



AMERICAN INSTITUTE FOR INTERNATIONAL STEEL, INC.

September 24, 2004

Kelly Parkhill
Director for Industry Support and Analysis
Import Administration, Room 3713
Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Re: Comments on Advanced Notice of Proposed Rule Making: Steel Import Monitoring and Analysis System

Dear Mr. Parkhill:

The American Institute for International Steel (AIIS) is a trade association working to promote economic growth through free trade, the defense of private initiative in the buying and selling of steel, and the preservation of unhampered access to world markets. AIIS has previously consulted with you, both in meetings at your offices and in your presentations at AIIS meetings, and submitted written comments concerning the existing Steel Import Monitoring and Analysis (SIMA) system. These comments specifically respond to the Advanced Notice of Proposed Rulemaking, Docket Number 040305083-4083-01, published in the Federal Register. AIIS once again sets forth its argument that SIMA, and any extended or replacement system, is an unnecessary additional layer of trade documentation, adding to the time and cost for traders engaged in importing steel without providing any significant informational benefit. The Institute also responds to the specific issues raised in the Notice of Proposed Rulemaking with regard to issues and features that should be considered if SIMA is nevertheless extended or replaced.

SIMA is an Unnecessary Administrative Burden on the Import Process

The advanced notice indicates that "the purpose of the...SIMA system is to provide...accurate and timely information on imports of certain steel products." Established as part of the "Global Steel 201" relief package, part of the intent was to provide information on "surges" of imports to aid in the administration of trade issues; another aspect of the system is to provide data analysis and information in useful formats for all parties concerned with steel trade. The generally easy accessibility of information on the system, and certain of the report formats, have been found helpful by some importers and traders in watching and analyzing trade movements. AIIS believes, however, that this limited utility is outweighed by the additional burden placed on the trading community of filing and complying with import license requirements, in view of the easy access to other publicly available trade data which provides essentially the same information content in an almost identical, and some times improved, time frame.

AIIS applauds the efforts made by the Commerce Department in developing the SIMA system to establish a program which does not entail excessively burdensome reporting requirements. Nevertheless, importers directly, or through their brokers or suppliers, have extra administrative steps added to every import transaction, including completion of the import license application, with the necessity for proper classification and attribution of goods; and carrying the license information through to the entry summary filed with Customs and Border Protection, with potential penalty liability for even inadvertent failure to comply. Although the burden involved in any single transaction may be reasonably negligible, the total of time and effort required for all of the steel import transactions which occur adds significant cost, and can on occasional result in delayed product clearance, or inadvertent penalty liability.

Alternative sources of information are easily available to provide the same essential data, in some cases on an even more timely basis than that produced by the SIMA system. All of the information which goes into the SIMA system also goes into Census, and results in publicly available reports distributed only a short time after the availability of the SIMA data. The information in these reports is also picked up and redistributed by various organizations, including the AISI and AIIS itself.

The SIMA data, like the Census data, are based on actual transactions. One of the problems in using those data to follow trends, and predict possible "surges", is the limitation to actual transactions, and the necessary lag in reporting until the transactions take place. An alternate data source is the steel import market survey conducted by and for AIIS, and reported on its website at www.aiis.org. This survey secures input from multiple trading sources, and compiles the data to produce reports on expected trends in volume, prices, and supply/demand balance based on advance bookings. The information includes not only overall steel imports but is broken down by product categories. The system has been in operation long enough to demonstrate a high degree of accuracy in predicting import volume and pricing, accordingly making trend information available on a reliable basis much earlier than even a revised version of SIMA could do.

AIIS continues to believe that the time and cost burden of reporting in the SIMA system, even though kept as minimal as possible; combined with the widespread availability of essentially identical information, and better predictive tools; supports the conclusion that the licensing system is an unnecessary extra burden on international trade, and should either be discontinued or allowed to expire on March 21, 2005.

Issues Applicable to an Extended/Revised SIMA

Product Coverage

The products covered in the SIMA system are those included in the Global Steel 201 of which it was part. There is no specific reason, as the remedy to which it was attached has been terminated, to continue with the same product coverage. There is, however, no basis for any significant expansion of product coverage, as the system already includes those products found sufficiently sensitive to be included in the 201 action.

Timing of the License Application

This issue caused considerable controversy and discussion at the time that SIMA was first implemented. One of the points made by AIIS at that time, which we believe is still important and valid, is the link between the information provided with the import license and that set forth on the Customs Entry Summary. Without that link, it would become extremely difficult to correlate and validate information between the SIMA system and the data gathered on actual importations by Census. Any attempt to require the filing of import license applications significantly prior to the entry, and not tied to specific entries, would tend to create somewhat speculative data, as transactions are often subject to change until very close to their shipping dates. The AIIS survey system, described above, works, and has proved to be a valid predictor, because it addresses price and volume trends, and makes no attempt to tie specific transactions to specific entries. Any attempt to change SIMA into a more long term predictive system would, unless it adopted procedures similar to the AIIS survey, most likely have too many uncontrolled fluctuations due to changes in specific transactions over time. Shifting SIMA to this type of predictive system would also be duplicative of a service already provided in the private sector by AIIS.

It is our understanding that the majority of import license applications are filed at or immediately prior to the filing of the Entry or Entry Summary with Customs. The system allowing filing up to two months prior to entry for those desiring to do so allows those certain of their transaction data to enter them at an early time, while not requiring companies to input somewhat speculative data before transactions have actually been finalized. Because there is no reasonable method, other than the link to the Customs Entry Summary, to verify data accuracy for specific transactions (without establishing an extremely burdensome and complex process), no change should be made in the timing of the license application from that existing in the current system. We also note that the current system has been accepted by Customs as there is little administrative burden placed on that agency.

Import Monitor

The data available in the import monitor has been found useful by some traders (although, as noted above, not enough to warrant the burden of the entire reporting system). Should SIMA be extended, care should be taken in any revisions or expansions of the import monitor to avoid data disclosure or analysis which could allow improper identification of individual firms and specific transactions. This will require utilizing the same type of restrictions on disclosure of such data incorporated in the Census Department reports.

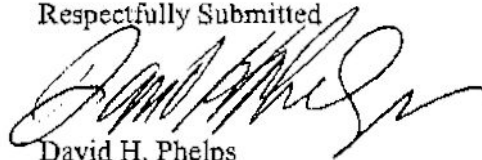
Conclusion

AIIS continues to believe that the SIMA system is an unnecessary additional burden on the import steel trade, requiring the expenditure of time and money, and exposure to possible penalty liability, completely out of proportion to the small benefits gained by some of the data presentation modes. Because the information supplied through SIMA is generally available in almost identical compilations within similar time frames, and other sources provide better

predictive data, the SIMA system is no longer necessary, and should be terminated or allowed to expire.

If the SIMA system is extended and/or modified, product coverage should not be expanded. The current administrative process for filing for licenses, including the timing of the license application, has proven to be minimally intrusive (although, as noted above, cumulatively requiring significant resources), and should be continued essentially unchanged.

Respectfully Submitted



David H. Phelps
President