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OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

PRESIDENT FORD DETERMINES IMPORT
RELIEF FOR SPECIALTY STEEL INDUSTRY AND WORKERS;
WILL ATTEMPT TO NEGOTIATE INTERNATIONAL TRADE AGREEMENTS

President Ford has determined to grant import relief to the specialty steel industry, Ambassador Frederick B. Dent, the President's Special Representative for Trade Negotiations announced today. This is the first affirmative action taken under the escape clause provisions of the Trade Act of 1974.

The United Steelworkers of America and the Tool and Stainless Steel Industry Committee petitioned the U.S. International Trade Commission (USITC) on July 16, 1975 for import relief. On January 16, 1976 the USITC found that the industry was seriously injured substantially due to increased imports. During most of 1975, 25 percent or more of the industry's 30,000 person workforce were laid off and less than half of the industry's production capacity was utilized, causing profits to plummet. At the same time imports rose slightly in tonnage terms and significantly increased their share of the U.S. market.

The President has directed the Special Representative for Trade Negotiations to attempt to negotiate orderly marketing agreements with key supplying countries for specialty steel products covered by the USITC's affirmative finding of injury. It is intended that these agreements limit imports over a three year period, while the domestic specialty steel industry recovers from the high unemployment and depressed operating levels of 1975. Should orderly marketing agreements not be negotiated successfully the President will proclaim import quotas for a period of three years to take effect no later than June 14, 1976. Such quotas would be set at overall levels comparable to those recommended by the USITC.

This should be sufficient for the industry to recover a healthy employment and profit position. Relief will be reduced or discontinued when the President determines, with the advice of the USITC and the Secretaries of Commerce and Labor, that this recovery is taking place.

International consultations have been requested by the United States in the OECD to discuss the problems of our specialty steel industry and the proposed U.S. actions. The United States has notified the specialty steel case under the General Agreement on Tariffs and Trade (GATT), and it is expected that consultations will take place under the provisions of the GATT. Bilateral discussions with key supplying countries are being initiated.

In recognition of the special problems of the specialty and carbon steel industry, the President has directed the Special Representative for Trade Negotiations, in the Multilateral Trade Negotiations, to negotiate on a sectoral basis solutions to the problems of cyclical distortions in steel trade, while liberalizing the conditions of this trade.

Finally, the President has directed the Secretary of Labor to expedite processing of trade adjustment assistance petitions, to assist the large number of unemployed specialty steel workers. About 3400 of 8500 workers laid off are already eligible for such assistance.

The decision not to implement at this time the USITC's proposed remedy of quotas for the next five years is based on several considerations. This remedy is too inflexible in view of the rapid expansions and contractions of the specialty steel market and is not well suited to the needs of the industry during recovery from a recession period. The United States Government also desires to avoid unilateral restrictive action by trying to resolve specialty steel import problems through agreements with the other major nations involved. In this manner, the disruption to trade can be reduced and the special concerns of other nations can be taken into account, while the injury to the domestic industry is remedied.