In each of the nine categories, the ITC found an increase in imports in either actual or relative terms. This finding satisfied the increasing imports requirement of section 201. Next, the ITC went on to determine whether there was injury to U.S. producers. Various factors relevant to industry performance were negative. During the period of review (1979–1984), the industry had experienced massive negative changes in market conditions. Overall production of carbon steel had decreased significantly from 1979 to 1982. Although later in the period of review there had been some recovery in production, it was still very low in 1984. Capacity utilization had declined drastically. Employment and worker hours showed decreases. Lastly, financial indicators were at record lows for most major producers, and bond ratings for a number of companies had fallen. All these factors were taken as clear indication of serious injury to the industry.

The ITC determined that intra-industry competition was the main cause of injury for the production of rods, bars, pipes and tubes, and that a decline in demand was a more important cause for injury for railway-type products. However, for the remaining products under investigation, no cause was found to be more important for injury than the increase in imports.

With respect to remedy, the ITC made recommendations to the President that included tariff rate quotas (TRQs), quotas or tariff rate increases on the various products. These recommendations included a five-year schedule of implementation. In September 1984, President Reagan rejected the ITC recommendation that protection be provided by quotas and/or tariffs. He announced that the U.S. administration would negotiate voluntary restraint agreements (VRAs) with countries considered to be trading unfairly through dumping and subsidization. Accordingly, agreements setting market penetration ceilings were negotiated with 28 steel-supplying countries. There would, however, continue to be open access to the U.S. market for countries considered to be trading fairly in steel and having markets open to U.S. steel suppliers.

The President's Steel Program targeted a reduction in imported steel products to about 20.5% of apparent U.S. consumption. This became the benchmark against which the effectiveness of the program was measured by Congress and the U.S. industry. In 1984, imports accounted for 26.6% of the U.S. steel market; by 1989 they had declined to 17.9%.

2.1 Canadian Government Activity

Carbon and alloy steel products were imported into the United States from a number of countries. Canada was the 15th-largest producer of steel in the world and ranked as second in total imports to the United States, at 2.4 million tons in 1984. During the period under review, Canada's steel production had declined steadily before rising again in 1983.

Throughout this investigation, the federal government and the Canadian steel industry presented their view that, as a fair trader, Canada should not face restric-