



Office of the U.S. Trade Representative

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RECENT EVENTS

WTO Appellate Body Affirms U.S. Win in Aircraft Dispute:

Last month the Appellate Body confirmed that subsidies provided by European Union (EU) Member States to Airbus are significantly larger, and cause more harm, than any U.S. measures. The decision affirmed that most of the U.S. programs challenged by the EU were not harmful subsidies. Moreover, the Appellate Body found that the panel had substantially overstated the adverse effects of U.S. measures. Ultimately, the WTO-inconsistent subsidies to Airbus by EU Member States were four to five times larger than comparable subsidies to Boeing, and caused three times as many lost sales. Last week, the United States announced that it would seek the establishment of a WTO compliance panel to

April Enforcement Update: U.S. launches WTO case against China's Rare Earth Export Restraints

On March 13, the United States requested WTO consultations regarding China's export restraints on rare earths, tungsten and molybdenum. The export restraints include duties, quotas, export pricing requirements, and export procedures that unfairly harm U.S. companies that use these materials to produce advanced electronics, automobiles, steel, petroleum and chemicals. China is the world's largest producer of these materials and the export restraints artificially increase the cost of rare earths, tungsten, and molybdenum outside of China, decrease their price inside China, and, in turn, make Chinese-produced goods that use these imports comparatively cheaper.

China has made increasingly restrictive modifications to its export restraints program for rare earths over the last several years. In the second half of 2010, China drastically reduced the volume of its rare earths export quota, resulting in a 40% cut compared to the previous years. In 2011, China expanded the product coverage of the rare earths quota without any meaningful adjustment in the overall volume, resulting in a further restriction of the quota. Finally, earlier this year, China changed how it administers the quota creating additional distortions and uncertainties in the market for these materials.

This consultation request comes less than two months after the Appellate Body affirmed the United States' position that similar Chinese export restraints on a number of other raw materials are WTO-inconsistent.

address the EU's failure to remove WTO-inconsistent subsidies to Airbus.

U.S. Requests Consultations with India on Agricultural Import Prohibitions:

On March 6, the United States requested WTO consultations regarding India's prohibition on the importation of certain American agricultural products, including chicken eggs and poultry meat. India claims the ban is aimed at preventing avian influenza, even though the relevant international standards do not provide for the type of ban India has imposed. Moreover, the United States has not had an outbreak of the more serious form of avian influenza since 2004. The WTO Agreement on the Application of Sanitary and Phytosanitary Measures recognizes the right of WTO Members to adopt measures for the protection of human, animal, or plant life or health, but imposes requirements to ensure that the measures are based on science or meet established international standards. In this case, India's ban appears inconsistent with the

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Legend	Consultations	Panel	Appellate Body	Implementation	Other
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agreement's requirement that measures be supported by scientific evidence and a valid risk assessment.

