

**THOMPSON  
HINE**

December 23, 2010

**INTERNATIONAL TRADE &  
CUSTOMS UPDATE****USTR Requests WTO Consultations Concerning Chinese Wind Power Subsidies**

The Office of the U.S. Trade Representative (USTR) announced last night that it has requested World Trade Organization (WTO) consultations with China concerning alleged subsidies for Chinese wind power manufacturers that are contingent on the use of Chinese parts and components. USTR initiated the WTO consultations as a result of its investigation of Chinese green technology policies and practices, initiated in response to the petition of the United Steelworkers (USW) under Section 301 of the Trade Act of 1974 alleging that those policies were inconsistent with China's WTO obligations.

The measures at issue in the WTO consultations requested yesterday are subsidies for Chinese wind turbines. According to the USW petition, the subsidies only are available to Chinese wind turbine manufacturers that contract with Chinese suppliers for components. The subsidy payments are split between the manufacturer of the wind turbine and the component suppliers. If the allegations are true, the subsidies could constitute local content subsidies, which are prohibited by the WTO Agreement on Subsidies and Countervailing Measures.

The request for WTO consultations initiates a process under the Dispute Settlement Understanding (DSU) that can be lengthy but may result in a formal finding that the subsidies are WTO-inconsistent—leading either to removal of the subsidies or countermeasures against China. The consultation period lasts 60 days, after which the United States can request a WTO panel to adjudicate the dispute. If the parties litigate the matter, a final decision concerning the WTO consistency of the alleged subsidies and possible U.S. countermeasures could take three to five years.

Thompson Hine previously reported on the USW Section 301 petition and the USTR's investigation of China's export restraints on rare earth metals (see our previous bulletin: [www.ThompsonHine.com/publications/publication2179.html](http://www.ThompsonHine.com/publications/publication2179.html)). USTR has said that it is not taking formal action under Section 301 concerning Chinese rare earth export restraints but has left the door open to other possible actions, including another WTO complaint. In yesterday's announcement, USTR cited areas of progress achieved through the U.S.-China Joint Commission on Commerce and Trade concerning other measures identified as WTO-inconsistent in the USW complaint. This suggests that USTR could not achieve similar progress on the wind turbine subsidies.



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### **FOR MORE INFORMATION**

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