LAW OFFICES
STEWART AND STEWART
2100 M STREET, N.W.
WASHINGTON, D.C. 20037

TELEPHONE (202) 785-4185
TELECOPIERS
(202) 466-1286/87/88

E-MAIL
GENERAL@STEWARTLAW.COM
WWW.STEWARTLAW.COM

September 23, 2004

BY HAND DELIVERY

Mr. Kelly Parkhill
Director for Industry Support and Analysis
Import Administration, Room 3713
U.S. Department of Commerce
14th Street and Constitution Avenue, NW
Washington, DC 20230

Re: Steel Import Monitoring and Analysis System – Advance Notice of Proposed Rulemaking

Dear Mr. Parkhill:

These comments are submitted on behalf of International Steel Group, Inc. ("ISG") in response to the Department's *Federal Register* notice of August 25,2004 (69 *Fed. Reg.* 52211) requesting suggestions on whether or not to extend the Steel Import Monitoring and Analysis (SIMA) system as well as suggestions on how to improve the SIMA system, while minimizing any impediments to international commerce. With 15 production facilities in nine states, ISG has the most capacity of any integrated steel producer in the United States. ISG produces a wide variety of steel mill products including hot-rolled, cold-rolled and coated sheets, tin mill products, carbon and alloy plates, rail, specialty blooms, carbon and alloy bars. Its principal markets include automotive, construction, machinery and equipment, appliance, containers, service centers, and rail. As such, ISG strongly supports extension of the SIMA system because of the important role it can play in helping domestic producers understand evolving trends in imports that may suggest unfair trade practices are occurring.

As the Department is aware, the domestic market for steel (as well as the global market) has long been characterized by volatility in supply and prices, typically due to surges in imports – often at dumped and subsidized prices. The SIMA system was put into place when the Section 201 relief was implemented in order to enable the U.S. Government to monitor significant changes or potential surges in steel imports, particularly from countries that had been excluded from the remedy. It remained in place following the termination of Section 201 tariffs and has continued to provide timely and accurate information on imports of the products previously covered by Section 201 tariffs. *The importance of continued access to such timely and accurate information during a period of heightened volatility in world steel markets cannot be disputed.* Accordingly, ISG strongly encourages extension of the SIMA system.

In addition to supporting the extension of the SIMA system, ISG strongly urges several key improvements in the system. First, ISG urges the Commerce Department to make the SIMA system permanent. Current volatility in the steel markets is likely to continue for the foreseeable future. Access to the kind of information that the SIMA system provides helps domestic steel producers react rationally and efficiently to changing market conditions and understand the role imports are playing in the market more quickly than reliance on Census data alone permits.

Second, ISG urges Commerce to expand the coverage of the SIMA system to all basic steel products, not just those previously subject to Section 201 tariffs. While limiting the scope of the SIMA system to products subject to Section 201 relief may have been understandable when those tariffs were still in place, that rationale for a limited scope is no longer in effect. However, the *need* for the same kind of information for all steel products continues to exist, since the industry has experienced import surges in the past in nearly all steel products over time. For example, ISG produces rails for the railroad industry in its facility in Steelton, Pennsylvania. Rails were not covered by Section 201 tariffs. ISG has seen sizeable increases in imports of rails from Asia and Europe in recent periods. It would be important for ISG to have access to timely information on rail imports to track whether or not they are being imported fairly.

Third, ISG urges the SIMA system collect import data down to the ten-digit HTS product level. This would permit analysis of import information for purposes of potential trade remedy cases. As is currently the case with the SIMA system, the expanded import data should be collected and reported on both a volume and value basis and by country of origin.

In closing, ISG notes that the current SIMA system is due to expire next March. As Commerce has thus far published only an advance notice of proposed rulemaking, it is apparent that Commerce has several additional steps to cover before an expanded and improved SIMA system is ready to be installed. Accordingly, ISG urges Commerce to proceed expeditiously so that it may complete this process on a timely basis.

Respectfully submitted,

Terence P. Stewart
Eric P. Salonen

Special Counsel to ISG