

For stainless steel plate, production showed increases in the first part of the period under review but sharp declines by the end of the period. This performance was mirrored by changes in capacity utilization, shipments, exports and employment. Profits increased from 1978 to 1979, but were replaced with losses by 1982. Similar trends were found for the remaining two products (stainless steel bar and wire rod, and alloy tool steel).

The President granted relief to the domestic industry through a combination of *ad valorem* tariffs and quantitative restrictions. An *ad valorem* tariff was imposed on stainless steel sheet and strip, and on stainless steel plate; quantitative restrictions were placed on stainless steel bar and wire rod, and on alloy tool steel.

Upon expiration of the first set of tariffs and quotas in 1987, the President extended the relief for a period of just over two years, until January 1989. In addition to the extension of relief, in June and July 1987 certain U.S. semi-finished specialty steel products were reclassified, with the result that some additional Canadian exports fell within the scope of the U.S. import quota.

1.1 Canadian Government Activity

When the President granted the relief, Canada in turn exercised its GATT Article XIX rights to increase tariffs on specialty steel imports from the United States. These tariffs were later withdrawn after the U.S. Congress eliminated certain "Buy American" restrictions on cement. When imposing the quantitative restriction, the U.S. administration offered to negotiate an orderly marketing agreement with Canada; a four-year agreement was concluded in October 1983. Part of the orderly marketing arrangement included a waiver by Canada of its right to compensation. Upon extension of relief, in 1987 Canada sought renegotiation of the orderly marketing agreement for another 18 months.

2 Carbon and Certain Alloy Steel Products

On January 24, 1984, pursuant to a petition filed on behalf of Bethlehem Steel Corp. and the United Steelworkers of America, the ITC initiated a safeguard investigation under section 202 of the Trade Act of 1974, to determine whether various carbon and alloy steel products 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.

On July 24, 1984, the ITC determined that imports of five of the nine categories of carbon and alloy steel products named in the petition¹⁷⁹ were being imported into the United States in such increased quantities as to be a substantial cause of serious injury or threat thereof to industries producing like or directly competitive products.

¹⁷⁹ Plates, sheets and strip, wire and wire products, structural shapes, ingots, blooms and billets, but not wire rods, railway-type products, bars, pipes, tubes or blanks.