

---

**Presidential Documents**

---

Title 3—

**Memorandum of May 30, 1998****The President****Action Under Section 203 of the Trade Act of 1974  
Concerning Wheat Gluten****Memorandum for the Secretary of the Treasury[,] the Secretary of  
Agriculture[, and] the United States Trade Representative**

On March 18, 1998, the United States International Trade Commission (USITC) submitted to me a report that contained: (1) a determination pursuant to section 202 of the Trade Act of 1974 (19 U.S.C. 2252) (the "Trade Act") that imports of wheat gluten are being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry; and (2) negative findings made pursuant to section 311(a) of the North American Free Trade Agreement Implementation Act (the "NAFTA Implementation Act") (19 U.S.C. 3371(a)) with respect to imports of wheat gluten from Canada and Mexico.

After considering all relevant aspects of the investigation, including the factors set forth in section 203(a)(2) of the Trade Act (19 U.S.C. 2253), I have implemented actions of a type described in section 203(a)(3). Specifically, I have determined that the most appropriate action is a quantitative limitation on imports of wheat gluten. I have proclaimed such action for a period of approximately 3 years in order to provide time for the domestic industry to implement an adjustment plan that will facilitate its positive adjustment to import competition. I have set the quantitative limitation at an amount equal to 126.812 million pounds in the first year, an amount which represents total average imports in the crop years ending June 30, 1993, through June 30, 1995. This amount will increase by six percent annually for the duration of the relief period. I believe that this amount is the relief necessary to remedy the serious injury and to promote positive adjustment. The quota is allocated based on average import shares in the period covered by the crop years ending June 30, 1993, through June 30, 1995. Shares of countries excluded from the quota are assigned on a pro rata basis to countries subject to the quota. To ensure that the quota is substantially filled, I have authorized the United States Trade Representative to reallocate any significant unused quota allocations. I considered taking other forms of action, such as increasing tariffs on imports of wheat gluten, and have determined that action in such forms would not, in light of the nature of trade in wheat gluten, meet the goals of remedying serious injury and facilitating industry adjustment.

I agree with the USITC's findings under section 311(a) of the NAFTA Implementation Act, and therefore determine, pursuant to section 312(a) of the NAFTA Implementation Act, that imports of wheat gluten produced in Canada do not contribute importantly to the serious injury caused by imports and that imports of wheat gluten produced in Mexico do not account for a substantial share of total imports of such wheat gluten. Therefore, pursuant to section 312(b) of the NAFTA Implementation Act, the quantitative limitation will not apply to imports of wheat gluten from Canada or Mexico. Similarly, the limitation will not apply to imports of wheat gluten from Israel, and beneficiary countries under the Caribbean Basin Economic Recovery Act (CBERA) and the Andean Trade Preference Act (ATPA), in light of the USITC's statement that its recommendation does not apply to imports from those countries. Moreover, other developing countries that have ac-

counted for a minor share of wheat gluten imports are excluded from the quantitative limitation.

As an additional means of arriving at a long-term solution to this trade issue, I have directed the United States Trade Representative, with the assistance of the Secretary of Agriculture, to seek to initiate international negotiations to address the underlying cause of the increase in imports of the article or otherwise to alleviate the injury found to exist.

I have determined that the actions described above will facilitate efforts by the domestic industry to make a positive adjustment to import competition and provide greater economic and social benefits than costs. This action provides the domestic industry with necessary temporary relief from increased import competition, while also assuring our trading partners significant continued access to the United States market.

I also note that, pursuant to section 204 of the Trade Act, the USITC will monitor developments with respect to the domestic industry, including progress and specific efforts made by workers and firms in the domestic industry to make a positive adjustment to import competition, and will provide to me and to the Congress a report of its monitoring no later than the date that is the midpoint of the period the action is in effect.

The United States Trade Representative is authorized and directed to publish this determination in the **Federal Register**.



THE WHITE HOUSE,  
*Washington, May 30, 1998.*