ARTICLE XIX - ACTION BY THE UNITED STATES

Specialty Steel

Addendum

The following communication dated 20 October 1977 has been received from the Permanent Mission of the United States.

By a three-to-one vote, the United States International Trade Commission today advised the President that the termination of the annual quotas on imports of stainless and alloy tool steel would have a serious adverse economic effect on United States producers of such steel.

Commissioners Daniel Minchew, George M. Moore, and Catherine Bedell formed the majority. Commissioner Italo H. Ablondi was the minority.

At the same time, the President was advised by Commissioners Moore and Bedell that modification of the quotas would also have a serious adverse economic effect on the United States industry producing stainless and alloy tool steel. Chairman Minchew advised the President that quotas could be increased by 6.7 per cent per annum without having any serious adverse economic effect on the domestic industry. He also said that certain types of alloy tool steel such as Chipper Knife and Band Saw Steel could be excluded from the present quota system. Commissioner Ablondi advised the President that any reduction of relief would not have a substantial adverse impact on the domestic industry.

The Commission's investigation was requested on 25 May 1977 by the President's Special Representative for Trade Negotiations. The specific task of the Commission was to determine the probable economic effect on the domestic industry of the termination or modification of the relief provided by Presidential proclamation 4445 of 11 June 1976 as modified by Presidential proclamation 4477 of 16 November 1976.
Stainless steel is used principally in the food, chemical, textile, pollution control, and electric power industries. Alloy tool steel is used in processing and producing other metal products.

In 1976, there were 22 domestic firms employing about 25,000 workers making stainless and alloy tool steel. United States production of these products in 1976 amounted to almost 1.1 million tons, and total shipments were valued at US$1.7 billion. Last year, United States producers' exports were valued at US$30.6 million, and imports at approximately US$213.3 million.

Japan was the principal source of United States imports of such steel from 1970 through 1976, accounting for 38 to 68 per cent of the total imported quantity of stainless and alloy tool steel. Other important sources of United States imports are Sweden, France, Canada and Spain.