



**COLD FINISHED  
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Kelly Parkhill  
Director for Industry Support and Analysis  
Import Administration, Room 3713  
U.S. Department of Commerce  
14<sup>th</sup> & Constitution Avenue, N.W.  
Washington, D.C. 20230

Re: Request for Comments on Steel Import Monitoring and Analysis System

Dear Mr. Parkhill:

These comments are filed on behalf of the Cold Finished Steel Bar Institute (“CFSBI”), a trade association representing the North American cold finished steel bar industry. The CFSBI's overall mission is to promote and encourage beneficial and useful growth and development of the cold finished steel bar industry and to foster, among the public, the government, members of the industry, and major user groups, an awareness and recognition of matters and conditions of importance to (or affecting) the industry.

The Department of Commerce (the “Department”) published a proposed rule and request for public comments in the *Federal Register* on August 25, 2004 (69 Fed. Reg. 52211) regarding the Steel Import Monitoring and Analysis (“SIMA”) program. With respect to the SIMA program, the Department is seeking specific comments on product coverage, timing of the licensing application, and possible modifications to the import monitor. The CFSBI supports the continuation and expansion of the SIMA program, and submits these comments in response to this notice.

**I. Comments in Support of the SIMA System**

To help ensure fair trade in steel in the post-Section 201 environment, the CFSBI believes it is imperative that the SIMA system be extended and enhanced. The unpredictability in world steel markets makes it critical that the Administration move quickly to do so in order that the government and industry have current and accurate steel import information. With a

new EU agreement placing tight quotas on Ukrainian steel and with U.S. imports steadily rising from Ukraine, Spain, Germany and other countries, the Department needs to implement the Administration's stated commitment to enhance and extend steel import monitoring through the SIMA system.

SIMA provides the government and industry with essential information collected from the licenses submitted by steel importers with respect to its steel entries. This information forms the basis of the Department's surge monitoring program and early warning system to alert the public about changes in the quantities, types, and origins of steel imports.

It is crucial that the SIMA system be able to quickly identify steel import trends and report steel imports in as close to "real-time" as possible. While similar information on steel imports is collected by the Bureau of U.S. Customs and Border Protection ("CBP") and the Bureau of the Census ("Census") from customs entry forms, this information cannot be disseminated expeditiously to permit its use as a "real-time" steel monitoring program. Steel import data collected by CBP can only be reported publicly through Census statistical releases. For steel, the release of statistical information normally occurs between three and seven weeks after the end of the importing month, and as much as seven to eleven weeks after the steel has entered the country. Accordingly, in order to have meaningful monitoring of steel imports, the SIMA system is needed to disseminate steel import data sooner.

The SIMA system does not impose any significant burden on importers, and it does not restrict or limit imports. The program does nothing more than provide for the early collection and release of data that is made publicly available at later dates through the normal Census trade data dissemination process. Further, the burden upon the importer has been lessened by the automatic nature of the SIMA system and the relatively small amount of easily accessible data being requested. The Department has noted that it takes no longer than ten minutes using the SIMA system to complete the license application and receive a license number. Moreover, in most cases it is brokerage companies that apply for the steel licenses on behalf of importers. These brokers are already involved in filing required documentation for importing goods into the United States, and are very familiar and experienced with automated systems, including SIMA.

Finally, the existing SIMA system is fully consistent with the World Trade Organization ("WTO") rules. In addition, the Administration would not be precluded from including currently uncovered steel products in the SIMA system -- a modification to the program, which the CFSBI supports. Import licensing is specifically authorized under the WTO. Moreover, Canada and other U.S. trading partners have permanent steel import licensing programs in place.

## **II. Specific Recommendations to Expand the SIMA System**

In addition to supporting the continuation of the SIMA system in its present configuration, the CFSBI supports the improvement of the program by recommending the following actions. The CFSBI believes that these actions would significantly enhance the purpose underlying the steel import-monitoring program for the reasons discussed herein.

- The SIMA system must be made permanent.

- Volume and value data must be collected and disseminated.
- The 10-digit HTS product classification, country of origin of the steel, and port of entry must be made public and disseminated in the form of a three-dimensional matrix.

### **III. Comments to Specific Department Inquiries**

The CFBSI provides the following comments in response to the Department's particular interest in receiving comments on (1) product coverage of the SIMA system; (2) timing of the licensing application; and (c) possible modifications to the import monitor.

#### **1. Product Coverage**

The current system could be greatly improved by expanding the limited scope of product coverage. Currently, cold finished steel bar and hot-rolled bar are SIMA-covered products. The CFBSI recommends that the SIMA program be expanded to break out free-machining grades of products that are presently subsumed within these two product categories. Free-machining is an important segment of the industry. Imports of free-machining cold finished steel bar and hot-rolled bar are regularly monitored by the CFSBI based on data derived from Census data.. Accordingly, the CFSBI urges the Department to consider expanding SIMA to include the collection and dissemination of import data at the ten-digit HTS level for free-machining grade cold finished steel bar (HTS No. 7215.10.0000) and free-machining hot-rolled bar (HTS Nos. 7213.20.0000 and 7214.30.0000).

#### **2. Timing of Licensing Application**

Under the current SIMA program, filers may apply for a steel license up to the date of the filing of the entry summary, which may be filed up to ten days **after** the entry and release of the merchandise. However, to generate more useful data, the CFSBI urges that a license should be obtained no later than the date of entry and release. While the CFSBI firmly believes that it would be possible for importers to obtain the essential information about shipments of offshore steel much earlier -- for example, at the point of exportation -- adequate information is unquestionably readily available to importers 15 days before entry.

Accordingly, the CFSBI requests the Department to consider incentives to encourage importers of offshore steel to obtain an import license at least 15 days prior to the date of entry. This change would provide importers sufficient time to obtain all relevant data, while providing greater assurances that the submitted data --which is being submitted closer to the date of importation -- is accurate and complete, which will further enhance the effectiveness of the program.

### **3. Modifications to Import Monitoring**

The CFSBI recommends that the data collected by SIMA must be made available in a three-dimensional matrix organized by 10-digit HTS category, country of origin of the steel product, and port of entry. The matrix would facilitate analysis at the same level of detail that is found in the statistics published by Census each month. While the CFSBI believes it is appropriate for the Department website to contain numerous standardized output tables, there must also be the capability and flexibility to allow users to sort the database and construct customized output tables to meet each user's specific needs.

#### **IV. Conclusion**

The CFSBI appreciates the opportunity to comment in support of continuing and improving the SIMA system. It is important to remember that the principal benefit of this program is to provide government policy makers (i.e., Administration officials and Members of Congress) with the most timely and accurate information about the steel sector. In addition, SIMA provides critical information to all industry participants, which allows for the most appropriate and efficient response to the inevitable and volatile changing market indicators in the steel sector.

Representatives of the CFSBI would be pleased to meet with Department officials to discuss these comments. We appreciate your consideration of the organization's views on this important matter.

Respectfully submitted,



Chairman Governmental Relations  
Cold Finish Steel Bar Institute