

Dangerous Game of Political Chicken

By Reg P. Wydeven
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During the 1980s, Wendy's hamburger restaurant had my absolute favorite commercials. Their ad campaign depicted customers of other fast food joints as victims as they waited in endless lines for frozen hamburger patties. In 1984, Wendy's won three Clio Awards, the advertising industry's highest honor, for its commercials, and they were voted the most popular in America. The ads featured Clara Peller, a feisty senior who walked up to the counter of the hamburger joints after receiving tiny burgers and demanded, "Where's the Beef?!"

In one of the follow up ads, Wendy's promoted its fresh chicken breast fillet sandwiches. The ad showed a customer at a fast food restaurant inquiring about the chicken strips, and he was informed the chicken was processed. The cashier explained that the strips were made by assembling the respective parts of chickens. When asked about which parts he was referring to, the cashier replied, "parts is parts."

Today, in addition to Wendy's, most other fast food places now use unprocessed chicken in their sandwiches and strips. But, in many other areas of the food industry, parts is still parts. And President Obama is crying fowl.

Last week, a three-member panel from the World Trade Organization declared that legislation signed by President Obama banning Chinese poultry from the U.S. is illegal.

After an outbreak of bird flu in 2004, the U.S., the world's biggest importer, and China, the largest exporter, each banned the other's poultry. However, after a few months, China lifted its ban and has since imported more than 4 million tons of U.S. poultry, consisting mostly of feet and other bird parts that are popular in China but not here.

The U.S., though, did not lift its ban. In fact, a measure found in last year's federal spending bill actually extended the five-year ban of Chinese chicken parts from entering U.S. markets. In its 184-page ruling, however, the WTO claims the extension of the ban violates a number of the U.S.'s trade obligations.

Like any presidency, Obama's administration inherited a number of issues that originated during President George W. Bush's tenure, but the poultry case represents the first WTO complaint lodged specifically against legislation signed by Obama.

Since joining the WTO in 2001, China's exports have grown exponentially. This has ruffled the feathers of the U.S. and several European nations, as they claim China's rise in the world pecking order is the result of unfair policies that boost sales of Chinese goods abroad while limiting the amount of foreign products entering the Chinese market.

Economists blame the yuan, China's currency, asserting it is intentionally undervalued so that Chinese companies can sell products at cheaper prices than European or American competitors. U.S. manufacturers allege that the deflated level of the yuan has cost millions of Americans their jobs. Accordingly, Congress is now considering a law that would give the U.S. government power to impose sanctions on China or other countries found to be manipulating their currencies to gain trade advantages.

In response, Chinese officials have been clucking their tongues saying its WTO partner nations are implementing a policy of protectionism in reaction to the collapse of the financial markets in 2008.

If the U.S. continues to defy the WTO's ruling, the Organization can authorize sanctions to be imposed. However, the process usually takes years of litigation, but President Obama can first appeal the ruling.

You might say the two nations are having quite a beef.

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