

Steel Import and Analysis System (SIMA)  
Comments on the Interim Final Rule

By

American Iron & Steel Institute  
Cold Finished Steel Bar Institute  
Committee on Pipe & Tube Imports  
Metals Service Center Institute  
Specialty Steel Industry of North America  
Steel Manufacturers Association  
United Steelworkers  
Wire Rod Producers' Coalition

The above listed trade groups and union (hereinafter referred to as the industry), on behalf of their members in the United States, respectfully submit these comments on the interim final rule issued by the Department on March 11, 2005 as 70FR 12,133 for the SIMA. These organizations represent companies engaged in the overwhelming majority of steel production and distribution in the U.S., as well as the trade union representing the majority of production workers.

We thank the Department for recognizing the importance and value of the SIMA program, and for extending it for four years in an improved form. This program is a critical component to the government's ability to closely monitor steel imports. While the extended program will not address all the needs of the steel producing industry, steel consumers and the public sector, it does provide significant and welcome enhancements from the original system.

Individual elements of the extended and enhanced program are discussed below:

- Expanded coverage of steel mill products – Since 201 remedies are no longer in place, and since the entire spectrum of steel mill products is affected by imports, it is appropriate that all basic steel mill products are covered under the SIMA. This will allow early identification of shifts and surges without gaps in product coverage.
- Terminated coverage of certain downstream products – The industry is concerned that elimination of certain products from coverage will lead to less available information on these important products. Further, developments in downstream products do impact basic steel products, emphasizing the value of including downstream products in the SIMA system. Since compliance with the program is not burdensome to foreign suppliers, and since this information is useful to all interested user parties, we encourage the Department to maintain the inclusion of downstream products in the system. Circumvention of AD/CVD orders through non-

applicable fabrication operations is another good reason for maintaining downstream products in the system.

- Product detail at the 6-digit HTS product level – Steel is a complex mix of myriad products. There are many further disaggregations within most 6-digit categories. Substantial shifts in product mix, from both value and usage standpoints can and do occur at the 7 through 10 digit levels. These changes and shifts are lost at the 6-digit level of detail. The industry remains convinced that 10-digit data will prove very useful to all users. It is significant to note that 10-digit reporting is already available in published Bureau of the Census statistics, although much later in time, which is a major reason for the SIMA. As an alternative to the 10-digit, the industry believes that information at the 8-digit level is more beneficial than 6-digit.
  - If, despite our reasoning, the Department still believes it is not appropriate to release SIMA detail at the 10-digit level, the industry suggests that a methodology similar to the one used by the American Iron and Steel Institute (AISI) could be employed. AISI publishes statistics by product, by consuming industry and by state of destination. When any cell of any aggregated statistical matrix is populated by fewer than three suppliers, the data are not released for that cell. Instead, the cell is filled with the letter “D”, meaning Disclosure. This allows relevant, but insensitive data, to be released, without compromising sensitive data and without gaps in coverage. This system has been in use for many years, and has proven to be effective and responsive to users’ needs. This same disclosure system can be applied to the issue of port data, below.
- Port detail – The “potential release of proprietary information” as a concern regarding port detail falls into the same realm as 10-digit product statistics. The Department’s concern is likely overshadowed by the usefulness of the data to all interested parties. Steel is concentrated in about a dozen major ports, the universe of which will not likely present a disclosure problem. See above regarding 10-digit product detail for an appropriate solution. Information on port entries also allows the industry to monitor and identify any potential commercial enforcement problems with the U.S. Bureau of Customs and Border Protection.
- Four year duration of extension – The industry believes that four years covers a significant span in the ever changing and dynamic steel market. We also remind the Department of the Administration’s prior commitment to making the SIMA “indefinite”. The four year extension of SIMA will allow ample time to revisit this issue as we approach the new expiration date, allowing further extension. The industry strongly advocates a permanent or “indefinite” SIMA, with our full expectation that the program will be

reviewed, improved and extended at the end of the current four year extension.

The industry is generally pleased with the components of the extended and enhanced SIMA. However, we hope you will reconsider some of the limitations of the program as described in the interim final rule, based on our above recommendations and concerns. This program is critically important. The industry looks forward to working with the Department and Administration regarding its indefinite continuation. Thank you for the opportunity to offer comments, and for your diligent attention to the trade-related needs of the steel industry and its workers.