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May 10, 2005

VIA ELECTRONIC MAIL

Kelly Parkhill
Director for Industry Support and Analysis
Import Administration, Room 3713
Department of Commerce
14th and Constitution Ave., N.W.
Washington, DC 20230

RE: Steel Import Monitoring and Analysis System

Dear Mr. Parkhill:

In response to the Request for Comments included in the Federal Register Notice issued by the Department of Commerce on March 11, 2005,¹ we hereby file comments on behalf of United States Steel Corporation ("U.S. Steel") regarding Commerce's decision to implement an enhanced and expanded Steel Import Monitoring and Analysis system ("SIMA").

We appreciate the opportunity to comment on this vital program. Since SIMA became effective in February 2003, it has proven to be an extremely valuable program providing critical information to all market participants. Given the volatility of world steel markets, and the significant trade issues that have confronted this industry in the past, ensuring access to the most timely and accurate information possible regarding import patterns and changes is vital to ensure that the market can operate efficiently – and that government officials and industry participants can react quickly to material developments. For all these reasons, SIMA has enjoyed broad and overwhelming support from all segments of the market.

Notwithstanding the success of this initiative, and as the Administration recognized in promising enhancements to the program, there were a number of changes (other than extending the program beyond its scheduled expiration in March 2005) that were needed to significantly increase the usefulness of SIMA – most notably in terms of the release of information at a more specific product level and

¹ Department of Commerce, "Steel Import Monitoring and Analysis System: Interim Final Rule," 70 Fed. Reg. 12133, 12136 (March 11, 2005).

broader product coverage. These needed enhancements prompted the proposals contained in the interim final rule, with respect to which we offer the following comments:

General Comments: The interim final rule continued SIMA to ensure no lapse in the program after March 2005 (i.e., the original expiration date), and proposes extension of the program until March 21, 2009 (which may be extended). The rule also proposes expansion of the program to other basic steel mill products (beyond those covered by the steel safeguard measure), with implementation of this expansion by June 9, 2005. In addition, the interim final rule proposes the release of import data on a 6-digit Harmonized Tariff Schedule ("HTS") level (as opposed to the much broader safeguard product categories that were used previously).

In general, we support the framework outlined in the interim final rule and believe it represents a significant improvement over the previously existing program, while going a long way toward successfully achieving the goals sought by the Administration and interested parties. We believe that the Administration's priority going forward should be in swift implementation of a final rule and in ensuring that the extension of the program to new products proceeds seamlessly. Further enhancements (examples of which are discussed below) should be considered as time and opportunity allows, but should of course in no way delay full implementation of a final rule and expansion of the program as outlined in the interim final rule.

Additional Comments: While, as noted, we support the proposals in the interim final rule, the Administration should consider additional enhancements – whether prior or subsequent to adoption of a final rule – that would further improve the usefulness of the program. In particular, Commerce may wish to consider the following:

- **Proprietary Information:** As noted, Commerce has stated that SIMA will present aggregate data at the 6-digit Harmonized Tariff Schedule ("HTS") level, rather than at the 10-digit HTS level, due to concerns about the inadvertent release of proprietary information.² Commerce's decision not to release SIMA data by port of entry reflects similar concerns.³ While we appreciate such concerns, we believe that providing 10-digit HTS and port of entry data, where possible, would improve SIMA by providing significantly more detailed market information. We also note that the U.S. Census Bureau regularly makes import data available at the 10-digit HTS level, and also publicly reports import data by U.S. customs district.

² *Id.* at 12135.

³ *Id.*

In this regard, we believe there are methodologies that would allow SIMA to provide additional detail without compromising proprietary information. For example, the American Iron and Steel Institute publishes industry data by product, consuming industry and state of destination, but does not release information for any category reflecting data from fewer than three companies.⁴ A similar system could be employed by Commerce in deciding where release of information might raise confidentiality concerns. In such cases, data not released at the 10-digit level could be reported as part of a broader category to ensure no gap in reported data. We would welcome the opportunity to discuss this issue further, either in the context of this final rulemaking or in the future.

- Renewal of SIMA: As noted, the interim final rule provides that the program will be in effect through March 21, 2009, although it may be extended prior to this date.⁵ We would note that the Administration previously indicated its commitment to make the program "indefinite," given its extraordinary success and usefulness. While review of the program to consider further refinements and enhancements may well be appropriate, we believe it is critical that the program remain in place going forward (not just for the next four years). Indeed, as more and more industry participants and government officials use and grow accustomed to this program, its importance will only be magnified. Accordingly, we look forward to working with the Administration to keep this essential program in place indefinitely.

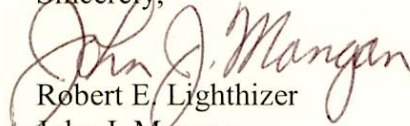
⁴ For more information regarding this methodology, *see* Comments on the SIMA System Submitted by the American Iron and Steel Institute, the Cold Finished Steel Bar Institute, the Committee on Pipe and Tube Imports, the Metals Service Center Institute, and Pre-Stressed Concrete Steel Wire Strand Producers' Coalition, the Specialty Steel Industry of North America, the Steel Manufacturers Association, the United Steelworkers of America, and the Wire Rod Producers' Coalition at 2 (May 10, 2005).

⁵ 70 Fed. Reg. at 12138.

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Once again, we thank Commerce for the opportunity to provide comments on SIMA. If you have any further questions or require additional assistance, please let us know.

Sincerely,

A handwritten signature in dark ink, reading "John J. Mangan". The signature is written in a cursive style with a large, looping initial "J".

Robert E. Lighthizer
John J. Mangan
James C. Hecht