

Extension of Japan's countermeasures against the U.S. Byrd Amendment

August 2, 2007

Ministry of Economy, Trade and Industry

In September 2005, Japan initiated countermeasures against the United States in connection with the Byrd Amendment, which has been confirmed as being inconsistent with the WTO Agreements. Countermeasures were renewed in September 2006, and are due to expire at the end of August 2007. However, as the United States continues to perform distribution that was found to be illegal, the Cabinet of Japan will approve the extension of the applicable period of the countermeasures by one year in its meeting to be held on August 10, following a recommendation made in today's meeting of the Council on Customs, Tariff, Foreign Exchange and Other Transactions.

1. Byrd Amendment and Japan's countermeasures

- The Byrd Amendment is legislation under which the U.S. Government distributes fiscal revenues derived from anti-dumping (AD) and countervailing (CV) duties collected from foreign companies to U.S. 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 Agreements, the U.S. 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. (The EU, Canada and Mexico also implemented similar countermeasures.)
- In February 2006, the U.S. enacted a law that repealed the Byrd Amendment. However, this 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 under the Byrd Amendment. Thus illegal distribution is expected to continue for a substantial period of time, even beyond this year.

2. Extension of Japan's countermeasures

- Since the level of the retaliation shall be reviewed each year, the aforementioned

countermeasures adopted by the Japanese Government are due to expire at the end of August this year.

- In order to make the U.S. 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 countermeasures.

3. Outline of Japan's countermeasures

- Based on the above 1. and 2., the extension of the countermeasures was proposed and approved at the Council on Customs, Tariff, Foreign Exchange and Other Transactions convened 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 countermeasures shall be taken up at the Cabinet Meeting to be held on August 10, 2007.

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