

Steel Industry Update

STEEL INDUSTRY DEVELOPMENTS IN INTERNATIONAL TRADE

- President Bush has announced comprehensive import relief package under section 201 to allow the steel industry to adjust to import competition. The import relief package proposed by the President covers 14 product categories of products that were determined by the U.S. International Trade Commission to be experiencing serious injury and that increased imports were a substantial cause of that injury. In 13 of the 14 categories, the import relief package consisted of three years of additional tariffs ranging from 8 to 30% during the first year. The tariffs will decline over the remainder of the period. Tariff rate quotas were implemented for the 14th category, which is comprised of carbon and alloy steel slabs.
- Presidential Proclamation 7529, which implemented the section 201 program, also delegated to the U.S. Trade Representative the authority to consider requests from importers and foreign producers to exclude products from the scope of the relief. This process, which took place over a nine-month period during 2002, resulted in more than 700 products being excluded from the section 201 program - many over the objections of domestic producers. U.S. officials have also indicated that they would initiate a process to consider new exclusion requests. This process would commence upon publication of a Federal Register notice in November, 2002. Final disposition of requests would take place by March 2003. In anticipation of this process, the Office of the U.S. Trade Representative published a draft questionnaire to be answered in connection with the next round of exclusion requests, as well as a draft questionnaire for objectors. These questionnaires are available on the USTR website, and indicate the types of information that submitters will need to provide USTR in order to participate in the exclusion process. See <http://www.ustr.gov/sectors/industry/steel.shtml>.
- The European Union has undertaken a multi-pronged strategy for challenging the U.S. section 201 programs. Key elements of that approach include a direct challenge to the legality of the U.S. safeguard action in the WTO, a challenge to which numerous other steel-producing countries have joined. Additionally, the EU has instituted a safeguard program of its own -- See http://europa.eu.int/comm/trade/goods/steel/pr270902_en.htm -- and it has proposed a retaliation program against several critical U.S. exports to Europe. The retaliatory program against the U.S. would go into effect if the WTO declares the U.S. section 201 action in violation of the WTO's Safeguard Code. The EU published its list of proposed retaliatory items on

June 13, 2002 in the Official Journal of the European Communities. See <http://europa.eu.int/comm/trade/pdf/steel-reg100602.pdf>.

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