BEFORE THE
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
TRADE POLICY STAFF COMMITTEE

SECTION 203 INVESTIGATION
OF CERTAIN STEEL

RESPONSES TO EXCLUSION REQUESTS CONCERNING STAINLESS, TOOL, AND ELECTRICAL STEEL PRODUCTS

Filed on Behalf of:
AK Steel Corporation; Allegheny Ludlum Corporation; Carpenter Technology Corporation; Crucible Specialty Metals; Slater Steels Corporation, Specialty Alloys Division; Timken Latrobe Steel Company; Flowline Division of Markovitz Enterprise, Inc.; Gerlin, Inc.; Shaw Alloy Piping Products, Inc.; and Taylor Forge Stainless, Inc.

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I. INTRODUCTION

This submission, which responds to the various requests[1] to exclude certain steel products from any quantitative restrictions, increased duties, or tariff-rate quotas that the President may impose pursuant to section 203(a) of the Trade Act of 1974, as amended, is filed on behalf of the domestic specialty steel industry, including producers of stainless, tool, and electrical steel products.[2] This filing is made consistent with the guidelines set forth in the Trade Policy Staff Committee's October 26, 2001 notice published in the Federal Register (66 Fed. Reg. 54,321) and with the amendment to that notice published on November 29, 2001 (66 Fed. Reg. 59,599).

The domestic specialty steel industry has opposed consistently the various requests that certain stainless, tool, and electrical steel products be excluded from the scope of any import relief implemented by the President. In support of that position, we note that the various exclusion requests pertaining to stainless, tool, and electrical steel products represent products that are either currently produced in the United States or could be produced in the United States if reasonable pricing were to return to the market.

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[1] We note that copies of the various exclusion requests filed with the Trade Policy Staff Committee ("TPSC") and posted on the website maintained by the Office of the United States Trade Representative are not ordered sequentially. In particular, there are no exclusion requests identified on that website as X-002, X-004, X-007, X-014, X-028, X-033, X-049, X-052, X-060, X-062, X-073, X-078, X-092, X-103, X-111, X-112, X-118, X-129, X-130, X-141, X-166, and X-173. Accordingly, we have not been able to review and are not able to comment upon any exclusion requests that may have been assigned those numbers in connection with this inter-agency review process.

[2] Specifically, this document is submitted on behalf of: AK Steel Corporation; Allegheny Ludlum Corporation; Carpenter Technology Corporation; Crucible Specialty Metals; Slater Steels Corporation, Specialty Alloys Division; Timken Latrobe Steel Company; Flowline Division of Markovitz Enterprise, Inc.; Gerlin, Inc.; Shaw Alloy Piping Products, Inc.; and Taylor Forge Stainless, Inc.

With three exceptions,[3] the domestic specialty steel industry continues to oppose all exclusion requests made of the TPSC concerning stainless, tool, and electrical steel products. We have appended to this submission tables detailing, by product line, the domestic industry's current production of products for which exclusions have been requested, as well as the capacity of domestic manufacturers to produce other products for which exclusions were requested that are not currently produced domestically. As the tables reflect,[4] the domestic specialty steel industry either currently produces or has the ability and capacity to produce every product for which an exclusion has been requested.

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[3] The domestic industry does not oppose an exclusion request filed on behalf of Daido Stainless Steel Co., Ltd. (identified on the USTR website as Exclusion Request X-018) with respect to certain leaded stainless steel wire products. Specifically, Daido has requested that the President exclude stainless steel wire products identified as SF20T and DSR16FA from the scope of any import relief program. Because those products are not produced in the United States and there is no prospect that those products will be produced in the United States in the foreseeable future, the domestic industry does not oppose Daido's request for an exclusion.

Second, the domestic industry does not oppose the request for an exclusion of DSUS 70DH grade stainless steel wire rod filed on behalf of Hitachi Metals, Ltd. and Hitachi Metals America, Ltd. See Exclusion Request X-177. This is a proprietary grade material that cannot be produced except by license.

Finally, the domestic industry does not oppose an exclusion request filed on behalf of certain Japanese respondents with respect to non-oriented, high silicon, magnetic sheet steel. See Exclusion Request X-142.

[4] In addition to addressing the specific products for which exclusion requests were filed with the Office of the United States Trade Representative, we have included in the tables appended to this submission information on the domestic industry's production or capability to produce certain products for which public exclusion requests were filed with the United States International Trade Commission ("ITC" or "Commission"). We include this information to provide the TPSC with the greatest possible amount of information in the event that additional exclusion requests are filed with the Office of the United States Trade Representative or in the event the Commission forwards exclusion recommendations to the President with respect to certain stainless, tool, and electrical steel products that are not covered by the various exclusion requests submitted to the TPSC.

The lack of current production of a particular product by members of the domestic specialty steel industry should not necessarily result in an exclusion. There are a number of legitimate commercial reasons why domestic producers may not have recently, or ever, produced a particular product. Domestic producers may not have been able to match import prices previously, or may produce a commercial substitute for a patented competitive product. In such instances, an exclusion should not be granted because the domestic industry should have the opportunity to compete for that business. Only where the domestic producer is unwilling and unable to produce that product (or a commercially competitive product) should an exclusion be granted.

The domestic specialty steel industry has a documented history of granting legitimate exclusion requests in instances where a product or its competitive substitute is not commercially available in the United States. The industry is willing to agree to any reasonable exclusion proposals in this proceeding as well.

As noted in the domestic specialty steel industry's submissions concerning positive efforts to adjust to import competition (filed with the TPSC on November 5, 2001), the domestic industry has requested that the President impose focused import relief for a relatively limited period of time. If the President elects to impose import relief that is similar or identical to the domestic industry's remedy recommendations, it is imperative that the domestic industry receive comprehensive relief. In order to ensure that the domestic industry will not continue to be confronted with significant and injurious volumes of products that they currently produce or have the capability to produce, the TPSC should recommend that the President reject those exclusion requests opposed by the domestic industry, as set forth in additional detail below.

II. REQUEST FOR CONFIDENTIAL TREATMENT

Pursuant to the provisions of 15 C.F.R. § 2003.6, we request confidential treatment for the information contained within brackets in this submission, which is being submitted voluntarily by members of the domestic specialty steel industry. The information contained within brackets is the type of information that is routinely given confidential treatment (and has been given confidential treatment in the Steel 201 investigation) by the ITC, as it pertains to the domestic industry's past, current, and projected business operations. This information is highly sensitive and the disclosure of such information to the public would cause significant harm to the domestic industry

We request that the bracketed information contained in these comments be kept confidential and exempt from disclosure under the Freedom of Information Act ("FOIA"), 5 U.S.C. § 552, as business proprietary information. If the Office of the United States Trade Representative or the TPSC is considering disclosure of certain information contained in this submission pursuant to a FOIA request, then we ask to be informed immediately so that we may withdraw the submission or redact confidential portions.

III. COMMENTS

As discussed further below, because the various stainless, tool, and electrical steel products for which exclusions have been requested are either currently produced or could be produced, by domestic manufacturers, the domestic industry continues to oppose, with three exceptions,[5] any exclusion of those products from the scope of any import relief program that may ultimately be implemented by the President.

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[5] See supra n.3.

A. The Domestic Industry Opposes the Product Exclusions Requested Concerning Stainless Steel Bar and Light Shapes

Domestic manufacturers of stainless steel bar and light shapes oppose all requests for the exclusion of certain products from coverage under any import relief program the President may implement. As set forth in the table accompanying this submission, see Exhibit 1, domestic manufacturers of stainless steel bar and light shapes either currently produce or have the capability to produce all products for which exclusions have been requested. Based on these circumstances and its need for focused, comprehensive relief, the domestic industry producing stainless steel bar and light shapes opposes all product exclusion requests filed with the TPSC.[6]

B. With One Exception, the Domestic Industry Opposes the Product Exclusions Requested Concerning Stainless Steel Wire Rod

With one exception,[7] domestic manufacturers of stainless steel wire rod oppose all requests for the exclusion of certain products from coverage under any import relief program the President may implement. As set forth in the table accompanying this submission, see Exhibit 2, domestic manufacturers of stainless steel wire rod either currently produce or have the capability to produce all products for which exclusions have been requested. Based on these circumstances

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6 In addition, although it is not per se a stainless steel bar product, the domestic industry opposes the exclusion request filed on behalf of Magellan Corporation with respect to certain Special Bar Quality ("SBQ") products. See Letter from David J. Craven, counsel to Magellan Corporation, to Carmen Suro-Bredie, dated Nov. 13, 2001 (identified as exclusion request X-041 on the Office of the United States Trade Representative's website). Because domestic manufacturers, including The Timken Company and Republic Technologies International, produce significant quantities of the SBQ products identified in Magellan Corporation's exclusion request, in addition to the stainless steel bar and light shapes products addressed in detail in this submission, the domestic industry opposes Magellan's request for an exclusion.

7 See supra n.3.

and the need for focused, comprehensive relief, the domestic industry producing stainless steel wire rod opposes all but a portion of one of the product exclusion requests filed with the TPSC.

C. With One Exception, the Domestic Industry Opposes the Product Exclusions Requested Concerning Stainless Steel Wire

Throughout the proceedings before the Commission, domestic producers of stainless steel wire opposed the various exclusion requests made by foreign producers and domestic importers. The domestic stainless steel wire industry continues to oppose those exclusion requests, and urges the TPSC to reject all exclusion requests related to stainless steel wire products, with the exception of the exclusion request filed on behalf of Daido Stainless Steel Co., Ltd.[8] The approval of these requests is unwarranted because, as demonstrated in Exhibit 3, the specific products for which exclusions have been requested are either currently produced, or could be produced, in the United States. The exclusion of these products would significantly undermine the effectiveness of any import relief program ultimately implemented by the President.

In addition to the requests noted above, Central Wire Industries Ltd. and Greening Donald Co. Ltd. have requested that the President exempt Canadian stainless steel wire producers from any restraints that the president may impose against imports of this product from other countries. See Exclusion Request X-053. Moreover, Central Wire and Greening Donald have requested that imports of stainless steel wire which is drawn in Canada be classified as Canadian wire for purposes of any relief program implemented. While the domestic industry agrees that imports of stainless steel wire should be deemed to originate from the country in which the wire is drawn, it does not agree that the President should exclude imports of Canadian stainless steel wire. In the event that Canadian wire products are excluded from any remedy,

however, the TPSC should not permit foreign producers to transship third-country wire rod products through Canada. In accordance with Customs' ruling HQ 964551 (Apr. 23, 2001) (appended at Exhibit 4), the TPSC must ensure that shaved, peeled, or partially drawn wire rod from Canada does not enter the U.S. as a wire product, thus enabling rod producers to circumvent any restrictions. Accordingly, to the extent that Canada is excluded from the remedy, any wire that is exported from Canada should be drawn to its final diameter.

D. The Domestic Industry Opposes the Product Exclusions Requested Concerning Tool Steel Products

Throughout the Section 201 proceedings before the Commission, both Allegheny Ludlum Corp. ("Allegheny") and Timken Latrobe Steel Company ("Latrobe") have taken the position that the numerous exclusion requests concerning tool steel are not warranted because there is either domestic production of the product or a directly competitive product and/or the domestic industry is capable of producing such a product and would in fact consider producing such a product if market prices were to recover to reasonable levels.[9] The absence or low volume of domestic production of certain products is attributable to higher volumes of lower-priced imports that have driven many domestic producers out of particular markets. Granting the various requests for exclusions of tool steel products would undermine the domestic tool steel industry's efforts to re-enter those markets and prevent the industry from recovering from the serious injury that it is currently experiencing.

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[8] See supra n.3.

[9] As the TPSC has requested, the domestic industry will continue to work with the parties requesting exclusions to determine if an agreement can be reached to exclude particular tool steel products.

The table appended at Exhibit 5 identifies the production volumes of those products for which exclusions are requested that are currently produced or could be produced by either Allegheny or Latrobe. In addition, the names of other domestic producers that are believed to produce those products are also provided, although the production volumes for these other domestic producers are not available. As indicated in Exhibit 5, there is current domestic production of many of the products for which exclusions have been requested. With an effective remedy, the production volumes for these products are likely to increase further.

Finally, a determination by the President to exclude of any of the 70 tool steel products for which exclusion requests have been made would be extremely difficult to administer because of the broad HTS classification categories. Thus, we urge the TPSC to recommend that the President not approve any exclusion requests involving tool steel products.

E. The Domestic Industry Opposes the Product Exclusions Requested Concerning Stainless Steel Fittings and Flanges

On behalf of domestic producers of stainless steel butt-weld pipe fittings -- Flowline Division of Markovitz Enterprises, Inc. ("Flowline"), Gerlin, Inc. ("Gerlin"), Shaw Alloy Piping Products, Inc. ("Shaw APP"), and Taylor Forge Stainless, Inc. ("Taylor Forge") (collectively the "domestic producers") -- we respond to the exclusion requests filed by the Embassy of Canada and on behalf of the members of the European Stainless Steel Forged Fittings Manufacturers Association. For the reasons set forth below, the domestic producers oppose the exclusion of any form of stainless steel butt-weld pipe fittings or stainless steel forged fittings from any remedy to be imposed by the President in relation to the category of stainless steel flanges and fittings (ITC Product Group # 33) under Section 203.

1. The Embassy of Canada's Exclusion Request Should be Rejected

In its request, the Embassy of Canada seeks to exclude certain stainless steel butt-weld fittings (classifiable under HTS 7307.23) from any import remedy that may be imposed on the overall category of stainless steel flanges and fittings. See Canadian Embassy Exclusion Request of November 13, 2001 ("Canadian Exclusion Request"), Exclusion Request X-022. As an initial matter, the Canadian exclusion request is unclear in a number of respects. First, while the implication of the request is that it only applies to imports originating in Canada, that is not explicitly stated at any point in the request. This point should be clarified by the Embassy.

Second, the precise scope of the product for which the Embassy seeks an exclusion is unclear. While the implication of the request is that the exclusion should cover stainless steel butt-weld fittings above 12 inches in diameter ("the bulk of the production by Canadian fitting manufacturers is almost exclusively concentrated in the heavy wall, large diameter fittings (lower pulp and paper specification A774 'as welded' quality fittings"), again, this is never explicitly stated. Further, it is unclear whether the request is limited to fittings produced to the ASTM A774 specification.

In fact, while the Canadian exclusion request attempts to contrast Canadian- and U.S.-produced products by stating that U.S. producers are generally limited to "average wall, full spec fittings (A 403-WP) in the small to medium range diameter (e.g., up to a maximum of 12 inches in diameter and a thickness of ½ inch)," in fact, the distinction between ASTM A774 and A403 fittings does not rest on differences in wall thicknesses. Indeed, A774 only covers fittings up to a maximum nominal wall thickness of ½ inch. See ASTM Designation A 774/A774M at 545 (appended at Exhibit 6). Thus, while the Canadian exclusion request claims that the ability to

produce to a wall thickness up to ½ inch in some way precludes the domestic producers from producing stainless fittings to A774, in fact, only fittings with a wall thickness ½ inch or less would meet the A774 specification. Accordingly, the terminology and description employed in the Canadian exclusion request in attempting to distinguish the products produced by the Canadian and U.S. industries is confusing and inaccurate.[10]

More importantly, the exclusion request of the Canadian Embassy should be denied because the basis on which it has been made is simply untrue. In contradiction to the claims put forward by the Canadian Embassy, both Flowline and Shaw APP produce stainless steel butt-weld fittings in diameters greater than 12 inches and in wall thickness in excess of ½ inch. This is shown in the excerpts from both companies' product literature at Exhibit 7. For example, Flowline's literature shows that it produces 90 degree long radius elbows of stainless steel in diameters of 14, 16, 18, 20, and 24 inches in all wall thicknesses ranging from Schedule 5-S (.218 inch wall thickness for a 24 inch diameter fitting) to Schedule 160 (2.344 inch wall thickness for the same 24 inch diameter fitting). See Exhibit 7 (Flowline Product Catalog at 16-17).

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10 ASTM A774 fittings are not "heavy wall" fittings as stated in the Canadian request; indeed, ASTM A403 fittings can be produced in the same wall thicknesses as A774 fittings, but can also be produced in wall thicknesses greater than ½ inch. See Exhibit 7 (Flowline product literature reflecting that its Schedule 160 fittings are produced up to a maximum wall thickness of 2.344 inches). At any rate, the ASTM specifications do not govern dimensions and tolerances, but rather set out permissible raw materials from which fittings can be made, methods of manufacture, quality assurance, and marking. See Exhibit 6 (ASTM Specifications). Rather, the American Society of Mechanical Engineers (ASME) and Manufacturers Standardization Society ("MSS") standards (ASME B 16.9 and MSS SP-43, respectively) govern dimensions and tolerances for stainless butt-weld fittings in diameters ½ inch through 24 inches. See Exhibit 7 (Flowline Literature on "Specifications and Materials Applicable to Stainless Butt Welding Fittings").

Similarly, Shaw APP's literature shows that it produces stainless steel butt-weld fittings in sizes well beyond 12 inches in diameter; stub ends up to 48 inches; long radius elbows up to 30 inches; short radius elbows up to 24 inches; straight tees up to 30 inches; reducers up to 36 inches; and caps up to 24 inches in diameter. See Exhibit 7 (Shaw APP Price List at 3). Not only do both Flowline and Shaw APP produce large diameter stainless butt-weld fittings, but they produce them in large quantities, and they account for a substantial portion of their overall sales of the product.

In addition, other domestic manufacturers such as Alaskan Copper, Felker Brothers, Tubetec, Custom Alloy, and Dynamic Products also produce stainless butt-weld fittings in diameters greater than 12 inches. Further, while the Embassy of Canada has apparently confused the distinction between ASTM A774 and A403 butt-weld fittings, the fact is that both of these specifications are produced in the United States in significant quantities in diameters both above and below 12 inches. Indeed, while ASTM A403 fittings are produced to a higher standard than are A774 fittings, A403 fittings can be substituted for A774 fittings in almost any application.

Thus, the claims that the U.S. industry does not produce large diameter and/or heavy-walled and/or A774 stainless butt-weld fittings are completely without merit. These stainless butt-weld fittings are widely produced in the United States, and U.S. producers of large diameter fittings have been negatively affected by growing imports of the product from Canada, the number one source of imports of stainless butt-weld fittings into the United States. For these reasons, the TPSC and the President should deny the request of the Embassy of Canada to exclude any form of stainless steel butt-weld fittings from any remedy imposed.

2. The European Stainless Steel Forged Fittings Manufacturers Association's Exclusion Request Should be Rejected

The European Stainless Steel Forged Fittings Manufacturers Association ("ESSFFMA") has requested that stainless steel forged fittings classifiable under HTS 7307.22 be excluded from any remedy imposed by the President on the overall product category of stainless steel flanges and fittings. ESSFFMA Exclusion Request of November 13, 2001 ("ESSFFMA Exclusion Request"), Exclusion Request X-127.

In its brief, ESSFFMA provides almost no discernible basis for requesting its exclusion. The only grounds provided are that "there has been little (if any) interest shown by the U.S. manufacturers of Stainless Steel Forged Fittings during this entire 201 investigation," and that "the record in this investigation contains no discernable separate pricing data for Stainless Steel Forged Fittings." ESSFFMA Exclusion Request at 1, 5. What the ESSFFMA submission conveniently overlooks is that the ITC received comprehensive responses to its questionnaire from producers of all forms of stainless steel flanges and fittings, including producers of stainless steel forged fittings. Further, the database developed for the individual producers of stainless forged fittings and the overall industry producing all forms of stainless flanges and fittings included information on a broad array of indicators of injury, including production, capacity utilization, shipments, market share, employment, hours worked, wages paid, net sales, gross income, operating income, average unit values, and capital investments. Thus, the Commission's affirmative injury determination was based on a fully developed record, and the absence of quarterly pricing information on a specific stainless steel forged fitting does not indicate that there was "no evidence on the record that the Stainless Steel Forged Fittings {imports} caused any injury." Id. at 6.

The ESSFFMA's claim that "there has been little (if any) interest shown by the U.S. manufacturers of Stainless Steel Forged Fittings during this entire 201 investigation" is also without merit. As noted above, the industry participated in the ITC's questionnaire process, and Alloy Stainless Products and Capitol Manufacturing Company (two of the three companies listed as domestic producers by the ESSFFMA in its brief (at 8)) participated in both the injury and remedy hearings before the ITC.[11] It is difficult to understand how much more actively the domestic industry could demonstrate its support for the Section 201 investigation. In notable contrast, the ESSFFMA chose not to participate in either of the Commission's hearings on injury or remedy issues.

Nor can the ESSFFMA make any claim there is no domestic production of the product for which it seeks an exclusion. By its own estimate, the domestic industry produced 570 metric tons of stainless steel forged fittings with a value of $9 million in both 1999 and 2000. See ESSFFMA Exclusion Request at 8.

Finally, the ESSFFMA has requested that if stainless steel forged fittings are not excluded entirely, those that are sold in the approved market should be excluded. Id. at 1. Again, no grounds for the request are provided, other than the vague suggestion that if such product was excluded from the market, "the remaining domestic producers could not meet demand." Id. The ESSFFMA submission, however, provides no evidence whatsoever to back up this claim, citing instead to a newspaper report of testimony concerning carbon steel flanges from the Commission's remedy hearing and stating simply that "the same is true with respect to

[11] Although not listed by the ESSFFMA, Flowline is also a producer of stainless steel forged fittings.

Stainless Steel Forged Flanges" Id. at 7 (presumably, the last word was intended to be "fittings"). In light of the complete lack of evidence accompanying its submission, the request of the ESSFFMA in relation to fittings for the approved market should be denied.

The request of the ESSFFMA in regard to stainless steel forged fittings sold to the approved market should also be rejected because such an exclusion would be an open door for circumvention of any remedy implemented by the President. There is no means of physical inspection that the Customs Service could employ to determine whether any given entry of stainless steel forged fittings was to be sold in the approved market or the unapproved market. Almost all stainless fittings are sold through distributors, so even the bill of lading would provide no indication as to who the ultimate purchaser of the product might be as distributors sell to both approved and unapproved markets. Thus, to leave the declaration of any import shipment vis-a-vis its "approved market" status to foreign shippers or importers would be an open invitation to circumvention of any remedy imposed.

Thus, the request of the ESSFFMA to exclude stainless steel forged fittings, either generally or if specifically sold to the approved market, from any remedy imposed on stainless steel flanges and fittings should be denied. The ESSFFMA has provided no reasonable grounds for its request, and as testified to at the Commission's hearings, the domestic industry producing stainless steel forged fittings has been devastated by increasing imports of the product.

F. With One Exception, the Domestic Industry Opposes the Product Exclusions Requested Concerning Non-Oriented Electrical Steel

AK Steel Corporation, a domestic producer of non-oriented electrical steel ("NOES"), opposes (with one exception)[12] the requests to exclude NOES products from any import relief program implemented by the President. This position is based on the existence of current domestic production of the products for which exclusions were requested, or the capability of the domestic industry to produce such products, particularly if prices were to recover to reasonable levels. Exhibit 8 provides the production volume and value of those products for which exclusions were requested that AK Steel currently produces or has the capability of producing. Further, with an effective remedy, the production volumes for these products are likely to increase.

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Based on these circumstances and its need for focused, comprehensive relief, AK Steel opposes the exclusion requests filed with the TPSC as detailed in Exhibit 8.

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[12] AK Steel does not oppose the exclusion of non-oriented, high silicon, magnetic sheet steel filed on behalf of certain Japanese respondents from coverage under any import relief program the President may implement. See Exclusion Request X-142.

G. The Domestic Specialty Steel Industry Supports the Inclusion of a Focused Short Supply Provision in Any Import Relief Program Ultimately Implemented by the President

While the domestic specialty steel industry, with three exceptions, opposes the various exclusion requests filed with the TPSC with respect to stainless, tool, and electrical steel products, it recognizes that there may arise instances in which importers and consumers will require access to products that cannot be produced by the domestic industry and cannot otherwise be obtained. The domestic specialty steel industry, therefore, does not oppose reasonable "short supply" procedures being included in any remedy package ultimately implemented by the President.

The basic principles of any such "short supply" program must be that: (1) it applies only in instances in which the consumer, importer, or exporter provides credible evidence that the domestic industry is unwilling or unable to produce the product in question or a commercial substitute (i.e., a product that has the same commercially significant mechanical and performance characteristics and that is marketed for the same purpose);[13] (2) the product in question cannot be obtained in the quantities required under the quota allocated; and (3) price is not a consideration in determining whether a short supply exists. The CITAC short supply proposal in H.R. 2770 does not meet these requirements. The domestic specialty steel industry is

[13] Short supply claims should not be granted when the request is based solely on brand preference or a claim that domestic suppliers are not qualified to provide the product in question. Non-essential product characteristics also should not be used to differentiate products. Products for which there is a domestic commercial substitute should also not be subject to "short supply" claims. Domestic producers should have the opportunity to market competing products to customers that have previously relied on imports. Short supply claims must be based on necessity rather than preference.

willing to work with consuming industries and the Administration to craft an appropriate short supply mechanism that meets the requirements set forth above.

IV. CONCLUSION

For the reasons stated above, the domestic specialty steel industry requests that the TPSC recommend that the President reject, with the three exceptions noted above, the various requests for the exclusion of stainless, tool, and electrical steel products, from any import relief that may ultimately be ordered by the President pursuant to section 203(a) of the Trade Act of 1974, as amended.

Respectfully submitted,

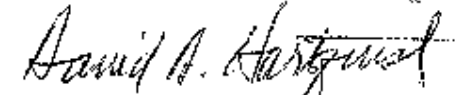

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EXHIBIT 1

REQUEST FOR ADDITIONAL INFORMATION INVOLVING EXCLUSIONS		
PRODUCT	**CURRENT PRODUCTION (either 2000 or YTD 2001) (volume & value)**	**POTENTIAL PRODUCTION (description of what it will take to begin production and the time frame)**
STAINLESS STEEL BAR ("SSB") AND LIGHT SHAPES		
1. **SSB Used in the Manufacture of Special Quality Oil Field Equipment** (Earle M. Jorgensen Co., X-002; Sandvik Metinox, X-004; Foroni Metals of Texas, Inc., X-035; and BGH Edelstahl, X-080)		
AISI 410 QDT	[ ]	[ ]
AISI 420	[ ]	
AISI 420 QDT	[ ]	[ ]

REQUEST FOR ADDITIONAL INFORMATION INVOLVING EXCLUSIONS		
PRODUCT	**CURRENT PRODUCTION (either 2000 or YTD 2001) (volume & value)**	**POTENTIAL PRODUCTION (description of what it will take to begin production and the time frame)**
Super 13 Chrome	[ ]	
Super 13 Chrome Heat Treated	[ ]	
AISI 630 17/4 PH DBH	[ ]	
AF 913		[

REQUEST FOR ADDITIONAL INFORMATION INVOLVING EXCLUSIONS		
PRODUCT	**CURRENT PRODUCTION (either 2000 or YTD 2001) (volume & value)**	**POTENTIAL PRODUCTION (description of what it will take to begin production and the time frame)**
		]
AF 918		[ ]
AF F51	[ ]	
316L (Classified under HTS No. 7222.30.0000)	[ ] The domestic industry is not aware of any particular properties of the 316L SSB for oil field applications for which Sandvik Metinox has requested an exclusion that would differentiate it from domestically produced grade 316L SSB that meets the NACE requirements. Accordingly, given the substantial production of grade 316L SSB in the United States and the capability of domestic manufacturers to meet those standards, the exclusion request should be rejected.	[ ]

REQUEST FOR ADDITIONAL INFORMATION INVOLVING EXCLUSIONS		
PRODUCT	**CURRENT PRODUCTION (either 2000 or YTD 2001) (volume & value)**	**POTENTIAL PRODUCTION (description of what it will take to begin production and the time frame)**
2. **316L Medical Grade SSB** (Sandvik Metinox, X-004) (Classified under HTS No. 7222.30.0000)	[ ]	
3. **Hot-Extruded Stainless Steel Profiles** (Hoesch Hohenlimburg GmbH and German Special Profiles Inc. ,X-020)	In addition to the three companies identified in the exclusion request, hot-extruded stainless steel profiles with one dimension greater than 6.5 inches are produced by at least three other domestic manufacturers, including: 1. RTI Fabrication, Houston, TX 2. Elwood Texas Forge, Houston, TX 3. Wyman Gordon, Cypress, TX In addition, the exclusion request incorrectly identifies two of the three listed domestic producers of hot-extruded stainless steel profiles. Specifically, Amerex is now operating as PMAC, and Altech is now operating as ALTX. [ ] Further, contrary to the assertions in the exclusion request, [ ]	The exclusion request concerning hot-extruded stainless steel profiles should also be denied because, as noted in the exclusion request, hot-extruded stainless steel profiles can be used as a substitute for hot-rolled stainless steel profiles. Accordingly, if the exclusion request were granted, domestic consumers of hot-rolled stainless steel profiles could reduce their purchases of those products from domestic manufacturers and substitute hot-extruded stainless steel profiles.
4. **Various Commodity Grades of Stainless Steel Bar** (Acos Villares, S.A., X-031)	Villares' request for an exclusion covers a wide variety of commodity grade stainless steel bar products, all of which are produced in significant volumes by domestic producers. While Villares asserts that there is insufficient production of these	

REQUEST FOR ADDITIONAL INFORMATION INVOLVING EXCLUSIONS		
PRODUCT	**CURRENT PRODUCTION (either 2000 or YTD 2001) (volume & value)**	**POTENTIAL PRODUCTION (description of what it will take to begin production and the time frame)**
	grades of SSB to meet domestic demand, the staff report prepared by the U.S. International Trade Commission suggests otherwise. Specifically, the staff report quantifies U.S. consumption of SSB and light shapes in 2000 at 324.2 million pounds and domestic capacity to produce SSB and light shapes at 315.4 million pounds. While domestic production stood at 179.1 million pounds in 2000, but for the serious injury that is substantially caused by subject imports, domestic production would be significantly higher and could meet the vast majority, if not all, domestic consumption. Accordingly, Villares' request for an exclusion with respect to various commodity grades of SSB based on the inability of domestic producers to meet demand should be rejected.	
5 **SSB Used in Manufacture of Engine Exhaust Valves** (Eaton Corporation. X- 027; and Acos Villares, S.A., X-031)[1]	[ ]	[ ]

[1] See Letter from Daniel J. O'Leary, Vice President - Sales & Marketing of Crucible Specialty Metals, to the Hon. Donna R. Koehnke, dated October 17, 2001 (appended at conclusion of table)

REQUEST FOR ADDITIONAL INFORMATION INVOLVING EXCLUSIONS		
PRODUCT	**CURRENT PRODUCTION (either 2000 or YTD 2001) (volume & value)**	**POTENTIAL PRODUCTION (description of what it will take to begin production and the time frame)**
6. **Stainless Steel Angles ("SSA")** (The Viraj Group, X-085)	[ ] In addition, the issuance of an antidumping duty order on imports of SSA from Korea, Japan, and Spain does not provide any basis for the exclusion of SSA from India from the scope of any import relief ordered by the President. Imports of many of the products on which the Commission reached affirmative injury findings are covered by antidumping duty orders. Contrary to the statements of Viraj, the Commission found that imports of stainless steel bar and light shapes (including SSA) were a substantial cause of serious injury to the domestic industry. Any import relief program implemented by the President should be consistent with that finding and should not exclude imports of SSA from India.	
7 **Screw Machine Quality and UGIMA (Ugine Improved Machinability) SSB** (USINOR, X-090)		
Screw Machine Quality SSB	[ ] [ ]	

REQUEST FOR ADDITIONAL INFORMATION INVOLVING EXCLUSIONS		
PRODUCT	**CURRENT PRODUCTION (either 2000 or YTD 2001) (volume & value)**	**POTENTIAL PRODUCTION (description of what it will take to begin production and the time frame)**
UGIMA (Ugine Improved Machinability) SSB	[ ]	
8. **Medical Grade SSB** (ERAMET Group, X-093)	Although the two products identified in the exclusion request filed on behalf of ERAMET Group are proprietary, the domestic industry produces significant quantities of medical grade SSB that is competitive with, if not directly substitutable for, the products for which exclusions are requested. [ ]	
9. **Porcerax II** (International Mold Steel, Inc. X-134)		Because International Mold Steel's counsel elected not to provide publicly any information on the chemistry of Porcerax II, despite indicating that that grade is covered by a U.S. patent (and, thus, the chemistry is a matter of public record), the domestic industry is unable to address specifically this exclusion request. We note, however, that the domestic industry has the capability to produce a wide range of mold steels that are like or directly competitive with the various grades for which International Mold Steel has requested exclusions.

REQUEST FOR ADDITIONAL INFORMATION INVOLVING EXCLUSIONS		
PRODUCT	**CURRENT PRODUCTION (either 2000 or YTD 2001) (volume & value)**	**POTENTIAL PRODUCTION (description of what it will take to begin production and the time frame)**
10. **Electro Slag Remelt and Vacuum Arc Remelt Products** (Bohler Edelstahl, X-153; and Bohler Uddeholm, X-154)		
AISI 420		[ ]
AISI 422		[ ]
AMS5662	[ ]	
AMS5889		[ ]
AMS 5719	[ ]	

REQUEST FOR ADDITIONAL INFORMATION INVOLVING EXCLUSIONS		
PRODUCT	**CURRENT PRODUCTION (either 2000 or YTD 2001) (volume & value)**	**POTENTIAL PRODUCTION (description of what it will take to begin production and the time frame)**
11. **Additional Electro Slag Remelt ("ESR") and Vacuum Arc Remelt ("VAR") Products for Which Exclusions Were Requested of the International Trade Commission**[2]		
403 Cb	[ ]	[ ]
403 cr		[
17-4 PH	[ ]	
Custom 150	[ ]	[ ]
IN 901	[ ] In addition, this exclusion request should be rejected because IN 901 is not a stainless steel bar product within the scope of the Commission's determination, but rather is a nickel alloy grade product.	

[2] Although specific requests covering the products identified below were not filed with the Trade Policy Staff Committee, requests to exclude these products were filed with the U.S. International Trade Commission. We address these products to the extent that the International Trade Commission determines to recommend that the President exclude them from the scope of any import relief program that may ultimately be implemented.

REQUEST FOR ADDITIONAL INFORMATION INVOLVING EXCLUSIONS		
PRODUCT	**CURRENT PRODUCTION (either 2000 or YTD 2001) (volume & value)**	**POTENTIAL PRODUCTION (description of what it will take to begin production and the time frame)**
IN 706	This exclusion request should be rejected because IN 706 is not a stainless steel bar product within the scope of the Commission's determination, but rather is a nickel alloy grade product.	
15-5 PH	[ ]	[ ]
M153	[ ]	

Crucible Specialty Metals
A Division of Crucible Materials Corporation

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Daniel J. O'Leary
Vice President - Sales & Marketing

October 17, 2001

The Honorable Donna R. Koehnke
Secretary
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

Re: Eaton Corporation Comments regarding TA-201-73

Dear Secretary Koehnke,

Crucible Specialty Metals, a Division of Crucible Materials corporation, is a leading producer of specialty steel bar products. We produce automotive valve steel products, stainless steels, and High Speed and Tool Steel product. Our Syracuse, NY, mill has been producing specialty steels since 1876.

On Monday October 15th and Tuesday October 16th, I had the opportunity to discuss the above matter with Mr. Houck of the U.S. International Trade Commission. Mr. Houck has provided me with the public version of Mr. Iwan's affidavit as well as the cover letter from Mr. Gilbert B. Kaplan, Counsel to Eaton Corporation.

Eaton's comments address their usage of two (2) grades – Eaton designation EMS-1 and EMS-247. Eaton estimates their yearly usage to be 2,650 metric tons of these two items.

In both the cover letter and the sworn affidavit, Eaton represents to the Commission that neither of these grades is currently produced domestically. The table below details our shipments to Eaton's three domestic plants from Crucible during 1999-2001. While Eaton is the largest consumer of these grades, we also produce these grades for other customers – TRW and Manly-Badger. Eaton's decision to source this material from offshore sources was done based upon price, not product quality or availability from a domestic source.

GRADE	1999 SHIPMENTS (LB)	2000 SHIPMENTS (LB)	2001 SHIPMENTS (LB)
EMS-1	4,194,000	4,061,333	2,451,097
EMS-247	712,600	240,985	0

Our last shipment of EMS-1 to Eaton was in July 2001. The impact of the loss of this business with Eaton results in a 9.5% reduction in our shipped tons. Eaton paints this scenario as minor, in the macro sense that may be true, but in the micro – to the employees of Crucible Specialty Metals and their families it is anything but minor.

Crucible Specialty Metals is a QS-9000 certified facility and is a fully certified supplier to Eaton in the grades that are currently under review. Our product quality, technical support, and delivery performance have been outstanding to Eaton. During my three years of working with Eaton, I have found their personnel to be professional and a pleasure to work with. We fully understand the pressures of remaining competitive. We ask only for a level playing field.

Should you have any questions, or if I may be of any help during this process please contact me.

Sincerely,

Daniel J. O'Leary

Daniel J. O'Leary

TOTAL P.07

EXHIBIT 2

REQUEST FOR ADDITIONAL INFORMATION INVOLVING EXCLUSIONS		
PRODUCT	**CURRENT PRODUCTION (either 2000 or YTD 2001) (volume & value)**	**POTENTIAL PRODUCTION (describe what it will take to begin production and the time frame)**
STAINLESS STEEL WIRE ROD		
1. **440 C Grade SSWR Used in the Production of SSW and SSB for U.S. Producers of Miniature Precision Ball Bearings, Automotive Fuel Injectors, and Other Industrial Products** (Hitachi Metals, Ltd. and Hitachi Metals America, Ltd., X-177) (Classified under HTS Nos. 7221.00.0015 and 7221.00.0030)	[ ]	[ ]
2. **DSUS 70DH SSWR (Proprietary Product Developed by Hitachi Metals for Denso, a Japanese Customer in Japan)** (Hitachi Metals, Ltd. and Hitachi Metals America, Ltd., X-177) (Classified under HTS Nos. 7221.00.0015 and 7221.00.0030)	Carpenter Technology Corporation: Currently produces Lapelloy C and Trimrite, products that compete directly with DSUS 70DH, which is a proprietary grade product	
3. **SSRW with Diameter of Less than 5.00 millimeters** (Usinor, X-090) (Classified under HTS Nos. 7221.00.0005 and 7221.00.0015)		[ ]
4. **SSWR Used for Kiln Chain Products** (Columbus McKinnon Corp., X-001)		

REQUEST FOR ADDITIONAL INFORMATION INVOLVING EXCLUSIONS		
PRODUCT	CURRENT PRODUCTION (either 2000 or YTD 2001) (volume & value)	POTENTIAL PRODUCTION (describe what it will take to begin production and the time frame)
STAINLESS STEEL WIRE ROD		
X22 CrMnNi 20-8-5		[ ]
X22 CrMnNi 25-9-5		[ ]
X22 CrMnNi 17-8-4		[ ]
X10 CrAlSi 13		[ ]
X10 CrAlSi 18		[ ]
5. **Air Melt Grade A28 SSWR (for Automotive Emission Applications)**	[ ]	[ ]

DOCUMENT NOT SUSCEPTIBLE TO PUBLIC SUMMARIZATION

EXHIBIT 3

REQUEST FOR ADDITIONAL INFORMATION INVOLVING EXCLUSIONS

PRODUCT	CURRENT PRODUCTION (either 2000 or YTD 2001) (volume & value)	POTENTIAL PRODUCTION (describe what it will take to begin production and the time frame)
STAINLESS STEEL WIRE		
1. Piston Ring Wire - (Dana Corp., X-012; Hitachi Metals Ltd. X-177) (classified under HTS Nos. 7223.00.5000 and 7223.00.9000)	Carpenter Technology Corporation produces wire that is used to manufacture piston rings. It sells this wire to Zapp USA, a domestic producer, which makes the shape used for piston ring manufacture.	
2. Nickel-coated SSW (Suzuki X-142) (classified under HTS Nos. 7223.00.1015, 7223.00.1030, 7223.00.1045, and 7223.00.1060)	Sumiden Wire Products Corporation is a domestic producer of nickel-coated SSW.	
3. Non-magnetic SSW Grade YUS130M (Suzuki, X-142) (classified under HTS Nos. 7223.00.1030, 7223.00.1045, and 7223.00.1060)	[ ]	[ ]

PRODUCT	CURRENT PRODUCTION (either 2000 or YTD 2001) (volume & value)	POTENTIAL PRODUCTION (describe what it will take to begin production and the time frame)
4. Stainless Profile Wire (Usinor, X-090) (classified under HTS No. 7223.00.9000)	There is insufficient information on the record regarding this product. Without additional information, such as volume, grade, and shape, we cannot determine whether the domestic industry produces a product that is like or directly competitive with this product. For instance, depending on size and tolerances, Contours, Charter Wire and Rathbone are domestic producers that can produce stainless profile wire.	
5. Needle Wire (Sandvik, X-060) (classified under HTS Nos. 7223.00.1030 and 7223.00.1045)	Branford Wire, Fort Wayne Metals, Carpenter Technology Corporation and Ethicon are domestic producers of needle wire.	
6. Flat Wire (Sandvik, X-059; Dana Corp. X-012) (classified under HTS No. 7223.00.5000)	Zapp USA is a domestic producer of flat wire.	
7. Stainless Expanders (Sandvik, X-059) (classified under HTS No. 7223.00.5000)	Zapp USA and Charter Wire are domestic producers of stainless expanders	

PRODUCT	CURRENT PRODUCTION (either 2000 or YTD 2001) (volume & value)	POTENTIAL PRODUCTION (describe what it will take to begin production and the time frame)
8. Stainless Steel Products (Product 11) From Canada (Central Wire Industries and Greening Donald Co., X-053)	While the domestic industry agrees that imports of stainless wire should be deemed to originate from the country where the wire is drawn, it does not agree that the President should exclude imports of Canadian stainless wire. In the event, however, that stainless wire products are excluded from any remedy, the domestic industry requests that measures be implemented to prevent partially-peeled or partially-drawn wire from entering the U.S. as wire drawn in Canada. (See supra at 6 and Exhibit 4).	
9. Nickel-Coated Spring Wire 302 - Diameter Less than 0.25 mm* (Sandvik) (classified under HTS No. 7223.00.1015)	Sumiden Wire Products Corporation is a domestic producer of nickel-coated spring wire 302 with a diameter less than 0.25 mm.	
10. Nickel-Coated Spring Wire 302 - Diameter of 0.25 mm or greater but less than 0.76 mm* (Sandvik) (classified under HTS No. 7223.00.1030)	Sumiden Wire Products Corporation is a domestic producer of nickel-coated spring wire 302 with a diameter of 0.25 mm or greater but less than 0.76 mm.	
11. Stainless Bare Wire* (weld wire) (Sandvik) (classified under HTS No. 7223.00.1045)	National Standard, Lincoln Electric, Arcos Corp. and ITW Hobart are domestic producers of stainless bare wire.	

PRODUCT	CURRENT PRODUCTION (either 2000 or YTD 2001) (volume & value)	POTENTIAL PRODUCTION (describe what it will take to begin production and the time frame)
12. Spring Wire 17-7PH* (Sandvik) (classified under HTS No. 7223.00.1060)	Techalloy, Maryland Specialty, A-1 and Sumiden are domestic producers of spring wire 17-7PH.	Carpenter Technology Corporation is currently under evaluation at a major domestic engine manufacturer to supply this wire.
13. Glass Sealing Wire* (Sandvik) (classified under HTS No. 7223.00.1060)	Carpenter Technology Corporation produces several grades of this type of wire. For example it has produced [ ]	[ ]
14. Wirelines* (Sandvik) (classified under HTS No. 7223.00.1060)	Maryland Specialty, Carpenter Technology Corporation, Elgiloy and Techalloy are domestic producers of wirelines.	
15. Stainless Core Wire* (Sandvik) (classified under HTS No. 7223.00.1060)	National Standard and Arcos are domestic producers of stainless core wire.	
16. Wire Cold-Heading* Finished Goods (Sandvik) (classified under HTS No. 7223.00.1060)	[ ]	[ ]

PRODUCT	CURRENT PRODUCTION (either 2000 or YTD 2001) (volume & value)	POTENTIAL PRODUCTION (describe what it will take to begin production and the time frame)
17. Nickel Bare Wire* Finished Goods (Sandvik) (classified under HTS No. 7223.00.1060)	Arcos Corp. is a domestic producer of nickel bare wire.	

* Although specific requests covering these products were not filed with the Trade Policy Staff Committee, requests to exclude these products were filed with the U.S. International Trade Commission. We address these products to the extent that the International Trade Commission determines to recommend that the President exclude them from the scope of any import relief program that may ultimately be implemented.