

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4621

18 January 1978

Limited Distribution

Original: English

## ARTICLE XIX PROPOSED ACTION BY THE UNITED STATES

### Lag Screws or Bolts

The following communications, dated 5 and 9 January 1978, have been received from the United States mission.

A. The United States International Trade Commission (USITC) reported to the President 12 December that it had determined that lag screws or bolts, bolts (except mine-roof bolts) and bolts and their nuts imported in the same shipment, nuts and screws having shanks or threads over 0.24 inch in diameter, all the foregoing of iron or steel, provided for in items 646.49, 646.54, 646.56, and 646.63 of the tariff schedules of the United States (TSUS), are being imported in such increased quantities as to be a substantial cause of serious injury or the threat thereof to the domestic industry producing articles like or directly competitive with the imported articles. The Commissioners voting split (two voting in the affirmative; two in the negative) evenly on the question of injury or threat thereof caused by imports of Canadian articles admitted free of duty as original equipment for motor vehicles under item 646.79 of the TSUS as provided by the United States-Canadian Automotive Agreement.

B. The Commission also found and recommended that to prevent or remedy such injury it would be necessary to impose rates of duty (A) in lieu of the present rates of duty with respect to lag screws or bolts and screws having shanks or threads over 0.24 inch in diameter, of iron or steel, provided for in items 646.49 and 646.63 of the TSUS, and (B) in addition to the present rates with respect to bolts (except mine-roof bolts) and bolts and their nuts imported in the same shipment, and nuts, of iron or steel, provided for in items 646.54 and 646.56 of the TSUS, as follows:

1st Year:	30 per cent ad valorem
2nd Year:	30 per cent ad valorem
3rd Year:	25 per cent ad valorem
4th Year:	20 per cent ad valorem
5th Year:	20 per cent ad valorem

C. The Commission's report notes that imports of the bolts, nuts and large screws in question have increased in actual terms in every year since 1969, except during 1971 and 1975 when strong cyclical contractions occurred in the United States production of durable manufactured goods. United States imports increased from 372 million pounds in 1969 to 776 million pounds in 1974, declined to 535 million pounds in 1975 and increased to 704 million pounds in 1976. United States imports in January-June 1977 totalled 372 million pounds, 20 per cent higher than in the corresponding period of 1976. The ratio of imports to production has increased every year since 1969, rising from 25 per cent in 1969 to 65 per cent in 1976. The ratio was 67 per cent during January-June 1977.

D. With regard to injury or the threat thereof, the USITC report notes that capacity utilization for firms producing bolts, nuts and large screws dropped precipitously from 76 per cent in 1974 to 50 per cent in 1975. This substantial idling of production facilities continued throughout 1976 and January-June 1977. Despite banner years for the automotive industry, which is the largest United States market for these products, the profit level for the industry also declined sharply during the past three years with twelve of the forty-two firms reporting either a loss or a profit rate of 5 per cent or less during January-June 1977. Employment fell rapidly from 20,232 production workers in 1969 to 13,077 in 1976; this drop was most pronounced in recent years as over 4,400 jobs were lost since 1974.

E. Under Section 201 of the Trade Act of 1974, the President has sixty days following receipt of a recommendation to determine what method and amount of import relief he will provide, or determine that the provision of such relief is not in the national economic interests of the United States. Under Section 330(D) of the Tariff Act of 1930, as amended, the President may accept the views of either those Commissioners voting affirmatively or those Commissioners voting negatively with respect to injury or threat thereof caused by Canadian articles admitted free of duty under item 646.79.

F. The current column on duty rates and binding status for the four TSUS items affected by the USITC recommendations are:

646.49 wood screws including lag screws or bolts of base metal of iron and steel, current rate: 12.5 per cent ad valorem. Bound to EEC at 12.5 per cent ad valorem.

Bolts, nuts, studs and studding, screws and washers (including bolts and nuts imported in the same shipment) and assembled bolts or screws and washers, with or without nuts; screw eyes, screw hooks and screw rings; turnbuckles; all of the foregoing not described in the foregoing provisions of this unit, of base metal of iron and steel:

646.54 - Bolts and bolts and their nuts imported in the same shipment. Current rate: 0.2 cents per pound, bound in Kennedy Round at 0.2 cents per pound. Also bound to EEC at 0.5 cents per pound.

646.56 - Nuts, current rate: 0.1 cents per pound. Bound in Kennedy Round at 0.1 cents per pound also bound to Canada, EEC and the United Kingdom at 0.3 cents per pound.

646.63 - Screws: Other, having shanks or threads over 0.24 inch in diameter. Current rate: 9.5 per cent ad valorem. Bound in Kennedy Round at 9.5 per cent ad valorem also bound to Canada at 19 per cent ad valorem and to the United Kingdom at 22.5 per cent ad valorem.

G. Effective 1 January 1976, imports of bolts and nuts of iron and steel provided for in TSUS items 646.54 and 646.56 from all designated beneficiary developing countries became eligible for duty-free treatment under the provisions of GSP. Such duty-free treatment was not extended to imports of large screws, provided for in TSUS items 646.49 and 646.63.

H. Recent United States imports of bolts, nuts and large screws in thousands of dollars were:

Source	1974	1975	1976	1974-1976 Average
Japan	261,879	135,712	160,082	185,891
Canada	56,515	39,501	58,198	51,404
Other	69,786	51,912	41,509	54,402
Total	388,180	227,125	259,789	291,697

An allocation of these aggregated figures by tariff line will be provided as soon as possible.

I. Further details are available in the Commission's report to the President, USITC Publication 847.

J. The United States is ready to consult with the CONTRACTING PARTIES and with those contracting parties having a substantial interest as exporters of the products concerned in respect of the proposed action.

The following tables present recent United States imports in thousands of dollars by tariff line and origin of the products affected by the USITC recommendations on industrial fasteners:

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1974-76 average</u>
TSUS item 646.49				
Japan	3,299	2,114	5,606	3,673
Others	118	63	134	105
Total	3,418	2,177	5,740	3,778
TSUS item 646.54				
Japan	324	27,790	37,430	41,515
Canada	029	7,156	8,029	9,405
EEC (9)	311	8,391	5,129	6,610
Others	658	7,692	6,833	7,728
Total	87,322	51,029	57,421	65,258
TSUS item 646.56				
Japan	133,495	63,719	61,844	86,353
EEC (9)	25,688	23,625	13,115	20,809
Others	21,937	7,580	15,533	15,017
Total	181,120	94,924	90,492	122,179
TSUS item 646.63				
Japan	65,761	42,089	55,190	54,347
Canada	19,849	11,590	11,492	14,310
Others	12,612	7,029	8,804	12,740
Total	98,222	60,708	75,486	81,397

All sources with a market share of 10 per cent or more for a particular item in 1974-76 are specifically identified in the respective table. Other contracting parties with whom the concessions on these items were originally negotiated have been informed bilaterally of the statistics on imports from their territories for the items in question.

As the only products affected under item 646.49 are lag screws or bolts, the imports shown for that item are limited to those entered under statistical category 646.49.20 (lag screws or bolts). Mine-roof bolts are excluded from the USITC recommendations regarding item 646.54, but their quantity is negligible.

The abbreviation "EEC" in paragraph F of the previous notification refers to the pre-enlargement European Economic Community of six members.

