



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: World Trade Organization decision on Byrd amendment
Da: Tuesday, Aug. 31, 2004

Sen. Chuck Grassley, chairman of the Committee on Finance, today made the following comment on today's news that the European Union, Canada, Japan, India, Brazil, Mexico, Chile and South Korea have received authorization from the World Trade Organization to retaliate against the United States in the Byrd amendment case, which involves the disbursement of U.S. antidumping and countervailing duties assessed on imports.

"I'm disappointed that eight of our major trading partners have been authorized to retaliate in this case. And unfortunately, this is not the end of the story. Australia, Thailand, and Indonesia have agreed to a December 27th deadline for us to comply. After that, they could seek similar authorization to retaliate.

"This is an unfortunate development. But the Byrd amendment was slipped into an appropriations conference report without full debate in the Senate. The Finance Committee, as the committee of jurisdiction, never had a chance to review the amendment. I'm not surprised that a bill that was never considered by the committee of expertise or even the full Senate was found to violate our international commitments. That's why we have committees -- to help make sure things like that don't happen.

"Aside from the WTO ruling, there are a number of other problems with the way the Byrd amendment operates. For example, earlier this year the Congressional Budget Office issued a report in which it found that, regardless of the economic harm that can be caused by retaliation, the Byrd amendment is detrimental to the overall economic welfare of the United States. An earlier report issued by the Department of Treasury's Inspector General found that the Bureau of Customs and Border Protection made \$25 million in overpayments when disbursing Byrd amendment funds. The report also faulted the Bureau of Customs and Border Protection because qualifying expenditures claimed by domestic producers are not verified on a routine basis. So, there are a lot of problems with the way this program functions that are totally independent from our WTO obligations.

"As I have before, I'll work with the administration and my colleagues before deciding our next steps. Of course, we need to comply with our WTO commitments, win or lose. That's part of expecting other nations to comply when they lose cases that we bring. And even though we've lost this case, it doesn't affect our ability to use our antidumping or countervailing duty laws. Those are still at our disposal."

Here are links to the referenced reports.

<http://www.dhs.gov/interweb/assetlibrary/OIG03085.pdf>
<http://www.cbo.gov/showdoc.cfm?index=5130&sequence=0>