

**UNITED STATES' STEEL IMPORT MONITORING AND ANALYSIS SYSTEM<sup>1</sup>**

**Replies from the UNITED STATES to Questions from CHINA<sup>2</sup>**

The following communication, dated 30 October 2006, is being circulated at the request of the delegation of the United States.

**Replies from the United States to China concerning the  
United States Steel Import Monitoring and Analysis System**

1. *In its notification under Article 5 contained in document G/LIC/N/2/USA/2 (21 June 2005), the United States stated that it intended to issue a final rule before 30 September 2005. While in another notification under Article 7.3 contained in document G/LIC/N/3/USA/4 (25 April 2006), it is noted that the United States did not publish the final rule until 5 December 2005 and it was declared that there were no changes from the interim final rule. In view of the above information, we would appreciate if the United States could explain the reason for the delay.*

The issue of the interim final rule on 11 March 2005 fulfilled the domestic legal requirements for extending the programme beyond its original 21 March 2005 expiration. The effect of an interim final rule is essentially the same as that of a final rule; however, the issuance of an interim final rule allows for an additional public comment period. At the time the interim final rule was issued, it was anticipated that a final rule addressing the comments received, could be issued by 30 September 2005. The slight delay in publication of the final rule allowed the United States to fully address the additional comments raised by interested parties in response to the interim final rule and provided increased transparency in the rule-making process.

2. *In both notifications, it is stated that registered importing companies, their brokers, or their agents may apply for a steel import licence and the licensing procedure is automatic. Would the United States please confirm whether there are qualification requirements for being registered importing companies, their brokers, or their agents so as to be able to apply for a steel import license?*

The primary requirement to be a registered user is the need for a US street address with a functional phone number and e-mail address; applicants also need an EIN number or a customs identification number. The primary means of communicating with the applicants is by e-mail. It is by e-mail that the license confirmations are distributed. There is no charge to become a registered user.

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<sup>1</sup> G/LIC/N/2/USA/2 and G/LIC/N/3/USA/4

<sup>2</sup> See Understanding on Procedures for the Review of Notifications (G/LIC/4).

3. *In both notifications, it is stated that steel import licences may be applied for up to 60 days prior to the expected date of importation. Would the United States please explain the reason behind the 60-day rule?*

The purpose of the SIMA system is to collect accurate and timely statistics about imports of steel into the United States. If licenses are applied for far in advance of the importation, it is more likely that specific information concerning the shipment will change by the time of importation. In particular, until the shipment is en route, numerous changes can occur, including the dates of shipment. To strike an appropriate balance between sound statistical record keeping and ease of application, it was determined that a period of 60 days prior to the expected date of entry would allow for sufficient time to obtain a license while minimizing the potential for data changes. In this regard, it is important to note that the license is needed only at the time of completing all United States Customs and Border Protection entry requirements, not at the time of exportation or physical entry of the goods.

4. *Again in both notifications, it is stated that the licence is valid for 75 days. Would the United States please explain the reason behind the 75-day rule? Would the United States please also elaborate on how this 75-day rule works in practice? For example, if an importer fails to make importation within 75 days on the issuance of a licence, will it get punished?*

The license is valid for 75 days to allow for normal importing processes. Since licenses can be filed for up to 60 days prior to the expected date of importation, an additional 15 days were added to allow for completion of the entry summary process and any possible changes to expected delivery times.

There is no penalty to the applicant for failure to comply with the cancellation. If the license is not used within the 75 days, the user is simply asked to cancel the license. When the licenses are reconciled, SIMA takes note of the licenses that have not been used. After 75 days, the license is no longer valid and a new license would need to be obtained for finalization of customs entry summary should the steel entry occur.

5. *Would the US please explain the legal status of a licence which has been issued for more than 60 days but less than 75 days? Is it still possible for an importer to make importation under such a licence within this period?*

In all cases, a license is valid for 75 days. The window for the expiration of the licenses was designed to allow the applicants flexibility as to when they apply for the license.

6. *In the Article 7.3 notification, it is stated that the licence may be used only once. Would the United States please explain why it deems it necessary to have this requirement?*

The purpose of the licensing program is to collect accurate statistical information about steel imports into the United States. The most accurate way to collect this information is shipment by shipment. A license which allows multiple entries is difficult to reconcile. The system was designed to place very little burden on users of the system. The license application process is very straight forward and automatic – generally taking less than 10 minutes to complete. There is no charge for the license.

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