

WTO appeals court backs South Korea in US trade dispute

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South Korea largely won an appeal ruling at the World Trade Organization on Wednesday in a challenge that puts US anti-subsidy duties on Korean-made washing machines in jeopardy. South Korea partially won a ruling from a WTO adjudication panel in March, but both sides appealed part of that judgment.

Wednesday's ruling by the WTO Appellate Body, which is final, strengthened South Korea's win by reversing part of the earlier ruling that had gone in Washington's favour, concerning the calculation of anti-subsidy duties.

The ruling does not immediately strike down the US duties imposed in 2013 after Washington found that South Korea was unfairly subsidizing and pricing Korean-made washers exported to the United States.

The US Commerce Department had imposed anti-subsidy duties of up to 82 percent on washers made by Samsung Electronics Co, LG Electronics Inc and Daewoo Electronics Co after a complaint brought by Michigan-based Whirlpool Corp.

South Korea complained to the WTO about the methodology used to calculate the duties. The panel ruling in March rejected part of South Korea's complaint, including objections to the US Commerce Department's findings that tax credit subsidies were not tied to specific products.

The WTO Appellate Body upbraided the panel for making several wrong decisions about the US methodologies, and said Washington, not Seoul, was in the wrong.

A spokesman for the US Trade Representative's office said the agency was "disappointed" with the appellate ruling, but noted that it confirmed WTO members' ability to employ alternative methods to calculate duties to combat "targeted dumping", or unfair price cuts aimed at specific regions, time periods or customer groups.

Under WTO rules, the United States will be expected to bring its rules into line with the appeal judgment, which could result in changes to its anti-subsidy calculations. If South Korea feels that the United States has failed to do so, it could ask the WTO to rule on US non-compliance and then ask for trade sanctions against Washington.

"We are currently in the process of reviewing the Appellate Body report, and based on this review, will evaluate our options for responding to the report," the USTR spokesman said.

A Whirlpool spokeswoman said that the ruling would have "no direct or immediate effect on the 2013 antidumping and countervailing duty orders on clothes washers from South Korea", and the US response could take some time.