



Consuming Industries
Trade Action Coalition

September 24, 2004

BY HAND DELIVERY AND BY E-MAIL

Mr. 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, D.C. 20230

Re: Comments on Advanced Notice of Proposed Rulemaking

Dear Mr. Parkhill:

The Consuming Industries Trade Action Coalition (CITAC) 1/ hereby submits our comments in response to the Commerce Department (“Department”) Notice of August 25, 2004 (69 Fed. Reg. 52211) regarding the possible extension and/or modification of the Steel Import Monitoring and Analysis (“SIMA”). These comments are submitted because of the importance of this issue to U.S. consuming industries that rely on imports that could be unduly restricted through the import monitoring measures.

CITAC would support a steel monitoring scheme that provides benefits clearly greater than the costs for all parties concerned. As outlined below, the only way in which a steel monitoring scheme can provide any real benefit to steel consumers is a focus on the

1/ CITAC is a coalition of companies and organizations committed to promoting a trade arena where U.S. consuming industries and their workers have access to global markets for imports that enhance the international competitiveness of American firms.

net supply of steel available in the United States, including domestic shipments and exports as well as imports. Furthermore, any import licensing scheme must not burden imports by either increasing costs or reducing supply.

I. Any Monitoring Scheme Should Focus on the Net Supply of Steel Available in the United States

Currently the SIMA focuses only on imports of steel products that were subject to Section 201 remedies. However, a focus limited to steel imports is insufficient. The point of the SIMA is apparently to identify potentially harmful surges in imports through an “early warning” system. While this is a benefit to steel producers and importers (and to steel consumers) in theory, it does not address the prospect of changes in supply of steel in the U.S. market. In an industry such as steel that is so reliant on imports to meet domestic demand, one cannot assess the impact or significance of an import surge without considering the marketplace in its entirety. That is, it is essential to determine whether a “surge” in imports is accompanied by an equivalent decline in supply of domestically produced steel through reduced domestic shipments or an increase in exports from the United States.

Therefore, to have a monitoring system that is truly useful, what is needed is a full picture of steel availability, that informs the market of the state of the supply of steel. This would entail monitoring of domestic shipments and exports, as well as imports of steel on an equivalent basis. Exports must also be reported in a manner comparable to import monitoring, so consumers of steel are able to identify the “net” available steel in the U.S. market. ^{2/}

^{2/} Currently, United States HTS import and HTS export numbers differ at the 8 and 10 digit levels. This means that currently available import and export statistics cannot be

As noted, a steel monitoring scheme that focuses only on imports provides a limited and potentially distorted picture of the condition of the market and the impact that such imports have. CITAC can support a monitoring scheme only if it provides a complete picture of the market as outlined above.

II. Any Import Monitoring Must Not Burden Imports

The benefits of import monitoring must outweigh any costs. It is critically important that an import licensing scheme not be a burden on importers. A steel import monitoring scheme should not interfere with “just in time” deliveries, increase costs, or chill imports in any way. Steel users must also be assured that import licensing would never be used as a way to restrict imports or increase their cost.

The Commerce Department notice specifically asked parties to comment on whether the product scope of the current system should be increased or decreased. We note that according to the Commerce Department web site, the average number of steel license applications under the current system is 4,735 per week. ^{3/} We question whether the scope of the existing system could be increased without creating an unworkable system. Since only a minority of steel product imports is subject to SIMA, it is far from clear whether the current system could stand an increase in license applications to 10,000 or more per week.

The Commerce notice also requested comment on the timing of license applications. A key concern is whether a licensing requirement would prevent importers and domestic steel users from receiving shipments on a timely basis. This concern is real:

measured on an equivalent basis. Whether there is any change to the SIMA, the reporting of trade statistics should be conformed so that exports and imports may be tracked on a consistent basis.

^{3/} <http://ia.ita.doc.gov/steel/license/faq.html>

import licenses could be delayed, preventing timely deliveries or providing a disincentive to sell steel to the United States. Given this concern, it is important that companies be allowed to apply for licenses significantly in advance of the expected date of importation to ensure that there be no delay. The time-limits in the current system, which allows filers to be able to apply for a steel license up to 60 days prior to the expected date of importation until the date of filing of the entry summary documents, appear appropriate.

Finally, we are concerned about confidentiality issues. The incremental benefit of a monitoring program over the rapid reporting of import statistics is small, at least from a public perspective. Steel imports should not be restricted through requirements for confidential information that could be released, whether inadvertently or deliberately and harm the operations of producers, importers or U.S. consumers of steel. It is also critical that the information requirements not be onerous.

We appreciate the opportunity to comment on this proposal. We look forward to working with the Department to further its objectives.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon E. Jenson". The signature is stylized with large loops and a long horizontal stroke at the bottom.

Jon E. Jenson
Vice Chairman and President
Consuming Industries Trade Action Coalition