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January 12, 2009

VIA ELECTRONIC MAIL

Mr. Kelly Parkhill
Director for Industry Support and Analysis
Import Administration, Room 3713
U.S. 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 in the Federal Register Notice issued by the U.S. Department of Commerce ("Commerce") on December 12, 2008,¹ we hereby file comments on behalf of United States Steel Corporation ("U.S. Steel") regarding Commerce's proposal to extend the current steel import and monitoring analysis ("SIMA") system until March 21, 2013.

Background. The SIMA system was originally outlined in March 2002, as part of the decision by the President to implement safeguard relief under Section 201 of the Trade Act of 1974.² Commerce issued its final rule implementing this SIMA system on December 31, 2002.³ On December 4, 2003, the President announced that

¹ U.S. Department of Commerce, "Steel Import Monitoring and Analysis System: Proposed Rule," 73 Fed. Reg. 75624 (Dec. 12, 2008) ("Proposed Rule").

² See "Presidential Proclamation 7529 of March 5, 2002 – To Facilitate Positive Adjustment to Competition from Imports of Certain Steel Products," 67 Fed. Reg. 10553 (Mar. 7, 2002).

³ See U.S. Department of Commerce, "Steel Import Licensing and Surge Monitoring," 67 Fed. Reg. 79845 (Dec. 31, 2002).

he was terminating all aspects of Section 201 relief other than the SIMA program.⁴ That same day, the Secretary of Commerce stated that the Administration intended to extend the SIMA program for an "indefinite period of time."⁵

In fact, Commerce decided not only to maintain the SIMA system, but to broaden the scope of its coverage. The 2002 SIMA system covered imports subject to Section 201 relief. But under the current system (which was created by a rule issued in December 2005)⁶ all imports of basic steel mill products are subject to import licensing requirements.⁷ Information gathered from the import licenses is aggregated and posted on the import monitoring section of the SIMA system Web site.⁸ According to Commerce, this system provides import data seven weeks earlier than it would otherwise be available.⁹

The licensing program is currently scheduled to remain in effect through March 21, 2009. However, it may be extended upon review and notification in the Federal Register.¹⁰ On December 12, 2008, Commerce announced its intention to maintain the SIMA system beyond its current expiration date for an additional period of four years.¹¹ The proposed rule makes no other changes to the current system.

Comments. U.S. Steel strongly believes that the United States needs a strong and effective SIMA system. Given the volatility of world steel markets, 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. The SIMA system gives all interested parties (including domestic producers, purchasers, importers, and government officials) the intelligence necessary to form rational expectations about market conditions, and to react quickly to material developments as they occur. Indeed, officials at U.S. Steel regularly use the SIMA

⁴ "Presidential Proclamation 7741 of December 4, 2003 to Provide for the Termination of Action Taken with Regard to Imports of Certain Steel Products," 68 Fed. Reg. 68483 (Dec. 8, 2003).

⁵ Transcript of *Lou Dobbs Tonight* (Dec. 4, 2003) (Secretary Evans).

⁶ U.S. Department of Commerce, "Steel Import Monitoring and Analysis System," 70 Fed. Reg. 72373 (Dec. 5, 2005) ("2005 Rule").

⁷ 19 C.F.R. § 360.101(a)(1) (2008).

⁸ *Id.*

⁹ 2005 Rule, 70 Fed. Reg. at 72373.

¹⁰ *Id.* at § 360.105.

¹¹ Proposed Rule, 73 Fed. Reg. at 75624.

system to ensure that their analysis of market conditions is as accurate as possible. In short, the SIMA system significantly enhances the efficiency and effective functioning of the market.

Furthermore, the U.S. SIMA system has become an integral aspect of the NAFTA Steel Trade Monitor ("NAFTA Monitor"). The NAFTA Monitor, which was launched in 2007, allows online public access to consolidated steel trade data from the United States, Canada, and Mexico.¹² The NAFTA Monitor uses data collected by national monitoring programs in Canada, Mexico, and the United States.¹³ Commerce has described the NAFTA Monitor as "yet another success" in its "continued effort to provide information to the public in a timely and transparent manner."¹⁴ To maintain this success, the United States must keep its own SIMA system in place.

Finally, the SIMA system places no significant burden on imports. As Commerce points out, there is no cost to register with the system and no cost to file for an import license.¹⁵ Moreover, each license form takes less than 10 minutes to complete.¹⁶ Thus, there is no basis for concern that the SIMA system distorts trade in this market.

¹² See NAFTA Steel Trade Monitor, available at <http://www.nastc.org/nasteel-index.html> (last visited Jan. 7, 2009).

¹³ See Press Release, "Commerce Announces Launch of North American Steel Trade Committee NAFTA Steel Monitor," ("NAFTA Monitor Press Release") available at http://www.trade.gov/press/press_releases/2007/nastc_082107.asp (last visited Jan. 7, 2009). Commerce maintains links to the Canadian and Mexican import monitors on its SIMA web page, see <http://ia.ita.doc.gov/steel/license/> (last visited Jan. 7, 2009).

¹⁴ See NAFTA Monitor Press Release.

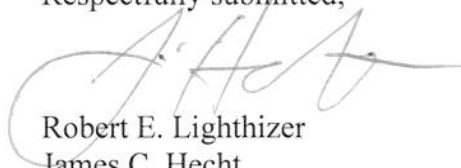
¹⁵ Proposed Rule, 73 Fed. Reg. at 75624.

¹⁶ *Id.*

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For these reasons, U.S. Steel strongly endorses Commerce's decision to maintain the SIMA system. In fact, U.S. Steel believes that the system has become so useful, and is now such an accepted part of the market by all interested parties, that Commerce should give serious consideration to making it permanent. U.S. Steel cannot anticipate any circumstance under which Commerce would want to deny itself – and the many other parties who rely on the SIMA system – the critical information that this system provides.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'R. Lighthizer', with a large, sweeping flourish extending to the right.

Robert E. Lighthizer
James C. Hecht
Stephen P. Vaughn

On behalf of United States Steel Corporation