory. Since 9/11, trade facilitation has been complicated by the threats posed by international terrorism. Now, Customs is in the front line of defense against the potential introduction of weapons of mass destruction into the global supply chain. It has been presented with a delicate mission to protect citizens without disrupting legitimate trade.

The terrorist attacks in the U.S. have also deeply affected the global trade community as the economic slowdown in the U.S.--exacerbated by 9/11--has had repercussions worldwide. Thus, restoring confidence in trade security has become imperative to global well-being and worldwide economic growth. Now known as the Bureau of Customs and Border Protection within the Department of Homeland Security, U.S. Customs has been one of the lead agencies in efforts to enhance supply chain security.

Customs has devised a three-part strategy to respond rapidly to international trade threats, in particular, container shipping. The first part involves developing a set of measures to effectively push the border outward for customs

examination. This requires the cooperation of both foreign governments and the international trading community. The second element is to increase interdiction capabilities at the traditional line of defense: the ports of entry. Finally, Customs' third strategy requires earlier access to information enabling Customs to distinguish between legitimate trade and potentially problematic shipments warranting closer scrutiny.

In developing its new strategy, Customs immediately drew upon its historical experience with drug interdiction. It solicited the assistance of the private sector in establishing the Customs-Trade Partnership Against Terrorism ("C-TPAT"). C-TPAT is a voluntary, joint government-business program to strengthen supply chain security by engaging all participants in the logistics chain from manufacturing to final distribution. The objective is to improve security at as many points in the supply chain as possible. Well over 2,200 companies, including importers, carriers, customs brokers and forwarders, have made the commitment to C-TPAT by agreeing to review their security practices and to communicate their security guidelines to supply chain partners. In 2003, Customs will expand C-TPAT to include foreign manufacturers and shippers.

U.S. Customs also recognized the need to address security for maritime container traffic. It introduced the Container Security Initiative ("CSI"), designed to prevent global containerized cargo from being

exploited by international terrorists. Approximately 200 million ocean containers move annually among the world's top seaports, and nearly 50 percent of the value of all U.S. imports arrive by ocean transport. CSI engages the cooperation of other governments to place U.S. Customs officials alongside their foreign counterparts to pre-screen and target cargo containers before shipment to the U.S. The program started with 20 mega-ports, which represent 70 percent of all U.S.-bound ocean traffic. Currently, the following Asian ports are involved: Hong Kong; Kobe, Japan; Nagoya, Japan; Pusan, Korea; Shanghai, China; Singapore; Tokyo; Yantian, China; Yokohama, Japan; Kaohsiung, Taiwan; Klang, Malaysia; and Tanjung Pelepas, Malaysia.

In support of CSI, on February 2, 2003, U.S. Customs began enforcing a controversial regulation requiring the submission of manifest information 24 hours before a ship is loaded, placing new burdens on shippers, manufacturers and logistics firms to obtain and transmit shipment data to ocean carriers. The regulation, which also eliminates incomplete or vague descriptions of cargo, is intended to support CSI by making it easier for Customs to determine which shipments warrant greater scrutiny. Despite widely-expressed fears, early reports from Hong Kong, the world's largest container port, were that carriers were coping reasonably well.

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By Christine Briscoe, Co-Chair, WIIT Professional Development Committee

We have had popular brown bags lately - one on getting into the Federal government and the Foreign Service (see related article on page 2) and one on job-sharing. In both instances, WIIT members spoke about their experiences. Tips gleaned from the job-share brown bag included: find someone with whom you work well and establish your work pattern, keep others around you aware of your hours and, ideally, provide your employer with a written plan. The same can be said for those telecommuting or reducing their hours to part-time. For further tips on job-sharing, the following WIIT members and speakers at our brown bag were happy to be contacted with questions: Kate Rodriguez (kate_rodriguez@ita.doc.gov), Margo Grimm Eule (mgeule@potomacnet.com), and Beth Johns Howard (bethchina@aol.com).

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measures against Chinese products may be imposed “for such period of time as may be necessary.”

One year after its WTO accession, China itself is now investigating “unfair” imports. These actions may be safeguard, antidumping or anti-subsidy investigations and result in either increased tariffs (antidumping or countervailing duty) or tariffs and tariff-rate quotas (safeguard). In the four years prior to entering the WTO, China initiated 12 antidumping investigations of foreign imports. In comparison, China initiated 9 new investigations in the first 9 months after its accession. In May 2002, China began a broad safeguard investigation of steel products in response to similar investigations in the United States and the European Union. By December, China had imposed tariff-rate quotas on 5 categories of steel products and final antidumping duties in 6 of 8 concluded investigations. Since China has announced its own anti-subsidy regulations, it is presumably only a matter of time before it begins these investigations as well.

Although China’s early antidumping and single safeguard determination is unlikely to stand up to WTO Dispute Panel Review, incentives for China to initiate such investigations remain strong. Large state-owned enterprises in China often cannot compete with foreign imports without the protection of tariffs and non-tariff barriers. Also, private Chinese businesses just beginning to emerge will want protection from foreign competition even as China lowers its trade barriers.

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Other news: We are happy to announce our new Job Bank Coordinator, Camelia Mazard (cameliamazard@hotmail.com). We are striving to increase the use of the online Job Bank with her and other WIIT members’ help. Please see the related letter to members in this edition. If you would like to volunteer to help post some jobs in the job bank, please let us know! We are also sending a letter to corporate members’ HR departments to advise them of this free method to tap into trade professionals.

Upcoming events: May 7 WIIT Wide at La Colline Restaurant, 12-2pm - our second annual “Careers in International Trade Panel” following on our successful panel last year. We have a few speakers confirmed but if you know of others who would be suitable as speakers or moderators, please let us know. Please RSVP to Christine Briscoe at Christine.Briscoe@dfait-maeci.gc.ca if you plan to attend and watch for our flier complete with registration and payment information.

Mentor Program: We had another Mentor Social on Thursday, March 20, at Gordon Biersch, to begin a new mentoring round, the last one having gone fairly well for the 8 matches involved. If you are interested in being matched in this coming round, please contact our Mentor Program Coordinator, Laura Trejo at laura.trejo@ost.dot.gov.

Upcoming brown bags: We hope to soon have sessions on: job hunting in the current climate (delivered by two WIIT members), online resume posting/netiquette, as well as starting a non-profit (delivered by another WIIT member). We are always happy to repeat other popular brown bags on such topics as: financial issues, resume writing, salary negotiating, etc.

We are anxious to provide programs of interest to members and welcome your ideas and involvement! Please email co-chairs Christine Briscoe (Christine.Briscoe@dfait-maeci.gc.ca) or Jill Pollack (jillpollack@hotmail.com) with ideas or suggestions (for topics and speakers – including yourself!) at any time. We welcome help on our committee and with our events. Keep informed of our events on the calendar or our webpage which also contains job-hunting links: www.wiit.org/jobs.html

However, compliance comes with added costs. Shippers report the need to allow extra supply-chain order-cycle time to comply. Also, carriers report the need to re-key information before submission to Customs. The world's largest shipping lines, Maersk-Sealand, began levying a surcharge of \$25 per bill of lading for data entry services. The new cargo security requirements also impact the small forwarder who must go through others to transmit data.

In just over a year's time, U.S. customs administration has shifted its focus dramatically towards security as a top priority as reflected by these various program. U.S. Customs has enlisted the support of other governments and the international trade community in its fight against terrorism.

Evelyn M. Suarez, Esq., is a Partner at Sonnenschein, Nath & Rosenthal. Ms. Suarez has practiced customs and international trade law for over 20 years.

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for each client country and includes programs, projects, lending instruments and levels of funds available for borrowing during that period. Like APEC's IAPs, these are client/country-owned and country-driven.

The Bank prepares a CAS during a one-year consultation process in-country with government officials, the private sector and civil society. For all developing member economies within APEC, the year 2020 means that each member economy will have at least five CASs. This presents a prime opportunity to connect a country's APEC goals with its CAS. In the next twelve months alone, the Bank will complete its CAS with several APEC member economies including China, Indonesia, Thailand, Vietnam and Peru.

APEC and its developing member economies should act now to partner with the World Bank, IDB and ADB to mobilize the technical assistance, investment, and lending for specific projects that are identified in APEC. Trade, Foreign Affairs and Finance Ministry officials must work closely together to ensure that APEC goals are a priority in the development plans/CASs with the World Bank and all the international financial institutions, and serve as a model for the other regional trade groupings including the Southern African Customs Union, Central America, Latin America, ASEAN and others.

Mercedes Fitchett of the U.S. Department of Commerce is currently on a special assignment to the U.S. Executive Director of the World Bank, the Honorable Carole Brookins.

Benefits of Posting on WIIT Job Bank

Why post your job opening on OWIT's online Job Bank?

As you already know, WIIT/OWIT boasts an impressive membership of trade professionals in a variety of trade-related careers including:

- law
- defense and aerospace
- agriculture
- trade policy
- trade promotion
- import/export

By recruiting through the OWIT Job Bank, you have direct access to 350+ active WIIT members in the Washington, DC area, as well as the worldwide network of OWIT members, who possess valuable education and experience in trade-related fields. Best of all, posting a vacancy announcement on the OWIT online Job Bank is **free of charge** to all members. Posting with other job-hunting websites can be much more costly — and less focused. For example:

Washington Post Sunday employment section: \$450+
 Washingtonjobs.com: \$225 for a 30-day ad
 Monster.com: \$305 for a 60-day ad
 Washington Networking Group: \$100 per ad

By posting your vacancy with OWIT, you have access to a select group of professionals with the relevant education and experience you are looking for — free of charge.

How to post a job on the OWIT online job bank:

Posting a vacancy on the OWIT Job Bank is quick and easy. Simply go to the WIIT homepage at <http://www.wiit.org> and click on the left hand **Job Bank** button. You will be redirected to the OWIT site and prompted to enter your passwords. Job bank passwords are listed at the end of the monthly events calendar sent to all WIIT members (note these are different from the WIIT Membership directory passwords). Click on "Post a Job to Job Bank" and fill out the form. Your job will be posted immediately. If you have any questions or suggestions regarding the Job Bank, please contact WIIT's new Job Bank Coordinator, Camelia Mazard at: cameliamazard@hotmail.com. For actual technical difficulties with the OWIT site please contact: Claudia Allen, Board Member of Women in International Trade, San Diego, at email: callen@mail.sdsu.edu

applicable more generally. While the standard WTO safeguard procedure is global in nature – *i.e.*, safeguards are generally meant to be applied universally and not to individual WTO members – these special safeguard mechanisms will allow WTO members, including the United States, to target Chinese imports alone. These rules could result in reinstatement of quotas against China as soon as they are removed.

The textile and apparel safeguard mechanism is available for seven years. Under the mechanism, WTO members may impose restraints on Chinese imports that, due to market disruption, threaten to impede the orderly development of trade in textile and apparel products. If a WTO member were to believe that such disruption exists or is threatened, the member could request consultations with China. Upon receipt of the consultation request, China would be obligated to limit its exports of that product to the member. If after 90 days the consultations did not resolve the issue, then the WTO member could continue the restraints for the rest of the calendar year. If the restraint were imposed in the last three months of the year, then the restraint could remain in place for a full twelve months.

The more general safeguard mechanism is available for twelve years. It provides that if Chinese products are imported into a WTO member territory so as to cause or threaten to cause “market disruption” to the domestic producer of a like or directly competitive product, the WTO member may seek consultations. China would then have the option of imposing voluntary restraints to cure the problem. If consultations were not successful, then the WTO member could withdraw concessions or “limit imports” to the extent necessary to prevent or remedy the disruption.

A textile and apparel safeguard measure and a China-specific sectoral safeguard measure may not be applied at the same time. However, a textile and apparel safeguard measure and a WTO global safeguard measure can be imposed simultaneously.

And that’s not all. The unfair trade remedy laws also remain available. As a result, antidumping petitions could be filed against Chinese imports in

addition to any safeguard action that may be pursued. (Countervailing duty proceedings are not applicable to China as long as China is considered a non-market economy.) As with the safeguard proceedings, an antidumping action could be brought based on threat of material injury and not only on existing injury. The availability of relief based on threat of injury has important implications for textile and apparel trade in 2005. In addition to the imposition of restraints upon request for consultations, fair and unfair trade cases could be brought as early as 2004 if petitioners believe they can establish the threat of injury after the quotas are eliminated. Given that imports in 2004 may be artificially low – unlike in previous years, importers will not be able borrow against quotas from 2005 because there won’t be any – actions based on threat may have a better chance of succeeding because of a predicted surge.

Thus, all of these mechanisms would permit the imposition of restrictive measures against China the very moment the WTO quotas are lifted. Moreover, concurrent relief under safeguards and antidumping duty proceedings is not unprecedented – only last year the U.S. International Trade Commission imposed antidumping relief on imports of carbon steel wire rod, even though safeguard remedies were already in place. Furthermore, quotas could be imposed under the safeguard mechanisms, and duties under the antidumping mechanism, potentially creating a regime that is even more restrictive than the prior quota system. What can exporters and importers of Chinese textile products do to protect themselves? With regard to a potential safeguard action, monitoring Chinese imports to ascertain relative and absolute increases is important. (The safeguard rules differ slightly based on whether the increase is relative or absolute.) Only a rapid increase in imports will meet the standard set forth in the definition of “market disruption.”

With regard to potential antidumping proceedings, importers and exporters can review their records, including their pricing practices, to gauge whether they are exposed to liability under the trade remedy laws.

Finally, importers and retailers should seek to maintain a diverse source of supply. Antidumping investigations are unpredictable and, at least according to importers, susceptible to manipulation. This is particularly true in cases involving non-market economies, like China, where the Commerce Department calculates a hypothetical constructed value (cost of production, plus SG&A and reasonable profit) using prices and costs in a surrogate

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FTAs in Asia: A rise in Regionalism and an End to Multilateralism?

By Caroline Cooper

The Asia-Pacific region in the past two years has witnessed significant growth in the number of bilateral free trade agreements (FTAs) and regional trade agreements among members of the Asia-Pacific Economic Cooperation (APEC) forum and the World Trade Organization (WTO). Countries such as Korea, a long-time supporter of the multilateral trading system and opponent of bilateral FTAs, have had a change of heart and are now entering FTAs for strategic purposes and reasons of economic survival. Whatever the reason for this proliferation of FTAs, they raise questions about the broader implications of a rise in regionalism—an end to multilateralism?

Regional FTA Trends

Singapore and Chile are among the most popular Asia-Pacific countries with which to negotiate bilateral FTAs. Chile has agreements with Korea, Canada, Mexico, the Central American countries bordering the Pacific Rim, and pending approval by the Congress, the United States.

Singapore has been the most active FTA member of the Association of Southeast Asian Nations (ASEAN) (for more information, see www.mti.gov.sg). The government has completed agreements with Japan, New Zealand, Australia, and also pending approval by Congress, the United States. The government is currently in FTA negotiations with Mexico, Canada, and Korea. Given Singapore's size, location, and heavy dependence on trade, it is understandable that the government wants to expand trade linkages--especially in light of China's increasing economic prowess—as a means of economic survival. Singapore also uses FTAs as leverage for broader multilateral trade.

China, Japan, and Korea have all been active in expanding regional trade ties. Korea entered its first FTA with Chile in 2002, seeks an FTA with Singapore, and continues to explore one with Japan. Korea's new President, Roh Moo-hyun, hopes to increase ties in Northeast Asia and may also seek to expand trade ties among ASEAN and “the three” (Japan, Korea, and China). Like Korea, Japan wants to gradually increase ties among the ASEAN + 3 countries. China has established a framework and timeline for negotiations of an FTA with ASEAN. Japan's strategy focuses on expanding bilateral agreements, having concluded an FTA with Singapore, continuing to pursue

agreements with Mexico (formal negotiations are underway) and Korea (no formal negotiations yet), and reportedly exploring an FTA with the Philippines. Given their historical animosities, changing trade trends, and relations with North Korea, an FTA among Japan, China, and Korea is not in the offing.

Implications of FTAs

Like the major trading nations of Asia, the Bush Administration supports FTAs to build momentum for broader multilateral trade liberalization. Indeed, this is an important reason, but not the only one. U.S. FTAs with countries such as Chile and the Central American countries lay the foundation for regional integration through the Free Trade Agreement of the Americas (FTAA).

Facing the reality of a weakened U.S. market, increasing competition in China's growing market, and the need for new export markets, Asia's major trading nations will continue to expand bilateral and subregional trading ties to lay the foundation for possible regional integration. But this could come at a cost.

Trade expansion in Asia is not likely to occur through APEC, as most Asian nations perceive the forum only as a useful means through which to engage in dialogue but not to expand trade. An ASEAN+3 FTA will most likely serve to advance regional trade, excluding non-Asian Australia and New Zealand and the countries in the Western Hemisphere bordering the Pacific Rim. A rise in Asian regionalism could impede future multilateral trade liberalization. But the most damaging effect would be to exclude the United States from the region.

Caroline Cooper is the Director of Congressional Affairs and Trade Policy at the Korea Economic Institute and co-chair of WIIT's PacRim Section.



Camels traversing the Silk Road, historic trade link between Asia and Europe.

Vibrant Singapore

If you're looking for information about one of the more affluent cities in the world, and one of the best for trade, check out this website:

<http://www.ntu.edu.sg/library/ne/main.htm>

NEW BOOK --INDUSTRIAL POLICY IN AN ERA OF GLOBALIZATION: LESSONS FROM ASIA By Marcus Noland and Howard Pack Japan, Korea, and Taiwan are often promoted as the poster nations for how great benefits can be gained from increasing international economic integration without surrendering national autonomy in economic or cultural spheres. Industrial policy is frequently credited as being a major source of growth in these three countries. This book investigates whether industrial policy deserves this credit, and if it does, whether similar policies can and should be replicated in other developing countries. Available from the Institute for International Economics. Preview and purchase book at

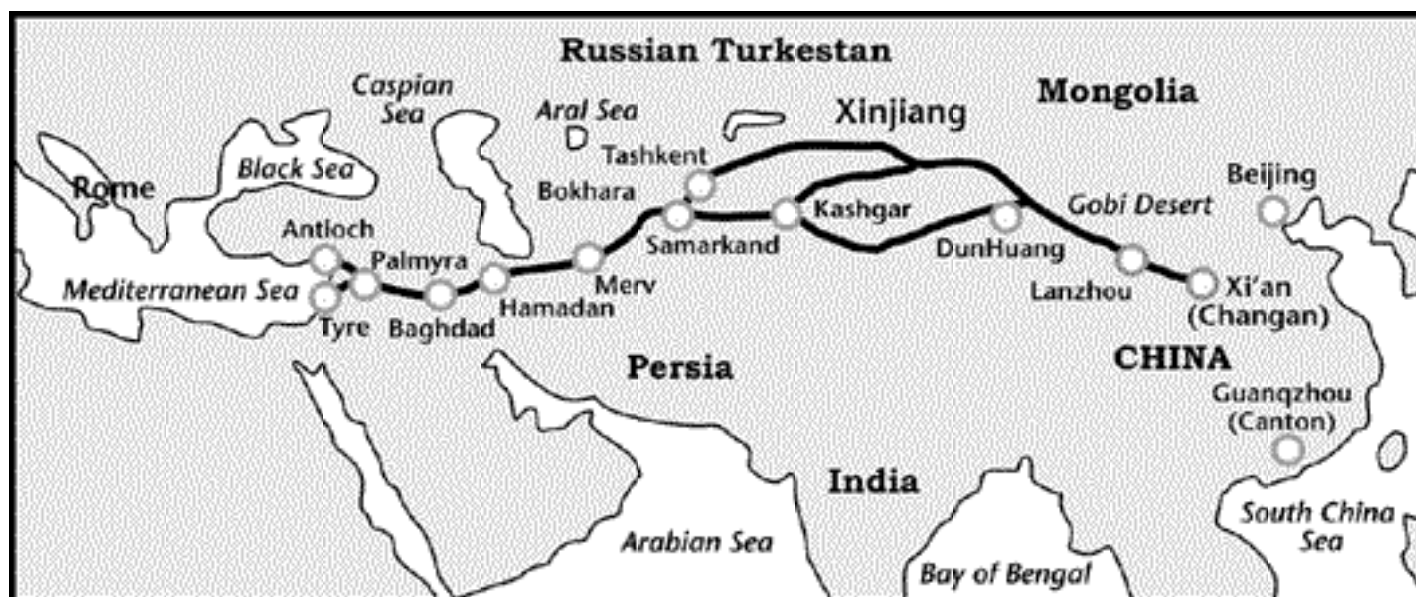
http://www.iie.com/publications/bookstore/publication.cfm?Pub_ID=358

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economy such as India or Indonesia. Thus, U.S. retailers should seek alternative sources of supply, lest they suddenly face substantial duty increases on key fashion products at a critical time.

China will not be the only target when the quotas are lifted – exports to the United States from the ASEAN region are almost as large as exports from China alone. But the special safeguard mechanisms, combined with that country's expected dominance in the sector, means that China will be first in line if – when – the beleaguered domestic textile industry tries to save itself by limiting imports.

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