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September 24, 2004

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

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

Dear Mr. Parkhill:

These comments are filed on behalf of the U.S. and Canadian members of the Metals Service Center Institute in response to the notice appearing in the Federal Register of August 24, 2004. With over 365 members operating approximately 1,000 facilities on both sides of the border, metals producers and service centers are arguably the most important channel for North American manufacturing. Our service center members which number over 200 purchase both domestic and imported metals. Our business is to supply competitively priced materials to some 300,000 of manufacturing and construction firms on both sides of the border.

We do not wish to see the market oversupplied or undersupplied. The former condition depresses market prices, devalues inventory, and leads to trade complaints that limit or even eliminate some foreign suppliers providing special qualities, grades and sizes of material not readily available from U.S. mills. The latter inflates prices, disrupts downstream production, and inevitably leads to oversupply that threatens the financial health of the steel market. . A well functioning import monitoring system would help moderate the vicious cycle of glut and scarcity.

However, our support for any such system is conditioned on several critically important provisos:

- First, it must function non-intrusively. If licenses are required, they must be available automatically, without delay, and at no or only a nominal cost.
- Second, the special nature of US-Canada trade must be adequately recognized and accommodated. Many of our members serve customers on both sides of the border. Some of them deliver across the border on a just-in-time basis. Often they ship on extremely short notice – same day or overnight -- to meet urgent customer needs. Some of them maintain inventory on both sides of the border and make frequent intracompany transfers to balance stocks at locations in both countries. The result is a large volume of small shipments which has not heretofore been a concern to steel producers on either side of the U.S. Canadian border. Thus, rules that might make sense for ocean-borne imports and large volume shippers are simply not appropriate to this cross border trade. If these imports are to be

included in the licensing procedures, then a monthly data summary due 30 to 45 days after importation would make better sense.

- Third, the principal purpose of a monitoring system should be to provide the most timely and detailed information possible as to the quantity of steel in the import pipeline. Ocean-borne shipments can be required to obtain licenses well in advance of arrival in the U.S. without undue burden to foreign mills, shippers or importers of record. Data on license issuance should be made available in as timely and transparent a manner as possible. We believe all parties--service centers, importers foreign producers and U.S customers should participate fully in this process. These parties should also be able to access data and comment to the Commerce Department on any potential issues or concerns that might develop during the course of the monitoring and licensing program. All data, once received by the DOC should be posted on-line on a weekly basis.

Such a system would help avoid market problems, specifically those of oversupply. All parties would have access to the same data regarding imports bound for the U.S. market. Together with other market indicators, these statistics would enable each party to make better informed decisions about the future balance of supply and demand. If even one round of antidumping cases were avoided through such means, the savings in terms of injury to producers, legal expenses to all interested parties, and the time and money of government agencies would make it worth the effort.

On these conditions, MSCI would support a permanent, comprehensive import licensing and monitoring system to improve and replace the current system that is due to expire March 20, 2005.

Thank you for providing the opportunity to submit our views. We would be pleased to work with the Department to develop an improved monitoring system.

Respectfully submitted,

A handwritten signature in black ink that reads "M. Robert Weidner, III". The signature is written in a cursive style with a horizontal line underlining the name.

M. Robert Weidner III
President & Chief Executive Officer