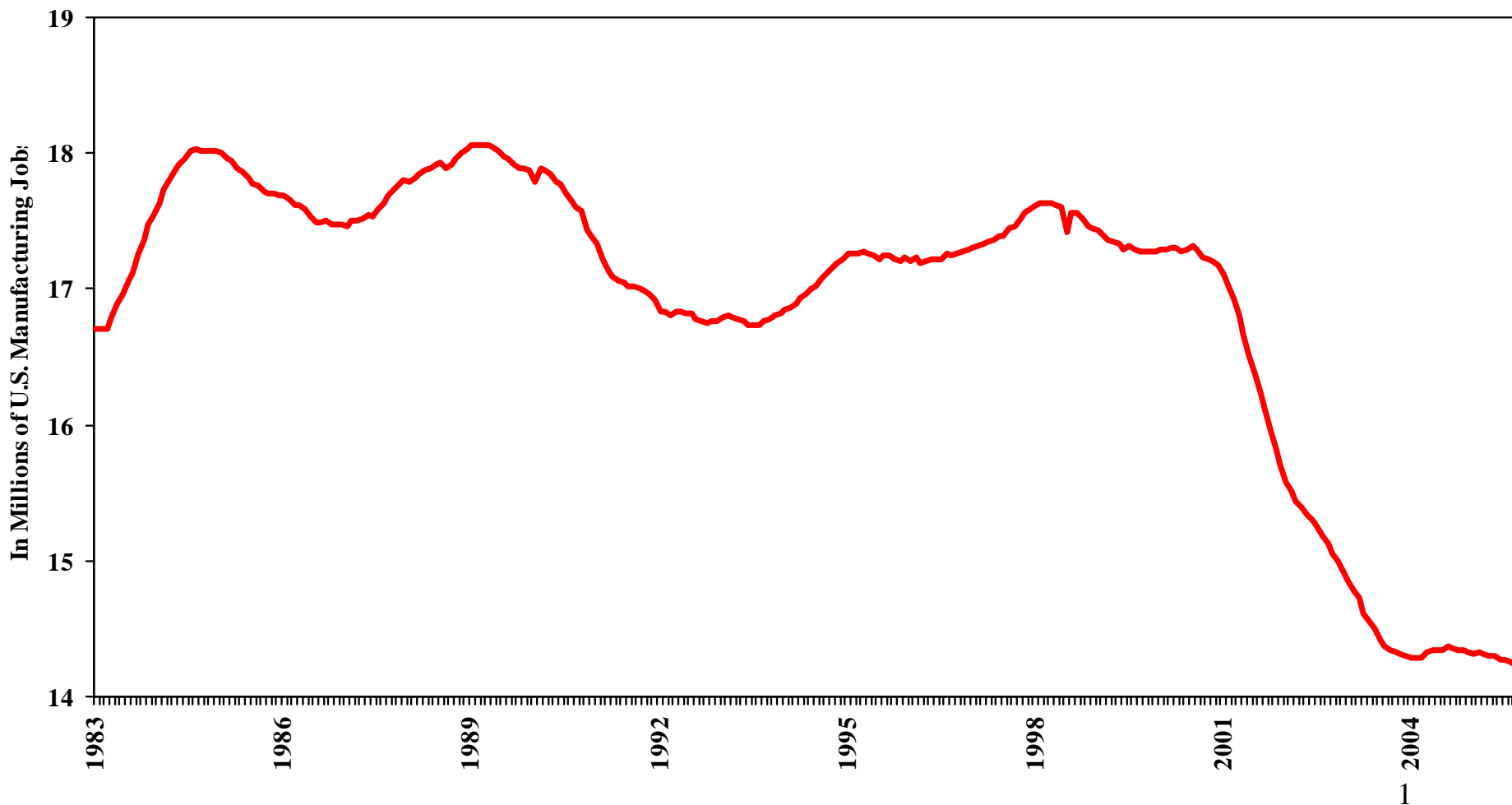


Slides to Accompany Statement of Robert E.
Lighthizer Before the U.S.-China Economic and
Security Review Commission

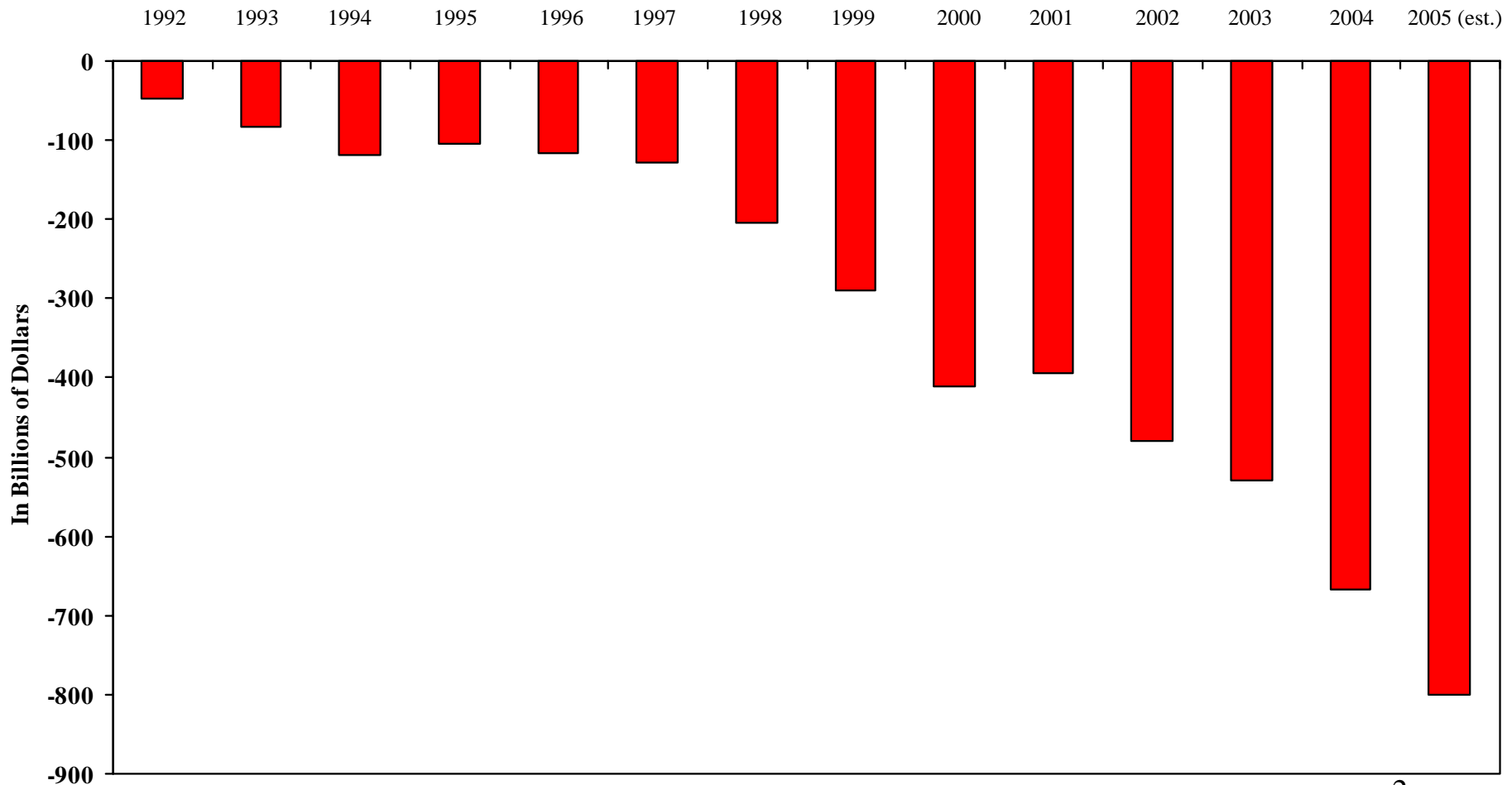
December 8, 2005

U.S. Manufacturing Jobs, 1983-2005



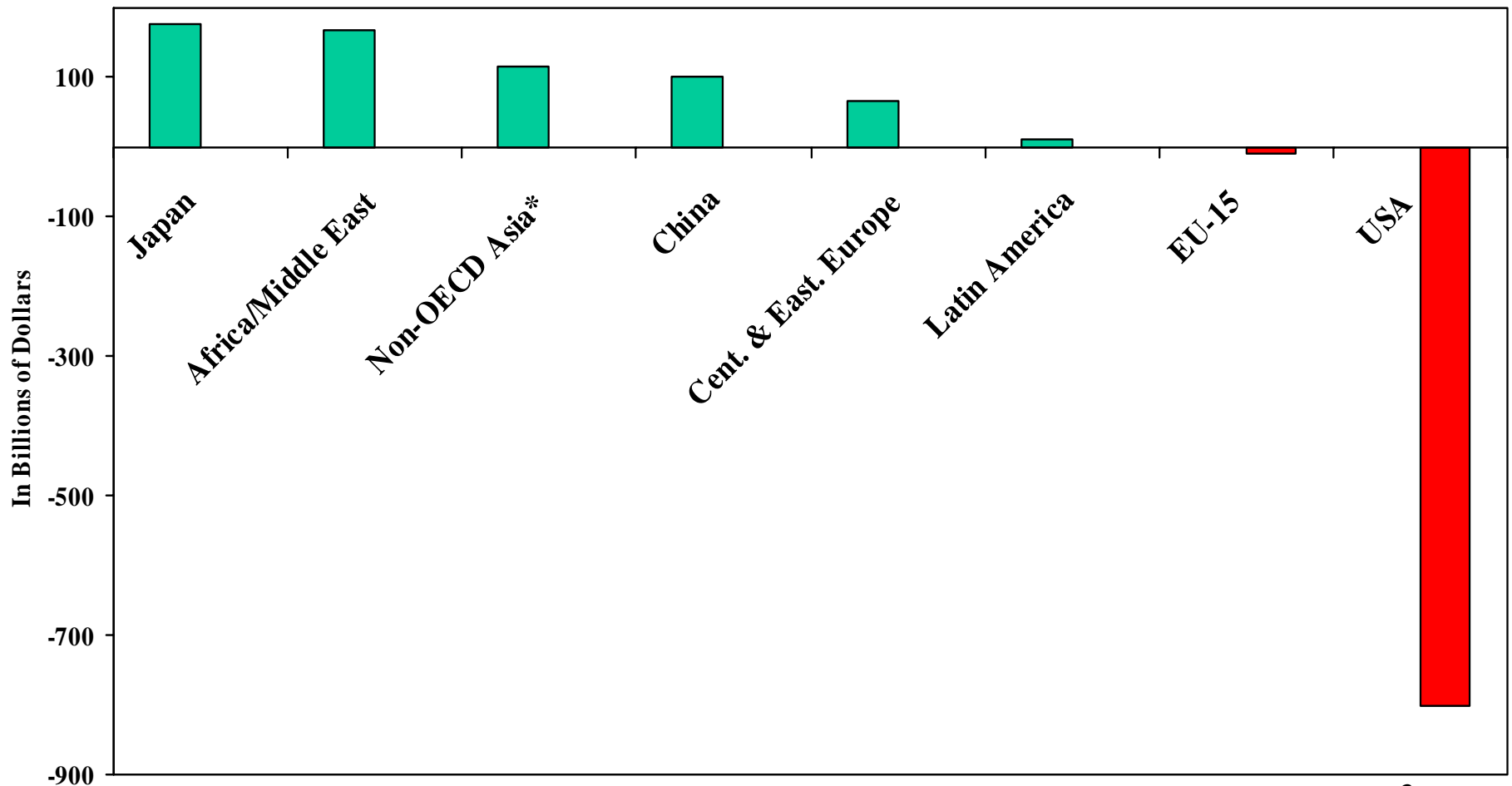
Source: Bureau of Labor Statistics, Series CES3000000001.

The U.S. Current Account Deficit



Source: Data from 1992-2004 from U.S. Bureau of Economic Analysis; estimate for 2005 from OECD.

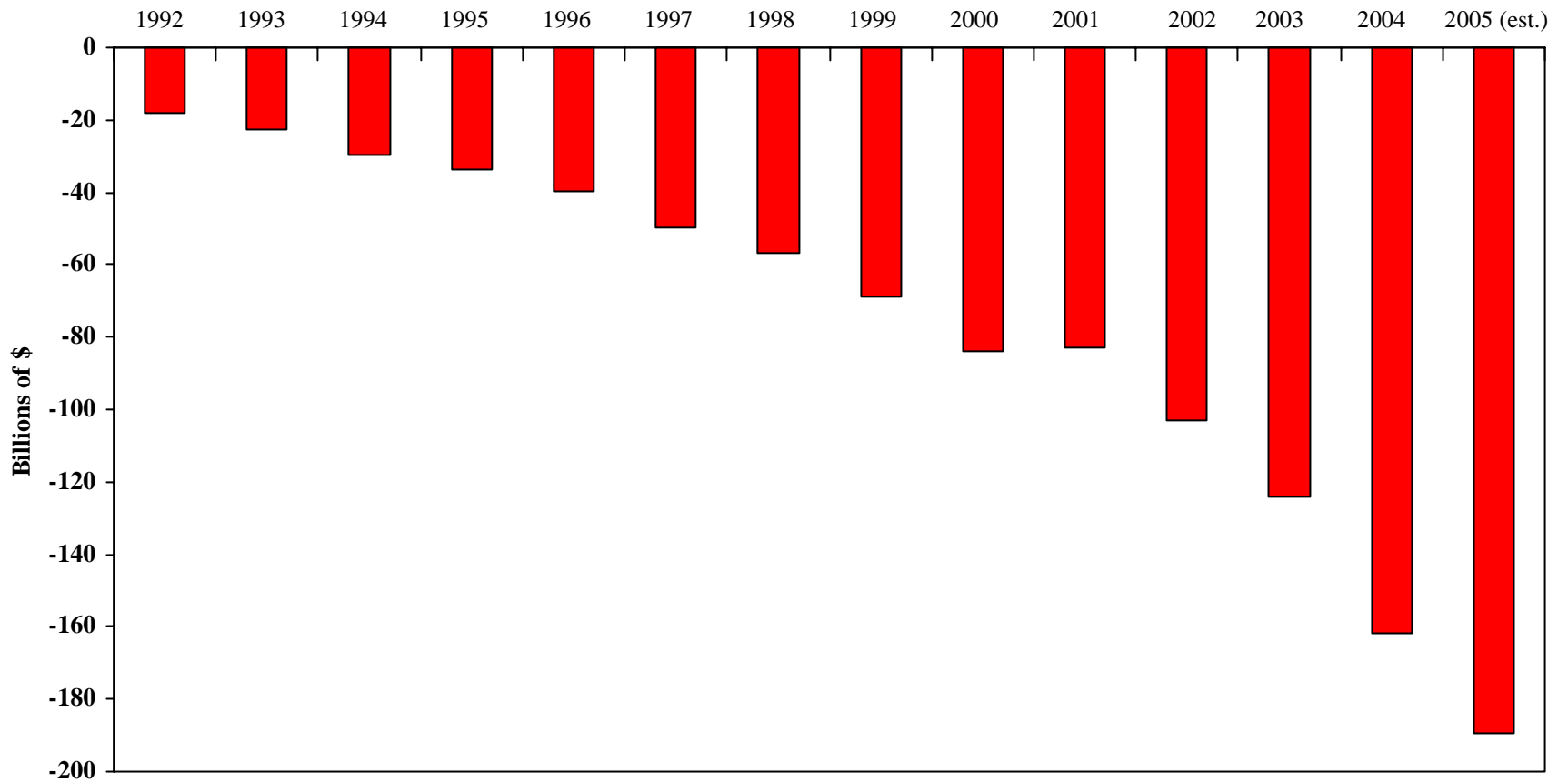
In 2005, the United States Will Be the Only Major Economy with a Large Current Account Deficit



Source: OECD Economic Outlook 77 database, Annex Tables 50 and 52 (May 2005).

* Non-OECD Asia does not include China

U.S. Trade Balance with China



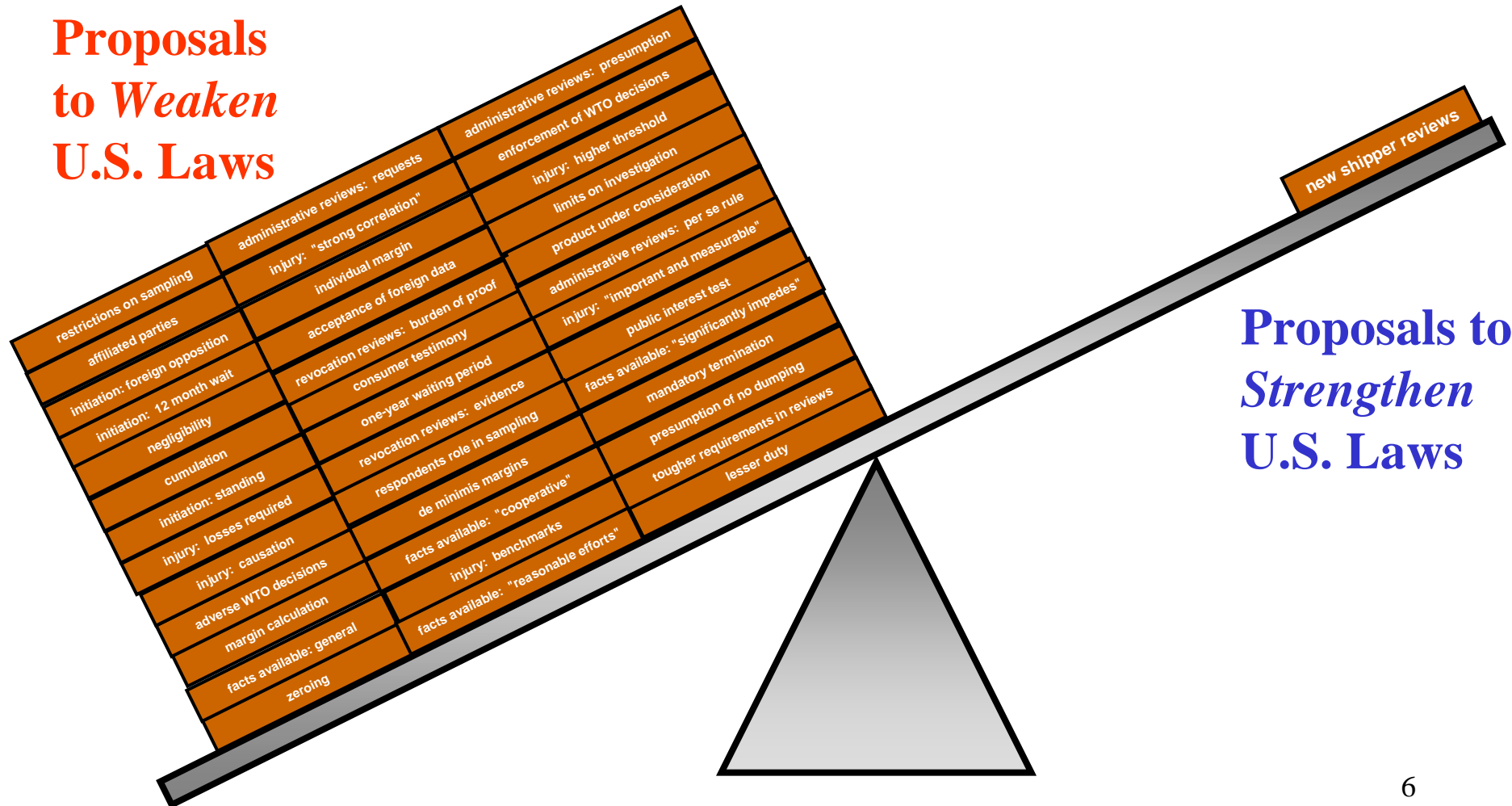
Sample of Developed Proposals in the WTO Rules Negotiations *to Weaken* Trade Laws

1. Amend Articles 9.1, 9.3, and 9.4 of the AD Agreement to provide for the mandatory application of the “lesser duty” rule	14. Require that all AD measures be terminated no later than 5 years from their imposition, even if doing so will result in dumping and/or material injury	27. Raise threshold for material injury in the AD Agreement to create additional obstacle for domestic producers seeking relief
2. Prohibit the practice of “zeroing” in the calculation of dumping margins in all AD proceedings	15. Require that absent extraordinary circumstances, a Member may not initiate a new AD investigation to replace a terminated AD measure for at least one year	28. Amend Article 3.5 of the AD Agreement to require that “dumped imports in and of themselves and apart from any other factors” are causing material injury
3. Prohibit the method of calculating margins used by the United States in administrative reviews	16. Include a provision in the AD Agreement requiring authorities to determine, before applying an AD measure, whether the proposed measure is in the overall economic interest of the Member imposing relief	29. Provide that not just any deterioration in the operating performance of the domestic industry constitutes material injury. Instead, the industry must be experiencing injury that is “important and measurable”
4. Amend Article 5.8 of the AD Agreement to allow for much higher dumping margins to be considered <i>de minimis</i> , and therefore non-actionable	17. Amend AD Agreement to require administrators to take into account purported benefit to consumers of purchasing dumped imports	30. Add a new provision to Article 3.5 of the AD Agreement effectively requiring the administering authority to show a “strong correlation” between a significant increase in dumped imports or price undercutting by dumped imports and material injury
5. Amend the WTO Agreements to require that adverse WTO decisions be implemented not only prospectively (as the United States currently does), but also retroactively. This would reverse a WTO dispute settlement decision where the U.S. prevailed	18. Amend Article 6.10 of the AD Agreement to limit the discretion of the DOC in selecting a sample of exporters to be individually investigated in AD proceedings	31. Provide that if an industry’s performance is “good” – but would be better in the absence of dumped imports – that industry cannot obtain AD relief
6. Make it easier for traders to avoid AD/CVD litigation by establishing certain benchmark standards for when injury will or will not be found	19. Amend Article 6.10 of the AD Agreement to require that any respondent that was not sampled by the DOC could obtain an individual margin by submitting certain limited information	32. Amend the AD Agreement to limit the discretion of administering authorities to conduct a cumulative assessment of imports
7. Prohibit authorities from using evidence from the original investigation to determine likelihood of injury in revocation reviews	20. Amend Article 6.10 of the AD Agreement to require that investigating authorities wishing to sample an exporting industry must choose the sample in consultation with respondents	33. Amend the AD Agreement so that only exporters or importers could request administrative reviews, as opposed to the current process where domestic producers may request such reviews
8. Amend Article 6.8 of the AD Agreement to limit the discretion of administering authorities to use facts available	21. Place the burden of proof on the domestic industry in revocation reviews	34. Create a <i>per se</i> rule whereby an AD order must be revoked where the foreign producer or exporter receives a zero or <i>de minimis</i> dumping margin in two consecutive administrative reviews
9. Prevent authorities from resorting to facts available unless they have made “all reasonable efforts” to obtain necessary information from respondents	22. In AD investigations, limit the discretion of administering authorities (such as the DOC) to define the “product under consideration” (<i>i.e.</i> , the subject merchandise)	35. Create a rebuttable presumption that revocation is warranted in certain circumstances where a foreign producer receives a zero or <i>de minimis</i> dumping margin in a single administrative review
10. Amend the AD Agreement so that all of the requirements imposed in original investigations would <i>also</i> be imposed in administrative reviews, new shipper reviews, and five-year reviews	23. Amend the AD and SCM Agreements to provide that if the WTO finds an AD or CVD order to be WTO-inconsistent, the order immediately becomes unenforceable until it is brought into compliance	36. Raise the current standing threshold to create a standing requirement of support from domestic producers whose output constitutes more than 50 percent of total production of the like product
11. Amend the AD Agreement so that in revocation reviews, the presumption is that the termination of the order will not lead to continuation or recurrence of dumping	24. Provide that information submitted by subject producers actually verified as accurate by authorities, and which is “germane” to an AD investigation, must be used	37. Allow the exporting Member government (and, where practicable, exporters and foreign producers) to formally oppose initiation of new AD investigations
12. Eliminate that provision of Article 6.8 of the AD Agreement that allows authorities to use facts available if the respondent “significantly impedes” the proceeding	25. Prohibit authorities in AD investigations from requiring the submission of information that is not “reasonably needed” for the investigation	38. Require that 12 months elapse after termination of an investigation before a new investigation for the same or the like product can be initiated
13. Amend the AD Agreement to provide that a responding party should be regarded as “cooperative” so long as it made “reasonable efforts” to submit the requested information	26. Amend Article 2 of the AD Agreement to make it more difficult to find dumping when affiliated parties are involved	39. Amend the AD Agreement to make it more difficult to cumulate imports from countries that ship relatively small volumes of subject product

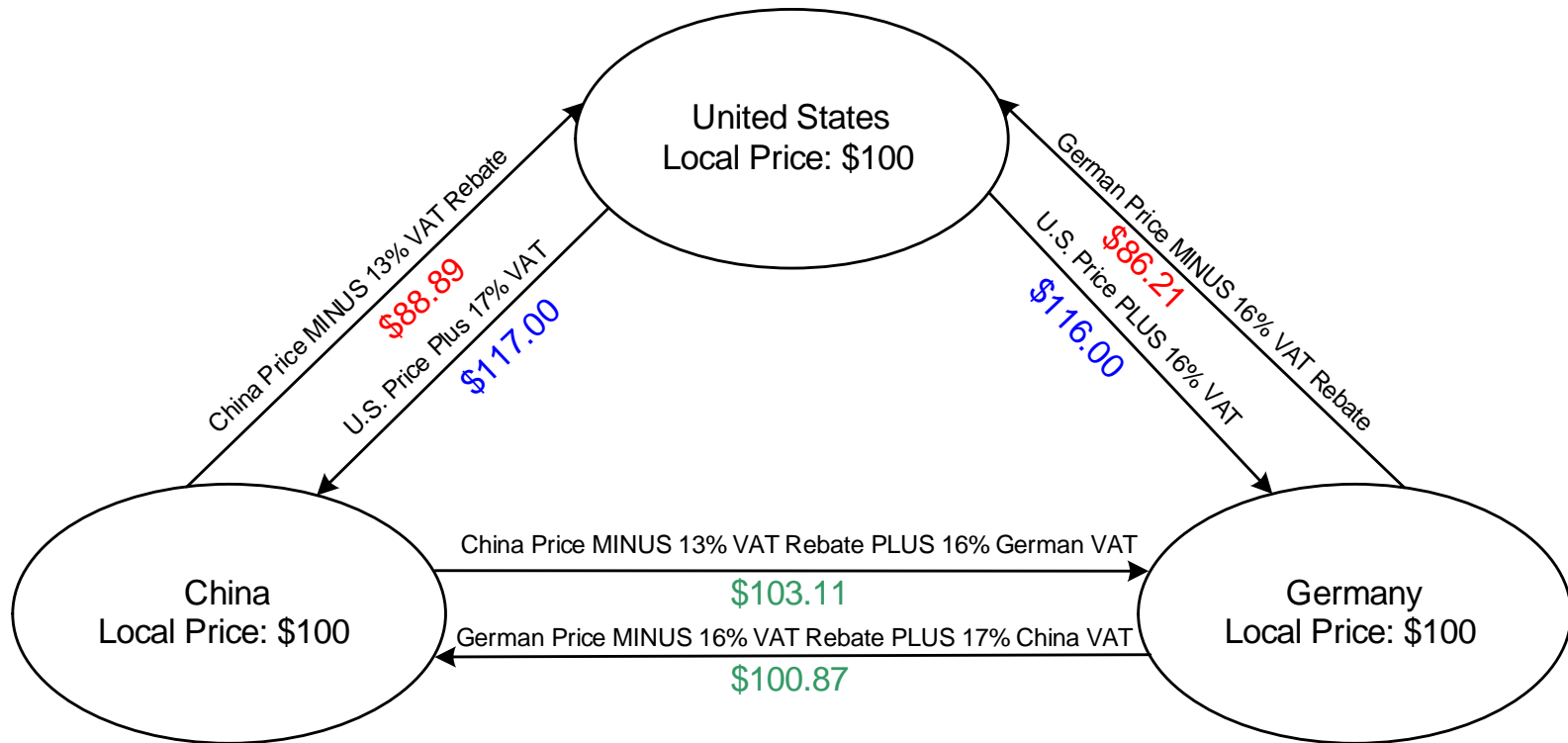
The Rules Negotiations Are Out of Balance

**Proposals
to Weaken
U.S. Laws**

**Proposals to
Strengthen
U.S. Laws**



Example of How Current WTO Tax Rules Harm U.S. Manufacturing

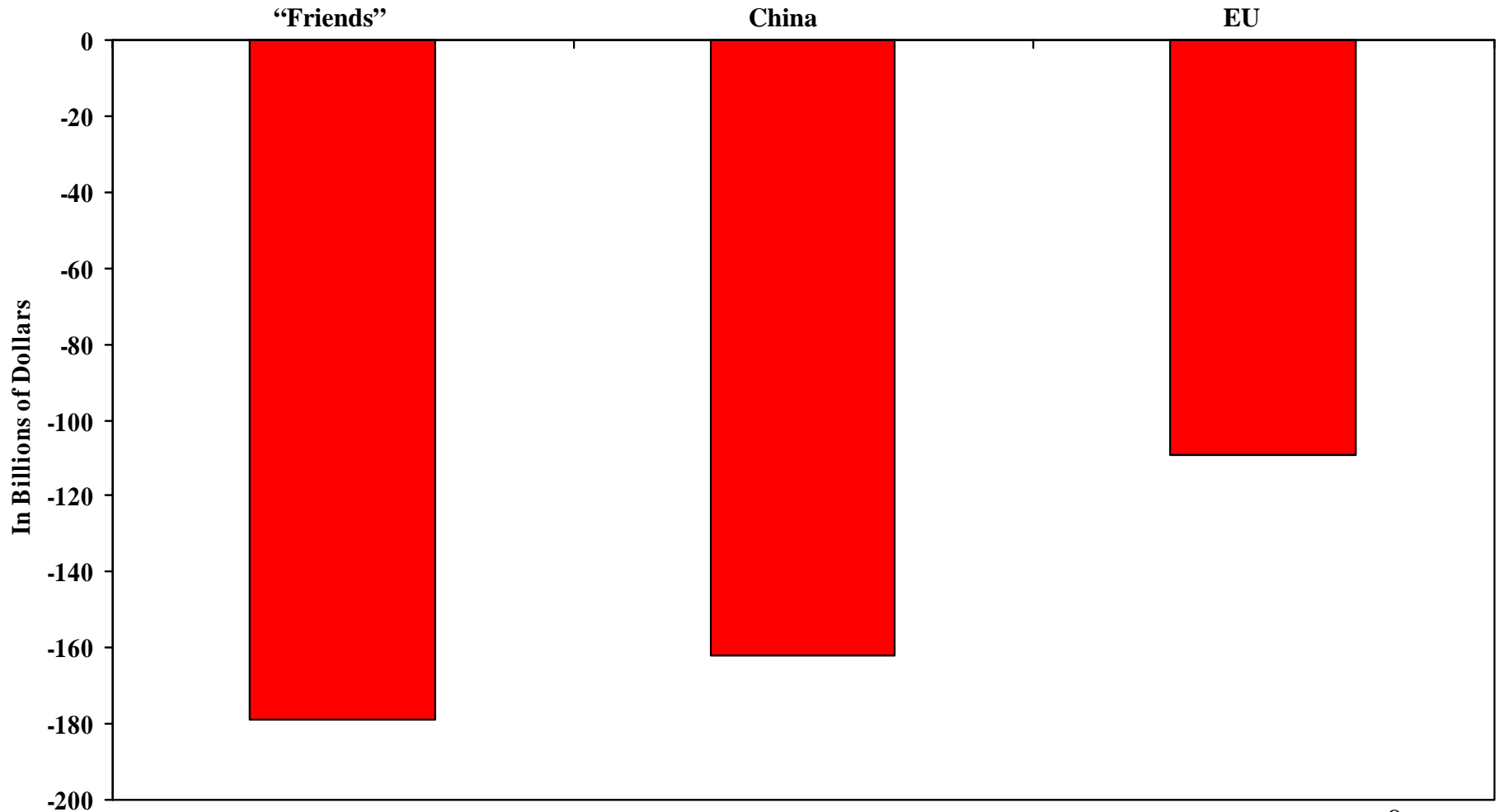


Note: Data for Germany and China VAT from the U.S. Council for International Business. [See http://www.uscib.org](http://www.uscib.org).

Issues that the U.S. Government Should Be Pursuing

- Eliminating disparity in treatment of direct and indirect taxes
- Reversing WTO decisions regarding alternative causes of injury
- Reversing WTO decisions regarding the “zeroing” methodology
- Preserving the Continued Dumping and Subsidy Offset Act
- Reversing WTO decisions that have undercut the standard of review in AD investigations
- Eliminating the injury requirement in certain AD/CVD investigations
- Creating a presumption of injury for repeat offenders
- Creating a presumption of injury and causation for “fill-in” countries
- Eliminating five-year reviews of AD/CVD orders
- Eliminating *de minimis* thresholds in AD/CVD investigations
- Lowering the negligibility thresholds
- Making it easier to use adverse inferences when a party fails to cooperate
- Expanding the list of prohibited subsidies
- Reversing WTO decisions preventing members from fully countervailing subsidies after privatization

U.S. Trade Balances in 2004 with Key Trade Law Opponents



Source: U.S. Census Bureau. The term “Friends” refers to the so-called “Friends of the Anti-Dumping Negotiations,” which is the group of countries most hostile to U.S. trade laws. The “Friends” consist of Brazil, Chile, Colombia, Costa Rica, Hong Kong, Israel, Japan, Korea, Mexico, Norway, Singapore, Switzerland, Taiwan, Thailand and Turkey.