

Week Ending Friday, May 2, 2003

**Statement on Signing the Clean
Diamond Trade Act**

April 25, 2003

I have today signed into law H.R. 1584, the “Clean Diamond Trade Act.” The Act enables this Nation to implement procedures developed by more than 50 countries to exclude rough “conflict diamonds” from international trade, while promoting legitimate trade. Conflict diamonds have been used by rebel groups in Africa to finance their atrocities committed on civilian populations and their insurrections against internationally recognized governments. The United States has played a key role over the past 2 years in forging an international consensus to curb such damaging trade and has therefore strongly supported the “Kimberley Process.” Diamonds also are critical to the economic growth and development of African and other countries, so preserving their legitimate trade is an important foreign policy objective.

This Act directs the President to implement regulations to carry out the Kimberley Process Certification Scheme (KPCS). Although under this Act I have discretion to issue regulations consistent with future changes to the KPCS, under the Constitution, the President cannot be bound to accept or follow changes that might be made to the KPCS at some future date absent subsequent legislation. I will construe this Act accordingly.

Section 15 of the Act provides that the legislation takes effect on the date the President certifies to the Congress that either of two specified events has occurred. The first event is that “an applicable waiver that has been granted by the World Trade Organization is in effect.” The second event is that “an appli-

cable decision in a resolution adopted by the United Nations Security Council pursuant to Chapter VII of the Charter of the United Nations is in effect.” Once the Act takes effect, it “shall thereafter remain in effect during those periods in which, as certified by the President to the Congress, an applicable waiver or decision” by the World Trade Organization or the United Nations Security Council, respectively, “is in effect.”

If section 15 imposed a mandatory duty on the President to certify to the Congress whether either of the two specified events has occurred and whether either remains in effect, a serious question would exist as to whether section 15 unconstitutionally delegated legislative power to international bodies. In order to avoid this constitutional question, I will construe the certification process set forth in section 15 as conferring broad discretion on the President. Specifically, I will construe section 15 as giving the President broad discretion whether to certify to the Congress that an applicable waiver or decision is in effect. Similarly, I will construe section 15 as imposing no obligation on the President to withdraw an existing certification in response to any particular event. Rather, I will construe section 15 as giving the President the discretion to determine when a certification that an applicable waiver or decision is no longer in effect is warranted.

George W. Bush

The White House,
April 25, 2003.

NOTE: H.R. 1584, approved April 25, was assigned Public Law No. 108-19. This item was not received in time for publication in the appropriate issue.

Memorandum on Wire Hanger Imports From the People's Republic of China

April 25, 2003

Memorandum for the Secretary of Commerce, the Secretary of Labor, the United States Trade Representative

Subject: Presidential Determination on Wire Hanger Imports from the People's Republic of China

Pursuant to section 421 of the Trade Act of 1974, as amended (19 U.S.C. 2451), I have determined the action I will take with respect to the affirmative determination of the United States International Trade Commission (USITC Investigation TA-421-2) regarding imports of certain steel wire garment hangers from China. After considering all relevant aspects of the investigation, I have determined that providing import relief for the U.S. wire hanger industry is not in the national economic interest of the United States. In particular, I find that import relief would have an adverse impact on the United States economy clearly greater than the benefits of such action.

The facts of this case indicate that imposing additional tariffs on Chinese imports would affect domestic producers unevenly, favoring one business strategy over another. While most of the producers would likely realize some income benefits, additional tariffs would disrupt the long-term adjustment strategy of one major producer, which is based in part on distribution of imported hangers, and cause that producer to incur substantial costs.

In addition, most domestic producers, including the petitioners, have begun to pursue adjustment strategies. While these strategies have included consolidation, modernization of production facilities, and expansion into complementary products and services, domestic producers are also expanding their use of imports. Indeed, a substantial part of the surge in imports during the most recent period measured was brought in by domestic producers themselves, including the petitioners.

Moreover, after 6 years of competing with Chinese imports, domestic producers still ac-

count for over 85 percent of the U.S. wire hanger market. With this dominant share of the market, domestic producers have the opportunity to adjust to competition from Chinese imports even without import relief.

Furthermore, there is a strong possibility that if additional tariffs on Chinese wire hangers were imposed, production would simply shift to third countries, which could not be subject to section 421's China-specific restrictions. In that event, import relief would have little or no benefit for any domestic producer.

Additional tariffs would have an uneven impact on domestic distributors of wire hangers. For some distributors, the tariffs would likely lead to some income benefits. However, the tariffs would likely harm other distributors in light of their business models.

Additional tariffs would also likely have a negative effect on the thousands of small, family-owned dry-cleaning businesses across the United States that would either have to absorb the resulting increased costs or pass them on to their customers.

The circumstances of this case make clear that the U.S. national economic interest would not be served by the imposition of import relief under section 421. I remain fully committed to exercising the important authority granted to me under section 421 when the circumstances of a particular case warrant it.

Section 421 is not the only avenue available to the petitioning domestic producers as they seek to adjust to import competition. I hereby direct the Secretary of Commerce and the Secretary of Labor to expedite consideration of any Trade Adjustment Assistance applications received from domestic hanger producers or their workers and to provide such other requested assistance or relief as they deem appropriate, consistent with their statutory mandates.

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

George W. Bush

[Filed with the Office of the Federal Register, 10:55 a.m., April 28, 2003]

NOTE: This memorandum was published in the *Federal Register* on April 29. This item was not