

## **Statement of Senator Inouye Before the U.S.-China Economic and Security Review Commission Regarding WTO Compliance**

I appreciate the opportunity to join with my colleagues in support of the Continued Dumping and Subsidy Offset Act (CDSOA) by submitting written testimony today. The CDSOA, written by Senator Byrd and enacted in October 2002, provides targeted relief to United States businesses adversely affected by the continued dumping or subsidization of imported products after the issuance of antidumping orders or findings, or countervailing duty orders. Under the Byrd Amendment, the duties collected are distributed to affected domestic producers who supported the trade investigation.

Since the law's enactment, more than \$750 million has been disbursed to companies adversely affected by foreign dumping and subsidization. These funds are used to upgrade manufacturing facilities and equipments, to improve personnel training and benefits, or for the acquisition of inputs and technology, thereby allowing our domestic producers to invest in their companies to improve production of items covered by the scope of the order or finding of dumping or subsidization.

While this provision benefits American companies, several other countries have been pushing for the elimination of this law. The Administration argued before the World Trade Organization (WTO) Appellate Body that there was nothing in the WTO Agreements that prevents the distribution of antidumping and countervailing duties to companies by governments. However, the WTO Appellate Body found that the CDSOA violated U.S. obligations under the WTO. I am concerned about this line of WTO cases that exceed the authority of the WTO dispute settlement process.

In the Fiscal Year 2004 and 2005 Omnibus Appropriations bills, the Congress directed the Bush Administration to clarify existing WTO obligations with respect to the distribution of antidumping and countervailing duties during the Doha Rounds of WTO negotiations. To that end, the Administration made a proposal in April 2004 to the WTO, but those negotiations must be expedited. A specific agreement allowing for the disbursement of duties, would bring CDSOA into compliance with WTO Agreements.

The CDSOA has benefited both companies and their workers in a broad range of manufacturing and agricultural industries in nearly every state of the nation. We need the support of the Administration to preserve and defend the CDSOA and other U.S. trade laws, to prevent them from being weakened by our trading partners and the series of questionable decisions coming from the WTO. I join Senator Byrd and the majority of the Senate in expressing my support for this law and for keeping it on the books.