

Agreement Suspending the Antidumping Investigation on Cold-Rolled Carbon Steel Flat Products From the Russian Federation (A-821-815)

Pursuant to section 734(b) of the Tariff Act of 1930, as amended (19 U.S.C. §1673(c)(b)) (the “Act”), and 19 CFR 351.208 (the “Regulations”), the U.S. Department of Commerce (the “Department”) and the signatory producers/exporters of Cold-Rolled Carbon Steel Flat Products from the Russian Federation (the “Signatories”) enter into this suspension agreement (the “Agreement”). On the basis of this Agreement, the Department shall suspend its antidumping investigation initiated on October 26, 2001 (66 FR 54198), with respect to cold-rolled carbon steel flat products from the Russian Federation, subject to the terms and provisions set forth below.

(A) Product Coverage

For purposes of this Agreement, the products covered are certain cold-rolled (cold-reduced), flat-rolled carbon-quality steel products, as described in Appendix B.

(B) U.S. Import Coverage

The signatory producers/exporters collectively are the producers and exporters in the Russian Federation that, during the antidumping investigation on the merchandise subject to the Agreement, accounted for substantially all (not less than 85 percent) of the subject merchandise imported into the United States, as provided in the Department’s regulations. The Department may at anytime during the period of the Agreement require additional producers/exporters in the Russian Federation to sign the Agreement in order to ensure that not less than substantially all imports into the United States are covered by the Agreement.

In reviewing the operation of the Agreement for the purpose of determining whether this Agreement has been violated or is no longer in the public interest, the Department will consider imports into the United States from all sources of the merchandise described in Section A of the Agreement. For this purpose, the Department will consider factors including, but not limited to, the following: volume of trade, pattern of trade, whether or not the reseller is an original equipment manufacturer, and the reseller’s export price (EP).

(C) Basis of the Agreement

On and after the effective date of the Agreement, each signatory producer/exporter individually agrees to make any necessary price revisions to eliminate completely any amount by which the normal value (NV) of this merchandise exceeds the U.S. price of its merchandise subject to the Agreement. For this purpose, the Department will determine the NV in accordance with section 773(e) of the Act and U.S. price in accordance with section 772 of the Act.

- (1) For the period from September 23, 2002, the date of signing the agreement,

through March 31, 2003 (the interim period), each signatory producer/exporter agrees not to sell its merchandise subject to the Agreement in the United States.

- (2) For all sales occurring on and after April 1, 2003, each producer/exporter agrees not to sell its merchandise subject to the Agreement to any unaffiliated purchaser in the United States at prices that are less than the NV of the merchandise, as determined by the Department on the basis of information submitted to the Department not later than the dates specified in section D of the Agreement and provided to the parties not later than March 20 and September 20 of each year.¹ This NV shall apply to sales occurring during the semiannual period beginning on the first day of the month following the date the Department provides the NV, as stated in this paragraph.

(D) Monitoring

Each signatory producer/exporter will supply to the Department all information that the Department decides is necessary to ensure that the producer/exporter is in full compliance with the terms of the Agreement. As explained below, the Department will provide each signatory producer/exporter a detailed request for information and prescribe a required format and method of data compilation, not later than the beginning of each reporting period.

(1) Sales information

The Department will require each producer/exporter to report, on computer tape in the prescribed format and using the prescribed method of data compilation, each sale of the merchandise subject to the Agreement, either directly or indirectly to unaffiliated purchasers in the United States, including each adjustment applicable to each sale, as specified by the Department.

The first report of sales data shall be submitted to the Department, on computer tape in the prescribed format and using the prescribed method of data compilation, not later than October 31, 2003, and shall contain the specified sales information covering the period April 1, 2003 to September 30, 2003. Subsequent reports of sales data shall be submitted to the Department not later than April 30 and October 31 of each year, and each report shall contain the specified sales information for the semiannual period ending one month prior to the due date, except that if the Department receives information that a

¹For the first sales period only, April 1 through September 30, 2003, the issuance of the normal value may be delayed in order to resolve issues raised in comments from interested parties or by the Department and for the purpose of allowing sufficient time for signatories to respond to the Department's request for cost data. Some of these issues may arise due to Russia's new status as a market economy with respect to the Department's proceedings. In accordance with section 773(f) of the Act, the Department will examine prices and costs within Russia and, for any sales period, may disregard particular prices or costs when the prices are not in the ordinary course of trade, the costs are not in accordance with the generally accepted accounting principles, the costs do not reasonably reflect the costs associated with the production and sale of the merchandise, or in other situations provided for in the Act or the Department's regulations. Examples of possible areas in which adjustments may be necessary include, but are not limited to, costs related to energy, depreciation, transactions among affiliates, barter, as well as items that are not recognized by the Russian Accounting System.

possible violation of the Agreement may have occurred, the Department may request sales data on a monthly, rather than semiannual basis.

(2) Cost information

Producer/exporters must request NVs for all subject merchandise that will be sold in the United States. For those products which the producer/exporter is requesting NVs, the Department will require each producer/exporter to report: their actual cost of manufacturing; selling, general and administrative (SG&A) expenses; and profit data on a semiannual basis, in the prescribed format and using the prescribed method of data compilation. As indicated in Appendix A, profit will be reported by the producers/exporters on a semiannual basis. Each such producer/exporter also must report anticipated increases in production costs in the semiannual period in which the information is submitted resulting from factors such as anticipated changes in production yield, changes in production process, changes in production quantities or changes in production facilities.

The first report of cost data shall be submitted to the Department not later than November 14, 2002, and shall contain the specified cost data covering the period April 1, 2002 through September 30, 2002. Each subsequent report shall be submitted to the Department not later than May 15 and November 14 of each year, and each report shall contain specified information for the semiannual period ending 45 days prior to the due date.

(3) Special Adjustment of Normal Value

If the Department determines that the NV it determined for a previous semiannual period was erroneous because the reported costs for that period were inaccurate or incomplete, or for any other reason, the Department may adjust NV in a subsequent period or periods, unless the Department determines that Section F of the Agreement applies.

(4) Verification

Each producer/exporter agrees to permit full verification of all cost and sales information annually, or more frequently, as the Department deems necessary.

(5) Bundling or Other Arrangements

Producers/exporters agree not to circumvent the Agreement. In accordance with the dates set forth in section D(1) of this Agreement, producers/exporters will submit a written statement to the Department certifying that the sales reported herein were not, or are not part of or related to, any bundling arrangement, on-site processing arrangement, discounts/free goods/financing package, swap or other exchange where such arrangement is designed to circumvent the basis of

the Agreement.

Where there is reason to believe that such an arrangement does circumvent the basis of the Agreement, the Department will request producers/exporters to provide within 15 days all particulars regarding any such arrangement, including, but not limited to, sales information pertaining to covered and non-covered merchandise that is manufactured or sold by producers/exporters. The Department will accept written comments, not to exceed 30 pages, from all parties no later than 15 days after the date of receipt of such producer/exporter information.

If the Department, after reviewing all submissions, determines that such arrangement circumvents the basis of the Agreement, it may, as it deems most appropriate, utilize one of two options: (1) the amount of the effective price discount resulting from such arrangement shall be reflected in the NV in accordance with section D(3) of this Agreement, or (2) the Department shall determine that the Agreement has been violated and take action according to the provisions under section F of this Agreement.

(6) Rejection of Submissions

The Department may reject any information submitted after the deadlines set forth in this section or any information which it is unable to verify to its satisfaction. If information is not submitted in a complete and timely fashion or is not fully verifiable, the Department may calculate normal value (NV), and/or U.S. price based on facts otherwise available, as it determines appropriate, unless the Department determines that section F of this Agreement applies.

(E) Disclosure and Comment

(1) The Department may make available to representatives of each domestic party to the proceeding, under appropriately drawn administrative protective orders, business proprietary information submitted to the Department during the reporting period as well as results of its analysis under section 777 of the Act.

(2) For the first sales period, beginning April 1, 2003, the Department will disclose to each producer/exporter the preliminary results and methodology of the Department's calculations of its NV no later than February 20, 2003. At that time, the Department may also make available such information to the domestic parties to the proceeding in accordance with this section.

(3) Not later than February 20 and August 20 of each ensuing sales period, the Department will disclose to each producer/exporter the preliminary results and methodology of the Department's calculations of its NV. At that time, the Department may also make available such information to the domestic parties to the proceeding, in accordance with this section.

(4) Not later than 7 days after the date of disclosure under section E(2) and E(3) of this Agreement, the parties to the proceeding may submit written comments to the Department, not to exceed 15 pages. After reviewing these submissions, the Department will provide to each producer/exporter its NV as provided in section C(2) of this Agreement. In addition, the Department may provide such information to domestic interested parties as specified in this

section.

(F) Violations of the Agreement

If the Department determines that the Agreement is being or has been violated or no longer meets the requirements of section 734(b) or (d) of the Act, the Department shall take action it determines appropriate under section 734(i) of the Act and the regulations.

(G) Other provisions

In entering into the Agreement, the signatory producers/exporters do not admit that any sales of merchandise subject to the Agreement have been made at less than fair value.

(H) Termination or Withdrawal

The Department will not consider requests for termination of this suspended investigation prior to September 2007. Termination of the suspended investigation will be considered in accordance with the five-year review provisions of section 351.222 of the Department's regulations.

Any producer/exporter may withdraw from the Agreement at any time upon notice to the Department. Withdrawal shall be effective 60 days after such notice is given to the Department. Upon withdrawal, the Department shall follow the procedures outlined in section 734(i)(1) of the Act.

(I) Definitions

For purposes of the Agreement, the following definitions apply:

(1) U.S. price means the export price or constructed export price at which merchandise is sold by the producer or exporter to the first unaffiliated person in the United States, including the amount of any discounts, rebates, price protection or ship and debit adjustments, and other adjustments affecting the net amount paid or to be paid by the unaffiliated purchaser, as determined by the Department under section 772 of the Act.

(2) Normal Value means the constructed value (CV) of the merchandise, as determined by the Department under section 773 of the Act and the corresponding sections of the Department's regulations, and as adjusted in accordance with Appendix A to this Agreement.

(3) Producer/Exporter– means (1) the foreign manufacturer or producer, (2) the foreign producer or reseller which also exports, and (3) the affiliated person by whom or for whose account the merchandise is imported into the United States, as defined in section 771(28) of the Act.

(4) Date of sale- means the date of the invoice as recorded in the exporter or producer's records kept in the ordinary course of business, unless the Department determines that a different date better reflects the date on which the exporter or producer establishes the material terms of sale, as determined by the Department under its regulations.

The effective date of this Agreement is September 23, 2002.

For the Russian Federation Producers/Exporters

Neil R. Ellis
for JSC Severstal

Date

Stanimir A. Alexandrov
for Novolipetsk Iron & Steel
Corporation

Date

Vasily A. Varenov
for Magnitogorsk Iron
& Steel Works

Date

For U.S. Department of Commerce

Faryar Shirzad
Assistant Secretary
for Import Administration

Date

Appendix A- Principles of Cost

General Framework

The cost information reported to the Department that will form the basis of the NV calculations for purposes of the Agreement must be²:

- C Comprehensive in nature and based on a reliable accounting system (i.e., a system based on well-established standards that can be tied to the audited financial statements);
- C Representative of the company's costs incurred for the general class of merchandise;
- C Calculated on a semiannual weighted-average basis of the plants or cost centers manufacturing the product;
- C Based on fully-absorbed costs of production, including any downtime;
- C Valued in accordance with generally accepted accounting principles;
- C Reflective of appropriately allocated common costs so that the costs necessary for the manufacturing of the product are not absorbed by other products; and
- C Reflective of the actual cost of producing the product.

Additionally, a single figure should be reported for each cost component.

Cost of Manufacturing (COM)

Costs of manufacturing are reported by major cost category and for major stages of production. Weighted-average costs are used for a product that is produced at more than one facility, based on the cost at each facility.

Direct materials is the cost of those materials which are input into the production process and physically become part of the final product.

Direct labor are the costs identified with a specific product. These costs are not allocated among products except when two or more products are produced at the same cost center. Direct labor costs should include salary, bonus and overtime pay, training expenses, and all fringe benefits. Any contracted-labor expense should reflect the actual billed cost or the actual costs incurred by the subcontractor when the corporation has influence over the contractor.

Factory overhead is the overhead costs including indirect materials, indirect labor, depreciation, and other fixed and variable expenses attributable to a production line or factory. Because overhead costs are typically incurred for an entire production line. Acceptable cost allocation can be based on labor hours or machine hours. Overhead costs should reflect any idle or downtime and be fully absorbed by the products.

² See footnote 1 in Section C(2) of the Agreement.

Cost of Production (COP)

COP is equal to the sum of materials, labor, and overhead (COM) plus SG&A expense in the home market (HM).

SG&A expense are those expenses incurred for the operation of the corporation as a whole and not directly related to the manufacture of a particular product. They include corporate general and administrative expenses, financing expenses, and general research and development expenses. Additionally, direct and indirect selling expenses incurred in the HM for sales of the product under investigation are included. Such expenses are allocated over cost of goods sold.

Constructed Value

Is equal to the sum of materials, labor and overhead (COM) and SG&A expenses plus profit in the comparison market and the cost of packing for exportation to the United States.

Calculation of Suspension Agreement NVs

NVs (for purposes of the Agreement) are calculated by adjusting the CV and are provided for both EP and CEP transactions. In effect, any expenses uniquely associated with the covered products sold in the HM are subtracted from the CV, and any such expenses which are uniquely associated with the covered products sold in the United States are added to the CV to calculate the NV.

Export Price— Generally, a U.S. sale is classified as an export price sale when the first sale to an unaffiliated person occurs before the goods are imported into the United States. In cases where the foreign manufacturer knows or has reason to believe that the merchandise is ultimately destined for the United States, the manufacturer's sales is the sale subject to review. If, on the other hand, the manufacturer sold the merchandise to a foreign trader without knowledge of the trader's intention to export the merchandise to the United States, then the trader's first sale to an unaffiliated person is the sale subject to review. For EP NVs, the CV is adjusted for movement costs and differences in direct selling expenses such as commissions, credit, warranties, technical expenses such as commissions, credit, warranties, technical services, advertising, and sales promotion.

Constructed Export Price— Generally, a U.S. sales is classified as a constructed export price sale when the first sale to an unaffiliated person occurs after importation. However, if the first sales to an unaffiliated person is made by a person in the United States affiliated with the foreign exporter, constructed export price applies even if the sale occurs prior to importation, unless the U.S. affiliate performs only clerical functions in connection with the sale. For CEP NVs, the CV is adjusted similar to EP sales, with differences for adjustment to U.S. and HM indirect-selling expenses.

Home market direct-selling expenses are expenses that are incurred as a direct result of a sale. These include such expenses as commissions, advertising, discounts and rebates, credit,

warranty expenses, freight costs, etc. Certain direct-selling expenses are treated individually. They include:

Commission expenses are payments to unaffiliated parties for sales in the HM.

Credit expenses are expenses incurred for the extension of credit to HM customers.

Movement expenses are freight, brokerage and handling, and insurance expenses.

U.S. direct-selling expenses are the same as HM direct-selling expenses except that they are incurred for sales in the United States.

Movement expenses are additional expenses incidental to importation into the United States. These typically include U.S. inland freight, insurance, brokerage and handling expenses, U.S. Customs duties, and international freight.

U.S. indirect-selling expenses include general fixed expenses incurred by the U.S. sales subsidiary or affiliated exporter for sales to the United States. They may also include a portion of indirect expenses incurred in the HM for export sales.

For EP Transactions

| | |
|---|-----------------------------|
| + | Direct Materials |
| + | Direct Labor |
| + | Factory Overhead |
| = | Cost of Manufacturing (COM) |
| + | Home Market SG&A |
| = | Cost of Production (COP) |
| + | U.S. Packing |
| + | Profit |
| = | Constructed Value |
| + | U.S. Direct-Selling Expense |
| + | U.S. Commission Expense |
| + | U.S. Movement Expense |
| + | U.S. Credit Expense |
| - | HM Direct-Selling Expense |
| - | HM Commission Expense [1] |
| - | HM Credit Expense |
| = | NV for EP Sales |

[1] If the company does not have HM commissions, HM indirect expenses are subtracted only up to the amount of the U.S. Commissions.

For CEP Transactions

| | |
|---|--|
| + | Direct Materials |
| + | Direct Labor |
| + | Factory Overhead |
| = | Cost of Manufacturing (COM) |
| + | Home Market SG&A |
| = | Cost of Production (COP) |
| + | U.S. Packing |
| + | Profit |
| = | Constructed Value |
| + | U.S. Direct-selling Expense |
| + | U.S. Indirect-selling Expense |
| + | U.S. Commission Expense |
| + | U.S. Movement Expense |
| + | U.S. Credit Expense |
| + | U.S. Further Manufacturing Expenses (if any) |
| + | CEP Profit |
| - | HM Direct-selling Expense |
| - | HM Commission Expense [1] |
| - | HM Credit Expense |
| = | NV for CEP Sales |

[1] If the company does not have HM commissions, HM indirect expenses are subtracted only up to the amount of the U.S. Commissions.

Appendix B

For purposes of this Agreement, the products covered are certain cold-rolled (cold-reduced) flat-rolled carbon-quality steel products, neither clad, plated, nor coated with metal, but whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances, both in coils, 0.5 inch wide or wider, (whether or not in successively superimposed layers and/or otherwise coiled, such as spirally oscillated coils), and also in straight lengths, which, if less than 4.75 mm in thickness having a width that is 0.5 inch or greater and that measures at least 10 times the thickness; or, if of a thickness of 4.75 mm or more, having a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular or other shape and include products of either rectangular or non-rectangular cross-section.

Specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, and motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. Motor lamination steels contain micro-alloying levels of elements such as silicon and aluminum.

Steel products included in the scope of this Agreement, regardless of definitions in the HTSUS, are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 % or less, by weight, and; (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated: 1.80 % of manganese, or 2.25 % of silicon, or 1.00 % of copper, or 0.50 % of aluminum, or 1.25 % of chromium, or 0.30 % of cobalt, or 0.40 % of lead, or 1.25 % of nickel, or 0.30 % of tungsten, or 0.10 % of molybdenum, or 0.10 % of niobium (also called columbium), or 0.15 % of vanadium, or 0.15 % of zirconium.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of this Agreement unless specifically excluded.

The following products, by way of example, are outside and/or specifically excluded from the scope of this Agreement:

- ! **SAE grades** (formerly also called AISI grades) above 2300;
- ! **Ball bearing steels**, as defined in the HTSUS;
- ! **Tool steels**, as defined in the HTSUS;

- ! **Silico-manganese steel**, as defined in the HTSUS;
- ! **Silicon-electrical steels**, as defined in the HTSUS, that are grain-oriented;
- ! **Silicon-electrical steels**, as defined in the HTSUS, that are not grain-oriented and that have a silicon level exceeding 2.25 %;
- ! **All products (proprietary or otherwise) based on an alloy ASTM specification** (sample specifications: ASTM A506, A507);
- ! **Non-rectangular shapes**, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTSUS;
- ! **Silicon-electrical steels**, as defined in the HTSUS, that are not grain-oriented and that have a silicon level less than 2.25 %, and (a) fully-processed, with a core loss of less than 0.14 watts/pound per mil (0.001 inch), or (b) semi-processed, with core loss of less than 0.085 watts/pound per mil (0.001 inch);

- ! **Certain shadow mask steel**, which is aluminum killed cold-rolled steel coil that is open coil annealed, has an ultra-flat, isotropic surface, and which meets the following characteristics:
 Thickness: 0.001 to 0.010 inch
 Width: 15 to 32 inches

Chemical Composition:

| | |
|---------------|-----------|
| Element..... | C |
| Weight %..... | < 0.002 % |

- ! **Certain flapper valve steel**, which is hardened and tempered, surface polished, and which meets the following characteristics:

Thickness: ≤ 1.0 mm
 Width: ≤ 52.4 mm

Chemical Composition:

| | | | | | |
|---------------|-----------|-----------|-----------|-------|---------|
| Element..... | C | Si | Mn | P | S |
| Weight %..... | 0.90-1.05 | 0.15-0.35 | 0.30-0.50 | <0.03 | < 0.006 |

Mechanical Properties:

| | |
|-----------------------|--------------------------------|
| Tensile Strength..... | ≥ 162 Kgf/mm ² |
| Hardness..... | > 475 Vickers hardness number |

Physical Properties:

| | |
|---------------|--------------------------------|
| Flatness..... | < 0.2 % of nominal strip width |
|---------------|--------------------------------|

Microstructure: Completely free from decarburization. Carbides are spheroidal and fine within 1 % to 4 % (area percentage) and are undissolved in the uniform tempered martensite.

Non-metallic Inclusion:

| | Area Percentage |
|------------------------|-----------------|
| Sulfide Inclusion..... | ≤ 0.04 % |
| Oxide Inclusion..... | < 0.05 % |

Compressive Stress: 10 to 40 Kgf/mm²

Surface Roughness:

| Thickness (mm) | Roughness (: m) |
|------------------------|-----------------|
| t ≤ 0.209..... | Rz ≤ 0.5 |
| 0.209 < t ≤ 0.310..... | Rz ≤ 0.6 |
| 0.310 < t ≤ 0.440..... | Rz ≤ 0.7 |
| 0.440 < t ≤ 0.560..... | Rz ≤ 0.8 |
| 0.560 < t..... | Rz < 1.0 |

! **Certain ultra thin gauge steel strip**, which meets the following characteristics:

Thickness: ≤ 0.100 mm ± 7 %

Width: 100 to 600 mm

Chemical Composition:

| Element..... | C | Mn | P | S | Al | Fe |
|---------------|--------|-----------|--------|--------|--------|---------|
| Weight %..... | < 0.07 | 0.2 - 0.5 | < 0.05 | < 0.05 | < 0.07 | Balance |

Mechanical Properties:

| | |
|-----------------------|----------------------------|
| Hardness..... | Full Hard (Hv 180 minimum) |
| Total Elongation..... | < 3 % |
| Tensile Strength..... | 600 to 850 N/mm |

Physical Properties:

| | |
|--------------------------|----------------------------------|
| Surface Finish..... | ≤ 0.3 micron |
| Camber (in 2.0 m)..... | < 3.0 mm |
| Flatness (in 2.0 m)..... | ≤ 0.5 mm |
| Edge Burr..... | < 0.01 mm greater than thickness |
| Coil Set (in 1.0 m)..... | < 75.0 mm |

! **Certain silicon steel**, which meets the following characteristics:

Thickness: 0.024 inch ± 0.0015 inch

Width: 33 to 45.5 inches

Chemical Composition:

| | | | | | | |
|--------------------|-------|-----|------|-------|------|-----|
| Element..... | C | Mn | P | S | Si | Al |
| Min. Weight %..... | | | | | 0.65 | |
| Max. Weight %..... | 0.004 | 0.4 | 0.09 | 0.009 | | 0.4 |

Mechanical Properties:

| | |
|---------------|------------------|
| Hardness..... | B 60-75 (AIM 65) |
|---------------|------------------|

Physical Properties:

| | |
|--------------------------------|--|
| Finish..... | Smooth (30-60 microinches) |
| Gamma Crown (in 5 inches)..... | 0.0005 inch, start measuring one-quarter inch from slit edge |
| Flatness | 20 I-UNIT max. |
| Coating..... | C3A-.08A max. (A2 coating acceptable) |
| Camber (in any 10 feet)..... | 1/16 inch |
| Coil Size I.D. | 20 inches |

Magnetic Properties:

| | |
|-----------------------------------|----------------------------|
| Core Loss (1.5T/60 Hz) NAAS | 3.8 Watts/Pound max. |
| Permeability (1.5T/60 Hz) NAAS... | 1700 gauss/oersted typical |
| | 1500 minimum |

- ! **Certain aperture mask steel**, which has an ultra-flat surface flatness and which meets the following characteristics:

Thickness: 0.025 to 0.245 mm

Width: 381-1000 mm

Chemical Composition:

| | | | |
|---------------|--------|----------------|---------|
| Element..... | C | N | Al |
| Weight %..... | < 0.01 | 0.004 to 0.007 | < 0.007 |

- ! **Certain annealed and temper-rolled cold-rolled continuously cast steel**, which meets the following characteristics:

Chemical Composition:

| | | | | | | | | | | |
|---------------|------|------|------|------------------------------------|------|--------------------------|------|------|---|---------------------------------|
| Element | C | Mn | P | S | Si | Al | As | Cu | B | N |
| Min. Weight % | 0.02 | 0.20 | | | | 0.03 | | | | 0.003 |
| Max. Weight % | 0.06 | 0.40 | 0.02 | 0.023 (Aiming 0.018 Max.) | 0.03 | 0.08 (Aiming 0.05) | 0.02 | 0.08 | | 0.008 (Aiming g 0.005) |

Non-metallic Inclusions: Examination with the S.E.M. shall not reveal individual oxides > 1 micron (0.000039 inch) and inclusion groups or clusters shall not exceed 5 microns (0.000197 inch) in length.

Surface Treatment as follows: The surface finish shall be free of defects (digs, scratches, pits, gouges, slivers, etc.) and suitable for nickel plating.

Surface Finish:

| | Roughness, RA Microinches (Micrometers) | | |
|--------------------|---|-------|---------|
| | Aim | Min. | Max. |
| Extra Bright | 5 (0.1) | 0 (0) | 7 (0.2) |

- ! **Certain annealed and temper-rolled cold-rolled continuously cast steel**, in coils, with a certificate of analysis per Cable System International (“CSI”) Specification 96012, with the following characteristics:

Chemical Composition:

| Element..... | C | Mn | P | S |
|---------------------|------|------|------|------|
| Max. Weight % | 0.13 | 0.60 | 0.02 | 0.05 |

Physical and Mechanical Properties:

| | |
|----------------------------|---|
| Base Weight..... | 55 pounds |
| Theoretical Thickness..... | 0.0061 inch (+/- 10 % of theoretical thickness) |
| Width..... | 787 mm to 813 mm |
| Tensile Strength..... | 45,000-55,000 psi |
| Elongation..... | minimum of 15 % in 2 inches |

- ! **Concast cold-rolled drawing quality sheet steel**, ASTM a-620-97, Type B, or single reduced black plate, ASTM A-625-92, Type D, T-1, ASTM A-625-76 and ASTM A-366-96, T1-T2-T3 Commercial bright/luster 7a both sides, RMS 12 max. Thickness range of 0.0088 to 0.038 inches, width of 23.0 inches to 36.875 inches.
- ! **Certain single reduced black plate**, meeting ASTM A-625-98 specifications, 53 pound base weight (0.0058 inch thick) with a Temper classification of T-2 (49 - 57 hardness using the Rockwell 30 T scale).
- ! **Certain single reduced black plate**, meeting ASTM A-625-76 specifications, 55 pound base weight, MR type matte finish, TH basic tolerance as per A263 trimmed.
- ! **Certain single reduced black plate**, meeting ASTM A-625-98 specifications, 65 pound base weight (0.0072 inch thick) with a Temper classification of T-3 (53-61 hardness using the Rockwell 30 T scale).
- ! **Certain cold-rolled black plate bare steel strip**, meeting ASTM A-625 specifications, which meet the following characteristics:

Chemical Composition:

| Element..... | C | Mn | P | S |
|---------------------|------|------|------|------|
| Max. Weight % | 0.13 | 0.60 | 0.02 | 0.05 |

Physical and Mechanical Properties:

| | |
|-----------------------|-------------------------------|
| Thickness..... | 0.0058 inch \pm 0.0003 inch |
| Hardness..... | T2/HR 30T 50 - 60 aiming |
| Elongation..... | \geq 15 % |
| Tensile Strength..... | 51,000.0 psi \pm 4.0 aiming |

- ! **Certain cold-rolled black plate bare steel strip**, in coils, meeting ASTM A-623, Table II, Type MR specifications, which meet the following characteristics:

Chemical Composition:

| | | | | |
|--------------------|------|------|------|------|
| Element..... | C | Mn | P | S |
| Max. Weight %..... | 0.13 | 0.60 | 0.04 | 0.05 |

Physical and Mechanical Properties:

| | |
|-----------------------|---|
| Thickness..... | 0.0060 inch (\pm 0.0005 inch) |
| Width..... | 10 inches (+ $\frac{1}{4}$ to \mathbf{d} inch/-0) |
| Tensile Strength..... | 55,000 psi max. |
| Elongation..... | Minimum of 15 % in 2 inches |

- ! **Certain “blued steel” coil** (also known as “steamed blue steel” or “blue oxide”), with a thickness of 0.30 mm to 0.42 mm and width of 609 mm to 1219 mm, in coil form;
- ! **Certain cold-rolled steel sheet**, coated with porcelain enameling prior to importation, which meets the following characteristics:

Thickness (nominal): \leq 0.019 inch

Width: 35 to 60 inches

Chemical Composition:

| | | | |
|--------------------|-------|-------|-------|
| Element..... | C | O | B |
| Max. Weight %..... | 0.004 | | |
| Min. Weight %..... | | 0.010 | 0.012 |

- ! **Certain cold-rolled steel**, which meets the following characteristics:

Width: $>$ 66 inches

Chemical Composition:

| | | | | |
|--------------------|------|------|------|------|
| Element..... | C | Mn | P | Si |
| Max. Weight %..... | 0.07 | 0.67 | 0.14 | 0.03 |

Physical and Mechanical Properties:

| | |
|----------------------------------|---------------|
| Thickness Range (mm)..... | 0.800 - 2.000 |
| Min. Yield Point (MPa)..... | 265 |
| Max. Yield Point (MPa)..... | 365 |
| Min. Tensile Strength (MPa)..... | 440 |
| Min. Elongation %..... | 26 |

! **Certain band saw steel**, which meets the following characteristics:

Thickness: ≤ 1.31 mm

Width: ≤ 80 mm

Chemical Composition:

| Element | C | Si | Mn | P | S | Cr | Ni |
|----------|------------|--------------|--------------|-------------|--------------|------------|-------------|
| Weight % | 1.2 to 1.3 | 0.15 to 0.35 | 0.20 to 0.35 | ≤ 0.03 | ≤ 0.007 | 0.3 to 0.5 | ≤ 0.25 |

Other properties:

Carbide: Fully spheroidized having > 80 % of carbides, which are ≤ 0.003 mm and uniformly dispersed

Surface finish: Bright finish free from pits, scratches, rust, cracks, or seams

Smooth edges.

Edge camber (in each 300 mm of length): ≤ 7 mm arc height

Cross bow (per inch of width): 0.015 mm max.

! **Certain transformation-induced plasticity (TRIP) steel**, which meets the following characteristics:

Variety 1

Chemical Composition:

| Element..... | C | Si | Mn |
|--------------------|------|-----|------|
| Min. Weight %..... | 0.09 | 1.0 | 0.90 |
| Max. Weight %..... | 0.13 | 2.1 | 1.7 |

Physical and Mechanical Properties:

| | |
|----------------------------------|--|
| Thickness Range (mm)..... | 1.000 - 2.300 (inclusive) |
| Min. Yield Point (MPa)..... | 320 |
| Max. Yield Point (MPa)..... | 480 |
| Min. Tensile Strength (MPa)..... | 590 |
| Min. Elongation %..... | 24 (if 1.000 - 1.199 thickness range) 25 (if 1.200 - 1.599 thickness range) 26 (if 1.600 - 1.999 thickness range) 27 (if 2.000 - 2.300 thickness range) |

Variety 2

Chemical Composition:

| Element..... | C | Si | Mn |
|--------------------|------|-----|-----|
| Min. Weight %..... | 0.12 | 1.5 | 1.1 |
| Max. Weight %..... | 0.16 | 2.1 | 1.9 |

Physical and Mechanical Properties:

| | |
|-----------------------------|---------------------------|
| Thickness Range (mm)..... | 1.000 - 2.300 (inclusive) |
| Min. Yield Point (MPa)..... | 340 |

| | |
|----------------------------------|--|
| Max. Yield Point (MPa)..... | 520 |
| Min. Tensile Strength (MPa)..... | 690 |
| Min. Elongation %..... | 21 (if 1.000 - 1.199 thickness range) 22 (if 1.200 - 1.599 thickness range) 23 (if 1.600 - 1.999 thickness range) 24 (if 2.000 - 2.300 thickness range) |

Variety 3

Chemical Composition:

| | | | |
|--------------------|------|-----|-----|
| Element..... | C | Si | Mn |
| Min. Weight %..... | 0.13 | 1.3 | 1.5 |
| Max. Weight %..... | 0.21 | 2.0 | 2.0 |

Physical and Mechanical Properties:

| | |
|----------------------------------|---|
| Thickness Range (mm)..... | 1.200 - 2.300 (inclusive) |
| Min. Yield Point (MPa)..... | 370 |
| Max. Yield Point (MPa)..... | 570 |
| Min. Tensile Strength (MPa)..... | 780 |
| Min. Elongation %..... | 18 (if 1.200 - 1.599 thickness range) 19 (if 1.600 - 1.999 thickness range) 20 (if 2.000 - 2.300 thickness range) |

! **Certain cold-rolled steel**, which meets the following characteristics:

Variety 1

Chemical Composition:

| | | | | |
|--------------------|------|------|------|------|
| Element..... | C | Mn | P | Cu |
| Min. Weight %..... | | | | 0.15 |
| Max. Weight %..... | 0.10 | 0.40 | 0.10 | 0.35 |

Physical and Mechanical Properties:

| | |
|----------------------------------|---|
| Thickness Range (mm)..... | 0.600 - 0.800 |
| Min. Yield Point (MPa)..... | 185 |
| Max. Yield Point (MPa)..... | 285 |
| Min. Tensile Strength (MPa)..... | 340 |
| Min. Elongation | 31 (ASTM standard 31 % = JIS standard 35 %) |

Variety 2

Chemical Composition:

| | | | | |
|--------------------|------|------|------|------|
| Element..... | C | Mn | P | Cu |
| Min. Weight %..... | | | | 0.15 |
| Max. Weight %..... | 0.05 | 0.40 | 0.08 | 0.35 |

Physical and Mechanical Properties:

| | |
|----------------------------------|---|
| Thickness Range (mm)..... | 0.800 - 1.000 |
| Min. Yield Point (MPa)..... | 145 |
| Max. Yield Point (MPa)..... | 245 |
| Min. Tensile Strength (MPa)..... | 295 |
| Min. Elongation %..... | 31 (ASTM standard 31 % = JIS standard 35 %) |

Variety 3

Chemical Composition

| Element | C | Si | Mn | P | S | Cu | Ni | Al | Nb,V, Ti, B | Mo |
|---------------|------|------|------|------|-------|--------------|------|------|----------------|------|
| Max. Weight % | 0.01 | 0.05 | 0.40 | 0.10 | 0.023 | 0.15- .35 | 0.35 | 0.10 | 0.10 | 0.30 |

Physical and Mechanical Properties:

| | |
|---------------------|------|
| Thickness (mm)..... | 0.7 |
| Elongation %..... | > 35 |

- ! **Porcelain enameling sheet**, drawing quality, in coils, 0.014 inch in thickness, + 0.002, - 0.000, meeting ASTM A-424-96 Type 1 specifications, and suitable for two coats.

- ! **Porcelain-enameling sheet** whether or not coated prior to importation with the following additional characteristics:

Cold-rolled steel for porcelain enameling, the foregoing being continuous annealed cold-reduced steel with a nominal thickness of not more than 0.48 mm and widths from 762 mm to 1,524 mm, having a chemical composition, by weight, of not more than 0.004 percent carbon, nor more than 0.010 percent aluminum, 0.006 percent or more of nitrogen, 0.012 percent or more of boron, and more than 0.005 percent silicon, and 0.010 percent or more of oxygen; having no intentional addition of and less than 0.002 percent by weight of titanium, no intentional addition of and less than 0.002 percent by weight of vanadium, no intentional addition of and less than 0.002 percent by weight of niobium, and no intentional addition of and less than 0.002 percent of antimony; having a yield strength of from 179.3 MPa to 344.7 MPa, a tensile strength of from 303.7 MPa to 413.7 MPa, a percent of elongation of from 28 percent to 46 percent on a standard ASTM sample with a 5.08 mm gauge length; for Fishscale resistance; hydrogen traps provided; with a product shape of flat after annealing, with flat defined as less than or equal to 1 I unit with no coil set.

- ! **Cold-rolled steel strip to specification SAE 4130**, with the following characteristics:
HTSUS item number 7226.92.80.50
Width up to 24 inches
Gauge of “0.050 - 0.014 inches,” and gauge tolerance of +/- 0.0018 inches

! **Texture-rolled steel strip (SORBITEX)**, with the following characteristics:

Thickness: 0.0039 to 0.0600 inches
 Width: 0.118 to < 0.5 inches (3 to < 12.7 mm)

Chemical composition:

| C | Si | Mn | P | S | Al | Cr | Ni | Cu |
|---------------|---------------|---------------|----------|----------|----------|---------|---------|---------|
| 0.76 - 0.96 % | 0.10 - 0.35 % | 0.30 - 0.60 % | < .025 % | < .020 % | < .060 % | < .30 % | < .20 % | < .20 % |

Tensile strength ranges: 245,000 to 365,000 psi.
 HTSUS 7211.29.20.30 and HTSUS 7211.29.45.00

! **Reed steel**, with the following characteristics:

Grades Eberle 18, 18C (SAE 1095 modified alloyed steel)
 HTSUS 7211.90.00

Physical characteristics:

| | |
|-----------------------|--|
| Thickness..... | 0.0008 to 0.04 inches (0.0203 to 1.015 mm) |
| Width..... | 0.276 to 0.472 inches (7 mm to 12.0 mm), with width tolerances of +/- 0.04 to 0.06 mm |
| Tensile strength..... | 1599 Mpa to 2199 Mpa. |

Chemical composition:

| C | Si | Mn | P | S | Cr |
|---------------|---------------|---------------|-------------------|-------------------|------------------|
| 0.95 - 1.05 % | 0.15 - 0.30 % | 0.25 - 0.50 % | less than 0.015 % | less than 0.012 % | less than 0.40 % |

Surface: Rmax 1.5 to 3.0 micrometers
 Straightness: Max. deviation of 0.56mm/m
 Flatness: Deviation of 0.1 to 0.3 % of the width

! **Feeler gauge steel**, with the following characteristics:

Polished surface and deburred or rounded edges
 Grades Eberle 18, 18C (SAE 1095 modified alloyed steel)
 HTSUS 7211.90.00

Physical and Mechanical Properties:

| | |
|---------------------------|--------------------------------|
| Max. width..... | 0.4975 inches |
| Thickness Range | 0.001 - 0.045 inches |
| Thickness tolerances..... | T2 - T4 international standard |
| Tensile strength UTS..... | 246 - 304 ksi |

! Wood Band Saw Steel with Nickel Content Exceeding 1.25 % by Weight, with the following characteristics:

Both variety 1 and variety 2 are classified under HTSUS item number 7226.99.00.00

Variety # 1:

Nickel-alloyed Band Saw Steel, which meets the following characteristics:

Thickness: > 1.1 mm, ≤ 3.00 mm

Width: < 400 mm

Chemical Composition:

| Element | C | Si | Mn | P | S | Cr | Ni | Cu | Al |
|----------|-------------|-------------|-------------|------------|------------|-------------|-------------|-----------|-------------|
| Weight % | 0.70 - 0.80 | 0.20 - 0.35 | 0.30 - 0.45 | max. 0.020 | max. 0.006 | 0.05 - 0.20 | 1.90 - 2.10 | max. 0.15 | 0.02 - 0.04 |

Microstructure: Tempered Martensite with Bainite, no surface decarburization

Mechanical Properties: Hardness: 446 +12/-23 HV respectively 45 +1/-2 HRC

Surface Finish : bright, polished

Edges: treated edges

Cross Bow: max. 0.1 mm per mm width

Variety # 2:

UHB15N20 band saw steel according to the alloy composition:

Chemical Composition:

| Element | C | Si | Mn | P | S | Cr | Ni |
|----------|-------------|-------------|-------------|------------|------------|----|-------------|
| Weight % | 0.70 - 0.80 | 0.20 - 0.35 | 0.30 - 0.45 | max. 0.020 | max. 0.016 | - | 1.90 - 2.10 |

Typical material properties: Hardened and tempered

Tensile Strength: 1450 N/mm² for thickness < 2 mm and 1370 N/mm² for thickness > 2mm

Width tolerance: B1 = +/- 0.35 mm

Thickness tolerance: T1(+/- 0.039 mm)

Flatness: P4 (max. deviation 0.1 % of width of strip)

Straightness: (+/- 0.25 mm / 1000 mm)

Dimensions:

Widths: 6.3 - 412.8 mm

Thickness: 0.40 to 3.05 mm

! 2 % nickel T5 tolerances and ra less than 8 my, with the following characteristics:

Thickness: 0.5 - 3.5 mm

Width: 50 - 650 mm

Chemical Composition:

| Element | C | Si | Mn | P | S | Al | Cr | Ni |
|---------|---|----|----|---|---|----|----|----|
|---------|---|----|----|---|---|----|----|----|

| | | | | | | | | |
|-------------|-------------|-------------|-------------|------------|------------|------------|-------------|-------------|
| % in Weight | 0.70 - 0.80 | 0.15 - 0.35 | 0.30 - 0.50 | max. 0.020 | max. 0.010 | max. 0.020 | 0.05 - 0.30 | 1.90 - 2.20 |
|-------------|-------------|-------------|-------------|------------|------------|------------|-------------|-------------|

High precision T5 tolerance

Roughness: Ra (RMS) max. 8 inches

The product is classified under HTSUS item number 7226.92.50.00

- ! **Ski-edge profile steel**, with the following characteristics:
 For both Grade SAE 1070 and German Grade SAE X35CrMo17:
 HTSUS item numbers 7228.60.80 and 7216.69.00
 Hardened and tempered, HRC 44-52
 Surface: bright finished, sandblasted or primer coated
 Stamped condition
 Dimensions:

| | Width mm | Width mm | Thickness mm | Thickness mm |
|---------|----------|----------|--------------|--------------|
| Ski 39 | 6 | 1.90 | 2 | 0.50 |
| Ski 40 | 6 | 1.70 | 2 | 0.50 |
| Ski 129 | 7.70 | 2.00 | 2.20 | 0.60 |

Chemical Composition for Grade SAE 1070:

| Element | C | Si | Mn | P | S |
|-------------|-------------|-----------|------------------|-----------|-----------|
| % in Weight | 0.65 - 0.75 | max. 0.40 | max. 0.60 - 0.90 | max. 0.04 | max. 0.05 |

Chemical Composition for German Grade SAE X35CrMo17:

| Element | C | Si | Mn | P | S | CR | Mo | Ni |
|-------------|-------------|----------|-----------|-----------|------------|-------------|-----------|----------|
| % in Weight | 0.33 - 0.45 | max. 1.0 | max. 1.50 | max. 0.04 | max. 0.025 | 15.5 - 17.5 | 0.8 - 1.3 | max. 1.0 |

Note that this is an angle shape or section steel that is not covered by this scope.

- ! **Flat wire**, with the following characteristics:
 SAE 1074 alloyed, annealed, skin passed
 Hardened and tempered
 Formed edges
 Widths of less than 12.7 mm
 Thickness from 0.50 - 2.40 mm
- ! **Shadow/aperture mask steel**, which is Aluminum killed cold-rolled steel coil that is open

coil annealed, has an ultra-flat, isotropic surface, and meets the following characteristics:

Thickness: 0.001 to 0.010 inch

Width: 15 to 35 inches

Increased tensile strength of 800 to 1,200 N/mm²

Chemical composition:

| Element | C | N | Mn |
|----------|----------|----------------|---------------|
| Weight % | < 0.01 % | 0.01 - 0.017 % | 0.06 - 0.85 % |

HTSUS item numbers 7209.18.25.10 or 7211.23.60.75, depending on the width of the material.

! Grade 13C cement kiln steel, with the following specifications:

Chemical Composition:

| Element | C | Si | Mn | P | S |
|----------|------|------|------|------------|------------|
| Weight % | 0.65 | 0.25 | 0.65 | max. 0.020 | max. 0.010 |

Microstructure: Fine grained and homogenous. Matrix of tempered martensite with a small amount of undissolved carbides

Decarburization: No free ferrite is allowed
Total decarburization should not exceed 4 % per plane

Mechanical Properties: Tensile strength: 1200-1700 N/mm², (Standard 1280 +/- 80 N/mm²)

Surface Finish: Gray hardened condition. Ra/CLA – max. 0.25 m. Cut off 0.25 mm Rmax – max. 2.5 m

Edge Condition: Slit edges free from cracks and damages

Dimensions: Thickness: 0.4 - 1.40 mm, Tolerance: T1
Width: 250 - 1200 mm, Tolerance: B1

Flatness: Unflatness Across Strip: max. 0.4 % of the nominal strip width

Coil Size: Inside Diameter: 600 mm

Coil Weight: max. 6.5 kg/mm strip width

! Certain valve steel (type 2), with the following specifications: Hardened tempered high-carbon strip, characterized by high fatigues strength and wear resistance, hardness combined with ductility, surface and end-finishes, and good blanking and forming properties.

HTSUS item number: 7211.90.00.00

Typical size ranges:

Thickness: 0.15 - 1.0 mm

Width: 10.0 - 140 mm

Chemical Composition:

| Element | C | Si | Mn | P | S | Ni | Cr |
|----------|-----------|------------|------------|------------|------------|-----------|----|
| Weight % | 0.7 - 0.8 | 0.2 - 0.35 | 0.3 - 0.45 | Max. 0.020 | Max. 0.016 | 1.9 - 2.1 | - |

The merchandise subject to this Agreement is typically classified in the HTSUS at item

numbers: 7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0090, 7209.17.0030, 7209.17.0060, 7209.17.0090, 7209.18.1530, 7209.18.1560, 7209.18.2550, 7209.18.6000, 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7210.90.9000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030, 7211.23.6060, 7211.23.6085, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7225.19.0000, 7225.50.6000, 7225.50.7000, 7225.50.8010, 7225.50.8085, 7225.99.0090, 7226.19.1000, 7226.19.9000, 7226.92.5000, 7226.92.7050, 7226.92.8050, and 7226.99.0000.

Although the HTSUS item numbers are provided for convenience and Customs purposes, the written description of the merchandise under Agreement is dispositive.