



May 10, 2005

**VIA E-MAIL**

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Director for Industry Support and Analysis  
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Re: Comments on the Interim Final Rule - Steel Import  
Monitoring and Analysis System

Dear Mr. Parkhill:

On behalf of Weldbend Corporation ("Weldbend"), we hereby submit the following comments in response to the interim final rule issued by the Department of Commerce to implement a Steel Import Monitoring and Analysis ("SIMA") system, published at 70 Fed. Reg. 12133 (March 11, 2005).

Weldbend is a domestic producer of carbon steel butt-weld pipe fittings and flanges. Imports of these products are classified in subheadings 7307.91.5010, 7307.91.5050, 7307.93.3000 and 7307.93.9030 of the Harmonized Tariff Schedule of the United States (HTSUS). These products were included in the President's steel safeguard remedy pursuant to Section 203 of the Trade Act of 1974 as part of the product category called "carbon and alloy steel fittings and flanges."

In its interim final rule, the Department, suddenly and with no rational basis, indicated its intention to eliminate this product category from the SIMA system effective June 9, 2005. Weldbend opposes the elimination from the SIMA system of carbon steel butt-weld fittings and flanges classified under the above-referenced harmonized tariff codes.

SIMA was created in connection with the implementation of Safeguard Measures with respect to Certain Steel Products proclaimed by the President in March 2002. When the Section 201 remedy was terminated, the Administration made clear its intent to maintain the SIMA system.

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Mr. Kelly Parkhill  
Director for Industry Support and Analysis  
U.S. Department of Commerce  
May 10, 2005  
Page 2

This is the only product category covered by the safeguard remedy that the Department has decided to eliminate from the SIMA system. At a minimum, the Department should continue to include those products that were subject to safeguard measures in the SIMA system since increased imports of those products were found to be a substantial cause of serious injury to the domestic industry manufacturing like products. The market for fittings and flanges continues to be characterized by volatility in supply and prices, typically due to surges in imports. Indeed, import statistics for the first two months of 2005 show significant surges when compared with the same time period in 2004 for the four HTSUS tariff codes covering carbon steel fittings and flanges. Inclusion of these products in the SIMA program is critical to ensure that accurate and timely import information is available to U.S. government officials and companies regarding this segment of the steel market.

It seems particularly incongruous that the Department has decided to add new product categories to SIMA that were not part of the Section 201 remedy and yet is eliminating monitoring of fitting and flanges that were part of that remedy. The carbon and alloy steel fittings and flanges product category consists of only 14 harmonized tariff codes. In contrast, in its interim final rule, the Department indicated that it is adding 36 new product categories covering a total of 703 new harmonized tariff codes to the SIMA system. None of these new product categories or harmonized tariff codes was granted relief by the President during the Section 201 proceeding. In light of the Department's decision to add literally hundreds of tariff codes to the SIMA system, the Department's stated rationale for removing carbon and alloy steel fittings and flanges from SIMA — to "help reduce the burden on importers given the large volume of licenses associated with these products" — is simply not credible. Indeed, the same rationale that the Department invokes in declaring that the addition of numerous new categories will impose only a "limited burden" on importers — that the importers are familiar with the SIMA system, that the system is "automatic" in nature, and that the system imposes no fees — is equally applicable to the continued coverage of fittings and flanges in the SIMA system.

The Department also notes that it is removing carbon and alloy steel fittings and flanges from SIMA "because they are downstream steel products" rather than "basic steel mill products." There is simply no legal or policy basis for making this distinction. Neither the International Trade Commission, nor the Administration, found this to be a relevant distinction during the Section 201 proceeding for purposes of granting temporary relief from increased imports.

Based on a review of the comments filed in response to the Department's advance notice of proposed rulemaking, 69 Fed. Reg. 52211 (Aug. 25, 2004), it does not appear that anyone requested the removal of fittings and flanges from the SIMA system. Continuing to include these products in SIMA will not be unduly burdensome and will provide valuable information on

Mr. Kelly Parkhill  
Director for Industry Support and Analysis  
U.S. Department of Commerce  
May 10, 2005  
Page 3

a timely basis to stakeholders. In sum, the elimination of these products from the SIMA system has no rational basis; coverage should continue.

Weldbend supports the release of data by HTSUS product level as proposed by the Department in its interim final rule. This is particularly important with respect to the carbon and alloy steel fittings and flanges category, which is a “basket” category consisting of a wide variety of disparate products. The quality and utility of these data would be enhanced if they were aggregated at the 10-digit level, rather than at the 6-digit level suggested by the Department. The Department’s concern that release of data at the 10-digit level would reveal proprietary information is, to Weldbend’s knowledge, not well-founded for fittings and flanges, because of the large number of countries from which the imports of these products originate.

We urge the Department to continue to include fittings and flanges classified under HTSUS 7307.91.5010, 7307.91.5050, 7307.93.3000 and 7307.93.9030 in the SIMA system. As products that were subject to the safeguard remedy, their continued inclusion in what the Department acknowledges is “a critical trade monitoring program” is warranted.

Thank you for the opportunity to comment on the interim final rule.

Sincerely yours,



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