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EU Takes Aim at Sensitive U.S. Products

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The European Union said Wednesday it has selected politically sensitive U.S. products to punish with tariffs next year if Washington doesn't quickly repeal an antidumping law ruled illegal by the World Trade Organization.

The list submitted to the WTO this week targets "vocal U.S. sectors that could help Congress focus its mind on compliance," said EU trade spokeswoman Arancha Gonzalez.

They include textiles, sweet corn - aimed at farmers - and heavy machinery made by companies like Caterpillar Inc., which is based in Illinois, the home state of U.S. House Speaker Dennis Hastert.

She said the sanctions could go into force "early next year" unless Congress, which returned for a lame-duck session this week, repeals the 3-year-old legislation.

"There is still a chance that the U.S. changes the legislation," Gonzalez said. "We hope this takes place now."

There was no immediate U.S. reaction, but U.S. trade spokesman Christopher Padilla said this fall that the Bush administration would work with Congress to comply with the WTO "in a way that supports American jobs and American workers."

The EU was joined in its complaint by seven other countries, which got authorization to impose sanctions from the WTO in August, two years after the global trade referee first ruled the U.S. legislation illegal.

The law, known as the Byrd amendment, allows American companies to receive proceeds from antidumping duties levied on foreign rivals.

India, Japan and South Korea have also submitted lists of potential targets, WTO officials in Geneva said. The value of the sanctions has yet to be determined because it is based on the amount collected by the United States under the contested law the previous year.

Had the sanctions been imposed this year, they would have amounted to about US$116 million (euro89.5 million), about 80 percent of which would have gone to Japan, Gonzalez said.

Next year, the amount could be much higher because it would include big antidumping cases this year involving Canadian lumber and shrimp from China and Vietnam.

But it would still pale in comparison with the US$2 billion (euro1.5 billion) the EU threatened in its successful bid to force U.S. President George W. Bush to lift illegal tariffs on foreign steel last year.

On Jan. 1, the EU will end mounting tariffs on U.S. goods levied in another dispute over U.S. corporate tax breaks, but has asked the WTO to look at whether the new U.S. tax law meets all the requirements.