

Presidential Documents

Memorandum of February 16, 2000

Action Under Section 203 of the Trade Act of 1974 Concerning Steel Wire Rod

Memorandum for the Secretary of the Treasury [and] the United States Trade Representative

On July 12, 1999, the United States International Trade Commission (USITC) submitted a report to me of its investigation under section 202 of the Trade Act of 1974, as amended (the "Trade Act"), with respect to imports of steel wire rod. The USITC commissioners were equally divided in their determinations under section 202(b) of the Trade Act of whether steel wire rod is being imported into the United States in such increased quantities as to be a substantial cause of serious injury or threat of serious injury to the domestic steel wire rod industry. The report also contained negative findings by the ITC pursuant to section 311(a) of the North American Free Trade Agreement Implementation Act (the "NAFTA Implementation Act") with respect to imports of steel wire rod from Canada and Mexico.

Having reviewed the determinations of both groups of commissioners, I have decided pursuant to section 330(d)(1) of the Tariff Act of 1930 to consider the determination of the group of commissioners voting in the affirmative to be the determination of the USITC.

After taking into account all relevant considerations, including the factors specified in section 203(a)(2) of the Trade Act, I have implemented action of a type described in section 203(a)(3) of that Act. I have determined that the most appropriate action is a tariff-rate quota on imports of steel wire rod, other than enumerated steel wire rod products ("excluded products"), with an increase in currently scheduled rates of duties for imports above the tariff-rate quota level. I have proclaimed such action for a period of 3 years and 1 day in order to facilitate efforts by the domestic industry to make a positive adjustment to import competition.

Specifically, I have established a tariff-rate quota for steel wire rod in an amount equal to 1.58 million net tons in the first year (March 1, 2000 through February 28, 2001), an amount that is equivalent to 1998 import levels of covered products from the countries subject to the TRQ plus 2 percent (to account for growth in demand). The tariff-rate quota amount will increase by 2 percent annually in the second and third years of relief. I have established increased rates of duty for imports above the tariff-rate quota level: namely 10 percent *ad valorem* in the first year of relief, 7.5 percent *ad valorem* in the second year of relief, and 5 percent *ad valorem* in the third year of relief. In addition, I have provided that during each quarter of the first three quarters of a quota year, any articles subject to the tariff-rate quota entered or withdrawn from warehouse for consumption in excess of one-third of the total within-quota quantity for that quota year shall be subject to the over-quota rate of duty then in effect. During the fourth quarter of a quota year, the tariff-rate quota shall apply as though the preceding sentence did not have effect, except that any imports subject to the over-quota duty as a result of the preceding sentence shall not be counted against the in-quota quantity for that quota year. In this regard, I instruct the Secretary of the Treasury to publish or otherwise make available on a weekly basis, import statistics that will enable importers to identify the rate at which the in-quota quantity for that quota year, and the portion of the in-quota quantity allotted to that quarter, is being filled. I further

instruct the Secretary of the Treasury to seek to obtain by March 1, 2000 statistical subdivisions in the Harmonized Tariff Schedule for the excluded products (specified in the Annex to the proclamation). The Secretary of the Treasury will monitor imports of the excluded products by country of origin and imports the product of Mexico and Canada throughout the period of this action, and report to the United States Trade Representative on relevant volumes each quarter during the period of this action, or more often as needed, or as the United States Trade Representative may request.

I have further determined, pursuant to section 312(a) of the NAFTA Implementation Act, that imports of steel wire rod produced in Canada and Mexico do not account for a substantial share of total steel wire rod imports or are not contributing importantly to the serious injury or threat of serious injury. Therefore, pursuant to section 312(b) of the NAFTA Implementation Act, the safeguard measure will not apply to imports of steel wire rod that is the product of Canada or Mexico.

I have determined that the actions described above will facilitate efforts by the domestic industry to make a positive adjustment to import competition and provide greater economic and social benefits than costs. This action will provide the domestic industry with necessary temporary relief from increasing import competition, while also assuring our trading partners continued access to the United States market.

Pursuant to section 204 of the Trade Act, the USITC will monitor developments with respect to the domestic industry, including the progress and specific efforts made by workers and firms in the domestic industry to make a positive adjustment to import competition, and will provide to me and to the Congress a report on the results of its monitoring no later than the date that is the mid-point of the period during which the action I have taken under section 203 of that Act is in effect. I further instruct the United States Trade Representative to request the USITC pursuant to section 332(g) of the Tariff Act of 1930, as amended (19 U.S.C. 1332(g)) to examine the effects of this action on both the domestic wire rod industry and the principal users of wire rod in the United States, and to report on the results of its investigation in conjunction with its report under section 204(a)(2).

The United States Trade Representative is authorized and directed to publish this memorandum in the **Federal Register**.



THE WHITE HOUSE,
Washington, February 16, 2000.