

MEMORANDUM

The delegation of the United States of America and the delegation of the Russian Federation today agreed ad referendum on the attached draft Second Addendum to the Agreement Concerning Trade in Certain Steel Products from the Russian Federation.

Paris, 24 February 2003

SECOND ADDENDUM TO THE AGREEMENT CONCERNING TRADE IN CERTAIN STEEL PRODUCTS FROM THE RUSSIAN FEDERATION

The United States of America, by the U.S. Department of Commerce and the Russian Federation, by the Ministry of Economic Development and Trade of the Russian Federation (which replaces the Ministry of Trade of the Russian Federation), hereinafter referred to as the Parties, by this Addendum agree to revise the Agreement Concerning Trade in Certain Steel Products from the Russian Federation, as amended by the Addendum of November 19, 2002, (“1999 Agreement, as amended”) as follows:

I. COVERAGE

- A. This Addendum covers direct and indirect exports from Russia to the United States of:
- 1) Pig Iron as defined by the 1999 Agreement, as amended;
 - 2) certain steel billets defined in paragraph B below; and
 - 3) certain other semifinished steel as defined in paragraph C below.
- B. The following products will be removed from the scope of the classification of the Semifinished steel category of the 1999 Agreement, as amended, and included in a new category named “Billets”:

Steel billets (whether or not stainless, other alloy, or non-alloy) in the following forms: semifinished products with a cross sectional area less than 232 centimeters squared, of rectangular cross section and having a width of less than two times the thickness, or of circular cross section, which have not been further worked than subjected to primary hot-rolling or roughly shaped.

Billets are classifiable under the following Harmonized Tariff Schedule of the United States (HTSUS) numbers: 7207.11.0000, 7207.19.0030; 7207.20.0025; 7207.20.0075; 7218.91.0015; 7218.99.0015; 7218.99.0045; 7224.90.0015; 7224.90.0035; 7224.90.0045; and 7224.90.0065.

- C. The definition of Semifinished Steel products in the 1999 Agreement, as amended, will be deleted and replaced with the following definition: Certain iron and steel products (whether or not stainless, other alloy, or non-alloy) in the following forms: ingots and other primary forms; semifinished products regardless of cross section dimensions not included in billets as defined in paragraph I.B.

The merchandise is classified in the HTSUS at subheadings: 7206.10.0000; 7206.90.0000; 7207.12.0010; 7207.12.0050; 7207.19.0090; 7207.20.0045; 7207.20.0090; 7218.10.0000; 7218.91.0030; 7218.91.0060; 7218.99.0030; 7218.99.0060; 7218.99.0090; 7224.10.0005; 7224.10.0045; 7224.10.0075; 7224.90.0005; 7224.90.0025; 7224.90.0055; and 7224.90.0075.

Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise is dispositive.

Semifinished Steel is equivalent to AISI categories 1A (ingots and steel for casting) and 1B (blooms, billets, and slabs).

II. EXPORT LIMIT PERIODS

The Export Limit Periods for Steel Billets are being revised so as to coincide with the calendar year export limit periods. Prior to March 20, 2003, the export limits agreed to in the Addendum of November 19, 2002, shall apply to both billets and semifinished steel. The new export limit periods for billets are as follows:

- A. The First Billet Export Limit Period begins on March 20, 2003, and ends on December 31, 2003.
- B. The Second Billet Export Limit Period begins on January 1, 2004, and ends on July 12, 2004.

III. EXPORT LIMITS

A. Billets

- 1. The export limit for the First Billet Export Limit Period shall be:
151,756 MT (193,000 x 287/365) (Prorating for March 20, 2003, to December 31, 2003)
- 2. The export limit for the Second Billet Export Limit Period shall be:
102,052 MT (193,000 MT x 193/365) (Prorating for January 1, 2004, to July 12, 2004)
- 3. The export limit adjustment provisions of Section II(B)(2) of the 1999 Agreement, as amended, will not be applicable to the category of billets for the second export limit period.
- 4. The Ministry of Economic Development and Trade of the Russian Federation shall not issue Export Licenses authorizing the exportation to the United States of Billets covered by this Addendum in any half of any Export Limit Period that exceed 60 percent of the export limit for that Export Limit Period.
- 5. The Ministry of Economic Development and Trade of the Russian Federation shall exercise particular caution in issuing licenses for steel billets to ensure that

the covered shipment is properly classified as steel billet, as defined by this addendum, rather than another category covered by the 1999 Agreement, as amended, such as hot-rolled bars.

B. Pig Iron

1. The export limit for calendar year 2003 shall be:

608,952 MT (Current 2003 Pig Iron export limit)
+1,391,048 MT (Difference: 2003 export limit and Russian request)
2,000,000 MT

2. For each export period thereafter, the Pig Iron export limit shall be adjusted in accordance with the provisions of Section II(B)(2) of the 1999 Agreement, as amended.
3. The Ministry of Economic Development and Trade of the Russian Federation shall not issue Export Licenses authorizing the exportation to the United States of Pig Iron covered by this Addendum in any half of any Export Limit Period that exceed 60 percent of the export limit for that Export Limit Period.

IV. CARRY OVER/CARRY BACK

The provisions of Article II.E. of the 1999 Agreement, as amended, concerning the ability to carry over up to 15 percent of the export limit to a Subsequent Export Limit Period, or to carry back up to 15 percent of the export limit to the last 60 days of the previous Export Limit Period shall remain in effect.

V. REPORTING PERIODS

In accordance with Article IV of the 1999 Agreement, as amended, the Ministry of Economic Development and Trade of the Russian Federation shall collect, maintain, and provide to the U.S. Department of Commerce such information as is detailed in the 1999 Agreement, as amended, to ensure that exports of Pig Iron and Billets from the Russian Federation to the United States do not exceed the export limits in this Addendum.

- A. For all exports of Pig Iron all information required in Article IV, shall continue to be reported on a semiannual basis.
- B. For Billets:
 - i) All exports made prior to March 20, 2003, shall be reported as part of the semifinished category for the purposes of the semiannual report established in the November 19, 2002, addendum;

- ii) All exports of billets made on or after March 20, 2003, until June 30, 2003, and for all subsequent reporting periods, shall be reported as a separate billets category.

VI. GOVERNING PROVISIONS

- A. To the extent that there are any inconsistencies between this Addendum and the 1999 Agreement, as amended, the provisions of the 1999 Agreement, as amended, are superseded, and the provisions of this Addendum shall govern. All other provisions of the 1999 Agreement, as amended, and their applicability to other categories of steel products, continue with full force and effect.
- B. The English and Russian versions of this Addendum shall be authentic, with the English version controlling.
- C. For all purposes hereunder, the signatory Parties shall be represented by, and all communications and notices shall be given and addressed to:

Department of Commerce:

Assistant Secretary for Import Administration
International Trade Administration
U.S. Department of Commerce
Washington, D.C. 20230
United States of America

The Ministry of Economic Development and Trade of the Russian Federation:

Department for Non-tariff Regulation
Ministry of Economic Development and Trade
of the Russian Federation
18/1 Ovchinnikovskaya Naberezhnaya,
Moscow 113324
The Russian Federation

Signed on XXXX

Faryar Shirzad
Assistant Secretary
Import Administration
United States of America

Maxim Medvedkov
Deputy Minister
Ministry of Economic Development and
Trade of the Russian Federation