

January 12, 2009

Mr. Kelly Parkhill  
Director for Industry Support and Analysis  
Import Administration  
Department of Commerce  
14<sup>th</sup> and Constitution, NW Room 3713  
Washington, D.C. 20230

**RE: *Comments of the Precision Metalforming Association on proposed rule; Steel Import Monitoring and Analysis System (SIMA); RIN 0625-AA82; 73 FR 75624***

Dear Mr. Parkhill:

On behalf of the Precision Metalforming Association, our 1,200 member companies and the hundreds of thousands of employees in the metalworking industry, we respectfully submit these comments for your consideration in response to the Department of Commerce ("Department") Federal Register request for public comment (73 FR 75624; RIN 0625-AA82) on extension of the Steel Import Monitoring and Analysis System (SIMA).

PMA believes SIMA can better meet its goals of alerting policymakers and the public to injury or the threat of injury to U.S. producers of covered subject products by updating the program to include the collection of additional key data elements. PMA proposes the Department, already having the authority and precedence to do so, include monitoring and reporting of the following:

1. Monitoring and analysis of the importation of steel containing products; and
2. Monitoring and analysis of U.S. exports of steel products to NAFTA and non-NAFTA countries.

Updating SIMA to include monitoring and analysis of this information will better equip the Department in understanding the current and future health of the domestic steel industry and the full impact of imports. These two recommendations directly relate to the impact of steel imports on the current and future supply and demand of basic steel products and are indicators as to the current or future threat to the U.S. steel industry.

*Authority to Update SIMA*

As seen during the 2005 SIMA extension process, the Department currently possesses the authority to alter the scope and coverage of SIMA. The Department removed downstream products from the licensing program while expanding SIMA to include all basic products of steel. In addition, the Department, without legislation or congressional consent, added certain downstream steel products, identified during the comment period, to the list of product information available on the SIMA import monitoring Web site covering publicly available

data.<sup>1</sup> PMA believes this action demonstrates the Department's acknowledgement that data on steel containing product imports, and thereby steel consumption, are indicators of the domestic steel industry's health and that of covered products.

Monitoring and Analysis of Steel Containing Product Imports

While dumping by a foreign steel producer can injure a domestic steel producing company, the lack of domestic customer demand for U.S. steel products poses an even greater threat of injury. Without a strong domestic steel industry, the 9 million U.S. steel consumers cannot survive and without a robust domestic market for steel, steel producers have few customers. Therefore, an increase or surge in imports of steel containing products results in a decrease in the U.S. of demand for basic domestic steel products.

In 2005, the Department justified its expansion of SIMA, to some degree, on the value the data would provide as an "indicator of apparent consumption of steel in the United States."<sup>2</sup> Including data on imports of steel containing products is a direct indicator of the potential U.S. demand and consumption for basic steel products. PMA believes the Department should identify several steel consuming sectors to use as indicators of importation levels of like products which will help policymakers and the public understand the potential threat of injury to the steel industry through increased imports of foreign steel containing products.

At minimum, the Department should track import data for products similar to those identified in the following NAICS codes:

1. 332116 – Metal Stamping (and spinning);
2. 336370 – Motor Vehicle Metal Stamping; and
3. 333513 – Machine Tool (Metal Forming Types) Manufacturing.

Monitoring U.S. Steel Exports

In order to fully understand what constitutes a threat of injury, PMA believes policymakers need an additional indicator of at what level domestic market saturation occurs and an overabundance of steel in the U.S. can cause harm. Including monitoring and analysis of U.S. steel exports under SIMA will assist the Department in identifying both the level of supply and demand in the U.S. and abroad for domestic steel products. This additional indicator, beyond service center inventories and NAFTA exports, will provide the Department a more complete overview of the health of the U.S. steel industry as it relates to imports.

Thank you in advance for your consideration of these comments. Please do not hesitate to contact me to discuss further or if you would like additional information.

Sincerely,



William E. Gaskin  
President

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<sup>1</sup> 70 FR 72373

<sup>2</sup> 70 FR 72374