

# U.S. Faces Tariffs In EU Response To Trade Dispute

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BRUSSELS -- The European Union plans punitive tariffs on a swath of politically sensitive U.S. products early next year, intensifying pressure on Congress to repeal illegal trade-protection measures collectively dubbed the Byrd Amendment.

The EU tariffs, which will be modest, are likely to be matched by similar measures from as many as seven other countries in what is becoming a familiar pattern following congressional resistance to World Trade Organization rulings.

The WTO authorized the tariffs after it ruled the **Byrd law** violated international trade agreements and Congress failed to repeal the four-year-old legislation. The amendment offers protection for U.S. companies that believe a foreign company is selling products in the U.S. at prices lower than those it charges in its own market.

The Byrd Amendment ran afoul of trade deals by distributing tariff funds to companies that first complained about the foreign dumping. The WTO said this amounts to a double benefit for U.S. companies, first from the tariff protection and second from the funds the government collects and disburses.

The tariffs are likely to be more symbolic than damaging; based on 2003 trade data, the EU and the seven other nations would be entitled to collect about \$116 million (€99 million) from retaliatory tariffs. The actual amount collected will depend on how much of the tariff money the U.S. distributes to companies starting next year.

Even as Congress faces pressure to repeal Byrd, it must grapple with rewriting yet another law the WTO has ruled illegal -- one that grants U.S. companies the right to triple damages from foreign companies found to be dumping products in the U.S.

Richard Mills, spokesman at the office of the U.S. Trade Representative, said the U.S. fully intends to comply with the WTO's ruling. But he said complex issues like the Byrd Amendment often take a long time to resolve.

Among nearly 80 products on the tariffs list are textiles and heavy machinery made by companies such as Caterpillar Inc. -- based in the home state of House Speaker Dennis Hastert, an Illinois Republican. The EU wouldn't say how high tariffs on individual products would be.

The U.S. could escape the tariffs if Congress repeals the amendment before its winter recess in a few weeks. The EU hasn't said when it plans to start applying sanctions, but has indicated it won't wait long beyond the start of next year.

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