

FOR IMMEDIATE RELEASE
August 22, 2002

Contact: Julie Cram
202-482-3809
Rich Mills, USTR
202-395-3230

Fact Sheet: Exclusion of Products from Safeguard on Steel Products

Background on Review of Product Exclusion Requests

- \$ On March 5, the President decided to impose temporary safeguards on imports of steel products as a result of the Section 201 investigation of steel products.
- \$ During the investigation, the Department of Commerce (“the Department”) and the Office of the United States Trade Representative (“USTR”) established procedures allowing parties to request that certain imported steel products be excluded from any safeguard remedy if they are not sufficiently available from domestic sources.
- \$ Due to the volume of such requests, the Department and USTR were able to analyze and recommend to the President to exclude only a portion of the submitted exclusion requests by March 5.
- \$ As a result, the President stated on March 5 that the Department and USTR have an additional 120 days, to July 3, 2002, to complete their consideration of pending exclusion requests.
- \$ Furthermore, the Department and USTR subsequently invited parties to submit new product exclusion requests by May 20, 2002.
- \$ In a proclamation signed on July 3, 2002, the President extended the deadline for processing exclusion requests to August 31, 2002 due to the number of outstanding requests.

Details of Product Exclusions Announced on August 22, 2002

- \$ Today's announcement will result in the exclusion of 178 products. These exclusions are the result of requests that were pending on March 5, 2002, as well as new requests that were filed by May 20, 2002. This is the last set of exclusions to be announced this year.
- \$ The products to be excluded cover a broad range of steel products, including plate products, hot-rolled products, cold-rolled products, corrosion-resistant products, tin mill products, and stainless steel products.
- \$ The requests to exclude these products were submitted by U.S. steel consumers, as well as from foreign steel producers from a number of countries.
- \$ A complete description of the excluded products will be published in the Federal Register by August 31, 2002.

Overview of Product Exclusions Announced

- \$ A total of 727 products have been excluded from the safeguard since March 5, 2002.
- \$ These exclusions were granted for a wide range of steel products from numerous countries.
- \$ The requests that were granted properly recognize those instances where a U.S. customer cannot obtain the required products domestically and also fully meet the standard of not undermining the steel safeguard's relief.

Basis for Consideration of Product Exclusion Requests

- Neither U.S. law nor our WTO obligations require excluding products from the safeguard on steel products.
- The purpose of granting product exclusions is to ensure that U.S. steel consumers can obtain steel products that are not available from domestic sources.
- The President also clearly stated that we would not grant exclusions that would undermine the steel safeguard.
- These standards were the sole bases for judging each exclusion request case-by-case.
- In analyzing exclusion requests, the Department and USTR considered: (1) whether the product is currently being produced in the United States; (2) whether substitution of the product is possible; (3) whether qualification requirements affect the requestor's ability to use domestic products; (4) inventories; (5) whether the requested product is under

development by a U.S. producer who will imminently be able to produce it in marketable quantities; and (6) any other relevant factors.

- We carefully considered all parties' information and, where necessary, actively consulted with them before determining whether to grant each exclusion request.
- This was a difficult and technical process, requiring the analysis of an enormous amount of information regarding U.S. consumers' product needs and U.S. producers' production capabilities.

Annual Consideration of Exclusion Requests

- \$ On March 5, 2002, the President also stated that USTR will announce in March of each year in which the safeguard is in effect any additional products to be excluded from the safeguard.
- \$ The USTR published preliminary procedures for the annual consideration of exclusion requests in the Federal Register on June 3, 2002.
- \$ This process will likely be initiated in November 2002 and completed by March 2003.