

Memorandum of February 18, 2000

**Action Under Section 203 of the Trade Act of 1974
Concerning Line Pipe**

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

On December 22, 1999, the United States International Trade Commission (USITC) submitted a report to me that contained: (1) a determination pursuant to section 202 of the Trade Act of 1974, as amended (the "Trade Act"), that certain circular welded carbon quality line pipe (line pipe) 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 line pipe industry; and (2) negative findings by the USITC pursuant to section 311(a) of the North American Free Trade Agreement Implementation Act (the "NAFTA Implementation Act") with respect to imports of line pipe from Canada and Mexico.

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 an increase in duty on imports of certain line pipe. The additional duty will be 19 percent *ad valorem* in the first year of relief, declining to 15 and 11 percent *ad valorem* in the second and third years, respectively. The first 9,000 short tons of imports from each supplying country will be exempted from the increase in duty during each year that the action is in effect. 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.

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 when imports from each supplying country approach and then exceed the 9,000 short ton threshold. I further instruct the Secretary of the Treasury to establish monitoring categories for those countries with American Petroleum Institute certified (API-certified) line pipe production facilities. Any importations of line pipe from a country without an API-certified line pipe production facility should be treated as line pipe subject to this action but monitored for possible transshipment. I further instruct the Secretary of the Treasury to seek to obtain by March 1, 2000, a statistical subdivision in the Harmonized Tariff Schedule for the covered products specified in the Annex to the proclamation. The Secretary of the Treasury will monitor line pipe imports that are the product of Mexico and Canada by country of origin 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 determined, pursuant to section 312(a) of the NAFTA Implementation Act, that imports of line pipe produced in Canada and Mexico, considered individually, do not contribute 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 line pipe 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 U.S. 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 line pipe industry and the principal users of line pipe 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 18, 2000.