

On August 30, 1996, President Clinton determined not to implement the ITC's recommendations and instead directed the U.S. Trade Representative to negotiate and conclude, within 90 days, agreements pursuant to the terms of section 203 of the Trade Act of 1974. However, negotiations did not result in satisfactory agreements.

On November 28, 1996, the President proclaimed a temporary increase in duties over three years for two of the four tariff sub-headings subject to the injury determination. Additional tariffs were imposed on brooms covered by two broom sub-headings: under the tariff rate quota, tariffs were maintained at pre-safeguard levels up to a specified import level; imports above TRQ levels were subject to additional duties. TRQs were allocated individually to each substantial supplier, with a residual allocation for all other suppliers. Included in the safeguard was Mexico; excluded were Canada and developing countries holding less than a 3% market share.

On February 10, 1997, the Government of Mexico asked for the establishment of a Dispute Settlement Panel under NAFTA Chapter 20 to examine whether the ITC's determination was consistent with the NAFTA. Mexico contended that the ITC had improperly excluded the U.S. plastic broom industry from its definition of the U.S. domestic industry.

On January 30, 1998, the NAFTA panel concluded that the safeguard measure constituted a violation of U.S. obligations under the NAFTA because it was based on an ITC determination that failed to provide "reasoned conclusions on all pertinent issues of law and fact." The panel recommended that the United States bring its conduct into compliance with the NAFTA at the earliest possible time. Effective November 28, 1996, Mexico increased import duties on several U.S. products in retaliation for the U.S. safeguard measure on corn brooms, as permitted by NAFTA Article 802.6.

On December 3, 1998, President Clinton terminated the safeguard action against corn brooms after receiving reports from the U.S. Trade Representative and the ITC on developments in the corn broom industry and its progress in making a positive adjustment toward import competition. In this case, the President decided to terminate the safeguard action on the grounds that the industry had not undertaken adequate efforts to make a positive adjustment to import competition.

6.1 Canadian Government Activity

The Government of Canada filed a submission at the ITC hearing on May 30, 1996, to ensure that the ITC was aware of the minimal share of the U.S. import market held by Canadian corn brooms.