



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

## MEMORANDUM

To: Reporters and Editors  
Re: New GAO Report on WTO Trade Remedy Rulings  
Da: Thursday, July 31, 2003

On Wednesday the General Accounting Office released a report on the standard of review and impact of trade remedy rulings in the World Trade Organization. The report examines trends in WTO trade remedy disputes since 1995, including the outcomes of these disputes and the extent to which they affected the ability of WTO members to impose trade remedies. The report also discusses the standards of review that the WTO applies when ruling on trade remedy disputes, and summarizes the views of legal experts and U.S. government officials regarding the WTO's application of these standards of review. Sen. Chuck Grassley, chairman of the Committee on Finance, offered the following comments on the report:

“This GAO report indicates that the United States is treated no differently than any of our trading partners at the WTO. In 21 of the trade remedy cases completed from 1995 through 2002, the WTO made findings on 175 domestic agency determinations. The key point is that, overall, the WTO rejected our determinations in the same proportion as all other WTO members – 57 percent for the United States and 56 percent for everyone else. When it comes just to antidumping duty determinations, the Journal of International Economic Law recently published a study that came to a similar conclusion.

“Now, it's not surprising that we're the target of so many challenges. The United States imposed more trade remedy measures – 239 – than any of our trading partners. On top of that, the United States is the single largest market and biggest export destination in the world. And because our administrative decision-making is so open, we tend to be subject to more challenges by our trading partners.

“But we also bring cases to the WTO. In fact, the United States accounts for over one-quarter of the total number of complaints filed with the WTO. And we've won some important cases. Just this year we won a case against Japan's SPS restrictions on our apple exports. We also successfully defended our sunset laws against a challenge from Japan, and we successfully defended our rules of origin in a challenge brought by India. The important point to keep in mind is that we gain much from a rules-based system of international trade.

“The GAO report also states that a majority of the legal experts consulted found that the WTO has properly applied standards of review and correctly ruled on major trade remedy issues. This is encouraging. For those who might feel otherwise, there is an ongoing process in the WTO to address the standard of review.

“In December 1993, the Uruguay Round Trade Negotiations Committee decided that the standard of review for antidumping duty determinations – article 17.6 – should be reviewed after three years to see if it should be applied generally to WTO disputes. I’m disappointed that this review did not take place.

“On June 18, 2003, however, the United States proposed in the WTO Negotiating Group on Rules that members consider whether application of the article 17.6 standard of review should be expanded. I believe that discussions in the rules negotiations are the appropriate forum for addressing the standard of review and the application of article 17.6 in the WTO. I will continue to monitor developments in these areas closely.”