THEIS *PRECISION STEEL CORPORATION*

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December 21, 2001

Mr. Andrew Stephens, Director for Steel Trade Policy
Office of the USTR
600 17th Street, N.W.
Washington DC 20508

Re: 201 Trade Case
Exclusion request Pursuant to the
October 26th Federal Register Notice

Dear Mr. Stephens:

The purpose of this letter is to counter the response made by Bethlehem Steel to our exclusion requests. Their comments are listed under:

ER-068 Bethlehem.PDF
ER-068 Bethlehem 1.PDF

Our exclusion requests were based solely on the fact that there is no domestic supplier who can produce the various products to our specification and our customer's specification's.

While Bethlehem Steel did not think that enough information was supplied, WCI Steel did understand our requests and I attach a copy of their position relative to our request for exclusion.

If we are not granted the exclusion requests submitted and to which WCI takes no issue, we can effectively close the doors to our Company.

We have tried to be as fair as possible in our requests and did not ask for anything that the domestic mills can supply. We only asked for those products that the U.S. mills cannot produce to the quality standards required by our customers. We accept WCI's comments in their entirety.

Sincerely,

Richmond W. Glover

Richmond W. Glover
President & Chief Operating Officer

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Attachments - below

Introduction

Theis Precision Steel is a domestic cold rolled manufacturer for high quality and specialty strip steel applications. We employ 250+ employees to convert raw material bought as hot-rolled strip steel coils to precision cold-rolled strip product for many different end use manufacturing industries. [The primary market served includes saw blade products for wood and metal cutting, seat belt retractor springs, utility knives for cutting, and automotive shock absorber products.]

(a) Product Designations (ASTM and HTS Numbers)

Theis purchases hot rolled strip coils in the annealed, pickled and oiled condition from steel suppliers. The table below shows ten product designations that Theis is seeking exclusion to purchase.

Item	Theis Grade	Product Designations	HTS Number
1	RM 37	AISI 1086 Modified (DIN 80W1 / 1525)	7211 19 6000
2	RM 54	AISI 1095 Modified (DIN C100W / 1654)	7211 19 6000
3	RM 55	AISI 1095 Modified (100MnCrW4)	7211 19 6000
4	RM 61	AISI 6135 Modified	7226 91 7000
5	RM 72	AISI 6150 Modified	7226 91 7000
6	RM 73	AISI 9262 Modified (DIN 67SiCr5 /7103)	7226 91 8000
7	RM 78	DIN 2390 Modified (3% Cr)	7226 91 2560
8	RM 80	DIN 2390 Modified (3% Cr – 2% Mo)	7226 91 2560
9	RM 81	ASTM D6A	7226 91 1560
10	RM 86	ASTM D6A Modified	7226 91 1560

[The above listed grades purchased by Theis are modified versions of the general AISI product due to tighter ranges of the alloy specifications and the high level of cleanliness required. Consistency of the microstructure is important to enhance fatigue life on the final product application. This physical characteristic of carbon and alloy segregation is known as banding. Banding is segregation of chemistry that occurs in domestic producers because they continuous cast slabs for subsequent hot rolling as compared to Buderus who is an ingot cast steel producer. Trials orders and full heat quantity purchases from domestic producers to minimize and eliminate banding have not been successful. Banding is detrimental to the final product quality for the grades mentioned above, and it is for this reason that exclusion of product should be granted to Theis.]

(b) Product Description Based on Physical Characteristics

[Important metallurgical properties that are unique to Buderus products are the absence of alloy segregation or banding in the microstructure. Banding has the appearance of dark streaks, which are obvious using light microscopy at 100X to 1000X magnifications on longitudinal mounted samples of raw material. Figures 1-4 shows photomicrographs of four grades of Buderus hot roll as compared to WCI hot roll in figures 5-8. The difference in the uniformity of the microstructure is obvious since the Buderus product has a uniform carbide distribution in the 1000X photos and the absence of dark bands of segregation in the 100X photos.]

[Product made with Theis products includes wood and metal cutting saw blades, seat belt retractor springs, utility blades for cutting, and automotive shock absorber products. These products require a special heat treatment to achieve cutting performance and fatigue life; and the presence of carbide bands has a negative effect on performance because they form hard layers of martensite due to the banding of the microstructure. This is shown in a butt-welded sample of banded material in figures 9 and 10. Note the hardness variation from Rc 49-56 from the harder white martensitic bands in the photos. This level of carbide segregation results in premature weld breakage and saw blade failure for saw manufacturers.]

[Banding is a solidification characteristic of the hot mill producer. Continuous casting is prone to this condition due to the directionality of the solidification process where the inside of the slab has the greatest variation and highest presence of carbide bands. Low carbon steels below .70Carbon are less prone to banding but with increased levels of alloy content (Theis RM grades 61through 86,AISI 6135, 6150, AISI 9262, DIN 2390 – 3% Cr, DIN 2390 – 3% Cr – 2% Mo, ASTM D6A, and ASTM D6A Modified) the amount of banding increases significantly on continuous cast products. Tests with domestic producers to modify coiling and annealing temperatures were unsuccessful to minimize or eliminate this condition.]

(c) Basis for Requesting Exclusion

[The comparison of photomicrographs clearly shows the metallurgical property (banding) that distinguishes the product purchased from Buderus as compared to domestic product. This characteristic is a result of the solidification process and tests have not been able to minimize or eliminate the condition. Theis products require high fatigue life and cutting performance and the presence of carbide banding is a negative influence to achieve this result.]

(d) Names and Location of Producers

- [WCI – Warren, OH USA – is the US producer capable of melting some of these grade, but one unable, by their own admission, in writing to us, to meet the specification for banding. In writing the have said, that they “cannot consistently meet nor guarantee or meet our banding requirements”.]
- [Buderus Edelstahl - Wetzlar, Germany – is capable of guaranteeing all parts of our specification.]

(e) & (f) We would have no way of determining the total US consumption, nor do we know the total US production of each product.

(g) [There is no substitute for the products that our requests covers.]

Executive Summary

The products requested for exclusion by [Theis] have critical performance requirements which is best achieved with raw material that is absent of carbide banding in the microstructure. This condition is a result of the solidification process employed by domestic producers and tests to change this condition have not been successful. Based on the product requirements and the inability to purchase non-banded product domestically, the USTR and ITC should grant the request to exclude the products noted for import relief under section 201 or 203.

Sincerely,

Richmond W. Glover
President & Chief Operating Officer

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Bethlehem Steel
response to
our exclusion request.

Response: This exclusion request is inadequate in that it fails to specify how the designated grades of steel have been "modified."

Hot rolled strip coils in the annealed, pickled and oiled condition (X-172)

Product Description: Hot rolled strip coils in the annealed, pickled and oiled condition in the following ten product designations:

Item	Theis Grade	Product Designations	HTS
1	RM 37	AISI 1086 Modified (DIN 80W1 / 1525)	7211.19.6000
2	RM 54	AISI 1095 Modified (DIN C100W / 1654)	7211.19.6000
3	RM 55	AISI 1095 Modified (100MnCrW4)	7211.19.6000
4	RM 61	AISI 6135 Modified	7226.91.7000
5	RM 72	AISI 6150 Modified	7226.91.7000
6	RM 73	AISI 9262 Modified (DIN 67SiCr5 /7103)	7226.91.8000
7	RM 78	DIN 2390 Modified (3% Cr)	7226.91.2560
8	RM 80	DIN 2390 Modified (3% Cr – 2% Mo)	7226.91.2560
9	RM 81	ASTM D6A	7226.91.1560
10	RM 86	ASTM D6A Modified	7226.91.1560

Theis is requesting exclusion in item 2 – RM54 – AISI 1095 modified for 250,000 lbs per month. Theis states that the balance of its needs for this item can be satisfied by the U.S. mills.

The products requested for exclusion by have critical performance requirements, which are best achieved with raw material that is absent of carbide banding in the microstructure.

Exclusion requested by: Theis Precision Steel Corp.[64]

Response: Domestic Producers cannot respond to these requests because necessary information in the product descriptions is not available in the public version of this request. In addition, the ASTM specification

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64 Exclusion request from Theis Precision Steel Corp. (Nov. 13, 2001) (Public Version).

referred to in items 9 and 10, above, namely, "D6A," is not a valid specification.

Requesting Party/Relevant Documents on USTR Website	General Product Description	Additional Description Information (See USTR website for complete documentation of request)	Additional Details	Position on Exclusion				Comments/Reasons for Position on Exclusion
				Oppose	Consent	More info. required	No position (not required)	
X-172-Theis Precision Steel Corp. X-172-THEIS.PDF	Hot rolled strip coils in the annealed, pickled and oiled condition	Hot rolled strip coils in the annealed, pickled and oiled condition in the following ten product designations: **Item** **Theis Grade** **Product Designations** 1 RM 37 AISI 1086 Modified (DIN 80W1 / 1525) 2** RM 54 AISI 1095 Modified (DIN C100W / 1654) 3 RM 55 AISI 1095 Modified (100MnCrW4) 4 RM 61 AISI 6135 Modified 5 RM 72 AISI 6150 Modified 6 RM 73 AISI 9262 Modified (DIN 67SiCr5 /7103) 7 RM 78 DIN 2390 Modified (3% Cr) 8 RM 80 DIN 2390 Modified (3% Cr – 2% Mo) 9 RM 81 ASTM D6A 10 RM 86 ASTM D6A Modified Theis is requesting exclusion in item 2 – RM54 – AISI 1095 modified for 250,000 lbs per month. Theis states that the balance of its needs can be satisfied by the US mills because the banding problem is not much a prevalent issue. The products requested for exclusion by have critical performance requirements, which are best achieved with raw material that is absent of carbide banding in the microstructure.	Various Grades of Hi-C & Alloy HR Sheet					
		1					X	1) WCI May be able to produce
		2**			X			2) WCI will consent up to 125 TPM only
		3			X			3) WCI Can't produce
		4		X				4) WCI Can produce
		5		X				5) WCI Can produce
		6					X	6) WCI Can't produce
		7		X				7) WCI Can produce
		8			X			8, 9 & 10) WCI will consent only if specified as ingot cast product.
		9			X			
		10			X			

TPM = Tons per month