

domestic market share. During the period of review (1994–1999), the industry had experienced some significant changes. Consumption by both volume and value increased in the 1994–1998 period before declining in 1998 and 1999.

The ITC recommended that the President impose a tariff rate quota for a four-year period on imports of line pipe, with the quota amount set at 151,124 tons in the first year, to be increased by 10% in each subsequent year. Over-quota imports were to be subject to a duty of 30% *ad valorem* in addition to current tariffs. Aside from excluding imports from Canada and Mexico, the ITC recommended that the tariff rate quota not apply to imports of line pipe from Israel, or to any imports of line pipe that entered duty-free from beneficiary countries under the Caribbean Basin Economic Recovery Act or the Andean Trade Preference Act.

On February 11, 2000, President Clinton accepted the ITC recommendation and announced import relief action, in the form of tariff rate quotas, on U.S. imports of line pipe. The additional tariffs, to be gradually reduced in successive years, would remain in place for three years.

11.1 Canadian Government Activity

In its brief to the ITC, Canada argued that its share of imports did not account for “a substantial share of total imports” as it was not among the top five suppliers and did not “contribute importantly to the injury of the domestic market.” It based its arguments on the fact that its imports to the United States had declined and that Canadian prices had increased. With respect to NAFTA country findings, the ITC found that neither Canada nor Mexico contributed significantly to the serious injury or threat thereof to the domestic industry.

In a subsequent development, Korea requested the establishment of a WTO panel to challenge the measure. Korea objected to the ITC’s inclusion of Mexican and Canadian imports in determining the cause of injury, while not including them in the import relief.

In the WTO Report dated October 29, 2001, the Dispute Panel rejected Korea’s claims that “the United States violated Article 2 and 4 by exempting Mexico and Canada from the measure” and that “the United States violated Article I, XIII:1, and XIX by exempting Mexico and Canada from the measure.”