foreign country under Section 201, that country has the right to retaliate with compensatory measures against the United States under Article XIX of the GATT.

Recent Section 201 cases involving Canada resulted in the imposition of quotas and tariffs on imports of stainless steel and alloy tool steel and the negotiation of voluntary export restraint agreements on carbon and certain alloy steel products.

The Administration's Response

The U.S. Congress currently is in a dangerous protectionist mood. For its part, the administration fought down to the wire in 1984 to defeat a package of protectionist bills, the end result of which was the much watered-down Trade and Tariff Act of 1984. The administration may be powerless, however, to defend against the latest onslaught, and the presidential veto can be defeated by a two-thirds majority of both Houses. Its current strategy is to step up government enforcement of unfair trade laws in order to placate domestic complainants and to slow the protectionist tide in Congress.

In attempting to resist protectionist pressures, the administration has launched an offensive against unfair trade practices. President Reagan, in rejecting import quotas in a Section 201 investigation into the shoe industry in August 1985, directed the USTR to "initiate investigations to root out any unfair trade practices that may be harming U.S. interests."[32] The ITC, at the urging of the Senate Finance Committee, had recommended that shoe-import quotas be imposed because the domestic industry was being seriously hurt by imports. In his policy statement, the president spoke out strongly against protectionism. It is now administration policy that the U.S. government will use Section 301 to open up foreign markets to U.S. producers.