

September 23, 2004

**Via E-mail: steel\_license@ita.doc.gov**

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

Re: ***Comments on Advanced Notice of Proposed Rulemaking  
by Japan Iron & Steel Federation***

Dear Mr. Parkhill:

On behalf of the Japan Iron & Steel Federation (JISF), we hereby submit the following comments on the Department's Steel Import Monitoring and Analysis System (SIMA). These comments are being submitted in response to the Department's Advanced Notice of Proposed Rulemaking, which included a request for written comments<sup>1</sup> JISF appreciates the opportunity to submit its views on the import licensing system.

In brief, JISF is not opposed to the concept of an import monitoring system. However, JISF would oppose any changes to the current SIMA that would increase the administrative burden on steel importers, purchasers, and the trading community in general. In addition, based on the

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<sup>1</sup> *Advanced Notice of Proposed Rulemaking: Steel Import Monitoring and Analysis System*, 69 Fed. Reg. 52211 (August 25, 2004).

commitments undertaken as a World Trade Organization (WTO) member, any steel import licensing system implemented by the United States must be as simple as possible and should be administered in a way that has no restricting effects on steel imports.

The existing SIMA is currently scheduled to terminate on March 21, 2005 unless the Secretary of Commerce establishes a replacement program. As the Department noted in its Advanced Notice of Proposed Rulemaking, domestic steel producers as well as the American Iron and Steel Institute (AISI) and the Steel Manufacturers Association (SMA) have urged the Department to implement an enhanced replacement program for the SIMA. As indicated above, JISF is not opposed to a steel import licensing system. In fact, a reasonable expansion of the current SIMA that is appropriately implemented could be helpful to both U.S. and foreign governments and to both domestic and foreign steel industries by providing reliable information on the status of the U.S. market.

Nonetheless, there is no basis for implementing changes to the SIMA that would be complicated or administratively burdensome. JISF opposes any change to the SIMA that would impose additional burdens on U.S. steel importers and increase costs for purchasers and consumers. Neither the U.S. steel industry nor the U.S. economy as a whole would benefit from procedures that are more elaborate, bureaucratic, or burdensome than the current steel import licensing system.

As a matter of fact, any new U.S. import licensing system implemented by the Department should be consistent with WTO rules and comply with the relevant provisions of the WTO Agreement on Import Licensing Procedures. The WTO Agreement recognizes that automatic import

licensing systems such as the SIMA can be useful but should not be used to restrict trade.<sup>2</sup> Moreover, in general, import licensing systems should be as simple as possible.<sup>3</sup> More specifically, the agreement provides that automatic licensing procedures shall not be administered in such a manner as to have trade restricting effects on the subject imports.<sup>4</sup> In addition, should the Department contemplate changing the SIMA so that it is not automatic, the WTO agreement directs that such import licensing systems be no more administratively burdensome than absolutely necessary.<sup>5</sup>

In conclusion, SIMA was implemented in connection with the Safeguard Measures with respect to Certain Steel Products proclaimed by the President in March 2002.<sup>6</sup> These measures were terminated in December 2003. Although the Department has continued SIMA, this system should not be expanded or changed so that it operates to the detriment of foreign steel producers or U.S. importers and consumers. The system should be simple, automatic, not administratively burdensome, and not trade restrictive.

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<sup>2</sup> See *WTO Agreement on Import Licensing Procedures*, reprinted by the WTO in *The Legal Texts of the Results of the Uruguay Round of Multilateral Trade Negotiations*, at 223 (Cambridge University Press 1999).

<sup>3</sup> *Id.*, Article 1, paragraphs 5 and 6, at 224.

<sup>4</sup> *Id.*, Article 2, paragraph 1, at 223.

<sup>5</sup> *Id.*, Article 3, paragraph 2, at 226.

<sup>6</sup> See *Presidential Documents: Action Under Section 203 of the Trade Act of 1974 Concerning Certain Steel Products*, 67 Fed. Reg. 10593 (March 7, 2002).

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Please do not hesitate to contact the undersigned should you have any questions concerning these comments.

Respectfully submitted,

A handwritten signature in black ink that reads "Miriam A. Bishop". The signature is written in a cursive style with a large initial "M".

Daniel L. Porter  
Miriam A. Bishop

Counsel to JISF