

Extension of Retaliatory Action against the US Byrd Amendment

Press Release

August 4, 2006

Ministry of Economy, Trade and Industry

The retaliatory measures that Japan has been implementing since last September against the United States in connection with the Byrd Amendment, which has been confirmed as being inconsistent with WTO Agreements, are scheduled to expire at the end of August 2006.

However, considering that the United States continues to make disbursements that were found to be illegal, the cabinet of Japan will approve the extension of the applicable period of its retaliatory measures by one year from September 1, following a recommendation made in today's meeting of the Council on Customs, Tariff, Foreign Exchange and Other Transactions.

1. The Byrd Amendment and retaliatory action adopted by Japanese Government

- The Byrd Amendment is a legislation under which the US Government distributes fiscal revenues arising out of the imposition of anti-dumping (AD) and countervailing (CV) duties against foreign enterprises to US domestic producers who filed or supported an appeal for application of AD and CV measures.
- Despite the WTO's ruling of January 2003 which concluded that the Byrd Amendment constituted a violation of the WTO Agreement, the US Government had maintained the aforementioned disposition. Accordingly, in September 2005, the Japanese Government decided to adopt countermeasures by imposing additional 15% customs duties on 15 tariff items of U.S. origin, including steel products. (Similar countermeasures were also implemented in the EU, Canada and Mexico in 2005.)
- In February this year, the U.S. enacted a law that repealed the Byrd Amendment. However, the same law contains transitional provisions under which all duties on entries of goods made and filed before October 1, 2007 shall be subject to the distribution of the Byrd Amendment.

2. Extension of Japan's retaliatory action

- Since the level of the retaliation shall be reviewed each year, the aforementioned retaliatory action adopted by the Japanese Government will once expire at the end of August this year.
- In order to make the US Government stop immediately the distribution under the Byrd Amendment and rectify its violative acts against the WTO Agreement, it is necessary for the Japanese Government to continue the imposition of ongoing retaliatory action.

3. Outline of Japan's retaliatory action

- Based on the above 1. and 2., the extension of the retaliatory action was proposed and approved at the Council on Customs, Tariff, Foreign Exchange and Other Transactions held today.
- Accordingly, additional customs duties of 15% shall be continuously imposed on the following 15 items.

Targeted Product Category	Number of Tariff Items
Bearings	7
Steel Products	3
Navigational Instruments	1
Machinery Accessories	1
Printing Machines	1
Forklift Trucks	1
Industrial Belts	1
Total	15

- A formal decision to implement continuing retaliatory action shall be taken up at the Cabinet Meeting to be held on August 15, 2006.