



International Trade Policy Update

November 14, 2012



OVERVIEW

- WTO Boeing Dispute
- Clean Energy Trade “Wars” and Washington State
- FTAs (Colombia, Panama, South Korea)



WTO Dispute: U.S. Subsidies for Boeing

March 2012 – WTO Appellate Body Adverse Washington State Rulings

- Washington B&O Aerospace Reduction (HB 2294)
- Everett B&O Reduction



WTO Dispute: U.S. Subsidies for Boeing, Cntd.

U.S. Compliance with WTO Ruling

- USTR Announces Compliance (September 24, 2012)
- EU Request for Consultations
- Next Steps
 - EU has requested a WTO Compliance Panel
 - What happens if Compliance Panel Rules against Washington?
 - Arbitration Panel

U.S.-China Clean Energy Trade Complaints

U.S. Antidumping and Countervailing Duties on PRC Solar Panels

- November 2011: US initiates AD and CVD cases against imports of Chinese solar panels

Chinese Investigation of Six State Renewable Energy Programs

- Ohio, Massachusetts, California, and New Jersey (2) and Washington Renewable Energy Cost Recovery Program
- U.S. response to PRC questionnaire
- August 2012: China announces final determination that all six subsidies are “prohibited” subsidies under WTO rules
- Next Steps?

U.S.-China Clean Energy Trade Complaints, Cntd.

Washington Renewable Energy Cost Recovery Program

- Originally passed in 2005 (SB 5101) but amended several times.
- Incentive for businesses, consumers and local governments to generate electricity from wind power, solar power and anaerobic digesters.
- Amount of incentive paid to the producer by the utility starts at a base rate of \$0.15 per kilowatt, varying according to the technology.
- Additional incentive if equipment is produced in Washington.
- Participating utilities can claim a utility tax credit.

US-China Clean Energy Trade Complaints, Cntd.

Chinese AD and CVD Investigation of U.S. Polysilicon Imports

- July 2 - China initiates trade cases
- Dumping (AD) involves the pricing policies of U.S. companies
- Countervailing Duty Cases involve subsidies
 - Washington
 - RCW 82.04.294 – Reduced B&O Rate (0.275%) for solar grade silicon (and other products)
 - RCW 82.04.4452 – B&O R&D Tax Credit for Certain Industries (advanced computing, advanced materials, biotechnology, electronic devices, environmental technology)
- PRC preliminary determination late this year or early next year

RECENT FREE TRADE AGREEMENTS

U.S.-Korean FTA (Implemented March 15, 2012)

- Total Washington exports up 36%
- Agricultural Exports (April to August 2012)
 - Total WA Ag Exports: \$328 million ----- 91% increase%
 - Cherries: \$22.7 million ----- 86% increase
 - French fries: \$28.0 million ----- 51% increase
 - Wheat: \$173 million ----- 182% increase
 - Hay: \$36.3 million ----- 20.6% increase

U.S.- Colombia and Panama FTAs