

## **Senators Vote to Kill Trade Law; Byrd Amendment Illegal, WTO Says**

**Washington Post**

**By Paul Blustein, Washington Post Staff Writer**

A festering trade dispute between the United States and several major trading partners appears set to subside after the Senate voted yesterday to repeal an anti-dumping law that was ruled illegal by the World Trade Organization.

The Senate action, which came as part of a broader budget bill that passed with Vice President Cheney's tie-breaking vote, would phase out the Byrd amendment, a five-year-old measure especially popular with lawmakers from industrial states heavily affected by foreign competition. The House has already voted to repeal the amendment, named for Sen. Robert C. Byrd (D-W.Va.), in nearly identical legislation.

According to the Byrd amendment, whenever the government finds U.S. companies to be disadvantaged by the dumping of imported goods at unfairly low prices, the duties collected on those goods can go to the companies rather than to the Treasury.

The repeal would be delayed for two years, giving some U.S. lumber firms and other companies the chance to continue receiving substantial sums under the amendment. That compromise was necessary to secure yesterday's vote.

The vote yesterday was praised by free-trade advocates and foreign nations, which have viewed the Byrd amendment as a sign of U.S. protectionism and its continued existence as a sign of U.S. contempt for international trade rules. They had feared that the Byrd amendment would remain intact even though several countries have imposed retaliatory duties on U.S. goods since the WTO ruled the amendment illegal.

"This is a great victory. . . . We heard predictions and from many critics and pundits that Congress would never repeal the Byrd amendment," said Steve Alexander, executive director of the Consuming Industries Trade Action Coalition, a corporate-backed group that is often critical of anti-dumping duties.

Manufacturing groups lamented the vote. "Repeal of this law undermines our ability to combat unfair foreign trade practices, and puts thousands of American jobs at risk," said Joseph L. Mayer, chairman and president of the Copper and Brass Fabricators Council.

The Byrd amendment became law in 2000 under pressure from steelmakers and their congressional allies who argued that companies damaged by unfair competition deserved to receive the duties the government collected in anti-dumping cases. U.S. companies have received more than \$1.25 billion under the law, with more than one-third of that amount going to the Timken Co., an Ohio bearings maker, and much of the rest going to makers of candles and steel, according to Alexander's group.

But the law galled Canada, the European Union, Japan, Mexico and other trading partners, and in 2002 a WTO panel agreed with their argument that it meant foreign firms shipping goods to the United States could be hit illegally with a double whammy -- anti-dumping duties, plus a government handout to their U.S. competitors. After Congress refused to change the law, the countries began retaliating by imposing tariffs starting last May 1 on a variety of U.S. goods including paper, clothing, wine, machinery, cigarettes and oysters. The tariffs have totaled about \$114 million in 2005.

"We would welcome the decision to repeal the Byrd amendment," said Jim Peterson, Canada's trade minister. "But we strongly maintain that the Byrd amendment should be eliminated immediately. The WTO ruling was clear."

"We are encouraged by the efforts being deployed by Congress and the administration to effect the repeal of the Byrd amendment," said Anthony Gooch, a spokesman for the E.U.'s mission in Washington, although he echoed the demand for immediate repeal.

Peterson and Gooch did not specify whether Canada and the E.U. would scrap the retaliatory duties immediately or wait until the repeal takes effect in two years. "We are considering all options," Peterson said.

Canada is especially concerned, according to a statement issued in Ottawa, because Washington has collected more than \$5 billion in duties on exports of Canadian softwood lumber. Depending on the outcome of legal complaints brought by Canada against the duties, about \$1 billion could be disbursed annually to U.S. lumber companies starting in late 2007, since duties collected up to Sept. 30, 2007 could still be subject to disbursement under the legislation approved yesterday.