



INTERNATIONAL TRADE UPDATE

The International Trade and Dispute Resolution Practice of Sidley Austin LLP

From our offices throughout the United States, Europe and Asia, the International Trade and Dispute Resolution group assists companies, governments and trade associations worldwide on transactional, regulatory, dispute settlement and policy matters. Success in the global marketplace requires an understanding of the rules that today govern every aspect of the international economy. Our team of seasoned negotiators, dealmakers, litigators and policy advisers draws on extensive private sector and government experience to help companies and governments shape these rules and resolve disputes arising under them. Combined with our broad-based transactional practice, our practice is a critical component to offering seamless global solutions to our clients.

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European Union Will Not Impose Special Duties Effective May 16

On May 12, European Union Trade Commissioner Peter Mandelson applauded the repeal by the U.S. Congress of tax breaks for U.S. companies that had been found by the World Trade Organization to be inconsistent with U.S. treaty obligations.

In an International Trade Alert dated May 8, 2006, Sidley Austin LLP reported that the European Union had announced on May 3 that, effective May 16, it would impose special customs duties of 14 percent on a wide range of U.S. products in response to the failure of the United States to repeal these tax measures.

In light of the action by the U.S. Congress to repeal the measures, the European Commission announced that it would “withdraw the reintroduction of sanctions foreseen for May 16.”

It is unclear whether EU officials will be able to complete the required legal procedures to withdraw the decision by May 16, in which case, it might be necessary for EU officials to take temporary or retroactive steps to ensure that importers are not subject to the higher duties.

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