

September 23, 2004

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:

We hereby submit the following comments on behalf of the Wire Rod Producers Coalition (“WRPC”), domestic producers of carbon and alloy steel wire rod, on the proposed rule and request for public comment published by the Department in the Federal Register on August 25, 2004 concerning the Steel Import Monitoring and Analysis (“SIMA”) system. See Steel Import Registration and Monitoring System; Advanced Notice of Proposed Rulemaking, 69 Fed. Reg. 52211(Aug. 25, 2004). WRPC members include ISG Georgetown, North Star Steel Texas, Keystone Consolidated Industries and Gerdau Ameristeel. WRPC members account for the majority of carbon and alloy steel wire rod (“CASWR”) produced in the United States.

The WRPC believes that continuation and extension of the SIMA to include other steel products in Chapters 72 and 73 of Harmonized Tariff System of the United States (“HTSUS”) should be undertaken by the Department. In this regard, the WRPC generally supports similar collective comments filed by the various domestic steel industry groups including the PC Strand Producers Coalition, the Specialty Steel Industry of North America, the American Iron and Steel Institute, the Committee on Pipe and Tube Imports, the Steel Manufacturers Association, and the United Steelworkers of America (“domestic industry”).

Background

The CASWR industry was not included in the SIMA program under the President’s section 201 remedy for the steel industry because CASWR was excluded from the scope of that investigation. CASWR was subject to its own section 201 order, issued in 2000. See Presidential Proclamation 7273 of February 16, 2000, 65 Fed. Reg. 8619 (Feb. 18, 2000). The remedy provided in that order was too weak to be effective. By the time the mid-term review of that order was undertaken, the domestic industry was in a state of injury worse than it was at the beginning of relief. The International Trade Commission found pursuant to NAFTA § 312 that relief to the industry was being undermined by a surge of imports from Canada and Mexico, which were outside the section 201 remedy.

As a result, in 2001, the WRPC filed and won antidumping duty cases against Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine and subsidy cases against Brazil and Canada. This has helped to improve pricing, reduce the importation of dumped and subsidized merchandise, and stabilize the market for CASWR. The market, however, remains volatile and imports continue to comprise a significant portion of the market.

General Considerations

The WRPC supports the domestic steel industry view that the volatility in world steel markets and the increase in new market participants make it essential that the government, the steel industry, and its customers have access to the most up-to-date and accurate information possible. For the first seven months of this year as compared to 2003, both total and finished steel imports have increased by 33 percent. Imports of CASWR also remain high.

The expedited review and release of the SIMA statistics, in advance of similar information published with several weeks delay by the Bureau of the Census in its official import data, will benefit not only the domestic industry and its customers, but will primarily benefit government policy makers and Members of Congress by providing the most timely and accurate information about the steel sector. The SIMA provides important information to all industry participants and policy makers, allowing for the most timely and efficient response to market signals.

The existing SIMA system is fully WTO-consistent, and in no way limits or encumbers imports. The SIMA system was designed to ensure efficient and fair administration of the Section 201 program. As currently structured, it appears generally to have accomplished these objectives within the limited scope of the 201. The WRPC shares the concern of other representatives of the domestic steel industry that several steps could be taken to improve the SIMA program, one of the most important of which is to include the steel products in Chapters 72 and 73 that were not previously included. These enhancements to the system can be accomplished without creating an impediment for the importing community or an additional cost or burden to the U.S. government.

The WRPC requests prompt implementation of the following core improvements to the SIMA program:

1. **Product coverage must be expanded to cover all basic steel products, including carbon and alloy steel wire rod products**, not just those that had been subject to the 201 remedy.
2. **The SIMA system must be made permanent**, to allow all interested parties to monitor steel import activity continually at a high level of detail, and as close as possible to real-time.
3. To ensure WTO consistency and ease of administration, **license procurement must continue to be automatic and unencumbered**.

4. Both **volume and value data must be collected** and disseminated.
5. **Detail must be provided by 10-digit HTS product, country of origin and port of entry** (three-dimensional matrix).

Product Coverage

The WRPC agrees with the other major domestic steel industry organizations that the effectiveness of the current SIMA system is limited by the narrowness of its product coverage. The program must be expanded to cover all categories of steel products. Exclusion of products from the licensing system precludes a timely assessment of their impact on the domestic market for large segments of the steel producing industry, including the CASWR industry. This is not a purely academic concern as products like CASWR not currently covered by the program are exposed to import surges without warning as a result.

The President is in no way precluded from including currently uncovered steel mill products in the SIMA system, as long as inclusion is relevant to the fundamental purpose of ensuring efficient administration. Import licensing is also specifically authorized under the WTO, and other of our major trading partners, including Canada, have permanent steel import licensing in place.

The WRPC urges the expansion of the current program to require import licenses for CASWR and the other steel products listed below in HTS Chapters 72 and 73:

- (A) Each of the headings 7206 through 7229 (relating to mill products, including CASWR).
- (B) Each of the headings 7301 through 7307 (relating to rails, structurals, pipe and tubes, and fittings and flanges).
- (C) Heading 7308 (relating to fabricated structurals).
- (D) Subheading 7310.10.00 (relating to barrels and drums).
- (E) Heading 7312 (relating to strand – including prestressed concrete steel strand — and rope).
- (F) Heading 7313.00.00 (relating to barbed and fence wire).
- (G) Headings 7314, 7315, and 7317.00 (relating to fabricated wire).
- (H) Heading 7318 (relating to industrial fasteners).
- (I) Heading 7326 (relating to fence posts).

Volume (weight) and Value Data

All output should be available in both volume (weight) and unit (\$/ton) format. This is necessary to evaluate fully and properly the impact of imports upon the domestic market.

Product by Country of Origin by Port of Entry Matrix

Data should be made available in a three-dimensional matrix of 10-digit HTS category by country of origin by port of entry. This would allow analysis at the same discreet level of detail

as can be found in the statistics published by the Bureau of the Census. While it is appropriate for the website to contain numerous standardized output tables, there should also be the flexibility and capability to allow the user to sort the database and customize output tables.

Commitment to Continuing the Steel Import Monitoring and Analysis System

Members of the Administration have made a number of public statements to the press and members of Congress indicating a commitment to continuing the SIMA system beyond its currently scheduled expiration in March 2005, and for expanding the existing system. In light of this support and commitment, we believe it is incumbent upon the government to act quickly (1) to make the system permanent and (2) to implement the enhancements cited above to provide a system that is of the greatest utility to all interested parties prior to the expiration of the current system. Inclusion of the important elements listed above in a permanent SIMA system should not delay implementation of the expanded system.

Other enhancements should be considered if they will not delay implementation of the program. One such enhancement involves timing of the license application.

Timing of License Application

To generate more useful data, a license for offshore imports should be obtained no later than the date of entry and release. While the WRPC believes that it is both possible and desirable to obtain the essential information about shipments of offshore steel much earlier, *e.g.*, at the point of exportation (for the maximum in advance notification), adequate information is certainly readily available to apply for the import license 15 days before entry. Therefore, the Department should consider -- once the revised system is in place -- incentives to encourage importers of offshore steel to obtain an import license at least 15 days prior to the date of entry. This will further enhance the effectiveness of the program.

Representatives of the WRPC would be pleased to participate in any meetings held by the Department with other domestic steel industry representatives to discuss these comments. Thank you for your consideration of these comments. Please contact the undersigned with any questions concerning these comments.

Respectfully submitted,

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R. Alan Luberda
Kathleen W. Cannon

Counsel to the Wire Rod Producers Coalition