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DEPARTMENT OF COMMERCE

International Trade Administration

19 CFR Part 360

Docket No.: 121016549-2549-01

RIN 0625-AA93

Steel Import Monitoring and Analysis System

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Final rule.

SUMMARY: The Department of Commerce (the Department) publishes this action to make final a rule to extend the Steel Import Monitoring and Analysis (SIMA) system until March 21, 2017. The purpose of the SIMA system is to provide the public statistical data on steel imports entering the United States seven weeks earlier than it would otherwise be available to the public.

Aggregate data collected from the licenses are made available to the public on a weekly basis following review by the Department.

DATES: This final rule is effective March 21, 2013.

FOR FURTHER INFORMATION CONTACT: For information about the SIMA system, please contact Steven Presing (202) 482-1672 or Julie Al-Saadawi (202) 482-1930.

SUPPLEMENTARY INFORMATION:

Background

The SIMA system has operated under its current authority since March 21, 2005. Prior to that date, authority for steel import licensing and monitoring was derived from Proclamation 7529 of March 5, 2002 (67 FR 10553). Pursuant to sections 201 and 203 of the 1974 Trade Act, 19 U.S.C. 2251, 2253, Proclamation 7529 implemented safeguard measures with respect to certain imported steel products, placing temporary tariffs on these steel imports and providing the steel industry time to restructure. The monitoring system outlined in Proclamation 7529 required all importers of steel products to obtain a license from the Department prior to completing their customs entry summary documentation. This provided a monitoring tool to ensure that the effectiveness of the steel safeguard measures was not undermined by large quantities of imports originating from countries that were excluded from the tariffs. In Proclamation 7741 of December 4, 2003 (68 FR 68483), the President terminated the steel safeguard measures, but

directed the Secretary of Commerce to continue the monitoring system until the earlier of March 21, 2005, or such time as the Secretary of Commerce established a replacement program. On December 9, 2003, the Department published a notice stating that the system would continue in effect as described in Proclamation 7741 until March 21, 2005 (68 FR 68594). On August 25, 2004, the Department published an advance notice of proposed rulemaking soliciting comments from the public on whether to continue the monitoring system beyond March 21, 2005 (69 FR 52211). Formerly known as the Steel Import Licensing and Surge Monitoring program, the Department changed the program's name to the Steel Import Monitoring and Analysis (SIMA) system upon publication of the August 2004 advance notice. On March 11, 2005, the Department published an interim final rule responding to the comments received from the public and implementing a slightly expanded version of SIMA until March 21, 2009. That interim final rule was followed by the publication of the final rule on December 5, 2005 (70 FR 72373). On December 12, 2008, a proposed rule was published in the Federal Register (73 FR 75624) seeking an extension of the SIMA system through March 21, 2013 and asking for comments from the public. The Department received twelve submissions, all of which expressed support for the extension. The Department issued the final rule to extend the application of the SIMA system until March 21, 2013. On November 13, 2012 (77 FR 67593), the Department published a proposed rule seeking comments on an extension of the SIMA system through March 21, 2017. The Department received three submissions, all of which expressed support for the extension. The Department is issuing this final rule to extend the application of the SIMA system until March 21, 2017. No other changes are being made to the regulations for the SIMA system.

The purpose of the SIMA system is to provide steel producers, steel consumers, importers, and the general public with accurate and timely information on anticipated imports of certain steel

products. Import licenses, obtained through the internet-based SIMA licensing system, are required for U.S. imports of basic steel mill products. Aggregate import data obtained from the licenses are updated weekly and posted on the SIMA Web site monitor. Details of the current system can be found at <http://ia.ita.doc.gov/steel/license>.

Response to Comments

Submissions received during the public comment period established in the proposed rule have been considered in preparing this final rule. Three submissions were received from a coalition of eight steel trade groups (referred to as the “industry”), a downstream steel products trade group and one of the largest steel producing companies in the United States. All of the submissions supported the four-year extension and agreed that the system is a critical tool that helps the industry to closely monitor steel imports. The comments are summarized below. The three submissions received are posted on the Federal rulemaking portal at www.Regulations.gov as well as on the SIMA website at <http://ia.ita.doc.gov/steel/license>.

Comment 1: Commenters strongly support the extension of the SIMA system for an additional four years. They state that given the volatility of world steel markets, the SIMA system gives the public access to the timeliest information possible regarding import patterns and changes, particularly increased volumes. They also view the system as an important and transparent tool to support rational decision-making by all interested parties--steel producers, steel consumers, importers and U.S. government officials.

Response: The Department agrees that the SIMA system provides the public valuable and timely information on steel mill imports. It also agrees that the public posting of aggregate import volume and pricing data drawn from the licenses provides all interested stakeholders with a more informed understanding of changing market conditions in a transparent manner.

Comment 2: Commenters state that there is no significant burden on the steel importing community to comply with the licensing requirements of the SIMA system and that this has been confirmed over the last four years in its current format, which remains unchanged by the proposed rule.

Response: The Department agrees that there is no significant burden on steel importers arising out of SIMA system licensing requirements. The web-based licensing system is automatic and free of charge. The Department estimates that it continues to take no longer than ten minutes to complete the automated license form, and for most applicants, the time spent is much less.

Comment 3: Commenters suggest that the Department make the SIMA system permanent rather than extend it for another four years. They state that the system has proven its effectiveness as an important analytical tool for both steel producers and consumers.

Response: Broad authority to collect information on imports is granted to the Secretary of Commerce and delegated to the Director of the Bureau of the Census. When the original safeguard authority for the SIMA system granted by the President expired in March 2005, the system was continued pursuant to this Department of Commerce information collection authority

(13 U.S.C. 301(a) and 302). For purposes of administering the SIMA system, this authority was temporarily transferred from the Director of the Census Bureau to the Under Secretary for International Trade for four years. One of the conditions of the temporary transfer of authority to the Under Secretary for International Trade was that any future periodic extension of the SIMA system be notified to the Secretary and subject to review. Therefore, establishment of a permanent system is not possible under current authority.

Comment 4: As in 2005, commenters suggest that the Department add steel wire products to the SIMA licensing requirement and import monitor. This would provide advance notice of importation of these wire products to enable the steel wire downstream sector to evaluate economic and import patterns earlier than they would otherwise be publicly available. They indicate a particular interest in evaluating this data for products where there may be antidumping or countervailing duty orders in place.

Response: The Department intends to continue to monitor imports and exports of the specific steel-containing wire products identified in what is known as “the downstream monitor.” The downstream monitor uses publicly available trade data and is available in a separate section of the SIMA monitoring system. The Department will not expand coverage of the SIMA licensing requirement beyond steel mill products. Although the Department recognizes that certain segments of the steel industry are interested in the Department’s licensing and monitoring of downstream steel products, the sheer volume of entries associated with many of these downstream steel products (e.g. nails and staples, springs, fittings and flanges, and wire hangers)

greatly increases the burden of the system on the trading community and could potentially overwhelm the SIMA system.

Comment 5: Commenters propose shortening the period of time for which the licenses are valid, suggesting that applying for the licenses closer to the date of importation would increase the accuracy of the data gathered from the licenses.

Response: At this time the Department is not changing the period of time for which the licenses are valid. Based on the Department's extensive experience with SIMA, shortening the license time period would not meaningfully improve the accuracy of the program and may serve to increase the burden on parties. The 60-day advance period during which a license may be filed provides a reasonable period of time for parties to make all necessary business arrangements to ship goods while providing full transparency for all parties to better understand and properly anticipate market conditions. The Department currently provides the license applicant the opportunity to amend and/or cancel the licenses as needed to reflect the actual terms of the shipment, should there be changes after the license application.

For the reasons discussed above, the proposed rule (19 CFR part 360) is made final without changes.

Classification

Executive Order 12866

This rule has been determined to be not significant for purposes of Executive Order 12866.

Executive Order 13132

This rule does not contain policies with federalism implications as that term is defined in Executive Order 13132.

Regulatory Flexibility Act

The Chief Counsel for Regulation of the Department of Commerce certified to the Chief Counsel for Advocacy of the Small Business Administration at the proposed rule stage, that this rule, if adopted, would not have a significant economic impact on a substantial number of small entities as that term is defined in the Regulatory Flexibility Act, 5 U.S.C. 601 et seq. The factual basis for the certification is found in the proposed rule and is not repeated here. No comments were received on the certification or the economic impacts of this action. As a result, no final regulatory flexibility analysis is required and none was prepared.

Paperwork Reduction Act

This final rule contains collection-of-information requirements subject to review and approval by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA).

These requirements have been approved by OMB (OMB No. 0625-0245; Expiration Date: 12/31/2014). Public reporting for this collection of information is estimated to be less than ten minutes per response, including the time for reviewing instructions and completing and reviewing the collection of information. All responses to this collection of information are voluntary, and will be provided confidentially to the extent allowed by law.

Notwithstanding any other provision of law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the Paperwork Reduction Act unless that collection displays a currently valid OMB Control Number.

List of Subjects in 19 CFR Part 360

Administrative practice and procedure, Business and industry, Imports, Reporting and recordkeeping requirements, Steel.

Francisco J. Sánchez,
Under Secretary
for International Trade

February 8, 2013 _____
Date

For reasons discussed in the preamble, 19 CFR part 360 is amended to read as follows:

PART 360--STEEL IMPORT MONITORING AND ANALYSIS SYSTEM

1. The authority citation for part 360 continues to read as follows:

Authority: 13 U.S.C. 301(a) and 302.

2. Section 360.105 is revised to read as follows:

§ 360.105 Duration of the steel import licensing requirement.

The licensing program will be in effect through March 21, 2017, but may be extended upon review and notification in the Federal Register prior to this expiration date. Licenses will be required on all subject imports entered during this period, even if the entry summary documents are not filed until after the expiration of this program. The licenses will be valid for 10 business days after the expiration of this program to allow for the final filing of required Customs documentation.

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