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May 7, 2005

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

**Re: Comments on the Interim Final Rule:
Steel Import Monitoring and Analysis System**

Dear Mr. Parkhill:

These comments are submitted on behalf of the Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers (Committee) in response to notice published at 70 Fed. Reg. 12133 (March 11, 2005). The Committee is composed of U.S. manufacturers which together account for the vast majority of steel wire rope production in the United States.

On behalf of the Committee, we urge the Department of Commerce to include imports of steel wire rope as a product subject to an extended and improved Steel Import Monitoring and Analysis (SIMA) system. Imports of steel wire rope are classified in subheadings 7312.10.60 and 7312.10.90 of the Harmonized Tariff Schedule of the United States (HTSUS).

The U.S. steel wire rope industry did not receive import relief as a result of the section 201 investigation of *Certain Steel Products*. Despite the demonstrable loss of market share to imports and the dramatic serious injury being suffered, the industry's plight was ignored, and the product was included in an arbitrary "product grouping" that included other unrelated products, most notably tire cord. This arbitrary product grouping resulted in aggregated data that masked the serious injury from which this industry is suffering. As a result, steel wire rope suffered the negative determination that the U.S. International Trade Commission (ITC) issued as to the arbitrary product grouping as a whole.

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The U.S. steel wire rope industry strongly believes that this result was unfair and unjust. The ITC did not investigate and consider this industry's condition, and the outcome was contrary to the very reason that a comprehensive section 201 investigation was requested (specifically including steel wire rope) and conducted in the first place. Indeed, in reviewing the ITC's determinations, two facts remain inescapable:

- ***None** of the product groupings that received an affirmative determination from the ITC in the section 201 investigation suffers from as high an import penetration rate as does the U.S. steel wire rope industry.*
- *During the period examined by the ITC, the U.S. steel wire rope industry lost more market share to imports than eight of the product groupings that received affirmative determinations.*

The Committee is aware that the SIMA system created in connection with the implementation of safeguard measures with respect to certain steel products covers only those imports on which restraints had been imposed. However, as a matter of national policy, if not of fundamental justice, it is critical that the system be extended to cover imports of steel wire rope. The U.S. steel wire rope industry is suffering profound injury by reason of a relentless surge in imports of the product over the past several years. Having failed to provide import relief for this critical U.S. industry because of the arbitrary "grouping" of the ITC's section 201 investigation, extension of the SIMA system to imports of steel wire rope would at least assist the industry to prepare its competitive stance on a real-time basis.¹ On this point, the Committee notes that the interim final rule already encompasses certain so-called "downstream" products classified in chapter 73 of the HTSUS; therefore the Committee's urgent request for expansion of the licensing system to cover imports of steel wire rope would not undercut any proposed "bright lines" regarding product coverage.

Since the ITC's "section 201" investigation, the condition of this industry continued to deteriorate as a result of increasing import penetration of the U.S. steel wire rope market. Indeed, in 2004, the level of steel wire rope imports (as measured in tonnage) was the by far the highest annual total on record, while domestic shipments was the third lowest on record (and only slightly above the all-time low, recorded in

¹ The Committee notes that there are no statutory or regulatory provisions that would bar extension of the SIMA system to steel wire rope. Indeed, as an "automatic" licensing system, the SIMA system – imposing as it does minimal burden on applicants, and having no "import restricting effects" – is specifically envisioned by Article 2 of the Agreement on Import Licensing Procedures completed under the Uruguay Round of Multilateral Trade Negotiations of the General Agreement on Tariffs and Trade.

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2002). As a result, imports captured 55 percent of the U.S. steel wire rope market in 2004, which was the highest level on record.

Extension of the SIMA system to imports of steel wire rope is, of course, not a cure-all for the pernicious effects that imports have upon this critical U.S. manufacturing industry. Its restorative impact will not be immediate, or even apparent to most. However, it is a tool that this Government can provide this industry as it fights to stay alive. It would be a demonstration that this Government is concerned about the fate of its critical manufacturing industries.

Indeed, if the U.S. industry had this tool in the earlier time periods – for example, during the 1996-1998 span when imports increased by over 25,000 tons and the import penetration rate jumped from approximately 40 percent to nearly 50 percent as a result of the “Asian flu” – it would have been much better positioned to react expeditiously to the radical change in market conditions. Application of the SIMA system to steel wire rope imports would not have solved all the problems which the industry endured as a result of those events. However, with real-time information such as that provided by an import licensing system, the industry might have been able to stave off the most debilitating effects of the market tumult. This type of real-time information is absolutely essential if the U.S. steel wire rope industry is to meet the challenges of future import surges, whether or not they are connected to exchange rate manipulation and the predatory practices with which this industry has been repeatedly confronted in the past. Foreign suppliers will be put on notice that the U.S. steel wire rope industry will react in the marketplace, and in the Government.

For these reasons, we urge the Department of Commerce to include imports of steel wire rope as a product subject to an extended and improved SIMA system.

Respectfully Submitted,

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Domestic Steel Wire Rope and
Specialty Cable Manufacturers