

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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ARTICLE XIX PROPOSED ACTION BY THE UNITED STATES

Lag Screws or Bolts

The following communication, dated 27 November 1978, has been received from the United States mission.

On 3 November 1978 the United States International Trade Commission (USITC) reported to the President that it had determined that lag screws or 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 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 articles like or directly competitive with the imported articles.

To prevent or remedy serious injury, the Commission recommended that (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 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 in Items 646.54 and 646.56 of the TSUS, the following ad valorem rates be imposed:

First year	20 per cent
Second year	20 per cent
Third year	15 per cent
Fourth year	10 per cent
Fifth year	10 per cent

Note: After the third year, the rate of duty applicable to lag screws or bolts provided for in Item 646.49 would revert to the present rate of 12.5 per cent in lieu of being reduced to 10 per cent.

The Commission's report is the second submitted to the President on the same imported articles within the past year. In its earlier report, submitted in December 1977, the Commission also found serious injury and recommended the provision of import relief in the form of higher tariffs. In February 1978 the President determined that such relief was not in the national economic interest (L/4621 and Add.1).

The Commission's latest report shows that producers' shipments of the bolts, nuts and screws subject to its determination continue at a substantially reduced level, imports have continued to increase and the ratio of such imports to producers' shipments has increased. The following tabulation presents data on United States producers' shipments, imports and the ratio of imports to producers' shipments for the calendar years 1973-77 and for January-June 1978 in comparison with the same period of 1977:

	<u>Shipments</u> (Million pounds)	<u>Imports</u> (Million pounds)	<u>Ratio</u> <u>Imports/shipments</u> (per cent)
1973	1,506	545	36
1974	1,554	776	50
1975	1,050	535	51
1976	1,134	704	62
1977	1,176	717	61
Jan-June 1977	631	372	59
Jan-June 1978	619	421	68

The Commission's report indicates that various factors reflecting conditions in the domestic industry have continued relatively unchanged since the conclusion of its last investigation. A significant proportion of the domestic industry's productive facilities continues idle, employment remains at a substantially reduced level, and a significant number of firms in the industry are still unable to operate at a reasonable level of profit.

Under Section 201 of the Trade Act of 1974, the President has sixty days following receipt of a recommendation from the USITC, i.e. until 2 January 1979, 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 interest.

The United States has granted concessions in Schedule XX of the GATT on the items subject to the USITC determination. The current column one rates and binding status for the items are:

Item 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 (6) at 12.5 per cent ad valorem.

Bolts, nuts, studs and studding, screws and washers (including bolts and their 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 sub-part, of base metal: of iron and steel:

Item 646.54 - Bolts and bolts and their nuts imported in the same shipment. Current rate: 0.2 cent per pound. Bound in Kennedy Round at 0.2 cent per pound. Also bound to EEC (6) at 0.5 cent per pound.

Item 646.56 - Nuts. Current rate: 0.1 cent per pound. Bound in Kennedy Round at 0.1 per pound. Also bound to Canada, EEC (6) and the United Kingdom at 0.3 cent per pound.

Item 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.

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. Imports of large screws, provided for in TSUS Items 646.49 and 646.63, were not made eligible for such treatment.

United States imports of bolts, nuts and large screws affected by the USITC recommendation are presented in the following table by principal sources in recent years (value in millions of dollars):

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1975/77 average</u>
All countries	209	229	257	232
Japan	136	160	177	158
Canada	21	28	32	27
Other	52	41	48	47

United States imports of bolts, nuts and large screws affected by the USITC recommendation are presented in the following tables by TSUS item by principal sources (value in millions of dollars):

A.	Item 646.49	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1975/77 average</u>
	All countries	2.2	5.7	5.3	4.4
	Japan	2.1	5.6	5.1	4.3
	Other	0.1	0.1	0.2	0.1

B. Item 646.54	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1975/77</u> <u>average</u>
All countries	51.0	57.4	70.0	59.5
Japan	27.8	37.4	44.5	36.6
Canada	7.2	8.0	10.9	8.7
EEC	9.3	5.2	5.4	6.6
Other	6.7	6.8	9.2	7.6

C. Item 646.56				
All countries	94.9	90.5	100.2	95.2
Japan	63.7	61.8	69.5	65.0
EEC	23.6	13.1	12.4	16.4
Other	7.6	15.5	18.2	13.8

D. Item 646.63				
All countries	60.7	75.5	81.7	72.6
Japan	42.1	55.2	58.1	51.8
Canada	11.6	11.5	12.0	11.7
Other	7.0	8.8	11.6	9.1

- E. 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 646.4920 (lag screws or bolts). Mine-roof bolts (excluded from the USITC determination) are included in the data shown for Item 646.54 but imports of such bolts are negligible.

Additional details are presented in the USITC Report to the President, Commission Publication 924, dated November 1978.

The United States reaffirms its readiness to consult with the CONTRACTING PARTIES and those contracting parties having a substantial interest as exporters of the bolts, nuts and large screws subject to the USITC determination concerning the proposed action.

