

September 24, 2004

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**Comments on Advanced Notice of Proposed Rule Making  
on 19 CFR Part 360 (Docket No. 040305083-4083-01)**

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The Government of Japan hereby presents its comments regarding the proposed extension of the Steel Import Monitoring and Analysis System (SIMA).

The SIMA was originally introduced in connection with the implementation of the safeguard measures with respect to certain steel products proclaimed by the President of the United States in March 2002. The safeguard measures were then found to be inconsistent with the WTO Agreement by the Dispute Settlement Body of the WTO, followed by their termination in December 2003 by the U.S. Government. The SIMA has remained until today, however.

In relation to the present proposed rule, while the Government of Japan does not oppose the SIMA itself, it strongly requests the U.S. Government to continue to ensure that the SIMA and its implementation be consistent with the WTO Agreement. Particularly, it should not be inconsistent with the Agreement on Import Licensing Procedures (Licensing Agreement); it should not afford protection to the U.S. domestic steel industry which is prohibited by the Agreement on Safeguards; and it should not cause any trade barriers that are inconsistent with the WTO Agreement. Concerning the Licensing Agreement, the system should continue to be “simple, transparent, fair and equitable (Article 1(3), Licensing Agreement).” It is also important that procedures should not be administered in a manner that has restricting effects on imports subject to the SIMA.

Furthermore, the Government of Japan requests the U.S. Government not to expand the product coverage of the SIMA and to ensure that applications for licenses should be approved automatically for all steel imports from Japan, to minimize additional works and cost for Japanese producers incurred by taking application procedure and maximize foreseeability of their export business.

Since the details of the present proposed rule have not been consolidated yet, the Government of Japan will continue to closely monitor the SIMA.