



ABCI Note

January/February 2021

2020 ABCI Events

In midst of unusual circumstances, ABCI hosted several events in 2020, bringing together great minds in the trade world for thoughtful discussions. Most of the events are available online.

- December 17, 2020: ABCI [Virtual XVI Symposium on International Trade](#) on “U.S. Post Elections: What Real Changes to Expect in International Trade?” The Symposium featured Ambassador Nestor Forster, Jr., Professor Padideh Ala’i, Simon Lester, Tatiana Prazeres, Gary Hufbauer, and Jason Waite. More information [here](#). Recording available [here](#).
- September 10, 2020: [ABCI Webinar](#) on “U.S. Elections and Prospects on International Trade,” featuring Jennifer Hillman and Stephen Vaughn as speakers, and Lisa Schroeter as moderator. Recording available [here](#).
- October 20, 2020: ABCI supported the webinar on “[U.S.-Brazil Relations: The New Trade Package](#)” organized by Women Inside Trade and Women in International Trade-DC. The event was not recorded.
- November 5, 2020: ABCI supported the International Development Bank’s event #Conexion INTAL2020!. More information [here](#).
- April 28, 2020: IBRAC-ABCI Webinar on “Brazil-U.S. Trade Relations: Does the Current Landscape favor a Free Trade Agreement?,” featuring Ambassador Pedro Miguel Costa e Silva, Abrão Miguel Árabe Neto, and Renata B. Vasconcellos. The event was not recorded.

Also, in February 2021, Aluisio de Lima Campos and Simon Lester joined Renata Amaral in a podcast episode hosted by the Women Inside Trade (WITcast) to discuss “Biden's trade agenda: another wave of protectionism?”. The podcast is available [here](#).

U.S. Trade Policy Update

U.S. Congress confirmed Gina Raimondo as Secretary of Commerce on March 3; however, the Executive still awaits confirmation of Katherine Tai for U.S. Trade Representative (USTR). The office of the USTR put out its [annual report and trade agenda](#) on March 1, to comply with regulations, but it is probably missing the input from still unconfirmed USTR Katherine Tai. Based on what we know from declarations of nominees and other members of President Biden’s cabinet, his trade policy should prioritize environment and labor with a foreign policy influence, from the president himself and his closest advisors Jake Sullivan (National Security) and Antony Blinken (Secretary of State). It is worth looking at the [March 3 remarks of Blinken](#) on foreign policy and trade. John Kerry, the special envoy for climate, should also exert some influence on environment. At this point, we expect a bottom-up policy formulation system, as opposed to the top-down system of the previous



administration, which is not as fast but more predictable and transparent. On the international front, the discourse is expected to be more diplomatic and political. But the essence with regards to trade is not likely to be different. The Buy America provisions should get tougher, current Section 232 tariffs on aluminum and steel will probably stay in place for some time, tariffs on imports from China should continue as well as reshoring of medical equipment related to COVID-19. Constructive engagement for WTO reform is likely. We should see a massive increase in subsidies for COVID-19 related activities, for shift from fossil fuel to alternative energies, for economic relief and agricultural production, some of which may not be WTO consistent. For a full discussion of these topics see presentation in Portuguese by our chairman [here](#).

Biden Administration Not Likely to Withdraw Section 232 Duties

On February 1, 2021, President Biden [revoked](#) a previous exemption of Section 232 aluminum tariffs that former President Trump had granted to the United Arab Emirates (UAE) in his last day of office. This suggests that the Biden-Harris Administration may not end 232 tariffs any time soon. Indeed, at the confirmation hearing of the U.S. Trade Representative on February 25, Katherine Tai acknowledged that tariffs are “legitimate tools in the trade toolbox” and are “very important” remedies to unfair trade.

On February 4, 2021, the U.S. Court of International Trade [rejected](#) a challenge to Section 232 steel tariffs, concluding that they did not violate the Section 232 statute, entitling the Government to judgment as a matter of law. The Court held that the tariffs were legitimate as long as national security is threatened and that to satisfy Section 232’s requirement, the President should set a “duration” for the tariffs.

The WTO Has a New Boss

In a historic decision for the multilateral trading system, Ngozi Okonjo-Iweala emerges as the first woman, the first African, and the first black representative to reach the highest post of the WTO. The new WTO Director General was [confirmed](#) a few days after the U.S. government [announced](#) its support to her candidacy early February. Okonjo-Iweala brings an extensive experience with economic issues to the WTO. Previously, she was the first woman to be appointed Minister of Foreign Affairs and Minister of Finance in Nigeria, and a World Bank managing director. Until February 2021 she was the Chair of the [Global Alliance for Vaccines and Immunization](#). Therefore, she may also contribute with her expertise to combat the pandemic.



Exporters Subject to 232 Duties May Face Higher Anti-Dumping and Subsidies Margins

The U.S. Court of International Trade determined that Section 232 tariffs are an “import duty” that can be deducted from export prices when calculating anti-dumping margins. This ruling endorses Commerce’s approach towards the 232 duties that raise costs for companies facing anti-dumping or subsidy duties.¹

The ruling hinged on whether the 232 duties should be treated as normal customs duties or as trade remedies duties. Normal customs duties are deducted from U.S. prices and can therefore drive up final dumping margins. In contrast, trade remedies duties are included in the export prices and, do not negatively affect the exporter’s dumping margin.

Update on Brazil’s Trade Relations with Europe

Early in February, Portugal, currently presiding the Council of the EU, [supported the timely ratification of the deal between Mercosur and the EU](#), and has defended its geopolitical and geostrategic importance. A relevant stumbling stone in the way of the agreement is the environmental policy. In February, France prepared a [side paper](#) with concerns about deforestation in Brazil. In contrast, relations between Brazil and the UK seem to be gaining momentum. The two countries signed a MoU to create a [joint Committee on agriculture](#) to foster bilateral consultations. The UK also decided to adopt [E10 petrol](#), a greener fuel (containing 10 percent instead of 5 percent of ethanol), in a decision praised by the industry.

Monitor of U.S. Trade Remedies Actions on Brazil

Original Investigations

01/04/2021	Wood Mouldings and Millwork Products: Final Negative Determination of Dumping and Termination of the Investigation	Commerce determined that imports of wood mouldings and millwork products from Brazil are not sold at dumped prices. The period of investigation is January 1, 2019 through December 31, 2019. Accordingly, the ITC terminated the investigation on January 8, 2021.
03/02/2021	Common Alloy Aluminum Sheet from Brazil: Final Negative Countervailing Duty Determination	Commerce determined that countervailable subsidies are not being provided to producers and exporters of common alloy aluminum sheet aluminum sheet from the Brazil.

¹ *Borusan Mannesmann Boru Sanayi Ve Ticaret A.Ş. v. United States*, 2021 Ct. Intl. Trade, SLIP OP. 2021-18 (Feb. 18, 2021).



Sunset Reviews

02/01/2021	Uncoated Paper: Initiation of Sunset Review	Commerce and the ITC initiated the Sunset Review of the AD duty on Uncoated Paper from Brazil and other countries.
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Circumvention

01/27/2021	Uncoated Paper Rolls: Affirmative Preliminary Determination of Circumvention	Commerce preliminarily determined that imports of certain uncoated paper rolls from Brazil are circumventing the anti-dumping duty order.
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Administrative Reviews

01/27/2021	Certain Uncoated Paper: Final Results of the 2018-2019 Antidumping Duty Administrative Review	Commerce determined that the following weighted average dumping margin exists for the period of March 1, 2018 through February 28, 2019: 32.31 percent for Suzano Papel e Celulose S.A and 20.80 for International Paper do Brasil Ltda. and International Paper Exportadora Ltda.
01/26/2021	Emulsion Styrene-Butadiene Rubber: Preliminary Results of 2018-2019 Antidumping Duty Administrative Review	Commerce preliminarily determined that the following weighted-average dumping margin exists for the period September 1, 2018 through August 31, 2019: 34.93 percent for ARLANXEO Brasil S.A.