Collection: Roberts, John G.: Files
Folder Title: JGR/ITC Consent Decisions (2 of 4)
Box: 30

THE WHITE HOUSE

WASHINGTON

March 19, 1985

MEMORANDUM FOR DAVID L. CHEW
STAFF SECRETARY

FROM: JOHN G. ROBERTS JGR
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Proposed Letter to the U.S. International Trade Commission Regarding Sugar Import Proclamation

Counsel's Office has reviewed the above-referenced proposed letter, and finds no objection to it from a legal perspective.

ID # CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING

☐ H - INTERNAL

☐ I - INCOMING

Date Correspondence Received (YY/MM/DD) / /

Name of Correspondent: Dave Chew

☐ **MI Mail Report** **User Codes: (A)** ______ **(B)** ______ **(C)** ______

Subject: Proposed Letter to the U.S. International Trade Commission Re: Sugar Import proclamation

ROUTE TO: Office/Agency (Staff Name)	ACTION Action Code	Tracking Date YY/MM/DD	DISPOSITION Type of Response	Code	Completion Date YY/MM/DD
CUHOLL	ORIGINATOR	85/03/18			/ /
	Referral Note:				
CUAT 18	R	85/03/18		S	85/03/19 COB
	Referral Note:				
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				

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Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

5/81

Document No. ____________

WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/18/85   ACTION/CONCURRENCE/COMMENT DUE BY: 3/19/85

SUBJECT: PROPOSED LETTER TO THE U.S. INTERNATIONAL TRADE COMMISSION
RE SUGAR IMPORT PROCLAMATION

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT			McMANUS		
REGAN		✓	MURPHY		
DEAVER			OGLESBY	✓	
STOCKMAN			ROLLINS		
BUCHANAN			SPEAKES		
CHEW	P	✓ SS	SVAHN	✓	
FIELDING	✓		TUTTLE		
FRIEDERSDORF	✓		VERSTANDIG		
FULLER			WHITTLESEY		
HICKEY			____		
HICKS			____		
KINGON	✓		____		
McFARLANE			____		

REMARKS:

Please provide any comments/recommendations on the attached letter by March 19th.

Thank you.

RESPONSE:

David L. Chew
Staff Secretary
Ext. 2702

U.S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

MAR 18 1985

MEMORANDUM

Re: Proposed Letter to the Honorable Paula Stern, Chairwoman, United States International Trade Commission

The attached draft letter was prepared for the President's signature by the Department of Agriculture and submitted to the Office of Management and Budget. It was subsequently transmitted to this Department for review as to form and legality by the Office of Management and Budget with the approval of the Director. Changes were made in the letter by this Office with the approval of the Office of Management and Budget.

The draft letter would direct the United States International Trade Commission (USITC) to undertake an investigation, pursuant to Section 22 of the Agricultural Adjustment Act of 1933, 7 U.S.C. § 624, to determine whether certain articles containing sugar derived from sugar beets or sugar cane are being, or are practically certain to be, imported under such conditions, at such prices, and in such quantities as to materially interfere with the price support program of the Department of Agriculture for sugar cane and sugar beets. After completion of its investigation, the Commission would report its findings and recommendations to the President at the earliest practicable date. Pursuant to Section 22, the Secretary of Agriculture has advised the President in the attached letter to initiate this investigation. The President previously approved import quotas on these items on an emergency basis in Proclamation No. 5294 (Jan. 28, 1985), but the attached letter to the USITC was mistakely not submitted to the President at that time.

The draft letter is approved as to form and legality.

Ralph W. Tarr

Ralph W. Tarr
Acting Assistant Attorney General
Office of Legal Counsel

U.S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

MAR 18 1985

The President,

The White House.

My dear Mr. President:

I am herewith transmitting a proposed letter to the United States International Trade Commission. This letter was drafted by the Department of Agriculture.

It has been forwarded for the consideration of this Department as to form and legality by the Office of Management and Budget with the approval of the Director.

The proposed letter is approved as to form and legality.

Ralph W. Tarr

Ralph W. Tarr
Acting Assistant Attorney General
Office of Legal Counsel

Honorable Paula Stern
Chairwoman
United States International Trade Commission
701 E Street, N.W.
Washington, D.C. 20436

Dear Madam Chairwoman:

Pursuant to Section 22 of the Agricultural Adjustment Act of 1933, as amended, I have been advised by the Secretary of Agriculture, and I agree with him, that there is reason to believe that certain articles containing sugar or sirups derived from sugar cane or sugar beets are practically certain to be imported under such conditions, at such prices, and in such quantities as to materially interfere with the price support program for sugar cane and sugar beets undertaken by the Department of Agriculture.

Specifically, reference is made to the following articles to the extent that they contain sugar derived from sugar beets or sugar cane and are not within the scope of items 958.10, 958.15 or other import restrictions provided for in part 3 of the Appendix to the Tariff Schedules of the United States:

TSUS Items	
	155.35
	156.45
	156.47
	157.10
	182.90
	182.92
	183.01
	183.05
	184.7070

The United States International Trade Commission is therefore directed to make an investigation under Section 22 of the Agricultural Adjustment Act of 1933, as amended, to determine whether the articles specified above are being, or are practically certain to be imported under such conditions, at such prices, and in such quantities as to materially interfere with the price support program of the Department of Agriculture for sugar cane and sugar beets, and to report its findings and recommendations to me at the earliest practicable date.

The Secretary has also determined and reported to me, pursuant to Section 22(b) of the Agricultural Adjustment Act of 1933, as amended, that a condition exists requiring emergency treatment with respect to certain articles containing sugar or sirups derived from sugar cane or sugar beets as described below, and has therefore recommended that I take prompt action under Section 22(b) to restrict the quantity of these articles which may be entered. I have therefore ~~this day~~ ,on January 28, 1985 issued a proclamation establishing quotas, as indicated below, for the following articles:

TSUS Item	Description	Quota Level
	Articles containing sugar derived from sugar beets or sugar cane, except articles subject to items 958.10, 958.15 or other import restrictions under part 3 of the Appendix to the Tariff Schedules of the United States:	
156.45		3,000 short tons
183.01		7,000 short tons
183.05		84,000 short tons

These quotas will continue in effect pending the report and recommendations of the United States International Trade Commission and action that I may take thereon.

Sincerely,

FAS:ITP:TPPAD:BHarper:rr:12-11-84
FAS:ITP:TPPAD:JHudson:mj:11-29-84:DRAFT
FAS:ITP:TPPAD:BHarper:rr:11-6-84:draft
Wang 5955 t pgs. 5 - 7

cc: DAmstutz, ATracy, RGoldberg, DSmith, LMayer, BWadsworth, JO'Mara, PDrazek, JHudson, BHarper, JNuttall

Clearance: JNuttall ___________

THE WHITE HOUSE

WASHINGTON

March 25, 1985

MEMORANDUM FOR DAVID L. CHEW
STAFF SECRETARY

FROM: JOHN G. ROBERTS JGR
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Sugar Import Fee Decision

Counsel's Office has reviewed the proposed memorandum for the President from John A. Svahn recommending elimination of the sugar import fee mechanism, and has no objection from a legal perspective to the memorandum going forward to the President. The decision to eliminate the fee mechanism must, however, be implemented in accord with 7 U.S.C. § 624. If, as I understand to be the case, that action is to be taken on an emergency basis, it must be predicated on a report to the President from the Secretary of Agriculture, a formal proclamation by the President, and a request to the International Trade Commission from the President to initiate an appropriate investigation. This office should review the legal sufficiency of those implementation materials.

ID # CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) / /

Name of Correspondent: Dave Crew

☐ **MI Mail Report** **User Codes: (A)** ____ **(B)** ____ **(C)** ____

Subject: Sugar Import Fee Decision

ROUTE TO: ACTION DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
CUHoll	ORIGINATOR	85,03,22			/ /
	Referral Note:				
CUAT 18	R	85,03,22		S	85,03,25 10 am
	Referral Note:				
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				

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Comments:

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Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

Document No. ____________________

WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/22/85 ACTION/CONCURRENCE/COMMENT DUE BY: 10:00 A.M. MONDAY, 3/25

SUBJECT: SUGAR IMPORT FEE DECISION MEMORANDUM

(Prepared by OPD)

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	McMANUS	☐	☐
REGAN	☐	☑	MURPHY	☑	☐
DEAVER	☐	☑	OGLESBY	☑	☐
STOCKMAN	☐	☐	ROLLINS	☑	☐
BUCHANAN	☑	☐	SPEAKES	☐	☑
CHEW	☐P	☑SS	SVAHN	☐	☐
FIELDING	☑	☐	TUTTLE	☐	☐
FRIEDERSDORF	☑	☐	VERSTANDIG	☐	☐
FULLER	☑	☐	WHITTLESEY	☐	☐
HICKEY	☐	☐	________	☐	☐
HICKS	☐	☐	________	☐	☐
KINGON	☑	☐	________	☐	☐
McFARLANE	☑	☐	________	☐	☐

REMARKS:

Please provide any comments/recommendations by 10:00 a.m. Monday, March 25th.

Thank you.

RESPONSE:

1985 MAR 22 PM 6: 04

David L. Chew
Staff Secretary
Ext. 2702

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN A. SVAHN JAS

SUBJECT: Sugar Import Fee

This memorandum seeks your decision on whether to eliminate the sugar import fee mechanism.

Background

Under the current sugar price support program, the price of domestic sugar is supported through nonrecourse loans at 17.75 cents per pound, compared with the average world price of approximately 4 cents per pound. If the domestic sugar price falls below the support level, producers may forfeit their crops to the Commodity Credit Corporation (CCC) in repayment of their loans.

In order to prevent forfeitures of sugar on loan to the CCC, we attempt to maintain the domestic price of sugar well above the loan rate through two principal means: import quotas and import fees.

Import fees have been imposed on sugar entering the U.S. since 1977. The purpose of the fee is to defend the price of domestically produced sugar by raising the price of imported sugar. Without restrictive quotas, fees can move imported sugar values up or down, thereby influencing the flow of offshore sugar into the U.S. Since May 1982, however, restrictive import quotas have been the primary method of keeping domestic sugar prices above the price support level.

With restrictive quotas in place, import fees have had little influence over domestic supplies or prices of sugar. Instead, there is substantial evidence that the existing fee encourages distortions in the timing of imports which may jeopardize the domestic support program.

Under present law, import fees are determined by a mechanical formula and must be announced at least a week in advance of when they become effective. When exporters anticipate or know of an increase in the fee, as is presently the case, they seek to escape the increase by exporting into the U.S. as much sugar as possible before the scheduled increase. This "bunching" of imports results in a decline in prices rather than the increase which the fee mechanism is intended to promote. Likewise, if market participants expect a reduction in the fee, they will postpone imports until after the reduction. In short, the fee mechanism encourages "gaming" of the system resulting in greater price instability than would otherwise occur.

Economic Impact

Under current market conditions, the import fee is expected to generate approximately $50 million in revenue over the quota year. The law, however, provides for a duty rebate by allowing refiners to recoup the fee when they export refined sugar or sugar products. Thus, the Treasury is able to keep only a portion of the accumulated fees because of the drawback provision. Eliminating the fee is not expected to have a significant revenue impact.

Indeed, the existing fee mechanism raises the possibility than under present market conditions, the fee may depress domestic prices in the short term raising the possibility of forfeitures of sugar to the CCC. If this occurs, the cost to the Federal government of the sugar program could be substantial.

Eliminating the fee would also increase the revenue of exporting countries since the current fee is paid by them.

Options

Option 1: Retain the Existing Sugar Import Fee Mechanism

Advantages

- It continues the revenue flow from the fees and gives Treasury the float on those fees that are eventually recouped.

- Keeping the mechanism in place strengthens the likelihood of returning to fees and duties as the principal means of supporting domestic prices if restrictive quotas are eliminated.

Option 2: Eliminate the Sugar Import Fee Mechanism

Advantages

- It would eliminate the distortions in the timing of imports which may jeopardize the domestic price support program.

- It would likely reduce the risk of forfeiture of sugar to the Commodity Credit Corporation which could have a significant budgetary impact.

- It eliminates the transfer of resources from exporters (mostly developing countries) to domestic refiners who can recoup the fees when they export refined sugar or sugar products.

Decision

Option 1	__________	Retain the Existing Sugar Import Fee Mechanism
		Supported by: CEA
Option 2	__________	Eliminate the Sugar Import Fee Mechanism
		Supported by: Agriculture, Treasury, State, Commerce, Office of Management and Budget, U.S. Trade Representative, Office of Policy Development, National Security Council staff.

THE WHITE HOUSE

WASHINGTON

March 25, 1985

MEMORANDUM FOR DAVID L. CHEW
STAFF SECRETARY

FROM: JOHN G. ROBERTS
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: USITC Orders Regarding Certain Construction Blocks, Woodworking Machines, and Apparatus for Installing Electrical Lines

Counsel's Office has reviewed the memorandum for the President from Ambassador Brock concerning the above-referenced consent orders, and finds no objection to it from a legal perspective.

ID # CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) / /

Name of Correspondent: Dave Chew

☐ **MI Mail Report** **User Codes: (A)** ____ **(B)** ____ **(C)** ____

Subject: USITC order re: certain construction blocks, certain woodworking machines, & certain apparatus for installing Electrical Lines

ROUTE TO: Office/Agency (Staff Name)	ACTION: Action Code	Tracking Date YY/MM/DD	DISPOSITION: Type of Response	Code	Completion Date YY/MM/DD
CUHOLL	ORIGINATOR	85,13,22			/ /
	Referral Note:				
CUAT 18	R	85,03,22		S	85,03,25
	Referral Note:				COB
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				
		/ /			/ /
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Document No. 271223ss

WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/22/85 ACTION/CONCURRENCE/COMMENT DUE BY: Monday, 3/25/85

SUBJECT: USITC ORDER RE CERTAIN GLASS CONSTRUCTION BLOCKS, CERTAIN WOODWORKING MACHINES, & CERTAIN APPARATUS FOR INSTALLING ELECTRICAL LINES

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	McMANUS	☐	☐
REGAN	☐	✓	MURPHY	☐	☐
DEAVER	☐	☐	OGLESBY	✓	☐
STOCKMAN	✓	☐	ROLLINS	☐	☐
BUCHANAN	☐	☐	SPEAKES	☐	☐
CHEW	☐P	✓SS	SVAHN	✓	☐
FIELDING	✓	☐	TUTTLE	☐	☐
FRIEDERSDORF	✓	☐	VERSTANDIG	☐	☐
FULLER	☐	☐	WHITTLESEY	☐	☐
HICKEY	☐	☐	______	☐	☐
HICKS	☐	☐	______	☐	☐
KINGON	✓	☐	______	☐	☐
McFARLANE	✓	☐	______	☐	☐

REMARKS:

Please provide any comments/recommendations by Monday, March 25th.

Thank you.

RESPONSE:

David L. Chew
Staff Secretary
Ext. 2702

1985 MAR 22 PM 3:08

LAST DAY FOR ACTION: 4/1/85

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

MEMORANDUM FOR THE PRESIDENT

FROM: William E. Brock

SUBJECT: Recommended Action Regarding Consent Orders Issued by the U.S. International Trade Commision in Certain Glass Construction Blocks, Certain Woodworking Machines, and Certain Apparatus for Installing Electrical Lines and Components Therefor

By April 1, 1985, you must decide whether to take action to approve or disapprove a set of consent orders transmitted by the U.S. International Trade Commission (ITC) in Certain Glass Construction Blocks, Inv. No. 337-TA-187, Certain Woodworking Machines, Inv. No. 337-TA-174, and Certain Apparatus for Installing Electrical Lines and Components Thereof, Inv. No. 337-TA-196. I recommend that you take no action with respect to the consent orders, thereby allowing them to go into effect.

On January 31, 1985, the ITC transmitted a group of consent orders issued in the above investigations. The orders reflect the ITC's standard consent order format. They terminate foreign companies as respondents in ITC investigations under section 337 of the Tariff Act of 1930 on the basis of agreements by the companies to cease and desist from alleged violations of U.S. intellectual property rights. I have included in my recommendation a second set of consent orders delivered by the ITC on March 4, 1985 in the Woodworking Machines investigation, since the orders are virtually identical to those transmitted on January 31 and present the same policy questions.

Under section 337(g), an ITC order must be transmitted to you for a 60-day period of Presidential review. You may disapprove an order for policy reasons, including the impact of the order on the public health and welfare, competitive conditions in the U.S. the production of like or directly competitive articles in the U.S., and U.S. consumers.

I believe that the orders are fully consistent with the public interest and should be allowed to go into effect. None of the imported products is vital to the public health or welfare. The orders permit continued competition by imported products in the U.S. market, either under license from the U.S. manufacturer or on the condition that the foreign company cease alleged violations of U.S. intellectual property rights. Hence, the orders should have little or no impact on competition or prices and should allow consumers continued access to imported articles. By preventing unauthorized infringement of U.S. intellectual property rights, the orders will benefit U.S. production. Accordingly, I recommend that the orders be allowed to go into effect.

OPTIONS	PRESIDENTIAL ACTION REQUIRED
<u>Option 1 (recommended)</u>	None, the order will become final automatically on April 2, 1985.
<u>Option 2</u>	Inform the ITC of your disapproval by April 1, 1985. The order will be without force or effect when the ITC receives notice.
<u>Option 3</u>	Inform the ITC of your approval. The order will become final when the ITC receives notice.

RECOMMENDATION: Option 1: Take no action

Approve ______________

Disapprove ______________

Discuss with me ________

THE WHITE HOUSE

WASHINGTON

May 13, 1985

MEMORANDUM FOR DAVID L. CHEW
STAFF SECRETARY

FROM: JOHN G. ROBERTS JGR
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Section 332 Investigation of the Forging Industry

Counsel's Office has reviewed the memorandum for the President and letter to the U.S. International Trade Commission concerning the above-referenced request for investigation, and finds no objection to them from a legal perspective.

ID # ______________ CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) ___/___/___

Name of Correspondent: DAVE CHEW

☐ **MI Mail Report** **User Codes:** (A) ______ (B) ______ (C) ______

Subject: Section 332 Investigation of the Forging Industry

ROUTE TO: **ACTION** **DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
CUHOLL	ORIGINATOR	85/05/10			/ /
Referral Note:					
CUAT 18	R	85/05/10		S	85/05/14
Referral Note:					
		/ /			/ /
Referral Note:					
		/ /			/ /
Referral Note:					
		/ /			/ /
Referral Note:					

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5/81

Document No. ______________________

WHITE HOUSE STAFFING MEMORANDUM

DATE: 5/10/85 **ACTION/CONCURRENCE/COMMENT DUE BY:** Tuesday, May 14, 1985

SUBJECT: SECTION 332 INVESTIGATION OF THE FORGING INDUSTRY

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	LACY	☐	☐
REGAN	☐	☑	McFARLANE	☑	☐
STOCKMAN	☑	☐	OGLESBY	☑	☐
BUCHANAN	☐	☐	ROLLINS	☐	☐
CHAVEZ	☐	☐	RYAN	☐	☐
CHEW	☐P	☑SS	SPEAKES	☐	☐
DANIELS	☐	☐	SPRINKEL	☐	☐
FIELDING	☑	☐	SVAHN	☑	☐
FRIEDERSDORF	☑	☐	TUTTLE	☐	☐
HENKEL	☐	☐	______	☐	☐
HICKEY	☐	☐	______	☐	☐
HICKS	☐	☐	______	☐	☐
KINGON	☑	☐	______	☐	☐

REMARKS:

Please provide any comments/recommendations on the attached by Tuesday, May 14th. Thank you.

RESPONSE:

1985 MAY 10 PM 5: 48

David L. Chew
Staff Secretary
Ext. 2702

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

May 13, 1985

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: MICHAEL B. SMITH, Acting

SUBJECT: Section 332 Investigation of the Forging Industry

This memorandum is to request your authorization to initiate a Section 332 investigation of the U.S. forging industry. Section 332 authorizes you to request the U.S. International Trade Commission (USITC) to analyze the competitive position of an industry in both the domestic and international markets. Such a request does not, however, commit you to take any action whatsoever based on the Commission's analysis.

The U.S. forging industry is in dire need of a comprehensive competitive analysis. The industry needs this information to assess its own position in the market and has requested that a Section 332 investigation be conducted. Data on the industry is not readily available, in large part because it is a highly fragmented industry, encompassing 400 firms and 50,000 workers.

This lack of data has made it difficult for the industry and the government to analyze the true impact of international trade on the industry. Both forging production and employment have fallen substantially in recent years, partly because of the recession and partly because of increased import competition. The USITC investigation would identify the extent to which both of these and other factors have contributed to the industry's decline.

The Trade Policy Staff Committee unanimously agrees that we should request the USITC to undertake a Section 332 study. If you approve this recommendation, I will send the attached letter on your behalf asking the USITC to conduct an investigation.

_______ Approve _______ Disapprove

May , 1985

The Honorable Paula Stern
Chairwoman, U.S. International
Trade Commission
701 E Street, N.W.
Washington, D.C. 20436

Dear Madame Chairwoman:

The U.S. forging industry is one of our basic industries. Composed of some 400 forge shops, the industry produces a large and diverse array of forgings for aerospace, automotive, power generation and marine equipment, and numerous other applications. Forgings are made from a number of metals, steel and aluminum being the principal ones. Forgings are labor- and energy-intensive; they are required whenever the functions they are to perform involve high stresses and where reliability is more important than cost. The number of production workers employed by the industry as a whole is estimated at 50,000, down from over 80,000 in 1982.

Because of the pervasive use of its product, the health of the forging industry historically has been closely aligned with the general state of the national economy. The recent performance of the industry, however, has caused industry representatives to become concerned about erosion of their industry's production levels and competitive position in domestic and world markets. A serious erosion of production levels in the forging industry could have significant effects on our ability to maintain an adequate industrial mobilization base.

A number of factors may be contributing to the industry's situation, including increased imports of forged products and of manufactured items incorporating forgings. It is difficult, however, for the U.S. forging industry to analyze its problems because data on the industry's production and trade composition are fragmented and incomplete. Because forging entails so many processes and products, neither the industry nor the U.S. Government has adequate information to evaluate the industry's problems on a sound quantitative basis.

To provide the industry with a comprehensive set of objective data, at the direction of the President I am requesting the U.S. International Trade Commission, pursuant to section 332 (g) of the Trade Act of 1930, to conduct an investigation and to report to the U.S. Trade Representative on the competitive position of the U.S. forging industry in domestic and world markets. The report should include an overview of the entire forging industry, as well as a detailed analysis of selected key products which, to the extent possible, are representative of major segments of the entire industry in terms of manufacturing process, import competition, marketing and financial condition.

The product analysis should cover the following points: (1) current profile of the U.S. and foreign forging industries; (2) conditions of competition between U.S. and foreign forging producers; (3) factors affecting the future competitive posture of domestic and foreign forging operations; and (4) the implications of the U.S. competitive position on the forging industry itself, related industries, and the U.S. economy in general.

Based on discussions with the industry, I request that the product analysis focus on the following key product areas: forged steel crankshafts; forged steel connecting rods; forged steel undercarriage components; forged steel axles and spindles, steering arms and knuckles for motor vehicles; forged steel valves, valve bodies, fittings and flanges; forged steel gears, clutches and hubs; forged steel hooks, shackles, loadbinder and other attachments; forged steel drive train components; forged steel ground-engaging components for mining, drilling and excavating equipment; forged aerospace components of ferrous, nonferrous or high temperature alloy materials; and forged steel hand tools or garden tools and parts thereof.

The Commission's report on this investigation should be submitted to the United States Trade Representative within eight months of receipt of this request.

Very truly yours,

Michael B. Smith
Acting