

tions on its exports to the U.S. market. The Government of Canada had also engaged in discussions with the U.S. administration to attempt to influence the President's decision. At the time of the announcement, there were indications that Canada's share of the U.S. market, as established by U.S. steel producers, should be about 2.4% to 2.6%. Canada's actual share in 1984 was 3.2%. Canada and Sweden were the only traditional major steel suppliers to the United States not subject to a voluntary restraint agreement. Canada was by far the largest unrestrained supplier.

Canada appreciated, however, that the United States would want some assurance that Canadian steel producers would not exploit a situation in which U.S. imports from other suppliers were restrained. Consequently, Canada indicated its willingness to cooperate and consult when Canada's share of the U.S. market for specified steel products increased significantly. It was envisaged that such consultations would provide an opportunity to examine the underlying market forces leading to an increase in market share. At the request of the U.S. government, there were consultations on developments in the Canada-U.S. steel trade on 10 occasions between December 1984 and October 1988. Consultations were not pursued after the VRAs were extended in 1988.

Canadian primary producers did, however, indicate to U.S. authorities their willingness to exercise prudence in their shipments to the United States. This was an important element in efforts to defuse pressures in the United States for a VRA with Canada. In June 1987, a Canadian export monitoring system was established for steel. This, combined with the import monitoring system established the previous year, enabled the federal government to ensure that Canada was not being used as a "back door" for shipments of steel from third countries to the United States. In addition, it made possible the collection of more accurate statistics on exports to the United States. This too was an important element in efforts to respond to U.S. pressures with regard to rising Canadian exports.

In 1988, the VRAs were extended to March 1992. The levels negotiated with the most restrained countries were increased, and in a number of cases bilateral agreements were concluded on subsidy disciplines. These agreements formed the basis for U.S. attempts to negotiate a Multilateral Steel Agreement (MSA) that would limit government participation, especially the provision of subsidies in steel-producing countries. Discussions eventually ended after the failure of attempts to incorporate the MSA into the Uruguay Round negotiations.

3 Wood Shingles and Shakes

On September 25, 1985, following receipt of a petition filed on behalf of U.S. wood shingle and shake producers, the ITC initiated a safeguard investigation under section 202 of the Trade Act of 1974, to determine whether wood shingles and shakes were being imported into the United States in such increased quantities as to be a substantial cause of serious injury or threat thereof to the domestic industry producing a like or directly competitive product.