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**UNITED STATES – DEFINITIVE SAFEGUARD MEASURES  
ON IMPORTS OF STEEL WIRE ROD AND  
CIRCULAR WELDED QUALITY LINE PIPE**

Request for Consultations by the European Communities

The following communication, dated 1 December 2000, from the Permanent Delegation of the European Commission to the Permanent Mission of the United States and to the Chairman of the Dispute Settlement Body, is circulated in accordance with Article 4.4 of the DSU.

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The European Communities (EC) hereby request consultations with the Government of the United States (USA) pursuant to Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU), Article XXII:1 of the General Agreement on Tariffs and Trade 1994 (GATT 1994) and Article 14 of the Agreement on Safeguards (SA) with regard to the US safeguard legislation and its application in the two cases concerning the definitive safeguard measures imposed by the USA on imports of certain steel wire rod (wire rod) and the definitive safeguard measures imposed by the USA on imports of certain circular welded carbon quality line pipe (line pipe).

The EC consider that Sections 201 and 202 of the Trade Act of 1974 contain provisions relating to the determination of a causal link between increased imports and injury or threat thereof which prevent the USA from respecting Articles 4 and 5 of the SA. It also considers that Section 311 of the NAFTA Implementation Act contains provisions concerning imports originating in NAFTA countries which do not respect the requirement of parallelism between the imported products subject to the investigation and the imported products subject to the safeguard measure, contrary to Articles 2, 4 and 5 of the SA. The EC consider moreover that these provisions are in breach of the Most-Favoured-Nation principle under Article I of the GATT 1994. These violations are confirmed by the application of the aforesaid US provisions in the following specific cases.

In February 2000, the USA adopted two separate definitive safeguard measures with respect to the importation into the US territory of wire rod and line pipe.

Under the "Proclamation 7273 of February 16, 2000-To Facilitate Positive Adjustment to Competition From Imports of Certain Steel Wire Rod" and the "Memorandum of February 16, 2000-Action Under Section 203 of the Trade Act of 1974 Concerning Steel Wire Rod" by the President of the USA, published in the Federal Register Vol. 65, No. 34, pp. 8621 to 8627 and 8629 to 8630 on 18 February 2000, the USA imposed definitive safeguard measures in the form of a tariff rate quota on imports of wire rod effective as of 1 March 2000. The relevant notification is contained in documents G/SG/N/10/USA/4 of 18 February 2000 and G/SG/N/10/USA/4/Corr.1 of 28 March 2000.

Under the "Proclamation 7274 of February 18, 2000-To Facilitate Positive Adjustment to Competition From Imports of Certain Circular Carbon Quality Welded Line Pipe" and the

"Memorandum of February 18, 2000-Action Under Section 203 of the Trade Act of 1974 Concerning Line Pipe" by the President of the USA, published in the Federal Register Vol. 65, No. 36, pp. 9193 to 9198 on 23 February 2000, the USA imposed definitive safeguard measures in the form of an increase in duty on imports of line pipe effective as of 1 March 2000. The relevant notification is contained in document G/SG/N/10/USA/5 of 23 February 2000.

The EC consider that in both the above mentioned cases the US measures are in breach of the US obligations under the provisions of GATT 1994 and of the Agreement on Safeguards, in particular, but not necessarily exclusively, of:

- Article 2 SA, because, *inter alia*, they are based on deficient determination on the like or directly competitive products, absence of "imports in such increased quantities" and/or "under such conditions", lack of serious injury or threat thereof, lack of causality and non-respect of the requirement of parallelism between the scope of the imported products subject to the investigation and the scope of the imported products subject to the application of the measures.
- Article 3(1) and 3(2) SA, because, *inter alia*, they do not adequately set forth the findings and reasoned conclusions on all pertinent issues of fact and law, including the justification for the actual measure imposed, as well as abusive recourse to confidentiality in relation to disclosure of information.
- Articles 4(1) and 4(2) SA, because, *inter alia*, they are not justified by "imports in such increased quantities" and/or "under such conditions", lack of serious injury or threat thereof, lack of causality and non-respect of the requirement of parallelism between the scope of the imported products subject to the investigation and the scope of the imported products subject to the application of the measures.
- Article 5(1) SA, since, *inter alia*, they grant relief beyond "the extent necessary to prevent or remedy serious injury and to facilitate adjustment".
- Article 8(1) SA, because of, *inter alia*, non-respect of the requirements regarding the level of concessions and other obligations and the trade compensation.
- Articles 12(2), 12(3) and 12(11) SA, because of, *inter alia*, non-respect of the obligation to provide the Committee on Safeguards with all pertinent information, non respect of the obligation to provide adequate opportunity for prior consultations with a view to reaching an understanding on ways to achieve the objective set out in Article 8(1) SA, and abusive recourse to confidentiality in relation to disclosure of information.
- Article I:1 of GATT 1994 since, *inter alia*, the safeguard measure discriminates between products originating in the EC and products originating in other WTO countries.
- Article XIX:1 of GATT 1994, because, *inter alia*, they fail to show, prior to the application of the measures, that the increases in imports and the conditions of importation of the products covered by each of the two above-mentioned measures were the result of "unforeseen developments" and of the effect of the USA obligations under GATT 1994.

The EC look forward to receiving the reaction of the authorities of the USA to the present request and to setting a mutually convenient date and place to begin consultations.

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