



Canada Retaliates Against Byrd Amendment

April 1, 2005

Yesterday, March 31st, the Canadian government announced it will impose a punitive 15% duty on targeted goods imported from the U.S. in retaliation of the controversial anti-dumping trade law called the Byrd Amendment. Effective May 1st, the duties would affect shipments of swine, cigarettes and oysters to Canada, and would amount to nearly \$11.6 million this year.

Last November, the WTO followed up on its 2000 ruling that the Byrd Amendment was illegal, and formally allowed Canada, Japan, the EU and others to punish American exports by \$150 million annually. Canada's retaliatory move, along with a similar one announced by the EU on Wednesday, puts more pressure on Congress and the Bush Administration to rescind or amend the Byrd Amendment

Component Manufacturer Impacts:

- The Structural Building Components industry has consistently opposed the Byrd Amendment because it essentially creates a double benefit for targeted companies: first, through an increase in prices due to a tariff-induced reduced supply; and, second, through the distribution of tariff dollars to the industries that already benefit from the increase in prices.
- Recent efforts to bring representatives from the U.S. and Canada to the negotiating table to find a long-term solution to the softwood lumber dispute have been positive, and this move is being used to add leverage to the negotiation process by Canada. The hope is that this provides additional incentive to get back to the negotiating table and work expeditiously toward a durable solution.

Additional Background:

In response to Canada's decision to impose a 15% retaliatory tariff on targeted goods imported from the U.S., Richard Mills, a spokesman for the U.S. trade representative's office, said in a statement: "We're disappointed that this step is being taken. The United States is working to comply with the WTO decision regarding the Byrd Amendment."

Sen. Charles E. Grassley (R-Iowa), chairman of the Senate Finance Committee, also expressed disappointment. "I hope we'll be able to come to a consensus soon on the Byrd amendment that will enable us to avoid continued trade sanctions," he said in a statement.

For more information on the WTO ruling in November, go to: <http://www.sbcleg.com/notice.php>, and refer to the December 3rd Legislative Notice.