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**TO CLIENTS AND FRIENDS:**

**RE: United States Proposes WTO Rule Authorizing “Zeroing” in Dumping Cases**

The United States Trade representative has submitted a proposal to the World Trade Organization (WTO) Negotiating Group on Rules to “correct” rulings by the Appellate Body of the Dispute Settlement Body that found the United States’ practice on potential exporter offsets for non-dumped comparisons in antidumping proceedings, by “zeroing” those transactions when calculating dumping margins on weighted average bases, as violative of the WTO Agreement.

In the submission, the United States indicates it is seeking WTO adoption of clear, precise rules that will permit the use of zeroing in both investigations and administrative reviews, and asserts that its practices are not violative of international agreements and should not be subject to decisions of the Dispute Settlement Body. The submission appears to be in response to the establishment of a new WTO Dispute Settlement Body panel, for review of the continued use of zeroing in administrative reviews, on June 4<sup>th</sup>. This new panel, set up as a result of an October 2006 request by the European Communities, will investigate claims by the European Union, as well as by Japan, Brazil, India and Thailand, who have joined in the action to challenge decisions made by the International Trade Administration during administrative reviews of 38 additional cases to those successfully challenged in a prior WTO dispute settlement board decision. As a result of that initial decision, the United States announced a change in policy, under which it will no longer use zeroing in weighted average comparisons of normal values to actual export prices or constructed export prices in new investigations, but the EU and other countries have gone back to the WTO to seek to require that the change be applied in administrative reviews as well.

Please contact us with any questions you may have.

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