THE UNINTENDED CONSEQUENCES OF INCREASED STEEL TARIFFS ON AMERICAN MANUFACTURERS

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BEFORE THE

COMMITTEE ON SMALL BUSINESS
HOUSE OF REPRESENTATIVES

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THE UNINTENDED CONSEQUENCES OF INCREASED STEEL TARIFFS ON AMERICAN MANUFACTURERS

TUESDAY, JULY 23, 2002

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Committee met, pursuant to call, at 10:06 a.m. in Room 2360, Rayburn House Office Building, Hon. Donald Manzullo (chairman of the Committee) presiding.

Chairman MANZULLO. The Committee will come to order. Hopefully by the time I am done with my opening statement, Ms. Velázquez will be here.

The first law of medicine, to do no harm, is also valid in trade. When the President announced his decision last March to impose higher tariffs on some imported steel products, most everyone, including me, was willing to give the President the benefit of the doubt and support him on his action because everybody has an interest in a strong and vibrant domestic steel industry.

Many steel using manufacturers make a concerted effort to buy from American steel companies not just because it is easier logistically, but because it helps maintain a strong manufacturing base in our country. However, the law of unintended consequences has set in a way that I do not think the Administration anticipated.

Over the past six weeks, the Small Business Committee has gathered over 200 communications, and this continues to grow, coming from small manufacturers and now large manufacturers throughout the country that are being severely impacted by increases in steel prices of anywhere between 30 and 50 percent.

We have seen five general themes arise from this correspondence. First, some steel using manufacturers are caught in a price/cost squeeze. While the tariffs on foreign steel products were raised to 30 percent, many small manufacturers have seen price increases on domestic steel rise even higher to 70 and 80 percent.

For many of these small companies, the cost of the steel forms a significant portion of the overall price of their final product. Because these small manufacturers are often suppliers to larger companies, they cannot pass along any increases to their customer. In fact, these larger company customers often demand annual price reductions of between one and five percent as part of their existing contract. Thus, these small manufacturers cannot absorb these cost increases for very long without going bankrupt.

Second, some steel using manufacturers are subject to arbitrary allocations and shortages from steel manufacturers. They may be able to pay the higher prices, but the U.S. steel manufacturer cannot produce enough steel to meet demand. They have no assurance of a supply of steel beyond this month.

The first priority of steel manufacturers is to supply the big companies who have long-term, large dollar contracts with them. Some small steel users attempting to buy on the spot market are left to the whim of the steel manufacturer as to whether or not they will supply these orders, and some spot market prices exceed 50 percent increases.

Third, some steel using manufacturers assert that the recent increase in the price of steel has made them uncompetitive as compared to their overseas rival. They have lost sales of foreign companies that can purchase steel at world market prices. These foreign companies not only purchase steel at world market prices and make the products overseas, but they export the finished good into the U.S. at a lower tariff rate.

In fact, most lost sales of comparable finished goods are going to Chinese firms. Some small U.S. steel users even talk about relocating some or all of their manufacturing overseas to avoid the high price of steel in the U.S. and then bringing back the finished good as an import.

Fourth, some steel using manufacturers lament that they have had to lay off a number of workers over the past four months because the high price of steel has not made them competitive. Many predict more layoffs by the fall unless the price of steel drops.

Finally, some steel manufacturers complain about big steel manufacturers breaking existing contracts to arbitrarily raise prices. As they are unable to break their own contracts with their customers based on a higher steel price, the small manufacturers get caught in a vice.

They have been faithful, pro-American, long-time buyers from the domestic steel mills, yet right in the middle of a contract the big steel companies all of a sudden change their prices—one is Bethlehem Steel—and challenge the small steel using manufacturer by essentially saying, go sue me. Where are you going to get your steel from? What option is left to the small manufacturer? They cannot afford to sue. Is this the reward they get for years of loyalty?

That is why I am releasing a letter I sent today asking the Attorney General to open an antitrust investigation to determine whether or not the big steel companies are not only gouging the American steel using manufacturers, but also to see what can be done to combat unilateral abrogation of contracts.

The purpose of this hearing is for all of us in the legislative and executive branch and in the private sector to take a moment to reconsider the steel remedies in light of the unintended consequences that have occurred over the past four months.

At minimum, we urge the Administration to be as generous as possible with exclusion requests, particularly to those from small manufacturers. We also ask them to rethink and hone down or eliminate the tariffs that have been placed on the foreign steel.

Last Sunday, the Rockford Register Star published a penetrating special report entitled "Steel Shakeup: An Industry Under Attack." In this front page story, the paper documented how the steel tariffs are strangling local small manufacturing shops. The already fragile manufacturing base in Rockford, Illinois, is damaged and further threatened by these tariffs. Rockford, Illinois, led the nation in unemployment in 1981 at 25.9 percent. It has a manufacturing base of about 30 percent. It is a city of about 170,000 that is home to over 1,100 manufacturing companies.

The problem is not just in northern Illinois. It is spread across many small manufacturers across the state. They already have enough to worry about. In addition to existing regulatory and tax burdens, they suffer thin margins from stiff foreign competition. They are sometimes subject to complex and burdensome export controls and unilateral sanctions not imposed on their foreign competitors. The U.S. dollar is still over valued by as much as 25 percent. They have difficulty in accessing credit, and they are asked to do even more with less through immense market pressure to further increase productivity to drive down costs.

On top of this, small manufacturers now have a double digit increase in the cost of their raw material—steel—and they are also threatened with a possible increase in the minimum wage, interest rates and higher medical and property insurance payments.

What are we doing? Do we really want a manufacturing base in this country, or are we just sending an invitation to them to relocate overseas? The votes of the Republican Members for trade promotion authority are in danger. The philosophy of free trade is becoming increasingly difficult to articulate because of the mixed messages contained in these types of actions.

We need to reverse this trend. We need to show that free trade works for the little guys. If it does not work for the little guys, then it does not work for most Americans. We need to show that our government is doing everything in its power to help small manufacturers succeed and thrive in this country.

I want to show you the lead story in the Rockford, Illinois, Sunday Register Star, "Bush Tariffs Backfire on Local Steel Users". [Information may be found in the appendix; on pages 246–253.] I could lose tens, if not hundreds, of small manufacturing companies in the congressional district that I represent. This is the story that has not been told, and this is the reason we are having the hearing because the people that are here today, the ones that have been hurt, have not had a voice in the consideration or in trying to talk to the Administration to tell them to get rid of these terrible tariffs.

I now yield to an opening statement from my good friend and colleague from New York, Mrs. Velázquez.

[Chairman Manzullo's statement may be found in the appendix.]

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

Chairman MANZULLO. Good morning. How are you today?

Ms. VELÁZQUEZ. Good morning. Thank you.

Everyone has known for a long time that the American steel industry has been in trouble. A combination of legacy costs here and cheaper production overseas has threatened the engine of heavy industry in the United States. The situation became even more dire at the end of last year when the basic price of steel fell to $210 per ton. That was clearly an unsustainable price for U.S. steel manufacturers since production here costs about $293 a ton.

At the beginning of March, the President intervened to protect our steel makers. He imposed tariffs on imported steel to level the price of cheap foreign steel. As a result, the price of steel rose quickly from $260 in March to $340 in June.

The immediate effect of the tariffs has been to shore up a critical component of our economy—the steel industry—and has saved thousands of jobs. There is anecdotal evidence, however, that these tariffs may have had the unintended consequence of impeding the competitiveness of small manufacturers.

The issue of tariffs is a complicated one that has affected many players in the economy, both large and small, but the idea that these tariffs have negatively impacted all small businesses is just not true because for every small business harmed by these tariffs there are many small producers or distributors as well that have actually benefited from these tariffs and some manufacturers that due to waivers remain unaffected.

The truth is that small businesses across the country were hurt by the world's over-supply of steel and the dumping practices of foreign manufacturers. These unfair trade practices not only hurt big steel, but also the small businesses that serve steel-making communities hit hard by the low price of dumped steel. In addition, small steel makers, mini-mills that produce recycled batches of steel from scrap, were also hurt by the continued artificially low steel prices.

The tariff was just one part of a solution to help not only big steel, but the communities that serve and depend on the industry and small steel makers. While we may focus today on the impact of other small businesses constrained by a higher but more reasonable price of steel, we must continue to look for solutions so that all small businesses can thrive.

We know that the American industry, given a level playing field, can out-produce every other nation. We do not fear a truly free market, but when countries exploit our strong economy, dumping for dollars by unloading their products at below-market rates, that is not a level playing field. These tariffs are necessary to help our producers and many small businesses, and it tells the world that we are not the dumping ground for their products just because the dollar remains dominant.

I hope we can use this hearing to examine ways that we can help small businesses affected by the steel tariffs. But we must remind ourselves that not all small businesses were hurt by the tariffs. Many were in fact helped. We need to make sure that our solutions to the problem of global steel production take both sides into account.

Thank you, Mr. Chairman.

[Ms. Velázquez's statement may be found in the appendix.]

Chairman MANZULLO. Thank you, Mrs. Velázquez.

I have been advised we are having a journal vote at 10:30, and that is to approve the marvelous things that happened yesterday in naming a couple of post offices, but hopefully that will be the only interruption and we can finish the testimony.

The rules are that it is five minutes for testimony. We have two pairs, Mr. Trilla and Gordon Jones with the same company and Mr. Pritchard and Mr. Herrman with the same company. With regard to those that are speaking in the pairs, if the two of you could limit your total testimony to six minutes, we would appreciate that.

Our first witness is Laura Baughman, president and economist at Trade Partnership Worldwide. We look forward to your testimony.

STATEMENT OF LAURA BAUGHMAN, PRESIDENT AND ECONOMIST, TRADE PARTNERSHIP WORLDWIDE

Ms. BAUGHMAN. Thank you, Mr. Chairman and Members of the Committee, for giving me the opportunity to testify before you today. My name is Laura Baughman. I am president of Trade Partnership Worldwide, an economic and trade research firm.

As an economist, I have spent more than 20 years studying and analyzing the dynamics of the U.S. steel industry and in particular the impact of imports on that industry. I would like to offer you some general information about the American steel consuming sector to provide context for the company testimony that will follow mine.

U.S. steel consumer industries span a wide range of sectors, including obvious ones like fabricated metal manufacturing, machinery and equipment manufacturing and transportation equipment and parts manufacturing. Steel consumers also include chemical manufacturers, petroleum refiners and their contractors, tire manufacturers and non-residential construction companies, among others. All these industries need to purchase steel and steel containing products readily at internationally competitive prices. The ability to do so is crucial to the economic health of these sectors.

As the tables attached to my written testimony demonstrate, the vast majority of steel consuming manufacturers are small businesses. Over the last six years, they added 1.2 million jobs to the American economy at a time when other segments of the manufacturing sector lost jobs.

Unions represent millions of workers in steel consuming sectors. Workers in steel consuming sectors outnumber steel industry workers by 59 to one. In short, steel consumers are a vitally important segment of the American economy. Their domestic and international competitiveness should be a concern of policy makers.

We have over the last year heard a lot about the market dynamics affecting U.S. steel producers. Understanding what affects the competitiveness of steel consuming industries is equally essential to making sound policy choices. First and most fundamentally, American steel consuming companies and their workers compete in global markets. Because production can be readily and quickly moved to where it makes the most economic sense, these markets set U.S. prices for products that contain steel.

Second, steel consumers must have steady and reliable sources of steel supplies, often on a just in time basis, to be competitive. Steel supply lead times must be predictable to allow efficient manufacturing operations and on time deliveries.

Third, steel consumers need reliable price quotes in order to make price quotes of their own. Steel represents 40 to 70 percent of many steel using manufacturers' costs. Steel consumers cannot operate profitably in a market where steel suppliers cannot tell them what the steel they order will cost.

Steel consumers who supply auto and appliance manufacturer customers also face pressure to lower prices of the goods they make from steel, as Chairman Manzullo pointed out. Contracts with these customers typically require steel consumers to reduce prices annually. Attached to my written testimony are charts that show the prices of machinery and equipment and motor vehicle parts have in fact declined steadily since early 1996.

About half the steel sold in the United States is purchased by large steel consumers under long-term contracts directly from domestic mills. Smaller steel consumers must purchase the other half in the spot market through steel service centers and other distributors. Service centers typically sell both U.S. made and foreign steel. Many steel users buy commodity grades of steel. They may not know where the steel came from, nor do they care, as long as they have a steady, reliable supply of competitively priced steel that meets their and their customers specifications.

However, many other steel using manufacturers care enormously where their steel comes from. Their customers demand safety and performance standards that can only be met by a particular type of steel made by a particular manufacturer, be it domestic or foreign.

Last fall, the Consuming Industries Trade Action Coalition asked Dr. Joseph Francois and me to evaluate the likely impacts of the tariffs on steel consuming jobs. Dr. Francois is a professor of economics at Erasmus University, former head of the Office of Economics of the U.S. International Trade Commission and managing director of Trade Partnership Worldwide. We evaluated the effects of the ITC's remedy recommendations.

The President's selected tariffs fall somewhere in the middle of the ranges we estimated. Our results are consistent with those of the ITC and those of other respected economists analyzing the likely impact of the tariffs on the U.S. economy.

Very briefly, we found that higher costs of steel inputs and greater competition from imports of steel containing products resulting from the tariffs would lead to a loss across all sectors of the economy of between 36,000 and 74,000 jobs. Losses in steel consuming sector jobs alone would range from 15,000 to 30,000. Eight jobs would be lost for every steel job protected. Every state loses out under the tariffs, including states in the steel belt.

Only time will tell whether these estimates bear out. However, the dramatic price increases steel consumers are already seeing in the market exceed even our estimates, and this does not bode well for the future.

The President's steel decision added formidable import barriers to already substantial barriers caused by antidumping and countervailing duty orders and investigations. These barriers have hurt American steel using manufacturers badly and will continue to do so as long as they are in effect.

Thank you, Mr. Chairman.

[Ms. Baughman's statement may be found in the appendix.]

Chairman MANZULLO. Thank you.

We are going to recess for a few minutes to go down and vote, and then we will be right back and continue the hearing.

[Recess.]

Chairman MANZULLO. Our next witness is Michael Nelson, who is the general manager of Arnold Engineering in Marengo, Illinois. Marengo is part of the congressional district that I have the privilege of representing.

Mr. Nelson, we look forward to your testimony. It is five minutes. When the yellow light comes on there that means there is one minute to go.

Mr. NELSON. Thank you.

Chairman MANZULLO. The complete statements of all the witnesses and the Members will be made part of the record.

STATEMENT OF MICHAEL NELSON, GENERAL MANAGER, ARNOLD ENGINEERING

Mr. NELSON. I am Mike Nelson, general manager of the Rolled Products Division at the Arnold Engineering Company, Marengo, Illinois.

Mr. Chairman and Members of the Committee, I would like to thank Chairman Manzullo and the Committee for allowing me to testify on the subject of increased tariff rates on steel and the effect it has on small manufacturers. I would like to also thank you, Chairman Manzullo, for presenting our request for relief to Ambassador Zoellick and for the support that you and your staff have given me during this process.

At this time, as my testimony to this Committee I would like to read the letter addressed to you, Chairman Manzullo, dated June 19, 2002, regarding the impact the tariff is having on the Rolled Products Division of the Arnold Engineering Company.

DEAR CONGRESSMAN MANZULLO: I write regarding the negative impact that the imposition of tariffs upon magnetic steel products is having upon the Arnold Engineering Company, known as Arnold, and its employees in Marengo, Illinois, and to request your assistance in having our completed questionnaire for exclusion reviewed by the applicable regulatory agency, the Office of the United States Trade Representative.

Recently, Arnold was informed that its material, ARNOKROME–5C, was subject to additional duties under the Section 201 remedy for imported steel products. We had proceeded under the assumption that ARNOKROME–5C would not be subject to any tariffs due to the specialized nature of the alloy and the unique capabilities of our suppliers. ARNOKROME–5C is processed by Arnold in Marengo and then sold to a domestic producer of anti-theft tags, who then in turn sells these tags to retail stores throughout the United States.

Arnold originally conducted an extensive search to locate a domestic supplier of ARNOKROME–5C, but no domestic suppliers were either capable of or willing to supply ARNOKROME–5C. Hence, Arnold widened its search and began to conduct business with an offshore source in Germany.

Arnold has continued to search for a domestic backup and/or replacement supplier, but those efforts have all resulted in no quotes from domestic sources. In light of the fact that Arnold has diligently searched for a replacement product for ARNOKROME–5C and demonstrated there is no replacement supplier or material in the U.S., we believe that this tariff should not be imposed upon Arnold.

At stake are the six years that Arnold invested, amounting to well over $500,000 in product development costs alone, and Arnold's continued participation in the magnetic anti-theft marketplace. In particular, if the tariff remains in effect for ARNOKROME–5C we anticipate that at least five hourly workers and an as yet undetermined number of support personnel will be terminated when Arnold exits the magnetic anti-theft marketplace.

On behalf of the Arnold Engineering Company, I respectfully request that you consider this request, and if you are in agreement with Arnold's position we ask that you champion our case with the Office of the United States Trade Representative to obtain an exclusion to preserve the investment that we have made and secure the future employment of the affected Arnold personnel that support this program.

Thank you for your consideration of our request.

Respectfully,

MICHAEL D. NELSON,
General Manager, Rolled Products Division,
Arnold Engineering Company.

Thank you, Mr. Chairman.

[Mr. Nelson's statement may be found in the appendix.]

Chairman MANZULLO. You were going to add to your testimony the number of employees at your facility.

Mr. NELSON. I have a total employment of 50 people, and five would be affected relative to this issue.

Chairman MANZULLO. Thank you.

Mr. NELSON. Thank you.

Chairman MANZULLO. Our next witness is a team, Lester Trilla, president and CEO of Trilla Steel Drum Corporation, testifying along with Gordon Jones, who is a drum loader who works with the company.

As we said before, if the two of you could combine and limit your testimony to approximately six minutes we would appreciate it. Mr. Trilla, if you could bring the mike real close to your mouth, and then when it is Mr. Jones' time just send it over, please.

STATEMENT OF LESTER TRILLA, PRESIDENT AND CEO, TRILLA STEEL DRUM CORPORATION

Mr. TRILLA. Good morning. My name is Lester Trilla. I am president of Trilla Steel Drum Corporation. Mr. Chairman and Members of the Committee, I want to thank you very much for the honor of appearing before you to testify about the impact of the steel 201 tariffs on my business and my workers. I also want to thank the Chairman especially for his leadership on behalf of the small business owners.

I would also like to express my appreciation to the Consuming Industries Trade Action Coalition, or CITAC, for its good work for standing up for America's steel users, especially small businesses like mine.

By way of a short introduction, Trilla Steel Drum is located in Chicago, Illinois. We are a leading manufacturer of new 55 gallon steel drums. They are used in filling and transportation of various products, including hazardous materials. Trilla is a family owned, family run business. Three generations of the Trilla family have built the company from a drafty garage on the south side of Chicago into a major Midwest supplier of more than one million 55 gallon steel drums annually to a diverse client base.

Cold-rolled steel is the major raw material used in our drums. The imposition of a 30 percent additional tariff on the steel that Trilla needs to import has been a disaster for Trilla. It has effectively cut off the supply of the major raw material we need. The significant shortfall in domestic capacity and expanding lead times give us grave concern that we may not be able to get enough steel from domestic sources to meet our needs.

Furthermore, its inconsistent quality makes it poorly suited for Trilla's use. Trilla has a stringent qualification process. Only imported steel consistently meets our exacting requirements and those of our customers. Trilla's customers include an increasing number of companies that ship hazardous, sensitive and expensive materials.

The integrity of the steel drum used to ship these materials is critical, and any contamination or leakage into the environment could be disastrous. Drums with cracks, fractures and leaks, which can easily result from the use of steel that is unsuitable for our steel drums, are unacceptable, but will be inevitable if we are forced to use steel that does not consistently meet our strict specifications.

Not only would this have a severe impact on our ability to compete effectively, increasing our costs due to scrap and rejections, but it would impact the quality of our drums and undermine our credibility with our customers.

In order for Trilla to certify to its customers that each drum meets the stringent performance requirements set forth by the United Nations and required by the U.S. Department of Transportation, we can only use raw materials that meet exacting gauge control requirements, hardness value and surface cleanliness and are free of defects like laminations and pinholes.

For instance, steel that does not have a consistent low hardness value will not withstand the state-of-the-art expansion process we employ, which ensures a stronger container with better stacking, vacuum and dent resistance. The imported steel has better gauge tolerance, resulting in an increased yield. In addition, while less than one percent of imported steel is rejected, the domestic steel scrap figure is two to three times higher.

The 201 tariff, coupled with the threatened antidumping duties, have removed our imported steel from the market. The price of the domestic steel we now must buy has increased by over 54 percent since the imposition of the steel tariffs. That equals around a 20 percent increase in the cost of the drum. Add to that the cost of increased scrap, breakdowns, rejected drums because of the quality of the steel, and you can see our competitive damage.

Trilla simply cannot absorb these huge cost increases. Our customers are balking at significant higher prices necessitated by the steel tariffs and are starting to look for lower cost plastic or bulk containers.

More significantly, if this situation continues for any length of time some of our larger global accounts will choose to fill their drums offshore in other parts of the world. This would not only dramatically reduce production of the jobs at Trilla and other American drum manufacturers, but at domestic filling operations and shipping operations throughout the United States.

[Mr. Trilla's statement may be found in the appendix.]

Chairman MANZULLO. Let me go on to Mr. Jones at this point. Is that okay with you?

Mr. TRILLA. Okay.

Chairman MANZULLO. Mr. Jones. Gordon Jones. If you could put the mike over there and speak directly into the mike?

STATEMENT OF GORDON JONES, DRUM LOADER, TRILLA STEEL DRUM CORPORATION

Mr. JONES. Good morning. My name is Gordon Jones. I am a drum——

Chairman MANZULLO. Gordon, could you put the mike a little bit closer? You have a very soft voice. There you are.

Mr. JONES. Good morning. My name is Gordon Jones. I am a drum loader at Trilla Steel Drum Corporation. My major responsibilities are to make sure that the drums are properly loaded and secured so that they arrive at our customers' destinations in good shape. I also must be certain that the count of drums is accurate.

I am a member of the Sign, Display, Pictorial Artists and Allied Workers Local Union 830. About 45 of Trilla's 70 employees are members of this union. I have worked at Trilla for over three years. Recently, because it has been difficult to get the steel that we need to run our drums on our machines, we have started to carefully monitor the hours of production.

Also, it seems that during some weeks there is not always enough business to fill the hours that we can count on for the last few years. If this is going to get worse and we lose all of our overtime hours and even some of our regular hours because of the lack of steel or because our steel costs make the drums too high priced, it will leave me and my family in terrible shape.

As a father of six, it takes all of my wages to pay the rent and to feed and clothe my family. If my pay is cut, I do not know how we could make it. I know for sure that we could not afford to live where we live now. I am sure that this would be true for most, if not all, of my fellow union members.

This is a little scary to see. Here we have a successful company that is a leader in the industry. We were growing and buying new equipment and machinery. Now all of a sudden there seems to be a real possibility that we might have to cut back production or even turn away business because of these tariffs that have nothing to do with the steel drums, this company or my family.

They say that these tariffs are supposed to help workers, to save steel jobs, but what about me? I do not understand why the union jobs of steel producers are any more important than my union job. It just does not make sense.

Thank you.

[Mr. Jones' statement may be found in the appendix.]

Chairman MANZULLO. Thank you, Mr. Jones.

Mr. Trilla, for the record, how many employees do you have?

Mr. TRILLA. Total, including myself, I have 70 employees.

Chairman MANZULLO. Thank you.

Our next team of witnesses are David Pritchard, president and CEO of A.J. Rose Manufacturing Company in Avon, Ohio, and testifying with him is Robert Herrman, who is a machine technician.

Mr. Pritchard, we look forward to your testimony.

STATEMENT OF DAVID PRITCHARD, PRESIDENT AND CEO, A.J. ROSE MANUFACTURING

Mr. PRITCHARD. Thank you. Good morning, and thank you very much for asking me to testify about the consequences that the steel

201 tariffs have had on my company. My name is Dave Pritchard, and I am president of A.J. Rose Manufacturing Company.

A.J. Rose, headquartered in Avon, Ohio, is a family owned company with three generations in this business that was established in 1922. We have 400 associates in the business. Two hundred and seventy of these associates are members of the United Steelworkers Local 735.

We at Rose specialize in manufacturing tight tolerance metal stampings, airbag components and spun formed products for the automotive, original equipment and after market. Over 90 percent of our products are components used on motor vehicles running at very high rpms. We need to produce safe and reliable products. That is the most important thing to us. Failure of our components would be devastating not just to our company's reputation, but also to our customers and their customers, not to mention the risk to passengers and highway safety.

Because of these considerations, we have developed a relationship with Corus, who, along with their predecessor company, have provided us with 100 percent of our requirements of several special grades of hot-rolled steel since 1976. This supply relationship was the result of collaboration between the engineering teams at A.J. Rose, Corus and our U.S. supplier, Imports International or Chesterfield Steel. Together, we developed unique steels to make our products the best and the safest on the market.

Our partnership with Corus and Chesterfield has been an integral and necessary part for our growth. Corus supplies us with hot-rolled material with the guaranteed tight tolerance and unique characteristics that we need and that as yet cannot be supplied by other mills.

U.S. producers are unable to produce products meeting these requirements without significant retooling and diversion of their product lines. In fact, when we have contacted domestic mills and given them our specifications for the material, they have declined to even give us a quote. This is the reason we have applied for exclusions from the steel tariffs for these products. Those product exclusions are Request No. N–330.01 through .07.

A.J. Rose has been able to grow and add jobs because we manufacture high quality products that a limited few can do. Now, however, with the steel 201 tariffs everything has changed. The additional tariff increases the cost of our basic raw material significantly. Many of our customers have refused to accept any price increase, and those who have accepted some increase have only taken a portion of the increased costs that we face, leaving us to absorb the rest.

These additional tariffs are a disaster for our business. They make us much more vulnerable to foreign competition, which is not crippled by artificially inflated raw material prices. In fact, one of our major customers has recently contacted us to let us know that they will be resourcing 11 of the current jobs we run for them to overseas suppliers with savings that they are telling us of 38 to 42 percent on finished goods that they can import from Brazil and Asia.

In addition, a significant number of our customers have told us that they will be market testing us. What this means is they will be trying to find a lower cost supplier anywhere in the world. Thus, we are concerned that we may soon lose additional business as well.

This constant threat to our business is very real, and it will get worse if we are forced to continue to pay such a premium for the steel we need to run our business. The hardship of this tariff and our constant inability to pass along any increases in cost to the automotive companies will cost not only jobs, but also most certainly it will affect A.J. Rose Manufacturing's ability to survive in the future.

Thank you, and I would like to pass the microphone to my associate.

[Mr. Pritchard's statement may be found in the appendix.]

Chairman MANZULLO. Thank you. Our next witness is Robert Herrman, also from A.J. Rose Manufacturing Company. Go ahead.

STATEMENT OF ROBERT HERRMAN, MACHINE TECHNICIAN, A.J. ROSE MANUFACTURING

Mr. HERRMAN. Good morning. Thank you very much for inviting me to this hearing. My name is Robert Herrman. I am a machine technician at A.J. Rose Manufacturing Company. I am also a member of the United States Steelworkers Local 735–14, a union that represents 270——

Chairman MANZULLO. Mr. Herrman, could you bring the microphone closer?

Mr. HERRMAN. A union that represents 270 workers at A.J. Rose.

Over the past nine years I have been with A.J. Rose, and it has been a growing company. With this growth, the company has added jobs to the work force to keep up with the pace of new business. Since March, business has been slowing down. I know we have lost customers due to the increased cost of steel, and other customers may drop out, too. As an employee of A.J. Rose, I am very concerned. I know that when the profits of the company go down, this will affect my wage rate in the future. It definitely means less pay, less benefits, and it probably means fewer jobs.

The steel tariffs were supposed to protect American businesses and save American jobs. So why do the steel mills deserve to stay in business more than A.J. Rose? Why are jobs at steel mills more important than the 250 jobs of the union associates of the work force at A.J. Rose? I do not understand a policy that helps some U.S. jobs at the expense of other U.S. jobs.

Thank you.

[Mr. Herrman's statement may be found in the appendix.]

Chairman MANZULLO. Thank you.

Our next witness is John Grove, vice-president, Cold Metal Products, from is that Swickley?

Mr. GROVE. Swickley, Pennsylvania.

Chairman MANZULLO. Swickley. Swickley, Pennsylvania.

Mr. GROVE. Right.

Chairman MANZULLO. We look forward to your testimony.

STATEMENT OF JOHN GROVE, VICE-PRESIDENT PROCUREMENT, COLD METAL PRODUCTS

Mr. GROVE. Thank you. Good morning, everyone. My name is John Grove. I am the vice-president of procurement with Cold Metal Products, Inc. I do appreciate the opportunity to testify before this Committee today to relate to you about the impact the steel 201 tariffs have had on my business.

As a result of the steel 201 tariffs, we have been put on allocation by our domestic suppliers, and we cannot get enough steel for our operations. We have also lost business because our customers are unwilling to pay——

Chairman MANZULLO. Mr. Grove, we evidently have low grade steel that is used in these microphones. Could you bring that closer to you?

Mr. GROVE. How is that?

Chairman MANZULLO. That is much better. Thank you.

Mr. GROVE. Shall I start over or just keeping going?

Chairman MANZULLO. No, that is fine. Keep on going.

Mr. GROVE. We have also lost business because our customers are unwilling to pay for our increased steel costs and have suffered financially because of this.

Cold Metal Products is located in Swickley, Pennsylvania, with plants and service centers in Youngstown, Ohio, Ottawa, Ohio, Roseville, Michigan, and Indianapolis, Indiana, where we employ over 400 workers. Our production workers are members of the United Steelworkers Local Union Nos. 3047 and 1999–2.

We manufacture specialty and conventional strip steel to meet the critical requirements of precision parts manufacturers. We also provide value added products to manufacturers in the automotive, construction, cutting tool, consumer goods and industrial goods markets. As a leading maker of intermediate steel products in this country, a constant and reliable supply of raw material is absolutely critical to our success.

The steel tariffs imposed in March have increased the price and reduced the availability of steel to the point that our supply of steel is no longer reliable. Cold Metal Products has been put on allocation by three of our long-time suppliers in the U.S., namely WCI Steel, Steel Dynamics and Gallatin. They simply cannot supply us with the volume of steel we need, given their capacity limitations and orders from larger customers.

As a result, we have run out of steel a number of times in the past couple of months and have not been able to service our customers. We have no assurance of steel supplies or prices past September of this year. When we are able to obtain steel, it also arrives late roughly 40 to 50 percent of the time.

In addition, because of the scarcity of steel in the U.S. market, we have been forced to accept non-negotiable price increases of $130 per ton since January 1, 2002. This $130 constitutes more than a 30 percent price increase and is the largest increase in a six month time span ever seen by Cold Metal Products since its founding in 1926.

Our customers have refused to pay any of these increased costs and have begun to move their business offshore where steel is cheaper. For example, one of our longstanding customers, Stanley

Tool, recently indicated they would divert their business from us to England or China because the product was cheaper there.

This loss of business will have a profoundly negative effect on our company. We anticipate that we will lose more business in the future because our increased steel prices due to the steel 201 tariffs have made us unable to compete in a global economy.

Cold Metal has long been recognized as the leading innovator in the strip steel industry with an unmatched capability to develop products and processing that provides solutions for our customers' applications. Our business is based on providing cold-rolling, annealing, normalizing, edge conditioning, oscillate winding and slitting service. In order to provide these value added specialty steel products, we must have steel to process. In the current environment of steel 201 tariffs, however, we cannot get the steel we need.

We have done everything we can to be a success in a very demanding marketplace. The effort to save the U.S. steel mills, however, should not sacrifice companies like ours.

Thank you for your time and attention in listening to the little guys' side of the story.

[Mr. Grove's statement may be found in the appendix.]

Chairman MANZULLO. We appreciate that.

On page 2 of your testimony, it states the year January 1, 1992. That should be 2002? Is that correct?

Mr. GROVE. 2002.

Chairman MANZULLO. We will let the record reflect that correction.

Also made part of your testimony will be the letter from Robert Boak, president of Local 3047 of the United Steelworkers of America, who works at Old Metal Products. That will be made part of your testimony.

[Letter can be found in the appendix, currently on page 273.]

Mr. GROVE. Thank you.

The next witness is Merle Emery, vice-president and general manager of G.R. Spring & Stamping from Grand Rapids, Michigan. Mr. Emery, we look forward to your testimony.

STATEMENT OF MERLE EMERY, VICE-PRESIDENT AND GENERAL MANAGER, G.R. SPRING & STAMPING

Mr. EMERY. Thank you, Mr. Chairman, Committee Members. On behalf of my company and its 200 employees, we would like to thank you for holding this hearing. We are grateful that you are taking the time to hear from the small businesses like ours that have been deeply hurt by the 201 action.

My name is Merle Emery. I am the vice-president and general manager of G.R. Spring & Stamping. We are located in Grand Rapids, Michigan, and we employ 200 workers in the custom manufacture of metal stampings, progressive dies, slide forming stampings, springs, wire forms and value added assemblies.

Our customer base is made up of 70 percent automotive customers, 15 percent appliance, ten percent office furniture and a few others mixed in there. The imposition of steel tariffs have led to uncertainty in supply and price of steel that we need to produce our product. It has also cost us significant business and has placed us in a price/cost squeeze.

My company requires approximately 20,000 tons of steel each year. With the increased cost and decreased supply of available steel, our service centers have either broken their contracts or simply have been unable to meet their commitments due to allocations to supply us with the steel we need. This has forced us in many cases to go out on a spot market to obtain the steel that we need to produce our product. As a result, the price of the steel that we are purchasing today has increased by 20 to 30 percent since the 201 action was implemented.

These increases in steel have already cost us a substantial amount of business. For example, soon after the 201 tariffs were put into effect, G.R. Spring & Stamping lost a major contract with a well established customer, and I might add this customer was in our community. This company went to a Canadian company for the purpose of this product. This Canadian company is now able to purchase its steel for 30 percent less than we can, and this cost advantage was directly reflected in their bid.

The sad part is this customer has never worked with a foreign supplier of this type of product before in the past. Their decision was solely based on price. We are a small company. We are $30 million a year in sales, and this was a huge contract for us. It equaled $4.5 million per year in sales on a four year contract.

This contract, like I said, was huge for us, but we could not compete on price due to the increased cost of steel. For the first time we lost market share to foreign competition. The reality of our market is that we cannot pass the additional cost of these tariffs on to our customers.

As the example just illustrated, our customers will take advantage of the global economy and buy our product from a cheaper source. Nor can we afford to absorb these additional costs. These additional costs are so high they will turn our margins negative and put our company on the road to ruin.

In addition, since the imposition of the steel tariffs we find ourselves faced with uncertainty of both supply and price. We do not always get our steel when we need it. Our suppliers cannot deliver on time. When we receive steel orders late, this just adds to our cost and to our misery.

Number one, it requires us to work overtime to deliver to our customers on time. We cannot miss our commitments. Our customers will not allow it. It also requires us to incur additional costs in getting that product to our customer, and that can relate to expedited freight. Sometimes that expedited freight has, and it has, meant an airplane at an extremely high cost just to get that product to our customer.

We have also been faced with the uncertainty of pricing. Because of the volatility in our market, our service center suppliers refuse to price steel more than a month in advance. It causes great difficulty when we are trying to formulate quotations. This means that we have to guess at what our steel costs will be when we calculate a price for our customers. Keep in mind, this is a very competitive market. This is an impossible way to operate a small business.

Our present circumstances must change. We have already lost one sizeable contract, and we are in danger of losing more due to the increased steel costs. Furthermore, the uncertainty of pricing and availability of our steel is untenable. Our short-term and long-term viability as a company and an employer of American workers is threatened.

Thank you very much.

[Mr. Emery's statement may be found in the appendix.]

Chairman MANZULLO. Thank you, Mr. Emery.

Our next witness is Michael Tanner, president of Wren Industries, Inc., from is it Tipp City?

Mr. TANNER. Tipp City. Yes, sir.

Chairman MANZULLO. Tipp City.

Mr. TANNER. It is just north of Dayton.

Chairman MANZULLO. Tipp City, Ohio. We look forward to your testimony.

STATEMENT OF MICHAEL TANNER, PRESIDENT, WREN INDUSTRIES, INC.

Mr. TANNER. Thank you. My name is Mike Tanner, and I am president of Wren Industries. I want to thank you very much for inviting me to speak at this hearing about the unintended consequences of increased steel tariffs on American manufacturers.

Usually when I come to Washington, it is a very solemn and serious visit. I go to visit some of my friends at the Vietnam wall. I want to tell everyone here that this, too, is a very serious visit. I am here because the steel tariffs imposed by the President in March have increased the price and reduced the availability of steel in the market to a point that our supply of steel is not reliable. Without a reliable supply of steel, we cannot continue to operate.

Wren is a metal stamper located in Tipp City, Ohio, just north of Dayton. We are a tier one and tier two supplier of metal stampings for the automotive industry. We employ over 200 associates and have been in business since 1977. We have the unenviable position of being smaller than our customer and smaller than our steel supplier.

The steel tariffs imposed by the President in March have reduced the availability of steel in the market to the point that our supply of steel is not reliable. Wren's service center suppliers have been placed on allocation, and the steel deliveries that we are able to secure have been arriving a month or as much as two months late. This causes additional manufacturing time, which means additional manufacturing costs.

The flurry of e-mails and phone calls between procurement and production about staggering production in one press, pull the die out, put another one in, is extremely costly. Plus on several occasions I hate to admit how close we have come to shutting down our customers' production lines, which would be catastrophic for our reputation and credibility, as well as incurring penalty charges, all because we could not get the steel we need on time.

Wren sends three parts, for instance, at 36,000 parts a week to seven different General Motors plants. If we were ever to shut them down, the cost penalty would be prohibitive, and we would be out of business in a month.

I have no assurance of steel supplies past September of this year. In addition, several of the service center suppliers have breached existing contracts with us. One example, our service center provider that supplies 25 percent of our steel requirements increased the price of delivered steel by as much as 48 percent despite our contract.

We, of course, have relied on these contracts with our suppliers and based our pricing to our own customers accordingly. My customers will not pay the increased price I am now being forced to pay for steel. In fact, I must actually grant annual price reductions to my customers.

Ladies and gentlemen of the Committee, the bottom line is that my business is in danger if I cannot get steel and must continue to pay the increased prices. Unless things change rapidly, my company will lose business to foreign competition now that our international competitors have a built in cost advantage and a ready supply of steel.

Wren is a small business. We operate on tight margins in a very competitive market. We cannot pass on any of our increased costs to our customers. Wren is now in the position of selling dollars for 95 cents. If there is no relief in the pricing of steel, I do not know how our business will be able to survive beyond the end of this year. We are in these dire straits due to the operation of the steel 201 tariffs.

Thank you very much for your time.

[Mr. Tanner's statement may be found in the appendix.]

Chairman MANZULLO. Thank you.

Our next witness is Charles Connors, CEO of Magneco/Metrel. Mr. Connors, in preparation for your testimony I looked up the definition of a refractor. We do read testimony in advance, and if you do not mind if I could read the definition into the record so we can follow your testimony? It is a specialty.

A refractor is a ceramic heat resistant material used to line blast furnaces, cast houses and steel ladles. It helps to resist oxidation, corrosion and erosion damage in order to extend the useful lifetime of linings.

Is that a good definition?

Mr. CONNORS. That is a good definition. I would take it a little further than that.

Chairman MANZULLO. Why do you not go ahead and define it first, and then we will start the clock.

Mr. CONNORS. I think a refractory is a metal oxide ceramic material able to withstand high heat, which I normally think of as over 2,000 degrees Fahrenheit. The applications of iron making and steel making are applications. Also, other applications are waste incineration, ceramic manufacture, glass, crematoriums and a whole lot of other things that we need in life.

Chairman MANZULLO. Now that we know what you do, I will start the clock, and we look forward to your testimony.

STATEMENT OF CHARLES CONNORS, PRESIDENT AND CEO, MAGNECO/METREL

Mr. CONNORS. Thank you, and thank you for allowing me to testify. It is a little bit of a different side of the coin. Magneco/Metrel is a company with manufacturing operations in Columbiana County, Ohio, DuPage County, Illinois, and Lake County, Indiana. We have 135 employees, and we expect $39 million in sales this year if the steel industry continues to be able to operate.

We are both a supplier to the steel industry and a consumer of steel products. We buy about $300,000 a year worth of steel plate in the form of molds, which is a little less than one percent of our sales. In a tight margin industry, that could be affected by price. It has not seemed to be so far.

It is only about four and a half months since the 201 went into effect, but the effect on our company has been dramatic. We lost $300,000 in the months of January and February, and we made $500,000 since the first of March. We did that helping steel companies get equipment back on line.

We sell products about, 90 percent of which are either patented or proprietary, and they are used instead of bricks to line furnaces in a quick way. An example are the steel mills, which are now known as ISG, which are the equipment that used to be LTV Steel. A new company is starting up that equipment, and they would not have been able to start up the equipment in the time they did without materials like ours, that can get a blast furnace lined and running in about three days as opposed to six weeks for a brick job.

Now, the technology that we have and have developed working with the steel industry is used to supply all the other high temperature industries, and we could not afford to supply them at the prices that we do if we did not have the steel industry as a base. The steel industry is by far the majority user of all the refractories in the world.

We also export about 30 percent of our sales. About half of that goes to Europe, and the other half goes to Latin America. The 201 tariffs have also saved the Mexican steel industry. Sacartsa and Ispat Mexico are big customers of ours. That has been very helpful also.

It seems to me I am very sympathetic with what I am hearing here because we have been through it. In the last three years, there has been $2.3 million that was owed to Magneco/Metrel that was lost because of Chapter 7 or Chapter 11 filings by steel companies. We could not continue if that continued.

The fears, that I hear, I think show some prudence and foresight. People are looking towards the future and wondering how rocky the road might be. As someone who has already been down that rocky road, I certainly sympathize with that, but I would hate to see a total change in a tariff situation after only four and a half months to prove it out.

I think we are talking about worries of supply, as well as worries of price, and I think the marketplace is more likely to work out the price worries if there is a supply. The supply would not be there if we did not have any more steel industry in this country.

Thank you.

[Mr. Connors's statement may be found in the appendix.]

Chairman MANZULLO. Thank you very much.

I saw in today's paper where Pittsburgh based U.S. Steel now has earnings of $27 million compared with a loss of $30 million, but it also shows that steel production facilities are operating now at 96 percent capability, which could be accounting for the shortage.

I want to ask a question of I think it is the steel drum company. That is Mr. Trilla. Is that your company?

[The information may be found in the appendix on pge 245.]

Mr. TRILLA. Yes.

Chairman MANZULLO. Is that correct?

Mr. TRILLA. Correct.

Chairman MANZULLO. Now, you were buying your steel from is it South Korea for the 55 gallon drums?

Mr. TRILLA. Yes. Over the past year, we have been buying most of our steel from South Korea. We also buy domestic, though.

Chairman MANZULLO. And the steel that you are buying from South Korea, was that costing you more than domestic steel?

Mr. TRILLA. Yes, it was. It was costing us more for the past year than we were paying domestically. Yes.

Chairman MANZULLO. Okay. So you would disagree that that particular steel is being dumped on the American market?

Mr. TRILLA. I definitely disagree with that, Mr. Chairman. Initially we started paying more money than domestic. It was a higher quality product and enabled our plant to run more efficiently.

Chairman MANZULLO. Okay. Anybody else? Let us see. Mr. Pritchard?

Mr. PRITCHARD. Yes, sir.

Chairman MANZULLO. Were you importing steel prior to this?

Mr. PRITCHARD. Yes. We began in 1976 bringing in steel from a mill at that time known as the Hogavans. It is now part of the Corus organization.

Chairman MANZULLO. Where is that?

Mr. PRITCHARD. The mill itself is in the Netherlands.

Chairman MANZULLO. Okay.

Mr. PRITCHARD. We were having difficulty with supply and availability of material. We were on allocation all the time back in the 1970s.

Chairman MANZULLO. Domestic supply?

Mr. PRITCHARD. Domestic steel. We bought from LTV. We bought from Republic. We bought from U.S. Steel all in our backyards in Cleveland here and were not able to continue doing that because other customers were much larger than we were at that time as a $7 million or $8 million a year company.

We began looking for the other supply. That turned out to be very successful with the Hogavan mills. We have been dealing with them ever since, and they have developed time after time when there was a need for a specialty material to satisfy a customer requirement, they were there to help us work out a solution that would generally exceed anything that was available here.

Chairman MANZULLO. What is there about the nature of that foreign steel that you are stating you cannot find in domestic steel?

Mr. PRITCHARD. The gauge control in the foreign steel.

Chairman MANZULLO. What is that gauge control? What is that?

Mr. PRITCHARD. Thickness.

Chairman MANZULLO. Thickness. Okay.

Mr. PRITCHARD. The accuracy of the thickness that is ordered or that the product specifies is held to in most cases less than half of what domestic mill tolerances are for hot-rolled product, and that is almost in the range of what you would call cold-rolled, a material that is a step higher in the category of pricing. We have traditionally paid a premium for every pound of hot-rolled that we buy.

Chairman MANZULLO. So you were importing steel that cost you more than domestic steel?

Mr. PRITCHARD. Yes.

Chairman MANZULLO. And so you also disagree that this was not a dumping case as to that?

Mr. PRITCHARD. I have never been able to buy cheap foreign steel that made any of the parts my customers expected.

Chairman MANZULLO. In your testimony you stated that you have contacted domestic mills. They have declined to even provide you with a quote.

Mr. PRITCHARD. We have on several occasions gone to, as a matter of fact, the most recent LTV when they were in dire straits because most of our associates are members of the steelworkers union and had brethren working at LTV, so we asked them if they would come in, discuss what we use and see if there is some way we could not get together on this.

We received a letter about five weeks later saying that they were unable to at that time produce this material. It was possible that after a capital expenditure improving their lines they may be able to do something, but it was indeterminative as to whether that would go forward or not.

Chairman MANZULLO. And then how much more are you paying now for your steel?

Mr. PRITCHARD. We made an agreement or we came to terms with our two other partners, the mill and the supplier, the processor locally, so that they insulated us from paying the entire 30 percent, but we are paying well in excess of half of that——

Chairman MANZULLO. Okay.

Mr. PRITCHARD [continuing]. And are unable to pass this along to our customers in the marketplace.

Chairman MANZULLO. Are those customers also demanding annual price reductions?

Mr. PRITCHARD. Absolutely. Every year.

Chairman MANZULLO. Of what magnitude, Mr. Pritchard?

Mr. PRITCHARD. Some customers—I mean, they are all looking for five percent. That seems to be the golden number, but it depends on the age of the product, how long you have been producing it, what you can negotiate. It generally ranges between one to three percent.

Chairman MANZULLO. Now, you also stated that one of your customers is going to Brazil for the finished product?

Mr. PRITCHARD. Yes, they are for the finished pulleys in this case.

Chairman MANZULLO. Right. Now, Brazil is considered to be a developing country, yet Brazilian steel is not exempt from tariffs, yet Brazilian finished products that use that same Brazilian steel are not subject to the tariffs. Does this make sense to you?

Mr. PRITCHARD. No, sir. I have never really been able to put that in the perspective where it made sense.

Chairman MANZULLO. And how long have you been waiting on the USTR's Office for your exclusion?

Mr. PRITCHARD. I believe they were originally filed about two and a half months ago I think is when our office took care of the filings.

Chairman MANZULLO. And have you heard from the USTR's Office? I know they are moving very quickly.

Mr. PRITCHARD. They are moving forward. Right.

Chairman MANZULLO. They have over 1,100 requests.

Mr. PRITCHARD. I have been tracking a website on the internet that reports these, and I think the time for argument was closed on July 3. We have not as yet heard anything official. Nothing has been posted yet.

Chairman MANZULLO. We met with Ambassador Zoellick, and he has assured us that they are going to move as fast as possible.

Has any company filed an objection to your request for exclusion?

Mr. PRITCHARD. I just heard yesterday through our chief operating officer who is in close touch with the steel supplier, Chesterfield Steel, locally that there have been several companies that have I believe it was referred to as placed objections to the exclusion, but then when asked if they could produce the material they said either they would not or they could not.

Chairman MANZULLO. And yet they formally objected, and that, of course, continues the period of time for considering your exclusion?

Mr. PRITCHARD. Correct. That is what I understand. I would like to be able to find more detail out on that, but as of yet I have not.

Chairman MANZULLO. So you cannot find out the nature of the objections because it is proprietary?

Mr. PRITCHARD. That is right.

Chairman MANZULLO. This makes sense. You cannot get a quote from any domestic steel manufacturer to give you what you want. Is that correct?

Mr. PRITCHARD. Correct.

Chairman MANZULLO. And yet they turn right around and file objections to your request for an exclusion?

Mr. PRITCHARD. Correct.

Chairman MANZULLO. That does not make sense either, does it?

Mr. PRITCHARD. No. They have you in the middle.

Chairman MANZULLO. And that is why I have asked for an investigation by the Attorney General into collusion and anti-trust violations on the part of some of our U.S. steel producers.

Would you agree with the fact that it makes sense to ask for that investigation?

Mr. PRITCHARD. It certainly bears looking into because there are things happening now that just are not part of what the business world should have to deal with.

Chairman MANZULLO. Okay. I am sure that everybody here would agree, everybody seated at the table, that it is important to keep a viable U.S. manufacturing base for steel. You all agree on that, do you not?

Mr. PRITCHARD. Yes.

Chairman MANZULLO. But you all have various reasons for wanting to import steel. Okay.

Ms. Velázquez.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

Mr. Connors, can you please assess the state of the steel-producing industry prior to the introduction of the tariff, and, in addition to the tariff, what other actions are needed to help the domestic steel industry recover?

Mr. CONNORS. Well, prior to March 6, National Steel filed Chapter 11 during the first quarter of 2002. Bethlehem Steel filed for Chapter 11 in the fourth quarter of 2001. The National Steel filing brought the companies in Chapter 11 to I believe 35 percent of the production.

One of the big problems is that the steel industry is in two sections. You often hear about the mini mills and Nucor versus the integrated mills and why are the integrated mills not like the mini mills. The problem is that the mini mills, Nucor particularly, are all new equipment. The mills were built new, the equipment is new, and they have the right number of people to run that equipment.

When the integrated mills switched to new equipment, the equipment was more efficient. They did not need as many people. They had to downsize. A lot of people took early retirement. The deals that were made were made post World War II, and they have what they refer to as a legacy cost.

That is the other thing that is hurting the steel industry. Most foreign steel companies, and we do business with all the foreign steel companies, I have been in them, are not more efficient than the U.S. companies, but the health care and the pension plans are all government plans, not company plans.

Ms. VELÁZQUEZ. Would you explain how consolidation would affect the steel industry?

Mr. CONNORS. That one is a little heavy for me, I am afraid, Congresswoman. There are a lot of people that say we should have consolidation, and I know Secretary O'Neil feels that way because in the aluminum industry you have a very small number of manufacturers. In the steel industry you have a large number, but is that going to be better or worse? I do not know.

Ms. VELÁZQUEZ. How does the tariff affect the U.S. trade deficit?

Mr. CONNORS. All I know, is that in the last two months, what has it been, $37 billion in June and $36 billion in May, and it sort of makes me wonder when we are the largest, most powerful country in the world with the biggest consumer market.

We are being threatened with a trade war. I do not understand it. I do not think we have any more to fear from a trade war than we have to fear from a shooting war.

Ms. VELÁZQUEZ. Is it important for the U.S. economy to have a viable steel sector, and what would be the affect on small businesses if they relied only on foreign steel?

Mr. CONNORS. Well, if we had no domestic steel industry and it was all foreign steel, the prices would go up rather quickly.

Most of the foreign steel companies are either consolidated, or they talk to each other a lot. They coordinate their activities. I think the prices would be prohibitive.

Ms. VELÁZQUEZ. Mr. Emery, is it important to have a viable domestic steel industry? Would you agree that the domestic steel industry has faced years of unfair conditions?

Mr. EMERY. I would agree that it is important for the United States, both its economy and the security of the United States, that we have a strong steel industry.

To your second question, would I agree that it has been unfair or if we have seen changes? Was that your question?

Ms. VELÁZQUEZ. Yes.

Mr. EMERY. Yes. A lot of things have changed. If you look at the price of oil and you look at the price of electronics, prices have continually gone down. That has been done by competition, both foreign and domestic.

To answer your second question, yes, there has been a change. There has been a difference. We have seen prices go down, although I think that has been contributed to competition in the marketplace.

Ms. VELÁZQUEZ. My specific question is if you agree that the domestic steel industry has faced years of unfair conditions.

Mr. EMERY. I am not an expert in the manufacture of steel. I do not profess to be. I can say this, and it was touched on. There are certain sectors of the steel industry in the United States that are doing very well.

I can relate to my industry. I have been in it all of my adult life, and I have seen changes there as well. We have been forced to modernize. We have been forced to retrain our workers. We have been forced to invest in technology. If we had not done that, we, too, would be in the same shape that the steel industry found themselves in back in March.

Ms. VELÁZQUEZ. Mr. Emery, instead of the tariff, what other methods would you propose to help the domestic steel industry?

Mr. EMERY. I think that again I do not profess to be an expert in the steel industry. I do believe that during the years when the steel industry was doing very well in this country, and there were years when they were. We all know that. The failure to reinvest, the failure to update and modernize is what has hurt that industry.

Ms. VELÁZQUEZ. Thank you.

Mr. EMERY. I think that the small businesses are being asked to pay the price for that today.

Ms. VELÁZQUEZ. Mr. Trilla, in your testimony you mentioned that only imported steel meets your requirements. Can you explain why domestic steel does not meet your requirements?

Mr. TRILLA. Domestic steel does meet my requirements. It is just difficult to find a mill that consistently—I said consistently—meets our requirements.

The foreign steel I have enjoyed the past year and a half, we have had less than one-quarter of one percent reject through the facility in any parts of the manufacturing, whereas typically rejects in the United States steel could be three to four times that.

We can buy steel here. The problem is, as was testified earlier, I have applied for an exemption. They have been questioned, and the mills that objected to my exemption will not even make a sales call or answer our phone call, so I cannot buy domestically.

Ms. VELÁZQUEZ. Mr. Chairman, I have other questions, but I would like to go on to the second round.

Chairman MANZULLO. Mrs. Napolitano.

Mrs. NAPOLITANO. Thank you, Mr. Chairman.

The stories I have heard from all of you are very much like the stories of one of my stampings in one my cities. The additional burden that this particular company has is that California has energy prices that have gone sky high, so you went back to the mix, and they are going to be out of business in December, even though they did stockpile a little bit of steel to be able to help out.

I guess my concern is that our steel manufacturers, the companies have not been able to either supply enough product that is acceptable to the customers that would like to buy, and I know very little about steel. All I know is what I have heard from my company and what I am hearing here and what I have learned from the media.

I am assuming that in order to provide steel that will reach a certain pressure there has to be very little mix in it so that it provides more safety pressure or to deliver that product for especially automobiles.

Why is it that our steel producers cannot meet that, Mr. Connors? Can you possibly shed some light on that?

Mr. CONNORS. Why can they not meet the spec, the gauge control?

Mrs. NAPOLITANO. Correct.

Mr. CONNORS. Well, I worked as a metallurgist. I started out, and I grew up in U.S. Steel before I got into my later life, so maybe I could say something about it.

It sort of amazes me that steel companies that can make a drawn iron can, a pop can, a beverage can or a soup can, cannot provide tight enough speced steel to make a steel drum.

I have bought a lot of steel drums, and I buy them in my business. I am very familiar with the lubrication processes in making and forming steel. It is a matter really of finding the right person, it sounds like to me, more than it is a fact that we cannot do it here.

Mrs. NAPOLITANO. And you are very right, but it just does not make sense to me. Even with the retooling costs, auto manufacturers go through it. Why would steel not be able to meet the requirements going through retooling to be able to do the job?

Does anybody else have any other comment on that? That to me is one of the biggest questions that remains unanswered. Yes, sir?

Mr. TRILLA. In sort of an answer to your question and rebuttal to the former statement, the light can industry has gotten a tremendous amount of money invested in it to design and develop the new lightweight can. The steel industry, U.S. Steel, has bought a facility in Czechoslovakia, the former Czechoslovakia in Slovakia, and make light gauge metal there specifically for that type of industry.

Unfortunately for the steel drum industry, they still think that we are making anchors, and they have not invested in the gauge control that we need or in the better steels that are available today throughout the world. The cleanliness, the finishing of the steel, has not been invested in our so-called cold-rolled product.

Mrs. NAPOLITANO. Thank you.

I was amused by one of the news articles that was attached to somebody's testimony where somebody called it a carefully orchestrated attempt to downplay the effect the tariffs have had on our business. I think that is somebody who does not know what is going on or who is making an effort to downplay the problems that manufacturers are having.

I think somebody ought to call them up and take them and tour them through some of your facilities to make them understand. Essentially they are missing the main point of this.

Mr. Chair, I will go ahead and pass on to you and the Ranking Member. There are a lot of things I could state, but they would not be printable.

Chairman MANZULLO. I have never known you to be at a loss of words.

Mrs. NAPOLITANO. Not necessarily a loss of words. Believe me, I am for the tariffs to a certain degree. The problem has been that there has not been a good mix to be able to make it so that we do not hurt our own industries. No thought has been given to the unintended consequences, and that is where I am at.

Chairman MANZULLO. Ms. Velázquez, you wanted to continue?

Ms. VELÁZQUEZ. Mr. Pritchard, could you refresh our memory again in terms of what type of steel you need? Is it hot-rolled steel?

Mr. PRITCHARD. Yes, it is primarily hot-rolled material in low carbon grades, C–1008. Then we get into a good deal of usage of the high strength, low alloy materials that are used in our spinning and forming operations.

Ms. VELÁZQUEZ. In discussing the objection to your exclusion, you stated that while companies objected, none could produce the steel you need, correct?

Mr. PRITCHARD. Yes. The word I got from a gentleman in our office yesterday, and I have to say I think this is what you would call hearsay from him because I did not witness it myself, was that there was word of several objections, but when they were asked if they could supply the material they indicated they could not or would not.

Ms. VELÁZQUEZ. Sir, I think that you got the information wrong. I have here a copy of the objection where in fact Bethlehem Steel Corporation, National Steel Corporation and United Steel Corporation can in fact produce the metal that you need, the steel that you need.

Mr. PRITCHARD. All seven grades? Is that part of the exemption paper there?

Ms. VELÁZQUEZ. Yes, this is part of that.

Mr. PRITCHARD. I have not seen any of that yet.

Ms. VELÁZQUEZ. Well, I am just sharing with you the right information regarding the objection.

Chairman MANZULLO. Would you yield?

Ms. VELÁZQUEZ. Yes, sir.

Chairman MANZULLO. Have any of those companies given you a quote?

Mr. PRITCHARD. No.

Chairman MANZULLO. And have you asked them for a quote?

Mr. PRITCHARD. Generally, yes. Our purchasing department has worked with, you know, steel producers in this country. They have also tried Canada and all over trying to obtain, you know, a——

Ms. VELÁZQUEZ. Would the gentleman yield?

Chairman MANZULLO. It is your time.

Ms. VELÁZQUEZ. Could you please explain what generally means?

Mr. PRITCHARD. Generally? I mean, we do not do this every day. We have tried generally on an annual basis they will contact a new potential supplier. As I mentioned before, the last time was about a year or year and a half ago when we contacted LTV.

Since then I know there have been discussions, but again that is our purchasing group, and that is not something I have day to day information for you on. I can provide that if you would wish.

Ms. VELÁZQUEZ. Mr. Chairman, I would ask unanimous consent for this to be included on the record.

[The information may be found in the appendix, new enclosure for the record.]

Chairman MANZULLO. Without objection.

Ms. VELÁZQUEZ. Thank you, Mr. Pritchard.

Mr. PRITCHARD. Yes.

Chairman MANZULLO. Ms. Moore, you just came in. Do you have questions? I did not see you. You came in so quietly.

Ms. CAPITO. Thank you, Mr. Chairman.

Chairman MANZULLO. I am sorry, Ms. Capito. I called you by your father's name.

Ms. CAPITO. You can call me whatever you want.

Chairman MANZULLO. There you are.

Ms. CAPITO. No. I am just here to listen, and I appreciate you holding this hearing.

I am interested. Steel, of course, is an enormous issue in my state of West Virginia, and we support in West Virginia—I did—the President's decision to place these tariffs on imported steel. It has had an impact already in my state of West Virginia with our steel producers, but I am interested to hear the rest of the meeting. I apologize for being a little on the late side.

Chairman MANZULLO. That is okay.

Mr. Pritchard, from whom do you buy steel? Is it a broker?

Mr. PRITCHARD. It is a steel processor they call it. They buy master coils, large coils of steel——

Chairman MANZULLO. Okay.

Mr. PRITCHARD [continuing]. In a semi-processed or semi-ready stage to be used. They bring it in, they slit, and then they prepare the surface on it. Then it is sold to us.

Chairman MANZULLO. And my understanding is the inference here is that these companies that have filed objections can furnish you with the steel, but you have been advised by the people who supply you with the prepared steel that no one else is interested in bidding on your product. Is that your testimony?

Mr. PRITCHARD. In the case of the exemptions, yes.

Chairman MANZULLO. Okay.

Mr. PRITCHARD. I can tell you that over the years many have said they could supply it, and then when asked to do so and, you know, we would place orders with them they were not able to.

Chairman MANZULLO. Here is what I would like to do for you. Give me the spec sheet of what you want from these companies.

Mr. PRITCHARD. Yes.

Chairman MANZULLO. I will mail personally to these companies. They are probably present here in the room today. I will ask them to mail back to me directly. I will be your broker for you.

Mr. PRITCHARD. Wonderful.

Chairman MANZULLO. I will try to find the steel for you.

Mr. PRITCHARD. All right.

Chairman MANZULLO. All right. If they are here, if they want to bid on it that is fine.

I am learning all kinds of things about steel, but what I am seeing here today is the fact that somebody is trying to undermine the credibility of the small people's ability to go out there and get steel.

I am going to put in the record another letter. Boy, do we get letters. This one is from the Rockford Company in my hometown of Rockford, Illinois [the letter may be found in the appendix, currently on pages 299–301], and this really is in response, which it could not have come at a better time, to a statement that is part of the record that was furnished by the American steel producing community that really took offense at the fact that I used in our statement that the 201's unintended consequences was a double hit suffered by steel using manufacturers due to huge, arbitrary price hikes.

The American steel producing community that filed this statement said that this is not the fact. They say, "The language used in this hearing announcement shows a certain lack of balance."

Has anybody ever asked you guys about these tariffs before this hearing?

Mr. PRITCHARD. No, sir.

Chairman MANZULLO. You were asked?

Mr. CONNORS. I was here about 13 months ago with 699 other suppliers of the steel industry. This is my second trip to this building in my life. That was the first, and that was in support of the tariffs.

Chairman MANZULLO. That was in support of the tariffs. Did any of you guys ever get asked here if you were being subject to price hikes?

"While the language used in the hearing announcement shows a certain lack of balance, it is of greater concern that the points made in it are factually inaccurate."

Let me show you this. That is about the price hikes. Exhibit 1, and somebody can take me on from the steel industry if you are interested back there or whoever wrote this statement. I am going to make it part of the record as a matter of courtesy. Here it is. "Dear Congressman Manzullo: I am writing to express our company's dissatisfaction with President Bush's decision to tariff imported steel. We are a Rockford manufacturer that produces steel parts for a variety of industries. Through June of this year, we were able to purchase coiled steel for $21 per 100 pounds. Due to the President's decision, our new steel price effective July 1 is now $31.62 per 100 pounds. That is a 50 percent increase in our cost of raw material."

That is the statement. Here is the invoice. Invoice from Coil Plus Illinois, Inc., out of Plainfield, Illinois, dated June 10, 2002, for previous orders at $21 per 100. Now, one month later, in fact July 17, five weeks later, the very same material at $31.62.

Now, who is telling me and who is telling these people that they are not getting arbitrary increases in prices? Would somebody like to stand up in the audience and say that this is not correct? Would somebody like to tell these people here—I do not have them under oath, and it is not necessary—that they are exaggerating as to the increase in these prices?

Would somebody please tell the small manufacturers? Tell my guys back home that are paying 30 to 50 percent more for their steel. Tell them that this has not had an adverse impact upon them and that they are ready to go under.

My question to all of you is this. We recognize there is a problem with steel in this country. What is the solution? Let us start with the economist. There has to be a solution to this to help domestic steel supply, to help out our steel workers and at the same time to get the facts straight that the price of steel is going through the ceiling.

Ms. BAUGHMAN. Thank you, Mr. Chairman. This is the $64,000 question clearly. As an economist, the answer has to be that the market is the best way to help the steel industry. When you impose artificial barriers on a piece of the market, it has widespread ramifications throughout the economy.

It may help the steel industry in the short run for a small period of time, but it does not help the steel industry in the long run, and it has, as you have aptly called it, collateral damage all over the place. Import restraints are not the answer. I can tell you that much.

Chairman MANZULLO. What is the answer? I personally agree that there was an import surge taking place. If you look at the decision, it was 6–0 on the ITC. It is well documented that there was surging taking place on the 201. How do we work through this?

Ms. BAUGHMAN. Mr. Chairman, the United States has a number of laws on the books that are meant to address different types of problems associated with import competition. Dumping is addressed through antidumping laws, and illegal foreign subsidies are addressed through countervailing duty actions.

Section 201 tariffs or quotas, whatever results from a Section 201 investigation, have nothing whatever to do with unfairness. They do not get at the problem of unfairness because they apply to imports whether they are fairly traded or not.

Chairman MANZULLO. Surges.

Ms. BAUGHMAN. Surges, yes.

Chairman MANZULLO. Surges.

Ms. BAUGHMAN. But it does not matter whether they are fairly traded imports or not. They all get hit with the tariff. If the problem——

Chairman MANZULLO. Excuse me. An example would be the South Korean steel.

Ms. BAUGHMAN. Precisely.

Chairman MANZULLO. The South Korean steel that you are actually paying more for.

Ms. BAUGHMAN. Precisely. If the problem is unfairness, then the solution is antidumping actions or countervailing duty actions.

Now, the U.S. steel industry has been perhaps the biggest users of antidumping laws and countervailing duty actions. They file hundreds of these cases, it seems like, that result in double, even triple digit duties applied to imports from specific countries for specific products.

Chairman MANZULLO. And you agree with that remedy?

Ms. BAUGHMAN. I think that that is what we have available. That is the appropriate route.

Chairman MANZULLO. Anybody else on the question? What do we do here? There is a problem with maintaining viable domestic steel production.

Mr. Connors?

Mr. CONNORS. One thing that bothers me, and I am not an economist, but on the matter of arithmetic, if the top tariff is 30 percent, how come the markups are as high as 54 percent?

It sounds like some steel service centers are marking up the tariffs, and maybe the competition should be between the steel service centers. Maybe they have an agenda of their own because they do not want to have the foreign steel.

Chairman MANZULLO. I have a letter from a steel service center increasing the price of steel with an attached letter from Bethlehem Steel saying due to the steel shortage. You can follow the train of the steel suppliers directly back to the steel manufacturers on there, but there could be some collusion going on.

I appreciate that thought. You are not an economist, but you are a metallurgist.

Mr. Trilla.

Mr. TRILLA. Yes, Mr. Chairman. I buy all my steel direct from the mills. I am sitting in Chicago right next to Gary, Indiana. Five steel mills, including LTV that closed, would not even make a sales call on us or answer a call.

We buy nothing from a warehouse. Occasionally with a late delivery lately we are forced to buy something, you know, 50 or 100 tons, but not a steady flow. One hundred percent of my steel is purchase ordered out directly to the steel mills, and my costs have gone up 54 percent.

Chairman MANZULLO. Did any Members have any other questions? Ms. Velázquez.

Mrs. NAPOLITANO. I have not a question. Well, yes, a question. What would you view as a solution?

Chairman MANZULLO. There it is.

Mr. TRILLA. I will attempt to answer. I am here to talk about my problems and to tell you how it is affecting my industry and my fellow brothers in the steel drum industry across the country.

We are not in the steel business, but it is obvious, as you stated earlier, that there was not a great deal of thought of repercussions of this. There is nobody at this table that does not want a strong domestic steel industry.

I was raised in a steel town. We need steel. We need to have a strong steel infrastructure here in the United States. I do believe in the tariffs. I support the President in his tariffs also.

Admittedly, the President did not think that—we all agreed that steel prices would go up. We all agreed that there would be some movement in the cost of steel, et cetera. Admittedly, I think the government figures came out about eight percent or ten percent maybe maximum. We agreed to that.

As an industry, I am sure everybody at the table here is willing to fight for our industry and help the domestic steel industry, but 54 percent? There is just no way of recovering that. I have been in this business all my life and never have seen steel prices escalate like this.

I do not have the answers, but I just know that we are all sitting here because there is a big problem by the tariffs. Once again, we support the tariffs, but I think nobody contemplated the after effects of them.

Chairman MANZULLO. Ms. Capito.

Ms. CAPITO. Thank you, Mr. Chairman. I have just a general question if anybody would like to jump in.

Mr. Trilla, you mentioned that the price of your steel had gone up 54 percent. The import costs have ranged from 99 to 30 percent, the tariffs. Is there a point at which you would consider then going ahead and buying imported steel and paying the tariff?

Mr. TRILLA. The tariffs are 30 percent. My domestic steel costs have gone up 54 percent, or my direct cost of steel has gone up 54 percent since the tariffs have been imposed.

We cannot get anybody to sell us steel. They will not import the steel even with the 30 percent tariffs for the fact that in dumping, and I am not a lawyer so if there is a lawyer out there help me. In the dumping cases, the taxes and the duties applied to a product are taken off the top of the product, the cost of the product imported, the cost of the product, to determine dumping.

If you take the 30 percent off the top of whatever somebody would sell me steel for, they are definitely down there in the dumping range. They get hit again, so it is like a double tariff. We either have to have tariffs, or we have to have dumping.

In my case where I was paying more money for my steel than domestically, I am really being punished because my steel is not coming here being dumped. Mine was at global pricing higher than the domestic cost of steel.

Ms. CAPITO. Let me just in terms of a summarization, and again I apologize for not hearing the entire hearing. Basically I am imagining that the trend is that while you just mentioned that you would support the tariffs on imported steel, it seems the pendulum, in your opinion, in all of your opinions, has swung too far the other way and that it is causing prices to rise too quickly or too drastically for you all to be able to compete in a small business arena. Is that the basic message?

Mr. TRILLA. That would be my basic message. I mean, once again I repeat that the government, and we are supportive of the President. I am supportive of the President and his actions with the tariffs when he said maybe a maximum of eight percent, and maybe a ten percent increase in steel.

I mean, over the course of the years the steel prices have escalated and dipped and escalated and dipped. Yes, maybe the domestic steel prices were lower than in recent history, but, you know, ten percent? Maybe we could absorb that and pass that off in a logical three year period of time.

Fifty-four percent in the course of five months is not logical, but we would be supportive of tariffs, something that makes sense.

Ms. CAPITO. I would like to say as well that if we go back to where we were before these were imposed, the steel workers in my state, the owners of the steel businesses in my state, folks would ask me what is your impression of the steel industry, and where is it going in America?

I would say that universally the one emotion and the one thing that was universal among workers and owners was desperation. I think the steel industry absolutely was at a desperate stage when I first began my service a year and a half ago.

There are other issues that keep coming up like legacy issues and these kinds of things, so I do not think we are at the end of the journey on trying to do something to bolster up our steel industry, and most certainly you have issues that we need to deal with as we are going through this along with looking at legacy costs, another area that the steel industry is really pressing us as members to take a look at.

Does anybody here have an opinion on legacy costs and where we should go with that?

Mr. TRILLA. I wish I had a statement on legacy costs. You know, the one point we are missing here, especially because I have bought steel out of your district——

Ms. CAPITO. Thank you.

Mr. TRILLA. More importantly to Trilla and Trilla Steel Drum and my 70 employees is admittedly the steel industry can only produce 70 to 75 percent of the total capacity needed in the United States, so as we are stating here today Mr. Gordon Jones realizes there is not as much inventory in my facility as there was six months ago. We cannot buy steel.

Unless we import steel, unless we get the ability to get more steel in here, 30 percent of the consumption we will not have product to produce our products, whether it is a refrigerator door or a drum or a pail. That is a very, very critical issue for us today besides the price.

Ms. CAPITO. Thank you.

Ms. VELÁZQUEZ. Mr. Chairman, I would just like to ask Ms. Baughman.

The way I see this is that the real issue is competitiveness for our steel industry. One way to become competitive without relying on tariffs would be some type of consolidation that the gentlelady made reference to, but because of the legacy costs, commitments that have been made to the workers such as reduction in exchange for salaries, for many of these companies, the legacy costs to many of these companies, consolidation is not an option. You will agree with me?

Ms. BAUGHMAN. Correct.

Ms. VELÁZQUEZ. Rather than the tariff, if the federal government assumed the legacy cost, would that solve the problem? After all, we did it for the airline industry. Can we do it for the steel industry?

Ms. BAUGHMAN. It might solve a problem, but it opens up another, and that is that you have set a precedent for other industries to go out and to negotiate similar types of deals, knowing the government could bail them out if they cannot ultimately——

Ms. VELÁZQUEZ. If you would excuse me? The precedent would not be set. It is there already. We did it for the airline industry. We have done it for the insurance industry. Why can we not do it for steel?

Ms. BAUGHMAN. You certainly can do it for the steel industry. I am just saying that you need to be prepared to do it for the textile industry and for the sugar industry and for a whole host of other industries as well.

Ms. VELÁZQUEZ. Well, I think that we were prepared when we did it for the airline industry.

Thank you, Mr. Chairman.

Mr. GROVE. Mr. Chairman, if we are going to do this for big steel, would we also do it for small companies like Cold Metal Products that has the United Steelworkers? That would impact us. We have to pay pretty much the same legacy costs. We have been in business since 1926.

Ms. VELÁZQUEZ. If we supported it.

Chairman MANZULLO. Do you have any idea how much money this would cost?

Ms. VELÁZQUEZ. $15 billion it cost to bail out the airline industry.

Mr. Chairman, what about the tax cut? Do you have an idea of how much it is going to cost?

Chairman MANZULLO. Yes. It will probably save us from going into a recession.

I have a problem with the fact that we sent $5 billion to the airline industry.

Ms. VELÁZQUEZ. $15 billion, Mr. Chairman.

Chairman MANZULLO. $5 billion in grants. They all took the grants, and now they are slowly getting the guarantees on it. All right.

Ms. VELÁZQUEZ. The whole package is $15 billion.

Chairman MANZULLO. Okay. That would be so easy just to send a check to pay the legacy costs of every company around, but you are correct. That was a precedent, and I am not so sure that it was the correct precedent to set.

At least when Chrysler got bailed out years ago it was a loan, and they paid it back with interest. They had a time on it. Your suggestion is just as viable as what is on the table now because what is on the table now is not working.

Let me ask a question here. I find this extraordinary. This again is the Rockford Company. "In addition," the letter goes on, "we wanted to convey just how difficult it is becoming to remain a viable manufacturer in America. One year ago, we sold a particular part for 9.2 cents each. Today, we must sell the same part for 4.7 cents each in order to keep the work from going to Mexico. Our competitor in Mexico is paying his labor force 60 cents an hour. We have worked hard in the past few years to reduce costs, become more lean and reorganize to meet such challenges, but we can only make so many cuts without affecting our company's ability to perform."

Now, what I have heard here today and the testimony in our steel letter book is that American companies that were supplying American manufacturers are now losing those contracts to the Chinese, to the Brazilians, to other Asian countries and to Canada. So one of the unintended consequences of the steel tariffs is to further exaggerate our trade imbalance.

Who lost the contract to Canada?

Mr. EMERY. I did.

Chairman MANZULLO. Would you tell us about that again, Mr. Emery?

Mr. EMERY. Yes, I will. This is a company that has been a long-standing customer of ours in our community within just miles of our facility. It has been a customer for a long time. A product that would generally go to our company or possibly another company that we compete with also in the area. There was no guarantee that we would get it. Neither one of us did.

You know, our customers are sympathetic as well. They understand that we are paying more for steel. They also have to be competitive, however. You know, they have customers as well as we do, and they are competing for that same business.

Their price just was not getting where they needed to get, and the reason was because steel prices have gone up domestically. They were able to buy that material at 30 percent less than cost for raw material in Canada. They felt bad about it. We actually had a sit down meeting to discuss it. They just really felt like they had no choice.

Chairman MANZULLO. Canada. Now, that is U.S. steel. Canada is the largest importer of U.S. steel.

Mr. EMERY. Correct.

Chairman MANZULLO. I wonder what price the Canadians are paying for that steel?

Mr. EMERY. I cannot answer that. All I do know is that when we compared, and we get into some detail. When we compare labor cost, we compare variable burden cost, overhead and so on, we were on an equal. When it got to the material content of that particular price is where we could not compete.

Chairman MANZULLO. And then who lost the contract to China? Was that yours, Mr. Pritchard?

Mr. PRITCHARD. Yes.

Chairman MANZULLO. Okay. This has been a very interesting hearing. We have always prided ourselves, Ms. Velázquez, on the Small Business Committee coming up with solutions. Do you think we have come up with a solution on this?

Ms. VELÁZQUEZ. Yes. I am willing to write and send a letter to the President regarding consolidation.

Chairman MANZULLO. All right. We are looking for any and all solutions to this, but the purpose of this hearing is to show what I have called the unheard voice, and that is the small manufacturers that do not have the clout in Congress that the big steel companies do. It is just that simple.

They are big. They have huge lobbying firms. They have big companies here that can pay a lot of money for full-time lobbyists to get their message across. All you have is the ability to come to Washington, pay your own fare and appear before the Small Business Committee.

We are going to continue to monitor this. We are going to ask for a response from the Attorney General in our request for price gouging, for collusion that may be going on in the steel industry, especially in light of Mr. Trilla's statement that his domestic steel prices have gone up by 54 percent.

I just want to thank you all for coming to Washington. Thank you for your tremendous testimony.

This Committee is adjourned.

[Whereupon, at 12:10 p.m. the Committee was adjourned.]

DONALD A. MANZULLO, ILLINOIS
CHAIRMAN

NYDIA M. VELAZQUEZ, NEW YORK

Congress of the United States

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REMARKS OF CHAIRMAN DONALD A. MANZULLO
"UNINTENDED CONSEQUENCES OF INCREASED STEEL TARIFFS ON AMERICAN MANUFACTURERS"

July 23, 2002 10:00AM Room 2360 Rayburn HOB

The first law of medicine – do no harm – is also valid in trade. When the President announced his decision last March to impose higher tariffs on some imported steel products, most everyone, including me, was willing to give the President the benefit of the doubt and support him on his action because we all want a strong and vibrant domestic steel industry. Many steel-using manufacturers make a concerted effort to buy from American steel companies not just because it's easier logistically but because it helps maintain a strong manufacturing base in this country.

However, the law of unintended consequences has set in that I don't think the Administration anticipated. Over the past six weeks, the Small Business Committee has gathered over 200 communications from American steel-using manufacturers and ports about the negative impact these tariff increases have had on their businesses. We have seen five general themes arise from this correspondence.

First, some steel-using manufacturers are caught in a price-cost squeeze. While the tariffs on foreign steel products were raised to 30 percent, many small manufacturers have seen price increases on domestic steel rise even higher to 70 and 80 percent. For many of these small companies, the cost of the steel forms a significant portion of the overall price of their final product. Because these small manufacturers are often suppliers to larger companies, they cannot pass along any increases to their customer. In fact, these larger company customers often demands annual price reductions of between one and five percent as part of their existing contract. Thus, these small manufacturers cannot absorb these cost increases for very long without going bankrupt.

Second, some steel-using manufacturers are subject to arbitrary allocations and shortages from steel manufacturers. They may be able to pay the higher prices but the U.S. steel manufacturer cannot produce enough steel to meet demand. They have no assurance of a supply of steel beyond this month. The first priority of steel manufacturers is to supply the big companies who have long-term, large dollar contracts with them.

Small steel users attempting to buy on the "spot market" are left to the whim of the steel manufacturer as to whether or not they will supply the orders.

Third, some steel-using manufacturers assert that the recent increase in the price of steel has made them uncompetitive as compared to their overseas rivals. They have lost sales to foreign companies that can purchase steel at world-market prices. These foreign companies not only purchase steel at world-market prices and make the products overseas but they export the finished good into the United States at a lower tariff rate. In fact, most lost sales of comparable finished goods to Chinese firms. Some small U.S. steel-users even talk about relocating some or all of their manufacturing overseas to avoid the high price of steel in the U.S. and the bring back in the finished good as an import.

Fourth, some steel-using manufacturers lament that they have had to lay off a number of workers over the past four months because the high price of steel has made them uncompetitive. Many predict more layoffs by the fall unless the price of steel drops.

And, finally, some steel-using manufacturers complain about big steel manufacturers breaking existing contracts to arbitrarily raise prices. As they are unable to break their own contracts with their customers based on a higher steel price, the small manufacturers are caught in a vise. They have been faithful, pro-American, long-time buyers from the domestic steel mills. Yet, right in the middle of a contract, the big steel companies all of a sudden change their prices and challenge the small steel-using manufacturer by essentially saying "go, sue me." What option is left to the small manufacturer? They cannot afford to sue. Is this the reward they get for years of loyalty?

That's why I am releasing a letter I sent today asking the Attorney General to open an anti-trust investigation to determine whether or not the big steel companies are not only gouging the American steel-using manufacturers but also to see what can be done to combat unilateral abrogation of contracts.

The purpose of this hearing is for all of us – in the Legislative and Executive Branch and in the private sector – to take a moment to reconsider the steel remedies in light of the unintended consequences that have occurred over the past four months. At a minimum, I urge the Administration to be as generous as possible with exclusion requests, particularly to those from small manufacturers.

Last Sunday, the Rockford Register Star published a penetrating special report entitled, "Steel Shakeout: An Industry Under Attack." In this front-page story, the paper documented how the steel tariffs are strangling local small manufacturing shops. The already-fragile manufacturing base in Rockford is damaged and further threatened by these tariffs.

It's not just a problem in northern Illinois. It's spread across many small manufacturers across this nation. They already have enough to worry about. In addition to the existing regulatory and tax burdens, they suffer thin margins from stiff foreign competition; they are sometimes subject to complex and burdensome export controls and unilateral sanctions not imposed on their foreign competitors; the U.S. dollar is still overvalued by as much as 25 percent; they have difficulty in accessing credit; and they are asked to do even more with less through immense market pressure to further increase productivity to drive down costs. On top of this, small manufacturers now have double-digit increases in the cost of their raw material – steel – and they are also threatened with a possible increase in the minimum wage, interest rates, and higher medical and property insurance payments. What are we doing? Do we really want a manufacturing base in this country? Are we just sending out an invitation to them to relocate overseas?

The votes of Republican Members for Trade Promotion Authority are in danger. The philosophy of free trade is becoming increasingly difficult to articulate because of the mixed messages contained in these types of actions. We need to reverse this trend. We need to show that free trade works for the little guys. We need to show that our government is doing everything in its power to help small manufacturers succeed and thrive in this country.

I now yield for an opening statement from my good friend and colleague from New York, Ms. Velàzquez.

Small Business News

Chairman Don Manzullo (IL-16)
U.S. House Committee on Small Business

FOR IMMEDIATE RELEASE
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Manzullo: Steel Tariffs Are Devastating America's Struggling Small Manufacturers

(WASHINGTON) House Small Business Committee Chairman Don Manzullo (R-IL) today said steel tariffs are hammering small factories with huge price hikes and product shortages that threaten the future of manufacturing in America.

Manzullo, who chaired a full committee hearing Tuesday examining the unintended consequences of the steel tariffs, said the tariffs have made it impossible for American manufacturers to compete with foreign manufacturers who don't pay the inflated steel prices. Manzullo urged the Administration to reconsider the tariffs before it is too late for America's manufacturers, who are losing eight jobs for every steel job saved because of the tariffs.

The price of steel — foreign and domestic — has increased dramatically for America's small manufacturers since the Administration announced temporary tariffs on foreign steel March 5. Not only has the price of foreign steel increased because of the tariffs, but domestic steel makers have raised prices to "recover some of the pricing that's been lost," a U.S. Steel spokesman said. Small manufacturers have reported American steel companies breaking contracts and spiking their prices to account for the tariffs. In addition, rationing has cut supplies and increased costs even further. Manzullo has asked the Justice Department to investigate possible anticompetitive behavior in the U.S. steel market since the tariffs were enacted.

Chairman Manzullo, who successfully convinced the Administration to exempt "tool steel" when the initial tariffs were announced, is urging the President to issue the maximum amout of relief possible on pending exclusion requests and to re-evaluate the overall tariff policy immediately.

"Small manufacturers in America can't wait until next summer to get relief from these job-killing tariffs. They are in a crisis right now," Manzullo said. "I urge the President and his advisers to do whatever they can to scale back these tariffs as soon as possible. The future of manufacturing in America is at risk."

(END)

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NYDIA M. VELÁZQUEZ

Congress of the United States
House of Representatives
107th Congress
Committee on Small Business
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STATEMENT
of the
Honorable Nydia M. Velázquez
Hearing on Impact of Steel Tariffs
July 23, 2002

Everyone has known for a long time that the American steel industry has been in trouble. A combination of legacy costs here and cheaper production overseas has threatened the engine of heavy industry in the United States. The situation became even more dire at the end of last year, when the basic price of steel fell to $210 per ton. That was clearly an unsustainable price for U.S. steel manufacturers, since production here costs about $293 a ton.

At the beginning of March, the President intervened to protect our steel-makers. He imposed tariffs on imported steel to level the prices of cheap foreign steel. As a result, the price of steel rose quickly, from $260 in March to $340 in June.

The immediate effect of the tariffs has been to shore up a critical component of our economy --- the steel industry --- and has saved thousands of jobs. There is anecdotal evidence, however, that these tariffs may have had the unintended consequence of impeding the competitiveness of small manufacturers. The issue of tariffs is a complicated one that has affected many players in the economy, both large and small. But the idea that these tariffs have negatively impacted *ALL* small businesses is just not true.

Because for every small business harmed by the tariffs, there are small steel producers or distributors as well that have actually benefited from these tariffs --- and some manufacturers that, due to waivers, remain unaffected.

The truth is that small businesses across the country were hurt by the world's oversupply of steel, and the dumping practices of foreign manufacturers. These unfair trade practices not only hurt Big Steel, but also the small businesses that serve steel-making communities hit hard by the low price of dumped steel. In addition, small steel makers --

- mini-mills that produce recycled batches of steel from scrap --- were also hurt by the continued, artificially low steel prices.

The tariff was just one part of a solution to help not only Big Steel, but the communities that serve and depend on the industry, and small steel makers. While we may focus today on the impact of other small businesses constrained by a higher but more reasonable price of steel, we must continue to look for solutions so that all small businesses can thrive.

We know that American industry, given a level playing field, can out-produce every other nation. We do not fear a truly free market. But when countries exploit our strong economy, "dumping for dollars" by unloading their products at below market rates, that is not a level field. These tariffs are necessary to help our producers and many small businesses --- and it tells the world that we are not the dumping ground for their products just because the dollar remains dominant.

I hope we can use this hearing to examine ways that we can help small businesses affected by the steel tariffs. But we must remind ourselves that not *ALL* small businesses were hurt by the tariffs --- many were, in fact, helped. We need to make sure that our solutions to the problem of global steel production take BOTH sides into account.

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Statement
Committee on Small Business
Hearing on Steel Tariffs
"Unintended Consequences of Increased Steel Tariffs on American Manufacturers"
7/22/02

Mr. Chairman, Ranking Member Velazquez, Colleagues, and Guests:

This Congress must ensure that small businesses are able to operate efficiently. In trying to realize this goal the Committee should use its authority to enable greater access to capital, and make health care affordable to small businesses. Regarding the steel industry, Congressional action is essential in guaranteeing its survival. My own district's economy depends on both small business and steel production. It is my firm belief that small business and the steel industry can co-exist and continue to contribute to our nation's wealth.

Most of the witnesses have cited the 201 remedies as inhibiting their ability to operate profitably. However, it is my reasoned opinion that small business is not as significantly affected by 201 as many on this panel would have the Committee believe. We must recognize that there are multiple reasons for rising prices: increased demand for steel; decreased production capacity; and implementation of antidumping duties. Furthermore, U.S. steel-consuming industries currently enjoy flat rolled steel prices 21%-32% below what they were on average over the 1980-2000 period.

I empathize with those of you who are facing tough times because of rising input costs. I realize that it is difficult to adjust to price changes; I know that your clients are very sensitive to such changes.

But, as a Congress, we must also focus on remaining strong in our commitment to the steel industry and its workers. 46,000 steel workers have lost their jobs over the past four years; the industry has experienced $3 billion in losses and 34 bankruptcies over the past year. Additionally, the USWA estimates that 600,000 retirees have liabilities that cannot be funded by steel producers. We must allow the steel industry to invest, restructure, and consolidate while guaranteeing its retirees the benefits they worked so hard for. For these reasons I would like to reemphasize my support for the Steel Revitalization Act (H.R. 808), and the Steel Industry Legacy Relief Act (H.R. 4646). Let me stress that these 201 tariffs are only very temporary solutions to the hard times steel producers are facing. H.R. 808 and H.R. 4646 will help to ensure the long-term survival of this vital industry.

We must also ensure that small businesses can operate profitably. However, the 201 tariffs do little to inhibit small businesses as only 29% of all steel imports are affected. If we really want to help small businesses this Committee should focus on issues like access to capital, and working towards helping small employers provide insurance coverage for their workers.

Mr. Chairman, I thank you for my time.

Committee on Small Business

U.S. House of Representatives
Washington, D.C.

Statement of U.S. Representative Peter J. Visclosky
July 23, 2002

Mr. Chairman and members of the House Committee on Small Business, I appreciate the opportunity to submit this statement today to discuss the affects of the Section 201 decision on manufacturers.

More than 50,000 U.S. steelworkers have lost their jobs in the last few years as the direct result of repeated steel import surges. Those lost jobs have resulted in great suffering and hardship for those workers and their families, but also for their communities, and indeed for our economy as a whole.

Steel communities all across this country have been devastated by thousands of lost jobs, the bankruptcy of nearly three dozen steelmakers, and remain plagued by tremendous uncertainty about the future. And yet the American steel industry is as efficient as any steel industry in the world. The productivity of our workers, who now require only 3.6 man-hours per ton of steel produced, is second to none around the world. The excellence of this country's steel industry has been achieved at tremendous cost over the past two decades -- prior to this most recent steel import surge beginning in 1998 -- in terms of plant closings, restructuring, investments, and reduced workforces. American steelworkers and their companies have done everything in their power to operate a world-class industry, and they have succeeded. Only imports, the factor over which they have no control, are responsible for the vast majority of the catastrophic losses of the last three years.

I am sensitive to the concerns of manufacturers concerning the affects the Section 201 may have on steel prices; however, their concerns are unfounded. Unfairly traded imports have pushed steel prices to a twenty year low, representing unrealistic pricing levels that cannot be maintained without potentially destroying our domestic steel industry. The modest price increases experienced since the implementation of the Section 201 tariff measures represent a normalization of steel prices, not an inflation of steel prices. The United States cannot afford sacrificing its domestic source of steel in order to maintain artificially low steel prices. Attached is a chart comparing the price of steel from June of 1997 to June of 2002, which will show a price decline of up to 22 percent.

Around the world, excess capacity is now approaching 300 million tons a year – around double the figure for U.S. demand as a whole. The steel industries of other nations have not made the difficult restructuring decisions that our industry has done. Instead, in too many countries, inefficient capacity has been propped up by outright subsidies, or has been shielded behind anti-competitive trade barriers, both formal and informal. This massive excess capacity results in enormous quantities of unfairly traded imports that have seriously injured our domestic industry. And it is responsible for driving down prices so low that even the most efficient producers simply cannot survive.

Within the last five years, more than fifty cases before the Commission and the Department of Commerce have resulted in findings that illegally dumped and subsidized imports have injured our steel industry. The sheer magnitude of these unfair practices has had its effect on the domestic industry. The 34 steel companies that have gone bankrupt over that same time period produce the very same products that have been found to be exported illegally to the United States. And even those steelmakers that have managed to avoid bankruptcy have been hit with enormous losses. This is unacceptable, and the government of the United States must act to protect our industry, our companies, and our workers from these abuses.

In case after case, these unfairly traded imports have been proven to cause injury to our domestic steel industry. The antidumping and countervailing duties imposed to counter these illegal and unfair imports must remain in place. But as long as the amount of foreign excess capacity remains so enormous, there are always new sources of low-priced foreign steel ready to step up and take the place of imports that are under unfair trade orders. And a surge of imports in one product, such as hot-rolled steel, will result in a shift of production to related products, such as cold-rolled or corrosion-resistant steel, that in turn drives down those prices as well.

Together with the President's other multilateral steel initiatives, Section 201 relief was necessary to respond to this ongoing structural distortion in the world steel market and to ensure that the domestic steel industry can compete on a level playing field. In past Section 201 cases, the Commission had found serious injury and recommended relief for U.S. industries ranging from mushrooms to motorcycles, from wheat gluten to lamb meat, from footwear to line pipe. Surely our steel industry, which has endured so much devastation from unfairly traded imports, and which contributes so much to our national economy and our national defense, deserved no less.

I again applaud the President's decision to help ensure the long-term health of our domestic steel industry and to make sure it has the ability to make the investments it needs to maintain its competitiveness. Section 201 relief provides the necessary breathing space for the industry here at home. And it provides a needed incentive for the restructuring of the steel industry abroad as well.

	June 2002	March 2002	January 2002	June 2001	June 1997	% Increase Jan-02 to Jun-02	Jun-01 to Jun-02	Jun-97 to Jun-02
Hot Rolled Steel	340	260	220	240	350	55%	42%	-3%
Cold Rolled	435	370	320	340	480	36%	28%	-9%
Hot Rolled Plate	320	250	250	297	410	28%	8%	-22%
Cold Finished Bar, SBQ	460	440	415	440	489	11%	5%	-6%

Source: Purchasing Magazine Transaction Price Service.

Testimony of Laura M. Baughman
President, Trade Partnership Worldwide, LLC
Before the House Small Business Committee
July 23, 2002

My name is Laura Baughman. I am President of Trade Partnership Worldwide, an economic and trade research firm based in Washington, DC. As an economist I have spent more than 20 years studying and analyzing the dynamics of the U.S. steel industry, and in particular the impact of imports on that industry. I would like to offer you some general information about the American steel-consuming sector to provide context for the company testimony that will follow mine.

Who Are Steel Consumers?

Steel-consuming industries in the United States span a broad range of sectors, including obvious ones like fabricated metal manufacturing, machinery and equipment manufacturing, and transportation equipment and parts manufacturing. These are typically contract manufacturers, producing parts, components and assemblies to customer specifications.

But steel consumers also include chemical manufacturers, who use steel products extensively to store and transport the products they manufacture; petroleum refiners and their contractors who use steel pipe and oil field equipment to drill for and transport petroleum and natural gas; tire manufacturers who put steel belts and cords in tires for safety and durability; and nonresidential construction companies, which use a variety of steel products to build office buildings, bridges, and roads. All these industries need to purchase steel and steel-containing products readily at internationally competitive prices. The ability to do so is crucial to the economic health of these sectors.

The vast majority of steel-consuming manufacturers are small businesses. In fact, 98 percent of all the 193,000 U.S. firms in steel-consuming sectors employ less than 500 workers, according to the Small Business Administration (see Table 1).

These companies have been important to manufacturing job growth in this country over the last 10 years. Between 1995 and 2001, Bureau of Labor Statistics data show that steel-consuming employers added 1,255,000 jobs to the American economy. (During this same period, jobs in the manufacturing sector as a whole *declined* by 829,000.)

Steel-consuming companies are also an important source of union jobs. Unions represent well over 2.5 million workers in steel-consuming sectors. Union representation ranges as high as 37 percent for some sectors (see Table 2).

Workers in steel-consuming industries vastly outnumber workers employed in the steel industry. Steel-consuming jobs now outnumber steel-producing jobs by 59 to one (1999 data revealed a ratio of 57 to one). While the ratio varies state-by-state, steel-consuming jobs outnumber steel-producing jobs by large multiples in every State (see Table 3).

In short, steel consumers are a vitally important segment of the American economy. Their domestic and international competitiveness should be a concern of policy makers.

What Do Steel Consumers Need to Compete Effectively?

We have over the last year heard a lot about the market dynamics affecting U.S. steel producers. Understanding the current market dynamics that affect the competitiveness of steel-consuming industries is equally essential to making sound policy choices. First, and most fundamentally, American steel-consuming companies and their workers now compete in global markets. The Internet permits steel consumers' customers to shop the world for products designed to their unique specifications. Production can be easily moved to where it makes the most economic sense. Such transfers can take place in a matter of weeks or even days in some cases. Thus, global markets set global prices for products that contain steel.

They Need Steady Steel Supplies

Second, steel consumers must have steady and reliable sources of steel supplies – often on a just-in-time basis – to be competitive. Lead times for steel must be predictable to allow efficient manufacturing operations and on-time deliveries. When steel is not available on schedule, production equipment stands idle, and workers lose earnings. Reliable availability of steel is a necessary precondition for profitability and competitiveness.

They Need to Know What Steel Will Cost

Third, steel consumers need reliable steel price quotes in order to make price quotes of their own, or know that they can meet the terms of pricing contracts that require price reductions. Steel represents 40 to 70 percent of many steel-using manufacturers' costs. Steel consumers cannot operate profitably in a market where steel suppliers tell them they can get them the steel they need, but do not know at the time of the order what it will cost. Clearly, erratically increasing prices of such an important component of production will have serious negative effects on steel-using manufacturers.

Moreover, in most cases, manufacturers of steel parts, components and assemblies customers in automotive, appliance and other markets are required by their contracts to *reduce* prices by 1 to 5 percent annually. Failure to meet these terms and conditions means loss of the business. Attached charts show that for at least two very important steel-consuming sectors, machinery and equipment and motor vehicle parts, the prices of the products made from steel have declined steadily since early 1996. Steel suppliers who cannot tell steel consumers what steel will cost, or who break pricing because steel prices are increasingly rapidly, put steel consumers facing declining price contracts in a cost-price squeeze.

They Need Quality Steel

About half the steel sold in the U.S. is purchased by large steel consumers under long-term contracts directly from domestic mills. Smaller steel consumers purchase the other half in the spot market, through steel service centers and other distributors. Service centers typically sell both U.S.-made and foreign steel. Many steel users buy commodity grades of steel. They may not know where the steel came from, nor do they care, as long as they have a steady, reliable supply of competitively-priced steel that meets their and their customer's specifications.

However, many other steel-using manufacturers care enormously where their steel comes from. Their customers demand a very high level of quality and reliability -- dimensional control, mechanical properties or certain safety or performance standards that can only be met by a particular type of steel made by a particular manufacturer, be it domestic or foreign. Some steel consumers work for months, even years, with their customers and with steel producers to help the steel producer pre-qualify to be a supplier for a particular product.

Impact of the Steel Tariffs

Given these fundamental steel-consumer market dynamics, what happened when the President imposed tariffs on steel imports ranging up to 30 percent as a consequence of the Section 201 investigation? As you will hear, steel shortages and massive price increases arose much more quickly than anyone predicted, completely disrupting supply and the ability of steel consumers to control their costs, assure quality, price their products competitively and maintain employment. Competition with foreign manufacturers has intensified, and a growing number of manufacturers have lost business to offshore competition. This trend is likely to continue, and once the business moves offshore, it may be gone forever.

Presently, product exclusions from the tariffs are the only feasible measure of relief available to steel-using manufacturers. Many exclusion requests remain pending, and such exclusions are by no means assured. Domestic steel producers routinely oppose exclusion requests, even for products they do not make or cannot supply.

Not surprisingly, the disruptions in steel availability and price are beginning to have an impact on jobs in steel-consuming sectors. Loss of business to foreign competitors, and/or slowdowns in domestic business because of lack of steel have already begun to reduce hourly paychecks and force some steel-consumers to lay off workers.

Prior to the imposition of the tariffs, the Consuming Industries Trade Action Coalition asked Dr. Joseph Francois and me to evaluate the likely impacts of the tariffs on steel-consuming jobs. Dr. Francois is a professor of economics at Erasmus University, former head of the Office of Economics at the U.S. International Trade Commission, and a managing director of Trade Partnership Worldwide. He is an internationally-recognized expert in modeling the impacts of trade policy proposals, using a model that is highly-regarded and relied upon by the International Trade Commission, the World Trade Organization, the World Bank, the Organization for Economic Cooperation and Development, and the U.S. Department of Agriculture, among others. We evaluated the effects of the ITC's remedy recommendations; the President's selected tariffs fall somewhere in the middle of the ranges we estimated. Our results were consistent with those of the ITC and similar to those of other respected economists analyzing the likely impact of the tariffs on the U.S. economy.

Very briefly, we found that:

- Higher costs of steel inputs and greater competition from imports of steel-containing products resulting from the proposed remedies would lead to a loss (across all sectors in the United States) of between 36,200 and 74,500 jobs. Losses of steel-consuming sector jobs would range from 15,300 to 30,600 (see Tables 4 and 5).

- Under either scenario, eight jobs would be lost for every steel job protected (see Table 4).

- Every state loses out under the proposed remedy recommendations, including states in the "Steel Belt" (see Table 6).

Only time will tell whether these estimates bear out. However, the dramatic price increases steel consumers are already seeing in the market exceed even our estimates, and this does not bode well for the future.

Conclusion

The President's steel decision added formidable import barriers to already substantial barriers caused by antidumping and countervailing duty orders and investigations. These barriers have hurt American steel-using manufacturers badly and will continue to do so as long as they are in effect.

Unfortunately, import barriers are not the appropriate tool to remedy what ails the U.S. steel industry. If they were, 30 years of import protection for steel would have yielded better results. Import restrictions will not make domestic integrated producers more efficient, productive or globally competitive. However, the tariffs are sacrificing the vitality of other sectors of the American economy, sectors that have been, up until now, job generators and heavily dominated by small businesses. They are forcing these businesses to sacrifice what they have built and the jobs they have created. The arithmetic of trade is quite simple. Exports create jobs; so do imports. A strong presence in export markets requires underlying competitiveness, and imports contribute to that competitiveness, both at home and abroad. The steel tariffs are having a distinctly negative impact on the competitiveness, both here and abroad, of a large and important segment of the American economy, steel consumers.

Table 1

Steel-Consumers As Small Businesses, 1999

(Number and Percent)

Sector	Total Firms	Firms with Employment of Less than 500	Share of Total Firms
TOTAL Steel Consuming Sectors	193,641	189,537	97.9%
Fabricated Metal Products	57,910	56,978	98.4
- Metal stamping	2,054	1,960	95.4
- Metal containers	511	475	93.0
- Hardware	877	803	91.6
- Spring and wire products	1,682	1,600	95.1
- Machine shops, turned products, & screw, nut & bolt manufactures	26,403	26,197	99.2
Machinery Manufacturing	27,381	26,499	96.8
Motor Vehicle Parts	4,637	4,276	92.2

Source: Small Business Administration, Office of Advocacy, www.sba.gov/advo/stats/us99_n6.pdf

Table 2

Unionization in Selected Steel-Consuming Sectors, 2001: Percent of Total Employed Who Are Represented by Unions

Construction	19.0%
Fabricated Metals	15.6
Machinery & Computing Equipment	10.8
Electrical Machinery, Equipment, and Supplies	9.1
Motor Vehicles and Equipment	37.2
Chemicals and Products	11.4
Petroleum and Coal Products	16.3
Rubber and Misc. Plastic Products	16.3

Source: Unpublished data from the Bureau of Labor Statistics.

Table 3
Steel-Consuming Jobs. Vs. Steel-Producing Jobs, 2000

	Steel Consuming	Steel Producing	Ratio of Steel-Consuming to Steel-Producing
Alabama	205,311	8,675	24 to 1
Alaska	15,047	X	n.c.
Arizona	222,961	575	388 to 1
Arkansas	122,423	4,877	25 to 1
California	1,259,370	6,833	184 to 1
Colorado	209,399	1,170	179 to 1
Connecticut	203,955	2,019	101 to 1
Delaware	51,732	628	82 to 1
Florida	492,239	1,496	329 to 1
Georgia	333,654	1,302	256 to 1
Hawaii	20,644	0	n.c.
Idaho	50,369	X	n.c.
Illinois	652,554	19,167	34 to 1
Indiana	450,882	32,903	14 to 1
Iowa	159,443	1,329	120 to 1
Kansas	159,746	630	254 to 1
Kentucky	215,105	5,573	39 to 1
Louisiana	214,717	1,101	195 to 1
Maine	45,378	13	3,491 to 1
Maryland	189,562	X	n.c.
Massachusetts	257,986	896	288 to 1
Michigan	804,736	11,774	68 to 1
Minnesota	251,960	1,105	228 to 1
Mississippi	128,455	1,227	105 to 1
Missouri	300,510	2,467	122 to 1
Montana	20,339	X	n.c.
Nebraska	76,006	534	142 to 1
Nevada	87,982	11	7,998 to 1
New Hampshire	55,642	X	n.c.
New Jersey	305,848	2,218	138 to 1
New Mexico	45,949	X	n.c.
New York	550,301	4,137	133 to 1
North Carolina	423,574	1,577	269 to 1
North Dakota	25,694	0	n.c.
Ohio	765,314	37,943	20 to 1
Oklahoma	144,411	1,731	83 to 1
Oregon	135,238	1,883	72 to 1
Pennsylvania	555,120	34,939	16 to 1

	Steel Consuming	Steel Producing	Ratio of Steel-Consuming to Steel-Producing
Rhode Island	35,832	X	n.c.
South Carolina	221,136	2,723	81 to 1
South Dakota	33,942	X	n.c.
Tennessee	329,508	3,365	98 to 1
Texas	977,554	8,375	117 to 1
Utah	108,039	2,282	47 to 1
Vermont	23,407	X	n.c.
Virginia	302,439	1,480	204 to 1
Washington	280,891	795	353 to 1
West Virginia	57,730	6,499	9 to 1
Wisconsin	366,115	2,240	163 to 1
Wyoming	19,945	27	739 to 1
UNITED STATES			

X = The number of jobs is not reported by BLS because the data did not meet confidentiality requirements

n.c. = not calculatable

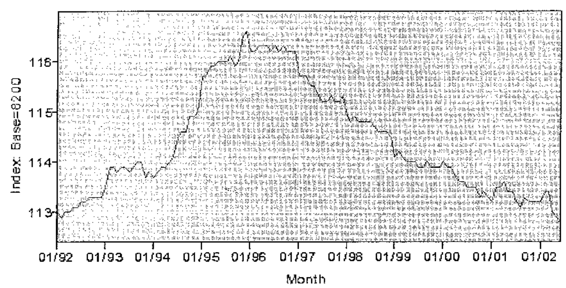
Source: The Trade Partnership from Bureau of Labor Statistics data.

Data extracted on: July 16, 2002 (1:52:41 PM)

Producer Price Index-Commodities

Original Data Value

Series Id: WPU1412
Not Seasonally Adjusted
Group: Transportation equipment
Item: Motor vehicle parts
Base Date: 8200



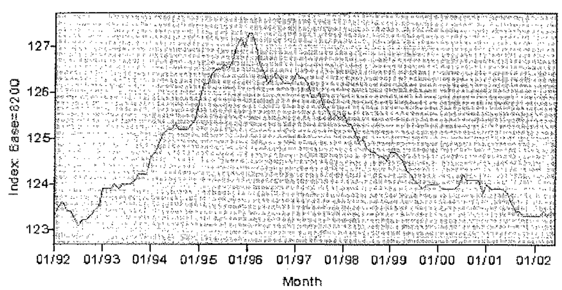
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
1992	113.0	112.9	113.0	113.0	113.1	113.1	113.2	113.2	113.3	113.3	113.3	113.3	113.1
1993	113.5	113.9	113.9	113.8	113.9	113.9	113.8	113.9	114.0	114.0	113.7	113.8	113.8
1994	113.7	113.8	113.9	113.9	114.0	114.1	114.5	114.6	114.6	114.9	114.9	115.0	114.3
1995	115.7	115.7	115.9	115.9	116.0	116.0	116.0	116.1	115.9	116.0	116.5	116.6	116.0
1996	116.2	116.2	116.3	116.3	116.3	116.2	116.3	116.2	116.3	116.2	116.2	116.2	116.2
1997	115.7	115.7	115.7	115.5	115.5	115.3	115.2	115.2	115.3	115.2	115.2	115.3	115.4
1998	114.9	114.8	114.9	114.8	114.8	114.8	114.8	114.7	114.6	114.6	114.6	114.5	114.7
1999	114.1	114.2	114.1	114.0	114.0	114.0	113.9	113.9	114.0	113.9	113.9	113.9	114.0
2000	114.0	113.9	113.9	113.7	113.6	113.6	113.5	113.5	113.5	113.3	113.4	113.3	113.6
2001	113.2	113.5	113.5	113.6	113.4	113.4	113.2	113.1	113.3	113.2	113.2	113.2	113.3
2002	113.2	113.4	113.4(P)	113.0(P)	112.9(P)	112.8(P)							

Data extracted on: July 16, 2002 (1:58:56 PM)

Producer Price Index-Commodities

Original Data Value

Series Id: WPU11
Not Seasonally Adjusted
Group: Machinery and equipment
Item: Machinery and equipment
Base Date: 8200



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
1992	123.3	123.5	123.6	123.4	123.4	123.2	123.1	123.2	123.2	123.3	123.4	123.5	123.4
1993	123.9	123.9	123.9	124.0	123.9	124.0	124.0	124.0	124.1	124.2	124.2	124.2	124.0
1994	124.6	124.7	124.9	125.1	125.2	125.2	125.3	125.2	125.2	125.2	125.3	125.4	125.1
1995	125.9	126.2	126.2	126.4	126.5	126.5	126.6	126.5	126.7	127.0	127.2	127.0	126.6
1996	127.3	127.3	127.0	126.6	126.4	126.2	126.3	126.4	126.3	126.2	126.2	126.2	126.5
1997	126.4	126.3	126.3	126.2	125.9	125.9	126.0	125.7	125.6	125.4	125.5	125.4	125.9
1998	125.5	125.3	125.3	125.1	124.9	125.0	124.8	124.7	124.7	124.6	124.6	124.5	124.9
1999	124.7	124.7	124.6	124.5	124.3	124.2	124.1	124.0	123.9	124.0	124.0	124.0	124.3
2000	124.0	123.9	123.9	123.9	123.9	124.0	124.2	124.1	124.1	124.1	124.1	123.8	124.0
2001	124.0	123.9	123.9	123.9	123.9	123.8	123.6	123.4	123.4	123.3	123.3	123.3	123.7
2002	123.3	123.3	123.4(P)	123.3(P)	123.4(P)	123.3(P)							

Table 4
Summary of Results: Estimated Impact of Imposition of Tariffs on U.S. Steel Imports

	Low Tariff Scenario (9.2% Tariffs)	High Tariff Scenario (20.7% Tariffs)
Impact on Economy Generally (millions annually)		
Total Costs to Consumers	$1,922.67	$4,019.52
- Net Welfare Costs (impact on GDP)*	$501.46	$1,429.25
- Tariff Revenues Raised	$1,179.00	$2,093.97
Impact on Steel Imports (percent)		
Change in Steel Import Volume	-18.5	-35.9
Impact on U.S. Steel Producers and Workers		
Benefits to Steel Producers (millions)	$242.19	$496.29
Change in Steel Employment (number)	+4,375	+8,902
Total Cost per Steel Job Protected (number)	$439,485	$451,509
Change in Domestic Steel Production (percent)	+2.9	+5.9
Impact on Steel-Consuming Industries		
Change in Steel-Consuming Industry Jobs (no.)	-15,304	-30,592
Change in Imports of Fabricated Metal Products (percent)	+0.5	+1.1
Change in Imports of Autos (percent)	+0.2	+0.4
Jobs Lost per Job Protected	3.5	3.5
Impact on Steel Prices (percent)		
Change in Average Steel Prices (domestic & imported)	+2.0	+4.0
Change in Steel Import Prices	+9.1	+20.6
Change in Domestic Steel Prices	+0.2	+0.4
Impact on Other Sectors**		
Change in Employment	-20,860	-43,910
Total Jobs Lost	-36,164	-74,502
Total Jobs Lost per Job Protected	8.3	8.4

* Total consumer costs minus benefits to U.S. producers and tariffs collected.
** This includes jobs in agriculture, retailing, services, banking, transportation, the ports, etc., which lose out when income losses in steel-using sectors feed back through the rest of the economy (e.g., reduced spending on food, clothing and shelter from unemployed steel-using sector workers), and when steel-using industries use fewer service inputs.

Source: Trade Partnership Worldwide, LLC, Washington, DC.

Table 5
Job Effects of ITC Remedy Recommendations
(number of jobs; SIC category in parentheses)

	Low Tariffs	High Tariffs
Total Jobs Protected		
Steel Works/Blast Furnaces (331)	+4,375	+8,902
Total Jobs Lost	-36,164	-74,502
Steel-Consuming Jobs	-15,304	-30,592
Commercial Construction (15 less 152, 16, 17)	-2,514	-5,256
Chemicals & Related Products (28)	-792	-1,567
Petroleum Refining (291)	-9	-21
Tires & Inner Tubes (301)	-40	-60
Fabricated Metals (34)	-2,852	-5,688
Industrial Machinery & Equipment (35)	-3,100	-6,102
Electric Distribution Equipment (361)	-462	-913
Electrical Industrial Apparatus (362)	-829	-1,638
Household Appliances (363)	-522	-1,030
Electrical Lighting and Wiring Equipment (364)	-1,035	-2,045
Transportation Equipment (37)	-3,147	-6,252
Other Sectors*	-20,860	-43,910
Net Jobs Lost	-31,789	-65,600

* Includes jobs in agriculture, retailing, services, banking, etc., which lose out when income losses in steel-using sectors feed back through the rest of the economy (e.g., reduced spending on food, clothing and shelter from unemployed steel-using sector workers).

Source: Trade Partnership Worldwide, LLC, Washington, DC

Table 6
Job Impact Estimates by State

	Low Tariffs			High Tariffs		
	Total Gains	Total Losses	Steel-Consuming Losses	Total Gains	Total Losses	Steel-Consuming Losses
Alabama	174	-536	-234	353	-1,104	-467
Alaska	0	-41	-7	0	-87	-15
Arizona	12	-546	-194	23	-1,131	-392
Arkansas	98	-359	-177	199	-736	-352
California	137	-3,727	-1,389	278	-7,702	-2,779
Colorado	23	-521	-167	48	-1,083	-338
Connecticut	40	-563	-299	82	-1,151	-596
Delaware	13	-107	-42	26	-221	-83
Florida	30	-1,585	-429	61	-3,299	-865
Georgia	26	-982	-339	53	-2,034	-680
Hawaii	0	-104	-10	0	-219	-21
Idaho	0	-134	-43	0	-278	-87
Illinois	384	-1,859	-908	781	-3,810	-1,809
Indiana	659	-1,095	-650	1,340	-2,230	-1,294
Iowa	27	-470	-237	54	-963	-471
Kansas	13	-406	-195	26	-835	-389
Kentucky	112	-557	-274	227	-1,142	-547
Louisiana	22	-481	-180	45	-996	-362
Maine	0	-147	-47	1	-306	-95
Maryland	0	-549	-146	0	-1,143	-296
Massachusetts	18	-869	-326	37	-1,794	-650
Michigan	236	-1,846	-1,161	480	-3,754	-2,311
Minnesota	22	-733	-302	45	-1,510	-603
Mississippi	25	-379	-198	50	-775	-393
Missouri	49	-832	-397	101	-1,707	-792
Montana	0	-79	-13	0	-165	-27
Nebraska	11	-237	-89	22	-490	-177
Nevada	0	-218	-53	0	-455	-109
New Hampshire	0	-184	-83	0	-377	-165
New Jersey	44	-950	-294	90	-1,969	-588
New Mexico	0	-153	-31	0	-321	-63
New York	83	-2,011	-581	169	-4,173	-1,165
North Carolina	32	-1,144	-522	64	-2,352	-1,042
North Dakota	0	-76	-22	0	-157	-45
Ohio	760	-1,965	-1,107	1,546	-4,009	-2,204
Oklahoma	35	-401	-165	71	-826	-329
Oregon	38	-399	-138	77	-825	-278
Pennsylvania	699	-1,599	-697	1,423	-3,290	-1,392

Table 6, continued
Job Impact Estimates by State

	Low Tariffs			High Tariffs		
	Total Gains	Total Losses	Steel-Consuming Losses	Total Gains	Total Losses	Steel-Consuming Losses
Rhode Island	0	-127	-49	0	-261	-98
South Carolina	55	-563	-269	111	-1,155	-537
South Dakota	0	-98	-36	0	-203	-72
Tennessee	67	-913	-490	137	-1,866	-975
Texas	168	-2,428	-941	341	-5,021	-1,889
Utah	46	-270	-99	93	-558	-200
Vermont	0	-74	-26	0	-153	-51
Virginia	30	-864	-295	60	-1,790	-594
Washington	16	-752	-319	32	-1,550	-639
West Virginia	130	-169	-51	265	-351	-102
Wisconsin	45	-1,011	-571	91	-2,062	-1,135
Wyoming	1	-52	-12	1	-109	-25
TOTAL	4,375	-36,164	-15,304	8,902	-74,502	-30,592

Source: Trade Partnership Worldwide, LLC, Washington, DC.

GROUP ARNOLD

THE ARNOLD ENGINEERING CO.

June 19, 2002

The Honorable Donald Manzullo
c/o Bryan Davis
415 S Mulford Rd
Rockford, IL 61108

RE: The Arnold Engineering Company
Marengo, Illinois

Dear Congressman Manzullo:

I write regarding the deleterious impact that the imposition of tariffs upon magnetic steel products is having upon The Arnold Engineering Company ("Arnold") and its employees in Marengo, Illinois, and to request your assistance in having our completed Questionnaire for Exclusion reviewed by the applicable regulatory agency, The Office of the United States Trade Representative.

Recently, Arnold was informed that its material, ARNOKROME-5C, was subject to additional duties under the section 201 remedy for imported steel products. We had proceeded under the assumption that ARNOKROME-5C, would not be subject to any tariffs due to the specialized nature of the alloy and the unique capabilities of our supplier. ARNOKROME-5C is processed by Arnold in Marengo and then sold to a domestic producer of anti-theft tags, who then in turn sells these tags to retail stores through-out the United States.

Arnold originally conducted an extensive search to locate a domestic supplier of ARNOKROME-5C, but no domestic suppliers were either capable of or willing to supply ARNOKROME-5C. Hence Arnold widened its search, and began to conduct business with an off-shore source (in Germany). Arnold has continued to search for a domestic back-up and/or replacement supplier, but those efforts have all resulted in "no-quotes" from domestic sources. In light of the fact that Arnold has diligently searched for a replacement product for ARNOKROME-5C, and demonstrated that there is no replacement supplier or material in the U.S., we believe that this tariff should not be imposed upon Arnold.

GROUP ARNOLD

THE ARNOLD ENGINEERING CO.

At stake are the six years that Arnold invested (amounting to well over $500,000 in product development costs alone) in the development of this product, and Arnold's continued participation in the magnetic anti-theft marketplace. In particular, if the tariff remains in effect for ARNOKROME-5C, we anticipate that at least five (5) hourly workers and an as-yet undetermined number of support personnel will be terminated when Arnold exits the magnetic anti-theft marketplace.

On behalf of The Arnold Engineering Company I respectfully request that you consider this request, and if you are in agreement with Arnold's position, we ask that you champion our case with The Office of the United States Trade Representative to obtain an exclusion to preserve the investment that we have made and secure the future employment of the affected Arnold personnel, that support this program.

Thank you for your consideration of our request.

Respectfully,

Michael D. Nelson
General Manager
Rolled Products Division
The Arnold Engineering Company

CC: John L. Gburek, President, The Arnold Engineering Company

ATTACHMENT: Questionnaire for Exclusion Requestors (New)

TRILLA STEEL DRUM CORPORATION
2959 West 47th Street • Chicago, Illinois 6063[illegible]
(773) 847-7588 • FAX (773) 847-5550 • 1 (800) 669-DRU[illegible]

TESTIMONY OF LESTER TRILLA
TRILLA STEEL DRUM, CORPORATION

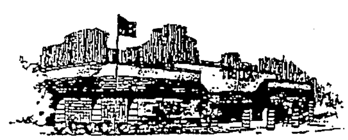
HEARING ON UNINTENDED CONSEQUENCES OF INCREASED STEEL TARIFFS ON AMERICAN MANUFACTURERS

BEFORE THE
HOUSE COMMITTEE ON SMALL BUSINESS

July 23, 2002

Good morning. My name is Lester Trilla. I am the president of Trilla Steel Drum Corporation. Mr. Chairman and Members of the Committee, I want to thank you very much for the honor of appearing before you to testify about the impact of the Steel 201 tariffs on my business and on my workers. I want to thank the Chairman especially for his leadership on behalf of small business owners. I also would like to express my appreciation to the Consuming Industries Trade Action Coalition, or "CITAC," for its good work in standing up for America's steel users, especially small businesses like mine.

By way of short introduction, Trilla Steel Drum is located in Chicago, IL. We are a leading manufacturer of new steel drums used in the filling and transportation of a variety of products, including hazardous materials. Trilla is a family-owned, family run business – three generations of the Trilla family have



built the company from a drafty garage on the Southwest Side into a major Midwest supplier of more than one million 55-gallon steel drums annually to a diverse client base. Cold-rolled steel is the major raw material used in our drums.

The imposition of a 30 percent additional tariff on the steel that Trilla needs to import has been a disaster for Trilla. It has effectively cut off our supply of the major raw material we need. The significant shortfall in domestic capacity and expanding lead times give us grave concern that we may not be able to get enough steel from domestic sources to meet our needs. Furthermore, its inconsistent quality makes it poorly suited for Trilla's use.

Trilla has a stringent qualification process. Only imported steel consistently meets our exacting requirements and those of our customers. Trilla's customers include an increasing number of companies that ship hazardous, sensitive, and expensive materials. The integrity of the steel drums used to ship these materials is critical, as any contamination or leakage into the environment could be disastrous. Drums with cracks, fractures, and leaks – which can easily result from the use of steel that is unsuitable for our steel drums – are unacceptable, but will be inevitable if we are forced to use steel that does not consistently meet our strict specifications. Not only would this have a severe impact on our ability to compete effectively– increasing our costs due to scrap and rejections – but it would impact the quality of our drums, and undermine our credibility with our customers.

In order for Trilla to certify to its customers that each drum meets the stringent performance requirements set forth by the United Nations and required by the U.S. Department of Transportation, we can only use raw materials that meet exacting gauge control requirements, hardness value, and surface cleanliness, and are free of defects caused by laminations or pinholes. For instance, steel that does not have a consistent, low hardness value will not withstand the state-of-the-art expansion process we employ, which ensures a stronger container with better stacking and vacuum strength and dent resistance.

The imported steel has better gauge tolerance, resulting in an increased yield. In addition, while less than one percent of the imported steel is rejected, the domestic steel scrap figure is two to three times higher.

The 201 tariffs, coupled with the threatened antidumping duties, have removed our imported steel from the market. The price of the domestic steel that we now must buy has increased by over 54 percent since the imposition of the steel tariffs. That equates to around a 20 percent increase in the cost of a drum. Add to that the cost of increased scrap, breakdowns, and rejected drums because of the quality of the steel, and you can see our competitive damage.

Trilla simply cannot absorb these huge cost increases.

Our customers are balking at significantly higher prices necessitated by steel tariffs, and are starting to look for lower-cost plastic and bulk packaging. More significantly, if this situation continues for any length of time, some of our larger customers will choose to fill drums overseas. This would not only dramatically reduce production and jobs at Trilla and other American drum manufacturers, but at domestic filling operations as well.

While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense if it creates a crisis for us. Because of the steel tariffs we have had to cut back our production hours, effectively reducing employment. Because the President could not have intended to help the steel industry by sacrificing the steel consuming industries in this country, we need to have a product exclusion to keep Trilla Steel Drum from being a victim of the 201 remedy.

Thank you for this opportunity to present my views. I would be happy to answer any questions you have.

REVIEW & OUTLOOK (Editorial): Free Trade Over a Barrel

Source: WJ - Wall Street Journal

Jul 9, 2002 2:00

When they aren't being turned into makeshift pig roasters or Caribbean musical instruments, steel drums play equally important roles in the industrial part of the U.S. economy. Every kind of fluid, from lubricants to yucky food additives, gets shipped in them.

Making steel drums is an industrial art form in which America still leads the world, thanks to a dozen or so small producers in places like Chicago, Cleveland and Fenton, Missouri. These doughty manufacturers have survived the vicissitudes of the global economy, currency gyrations and low-wage labor abroad. Now they find themselves having to go cap in hand to the Bush Administration asking for permission to survive its 30% steel tariffs.

Let's take a moment to note the unintended hilarity of a recent Reuters lead paragraph on President Bush's steel policy. "The Bush Administration has asked U.S. steel industry executives for a progress report by early September on how they are taking advantage of hefty new tariffs to become more competitive . . ."

Yeah, right. The steel industry is taking advantage of "hefty new tariffs" to avoid becoming more competitive. The whole purpose of the tariffs is to shift the competitive burden to Big Steel's customers, folks like the owners and employees of Trilla Steel Drum Corp., in Illinois, who've seen steel costs jump 54%. The company has already cut production by 15% and expects worse ahead unless it can get back on an even playing field with drum makers abroad.

We won't guess the relative wages of a unionized steel worker and the employees who work in drum-making shops. In the 1980s, when the Republicans last indulged a steel protection binge, Washington University of St. Louis found that three jobs elsewhere were lost for every job saved in steel.

Today, one group of manufacturing workers, who happen to be holding their own in the world economy without handouts, are having their pockets picked to support another group who aren't. Big Steel has been given half a dozen chances in the past 30 years to slim down and speed up behind various tariff and quota walls. The industry then uses up one of its politically granted nine lives and keeps coming back for more.

Alan Wolff, Big Steel's perennial Washington lawyer, has been making the goodies spill out of the pinata since leaving the Carter Administration. Newsweek once dubbed him "Mr. Protection." His latest skirmish has been to slap down applications for tariff exemptions, like those put forward by the drum makers, who say they can't get enough of the right kind of steel at any price.

An exemption ruling was supposed to come July 3 but has been held up by the mountain of requests from embattled steel customers. Some 1,200 exemption requests have been made, but only 224 have been granted by the U.S. Trade Representative's office. The establishment steel makers boast a highly organized, vocal labor force and deep pockets to keep an army of Washington lobbyists on retainer. The steel drum industry has neither, so it ends up paying the top tariffs of any victim group under the Bush plan and is now begging for relief.

It's not surprising the Administration finds its trade promotion hopes wavering on Capitol Hill. Once-reasonable House Democrats in Pacific Rim states have been tossing principle, not to mention economic logic, over the side in favor of counting union votes. Hmm, where'd they learn that set of priorities? The Bush Administration argues that the steel tariffs helped to persuade steel-state Republicans to vote for trade promotion authority after House Democrats bailed out, but a President with 75% job approval shouldn't have to pound the steel drum industry to get his own party's votes.

You could argue that in a world of intellectual property, sloshing capital flows and high-value services, free trade in something like steel doesn't matter as much as it did. Beyond the economics, though, free trade has been a symbol of U.S. Presidential leadership in the world for 50 years. With Mr. Bush busy getting the world used to some extra-muscular leadership on terrorism and Iraq, the Administration's sorry backsliding on steel is worth beating a drum over.

New Bush Administration Tariffs Raise Cost of Steel, Affect U.S. Manufacturers.

By Melita Marie Garza, Chicago Tribune.

06/29/2002
KRTBN Knight-Ridder Tribune Business News: Chicago Tribune

Jun. 29-U.S. manufacturers who rely on steel to build products say the steel tariffs imposed by the Bush administration in March have led to higher prices that threaten their businesses and hurt their customers' pocketbooks.

The tariffs, which are as high as 30 percent for some forms of imported steel, have left a number of manufacturers with limited options, several executives said this week. This is particularly true for businesses requiring certain qualities and grades of steel that they say domestic producers couldn't make, even if they wanted to.

Other manufacturers say there simply isn't enough domestic U.S. steel available to fulfill their needs, despite the fact that the higher prices for steel have led some steelmakers to bring inefficient plants back online.

A segment of the manufacturers, the steel drum-makers, descended on Washington this week to air their grievances with members of Congress and representatives of the Commerce Department. Several of the companies are asking the U.S. Trade Representative's Office to exclude the kind of steel they use from the tariff provisions. Decisions on a slew of those requests, know as exclusions, are expected by July 3.

"Our steel price increase has been in excess of 54 percent," said Lester Trilla, president and owner of Chicago-based Trilla Steel Drum Corp. "It equates to around a 30 percent increase in the cost of a drum."

The steel container industry is the third-largest steel user, next to the automobile industry and the appliance industry. Steel drum-makers, who manufacture 55-gallon drums that hold products ranging from chocolate for ice cream bars to coatings for jelly beans, make up about 40 percent of the industry. The steel drum industry mainly uses cold-rolled steel.

The drummakers were organized through the Consuming Industries Trade Action Coalition , a group of companies and organizations that promotes access to global markets for U.S. consuming industries and their workers.

The drummakers are but the latest of an array of steel consuming industries to complain about the tariffs. The House Small Business Commitee has scheduled a hearing July 23 on the impact of the tariffs.

But the steelmakers defend the protectionist measure, saying it is necessary to maintain a domestic steel industry

"Nobody on the buying side is going to like that there's been a rise in prices," said Nancy Gravatt, a spokesman for the American Iron and Steel Institute. "Last December, prices were at a record low level. They should have anticipated that steel prices were not going to stay at 20-

year lows."

Trilla said a number of his customers are balking at the higher prices. Some customers are turning to bulk containers, made largely of plastic and wood, with some steel.

As a result, Trilla Steel Drum has cut production 15 to 20 percent, he said. "For the first time, employees are asking me: `Are we in trouble?'"

Trilla uses Korean steel to fabricate its drums, mainly because of its quality. With domestic steel, roughly 4.5 percent of each pound is unusable. In contrast, more than 99 percent of the Korean steel is usable.

Dale Cann, president of Nesco Container Corp., Fenton, Mo., said: "The [tariffs] have caused the Koreans not to want to ship to the U.S. The decision has put us at a disadvantage."

Robert Bishop, director of purchasing for North Coast Container Corp. in Cleveland, has a different problem.

"We are primarily a domestic steel buyer," said Bishop, adding that his company had been able to find a mill to produce to the quality standards it requires. "The problem now is that we have been put on allocation."

The already tight supplies are of prime concern to Karl Svendsen, vice president of steel operations for Greif Brothers Corp., a Delaware, Ohio-based firm that owns a Chicago steel drum plant.

"The economy is still down," Svendsen said. "What if demand goes up and we can't get steel? What are we going to do?"

The problem is larger than the steel drum industry. The case of Houston-based Precision Tube Technology Inc., which makes equipment for the oil industry, highlights the way the apparent uneven granting of exclusions can wreak havoc in niche industries.

Precision Tube makes roto-rooter type gizmos that snake 20,000 to 30,000 feet into oil and gas wells. It relies on a specific form of flexible steel made by Arcelor, a European steelmaker. While Precision Tube has sought an exclusion, it has yet to receive approval for its request. Meanwhile, a major Houston-based competitor, which relies on steel produced by Sumitomo Corp., a Japanese company, already has received its exclusion.

"Our cost of steel has gone up 30 percent," said David Gullickson, Precision Tube's vice president. "Our competitor's steel has not gone up 30 percent. It wasn't intended that they should have a tariff advantage or a price advantage. We do not have and cannot find a viable domestic producer."

What's all the more puzzling to Gullickson is that Bethlehem Steel Corp. and National Steel Corp., companies that he says couldn't deliver in the past, have challenged Precision Tube's exclusion request.

Said Gravatt of the American Iron and Steel Institute: "We support the government's position that product that cannot readily be produced here be exempted. We are concerned that there already have been a number of exemptions for products that are made here."

TRILLA STEEL DRUM CORPORATION
2959 West 47th Street • Chicago, Illinois 6063:
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TESTIMONY OF

GORDON JONES
TRILLA STEEL DRUM CORPORATION

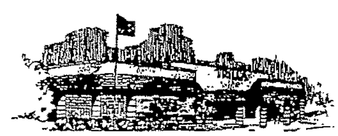
HEARING ON UNINTENDED CONSEQUENCES OF
INCREASED STEEL TARIFFS ON AMERICAN MANUFACTURERS

BEFORE THE
HOUSE COMMITTEE ON SMALL BUSINESS

July 23, 2002

Good morning. My name is Gordon Jones. I am a drum loader at Trilla Steel Drum Corporation. My major responsibilities are to make sure that the drums are properly loaded and secured, so that they arrive at our customers' destinations in good shape. I also must be certain that the count of drums is accurate. I am a member of the Sign, Display, Pictorial Artists, and Allied Workers, Local Union #830. About forty-five of Trilla's 70 employees are members of this union.

I have worked at Trilla for over 3 years. Recently, because it has been difficult to get the steel we need to run the drums on our machines, we have started to carefully monitor the hours of production. Also, it seems that during some weeks,



there isn't always enough business to fill the hours that we could count on for the last few years. If this is going to get worse, and we lose all of our overtime hours, and even some of our regular hours, because of the lack of steel or because our steel costs make the drums too high-priced, it will leave me and my family in terrible shape. As a father of six, it takes all of my wages to pay the rent and to feed and clothe my family. If my pay is cut, I don't know how we could make it. I know for sure that we could not afford to live where we do now. I'm sure that this would be true for most, if not all, of my fellow union members.

This is a little scary to see – here we have a successful company that is a leader in the industry. Now, all of a sudden there seems to be a possibility that we might have to cut back production or even turn away business because of these tariffs that have nothing to do with steel drums, this company, or my family. They say that these tariffs are supposed to help workers, to save steel jobs, but what about me? I don't understand why the union jobs of steel producers are any more important than my union job. It just doesn't make sense.

A.J. ROSE MANUFACTURING CO.
Established 1922

MOVING METALS IN INNOVATIVE WAYS

TESTIMONY OF

DAVID PRITCHARD, PRESIDENT AND CEO
A. J. ROSE MANUFACTURING CO.

HEARING ON UNINTENDED CONSEQUENCES OF
INCREASED STEEL TARIFFS ON AMERICAN MANUFACTURERS

BEFORE THE
HOUSE COMMITTEE ON SMALL BUSINESS

July 23, 2002

Good morning. Thank you very much for asking me to testify about the consequences the Steel 201 tariffs have had on my company. My name is Dave Pritchard, and I am President and CEO at A.J. Rose Manufacturing Co.

A.J. Rose, headquartered in Avon, OH, is a family-owned company, with three generations in the business since 1922. We have 400 "associates". 270 are members of the United States Steel Workers' Local #735.

We specialize in manufacturing tight tolerance metal stampings, air bag components and spun-formed products for the automotive market, OEM, and aftermarket. Over 90 percent of our products are components used in motor vehicles, running at very high RPM's. The need to produce safe and reliable products is of the utmost importance. Failure of our components would be devastating, not just to our company's reputation, but also for our customers, and their customers, not to mention the risk to passenger and highway safety.

Because of these considerations, we have developed a relationship with Corus, who, along with their predecessor company, have provided us with 100 percent of our requirements of a particular grade of hot-rolled steel material since 1976. This supply relationship was the result of collaboration between the engineering teams at A.J. Rose, Corus, and our U.S. processor, Imports International/ Chesterfield Steel, to develop unique steels to make our products the best and safest on the market.

Our partnership with Corus and Imports International/Chesterfield Steel has been an integral and necessary part of our growth. Corus supplies us with hot-rolled material with the guaranteed tight tolerances and unique characteristics that we need, and that *as yet* cannot be duplicated by other mills. U.S. producers are unable to produce products meeting these requirements without significant retooling and diversion of their production line. In fact, when we have contacted domestic mills, they have declined to even provide us with a quote. This is the reason we have applied for exclusions from the steel tariffs for these products (Product Exclusion Request No. N-330.01 - .07).

A.J. Rose has been able to grow and add jobs because we manufacture a high quality product that a limited few can do.

Now, however, with the Steel 201 tariffs, everything has changed.

The additional tariff increases the cost of our basic raw material significantly. Many of our customers have refused to accept any price increase and those that have accepted a price increase have only agreed to accept a portion of our increased costs-leading us to absorb the rest. These additional tariffs are disastrous for our business. They make us much more vulnerable to foreign competition which is not crippled with these artificially inflated raw material costs.

In fact, one of our major customers has recently contacted us to let us know that they will be resourcing 11 of our current jobs (parts) overseas due to a savings of 38 to 42 percent on finished parts that they can import from Brazil and Asia. In addition, a significant number of our customers have told us that they are "market testing" our product, which means they are trying to find lower cost suppliers *anywhere in the world*. Thus, we are concerned that we may soon lose additional business as well.

This constant threat to our business is very real and will only get worse if we are forced to continue to pay such a premium for the steel we need to run our business. The hardship of this tariff and our constant inability to pass on any price increases to the automotive companies will cost not only jobs, but also most certainly, affect A.J. Rose Manufacturing Company's ability to survive.

Thank you. I will take any questions that you have.

A.J. ROSE MANUFACTURING CO.
Established 1922
MOVING METALS IN INNOVATIVE WAYS

TESTIMONY OF

ROBERT HERRMAN
A.J. ROSE MANUFACTURING CO.

HEARING ON UNINTENDED CONSEQUENCES OF
INCREASED STEEL TARIFFS ON AMERICAN MANUFACTURERS

BEFORE THE
HOUSE COMMITTEE ON SMALL BUSINESS

July 23, 2002

Good morning. Thank you very much for inviting me to this hearing. My name is Robert Herrman. I am a machine technician at A.J. Rose Manufacturing Company. I am also a member of the United States Steelworkers Local # 735-14, the union that represents 250 workers at A.J. Rose.

Over the past 9 years that I've been with the company, A.J. Rose has been a growing company. With this growth, the company has added jobs to the workforce to keep up with the pace of new business. But since March, business has been slowing down. I know we've lost customers due to the increased cost of steel, and that other customers may drop out too.

As an employee of A.J. Rose, I am very concerned. I know that when the profits of the company go down, this will affect my wage rate in the future. It definitely means less pay, less benefits, and it probably means fewer jobs.

The steel tariffs were supposed to protect American businesses and save American jobs. So why do the steel mills deserve to stay in business more than A.J. Rose? And why are jobs at steel mills more important than the 250 jobs of the union associates who work at A.J. Rose? I don't understand a policy that helps some U.S. jobs at the expense of other U.S. jobs.

CMP COLD METAL PRODUCTS

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TESTIMONY OF

JOHN GROVE, VICE-PRESIDENT, PROCUREMENT
COLD METAL PRODUCTS, INC.

HEARING ON UNINTENDED CONSEQUENCES OF
INCREASED STEEL TARIFFS ON AMERICAN MANUFACTURERS

BEFORE THE
HOUSE COMMITTEE ON SMALL BUSINESS

July 23, 2002

My name is John Grove, Vice-President, Procurement, with Cold Metal Products, Inc. I am grateful for the chance to testify before this committee to tell you about the impact the Steel 201 tariffs have had on my business. As a result of the Steel 201 tariffs, we have been put on allocation by our domestic suppliers, and cannot get enough steel for our operations. We have also lost business because our customers are unwilling to pay for our increased steel costs.

Cold Metal Products is located in Swickley, PA with plants and service centers in Youngstown, OH, Indianapolis, IN, and Roseville, MI, and Ottawa where we employ over four hundred workers. Our production workers are members of the United Steelworkers local union nos. 3047 and 1999-2. We manufacture specialty and conventional strip steel to meet the critical requirements of precision parts manufacturers. We also provide value-added products to manufacturers in the automotive, construction, cutting tools, consumer goods, and industrial goods markets. As a leading maker of intermediate steel products in this country, a constant and reliable supply of raw steel material is critical to our success.

The steel tariffs imposed in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Cold Metal Products has been put on allocation by three of our long-time suppliers in the U.S. - WCI Steel, Steel Dynamics, and Gallatin Steel - they simply cannot supply us with the volume of steel we need, given their capacity limitations and orders from larger customers. As a result, we have run out of steel a number of times in the past couple of months and have not been able to service our customers. We have no assurance of steel supplies past September of this year. When we are able to obtain steel, it arrives late roughly fifty percent of the time.

In addition, because of the scarcity of the steel in the U.S. market, we have been forced to accept non-negotiable price <u>increases</u> of $130 per ton since 01/01/~~92~~00. The $130 constitutes more than a thirty percent price increase and is the largest increase in a six-month time span ever seen by Cold Metal since its founding in 1926.

Our customers have refused to pay any of these increased costs and have begun to move their business off-shore where steel is cheaper. For example, one of our long-standing customers, Stanley Tool, recently told us that they were diverting their business from us to England because the product was cheaper there. Stanley Tool also told us that they plan to send additional business to China. This loss of business has a profoundly negative effect on our company. We anticipate that we will lose more business in the future because our increased steel prices due to the Steel 201 tariffs have made us unable to compete in a global economy.

Cold Metal has long been recognized as the leading innovator in the strip steel industry, with an unmatched capability to develop products and processing that provides solutions for our customers' applications. Our business is based on providing cold-rolling, annealing, normalizing, edge conditioning, oscillate winding, slitting and cutting-to length. In order to provide these value-added specialty steel products, we must have steel to process. In the current environment of Steel 201 tariffs, however, we cannot get the steel we need.

We have done everything we can do to be a success in a very demanding marketplace. The effort to save the U.S. steel mills, however, should not sacrifice companies like ours.

Thank you.

GR SPRING & STAMPING, INC.

TESTIMONY OF MERLE EMERY
G.R. SPRING & STAMPING

HEARING ON UNINTENDED CONSEQUENCES OF INCREASED STEEL TARIFFS
ON AMERICAN MANUFACTURERS

BEFORE THE
HOUSE COMMITTEE ON SMALL BUSINESS

July 23, 2002

Thank you for holding this hearing on the unintended consequences of increased steel tariffs on American manufacturers. I am grateful that you are taking the time to hear from the small businesses who have been deeply hurt by the 201 action.

My name is Merle Emery. I am the Vice President and General Manager of G.R. Spring and Stamping. We are located in Grand Rapids, Michigan, and employ 200 workers in the custom manufacture of metal stampings, *progressive die, slide stampings, springs, wire forms, and value-added assemblies. Our customer base is 70 percent automotive, 15 percent appliance, 10 percent office furniture, and others. The imposition of steel tariffs have led to uncertainty in supply and price of the steel we need. It has also cost us significant business and has placed us in a price-cost squeeze.*

GR Spring requires 20,000 tons of steel each year. With the increased cost and decreased supply of available steel, our service centers have broken their long-term commitments to supply us with steel. This has forced us to buy from the spot market to obtain the steel we need. As a result, our price of steel has increased 20-30 percent.

These increases in steel prices have already cost us a substantial amount of business. For example, soon after the Steel 201 tariffs were put in effect, GR Spring lost a major contract with a well-established customer of ours, to a Canadian company. This Canadian company is now able to purchase its steel for 30 percent less than we can, and this cost advantage was directly reflected in their *bid. This customer had never worked with the Canadian company – their decision was solely based on price. We are a $30 million company and this was a $4.5 million contract. This contract was huge for us, but we could not compete on price due to increased steel costs.*

The reality of our market is that we cannot pass the additional cost of the tariffs on to our customers. As the example above illustrates, our customers will take advantage of a global economy and buy our product from a cheaper, foreign source. Nor can we afford to absorb these additional costs. These additional costs are so high that they will turn our margins negative and put our company on the road to ruin.

In addition, since the imposition of the steel tariffs we find ourselves faced with uncertainty of both supply and price. We have not been receiving steel when we need it. When we receive steel orders late, this adds to our costs by:

(1) requiring us to work overtime to deliver to <u>our</u> customer on time; (2) requiring us to incur the significant added cost of shipping the finished product to our customers in an expedited way.

We have also been faced with uncertainty of pricing. Because of volatility in the market, our service center suppliers have refused to price steel more than a month in advance. This means that we have to guess what our steel costs will be when we calculate a price for <u>our</u> customers. This is an impossible way to operate a small business.

Our present circumstance must change. We have already lost one sizeable contract and we are in danger of losing more due to the increased steel costs. Furthermore, the uncertainty of pricing and availability for our steel is untenable. Our short-term and long-term viability as a company is threatened.

Thank you very much.

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July 22, 2002

Tariff tug of war

By Carter Dougherty
THE WASHINGTON TIMES

Jim Zawacki has worn his patriotism on his sleeve since September 11 but doesn't hide his disappointment with President Bush's decision in March to slap tariffs on imported steel.

Mr. Zawacki's answering machine message at GR Spring and Stamping Inc. in Grand Rapids, Mich., tells callers that "the elimination of terrorism and support of our president" must be the nation's highest priority.

But Mr. Zawacki, the company president, is wrestling with dramatically higher steel prices as a result of the tariffs, which he said have dealt a heavy blow to his business of manufacturing seldom-seen automobile parts, such as sun-visor frames.

Out of loyalty to Mr. Bush, the 200-employee company chose not to stockpile cheaper steel as the March deadline for imposing the duties approached. It has paid dearly.

"I never thought he would do it," Mr. Zawacki said.

Nearly six months after President Bush hit steel imports with tariffs of as much as 30 percent, companies that fashion steel into a range of other products say they are the real losers. Skyrocketing prices created by a tariff wall around the United States — in some cases increases of 30 percent since March — have driven business toward foreign companies that have lower steel costs, according to Mr. Zawacki and others in the business.

The steel industry, which lobbied aggressively for the tariffs, counters that manufacturers such as Mr. Zawacki have

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enjoyed abnormally low prices for the past few years — prices that have forced more than a dozen U.S. steel producers into bankruptcy — and that the duties do little more than level the playing field with foreign steelmakers.

"Prices are not rising," said Bob Johns, director of marketing at Charlotte-based Nucor Corp., a company that makes steel products. "Prices are returning to normal levels."

The war of words this year between the producers and users of steel marks the latest installment in a debate that has raged for at least 20 years: Do tariffs help manufacturers at the expense of their own customers? Steel manufacturers say the tariffs are a justified response to years of "unfair" trading by foreign companies.

For businesses such as Mr. Zawacki's, tariffs are nothing but trouble.

Early this year, GR Spring and Stamping had locked in a lucrative $6.5 million contract with a regular customer, whom Mr. Zawacki declined to identify, for a part that used more than 2 pounds of stainless steel. Mr. Bush's tariff of 30 percent added 75 cents to the part's cost, making the contract a net loss for the company.

"The tariff was the straw that broke the camel's back," he said.

Instead of renegotiating with Mr. Zawacki, the customer took its business to a French company, and another regular job went to Mexico, which will result in five layoffs in Grand Rapids, he said.

Mr. Johns dismisses stories like these as "part of a carefully orchestrated public relations campaign" by opponents of the tariffs such as the Consuming Industries Trade Action Coalition, a Washington group representing steel consumers. He adds that businessmen like Mr. Zawacki should have been aware that the tariffs were coming, given that planning for them began early last year.

"If people were planning an undisrupted business environment for this year, they're living in a cave with Osama bin Laden," he said.

Nucor recently financed a study by Peter Morici, a professor at the University of Maryland, which says steel prices have increased abroad as well, so there is no net disadvantage for U.S. steel users. Though he conceded that tariffs helped boost prices this year, such factors as currency rates and labor costs also affect the fortunes of companies such as Mr. Zawacki's.

"To some extent, the steel tariff did have a price effect," Mr. Morici said. "But there are other things happening to U.S. manufacturers apart from steel prices."

John Jenson, chairman of the Consuming Industries Trade Action Coalition, counters that Mr. Morici's contention is little more than a "lame attempt to justify protection for the steel industry."

"Is he seriously trying to tell us that high prices are not disruptive to U.S. consumers?" Mr. Jenson said.

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WREN Industries Inc.
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TESTIMONY OF MICHAEL TANNER, PRESIDENT
WREN INDUSTRIES, INC.

HEARING ON UNINTENDED CONSEQUENCES OF
INCREASED STEEL TARIFFS ON AMERICAN MANUFACTURERS

BEFORE THE
HOUSE COMMITTEE ON SMALL BUSINESS

July 23, 2002

My name is Michael Tanner, and I am President at Wren Industries. Thank you very much for inviting me to speak at this hearing about the unintended consequences of increased steel tariffs on American manufacturers.

I am here because the steel tariffs imposed by the President in March have increased the price and reduced the availability of steel in the market to the point that our supply of steel is not reliable. Without a reliable supply of steel, we cannot continue to operate.

Wren is a metal stamper located in Tipp City, Ohio. We are a tier 1 and tier 2 supplier of parts for the automotive industry. We employ over 200 workers and have been in business since 1977.

The steel tariffs imposed by the President in March have reduced the availability of steel in the market to the point that our supply of steel is not reliable. Wren's service center suppliers have been placed on allocation and the steel deliveries that we are able to secure have been arriving a month or two late. This causes additional manufacturing time, which means additional manufacturing cost. Plus, on several occasions, I hate to admit how close we have come to shutting down our customer's production lines, which would be catastrophic for our reputation and credibility as well as incurring substantial penalty charges – all because we could not get the steel we need on time. I have no assurance of steel supplies past September of this year.

In addition, several of our service center suppliers have breached existing contracts with us. For example, our service center provider that supplies 25% of our steel requirements increased the price of delivered steel by as much as 48 percent despite our contract. We had relied on these contracts with our suppliers, and based our pricing to our own customers accordingly. My customers will not pay the increased prices I am now being forced to pay for steel.

Ladies and Gentlemen of the Committee, the bottom line is that my business is in danger if I cannot get steel and must continue to pay the increased prices. Unless things change rapidly, my company will lose business to foreign competition, now that our international competitors have a built-in cost advantage and a ready supply of steel.

Wren is a small business. We operate on the tight margins in a very competitive market. We can't pass on any of our increased costs to our customers. If there is no relief in the pricing of steel, I don't know how our business will be able to survive beyond the end of this year. We are in these dire straits due to the operation of the Steel 201 tariffs.

Thank you for your time.

MAGNECO/METREL

Testimony of Charles W. Connors

Chief Executive Officer

Magneco/Metrel

To

The House Committee on Small Business

Regarding

The Impact of Steel Section 201 Relief on U.S. Manufacturing

Thank you, Mr. Chairman. I appreciate the opportunity to testify today, as a representative of small business, regarding the impact of steel Section 201 relief on U.S. manufacturing. This is an absolutely critical issue for my company, Magneco/Metrel.

About Magneco/Metrel: Competitive, Export-Oriented and Dependent on the Health of our American Steel Industry

I'd like to begin by telling you a little bit about Magneco/Metrel. We're a small business located in Addison, Illinois, with manufacturing facilities in Northern Indiana and Eastern Ohio -- and, as a producer of refractories that are used in steelmaking furnaces, we are both a steel industry supplier and a customer. My company has 135 employees, and we also provide health care and other benefits to a total of 321 people, including employee dependents.

We purchase approximately $300,000 of steel molds annually, with more than half of the total value coming from Lake County, Indiana. Over the past 12 years, we have spent approximately $6,000,000 (or $500,000 per year) on equipment for use with our products. The equipment includes mixers, pumps, gunning machines, backhoes and fork trucks. We maintain a fleet of 30 small cars, small trucks and medium size trucks, as well as four semi truck with trailers. All of this equipment is manufactured in the

United States. In total, Magneco/Metrel has approximately 300 suppliers, the vast majority of which are small businesses.

We estimate that our annual sales in 2002 will be around $39,000,000 -- but only if the President's steel remedy is maintained and not undermined by unwarranted exclusions, i.e., only if our domestic steel industry is allowed to succeed and prosper.

Mr. Chairman, roughly 85 percent of our sales are to the iron and steel industry. These sales help support Magneco/Metrel efforts to supply the other 15 percent of our sales, which go to various high temperature processing industries -- glass, ceramics, waste incinerators, power and foundries. In addition, approximately 30 percent of Magneco/Metrel's 2002 sales will be exported, divided equally between Europe and Latin America, with our biggest customer being Mexico. These sales are all of unique and proprietary (often patented) products, which have been developed and proven in world class iron and steel plants in the United States. Without healthy and competitive U.S. iron and steel plants, we would have no export sales.

The Steel Crisis Has Caused Massive Damage to Magneco/Metrel – and to Hundreds of Other Steel-Related Small Businesses Across Our Nation

Mr. Chairman, this Committee should have held a hearing during the height of the steel crisis to examine the human and economic devastation that was done to steel-related small businesses from one end of our country to the other by repeated surges of unfairly traded and injurious steel imports. As U.S. steel companies by the dozens drifted toward bankruptcy and, in some cases, just ceased their operations entirely, hundreds of small business suppliers to the steel industry were left holding the bag. Even worse, where that supplier had all or most of its business with a chapter 7 steel company or with a steel customer that simply closed its doors and shut down its operations, the end result was usually the bankruptcy of that small business supplier.

The dozens of bankruptcies in the American steel industry caused by record levels of steel imports sold in violation of international trade rules and U.S. laws caused my own company to lose $2,300,000 over the past three years, based on receivables that are in either Chapter 11 or Chapter 7. For the months of January and February of 2002, my company had a further net income loss of approximately $300,000. Between the first of March and the end of June, we had net income of approximately $500,000. However, one more month such as February, and Magneco/Metrel would have been out of business, like so many other domestic steel industry suppliers over the past three years.

The massive damage that the steel import crisis caused to my company was the reason why I chose to join last spring with more than 700 other U.S. steel industry suppliers, and more than

500 U.S. steel industry customers, in urging President Bush to initiate the steel Section 201 investigation in the first place.

The President's Steel Program, Including Its 201 Tariff Remedy, Is the Right Policy for America -- and for Steel-Related Businesses in the United States

When the President announced his three-part Steel Program in June of last year, my company agreed with hundreds of other small business steel industry suppliers and customers that the President did the right thing for the right reasons. In our view, the steel Section 201 investigation and the Administration's ultimate decision to impose a tariff remedy under a WTO-legal U.S. trade law, was very much in keeping with the President's philosophy of free and fair, rules-based trade.

What drove hundreds of small business steel industry suppliers and customers to support the 201 action was, simply put, a national steel emergency. Mr. Chairman, this is also the reason I am here today. I believe it's essential -- for the future of our country's economy, manufacturing base and national security -- that the Congress continue to support all three parts of the President's Steel Program:

- first and foremost, the 201 trade remedy; but also
- the multilateral talks at the OECD, which are trying to reduce excess and inefficient global steel capacity; and
- the OECD discussions that are trying to eliminate subsidies and other market-distorting practices in the steel sector worldwide.

What the President correctly recognized last June is that our domestic steel industry is in crisis, even though we have some of the most efficient, competitive steel producers in the world. And the roots of this crisis lie outside the United States -- global excess capacity, closed markets, subsidies, cartels and other private anticompetitive behavior that would not be tolerated in this country.

What the President decided this March was that Section 201 tariffs are needed to address the serious, long-term damage that's been done not only to our domestic steel industry, but also to its U.S. suppliers and customers.

Mr. Chairman, it is in the long-term interest of U.S. steel users and the U.S. economy to maintain a viable and competitive domestic steel supplier base. That is why I for one do not understand the complaints of some steel-using companies. The previous situation in terms of steel pricing was not sustainable for the steel industry, but it was also not in the long-term interest of any U.S. manufacturer that relies on steel and wants to keep steel-containing products as a key part of its product mix in the future.

With over 35 percent of our nation's steel industry in bankruptcy and with a major Presidentially-initiated trade case pending, how could anyone have expected that record low, below-cost steel prices would have persisted in the U.S. marketplace forever? Without internally generated cash flow, America's steel producers cannot invest to the long-term benefit of their U.S. customers as well as suppliers, whether big or small; they can't create new steel demand, or defend traditional steel markets against competing materials; they can't prosper, grow or even survive.

Fortunately, the President's steel 201 remedy is beginning to work, but we have a very long way to go before we can come back from the worst crisis in the history of America's steel industry. Therefore, it's of serious concern to my company and to many other small businesses that are supporters of the steel 201 that the President's remedy not be undermined by unwarranted product exclusions. Were that to occur, it would be a disaster for Magneco/Metrel, and for steel-related small businesses in all 50 states.

That said, it is also important that everyone understand that current U.S. steel market conditions are affected not just by the 201, but also by the very large, imports-driven reduction in domestic steel capacity, successful antidumping cases and stronger U.S. demand. The fact is, Mr. Chairman, that steel prices began to go up *before* the President made his 201 remedy decision, and steel prices and steel markets are tightening all over the world, not only in the United States.

Conclusions

In conclusion, I would ask this Committee to think again about the reasons why the steel 201 was and remains in the national interest of the United States.

It will help to restore our injured domestic steel industry to health so that it can restructure, consolidate and invest to the long-term benefit of U.S. steel industry customers, suppliers and our national security.

It will allow a strong and viable domestic steel supplier base to continue providing better products and service to U.S. manufacturers, both big and small.

It will act as an incentive for foreign steel producers to reduce their excess and inefficient capacity, and thus help to restore market forces to the world steel industry.

*

Mr. Chairman, I thank you for granting me time to present the views of Magneco/Metrel on this issue of vital importance to U.S. manufacturing.

DONALD A. MANZULLO, ILLINOIS
CHAIRMAN

NYDIA M. VELÁZQUEZ, NEW YORK

Congress of the United States
House of Representatives
107th Congress
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515–0515

July 23, 2002

The Honorable John Ashcroft
Attorney General
Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

Dear Mr. Attorney General:

I am writing to bring to your attention my serious concerns about possible anticompetitive behavior in the U.S. steel market today as a result of the recent Section 201 steel tariffs. Many small manufacturers across the nation, including several of my constituents, have complained that domestic steel producers have dramatically increased steel prices in the last several months—in many cases, by more than 50 percent. I realize that some price increases were expected and anticipated as a result of the steel 201 tariff remedy, but the magnitude of price increases reported seems excessive and suggests that U.S. steel producers may be engaging in unlawful anticompetitive activity. I urge you to conduct an investigation to determine whether that is the case.

I understand that, during the Section 201 proceeding, the Justice Department was concerned that steel import restrictions might have an unacceptable anticompetitive effect on a domestic steel industry that is in the process of rationalizing and consolidating production, and that the Justice Department conducted an investigation to evaluate these concerns. It now appears that these concerns were well founded, and I urge the Justice Department to reopen this investigation. The Section 201 tariffs appear to have reduced domestic competition, as evidenced by the level of recent steel price increases.

Accordingly, I respectfully request that the Justice Department investigate the recent pricing behavior of the domestic steel industry. This is a matter of some urgency to the nation's small manufacturers whose businesses may not be able to survive much longer in light of these excessive domestic steel price increases.

Sincerely yours,

Donald A. Manzullo
Chairman

WCI STEEL

July 29, 2002

The Honorable Donald A. Manzullo, Chairman
House Small Business Committee
U.S. House of Representatives
2361 Rayburn Building
Washington, DC 20515

via hand delivery

Re: Written Comments for the July 23, 2002 Small Business Committee Hearing on the Effect of Steel Tariffs on Business

Dear Ranking Member Velazquez:

I am writing this letter to provide you with comments in response to testimony delivered at the July 23, 2002 hearing held by the House Small Business Committee. As I understand it, the purpose of this hearing was to explore the effects of the Steel 201 remedy on U.S. manufacturers. This is a critical issue for WCI Steel and therefore we would request that our views on this matter be considered as you deliberate on this issue.

WCI Steel is located in Warren, OH and today employs approximately 2,100. We have been in operation since 1988 and manufacture flat rolled steel products in carbon, high carbon, alloy, high strength, and electrical grades. Our products are used in applications ranging from automotive bumper and door beam applications, to circular saw blades, to fluorescent lighting ballasts. Our company produces high quality and competitive products for our customers principally located in the Midwest region of the U.S., many of who would qualify as small businesses.

WCI Steel joined other U.S. steel companies in 2001 in support of the President's Steel 201 investigation. We supported the investigation because we firmly believed that the unprecedented levels of steel imports entering the U.S. were injuring our company, our employees, our suppliers, and our customers. The conclusions reached by the U.S. International Trade Commission in their final injury and remedy determinations, issued in late 2001, supported our belief. The President issued his remedy decision in March 2002. We supported his decision then, and continue to support his decision today.

We recognize that others in the U.S. manufacturing community may not agree with the results of the 201 safeguard case. We also are aware that many of these same manufacturing companies have engaged in an attack of the President's action citing an increased burden placed on them as a result of the tariff remedy. We believe the remedy, as announced by the President, was well crafted in that it intends to allow our company and our industry a brief period of time to adjust and recover from the import surge that plagued our industry.

I have had an opportunity to review some of the testimony that was provided by industry panelists. I was very surprised to read excerpts of Mr. John Grove's testimony from Cold

WCI Steel, Inc.
1040 Pine Avenue, SE
Warren, OH 44483-6528
(330) 841-8000

Metal Products, Inc. Specifically, I refer to his testimony on page 2 where he notes that they were put on allocation by some of their suppliers.

What I found surprising was the fact that Mr. Grove failed to note that shipments from WCI Steel have increased by 6.3% from calendar year 2001 averages. WCI Steel is a long time supplier to Cold Metal Products and a leading domestic supplier of the high carbon and alloy hot rolled steel products used by Cold Metal Products. While it is true that WCI Steel has had to institute controls on order entry through this market transition period, WCI Steel has increased availability to Cold Metal Products, Inc. and would make additional tons available to Cold Metal Products except for their current financial situation. At present, we have had to restrict availability to Cold Metal Products to stay within their credit limitations.

It is also important to note that Cold Metal Products has experienced financial challenges during recent time periods. During fiscal year 2000 ending March 2000, Cold Metal Products recorded net income of $4.5 million. This was during the last pricing "peak" for flat rolled steel products, which ended in June 2000. As steel prices declined, so did Cold Metal Products' financial performance. In fiscal 2001, Cold Metal Products reported a net loss of $5.8 million and through three quarters of fiscal 2002 (ending December, 2001) Cold Metal Products has recorded a loss of $3.5 million. These losses occurred at a time of overall steel price depression while their profit occurred during a period of relatively higher steel pricing. It would seem that factors other than flat rolled steel pricing are at work here.

Further, as the Committee reviews the steel 201 issue, it is interesting to note that since the President implemented his steel 201 remedy, prices around the world have *increased* according to many published reports. In addition, many countries – in particular the European Union – have implemented their own safeguard actions to prevent excess global capacity previously directed at the U.S. from negatively affecting their home markets.

We recognize that the committee has a responsibility to obtain information on the impact of this 201 remedy on American manufacturers. However, we also believe that it is crucial that the information shared by witnesses is accurate. In this regard, I would ask that you take our views under consideration as you deliberate on this issue.

On behalf of our employees at WCI Steel, I appreciate having this opportunity to submit these comments for the Committee hearing record and would ask that you or your staff contact me at (330) 841-8038 to further discuss any questions you may have about our views on this very important subject.

Very truly yours,

David A. Howard

David A. Howard
Vice President, Commercial

cc: The Honorable Nydia Velazquez, Ranking Member

Steel Dynamics, Inc.

6714 Pointe Inverness Way, Suite 200
Fort Wayne, Indiana 46804

Ph. (260) 459-3553
Fax (260) 969-3590

July 30, 2002

The Honorable Donald A. Manzullo, Chairman
House Small Business Committee
U.S. House of Representatives
2361 Rayburn Building
Washington, DC 20515

via hand delivery

Re: Written Comments for the July 23, 2002 Small Business Committee
Hearing on the Effect of Steel Tariffs on Business

Dear Chairman Manzullo:

I understand that the House Small Business Committee held a hearing July 23, 2002 to explore the effects of the Steel 201 remedy and steel tariffs on U.S. manufacturers. I would like to submit some additional comments to you and the members of the Committee on behalf of Steel Dynamics, Inc.

Steel Dynamics Inc. (SDI) operates steel facilities in Butler and Columbia City, Indiana and collectively employs 900 workers at these two locations. SDI is an electric furnace steel producer, and our flat rolled and structural products are used in a variety of applications and products. We take pride in serving our customers who are located for the most part in the Midwest region of the country. Additionally, SDI is committed to making the highest quality and most cost effective steel products to best serve its customers.

I understand that last week's hearing explored the effect of the current Steel 201 remedy on the U.S. business community with much of the focus on the small business sector. This business sector is an important contributor and participant in our nation's economy, and I recognize why it is important for Congress to hear from these companies. Like them, SDI is also an important contributor to the nation's economy, and during the past decade it has grown to become one of this country's most innovative and entrepreneurial companies.

For the record, might I first state that SDI very much appreciates the support that America's steel industry has received from Congress throughout the 201 proceedings. Furthermore, I personally applaud the President's leadership in effecting remedy for the substantial injury caused first by surging steel imports, and next by those responsible parties who have little or no respect for the trade laws of the United States. I firmly believe that imports have injured my company along with many other U.S.A. steel companies, and I was very pleased with the President's remedy decision announced in March of this year. The President's decision was well received by my company and we continue to support him today to ensure that the program is adequately enforced.

It is a common fact that there are other points of view on the President's 201 remedy across other U.S. business sectors. Furthermore, some in these business sectors are even trying to undermine the President's action on this very important trade matter. In our view, this remedy was well crafted as it allows my company and the steel industry to adjust and recover from the import surges that have plagued the industry since the mid-1990's.

Quite specifically, I want to address one portion of the hearing testimony that was provided by Mr. John Grove of Cold Metal Products, Inc. Mr. Grove noted in his written testimony that my company was one of CMP's long time suppliers, and that SDI had put them on allocation creating an economic hardship for their company. Candidly Congressman, what Mr. Grove told your Committee simply isn't true. Cold Metal Products is a credit risk in my opinion due to the facts that it is over leveraged and undercapitalized. It is also considered a credit risk in the opinions of those of my colleagues whose specific responsibility is to protect SDI from the type of financial injury that credit risks create for suppliers. Consequently, SDI conducts business today with CMP only on the basis of an irrevocable letter of credit, which in and of itself, limits the volume and billing value possible between the two (2) companies. Frankly Congressman, this is exactly what an LC is supposed to do. Should you so request, I would be happy to provide you and your Committee with the latest financial information that CMP provided my company from June of 2001. I believe it is important that these facts are made part of the record.

Furthermore, the purpose of the President's 201 remedy was to allow the domestic steel industry to recover, and to experience some respite from the staggering levels of imports of the recent past. SDI is committed to seeing that this remedy works for the industry, and for its workers.

We at SDI recognize that the Small Business Committee is responsible for obtaining information on the impact of the President's 201 remedy on American manufacturers. I also believe that it is critical that the information shared by witnesses appearing before your Committee is accurate. In this regard, I would ask that you consider all of the above information as you deliberate this issue.

I appreciate this opportunity to submit comments for the Committee hearing record, and I would ask that you or your staff contact me at (260) 969-3560 to further discuss any questions you might have about my views on this very important matter.

Thank you very much for your consideration.

Sincerely yours,

John Nolan (tb)

John Nolan
Vice President
Steel Dynamics, Inc.
Fort Wayne, Indiana

JN:tb
Enc.

Tuesday July 23, 9:30 am Eastern Time

Dow Jones Business News

Cold Metal Products Gets Pact Regarding Working Cap

NEW YORK -(Dow Jones)- Cold Metal Products Inc. announced in a press release Tuesday that it reached "an agreement in principle" with creditors to secure additional working capital.

The company believes that the transaction will provide adequate liquidity to operations for the "foreseeable future." Earlier this month, Cold Metal disclosed in a Securities and Exchange Commission filing that the outcome of the discussions with lenders would " significantly affect the opinion of management regarding the company's ability to continue its business in its present form."

For the fiscal fourth quarter, Cold Metal reported a net loss of $1.6 million, or 25 cents a share, excluding a non-cash deferred tax charge of $14.6 million. In the year-ago fourth quarter, it reported a loss of $3.6 million, or 56 cents a share.

The company said it plans to delay filing its 10K for the fiscal year ended March 2002 , pending results from discussions with lenders, and may not do so by July 31 .

In a summary in its SEC filing, the company posted a net loss of $19.8 million, or $3.08 a share, for the full year ended March 31 , compared with net loss of $6.8 million, or $1.05 a share, in the year-ago period.

Operating loss declined 82%, or $4.1 million, to $900,000 during the quarter. Sales also declined in the period, falling 24.8% to $161.3 million.

GALLATIN
STEEL

ISO 9002 CERTIFIED
QS 9000 CERTIFIED

July 25,2002

The Honorable Donald A. Manzullo, Chairman
House Small Business Committee
U.S. House of Representatives
2361 Rayburn Building
Washington, DC 20515

via hand delivery

Re: Written Comments for the July 23, 2002 Small Business Committee Hearing on the Effect of Steel Tariffs on Business

Dear Chairman Manzullo:

I understand that the House Small Business Committee held a hearing July 23, 2002 to explore the effects of the Steel 201 remedy and steel tariffs on U.S. manufacturers. This is an important issue for all of us at Gallatin Steel and I have provided you with this letter in response to some of the witness testimony which was delivered at the hearing.

Gallatin Steel is located in Ghent, Kentucky and today employs approximately 370 people. We have been in operation since 1995 and manufacture Hot Rolled coils which are consumed in a variety of applications. We serve customers primarily in the Midwest, with many of our shipments into Kentucky, Illinois, Indiana and Ohio. We also are able to reach farther along the inland waterways as we are located on the Ohio River and have our own barge loading facility. Our company produces high quality and competitive products that serve our customers, many of which qualify as small businesses. We take pride in serving these valued customers and have always attached a high priority to provide them with the best products.

Gallatin Steel joined other U.S. steel companies in 2001 in support of the President's Steel 201 investigation. We supported the investigation because we believed that the volumes of steel imports entering the U.S. were injuring our company along with others in the country. The facts of this investigation were made clear with the U.S. International Trade Commissions final injury and remedy determinations issued in late 2001. Earlier this year in March, the President issued his remedy decision of which we supported then and continue to support today.

I realize that there are others in the U.S. manufacturing community that may not agree with the results of this 201 safeguard case. I also understand that many of these same manufacturers have engaged in an attack of the President's action citing an increased burden placed on them as a result of the tariff remedy. In our view, this remedy was well crafted as it intends to allow our company and the industry to adjust and recover from the import surge that plagued the industry.

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Ghent, KY 41045-9704
859.567.3100
859.567.3165 fax
www.gallatinsteel.com

The hearing held earlier this week focused on the effect of the tariffs and the resulting price increases that have been instituted along with alleged disruptions in supply. I would like to take this opportunity to explain our position in this regard. Gallatin believes that price restoration was just one of the results expected from this remedy. The purpose of the tariff was to simply allow the domestic industry to recover and also experience a respite from the staggering levels of imports. We at Gallatin have diligently worked to be a low cost producer and provide excellent service and delivery to our customers. We continue to explore opportunities to increase our product offerings, and provide significant value to the steel consumers. We work very closely with our customers to ensure that we can make and deliver the product for their specific needs.

I had an opportunity to review some of the testimony which was provided by industry panelists. I was very surprised to read excerpts of Mr. John Grove's testimony from Cold Metal Products, Inc. I would refute Mr. Grove's reference as Gallatin Steel being a "long-time" supplier to Cold Metal Products, Inc. I would like to point out that while they are a customer of our company, our relationship began with trial orders in September of 2001. The comment that we are a long-time supplier is inaccurate and misleading. Gallatin Steel shipped Cold Metal Products just over 91 tons in 2001. Our shipments to date in 2002 exceed 3100 tons, a significant increase as compared to last year.

I recognize that the Committee has a responsibility to obtain information on the impact of this 201 remedy on American manufacturers. I also believe that it is crucial that the information shared by witnesses is accurate. In this regard, I would ask that you take our views in mind as you deliberate on this issue.

I appreciate having this opportunity to submit these comments for the Committee hearing record and would ask that you or your staff contact me at (859) 567-3116 to further discuss any questions you may have about our views on this very important subject.

Thank you.

Sincerely,

Robert A. Levey

Robert A. Levey
General Manager, Commercial
Gallatin Steel Company

CC: Mr. Joe Neri
Mr. John Grove

ISO 9002 CERTIFIED
QS 9000 CERTIFIED

COLD METAL PRODUCTS

August 1, 2002

The Honorable Donald A. Manzullo, Chairman
House Small Business Committee
U.S. House of Representatives
2631 Rayburn Building
Washington, D C 20515

Dear Chairman Manzullo:

WCI Steel and Steel Dynamics, Inc (SDI) sent you letters on July 29th and 30th, contesting my testimony at the hearing on "Unintended Consequences of Increased Steel Tariffs on American Manufacturers" July 23rd, regarding their allocation of tons to Cold Metal Products. As I stated at the hearing, Cold Metal Products continues to suffer financial difficulties from the worst steel market in decades and the Steel 201 tariffs, by resulting in significantly higher steel prices, has only intensified these problems.

Having acknowledged this fact, I find it very interesting and supportive of my testimony that neither WCI nor SDI denied the fact they have had Cold Metal Products on allocation, and in fact, before any financial constraints were assigned, nor did they deny the exorbitant price increases of $130 per ton since 01/01/02. As stated during my testimony, "The $130 constitutes more than a thirty percent increase and is the largest increase in a six-month time span ever seen by Cold Metal since its founding in 1926".

In closing, I welcomed this opportunity to rebut WCI and SDI's letters regarding the accuracy of my comments relating to the steel allocation issue, and the excessive $130 per ton non-negotiable price increases forced upon Cold Metal Products as a result of the Steel 201 tariffs.

Thank you.

Respectfully,

John W. Grove
Vice President Procurement
Cold Metal Products, Inc.

CMP

TM

COLD METAL PRODUCTS

The Honorable Donald A. Manzullo, Chairman
House Small Business Committee
U.S. House of Representatives
2631 Rayburn Building
Washington, D C 20515

Dear Chairman Manzullo:

Mr. Robert A. Levey - General Manager, Commercial - Gallatin Steel sent you a letter on July 25, contesting my testimony at the hearing on "Unintended Consequences of Increased Steel Tariffs on American Manufacturers" July 23rd, regarding Gallatin Steel's position as a long-time supplier to Cold Metal Products. Gallatin Steel is a joint venture between Dofasco, Inc. and Co-Steel, Inc. of Canada. Dofasco has supplied Cold Metal Products, Canada, for over fifteen years. In my mind the fact that Gallatin's owner has been a long-time supplier to Cold Metal Products makes Gallatin Steel a long-time supplier to Cold Metal Products as well.

This fact notwithstanding, I find it very interesting and supportive of my testimony that Gallatin Steel did not deny the fact they have put Cold Metal Products on allocation, nor did they deny the exorbitant price increases of $130 per ton since 01/01/02. As stated during my testimony, "The $130 constitutes more than a thirty percent increase and is the largest increase in a six-month time span ever seen by Cold Metal since its founding in 1926".

In closing, I welcomed this opportunity to rebut Mr. Levy's letter regarding the accuracy of my long-term supplier comment, and would point out there were no comments regarding the steel allocation issue, nor the excessive $130 per ton non-negotiable price increases forced upon Cold Metal Products as a result of the Steel 201 tariffs.

Thank you.

Respectfully,

John W. Grove
Vice President Procurement
Cold Metal Products, Inc.

A.J. ROSE MANUFACTURING CO.

Established 1922

MOVING METALS IN INNOVATIVE WAYS

August 30, 2002

The Honorable Donald A. Manzullo, Chairman
House Small Business Committee
U.S. House of Representatives
2631 Rayburn Building
Washington, D C 20515

Dear Chairman Manzullo:

Thank you again for providing me the opportunity to testify at the July 23rd hearing on the "Unintended Consequences of Increased Steel Tariffs on American Manufacturers." The purpose of this letter is to supplement my testimony regarding attempts that A. J. Rose has made to purchase the steel that was the subject of our product exclusion requests from domestic sources, and to bring you up to date on the disposition of those product exclusion requests.

At the hearing, Congresswoman Velazquez asked me for details as to efforts I had made to purchase the material that is the subject of the exclusion requests from domestic sources. I was not able to provide many details at that time because A. J. Rose does not purchase steel directly from steel producers -- rather, A. J. Rose purchases steel through its steel processor, Chesterfield Steel. As discussed below and in detail in Appendix A to this letter, Chesterfield has made repeated efforts over the last several months to purchase steel for A. J. Rose from U.S. steel producers, but these efforts have been unsuccessful. Notwithstanding their clear inability to supply my company's needs, domestic steel producers filed objections to all of A. J. Rose's product exclusion requests.

A. J. Rose filed product exclusion requests for seven products. These were designated as product exclusion requests N-330.01--.07. Chesterfield, our steel processor/supplier also filed exclusion requests on our behalf with respect to four of these products (exclusion requests N-374.01, N-374.02, N-374.04, & N-374.07). Only two of these exclusion requests were ultimately granted. (Chesterfield's exclusion requests nos. N-374.01 and N-374.07 corresponding to A. J. Rose's exclusion requests N-330.01 and N-330.03).

CORPORATE HEADQUARTERS
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AVON, OHIO 44011
440/934-7700

WWW.AJROSE.COM

CLEVELAND PLANT
3115 WEST 38th STREET
CLEVELAND, OHIO 44109
440/934-7700

Letter to The Honorable Donald A. Manzullo, Chairman
House Small Business Committee
August 30, 2002
Page 2

Unfortunately, the exclusions that were granted were subject to quantitative limitations that are far below our annual requirements. We do not know the basis for these quantitative limits. We received no relief with respect to our five other product exclusion requests.

As my testimony before the Committee indicates, A. J. Rose specializes in manufacturing tight tolerance metal stampings, air bag components, and spun-formed products for the automotive market, OEM and aftermarket. Over 90 percent of our products are components used in motor vehicles, running at very high RPM's. Needless to say, the need to produce safe and reliable products is of the utmost importance. Therefore, it is critical that we use hot-rolled material with the guaranteed tight tolerances and unique characteristics we need. Unfortunately, U.S. producers are currently unable, or unwilling to produce products meeting these requirements.

As detailed in Appendix A, hereto, Chesterfield, our steel processor/supplier has made numerous efforts to obtain the steel we need from domestic sources. The domestic industry has either been unable or unwilling to provide the exact specifications we need. The hot-rolled steel claimed by the domestic industry to be interchangeable is <u>not</u> interchangeable and does not meet A. J. Rose's requirements, or the requirements of our customers.

The bottom line is that there seems to be little or no correlation between what the U.S. domestic producers have claimed they can do in their objections to our product exclusion requests and what they are willing to commit to when contacted by customers.

At the hearing, Mr. Chairman, you generously offered to act as a broker with domestic producers to help us obtain the steel we need. We would like to take you up on this generous offer. Attached, in Appendix B, are specifications for the steel we need. We would be happy to buy our steel from domestic sources, provided they can meet our demanding specifications.

We are very frustrated with the exclusion process. While we realize that we were among the "lucky ones" in that we received exclusions on two of our products, this may, in fact, be a hollow victory. Not only are the quantitative limitations significantly below our annual needs, but under the current system, there is no guarantee that we will ever benefit from this relief—rather the benefit of the exclusions will simply flow to the first companies that happen to import the specific product. Anyone can make use of these exclusions.

Clearly, a great deal of improvement is needed in the exclusion process. However, our firm belief is that the early termination of the tariffs on steel is the best solution for small business in America.

Thank you, Mr. Chairman, for your interest in, and support of, small businesses that are suffering from the unintended consequences of the Steel Section 201 tariffs.

Respectfully submitted,

David Pritchard
President and CEO
A. J. Rose Manufacturing Co.

Attachments

APPENDIX A

EFFORTS MADE TO OBTAIN STEEL FOR A. J. ROSE FROM U.S. SOURCES

N 330.01

- Bethlehem: Our steel processor contacted Bethlehem in July of 2002 to request a quote on the exact specification. Bethlehem responded that it cannot meet the specifications.
- AK Steel: Our steel processor, Chesterfield, contacted AK Steel in July. AK responded saying it does not make a non-earing product and that it cannot make the grade requested.
- US Steel: Our steel processor, Chesterfield, contacted USS in July asking for a quote on our specifications and we were advised that the chemistry is too restrictive to melt to, that at best they could only ½ standard ASTM tolerances, and even with that to expect additional yield losses. The further stated they did not make a non-earing hot roll. This directly contradicts their objections.
- Rouge: Our steel processor, Chesterfield, contacted Rouge in May and July and was told that Rouge will not guarantee to make the part, that its gauge tolerances would be guaranteed to ½ standard only (unacceptable for our processing), that it would have to be allowed deviations in the chemistry, and that it would not quote a non-earing product.
- National: Our steel processor, Chesterfield, contacted National in April to request a quote on this product and we were informed that National does not have excess capacity to take on additional business. We were given the same answer in response to an inquiry in July.
- Nucor: Scrap-based mini-mills are not capable of producing the restricted chemical composition requested and specified. Still, once we found that Nucor claimed it could make the product, Chesterfield repeatedly contacted the local Nucor representative and has received no response.

These efforts are listed by A. J. Rose's product exclusion request numbers. We have limited our discussion to products that were also the subject of product exclusion requests filed by Chesterfield Steel. For a description of these products, see Appendix B.

- Weirton: Our steel processor, Chesterfield, contacted Weirton in May to ask for a quote on this specification. We were told that Weirton is limited in sizes, that chemistry restrictions and tolerances not only cannot be guaranteed but must be waived, that they cannot do a tension leveled item and that they are limited in grades and there is no availability they can supply.

N-330.03

- Bethlehem: Our steel processor, Chesterfield, contacted Bethlehem in July and August about this product and were told that they cannot guarantee to make the part, cannot meet the thickness restrictions and cannot provide non-earing steel.

- U.S. Steel: Our steel processor, Chesterfield, contacted U.S. Steel to obtain a price quote on this specification and was told in April that U.S. steel could not produce the material to the required chemistry dimensions. This directly contradicts the assertion made by U.S. Steel in its questionnaire responses that they make the exact product, and has the capability to make the product, in the full range of sizes and to the exact specifications as requested and that they have the exact product in inventory.

- Rouge: Our steel processor, Chesterfield, contacted Rouge in May and July and was told that Rouge will not guarantee to make the part, that its gauge tolerances would be guaranteed to ½ standard only (unacceptable for our customers), that it would have to be allowed deviations in the chemistry, and that it would not quote a non-earing product.

- National: Our steel processor, Chesterfield, contacted National in April to request a quote on this product and we were informed that National does not have excess capacity to take on additional business. Chesterfield was given the same answer in response to an inquiry in July.

- WCI: WCI admits it does not produce, and does not have the capability to produce, the exact product requested. The product claimed by WCI to be interchangeable is not acceptable for deep draw for the end-use applications of our customers.

- Nucor: Scrap-based mini-mills are not capable of producing the restricted chemical composition requested and specified. Still, once we found that Nucor claimed it could make the product, we repeatedly contacted our local Nucor representative and have received no response.

N-330.04

- Bethlehem: Our steel processor, Chesterfield, contacted Bethlehem in July of 2002 to request a quote on the exact specification. Bethlehem responded that it cannot meet the specifications.
- Rouge: Our steel processor, Chesterfield, contacted Rouge in May to obtain a price quote on this specification and was told that they cannot guarantee the part, that gauge tolerances would be guaranteed to ½ standard only (unacceptable for our process tooling), that they could only aim to "minimize" earing, and that deviations would be required for certain chemical restrictions.
- National: Our steel processor, Chesterfield, contacted National in April to ask for a quote on this specification. We were told that National has no excess capacity to take on additional business. We were given the same answer in response to an inquiry in July.
- Nucor: Scrap-based mini-mills are not capable of producing the restricted chemical composition requested and specified. Still, once we found that Nucor claimed it could make the product, we repeatedly contacted our local Nucor representative and have received no response.
- Weirton: Our steel processor, Chesterfield, contacted Weirton in May to ask for a quote on this specification. We were told that Weirton is limited in sizes, that chemistry restrictions and tolerances not only cannot be guaranteed but must be waived, that they cannot provide a tension leveled product and that they are limited in grades they can supply. Weirton has also told us that it cannot provide non-earing steel.

N330.07

- Bethlehem: Our steel processor, Chesterfield, contacted Bethlehem in July and was told that they cannot make the requested chemistry at any of their facilities.
- AK Steel: Our steel processor, Chesterfield, contacted AK Steel in July to obtain a quote on this specification and was told that AK Steel cannot provide the grade requested.
- US Steel: Our steel processor, Chesterfield, contacted U.S. Steel in July and was told that they cannot produce the requested item.

- Rouge: Our steel processor, Chesterfield, contacted Rouge in May to obtain a price quote on this specification and was told that they cannot guarantee the part, that gauge tolerances would be guaranteed to ½ standard only (unacceptable for A. J. Rose process tooling), that they could only aim to "minimize" earing, and that deviations would be required for certain chemical restrictions.

- National: Our steel processor, Chesterfield, contacted National in April to ask for a quote on this specification. We were told that National has no excess capacity to take on additional business. We were given the same answer in response to an inquiry in July.

- Weirton: Our steel processor, Chesterfield, contacted Weirton in May to ask for a quote on this specification. We were told that Weirton is limited in sizes, that chemistry restrictions and tolerances not only cannot be guaranteed but must be waived, that they cannot do a tension leveled item and that they are limited in grades they can supply.

- Nucor: Our steel processor, Chesterfield, contacted Nucor in July to obtain a quote on this specification and was told that Nucor does not produce the requested grade.

APPENDIX B

PRODUCT DESCRIPTIONS FOR A. J. ROSE'S EXCLUSION REQUESTS

EXCLUSION REQUEST N-330.01 – ASTM A1011 DS GRADE WITH NON-EARING PROPERTIES

Hot rolled or hot rolled pickled and oiled tension leveled flat rolled steel coils, guaranteed to make the part and with surface requirements capable of being painted or plated for exposed applications in the as received condition.

Tonnage Required

11,509 metric tons

Product Description

ASTM A1011 DS Type A with the following chemistry in percent by weight: carbon .025/.064 (aim .045); manganese .175/.274 (aim .220); phosphorus .017 max.; sulfur .020 max.; silicon .024 max.; aluminum .025/.060 (aim .045); nitrogen .0025/.0050 (aim .0033); copper .040 max.; tin. 010 max.; chromium .040 max..; nickel .040 max.; molybdenum .010 max.; columbium .005 max.; vanadium .005 max.; boron .0005 max.; titanium .005 max.; and in the following gauges:

Applicable Gauges

.060" –0/+.005
.069" –0/+.007
.072" –0/+.005
.075"–0/+.007
.084" –0/+.005
.098" –0/+.008
.0985" – 0/+.007
.102"–0/+.007
.121" –0/+.005
.1211" –0/+.005
.123" –0/+.005
.128" –0+.008
.167" –0/+.007
.207" –0/+.009

EXCLUSION REQUEST N-330.02 – SAE J1392 070XLF MODIFIED

This is a special hot rolled, high strength, low alloy product used to make deep drawn pressure vessel components for automotive air bags.

Tonnage Required

78 metric tons

Product Description

Hot rolled pickled and oiled flat rolled steel coils guaranteed to make the part. Surface is equal to exposed. Thickness tolerance is less than one half of standard thickness tolerance (ASTM 568).

Inclusion shape control by a calcium treatment with the following chemistry in percent by weight.

Carbon 0.080 - .0100 (aim 0.100), manganese 1.370 – 1.500 (aim 1.440), phosphorus 0.020 max., sulfur 0.005 max., silicon 0.080 – 0.120 (aim 0.100), aluminum 0.015 – 0.055 (aim 0.030), nitrogen 0.0030 – 0.0060, copper 0.040 max., tin 0.010 max., chromium 0.040 max., nickel 0.040 max., molybdenum 0.010 max., columbium 0.040 – 0.050 (aim 0.045), vanadium 0.005 max., boron 0.0008 max., titanium 0.005 max., RB 88 MIN.

Applicable Gauges

.141" + .008"

EXCLUSION REQUEST N-330.03 – SAE J1392 050XLF

This is a special hot rolled, high strength, low alloy product used to make flow formed automotive components.

Tonnage Required

850 metric tons / 960 US tons

Product Description

Hot rolled flat rolled steel coils guaranteed to make the part. Surface after pickling is equal to exposed. Thickness tolerance is one half of standard thickness tolerance (ASTM 635).

Inclusion shape control by a calcium treatment with the following chemistry in percent by weight.

Carbon 0.045 - 0.094 (aim 0.070), manganese 0.445 – 0.554 (aim 0.500), phosphorus 0.020 max., sulfur 0.005 max., silicon 0.030 max.; aluminum 0.015 – 0.055 (aim 0.030), nitrogen 0.0050 max.; copper 0.040 max., tin 0.010 max., chromium 0.040 max., nickel 0.040 max., molybdenum 0.010 max., columbium 0.020 – 0.030 (aim 0.025), vanadium 0.005 max., boron 0.0005 max., titanium 0.005 max.

Applicable Gauges

.310" 0/+.012"

EXCLUSION REQUEST 330.04 – ASTM A1011 CS GRADE WITH NON-EARING PROPERTIES

Hot rolled or hot rolled pickled and oiled tension leveled flat rolled steel coils, guaranteed to make the part and with surface requirements capable of being painted or plated for exposed applications in the as received condition.

Tonnage Required

11,509 metric tons

Product Description

ASTM A1011 CS Type A with the following chemistry in percent by weight: carbon .025/.070; manganese .175/.274 (aim .220); phosphorus .017 max.; sulfur .020 max.; silicon .024 max.; aluminum .025/.060 (aim .045); nitrogen .0025/.0050 (aim .0033); copper .040 max.; tin. 010 max.; chromium .040 max..; nickel .040 max.; molybdenum .010 max.; columbium .005 max.; vanadium .005 max.; boron .0005 max.; titanium .005 max.; and in the following gauges:

Applicable Gauges

.244" –0+.012
.236" –0/+.012
.310" –0/+.012
.361" –0/+.018

EXCLUSION REQUEST N330.05 – SAE J1392 060XLF MODIFIED

This is a special hot rolled, high strength, low alloy product used to make deep drawn pressure vessel components for automotive air bags.

Tonnage Required

335 metric tons

Product Description

Hot rolled pickled and oiled flat rolled steel coils guaranteed to make the part. Surface is equal to exposed. Thickness tolerance is less than one half of standard thickness tolerance (ASTM 568).

Inclusion shape control by a calcium treatment with the following chemistry in percent by weight.

Carbon 0.070 - .0110 (aim .090), manganese 0.175 – 0.274 (aim 0.220), phosphorus 0.017 max., sulfur 0.020 max., silicon 0.024 max., aluminum 0.025 – 0.060 (aim 0.045), nitrogen 0.0025 – 0.0050 (aim 0.0033), copper 0.040 max., tin 0.010 max., chromium 0.040 max., nickel 0.040 max., molybdenum 0.010 max., columbium 0.005 max., vanadium 0.005 max., boron 0.0005 max., titanium 0.0005 max., RB 84 MIN.

Applicable Gauges

.134" + .008"
.1411" + .008"

EXCLUSION REQUEST N330.06 – SAE J1392 040XLK

This is a special hot rolled, high strength, low alloy product used to make flow formed automotive components.

Tonnage Required

107 metric tons

Product Description

Hot rolled pickled and oiled flat rolled steel coils guaranteed to make the part. Surface is equal to exposed. Thickness tolerance is less than one half of standard thickness tolerance (ASTM 568).

Inclusion shape control by a calcium treatment with the following chemistry in percent by weight.

Carbon 0.070 - .0110 (aim .090), manganese 0.175 – 0.274 (aim 0.220), phosphorus 0.017 max., sulfur 0.020 max., silicon 0.024 max., aluminum 0.025 – 0.060 (aim 0.045), nitrogen 0.0025 – 0.0050 (aim 0.0033), copper 0.040 max., tin 0.010 max., chromium 0.040 max., nickel 0.040 max., molybdenum 0.010 max., columbium 0.005 max., vanadium 0.005 max., boron 0.0005 max., titanium 0.0005 max., RB 84 MIN.

Applicable Gauges

.134" +.008"
.141" +.008"

EXCLUSION REQUEST N330.07 – ASTM A1011 CS TYPE B MODIFIED

This is a special hot rolled product used in the manufacture of flow formed automotive components.

Tonnage Required

173 metric tons

Product Description

Hot rolled or hot rolled pickled and oiled flat rolled steel coils guaranteed to make the part. Surface is equal to exposed, or easily picked (HR) to equal exposed. Thickness tolerance is one half or less than standard thickness tolerance (ASTM A568).

Chemical composition in percent by weight: carbon 0.080 - 0.100 (aim 0.090), manganese 0.300 – 0.400 (aim 0.350), phosphorus 0.020 max., silicon 0.030 max.;. aluminum 0.025 – 0.064 (aim 0.035), nitrogen 0.0050 max.; copper 0.070 max., tin 0.024 max., chromium 0.060 max., nickel 0.060 max., molybdenum 0.015 max., columbium 0.005 max.; vanadium 0.005 max., boron 0.0005 max., titanium 0.005 max.

Applicable Gauges

.310" -0/+.012"

Parkview Metal Products

Precision Metal Stampings and Fabricating • Prototyping • Tooling • Value Engineering • Electro-Mechanical Assembly • Finishing

QS 9000/ISO 9002*

Written Testimony of
Nels Leutwiler
Park View Metal Products

THE UNINTENDED CONSEQUENCES OF INCREASED STEEL TARIFFS ON AMERICAN MANUFACTURERS

Submitted to the
House Committee on Small Business

My name is Nels Leutwiler and I am the CEO of Parkview Metal Products, a 52 year old, family owned and run metal stamping company headquartered in Chicago, Illinois. I thank you for the opportunity to submit testimony on the unintended consequences of increased steel tariffs on my company.

Parkview Metal has four plants in the United States and one plant in Mexico. We make metal components for Sony big screen televisions, which Sony assembles in their plant in Pennsylvania. Well over 50 percent of the cost of the parts we produce is the metal itself. Parkview's 2002 pricing to Sony was based upon purchasing steel, per our agreement with Worthington Steel, our service center on these items, for $0.2145 per pound. In late March, after the Steel 201 tariffs were implemented, our service center immediately imposed a significant price increase on our orders, to $0.2905 per pound. To make matters worse, they couldn't secure adequate quantities, so we were forced onto the spot market where prices were even higher. The universe of suppliers we can use for this product is limited due to quality issues.

We went back to Sony with a price increase, which they reluctantly accepted, enabling us to pass through most of that initial increase. At the same time, Sony understandably vowed to search for other sources that weren't subject to the tariffs.

Now, as the attached e-mail states, Bethlehem Steel, which supplies our service center, is pushing out orders and forcing us back on the spot market. Parkview Metal is now paying $0.3495 per pound. We will lose money on every part we ship at this price. We have no option but to approach Sony for pricing relief again.

The likely outcome of this is that the parts will be re-sourced to someone out of the country, to a company that doesn't have to contend with the steel tariffs. The United States government, in its infinite wisdom, has effectively diverted imports of steel to downstream products incorporating steel. Ultimately, these steel pricing and supply issues are just going to expedite the transfer of the entire Sony big screen product line to China or some other country where parts manufacturers can take advantage of globally competitive steel prices. These components are vital to Sony's production in Pennsylvania – without them, they cannot build the product line. In short, not only are the U.S. parts manufacturers like me at risk, the future of the Sony assembly plants in the U.S. is in also jeopardy. Many U.S. jobs will be lost.

This is simply one real world example of the threat that the steel tariffs pose to an American small business. The current steel market crisis has dramatically impacted our business in other aspects as well. We have been forced to absorb increases in labor costs in overtime premiums due to raw material availability and lead times infringing upon total required manufacturing time. In too many instances, these delays have resulted in premium or airfreight costs required to meet customer demand. It is hard to fathom that such a result could have been intended.

Attachment to Parkview Metal Products Testimony

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>  -----Original Message-----
> From:     Fred Mroz
> Sent:     Friday, July 26, 2002 12:48 PM
> To: Nels Leutwiler; Don Mayo; Chuck O'Malley; Ron Perez
> Subject:  Negative PPV  for SON954-U,  SON953-P
>
>
> Worthington Steel  Late July early August delivery of HG.062 X 30.400 has
> been pushed out by Bethlehem Steel.
> New ETA from Worthington is late August.
>
> Consequently PMP must purchase material on the spot market from New
> Process @ .34950 lb resulting in a negative variance of $ 3,400.00.
>
> Fred
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WRITTEN TESTIMONY OF

TONY PILEGGI
CHICAGO STEEL CONTAINER CORPORATION

THE UNINTENDED CONSEQUENCES OF INCREASED STEEL TARIFFS ON AMERICAN MANUFACTURERS

SUBMITTED TO THE HOUSE COMMITTEE ON SMALL BUSINESS

My name is Tony Pileggi, Vice President of Chicago Steel Container Corporation. I greatly appreciate the opportunity to present to the Committee this written testimony on the impact of the Steel 201 tariffs on my business and workers. I want to thank the Chairman especially for his leadership on behalf of small business owners.

Chicago Steel Container Corporation is a family-owned, family-run business located in Chicago, IL. Chicago Steel was incorporated in 1978 and is owned by Louis Pileggi whose family has been in the container business for over seventy-five years in Chicago. Under a different company name, the family started their container business repairing wooden barrels in the 1920s. Today, Chicago Steel only manufactures new steel drums and, with its international customer base, is recognized in the industry as a leader in quality and customer service. We employ fifty-seven workers in the manufacture of new steel drums.

While you may not be familiar with our company, or the details of our manufacturing needs, I guarantee you that you would recognize steel drums if you saw them stacked in a warehouse, loaded on a truck or ship. And I am certain that something that you will use today or consume today was made from a product that was once shipped in a steel drum. These new steel drums are used for the storage and transportation of a wide variety of products. These products may be hazardous, dry, or liquid, and range from purified water, food products, pharmaceuticals, industrial oil, paint, chemicals, and radioactive material. Because of the large array of products filled in our drums, it is imperative that the drums we produce, and therefore, the steel we purchase, be suitable for all products.

Because of the sensitive, expensive, and sometimes hazardous nature of these "filler" products, we must use steel meeting strict physical, mechanical, and chemical specifications with specific surface cleanliness and oiling requirements. In addition, we must use a particular type of steel in order to meet strict U.N. standards and Department of Transportation regulations governing the transportation of hazardous material in commerce. In fact, because of these strict standards, it takes us six to eight months to qualify a new supplier.

Indeed, there is only one domestic mill that we have found to be capable of consistently producing the material that meets our specifications. Our qualified domestic supplier, however, only supplies 30 percent of our steel needs. Accordingly, we source the remainder of our steel requirements from overseas.

Over the past 17 years, we have attempted to qualify other domestic mills, only to find that orders placed with the domestic mills could not be consistently produced to our specifications. Based on this experience, Chicago Steel considers purchasing steel from most domestic mills as "risky." If a domestic mill accepts an order for our high-quality steel requirements, but delivers steel that is not in accordance with our quality requirements and other specifications, we must reject the steel, and either await a redelivery of acceptable steel, or attempt to find yet another alternative supplier. This results in a lapse of time during which we cannot deliver new steel drums to our customers, as we do not have the necessary raw material.

This domestic sourcing has been increasingly problematic with the imposition of the steel tariffs. As a result of the tariffs, domestic producers have raised prices almost montly, placed customers on allocation, and threatened to cancel existing orders unless a higher price was paid.

Chicago Steel therefore needs access to the high quality foreign steel that our global competition has and our domestic customers expect and deserve. Because of our steel specifications the domestic mills do not consider Chicago Steel an attractive customer. This is particularly true when the steel industry is supplier driven, as it is now. They would rather sell to customers with fewer quality issues. When Chicago Steel places orders with the domestic mills, we purchase more than is needed because it must take into account the good possibility of nonconformities in the steel due to inconsistent quality. If the steel is rejected, the domestic mills will not replace the order at the original price. Chicago Steel should not be forced to purchase its steel or other raw materials from second-rate suppliers. Chicago Steel's reputation and existence is dependent on performance and customer satisfaction.

Because of the availability and quality issue with the domestic steel supply, we have filed a product exclusion request, which was assigned the alpha-numeric designation N-522.

This exclusion is vital to the continuing viability of our company. My business is in danger if I cannot get steel. Our customers will not cover the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to competing international drum manufacturers who now have a built-in cost advantage, thanks to the actions of our government. In addition, our customers increasingly have the option to move to non-steel products that also are not handicapped with a dramatically increased principal raw material cost.

We are a small business. We need the steel we buy to be priced by the market not by the government. We cannot afford to come to Washington to buy our steel.

Thank you again for the opportunity to be heard. If you have any questions, please feel free to contact me.

E & E MANUFACTURING
800 Industrial Dr. • Plymouth Twp. • MI • 48170

Written Testimony of
Wes Smith
E&E Manufacturing Co, Inc.

THE UNINTENDED CONSEQUENCES OF INCREASED STEEL TARIFFS ON AMERICAN MANUFACTURERS

Submitted to the
House Committee on Small Business

My name is Wes Smith, and I am the President and owner of E&E Manufacturing Co. I appreciate the opportunity to submit this testimony to bring attention to the fact that the Steel 201 tariffs have had a dramatic impact on the price and availability of steel in the market, and have resulted in a significant and negative impact on our company.

E&E is located in Plymouth, Michigan, and is a world-class leader in metal joining technology. It meets the needs of its world-class automotive customers by manufacturing heavy gauge stamped metal fasteners, progressive die metal stampings, and high value added assemblies. E&E was founded in 1963, and provides meaningful employment to over 250 dedicated employees. Steel comprises 40 percent of our total cost of producing these products.

For our raw steel needs, we generally have relied upon six-month or yearly contracts with steel warehouses that obtain their supply from domestic mills, with 75 percent of our requirements met by one major supplier. Our relationship with this supplier has been positive and constructive, but the day after the Steel 201 tariffs were imposed last March, this supplier broke its contract with E&E and imposed a hefty increase on our pricing. I have prepared a spreadsheet, which is appended to my testimony, that tracks the significant and sudden price increases we have been experiencing in our raw material purchases since the imposition of the steel tariffs. This analysis illustrates the significant effect these additional tariffs have had on the pricing and availability of steel, as well as a drop in our revenue. Since February of 2002, our steel costs have increased by 42.4 percent, which amounts to $350,000.00.

Aside from pricing, a continued reliable supply of steel is of great concern to us. The lack of available steel has brought us close to shutting down our OEM and Tier One customers. Because of late deliveries due to capacity limitations that the steel mills have had since the imposition of steel tariffs, we have had to pay expedited freight costs in order to get our shipments in time so that we can deliver the final product to our customers in time. In addition, E&E have had to spot buy material at a significantly higher cost because our suppliers have failed to deliver steel we have ordered.

The consequences of the Steel 201 tariffs have already impacted E&E in a dramatic way. Nearly half of our fastener product is supplied to an OEM, which has bought its requirements from E&E since the 1970's. This account comprises a third of our sales. It involves a proprietary product that is now subject to a reverse auction process, whereby the contract is auctioned off on a yearly basis. In February, 2002, E&E had to negotiate a significant price decrease to keep this business, because our customer has made it clear that it has the increasing option of purchasing its requirements from off-shore sources, such as China.

Immediately after making this concession – at a loss of a half-million dollars in revenue – the Steel 201 tariffs were imposed, and the price spikes I described earlier hit us. At this point, it is absolutely out of the question for E&E to approach this customer to renegotiate this deal in a way that would cover the increased costs of our raw materials. The customer has made it abundantly clear that it will exercise its option to take its business off-shore for this product.

I fear that this illustrates the flaw in the reasoning underlying the Steel 201 tariffs. The assumption was that the small businesses, the steel-consuming industries in this country, wouldn't get hurt by the Steel 201 tariffs. We should be able to pass this cost on to our customers, who would pass the cost on to their ultimate consumers or absorb the cost themselves. But this doesn't work in reality, as my example proves. If a components manufacturer like E&E tries to pass these significant increases on to its customers, those customers will procure their products from off-shore sources, where cost of production is cheaper for a lot of reasons, including a raw material cost unfettered by significant additional tariffs. Our customers tell us that in this economy, we need to compete globally. We cannot, however, compete under the best of circumstances when our raw material costs are artificially inflated as a result of the Steel 201 tariffs.

As you can see, the price increases and supply constraint resulting from the Steel 201 tariffs have had a significant impact on our company. Unintended or not, the consequences of the increase steel tariffs have been significantly detrimental to us.

E and E Manufacturing

Ordered Gauge	Width +/- .010 unless noted	MATERIAL SPEC	ESTIMATED MONTHLY WT	100/wt PRICE a/o Jan 2002	Monthly Cost 1st half	100/wt PRICE a/o 7/1/2002	Monthly Cost 2nd half	Additional Monthly Cost During 2nd half of 2002	Percent Increase
.048/.052	2.4000	1050SS	5,000	$34.25	$1,712.50	$41.25	$2,062.50	$350.00	20.4%
.048/.052	3.3000	1050SS	6,000	$34.25	$2,055.00	$41.25	$2,475.00	$420.00	20.4%
.048/.052	4.7500	1050SS	7,500	$34.25	$2,568.75	$41.25	$3,093.75	$525.00	20.4%
.053/.057	4.1250	SAE J1392 050 XLF HR	5,000	$20.00	$1,000.00	$28.95	$1,447.50	$447.50	44.8%
.053/.061	1.7500	1010 CR	1,500	$20.00	$300.00	$28.95	$434.25	$134.25	44.8%
.054/.064	2.7000	1008 / 1010 CR	1,000	$20.00	$200.00	$28.95	$289.50	$89.50	44.8%
.054/.064	8.0000	1008/1010 p o akdq CR	4,000	$20.00	$800.00	$28.95	$1,158.00	$358.00	44.8%
.059/.066	4.7500	1008/1010 HD Galv GM6185 70G 70GU	23,000	$21.95	$5,048.50	$28.95	$6,658.50	$1,610.00	31.9%
.059/.070	5.5000	HRCQ ASTM A569 .05-.13 C, .30 Mn min	6,000	$16.95	$1,017.00	$26.95	$1,617.00	$600.00	59.0%
.059/.070	16.8500	HRCQ ASTM A569 .05-.13 C, .30 Mn min	50,000	$16.75	$8,375.00	$25.25	$12,625.00	$4,250.00	50.7%
.072/.084	6.2000	1008/1010 SAE	28,000	$15.95	$4,466.00	$22.95	$6,426.00	$1,960.00	43.9%
.074/.083	7.0000	? ASTM A622 type B HRDS ?	17,000	$17.95	$3,051.50	$22.95	$3,901.50	$850.00	27.9%
.074/.084	5.8000	ASTM A622 Type B HRDS	7,000	$17.95	$1,256.50	$22.95	$1,606.50	$350.00	27.9%
.074/.082	7.2500	sae J1392 050 xlf	4,000	$16.75	$670.00	$23.25	$930.00	$260.00	38.8%
.074/.082	35.0000	sae J1392 050 xlf	65,000	$16.75	$10,887.50	$23.25	$15,112.50	$4,225.00	38.8%
.074/.082	29.2000	sae J1392 050 xlf	32,000	$16.75	$5,360.00	$23.25	$7,440.00	$2,080.00	38.8%
.074/.082	17.0000	sae J1392 050 xlf	25,000	$16.75	$4,187.50	$23.25	$5,812.50	$1,625.00	38.8%
.074/.082	17.8800	sae J1392 050 xlf	32,000	$16.75	$5,360.00	$23.25	$7,440.00	$2,080.00	38.8%
.074/.082	10.0000	sae J1392 050 xlf	8,000	$16.75	$1,340.00	$23.25	$1,860.00	$520.00	38.8%
.078/.084	2.0600	1010 DQ	1,000	$15.75	$157.50	$24.45	$244.50	$87.00	55.2%
.078/.088	3.9380	HRCQ ASTM A569 .05-.13 C, .30 Mn min	1,300	$15.75	$204.75	$24.45	$317.85	$113.10	55.2%
.078/.086	20.9500	sae J1392 050 xlk	22,000	$16.75	$3,685.00	$23.45	$5,159.00	$1,474.00	40.0%
.079/.089	2.2800	1010	3,000	$15.75	$472.50	$24.45	$733.50	$261.00	55.2%
.079/.089	2.9100	1010	5,000	$15.75	$787.50	$24.45	$1,222.50	$435.00	55.2%
.079/.089	5.5000	MS66 HR DQAK RBMAX.65 C.04/07	32,000	$16.60	$5,312.00	$22.45	$7,184.00	$1,872.00	35.2%
.079/.086	11.7000	1008/1010 70g 70gu	40,000	$21.95	$8,780.00	$28.95	$11,580.00	$2,800.00	31.9%
.079/.089	14.1250	1008/1010 AKDQ .05 min C RB max 65	14,000	$15.75	$2,205.00	$24.45	$3,423.00	$1,218.00	55.2%
.079/.089	15.0000	1008/1010 AKDQ .05 min C RB 50-65	18,000	$15.75	$2,835.00	$24.45	$4,401.00	$1,566.00	55.2%
.079/.087	18.3000	SAE J1392 050 XLK	22,000	$16.74	$3,682.80	$22.95	$5,049.00	$1,366.20	37.1%

E and E Manufacturing

Ordered Gauge	Width +/- .010 unless noted	MATERIAL SPEC	ESTIMATED MONTHLY WT	100/wt PRICE a/o Jan 2002	Monthly Cost 1st half	100/wt PRICE a/o 7/1/2002	Monthly Cost 2nd half	Additional Monthly Cost During 2nd half of 2002	Percent Increase
.079/.085	20.3750	050 XLF HSLA	25,000	$16.25	$4,062.50	$22.95	$5,737.50	$1,675.00	41.2%
.079/.088	21.1000	SAE J 1392 050 XLK	45,000	$20.75	$9,337.50	$25.25	$11,362.50	$2,025.00	21.7%
.082/.093	10.8750	050 X F HRPO	1,500	$16.50	$247.50	$24.45	$366.75	$119.25	48.2%
.087/.094	7.1250	1008/1010 AKDQ	14,000	$16.25	$2,275.00	$23.75	$3,325.00	$1,050.00	46.2%
.090/.110	8.8500	MS-264-035 SO	20,000	$17.95	$3,590.00	$22.95	$4,590.00	$1,000.00	27.9%
.091/.097	2.6200	1008/1010	7,000	$15.75	$1,102.50	$24.45	$1,711.50	$609.00	55.2%
.094/.102	11.5000	SAE J1392 050 XK HRS	250,000	$16.20	$40,500.00	$22.95	$57,375.00	$16,875.00	41.7%
.094/.102	10.6250	1008/1010 AKDQ	9,000	$15.30	$1,377.00	$23.95	$2,155.50	$778.50	56.5%
.094/.104	11.2500	1008/1010 AKDQ	18,000	$15.30	$2,754.00	$21.95	$3,951.00	$1,197.00	43.5%
.097/.101	18.2000	ASTM A1011 Grade CS ? .05-.13% C., .3-.6% Mn	4,000	$15.95	$638.00	$21.45	$858.00	$220.00	34.5%
.097/.110	18.6100	SAE 1010	4,000	$14.50	$580.00	$23.50	$940.00	$360.00	62.1%
.098/.110	1.7500	RCQ ASTM A569 .05-.13 C, .30 Mn min	2,000	$14.50	$290.00	$24.95	$499.00	$209.00	72.1%
.098/.108	2.1000	950 XF	2,000	$19.00	$380.00	$22.95	$459.00	$79.00	20.8%
.098/.108	4.7500	MS66 HR DQAK RBMAX.65 C.04/07	8,000	$15.95	$1,276.00	$21.45	$1,716.00	$440.00	34.5%
.098/.110	22.2500	SAE 1010 HRPO	1,500	$15.75	$236.25	$24.45	$366.75	$130.50	55.2%
.099/.110	13.8750	SAE J1392 050 XK HRS	260,000	$15.95	$41,470.00	$22.95	$59,670.00	$18,200.00	43.9%
.099/.106	31.0000	050 XLF HSLA	169,000	$16.50	$27,885.00	$22.95	$38,785.50	$10,900.50	39.1%
.101/.109	4.7600	945 XF	16,000	$14.75	$2,360.00	$23.95	$3,832.00	$1,472.00	62.4%
.101/.108	8.8750	1010	19,000	$14.50	$2,755.00	$23.50	$4,465.00	$1,710.00	62.1%
.101/.108	9.5600	1010	6,000	$14.50	$870.00	$23.50	$1,410.00	$540.00	62.1%
.102/.110	4.0000	1008 AKDQ	3,000	$16.25	$487.50	$21.95	$658.50	$171.00	35.1%
.1024/.1063	12.7500	SAE J403-1010 CR	7,000	$21.95	$1,536.50	$26.85	$1,879.50	$343.00	22.3%
.105/.110	3.8400	J1392 050 XLF	17,000	$16.95	$2,881.50	$22.95	$3,901.50	$1,020.00	35.4%
.106/.113	27.0000	050 XLF HSLA	325,000	$16.20	$52,650.00	$22.95	$74,587.50	$21,937.50	41.7%
.110/.118	8.2500	1008/1010 AKDQ	16,000	$16.25	$2,600.00	$23.75	$3,800.00	$1,200.00	46.2%
.110/.126	5.6250	SAE J1392 050 XLF	1,500	$14.75	$221.25	$24.50	$367.50	$146.25	66.1%
.110/.126	7.0000	SAE J1392 050 XLF	23,000	$14.75	$3,392.50	$24.50	$5,635.00	$2,242.50	66.1%
.110/.122	11.7500	SAE J1392 050 XLF	50,000	$16.49	$8,245.00	$22.95	$11,475.00	$3,230.00	39.2%
.110/.126	14.0000	SAE J1392 050 XLF	32,000	$16.49	$5,276.80	$22.95	$7,344.00	$2,067.20	39.2%

E and E Manufacturing

.110/.118	16.1250	SAE J1392 050 XLK	45,000	$15.95	$7,177.50	$21.95	$9,877.50	$2,700.00	37.6%
.110/.118	17.8750	SAE J1392 050 XLK	64,000	$15.95	$10,208.00	$21.95	$14,048.00	$3,840.00	37.6%
Ordered Gauge	Width +/- .010 unless noted	MATERIAL SPEC	ESTIMATED MONTHLY WT	100/wt PRICE a/o Jan 2002	Monthly Cost 1st half	100/wt PRICE a/o 7/1/2002	Monthly Cost 2nd half	Additional Monthly Cost During 2nd half of 2002	Percent Increase
.113/.123	6.4000	J-1392-050 XLK 13 % max C	16,000	$16.95	$2,712.00	$22.95	$3,672.00	$960.00	35.4%
.114/.122	11.0000	SAE J1392 050-XLF	18,000	$16.10	$2,898.00	$22.85	$4,113.00	$1,215.00	41.9%
.114/.122	11.3700	SAE J1392 050-XLF	20,000	$16.10	$3,220.00	$22.85	$4,570.00	$1,350.00	41.9%
.114/.122	13.1500	SAE J1392 050-XLF	40,000	$16.10	$6,440.00	$22.85	$9,140.00	$2,700.00	41.9%
.114/.122	17.0000	SAE J1392 050-XLF HRS	30,000	$16.10	$4,830.00	$22.95	$6,885.00	$2,055.00	42.5%
.115/.125	8.2500	1008/1010 AKDQ .05 MIN C	55,000	$14.00	$7,700.00	$24.45	$13,447.50	$5,747.50	74.6%
.115/.125	8.7500	1008/1010 AKDQ .05 MIN C	50,000	$14.00	$7,000.00	$23.50	$11,750.00	$4,750.00	67.9%
.115/.125	8.8000	1008/1010 AKDQ .05 MIN C	130,000	$14.75	$19,175.00	$20.95	$27,235.00	$8,060.00	42.0%
.115/.125	8.8750	1008/1010 AKDQ .05 MIN C	80,000	$14.00	$11,200.00	$23.50	$18,800.00	$7,600.00	67.9%
.115/.125	12.1250	1008/1010 AKDQ .05 MIN C	260,000	$14.75	$38,350.00	$20.95	$54,470.00	$16,120.00	42.0%
.116/.122	5.5000	050 XLK HSLA	48,000	$16.10	$7,728.00	$22.95	$11,016.00	$3,288.00	42.5%
.118/.134	2.2200	1008/1010	50,000	$14.95	$7,475.00	$24.45	$12,225.00	$4,750.00	63.5%
.118/.126	4.3500	1008/1010 HRS	2,400	$15.75	$378.00	$24.45	$586.80	$208.80	55.2%
.118/.126	7.2500	1008/1010 akdq .02 min c	65,000	$15.25	$9,912.50	$21.95	$14,267.50	$4,355.00	43.9%
.118/.126	10.7500	1008/1010 akdq .05 min C RB 53-68	65,000	$14.00	$9,100.00	$23.50	$15,275.00	$6,175.00	67.9%
.118/.126	11.2120	1008/1010 AKDQ .05 min C rb 53-68	60,000	$14.75	$8,850.00	$20.95	$12,570.00	$3,720.00	42.0%
.118/.125	11.5000	1008/1010	150,000	$15.45	$23,175.00	$21.65	$32,475.00	$9,300.00	40.1%
.118/.128	3.6300	MS 6000 44A GAL akdq	20,000	$22.95	$4,590.00	$28.95	$5,790.00	$1,200.00	26.1%
.118/.126	5.3500	HSLA MS264-035 SO	1,300	$16.25	$211.25	$22.95	$298.35	$87.10	41.2%
.118/.126	6.7900	HSLA MS264-035 SO	1,500	$16.25	$243.75	$22.95	$344.25	$100.50	41.2%
.118/.134	6.4680	MS 264 035 sk	25,000	$14.75	$3,687.50	$23.95	$5,987.50	$2,300.00	62.4%
.118/.133	5.0000	HSLA MS264-035	2,500	$16.25	$406.25	$22.95	$573.75	$167.50	41.2%
.118/.133	11.7500	HSLA MS264-035	22,000	$16.25	$3,575.00	$22.95	$5,049.00	$1,474.00	41.2%
.118/.125	6.2500	050 XLF H S S 0.3 min MN CQ	30,000	$16.25	$4,875.00	$22.95	$6,885.00	$2,010.00	41.2%
.118/.125	6.6000	050 XLF HSS 0.3 min MN CQ	30,000	$16.25	$4,875.00	$22.95	$6,885.00	$2,010.00	41.2%
.120/.126	4.6800	1008/1010 HRS	1,300	$15.75	$204.75	$24.45	$317.85	$113.10	55.2%
.124/.134	3.0000	1008/1010 .05 MIN CARBON	3,000	$15.75	$472.50	$24.45	$733.50	$261.00	55.2%

E and E Manufacturing

.126/.136	3.5820	1008/1010 (A1011)	11,000	$14.75	$1,622.50	$24.45	$2,689.50	$1,067.00	65.8%
.129/.139	2.0600	1010	2,000	$15.75	$315.00	$24.45	$489.00	$174.00	55.2%
.129/.139	4.0000	1010	2,000	$15.75	$315.00	$24.45	$489.00	$174.00	55.2%
Ordered Gauge	Width +/- .010 unless noted	MATERIAL SPEC	ESTIMATED MONTHLY WT	100/wt PRICE a/o Jan 2002	Monthly Cost 1st half	100/wt PRICE a/o 7/1/2002	Monthly Cost 2nd half	Additional Monthly Cost During 2nd half of 2002	Percent Increase
.132/.143	5.5000	SAE J1392-050-XLK	3,000	$16.95	$508.50	$22.95	$688.50	$180.00	35.4%
.135/.151	1.7500	1010	1,000	$15.75	$157.50	$24.45	$244.50	$87.00	55.2%
.136/.146	2.2000	1008/1010	1,000	$15.75	$157.50	$24.45	$244.50	$87.00	55.2%
.136/.149	2.6500	1008/1010 AKDQ .05 MIN C	95,000	$15.00	$14,250.00	$24.45	$23,227.50	$8,977.50	63.0%
.149/.165	13.3120	MS 264-035 SO	80,000	$16.45	$13,160.00	$22.95	$18,360.00	$5,200.00	39.5%
.154/.161	3.2500	SAE J1392-050-XLF	4,000	$16.25	$650.00	$22.95	$918.00	$268.00	41.2%
.154/.161	18.0000	HSLA 050 XLF	35,000	$16.25	$5,687.50	$22.95	$8,032.50	$2,345.00	41.2%
.156/.171	1.7500	1010	12,000	$15.75	$1,890.00	$24.45	$2,934.00	$1,044.00	55.2%
.156/.171	2.5000	1010	130,000	$15.25	$19,825.00	$24.45	$31,785.00	$11,960.00	60.3%
.157/.165	7.2500	SAE J1392 050 XK	45,000	$15.95	$7,177.50	$22.95	$10,327.50	$3,150.00	43.9%
.188/.204	4.0150	1008/1010 akdq .05 min C RB 55-70	3,000	$16.45	$493.50	$22.95	$688.50	$195.00	39.5%
.197/.207	2.1200	1010	3,500	$16.25	$568.75	$22.95	$803.25	$234.50	41.2%
.197/.207	2.5600	1008/1010 TO meet 36.2 Kn Min. Proof load per GM510-m	35,000	$16.25	$5,687.50	$21.95	$7,682.50	$1,995.00	35.1%
.197/.207	2.6700	1008/1010 TO meet 36.2 Kn Min. Proof load per GM510-m	5,000	$16.25	$812.50	$21.95	$1,097.50	$285.00	35.1%
.197/.207	2.7000	1008/1010 TO meet 36.2 Kn Min. Proof load per GM510-m	1,000	$16.25	$162.50	$21.95	$219.50	$57.00	35.1%
.197/.207	3.1000	1008/1010 TO meet 36.2 Kn Min. Proof load per GM510-m	300,000	$16.24	$48,720.00	$21.95	$65,850.00	$17,130.00	35.2%
.197/.209	11.5000	GM6218M mpa XLF HRPO	310,000	$17.00	$52,700.00	$22.65	$70,215.00	$17,515.00	33.2%
.200/.207	2.2000	1008/1010 TO meet 36.2 Kn Min. Proof load per GM510-m	15,000	$16.45	$2,467.50	$21.95	$3,292.50	$825.00	33.4%
.206/.218	2.7000	1010	5,000	$16.95	$847.50	$22.95	$1,147.50	$300.00	35.4%
.207/.217	6.5000	1008/1010 .05 MIN CARBON	28,000	$16.45	$4,606.00	$21.95	$6,146.00	$1,540.00	33.4%
.213/.224	3.6900	1010	12,000	$14.95	$1,794.00	$23.50	$2,820.00	$1,026.00	57.2%
.213/.224	4.1300	1010	38,000	$14.95	$5,681.00	$23.50	$8,930.00	$3,249.00	57.2%
.213/.224	4.2500	1010	23,000	$14.95	$3,438.50	$23.50	$5,405.00	$1,966.50	57.2%
.215/.233	2.2000	1008/1010	17,000	$15.45	$2,626.50	$22.25	$3,782.50	$1,156.00	44.0%
.215/.234	4.5000	1008/1010	25,000	$15.45	$3,862.50	$21.95	$5,487.50	$1,625.00	42.1%
.217/.231	2.5000	1010	11,000	$16.45	$1,809.50	$23.95	$2,634.50	$825.00	45.6%

E and E Manufacturing

.217/.227	5.0000	SAE 1010	1,000	$16.45	$164.50	$24.65	$246.50	$82.00	49.8%
.222/.232	2.1200	1008/1010 TO meet 19.9 Ka Min. Proof load per GM510-m	110,000	$17.25	$18,975.00	$23.65	$26,015.00	$7,040.00	37.1%
.228/.250	0.7870	1008/1010 EDGE ROLLED	4,000	$26.95	$1,078.00	$37.25	$1,490.00	$412.00	38.2%
.236/.252	1.9300	1008/1010 .05 MIN CARBON	2,000	$16.50	$330.00	$26.95	$539.00	$209.00	63.3%
Ordered Gauge	Width +/- .010 unless noted	MATERIAL SPEC	ESTIMATED MONTHLY WT	100/wt PRICE a/o Jan 2002	Monthly Cost 1st half	100/wt PRICE a/o 7/1/2002	Monthly Cost 2nd half	Additional Monthly Cost During 2nd half of 2002	Percent Increase
.236/.248	2.3600	1008/1010 .05 MIN CARBON	20,000	$15.95	$3,190.00	$22.25	$4,450.00	$1,260.00	39.5%
.236/.257	3.1300	1008/1010 .05 MIN CARBON	3,000	$20.00	$600.00	$22.25	$667.50	$67.50	11.3%
.236/.252	2.5000	050 XLF HSLA	125,000	$16.45	$20,562.50	$23.65	$29,562.50	$9,000.00	43.8%
.240/.260	2.7000	1010	11,000	$16.25	$1,787.50	$23.65	$2,601.50	$814.00	45.5%
.260/.284	2.6200	1008/1010 AKDQ .05 MIN C	150,000	$15.99	$23,985.00	$22.95	$34,425.00	$10,440.00	43.5%
.268/.282	2.5000	SAE 1008/1010	3,500	$19.00	$665.00	$22.95	$803.25	$138.25	20.8%
.276/.300	4.7500	1008/1010	20,000	$17.05	$3,410.00	$22.95	$4,590.00	$1,180.00	34.6%
.295/.310	2.5000	050 XK .13 Max C HSLA	50,000	$16.95	$8,475.00	$23.65	$11,825.00	$3,350.00	39.5%
.295/.310	2.7500	950 XK HSLA FB 16-7J	25,000	$16.94	$4,235.00	$23.65	$5,912.50	$1,677.50	39.6%
.295/.310	3.5000	950 XK HSLA FB 16-7J	16,000	$16.93	$2,708.80	$23.65	$3,784.00	$1,075.20	39.7%
.295/.311	3.0000	GM6218M Grade 340 HSLA	15,000	$16.95	$2,542.50	$23.65	$3,547.50	$1,005.00	39.5%
.354/.372	2.4500	MS-264-50 (slit TOL. +/- .020)	54,000	$19.95	$10,773.00	$26.95	$14,553.00	$3,780.00	35.1%
.354/.370	3.4500	GM6218M Grade 340 HSLA	15,000	$21.99	$3,298.50	$25.95	$3,892.50	$594.00	18.0%
			5,102,800.00 Monthly usage in pounds		$828,499.15 Jan 2002 Cost		$1,179,752.35 July 2002 Cost	$351,253.20 Added Cost 2nd half 2002	42.4% Avg. %
	Fastener related stampings that are price sensitive to foreign competition		1,586,000.00		$263,207.55		$375,726.50	$112,518.95	42.7%

American
Iron and Steel
Institute

CPTI
THE COMMITTEE
ON PIPE AND TUBE
IMPORTS

SPECIALTY STEEL INDUSTRY
OF NORTH AMERICA

Steel Manufacturers
Association

Statement of the

American Steel Producing Community

To

The House Committee on Small Business

Regarding

The Impact of Steel 201 Tariffs

on U.S. Manufacturers

July 23, 2002

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**Statement of the American Steel Producing Community
To
The House Committee on Small Business
Regarding
The Impact of Steel 201 Tariffs on U.S. Manufacturers**

The U.S. members of the American Iron and Steel Institute (AISI), Committee on Pipe and Tube Imports (CPTI), Specialty Steel Industry of North America (SSINA), Steel Manufacturers Association (SMA) and United Steelworkers of America (USWA) are pleased to provide written comments for the record to the Committee on Small Business in connection with the Committee's July 23, 2002, hearing regarding the impact of the steel Section 201 tariffs on U.S. manufacturers.

Before we discuss the impact of the steel Section 201 remedy to date, it is useful to remember why this was the first Presidentially-initiated 201 investigation in 16 years. President Bush initiated this action as *a last resort* following the single greatest surge of dumped, subsidized and disruptive steel imports in U.S. history. It followed more than 200 separate government determinations that unfairly trade foreign steel had been sold in the U.S. market *at prices that violate international rules and U.S. laws.* We had over 35 percent of our nation's total steel capacity in bankruptcy, with disastrous impact on our industry's suppliers, many of which are small businesses. There was an exhaustive 8-month investigation. It included unanimous 6-0 rulings by an independent government agency that the U.S. steel industry had suffered serious injury due to increased imports in key product lines. Finally, on March 5, 2002, the President took action in the national interest.

At the time, the President stated the steel 201 remedy is in the national interest of the United States, because it will "facilitate [steel] industry restructuring without unduly burdening U.S. steel consumers or the country as whole." Unfortunately, at a time when this remedy is just beginning to work, it is under strong and constant attack by interests long opposed to the 201, who have not hesitated to use false and misleading information to describe conditions in the U.S. steel market in the aftermath of the President's decision to impose steel 201 trade relief. America's steel producing community supports the President's Steel Program, including the 201 tariff remedy, precisely because it serves the long-term interest of U.S. steel producers, suppliers -- and customers.

Introduction

The Committee's hearing announcement refers to the steel 201's "unintended consequences" of a "double hit" suffered by steel-using manufacturers, due to "huge arbitrary price hikes," which have led to "(1) increased raw material costs that only a few can pass on to their customers; and (2) greater competition from abroad for the products that they make." While the language used in this hearing announcement shows a certain lack of balance, it is of greater concern that the points made in it are factually inaccurate.

America's steel producing community understands that no one likes to see their input prices rise. However, the facts are that:

- Steel prices until recently, both in the U.S. and globally, were at 20-30 year *lows*.
- Steel prices at record, below-cost levels represented an *unsustainable* situation.
- Steel prices both here and abroad began to rise *prior* to the imposition of steel 201 tariffs in the United States.
- No steel-using company should have built its business plan based on the unrealistic expectation that unsustainable, below-cost steel prices would continue to be available in perpetuity.
- Most steel-using companies, both here and abroad, are adjusting to the reality of more realistic, market-based steel prices and working well with their main mill and service center suppliers on both pricing and delivery time issues.
- Most steel-using companies have been able to get the steel they need from local supply sources with little or no disruption (i.e., no layoffs and no thoughts of moving facilities offshore).

What we ask the Committee to recognize is this:

- Many of the recent and pending steel 201 product exclusion requests are without merit and are merely efforts to evade and undermine the President's remedy.
- Tariffs (whether normal duties, 201 tariffs or antidumping/countervailing duties) do *not* cause shortages -- significant imports of (30 percent 201 tariff) products such as hot rolled and coated sheet have resumed at market prices.
- U.S. steel producers do not oppose 201 product exclusion requests where the product in question or its functional equivalent cannot be made in the United States or supplied in sufficient and timely quantities by U.S. producers.
- The 201 remedy is benefiting, not harming, U.S. ports and the transportation sector -- steel imports in 2002 are running at the *same level* as last year, while U.S. steel production is increasing and domestic steelmaking (including the very large tonnage of raw materials and steel inputs processed at the ports) provides *far more business* for U.S. ports than do imports of steel.
- Meanwhile, current steel prices in the U.S. remain *below* the levels that existed in 1997-98, and also below their long-run (20-year) averages; steel continues to outperform all competing materials in maintaining affordability; and steel remains severely under-priced when compared to other goods -- e.g., taking 1981 as an index of 100, and unadjusted for inflation, *steel producer prices* are still around 100, while *producer prices for construction equipment* have risen to 160.
- The bottom line is that far too much emphasis is being put on the 201 as a "be-all" explanation of what is actually going on in the steel marketplace today.

As a July 2002 study (attached) by PhD. economist Peter Morici, University of Maryland, makes clear:

- Recent steel price increases in the U.S. have been *reasonable and modest.*
- There are *many reasons* why steel prices go up or down and why steel markets tighten or go flat -- thus, prices are up for some products (e.g., wide flange beams) not subject to the 201, while they have barely moved for other products (e.g., plate in coil, rebar and cold finished bar) that are part of the 201.
- The 201 tariffs are *not harming* the international competitiveness of U.S. steel-using companies, because the main foreign competitors of U.S. manufacturers are facing rising steel prices and tighter supply-demand conditions *in their home markets,* plus their own currencies have recently appreciated against the dollar, making U.S. imports of their products more expensive.

America's steel producing community respectfully requests that the entire study by Dr. Morici be placed into the record of today's Small Business Committee hearing.

We would urge the Committee to examine why the President's steel remedy *remains* the right policy decision -- not only for the nation's steel industry and its domestic suppliers, but also for the long-term interest of U.S. steel-using companies. America's steel-using manufacturers *require* a strong and viable domestic steel supplier base, and *many support* the steel 201 as being in the national interest -- and in the long-term interest of competitive U.S. steel-using companies. In the period leading up to the President's decision to initiate the 201 investigation, more than 500 U.S. steel-using small businesses (as well as over 700 steel industry suppliers) urged strong action in defense of America's steel industry, knowing that this policy would help our domestic steel industry recover and continue to restructure, invest, modernize and improve service, *to the long-term benefit of U.S. steel-using companies.* Regrettably, this has largely gone unreported in the 201 remedy phase.

A Remedy that Provides Long-Term Benefits in the National Interest

The steel import crisis has produced a highly unstable U.S. steel market. It has devastated a technologically advanced, internationally competitive and environmentally responsible American steel industry and many of its suppliers. This crisis has its roots in massive foreign steel overcapacity and pervasive market-distorting practices by foreign governments and steel producers. *The President's 201 remedy provides a window of opportunity -- if we can maintain the integrity of this remedy -- for our steel industry to recover, invest, restructure and consolidate, to the long-term benefit of U.S. customers, our economy and our national security.* It makes it *possible* to restore some long-term stability to the U.S. steel market. It gives U.S. negotiators *a chance* to address the 50-year legacy of foreign government intervention in the steel sector.

The Real Aim of the 201 Opponents' Campaign

The American Institute for International Steel (AIIS) -- which represents foreign steel producers and traders -- the Consuming Industries Trade Action Coalition (CITAC), the

Free Trade in Steel Coalition (FTSC) and other 201 opponents of longstanding have presented a distorted view of current conditions in the U.S. steel market. This is part of a well-financed, carefully orchestrated campaign in which 201 opponents are:

- first, trying to gut the President's steel remedy through the granting of unwarranted product exclusions; and
- second, trying to end the President's remedy prematurely in the 201 program's Mid-Term Review next fall.

It Helps To Do a Cause-and-Effect Analysis of Current Market Conditions

Until the recent study by Dr. Morici, we did not have a good cause-and-effect analysis of current market conditions. What the Morici study tells us is that it is important to ask to what extent is any steel price change due to the 201 tariffs and to what extent is it due to other factors, such as (1) higher demand, (2) the imports-driven closure of 20 million tons of domestic steel capacity or (3) the antidumping duties imposed to offset the illegal, unfair advantage of dumped and subsidized imports. That said, we are only three months into the President's three-year remedy and, notwithstanding the "sky is falling" assertions of 201 opponents, *it is too early to determine the ultimate success, failure or long-term effects of the President's 201 trade remedy.*

What we can say is that the President's Steel Program is *just beginning to work* -- the domestic steel industry is seeing some signs of recovery; consolidation is occurring; steel consumers remain competitive; and global steel talks are making progress.

The truth is that:

- A significant number of countries (103) and steel products (more than 450 so far) are excluded from the President's 201 tariffs -- thus, a large amount of import tonnage continues to enter the United States duty-free.
- Even when the 201 tariffs apply, this remedy does not prohibit imports of steel products; it only affects the price at which that steel is imported into this country.
- A large percentage of other steel prices remain relatively unchanged because of long-term contracts between the mills and U.S. customers.
- Partial steel price restoration has occurred in some parts of the flat rolled "spot" market, but average transaction prices for flat rolled steel remain *below the average levels over the last 20 years;* flat rolled prices have stabilized in recent weeks; and many of the buyers of flat rolled products have been stabilizing their inventories as well.

No Complaints When Steel Prices Were At Unsustainable Low Levels

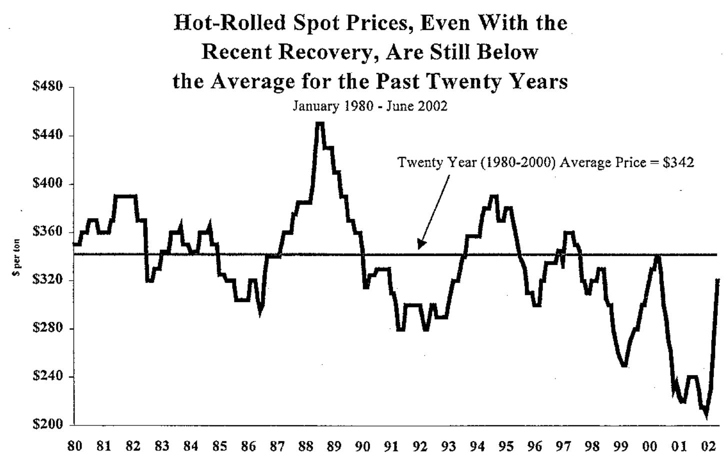
During the 1997-2001 crisis period, steel prices in the United States reached unsustainable, 20-year low, below-cost levels due to dumped and injurious imports. When steel prices were in this unprecedented, precipitous downward spiral and U.S. mills were experiencing serious import injury due to repeatedly proven dumping and other injurious, illegal trade practices, different types of U.S. steel purchasers reacted in different ways.

- Those buyers (end-user and service center) who were looking for price stability and consistency commonly sought to adhere to their contracts with the mills and to renegotiate some agreed mix of "blended" (contract/spot) price.

- Those more opportunistic (end-user and service center) companies commonly turned to the spot steel market or forced U.S. suppliers to renegotiate new agreements with them based on the then-prevailing, record low spot prices.

No Reason to Complain Now That Some Steel Prices Are Being Restored

The partial price restoration that has occurred in recent months for some (flat rolled) steel products is modest by historic standards, and this is occurring after steel prices were dragged down to unsustainable low levels by dumping and other documented injurious trade practices. Average flat rolled steel prices today remain below their levels in the pre-crisis period as well as their long-run averages, which themselves reflect the accumulated impact of pervasive dumping. In addition, and notwithstanding the recovery in some flat rolled spot prices, average hot rolled *spot* prices today remain *below* their average for the past 20 years (see chart below).



Source: Purchasing Magazine

There is a huge amount of *documented evidence* (including 34 bankruptcies, scores of plant closings, tens of thousands of layoffs, over $3 billion in losses between 1999 and the first half of 2001) that the unprecedented steel price *drop* during the 1998-2001 period was the cause of massive long -term damage to America's steel industry. There are some *anecdotes* about potential harm to steel-using industries but, to date, *there is a lack of hard evidence that the partial climb back to where flat rolled steel prices were before the crisis began is causing any serious dislocations.*

In truth, the only dislocations in connection with this issue have been in the steel industry itself due to the successive surges of unfair and injurious imports that led to the President's 201 decision. In this regard, it is important to note that even some of the (relatively few) buyers who have expressed concern admit that the 201 tariffs (1) have not forced U.S. layoffs or plant closures in steel-using industries and (2) have not prevented them from obtaining most of the steel they need from local sources with little or no problem.

The U.S. steel market is large and complex, with many players. It involves foreign steel producers and U.S. steel distributors (including foreign-owned distributors) as well as U.S. steel producers. Based on the relatively few examples of complaints to date, it appears that most of these complaints about partial steel price restorations and alleged steel shortages are coming from pure (or largely) spot market buyers, many of whom have *little or no direct contact with U.S. mills.*

A strong and viable domestic steel industry serves the *long-term* interest of all U.S. steel-using industries. This was true when steel prices were at record low levels, and some buyers sought to benefit from the enormous plunge in U.S. steel prices due to illegal trade. It remains true today, when some buyers are upset that they no longer have the "subsidy" benefit of unlimited access to steel at the below-cost prices that have driven more than one-third of this country's total steel capacity into bankruptcy.

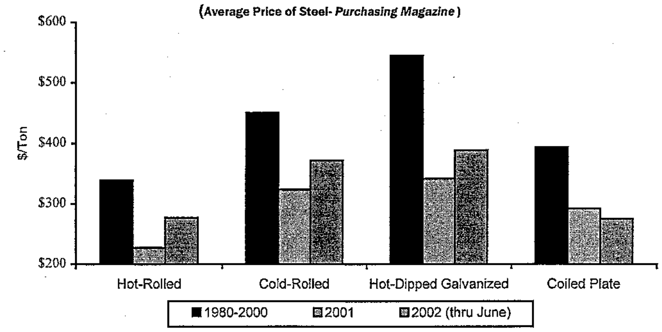
No Significant Adverse Impacts on International Competitiveness

One of the "dirty little secrets" of the post-201 world is that, now that the United States has finally made clear that it is no longer willing to serve as the World's Steel Dumping Ground, no other country has stepped forward to say that it is willing to serve in this capacity either. On the contrary, the European Union (EU), China, key countries in Central Europe and elsewhere have all moved quickly to impose their own 201-type steel "safeguards." At the same time, and for different reasons, *steel prices in Europe, Asia and elsewhere are rising as well.*

With *foreign steel buyers in the EU and elsewhere now complaining of shortages* of hot rolled and other steel products -- and with steel prices outside the United States moving up -- it is difficult to see how there could be any significant long-term adverse impacts from the 201 steel tariffs on the international competitiveness of U.S. steel-using industries. Still, this has not kept the 201 opponents from talking about the "threat" of "potential" U.S. job losses or the "possibility" that U.S. steel-consuming industries might be forced to move offshore. The truth is that:

- Despite the recent increases in some spot U.S. prices, *average actual realized prices* in the U.S. for flat rolled steel, *unadjusted for inflation*, remain well below the historic (1980-2000) averages (see chart below).
- The restoration of some semblance of fair market value for steel in the U.S. will itself lead to increased supply, and the 201 tariffs are already allowing domestic steel mills to *increase* production, thus providing *greater supply* to U.S. customers.
- Inventories at steel service centers in the U.S. remain at healthy levels.
- Most recent data show an *increase* in U.S. steel fabrication jobs, and U.S. manufacturing activity *expanded rapidly* in May.
- Steel pricing is not even a "top 10" consideration for most manufacturers as to why they would move their production facilities offshore -- steel represents only a small share of the total cost of most products containing steel.
- Long-term exchange rate trends (the strength of the dollar) and differences in government regulatory regimes, government incentives, social policies and wage rates are *far more important* in influencing major investment decisions by manufacturing firms.

Average Actual Realized Steel Prices in 2002
Remain Well Below Historic Averages
(Average Price of Steel- *Purchasing Magazine*)



The Steel Remedy's Goals Have Yet to Be Achieved

The recent increase in U.S. steel companies' order books and production levels -- and partial price restoration for some, *but not most*, steel products -- do not begin to constitute realization of the President's goals for the steel 201 remedy.

- The U.S. iron and steel sector has suffered real (not hypothetical) injury. This includes the *actual loss* of more than 50,000 good jobs over the past four years, and there is only modest recovery in sight for U.S. steel industry employment.
- Many steel sales remain subject to historic low contract prices. Average realized transaction prices are well below peak spot prices. Many U.S. steel companies -- far

from receiving "windfall profits" -- are still experiencing *large financial losses*. Most U.S. steel companies still have only limited access to investment capital.

- The national security of the United States and U.S. steel-consuming industries both require a strong and viable domestic steel supplier base.
- U.S. steel companies must be able to generate a *sustained level* of profitability if they are to recover from the devastation of the past four years and invest, restructure and consolidate to the long-term benefit of U.S. steel-using industries.
- Meanwhile, notwithstanding some initial progress in the multilateral steel discussions, the root causes of the steel crisis *all still exist* -- excess and inefficient global steel capacity, steel subsidies, closed steel markets, steel cartels and other private anticompetitive practices in steel.

Congress Should Say NO to the Agenda of the Steel 201 Opponents

The campaign that tried unsuccessfully to prevent the President from initiating the steel 201 investigation, and then tried unsuccessfully to dissuade him from imposing an effective 201 trade remedy in the national interest, has moved into a *new phase*. No sooner had the President announced his steel remedy, than the 201 opponents began a campaign to gut, and end prematurely, this remedy. It is time for the Congress to say:

- NO to the product exclusion requests that are politically motivated or otherwise unwarranted;

- NO to the foreign government attempts to blackmail the United States into the granting of such exclusions under the threat of WTO-illegal retaliation;

- NO to the efforts of 201 opponents to undermine the President's steel remedy before any of its goals have been achieved.

Congress Should Say YES to the President's Steel Program, Including Its 201 Remedy

The President's Steel Program, announced June 5, 2001, has three vital, inter-related parts. *All three parts* deserve strong public and policy support. In continuing to support the President's Steel Program in its entirety, Congress should continue to say:

- YES to the President's decision to address the immediate crisis of serious import injury through the 201 investigation, which led to the President's 201 remedy;

- YES to the President's decision to try to reduce excess and uneconomic global steel capacity, through multilateral talks by governments at the Organization for Economic Cooperation and Development (OECD);

- YES to the President's decision to try to address government steel sector subsidies and other market-distorting practices in steel worldwide, also through a dialogue initiated by governments at the OECD.

To give in to the 201 opponents and allow the President's steel remedy to be undermined by the granting of improper exclusion requests is not in the U.S. national interest. It would hurt the U.S. steel industry's recovery and its prospects for continued restructuring. It would cause harm to America's steel communities and cost more steel-related jobs. It would make it more difficult to attack successfully the root causes of the steel crisis and to achieve the President's multilateral goals for steel. It would reward those who were the cause of the steel crisis in the first place. It would lead to a further erosion of U.S. public support for new initiatives to liberalize trade. It would cause lasting damage to our country's steel-using industries, steel suppliers, the U.S. economy and America's national security.

The President did the right thing when he put his Steel Program in place. We need to give it a chance to work.

Key Conclusions

The President's Steel Program *is* in the national interest. It is at *the very beginning*. It is only now *starting to work* -- for our steel industry, our economy as a whole and our national security. The House Committee on Small Business should not be swayed by *half-truths* and *premature judgments* based on the *potential* for possible adverse impacts due to the steel 201. Thus far, what the facts show is that the 201 has had only modest impacts on U.S. steel-using industries. What the facts also show is the *documented* loss of more than 50,000 good jobs in our nation's iron and steel industry since January 1998 due to unfair trade practices and successive tidal waves of foreign steel.

The steel Section 201 investigation was a last resort because our nation could not continue to serve as the Word's Steel Dumping Ground. The President's steel remedy was the by-product of years of willful violations of U.S. trade laws by foreign steel producers, *proven time and time again*. The people who benefited from the demise of the U.S. steel market in recent years, brought about in large part by an unprecedented surge of dumped and subsidized imports, gained substantially from trade that was in violation of U.S. law. For the 201 opponents now to be insisting, in effect, that they be allowed to continue to benefit from unfair and illegal acts is *not* in the long-term interest of the U.S. economy or of our national security.

Neither the steel 201 opponents nor any of their "studies" ever look at the *accumulated cost* of unfair and disruptive steel imports to the U.S. economy and steel-related industries, including suppliers, customers and "ripple effect" enterprises -- many of which are small businesses. Nor do these studies ever look at the *long-term benefits* to U.S. steel users and the economy from having a viable and competitive domestic steel supplier base. CITAC and other 201 opponents like to use figures such as "50-1" in discussing jobs in steel-consuming industries versus jobs in steel in order to mislead people into thinking that the steel trade issue is a "zero-sum game" of "steel wins; customers lose." It is not. In spite of the short-term lure of steel purchased at dumped prices, U.S. steel users are the *winners long-term* if the United States has an effective policy to counter unfair and disruptive imports and, thus, preserve a healthy domestic steel supplier base.

A strong and viable domestic steel supplier base is especially important to U.S. steel-using industries in this era of just-in-time inventories. If our country's domestic steel supplier base and competitive U.S. steel producers were ever allowed to be destroyed by unfair and disruptive imports -- and U.S. steel users were then held hostage to the pricing practices of offshore producers -- the long-term costs to U.S. manufacturers would be incalculable.

It is time for people to rely on the facts and good economic analysis, not *unsubstantiated anecdotes*, when discussing the steel trade issue. It is also time for people to obey the trade laws; for our government to remain committed to the enforcement of these laws when they are broken; and for those who benefited from the repeated violation of these laws to rethink their positions on the steel 201 -- and on U.S. trade policy in general.

*

America's steel producing community appreciates this opportunity to provide comments to the House Committee on Small Business regarding the impact of steel Section 201 relief on U.S. manufacturers.

Attachment

THE IMPACT OF STEEL IMPORT RELIEF ON U.S. AND WORLD STEEL PRICES: A SURVEY OF SOME COUNTERINTUITIVE RESULTS

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Professor of International Business
University of Maryland, College Park

July 2002

EXECUTIVE SUMMARY

In March 2002, President Bush decided to provide temporary relief from import competition for a substantial segment of the U.S. steel industry under Section 201 of the Trade Act of 1974. The primary form of relief is the imposition of tariffs on some, but not all, imported steel products for the next three years. Because certain products and countries are exempted, the relief actually applies to less than 29% of steel imports.

Recent data indicate that the 201 relief has led to improved market conditions in both the United States and the rest of the world. Prices for some, but not all, steel products in the United States have risen over the last six months. The increase is the result of improved demand and recent antidumping and countervailing duty investigations of certain products, as well as the effects of the 201 tariffs. The impact of the 201 remedy on prices has been limited by the partial nature of the tariffs, which apply to less than 29% of steel imports, as well as the role long-term supply agreements play in the steel market. Even after the increases, prices are only at or below their mid-2000 levels and their historical averages.

At the same time, steel prices in other markets have also risen markedly. This reflects in part the imposition of steel safeguards by other countries, including the European Union and China, following the application of the U.S. remedy. Other factors contributing to higher world market prices include increases in demand outside the United States and a widespread realization that world steel prices had sunk to unsustainable levels.

The effects of the 201 tariffs on U.S. steel consumers have also been generally limited. The temporary tariffs do not appear to have placed U.S. manufacturers using steel at a competitive disadvantage, and the tariffs should not result in the relocation of manufacturing operations to sites outside the United States. This lack of significant impact on consumers is a function of the limited nature of the relief, rising steel prices in the rest of the world, and a weakening U.S. dollar.

The conclusion to be drawn from these data is that the effect of the 201 remedy has been positive in both the United States and world markets.

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THE IMPACT OF STEEL IMPORT RELIEF ON U.S. AND WORLD STEEL PRICES: A SURVEY OF SOME COUNTERINTUITIVE RESULTS

Peter Morici, Ph.D.*

Introduction

In March 2002, President Bush announced his decision to provide the U.S. steel industry with temporary relief from import competition under Section 201 of the Trade Act of 1974.[1] The chief instrument of relief is tariffs of up to 30 percent ad valorem on selected steel products, with the tariffs decreasing over three years.[2] The President's decision was greeted with some concern, especially by foreign steel producers, who expressed their belief that the duties would effectively bar them from the U.S. market, and that the resulting increase in foreign supply would cause price declines in markets outside the United States. Others voiced concern that higher prices in the United States would encourage U.S. manufacturers to move jobs out of the United States.

In the months since President Bush announced his decision, the data indicate that the effects of relief have been uneven; while prices in the United States for some steel products subject to the 201 remedies have risen since March, prices for other products have hardly budged. Even with the recent increases, prices overall in the U.S. market are still below historic levels.

The temporary 201 tariffs do not appear to have harmed either foreign steel producers or U.S. consumers. World prices for steel have risen significantly. Even foreign producers have admitted that the 201 tariffs have not had the effect they

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expected. Nor, with some possible limited exceptions, have U.S. manufacturers been placed at a competitive disadvantage. The 201 remedy should not result in a shift of manufacturing operations using steel as an input from the United States to other countries.

That the imposition of import relief would yield these results is counterintuitive. A closer examination of the structure and characteristics of the international steel market establishes that other factors have also had a significant impact on prices in the United States and elsewhere. This examination demonstrates the dangers of applying simplistic analysis to questions of trade policy, without considering the details of trade in the product involved or the structure of world and national markets.

Steel Prices in the United States

Since the beginning of 2002, prices for major product categories have generally risen. Interestingly, there is no obvious correlation between the extent of the price change and whether or not the product category is subject to temporary Section 201 tariffs. What is most striking is that, even with recent price increases, prices are still at or below their historic levels.

Price Rises in the Last Year

Since the beginning of the year, prices for hot-rolled sheet, cold-rolled sheet, and galvanized sheet, which are subject to the temporary 201 tariffs, have all risen. However, the prices for all three are only now returning to their price levels in June 2000, before either the 201 remedy or the initiation of the most recent cold-rolled antidumping investigations. On the other hand, prices for plate in coils, cold-finished bar, and rebar, which are also subject to the 201 duties, have hardly increased since June 2001. Prices for these three products are still below their June 2000 levels.

Interestingly, prices for wide flange beams, which are not covered by the 201 duties but were subject to a number of antidumping investigations, have risen by almost as much as hot-rolled, cold-rolled and galvanized prices.[3]

The following table shows the price movements in the spot market for eight major categories of steel products. The amounts are in nominal dollars per net ton.

SPOT U.S. STEEL PRICES, JUNE 2000 TO JUNE 2002

Product	Price 6/00	Price 6/01	Price 6/02
Hot-Rolled	325	240	340
Cold-Rolled	430	340	435
Galvanized	440	360	445
Plate in Coils	336	297	320
Rebar	310	305	307
Cold-Finished Bar	480	440	460
Wide Flange Beams	300	320	350
Wire Rod	300	295	315

Source: *Purchasing Magazine* Transaction Pricing Service

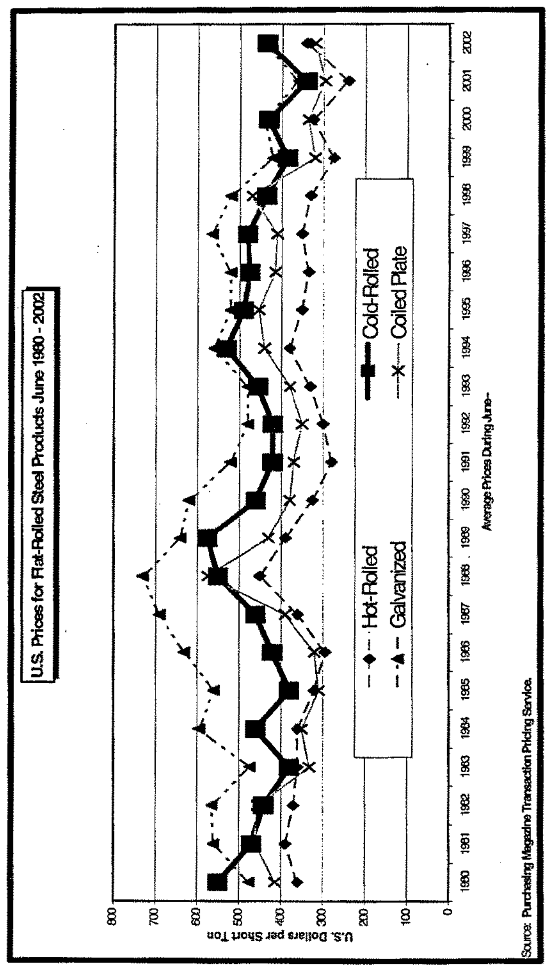
These are spot prices which, as explained below, tend to fluctuate more than contract prices for steel. The Bureau of Labor Statistics estimates that prices for steel mill products overall rose only 1.1 percent from June 2001 to May 2002.[4]

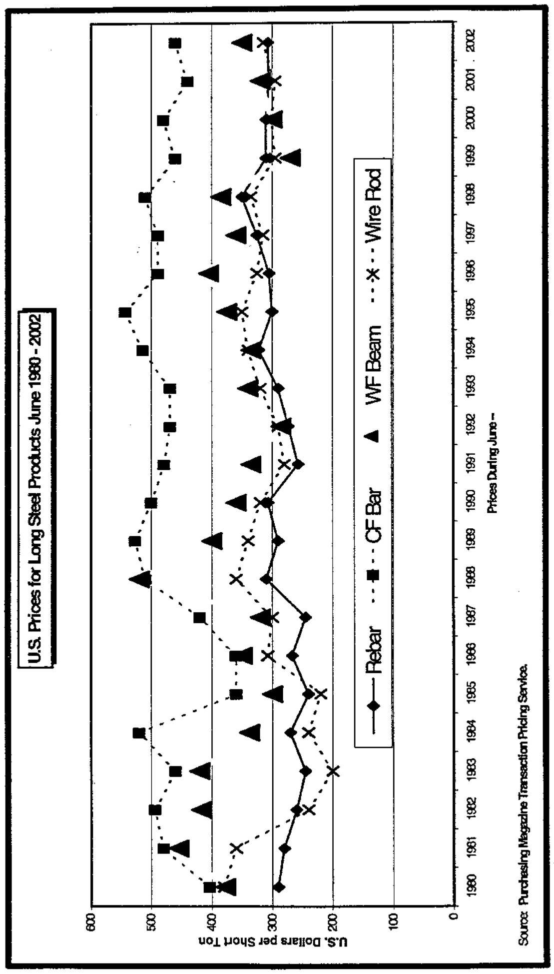
The 201 remedy imposes a first-year 30 percent tariff on imports of hot-rolled, cold-rolled, galvanized, plate, cold-finished bar, and stainless sheet, and a 15 percent tariff on rebar; these tariffs decline significantly in years two and three.[5] For every product except hot-rolled, though, the price increase since the imposition of the duties has been less than 30 percent. In other words, a 30 percent tariff has not translated into a 30 percent price increase for U.S. producers.

Current Prices and Historic Price Levels

While some of these price increases may appear dramatic, current price levels are still relatively low by historic standards. The data show that U.S. steel prices fell to some of their lowest, if not the lowest, levels since 1980 in December 2001 – January 2002. In fact, U.S. spot prices for hot-rolled were higher *in nominal dollars* in September 2000 than in June 2002, and nominal prices were higher during the entire period from January 1986 to December 1998 than they are now. When adjusted for inflation, current prices are even further below historic levels. As with hot-rolled, prices for galvanized, plate, rebar and beams are only now returning to their average levels over the past six years. To the extent that the 201 remedy has contributed to increases in U.S. steel prices, the result has been simply to move them back towards their historical levels.

The following charts show the history of spot prices for June of each year since 1980 for the same products. Note that all prices are in nominal dollars, and have not been adjusted for inflation. Also, all prices are spot prices. As discussed below, spot prices are frequently higher than contract prices. For these reasons, the charts actually overstate the recent price recovery.


U.S. Prices for Flat-Rolled Steel Products June 1980 - 2002
U.S. Dollars per Short Ton
800
700
600
500
400
300
200
100
0
1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002
Average Prices During June–
Hot-Rolled
Galvanized
Cold-Rolled
Coiled Plate
Source: Purchasing Magazine Transaction Pricing Service.


U.S. Prices for Long Steel Products June 1980 - 2002
U.S. Dollars per Short Ton
600
500
400
300
200
100
0
1980
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
Prices During June --
Rebar
CF Bar
WF Beam
Wire Rod
Source: Purchasing Magazine Transaction Pricing Service.

Factors Limiting the Impact of the 201 Remedy

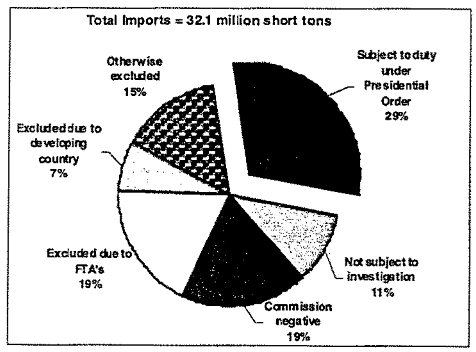
While the temporary duties imposed under Section 201 would be expected to have some impact on steel prices in the United States, a number of other factors also play a role in price movements. These include the limited nature of the relief, antidumping and countervailing duty investigations of certain steel products, and the role of long-term supply agreements in the market. In addition, certain macroeconomic factors have also acted to raise prices and limit imports independently of the 201 remedy.

The Limited Nature of the 201 Relief

The President's 201 remedy covers only selected steel products, including steel slab, flat-rolled products (hot- and cold-rolled sheet and plate), tubes, and long products (merchant bar and rebar). The most significant products not included within the remedy are wide flange beams. [6] In addition, imports from Canada and Mexico were exempted from duties, as were those from most developing countries (but not Russia or China), except for a few specific products for which they are significant suppliers.[7] As a consequence, Commissioner Hillman of the U.S. International Trade Commission has estimated that the temporary tariffs under Section 201 apply to only about 29 percent of all steel imports.[8]

Notably, these estimates do not include any adjustments for specific product exclusions. Over 220 products that would otherwise be subject to the 201 tariffs have already been excluded, and more requests are pending. Arcelor, the world's largest steel maker, has by itself requested exclusions that would cover 300,000 tons of steel per year, or about 30 percent of its 2001 exports to the United States.[9] The exclusions already granted cover about 700,000 tons of steel imports annually, or 6 percent of the imports that would otherwise be subject to the temporary tariffs.[10] The granting of additional exclusion requests can only decrease further the portion of steel imports subject to the 201 tariffs.

The following chart, from a presentation by Commissioner Hillman to the Metal Service Center Institute, shows the U.S. International Trade Commission's estimate of the coverage of the 201 remedy without considering the impact of product exclusions.



The impact of exclusions and exemptions has been greater on some products than others. Practically all of the major exporters of rebar to the United States fall under the developing country exemption, for example. As a consequence, not only are the vast majority of rebar imports into the United States not adversely affected by the 201 tariffs, but to some extent, the 201 tariffs actually give exports from developing countries an advantage over exports from Western Europe and Japan.

Anecdotal evidence confirms the conclusion that the 201 relief has not appreciably affected the ability of most foreign producers to sell into the United States.

The head of Voest-Alpine, the largest Austrian steel producer, recently stated flatly that the 201 had had little impact upon European steel exports to the United States. According to a Reuters report, "Chief Executive Franz Struzl told reporters that imposing tariffs of up to 30 percent against many types of imported steel had barely affected the level of exports to the U.S. since the costs had been offset by overall price increases."[11] In referring to European steel producers, Mr. Struzl stated that "[t]hey are not exporting significantly less than they have done up until now."[12]

The Price-Dampening Effects of Long-Term Supply Agreements

The prices commonly reported for steel products are spot prices. Many steel products are also sold under long-term supply agreements between the mills or distributors and large customers. The most obvious examples are the large automotive manufacturers. Supply agreements negotiated during the last few years have "locked in" the low prices present at the time. Prices under these supply agreements will not change until the agreements are renewed. The Federal Reserve Bank of Cleveland estimates that increases in spot prices have affected only 20 to 50 percent of steel sales in that Federal Reserve district.[13]

Spot prices may fluctuate widely, and in particular may overshoot long-term price levels. While prices under supply agreements can and do change over time, the changes are necessarily less abrupt. Moreover, a sharp increase in spot prices does not necessarily signify that prices under agreements will also rise by the same amount. Thus, the full price effects of the temporary 201 tariffs will be felt only when, and to the extent that, supply agreements expire and are renegotiated.

Other Relevant Macroeconomic Factors Affecting Steel Prices

The 201 remedy does not by itself explain current conditions in the U.S. steel market. One factor affecting steel prices is the increase in manufacturing activity in the United States over the last few months, with industrial production rising by 2 percent from December 2001 to May 2002.[14] The increase in demand explains why prices began rising in January 2002, well before the President announced his 201 remedy. Conversely, the increase in U.S. manufacturing activity indicates that U.S. manufacturers are able to obtain the steel they need at competitive prices, and that they are not moving manufacturing operations offshore to avail themselves of lower steel prices.

A second factor tending to temporarily increase U.S. steel prices has been a substantial if temporary reduction in capacity in late 2001 and early 2002. LTV, formerly the third-largest steel producer in the country, ceased production and filed for bankruptcy in December 2001, largely as the result of foreign competition.[15] While a substantial portion of LTV's capacity is being brought back into production, this dip in capacity and production necessarily resulted in a lessening of supply in early 2002. Given LTV's status as the second-largest producer of sheet products,[16] it is no surprise that prices for those products would move upward until other producers replaced LTV's lost production.

Perhaps most interestingly, a number of steel products were subject to recent antidumping and/or countervailing duty orders or investigations. These include the products showing the greatest price increases, including hot-rolled steel, cold-rolled steel, and structural steel beams. Preliminary antidumping duties of up to 137 percent are currently applicable to imports of cold-rolled steel from 20 countries.[17] It is likely that the recent increases in sheet product prices reflect the ongoing antidumping and countervailing duty investigations of cold-rolled steel. Higher cold-rolled prices increase the cost of producing galvanized steel and boost demand for hot-rolled steel as a substitute product, so that the investigations may have had an indirect upward effect on the prices of these products as well.[18]

The Effect of the 201 Remedy on Foreign Steel Producers

A second anticipated effect of President Bush's 201 remedy was that steel prices in markets outside the United States would fall. Arcelor has noted that "one anticipated effect [of the 201 remedy] – an increase in European imports due to products being diverted from the United States – did not occur."[19] In fact, steel prices have risen sharply in almost all major markets since the beginning of 2002.

One of the broadest measures of world steel prices is the CRUspIndex formulated by CRU International. The index is based on prices for hot-rolled and cold-rolled coil, galvanized sheet, rebar and beams in North America, Europe, and Asia. As of June 21, 2002, the index was 15.4 percent higher than the previous year, and 19.3 percent higher than the previous quarter.[20] An examination of specific product categories confirms the conclusion that world prices have risen markedly despite the 201 decision. Indeed, by prompting other countries to impose their own safeguard measures against steel imports, the U.S. action may have provided an impetus for higher steel prices worldwide.

Prices for Individual Products

Since the end of 2001, many world prices for individual products have risen as much as or more than U.S. prices. Between December 2001 and June 2002, for example, the export price for rebar at Antwerp rose by nearly 39 percent; during the same period, the spot price for the product in the U.S. Midwest increased by less than 5 percent.[21] Similarly, spot prices for galvanized sheet in the United States increased by 25 percent during this period, while Antwerp export prices rose by 50 percent.[22] The increase in Antwerp prices for hot-rolled coil was 52.6 percent, only slightly less than the U.S. increase of 59.9 percent.[23]

An examination of prices for hot-rolled band in individual markets also confirms the observation that prices outside the United States have risen rapidly. World export prices for hot-rolled band increased 35 percent from the last quarter of 2001 to 2002.[24] Prices in Japan were up nearly 26 percent during this period, while prices increased in the European Union, Brazil, Russia, and Taiwan by more than 11 percent.[25]

It would seem that rather than driving prices in markets outside the United States down, the 201 relief has had little if any effect upon them. Bruno Bolfo, chairman of Duferco SA, a producer with mills in Italy and Russia, recently explained that foreign producers expected the Section 201 remedy would create problems for them. Instead, he said, "the exact opposite happened, with flat-rolled prices soaring more than $100 per ton in three months after the trade remedy took effect."[26] Other steel producers, such as the president of Nippon Steel USA, have agreed.[27]

Factors Behind Worldwide Price Increases

As with prices in the United States, a number of factors affect world steel prices. Perhaps the most visible development has been the imposition by a number of other countries of their own restrictions on steel imports. The European Union, for example, announced its own measures on March 27, 2002, barely three weeks after the announcement of the U.S. 201 remedy. The EU measures impose tariff rate quotas on a number of steel products, with duty rates of up to 26 percent.[28] China and Mexico, for example, have also announced limits on steel imports.[29]

Another factor affecting global prices has been an increase in global demand for steel, which is expected to grow by 2.2 percent in 2002.[30] The increases in demand are uneven, however. While demand in Chins is expected to grow substantially in 2002, for example,[31] demand in the European Union appears to be softening.[32] There are also reports that some steel mills in Europe have boosted prices by cutting back production.[33]

As in the United States, steel prices in the rest of the world had reached historic lows by the end of 2001. As one leading authority on world steel prices noted, "it became clear to all that steel sheet prices had dropped far below sustainable levels." [34] Simply put, prices have gone up because they had gone too far down.[35] Taken together, these factors have more than offset any depressive effect the 201 tariffs might have had outside the United States.

The Effect of the 201 Remedy on U.S. Consumers

Thus far, the effect of the 201 remedy on U.S. consumers has been limited. There were concerns that, if steel prices in the United States rose, U.S. steel consumers would find themselves at a disadvantage vis-à-vis their foreign competitors. As noted above, though, the increases in steel prices have only brought prices back to their historic levels. The various exemptions and exclusions limit the universe of products affected by the 201 as well. At the same time, steel prices outside the United States have increased as well. As a result, rising steel prices should not cause consuming industries to lose sales to foreign competition or move manufacturing operations abroad.

The second relevant factor in preserving the competitiveness of U.S. industries using steel as an input is the weakening of the U.S. dollar. A weaker dollar makes imports of products containing steel more expensive, providing a further disincentive for the transfer of manufacturing operations (and jobs) from the United States to other countries.

Conclusion

The imposition of temporary tariffs on certain steel imports under President Bush's Section 201 remedy has had a noticeable but limited effect on steel prices in the United States. Price increases appear to reflect a number of factors, including but by no means limited to the temporary 201 tariffs. To the extent that prices have increased, it has been only to levels approaching historic levels. Outside the United States, foreign steel producers and distributors are obtaining much higher prices for their products. Because of the price increases outside the United States, as well as the weaker dollar, U.S. consumers of steel have suffered little if any disadvantage as a result of the 201 tariffs. Overall, the temporary tariffs imposed under Section 201 appear to have had a relatively limited impact on the world steel market.

[1] *Action under Section 203 of the Trade Act of 1974 Concerning Certain Steel Products*, 67 Fed. Reg. 10593 (2002).

[2] *Id.*, 67 Fed. Reg. at 10594.

[3] The U.S. International Trade Commission recently found that imports of beams were not injuring the U.S. industry, however, so that the preliminary antidumping duty deposits have been removed.

[4] U.S. Bureau of Labor Statistics, *Steel Mill Products* (June 2002).

[5] *Action under Section 203 of the Trade Act of 1974 Concerning Certain Steel Products*, 67 Fed. Reg. at 10594. The duties fall to 24% in the second year, and 18% in the third year for products subject to the initial 30% duty rate; for rebar, the duties fall to 12% in the second year and 9% in the third year.

[6] *Id.* The U.S. International Trade Commission had found that the U.S. beams industry had not suffered serious injury, and was not threatened with such injury, by reason of increased imports.

[7] *Id.*, 67 Fed. Reg. at 10595.

[8] Hillman, *Perspectives on the Global Metals Trade*, Presentation to the Metal Service Center Institute (May 2002).

[9] Winestock, "Arcelor Posts a Loss, Cites U.S. Steel Tariffs," *The Wall Street Journal Online* (June 25, 2002).

[10] "US Steel Firms, Govt Discuss Restructuring, Tariffs," *The Wall Street Journal* (July 9, 2002).

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Andrew G. Sharkey, III
President and CEO

August 1, 2002

The Honorable Donald Manzullo
409 Cannon House Office Building
Washington, DC 20515-1316

Dear Mr. Chairman:

On behalf of the American Iron and Steel Institute (AISI) and its U.S. member companies, we appreciate the fact that both you and the small business witnesses, at the July 23 House Committee on Small Business hearing to discuss the impact of steel 201 relief on U.S. manufacturers, expressed support for the President's decision to impose the 201 remedy and agreed that we do need a healthy domestic steel industry. At the same time, we would like to restate for the record the conclusions we would draw about what is actually going on in the U.S. and world steel market at the present time.

Steel producers in the United States are technologically advanced, globally competitive and customer-driven. We recognize that the recent change in steel market conditions that has occurred both here and in virtually every major foreign steel market has created some temporary adjustment problems for certain manufacturers -- not just in the United States, but in other countries as well. We also remain convinced that, if the President's 201 steel tariff remedy can be maintained, it will promote continued U.S. steel industry restructuring and investment, and provide significant long-term benefits to our nation's steel-using companies, both big and small.

It may surprise you to learn that, in the most recent "World Steel Dynamics" report by Wall Street analyst Peter Marcus entitled "Global Steel Alert #7" (August 1, 2002), Mr. Marcus writes of his concern about another possible steel pricing "death spiral" (a steep and rapid decline in prices), given the fact that "global steel production has risen to a level far above underlying demand." In expressing his concern that steel users might decide to "stop accumulating inventories," he notes that there has recently already been "some decline from the peak spot hot-rolled band (HRB) prices in the United States to about $360 per net ton from $380-390 per ton." The point here, Mr. Chairman, is that:

- Conditions in the U.S. and world steel market remain volatile and very fragile.
- Partial steel price restoration in the United States from unsustainable, record low, below-cost levels caused by imports sold in violation of international trade rules and U.S. laws does not equate to "price gouging."

- Even current "spot" prices in products such as flat rolled steel continue at or below their levels in 2000 as well as their long-run averages.
- Steel inventories are also at healthy levels and, with imports running above last year's level, there is no "steel shortage" in the United States.
- Rather, we continue to have a ticking time bomb for the U.S. and world steel industry of massive global excess steel capacity.
- In this unsettled environment, additional unwarranted 201 product exclusions could spell disaster for the domestic steel industry and the President's Steel Program, and cause still more U.S. steel companies to declare Chapter 7.
- This would not be in the best long-term interest of U.S. small business steel industry suppliers and customers.
- As CEO Charles Connors (Magneco/Metrel) testified at your July 23 hearing, the steel crisis that led to the President's 201 remedy decision caused devastating damage to hundreds of steel-related small businesses across the United States.
- The President's steel remedy remains in the U.S. national interest, because it will allow our domestic steel industry to recover from the worst crisis in its history, to the long-term benefit of this country's steel industry suppliers, steel-using companies and our national security.
- An effective 201 remedy is needed as well to create the necessary incentive for foreign steel producers to eliminate their excess and inefficient steel capacity, which was a key cause of the U.S. steel crisis in the first place.

To sum up, we appreciate the support that you and others expressed at the July 23 hearing for the decision to impose the 201 remedy and for the need to maintain a strong and viable steel industry in the United States. The future health of U.S. steel producers and steel-consuming manufacturers is inextricably linked and -- if the 201 remedy can be maintained -- the result will be a U.S. steel industry able to produce even higher quality steel products more efficiently for world-class U.S. manufacturers. At the recent hearing, you met your immediate objective of allowing the views of those small businesses that have concerns about the President's steel remedy to be heard. AISI and its U.S. member companies also have a vital perspective on this issue, and we would be pleased to meet with you and any Member of the Committee or staff, at your earliest convenience, to discuss further the impact of the steel 201 on U.S. manufacturers.

Sincerely,

Andrew G. Sharkey, III

Andrew G. Sharkey, III

UNITED STATES OF AMERICA
HOUSE OF REPRESENTATIVES
COMMITTEE ON SMALL BUSINESS

THE UNINTENDED CONSEQUENCES OF INCREASED STEEL TARIFFS ON AMERICAN MANUFACTURERS

Statement of the CONSUMING INDUSTRIES TRADE ACTION COALITION ("CITAC")

CITAC is a coalition of companies – most of which are small businesses – that rely on open channels of trade to be competitive in their U.S. manufacturing, transportation, construction, retailing, energy production and other activities. While our comments in these proceedings deal specifically with the unintended consequences to steel-using manufacturers of Section 201 tariffs imposed on steel imports, CITAC members care equally about open markets for other inputs. CITAC commends the Committee and especially the Chairman for conducting this hearing and allowing small businesses to be heard.

Last year, CITAC commissioned studies that analyze the economic impact of trade restrictions on America's steel-consuming industries, a part of the U.S. economy that, until recently, has received scant consideration in public policy debates. At least two other respected studies, by experts with the Institute for International Economics and the Brookings Institution, projected similar consequences for steel users. With the implementation on March 20 of tariffs of up to 30 percent on steel imports these unfortunate consequences are being realized.

201 Steel Tariffs Have Seriously Harmed American Steel-Using Manufacturers

America's steel-using manufacturers must compete with efficient global manufacturers of many types of consumer and industrial goods, machines and conveyances – everything from earth movers to construction materials, from complex auto parts to nuts and bolts. Forcing U.S. manufacturers to pay considerably more for steel inputs than their foreign competitors deals U.S. manufacturers a "triple whammy:" (1) increased raw material costs; (2) threatened denial of access to steel products not produced in the U.S. or in short supply; and (3) increased competition from abroad for the products they make.

Domestically, bellwether steel products like hot rolled sheet have increased in price by as much as 70 percent in the past six months. (Incredibly, domestic steel producers call these increases "reasonable and modest.") Since steel represents between 40 and 70 percent of the cost of manufacture for many steel users, the impact of these steel price increases has been disastrous – and many predict that the worst is yet to come.

These precipitate price increases are devastating to U.S. steel users because they cannot pass higher costs on to their customers in most cases. Moreover, downstream customers have ready access to imports of steel-containing products from abroad. These "downstream" products are not subject to steel 201 tariffs, because they are no longer "steel;" they are auto parts, machinery components or other value-added products. The tariffs thus put U.S. manufacturers in a cost-price squeeze that the government cannot protect them against and that customers can avoid by sourcing their products from foreign competitors. This is not "circumvention" of the tariffs; it is simply business.

In the meantime, despite some increases in steel prices abroad – far less than those seen in the U.S. – the U.S. has become an island of extremely high steel prices in the world. For example, hot rolled sheet currently sells for 32 percent less in European markets, and 34 percent less in Asian markets. How can steel-using manufacturers be expected to compete in the global marketplace when placed at such an enormous disadvantage with respect to raw material costs?

Today, steel-using manufacturers cannot pass along these staggering price increases to their customers in the automotive, appliance, electronics and other markets. Instead, steel users are typically expected to *reduce* their prices by up to 5 percent per year through productivity improvements. Despite domestic steel producers' unsupported claims to the contrary, customers increasingly are looking overseas to source their requirements for parts, components and assemblies. This trend is especially frightening since business leaving the country is unlikely to return.

At the same time, despite rhetoric to the contrary, shortages of some steel products are intensifying. Steel inventories are at historic lows. Steel imports have declined significantly in recent months, due to the "double whammy" of 201 tariffs and antidumping/countervailing duties (see below). Some steel suppliers are on allocation, i.e., rationing. One steel producer has completely stopped taking orders. The problem is so severe that one U.S. automotive manufacturer, Honda, had to air freight 200 tons of specialty steel from Japan to the U.S. along with as much as 2,000 tons of coated sheet to keep from running out of steel. (Airlifting 2,000 tons of steel is said to require at least 20 747 flights and cost as much as $300,000 per flight). Without question, the shortages are creating serious uncertainties regarding future steel supplies and adding further upward pressure on steel prices.

A particularly onerous consequence of the tariffs is the threat to U.S. jobs – many of which are union jobs – in steel-consuming sectors. Steel-using jobs vastly outnumber steel-producing jobs in *every* state. Nationally, the ratio is 59 to 1. Already, jobs are being lost as business leaves the country. As the damage mounts, studies show that eight steel-using jobs will be lost for every steel-producing job "maintained." Are steel-using jobs less important than steel-producing jobs?

It is important to note that these job loss estimates may prove to be too low. The CITAC study's estimates are in fact very conservative. The job loss estimates in the

CITAC study were based on projected steel price increases of between 2 and 4 percent in the U.S. market. Clearly, we are seeing average steel prices increases significantly in excess of this estimate, so in all likelihood the job loss estimates are too low as well.

Another impact of the Section 201 tariffs is the well-documented threat of retaliation by our trading partners – a threat that is currently in the headlines. At least eight major trading partners of the U.S. have initiated proceedings in the World Trade Organization, claiming that the 201 tariffs are contrary to WTO agreements governing Safeguards measures. Most legal commentators note that the United States has a very weak position and will lose this case, at least in several important respects. The U.S. has already lost WTO cases on Safeguard measures on Wheat Gluten, Line Pipe and Lamb Meat. The shortcomings of Section 201 procedures noted in those cases are also present in the steel case. Accordingly, the U.S. is likely to face an international law defeat of major proportions sometime in 2003.

As bad as the steel 201 tariffs are, the avenues for relief for American steel using manufacturers are few. The only relief currently available to steel-using manufacturers is to request that the Administration exclude the steel products they need from the tariffs. To date only about 260 product exclusions have been granted from among some 1,200 requests. These exclusions cover only about 6 percent of the 13.1 million tons of steel affected by the tariffs. Needless to say, these exclusions are having little impact on the overall steel market. There are many more deserving exclusion requests that should be granted to give U.S. steel consuming manufacturers a fair chance to compete and survive.

The Vicious Interaction of "Unfair" Trade Laws and Section 201 Tariffs

One reason the impact of the 201 tariffs is so severe is that imports of many steel products have essentially stopped. This is due to the interaction of "unfair" trade laws (particularly antidumping) and the Section 201 tariffs.

Under the antidumping law, the Department of Commerce compares prices for products sold in the United States with identical or similar products sold in the home market of the exporter or producer. Before prices are compared, they are subject to numerous adjustments. Sometimes, these adjustments provide a fair comparison. Other times, they exaggerate or even create dumping margins that may not exist.

The 30 percent tariffs are a case in point. Under U.S. antidumping rules, U.S. Customs duties must be deducted from the export price before comparison with home market prices. The 30 percent tariffs on flat rolled steel therefore are deducted from U.S. prices. If the actual selling prices of steel products are the same, e.g., $400 per metric ton, the U.S. rule requires that $120 (the 30 percent tariff) be deducted from the U.S. selling price. The importer must not only pay a $120 per ton tariff under Section 201; in addition, the dumping margin increases $120 per ton also. The 30 percent tariff is in reality a 60 percent tariff because of the antidumping and 201 tariffs acting together. As a result, steel products subject to both 201 and antidumping are essentially not traded.

This adds to the U.S. shortage of steel, since imports are needed to supply 20-25 percent of U.S. demand even at full domestic production.

The Steel Industry Ignores or Misstates Market Realities

The U.S. steel producers have persistently tried to portray the damage of steel tariffs to steel-using manufacturers as either non-existent or a fair "payback" for low steel prices over the last three or four years. Producers accuse those who oppose the Section 201 of using "false and misleading information," but fail to cite a single example. A recent report by Dr. Peter Morici, commissioned by a profitable minimill producer, represents another in this long line of baseless attempts to whitewash the harm being done to American industry. The report contains no evidence of steel industry improvement – productivity, efficiency, or competitiveness – the intended purpose of the tariffs. In Morici's analysis, only "price restoration" is a measure of success.

The underlying premise of the report is that higher steel prices *per se* are good for steel consumers, and that, in any event, the dramatic steel price increases currently being visited on steel users are somehow justifiable because prices are "only at or below their historical averages." Steel users reject the notion that the "fairness" of prices should be measured by their 20-year averages. Steel as a production input should be priced in the United States at comparable levels to world competitive prices. Any higher price will damage American manufacturers that use steel by driving business offshore. Precisely this effect is currently observed in the U.S. What is relevant is that higher steel prices in the U.S. disadvantage our steel-using manufacturers who must compete in the world economy where foreign steel is significantly lower in cost, more available, and often higher in quality.

The fact that the U.S. is currently an island of high steel prices in the world marketplace is ignored, glossed over and covered up by Mr. Morici's study. And the fact that business is leaving the U.S. for foreign locations where competitively priced steel is available is simply not acknowledged or is even denied. U.S. steel producers appear to be studiously unaware of the global marketplace. In this condition of unawareness, the chances that domestic producers will use the tariff protection to become more globally competitive are extremely small.

As a "survey of some counterintuitive results," Mr. Morici's report ignores key harmful results, and incorrectly assesses others. Little recognition is given the deepening shortages of steel, mill allocations, and uncertain future supplies that threaten steel users. These effects have been documented by the Committee.

The Morici analysis also makes absolutely no mention of the rapidly spreading quality problems that have raised costs and threatened product reliability for many steel users, problems that were documented at the Committee hearing on July 23. Despite all the evidence, the Morici report asserts, without support, "the temporary tariffs do not appear to have placed U.S. manufacturers using steel at a competitive disadvantage."

Ironically, this "study" ends with the conclusion that the overall effect of the 201 remedy has been "positive." CITAC disagrees.

CITAC's Recommendations

Steel-using manufacturers would benefit from a strong and vigorously competitive U.S. steel industry. They understand better than most the continuing lack of competitiveness in global markets of certain integrated steel producers. However, such a benefit is not necessarily worth any cost.

It is up to policymakers to recognize the true facts in the steel issue, and take appropriate action. The 201 tariffs will not restore competitiveness to integrated steel producers whose products are not globally competitive, or even internally competitive with minimills.

Accordingly, we urge the Committee to consider the following recommendations:

1. End the Section 201 tariffs on steel at the earliest possible date.

The tariffs are doing far more harm than good to the U.S. economy. They threaten the jobs of millions of the 12.8 million American workers employed by steel using manufacturers – mostly small businesses. And by encouraging manufacturing to move offshore, where world-competitive steel is available, they threaten not only the domestic market for steel (and thereby the long-term competitive position of U.S. steel producers), but the long-term future of our manufacturing economy as well. The tariffs also subject American exports to potential retaliation because of WTO disputes. The longer the tariffs are in place, the greater damage they will do.

The tariffs do not create a "level playing field." They artificially inflate steel prices on fairly and unfairly traded steel alike, creating an island of high steel prices in the U.S. to the detriment of U.S. manufacturers, their employees and American consumers. Antidumping and countervailing duty laws are available to address unfairly traded steel. The U.S. steel industry makes more frequent use of these laws than any other—yet their competitive position has continued to deteriorate. The reason is simple: unfair trade is not the most important problem facing the industry. This proves that the industry cannot become competitive through protection.

2. Focus on realistic and effective policy objectives.

a. Policymakers Need to Distinguish Between Integrated Mills and Mini-Mills

"Save the steel industry" and "stand up for steel" are simple and attractive slogans. But policymakers must realize that there are two *very different* major segments comprising the steel industry. One is the minimills that use modern electric furnace technology to transform steel scrap into various steel products. The other is the integrated producers who transform iron ore, coal and limestone into steel products.

In general, minimills' costs of production are lower and more flexible than those of the integrated mills. They are therefore in general better positioned to compete and are more profitable. They do not need to be "rescued" through government action. In fact, in a direct comparison, Nucor, the largest mini-mill, enjoyed record sales and record profits during 2000, while LTV, a large integrated mill, was sliding into bankruptcy and liquidation – losing $40 on every ton of steel it sold. (In the recession year of 2001, while the fortunes of certain integrated producers were crashing, Nucor earned a net profit of $113 million.)

High and relatively inflexible costs – including costs for raw materials, energy, "legacy costs" and labor – are the root cause of certain integrated producers' inability to compete. In some cases, outdated technology and equipment as well as inefficient labor practices compound the problem.

Minimills cannot make all the steel American manufacturers need. Integrated mills are needed to make certain kinds of automotive steels, for example. However, the portion of the market that needs more expensive integrated steel is steadily getting smaller. Donald Barnette, a respected steel industry economist, predicts that in ten years the integrated sector of the industry will be needed to supply only about 25 million tons (currently, that segment makes more than 50 million tons). Consolidation and down-sizing of integrated steel companies is essential. But the tariffs instead send faulty market signals, causing integrated mills to keep producing and bankrupt mills to restart.

b. Steel Policy Should Encourage Rationalization, Restructuring and Consolidation of the Industry.

Most steel industry experts in and out of government agree that the revitalization of America's steel industry requires substantial change -- the rationalization, restructuring and consolidation of those integrated producers who have been unable to successfully weather the forces of the marketplace. We strongly urge that these issues, rather than the perpetuation of current failed practices through trade protection and artificially inflated prices, be the focus of public policy.

We favor the consolidation of certain integrated producers, either with mini-mills or among themselves. The resulting reduction in obsolete and inefficient steelmaking capacity would produce long-term benefits for all concerned. Steelmaking capacity, in and of itself, is not the issue. Reducing inefficient, non-competitive capacity is the goal. Such capacity plainly exists in the United States.

It is clear that "legacy costs" – particularly health care for steel industry retirees – are a major obstacle to restructuring and consolidation. If "legacy costs" are to be addressed as a matter of public policy, we urge that the burden be shared as broadly as possible by American taxpayers, rather than solely steel-consuming industries and their workers who, as we have seen, cannot afford to bear this burden. Further, we favor coupling relief for retired steelworkers with closure of inefficient steelmaking capacity.

Environmental issues are another obstacle that must be addressed by policymakers. Clean-up costs are prohibitive for some companies and they keep open capacity that should be shut down to avoid the cost of clean-up. We would favor some government assistance, properly limited, for plant closures to accomplish this.

Additionally, it is essential that domestic steel producers learn to compete globally. Some of them lag far behind their foreign counterparts in thinking and acting in accordance with today's international marketplace. U.S. Steel has purchased a mill in Slovakia (which is operating at a profit, unlike its U.S. mills, according to the company's most recent financial report), yet other mills claim that foreign markets are closed (even though they have no realistic ability to compete in foreign markets). The facts are that in 2000, 280 million tons of steel crossed international boundaries before being consumed. That is more than one-fourth of all global production. Global competition is a reality in steel, and U.S. steel producers must recognize that seeking to protect and control the domestic market is an invalid strategy.

Conclusions

The Section 201 steel tariffs are clearly causing far more harm than benefit to the U.S. economy. CITAC predicted this and it is unfortunately coming true. Thousands of American small businesses are threatened, and the threat is worsening. The tariffs not only fail to address the real problems of steel producers, but they also send the wrong signals to American steel producers. America cannot protect its way to prosperity and cannot withdraw from the world economy.

We urge policymakers to: (1) end the tariffs as soon as possible to permit recovery by steel-using manufacturers, and (2) focus on the objective of rationalizing, restructuring and consolidating noncompetitive steel capacity rather than perpetuating current noncompetitive practices.

We support proposals that would take extraordinary action—to assist retired workers, to permit the orderly closure of inefficient steel making capacity and to clean up the environment.

Steel is an important industry to this country. It is not the only industry, however; the costs of preserving integrated steel producers must not be permitted to harm other sectors of the economy.

CITAC commends the Small Business Committee for conducting these hearings into the unintended consequences of the steel import restrictions. We look forward to working with the Committee and with the Congress to address these concerns.

THE IMPACT OF 201 TARIFFS ON U.S. STEEL USERS AND FOREIGN STEELMAKERS: A CRITIQUE OF PETER MORICI'S "SURVEY OF SOME COUNTERINTUITIVE RESULTS," JULY 2002

By

Hans Mueller, Ph.D

INTRODUCTION

A Brief Note on the Economic Background of the 201 Tariffs

The last three or four years have put the world's steelmakers and global steel trade under severe strain. More and more countries built up steel industries of their own. Several are splinter nations from the former Soviet Union that began refurbishing the mills they had inherited, although their home markets could absorb only a fraction of the mills' expanded output. With so many new sellers in the market, it became even harder to keep markets in balance when global demand fell. Even relatively short downturns caused profound price weakness in many regions. During this period, for example the Asian Financial Crisis, precipitated price collapses of prices of all metals, including steel, as well as other commodities such as oil.

It was in the United States where companies had first mastered the art of practicing "parallel conscious action," i.e., collectively curbing output in a declining market and, it must be noted, doing this within the bounds of competition laws. The steel industry of Japan had likewise developed an effective strategy for adjusting output during recessions, although on a few occasions this strategy failed.

The recent remolding of steel industry structures in the EU and Japan has begun to regenerate the skills for coping with recessions. Above all, this requires a system of sales management that will not crack under pressure from import surges. The U.S. steel industry will not be capable of managing its collective sales in a recession until after it undergoes a thorough structural reform. Over the decades, the integrated firms have dissipated their managerial energies on the containment of import pressures. With this objective in mind, they paid a high price to gain the political support of labor unions, transferring too much control over internal plant management to union leaders and granting generous healthcare and pension benefits. Moreover, the formerly tight industry structure has become an agglomeration of efficient and marginal firms whose existence is being challenged by the advance of domestic minimills.

The 35-year battle against imports was occasionally successful. With help from the minimills, it scored a major victory this year, when the President decided to impose additional controls on imported steel under the safeguard clause, or Section 201, of the trade law.

An Investigation of the Section 201 Impact

The study by Professor Morici, which is being reviewed in this essay, discusses the impact that Section 201 tariffs are having on U.S. steel-using manufacturers and on international steel prices. The author investigates other variables affecting U.S. steel prices and concludes that the 201 tariffs had a limited effect on steel prices in the United States and, overall, also on the world steel market.

As is usually the case, the reviewer of such a study will not be in full agreement with all the methods applied in such a complex analysis. The most salient disagreement in this instance is Prof. Morici's use of percentages in his comparison of U.S. and international price changes and the findings he draws from this dubious approach. He is satisfied that domestic prices have barely reached their historic level and that international steel prices have increased rapidly. Hence, U.S. steel users should not be unduly affected by the higher spot prices they must pay for steel. Nor should they have any incentive to move their operations abroad, especially now that the dollar's offshore strength is weakening. In the end, Mr. Morici confirms: "the effect of the 201 remedy has been positive in both the United States and world markets."

This review will trace the use of data and methods applied in this study. Both the data employed by the author as well as alternative data will be examined and analytical methods will be checked. It should be noted at this point that in quite a few respects the study does not measure up to expectations heightened by the author's status and experience.

It was not so long ago that even small-town newspapers ran stories about the plight of domestic steelmakers. According to those press accounts, the problem was foreign competitive pressure. Company executives warned that the entire domestic steel industry would go bankrupt if the President did not initiate a 201 case to ease that pressure. Several months later, the papers carried articles announcing the President's decision to go ahead with the 201 initiative. After another interval, the news came out that the 201 had been put into effect, with some details added regarding tariffs, coverage, duration, etc. It was a lot of exposure—most of it positive—for an industry that had been out of the public limelight for some years, at least in those parts of the country where steel is not a major industry[1].

However, more recently, stories appeared with a message that was less sympathetic to steel. They described the troubles of manufacturers like drum producers and makers of automotive parts whose companies were being pushed against the wall by a steep rise in steel prices and an inability to pass the higher cost through to their large, powerful customers. Some CEOs also complained that even though they were willing to pay high prices, products were not available for several months. They attributed both the price increases and short-supply occurrences to 201 restrictions and considered them a threat to the survival of their businesses.

Now comes Professor Peter Morici from the University of Maryland, formerly chief economist with the International Trade Commission, with a study aimed at dispelling apprehensions about the impact of 201 tariffs on steel prices here and abroad.[2] He disregards reports of sporadic shortages but instead focuses on concern that higher steel prices might cause U.S. manufacturers to lose sales to foreign competitors or, worse,

[1] This review was written in Murfreesboro, near Nashville, Tennessee.
[2] Peter Morici, The Impact of Steel Import Relief on U.S. and World Steel Prices: a Survey of some Counterintuitive Results, July 2002.

move operations and jobs out of the country. He dubs previous concern about the 201 effect on prices "intuitive" and calls his own study "a survey of some counterintuitive results." He also credits his study with demonstrating "the dangers of applying simplistic analysis to questions of trade policy, without considering the details of trade in the product involved or the structure of world and national demands."

PART I

"THE COUNTERINTUITIVE THRUST"

To support his thesis that 201 tariffs have not pushed steel prices up sufficiently to cause U.S. manufacturers significant harm, Mr. Morici developed the following arguments:

- The recent increases barely brought U.S. steel prices back in line with their historic levels;
- the 201 effect on steel prices was diluted by (1) the limited quantity of imported steel made subject to the tariffs, (2) the import penalties already in place, and (3) the temporary immunity of long-term contract prices to the tariffs;
- international steel prices have likewise increased;
- the weakening U.S. dollar reduces the pressure from foreign competition and makes production abroad less attractive.

Mr. Morici is to be commended for setting up an analytical framework for his investigation. Enormous amounts of data are available nowadays and it helps to develop a systematic approach for marshalling them for efficient analytical use. If any changes to this framework might be suggested, they would go in the direction of shortening the list of arguments supporting the main thesis.

I. THE 201 IMPACT ON DOMESTIC STEEL PRICES

"Current U.S. prices barely reached historic levels."

This argument is not relevant to the issue under investigation. What matters is not how current U.S. prices compare to U.S. prices in the past but whether the current gap between domestic and international prices has widened to the point of endangering part of the U.S. steel-using sector. To make this comparison, we need the most recent domestic prices as well as international (export and internal country) prices. As to the domestic part, the author provides an up-to-date price list of the products subject to the tariffs. Let us hope that we shall later see equivalent international data from Mr. Morici.

Mr. Morici disregards a related issue. The 201 impact was not limited to lifting steel prices to higher levels. American steel users were also troubled by the rapid-fire sequence of those price increases, which proved especially damaging in the large market for flatrolled products. An intense upward movement of prices had been compressed into a time span of just a few months. Steel users' cost structure and international competitiveness took a violent shock.

"Factors diluting the 201 effect on steel prices"

Only a portion of imported steel is subject to the 201 tariffs

True, a large fraction of total imports is not at all affected by the 201 tariffs. However, within the group that is subject to the tariffs are three flat-product categories that account for more than 50 percent of total U.S. shipments and apparent consumption. They also account for nearly all the output of the U.S. integrated sector.

On page 3, Prof. Morici shows spot prices for June 1, 2001 and June 1, 2002. According to these data, the price of hotrolled coils rose 42 percent while coldrolled coil prices rose 28 percent and galvanized coils 24 percent. The first of these increases considerably exceeds the 30 percent 201 tariff rate for these categories, the others fall moderately short of it.

AD & CVD penalties likewise raised prices of some imports

This argument has little merit. Were imports not under plenty of antidumping and countervailing duty orders in December last year, when steel prices were at their nadir? Clearly, the large number of such orders in force at the time failed to keep steel prices from dropping to their lowest levels in recent history. It was precisely for this reason that a united front of integrated and minimills had launched a vigorous and in large part successful campaign for a four-year, 40 percent tariff barrier against imported steel. A major reason why trade cases had a limited impact on prices last year was intensifying competition among domestic producers, as several mills were selling their products at any price in order to stave off bankruptcy or closure. According to American Metal Market, Keith Busse, president of Steel Dynamics, "pointed out even after offshore producers threw in the towel last year, the U.S. market continued to tank, attributing that 'last little bit of carnage' to desperate domestic mills which rode the market all the way down to $160 to $170 per ton in an effort to salvage market share lost earlier to imports." [3]

Long-term contract prices not affected by tariffs

This point is relevant to the extent that we probably won't have to worry about steel users with long-term purchasing contracts getting squeezed by foreign competition or making plans to leave the country. But the fact that GM, Ford, and GE buy their steel at low prices that remain frozen for an extended period provides little consolation to the many small and medium steel users who are obliged to pay much higher spot prices.

A valid question, however, is whether the large steel users, many of them multinational companies, have used (or abused) their market power to drive contract prices for steel below the steelmakers' unit cost and thus contributed to the industry's misery.

[3] AMM.com—Steel News—April 23, 2002.

II. COMPARING DOMESTIC WITH INTERNATIONAL PRICES

While making our way through the discussion of these various points, we did at least obtain one crucial bit of information, recent domestic prices for three major flat product categories. If we can now get hold of equivalent international data, we could draw our own conclusion whether or not fast rising domestic prices had exposed a sizable segment of American steel users to potential harm.

This is where Mr. Morici's analysis takes a strange turn. Instead of letting the reader compare domestic and international price changes in dollar-per-ton terms, he switches the comparisons to percentages. One can only speculate about the purpose of this preference for percentages. It is well known, of course, that such comparisons may conceal the changing relationship between actual prices. The author presents December 2001 to June 2002 percentage price changes for various product categories, citing World Steel Dynamics (WSD) but providing no precise source reference. The data show that, except for hotrolled coil, the increases were larger for Antwerp export prices than for domestic prices. This is enlightening as far as it goes, but it does not address the question of price differentials in terms of dollars per ton. Did these differentials narrow due to the faster percentage rise in Antwerp export prices?

HOTROLLED BAND SPOT PRICES, VARIOUS COUNTRIES
(in U.S. dollars per short ton, FOB mill)

	Q4, 2001	June, 2002
World export	168	245
Brazil home market	218	247
EU home market	197	222
Japan home market	166	227
Russia home market	145	218
Taiwan home market	203	245
USA home market	218	355

Source: Peter Marcus and Joseph Innes, Global Steel Alert #5 -- Steel sheet price boom, World Steel Dynamics, June 13, 2002, p. 43

This question is cleared up in some degree by another set of WSD statistics. According to data in *Global Steel Alert #5*, page 43, the June 2002 gap for hotrolled band between U.S. home market prices and world export prices had widened from $55 per metric ton in the fourth quarter of 2001 to $121 by June 2002. The difference between EU and U.S. home market prices had widened from $15 to $146 during the same period, the price gap between the U.S. and Japan from $57 to $141. Comparisons with other countries show similarly wide gaps, except for China where 2001 prices were above the

U.S. level. Another WSD index that only covers the period through March 2002, shows similarly wide price differentials for coldrolled and (except for Japan) galvanized coils[4].

Mr. Morici does not refer to these numbers. Instead, he presents another set of percentage price increases for hotrolled band, also using WSD as a source. These data evidently pertain to the period between the fourth quarter of 2001 and April 2002 (see our note below *More on percentages*). According to the author, global export prices rose 35 percent, whereas the increase was 26 percent in Japan and "more than 11 percent" in the EU, Brazil, Russia and Taiwan. WSD statistics show that the dollar gap between the U.S. price and the respective foreign prices had widened to more than $100/ton by April, a multiple of what it was in the fourth quarter of 2001.

Such sizable price differentials undoubtedly raise concern among those steel-using American manufacturers who must compete in the global market or who sell to global companies operating in the United States.

As to the weakening U.S. dollar in foreign markets, Mr. Morici expects steel containing imports to become more costly and domestic manufacturers to feel less inclined to move offshore. What actually will happen depends on exchange rates in specific regions. So far, the dollar value has changed quite unevenly around the world.

III. CONCLUSION

Mr. Morici did not furnish sufficient data to sustain his conclusion that "the effect of the 201 remedy on U.S. consumers has been limited" or that "rising steel prices should not cause consuming industries to lose sales to foreign competition or move manufacturing operations abroad." Moreover, because at a crucial stage he switched to less revealing and potentially misleading percentage comparisons, his analysis hardly deserves a passing grade.

A passage from the author's conclusion indicates either a compositional lapse or a deliberate attempt to confuse the reader: "To the extent that [U.S.] prices have increased, it has been only to levels approaching historic levels. Outside the United States, foreign steel producers and distributors are obtaining much higher prices for their products."

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[4] Peter Marcus and Joseph Innace, *Global Steel Alert* #3, Global steel demand miracle, World Steel Dynamics, March 19, 2002, p. 23.

PART II

CAUSES OF PRICE INCREASES

Part I posed the question whether the gap between U.S. and international steel prices has widened since the end of last year or, more specifically, since inception of the 201 tariffs. Although international prices have likewise risen, there is clear evidence, at least with respect to hotrolled bands, that the gap has considerably widened during the first half of this year. A large segment of American steel users has been negatively affected by this differential. Part II will look into the causes of the price increases in domestic and global markets. It will also investigate several other points discussed in Mr. Morici's study.

I. CAUSES OF DOMESTIC PRICE INCREASES

Let us first look at the domestic scene. In the Executive Summary, Mr. Morici gives two reasons other than the 201 tariffs for the price increases, improved demand and recent AD and CVD investigations. He neglects to mention the role of capacity closures (although he does bring that up later in the text)[5] and he never refers to inventories. That AD and CVD investigations have recently had little influence on U.S. market prices was already discussed. Did rising steel demand help to pull prices up? The answer is, hardly, if at all. Apparent demand remained stagnant from the last quarter of 2001 through the first quarter of the current year. If last year's inventory reductions are calculated in, actual steel sales may have declined slightly. There was a two percent up tick in April, but that is hardly a sufficient basis for designating demand as one of the forces behind the explosive price increases this year[6].

A much greater impact on prices can be assigned to capacity closures and the pronounced switch from rapid inventory sell-off to a rebuilding of stocks. Since the middle of last year, shuttered and idled capacity has taken more than 12 million tons of shipments off the U.S. market[7]. Over 90 percent of this total consisted of flatrolled products. Furthermore, the threat of 201 tariffs kept imports of finished steel mill products during the first five months of the current year below the level achieved during the last five months of 2001. The restocking of inventories added further pressure on the remaining sources of supply. No wonder spot prices shot up, especially those of flatrolled products.

The fact that a high proportion of domestic sheet capacity was tied to long-term supply agreements put all the more pressure on spot prices. This is precisely the opposite of the "price-dampening effects" that Mr. Morici ascribes to those agreements.

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[5] Morici, p. 13.

[6] American Iron and Steel Institute, www.steel.org/stats/02jan—may For inventory depletion and rebuilding see Marcus and Innace, *Global Steel Alert* #5, p. 30 and Charles Bradford, Bradford Research Inc., *Steel Industry Outlook*, April 8, 2002, Chart: Steel Apparent Supply. Marcus and Bradford predict a drop in actual U.S. steel consumption of 3.5-4.8 million tons from 2001 to 2002.

[7] Estimated from Mark Parr, McDonald Investments, *Metal Research Series*, Industry Commentary, May 7, 2002, p. 13, Tables 3 and 4.

II. CAUSES OF INTERNATIONAL PRICE INCREASES

Mr. Morici lists three causes for higher international prices--trade barriers erected in other parts of the world in response to the 201 tariffs, stronger global steel demand, and "a widespread realization that world steel prices had sunk to unsustainable levels." He seems to regard the break-up of the global market into regional protectorates as a success story, noting that "the 201 relief has led to improved market conditions in both the United States and the rest of the world" and further, when he concludes "that the effect of the 201 remedy has been positive in both the United States and world markets." Yes, it has been a smashing success, except for companies caught on the wrong side of the market as, e.g., steel users. The 201-driven regionalization of international steel trade also goes against the grain of continuing globalization in the automotive, appliance, and electronic manufacturing sectors.

Demand is still rising at a fast pace in China. But that by itself did not have the effect of firming up domestic prices up in the rest of the world, especially after the Chinese erected comprehensive import barriers. Demand either rose very little or actually weakened in other regions and therefore could have played only a minor role in the strengthening of international prices[8]. Nor should we place much credit in the "widespread realization" of an unsustainable situation as a cause of rising prices. Such situations do not vanish if people muster sufficient realization or if a king commands them to go away.

The principal two forces behind higher international prices are similar to those that have been at work in the U.S.—output restrictions, mill closures, and the restocking of depleted inventories. The output cuts were mainly applied in the EU, Japan and, to some extent, Korea[9]. Mr. Morici alludes to the EU reductions but ignores the others. The specific objective of these cuts was to shore up prices, although Europeans are understandably reluctant to admit that without some qualification. Production cuts and mill closures slowed price erosion in Western Europe and parts of Asia. Eventually these measures—in combination with inventory rebuilding and pin-pointed trade action by the EU, reversed the downward trend of international prices. As has been discussed, international $/ton price increases considerably lagged those achieved in the United States.

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[8] Global consumption data are available only with a lag of a full year. It is therefore necessary to look at global crude steel production data in combination with data regarding inventory movements. Thus from March to June 2002 global output remained stationary (See Steel Times International, *Statistics,* March to June 2002 issues; and IISI www.worldsteel.org/cs). Because some rebuilding of inventories took place in major Western regions, actual consumption may have weakened slightly during this period.

[9] Metal Bulletin, May 24, 2001, p. 11 (Japan, Korea, and France); Metal Bulletin Monthly, June 2002, p. 20 (closures at Arcelor), and AMM, June 17, 2002, "EU price upturn lagging behind the US market," sr01.htm (referred to cuts at Arcelor and Thyssen but failed to mention closures at Corus).

III. OTHER TOPICS

Historic levels of U.S. steel prices

This concept must be dear to the author's heart, for he mentions it six times on 12 pages of double-spaced text. At times, he also uses mid-2000 as a benchmark for a comparison with current prices.

One may ask, just what is sacrosanct about "historic standards" for steel prices? There are no similar historic standards for steel industry employment, energy rates, or investment requirements per ton of capacity, especially since minimills have forced their way into many product categories. Continuing technological and organizational changes have put (nominal) steel prices on a gradual downward trend during the past decade and a half[10]

The mid-2000 comparison deserves attention, because it also crops up in remarks made by steel company CEOs. This was a peak in domestic steel prices, the result of another of those staccato price increases by U.S. steel producers, who were then (in the first half of 2000) experiencing the highest shipment rate in their entire history. The question is why a short-lived pricing peak should represent the norm for current prices.

"Intuition vs. bruises"

Many expectations regarding the international fall-out of the 201 tariffs were no doubt of the intuitive kind and many were entirely rational. A huge quantity of steel is being traded every year. If a large market imposes high tariffs on well over one third of its imports, this tonnage could be expected to seek entry into other markets. So far this reaction has been staved off by output cuts, mill closures, and the end of massive inventory depletion. Mr. Morici mentions some of this.

However, Mr. Morici is wrong when he also applies the "intuitive" label to the views of American steel market participants. The views expressed by the CEOs and workers of steel-using manufacturers, stated in newspaper and TV reports, were not at all intuitive. They reflected a harrowing experience caused by steeply rising steel prices.

More on percentages

Did the author resort to the use of percentages because actual price data were not available? It seems that in his discussion of hot band prices on page 12 of his study it was he himself who converted into percentages a series of numbers that were originally furnished in dollars per metric ton. Again, the source was WSD, but not the publication he cited. His percentage numbers fail to match the dollar/tonne increases shown in *Global*

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[10] WSD, *Steel Strategist #27*, June 2001, Table 3 Carbon Composite Pricing; Bradford, op. cit., Chart: U.S. Steel Industry, Steel Prices 1980-2002.

Steel Alert #3 at 23 (the author's endnotes 24 and 25 refer to *Steel Price Alert 3* at 22). Instead, the author's percentage numbers match the dollar/tonne price changes between the fourth quarter 2001 to April 2002 listed in *Global Steel Alert #5* at 43. The focus of this critique is not on minor notational errors but on the author's deliberate effort to displace changes in prices per ton with percentage changes.

Imports subject to 201 tariffs

In a graph on page 8, Mr. Morici gives 29 percent as the fraction of last year's imports that became subject to 201 tariffs. Use of correct data for total imports (in the graph they are overstated by 2.1 mt) would raise that fraction to 31 percent. Perhaps semifinished steel imports should be removed from the total, because the purpose here is to determine the impact that 201 tariffs have on the prices of steel products purchased in the market, prices that were paid by service centers and by the users of these products. The analysis should exclude deals made between domestic and offshore steel mills. If such semifinished imports are excluded from the total, the fraction subject to the 201 tariffs rises to 39 percent.

Price increases not correlated

On page 2 the author notes an absence of "obvious correlation" between the price increases of specific products and their inclusion in the 201 action. In contrast to the sharp increases of hotrolled, coldrolled, and galvanized sheet prices, the prices for coiled plate, cold-finished bar, and rebar hardly rose from mid-2001 to mid-2002, although the latter were likewise subject to the tariffs. This is not the place for a product-by-product market analysis; a few brief comments must suffice. (1) Coiled Plate: This is a complex product, because it is produced on hot strip mills in widths up to 80 inches and, for wider dimensions, on Steckel mills. Most likely the reason for moderate price increases is the ramping up of new domestic capacity during the reference period, specifically the IPSCO Alabama mill. The Nucor North Carolina mill does not coil its plate but it nonetheless affects the prices of coiled plate, as it competes for many of the same customers. (2) Cold-Finished Bar: The most likely reason for the small price increase is a weakening of the market since 1999 and restructuring of the industry. (3) Rebar: The most important aspect of this market is the steady rise in domestic shipments during the past three-year period. The decline in import tonnage, after large penalties were imposed on the top rebar importers in mid-2001, came at a time when some regional markets were weakening[11].

Few long-term sales contracts for LTV

On page 9 the author cites a Federal Reserve Bank estimate that spot price increases affected only 20-50 percent of steel sales in the Cleveland Federal Reserve District. We infer from this that 50-80 percent was sold under long-term supply agreements. Then, on following page the author states that LTV, which must have sold heavily in the Cleveland area, ceased production in December 2001, "largely as the result

[11] U.S. International Trade Commission, *U.S. Imports of Steel Products*, Detail by Steel Product Group, usitc.gov/scripts/steel.

of foreign competition." Is there a slight discrepancy between these two pieces of information? Or is it true that those widely employed long-term supply agreements played no significant role in LTV's demise.

Quoting company officials

Adding quotes can liven up a story or, sometimes, clinch the essence of a complex discussion with a short, pungent phrase. However, anyone quoting a CEO or other executive should make certain the remarks can be backed up by statistics or facts. Especially when they make off-the-cuff remarks, CEOs have been known to dispense chaff along with food for thought.

The author accepts a June 13, 2002 Reuters report quoting Voest Alpine chairman Franz Struzl that European steel producers "are not exporting significantly less than they have done up to now." A look at the data shows that, as far as EU exports to the U.S. are concerned, they definitely took a nosedive, namely from 542, 000 short tons in February to 230,000 short tons in May this year. They were 584,000 short tons in May last year[12].

A quote reproduced by Mr. Morici from American Metal Market has Duferco chairman Bruno Bolfo saying that everyone expected the Section 201 would result in tough times "and the exact opposite happened, with flat-rolled prices soaring more than $100 per ton in three months after the trade remedy took effect." Mr. Bolfo may know of individual export deals registering such large increases but, according to available data, they were not typical. WSD estimates the increase in the world export for hotrolled bands to have been $65 per short ton from the first quarter of 2002 to June 2002. Metal Bulletin, which gives a $15-30 price range for most products, reports a maximum increase for hot and coldrolled coils of $88 per short ton between mid-March and mid- June, 2002. For galvanized coils the increase was at most $44 dollars per short ton[13].

According to the author, the president of Nippon Steel USA agreed with Mr. Bolfo regarding the 201 impact on international prices. Well, it was not exactly like that. On June 18, 2002, in the question-and-answer session of a conference held in New York, Mr. Keiichiro Shimakawa was asked whether Japan and other global steel producers had benefited from a rise in prices since the inception of Section 201. Mr. Shimakawa obviously had trouble understanding precisely what the questioner was getting at and "reluctantly agreed that was so." It was, of course, a trick question. The trick was embodied in the expression "benefited from" which could be interpreted to mean "attributable to." Does this perhaps imply some kind of telepathic impulse going out from Washington, DC, that motivated steel buyers around the world to abandon their habitual resistance to higher prices? What comes to the fore here must be the propensity of detective-story fans to see a cause-and-effect relationship in all parallel or sequential events or processes? At any rate, the questioner must not have listened to the beginning

[12] American Iron and Steel Institute, www.steel.org/stats/02jan—may

[13] Marcus and Innace, *Global Steel Alert* #5, p. 30 and Metal Bulletin, March 18, 2002, p. 26, and June 24, 2002, p. 22.

of Mr. Shimakawa's presentation[14]: "Nippon Steel has cut back production since last year, while at the same time working hard to obtain better prices." In other words, the impulse for better prices came from within and not from without the steel market of Japan.

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Mr. Mueller is a part-time consultant on steel-trade issues to various steel trader and producers associations, who also writes reviews of steel-trade related conferences and reports. He wishes to express his appreciation to the American Institute for International Steel for facilitating the completion of this review. Another of Mr. Mueller's reviews, discussing the latest New York "Steel Success Strategies" conference, will appear in the August issue of Steel Times International, UK.

[14] Keiichiro Shimakawa, presentation at Panel II of the conference *Steel Success Strategies,* organized jointly by AMM and WSD in New York, June 17-19, 2002.

TRADE PARTNERSHIP WORLDWIDE, LLC

Estimated Economic Effects of Proposed Import Relief Remedies for Steel

By

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Estimated Economic Effects of Proposed Import Relief Remedies for Steel

Executive Summary

As part of the Section 201 Investigation on steel imports initiated by the Bush Administration, each of the six U.S. International Trade Commission (ITC) Commissioners recommended on December 7, 2001 that the President impose a range of tariffs and quotas on steel imports into the United States. The covered imports amount to approximately 74 percent of total volume of steel imports. Steel-consuming industries have predicted that the recommended tariffs and quotas would force many of them out of business and others to lay off manufacturing and other workers in an economy that can ill-afford more job losses. They predict the recommended remedies would result in far more harm than benefit to the economy.

At the request of The Consuming Industries Trade Action Coalition (CITAC), Trade Partnership Worldwide, LLC analyzed the potential impact of the ITC recommendations on steel-producing, steel-consuming and other sectors of the U.S. economy. The study estimated the effects of two scenarios: (1) imposition of weighted average tariff recommendations of 9.2 percent on imports *other than* Canada and Mexico of the products on which the ITC found injury (low tariff scenario); and (2) imposition of average tariffs, weighted by the value of imports, of 20.7 percent on those imports (high tariff scenario).

The results are as follows:

- Steel-consuming workers have every reason to be concerned about their future. Higher costs of steel inputs and greater competition from imports of steel-containing products resulting from the proposed remedies would lead to a loss (across all sectors in the United States) of between 36,200 jobs (low tariff scenario) and 74,500 jobs (high tariff scenario). Losses of steel-consuming sector jobs would range from 15,300 to 30,600.
- Under either scenario, eight jobs would be lost for every steel job protected.
- Every state loses out under the proposed remedy recommendations, including states in the "Steel Belt."
- As draconian as these remedy recommendations are, they would not restore the U.S. steel industry to profitability. Despite the large drops in imports from the tariff increases, the tariff restrictions affect the volume of domestic production to a much greater extent than price. Under the low tariff scenario, domestic steel prices would rise just 0.2 percent as volume of output increases 2.9 percent; under the high-tariff scenario, domestic steel prices would increase 0.4 percent and volume of output, 5.9 percent.

- The remedy recommendations would not help steel workers very much either. The proposed remedies would protect between 4,375 steel jobs (low tariff scenario) and 8,900 steel jobs (high tariff scenario), at a cost to American consumers every year of $439,485 to $451,509 per steel job protected.

- The proposed remedies would slash imports. Import volumes would decline by 18.5 percent under the low tariff scenario and by 35.9 percent under the high-tariff scenario. Import prices would increase by 9.1 percent to 20.6 percent, respectively.

- Higher prices and other inefficiencies imposed by the proposed remedies would force consumers to pay a total of between $1.9 billion and $4.0 billion a year, and decrease U.S. national income by $500 million to $1.4 billion a year at a time when policy makers are looking for every way possible to boost national income growth.

- Steel-consuming industries would face greater competition from foreign manufacturers, as foreign manufacturers would have access to more competitively-priced steel inputs than U.S. steel users. The high tariffs imposed on steel imports would raise the price of these inputs for U.S. steel-using manufacturers but would not raise prices for foreign manufacturers of steel-containing products. As a result, imports of finished steel products, like electric motors, construction materials, appliances and autos, would increase.

Estimated Economic Effects of Proposed Import Relief Remedies for Steel

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Dr. Joseph F. Francois, Managing Director of Trade Partnership Worldwide, LLC, specializes in assessing the economic effects of trade policy. This includes broad-based bilateral, regional, and multilateral trade liberalization, as well as more product specific policies such as the imposition of antidumping or countervailing duty orders, safeguard actions, and the quotas resulting from the rules governing trade in agricultural goods and textiles and clothing of the World Trade Organization (WTO). He co-authored the U.S. International Trade Commission's COMPAS model during his tenure at the ITC's Office of Economics, and ran the WTO's economic modeling team during the Uruguay Round. Francois holds a Ph.D. in economics from the University of Maryland (1988). He can be reached by e-mail at francois@tradepartnership.com.

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Estimated Economic Effects of Proposed Import Relief Remedies for Steel

I. Introduction

On December 19, the U.S. International Trade Commission (ITC) formally sends to the President several recommendations for restraints on steel imports. Most of the Commissioners will recommend tariffs ranging from 8 to 40 percent, depending on the steel product. One Commissioner will recommend quotas. Under the statute, the President must decide no later than March 6 whether to provide relief and, if so, the amount of the relief.

This study reports the results of a comprehensive analysis of the likely impact of the imposition of the ITC's proposed remedies on the U.S. economy generally, as well as the specific impacts on the U.S. steel industry, and U.S. steel-consuming industries. It employs state-of-the-art modeling techniques – the same used by the U.S. Government and international organizations – to measure the impacts on the economy of the imposition of a range of tariffs on steel imports into the United States. Section II summarizes the history of the investigation. Section III presents the results of the modeling exercise. Appendices present summaries of the ITC Commissioners' votes, and a technical appendix details the model used to obtain the results presented in Section III.

II. How Did We Get Here?

It is important to keep the current Section 201 investigation in perspective. The ITC recommendations are the result of ongoing complaints, extending back to the days of the Reagan administration, from U.S. steel producers about imports, global steel production overcapacity, and, more recently, the heavy burden of costs imposed on them by retiree health and pension obligations (the so-called "legacy costs"). Ever since Reagan-era quotas on imports expired, the industry has been trying (with some success) to get new measures put in place to replace them. In this respect, steel has been continuously protected from import competition over the last 20 years or so by a string of past administrations, through a mix of quotas, countervailing duties and antidumping duties. The current investigation is another link in a long chain of events making up steel import policy. Most recently, the steel producers and the steel union had long sought a formal U.S. Government investigation of whether increased steel imports were a substantial cause of serious injury to U.S. steel producers. Such an investigation, conducted largely by the ITC, is referred to in the United States as a Section 201 investigation, because it is authorized under Section 201 of the Trade Act of 1974 (as amended).[1] Section 201 does not address the charge, made long and often by the steel industry, that steel imports are "unfair:"[2] it applies to imports from *all* countries, fairly traded and otherwise.

Once a complaint is formally lodged with the ITC, the ITC's first task is to determine whether or not increased imports are a substantial cause of serious injury[3] or a threat of future serious injury, to a U.S. industry producing a "like or directly competitive" product. If it so concludes, its second task is to recommend to the President relief that would prevent or remedy the injury and facilitate industry adjustment to import competition. This relief might be tariffs,[4] quotas,[5]

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1 The U.S. law implements provisions of the World Trade Organization's Agreement on Safeguards and Article XIX of the GATT 1994.

2 U.S. antidumping and countervailing duty laws are designed to address "unfair" imports. Such investigations are launched against specific countries (Section 201 investigations must be against all countries), and typically very specific products (the current Section 201 investigation is against virtually all steel products). Antidumping and countervailing duty investigations result in duties equal to the margin of "unfairness" calculated by the Commerce Department. The steel industry has been filing antidumping and countervailing duty cases against a wide variety of steel products imported from most major suppliers for years. In nearly all cases the Commerce Department finds dumping or subsidies; however, in some cases the ITC rules that the requisite "material injury" to U.S. producers has not been established.

3 The threshold for an affirmative finding of injury is higher in a Section 201 investigation than it is in an antidumping or countervailing duty investigation. Imports must be increasing, and they must be a substantial cause of serious injury. "Substantial" is defined as a "cause which is important and not less than any other cause." Serious injury is defined as a "significant overall impairment in the position of the domestic industry."

4 Potential tariff increases are capped at 50 percentage points above the ordinary tariff imposed.

tariff-rate quotas (i.e., one tariff level applicable to imports up to a specified quantity, and then a second, higher tariff level applicable to imports over and above that prescribed quantity), trade adjustment assistance, or any combination of these. Relief may be granted for up to four years.[6] The Commissioners may suggest different "solutions" for different products. Relief must be phased down over the period proposed. The ITC may also recommend that the President begin international negotiations to address the underlying cause of the increase in imports, or any other action "authorized under law" that would enable the U.S. industry to adjust to import competition. Finally, the ITC will recommend whether imports from Canada or Mexico should be excluded from the remedy on the grounds that they do not account for a substantial share of total imports or do not contribute importantly to the serious injury or threat thereof found by the Commission. Imports from Canada and Mexico may later be added back into the remedy if the ITC and the President conclude that a surge in imports from those countries is undermining the effectiveness of the relief.

The action next shifts to the Executive Branch. The President has 60 days to decide whether or not to impose relief and, if so, what form that relief should take. He also makes the final determination regarding whether to accept or change the ITC's recommendations about including or excluding imports from Canada and Mexico. The law requires the President to evaluate the national economic interest of taking different actions. This involves evaluating the overall impact of any action on the economy generally and the impact on other sectors than the protected sector.

The steel industry and the steel union had pressured President Clinton for much of his term to begin such an investigation.[7] However, he managed to put them off for the duration of his Presidential term. The industry's complaints

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5 Quota levels must be set at a level that is no lower than the quantity or value of imports entered during the most recent three-year period that the President finds is representative of imports of the product under investigation, unless he finds that a different quantity or value is clearly justified to prevent or remedy serious injury.

6 Relief may be extended one or more times, but the overall period of relief, including extension, may not exceed eight years under any circumstances.

7 The industry and the union had the option of filing its own petition to begin such an investigation. However, they were concerned that if they did so and undertook the heavy legal costs associated with such an investigation, and they prevailed at the ITC, there was a chance that the President would decide to not impose import restraints as a remedy on the grounds that it would be harmful to the national economic interest. But if the President initiated the petition, they believed it increased the likelihood the industry and union would get the desired results: quotas or tariffs. Typically, U.S. companies initiate Section 201 investigations, and it is rare that the President will do so. The law also authorizes the House Committee on Ways and Means and the Senate Committee on Finance to make such requests. Finance prepared its own request for a steel 201 investigation, and the current investigation is a consolidation of the USTR and Senate Finance Committee requests.

reached a crescendo during President Bush's first months in office. Steel industry supporters in both the House and the Senate nudged the decision along. Representative Peter J. Visclosky (D-IN) and others managed to line up 225 co-sponsors on legislation that would impose quotas on imports and charge a steel sales tax to raise money to pay "legacy costs."[8] Paul Wellstond (D-MN) introduced companion legislation in the Senate. In addition, Senator John Rockefeller (D-WV) pressed the Senate Finance Committee to adopt a resolution instructing the ITC to launch a Section 201 investigation.

On June 22, when U.S. Trade Representative Robert Zoellick sent a letter to the U.S. International Trade Commission (ITC) requesting it to begin a Section 201 investigation, the process officially began.

The ITC conducts Section 201 investigations based on a strict timetable. The law and ITC regulations and procedural orders prescribe procedures, from the deadlines for ITC and Presidential actions to the number of minutes private sector witnesses have to testify. Appendix A details the deadlines for various steps of the steel investigation. Because this investigation covered the vast majority of steel products,[9] including raw materials like slab, and affected every foreign supplier, including Canada and Mexico, there was no shortage of individuals wishing to present testimony to the ITC.

As noted, the first chore was for the ITC to determine whether imports were the most important single cause of serious injury or threat thereof to U.S. producers. U.S. Trade Representative Zoellick had suggested the Commissioners focus on four broad categories of steel products (carbon and alloy flat products, carbon and alloy long products, carbon and alloy tubular products, and stainless and tool steel products). The ITC elected to further subdivide these categories into a total of 33 product groupings, leaving individual Commissioners the option to group them into broader categories as they saw fit. After eight days of hearings in late September and early October, and numerous briefs filed by all of the parties, the ITC Commissioners concluded that imports of 12 of the products under investigation were injuring or threatening to injure U.S.

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8 The bill, "The Steel Revitalization Act of 2001" (H.R. 808) was introduced DATE and as of December 12, 2001 has 225 co-sponsors. The CITAC Foundation analyzed the likely impact of this legislation on steel-consuming industries and the economy generally in "Costs to American Consuming Industries of Steel Quotas and Taxes," April 30, 2001. A copy can be found on the CITAC web site, www.citac-trade.org. Paul Wellstone (D-MN) introduced companion legislation, S. 957, in the Senate on May 24.

9 Steel products were generally covered if they were classified in Chapter 72 or 73 of the Harmonized Tariff Schedule of the United States, unless they were specifically excluded. Under the Section 201 statute, products that already face Section 201 remedies may not be included in another case. Certain steel wire rod and smaller diameter line pipe were under Section 201 orders already and therefore were excluded from this case.

producers, and was evenly divided on four other products.[10] The ITC made negative determinations (i.e., concluded that imports were not a substantial cause of serious injury) for 17 product categories.[11] Appendix B provides a chart summarizing the Commissioners' votes. The imported products covered by the affirmative determinations and the tie votes accounted for 74 percent of total steel imports in 2000. The details of the reasons for the Commissioners' decisions on injury will not be know until after the report sent to the President December 19 is released to the public.

Because the Commissioners determined that some imported steel products were a substantial cause of serious injury to U.S. steel producers, they had to take the next step required by the Section 201 law: determine what remedy would address that injury and allow the industry producing those products the time it needed to adjust to import competition. The ITC held a new round of hearings the week of November 5, interested parties filed still more briefs, and on December 7 the ITC Commissioners announced the outlines of their remedy recommendations to the President. (It formally submits those recommendations to the President on December 19.) Appendix C summarizes the range of remedies. Briefly, the Commissioners suggested tariffs, tariff-rate quotas, and quotas, as well as adjustment assistance and international negotiations. Tariffs ranged from 8 percent to 40 percent. Weighting the proposed tariffs by value of imports potentially affected, the range runs from 9.2 percent to 20.7 percent, excluding Canada and Mexico from the tariffs, or 12.2 percent to 27.9 percent including Canada and Mexico in the tariffs.

Now, the action shifts to the Executive Branch. Through the inter-agency Trade Policy Staff Committee (TPSC), the Administration will collect comments from the public regarding what impact the suggested remedies are likely to have on the U.S. economy and the affected parties. The TPSC will hold hearings. The statute requires the President to issue a decision by February 17; however, he can request additional information from the ITC, the provision of which would extend that deadline to March 6.

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10 In the case of a tie vote, the President decides whether or not the result is a finding of "injury" or "no injury." In effect, the products subject to a tie vote are still under investigation.

11 Under the North American Free Trade Agreement, the Commissioners who made affirmative determinations are required to decide whether imports from Canada and Mexico account for a substantial share of total imports and contribute importantly to serious injury or threat of serious injury to the domestic industry. If imports from Mexico or Canada are found not to be the cause of injury, they will be excluded from any remedy action.

III. Estimated Impacts of the Proposed Remedies

As noted, U.S. law requires the President to take into consideration the national economic interest before providing any relief to the U.S. steel industry. A key question for the Administration and for other policy makers interested in this investigation therefore is what impact the proposed remedies will have on consumers, producers, employment, and economic output broadly.

Five of the ITC Commissioners recommended a range of tariffs and tariff-rate quotas; one Commissioner recommended quotas for most products and tariff rate quotas for the remainder. Table 1 reports the volumes and value of imports affected and the range of tariffs proposed. Again, weighting the proposed tariffs by value of imports potentially affected, the range runs from an average of 9.2 percent at the low end, to an average of 20.7 percent at the high end, excluding Canada and Mexico from the tariffs. If the President includes imports from Canada and Mexico in the tariffs, the trade-weighted range of tariffs would be 12.2 percent to 27.9 percent.

Table 1
U.S. Imports, 2000, of Steel Products for Which the ITC Found Injury
(proposed tariff ranges in parentheses)

	Volume (short tons)		Value* (millions $)	
	Total Imports	Imports Excluding Canada and Mexico	Total Imports	Imports Canada and Mexico
Carbon and Alloy Flat Products (20-40%)				
Slabs	7,259,814	5,402,489	$1,607.4	$1,171.6
Plate	950,768	782,844	398.4	311.8
Hot-Rolled Sheet	7,459,644	6,664,289	2,263.5	1,989.1
Cold-Rolled Sheet	2,763,774	2,338,379	1,287.0	1,109.1
Coated Products	2,459,329	1,586,893	1,372.8	878.7
Tin	580,196	488,587	341.6	282.6
Carbon and Alloy Long Products (10-35%)				
Hot Bar	2,531,409	1,214,149	1,103.3	581.0
Cold Bar	314,958	233,940	243.1	177.3
Rebar	1,669,829	1,616,111	362.2	347.4
Carbon307.9 and Alloy Tubular Products (13-35%)				
Welded Pipe	2,627,208	1,420,685	1,358.5	676.4
Flanges	135,399	100,592	307.9	200.2

Table 1, continued
U.S. Imports, 2000, of Steel Products for Which the ITC Found Injury
(proposed tariff ranges in parentheses)

	Volume (short tons)		Value (millions $)	
	Total Imports	Imports Excluding Canada and Mexico	Total Imports	Imports Canada and Mexico
Stainless and Tool Steel Products (8-30%)				
Bar	150,592	131,184	345.0	302.5
Rod	82,344	82,302	153.6	153.4
Tool Steel	86,550	76,398	177.6	163.3
Wire	31,340	31,028	115.8	114.7
Flanges	31,826	27,513	249.9	185.2
Total Imports	29,134,980	22,197,383	$11.667.6	$8,644.4

* Landed, duty-paid value.
NOTE: According to the U.S. International Trade Commission, imports subject to the remedy recommendations account for 74 percent of total steel imports.

Source: U.S. International Trade Commission

This chapter presents the results of our rigorous analysis of the likely impacts on the U.S. economy of the imposition of 9.2-20.7 percent tariffs on imports of the subject steel products in the first year of relief.[12] To be conservative, we assumed that the President exempts imports from Canada and Mexico from the remedy, meaning that the resulting effects on the U.S. economy would be less than if imports from Mexico and Canada were affected.[13] We also assumed a "soft" economy with unemployment, as described in the Technical Appendix (in essence, the economy is "in recession"). The methodology and data used to conduct the analysis are described generally later in this chapter, and in detail in the Technical Appendix.

The results indicate that imposition of tariffs on steel imports would have a significant negative impact on the economy generally and steel-consuming industries specifically. Simultaneously, they would provide very little benefit to U.S. producers. Table 2 summarizes the results.

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12 We did not model the impact of the quotas proposed by one of the Commissioners.

13 We therefore modeled a range of tariffs of 9.2 percent to 20.7 percent.

Table 2
Summary of Results: Estimated Impact of Imposition of Tariffs on U.S. Steel Imports

	Low Tariff Scenario (9.2% Tariffs)	High Tariff Scenario (20.7% Tariffs)
Impact on Economy Generally(millions annually)		
Total Costs to Consumers	$1,922.67	$4,019.52
- Net Welfare Costs (impact on GDP)*	$501.46	$1,429.25
- Tariff Revenues Raised	$1,179.00	$2,093.97
Impact on Steel Imports (percent)		
Change in Steel Import Volume	-18.5	-35.9
Change in Steel Import Prices	+9.1	+20.6
Impact on U.S. Steel Producers and Workers		
Benefits to Steel Producers (millions)	$242.19	$496.29
Change in Steel Employment (number)	+4,375	+8,902
Total Cost per Steel Job Protected (number)	$439,485	$451,509
Change in Domestic Steel Prices (percent)	+0.2	+0.4
Change in Domestic Steel Production (percent)	+2.9	+5.9
Impact on Steel-Consuming Industries		
Change in Steel-Consuming Industry Jobs (no.)	-15,304	-30,592
Change in Imports of Fabricated Metal Products (percent)	+0.5	+1.1
Change in Imports of Autos (percent)	+0.2	+0.4
Jobs Lost per Job Protected	3.5	3.5
Impact on Other Sectors**		
Change in Employment	-20,860	-43,910
Total Jobs Lost	-36,164	-74,502
Total Jobs Lost per Job Protected	8.3	8.4

* Total consumer costs minus benefits to U.S. producers and tariffs collected.
** This includes jobs in agriculture, retailing, services, banking, transportation, the ports, etc., which lose out when income losses in steel-using sectors feed back through the rest of the economy (e.g., reduced spending on food, clothing and shelter from unemployed steel-using sector workers), and when steel-using industries use fewer service inputs.

Source: Trade Partnership Worldwide, LLC, Washington, DC.

In brief, we found:

The proposed remedies would drastically cut imports. Under the low tariff scenario, import volumes would decline by 18.5 percent, and by 35.9 percent under the high-tariff scenario. Import prices would increase by 9.1 percent to 20.6 percent, respectively.

Higher prices, reduced availability and other inefficiencies imposed by the proposed remedies would **force consumers to pay between $1.9 billion and $4.0 billion a year**, and decrease U.S. national income by $500 million to $1.4 billion a year at a time when policy makers are looking for every way possible to boost national income growth.

Steel consuming industries would face greater import competition from foreign manufacturers of their products as foreign manufacturers have access to more competitively-priced steel inputs that U.S. steel users can no longer purchase except with high tariffs. The volume of fabricated metal products imported into the United States would increase by 0.5 percent (low tariff scenario) to 1.1 percent (high tariff scenario) and the volume of auto imports would increase by 0.2 percent to 0.4 percent, respectively.

Steel producers do not win much. Despite the large drops in imports, the bulk of the impact affects volumes of domestic production, not price. Under the low tariff scenario, domestic steel prices would rise just 0.2 percent as volume of output increases 2.9 percent; under the high-tariff scenario, domestic steel prices would increase 0.4 percent and volume of output, 5.9 percent. Steel producers score between $242.2 million and $496.3 million in windfall gains from higher prices and volume. As draconian as the remedy recommendations are, they would not restore the industry to profitability.

Steel workers would not have much to look forward to, either. The proposed remedies would **protect between 4,375 steel jobs (low tariff scenario) to 8,900 steel jobs (high tariff scenario), at a cost to American consumers every year of $439,485 to $451,509 per steel job protected.** At employment levels in the steel industry of 218,519 in 2000, tariff remedies would preserve at most 2.0 percent of U.S. steel employment at great cost to the rest of the world.

But steel-consuming workers have every reason to be concerned. Higher costs of steel inputs that they cannot pass on to their customers,[14] as well as

[14] A recent *Wall Street Journal* article describes the dilemma facing steel-users who supply the auto industry. Squeezed between rising health care, research, recall and other costs over which they have no control, and consumer refusal to accept price increases, auto makers are demanding that their suppliers of steel, rubber, electronics and other components cut the prices of their goods every year. "According to a recent study by IRN Inc., the annual price cut

greater competition from imports of steel-containing products resulting from the proposed remedies would result in **a total loss (across all sectors in the United States) of between 36,200 jobs (low tariff scenario) to 74,500 jobs (high tariff scenario)**. Losses of steel-consuming sector jobs would range from 15,300 to 30,600. Under either scenario, eight jobs would be lost for every steel job protected.

Table 3
Job Effects of ITC Remedy Recommendations
(number of jobs; SIC category in parentheses)

	Low Tariffs	High Tariffs
Total Jobs Protected		
Steel Works/Blast Furnaces (331)	+4,375	+8,902
Total Jobs Lost	-36,164	-74,502
Steel-Consuming Jobs	-15,304	-30,592
Commercial Construction (15 less 152, 16, 17)	-2,514	-5,256
Chemicals & Related Products (28)	-792	-1,567
Petroleum Refining (291)	-9	-21
Tires & Inner Tubes (301)	-40	-60
Fabricated Metals (34)	-2,852	-5,688
Industrial Machinery & Equipment (35)	-3,100	-6,102
Electric Distribution Equipment (361)	-462	-913
Electrical Industrial Apparatus (362)	-829	-1,638
Household Appliances (363)	-522	-1,030
Electrical Lighting and Wiring Equipment (364)	-1,035	-2,045
Transportation Equipment (37)	-3,147	-6,252
Other Sectors*	-20,860	-43,910
Net Jobs Lost	-31,789	-65,600

* Includes jobs in agriculture, retailing, services, banking, etc., which lose out when income losses in steel-using sectors feed back through the rest of the economy (e.g., reduced spending on food, clothing and shelter from unemployed steel-using sector workers).

Source: Trade Partnership Worldwide, LLC, Washington, DC

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requested by major auto makers and the largest suppliers averaged 3.8 percent in 1997 and 5.4 percent in 2001. But as price pressures have intensified, the ability of many suppliers to comply diminished, and, according to many industry executives, now is virtually gone. [One company] predicts that some of his competitors will be forced to find merger partners or dismember themselves. Many smaller suppliers, unable to cope with price cutting pressures, are just folding." Norihiko Shirouzu and Jon E. Hilsenrath, "As Debate on Deflation Simmers, Auto Makers Live the Experience," *The Wall Street Journal*, November 21, 2001, p. A1.

Every state loses out under the proposed remedy recommendations. Table 4 presents the job gain and loss estimates for each of the 50 states. Some of the biggest net losers are states in the steel-belt themselves: Illinois (job losses of up to 3,810, or five jobs lost for every steel job protected), Indiana (2,230 total jobs lost, or two jobs lost for every one steel job protected), Ohio (4,000 total jobs lost, or almost three jobs lost for every one steel job protected), and Pennsylvania (3,300 total jobs lost, or more than two jobs lost for every one steel job protected).

Table 4
Job Impact Estimates by State

	Low Tariffs			High Tariffs		
	Total Gains	Total Losses	Steel-Consuming Losses	Total Gains	Total Losses	Steel-Consuming Losses
Alabama	174	-536	-234	353	-1,104	-467
Alaska	0	-41	-7	0	-87	-15
Arizona	12	-546	-194	23	-1,131	-392
Arkansas	98	-359	-177	199	-736	-352
California	137	-3,727	-1,389	278	-7,702	-2,779
Colorado	23	-521	-167	48	-1,083	-338
Connecticut	40	-563	-299	82	-1,151	-596
Delaware	13	-107	-42	26	-221	-83
Florida	30	-1,585	-429	61	-3,299	-865
Georgia	26	-982	-339	53	-2,034	-680
Hawaii	0	-104	-10	0	-219	-21
Idaho	0	-134	-43	0	-278	-87
Illinois	384	-1,859	-908	781	-3,810	-1,809
Indiana	659	-1,095	-650	1,340	-2,230	-1,294
Iowa	27	-470	-237	54	-963	-471
Kansas	13	-406	-195	26	-835	-389
Kentucky	112	-557	-274	227	-1,142	-547
Louisiana	22	-481	-180	45	-996	-362
Maine	0	-147	-47	1	-306	-95
Maryland	0	-549	-146	0	-1,143	-296
Massachusetts	18	-869	-326	37	-1,794	-650
Michigan	236	-1,846	-1,161	480	-3,754	-2,311
Minnesota	22	-733	-302	45	-1,510	-603
Mississippi	25	-379	-198	50	-775	-393
Missouri	49	-832	-397	101	-1,707	-792
Montana	0	-79	-13	0	-165	-27
Nebraska	11	-237	-89	22	-490	-177
Nevada	0	-218	-53	0	-455	-109

Table 4, continued
Job Impact Estimates by State

	Low Tariffs			High Tariffs		
	Total Gains	Total Losses	Steel-Consuming Losses	Total Gains	Total Losses	Steel-Consuming Losses
New Hampshire	0	-184	-83	0	-377	-165
New Jersey	44	-950	-294	90	-1,969	-588
New Mexico	0	-153	-31	0	-321	-63
New York	83	-2,011	-581	169	-4,173	-1,165
North Carolina	32	-1,144	-522	64	-2,352	-1,042
North Dakota	0	-76	-22	0	-157	-45
Ohio	760	-1,965	-1,107	1,546	-4,009	-2,204
Oklahoma	35	-401	-165	71	-826	-329
Oregon	38	-399	-138	77	-825	-278
Pennsylvania	699	-1,599	-697	1,423	-3,290	-1,392
Rhode Island	0	-127	-49	0	-261	-98
South Carolina	55	-563	-269	111	-1,155	-537
South Dakota	0	-98	-36	0	-203	-72
Tennessee	67	-913	-490	137	-1,866	-975
Texas	168	-2,428	-941	341	-5,021	-1,889
Utah	46	-270	-99	93	-558	-200
Vermont	0	-74	-26	0	-153	-51
Virginia	30	-864	-295	60	-1,790	-594
Washington	16	-752	-319	32	-1,550	-639
West Virginia	130	-169	-51	265	-351	-102
Wisconsin	45	-1,011	-571	91	-2,062	-1,135
Wyoming	1	-52	-12	1	-109	-25
TOTAL	4,375	-36,164	-15,304	8,902	-74,502	-30,592

Source: Trade Partnership Worldwide, LLC, Washington, DC.

Clearly, in a recessionary economy, import protection that will cause such significant damage to employment is not advisable. Moreover, steel-consuming industries, many of them small-businesses, have been among a very few job-creating industries in the U.S. manufacturing sector, even in recent years. Between 1997 and 2000, steel-consuming sectors added 848,000 jobs, compared to losses in the steel sector of 10,300 over the same period. It makes little sense to hit hard one of the few manufacturing sectors of the economy – steel consuming industries – that are creating jobs to bail out an industry that is going through a much-needed adjustment process. In an effort to protect a few thousand steel jobs, policy makers would further slow economic recovery by reducing national income, and force job losses in manufacturing in the very communities they seek to help.

About the Model

Trade Partnership Worldwide, LLC, employed a state-of-the-art computable general equilibrium (CGE) model to estimate the potential impacts of the proposed remedies on the U.S. economy generally, and the steel industry and steel-consuming industries specifically. CGE models are the tools of choice for assessment of the economic impact of regional and multilateral trade agreements. They allow for assessment of the effects on broad sectors of the economy of protecting one sector, including interactions between sectors that may result.

The model we used reflects the interactions across the entire U.S. economy, rather than just within the protected industry (i.e. steel) and its immediate customers.[15] The linkages between sectors are both direct (like the input of steel in the production of automobiles) and indirect (like the use of mining inputs into steel, which feed indirectly into automobiles, and the use of both energy services and steel in the production of automobiles). The model contains 15 specific sectors: food; other primary goods; mining; steel; non-ferrous metals; fabricated metals; chemicals, rubber and plastics; refineries; automobiles and parts; other transport equipment; electrical equipment; non-electrical equipment; other manufactures; construction; and services. The Trade Partnership benchmarked the model's data for national income, trade flows and related data to the year 2000.[16] In modeling the impact of the proposed remedies, we take into account the current economic climate. Hence, the model includes job creation and destruction (i.e. unemployment) as potential gaps are created between labor earnings and the value of labor output across sectors.[17] Throughout, we assume that Canada and Mexico are left off of the remedy list. Total effects across states are based on detailed BLS data on state level employment, combined with estimated effects at the national level.

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15 The model therefore is able to capture the details of up- and down-stream impacts of trade protection, as well as the total costs to consumers and benefits to U.S. producers. It captures important linkages between sectors, in terms of both intermediate demands and competition in labor and capital markets. "Partial equilibrium" analysis can only capture the total costs to consumers and the benefits to the protected industries. The model used for this study defines the United States as a "large country," in other words, one with market power in import and export markets.

16 Basic national income data came from the Global Trade Analysis Project (GTAP) data set, updated to the most recent full year, and supplemented with data from the U.S. Department of Commerce, the Bureau of Labor Statistics, the International Monetary Fund, and the American Iron and Steel Institute.

17 For example, this means we explicitly model the release of worker from the fabricated metals industry as input costs are driven up.

Appendix A

Steel 201 Timelines

ITC Receives Letter from USTR Requesting Investigation	June 22, 2001
ITC Begins Investigation	June 22, 2001
ITC Receives Resolution from Senate Finance Committee Requesting Investigation	July 26, 2001
ITC Injury Hearings	Sept. 17, 19, 20, 24, 25, 28, Oct. 1, 5, 2001
- Field Hearing in Merrillville, Indiana	October 5, 2001
ITC Injury Vote	October 22, 2001
ITC Remedy Hearings	Week of November 5, 2001
ITC Remedy Recommendations Announced	December 7, 2001
ITC Report Submitted to President	December 19, 2001
Trade Policy Staff Committee Hearings	January 2-5, 2002
Final Presidential Decision	February 17, 2002
Final Presidential Decision, extended	March 6, 2002

Appendix B

Summary of ITC Injury Votes

COMMISSIONER'S DETERMINATIONS IN TA-201-73, *STEEL*, OCTOBER 22, 2001

Commissioner	Carbon & Alloy Flat Products							Carbon & Alloy Long Products										Carbon & Alloy Tubular Products					Stainless & Tool Steel Products										
	Slabs	Plate	Hot-rolled	Cold-rolled	GOES	Coated	Tin	Ingots	Hot bar/light shapes	Cold bar	Rebar	Rails	Wire	Strand	Nails	Heavy shapes	Fabricated units	Seamless	Seamless OCTG	Welded	Welded OCTG	Flanges	Slabs	Plate	Bar/light shapes	Rod	Tool steel	Wire	Cloth	Rope	Seamless pipe	Welded pipe	Flanges
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33
Koplan	A	A	A	A	N	A	N	N	A	A	A	N	N	N	N	N	N	N	N	A	N	A	N	N	A	A	A	A	N	N	N	N	A
Okun	A	A	A	A	N	A	N	N	A	A	A	N	N	N	N	N	N	N	N	A	N	A	N	N	A	A	N	N	N	N	N	N	N
Bragg	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	N	A	A	A	A	A	A	A	A	A	A	A	N	A	N	N	A
Miller	A	A	A	A	N	A	A	N	A	A	A	N	N	N	N	N	N	N	N	A	N	A	N	N	A	A	N	N	N	N	N	N	N
Hillman	A	A	A	A	N	A	N	N	A	A	A	N	N	N	N	N	N	N	N	A	N	A	N	N	A	A	N	N	N	N	N	N	N
Devaney	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	N	A	A	A	A	A	A	A	A	A	A	A	N	A	N	N	A
Commission	A	A	A	A	N	A	TIE	N	A	A	A	N	N	N	N	N	N	N	N	A	N	A	N	N	A	A	TIE	TIE	N	N	N	N	TIE
Canada	N	N	N	N		N	N		A	A	N									TIE		A			A	N	N	N					A
Mexico	A	A	A	A		A	N		N	N	N									N		A			N	N	N	N					A

Source: U.S. International Trade Commission

Appendix C

Summary of ITC Remedy Recommendations

TA-201-73: SUMMARY OF COMMISSION REMEDY RECOMMENDATIONS, DECEMBER 7, 2001

Product	Commissioner/Remedy Recommendation		Year 1	Year 2	Year 3	Year 4	Special Findings[1]
Carbon and alloy steel slabs	Koplan, Okun, Miller, Hillman	Tariff-rate quota	20% tariff on covered imports in excess of 7,000,000 short tons	17% tariff on covered imports in excess of 7,500,000 short tons	14% tariff on covered imports in excess of 8,000,000 short tons	11% tariff on covered imports in excess of 8,500,000 short tons[2]	Mexico
	Bragg, Devaney	Tariff	40%	38%	36%	31%	Mexico[3] CBERA[4]
Carbon and alloy steel plate	Koplan, Miller, Hillman	Tariff	20%	17%	14%	11%	Mexico
	Bragg, Devaney	Tariff	40%	38%	36%	31%	Mexico[3] CBERA[4]
	Okun	Quota	1,232,260 short tons	1,269,227 short tons	1,307,304 short tons		Mexico
Carbon and alloy steel hot-rolled flat products	Koplan, Miller, Hillman	Tariff	20%	17%	14%	11%	Mexico
	Bragg, Devaney	Tariff	40%	38%	36%	31%	Mexico[3] CBERA[4]
	Okun	Quota	4,928,712 short tons	5,076,573 short tons	5,228,871 short tons		Mexico
Carbon and alloy steel cold-rolled flat products	Koplan, Miller, Hillman	Tariff	20%	17%	14%	11%	Mexico
	Bragg, Devaney	Tariff	40%	38%	36%	31%	Mexico[3] CBERA[4]
	Okun	Quota	2,796,196 short tons	2,880,082 short tons	2,966,485 short tons		Mexico
Carbon and alloy steel coated products	Koplan, Miller, Hillman	Tariff	20%	17%	14%	11%	Mexico
	Bragg, Devaney	Tariff	40%	38%	36%	31%	Mexico[3] CBERA[4]
	Okun	Quota	1,683,282 short tons	1,733,781 short tons	1,785,794 short tons		Mexico

[1] Imports from Canada, Mexico, Israel, and beneficiary countries under the Caribbean Basin Economic Recovery Act (CBERA) and the Andean Trade Preference Act are excluded unless specifically noted in this column. Commissioners Bragg and Devaney also excluded imports from Jordan; the remaining Commissioners did not announce their Jordan findings on this date.

[2] Chairman Koplan and Commissioners Miller and Hillman only.

[3] Commissioner Bragg only.

[4] Commissioner Devaney only.

Product	Commissioner/Remedy Recommendation		Year 1	Year 2	Year 3	Year 4	Special Findings
Carbon and alloy steel tin products	Bragg, Devaney	Tariff	40%	38%	36%	31%	Mexico[5] CBERA[6]
	Miller	Tariff	20%	17%	14%	11%	Canada
Carbon and alloy steel hot-rolled bar	Koplan, Miller, Hillman	Tariff	20%	17%	14%	11%	Canada Mexico[7]
	Bragg, Devaney	Tariff	35%	33%	31%	26%	CBERA[6]
	Okun	Quota	1,961,648 short tons	2,020,497 short tons	2,081,112 short tons		Canada
Carbon and alloy steel cold-finished bar	Koplan, Miller, Hillman	Tariff	20%	17%	14%	11%	Canada
	Bragg, Devaney	Tariff	35%	33%	31%	26%	CBERA[6]
	Okun	Quota	246,033 short tons	253,414 short tons	261,016 short tons		Canada
Carbon and alloy steel rebar	Koplan, Miller, Hillman	Tariff	10%	8%	6%	4%	
	Bragg, Devaney	Tariff	35%	33%	31%	26%	CBERA[6]
	Okun	Quota	1,054,266 short tons	1,085,894 short tons	1,118,470 short tons		
Carbon and alloy steel welded tubular products other than OCTG	Koplan, Miller	Tariff-rate quota	20% tariff on covered imports in excess of 2,600,000 short tons	17% tariff on covered imports in excess of 2,680,000 short tons	14% tariff on covered imports in excess of 2,760,000 short tons	11% tariff on covered imports in excess of 2,840,000 short tons	Canada Mexico
	Bragg, Devaney	Tariff	30%	28%	26%	21%	Canada[5] CBERA[6]
	Okun	Tariff-rate quota	20% tariff on covered imports in excess of 1,400,443 short tons	17% tariff on covered imports in excess of 1,442,456 short tons	14% tariff on covered imports in excess of 1,485,730 short tons		
	Hillman	Tariff-rate quota	20% tariff on covered imports in excess of 1,400,000 short tons	17% tariff on covered imports in excess of 1,442,000 short tons	14% tariff on covered imports in excess of 1,485,000 short tons	11% tariff on covered imports in excess of 1,530,000 short tons	

[5] Commissioner Bragg only.
[6] Commissioner Devaney only.
[7] Chairman Koplan and Commissioner Miller only.

Product	Commissioner/Remedy Recommendation		Year 1	Year 2	Year 3	Year 4	Special Findings
Carbon and alloy steel fittings and flanges	Koplan, Okun, Miller, Hillman	Tariff	13%	10%	7%	4%[8]	Canada[9] Mexico[10]
	Bragg, Devaney	Tariff	30%	28%	26%	21%	Canada[11] Mexico[11] CBERA[12]
Stainless steel bar	Koplan, Miller, Hillman	Tariff	15%	12%	9%	6%	Canada
	Okun	Quota	109,440 short tons	112,724 short tons	116,105 short tons		Canada
	Bragg	Tariff	25%	20%	15%		
	Devaney	Quota and tariff	Average quantity of imports during 1996-98 plus 15%	Average quantity of imports during 1996-98	Average quantity of imports during 1996-98		CBERA
Stainless steel rod	Koplan, Miller, Hillman	Tariff	20%	17%	14%	11%	
	Okun	Quota	62,573 short tons	64,450 short tons	66,384 short tons		
	Bragg	Tariff	25%	20%	15%		
	Devaney	Quota and tariff	Average quantity of imports during 1996-98 plus 15%	Average quantity of imports during 1996-98	Average quantity of imports during 1996-98		
Tool steel	Koplan	Tariff	10%	8%	6%	4%	
	Bragg	Tariff	25%	20%	15%		
	Devaney	Quota and tariff	Average quantity of imports during 1996-98 plus 15%	Average quantity of imports during 1996-98	Average quantity of imports during 1996-98		

[8] Chairman Koplan and Commissioners Miller and Hillman only.

[9] Vice Chairman Okun and Commissioners Miller and Hillman only.

[10] Chairman Koplan, Vice Chairman Okun, and Commissioner Miller only.

[11] Commissioner Bragg only.

[12] Commissioner Devaney only.

Product	Commissioner/Remedy Recommendation		Year 1	Year 2	Year 3	Year 4	Special Findings
Stainless steel wire	Koplan	Tariff	8%	7%	6%	5%	
	Bragg	Tariff	15%	10%	5%		
	Devaney	Quota and tariff	Average quantity of imports during 1996-98 plus 15%	Average quantity of imports during 1996-98	Average quantity of imports during 1996-98		
Stainless steel fittings and flanges	Koplan	Tariff	15%	12%	9%	6%	
	Bragg	Tariff	30%	25%	20%		Canada Mexico
	Devaney	Quota	Average quantity of imports during 1996-98	Average quantity of imports during 1996-98	Average quantity of imports during 1996-98	Average quantity of imports during 1996-98	Canada Mexico

Source: U.S. International Trade Commission

Technical Appendix

An Overview of the Computational Model

A. Introduction
B. General structure
C. Taxes and policy variables
D. Trade and transport costs
E. The production structure
F. The composite household and final demand structure
G. Labor markets

A. Introduction

This appendix provides an overview of the basic structure of the computable general equilibrium (CGE) model employed for assessment of U.S. import restraints on steel. While this appendix provides a broad overview of the model, it does not provide a detailed discussion of mathematical structure. Rather, the reader is referred to Hertel (1996: http://www.agecon.purdue.edu/gtap/model/Chap2.pdf)[18] for a detailed discussion of the basic algebraic model structure represented by the core of the model's code. The model is implemented in GEMPACK -- a software package designed for solving large applied general equilibrium models. The model is solved as an explicit non-linear system of equations, through techniques described by Harrison and Pearson (1994).[19] More information can be obtained at the following URL -- http://www.monash.edu.au/policy/gempack.htm. Social accounting data are based on the Global Trade Analysis Project (GTAP) dataset, with updates necessary to benchmark the economic model to the year 2000. (The default GTAP benchmark year is 1997). Updated economic data are taken from public sources provided by the U.S. Department of Labor, the International Monetary Fund, the AISI, and the U.S. Department of Commerce.

B. General structure

The general conceptual structure of a regional economy in the model is represented in Figure A.1. Within each region (both the U.S. and the rest of world are modeled explicitly as regional economies) firms produce output, employing land, labor, natural resources, and capital, and combining these with intermediate inputs. Firm output is purchased by consumers, government, the investment sector, and by other firms. Firm output can also be sold for export. Land and natural resources are only employed in some sectors, while capital and

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18 Hertel, T., ed., (1996), *Global Trade Analysis*, Cambridge University Press: Cambridge MA.

19 Harrison, W.J. and K.R. Pearson (1994), An Introduction to GEMPACK, Second edition.

labor (both skilled and unskilled) are mobile between all production sectors. Capital is fully mobile within regions. However, capital movements between regions are not modeled, but rather are held fixed in all simulations. Labor mobility and wage setting are discussed below.

All demand sources combine imports with domestic goods to produce a composite good, as indicated in Appendix Figure A.1. These are called "Armington" composites. Armington composites represent a combination of imported and domestic goods, which serve as imperfect substitutes for each other. The relevant set of trade substitution elasticities is presented in Appendix Table A.1.

The model includes 2 regions (the United States and the rest of world) and 15 sectors. The list of sectors is shown in Appendix Table A.1. A more detailed definition of these sectors is provided in Appendix Table A.2.

C. Taxes and policy variables

Taxes are included in the theory of the model at several levels. Production taxes are placed on intermediate or primary inputs, or on output. Some trade taxes are modeled at the border. Additional internal taxes are placed on domestic or imported intermediate inputs, and may be applied at differential rates that discriminate against imports. Their actual application in the model reflects underlying social accounting data. Where relevant, taxes are also placed on exports, and on primary factor income. Finally, where relevant (as indicated by social accounting data) taxes are placed on final consumption, and can be applied differentially to consumption of domestic and imported goods.

Trade policy instruments are represented as import or export taxes/subsidies. This includes applied most-favored nation (MFN) tariffs, antidumping duties, countervailing duties, and other trade restrictions. We model steel import quotas explicitly, with quota rents collected by the exporting country. (This is identical to having an endogenous export tax, whose value is a function of the trade level determined by the export quota).

D. Trade and transportation costs

International trade is modeled as a process that explicitly involves trading costs, which include both trade and transportation services. These trading costs reflect the transaction costs involved in international trade, as well as the physical activity of transportation itself. Those trading costs related to international movement of goods and related logistic services are met by composite services purchased from a global trade/transportation services sector, where the composite "international trade services" activity is produced as a Cobb-Douglas composite of regional exports of trade and transport service exports. Trade-cost margins are based on reconciled f.o.b. and c.i.f. trade data, as reported in the underlying GTAP data set.

E. Production structure

The basic structure of production is depicted in Appendix Figure A.2. Basically, intermediate inputs are combined into a composite intermediate, and this composite intermediate is in turn combined with value added to yield a final product. For example, in the auto sector, steel is combined with plastics, machinery, and other physical inputs, and through value added activities (involving workers, equipment, and energy) yields automobiles as final output. At all stages this is represented by CES production functions. The value-added substitution elasticities are presented in Appendix Table A.1.

F. The composite household and final demand structure

Final demand is determined by an upper-tier Cobb-Douglas preference function, which allocates income in fixed shares to current consumption, investment, and government services. This yields a fixed savings rate. Government services are produced by a Leontief technology, with household/government transfers being endogenous. The lower-tier nest for current consumption is specified as taking a constant difference elasticity (CDE) functional form. The regional capital markets adjust so that changes in savings match changes in regional investment expenditures. (Note that the Cobb-Douglas demand function is a special case of the CDE demand function employed in the model code. It is implemented through GEMPACK parameter files.)

The basic structure of demand is based on Armington preferences, as illustrated in Appendix Figure 2. Under this approach, goods are differentiated by country of origin, and the similarity of goods from different regions is measured by the elasticity of substitution. Formally, within a particular region, we assume that demand goods from different regions are aggregated into a composite import according to the following CES function:

$$(1) \qquad q^M_{j,r} = \left[\sum_{i=1}^{R} \alpha_{j,i,r} M^{\rho_j}_{j,i,r} \right]^{1/\rho_j}$$

In equation (1), $M_{j,i,r}$ is the quantity of M_j from region i consumed in region r. The elasticity of substitution between varieties from different regions is then equal to $\sigma^M{}_j$, where $\sigma^M{}_j=1/(1-\rho_j)$. Composite imports are combined with the domestic good q^D in a second CES nest, yielding the Armington composite q.

$$(2) \qquad q_{j,r} = \left[\Omega_{j,M,r} \left(q^M_{j,r} \right)^{\beta_j} + \Omega_{j,D,r} \left(q^D_{j,r} \right)^{\beta_j} \right]^{1/\beta_j}$$

The elasticity of substitution between the domestic good and composite imports is then equal to σ^D_j, where $\sigma^D_j=1/(1-\beta_j)$. At the same time, from the first order conditions, the demand for import $M_{j,i,r}$ can then be shown to equal

$$M_{j,i,r} = [\alpha_{j,i,r} / P_{j,i,r}]^{\sigma^M{}_j} [\sum_{i=1}^{R} \alpha_{j,i,r}{}^{\sigma^M{}_j} P_{j,i,r}{}^{1-\sigma^M{}_j}]^{-1} E^M{}_{j,r}$$

$$(3) \qquad = [\alpha_{j,i,r} / P_{j,i,r}]^{\sigma^M{}_j} P^M{}_{j,r}{}^{\sigma^M{}_j-1} E^M{}_{j,r}$$

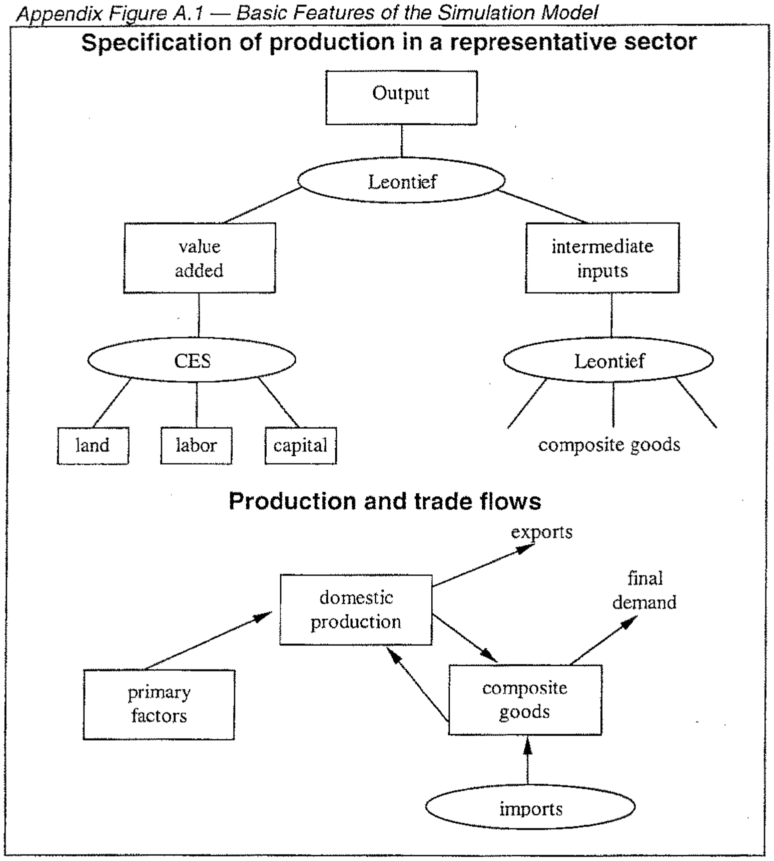
where $E^M{}_{j,r}$ represents expenditures on imports in region r on the sector j Armington composite.

In practice, because we have a two region model (the U.S. and rest-of-world), the two Armington CES nests are collapsed to a single nest. This implies that the substitution elasticities in equations (1) and (2) are equal. These elasticities are reported in Appendix Table 1.

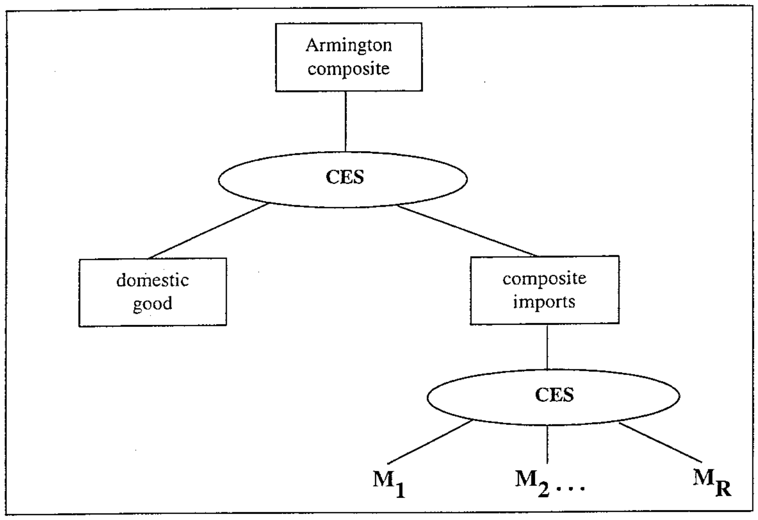
G. Labor markets

Starting from our benchmark equilibirum, we model a recessionary, or "soft" labor market, with an allowance for unemployment. To allow for limited labor market flexibility and unemployment, we employ a labor market specification where wages are held fixed and employment levels adjust. The result is that, as firms experience rising costs, they release workers to compensate.

Appendix Figure A.1 — Basic Features of the Simulation Model



Appendix Figure A.2 — Armington Aggregation Nest



Appendix Table A.1 – Model parameters

	A	B
	trade substitution elasticities	elasticity of substitution in production
1 Food	2.00	0.62
2 Other primary products	3.00	0.21
3 Mining	3.00	0.2
4 Steel	3.00	1.26
5 Non-ferrous metals	3.00	1.26
6 Fabricated metal products	3.00	1.26
7 Chemicals, rubber, and plastics	2.00	1.26
8 Refineries	2.00	1.26
9 Automobiles and parts	5.00	1.26
10 Transport equipment	5.00	1.26
11 Electrical machinery	3.00	1.26
12 Non-electrical machinery and equipment	3.00	1.26
13 Construction	2.00	1.4
14 Other manufactures	3.00	1.26
15 Services	2.00	1.39

source: GTAP database.

note: The same trade elasticity of substitution for steel is reported by K.A. Reinert and D.W. Roland-Holst (1992), "Disaggregated Armington Elasticities for the Mining and Manufacturing Sector," Journal of Policy Modeling, 4:5.

Table A.2
Concordance of Model Sectors to ISIC Sectors*

Food

(p) 1110 Agricultural & livestock production (paddy rice only)
(p) 1120 Agricultural services (servicing paddy rice production only)
(p) 1110 Agricultural & livestock production (wheat only)
(p) 1120 Agricultural services (servicing wheat production only)
(p) 1110 Agricultural & livestock production (grains except wheat & rice only)
(p) 1120 Agricultural services (servicing production of grains, except wheat & rice only)
(p) 1110 Agricultural & livestock production (non-grain crops only)
(p) 1120 Agricultural services (servicing non-grain crops production only)
(p) 1110 Agricultural & livestock production (wool only)
(p) 1120 Agricultural services (servicing wool production only)
(p) 1110 Agricultural & livestock production (other livestock production only)
(p) 1120 Agricultural services (servicing other livestock production only)
(p) 3116 Grain mill products (processed rice only)
3111 Slaughtering, preparing and preserving meat
3112 Manufacture of dairy products
3113 Canning and preserving of fruits and vegetables
3114 Canning, preserving & processing of fish, crustaceans and similar foods
3115 Manufacture of vegetable and animal oils & fats
(p) 3116 Grain mill products (except processed rice)
3117 Manufacture of bakery products
3118 Sugar factories and refineries
3119 Manufacture of cocoa, chocolate & sugar confectionery
3121 Manufacture of food products n.e.c.
3122 Manufacture of prepared animal feeds
3131 Distilling, rectifying & blending spirits
3132 Wine industries
3133 Malt liquors and malt
3134 Soft drinks & carbonated waters industries
3140 Tobacco manufactures

Other Primary Production

1130 Hunting, trapping & game propagation
1210 Forestry
1220 Logging
1301 Ocean and coastal fishing
1302 Fishing n.e.c.

Mining

2100 Coal mining
(p) 3540 Manufacture of miscellaneous products of petroleum and coal (briquettes only) **
(p) 2200 Crude petroleum & natural gas production (oil only)
(p) 2200 Crude petroleum & natural gas production (gas only)
(p) 3530 Petroleum refineries (LPG only) **
2301 Iron ore mining
2302 Non-ferrous ore mining
2901 Stone quarrying, clay and pits
2902 Chemical and fertiliser mineral mining
2903 Salt mining
2909 Mining and quarrying n.e.c.

Steel

3710 Iron and steel basic industries

* This concordance is based on the SALTER/GTAP to ISIC concordance provided by the Australian Industry Commission.

Table A.2
Concordance of Model Sectors to ISIC Sectors*

Other Non-ferrous Metals

3720 Non-ferrous metal basic industries

Fabricated Metal Products

3811 Manufacture of cutlery, hand tools and general hardware
3812 Manufacture of furniture and fixtures primarily of metal
3813 Manufacture of structural metal products
3819 Manufacture of fabricated metal products except machinery & equipment n.e.c.

Chemicals, rubber, and plastics

3511 Manufacture of basic industrial chemicals except fertilisers
3512 Manufacture of fertilisers and pesticides
3513 Manufacture of synthetic resins, plastic materials and man-made fibres except glass
3521 Manufacture of paints, varnishes and lacquers
3522 Manufacture of drugs and medicines
3523 Manufacture of soap and cleaning preparations, perfumes and cosmetics
3529 Manufacture of chemical products n.e.c.
3551 Tyre and tube industries
3559 Manufacture of rubber products n.e.c.
3560 Manufacture of plastic products n.e.c.

Refineries

(p) 3530 Petroleum refineries (except LPG) **
(p) 3540 Manufacture of miscellaneous products of petroleum and coal (except briquettes) **

Automobiles and parts

3843 Manufacture of motor vehicles
3844 Manufacture of motorcycles and bicycles

Transportation equipment

3841 Ship building and repairing
3842 Manufacture of railroad equipment
3845 Manufacture of aircraft
3849 Manufacture of transport equipment n.e.c.
3821 Manufacture of engines and turbines

Electrical machinery

3831 Manufacture of electrical industrial machinery and apparatus
3832 Manufacture of radio, television and communication equipment and apparatus
3833 Manufacture of electrical appliances and housewares
3839 Manufacture of electrical apparatus and supplies n.e.c.

* This concordance is based on the SALTER/GTAP to ISIC concordance provided by the Australian Industry Commission.

Table A.2
Concordance of Model Sectors to ISIC Sectors*

Non-electrical machinery and equipment

3822 Manufacture of agricultural machinery and equipment
3823 Manufacture of metal and wood working machinery
3824 Manufacture of special industrial machinery and equipment except metal and wood working machinery
3825 Manufacture of office, computing and accounting machinery
3829 Machinery and equipment except electrical n.e.c.
3851 Manufacture of professional and scientific, and measuring and controlling equipment, n.e.c.
3852 Manufacture of photographic and optical goods
3853 Manufacture of watches and clocks

Construction

5000 Construction

Other manufactures n.e.c.

3211 Spinning, weaving & finishing textiles
3212 Manufacture of made-up textile goods excluding wearing apparel
3213 Knitting mills
3214 Manufacture of carpets & rugs
3215 Cordage, rope & twine industries
3219 Manufacture of textiles n.e.c.
3220 Manufacture of wearing apparel, except footwear
3311 Sawmills, planing & other wood mills
3312 Manufacture of wooden & cane containers & small caneware
3319 Manufacture of wood & cork products n.e.c.
3320 Manufacture of furniture & fixtures, except primarily of metal
3411 Manufacture of pulp, paper & paperboard
3412 Manufacture of containers & boxes of paper and paperboard
3419 Manufacture of pulp, paper & paperboard articles n.e.c.
3420 Printing, publishing & allied industries
3231 Tanneries & leather finishing
3232 Fur dressing & dyeing industries
3233 Manufacture of products of leather & leather substitutes, except footwear and wearing apparel
3240 Manufacture of footwear, except vulcanised or moulded rubber or plastic footwear
3610 Manufacture of pottery, china and earthenware
3620 Manufacture of glass and glass products
3691 Manufacture of structural clay compounds
3692 Manufacture of cement, lime and plaster
3699 Manufacture of non-metallic mineral products n.e.c.
3901 Manufacture of jewellery and related articles
3902 Manufacture of musical instruments
3903 Manufacture of sporting and athletic goods
3909 Manufacturing industries n.e.c.

Services

4101 Electric light and power
4102 Gas manufacture and distribution

* This concordance is based on the SALTER/GTAP to ISIC concordance provided by the Australian Industry Commission.

(p) denotes partial allocation of 4-digit ISIC categories to a particular sector.

Table A.2
Concordance of Model Sectors to ISIC Sectors*

4103 Steam and hot water supply
4200 Water works and supply
6100 Wholesale trade
6200 Retail trade
6310 Restaurants, cafes, and other eating and drinking places
6320 Hotels, rooming houses, camps and other lodging places
7111 Railway transport
7112 Urban, suburban and inter-urban highway passenger transport
7113 Other passenger land transport
7114 Freight transport by road
7115 Pipeline transport
7116 Supporting services to land transport
7121 Ocean and coastal transport
7122 Inland water transport
7123 Supporting services to water transport
7131 Air transport carriers
7132 Supporting services to air transport
7191 Services incidental to transport
7192 Storage and warehousing
7200 Communication
0 Activities not adequately defined
8101 Monetary institutions
8102 Other financial institutions
8103 Financial services
8200 Insurance
8310 Real estate
8321 Legal services
8322 Accounting, auditing and bookkeeping services
8323 Data processing and tabulating services
8324 Engineering, architectural and technical services
8325 Advertising services
8329 Business services, except machinery and equipment rental and leasing, n.e.c.
8330 Machinery and equipment rental and leasing
9411 Motion picture production
9412 Motion picture distribution and projection
9413 Radio and television broadcasting
9414 Theatrical producers and entertainment services
9415 Authors, music composers and other independent artists n.e.c.
9420 Libraries, museums, botanical and zoological gardens,
and other cultural services, n.e.c.
9490 Amusement and recreational services n.e.c.
9511 Repair of footwear and other leather goods
9512 Electrical repair shops
9513 Repair of motor vehicles and motorcycles
9514 Watch, clock and jewellery repair
9519 Other repair shops n.e.c.
9520 Laundries, laundry services, and cleaning and dyeing plants
9530 Domestic services
9591 Barber and beauty shops
9592 Photographic studios, including commercial photography
9599 Personal services n.e.c.
9100 Public administration and defence

* This concordance is based on the SALTER/GTAP to ISIC concordance provided by the Australian Industry Commission.

(p) denotes partial allocation of 4-digit ISIC categories to a particular sector.

Table A.2
Concordance of Model Sectors to ISIC Sectors*

9200 Sanitary and similar services
9310 Education services
9320 Research and scientific institutes
9331 Medical, dental and other health services
9332 Veterinary services
9340 Welfare institutions
9350 Business, professional and labour associations
9391 Religious organisations
9399 Social and related community services n.e.c.
9600 International and other extra-territorial bodies

* This concordance is based on the SALTER/GTAP to ISIC concordance provided by the Australian Industry Commission.

(p) denotes partial allocation of 4-digit ISIC categories to a particular sector.

July 21, 2002

The Honorable Donald Manzullo
Chairman
Committee on Small Business
United States House of Representatives
Washington, DC 20515

Dear Chairman Manzullo:

The Specialty Equipment Market Association (SEMA) recently asked its steel manufacturing members to fill out a five-question survey on how they are being impacted by the tariffs imposed on certain foreign steel products by President Bush in March 2002. The following is an analysis of their responses.

SEMA is an automotive aftermarket trade association comprised of approximately 4,600 businesses nationwide that manufacture, rebuild, distribute and retail parts and accessories for motor vehicles. 98 percent of our member companies are considered small businesses. The products manufactured by our member companies include fabricated steel performance, functional, restoration and styling enhancement equipment for use on passenger cars, trucks, recreational and special interest vehicles.

We are hopeful that this information will prove useful to the Committee as it studies the unintended consequences of increased steel tariffs on American manufacturers. If you have any questions or concerns, please feel free to direct them to Brian Caudill, SEMA's Director of Public Affairs at 202-783-0865 or via E-mail at brianc@sema.org.

Thank you for your time and for your consideration of this material.

Respectfully,

Brian Caudill
Director, Public Affairs
Specialty Equipment Market Association

Serving the Motor Vehicle Aftermarket

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Telephone: 202/783-6007 • Fax: 202/783-6024
Websites: www.sema.org • www.enjoythedrive.com

Specialty Equipment Market Association (SEMA),

Steel Price Survey Analysis

July 2002

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1. **Is your company experiencing substantially raised prices on domestically produced steel? If so, please estimate how much prices have already increased. Also, please indicate if you expect additional future increases.**

The survey results break-down as follows:

Range of Price Hikes	Percentage of Respondents
None	17%
0-10%	45%
11-20%	19%
21-30%	8%
31-40%	3%
41-50%	8%

Comments: a majority of the respondents have experienced price hikes in the 6-10 percent range, while a substantial number have also sustained price hikes in the 20 percent range. Many members have not yet incurred price hikes but anticipate that they will in the future. Respondents that have already experienced price hikes are bracing for even more price increases in the coming months. A few members manufacture their products overseas and have not had price hikes.

2.) Is your company encountering steel shortages? If so, when did they start? How are you responding to the shortages?

- Some respondents stocked up on supplies before March 2002 in anticipation of the tariffs and have not yet experienced supply problems. If the practice was widespread, it may have been a contributing factor to the supply shortages. While these respondents avoided supply shortages and price hikes, they did so at the cost of paying for raw material that was not needed at the time.

- Some respondents voiced concern that steel users have been stocking up on supplies after March 2002 to: 1) avoid supply shortages; and 2) avoid even larger price hikes in future months and years. If true, this may be a contributing factor to the supply shortages and price hikes (short supply translates into higher prices).

- Some respondents have noted that supplies that normally arrive the next day now arrive two or three weeks later (with price increases).

- Many respondents have complained that it is impossible to predict when a steel shipment will arrive. Some are now attempting to build up inventories to avoid the problem.

- Some respondents have guarantees regarding tonnage supply but anticipate problems if their requirements increase over initial forecasts (the guaranteed amount).

- One respondent noted that it was becoming more difficult to locate steel that met the company's quality standards, which require it to purchase from steel producers certified to ISO 9000.

- Some respondents are being forced to purchase substitute size or type steel to be adapted to the product design, which results in a waste of material and labor.

- One respondent noted that California does not produce much steel and that California manufacturers should not be forced to rely on shipments from east coast mills (with the additional transportation costs). (A majority of the survey's respondents are based in California.)

3.) Are steel producers and suppliers breaking existing price contracts with your company in order to raise prices?

- Approximately 22 percent of the respondents have had contracts broken by their steel suppliers.

- Approximately 78 percent have either: 1) not had contracts broken; or 2) do not have contracts to break. At face value this might appear to be good news but it actually means that many of the respondents do not have the price protection that a contract provides; therefore, they are more vulnerable to the current price hikes and supply shortages.

- One respondent noted that vendors are only committing to pricing over a short period of time, such as three months, versus 12-24 months previously.

4.) **How is your company reacting to rising steel prices? For example, will your company be forced to lay-off employees, suspend or slow-down production, raise prices, etc. in order to offset increased raw material costs? Please explain.**

The responses were varied, as summarized below.

- Some respondents are passing along all of the price increases (directly transferring the domestic steel industry's price hikes to the American consumer). Other respondents are only able to pass along a portion of the price increases.

- Some respondents have contracts and are thus unable to pass along any of the price increases during the particular contract term.

- Some respondents are unable to pass along the costs because they are in competition with less expensive imported products. These respondents now have smaller profit margins.

- Some respondents are considering moving their manufacturing off-shore to improve economics. This would reduce employment in the U.S.

- Some respondents are considering importing steel fabricated parts not subject to the tariff. This would result in employment reductions.

- Some respondents are searching for new suppliers of less expensive steel.

- Some respondents are trying to absorb the higher costs by incorporating manufacturing efficiencies and product design changes.

- Some respondents have published their prices and can't increase them until they print new catalogs and price sheets.

- Some respondents expressed concern that higher prices for their products will reduce sales.

- Some respondents have been forced to lay-off employers, or are contemplating such a future action. Lay-offs are due to increased steel prices, reduced sales of their higher-priced products, or a slow down in the supply chain (no steel to make products). One company has laid off 5 percent of the salaried workforce and reduced hours by 25 percent for the hourly force.

5.) Does the increase in steel prices threaten your company's ability to remain in business?

- Only a few respondents said that the viability of their business was immediately threatened. Some noted that it was too early to assess that type of ramification. There was general concern about continued price increases impacting profit margins and, eventually, company viability.

- Respondents also mentioned that the price increases/supply shortages: 1) threatens their ability to remain financially strong; 2) makes it difficult to gain market share; and 3) makes it difficult to remain competitive with their foreign competition.

- One respondent stated that the price increases significantly reduce their ability to reinvest in the business and makes it more tempting to purchase completed product offshore.

- One respondent noted that they were being forced to use cash reserves set aside for other emergencies. Another unexpected emergency would put them out-of-business.

Chicago Tribune

WEDNESDAY, APRIL 3, 2002

U.S. steel users feel pinched by prices

Stiff competition makes new tariffs a mixed blessing

By James P. Miller
Tribune staff reporter

Jeff Musielak's little company in suburban McHenry is caught between the new U.S. tariffs on foreign steel and the forces of global competition.

For years, Musielak's family-owned Mastercoil Spring Co. has purchased its key raw material, a superfine, high-quality stainless steel wire, from a Swedish producer. But since the steel tariffs of up to 30 percent took effect two weeks ago, the Swedish supplier has demanded a higher price.

Musielak, meanwhile, says his 50-employee company doesn't have such bargaining power with its customers. They use the small Mastercoil springs to make sprayers for aerosol cans.

"These are global companies I sell to," Musielak says. "They have plants around the world. If I raise the price any, they'll just go to Europe for all their needs."

Across the country, smaller steel-consuming companies are feeling the pinch of higher prices, caused by the tariffs as well as a steadying market for domestic steel. In fact, domestic steelmakers had been boosting their prices months before the tariffs designed to save the struggling industry took effect.

Earlier this week, when the Institute for Supply Management issued its report on March manufacturing conditions, the companies it surveyed reported only one commodity in short

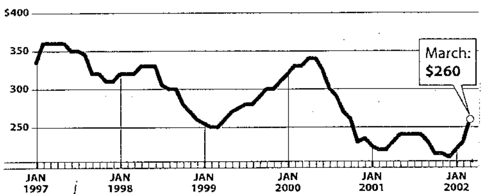
PLEASE SEE STEEL, BACK PAGE

FROM PAGE ONE

Coping with more expensive steel

The recent rise in steel prices is hurting some companies that rely on the metal to make their products. But at $260 a ton, steel is still far less expensive than it was five years ago.

Hot-rolled steel, monthly average price per ton



What's driving the market

ECONOMIC RECOVERY
With the economy on the upswing, more manufacturing companies are in the market for steel. This increased demand is sending prices higher.

TARIFFS
The United States has placed import tariffs, some as high as 30 percent, on foreign steel. As a result, low-cost steel is hard to find.

BANKRUPTCIES
More than 30 U.S. steel companies have filed for bankruptcy in the past few years, cutting production capacity by 15 million tons a year.

Source: Purchasing Magazine

Chicago Tribune

STEEL: Current jump in prices is just a prelude

CONTINUED FROM PAGE 1

supply: steel.

How could prices rise and supplies come under pressure even before the tariffs kicked in? Last year's collapse of LTV Inc. and other smaller mills, which had been selling at cut-rate prices, reduced capacity and began to firm prices for the surviving U.S. steel companies. At the same time, the U.S. economy was mounting a stronger-than-expected rebound.

With those factors converging, the situation for U.S. steelmakers has "shifted from a buyer's market to a seller's market almost in the blink of an eye," said David Phelps, president of the American Institute for International Steel, which opposes the U.S. tariffs.

In most cases, the full effect of the tariffs will be felt gradually. For big steel purchasers such as Maytag Corp., which buys steel under long-term contracts that it negotiates once a year, higher prices won't hit home until the end of 2002.

User costs continue to climb

But around Chicago and elsewhere, many smaller steel-consuming companies are bracing for trouble.

Their steel costs are up already, and clearly heading higher, while increasingly busy mills have pushed back delivery dates for orders. Meanwhile, high-volume retailers and equipment manufacturers that middleman companies supply are refusing to absorb higher prices.

"As soon as the duties were announced, the mills jacked up their prices for second-quarter deliveries and have announced third-quarter increases of as much as 20 percent," says Dennis Hack, president of Standard Steel & Wire Corp., a West Side steel "service center." Such centers buy steel in the 20-ton quantities that mills require, then store and sell the material to companies that stamp out parts.

"We're like a deli that buys a whole ham and sells it in slices," explains Hack.

Like Maytag, Mastercoil has a one-year purchase contract, but its Swedish provider is demanding to renegotiate because of the tariffs.

Through his congressman, U.S. Rep. Donald Manzullo (R-Ill.), Musielak is asking the government for an exemption that would allow him to import the

Tribune photo by Alex Garcia

Dennis Hack, president of Standard Steel & Wire Corp., surveys his inventory of prime quality steel coils, which he hopes to resell.

specialty wire without a tariff.

Long-term contracts help

Tim Marth, chief operating officer of Performance Stamping Co. in Carpentersville, says the family-owned metal business has been able to protect itself from some of the recent price hikes through longer-term contracts. It's had mixed results in trying to pass along higher prices to customers.

"It's a case-by-case situation," he says. "Somewhere along the line, somebody has to absorb it. And usually it's somebody in the supply chain." That's because automakers, appliance companies and other big manufacturers at the end of the chain have the purchasing power to reject their suppliers' attempted price hikes, he said.

Companies that use steel are approaching "a real crunch," predicts Jon Jenson, chairman of the anti-tariff Consuming Industries Trade Action Coalition. While the coalition so far has learned of only scattered job losses directly traceable to the tariffs, Jenson says more cuts lie ahead.

Standard Steel's Hack says he's heard discussion in the industry about U.S. jobs moving to Mexico, which wasn't hit with the import tariffs. But, he adds: "If the domestic mills tick the prices up as high as they say they will, the importers will be able to pay the tariff and still be money ahead."

At the American Iron and Steel Institute, the steel industry's trade group, spokeswoman Nancy Gravatt concedes that the tariffs coincided with independent price hikes for domestic steel. But, she maintains, "the bigger picture is that these [higher] prices still remain well below 1998, before this crisis really hit and cheap dumped steel began flooding our shores."

The Nation

Steel Prices Stoke Tariff Backlash

Manufacturing: As costs climb, downstream industries such as auto makers and suppliers call for Bush to reduce or rescind import duties.

By WARREN VIETH
TIMES STAFF WRITER

WASHINGTON—Steel prices have risen sharply since President Bush imposed import tariffs three months ago, causing unexpected hardship in steel-consuming industries and fueling a political backlash that could hurt the White House.

Prices of benchmark steel products have soared 30% to 50% this year, far more than predicted when the president slapped tariffs of as much as 30% on steel imports to protect domestic producers from foreign competition.

The tariffs were widely viewed as politically motivated, a bid by Bush to win Republican votes in the Steel Belt of Pennsylvania, West Virginia and Ohio. But much of the negative effect is in the adjacent Rust Belt, where auto makers and their thousands of suppliers are huge customers of the steel industry.

"I think he's doing more harm to the country than he realizes," said Michael Aznavorian, president of Clips & Clamps Industries in Plymouth, Mich., whose firm has been hit with price increases of 17% to 42%.

Officials at the Commerce Department and U.S. trade representative's office declined to comment on the price increases. But Grant Aldonas, undersecretary of Commerce for international trade, has acknowledged that the administration had not expected the initial price spike and was concerned about its potential economic effect.

Steel industry officials insist that the effect of the price increases is being exaggerated. Much of the steel consumed in the U.S. is purchased under long-term contracts that have not been affected by price spikes, which are occurring on the spot market. Even spot prices are not that high by historical standards. The average price of hot-rolled steel from 1981 through 2000 was $338 a ton, about the same as today's spot price.

"It's some of the smaller steel consumers who are more subject to spot market pricing who are making the hue and cry," said Nancy Gravatt of the American Iron and Steel Institute, which represents steelmakers. "When steel prices were at 20-year lows last December, they should have been projecting in their business plans for 2002 that the price would increase."

Even the president's critics acknowledge that other factors are contributing to the price increases. More than 20 U.S. steel mills have shut down or gone on standby in the last 18 months, reducing steelmaking capacity by 25 million tons. For the first time in years, U.S. steel companies can't keep up with demand, which is beginning to revive as the economy emerges from recession. The supply shortfall will be alleviated somewhat when new owners of shuttered plants previously operated by steelmaker LTV Corp. bring some capacity back on line in coming months.

"The moderate upturn in the economy, combined with the supply shortage, is what is really driving up the prices," said Ben Goodrich, a steel analyst at the Institute for International Economics in Washington. "I think it has very little to do with the tariffs."

But such explanations are viewed with skepticism by the people who buy raw steel and turn it into finished products.

"I think that's baloney," said Bruce Walker, who runs a metal-forming plant in Ontario. "As soon as the tariffs were announced, the prices went up immediately. Isn't that a coincidence?"

GLENN KOENIG / Los Angeles Times

Jimmy Torres at work in Walker Corp.'s metal-forming plant in Ontario. The steel parts maker employs about 130 people.

Meanwhile, low supplies of certain types of steel are causing buyers to scramble to negotiate future purchases before prices rise further. Profit margins are being squeezed in steel-using industries, which have been absorbing higher costs rather than raise prices and risk losing business to foreign rivals. There is talk of future layoffs, business failures, factory relocations—and political retribution.

"There's definitely a panic mentality out there," said steel industry consultant Christopher Plummer of West Chester, Pa.-based Metal Strategies. "I don't think there's anyone in the market ... who expected anywhere near this kind of magnitude."

The tariffs also have triggered threats of retaliation by Europe and other U.S. trading partners.

It could be several more months before the tariffs work their way through the steel markets and the effects become clear, experts say. But barely three months after the tariffs took effect, the dislocations are undeniable.

Hot-rolled sheet steel sells for about $340 a ton on the spot market, according to the June survey by Purchasing Magazine. The price has shot up 62% since December, when steel fell to 20-year lows, and has gained 48% in the months since Bush issued his tariff order.

For Walker, president of Walker Corp., a 48-year-old family-owned firm, the arithmetic is scary. Walker's company employs about 130 people, and rang up nearly $20 million in sales last year. It paid about $5 million for the steel it used to make brackets for air bags, cases for car stereos and other parts. If prices rise 20%, Walker's profit margin could disappear.

"I'm very concerned about the next year. If I can't pass these increases along to the customer, we will definitely have to reduce our work force," Walker said. "I'm a conservative by nature and generally support the president, but this was a huge mistake."

Steel users are lobbying the White House to rescind or reduce the tariffs before their scheduled expiration in 2005. Failing that, they want the administration to be generous in awarding tariff exemptions for steel products not produced in large quantities by U.S. mills. The administration received more than 1,200 exemption requests; it has approved 107.

Bush announced March 5 that he was placing temporary tariffs of as much as 30% on some categories of imported steel to give the domestic industry more breathing room to restructure. The action was based on a trade law that allows the president to protect U.S. industries whose survival is threatened by surging imports.

At the time tariffs were imposed, many industry executives, administration officials and independent economists predicted the effect on steel consumers would be limited. Average steel prices might rise 5% over time, they said, but not enough to cause appreciable damage. It now appears the administration may have miscalculated, in both economic and political terms.

"Whoever was advising him, I don't think they understood how fast the prices would increase and how much harm could be done," said Roy Berlin, president of Berlin Metals in Hammond, Ind. "I think the mills themselves have been caught by surprise at how tight the market's been. They are in a dream world right now of being able to sell any ton at almost any price."

Steel buyers said the higher prices, if they stick, are bound to reduce employment in industries that are major buyers of steel. For some firms, that could mean layoffs; for others, fewer new hires.

At GR Spring & Stamping in Grand Rapids, Mich., 10 jobs already have evaporated. That's how many people President Jim Zawacki was planning to hire to crank out a new line of engine compartment parts for a major automotive supplier. But when he revised his terms in April to reflect higher steel prices, the deal fell apart.

"We submitted a bid subject to what happened with the tariffs," said Zawacki, who keeps about 200 people busy making metal parts for cars, appliances and furniture. "We would have been hiring in 2002."

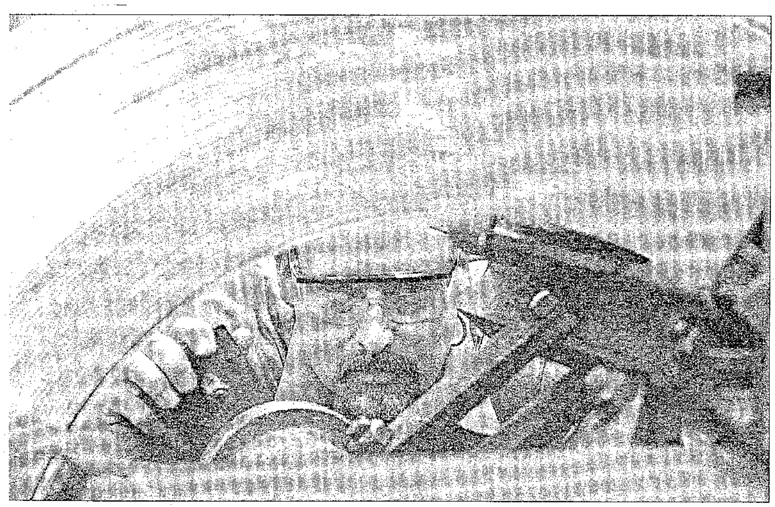
He said an additional three jobs were lost when a customer took his business to Mexico, where metal-forming firms can buy steel at tariff-free prices. Zawacki has not laid off anyone since the tariffs took effect, but he said he will have fewer employees by year's end than if Bush had not intervened.

Aznavorian, of Clips & Clamps Industries, said his suppliers no longer are willing to enter into "blanket" contracts that lock in prices for six months to a year.

"Nobody will give us a blanket," said Aznavorian, whose 60 employees generate about $10 million in annual sales. "We're basically buying everything on the open market. It's eating up my bottom line."

One of Clips & Clamps' main products is a bracket used to mount cruise control units in DaimlerChrysler trucks. Before prices began rising, Aznavorian saw a profit of about 1 cent on each 57-cent bracket that rolled off his line, with the steel used in each costing 25 cents. But the steel in each bracket now costs 37 cents, and Clips & Clamps could lose 11 cents on each bracket it ships.

Aznavorian and other steel-buying executives say they hope Bush will rescind or relax the tariffs after reviewing the effect they are having on downstream industries.



GLENN KOENIG / Los Angeles Times

Bruce Walker, president of Walker Corp., says that if he can't pass along rising steel prices to his customers, he will have to reduce jobs.

Chicago Tribune

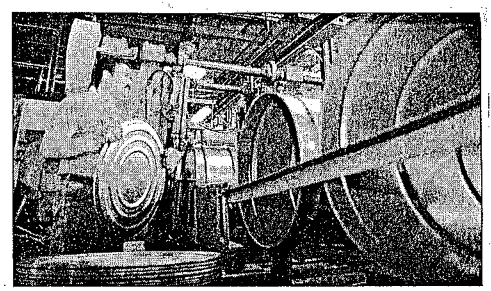
BUSINESS

SATURDAY
JUNE 29, 2002

Steel drum firms hammer tariffs

Supplies limited; exclusions sought

By Melita Marie Garza
Tribune staff reporter



Luis Miranda puts caps on steel drums as they roll by at Trilla Steel Drum, where steel prices have jumped 54 percent.

U.S. manufacturers who rely on steel to build products say the steel tariffs imposed by the Bush administration in March have led to higher prices that threaten their businesses and hurt their customers' pocketbooks.

The tariffs, which are as high as 30 percent for some forms of imported steel, have left a number of manufacturers with limited options, several executives said this week. This is particularly true for businesses requiring certain qualities and grades of steel that they say domestic producers couldn't make, even if they wanted to.

Other manufacturers say there simply isn't enough domestic U.S. steel available to fulfill their needs, despite the fact that the higher prices for steel have led some steelmakers to bring inefficient plants back online.

A segment of the manufacturers, the steel drum-makers, descended on Washington this week to air their grievances with members of Congress and representatives of the Commerce Department. Several of the companies are asking the U.S. Trade Representative's Office to exclude the kind of steel they use from the tariff provisions. Decisions on a slew of those requests, know as exclusions, are expected by July 3.

"Our steel price increase has been in excess of 54 percent," said Lester Trilla, president and owner of Chicago-based Trilla Steel Drum Corp. "It equates to around a 30 percent increase in the cost of a drum."

The steel container industry is the third-largest steel user, next to the automobile industry and the appliance industry. Steel drum-makers, who manufacture 55-gallon drums that hold products ranging from chocolate for ice cream bars to coatings for jelly beans, make up about 40 percent of the industry. The steel drum industry mainly uses cold-rolled steel.

The drummakers were organized through the Consuming Industries Trade Action Coalition, a group of companies and organizations that promotes access to global markets for U.S. consuming industries and their workers.

The drummakers are but the latest of an array of steel con-

PLEASE SEE STEEL, PAGE 2

STEEL:

Steelmakers point to low prices earlier

CONTINUED FROM PAGE 1

suming industries to complain about the tariffs. The House Small Business Commitee has scheduled a hearing July 23 on the impact of the tariffs.

But the steelmakers defend the protectionist measure, saying it is necessary to maintain a domestic steel industry

"Nobody on the buying side is going to like that there's been a rise in prices," said Nancy Gravatt, a spokesman for the American Iron and Steel Institute. "Last December, prices were at a record low level. They should have anticipated that steel prices were not going to stay at 20-year lows."

Trilla said a number of his customers are balking at the higher prices. Some customers are turning to bulk containers, made largely of plastic and wood, with some steel.

As a result, Trilla Steel Drum has cut production 15 to 20 percent, he said. "For the first time, employees are asking me: 'Are we in trouble?' "

Trilla uses Korean steel to fabricate its drums, mainly because of its quality. With domestic steel, roughly 4.5 percent of each pound is unusable. In contrast, more than 99 percent of the Korean steel is usable.

Dale Cann, president of Nesco Container Corp., Fenton, Mo., said: "The [tariffs] have caused the Koreans not to want to ship to the U.S. The decision has put us at a disadvantage."

Robert Bishop, director of purchasing for North Coast Container Corp. in Cleveland, has a different problem.

"We are primarily a domestic steel buyer," said Bishop, adding that his company had been able to find a mill to produce to the quality standards it requires. "The problem now is that we have been put on allocation."

The already tight supplies are of prime concern to Karl Svendsen, vice president of steel operations for Greif Brothers Corp., a Delaware, Ohio-based firm that owns a Chicago steel drum plant.

"The economy is still down," Svendsen said. "What if demand goes up and we can't get steel? What are we going to do?"


Lester Trilla

The problem is larger than the steel drum industry. The case of Houston-based Precision Tube Technology Inc., which makes equipment for the oil industry, highlights the way the apparent uneven granting of exclusions can wreak havoc in niche industries.

Precision Tube makes roto-rooter type gizmos that snake 20,000 to 30,000 feet into oil and gas wells. It relies on a specific form of flexible steel made by Arcelor, a European steelmaker. While Precision Tube has sought an exclusion, it has yet to receive approval for its request. Meanwhile, a major Houston-based competitor, which relies on steel produced by Sumitomo Corp., a Japanese company, already has received its exclusion.

"Our cost of steel has gone up 30 percent," said David Gullickson, Precision Tube's vice president. "Our competitor's steel has not gone up 30 percent. It wasn't intended that they should have a tariff advantage or a price advantage. We do not have and cannot find a viable domestic producer."

What's all the more puzzling to Gullickson is that Bethlehem Steel Corp. and National Steel Corp., companies that he says couldn't deliver in the past, have challenged Precision Tube's exclusion request.

Said Gravatt of the American Iron and Steel Institute: "We support the government's position that product that cannot readily be produced here be exempted. We are concerned that there already have been a number of exemptions for products that are made here."

www.usatoday.com
USA TODAY
Money
SECTION B
Wednesday, July 24, 2002

By Dawn Villella for USA TODAY

"Gravely concerned": Erick Ajax of E.J. Ajax & Sons, which makes steel hinges, brackets and clamps, says steel tariffs have increased his steel costs 40%. "When we no longer have access to globally competitive steel, that truly tips the scale."

Steel tariffs catch some in middle

Small manufacturers 'getting crushed'

By Barbara Hagenbaugh
USA TODAY

WASHINGTON — When the White House began imposing tariffs in March on some imported steel, it expected that doing so would touch off a war with trading partners. But a far more serious war is pitting American vs. American.

Cover story

On one side: Small "mom-and-pop" manufacturers who use steel to make goods that go into everything from cars to ovens to batteries say they've seen a spike in steel prices and supply shortages in the past four months. Many say they are worried they will go broke.

On the other: Steel producers argue that prices are still low. They say that the price rises are not solely the result of tariffs and that the tariffs are legal and necessary to allow the industry to rebound.

Both sides have been pounding the pavement in Washington. The manufacturers are trying to have exemptions put in place so more steel can come into the USA tariff-free. The steel producers are trying to maintain the tariffs as they are.

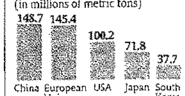
On Tuesday, manufacturers and factory workers shared their woes at a standing-room-only hearing on Capitol Hill. Merle Emery, general manager of GR

Please see COVER STORY next page ➤

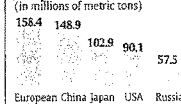
Steel demand vs. production

Demand for steel in the USA exceeded domestic production in 2001.

Top five regions for steel demand:
(in millions of metric tons)



Top five regions for steel production:
(in millions of metric tons)



Source: Organization for Economic Cooperation and Development

By Quin Tian, USA TODAY

Steel makers say prices still low

Continued from 1B

Spring & Stamping in Grand Rapids, Mich., told lawmakers that if things didn't change, his company would be "on the road to ruin."

After the March decision, one of his longtime customers, who accounted for 15% of Emery's $30 million in sales last year, stopped buying from his firm, turning to a Canadian factory with lower prices. Canada is not subject to the tariffs.

The conflict has not hit big manufacturers, who have more clout with steel producers, and is not likely to result in higher consumer prices because of heavy, worldwide competition.

Cover story

But small manufacturers are worried, especially because the tariffs came at an especially bad time — just as they were starting to climb out of a deep factory recession.

"It's absolutely horrible," Erick Ajax of E.J. Ajax & Sons in Fridley, Minn., said in an interview. Ajax says his steel costs have gone up 40% this year, mostly since March.

"When we no longer have access to globally competitive steel, that truly tips the scale big time and makes us and literally thousands of other contract manufacturers noncompetitive in the world market," Ajax says. His firm, founded by his grandfather 56 years ago, spends $3 million a year on steel, accounting for about half of its total costs.

"We're gravely concerned," he says.

But travel 1,197 miles to Charlotte and you'll hear a very different story.

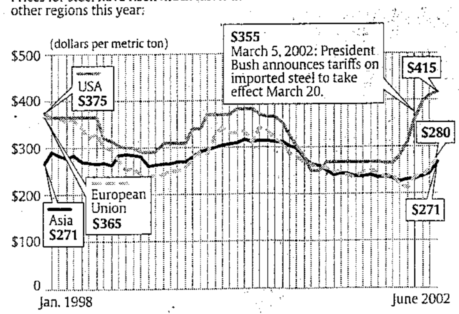
"Prices still are quite low," says Robert Johns, director of marketing for the sheet mill group at Nucor, one of the USA's largest steel manufacturers. Johns notes steel prices are still below their 20-year historical average. He also points out that costs of many types of steel have not risen and says it will be months before steel producers reap the benefits of the increased

By Stephen Jaffe, Agence France-Presse

Political point: Steelworkers rally near the White House in February to show their support for the tariffs that President Bush was considering imposing. Tens of thousands of jobs have been lost at steelmakers.

U.S. steel prices soar

Prices for steel have risen much faster in the USA than in other regions this year:



Note: Prices for hot-rolled steel sheet as negotiated for future delivery (usually three months).

Source: MEPS International

By Quin Tian, USA TODAY

prices in other sectors.

"It's not plain-vanilla simple," Johns says.

Prices up 50%

In mid-March, President Bush began imposing tariffs of up to 30% on some imported steel. The tariffs were to last three years and were seen by Democrats and analysts, at least in part, as a move to gain votes in steel-producing states.

Bush backed tariffs to aid a U.S. steel industry that had been in a tailspin since a financial crisis swept Asia, Latin America and Russia in 1997. Foreign producers, some financially supported by their governments, expanded exports to the USA when they couldn't sell at home.

From 1997 to 2001, prices for U.S. steel tumbled more than 30% to a 20-year low. More than 30 U.S. steel firms filed for bankruptcy protection, and tens of thousands of jobs vanished.

This year, things are looking up.

Prices for U.S. hot-rolled steel sheets, the most commonly bought steel product, are up more than 50%, reaching $415 a ton in June, according to Meps International, a steel consulting firm in Sheffield, England.

Several steel companies, including U.S. Steel and Nucor, recently reported earnings increases in the second quarter. U.S. Steel Chief Executive Thomas Usher says he is now "optimistic" the company will be profitable this year.

Some steel firms are ramping up production while struggling firms are being taken over by bigger, more efficient companies. And in May, the month of most recent data, U.S. steel imports were down 20% from a year ago.

"The industry for the first time in three or four years has had the opportunity to get its feet on the ground," says Andrew Sharkey, head of the Washington-based American Iron and Steel Institute.

Sharkey and others in the steel industry hesitate to declare a victory just yet, using words such as "modest improvement" to describe the upswing in prices.

"We had a fairly big basement to dig our way out of," says Terrence Straub, vice president of governmental affairs at U.S. Steel.

But folks in the steel industry and in the Bush administration point out that there are a lot of forces in steel's favor right now, not just the tariffs. The tariffs "should not be the fall guy for anyone who wants to complain about the price increase," Straub says.

Other factors boosting prices:

- **Decreased U.S. supply.** "The main reason why prices have been rising in the U.S. has been supply curtailment," says Michael Gambardella, managing director of J.P. Morgan's metals and steel group. In addition to the decline in imports, Gambardella says, four U.S. steel producers that accounted for more than 10% of U.S. steel output shut down production in 2001.
- **Depleted inventories.** As the economy slowed in 2001, producers' steel inventories rose. But those have since dropped.
- **Improved economy.** The U.S. economy is recovering from last year's recession, and demand for goods from a number of steel-dependent sectors, including car and appliance makers, has been strong. The increased demand has helped boost prices, analysts say.

Worries for small companies

These factors, combined with the tariffs, are expected to help prop up prices in the near future.

"For the next few months, the prices should remain firm, if not higher," says Leo Larkin, metals analyst at Standard & Poor's.

That's not good news for small manufacturers like Michael Aznavorian of Clips & Clamps Industries, which primarily makes car parts in Plymouth, Mich.

"We're getting very, very nervous," says Aznavorian, who runs the company that his wife's mother founded in 1954.

Aznavorian says he's losing money on one of his best-selling products, a bracket for cruise controls on trucks. Before the steel prices rose, he was making a penny on every 57-cent bracket. Now, he says, he's losing 11 cents a part.

The rise in steel prices hasn't had much impact on big steel-using firms, which buy in large quantities and therefore have considerable leverage with producers. But for the small companies, it's coming just as manufacturing is improving after suffering a deep recession that led to the loss of 1.3 million manufacturing jobs in 2001. Industrial production rose for the sixth straight month in June.

"It was very faint, but there was just about light at the end of the tunnel," says Christopher Howell of the Precision Metalforming Association. As a result of the rise in steel prices, he says, "Those that were hanging on by a string are toast. They're done."

What small manufacturers say they've seen this year:

- **Canceled contracts.** Steel users often lock in prices with producers or firms that act as middlemen between the steel companies and the steel buyers. But manufacturers say firms are canceling contracts, forcing them to pay the higher, spot-market prices.

Sometimes that's legal because steel producers have an "out clause" if prices rise. But some steel users say even if it is illegal, there isn't much they can do. If they are seen as complainers, producers will just sell their scarce products elsewhere, they fear.

- **Supply problems.** Firms say they've had deliveries delayed or canceled by companies that say they simply don't have the steel. Patricia Torres, who runs Computed Tool and Engineering in Anaheim, Calif., recently had a supplier e-mail her three weeks after taking her order to say he couldn't deliver.

"It stresses me out when you wait four months for material and then they can wait until the last minute to cancel," she says.

- **Quality issues.** While quality problems so far haven't been rampant, some users say they have seen some inferior steel on the market that never would have been accepted a year ago. But, with supplies limited, they feel they have no choice but to buy whatever products they can find.

Steel users say they are in a serious squeeze because they, unlike the producers, must compete with firms worldwide, including extremely low-cost Asian firms. They say the competition is so fierce that they simply cannot pass along the price hikes to their buyers. In fact, most U.S. companies that buy from steel users are demanding the manufacturers cut prices.

That means steel users must find a way to cut costs elsewhere or they will see their bottom lines shrink. For consumers, it means prices will only rise a little, if at all, for products made with steel.

"We're in the middle, and we're getting crushed," Aznavorian says.

"They (administration officials) really have created a mess," says Frank Mehwald of Atlantic Tool & Die in Strongsville, Ohio. "It's going to cost a lot of jobs, and it's not going to get them any votes."

White House officials say they are watching prices and are producing a weekly report to measure the effect of the tariffs. The administration promised in March that it would re-evaluate the tariffs about 18 months after they started and make changes if needed.

"It's a concern," says Grant Aldonas, head of the Commerce Department's International Trade Administration, of the increase in prices paid by users.

Analysts and Aldonas expect prices to level off, perhaps at the end of the year, as more production comes on line and supply and demand balance out.

"My guess is that it will work itself out," Aldonas says. "There is enough incentive on the part of the steel companies to supply these guys."

A2 TUESDAY, JULY 23, 2002 THE WALL STREET JOURNAL.

Steelmakers Post Improved Results For 2nd Quarter

By Robert Guy Matthews

Buoyed by import tariffs, the country's two largest steelmakers reported vastly improved second-quarter results, as mills operate at nearly full capacity and prices rise.

The outlook for the rest of the year looks solid, the steelmakers say, as supply remains tight and prices continue to climb.

Pittsburgh-based U.S. Steel Corp., the country's largest steelmaker, said it had earnings of $27 million, or 28 cents a share, compared with a loss of $30 million, or 34 cents a share, last year. Excluding charges, U.S. Steel had profit of $17 million, or 18 cents a share, beating Wall Street analysts' expectations. According to Thomson First Call, a consensus of analysts had expected the company to post a loss of seven cents a share, with the estimates ranging from a profit of 14 cents a share to a loss of 21 cents.

Thomas J. Usher, U.S. Steel's chairman and chief executive officer, said that he expects the company to become profitable in 2002, its first profit since 2000. U.S. Steel also said that it would take a $100 million pretax charge related to an unfavorable pension settlement later this year.

Average realized prices in the second quarter of 2002 were $402 per ton, up $25 from the 2002 first quarter, as prices on most products increased and the company shipped more high-value steel.

"We capitalized on improved shipments, operating efficiencies and prices for both our domestic and Slovakian operations during the second quarter," Mr. Usher said. "Steel production facilities operated at high levels with domestic operations at 94% of capability and U.S. Steel Kosice (USSK) at 96%."

Another steelmaker, **Bethlehem Steel Corp.**, also reported improved, though still profitless, second-quarter results. The Bethlehem, Pa., steelmaker, operating under Chapter 11 bankruptcy protection, posted a loss of $119 million, or 82 cents a share, for the second quarter, compared with a loss of $1.13 billion, or $8.80 a share, in the year-ear-

Please Turn to Page A8, Column 6

Steelmakers Report Big Improvements In Quarterly Results

Continued From Page A2

lier period. Last year, the company's earnings were dragged down by a $1.01 billion charge to write off the value of a deferred-tax asset. Bethlehem had gradually built that asset, consisting of future tax credits, over time and had been planning to use those credits to offset future tax obligations. However, credits like these are valuable to a company only if it is profitable and paying income taxes. Bethlehem said it was taking the charge to comply with accounting rules that require companies to write off such assets when they have reported large losses in recent years, as Bethlehem has. In the fourth quarter of last year, the company filed for bankruptcy-court protection.

Major domestic steelmakers reported better earnings this second quarter, especially when compared with the first quarter of the year and the last quarter of 2001, a period of record losses for domestic companies. During that period, many of the mills were operating at capacities of 60% to 70%. Most mills need to operate at around 80% of capacity to be profitable.

Since President Bush announced in March that he would begin 8% to 30% tariffs on imported steel, the domestic steelmakers have seen their fortunes reverse.

Currently, domestic steelmakers are lobbying Washington and playing down the effects of the import tariffs so as not to appear to have gained a stranglehold on the domestic steel market. Steel consumers and foreign steelmakers have complained loudly and constantly that the tariffs are causing steel prices to jump too high, too quickly. With the Europeans leading the charge, foreign steelmakers and their governments have threatened to enact a trade war if the tariffs aren't significantly weakened.

Last week, the Europeans backed off somewhat from their threats, saying that the Bush administration was answering some of their concerns by granting tariff exclusions to key imported steel products from steelmakers in the European Union.

Sunday Register Star

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STEEL SHAKEOUT: AN INDUSTRY UNDER ATTACK

“You’re (President Bush) costing us American jobs. Americans are getting laid off because of what you are doing.”

— **Don Metz** of Metz Tool on the steel tariffs imposed four months ago by the Bush administration

Bush tariffs backfire on local steel users

■ Heavy toll in a short time

More than 34 U.S. steel companies have gone bankrupt since late 1997. In an effort to turn the tide, President Bush has imposed tariffs on steel imports, but experts question whether the industry can be saved.

■ Small manufacturers struggle

Bush’s tariffs have added to the woes of small manufacturers in the Rockford area who already face threats from intense foreign competition and a lackluster economy.

END OF AN ERA

To small manufacturers, some of whom inherited machine shops from their fathers and grandfathers, the business represents a job and a heritage. Now, as dozens of companies go bankrupt, these people say their lifestyle is under attack.

MIXED BLESSING

Although the steel tariffs have taken a toll on tool-and-die manufacturers, other Rockford companies say they have seen few adverse effects.

Holly McQueen/Rockford Register Star

Crane operator Joe Perry moves a coil of steel onto a press at Rockford Toolcraft. The steel will be turned into parts for a Dell computer product.

IN WASHINGTON

Rep. Don Manzullo, chairman of the U.S. House Committee on Small Business, has scheduled hearings on the tariffs Tuesday. He hopes to persuade the administration to rescind the taxes.

INSIDE

- Heritage Mold Inc. is one example of dozens of area manufacturers trying to survive. **1F**
- How a tool-and-die firm made life better for Matthew Metz, a victim of Duchenne's muscular dystrophy. **1F**

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- Find out how the steel industry has deteriorated.
- Track bankruptcies of U.S. steel companies.
- What are tariffs and how do they affect manufacturers?
- Link to Tuesday's live broadcast of hearings at the U.S. House Committee on Small Business.

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SUNDAY • Business

SUNDAY, July 21, 2002 Rockford Register Star rrstar.com F

STEEL SHAKEOUT: AN INDUSTRY UNDER ATTACK

“ They can't stay afloat for another 17 months before the tariffs end. ”

— **Rep. Don Manzullo,** who will hold hearings Tuesday on how the Bush administration's steel tariffs affect small manufacturers

Tariffs strangle area shops

Already-fragile manufacturing base damaged, threatened

By SASHA TALCOTT
Rockford Register Star

At twilight, a street lamp shines on a can of lukewarm iced tea outside Heritage Mold Inc., the only sign of life in the Rockford toolmaker's weedy parking lot.

Two years ago, the shop on Forest View Road brimmed with activity as men worked 60 hours a week, second shifts and overtime. Now, with a 32-hour workweek and the number of employees reduced almost by half, Heritage Mold joins dozens of Rockford-area manufacturers trying to survive in a business climate where the rules never again will be the same.

For small manufacturers such as Heritage Mold, President Bush's tariffs on imported steel expose a painful contradiction: Designed to bail out America's steel mills and keep jobs at home, the tariffs also deal a harsh blow to many shops that rely on steel. Steel prices have soared 20 percent to 40 percent in the four months since the tariffs took effect, and Rockford manufacturers report shortages in supply as well. Steel that once took weeks to order now takes months — if manufacturers can get it at all.

If the high cost of steel forces businesses to raise prices, manufacturers fear that their customers will take their work elsewhere — to companies in China, Malaysia or Japan, which can produce many of the same products at a fraction of the cost.

As global competition intensifies, Rockford small manufacturers are cutting costs and reducing work schedules, hoping that the economy will rebound.

So far, layoffs have been light, but manufacturers said that will change if orders remain stagnant for too long.

“The shakeout is already going on,” said Lloyd Falconer, secretary-treasurer of Seward Screw Products Inc. in Seward. “It's really coming to a head now. The competition is fierce. You either grow or you die. No one can stand still, or a train will hit you.”

Lloyd Falconer

Local manufacturers also say they are fighting to preserve something far more fundamental than gears, machinery and profits: They refuse to give up their optimistic, utilitarian American way of life.

“The saddest truth is, off the backs of your grandfather and my grandfather is how we built this country,” said Don Metz, president of Metz Tool & Die in Rockford.

Don Metz

“Now that economy is not being passed down to future generations. I'm still optimistic about where we're going to go, but the bottom line is that the steel tariff does not help.”

Rep. Don Manzullo, R-Egan, will hold hearings Tuesday on how the tariffs affect small manufacturers.

Manzullo, chairman of the House Committee on Small Business, already has brought two Rockford tool-and-die manufacturers to Washington to speak to Congress and lobby the Bush administration to rescind the tariffs. The congressman has received a three-inch stack of letters from people nationwide protesting the tariffs.

He campaigned successfully to get tool steel, used by many Rockford shops, exempted from the tariffs.

“These things have hurt the very fragile manufacturing base we have in Rockford,” Manzullo said. “All of the wrong stars are lined up against them. These people can't stay afloat for another 17 months before the tariffs end.”

Saving steel

When President Bush issued an executive order in March to tax foreign steel, he spoke mostly of hope, compassion and the need to save American jobs.

In the past four years, more than 30 American steel companies have declared bankruptcy, throwing more than 45,000 people out of work. The bankruptcy of Northwestern Steel and Wire Co. 18 months ago sent shockwaves through the community of Sterling and left more than 1,500 people jobless.

Steel companies blamed the decline of the industry on a glut of cheap foreign steel that flooded the marketplace. The industry appealed to Washington for protection, and it received relief in the form of wide-ranging taxes on steel imports.

The tariffs, which range from 8 percent to 30 percent, last for three years — enough time, steel mills argue, for them to consolidate business and adapt to global competition.

But the protectionism evoked an outcry from American steel-using industries and foreign countries, which contend the tariffs violate the rules of international trade.

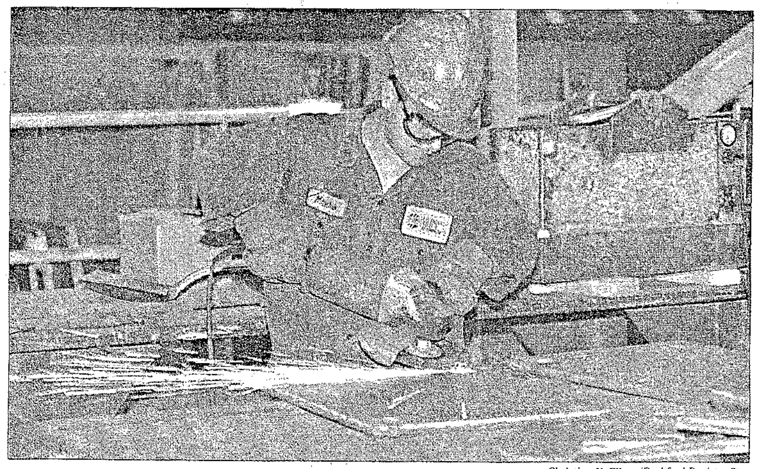
In Rockford and across the country, steel users argued that bailing out large steel mills placed small businesses in a stranglehold and forced them to absorb unfair cost increases.

“I wish President Bush were sitting here with you and me right now so he could see the problem,” said Don Metz of Metz Tool. He would tell Bush: “You're costing us American jobs. Americans are getting laid off because of what you're doing.”

Aaron Schavey, policy analyst at the Heritage Foundation, a conservative Washington, D.C., think tank, estimated that for every job saved in the steel industry, eight will be lost in industries that use steel.

“Users of steel have been hammered by it,” Schavey said. “You're hurting far more people than you're helping.”

But some Rockford manufacturers said they are willing to



Christina N. Elbers/Rockford Register Star

Nicholas Dominguez, a parts-finisher at Liebovich Brothers Steel & Aluminum Co. in Rockford, cleans parts after they were flame-cut. For such small manufacturers, President Bush's tariffs on imported steel have dealt a harsh blow. Many area shops are cutting costs and reducing work schedules, hoping that the economy will rebound.

pay higher prices if it prevents America from becoming dependent on foreign steel.

Jerry Busse

Jerry Busse, president of Rockford Toolcraft, said national defense should take priority over his own business interests. In the past four months, Busse said, the domestic steel he buys has increased from 17 cents a pound to 20 cents — a figure that adds up quickly when Rockford Toolcraft uses 175,000 pounds of steel a day.

> "A lot of these Rockford shops are hanging on by a thread. It's very slow. They're dead in the water."
>
> — **Jack Wilcox,** an engineering manager for Heritage Mold Inc. of Rockford

Still, he said steel is cheaper than when he started the die-and-stamping business 25 years ago, costing "less than you'd pay for rocks." The Rockford company employs about 140 people and has made parts for DaimlerChrysler and Ingersoll-Rand Co.

"Everyone is looking at it in a very selfish manner," Busse said. "It's unpatriotic. All of these crybabies should pay more for steel if it's going to help save our industry. I'm all for that."

Impact on workers

For workers, too, the string of manufacturing woes creates an environment of constant uncertainty: They see friends and colleagues laid off from jobs, and they know they could be next.

Marcelino Fajardo, production manager at Cherokee Industries in Hampshire, works nine hours a day, and soon might scale back to eight.

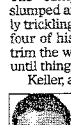
He notices the difference in his paycheck, which now is far smaller than when he put in back-to-back shifts of up to 20 hours a day.

Sales at the 20-employee company sank from $3 million to $2 million last year, and the company reduced its work force by one-third.

"Everyone is worried about being laid off," said Fajardo, who emigrated from Mexico in 1976. "We just don't have enough work for everyone. I can see that the orders are not there."

Two months ago, A-American Machine owner Mark Keller called his workers together for a painful announcement: The company's profits had slumped and orders were barely trickling in. He would lay off four of his 20 employees, and trim the workweek to 32 hours until things got going again.

Keller, a straightforward man who fondly refers to employees as "my guys," said the decision was painful but necessary.



Mark Keller

"It was very emotional," he said. "It affected each and every one of us. It hurts."

For those who remain, the reduced workweek means some small sacrifices, but employees still worry they could be next in the unemployment line.

Shawn Van Barriger, a mill operator at A-American, said smaller paychecks mean he will give up his hobby of carving poker tables out of wood, cut back on eating out and eliminate vacations in Wisconsin.

Machinist Warren Weerda said he likely will not be able to attend another NASCAR race until business picks up again.

Sales at A-American dipped to $1 million this year from $1.4 million last year, Keller said. The company's steel costs have jumped 20 percent since Bush imposed the tariffs. After manufacturing orders sagged more than 70 percent, Keller said A-American will shift its focus to other enterprises.

The company now maintains newspaper printing presses. It also bought a line of hand tools and a food-packaging machine.

Instead of manufacturing parts to order, A-American will specialize in repairing and replacing parts for customers.

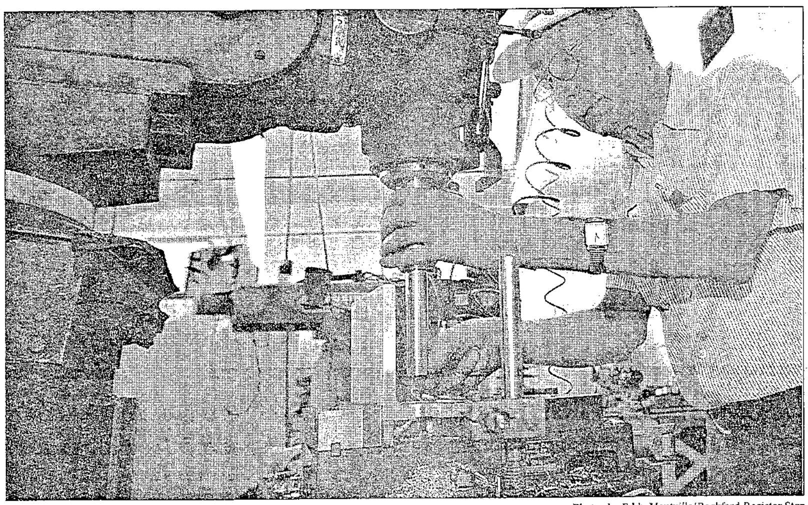
"We'll survive," Keller said. "We're just going to have to adapt. We'll play by different rules and make money where it's available. If it means we'll have to change fields or restructure, we'll do it."

As sales of foreign steel slowed in response to higher prices, local small manufacturers report that American steel has become more difficult to obtain.

Randy Gay of Action Tool said it takes up to two months to order steel. Before March, it took five weeks. At the same time, he said, the price he pays for that steel increased between 40 percent and 50 percent.

Tariffs strangle, threaten area manufacturers

▶ Continued from Page 1F

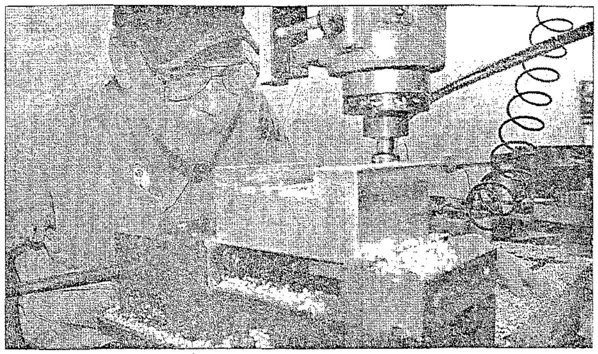


Photos by Eddy Montville/Rockford Register Star

Machinist Warren Weerda does milling work at A-American Machine and Assembly in Rockford. Two months ago, A-American owner Mark Keller laid off four of 20 employees and trimmed the workweek to 32 hours because of slumping orders and profits.

When a customer recently placed an order, Action Tool had to scour local steel distributors to meet it. Gay said the company ended up buying part of the steel from one distributor and part from another — and that Action Tool was lucky to get the steel at all.

"This could put us right out of the ball game," Gay said. "It could snowball into something the president never expected."



Machinist Shawn Van Barriger works at A-American Machine and Assembly in Rockford. Sales dipped to $1 million this year from $1.4 million last year. Meanwhile, the company's steel costs have jumped 20 percent since President Bush imposed the tariffs. The company maintains newspaper printing presses, including those owned by the Rockford Register Star and the Chicago Sun-Times.

Steel artists

Though struggling, the tool-and-die industry still employs some of the region's most highly skilled and highest-paid blue-collar workers.

Most tool-and-die makers undergo years of education and training, including formal apprenticeship programs with manufacturers. The U.S. Bureau of Labor Statistics estimates that Rockford tool-and-die workers earn nearly $21 an hour, which does not include overtime pay that workers reaped when the economy was strong.

The Rock River Valley is home to about 70 tool-and-die shops and hundreds of other companies that use steel. Beyond making parts, many in the tool-and-die industry view themselves as creators and innovators as much as manufacturers.

In the office of his Rockford shop, Don Metz has covered a countertop with AstroTurf. On it he placed miniature statues of famous American baseball players made by Metz Tool for Major League Baseball more than a decade ago.

He said Metz Tool fashioned its identity around pioneering new products, hoping to ward off foreign competition. The 30-person company designs specialty molds, faucet heads and other custom metal parts.

"We are artists who sculpt in steel," Metz told the U.S. House Committee on Small Business when he testified in April.

"Everything that is mass-produced, from the plastic rattle you shake as a baby to the hardware that decorates your casket when you are laid to rest, comes from our industry."

Today, many in the industry link tool-and-die manufacturing with down-home American values in the face of a market impossibly stacked against them.

In Seward, a tiny town of 300 people in western Winnebago County, the post office shares space with the general store, across the street from a kindergarten classroom. Seward Screw is next door to a meatpacking plant and a soybean field, a mile or so down the road from a barn painted with an American flag.

Seward Screw is by far the town's largest employer, drawing 125 workers from all over the region.

Business remains strong — thanks, in part, to Seward Screw's largest customer, Harley-Davidson.

> “Everything that is mass-produced, from the plastic rattle you shake as a baby to the hardware that decorates your casket when you are laid to rest, comes from our industry.”
>
> — **Tool-and-die maker Don Metz** to the U.S. House Committee on Small Business

parts for Harley's Milwaukee plant.

Still, Seward Screw's Falconer said planning for orders has become far more difficult since Bush imposed the tariffs. It now takes up to five months to order steel, where it once took six weeks.

The company also makes gear blanks and electrical fittings, but not screws.

"We're a can-do, nuts-and-bolts kind of town," Falconer said. "That's just who we are. The heart and soul of the Rockford area is the heart and soul of America. We have a lot of common sense and a real lot of practical knowledge of how to get things done."

Threats from abroad

Although Bush's steel tariffs have pummeled local manufacturers, the tariffs are just one in a series of problems they face.

Intense competition from foreign companies and high labor costs put pressure on local shops, and manufacturers saw orders slump when the dot-com bubble burst two years ago.

Many Rockford shops tell the same tale: Once-loyal customers are flocking to Chinese manufacturers, which are freed from the demands of unions or environmental controls.

Customers often force small manufacturers to make the painful decision to either accept impossibly low prices or forfeit the job altogether.

"We're expected to compete against countries where workers earn $20 a week and live in cardboard boxes," said A-American's Keller. "We're not going to compete. I'm not going to ask my guys to live in a cardboard box."

At Heritage Mold, foreman Tim Barkdoll said that every day he sees the empty benches of five men who no longer work in the shop.

Buckling under the company's reduced work schedule, two men left for other jobs. One died, and two were laid off near Christmas. None was replaced.

"Morale has been bad," said Todd Friberg, a tool maker who has worked at Heritage Mold for seven years. "It's just depressing. The shop is quiet. The machines aren't running. We're just scraping by."

Heritage relies mostly on tool steel, which is exempt from the steel tariffs. The exemption helped, owner Bennett Franzen said, but not nearly as much as if Heritage could match the low prices of its global competitors.

In the past two years, sales have shriveled to $700,000 from $2 million, a "devastating" decline that Franzen blames on global competition, a sagging economy and Sept. 11 attacks.

Franzen, who scaled back to a 32-hour workweek, said he sees small signs that orders are picking up.

But foreman Barkdoll said that the slight increase has yet to register in the shop. With the reduced schedule, he said, he no longer can afford to buy a used car for his 16-year-old daughter.

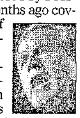
"This is the first time I've not been able to say, 'Hey, it's going to get better,' " Barkdoll said. "It hasn't happened. We're still down."

For now, most Rockford tool and die manufacturers are playing a waiting game.

"A lot of these Rockford shops are hanging on by a thread," said Jack Wilcox, an engineering manager for Heritage Mold. "It's very slow. They're dead in the water."

Bush administration's tariffs a compromise

Steel tariffs imposed by President Bush four months ago cover a wide range of materials and countries.



President Bush

Critics have accused Bush of putting the tariffs in place to win votes in steel-producing states such as Pennsylvania; but in many ways, the tariffs represent a compromise.

For example, the administration exempted from the taxes a variety of the metal called tool steel, which about one-third of Rockford small manufacturers use.

The steel industry had lobbied the government to impose 40 percent tariffs and to assume responsibility for the health and pension funds of thousands of aging steelworkers nationwide. Those legacy costs total about $12 billion, steel companies estimate.

The administration refused to do that, saying it would set a bad precedent for other industries.

Robert Crandall, senior fellow of economic studies at the Brookings Institution, said no amount of tariffs or bailouts could save large old-line steel mills.

Worrying about their demise is "like worrying about the disappearance of the manual typewriter industry," he said.

While old-line steel mills stagger, a new type of American mill is taking market share away from the industry leaders. Called "mini-mills," these leaner competitors make steel from scrap metal and have significantly lower labor costs.

Steel-tariff opponents argue that mini-mills are the real threat to the old-line facilities and that government should let market forces wipe out inefficient steel companies.

"It makes (Bush) look like a fool in the eyes of the world," said Crandall, who has studied the issue on behalf of steel-using companies. "It has subjected him to such enormous ridicule. Really, it'd be much cheaper to pay off all the people in the steel industry who have lost their jobs and ship them all off to Florida."

In Rockford, many small manufacturers said they likely would support bailing out old-line steel mills if the tariffs were guaranteed to work.

But Lloyd Falconer, secretary-treasurer of Seward Screw Products Inc. in Seward, said America's steel mills might be a lost cause.

"They're operating in the 19th century," he said.

"They never made it to the 20th. They're going to walk to their own drummer and the customer be damned."

— *Sasha Talcott*

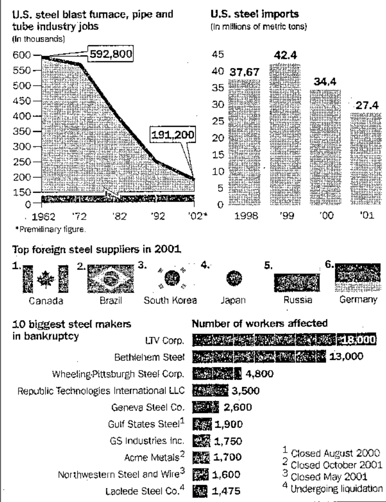
Local steel shops feel the strain

They're some of the highest-paid and most skilled blue-collar workers in America. So why are local manufacturers fighting for their lives?

- **Foreign competition:** Many companies in developing countries pay workers less and are not subject to environmental regulations. They can make cheaper products and undercut U.S. manufacturers.
- **Recession:** Manufacturers are one of the best barometers of economic health. They generally are the first to experience slowing orders and also the first to see the economy pick up. Some say they see no end to the economic slump.
- **Steel tariffs:** In March, President Bush imposed taxes of 8 percent to 30 percent on imported steel. Shielded from foreign competition, domestic steel companies raised their prices as well. Overall, the price of steel has increased 20 percent to 40 percent since the tariffs were imposed, according to the Heritage Foundation in Washington.
- **Strong U.S. dollar:** Weak foreign currencies and a strong U.S. dollar make it easier for U.S. companies to import products but more difficult for manufacturers to sell their products abroad.

Steel companies blame imports for job losses, but critics doubtful

Steel companies and unions say a surge of unfairly priced imports is killing U.S. steel mill jobs. But imports fell in recent years and the American industry simply cannot compete with modern, cutting-edge plants in Europe, Asia and South America, critics say.



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- **View pictures** of Rockford's steel industry.
- **By the turn** of the century, Andrew Carnegie was the world's richest man, and he made much of his money through steel. Find out how the steel industry has deteriorated.
- **Track the bankruptcies** of American steel companies by region.
- **What are the steel tariffs** and how do they affect Rockford manufacturers?
- **Learn quick facts** about the steel crisis.
- **Find out** which steel products are affected by the tariffs.
- **Read a Rockford** manufacturer's testimony in Congress.
- **Link to Tuesday's live broadcast** of U.S. House Committee on Small Business hearings.

Some shops not hurt by steel tariffs — yet

By SASHA TALCOTT
Rockford Register Star

As rising steel costs make it tough for many small Rockford manufacturers to stay afloat, other companies say tariffs that have forced steel prices upward have had mixed effects.

Liebovich Bros. Inc. is the largest local player in Rockford's steel industry, shipping 700 tons of steel daily. When President Bush announced the tariffs four months ago, the value of the company's inventory of 20,000 tons of steel increased immediately.

Although profits are down and the company is not hiring, Liebovich recently expanded its Rockford distribution plant to anticipate an economic upswing.

At Liebovich's 500,000-square-foot distribution center on a muggy June afternoon, workers wearing blue hard hats with U.S. flag decals maneuvered overhead cranes to hoist bars of steel, cut them to order and sort them by an intricate color-coding system.

The company buys steel from mills and cuts it to the specifications of heavy-metal users, saving their customers the cost and hassle of cutting metal themselves.

Larry Liebovich, executive vice president, said that the company has had trouble maintaining a steady supply as steel mills have failed. So, he said, the tariffs will bring much-needed stability to the industry.

"Our prices were way too low," Liebovich said. "I knew the problems were coming a long time ago. It was just a matter of which recession was going to get them."

Although the value of Liebovich's inventory increased, he worries that the tariffs will not be enough to bail out besieged steel mills.

Conversely, he said, he's concerned that his customers may be squeezed out of business by overseas competition if the price of steel rises too high.

To anticipate these scenarios, Liebovich will sell its inventory as quickly as possible. It also is preparing to pick up the slack from any competitors who go bankrupt.

Liebovich recently expanded its operation by 125,000 square feet, linking its train tracks with its storage center.

In the midst of that expansion, however, a red sign in Liebovich's entryway cautions visitors, "Employee applications not being taken at this time."

> "It's very vulnerable, but we don't lose money. We don't print red ink around here."
>
> — **Larry Liebovich** about how his company has been affected by steel tariffs

Although the company's fortunes generally parallel the ups and downs of the steel mills, Liebovich said, it has managed to stay above water even as other mills have gone under.

"It's very vulnerable, but we don't lose money," he said. "We don't print red ink around here."

A-1 Wire, which makes stainless steel and nickel alloy wire, is another Rockford company that has experienced few negative effects from the steel tariffs.

In the past four months, A-1 Wire saw overall cost of stainless steel jump by about $1 million, but the company passed much of that price increase on to customers, said controller Tony Coldagelli.

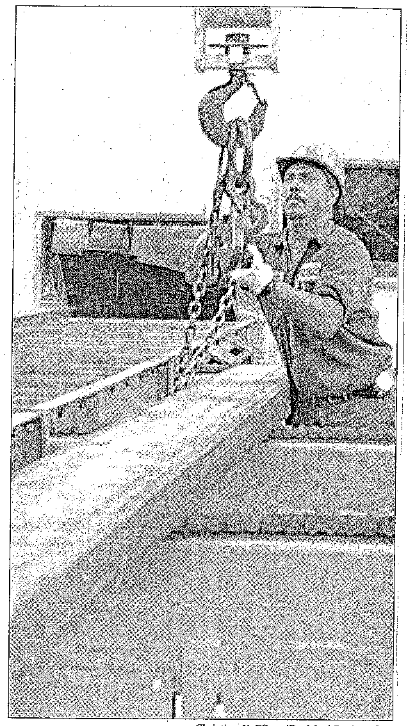
The 75-person company uses about 10 million pounds of steel a year, much of it imported.

After Bush imposed the steel tariffs, A-1 stopped importing steel from Korea and Taiwan but still buys steel from India, which is not covered by the tariffs.

Still, Coldagelli expects the taxes to take a toll in the long run.

Like Liebovich, Coldagelli said he fears A-1 could suffer if manufacturers and tool-and-die makers that buy A-1 Wire's products struggle.

"It's a wash for us," he said. "Business is better this year, but our customers will have more trouble competing in the future."



Christina N. Elbers/Rockford Register Star

Tom Ditzler, a crane material handler at Liebovich Bros. Inc. in Rockford, unhooks the crane from a large piece of steel while preparing it for transport. Liebovich is the largest local player in Rockford's steel industry, shipping 700 tons of steel daily.

Rockford tool and die shop supported family, disabled son in living full lives

By SASHA TALCOTT
Rockford Register Star

At age 16, Matthew Metz's heart stopped beating.

Years earlier, he lost his ability to reach up and give his mother a hug or to jump off the couch and grab a Coke from the fridge.

He could not get in and out of bed on his own. Unruly shoelaces eluded his faltering fingers. He would never catch a foul ball at the White Sox games he loved to attend.

Diagnosed with Duchenne's muscular dystrophy at 5, using a wheelchair by 8, dead by 16, Matthew Metz lived a life few would envy.

"We had one daughter who was a Division I basketball player and another child, just as big of a sports fan, who was in a wheelchair," said Matt's father, Don Metz, who is president of Metz Tool & Die in Rockford. "Matt never got to go from first to third on a base hit or shoot a jump shot. Those things were taken from him."

But for 16 years, the Metz family tool-and-die business helped make it just a little easier for Matt to deal with his day-to-day struggles.

When Matt's shoulders cramped his child-sized wheelchair, his grandfather fashioned a "big man" chair to hold him more comfortably.

On trips to Disneyland, White Sox games or weekend basketball tournaments, the family drove a van outfitted with a special seat and a wheelchair lift. Their home had an elevator so Matt could venture outside by himself.

"I'd never wish muscular dystrophy on anyone, but it changes you, it teaches you, it humbles you in a way you never imagined," Metz said. "You begin to appreciate the business. You appreciate manufacturing. I'm proud of the things we build here."

In April, Metz told the story of his son to the U.S. House Committee on Small Business while testifying about the struggles of Rockford's small manufacturers. He said his use of the tool-and-die business to help Matt demonstrates the need to protect small manufacturers and preserve an American way of life.

Metz told Congress that when he agonized over how to make Matt's bed more comfortable, his son turned to him and said, "Don't worry about it, Dad. Grandpa (Jim Metz) is a mold maker. They can make anything."

The family went on long road trips to watch Matt's sister play in basketball tournaments. They wheeled a folding hospital bed with them to keep Matt comfortable in hotels.

"We went all over the Midwest, and we'd take the bed with us," said Matt's sister, Jennifer, who is pursuing a doctoral degree in sports psychology at the University of Illinois. "After you've gone into the Chicago Hyatt with a hospital bed, you learn not to get embarrassed easily."

Although Matt died eight years ago, Jennifer and her father said it forever changed the way they view the family business.

"It made all of our lives easier," Jennifer said.

"There was a definite faith in 'you could take it to the shop and dad or grandpa could figure it out.' If my dad or grandpa couldn't figure it out, we always knew someone who could."

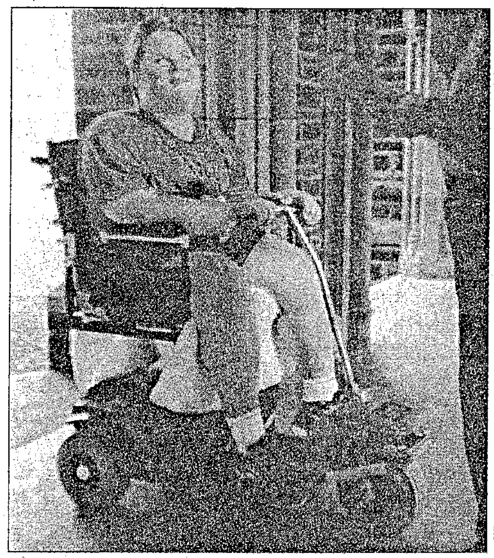


Photo courtesy of Don Metz

Matthew Metz visited Duke University as a 12-year-old. His wheelchair was designed by grandfather Jim Metz of Metz Tool & Die in Rockford. It included safety features and extra room.

Corporate Office
8806 Crane Avenue
Cleveland, Ohio 44105

NORTH COAST CONTAINER CORP.

216/441-6214 Phone
216/441-6239 FAX
http://www.ncc corp com

June 6, 2002

The Honorable Donald A. Manzullo
Chairman, Small Business Committee
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1315

Dear Congressman Manzullo:

I am writing to you concerning a matter of grave and immediate importance to North Coast Container Corporation ("NCCC"), its employees, and the Cleveland community. My employees and I would appreciate the opportunity to meet with you – either in Washington D.C. or in Cleveland – to discuss the dire impact the Steel 201 remedy has had on NCCC, and to request your support for the product exclusion requests covering the principal raw material used in the new steel drums we manufacture. Specifically, we ask that you write to the President and USTR to urge their approval of these product exclusion requests which are critical for the future of our business and not available domestically. These exclusion requests seek the exemption from Steel 201 tariffs for certain cold-rolled steel products used in the manufacture of new steel drums, and have been assigned the alpha-numeric designations X-214 ("cold-rolled extra-clean, lamination/pin-hole-free steel"), N-404, ("extra-fine electrostatically applied Di Octyl Sebacate (DOS) oil coated CS type "B" cold roll sheet steel"), and N-442 ("cold-rolled steel sheets ASTM A1008, exact width, trimmed at hot roll and at finish, thickness ¼ of ASTM standard gauge tolerance with electrostatically applied DOS oil coating of no more than 15 mg/m^2").

NCCC, which employs 75 union employees and 15 salary employees in Cleveland Ohio, is a major supplier of new steel drums to the chemical, paint, food, pharmaceutical and petroleum industries. North Coast prides itself in the quality of its drums, services, and on-time deliveries which have contributed to its continuing growth over the past 20 years. The steel products which are the subject of the exclusion requests we support comprise the majority of the cost of producing the 55-gallon steel drums NCCC manufactures.

NCCC has been purchasing its cold-rolled steel requirements from U.S. mills since its formation in 1983. Indeed, domestic mills currently provide the majority of all of North Coast's steel needs. WCI, for instance, is NCCC's principal supplier, and has been since 1988. At the same time, however, North Coast has determined that it must ensure that there are multiple sources for its steel needs. Accordingly, North Coast has also purchased steel from Brazilian sources since 1999. This is important to North Coast's business for several reasons.

NORTH COAST CONTAINER CORP.

The Honorable Donald A. Manzullo
June 6, 2002
Page Two

First, the simple fact is that not all U.S. mills are able to supply North Coast with steel that is suitable in the production of new steel drums. The raw steel that North Coast uses must meet strict requirements that North Coast has maintained in order to ensure that it can be used to make its high quality steel drums for the filling and transportation of a variety of products, including hazardous materials. Unfortunately, in North Coast's experience, not every domestic firm is able to meet North Coast's high standards.

In addition, the Steel 201 remedy imposed by the President has had the unfortunate effect of creating shortage of the high-quality steel that NCCC would buy from domestic mills. NCCC has been put on allocation with its regular suppliers and no domestic steel mill will give us any confirmation that its steel needs can or will be met. Outside of a Steel 201 context, North Coast would do what it has always done – buy as much U.S.-made steel as possible, and supplement any shortfall in its required tonnage with imported steel meeting North Coast's specifications. The imposition of the Steel 201 remedy, however, has increased the demand of domestically produced steel to the effect of reducing the capacity of domestic mills to supply North Coast. The 30 percent additional tariff on imported cold-rolled steel effectively prices imported steel out of North Coast's reach.

The present imposition of an additional 30 percent tariff on the imports of the material we need in the manufacture of new steel drums has had a disastrous effect on our business. We have been a loyal consumer of U.S. steel since the formation of our company in 1983, and have always been strong supporters of the domestic steel industry. Indeed, we currently enjoy an excellent relationship with the United Steelworkers of America Local #735, which represents our employees. Steel 201 tariffs applied to imports of a product that the domestic industry cannot supply will not save any jobs, but will cause the loss of additional steelworker jobs at our company.

We greatly appreciate your support in these crucial matters. We believe that a letter from you to the President and U.S. Trade Representative Zoellick supporting the exclusion requests described above are critical to the future of our company. If you have any questions, or if you have time to meet with us, please do not hesitate to call me or our Washington counsel, Lewis Leibowitz, who can be reached at 202-637-5638.

Very truly yours,

Earnest C. Beardsley
Chairman/CEO

DureX inc. Quality sheet metal, stamping and assembly since 1945

ISO 9001 REGISTERED

JUNE 6, 2002

HON. DONALD A. MANZULLO
U.S. HOUSE OF REPRESENTATIVES
409 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515-1316

ATT: PHILIP D. ESKELAND
FAX: 202-225-3587

Dear Congressman Manzullo,

I am writing on behalf of my company, DUREX, INC. We are located in Union, NJ and employ 250 workers. Our production workers are members of Teamsters Local 97. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Mills are telling us they are out to late August and won't even offer firm pricing! Yet they are asking DUREX to forecast and commit to an undetermined "market" price. What do we tell our customers?

We are losing a significant amount of business to China. First it was the labor disadvantage, now the steel costs. Steel costs us a minimum of 30% more than before. Imported products carry no tariff on the steel resulting in a minimum 30% disadvantage on materials. We recently lost a contract in excess of $1,000,000 to China for that very reason. We have already reduced our work force by 150 people and will most likely have to do more to survive in a weak economy and increased pressure from off shore pricing.

The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past August this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will continue to lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

Five Stahuber Avenue • Union, New Jersey 07083-5086 • Tel: (908) 688-0800 • Fax: (908) 688-0718 • durexinc.com

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA. Thank you.

Very truly yours,

DUREX, INC.

Robert S. Denholtz
President CEO

RSD/law

A.J. ROSE MANUFACTURING CO.
Established 1922
MOVING METALS IN INNOVATIVE WAYS

June 5, 2002

Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, DC 20515-1316

Attn: Philip D. Eskeland
FAX: 202-225-3587

Dear Congressman Manzullo:

I am writing to request you help with regard to the 30% tariff on imported steel imposed by President Bush on March 11, 2002.

We are asking for this exemption on behalf of the 400 associates of A. J. Rose Manufacturing Company, headquartered in Avon, Ohio and our other plant in Cleveland, Ohio. Of the 400 associates, 270 are members of the United States Steel Workers' Local # 735. We have been in business since 1922 and are a third-generation, family-owned, domestic company. We specialize in manufacturing tight tolerance metal stampings, air bag components and spun-formed products for the automotive market, OE and aftermarket. Over 90% of these are engine components running at very high RPM's, therefore, there is high liability associated with these parts. We have been 100% dependent on using Corus (previously Hoogövens) hot-rolled material since 1976. They, along with Imports International / Chesterfield Steel, our U.S. processor and ultimate supplier, have collectively assisted us in engineering unique steels to make our products. We have been able to grow and add jobs because we manufacture products that no one or a limited few can do. Corus and Imports International / Chesterfield Steel have been an integral and necessary part of our growth of supplying hot-rolled material with guaranteed (to make the part) tight tolerances and unique characteristics that cannot be duplicated by other mills. Many mills and service centers have looked at our products and declined to quote. In supplying the U. S. auto market, we have been unable to participate in hot-rolled steel "procurement programs". In those "programs", the automakers partner with the U. S. mills to generate enough volume to negotiate cheaper pricing for a large number of their suppliers. Auto companies have been unsuccessful in finding any U. S. mill to supply us steel that meets the specifications that we need to make their parts. I have attached examples of each of the above-mentioned situations (see Exhibit I and Exhibit II).

Letter to Congressman Manzullo
June 5, 2002
Page 2

I am also attaching a letter (Exhibit III) we just received from one of our major customers advising us they will be resourcing 11 of our current jobs overseas due to a savings of 38% to 42% on finished parts they will import from Brazil and Asia.

This constant threat to our business is very real and will only accelerate if we are forced to pay such a premium for the steel we need to run our business. The hardship of this tariff and our constant inability to pass on any price increases to the automotive companies will cost not only jobs, but also most certainly, affect A. J. Rose Manufacturing Company's ability to survive.

If you require additional information, please call me at (440) 934-7700.

Thanking you in advance for your help in this matter as time is of the essence!

Sincerely,

H. John Warnkey
EVP & Chief Operating Officer

HJW/bap
Attachments

LTV Steel

Exhibit I

May 21, 2001

Mr. Robert S. Nemeth, Jr.
A. J. ROSE MANUFACTURING COMPANY
38000 Chester Road
Avon, Ohio 44011

Dear Bob:

This is in response to your request and confirming our phone conversation regarding LTV's capability of meeting your requirements.

The upgrade to the 84" Hot Strip Mill (HSM) to achieve greatly improved thickness control was planned to occur in stages. A number of stages have been completed to date, but all stages in 2001 and 2002 have been postponed due to our financial situation. The installation of the hydraulic screwdowns is not scheduled to be completed until the 2nd quarter of 2003. When the installation is complete, we expect to be able to greatly minimize thickness variations due to reheat furnace skid marks.

It is impossible that the financial situation will change and some earlier installation of the new equipment is possible. However, we will not be capable of holding the desired minimum thickness variation until after that equipment is installed.

We appreciate your interest in our company and trust that our companies can do business in the future.

Sincerely,

LTV STEEL COMPANY, INC.

Peter W. Eklund

Peter W. Eklund
Account Manager

cc: J. K. Mahaney

LTV Steel Company. 36 Brandywine Drive, Hudson 44236
Phone: 330-342-8542 Fax: 330-528-0357

5-12-93

Post-it™ brand fax transmittal memo 7671		# of pages ▸ 1
To Bob Nemoth	From Karen Vuono	
Co. A. J. Rose	Co. USSteel	
Dept.	Phone # 800-521-4270	
Fax # 216-631-8221	Fax #	

U. S. Steel
Central Area Sales
201 West Big Beaver F
Suite 1400
Troy, MI 48084-4169
313 740 5000
800 521 4270 (Out of S
800 482 6182 (Within Michigan)

G. M. - Procurement Program

July 6, 1992 faxed 2/10

Ms. Kathryn West
General Motors corporation
3044 W. Grand Boulevard
Detroit, MI 48202

Exhibit II

Dear Kathryn:

After completion of the A. J. Rose metallurgical review, the primary area of concern remains the requested gauge tolerance. As you are aware, U. S. Steel's agreement with General Motors guarantees three-quarter and aims for one-half standard on hot rolled product. In certain instances, the mill will guarantee one-half standard on some hot roll parts. In this case, the customer is requesting one-quarter standard tolerance on a hot rolled product and U. S. Steel is unable to furnish the requested gauge restriction.

In order to address this issue, we recommend supplying a trial of cold rolled product in place of the hot rolled material with a guarantee of one-half and an aim of one-quarter standard gauge. The trial may require A. J. Rose to make adjustments to their current processing.

This change in product line would obviously result in a change in price.

We do not recommend updating the contract by converting all the parts to cold roll until a trial is complete. If this trial is not successful, it is our recommendation to leave the parts with the current supplier.

If you should have any additional questions concerning this information, please feel free to call.

Sincerely,

Karen L. Vuono

Karen L. Vuono
Sales Representative

GMC009

cc: J. J. Kutka

U. S. Steel Group
A division of USX Corporation

All sales are subject to the conditions set forth on the reverse side of this sheet

Cummins Inc.
Box 3005
Columbus, Indiana
47202-3005

MAR 13 2002

March 5, 2002

Exhibit III

Dear M. Nejman;

I am writing this letter to address the competitive threat that was presented to A.J. Rose in October 2001, on the spun pulleys you currently produce for Cummins. This threat is very real and currently represents a saving of 38 – 42 % on all components produced by A.J. Rose. With this type of savings available to our customers it is impossible to walk away from this opportunity.

However, the information presented by A.J. Rose as being a strong supplier to Cummins is duly noted. It is our impression that the savings offered by A.J. Rose through design and innovation is an asset worth maintaining a strong relationship with. We strongly associate A.J. Rose with one of our best suppliers generating new opportunities for both our organizations to benefit from. With this in mind we are proposing a solution that allows Cummins to maintain our relationship with A.J. Rose and to also develop this opportunity.

We will be resourcing the following eleven components. We have done our best to select components suggested by A.J. Rose and those components that represent the greatest opportunity for savings without dramatically impacting the total Cummins' spend at A.J. Rose.

The parts to be resourced will be 3943660, 3943661, 3943978, 3883324, 3914494, 3914461, 3926858, 3926859, 3926855, 3046203, and 3680190.

In generating this list of parts for resourcing, the plan presented to Cummins' management includes savings proposed by A.J. Rose in the mix. However, we do recognize that this will be a reduction in total business for A.J. Rose and as a result, you may elect to withdraw the proposed savings. If this is your decision we are able to maintain the same savings ratio by moving part numbers 3914463, 3073676, 3943591, and 3958680 to the new supplier, in addition to the eleven parts listed above.

Phone: 812-377-5000
Facsimile: 812-377-3334

It is our hope to maintain the relationship we have with A.J. Rose moving forward. Today we are seeing pricing opportunities as much as 30 - 33% from Brazil and 38 – 42 % from Asia for spun components. It is our intention in providing you these ratios to not be overbearing but to allow A.J. Rose to understand the current market place and to provide a means whereby you are able to develop continued strategies to compete.

The timing for the movement of these parts is still pending. I will be providing this information to you in the near future.

Sincerely,

Eric D. Barnett
Sourcing Manager
Iron Machining Team
Cummins, Inc.

national metalwares, l.p.
900 N. Russell Avenue • Aurora, Illinois 60506-2852
Telephone: (630) 892-9000
Fax: (630) 892-2573

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-2934

Dear Congressman Manzullo:

I am writing on behalf of my company, National Metalwares,L.P. We are located in Aurora, IL and we employ 274 workers. Our production workers are members of Metal Polishers, Buffers, Platers, and Allied Workers Conference; International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers; AFL/CIO Local M114. We need your help.

National Metalwares, L.P. has filed two exclusion requests, in an effort to ensure a steady, reliable supply of the steel required to support our business and satisfy our customer needs. These exclusion requests are identified under N-432. They relate to cold-rolled material with very tight gage control and hardness control, as well as a "superbright" cold-rolled steel with very exacting gage control and hardness control. Please encourage the staff members of the Department of Commerce and USTR to expeditiously evaluate and approve these requests.

National Metalwares recently invested over $500,000 dollars in automated equipment to update its plant. This automation was necessary to meet the challenge of offshore competition—particularly from China. This automated equipment requires absolute precision and repeatability during the tube making process and fabrication. In order to realize the anticipated cost savings from this automated equipment, and meet the increasing stringent requirements of National Metalwares' customers, National Metalwares must be able to attain the super bright, tighter gage and hardness products that are the subject of its exclusion requests. These products are not currently available domestically.

Domestic producers simply cannot produce steel to the exacting standards that National Metalwares currently requires. Variations and inconsistencies in the surface finish and variations in control of material thickness and hardness have resulted in customer complaints, downtime, rejections, rework, and scrapped product. For example, during April, we experienced one event of rejected finished parts and work-in-process material with a sales value of $57,933.00.

Even if domestic steel was adequate, in terms of quality, domestic producers are simply unable to provide us the quantity we need. We have been on allocation from our domestic mill source since April of this year. Most of the domestic steel mills will not respond to our inquiries or simply state they have no capacity or allocation for us. For example, we received only one response to our May 6 inquiries to five domestic producers. This response from National Steel stated that "NSC currently does not have additional allocation above our current program to supply this material."

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. The flow of imported flat rolled steel has all but dried up and the domestic mills are unable to meet demand. Since the end of December, our mill direct prices from domestic steel producers have increased 30.67%. and further increases are expected over the next few weeks. I have no assurance of adequate steel supplies past August of this year.

The approval of our exclusion request is absolutely critical to our company and its employees. Raw steel represents approximately 50% of our costs of goods sold. Since the implementation of 201 tariffs and antidumping duties, components from China can be shipped to the U.S. at about the same cost as the steel value alone for domestic manufacturers like National Metalwares,L.P.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you for your consideration of our plight.

Sincerely,

Gary C. Hill

Gary C. Hill

President and CEO

Metal Polishers, Buffers, Platers, and Allied Workers Conference
INTERNATIONAL BROTHERHOOD OF BOILERMAKERS, IRON SHIP BUILDERS, BLACKSMITHS, FORGERS AND HELPERS

June 22, 2002

Local M-114

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
FAX: (202) 225-2934

Subject: Steel Tariffs

Dear Congressman Manzullo:

Please accept this letter as my introduction. I am Mark Wood, incoming President of Local M114, representing the production employees of National Metalwares, l.p.

We first became fully aware of the potential negative impact of the steel tariffs in January of this year. Our union committee and production employees have been informed of the threat to our company and our jobs, on a regular basis, since that time. Company management has shared copies of news articles, editorials, and correspondence to the Administration of President Bush and our elected congressional representatives. In fact, most of the production employees of National Metalwares, l.p. signed letters to the following: President Bush; Senator Durbin; Senator Fitzgerald; Congressman Hastert; and members of the Senate Finance Committee in opposition to the proposed implementation of tariffs.

Since the first of this year, our company has experienced increased prices for steel of about 31%. It is likely that more increases will be put through during the late summer. We have been on allocation from our domestic steel mill source since April. We are dangerously close to running out of 14 ga. and 16 ga. cold rolled steel over the next few weeks. Most of the domestic steel mills will not respond to our inquiries or simply state that they have no capacity or allocation for us.

Our company has lost business steadily over the past 10 – 15 years as our customers have shifted production offshore. In the last 5 years, we have been aggressively attacked by competition from the People's Republic of China. They have undercut our pricing by as much as 20%. In response, our company has invested over $500,000 in automated equipment, necessary to meet the challenge of offshore competition—particularly from China. We have been unable to get this equipment to perform properly because we cannot get the quality of steel required for it to operate. This is why our company has filed exclusion requests. We have to have high quality steel in adequate quantities and at competitive prices in order for us to compete. It is that simple.

Our jobs are in danger if our company cannot get steel. Our customers will not pay the increased prices that we are being charged for steel. Unless something happens quickly, our company will lose business to foreign competition that now has an even greater cost advantage because of these tariffs.

There are many production workers at National Metalwares that have worked here for 15-25 years. Their mortgage payments, car payments, and utility bills are paid from their hard work here. They also depend upon their jobs here for their health insurance, disability insurance, and a chance to accumulate retirement funds through a 401-K plan. I hope that you will continue to make the effort to look out for the interests of these hard working members of our local union in Washington, D.C.

Thank you for your continued interest and work on this important issue.

Sincerely,

M.W. Wood

Mark Wood
President – Local M114

900 N. Russell Ave
Aurora, IL 60506-2852

Phone: (630) 892-9000
Fax: (630) 892-2573

National Metalwares, L.P.

MUNCY CORPORATION

2601 Enon Road
Enon, Ohio 45323
(937) 864-7305
(937) 864-7637 Fax

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **the Muncy Corporation.** We are located in Enon, Ohio and we employ 95 workers. Our production workers are members of the I.A.M. union. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have received price increases of **25 %** and have been warned that the supplies are very limited and unreliable. We had an agreement to hold the price of the steel for all of 2002. However, the supplier won't honor the agreement because of the tariff. The supplier says that they are absorbing another 15% so the real cost increase is **40%.** The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past **August** of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government. **To help fight the problem and remain in business, I am starting to purchase foreign steel components instead of making them myself. This of course is ridiculous. Because of our government's action, I am laying off American workers and buying foreign steel products.**

We are a small business. We need the steel we buy to be priced by the market, not by the government.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Wayne Brumfield

Wayne Brumfield

President and Owner

Muncy Corporation is committed to the implementation of continuous process control and improvement that exceeds the needs of our customers and to provide a product with the highest quality, at a reasonable cost, with 100% on-time deliveries.

MIAMI VALLEY STEEL SERVICE INC.
P.O. Box 1191 • 201 Fox Dr. • Piqua, Ohio 45356
Phone (937) 773-7127 • Fax (937) 773-1615

April 12, 2002

Terry Cooney
Muncy Corporation
2601 Enon Road
Enon, OH 45323

Dear Terry:

Confirming our conversation of this week, due to the domestic mills restriction of supply and tariffs on foreign steel, we are increasing our prices to you effective on shipments as of 6-1-02.

The increase is as follows:

6-1-02	15 %
7-1-02	10 %

Terry, pricing from the mills has increased 40% and is continuing to rise. Our mill sources say we will not have an uninterrupted supply of steel, but it will be at market prices.

Call me with any questions.

Sincerely,

John Scott

John Scott
VP Sales

JS/vk

We had an agreement to hold the price of steel for all of 2002.
Wayne Bramfield
Muncy Corp.

Muncy Corporation
2601 Enon Road
Enon, OH 45323
Phone: 937-864-7305
Fax: 937-864-7637

facsimile transmittal

To:	Mr. Phillip Eskeland	**Fax:**	202-225-3587
From:	Wayne Brumfield / Owner Muncy Corporation	**Date:**	7/12/2002
Re:	Steel Tariff	**Pages:**	2 including cover
CC:			

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

Here are some charts showing the effect of the steel tariff on the metal forming industry – the users of steel. Steel producers started raising prices in late May. As you can see we were recovering fairly well on the general recession. Starting in May it has been all down hill. Anything you can do to get the tariff repealed would be greatly appreciated.

Sincerely,
Wayne Brumfield
President

BUSINESS CONDITIONS REPORT

PMA
PRECISION METALFORMING ASSOCIATION

July 2002

A monthly report prepared by the Precision Metalforming Association

The figures in this report reflect the views of approximately 31% of PMA's manufacturing members. Information reported by 191 companies is based on conditions as of the first of July 2002.

A. General Business Conditions

1. *Compared with today*, the trend of general economic activity for the next 3 months is expected to be:

	2000					2001												2002						
	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J
Up	28	26	14	13	11	7	12	14	19	26	23	27	26	24	14	11	24	38	48	58	54	45	36	28
Same	57	49	55	52	31	33	42	48	52	51	57	51	55	56	41	40	53	50	44	39	40	47	51	49
Down	15	25	31	35	58	60	46	38	29	23	20	22	19	20	45	49	23	12	8	3	6	8	13	23

B. Your Business

1. *Compared to 3 months ago*, current average daily shipping levels are:

	2000					2001												2002						
	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J
Above	25	31	25	22	16	6	11	14	22	22	20	17	20	21	17	14	15	9	36	39	44	50	41	34
Same	44	36	41	41	40	37	28	34	39	33	44	40	40	47	37	41	29	43	39	41	40	40	43	41
Below	31	33	34	37	44	57	61	52	39	45	36	43	40	32	46	45	56	48	25	20	16	10	16	25

2. *Compared with the last 3 months*, what do you expect the trend to be in your incoming orders during the next 3 months?

	2000					2001												2002						
	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J
Increase	46	39	32	28	21	18	21	29	30	41	40	37	42	34	22	18	35	48	54	65	59	52	38	31
No Change	37	36	39	43	33	33	37	43	40	35	40	41	43	42	34	40	40	36	36	29	35	38	41	45
Decrease	17	25	29	29	46	49	42	28	30	24	20	22	15	24	44	42	25	16	10	6	6	10	21	24

CMP COLD METAL PRODUCTS

2200 Georgetown Drive • Suite 301 • Sewickley, PA 15143-8752
724/933/3445 • 724/933/1445 Fax • coldmetal.com

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Cold Metal Products, Inc.** We are located in Sewickley, PA with plants or service centers in Ottawa and Youngstown, OH, Indianapolis, IN, and Roseville, MI where we employ over four hundred (400) workers. Our production workers are members of the **United Steelworkers Union**. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. **Cold Metal Products** has been put on allocation by three supplying mills (**WCI Steel, Steel Dynamics and Gallatin Steel**) and been forced to accept non-negotiable price increases of $120 per ton since 01/01/02. The $120 per ton increase constitutes a thirty percent (30%) price increase and is the largest increase in a six-month time span ever seen in the steel industry. The President could not have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past **September** of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices we are being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

John W. Grove

Vice president – Procurement

Cold metal Products, Inc.

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

July 2. 2002

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo,

I work for Cold Metal Products, an intermediate steel processing company. As the President of United Steelworkers of America Local 3047 at Cold Metal's Youngstown, Ohio, facility, I must express my concerns about President Bush's recently imposed steel tariffs. I stood shoulder to shoulder with my union brother and sisters to support the President's steel tariffs. It has been good to see some on layoff get called back to work and I hope that continues. But now, we need your help.

Cold Metal has been put on steel allocation because these tariffs have decreased significantly the amount of steel available in the United States. As a result, steel suppliers have dramatically increased (35%) the price for a ton of steel. We haven't been able to supply some of our customers because steel hasn't been available to process. This certainly doesn't make much sense as it forces our customers to look for other suppliers, many of whom might not be in the United States. One of our long-time customers, Stanley Steel, is considering moving their production facilities out of this country if we can't supply them cold-rolled 1095 steel. I doubt that Stanley will be alone in looking for off-shore production if US companies like Cold Metal can't supply their needs consistently. What a shame!

Should Cold Metal lose the Stanley business, it would most certainly result in loss – loss of jobs, loss of revenue and, from a federal, state and local perspective, loss of tax dollars. The Mahoning Valley, the community where our plant is located, can ill afford any of these losses.

For the first time in years, Cold Metal has begun to put money into the Youngstown plant for modernization. Unless we can get reasonably priced steel to supply our customers, I'm concerned that this improvement money will be stopped or, worse yet, the Youngstown facility closed. The company has already been forced to close one plant in New Britain, CT., resulting in the loss of approximately 75 jobs. I want Cold Metal to have a fair opportunity to grow and add jobs for Americans. These recent tariffs are, unfortunately, leading us in the opposite direction.

On behalf of my fellow employees, I urge you to get involved. Give us the opportunity to purchase the steel we need to fairly compete as well as to keep companies, like Cold Metal, and jobs in this country. I appreciate your time.

Sincerely,
Robert Boak

Robert Boak
President, Local 3047
United Steelworkers of America.

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www.waremfg.com

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, Ware Manufacturing Company. We are located in Minneapolis, Minnesota and we employ seventy-one workers. Our production workers are members of Teamsters Local 970 labor union. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Here find examples of three (3) items that are commonly used during production. Blanket pricing had been received from our supplier for the period 4/01/02 thru 7/01/02 and on 6/03/02, when ordering, we found 10Ga CRS 48 x 96 had increased by 5.8%, 12Ga CRS 48 x 120 was not available and needed to be purchased from a different supplier at a cost increase of 14.5% and 16Ga CRS 42 x 96 was not available and needed to be purchased from a different supplier at a cost increase of 9.5%. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel.. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

David Robertson

David J. Robertson
President/COO

Eclipse
MANUFACTURING An MTS Company

1828 Oakland Avenue
P.O. Box 788
Sheboygan, WI 53082-0788

June 5, 2002

Attn: Philip D. Eskeland
Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Dear Congressman Manzullo:

I am writing on behalf of my company, Eclipse Manufacturing. We are located in Sheboygan, Wisconsin and Pikeville, Tennessee and we employ 220 workers at both locations. Many of our production workers are members of the UAW, local 1076. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Effective July 1st, the average price we will be paying for cold-rolled steel will increase by 40%. In addition, our purchasing department is expediting the delivery of steel several times each day despite the fact that we have a contract with our steel supplier. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past September of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel, and as a result my business will lose money. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the U.S.A..

Sincerely,

K.M. Kurek

Kenneth M. Kurek
Vice President & General Manager

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA - UAW

AMALGAMATED LOCAL 1076 UAW

SHEBOYGAN, WISCONSIN 53081

August 20, 2002

Attn: Philip D. Eskeland
Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Dear Congressman Manzullo:

This letter is written on the behalf of both the union UAW, Local 1076,and Eclipse Manufacturing. Eclipse Manufacturing employs 220 people, (many belonging to UAW, Local 1076) between two plants located in Sheboygan, Wisconsin and Pikeville, Tennessee. This company uses steel for metal stamping, but its livelihood may soon be in jeopardy.

The new steel tariffs that the President imposed in March are quickly becoming a major problem for the company I represent. These tariffs increase the price of steel while reducing its availability to the point that the supply of steel is no longer reliable. The average price that is paid for cold-rolled steel will increase by an incredible 40%. In addition, Eclipse's purchasing department is expediting the delivery of steel several times each day despite the contracts Eclipse has with its steel suppliers. When the President imposed this bill, he could not have foreseen that the price of steel would rise so quickly or that the abilities of small companies, like Eclipse Manufacturing, to obtain steel would virtually disappear. Eclipse has no assurance of steel supplies past September this year.

If Eclipse cannot get its steel, the business will go under. Customers simply will not pay the increased prices this company will be forced to impose. Eclipse will lose many customers and profits. Unless prices for steel change rapidly, Eclipse will lose business to foreign competitors who, thanks to the action of our own government, have a built-in cost advantage. It is simply a shame that our government would seemingly favor foreign companies over the small businesses of the United States during a time like this.

Eclipse Manufacturing is a small company that needs the steel they buy to be priced by the market and not the government. To put it simply, small businesses cannot afford to go to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the U.S.A.

Sincerely,

Steven E. Bonde

Steven E. Bonde
Unit Chairperson of Eclipse, UAW, Local 1076

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June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Dear Congressman Manzullo:

I am writing on behalf of my company, The Mayline Group. We have three manufacturing facilities located in Sheboygan, WI, Fridley, MN, and Conway, AR, employing 400 workers. Our production workers are members of the United Brotherhood of Carpenters and Jointers and the Industrial Division of the Communications Workers of America, AFL-CIO. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Our company had a five-year partnership with a valued steel service center who recently advised us that the previously negotiated firm pricing for our raw steel would not be honored. Currently, we have no assurance of steel supplies beyond August. In addition, prices have risen over 25% since the beginning of the year. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We need the steel we buy to be priced by the market, not by the government. Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Paul W. Simons

Paul W. Simons
President

ODM
TOOL & MANUFACTURING CO., INC.

9550 JOLIET ROAD P.O. BOX 1529
McCOOK, ILLINOIS 60525-1529
PHONE (708) 485-6130 FAX (708) 485-6540

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attention: Mr. Philip D. Eckland
Fax #: (202) 225-3587

Dear Congressman Manzullo,

I am writing on behalf of my company, ODM Tool & Mfg. Co., Inc. We are located outside of Chicago in McCook, IL, and we employ 75 workers. Our production workers are members of the Production Workers Union, Local #10, AFL-CIO. We all need your help.

The steel tariffs imposed by President Bush in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. We have no assurance of steel supplies past July of this year.

My business is in grave danger if we cannot acquire steel. Our customers will not pay the increased prices we are being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small family owned business that my grandfather founded in 1946. We need the steel we buy to be priced by the market, not by the government. We cannot afford to go to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA. Thank you.

Very truly yours,

Chip Michaelsen

Carl "Chip" Michaelsen III
President

MEMBER PMA PRECISION METALFORMING ASSOCIATION

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INTERNATIONAL
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June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am the Purchasing Manger of Olson International Ltd. We are a precision metal stamping company located in Lombard, IL. Were we employ about 200 workers. Our production workers are union and belong to the Teamsters Local 743. We produce close tolerance metal stamping for the automotive and electronic market. Our customer base is comprised of international fortune 500 companies who typically operate on one to three year contracts, with annual price reductions of 1% to 5% as part of the agreement. Quite frankly our customers demand world-class quality at world-class prices and because of their size and geographic locations, they are able to determine where the world market is. The feedback that they are providing is that our material costs are not completive on a worldwide basis. Also some types of materials while available in the USA are of lesser quality and more expensive than our previous off shore supplier.

The steel tariffs imposed by the President Bush this year have reduced our supplier base, negatively affected incoming steel quality and increased our transaction prices. The reduced availability of steel has caused us to incur additional costs of overtime and premium transportation and some sorting and rework in order keep our customers assembly lines running. Prices have been increased on our contracted items and some late steel deliveries have forced us to the spot market where we incurred a 50% price increase. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I can obtain no assurance of firm steel pricing after September this year. How do we have an opportunity to make a profit on our long-term contracts?

Our business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose more business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government. It is my understanding that steel prices are over $125 / Ton more in the USA when compared to Japan and the E.U.

We need the steel we buy to be priced by the market, not by the government. Unless the president is willing to put a tariff on the imports of metals stamping or allow access to world-class steel, our future is dim.

Please ask the President to help us!

Sincerely,

Edward C. Farrer C.P.M.
MANAGER OF PURCHASING

50 W. NORTH AVENUE • LOMBARD, ILLINOIS • 60148
PHONE: (630) 629-9494 • FAX: (630) 261-9707
WEBSITE: http://www.olsonintl.com

Warehouse, Mail Order, Office, Technical and Professional Employees Union
LOCAL 743
Affiliated with the International Brotherhood of Teamsters
300 S. Ashland Avenue • CHICAGO, ILLINOIS 60607
phone: 312.829.8350 • fax: 312.942.0921

July 19, 2002

Hon. Donald A. Manzullo
Congress of the United States
House of Representatives
Committe on Small Business
2361 Rayburn House Office Building
Washington, D.C. 20515-6315

Dear Congressman Manzullo:

Teamsters's Local 743 is concerned about the negative impact Section 201 Steel Tariffs has had on our members and their employers. The tariff has created a hardship on metalworking companies by dramatically increasing their raw material costs with little warning.

We represent the workers at Olson International Ltd. and several other metal fabricators and we are concerned that having the cost burden fall on these small and medium size companies has the potential to effect our members well being. We are requesting that the legislature review this issue and not threaten the livelihood of our people who are employed in this industry.

Very truly yours,

Robert Walston

Robert D. Walston
President

RDW:as

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Hon. Donald A. Manzullo

Friday, June 07, 2002

U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Perfection Spring & Stamping Corp. We are located in Mt. Prospect, Illinois and we employ 128 workers. Many of our production workers are members of the Manufacturing, Production, & Service Workers Union, Local No. 24, AFL-CIO. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have been put on strict allocation of existing materials and have been denied new quotations for potential future business. Prices have risen 9% on High Carbon Steel, 30% on Low Carbon Steel, and 30% on Coated Steel products. Mill deliveries are 12-16 weeks with a 40% track record of on time delivery. Deliveries were 4-6 weeks. We are being put in jeopardy of being unable to supply our customers with product. Price increases are announced with no warning and added to existing orders as they see fit. Raw material quality has dropped drastically. we can expect 10-20% of any master coil of material to have some type of defect that will cause sorting or rework at the expense of the user. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. Shutting down an automotive assembly line, due to lack of one of our fabricated components is just not something that anyone can afford to allow to happen. Furthermore, my customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

David J. Kahn

President

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Dura Automotive
Systems, Inc.

301 S. Simmons St.
Stockton, IL 61085

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Fax (815) 947-3010

DURA

June 11, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Dura Automotive. We are located in Stockton, IL and we employ 800 (approx.) workers. Our production workers are members of Stockton Employee Independent Union Local #118. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have received notice of substantial price increases, and have had difficulty in receiving our orders in a timely fashion. As you know in the automotive market this is extremely dangerous. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past August this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA. Thank you.

Sincerely,

DURA AUTOMOTIVE SYSTEMS, INC.

Kelly L. Bennett, Buyer

RICHARDSON SEATING CORPORATION

Institutional and Commercial Seating Products

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Richardson Seating Corporation. We are located in Chicago, Illinois, and we employ 45 workers. Our production workers are members of the Chemical & Allied Product Workers Union, Local No. 20, AFL-CIO. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have received notice of substantial price increases, and expect some shortages as well. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA. Thank you.

Sincerely,

Earl M. Lichtenstein

President

AIRTEX®

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Fairfield, Illinois 62837
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800-880-3056
Fax # 618-842-4069

June 7, 2002

Hon. Donald A. Manzullo
U. S. House of Representative
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3598

Dear Congressman Manzullo:

I am writing on behalf of my company Airtex Products. We are located in Fairfield, Illinois and we employ 800 workers. Our production workers are members of UAW union. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past August this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

A DIVISION OF UIS

QS-9000/ISO 9001

** TOTAL PAGE.01 **

BOKER'S, INC.

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Phone: 612/729-9365 • Fax: 612/729-8910
Toll Free 1-800/927-4377
www.bokers.com

June 7th, 2002

Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of, **BOKER'S, INC.**
We are located in Minneapolis, MN and we employ about 120 workers.
Our production workers are members of AFL-CIO union, local 1140. We need your help.

The steel tariffs imposed by the President in March have reduced the availability and increased the price of steel to the point that our supply of steel is not reliable. We are experiencing longer lead times (in some cases 6 times longer than before this legislation was put into effect). We cannot obtain long term pricing on steel we order. As a contract manufacturer, raw material lead time is an integral part of our quoted deliveries. Our prices are based on current market value, the customers decide if and when to buy from us. Without stability in lead-time and prices of steel, we stand to lose customers and employees. The President cannot have expected that delivery schedules would be pushed out as far or prices would rise so fast that the ability of companies like mine to obtain steel would virtually disappear. We have no assurance of steel supplies more than 3 months ahead.

Our business is in danger if we cannot get steel. In most cases our customers will not pay the increased prices we are being charged for steel. Unless things change rapidly, our company will continue to lose business to foreign competition who now have a built-in delivery and cost advantage, thanks to the actions of our own government. Our company started to show some signs of strengthening since 9/11/01, until this legislation was put into effect in March 02' we now are struggling to maintain employees (we have posted another layoff list in the shop as this letter is written).

We are a small business. We need the steel timely and it should be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.
Please ask the President to help us get the steel we need to stay in business in the USA.
Thank you.

Sincerely,

Amy Kasey

President
BOKER'S, INC

** TOTAL PAGE.03 **

TEMPCON

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Evans Tempcon.** We are located in 701 Ann St. N.W. **Grand Rapids, Mich.** and we employ 125 workers. Our production workers are members of W. Mich. Local #275 union. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We **have received notice of substantial price increases.** The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Ronald G. Byers

President

VARBROS corporation

QS 9000
ISO 9002

16025 Brookpark Road, P.O. Box 42127, Cleveland, Ohio 44142
Phone (216) 267-5200 Fax (216) 267-5205
www.varbroscorp.com

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company Varbros Corporation. We are located in Brook Park, Ohio and we employ 132 workers. Our production employees are members of UAW Local 217. We need your help.

The steel tariffs imposed by the president in March have increased our steel costs effective July 1, 2002 by 31% or $90 per ton. This in less than 4 months. Also, our new prices are only firm for the 3rd quarter.

My customers are refusing to pay the increased prices I will be charged July 1st. I cannot absorb the increased steel costs. Unless things change rapidly I will lose business to foreign competitors that now have a built in cost advantage. Thanks to the actions of our own government.

My business is in real danger if I cannot get steel at competitive world prices. We are a small business. We need the steel we buy to be priced by the market, not by the government.

Please ask the president to help us so we can stay in business.

Regards,

Ernest R. Vargo, CEO

ERV:mjb

Commercial Metal Forming
An MTS Company

1775 Logan Avenue
P.O. Box 599
Youngstown, OH 44501-0599
Phone: (330) 746-8011
FAX: (330) 740-8296

VIA FACSIMILE FAX: 202-225-3587
Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of Commercial Metal Forming. We have facilities located in Youngstown, Ohio, Saginaw, Texas and Orange, California and we employ 270 workers. Our production workers are members of United Steel Workers and Boilermakers unions. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have been placed on allocation, received notice of substantial price increases and have been asked to order steel without a commitment from the supplier as to the price. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past July of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Pamela Claypool

Pamela Claypool
Vice President and General Manager

GF Office Furniture Ltd

525 Steam Plant Road
P.O. Box 1918
Gallatin, TN 37066

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, GF Office Furniture We are located in Gallatin, Tennessee and we employ 350 workers. Our production workers are members of the Southern Council of Industrial Workers, United Brotherhood of Carpenters and Joiners of America, AFL-CIO, Local # 3100 union. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have incurred price increases up to 30%, and are being placed on allocation from our suppliers.

The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past August this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We need the steel we buy to be priced by the market, not by the government.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Carl Zemenick

Carl A. Zemenick

President

Phone: 615-452-9120 • Fax: 615-230-1533 • www.gfoffice.com • e-mail: gfgallatin@aol.com

BERMO INC
AN ISO 9001 CERTIFIED COMPANY
4501 BALL ROAD NORTHEAST
CIRCLE PINES, MINNESOTA 55014
TELEPHONE: (763) 786-7676
SALES & ENGINEERING FAX: (763) 785-2159
ADMINISTRATION FAX: (763) 786-1861

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, Bermo Inc. We are located in Circle Pines, MN. And we employ 300 workers. Our production workers are members of local 1140 union. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. **(Examples – have you been placed on allocation, received notice of substantial price increases, or been asked to order steel without a commitment from the supplier as to the price?)** The president cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past four (4) **(months)** this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Dan Berdass
CEO

2260 WOODALE DRIVE
MOUNDS VIEW, MN 55112
TELEPHONE: 763-783-3842
FAX: 763-783-5644

31790 HAYMAN STREET
HAYWARD, CA 94544
TELEPHONE: 510-489-0668
FAX: 510-489-0669

A WORLD OF SOLUTIONS

BERMO MEXICO, S. de R.L. de C.V.
CARRETERA A BASE AEREA #5850
COL. LA MORA CP 45100
ZAPOPAN, JALISCO
MEXICO

BERMO SCOTLAND LTD
WESTWOOD PARK
GLOVER ROAD
GLENROTHES KY7 4UH
SCOTLAND

Yeomans
Chicago
Corporation

P.O. Box 6620
3905 Enterprise Court
Aurora, IL 60598-0620

(630) 236-5500
Fax (630) 236-5511

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attention: Phillip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, Yeomans Chicago Corporation. We are located in Aurora, Illinois and we employ 86 workers. Our production workers are members of 28 union. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have received notice of substantial price increases from our suppliers. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel products would virtually disappear. I have no assurance that we will be able to compete in our market with these cost and delivery limitations.

My future business is in danger if I cannot get steel fabrications. My customers will not pay the increased prices I am being charged for steel fabrications. Unless things change rapidly, my company will lose business to foreign competition that has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Michael J. Franzen

Michael J. Franzen
Vice President - Operations

AMWELL®
A DIVISION OF McNISH CORPORATION

1740 MOLITOR ROAD
AURORA, ILLINOIS 60505
PHONE (630)898-6900
FAX (630) 898-1647
E-MAIL amwell@amwell-inc.com

June 10, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, AMWELL. We are located in Aurora, IL and we employ 30 workers. Our production workers are members of International Association of Machinists, and Aerospace Workers, AFL-CIO. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have received notice of substantial price increases and been asked to order steel without a commitment from the supplier as to the price. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past August of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

AMWELL
A Division of McNish Corporation

Paul Haizman
President

METALWORKS

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Metalworks Inc. We are a manufacturer of metal office furniture located in Ludington, Michigan, employing about 300 workers. Our production workers are members of Teamsters Union Local 406. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the quality and availability of steel to the point that our supply of steel is not reliable. Since April 1, we have had steel prices increased on the order of 18%. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. At the same time we are seeing foreign competition (Taiwan) offering finished delivered product in the U.S. on the order of 30% less than our current pricing. The Taiwanese are eroding our market share at the very time we are receiving exorbitant price increases for our raw material.

Our business is in danger if I cannot get steel. Our customers are diverting their purchases to Taiwan. Our company is loosing business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We need the steel we buy to be priced by the market, not by the government. Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Scott Lakari

Director of Operations

METALWORKS INC. • 902 FOURTH STREET, P. O. BOX 689, LUDINGTON, MI 49431 616/845-5136, FAX 616/845-1043

TOTAL P.01

HON

THE HON COMPANY
a HON INDUSTRIES company

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, The HON Company, a subsidiary of HON INDUSTRIES. We are headquartered in Muscatine, Iowa, with production facilities located in California, Iowa, Georgia, North Carolina, Virginia, Kentucky and Alabama. In total we employ over 9000 workers throughout the United States. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have been dealing with shortages and substantial price increases. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies currently.

Our customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government. Our industry competes in a world of free trade, with the exception of domestic steel procurement; hence, **these tariffs make our products extremely vulnerable to foreign competition from Asia, Canada and Mexico.**

Unless something changes fast, we will be forced to make one of two choices, neither of which is good for the U.S. economy. One choice is to raise prices and lose market share to foreign imports. This will force us to lay off hundreds of American workers. Our other choice is to move our production overseas to countries where steel is available and less expensive. This would also result in layoffs of hundreds of American workers.

Please ask the President to help us get the steel we need to stay in business in the USA. Thank you.

Sincerely,

David C Burdakin
President
The HON Company

HON INDUSTRIES

Jack D. Michaels
Chairman, President and CEO

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316
Attn: Philip D. Eskeland
Fax: 202-225-3587

Re: Steel import tariffs

Dear Congressman Manzullo:

The Steel tariffs enacted by President Bush on March 11, 2002 are having a detrimental impact on the economy and our ability to recover from an unprecedented two-year downturn in the history of our industry.

I am writing on behalf of HON INDUSTRIES Inc., a $2 billion manufacturer of office furniture and hearth products based in Muscatine, Iowa. Our business is predominately domestic based, and domestic steel is the primary raw material used in the manufacturing of our products. Our corporation employs approximately 9,000 American workers, but has been forced to eliminate thousands of jobs over the last 18 months in response to the severity of our industry downturn. We are now facing the fact that our annual steel procurement contracts are being unilaterally broken by domestic mills and service centers, increasing prices 35-40% and threatening supply. In addition, the domestic steel procurement lead times have extended to 10 –14 weeks with pricing reset every 30 days. We are currently dealing with shortages of steel and no assurance of supply. Our company cannot sustain this type of cost and disruption to the business.

The office furniture industry is currently in the depths of the worst downturn with business volume down over 30% year over year. In the past 18 months, more than 15,000 industry jobs have been eliminated and further cuts are continuing as additional plants are closed and companies downsized. Our customers will not absorb these huge increases in steel prices. Unless this situation changes immediately, we will be forced to raise prices and lose market share to foreign imports, move our production offshore, or import finished goods from countries where steel and labor is less expensive. This will undoubtedly lead to further layoffs of American workers.

President Bush could not have expected that prices would increase so significantly or that the ability of companies like HON INDUSTRIES to obtain steel would essentially disappear. Please ask the President to take immediate action to protect our businesses, our jobs, and our economy.

Sincerely,

Jack Michaels

Jack D. Michaels
Chairman, President and CEO

414 E. Third Street·P.O. Box 1109·Muscatine, IA 52761-0071·Phone: 563.264.7400
Fax: 563.264.7909·www.honi.com

HON INDUSTRIES

July 22, 2002 **VIA FACSIMILE NUMBER: 202-225-5284**

Honorable Donald Manzullo
US HOUSE OF REPRESENTATIVES
409 Cannon House Office Building
Washington, DC 20515

RE: TARIFF ON IMPORT STEEL PRODUCTS

Dear Congressman Manzullo:

Tomorrow, July 23, your Small Business Committee will hear testimony about the serious economic harm being caused by the President's recent imposition of tariffs up to thirty percent on imports of steel products. In the case of HON INDUSTRIES, the detrimental impact has been dramatic.

HON INDUSTRIES employs some 9,000 members at its facilities in Iowa, New York, Minnesota, Georgia, California, Washington, Tennessee, Alabama, and North Carolina. Cold rolled steel is the largest raw material used in our business. Since the tariff was imposed, several of our suppliers have informed us that they are unable to obtain sufficient supplies of steel to fulfill their commitments to us under contracts entered into before the tariff was imposed without increasing their price to us. As a result, we have been forced to accept significant price increases to obtain sufficient supplies of steel. Our suppliers have informed us that U.S. steel mill closures and U.S. anti-dumping duties are also contributing to the shortage of steel supplies and price increases. Increases of 30%-40% are common. And, all indications are that these shortages and continued increases in price will continue and be even worse next year.

This problem comes at a time when the office furniture industry in which we participate has experienced the worst decline it has seen in thirty years. According to the Business and Institutional Furniture Manufacturer's Association (BIFMA), U.S. office furniture shipments in the first quarter of 2002 are down nearly forty percent from the third quarter of 2000. An estimated 15,000 U.S. workers have been laid off and several production facilities have been closed over the last eighteen months.

Our industry is not in a position to pass the higher cost of steel on to its customers. The decline in demand for office furniture has put tremendous downward pressure on office furniture prices. In this global economy, our customers are unwilling to accept price increases when alternative, imported office furniture is available. U.S. manufacturers are increasingly at a competitive disadvantage to foreign importers who have cheaper raw material sources.

For further information on this subject, I have enclosed a copy of BIFMA's recent position statement on this issue.

July 22, 2002
Honorable Manzullo
Page 2

We will be anxious to learn your Committee's views on what can be done to alleviate this issue and help save the jobs of our members from export to employers in foreign countries with access to lower cost steel.

Best regards,

Enclosure

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316
Attn: Philip D. Eskeland
Fax: 202-225-3587

Subject: Steel import tariffs -- Section 201 ruling implemented by President Bush, March 11, 2002

Dear Congressman Manzullo;

The Steel tariffs enacted by President Bush are crippling the economic recovery for American manufacturers and leading directly to layoffs of American workers.

I am writing on behalf of Allsteel, Inc., an office furniture manufacturer headquartered in Iowa, with production facilities located in Pennsylvania, Iowa, and Tennessee. Our corporation employs nearly 9000 American workers. Domestic steel is the primary raw material used in the manufacture of our products. Our annual steel procurement contracts are being unilaterally broken by domestic mills and service centers increasing prices 25-40%. This situation is outrageous and unfair. To make matters worse, domestic steel procurement lead times have extended to a 10- to 14-week range; however, the purchase price is only guaranteed for 30 days!!

The office furniture industry is currently in the depths of the worst business downturn in the history of the industry with business volume down over 30% from the year 2000 level. Over 15,000 industry jobs have been reduced in the last 18 months as plants have been closed and companies downsized. Our industry competes in a world of free trade, **with the exception of domestic steel procurement**; hence, **these tariffs make our products extremely vulnerable to foreign competition from Asia, Canada and Mexico**. Our company's current employment levels are at risk, and for certain, the recovery from our industry depression will be lengthened.

We have two choices, neither of which is good for the U.S. economy or our company. One choice is to raise prices and lose market share to foreign imports which will force us to layoff hundreds of American workers. Our other choice is to move our production overseas to countries where steel is available and less expensive. This would also result in layoffs of hundreds of American workers.

The estimated annual adverse impact to our corporation is in excess of $25 million--money that will not be available to invest in employment, new product development or capital investment to grow our business.

We cannot understand legislation that benefits so few, but hurts so many.

Immediate aggressive action is necessary to repeal the steel tariffs to protect American jobs.

Thank you.

Sincerely,

Stan A. Askren
President
Allsteel, Inc.

the ROCKFORD CO.

July 18, 2002

Congressman Donald Manzullo
409 Cannon HOB
Washington, DC 20515

Dear Congressman Manzullo:

I am writing to express our company's dissatisfaction with President Bush's decision to tariff imported steel. We are a Rockford manufacturer that produces steel parts for a variety of industries. Through June of this year, we were able to purchase coil steel for \$21.00 per one hundred pounds. Due to the President's decision, our new steel price effective July 1st is now \$31.62 per one hundred pounds. That's a 50%+ increase in our cost of raw material!

We purchase approximately one million pounds of steel per year, so although we are shopping to reduce our costs, we aren't large enough to strong-arm our steel vendors. Consequently, this price increase comes right off our bottom line. Another result of this tariff is that we are even less competitive versus other vendors outside the U.S.

In addition, we wanted to convey just how difficult it is becoming to remain a viable manufacturer in America. One year ago, we sold a particular part for 9.2 cents each. Today, we must sell the same part for 4.7 cents each in order to keep the work from going to Mexico. Our competitor in Mexico is paying his labor force 60 cents per hour. We have worked hard in the past few years to reduce costs, become more lean, and re-organize to meet such challenges, but we can only make so many cuts without affecting our company's ability to perform.

Last week, we participated in a round table discussion with Chuck Sweeney of The Register Star, along with several other Rockford area manufacturers. Their stories are the same as ours. Despite being self-employed businessmen, many in the room were questioning their ability to support President Bush in the next election given the results of his tariff decision. I'm concerned that frustrated Republicans may stay home in the upcoming election due to what is perceived as the increasingly anti-business climate in Washington. Following are copies of two recent invoices for steel, showing our price increase. We would appreciate your thoughtful consideration of this matter.

Sincerely, Bret Rogers

Bret Rogers, Sales Director

1827 Broadway • Rockford, IL 61104
815/397-3306. FAX 815/397-0324

Coilplus-Illinois, Inc.
2001 Coilplus Dr. Plainfield, IL 60544
(815)-436-3999 Fax (815)-436-3299

Please refer to invoice number or return invoice copy when remitting

ORIGINAL

Invoice Number 228410

THE ROCKFORD COMPANY
1827 BROADWAY

ROCKFORD
IL 61104-0000

BILL TO
THE ROCKFORD COMPANY
1827 BROADWAY

ROCKFORD
IL 61104

Please Mail Payment To :
COILPLUS ILLINOIS, INC.
135 S. Lasalle St.
#2984
Chicago,
IL 60674-2984

ustomer umber 17195005	Sls Number A11	Shipped Date 6/05/02	Shipped Via APS TRANSPORTATION	Invoice Date 6/05/02
l of Lading # 20020605012		FOB Delivery	Freight Prepaid	

Cust PO# / WO #			Description		Quantity	Unit Price	Amount
.O.#	9256		PART# 2				
SKD#	738138	CR	.0390X02.500XC	4 PC	5000 LB	21.0000 / CW	1,050.00
SKD#	738139	CR	.0390X02.500XC	4 PC	5000 LB	21.0000 / CW	1,050.00
SKD#	738140	CR	.0390X02.500XC	4 PC	5010 LB	21.0000 / CW	1,052.10
SKD#	738141	CR	.0390X02.500XC	4 PC	5000 LB	21.0000 / CW	1,050.00
SKD#	738142	CR	.0390X02.500XC	4 PC	4805 LB	21.0000 / CW	1,009.05
SKD#	738143	CR	.0390X02.500XC	4 PC	4640 LB	21.0000 / CW	974.40
SKD#	738144	CR	.0390X02.500XC	4 PC	4670 LB	21.0000 / CW	980.70
SKD#	738145	CR	.0390X02.500XC	4 PC	4680 LB	21.0000 / CW	982.80
SKD#	738146	CR	.0390X02.500XC	4 PC	4660 LB	21.0000 / CW	978.60
					==========		
					43465 LB		

RECEIVED
JUN 10 2002

ayment Terms	Due Date	If payment is made by 6/05/02			Total payment due after 6/05/02
ET 30 DAYS	7/05/02	Pay by 6/05/02	Deduct	Pay 9127.65	9,127.65

ler warrants that the material will meet the specifications shown on the face hereof, that the Seller will convey good title thereto and that the material when shipped shall be free of defects in material and workmanship. In no event shall Seller be ble for any labor claims or any other special direct, indirect, incidental, or consequential damages to anyone. All claims for any alleged shortage, damaged material, or defect, or for any alleged failure of the material to meet any specification, rranty or term of this contract must be made within 30 days of receipt of the material.

Coilplus-Illinois, Inc.
~~2001 Coil~~plus Dr. Plainfield, IL 60544
(815)-436-3999 Fax (815)-436-3299

Please refer to invoice number or return invoice copy when remitting

ORIGINAL 1

Invoice Number 229446

SHIP TO: THE ROCKFORD COMPANY 1827 BROADWAY ROCKFORD IL 61104-0000	BILL TO: THE ROCKFORD COMPANY 1827 BROADWAY ROCKFORD IL 61104	*Please Mail Payment To :* COILPLUS ILLINOIS, INC. 135 S. Lasalle St. #2984 Chicago, IL 60674-2984

Customer Number	Sls Number	Shipped Date	Shipped Via	Invoice Date
17195006	A11	7/09/02	APS TRANSPORTATION	7/09/02

Bill of Lading # 20020709005 | FOB Delivery | Freight Prepaid

Cust PO# / WO #			Description		Quantity	Unit Price	Amount
P.O.# 2443			PART# 10				
SKD# 741806	CR	.0440X02.125XC		5 PC	4330 LB	31.6200 / CW	1,369.15
SKD# 741810	CR	.0440X02.125XC		5 PC	4310 LB	31.6200 / CW	1,362.82
SKD# 741813	CR	.0440X02.125XC		3 PC	2555 LB	31.6200 / CW	807.89
SKD# 741815	CR	.0440X02.125XC		3 PC	2525 LB	31.6200 / CW	798.41
SKD# 742623	CR	.0440X02.125XC		4 PC	3080 LB	31.6200 / CW	973.90
SKD# 742625	CR	.0440X02.125XC		4 PC	3070 LB	31.6200 / CW	970.73
P.O.# 9334			PART# 0443437				
SKD# 742619	CR	.0440X03.437XC		4 PC	4985 LB	31.6200 / CW	1,576.26
SKD# 742626	CR	.0440X03.437XC		4 PC	4770 LB	31.6200 / CW	1,508.27
P.O.# 9334			PART# 2				
SKD# 742656	CR	.0390X02.500XC		4 PC	3980 LB	31.6200 / CW	1,258.48
SKD# 742668	CR	.0390X02.500XC		4 PC	3990 LB	31.6200 / CW	1,261.64
SKD# 742682	CR	.0390X02.500XC		4 PC	3980 LB	31.6200 / CW	1,258.48
SKD# 742685	CR	.0390X02.500XC		5 PC	4970 LB	31.6200 / CW	1,571.51
P.O.# 9334 ADD			PART# 43				
SKD# 743277	CR	.0440X01.937XC		4 PC	2995 LB	31.6200 / CW	947.02
SKD# 743279	CR	.0440X01.937XC		4 PC	2970 LB	31.6200 / CW	939.11
					==========		
					52510 LB		

RECEIVED
JUL 17 2002

Payment Terms	Due Date	If payment is made by 7/09/02			Total payment due after 7/09/02
NET 30 DAYS	8/08/02	Pay by 7/09/02	Deduct	Pay 16603.67	16,603.67

Seller warrants that the material will meet the specifications shown on the face hereof, that the Seller will convey good title thereto and that the material when shipped shall be free of defects in material and workmanship. In no event shall Seller be liable for any labor claims or any other special direct, indirect, incidental, or consequential damages to anyone. All claims for any alleged shortage, damaged material, or defect, or for any alleged failure of the material to meet any specification, warranty or term of this contract must be made within 30 days of receipt of the material.

Since 1881

TC Industries, Inc.
Telephone 815/459/2400
Fax 815/459/3303

3703 S. Route 31
Crystal Lake, Illinois
60012-1412

Mill Products Division
Telephone 815/459/2400
Fax 815/459/2596

Processed Steel Company
Telephone 815/459/2400
Fax 815/459/2589

August 12, 2002

Honorable Congressman Donald Manzullo
409 Cannon House Office Building
Washington, D.C. 20515-1316

RE: Steel Tariffs Impacting Local Jobs

Dear Congressman Manzullo:

I wanted to inform you that the 30% tariff recently imposed on the steel used by TC Industries, Inc. at our Crystal Lake, Illinois facility has dramatically, and unnecessarily, impacted our ability to provide a cost competitive product at our Illinois facility. As described more fully below, we are seeking your support and assistance to get the Department of Commerce to exclude beveled flats from the 30% tariff.

TC Industries currently manufactures long sections of steel, commonly referred to as beveled flats, into finished cutting edges. We sell the finished part to our customer, Caterpillar Inc. Caterpillar uses the finished cutting edges on its new construction equipment and exports these finished cutting edges to construction equipment owners around the world who need replacement parts.

A determination by the Department of Commerce that this steel should be excluded from the 30% tariff will allow TC Industries to continue to manufacture cutting edges using our current labor force in Illinois. Should an exclusion from the 30% tariff not be granted, then TC Industries would have no choice but to move the manufacturing of these parts outside the United States. This would mean the loss of jobs at TC Industries and associated suppliers in the State of Illinois.

Caterpillar has requested the Department of Commerce exclude this steel from the new tariffs. Only two steel mills have objected to Caterpillar's exclusion request which is pending with the Department of Commerce (N339.01). Both of those mills have been assessed by Caterpillar Technical and Metallurgical managers. Neither mill is capable of producing the aluminum killed fine grained and vacuumed degassed steel required by Caterpillar's specifications.

Congressman Donald Manzullo
August 12, 2002
Page 2

TC Industries has committed substantial investments to the people and processing equipment which has made TC Industries Caterpillar's preferred supplier of cutting edges in Illinois for over thirty years. The approval of Caterpillar's exclusion request will allow this relationship to continue into the future. I would appreciate it if you would contact the Commerce Department and the Office of the U.S. Trade Representative to explain the impact which will result from failure to grant this exclusion.

Yours truly,

TC INDUSTRIES, INC.

George

George A. Berry IV
President and Chief Operating Officer

GABIV:km

Jul-22-02 10:21am From-Cong Don Manzullo 202-225-5284 T-087 P.007/008 F-718

JOHNSON BROS. Metal Forming Co.

5520 McDERMOTT DRIVE • BERKELEY, ILLINOIS 60163-1276 • TELEPHONE (708) 449-7050
E-MAIL Info@JoBroCo.Com (24 HRS.) FAX (708) 449-0042

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 201-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company Johnson Bros. Metal Forming Co. We are located in Berkeley, IL and we employ 36 workers.

The steel Tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply and pricing is becoming less reliable. The advice given us on the enclosed letter from one of sources is coming true.

Our delivery times have increased and prices have gone up. Our steel service centers (we do not buy direct from the mill) are advising that the mills are holding to excessive high prices to milk every penny out of this situation. Obviously they have no concern for small metal manufacturers.

Our business is just now getting on its feet from the "Non-Recession" losses and delivery delays and price increases are hurting us. We supply metal shapes. Some of our customers are in Non-Metal products and our metal shape component is the only metal element they are familiar with. They don't understand the Tariffs or its consequences and are angered by our delayed deliveries and higher prices.

We are a small business living day to day. It won't take much to put an end to our 54 year old company and 36 families on unemployment compensation. Would our customers go to foreign suppliers? We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need at competitive prices to stay in business in the USA.

Thank you.

Sincerely,

Edwin O. Johnson
President

JUN. 27. 2002 8:00AM NO. 9117 P. 2

(773) 646-8460
(800) 551-5090
Fax (773) 646-4383
13535 S. Torrence Ave.
Building C
Chicago, IL 60633

[redacted]

Member
Steel Service Center
Institute

BALDWIN STEEL COMPANY

CHICAGO DIVISION

June 27, 2002

The Honorable George W. Bush
1600 Pennsylvania Ave.,NW
Washington, DC 20500

Dear Mr. President:

Since the 30% tariffs were imposed in March we have experienced at least a 60% jump in prices with more to follow. In addition, we cannot purchase adequate amounts of domestic steel to support our business going forward. Your intent to stop Foreign Steel has backfired and now forced us to buy at least 30% of our steel from offshore, this number is up from 1% just three years ago.

We also know this meteoric bounce has not been passed to the very large users such as Automotive. Not only will they not accept price increases from their Tier 2 suppliers they are still looking for cost reductions! 40% of the steel market has only experienced incremental price increases if any due to long term high volume contracts. We are in the early stages offshore manufacturing migration and you will lose many votes, contributions and many businesses.

I recently participated on a roundtable for the Precision Metal forming Association and Senator Peter Fitzgerald attended. He mentioned the ripple effect is now an estimated 57 to1 negative effect for every steel worker saved. A cross section of 40 companies participated and all shared their personal horror stories of severe steel shortages, lost business to our NAFTA partners and the largest concern is China where monthly labor rates are less than $100 per month.

The mills must be allowed to break all long-term contracts. A 10% increase to Automotive averages $60 per vehicle and results in a billion dollars in additional annual revenue. Why should Auto and Appliance be spared the pain? We are also certain that additional revenue will not go to new equipment, but instead lobby efforts.

We urge you to eliminate, or at least cut the tariffs immediately and save our jobs instead of advancing your strength in Democratic States.

Your positive consideration is appreciated,

Daniel A. Zecca

Daniel A. Zecca
Vice President and General Manager

Other locations: Jersey City, New Jersey – Tulsa, Oklahoma – Memphis, Tennessee – Houston, Texas

GROUP ARNOLD

THE ARNOLD ENGINEERING CO.

June 19, 2002

The Honorable Donald Manzullo
c/o Bryan Davis
415 S Mulford Rd
Rockford, IL 61108

RE: The Arnold Engineering Company
Marengo, Illinois

Dear Congressman Manzullo:

I write regarding the deleterious impact that the imposition of tariffs upon magnetic steel products is having upon The Arnold Engineering Company ("Arnold") and its employees in Marengo, Illinois, and to request your assistance in having our completed Questionnaire for Exclusion reviewed by the applicable regulatory agency, The Office of the United States Trade Representative.

Recently, Arnold was informed that its material, ARNOKROME-5C, was subject to additional duties under the section 201 remedy for imported steel products. We had proceeded under the assumption that ARNOKROME-5C, would not be subject to any tariffs due to the specialized nature of the alloy and the unique capabilities of our supplier. ARNOKROME-5C is processed by Arnold in Marengo and then sold to a domestic producer of anti-theft tags, who then in turn sells these tags to retail stores through-out the United States.

Arnold originally conducted an extensive search to locate a domestic supplier of ARNOKROME-5C, but no domestic suppliers were either capable of or willing to supply ARNOKROME-5C. Hence Arnold widened its search, and began to conduct business with an off-shore source (in Germany). Arnold has continued to search for a domestic back-up and/or replacement supplier, but those efforts have all resulted in "no-quotes" from domestic sources. In light of the fact that Arnold has diligently searched for a replacement product for ARNOKROME-5C, and demonstrated that there is no replacement supplier or material in the U.S., we believe that this tariff should not be imposed upon Arnold.

300 N. West Street – Marengo, Illinois 60152 – 800-545-4578 – 815-568-2207 – Fax: 815-568-2477
www.grouparnold.com

GROUP ARNOLD

THE ARNOLD ENGINEERING CO.

At stake are the six years that Arnold invested (amounting to well over $500,000 in product development costs alone) in the development of this product, and Arnold's continued participation in the magnetic anti-theft marketplace. In particular, if the tariff remains in effect for ARNOKROME-5C, we anticipate that at least five (5) hourly workers and an as-yet undetermined number of support personnel will be terminated when Arnold exits the magnetic anti-theft marketplace.

On behalf of The Arnold Engineering Company I respectfully request that you consider this request, and if you are in agreement with Arnold's position, we ask that you champion our case with The Office of the United States Trade Representative to obtain an exclusion to preserve the investment that we have made and secure the future employment of the affected Arnold personnel, that support this program.

Thank you for your consideration of our request.

Respectfully,

Michael D. Nelson
General Manager
Rolled Products Division
The Arnold Engineering Company

CC: John L. Gburek, President, The Arnold Engineering Company

ATTACHMENT: Questionnaire for Exclusion Requestors (New)

06/11/2002 09:16 FAX DURA AUTOMOTIVE MAT./ENG 001

Seat Systems Division
Dura Automotive
Systems, Inc.

301 S. Simmons St.
Stockton, IL 61085

Tel. (815) 947-3333
Fax (815) 947-3010

DURA

June 11, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Dura Automotive. We are located in Stockton, IL and we employ 800 (approx.) workers. Our production workers are members of Stockton Employee Independent Union Local #118. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have received notice of substantial price increases, and have had difficulty in receiving our orders in a timely fashion. As you know in the automotive market this is extremely dangerous. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past August this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA. Thank you.

Sincerely,

DURA AUTOMOTIVE SYSTEMS, INC.

Kelly L. Bennett, Buyer

ID: MAR 14 '02 16:04 No.027 P.01

MASTERCOIL SPRING

4010 Albany • McHenry, IL 60050 Tel: (815) 344-0051 • Fax: (815) 344-0071

MAR 14 REC'D

March 8, 2002

Congressman Donald Manzullo
181 North Virginia Road
Crystal Lake, Illinois 60014

Fax: 815.356.9803

Dear Sir,

Due to the recent developments concerning the large tariffs placed on imported steel, mainly for stainless steel wire and wire rod, I feel compelled, once again, to voice my concerns as to the effect this will have on the spring industry.

Mastercoil has been in business for 19 years and we have devoted a great deal of time and money in our search for quality wire suppliers. For the past ten years we have been using a Swedish supplier as our primary wire source because of their overall quality and consistency of the product, which dramatically reduces our scrap rates. From that time to the present, we have continued our search for a domestic supplier who could meet the standards of quality being demanded by our customers, all to no avail. We began using a Korean source within the last 1-1/2 years. These two sources have the quality and capacity that we require.

Unfortunately, the domestic wire suppliers, although comparable in price, have neither the quality nor the capacity to service Mastercoil's needs. One of the major problems faced by the domestic supplier is, in fact, a lack of supply of high quality wire rod. The very product upon which this tariff has been placed! At this time, there is only one domestic supplier of stainless wire rod and their quality is too erratic for the product we produce. All high quality wire rod suitable for fine diameter spring wire is produced offshore, primarily in Europe and Japan, and most of these have been eliminated from the US market by previous trade cases. The only remaining source is Sweden and the current tariffs or any quotas which may be imposed will only serve to further hamper the domestic industry's ability to compete.

Mastercoil Spring employees 50 people in McHenry County. We are a manufacturer of fine diameter stainless steel springs for aerosol, finger pumps and trigger sprayers (the packaging industry). We supply approximately 3.5-billion springs to this industry, or 60% of the usage in the United States.

The spring industry is a highly competitive market. Our customers are very large global companies who are continually looking to improve their competitive advantage. We have been informed that spring manufacturers in Europe are already more competitive than we are on similar springs.

ID: MAR 14 '02 16:05 No.027 P.02

Congressman Donald Manzullo
March 8, 2002
Page Two

Any duty or tariff on imported stainless steel will succeed only in giving all foreign competition an unprecedented advantage, including spring companies with locations in Mexico.

If we are forced to use domestic wire due to trade restrictions, we will be unable to compete with springs produced elsewhere in the world. I hesitate to predict the future of Mastercoil, and all the spring companies in the United States, if this tariff is allowed to continue.

While the primary goal of this action may be to provide a competitive and stable market for stainless steel, I guarantee that it will also jeopardize our entire spring manufacturing industry. I'm sure I speak for all spring manufacturers when I ask for your consideration in this matter. By affixing their signatures on the attachment to this letter, Mastercoil employees are not only speaking out for themselves, but are asking that those with a voice that can be heard, such as yourself, remain mindful of the long term consequences of these actions.

Very truly yours,

Jeffrey D. Musielak
President
Mastercoil Spring Company
JDM/m

cc: Mr. Brian Davis
Director Small Business Administration
415 South Mulford Road
Rockford, IL 61108
Fax: 815.394.3930

cc: Mr. Donald J. Musielak
Chairman of the Board
Mastercoil Spring Company

ID: MAR 14'02 16:05 No.027 P.03

Congressman Donald Manzullo
March 8, 2002
Page Three

We, the employees of Mastercoil Spring Company, by affixing our signatures below, hereby request that our agents in Washington do all in their power to represent the domestic spring industry and repeal all tariffs and or quotas on imported rod.

Mario Garcia	Wayne C. Hanson
Keith Walser	Mike Westerberg
Paul Westinger	Richard Rosales
[illegible]	Carl W. Strauss
Horst W. Hoffmann	[illegible]
[illegible]	[illegible]
Linda Mayer	Mary B. [illegible]
Nancy Wallech	[illegible]
Wayne L. Blake	Philip W Meyer
Rickey W Sonsalla	Javier Méndez
Jim Miller	Charles E. Oehlerking
Tammy A. Kraft	Jim Mayer
[illegible]	Thomas A Olson
[illegible] Garcia	Steve Cyder
Roy Davis	[illegible]
Greg Mroz	Bob Brodie
Eric Miller	Saul [illegible]
Patricia Sensabaugh	Javier Solis
John [illegible]	JOSE R GONZALES
Anthony R [illegible]	[illegible]
[illegible]	David Basallo
Larry R [illegible]	Colin M. Kelley
[illegible]	Paul I. Ramsdell
[illegible]	[illegible]

SEWARD SCREW PRODUCTS INC.

16377 THIRD STREET • PO BOX 86
SEWARD, IL 61077

June 11, 2002

The Honorable Don Evans
Secretary of Commerce
Department of Commerce
14th Street and Constitution Avenue,N.W.
Washington, DC 20230

Re: The unintended consequences of the 201 Steel Tariffs

Dear Mr. Secretary,

Thank you for the opportunity to present some observations and consequences of the recently imposed steel tariffs.

Seward Screw Products, Inc. is a job shop that sells turned metal parts to Original Equipment Manufacturers and tier one suppliers. Our family owned company was founded in 1954, and has experienced several business cycles. Currently we employ 120 people.

Carbon steel bars, tubing and stainless steel bars constitute approximately 90% of our raw material requirements. Lately we have noticed increases between 1 % and 40% on those purchases. The majority of the products that we purchase have increased in cost between 3.6% and 7% and it is predicted will continue to rise to 10% or more yet this year.

Raw material cost represents between 25% and 40% of the price of our products. Thus we would need to raise our prices from 1% to 3% just to stay even currently.

Our customers will not tolerate any price increases, because they have been unable to raise their prices. We also have some customers who expect between 5% and 8% reductions in their costs every year.

In addition to this dilemma, the steel producers have recently become very arrogant. Lead times have been lengthened, and availability of specialty items severely restricted. My discussions with distributors, brokers, and cold finishing companies confirm these statements.

To make matters worse, small manufacturers that recently experienced 10% to 40% downturns in their business, are either going out of business or have no profits to reinvest in newer technology. Foreign competition has been devastating, and by adding the burden of a policy that discriminates against them, definitely sends the wrong message to those struggling businesses, as well as the rest of the business community and governments throughout the world.

Unfortunately, small businesses that disappear do not make headline news. They are a very important part of the United States manufacturing base, and that base is eroding at an alarming rate.

PHONE: 815-247-8411 • FAX: 815-247-8443

Automobile, truck, farm implement and appliance manufacturers are already planning higher prices to offset the cost increases of flat stock. Contracts that have expired are not being renewed, and some contracts are being rescinded by the steel mills.

In retaliation for the tariffs the American farmer is among the first to suffer. American exports are being targeted by our trading partners, which upsets the dynamics of our free enterprise system.

Inflationary pressures will trigger an increase in interest rates, further dampening recovery.

All Americans will pay for this event very soon.

We hope that the 201 Steel tariffs will be rescinded soon before the situation escalates into a trade war, and the whole world suffers.

Thank you for your time and consideration.

Yours truly,

Lloyd E. Falconer

Lloyd E. Falconer
Secretary-Treasurer

6/6/2002

2002 Tubing Mill Price Increases

6/5/2002	Increase	Effective Date	Increase	Effective Date	Increase	Effective Date	Increase	Effective Date
Stainless Commerical Tubing	5-7%	3/4/2002						
Stainless Ornamental Tubing	5%	4/1/2002	5-10%	5/13/2002				
Stainless Aircraft Tubing	0%							
Alloy Aircraft Tube	3-1/2%	6/1/2002						
Alloy CDS DOM Mechanical Tube	3-1/2%	7/1/2002						
CDS Mechanical Tube	3-1/2%	7/1/2002						
ERW Mechanical Tube	6%	2/1/2002	7-1/2%	4/1/2002	7-1/2%	6/1/2002		
DOM Group 1 ** Generally doesn't apply to 2" OD & smaller with .134 wall and lighter	6%	2/1/2002	6-1/2% **	4/1/2002	6%	6/1/2002		
DOM Group 2 and 3	6%	2/1/2002	6-1/2%	4/1/2002	6%	6/1/2002		
Hydraulic Tube 15% is foreign increase due to 201 13.5% Benteler (J525 only) 15% Vallource (J525 only) 8.5% Plymouth (J525)	8.5 - 15%	5/1/2002	5% x	6/1/2002				
Cold Drawn Butt Weld ** Generally doesn't apply to 2" OD & smaller with .134 wall and lighter	6%	2/4/2002	6-1/2% **	4/1/2002	6%	6/1/2002		

E.M. Jorgensen
Distributors – their increases

Baron
DRAWN STEEL & WIRE

1420 BARON STEEL AVENUE · TOLEDO, OHIO 43607 · (419) 531-5525 · Fax (419) 537-0754
8455 RONDA DRIVE · CANTON, MICHIGAN 48187 · (734) 455-3322 · Fax (734) 455-3615
7505 BARON DRIVE · CANTON, MICHIGAN 48187 · (734) 354-8100 · Fax (734) 354-8111

May 17, 2002

To our valued customers:

Due to continued raw material price increases and the effects of the Section 201 ruling, Baron Drawn Steel Corporation must increase our prices as follows:

Effective June 1, 2002:

All shapes	
1215 Billet Cast	$1.25/cwt
1215 Bloom Cast	$1.75/cwt
All other Carbon	$1.25/cwt
Alloy	$1.25/cwt
Leaded	$1.50/cwt

If you have any questions please call me.

Regards,

Dave Gilbert
Sales Manager

Office and Plant:
2800 South 61st Court
Cicero, Illinois 60804-3091
(708) 863-8000
(800) 323-2750

Corey
STEEL COMPANY

Mailing Address:
P.O. Box 5137
Chicago, Illinois 60680-5137
Facsimile:
(708) 863-1288

May 9, 2002

TO OUR VALUED CUSTOMERS:

Due to a recent raw material increase, we are increasing our prices on cold finished steel bars effective June 1, 2002 by $1.25 cwt. The grades affected by this increase are C-12L14 and all non-leaded carbon and alloy steel bars.

If you have any questions concerning this, please contact your local Corey representative.

Yours truly,

Raymond V. Nadolny

Raymond V. Nadolny
Vice President-Sales

RVN/mlb

DIEMASTERS MFG. INC.
2100 TOUHY
Elk GROVE VILLAGE, IL 60007
847-640-9900 x108
Fax: 847-640-6292

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Via Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Diemasters manufacturing, Inc. We are located in Elk Grove Village, Illinois, a suburb of Chicago; we employ 90 workers. I need your help.

The majority of our raw material is steel purchased from service centers. Even though we had a signed contract with our major service center, that contract was broken within one week after the president signed the section 201 tariff. At that time, our service center told us that we would soon be paying $.03 more per pound until June 30 and that they would let us know after that. Because of this uncertainly we cannot even attempt to pass on prices to our customers until we know exactly what our prices will be. By my calculation, our raw materials will cost $400,000 more than the original contract and if we are lucky we may be able to pass on $150,000 to our customers.

The service centers have also intimated that starting in July we may not be able to get some of the specialty steels and that, for these items, we will be placed on allocation. This situation will lead to even higher prices than the tariff causing possible lost business to customers and creating a situation where we absolutely cannot pass on the increase to our customers.

This is how the steel tariffs imposed by the President in March have affected Diemasters. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

Before the tariffs, one of our largest customers asked us to reduce prices or the parts would be quoted for manufacture in China. The tariff has made that an even stronger possibility. Unless things change rapidly, we will lose that business to Chinese foreign competition because of the actions taken by our own government.

Even though we are a small business, the prices for our parts are the result of global market forces. We need steel to be priced the same way. Please ask the President to help us get the steel we need at a fair price to stay in business in the United States of America. I do not think we should change the name of our country to the United States of China.

Thank you.

Sincerely,
Diemasters Mfg. Inc.

Paul Rimington
CEO

Smith and Richardson Mfg. Co.

P.O. BOX 589 • 727 MAY STREET
GENEVA, ILLINOIS 60134 • (630) 232-2581 • FAX (630) 232-2610
www.smithandrichardson.com
www.foundrychaplets.com

June 6, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my deep appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from the Steel 201 tariffs of "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

Smith and Richardson Mfg., Inc., located in Geneva, Illinois, is a leading manufacturer of precision turned machined products and high volume machined parts for the temperature control Solenoid, Actuator, Safety and Heavy Truck industries. Our annual sales are approximately $4,500,000 and we employ forty-two people. The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people.

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14 (without tellurium). Our industry needs to have reliable and globally competitive sources of this basic material and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply.

The economic downturn has been especially severe for the precision machined products industry. The economists who say there "might not have been" a recession certainly weren't looking at our numbers. Our business in 2001 was down 20% from 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases, and have been told by some of the large Steel Service Centers that supplies are at critical levels.

Our company and our industry are engaged in the fierce struggle of global competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect now higher material costs for U. S. companies to accelerate that trend.

The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars holds serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry at risk. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope. Thank you for all you can do to see that Camcraft's requests are granted.

We greatly appreciate your support in this crucial matter. If you have any further questions, please do not hesitate to call me.

Sincerely,

W. Richard Hoster III
President

Roseland Metal Products

Fax

To:	The Hon. Donald Manzullo	**Date:**	06/06/02
From:	Calvin Veltman, CEO	**Fax:**	(202) 225-2934
Re:	Steel tariffs	**Pages:**	2

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from the Steel 201 tariffs of "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

Roseland Metal Products, located in Dolton, IL, is a manufacturer of precision turned machined products and high volume machined parts for the [Insert industries served] industries. Our annual sales are approximately $3 million and we employ 25 people. The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people.

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two

June 6, 2002

domestic sources of 12L14 (without tellurium). Our industry needs to have reliable and globally competitive sources of this basic material and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply.

The economic downturn has been especially severe for the precision machined products industry. The economists who say there "might not have been" a recession certainly weren't looking at our numbers. Our business in 2001 was down 50% from 1999. Just as we are beginning to see recovery, we are faced with rising prices on steel. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases. Given the few domestic suppliers of this product, a monopoly situation does not favor long term price stability.

Our company and our industry are engaged in the fierce struggle of global competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially in China where the government unduly subsidizes our competitors, and we expect now higher material costs for U. S. companies will accelerate that trend. Already our customers are seeking partners in China who will benefit from subsidies not being matched by our government.

The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars holds serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry at risk. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope. Thank you for all you can do to see that Camcraft's requests are granted.

We greatly appreciate your support in this crucial matter. If you have any further questions, please do not hesitate to call me.

Sincerely,

Calvin Veltman

Calvin Veltman, Ph.D., CEO

Jun-10-02 18:28 From-HOGAN & HARTSON 18 T-145 P.007/010 F-574

TRILLA STEEL DRUM CORPORATION

2959 West 47th Street • Chicago, Illinois 60632
(773) 847-7588 • FAX (773) 847-5550 • 1 (800) 669-DRUM

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

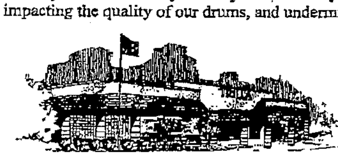
June 10, 2002

Dear Representative Manzullo:

I am writing to you concerning a matter of grave importance to Trilla Steel Drum Company ("TSD"), its employees, and the Chicago community. My employees and I would appreciate the opportunity to meet with you – either in Washington D.C. or in Chicago – to discuss the dire impact the Steel 201 remedy has had on TSD, and to request your support for TSD's product exclusion request for the principle raw material used in the new steel drums it manufactures. This request, which seeks the exclusion of "cold-rolled expandable (Rockwell B 35-50 - aim 45), extra clean, electrostatically-applied light oil coated steel" from the Steel 201 tariffs, has been assigned the alpha-numeric designation N-474.

TSD, located in Chicago, Illinois, is a leading manufacturer of new steel drums used in the filling, storage, and transportation of a variety of products, including hazardous materials. A family-owned business, three generations of the Trilla family have built the company from a drafty garage on the Southwest Side into a major Midwest supplier of more than one million 55 gallon steel drums annually to a diverse client base. Consistent with our reputation for superior quality, technological leadership, and customer service, we require a consistent supply of steel that meets our stringent specifications, has been approved under TSD's qualification process, and that can only be obtained, on a consistent basis from foreign sources.

Domestically-produced alternatives simply are not consistently appropriate substitutes for TSD's critical specifications for its special application in the manufacture of steel drums. In order for TSD to certify to its customers that each drum meets the stringent performance requirements set forth by the United Nations and required by the U.S. Department of Transportation, we can only use raw materials that meet exacting gauge control requirements, Rockwell hardness, and surface cleanliness, and be free of defects caused by laminations or pinholes. For instance, steel that does not have a consistent and low hardness value will not withstand the state-of-the-art expansion process employed by TSD to ensure a stronger container with better stacking and vacuum strength and dent resistance. In addition, TSD's clientele includes an increasing number of customers shipping hazardous, sensitive, and expensive materials that cannot risk contamination and that should not be leaked into the environment. Drums with cracks, fractures, and leaks -- resulting from the use of steel that is unsuitable for our steel drums – are unacceptable, but would be inevitable if we are forced to use domestically-produced alternatives that do not consistently meet our strict specifications. As you can imagine, this would have a severe impact on our ability to compete effectively -- increasing costs due to scrap and rejections, impacting the quality of our drums, and undermining our credibility with our customers.



The imposition of a 30 percent additional tariff on the imports of the basic raw material for the manufacture of new steel drums has been a disaster for TSD. It has effectively cut off TSD's supply of the major raw material it needs, and creates enormous competitive pressure to purchase domestically produced steel that is not suitable for TSD's use. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense if it creates a crisis for us. Moreover, shutting off our supply of imported steel does nothing to aid in the recovery of the U.S. mills, which do not consistently produce the material we need. The product exclusion process provided for by the President is TSD's only avenue for hope, and we need your help to make sure our case is heard.

We greatly appreciate your support in these crucial matters. If you have any questions, please do not hesitate to call me or our Washington counsel, Lewis Leibowitz, who can be reached at 202-637-5638.

Sincerely,

Lester Trilla
President and CEO

cc: District office
Lewis E. Leibowitz, Hogan & Hartson, L.L.P.

Jun-10-02 18:28 From-HOGAN & HARTSON 18 T-145 P.005/010 F-574

meyer STEEL DRUM, INC.
2000 South Kilbourn / Chicago, Illinois 60623 / Phone (773) 522-3030 / Fax (773) 522-7360

APPROVED N.B.A.D.A. MEMBER — NATIONAL BARREL AND DRUM ASSOCIATION

June 7, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, Meyer Steel Drum, Inc., a family-owned business in the Chicago area and the 226 workers we employ at our new steel drum manufacturing and steel drum reconditioning plants. We need your help. Specifically, we ask for your support for the product exclusion requests that are critical for the future of our business and not available domestically. These exclusion requests seek the exemption from Steel 201 tariffs for certain cold-rolled steel products used in the manufacture of new steel drums, and have been assigned the alpha-numeric designations X-214, N-422, N-390, N-399, N-404, and N-474.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Many domestic mills cannot supply the cold-rolled steel that meets the exacting specifications that Meyer Steel Drum requires in order to make high-quality, safe, and economical steel drums that are used to carry food products, chemicals, liquids, and powders of every description and composition. The domestic mills that can provide the cold-rolled steel meeting our specifications have placed us on allocation. Indeed, Bethlehem Steel has just notified us that they are canceling all orders for August delivery. In addition, Meyer Steel Drum has no inventory and no potential supplier of the 20-gauge headstock that is required by 20-25 percent of our customers. This means that 20-25 percent of our customers are not getting the drums that they ordered because of the mill delays and the unreliable domestic supply situation.

My business is in danger if I cannot get steel. Most of our customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to competing, non-steel products and foreign competition in Canada that now has a built-in cost advantage, thanks to the actions of our own government.

\\\DC - 65641/0001 - 1567683 v1

Jun-10-02 18:28 From-HOGAN & HARTSON 18 T-145 P.006/010 F-574

meyer STEEL DRUM, INC.

2000 South Kilbourn Chicago, Illinois 60623 Phone (773) 522-3030 / Fax (773) 522 7360

APPROVED N.B.A.D.A. MEMBER NATIONAL BARREL AND DRUM ASSOCIATION

Page 2

We are a small business. We need the steel we buy to be priced by the market, not by the government.

Please ask the President to help us get the steel we need to stay in business in the U.S.A.

Thank you.

Sincerely,

Brian Meyer
General Manager, New Drum Operations

CAMCRAFT®
Precision Machined Components

June 7, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

Thank you for meeting with Jim O'Donnell on Tuesday, June 4, to discuss the impact the Steel 201 tariffs are having on Camcraft, Inc (Camcraft), its employees, and the Hanover Park community. As discussed, my employees and I would appreciate your support for Camcraft's product exclusion requests for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision turned machined products and high volume machined parts for the automotive and hydraulic industries. Specifically, we request that you ask the President and USTR to approve our product exclusion requests. In addition, we would appreciate it if you would urge Congressman Hyde to do the same.

These requests, which seek the exclusion of "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium) from the Steel 201 tariffs, were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

Camcraft, located in Hanover Park, Illinois, is a leading manufacturer of precision turned machined products and high volume machined parts for the automotive and hydraulic industries. Our annual sales are approximately $25,000,000 and we employ 200 people. The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people.

12L14 is the most commonly machined steel in our industry, and is a foundation for America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium and there are only two domestic sources of 12L14 (without tellurium). One of these domestic sources, Republic Technologies, is currently in Chapter 11 bankruptcy. We need to have reliable and globally competitive sources of supply and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply.

1080 Muirfield Drive
Hanover Park, Illinois 60103
630•582•6000
Fax 582•6019

Jun-07-02 18:29 From-HOGAN & HARTSON 19 T-398 P.006/006 F-621

The economic downturn was especially severe for the precision machined components industry. The economists who say there might not have been a recession were not looking at our numbers. Our business in 2001 was down 14% from 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two increases and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that as demand increases, this could occur as well.

More importantly, our company and industry are engaged in the fierce struggle of global competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect that higher material costs for U. S. companies will accelerate that trend. Our largest customer has already told us that, due to pricing consideration, they are considering resourcing all of our business to an offshore source. Should this happen, it could well put us out of business. We believe this threat to be serious enough that we have begun a study to determine the feasibility of moving some of our production off shore as well.

The imposition of a 30 percent additional tariff on the imports of hot rolled leaded carbon steel coils and bars is having serious consequences for Camcraft and the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry at risk. Moreover, increasing the domestic price of free machining steel by shutting off our supply of imported steel does nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope and we need your help to make sure our case is heard.

We greatly appreciate your meeting with us and your support in these crucial matters. It was refreshing to talk with someone who understood the importance of the role Camcraft plays in the U.S. economy and in the lives of its 200 workers. If you have any further questions, please do not hesitate to call me or our Washington counsel, Lynn Kamarck, who can be reached at 202-637-6545.

Sincerely,

Michael Bertsche

Michael C. Bertsche
President

cc: District office
Lynn Kamarck, Hogan & Hartson, L.L.P.
David Burch, Precision Machined Products Association

WDC-75015/0300-1541774 v1

Prince

745 N. GARY AVENUE
CAROL STREAM, IL 60188-1812
630.588.0088
fax 630.588.0099

June 6, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my deep appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from the Steel 201 tariffs of "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2. Prince Industries, Inc., located in Carol Stream, IL, is a leading manufacturer of precision turned machine products and high volume machined parts for the telecommunications, dental, and heavy equipment industries. Our annual sales are approximately $17 million and we employ 175 people. We previously employed over 200 but have suffered layoffs due to the economy. The turned parts industry nationwide includes approximately 1600 U.S. companies employing 60,000 people.

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14 of this basic material and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply.

The economic downturn has been especially severe for the precision machined products industry. The economists who say there "might not have been" a recession certainly weren't looking at our numbers. Our business in 2001 was down 35% from 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases.

Our company and our industry are engaged in the fierce struggle of global competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect now higher material costs for U.S. companies to accelerate that trend.

The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars hold serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it doe not make sense to save one industry by putting another, larger industry at risk. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short term hope. Than you all for all you can do to see that Camcraft's requests are granted.

We greatly appreciate your support in this crucial matter. If you have any further questions, please do not hesitate to call me.

Sincerely,

Edward F. Miller
Vice President

BUHRKE Industries, Inc.

Hi-Volume Precision Metal Stampings ■ Precious Metal Contact Welding ■ Mechanical Assemblies ■ Metal Stamping Dies in Steel and Carbide

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Att'n: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Buhrke Industries, Inc. We are located in Arlington Heights, Illinois and we employ 120 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Attached are sample letters from vendors and steel suppliers that verify placement of our vendors on allocation and price increases, etc. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past September this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Michael F. Chester

Michael F. Chester
President

MFC:jnf
Attach.

Corporate Headquarters: 511 West Algonquin Road, Arlington Heights, Illinois 60005-4499 Tel (847) 981-7550
Office Fax (847) 981-0772 Customer Service Fax (847) 290-1504 E-Mail: BUHRHE19@MAIL.IDT.NET

Southern Facility: 2446 Pine Lake Trail, Arab, Alabama 35016
Tel 1(800) 661-8502 Fax (205) 586-3515

HARRIS STEEL™

April 24, 2002

Mrs. Judy Sears
BUHRKE INDUSTRIES

Fax: 847-290-1504

Dear Judy:

Over the past several months, I have tried to keep you up-to-date with regards to the quickly changing market conditions we are all experiencing. As a result of several plant closures, in addition to a lower import levels, it has been extremely challenging to maintain a consistent source of supply. All service centers and OEM's are on allocation with every domestic mill. Even though pricing is considered very important, it has taken a back seat over availability of metal.

As you know, pricing has escalated to enormous proportions overnight, putting both service centers and OEM's at the mercy of the steel mills. Although not every supplier has put pricing in writing, our costs for third quarter will be well over 30% of what our pricing was at the beginning of the year. As an industry, steel service centers are not fortunate enough to enjoy profit margins in excess of 30%.

Obviously, this has created quite a challenge in our industry's intent towards pricing commitments. All of our contracts with our customers have been amended to accommodate these unprecedented market conditions. Because of this, it is necessary to review our pricing arrangements as established in our three-year agreement.

It is important to note that your business is important to Harris Steel and me. The decision to revise pricing has been difficult. However, in this business environment, it is a decision that it is necessary to make. I am optimistic that we will work through what appears to be some challenging times ahead and continue to grow the relationship between our companies for years to come.

Sincerely,

Larry J. Vena
Sales Representative

cc: John Coia

HARRIS STEEL COMPANY • 1223 SOUTH 55TH COURT, CICERO, ILLINOIS 60804-1297

HARRIS STEEL™

April 11, 2002

To Our Valued Customers:

Tough market conditions and unprecedented times are changing how we evaluate and review the market. Pricing, lead-times, product availability, and mill philosophies are changing daily.

Pricing has been extreme in many cases. Dramatic increases reported in the market are on all products and include changes in base prices, extras, quantities and those items on programs as well (increases up to $120/ ton being reported). It is not unusual for the mills to change pricing posture two or three times on the same segment of business or timeframe of delivery. The mills are looking to regain profitability, and with many in chapter 11 or with heavy sustained losses in 2001, they are looking to reverse their plight as opposed to accept the alternative. Three key components in the domestic market that have accelerated the shift of orders to the domestic doorsteps are the closure of LTV, the closure of Acme Steel and the Section 201 rulings. The shift in capacity has fueled the pricing schemes we are facing from the domestic mills. With a 30% tariff on imported finished goods, offshore material has been held in check and domestics have become overbooked.

The shift to domestic doorsteps has caused confusion at the mill level, and they have all extended lead-times. The mills are operating at full capacity and are not used to such a frantic pace. The sorting out and juggling of orders has just begun, and their order book continues to grow as the market clamors for available steel. Days, weeks, and months have been closed out for material delivery, and in many cases eliminated any reaction time from customers. Lead-times have doubled from 8-10 weeks to 16-20 weeks. The potential for further concern looms large as the market evolves.

As the mills begin to sort out their order book, product availability is becoming strained. Profitable and high production efficient orders take priority, and the mills have not been shy in turning orders back that currently do not fit their plan. Allocation allotments and restricted supply are part of daily conversation with them. Some mills are electing to discontinue product lines entirely as they attempt to clean house of the unwanted business they have kept from the previous market. Increasing tonnage levels with them is not currently a given. Due to the aforementioned variables, many requests have to be negotiated.

HARRIS STEEL COMPANY • 1223 SOUTH 55TH COURT, CICERO, ILLINOIS 60804-1297
(708) 656-5500 • FAX (708) 656-0151

April 11, 2002
page 2

The mills are running towards profitability as quick as they believe they can get there. Certainly those mills that are in chapter 11 (Bethlehem, National, etc.) see it as the obvious path they need to follow to regain positive revenue growth. Those that have sustained huge losses in 2001 (USS, National, Beth, Rouge, AK Steel) and are looking to avoid chapter 11 in 2002 are also bent on regaining positive revenue. While LTV and Acme Steel face huge start up costs just to reopen the doors before the first ton of steel would be made, their future is still up in the air.

The future will be challenging. We have to address the market as it has been forced upon us. We will keep you informed as to the changing landscape and will do everything we can to maintain a supply of steel and a win-win relationship for all of us. The first step is to recognize the music has changed, and in order to make the next best decision for our companies, we have to acknowledge that fact. In working together, we can develop plans that will work, but they have to be put together based on the market of today, not the one from last year.

Thank you for your patronage and the opportunity to be part of your future.

Sincerely,

HARRIS STEEL COMPANY

Thomas G. Eliasek

Thomas G. Eliasek
President

VIKING MATERIALS INC.

May 3, 2002

Dear Valued Customer

Steel is in short supply and prices are skyrocketing!

Within the last several months we have seen the demise of several domestic producers including LTV, Acme and Geneva Steel. On top of this, the 30% tariffs imposed in the Government's 201 ruling of late March, have virtually frozen imports out of the market.

The remaining domestic suppliers are taking full advantage of the current situation. We have been given price increases that will total as much as $200 per ton by the third quarter with further increases likely to follow. In a number of cases mills have reneged on agreed upon prices in the second quarter and basically taken a "take it or leave it" attitude.

We are writing to inform you of the severity of the situation. We know how disruptive these increases can be to your business and how difficult it is to recoup these additional costs.

We will keep you informed as this market situation evolves.

Please call your sales representative with questions.

Bill Olson
Director of Sales - Chicago

Mike Allen
Sales Manager - Minneapolis

3225 COMO AVENUE S.E., MINNEAPOLIS, MN 55414 • (612) 617-5800 • FAX (612) 623-9070

Bethlehem Steel Corporation

P. O. Box 248
Chesterton, IN 46304

PHONE: 219-787-7430
800-543-2127

May 2, 2002

Viking Materials, Inc.
Attention: Mr. John Applegate
3434 Powell Street
Franklin Park, IL 60131

Dear John,

The following purchase orders will be increased $4.50 effective June 1, 2002 and the price will remain unchanged through August 30, 2002.

The purchase order numbers are:

100399	100300
100419	100308
100423	100477
100342	100459
100436	100423
100420	100437
100394	

If you have any questions regarding this increase, please don't hesitate to contact me.

Sincerely,

BETHLEHEM STEEL CORPORATION

Louis G. Bower
Sr. Account Manager

LGB/dsh

05/31/2002 16:25 FAX 7085960313 RACO STEEL COMPANY 001/001

To Judy Sears - from Denny

America Feels Pain of Tariffs On Steel Imports

By NEIL KING JR.
And ROBERT GUY MATTHEWS

WASHINGTON—Less than three months after the Bush administration suggested its still new tariffs on steel imports would have only a limited impact on prices, the levies are sending waves of pain through America's manufacturing sector—including steep price increases, supply shortages and layoff threats.

"The Bush administration just assumed that people could eat this—that it would be no big deal," says Charles Blum, a consultant who advises U.S. middlemen who buy and sell steel domestically. "But it has become a big deal very fast."

Mr. Bush's advisers, watching the effects warily, now concede that they have been taken by surprise. Along with their own studies, they point to the advice the steel manufacturers offered before the tariffs were announced on March 5. Thomas Usher, chief executive of U.S. Steel Corp., told the Senate in February that the levies "will only result in modest and reasonable price increases."

U.S. Trade Representative Robert Zoellick played down concerns then about prices, saying they "might go up over time," but "without any significant effect on the economic recovery and growth."

But yesterday, the Commerce Department's top trade official said the current market might extend into the fall. "The president has advised us to keep track of this," said Grant Aldonas, undersecretary of commerce for international trade. The administration hopes it is just "a temporary blip," he added. The intent of the tariffs "wasn't to create any windfall profits."

The tariff decision unleashed a barrage of withering international criticism and reprisal threats, but it now appears that President Bush also may pay a domes-

Please Turn to Page A5, Column 1

New Steel Tariffs' Impact Is Felt

Continued From Page A2

tic political price. Anger is spreading across the Industrial Belt as manufacturers complain that the president's bid to help one industry is hurting hundreds of companies that employ far more workers.

"What we're facing now is entirely because of decisions in Washington," said Frank Mehwald, chief executive of Atlantic Tool & Die Inc. in Strongsville, Ohio, a 450-employee supplier of automobile parts. In recent weeks, all of Mr. Mehwald's steel suppliers have increased prices by 20% or more, breaking existing contracts. He now spends much of his days scrambling to find the steel he needs.

"This has never happened before—people are breaking contracts all up and down the supply chain," said Richard McClain of Chicago-based Metalforming Technologies Inc., a 1,400-employee concern that makes automobile parts. He said that last week most of his middlemen voided existing contracts and raised prices by more than 30%. He is also having trouble getting enough steel. "If we can't get steel, we'll have to cut jobs," he said.

Some steel buyers already are cutting back production. Bloomfield Manufacturing in Middlesex County, N.J., now staggers its skeleton crew at scrap-melting plants that make mesh and wire. The company now works with eight employees, almost half that of last year.

The real crunch may be a month or more off, when manufacturers find out whether they can pass along increases. In Minnesota, Erick Ajax runs a company that makes freezer hinges that sell for about 30 cents each, with steel costs well over half that. Since May 1, his steel costs have jumped 20% and suppliers have warned him of bigger increases to come. But "manufacturers are making it clear that they have other possibilities for suppliers," says Mr. Ajax. "There is Canada, Mexico, and of course China. This could be the start of a real rush to China."

The U.S. steel market was tightening even before the tariffs were imposed. There was a wave of domestic steel-mill closures last year, including Cleveland-based LTV Corp. In all, plant closures had taken 20 million tons of steel off the U.S. market by year's end. Moreover, inventories built up by buyers when prices were extremely cheap last year began running low earlier this year. In the first quarter, prices for hot-rolled steel, a benchmark, rose about 10%, or by $20 a ton.

The administration's intent in imposing three-year tariffs of as much as 30% was to curb imports without ruffling domestic steel users. But the Commerce Department's Mr. Aldonas conceded yesterday that during deliberations over the tariffs the administration was unable to estimate for sure what would happen to prices.

The picture is clearer now: Buyers boosted purchases even before the tariffs went into effect, causing prices to jump an additional $40 to $75 a ton. With imports plunging by more than 30% in response to the tariffs, the market is at its tightest in at least 15 years. Hot-rolled prices are now at about $300 a ton, compared to $210 late last year.

Analysts expect modest increases into the third quarter and beyond, though many companies are reporting quotes from sellers that would make steel as expensive as in the early 1990s. After seeing prices steadily drop for several years, steelmakers are seeing how much they can charge before buyers cut back on purchases.

Administration officials suspect some of the spike can be blamed on increased demand from companies stocking up before prices go higher, tactics they hope will trail off as renewed imports and increased U.S. production ease the crunch.

LTV's mills have been purchased by International Steel Group, which plans to add about four million more tons of steel to the market this year, compared with the seven million tons LTV had been producing. Others are hoping to follow suit. Moreover, with many steelmakers in bankruptcy proceedings and free from certain debt obligations, there is opportunity to undercut competitors' prices.

04/30/2002 10:11 12193781933 ELECTROTEK PAGE 03/12

McDonald Metal Research
Mark Parr, CFA

McDonald Metal Research

Steel Prices Heading Higher Despite Capacity Restarts

4-24-02

"Update on North American Steel Industry Trends"

McDonald Investments

McDonald Metal Research
Mark Parr, CFA

Steel Situation Update

- ⌘ Consumption for flat products in 2001 was down about 8.5 million tons from 2000
- ⌘ 11.5 million tons of flat capacity was shut down in 2001, sheet imports down another 3.5 million tons
- ⌘ LTV and TRICO capacity restarts will not reach full 6 million ton run rate until late 2003
- ⌘ Antidumping duties and Section 201 tariffs increase the difficulty of resuming sheet imports strength
- ⌘ Sheet supply will remain tight even without demand recovery- **more price increases likely into 2003**

6-11-2002 10:30AM FROM VALLEY INDUSTRL ASSN 630 892 4280 P. 1

VIA Valley Industrial Association

Building an Economic Foundation for the Valley

Plaza Executive Center • 2111 Plum Street • Suite 372 • Aurora, IL 60506-3295
Phone: 630.892.4228 • Fax: 630.892.4280
Internet: www.valleyindustrialassociation.org
Email: info@valleyindustrialassociation.org

June 11, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Mr. Philip D. Eskeland Fax: (202) 225-2934

Dear Congressman Manzullo:

I am writing on behalf of the 220 members of the Valley Industrial Association which is a trade association for manufacturers. Over 55 of those companies use steel in their production and they employ over 7,000 people. These members are located in Kane, Kendall, DeKalb and Western DuPage Counties.

We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. My member companies are telling me that their costs of steel have risen 40% in most cases and 60% in some other cases. And they are telling me that the US producers of steel cannot even guarantee to fill their orders due to low production capacity.

The President cannot have expected that prices would rise so fast or that the ability of companies like those in the Fox Valley of Illinois (west of Chicago 50 miles) to obtain steel would virtually disappear.

These 55 businesses are in danger if they cannot get steel. Their customers will not pay the increased prices they are being charged for steel. Unless things change rapidly, these companies will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

These are small businesses. They need the steel they buy to be priced by the market, not by the government. They cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel they need to stay in business in the USA.

Thank you,

Colleen M. Ruddy

Colleen M. Ruddy
President

Cc: Gary Hill, National Metalwares

06/07/02 FRI 15:20 FAX 708 361 2604 INTER SHIP, INC. 001

INTER SHIP, INC.
Steamship Agents and Charter Brokers

June 07, 2002

Hon. Donald A. Manzullo.
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn.: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my Company, INTER SHIP, INC.: We are located in Chicago, Illinois, and we have several Employees.

The steel tariffs imposed by the President in March has reduced the availability of steel and the negative ramifications to the transportation sector was swift and immediate. In 2002, my business has been reduced by 40%. This prevents me from making needed reinvestments to my Company, promotes laying off and permanently losing good employees, and leaves me in a less competitive position when and if the market should improve.

We are a small business and closely dependent upon the free trade of steel to survive. Please ask the President to help preserve our livelihood by reducing the tariffs currently in place or providing blanket exemptions to our trading partners.

Sincerely,
INTER SHIP, INC.

Sam Schiphorst
President

P.O. BOX 330, PALOS PARK, ILLINOIS 60464 • 9018 HILLCREST LANE, PALOS PARK, IL 60464
TELEPHONE: (708) 361-2525 • FAX (708) 361-2604 • TELEX: 28-1011
CABLES "INTERSHIP CHICAGO" • EMAIL: INTRSHIP@AOL.COM

JUN-06-02 THU 12:41 PM ACTION TOOL & DIE 8158742233 P.02

ACTION Tool & Manufacturing, Inc.

Automotive & Commercial Stampings
Tools • Dies • Die Repair • Assembly
ISO 9002/QS 9000 Registered Firm

6/6/02

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Action Tool & Manufacturing.** We are located in Rockford, IL and we employ 45 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We are limited on the amount of steel we are able to purchase and prices have been raised over 35% in the last six months. The automotive industry will begin looking overseas before they will accept a price increase on current programs The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past 10/1/02 this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Randy Day
V.P. Mfg.

5573 Sandy Hollow Rd., Rockford, IL 61109-2793
PH: (815) 874-5775 FAX: (815) 874-2233
info@actiontool.com www.actiontool.com

JUN-05-2002 13:58 P.01/01

John Sterling Corporation

Sterling HARDWARE

11600 STERLING PARKWAY, BOX 469, RICHMOND, IL 60071-0469, U.S.A.
Phone 815-678-2031 • 1-800-367-5726 (800-FOR-JSCO) • Fax 815-678-4360

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Att: Phillip D. Eskeland
Fax: 1-202-225-3587

Dear Congressman Manzullo:

We are a manufacturer of shelf brackets, closet hardware and storage systems, all made of steel. Our primary customers are Home Depot, Lowes, Menards, Ace Hardware and TrueValue. We employ around 200 people at our plant here in Richmond.

For years we have competed successfully against Chinese imports by focusing on efficiency, quality, innovation and service. But now the steel tariffs have changed everything. Our costs are being driven up just at the time that the Chinese imports are getting cheaper and more aggressive. We stand to lose big chunks of our business because the cost differences are getting too great.

All that low-priced steel that the tariffs are keeping out of the USA is being turned into low cost products that come in practically tariff-free to take away our business. What kind of policy is this that drives manufacturing jobs overseas?

Sincerely yours,

John R Sterling

John R. Sterling
President

P.S. You can see view some of our products at www.johnsterling.com.

Better Hardware through Better Design

ahma member

TOTAL P.01

Fulton
CORPORATION

303 Eighth Avenue
Fulton, Illinois 61252

Richard C. Willoughby
President
815-589-3211
FAX 815-589-4433
web site: http://www.fultoncorp.com

June 10, 2002

The Honorable Congressman Don Manzullo
Chairman of the Small Business Committee
United States House of Representatives
Washington, DC

Dear Don:

I enjoyed chatting with you in early May, while you were in town, during the annual spring festival held in Fulton, Illinois. At that time, you'll recall my concerns expressed about the recently enacted steel tariffs and the potential impact that would have on our business at Fulton Corporation.

Fulton Corporation is a small business, with fewer than 100 employees, that has been in business since 1906. We manufacture products that are sold to the hardware, home center, janitorial, and maintenance industries. Some of our customers whose name you would recognize are companies such as Sears, Wal Mart, Menards, Ace Hardware, True Value Hardware, Home Depot, Farm and Fleet, etc., etc.

Our business initially went soft in July of 2000. This has been the worst slowdown Fulton Corporation has experienced since I started with the business in 1980. We bottomed out in late summer of 2001 and started to see some encouraging signs, when the September 11th incident took place. This sent another shock wave not only to the country, but also more specifically to our customers and our business.

Our primary raw material is steel, which we buy from brokers in the Chicago area, who purchase it from steel mills around the Midwest. The recent steel tariffs imposed by President Bush is another hit which will extend the business climate we are trying to climb out of and at the same time put the relationships our firm has with our customers at risk. Over the last six weeks we've seen a first round of price increases and have been told that by July 2nd, the full impact of the pricing will be in place and will range anywhere from a 5% to 30% increase. Unfortunately, in this day and age, our customers are expecting price reductions, not price increases. As this commodity can make up to 20% of the cost of some of our products, a 30% increase would mean Fulton Corporation would need to raise prices at least 6%, just to break even. This will be very difficult to do in this economic climate.

Therefore, the steel tariffs will cost Fulton Corporation business, reduce our ability to invest in new equipment or purchase other small businesses or product lines, and in the end just support an inefficient steel industry at the expense of many small, medium, and large manufacturers who day in and day out are offering good jobs to U. S. citizens and have decided not to outsource or move their production facilities overseas.

Don, my employees and I look forward to hearing back from you on your efforts on this important issue before our country. Thank you for your efforts in Washington on behalf of one small Illinois manufacturer.

Sincerely,
FULTON CORPORATION

Mr. Dee Willoughby
President

RCW:RW

ID: JUN 11.02 2:22 No.001 P.02

Fulton
CORPORATION

303 Eighth Avenue
Fulton, Illinois 61252

Roger C. Schulz
Director of Purchasing
815-589-3211
FAX 815-589-4433
web site: http://www.fultoncorp.com

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Canon House Office Building
Washington D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am told that you will be meeting with the Commerce Secretary, Mr. Donald Evans, to discuss the impact of the recently enacted steel tariffs. Fulton Corporation manufactures steel products, mailboxes, sawhorses, dustpans and construction related items. In operation for nearly a century and under current ownership for nearly forty years, we have never had a layoff of personnel. Our products are sold in hardware and home centers across the country, and proudly say Made in the USA.

The recent steel tariffs have produced immediate steel price increases of up to 30 percent. These increased costs can not be passed through to our customers; we already face horrendous competition from Asian sources. We are trapped because someone wanted to reward some steel workers in Pennsylvania for their votes and because the management of those steel companies failed to reinvest earnings into product and process improvements.

The steel tariffs apply to foreign steel and gave license to U.S. producers to immediately raise prices. The tariffs do not apply to foreign made steel products. The net effect is to drive up the costs of the steel products made in America while subsidizing imports. There are far more workers impacted by this then the White House ever imagined.

I have no doubt that some United States steel producers are in difficult financial condition, others are not. Retaining these tariffs will place many steel users in greater financial danger and jeopardize thousands of U.S. jobs. Please do whatever you can to rescind the steel tariffs.

Thank you for your support.

Roger C. Schulz

Roger C. Schulz, C.P.M.
Director of Purchasing

JUN-05-2002 14:29 PARKVIEW METAL PRODUCTS 773 622 8446 P.01/01

Parkview Metal Products

QS 9000/ISO 9002*

Precision Metal Stampings and Fabricating • Prototyping • Tooling • Value Engineering • Electro-Mechanical Assembly • Finishing

ne 5, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Re: Adverse affects of Section 201 steel tariffs and subsequent market reaction

Dear Mr. Manzullo:

Parkview Metal Products, a steel-using manufacturer servicing the needs of the consumer electronic and automotive industries from 4 US and 1 Mexican location, is extremely concerned about the availability of steel at world-competitive prices to insure our survival.

The International Trade Commission (ITC) has reached an affirmative injury determination and remedy recommendations, which President Bush has acted upon with tariffs on imported steel. While we are concerned with the problems the U.S. steel industry is facing, we are more concerned with the impact that reduced availability of imported steel is having on our business. While Parkview Metal Products relies exclusively on the supply of steel from domestic producers, these producers can only supply 75% of the total demand in the U.S.

Restrictions/tariffs on imported steel have resulted in shortages and significantly increased costs. Material contracts have been shredded, prices have skyrocketed, availability of some steel commodities is at its worst point in 15 years and product lead times continue to extend. These factors threaten our business and will ultimately drive U.S. steel users out of business or worse, offshore. The total risk impact on downstream industries, like Parkview Metal Products, is nearly 12.8 million Americans, or 57 steel consuming jobs for every one steel-making job. The customers we service will not accept price increases for their goods. They will simply look to foreign suppliers, now nted an even greater cost advantage by the U.S. government, for fulfillment of their orders. Some of Parkview Metal Products customers have already acted upon this. The integrated steel producers are not exempt from the laws of the marketplace. The imposition of high tariffs and/or quotas on imported steel is not the answer to the steel industry's problems.

The interests of the steel consumer have been ignored. Finished metal products imported into the U.S. were not included in the tariffs. Knowledge that foreign steel would be unavailable has emboldened domestic mills to increase prices much more rapidly than they would have done without tariffs. Some economists have described the reaction as a "dinner bell ringing." Arrogance of the domestic producers is reflected in their "take it or leave it" attitudes. We are exposed and we seek relief to insure our survival. We respectfully request your assistance in this regard.

Thank you for your support.

Sincerely,

Donald Mayo

Donald Mayo
Parkview Metal Products
Vice President of Operations

Headquarters & Chicago Stamping*
1931 W. Armitage Ave.
Chicago, IL 60639
773.622.8414
773.622.8773 (fax)

Fabricating & Tooling Center
759 Industrial Drive
Bensenville, IL 60106
773.622.8414
630.238.1785 (fax)

Texas Stamping*
400 Barnes Drive
San Marcos, TX 78666
512.754.0200
512.754.0800 (fax)

El Paso / Juarez* Stamping
8500 Mtn. Vista Pkwy.
Las Cruces, NM 88005
505.541.1100
505.541.1200 (fax)

Tijuana Stamping
P.O. Box 620070
San Diego, CA 92162
011.52.66.89.75.75
011.52.66.89.75.17 (fax)

TOTAL P.01

PERFORMANCE STAMPING CO. INC.
WHERE PERFORMANCE IS A TRADITION

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Performance Stamping Co. We are located in Carpentersville, IL. and we employ 61 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. On certain grades of steel we have been placed on allocation, for our higher volume grade we have been notified of 35% price increases at the end of our current contract. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past September this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in-cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,
T. A. Marth
Timothy A. Marth
Chief Operating Officer

20 LAKE MARIAN RD. ■ CARPENTERSVILLE, IL 60110 ■ 847-426-2233 ■ FAX: 847-426-2368

06/05/2002 15:28 8474269620 PAGE 01

JUN-06-2002 THU 02:44 PM HILL FASTENER FAX NO. 1 815 625 2407 P. 01/01

HILL FASTENER CORPORATION
FASTENERS and COLD FORMED PRODUCTS
1602 McNEIL ROAD, P.O. BOX 399, ROCK FALLS, IL 61071-0399

June 6, 2002

Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Bldg.
Washington, D.C. 20515-1316

By FAX; Attn: Philip D. Eskeland
202-225-3587

Dear Congressman Manzullo,

I am writing on behalf of the 40 employees who work at the Hill Fastener Corporation in Rock Falls, Illinois.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel used in our manufacturing to the point that our supply of that steel is unreliable.

Due to the lack of steel, we have been unable to schedule additional man-hours to respond to an improving market for our finished products. Further, we have experienced price increases from our steel suppliers of approximately 6%, just within the last month.

Certainly the President could not have expected prices to rise so quickly, nor anticipated that companies such as mine would experience an immediate shortage of our primary raw material.

My customers are refusing to pay increased prices, and we can not afford to absorb the higher cost of steel.

With limited availability, Hill Fastener has no choice but to pay higher prices for the special steel needed for our manufacturing.

Unfortunately, our customers do have a choice. They can buy their requirements off-shore from sources less expensive than us.

We are a small business. We prefer to buy steel in a free market, not a market artificially inflated due to a government created pricing premium.

Please ask the President for relief for our industry by exempting the steel needed for fasteners from the recently imposed tariff.

Keep our jobs in the United States.

Sincerely,

HILL FASTENER CORPORATION

By: [signature]
Robert W. Hill, President

In IL 815/625-6600 Outside IL 800/435-9955 FAX #815/625-2407 Email: hillfastener@worldnet.att.net Internet: http://www.hillfastener.com

FAB-RITE/*Metal Products*
350 North York Road · Bensenville, Illinois 60106-1605
TEL: *630.860.2551* · FAX: *630.860.2884* · WEB: *fab-rite.com*

Thursday, June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Fab-Rite Metal Products, LLC. We are located in Bensenville, Illinois and we employ 30 workers. We need your help.

The steel tariffs imposed by the President in March have significantly increased the price and reduced the availability of the steel we use in our business.
The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would be significantly impaired.

My business is at risk if I cannot get steel at competitive prices and in a timely manner. My customers will not pay the increased prices I am being charged for steel. Unless things change soon, my company will lose business to foreign competition that now has a built-in cost advantage, thanks in large part to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you

Very truly yours,

Roger Schoenfeld
President
E-mail: Roger@Fab-Rite.com

06/07/02 FRI 15:04 FAX 847 956 1776 MLP SEATING 001

MLP SEATING CORP.
2125 Lively Boulevard
Elk Grove Village, IL 60007-5207
(847) 956-1700 FAX(847) 956-1776 800-723-3030

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attention: Philip D. Eskeland
Fax: 202-225-2934

Dear Congressman Manzullo:

I am the Materials Manager of MLP Seating Corp. in Elk Grove Village, Illinois. We sell tubular steel chairs and barstools to the commercial seating and gaming industries. We need your help.

The steel tariffs imposed by President Bush in March have brought about swift and dramatic increases in the prices my company has to pay for the steel frames and tubular products we buy. Since April 1, we have had to accept 5-8% increases from our U.S. and some Canadian suppliers, and there are rumors of potential steel shortages and more price increases ahead. Certainly these increases adversely affect our bottom line or put us at a competitive disadvantage in the marketplace.

We think that letting the market place determine prices is a better way to stay in business long term than having the government impose tariffs. Much of the steel industry will benefit, but there are others of us, small businesses especially, which are being hurt. Please ask the President to help us stay in business in the USA.

Sincerely,

Dedra Lanman

Dedra Lanman
Materials Manager
MLP Seating Corp.

JUN-07-02 13:55 From: T-481 P.01/01 Job-596

06/07/02

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of our company, Chicago Metallic. We are located in Lake Zurich, IL, and we employ approximately three hundred people. We produce bakeware which is sold to the commercial and retail markets. The majority of this bakeware is made of steel.

The steel tariffs imposed in March have negatively impacted the price and availability of our material. Our service center suppliers have been informed by their mill suppliers that they have two options: Pay more, or receive zero steel. Legally binding contracts are apparently meaningless.

Our customers are not interested in hearing about supply tariffs; published catalog prices are firm through December.

It is ironic that foreign competitors are allowed to fill our retail store shelves with **their** steel bakeware, *sans* tariffs. It has historically been impossible to compete with foreign labor and benefit costs; unfortunately, it is now equally impossible to compete with foreign raw material costs, costs which are not subjected to the extreme tariffs.

Thank you for your concern.

Sincerely,

Francis J. Murray, Jr.
FJM
Chicago Metallic, Inc.

Chicago
Steel Container Corporation

1846 S. Kilbourn Avenue
Chicago, Illinois 60623
(773) 277-2244
FAX (773) 277-1585

June 07, 2002

The Honorable Donald A. Manzullo
Chairman, Small Business Committee
U. S. House of Representatives
409 Cannon House Office Building
Washington, D. C. 20515-1316

REVISED LETTER

Dear Congressman Manzullo:

I am writing on behalf of my company, Chicago Steel Container Corporation. We are located in Chicago, Ill., and we employ fifty-seven workers in the manufacture of steel drums. Steel is the largest - and virtually the only - raw material in our manufacturing process.

We need your help. The steel tariffs imposed by President Bush in March have increased the price and reduced the availability of steel to the point that our domestic steel sources are not reliable. Late last year the domestic steel mills were confident that our government would impose tariffs on foreign steel sometime in early 2002 that they immediately and arrogantly began their vendetta to punish domestic steel buyers for purchasing less expensive and higher quality foreign steel. The steel mills began their campaign by raising prices almost monthly, placing customers on allocation, canceling orders and threatening to cancel existing orders unless a higher price was paid. And if that was not enough, the mills now make no assurances as to quality or delivery. What I have just stated has been, and still is my experience with the domestic steel mills. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past July of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to competing, non-steel products that now have a built-in cost advantage, thanks to the actions of our government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the U.S.A.

Thank you.

Sincerely,

Tony Pileggi

Tony Pileggi

cc: John McQuaid

06/07/2002 11:17 847-451-0458 EX CELL METAL PAGE 01

EX-CELL
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March 06, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, EX-CELL Metal Products. We are located in Franklin Park, Illinois and we employ 100 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We receive price increase notifications weekly from our steel suppliers without any assurance that the steel that we need to produce our products domestically will even be available. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will continue to lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Ken Goldberg
Vice-President and General Manager
EX-CELL Metal Products, Inc.
11240 Melrose Ave.
Franklin Park, Il 60131

cell.com e-mail: ex-cell@ex-cell.com

From: Janet G. Kaiser 773-282-0362 To: Fax#1-202-225-2934 Date: 6/7/02 Time: 12:12:04 PM Page 1 of 1

century metal spinning company

3565 N. Milwaukee Ave.• Chicago, IL 60641-3957 • 773-282-7103 • Fax: 773-282-0362

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, Century Metal Spinning Co. We are located in Chicago, IL and we employ 16 workers.

We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. **We have received notice of substantial price increases, and availability is very tight.** The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past July of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA. Thank you.

Sincerely,

Janet Kaiser

Janet Kaiser, President

Century Metal Spinning Co.

ILLINI SUPPLY, INC.
COMMERCIAL AND EDUCATIONAL INTERIORS
Since 1949

June 27, 2002

Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Phillip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing you on behalf of my company, Illini Supply, Inc. We are a Haworth, Inc. contract furniture dealer located in Decatur, Illinois and we employ 16 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc, my primary furniture supplier has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.05. I am requesting your support for these exemptions to help keep Office Furniture Marking a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you,

ILLINI SUPPLY, INC.

John Young db

John Young
Vice President

Route 51 North
P.O. Box 2257
Decatur, IL 62524-2257

(800) 252-3370
(217) 877-6551
FAX (217) 877-6646
www.illinisupply.com

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July 1, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Kayhan International, Limited. We are a Haworth, Inc. contract furniture dealer located in Schaumburg, IL and we employ 50 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruption of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applies for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you.

Sincerely,
KAYHAN INTERNATIONAL, LIMITED

Kayhan Hellriegel

Kayhan Hellriegel
President

REED Manufacturing Services
P.O. Box 37
Franklin, IN 46131
(317) 736-8014
(317) 736-6251 FAX

June 6, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my deep appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from the Steel 201 tariffs of "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

Reed Manufacturing Services, located in Franklin, Indiana, is a leading manufacturer of precision turned machined products and high volume machined parts for primarily the heating and cooling industries. Our annual sales are approximately $3 million and we employ 45 people. The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people.

www.reedmfgservices.com

email: reedmfg@reedmfgservices.com

REED Manufacturing Services
P.O. Box 37
Franklin, IN 46131
(317) 736-8014
(317) 736-6251 FAX

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14 (without tellurium). Our industry needs to have reliable and globally competitive sources of this basic material and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply.

The economic downturn has been especially severe for the precision machined products industry. The economists who say there "might not have been" a recession certainly weren't looking at our numbers. Our business in 2001 was down 15% from 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases.

Our company and our industry are engaged in the fierce struggle of global competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect now higher material costs for U. S. companies to accelerate that trend.

The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars holds serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry at risk. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of

www.reedmfgservices.com
email: reedmfg@reedmfgservices.com

REED Manufacturing Services
P.O. Box 37
Franklin, IN 46131
(317) 736-8014
(317) 736-6251 FAX

machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope. Thank you for all you can do to see that Camcraft's requests are granted.

We greatly appreciate your support in this crucial matter. If you have any further questions, please do not hesitate to call me.

Sincerely,

Sam Reed
President
Reed Manufacturing Services

www.reedmfgservices.com
email: reedmfg@reedmfgservices.com

Jun. 21. 2002 3:33PM 17655840158 No. 7731 P. 1

MEC

MEC *Indiana* LLC

200 Inks Drive
Winchester, IN 47394
Phone: (765) 584-7639
Fax: (765) 584-0158

June 10, 2002

Hon. Donald A Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, MEC *Indiana* LLC. We are located in Winchester, IN and we employ 70 workers.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. As an example, several of our current steel suppliers have negotiated their contracts due to the increased costs of steel. The lead time for steel has increased to 3-4 months lead from approximately 3-4 weeks.

Two weeks ago, one of our suppliers failed to deliver and informed us they were unable to secure the steel. We turned to another vendor and were able to secure the needed steel, but the cost was $5,000 higher. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past this month.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Jeff Stapleton

Ruth Barrow

Donita Poe

[illegible]

Mary L Anderson

Rachel Woodbury

Donna Kearns

Cindy McClintock

Carolyn Cox

Cheryl Rhodehamel

[illegible]

Roy Harris

Rich [illegible]

Michael [illegible]

Tom Short

Eric Roller

Michelle Loewendick-Allen
Michelle Loewendick-Allen

MITCHEL & SCOTT MACHINE COMPANY, INC.
Precision Screw Machine Products

1841 LUDLOW AVENUE
INDIANAPOLIS, INDIANA 46201
Phone 639-5331 • Area Code 317
Fax 684-8245 • Area Code 317

June 6, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my deep appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from the Steel 201 tariffs of "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

The Mitchel Group, located in Indianapolis, IN and McMinnville, TN, is a leading manufacturer of precision turned machined products and high volume machined parts for the Diesel Engine, Automotive and Home Security industries. Our annual sales are approximately $45 million and we employ 600 people. The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people.

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14 (without tellurium). Our industry needs to have reliable and globally competitive sources of this basic material and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply.

The economic downturn has been especially severe for the precision machined products industry. The economists who say there "might not have been" a recession certainly weren't looking at our numbers. Our business in 2001 was down 30% from 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases.

WHERE QUALITY MITCHEL & SCOTT IS BUILT IN ®

FAXED DATE 6/10/02 BY

MITCHEL & SCOTT MACHINE COMPANY, INC.

Our company and our industry are engaged in the fierce struggle of global competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect now higher material costs for U. S. companies to accelerate that trend.

The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars holds serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry at risk. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope. Thank you for all you can do to see that Camcraft's requests are granted.

We greatly appreciate your support in this crucial matter. If you have any further questions, please do not hesitate to call me.

Sincerely,

Richard G. Siler
President/CEO

Alert #132-E

cc: Dave Burch

GARRETT PRODUCTS INCORPORATED

June 7th, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Garrett Products, Inc. We are located in Garrett, Indiana and we have 109 employees. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have been placed on allocation with virtually all of our suppliers and we have been informed that the situation will only get worse throughout the remainder of the year. We are already experiencing substantial price increases with further increases looming on the horizon. We have been forced to place blanket orders wherever we can find the material available, without any guarantees or commitments as to the price. The President cannot have expected that prices would rise this fast or that the ability of companies like ours to obtain steel would virtually disappear. We have no assurance of steel supplies past 3rd quarter of this year and on one product line we are struggling to find material now.

Our business is in danger if we cannot get steel. Our customers are extremely reluctant to pay the increased prices we are and will be charged for steel. Unless things change rapidly, our company and/or our customers may be in danger of losing business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We need the steel we buy to be priced by the market, not by the government. Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

DAM'G

Douglas McGhee

1605 Dekko Drive • Garrett, IN 46738 • Phone (219) 357-5988 • FAX (219) 357-3399

Kimball International
1600 Royal Street
Jasper, Indiana 47549
812-482-8525
812-482-8804 (fax)

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Kimball International.** We are located in Jasper, Indiana and we employ 10,000 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. **Kimball International has been placed on allocation, received notice of substantial price increases (+30%), and been asked to order steel 6 months in advance without a commitment from the supplier as to the price.** The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past **July** this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We need the steel we buy to be priced by the market, not by the government. Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Mickey Griggs

Commodity Manager

Kimball International

07-06-02 09:34 ID=9733455287 P.01

UNITED STATES GREAT LAKES SHIPPING ASSOCIATION

6619 S. BOUNDARY ROAD, PORTAGE, INDIANA 46368
TELEFAX: 219-787-9711

June 7, 2002

OFFICERS:

PRESIDENT
HENNING CHRISTIANSEN
C&M SHIPPING, INC.

FIRST VICE PRESIDENT
SECRETARY
FRITZ TEPPER
GREAT LAKES MARINE AGENCY, INC.

SECOND VICE PRESIDENT
TREASURER
DENNIS MAHONEY
WORLD SHIPPING, INC.

DISTRICT DIRECTORS

DANIEL SYDOW
DANIELS SHIPPING SERVICES, CORP.

INGO HASSERODT
HASSERODT MARINE AGENCY, INC.

TOM GIERSZAL
COLUMBUS SHIPPING

PARKER MELLINGHAUSEN
CENTRAL SHIPPING COMPANY

HELEN BROHL
Executive Director
Ph: 973-345-2534
Fx: 973-345-5207

WARREN MARWEDEL
General Counsel

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, DC 20515-1316

ATTN: Philip D. Eskeland

Dear Congressman Manzullo,

The modern St. Lawrence Seaway System is seriously dependent upon the cycle of steel in - grain out. This has been the case for over forty years. Steel is imported through the Seaway to U.S. Great Lakes ports. Those same ships then export U.S. grain. It is a very compatible relationship for which the Great Lakes maritime and transportation sector is very dependent. In fact, the St. Lawrence Seaway Development Corporation reported in their August 2001 Economic Impact Analysis that the handling of finished steel provides the greatest manhours and revenues to the system at approximately $250 per ton. The losses in April alone in 2002 because of the steel tariffs imposed by the President in March are approximately $25.5 million.

The negative impact to our industry from the tariffs was swift and immediate. The 38.6% decline in steel handling in April has a domino effect which is difficult to pick back up. For example, longshoremen can have comparably less manhours on the docks. This means that the younger men who help build your labor pool leave and find work elsewhere and are then unavailable when needed. For example, the business of one of our agent members has virtually shut down this year because there is no business! Others are suffering terribly including stevedores, warehousing, trucking, crane operators, etc.

Please tell the President that the transportation sector is suffering now because of the tariffs. Please tell the President that blanket exemptions for countries like Russia, Sweden, Brazil and Germany are essential to save Great Lakes shipping.

Very sincerely,

Helen Brohl

Helen A. Brohl
Executive Director

Serving All Major U.S. Great Lakes Ports Since 1956

FDL

FDL, Inc.

6-6-2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, FDL. We are located in Kokomo, Indiana and employ 75 associates. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have been placed on allocation, received two substantial price increases since March with more to come. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies. We are working from month to month.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business, which will result in layoffs of my associates.

We need the steel we buy to be **priced** by the **market**, **not** by the **government**. Let's get back to a free market concept.

Sincerely,

Donald R. Rogers,
V.P. of Operations – FDL, Inc.

1216 Appletree Lane • P.O. Box 606 • Kokomo, IN 46903-0606 • Phone No. 765452-6000

Administration Fax Number	Sales Fax Number	Purchasing Fax Number
765-454-2927	765-452-5882	765-454-2944

JUN-05-2002 16:04 FROM BATESVILLE TOOL & DIE TO 12022253587 P.02/02

BATESVILLE TOOL & DIE, INC.

177 Six Pine Ranch Road, Batesville, Indiana 47006
Phone (812) 934-5616 ; Fax (812) 934-5828

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Batesville Tool & Die. We are located in Batesville, Indiana and we employ 450 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We spend countless hours every day just trying to find steel to make current orders. It is getting more and more difficult. It is just a matter of time before we shut down a major Customer or car plant because we can't get steel for our parts. We have had contracts with our steel suppliers broken and new pricing implemented without any chance to negotiate on our part. It is simple, if we don't pay the price, we don't get the steel. We even have steel suppliers that will not take any new orders because they don't know if the steel will be available. This means we are losing opportunities on future business also. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past August, this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Jody Fledderman ; President

C:\data\word\steel letterto Manzullo.doc

TOTAL P.02

JUN-06-02 THU 01:31 PM FAX NO. 5747536660 P. 01

smallparts INCORPORATED

Small Parts, Inc.
600 Humphrey Street
P.O. Box 23
Logansport, Indiana 46947
Phone: 574-753-6323
FAX: 574-753-6660

06/6/02
Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Small Parts Inc. We are located in Logansport, Indiana and we employ 350 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We are being told that prices have increased $.07 per pound through July and that pricing for the remainder of the third quarter has not been established. In some case this represents a cost increase of 35% on these materials. For our business material costs can represent up to 60% of the total cost of production. The rapid increase will cause substantial loss of profits. Most of our customers are large integrated manufactures that have enormous leverage on pricing for our products. They are completely intolerant of price increases and instead expect constant improvement in prices every year. It is not unusual for us to be threatened with foreign competition from China and other developing economies. In addition we are very concerned with the continuity of supply. We have heard that some items that are somewhat special such as high carbon steels will be in chronic short supply since most of the U.S. mills do not produce these items. However with the tariff application and threat of dumping duties supplies of these items are not available from foreign sources.

Our ability to provide cost effective products reliably to our customers is in jeopardy. Our customers will compare us to the world market where our competition will have access to reliable supplies at competitive prices. We will be at a disadvantage in the world market. Ironically if we lose business to foreign suppliers the market for steel that the steel companies and the President are trying to protect will disappear. We urge you to reverse the tariff applications and extinguish the dumping suits. Short of these actions we urge you to pressure the U.S.T.R to enact broad tariff exclusions for all high carbon steel and all cold rolled carbon steel under the thickness .074" or 1.9mm.

Thank you
Patrick Pohl

Indianapolis Office Interiors

7320 E. 86th Street
Indianapolis, IN 46256

(317) 585-1025 Telephone
(317) 585-1035 Fax

June 27, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Dear Congressman Manzullo:

I am writing on behalf of my company, Indianapolis Office Interiors. We are a Haworth, Inc. contract furniture dealer located in Indianapolis, IN and we employ eight workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you.

Sincerely,

James M. Cleary
President
Indianapolis Office Interiors

Commercial
Office
Environments

June 26, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Commercial Office Environments.** We are a Haworth, Inc. contract furniture dealer located in Indianapolis, IN and we employ 19 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you.

Sincerely,

Sara Cook

7301 Zionsville Road ■ Main: **317-876-9200**
Indianapolis, IN 46268 ■ Fax: 317-871-5572
www.coeindy.com

TEXTRON Fastening Systems

World Headquarters

840 W. Long Lake Road
Suite 450
Troy, MI 48098
Tel: (248) 813-6300
Fax: (248) 813-6399

Joachim V. Hirsch
Chairman, President and Chief Executive Officer

July 17, 2002

Congressman Donald A. Manzullo
415 S. Mulford Road
Rockford, IL 61108

Dear Congressman Manzullo,

As you know Textron Fastening Systems employs over 2500 individuals in your district and at present our Rockford, Illinois manufacturing campus serves as one of our global manufacturing centers. Our manufacturing strategy is centered on our ability to supply a quality product at competitive price worldwide. Obviously the cost base has a strong influence on our ability to achieve this objective.

President Bush's Executive Order to place import tariffs on sheet steel places our American manufacturing sites in serious jeopardy. We have seen raw material escalations in excess of 50%. I can assure you that we cannot and absorb these politically motivated increases.

We are fortunate that we have a global footprint and have the ability to shift production sites from one location to another based on the competitiveness of individual regions. If this issue is not resolved we will have no choice but to evaluate other production locations.

We await meaningful progress.

Sincerely,

J. V. Hirsch
Chairman, President and CEO

Jun 18 02 08:53a Executive Management 616-393-1033 p.1

HAWORTH®

Gerald B. Johanneson
President
Chief Executive Officer

June 17, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

→ Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Haworth, Inc.** The Haworth headquarters are located in Holland, Michigan, with eight manufacturing plants in Michigan, two plants in North Carolina, and one each in Arkansas, Mississippi, Alabama, Tennessee, and Texas. Haworth has over 6,000 employees in the U.S. operations that are being impacted by the steel tariffs.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply chain is not reliable. We have caused several near misses that would have created a production disruption had we not applied the extra resources to locate the required material. The resolution of these issues has required a substantial increase in effort to manage the supply chain and always results in added costs in freight and price.

The President could not have anticipated that prices would rise so fast or that the steel market would become so unstable. Since March we have had price increases from all of our steel suppliers, and most of our stamping and fabrication suppliers. Steel has increased 33% in four months and the other products have had increases ranging from 8 to 15%. The prices we do have for steel are only good through the third quarter of this year. All of our suppliers are unsure what will be required in the fourth quarter and going forward into 2003.

Our customers will not pay the increased prices we need to recover these higher steel prices. Already office furniture industry sales have dropped over 30% in the last 18 months, and over 10,000 industry employees are out of work. Passing along higher prices will only make this situation worse. We are actively exploring foreign sourcing strategies to offset the domestic steel market price increases. In all probability, this will mean lost jobs in the metal stamping and fabrication operations within Haworth and at our suppliers.

Haworth, Inc. One Haworth Center
Holland, Michigan 49423-9576 USA
Tel.(616)393-1500 Fax(616)393-1033

We need the steel we buy to be priced by the market, not by the government. Please ask the President to help us get the U.S.A. steel market at parity with the world market for steel so we keep our U.S.A. operations.

Thank you.

Sincerely,

HAWORTH, INC.

Gerald B. Johanneson

GBJ:cah

QS-9000

Screw Machine & Cold Header Products SINCE 1946

H&L TOOL COMPANY INC.

32701 DEQUINDRE, MADISON HEIGHTS, MICHIGAN 48071-1595, (248) 585-7474

D-U-N-S 00 534 4635 FAX # (248) 585-5774

June 6, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my deep appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from the Steel 201 tariffs of "Hot Rolled leaded carbon steel coils and bars designated AISI 12L14 with Tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

H & L Tool Company, Inc., located in Madison Heights, MI, is a leading Manufacturer of precision turned machined products and high volume machined parts for the Automotive Industry. Our annual sales are approximately $25 million and we employ 130 people. The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people.

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14 (without tellurium). Our industry needs to have reliable and globally competitive sources of this basic material and cannot be dependent on only one or two sources that can artificially raise their prices or cut off our supply.

The economic downturn has been especially severe for the precision machined products industry. The economists who say there "might not have been" a recession certainly weren't looking at our numbers. Our business in 2001 was down 8% from 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases.

Our company and our industry are engaged in the fierce struggle of global competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect now higher material costs for U. S. companies to accelerate that trend.

The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars holds serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry at risk. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope. Thank you for all you can do to see that Camcraft's requests are granted.

We greatly appreciate your support in this crucial matter. If you have any further questions, please do not hesitate to call me.

Sincerely,

Steven Gertz
Controller

Imperial
METAL PRODUCTS COMPANY

June 6, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my deep appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from the Steel 201 tariffs of "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

Imperial Metal Products Company, located in Grand Rapids, Michigan, is a leading manufacturer of precision turned machined products and high volume machined parts for the heavy truck industries. Our annual sales are approximately $5,500,000 and we employ 45 people. The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people.

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14 (without tellurium). Our industry needs to have reliable and globally competitive sources of this basic material and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply.

The economic downturn has been especially severe for the precision-machined products industry. The economists who say there "might not have been" a recession certainly weren't looking at our numbers. Our business in 2001 was down 38% from 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases.

Our company and our industry are engaged in the fierce struggle of global competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect now higher material costs for U. S. companies to accelerate that trend.

835 Hall Street SW
Grand Rapids, MI 49503-4820
Tel: 616.452.1700
Fax: 616.452.1717
info@imperialmetalproducts.com
www.imperialmetalproducts.com

Imperial
METAL PRODUCTS COMPANY

The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars holds serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry at risk. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope. Thank you for all you can do to see that Camcraft's requests are granted.

We greatly appreciate your support in this crucial matter. If you have any further questions, please do not hesitate to call me.

Sincerely,
Imperial Metal Products Co., LLC

Ken Preston
VP & General Manager

835 Hall Street SW
Grand Rapids, MI 49503-4820
Tel: 616.452.1700
Fax: 616.452.1717
info@imperialmetalproducts.com
www.imperialmetalproducts.com

E & E Manufacturing Co., Inc.
Stampings and Fasteners

300/400 Industrial Drive
Plymouth, MI 48170-1836
734 451-7600
734 451-2510 Fax

June 3, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn. Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing to you on behalf of our company, E & E Manufacturing Company, Inc. We are located in Plymouth Michigan and we employ 215 associates. **We are in immediate need of your help.**

The steel tariffs imposed by President Bush in March have increased the price and reduced the availability of steel to the point that it has put our competitiveness at risk, as well as to the point that the supply of steel is not reliable. **We have had steel pricing and supply contracts cancelled** . This has forced us to seek out lesser quality material at a price premium. This situation continues to put our business at risk and also places our supply of product to our customers at risk as well. The President cannot have expected that steel prices would have risen so fast, or that the ability of companies like ours to obtain steel would virtually disappear. We have had no assurances from our steel suppliers that the situation of both increased pricing or supply of steel will improve yet this year.

Our business is in danger if we cannot obtain steel, or obtain steel at competitive prices. **Our customers will not pay the increased prices that we are presently charged for steel.** Unless things change rapidly, our company will lose business to foreign competition that now has a built-in cost advantage, due to the actions of our own government.

We are a small business, like many others, that is the backbone of the American economy. We must have the steel that we buy to be priced by the market, not by the government.

Please ask the President to help us in this most critical matter of acquiring the steel that we need to to stay in business in the USA.

Thank You.

Sincerely,

Wallace E. Smith

Wallace E. Smith
President
E & E Manufacturing Company, Inc.

E & E Manufacturing Co., Inc.
Stampings and Fasteners

300/400 Industrial Drive
Plymouth, MI 48170-1836
734 451-7600

June 3, 2002

Honorable Donald A Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

SUBJECT: ATTACHMENT I
Evidence of Steel Pricing and Availability Impact

We have supplied a copy of one of our Blanket P.O.s and several invoices to answer your request regarding steel contracts.

This has affected both the pricing and availability of steel, as well as a drop in revenue. From sales as follows: April 2002, 3% or $120,000.00; May 2002, 6% or $240,000.00; June 2002, 6% or $240,000.00. We expect to see these numbers at 9% or $360,000.00 for each month during the second half of 2002. Aside from pricing, continued supply is of great concern to us. In closing, the lack of available steel has brought us close to shutting down our OEM and TIER ONE customers. To this point in time, we have had expedited freight cost. E&E has had to Spot Buy material at a premium due to non-delivery from our supplier(s) who have the Blanket PO. The monthly impact thru June 2002, from the 3 jobs we have supplied invoices on is $18,063.00.

We have included nine invoices. One invoice for each of the three periods for three different jobs. The "A" invoices are represented on Line Item 32, "B" on Line Item 49, and "C" by Line Item 54.

Sincerely,

Craig Idema
COO
E&E Manufacturing Co., Inc.

Fax Numbers
734-207-7565 Engineering/Accounting • 734-451-6414 Administration
734-451-8586 Quality • 734-451-8283 Plant Manufacturing

E and E
Manufacturing Co.

6/7/02
1

Line Item	Ordered Material Gauge	Width +/- .010 unless noted	MATERIAL SPEC	ESTIMATED MONTHLY	1 100/wt $ 1/1 to 3/31	2 4/1/02 4/30/02	3 5/1/02 6/30/02	
1	.072/.084	6.2000	1008/1010 SAE	13,000	$15.95	$18.95	$19.95	
2	.074/.084	5.8000	ASTM A622 Type B HRDS	7,000	$17.95	$18.95	$19.95	
3	.075/.083	8.1250	hscr 6208m-340xlf galv 6185m 98g 98gu	35,000	$22.95	$24.95	$26.95	
4	.090/.110	8.8500	MS-264-035 SO	12,000	? Resale ?			
5	.098/.108	2.1000	950 XF	2,000	inq	$19.95	$21.95	
6	.102/.110	4.0000	1008 AKDQ	3,000	$16.25	$17.95	$18.95	
7	.1024/.1063	12.7500	SAE J403-1010 CR	7,000	$21.95	$23.65	$24.95	
8	.105/.110	3.8400	J1392 050 XLF	12,000	$16.95	$18.95	$19.95	
9	.118/.125	11.5000	1008/1010	110,000	$15.45	$17.95	$18.95	
10	.113/.123	6.4000	J-1392-050 XLK 13 % max C	16,000	$16.95	$18.95	$19.95	
11	.113/.123	11.3750	GM 6409M HR Grade I AKDQ	6,000	$23.05	$24.65	$28.85	
12	.114/.122	10.0000	SAE J1392 050-XLF	14,000	$16.10	$18.95	$19.95	
13	.114/.122	11.0000	SAE J1392 050-XLF	18,000	$16.10	$18.95	$19.95	
14	.114/.122	11.3700	SAE J1392 050-XLF	20,000	$16.10	$18.95	$19.95	
15	.114/.122	13.1500	SAE J1392 050-XLF	40,000	$16.10	$18.95	$19.95	
16	.118/.128	3.6300	MS 6000 44A GAL akdq	20,000	$22.95	$25.95	$26.95	
17	.118/.126	5.3500	HSLA MS264-035 SO	1,300	$16.25	$18.95	$19.95	
18	.118/.126	6.7900	HSLA MS264-035 SO	1,500	$16.25			
19	.118/.133	5.0000	HSLA MS264-035	2,500	$16.25			
20	.118/.133	11.7500	HSLA MS264-035	22,000	$16.25			
21	.132/.143	5.5000	SAE J1392-050-XLK	3,000	$16.95	$18.95	$20.45	
22	.149/.165	13.3120	MS 264-035 SO	50,000	$16.45	$18.95	$19.95	
23	.154/.161	3.2500	SAE J1392-050-XLF	4,000	$16.25	$18.95	$19.95	
24	.157/.169	1.7000	950 XK	1,500	$15.95	$18.95	$19.95	
25	.157/.165	7.0000	SAE J1392 050 XK	45,000	$15.95	$18.95	$19.95	
26	.188/.204	4.0150	1008/1010 akdq .05 min C RB 55-70	3,000	$16.45	$18.95	$20.95	
27	.189/.207	3.5000	1010		$16.25			
28	.197/.207	2.1200	1010	3,500	$16.25	$21.45	$22.45	
29	.197/.207	2.5600	1008/1010 TO meet 36.2 Kn Min. Proofload per GM510-m	52,000	$16.25	$17.95	$18.95	
30	.197/.207	2.6700	1008/1010 TO meet 36.2 Kn Min. Proofload per GM510-m	3,000	$16.25	$18.95	$19.95	
31	.197/.207	2.7000	1008/1010 TO meet 36.2 Kn Min. Proofload per GM510-m	1,000	$16.25	$18.95	$19.95	
32	.197/.207	3.1000	1008/1010 TO meet 36.2 Kn Min. Proofload per GM510-m	250,000	***$16.24***	***$17.95***	***$18.95***	A
33	.197/.209	11.5000	GM6218M mpa XLF HRPO	140,000	$17.25	$18.95	$19.95	
34	.200/.213	3.1000	1008/1010 TO meet 36.2 Kn Min. Proofload per GM510-m	15,000	$16.45	$17.95	$18.95	
35	.206/.218	2.7000	1010	3,500	$16.95	$21.45	$22.45	
36	.207/.217	6.5000	1008/1010 .05 MIN CARBON	28,000	$16.45	$17.95	$18.95	
37	.215/.233	3.1000	1008/1010	5,000	$15.45	$18.95	$19.95	
38	.215/.234	4.5000	1008/1010	25,000	$15.45	$17.95	$18.95	
39	.217/.231	2.3000	1010		$17.25	inq	inq	

E and E
Manufacturing Co.

6/7/02
2

Line Item	Ordered Material Gauge	Width +/- .010 unless noted	MATERIAL SPEC	ESTIMATED MONTHLY	1 100/wt $ 1/1/02	2 4/1/02 4/30/02	3 5/1/02 5/31/02	
40	.217/.231	2.5000	1010	11,000	$16.45	$21.50	$22.50	
41	.217/.227	5.0000	SAE 1010	1,000	$16.45	$21.50	$22.50	
42	.222/.238	2.1200	1010	85,000	$17.25	$19.95	$21.45	
43	.228/.250	0.7870	1008/1010 EDGE ROLLED	2,000	$26.95	$34.95	$38.95	
44	.230/.242	2.1650	1008/1010		$16.50	inq	inq	
45	.236/.252	1.5700	1008/1010 .05 MIN CARBON		$16.50	inq	inq	
46	.236/.252	1.9300	1008/1010 .05 MIN CARBON	2,000	$16.50	$24.65	$25.95	
47	.236/.248	2.3600	1008/1010 .05 MIN CARBON	30,000	$16.95	$18.95	$19.95	
48	.236/.257	3.1300	1008/1010 .05 MIN CARBON	3,000	$20.00	$21.95	$22.95	
49	.236/.252	2.5000	050 XLF HSLA	125,000	***$16.45***	***$18.95***	***$19.95***	B
50	.240/.260	2.7000	1010	11,000	$18.25	$21.95	$22.95	
51	.246/.256	3.1000	1008/1010 .05 min C		$17.00	$18.95	$18.95	
52	.248/.262	1.1800	1008/1010		$17.00	$18.95	$19.95	
53	.264/.278	6.0000	HSLA 050 XLK	15,000	$17.17	$19.96	$20.95	
54	.266/.284	2.6200	1008/1010 AKDQ .05 MIN C	155,000	***$15.99***	***$18.95***	***$20.45***	C
55	.268/.282	2.5000	SAE 1008/1010	3,500	$19.00	$18.95	$20.45	
56	.276/.300	4.7500	1008/1010	20,000	$17.05	$18.95	$20.45	
57	.280/.300	2.7500	1010		inq	$22.65	$24.65	
[illegible]	.295/.310	2.5000	050 XK .13 Max C HSLA	48,000	$16.95	$19.95	$21.45	
59	.295/.310	2.7500	950 XK HSLA FB 16-7J	18,000	$16.94	$19.95	$21.45	
60	.295/.310	3.5000	950 XK HSLA FB 16-7J	11,000	$16.93	$19.95	$21.45	
61	.295/.311	3.0000	GM6218M Grade 340 HSLA	6,000	$16.95	$19.95	$21.45	
62	.307/.323	3.4450	1008/1010		inq			
63	.331/.350	2.7500	1010 AKDQ	3,000	$21.25	$23.95	$25.95	
64	.354/.370	3.4500	GM6218M Grade 340 HSLA	6,000	$21.99	$23.95	$24.65	
65	.378/.390	4.2500	MS 264-050X		inq	inq	inq	

Initial cost per month for 1st 1/2 of 2002, blanket awarded Dec 2001 — $257,059.90

First increase a/o 4/1/02, totals $32,526.95 per month — $289,586.85

Second increase as of 5/1/02 additional $17021.50 per month — $306,608.35

This supplier has about 35% of our direct business. Total increase from them per month is $49548.45

06/07/02 FRI 15:50 FAX 7344516414 E AND E MANUFACTURING 006

INVOICE

RECEIVED
MAR 2 5 2002
E& E MFG. CO., INC.

A 1

/ FAX: 698-1150

Invoice No. 186

Bill Of Lading No. 3 -181675

INVOICE DATE 03/21/02

Sold To. E&E MFG CO INC **
300 400 INDUSTRIAL DR
PLYMOUTH MI 48170 1836

Shipped To. E & E MANUFACTURING CO. INC.
300/400 INDUSTRIAL DRIVE
PLYMOUTH, MI 48170-1836

Sales Order	Terms	Ship Date	Ship Via
S384930	3/4% 10 DAYS, NET 30 DAYS	03/21/02	MIZAR MOTORS - MIZR

Customer Order		PPD	Col	FOB
262		X		PRE-PAID/DESTINATION

Work Order No.	Description	Price	Weight	Amount
538493001	.1970 + .0080 x 3.1000 x COIL Finish: HRPO Grade: 1008 Part #: 574 P/O #: 9262	16.2400 per CW	18255	2,964.6
		TOTALS ▶	18255	2,964.6

Logged In

POSTED

We hereby certify that these goods were produced in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof.
FORM NO. FFS 002 REV.1

ORIGINAL

A2

INVOICE

RECEIVED
APR - 3 2002

8 / FAX: 698-1150 E& E MFG. CO., INC.

Invoice No. 190329

Bill Of Lading No. 3 -181908

INVOICE DATE 04/01/02

Sold To. E&E MFG CO INC **
300 400 INDUSTRIAL DR
PLYMOUTH MI 48170 1836

Shipped To. E & E MANUFACTURING CO. INC.
300/400 INDUSTRIAL DRIVE
PLYMOUTH, MI 48170-1836

Order	Terms	Ship Date	Ship Via
5385889	3/4% 10 DAYS, NET 30 DAYS	04/01/02	MIZAR MOTORS - MIZR

Customer Order		PPD	Col	FOB
262		X		PRE-PAID/DESTINATION

Stock Order No.	Description	Price	Weight	Amount
538588901	.1970 + .0080 x 3.1000 x COIL Finish: HRPO Grade: 1008 Part #: 574 P/O #: 9262	17.9500 per CW	40385	7,249.:
		TOTALS ▶	40385	7,249.:

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We hereby certify that these goods were produced in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof.
FORM NO. FFS 002 REV.1 ORIGINAL

06/07/02 FRI 15:51 FAX 7344516414 E AND E MANUFACTURING 008

INVOICE

A 3

RECEIVED
MAY 16 2002
E&E MFG. CO., INC.

6 / FAX: 698-1150

Invoice No. 208. . /
Bill Of Lading No. 22-106665
INVOICE DATE 05/14/02

Sold To. E&E MFG CO INC **
300 400 INDUSTRIAL DR
PLYMOUTH MI 48170 1836

Shipped To. E & E MANUFACTURING CO. INC.
300/400 INDUSTRIAL DRIVE
PLYMOUTH, MI 48170-1836

Sales Order	Terms	Ship Date	Ship Via
S389882	3/4% 10 DAYS, NET 30 DAYS	05/14/02	MIZAR MOTORS - MIZR

Customer Order		PPD	Col	FOB
262		X		PRE-PAID/DESTINATION

Work Order No.	Description	Price	Weight	Amount
S38988201	.1970 + .0080 x 3.1000 x COIL Finish: HRPO Grade: 1008 Part #: 574 P/O #: 9262	18.9500 per CW	12750	2,416.:
	TOTALS ▶		12750	2,416.1

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We hereby certify that these goods were produced in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof.
FORM NO. FFS 002 REV.1

ORIGINAL

(B 1)

INVOICE

RECEIVED
MAR 2 5 2002
E& E MFG. CO., INC.

46 / FAX: 698-1150

Invoice No. 186853
Bill Of Lading No. 8 -990080
INVOICE DATE 03/21/02

Sold To. E&E MFG CO INC **
300 400 INDUSTRIAL DR
PLYMOUTH MI 48170 1836

Shipped To. E & E MANUFACTURING CO. INC
300/400 INDUSTRIAL DRIVE
PLYMOUTH, MI 48170-1836

Sales Order	Terms	Ship Date	Ship Via
5384936	3/4% 10 DAYS, NET 30 DAYS	03/21/02	MIZAR MOTORS - MIZR

Customer Order		PPd	Col	FOB
262		X		PRE-PAID/DESTINATION

Work Order No.	Description	Price	Weight	Amount
538493602	.2360 + .0160 x 2.5000 x COIL Finish: HRPO Grade: 50XLF Part #: 1043A P/O #: 9262	16.4500 per CW	9872	1,623.'
		TOTALS ▶	9872	1,623.9

Logged In

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We hereby certify that these goods were produced in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof.
FORM NO. FFS 002 REV.1

ORIGINAL

06/07/02 FRI 15:51 FAX 7344516414 E AND E MANUFACTURING 010

B 2

INVOICE

RECEIVED
APR - 4 2002
E& E MFG. CO., INC.

FAX: 698-1150

Invoice No. 190__5
Bill Of Lading No. 8 -991776
INVOICE DATE 04/02/02

Sold To. E&E MFG CO INC **
300 400 INDUSTRIAL DR
PLYMOUTH MI 48170 1836

Shipped To. E & E MANUFACTURING CO. INC.
300/400 INDUSTRIAL DRIVE
PLYMOUTH, MI 48170-1836

Shop Order	Terms	Ship Date	Ship via
S385875	3/4% 10 DAYS, NET 30 DAYS	04/02/02	MIZAR MOTORS - MIZR

Customer Order	PPD	Col	FOB
9262	X		PRE-PAID/DESTINATION

Work Order No.	Description	Price	Weight	Amount
S38587501	.2360 + .0160 x 2.5000 x COIL Finish: HRPO Grade: 50XLF Part #: 1043A P/O #: 9262	18.9500 per CW	44775	8,484.8
		TOTALS ▶	44775	8,484.8

POSTED

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We hereby certify that these goods were produced in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof.

FORM NO. FFS 002 REV.1

ORIGINAL

INVOICE

(B3)

RECEIVED
MAY 2 1 2002
E& E MFG. CO., INC.

8 / FAX: 698-1150

Invoice No. 210717
Bill Of Lading No. 3 -183341
INVOICE DATE 05/17/02

Sold To. E&E MFG CO INC **
300 400 INDUSTRIAL DR
PLYMOUTH MI 48170 1836

Shipped To. E & E MANUFACTURING CO. INC.
300/400 INDUSTRIAL DRIVE
PLYMOUTH, MI 48170-1836

Sales Order	Terms	Ship Date	Ship Via
S389888	3/4% 10 DAYS, NET 30 DAYS	05/17/02	MIZAR MOTORS - MIZR

Customer Order		PPD	Col	FOB
262		X		PRE-PAID/DESTINATION

Work Order No.	Description	Price	Weight	Amount
S38988801	.2360 + .0160 x 2.5000 x COIL Finish: HRPO Grade: 50XLF Part #: 1043A P/O #: 9262	19.9500 per CW	23685	4,725.1
		TOTALS ▶	23685	4,725.

Logged In

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We hereby certify that these goods were produced in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof.

ORIGINAL

FORM NO. FFS 002 REV.1

06/07/02 FRI 15:52 FAX 7344516414 E AND E MANUFACTURING 012

INVOICE

C 1

RECEIVED
MAR 25 2002
E& E MFG. CO., INC.

FAX: 698-1150

Invoice No. 186282

Bill Of Lading No. 8 -989857

INVOICE DATE 03/20/02

Sold To. E&E MFG CO INC **
300 400 INDUSTRIAL DR
PLYMOUTH MI 48170 1836

Shipped To. E & E MANUFACTURING CO. INC
300/400 INDUSTRIAL DRIVE
PLYMOUTH, MI 48170-1836

Order	Terms	Ship Date	Ship Via
384941	3/4% 10 DAYS, NET 30 DAYS	03/20/02	MIZAR MOTORS - MIZR

Customer Order	PPD	Col	FOB
262	X		PRE-PAID/DESTINATION

Work Order No.	Description	Price	Weight	Amount
38494101	.2660 + .0100 x 2.6200 x COIL Finish: HRPO Grade: 1008 Part #: 572 P/O #: 9262	15.9900 per CW	15010	2,400.
		TOTALS ▶	15010	2,400.

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We hereby certify that these goods were produced in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof.
FORM NO. EEC 000 REV 1

ORIGINAL

INVOICE

C 2

RECEIVED
APR - 3 2002
E& E MFG. CO., INC.

8 / FAX: 698-1150

Invoice No. 190516

Bill Of Lading No. 8 -991585

INVOICE DATE 04/01/02

Sold To. E&E MFG CO INC **
300 400 INDUSTRIAL DR
PLYMOUTH MI 48170 1836

Shipped To. E & E MANUFACTURING CO. INC.
300/400 INDUSTRIAL DRIVE
PLYMOUTH, MI 48170-1836

Sales Order	Terms	Ship Date	Ship Via
S385874	3/4% 10 DAYS, NET 30 DAYS	04/01/02	MIZAR MOTORS - MIZR

Customer Order		PPD	Col	FOB
262		X		PRE-PAID/DESTINATION

Work Order No.	Description	Price	Weight	Amount
S38587401	.2660 + .0100 x 2.6200 x COIL Finish: HRPO Grade: 1008 Part #: 572 P/O #: 9262	18.9500 per CW	45783	8,675.
		TOTALS ▶	45783	8,675.

Logged In

POSTED

We hereby certify that these goods were produced in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof.

ORIGINAL

06/07/02 FRI 15:52 FAX 7344516414 E AND E MANUFACTURING 014

INVOICE

C 3

RECEIVED
MAY 2 0 2002
E& E MFG. CO., INC.

FAX: 698-1150

Invoice No. 2105
Bill Of Lading No. 8 -999458
INVOICE DATE 05/16/02

Sold To. E&E MFG CO INC **
300 400 INDUSTRIAL DR
PLYMOUTH MI 48170 1836

Shipped To. E & E MANUFACTURING CO. INC.
300/400 INDUSTRIAL DRIVE
PLYMOUTH, MI 48170-1836

Sales Order	Terms	Ship Date	Ship Via
S389889	3/4% 10 DAYS, NET 30 DAYS	05/16/02	MIZAR MOTORS - MIZR

Customer Order	PPD	Col	FOB
262	X		PRE-PAID/DESTINATION

Work Order No.	Description	Price	Weight	Amount
S38988902	.2660 + .0100 x 2.6200 x COIL Finish: HRPO Grade: 1008 Part #: 572 P/O #: 9262	20.4500 per CW	22439	4,588.7
		TOTALS ▶	22439	4,… ..

Logged In

We hereby certify that these goods were produced in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof. ORIGINAL

FORM NO. FFS 002 REV.1

SUPREME

June 7, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my deep appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from the Steel 201 tariffs of "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

Supreme Machined Products Company, is located in Spring Lake, Michigan and Anderson, South Carolina and is a leading manufacturer of precision turned machined tool industries. Our annual sales are approximately $20,000,000 and we employ 175 people. The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people.

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14 (without tellurium). Our industry needs to have reliable and globally competitive sources of this basic material and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply.

The economic downturn has been especially severe for the precision machined products industry. The economists who say there "might not have been" a recession certainly weren't looking at our numbers. Our business in 2001 was down 28% from 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases.

SUPREME MACHINED PRODUCTS CO., INC.
18686 172nd Avenue
Spring Lake, Michigan 49456
Phone: (616) 842-6550
Fax: (616) 842-4481

SUPREME MACHINED PRODUCTS CO., INC.
400 Supreme Industrial Drive
Anderson, South Carolina 29621
Phone: (864) 226-7600
Fax: (864) 226-7533

PRECISION SCREW MACHINE PRODUCTS

Our company and our industry are engaged in the fierce struggle of global competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect now higher material costs for U. S. companies to accelerate that trend.

The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars holds serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry at risk. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope. Thank you for all you can do to see that Camcraft's requests are granted.

We greatly appreciate your support in this crucial matter. If you have any further questions, please do not hesitate to call me at 616-842-6550 extension #28.

Sincerely,

Roger Silk, C.F.O.

06/07/02 07:58 FAX 616 842 4481 SUPREME 002/002

MILAN SCREW PRODUCTS, INC.

291 Squires Drive P.O. Box 180
Milan, MI 48160
(734) 439-2431 *Fax (734) 439-1040*

June 6, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

Please add our support to your efforts to encourage the President and USTR to approve product exclusion requests for hot-rolled leaded carbon steel coils and bars which, in their final processed form, are used by us for the production of precision machined products. I appreciate your support of the efforts of Camcraft, Inc., a precision machine shop in your district, as they seek these product exclusions.

On April 23, 2002 request X-094.1 and X-094.2 were filed with the USTR and Department of Commerce. They seek exclusion from the Steel 201 tariffs for:

> *"Hot-rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot-rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium)."*

As a leading, high volume manufacturer of precision turned machined parts for the fluid power and auto industries, the annual sales for Milan Screw Products, Inc. in Milan, Michigan, are approximately $3 million. We normally employ about twenty-five people.

We are a major supplier of hydraulic fittings to the Eaton Aeroquip facility in Van Wert, OH. The end-users of our products include the agricultural, heavy equipment, machine tool, and defense industries. Failure of our fittings may cause the ultimate failure of the components in which they are installed. The raw material we use must be of Special Bar Quality - virtually free of seams and other surface defects in the finished bars. Such defects will likely cause part failure, rapid loss of hydraulic oil, and equipment failure.

I am very concerned about our prospects for staying in business if the 30% tariff is not lifted on Special Bar Quality (SBQ), carbon steel, hot-roll coils from Corus in Great

Britain. The high quality of their steel products is evidenced by the lack of seams and other surface defects in bars drawn from their coils. I would prefer buying such steel domestically, but it is simply not available. Only two domestic mills are melting the C12L14 grade that is the bulk of our requirements. Neither mill produces the SBQ - surface defect-free hot-roll - that is critical to the function of the parts we produce. We must have reliable and globally competitive sources of this basic material. We cannot be dependent upon only two domestic sources, neither of whom can produce the quality we require.

We are faced with the impossible choice of machining products from inferior, domestic steel, or paying a price penalty that will drive our customers overseas to buy finished goods, which ironically, are free from tariffs under the President's request.

A 30 percent tariff on imports of hot-rolled, leaded carbon steel coils and bars holds serious consequences for our company and the entire precision machined products industry. It is poor public policy to place our industry in jeopardy for the short-term gain of a domestic industry that, due to outdated equipment and costly labor agreements, has not been able to compete in the global arena. At risk are severe losses within an industry that has demonstrated its strategic importance in times of global conflict. Product exclusions for our basic raw material is crucial for us to forestall a flood of cheap, foreign produced, finished precision machined products.

Thank you for your support of Camcraft's requests.

We greatly appreciate your support in this crucial matter. If you have any further questions, please do not hesitate to call me.

Sincerely,

Charles F. Tellas
President

HASC

PHONE 810 - 364-6636
FAX 810 - 364-6639

Huron Automatic Screw Co.
ISO 9001 REGISTERED FIRM
SCREW MACHINE PRODUCTS • CNC PRECISION PARTS
DOUBLE END STUDS - STANDARD AND METRIC
4918 GRATIOT ROAD • ST. CLAIR TWP., MICHIGAN 48079
MAILING ADDRESS:
P.O. BOX 610068 PORT HURON, MICHIGAN 48061-0068

June 7, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzulo:

I would like to express my sincere appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined parts. I would like to add Huron Automatic Screw Co.'s support to your efforts to encourage President Bush and the USTR to approve Camcraft's product exclusion request.

These requests, which seek exclusion from the Steel 201 tariffs of "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

Huron Automatic Screw Co. is located in Port Huron, MI and is a leading manufacturer of precision turned machine parts. We service the heavy truck, farm and construction equipment, medical, defense, marine, and many other industries. Our annual sales are approximately $3,500,000 and we employ 32 people. Nationwide, our industry includes approximately 1600 companies and employs over 60,000 people.

12L14 steel is the most commonly machined material in our industry and is the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14 without tellurium. Our industry requires reliable and globally competitive sources of these materials and cannot be dependent on one or two sources that can artificially raise their prices or jeopardize our supply.

The recent economic downturn has been especially severe for our company and industry. Our sales volume in 2001 was down approximately 20% from 2000. Just as we are beginning to see an improvement in business conditions, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and our suppliers indicate that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases.

Huron Automatic Screw Co. and the precision machined parts industry are engaged in a fierce struggle of global competition. There has already been a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect higher material costs to accelerate that trend.

The thirty percent tariff on imports of hot rolled leaded carbon steel coils and bars hold serious consequences for the our industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in a time of crisis, it does not make sense to do so by putting another, larger industry at risk. Increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of U.S. steel mills, it will only accelerate the movement of machined parts manufacturing to foreign sources. Product exclusions for this basic material are our industry's only avenue for short-term hope.

Thank you for your support of the precision machined parts industry and for all that you can do to support Camcraft's request. Please do not hesitate to contact me if you have any questions or would like additional information.

Sincerely,

Edward K Brooks

Edward K. Brooks
President

Topcraft Metal Products, Inc.

www.topcraftmetal.com

June 6, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my deep appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from the Steel 201 tariffs of "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

Topcraft Metal Products, Inc., located in Hudsonville, Michigan, is a leading manufacturer of precision turned machined products and high volume machined parts for the Automotive and Furniture industries. Our annual sales are approximately $6,000,000 and we employ 50 people. The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people.

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14 (without tellurium). Our industry needs to have reliable and globally competitive sources of this basic material and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply.

The economic downturn has been especially severe for the precision machined products industry. The economists who say there "might not have been" a recession certainly weren't looking at our numbers. Our business in 2001 was down 30% from 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases.

Our company and our industry are engaged in the fierce struggle of global

5112 40th Avenue, Hudsonville, MI 49426 • (616) 669-1790 (P) • (616) 669-0332 (F)

06/06/02 17:08 TOPCRAFT METAL PRODUCTS → 202 225 2934 NO.368 P003/003

Topcraft Metal Products, Inc.

www.topcraftmetal.com

competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect now higher material costs for U. S. companies to accelerate that trend.

The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars hold serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry at risk. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope. Thank you for all you can do to see that Camcraft's requests are granted.

We greatly appreciate your support in this crucial matter. If you have any further questions, please do not hesitate to call me.

Sincerely,

Jeff Davidson
Director of Sales

Alert #132-E
DJB

5112 40th Avenue, Hudsonville, MI 49426 • (616) 669-1790 (P) • (616) 669-0332 (F)

BERKLEY
Screw Machine Products, Inc.
QUALITY is our solution to your problem
2100 Royce Haley Drive, Rochester Hills, Mi. 48309
(248) 853-0044 Fax (248) 853-1532 - e-Mail: patricia@berkleyscrew.com

June 7, 2002

The Honorable Donald A Manzullo
U. S. House of Representatives
409 Cannon House office Building
Washington, D.C. 20515-1316

Attention: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my deep appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machine products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from Steel 201 tariffs of "Hot" rolled leaded carbon steel coils & bars designated AISI 12L14 with tellurium per "ASTM A-29" and "Hot" rolled leaded carbon steel coils & bars designated AISI 12L14 "Per ASTM A-29" (without tellurium), were filed on April 23,2002 with the USTR Department of Commerce, and have been assigned the alphanumeric designation X-091.1 and X-094.2.

Berkley Screw Machine Products, located in Rochester Hills, MI, is a leading manufacturer of precision-machined products and high volume machined parts for the Housing, Air Conditioning, and Automotive industries. We manufacture and ship about 95,000,000 parts per year. We employ 50 + people (if you include families, we really have about 250 people dependant on us) here at Berkley. While I can understand the government's concern about the steel mills, what about my people? How can I protect them from unemployment when my customers refuse to accept a price increase, and we can't afford to absorb it? We have not raised a price to any customer since 1991.

The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people.

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14 (without tellurium). We have already (since the price increase) had the domestic hot roll mill miss delivery to our cold drawer. On this particular material (1/2" Hex 12L14 Steel, usage on that size alone is 600,000# per year) there was no notice, no call. Our industry needs to have reliable and globally competitive sources of the basic material and cannot be dependent on only one or two sources that can artificially raise their prices or cut off our supply.

The economic downturn has been especially severe for the precision-machined products industry. The economists who say "might not have been" a recession certainly weren't looking at our numbers. Our business in 2001 was down 10% from 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. And as I noted above we have experienced short supply situations already. What will we do when demand increases?

Our company and our industry are engaged in the fierce struggle of global competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect now higher material costs for U.S. companies to accelerate that trend.

The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars hold serious consequences for the precision products industry. While we appreciate that the steel 201 remedy was put in place to aid the U.S. steel industry in it's time of crisis, it does not make sense to save one industry by putting another, larger industry at risk. Ironically, increasing the domestic price of machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope. Thank you for all you can do to see that Camcraft's requests are granted.

We appreciate your wonderful support in this crucial matter. If you have any further questions, please do not hesitate to call me.

Sincerely,

Patricia Lewis

Patricia Lewis
C.E.O.

Cc: D Burch, P.M.P.A.

progressive metal forming, inc.
ISO 9002 REGISTERED FIRM AND QS-9000 COMPLIANT/REGISTERED
pmf
p.o. box 145
10850 hall road
hamburg, mi 48139 usa
(810) 231-1100
FAX (810) 231-1141
email: pmfinc@ismi.net
website: www.pmfdraw.com

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

6/5/02

Attn: Phillip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Progressive Metal Forming. We are located in Hamburg, Michigan and we employ 40 workers. Our production workers and the Company need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. The material availability for a key product truck component is not available from domestic sources. The material available does not meet the specification required and the price increases from \$.28/lb to \$.33/lb for the out of specification material. We have a 13-week supply on hand and no future sources of material supply. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies and our sources of supply availability are extended from 2 weeks to three months.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built in cost advantage, thanks to the actions of our own government.

Email: pmfinc@ismi.net
Website: www.pmfdraw.com

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Roland Owens, President
Progressive Metal Forming, Inc.

RO/ch

pmf *is a* **QS9000** ***and*** **ISO9002 RAB** ***certified company***

Clips & Clamps Industries

15050 Keel Street
Plymouth, Michigan 48170-6032
Phone: (734) 455-0880
Fax: (734) 455-4270
Web Address: www.clipsclamps.com

ISO 9001/QS-9000 CERTIFIED

June 3, 2002

Customer
Address
Address

Subject: Effects of Tariffs on Imported Steel

Dear Valued Customer,

As you know, on March 5, President Bush announced that he would impose tariffs on imports of selected steel products from various countries. These tariffs became effective on March 20 and ranged from 30% on hot-rolled, cold rolled, and coated sheet down to 8% on stainless steel wire. The President's decision was intended to help the ailing steel industry in the states of Pennsylvania, Ohio, Michigan, Illinois, and West Virginia and to assure that he has the votes he needs in these states when he runs for re-election.

Clips & Clamps Industries worked with the Precision Metalforming Association, who represents the metalforming industry, and the Consuming Industries Trade Action Coalition, who represents all steel consuming industries, to prevent this Section 201 decision from being made. Our side contributed approximately $160,000 to support our effort while the steel industry and the steel unions spent 20 times that to support their position. Although our efforts were unsuccessful, we are continuing the fight.

Today, our fight against the tariffs on imported steel consists of telling the true-life stories of what has happened since the tariffs were imposed. The entire industry has seen skyrocketing prices, serious availability issues, and quality problems that we haven't worried about in years.

Clips & Clamps Industries has experienced average price increases of 17% to 42% on hot rolled and cold rolled steel. These severe price penalties were partially caused by the buying frenzy that took place in anticipation of the tariffs being imposed. More price increases are on the horizon and will take effect as soon as old inventories are depleted.

When the domestic steel industry can only produce 75% of what is consumed in the United States, and the necessary imports are slapped with a 30% tariff, availability will become a serious problem until domestic prices are raised and the market can stabilize. Availability problems have caused us to run to less than optimum production schedules and on occasion, we have not been able to ship the entire quantity of parts that our customers have requested. Clips & Clamps Industries has a very good working relationship with its steel suppliers and we have been assured that they will do everything in their power to get us the steel we need to produce the parts we need to deliver to our valued customers.

Clips & Clamps Industries has not seen any steel quality problems that haven't been resolved with our normal Quality Assurance procedures. Our steel suppliers indicate, however, that there are more quality problems lurking up stream in their plants. They are stepping up inspection of incoming steel, even from their certified suppliers. One final concern on quality is that with all the availability problems, we may find that what steel is available, simply will not make a part to print on difficult to form jobs.

In conclusion, we want to keep our customers as informed as possible on the serious situation that currently exists in the steel making and consuming industry. We will do everything in our power to mitigate the effects of this situation but will need your help and understanding in the very near future. I would like to meet with you to discuss how we can work together and will be calling soon to set up an appointment.

Sincerely,

Michael A. Aznavorian
President

Jun 05 02 03:04p Anita Evers (517) 542-4033 p.1

jesco®
– Since 1932 –

Telephone: 1-517-542-2903
Fax #: 1-517-542-2501
E-Mail: Jesco@JescoOnline.com
Web Site: www.JescoOnline.com

May 5, 2002

Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: (202) 225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Jesco Industries, Inc.
We are located in Litchfield, Michigan and we employ 65 workers. **We need your help !**

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Our suppliers are increasing their prices drastically, some up to 50% (see attached letters). The President could not have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past June of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices that I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a build-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel that we buy to be priced by the market, not by the government.

Please ask the President to help us get the steel that we need to stay in business in the USA.

Thank you.

Sincerely,

Bonny K DesJardin

Bonny K. DesJardin
President

attachments (2)

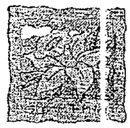
BKD:ae

Jesco® Industries, Inc. • P.O. Box 388 • 950 Anderson Rd. • Litchfield, MI 49252-0388

Jun 05 02 03:10p Anita Evers (517) 542-4033 p.2

JUN-05-02 WED 12:34 PM FAX: PAGE 1

PARAGON
Tube Corporation



THINK SPRING!!

FAX

Company: Jesco	Date: 6/5/02
Attention: Anita Evers	Fax: 517-542-4033
From: Tom Carter	
Pages including this cover sheet: 1	

Notes: Estimate ONLY - Price Increase %

2002 Increase Thru 6/30/02 34%

" " 7/1 - 12/31/02 15% Additional

Looks like a total increase of 50% over the February, 2002 Price Base.

Hope this helps. Tom Carter

1605 Winter Street, Fort Wayne, IN 46803
P.O. Box 13573, Fort Wayne, IN 46869
Phone (219) 424-1266
Fax (219) 422-6631

Jun 05 02 03:10p Anita Evers (517) 542-4033 p.3
CRAWFORD STEEL NO.6 P.2/3

(773) 376-6969

CRAWFORD STEEL COMPANY

HOT ROLLED · PICKLED · COLD ROLLED · GALVANIZED · VITREOUS ENAMEL · TERNE PLATE · STRIP · SHEET · SHEARING

Tuesday, June 04, 2002

Anita Evers
Jesco Industries
950 Anderson Road
Litchfield, MI 49252

Dear Anita:

Due to the section 103 decided by the government to warrant a 30% tariff on flat rolled imports, we have been forced to raise pricing across the board on all your sizes. Pricing from the domestic mills have increased from $210 a ton to anywhere from $300- $350 a ton as an unprocessed band. Not only has pricing become irrational in a short period, but there is a shortage in material like never before. No imports are on the way to the states and unless the government comes off there section 103 stand there is no telling where domestic manufacturing is headed. We don't set pricing at Crawford. We are forced at this time to follow the lead of the domestic mills because they are the only option to have steel rolled. At this time your pricing has increased $60.00 a ton. There is plenty of steel world wide. If the government didn't intervene with free trade none of this would have been necessary.

Sincerely,

Howard Friedman

Howard Friedma

FROM :BIFMA INTERNATIONAL 616 285 3765 2002.06-07 15:05 #505 P.02/02

BIFMA
INTERNATIONAL

The Industry Voice for Workplace Solutions

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of BIFMA International, a not-for-profit trade association of furniture manufacturers and suppliers to the industry. The association's membership of over 260 companies represents over 80% of the value of North American shipments of office furniture. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Our members have received double digit price increases with proposals for additional increases in July. They have no choice but to accept these increases if they wish a source of supply. The President cannot have expected that prices would rise so fast or that the ability of companies like ours to obtain steel would virtually disappear. They have no assurance of steel supplies past July of this year.

These businesses are in danger if they cannot get steel. Customers will not pay the increased prices they are being charged for steel. Unless things change rapidly, many companies will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We need to have steel priced by the market, not by the government. Please ask the President help our industry get the steel it needs to stay in business in the USA.

Thank you.

Sincerely,

Thomas Reardon

Thomas Reardon,
Executive Director

2680 Horizon Drive SE, Suite A-1 Grand Rapids, Michigan 49546-7500 Phone 616.285.3963 Fax 616.285.3765 www.bifma.org

trans-matic

300 East 48th Street
Holland, Michigan
49423

616/820-2500

June 10, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Trans-Matic, Mfg.** We are located in Holland, Michigan and we employ 269 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Trans-Matic, Mfg.

David Herber

David Herber

Vice President, Sales & Marketing

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Herman Miller Inc. We are located in Zeeland, Michigan and we employ 6,500 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have experienced price increases in excess of 45% since the beginning of the year. All of the allocations have been based on our historical usage and do not allow for any increases as the economy recovers, therefore additional shortages are expected. AK steel had 300 tons due in April and it has been rescheduled 4 times, they are now planning on delivery in December and the price is now 35% higher then the original order. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past July of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We need the steel we buy to be priced by the market, not by the government. Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Kent Ensing

Kent Ensing

AUTOMATIC SPRING
PRODUCTS CORP.

Coil Springs ▪ Flat Springs ▪ Stampings ▪ Wire Forms ▪ Torsion Springs

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Automatic Spring Products Corporation. We are located in Grand Haven, Michigan and we employ 281 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have been notified of substantial price increases effective this month with the threat of more increases to follow. We have also been asked to order steel for extended delivery dates without a commitment as to what the price will be at time of shipment. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. Our suppliers cannot assure us of steel availability. Many current steel orders are not being shipped on time, which puts us a risk of failing to meet our customers' schedules.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel, and in fact have told us that they will re-market all of our parts if we submit a price increase request. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Gordon Ritter

Gordon Ritter

VP Sales & Finance

803 Taylor Avenue ■ Grand Haven, MI 49417 ■ (616) 842-7800 ■ Fax: (616) 842-4380

JUN.06.2002 13:21 616 842 4380 AUTOMATIC SPRIN #6378 P.001/001

JUN-06-2002 11:15 P.01/01

WCS
Wolverine Coil Spring Co.
818 Front Ave., N.W. • Grand Rapids, MI 49504
Phone (616) 459-3504 • Fax (616) 459-0362
www.wolverinecoilspring.com

Springs, Stampings, Clips, Wire Forms, and Assemblies

QS-9000/ISO-9002 CERTIFIED

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Wolverine Coil Spring Company.** We are located in Grand Rapids, Michigan and we employ seventy workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. For example, prices have risen 4% across the board with higher increases projected, and delivery promises are not being met leaving us scrambling to maintain the 100% on-time delivery our customers demand in this "lean manufacturing" world. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Jay R. Dunwell

President, Wolverine Coil Spring Co.

TOTAL P.01

PMPC PRECISION METAL PRODUCTS COMPANY

June 7,2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House office Building
Washington, D.C 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo,

I am writing to express my deep appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from the steel 201 tariffs of "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

Precision Metal Products Company Inc., located in Holland, MI , is a leading manufacturer of precision turned machined products and high volume machined parts for the automotive and hardware industries. Our annual sales are approximately $5 million and we employ 32 people. The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people.

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14(without tellurium). Our industry needs to have reliable and globally competitive sources of this basic material and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply

The economic downturn has been especially severe for the precision machined products industry. The economists who say there "might not have been" a recession certainly weren't looking at our numbers. Our business in 2001 was down 20% form 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases.

Our company and our industry are engaged in the fierce struggle of global competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect now higher material costs for U.S companies to accelerate that trend.

The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars holds serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry at risk. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope. Thank you for all you can do to see that Camcraft's requests are granted.

We greatly appreciate your support in this crucial matter. If you have any further questions, please do not hesitate to call me

Sincerely,

Mark Droogh

P.O.Box 1047, 353 Gordon Avenue, Holland, MI 49422-1047
(616) 392-3109 FAX: (616) 392-3100

MEMBER PMPA

ISO 9002
Registered Company

DADCO®

June 5, 2002
Hon. Donald A. Manzullo
U.S. House of Representatives

409 Cannon House Office Building
Washington, D.C. 20515-1316

World Headquarters
43850 Plymouth Oaks Blvd.
Plymouth, Michigan 48170 USA
Phone: (734) 207-1100
1-800-DADCO-USA • (800) 323-2687
Fax: (734) 207-2222
http://www.dadco.net

Attn: Philip d. Eskeland
Fax: 202-225-3587
Respectfully,

Dear Congressman Manzullo:

I am writing on behalf of my company, DADCO. We are located in Plymouth, MI and we have over 100 employees. We need your assistance with a matter of great concern to us, and your constituents.

The steel tariffs imposed by the President in March have placed an onerous burden on our business. We are forced to buy steel that is not available domestically at drastically increased prices placing us at a serious disadvantage to our competitors who produce in Europe and export to the U.S. without any penalty. At the same time, price pressures in the U.S. markets have never been more severe. These issues combine to encourage us to consider production outside our borders or face the prospect of bowing to foreign competition. This has occurred because of the actions of our own government.

The President cannot have expected these events to have unfolded in this manner when he made the decision to move forward with these tariffs. But he has placed us in a rapidly deteriorating situation that has us losing business to foreign competition that now has a built in cost advantage.

We are not asking the government to procure steel for us, only that the steel we buy be priced by the market. Please ask the President to help us get the steel we need to stay in business in the USA.

Respectfully,

JR Roney

James R. Roney
Corporate Secretary
DADCO

BENTELER
AUTOMOTIVE

BENTELER AUTOMOTIVE CORPORATION
NAO Headquarters and Technical Center
1780 Pond Run
Auburn Hills, MI 48326
Phone: 248-377-9999
Toll Free: 800-233-3641

June 6, 2002

Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Benteler Automotive. We are headquartered in Auburn Hills, MI and we employ 1,400 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. All of our steel contracts have been broken and one supplier is over two million pounds behind schedule to our production releases. Prices have risen over thirty percent and U.S. steel companies have little or no regard for our production needs. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of consistent steel supplies this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in-cost advantage, thanks to the actions of our own government. In fact, we have taken some steps to move business from the U.S. suppliers to European suppliers for both cost and reliability of steel deliveries.

We are a medium sized business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Michael J. Morin
Vice President Purchasing / Logistics

6-05-2002 3:33PM FROM P. 1

Jireh
metal products

June 4, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Jireh Metal Products, Inc. We are located in Grandville, Michigan and we employ 45 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. My company is now experiencing broken steel contracts, allocation of material, and immediate price increases in excess of 30%. In addition, in order to insure that our customers continue to receive our goods without risk of shutting their production down, we are currently ordering steel without firm commitments as to price and/or any assurance of material availability. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past July 31 this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

JIREH METAL PRODUCTS, INC.

Ronald P. Wierenga, CPA
Chief Executive Officer

3635 Nardin Street · Grandville, MI 49418-1066 616.531.7581 · Fax 616.531.7630 · www.jirehinc.com

Stampings and Fabricated Assemblies

SPRING
ENGINEERING & MANUFACTURING
CORPORATION

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Spring Engineering and Manufacturing.** We are located in Canton, Michigan and we employ 84 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Our steel suppliers are unable to fill demand, since the tariffs were imposed. Price increases of 25 to 30 percent on all steel strip and 8 to 10 percent on wire is having a significant impact on our ability to achieve a profit. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past **July** this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Jack Sheaffer

Jack Sheaffer
Material Manager

7820 N. LILLEY ROAD • CANTON, MICHIGAN 48187 • TELEPHONE 734-414-0380 • FAX 734-414-0390

SENT BY: SPRING ENGINEERING; 734 7371249; JUN-6-02 3:20PM; PAGE 1/1

KNAPE & VOGT

2700 Oak Industrial Drive NE • Grand Rapids, MI USA 49505-6083
Telephone 616/459 3311 • Facsimile 616/459-3290 • Toll Free 1 800-253-1561 • www.kv.com

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Knape & Vogt. Manufacturing Company.** We are located in Grand Rapids, Michigan and we employ 800 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply is not reliable. Our offshore steel suppliers are passing on these increases to us and our domestic suppliers are ripping up contracts that once guaranteed pricing. They are also now warning us of allocations. The President cannot have expected that prices would rise so fast or that companies like mine would face a possible steel shortage.

Our business is in danger if I cannot get steel. Virtually everything we produce is made of steel. My customers will not accept any price increases to help offset the steel price increases. Unless things change rapidly, my company will be forced to look at importing more of the finished products we currently produce which will result in a loss of jobs for American workers.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us.

Thank you.

Sincerely,

Michael L. Command

Michael L. Command, Plant Manager

06/06/02 THU 11:15 FAX 616 831 0796 GRS&S BOND ☑001

GR SPRING & STAMPING, INC.
ISO 9002 Registration Firm • QS9000 Compliant
706 Bond, N.W. • P.O. Box 141397 • Grand Rapids, MI 49514-1397 • (616) 453-4491

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, GR Spring & Stamping. We are located in Grand Rapids, MI and we employ 200 associates. We need your help!

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have had price increases since March of up to 40%. Our suppliers are now telling us that there is not enough availability of steel for June, July, and August to fill our orders. Several of our customers have told us that they are going to China to buy parts and assemblies. How will this help the domestic steel industry? The damage to the United States economy will see the negative effect of steel tariffs by more finished products made overseas and less jobs in the U.S.A. Since March GRS&S has lost 10 jobs because of steel tariffs. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past mid- June of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Sincerely,

Jim Zawacki, President

Note: 100% of GRS&S associates are against the steel tariffs..

•Location of Fax • Administration (616) 453-0951 Order Entry (616) 831-0796 Engineering (616) 453-2321

Counter Point
Furniture Products

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Counter Point Furniture Products. We are located in Spring Lake Michigan and we employ 107 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have experienced increases in material prices, and we are holding extra inventory to avoid the threat of material shortage. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past July this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We need the steel we buy to be priced by the market, not by the government. Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Pete Pallas

Director of Operations

17237 Van Wagoner Road
Spring Lake, MI 49456
(616) 847-7000
FAX (616) 847-3109

JUN-07-02 FRI 10:08 AM FAX NO. 231 946 2071 P. 01/01

TCP

TRAVERSE CITY PRODUCTS, INC.

501 Hughes Drive
Traverse City, Michigan 49686
(231) 946-4414 FAX (231) 946-2071

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn. Philip D. Eskeland
FAX: 202-225-3587

Dear Congressman Manzullo:

Our company is a tier 2 automotive supplier and a furniture component supplier. We are a metal stamping and roll forming manufacturer. We are located in Traverse City, Michigan and employ over 100 workers.

The steel tariffs imposed by the President in March were used as an immediate excuse to increase the price of our basic hot roll, cold roll and galvanized steel by 30% to 40%. We have also experienced allocation warnings from our special coating suppliers because the domestic mills have reduced their allocations.
We cannot even get fixed price quotes or quantity commitments for July 2002 for some products.

The automotive and furniture industries are globally competitive and the tier 1 customers that we sell to will not accept price increases for these steel price increases. We are now at a tremendous disadvantage with foreign parts manufacturers.

We are in danger of losing our 20 year old, locally based manufacturing company due to the steel price increases resulting from the tariffs. I cannot believe that the President intended for this to happen when the tariffs were imposed, but the steel industry actions will destroy small American suppliers.

We need to have steel priced at global market prices and supply controlled by the market. Please help save American small businesses in the manufacturing sector.

We will appreciate anything you can do to return steel pricing and availability to a global market based condition.

Sincerely,

Martin B. Colanche
Treasurer

○

SU-DAN Corporation

Su-dan Corporation
1853 Rochester Industrial Ct.
Rochester Hills, MI 48309
248-651-6035 FAX 248-651-6014

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **The Su-dan Corporation.** We are located in Rochester Hills, MI and we employee 185 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. **All service centers have been put on allocation. Our steel prices have doubled, and our contracts have been broken.** The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past **July** this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Teresa Amman

Teresa Amman

912 E. Michigan Ave.
Lansing, Michigan 48912
517.485.3200
7.485.3202 fax
800.968.1324

DBI Business Interiors

June 26, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
406 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, DBI Business Interiors. We are a Haworth, Inc. contract furniture dealer located in Lansing, Michigan and we employ 87 workers. We need your assistance.

The steel tariffs imposed by President Bush in March of this year have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry, we have been successful in maintaining the North American market share with aggressive advances in product, service and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc., my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N35802, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture manufacturing a US based industry for North America.

Please support the adoption of these four exclusions and thank you for your time.

Sincerely,

George Snyder

President
DBI Business Interiors

better business by design iscg

July 8, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Dear Congressman Manzullo:

I am writing on behalf of my company, Interior Systems Contract Group Inc. d.b.a. **iscg**. We are a Haworth, Inc. contract furniture dealer located in Detroit, Michigan and we employ 36 on staff people and sub contract another 40 people. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you!

Sincerely,

Billie Jo Wanink
Chairman and Chief Executive Officer

28000 Woodward Avenue
Royal Oak, MI 48067-0962
248.399.1600
Fax 248.399.1601
www.iscginc.com

ROBERTS
Automatic Products, Incorporated
880 Lake Drive, Chanhassen, Minnesota 55317

June 7, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my deep appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from the Steel 201 tariffs of "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

Roberts Automatic Products, Inc. located in Chanhassen MN, is a leading manufacturer of precision turned machined products and high volume machined parts for a broad range of ndustries. Our annual sales are approximately $12 million and we employ 90 people. The turned parts industry nationwide includes approximately 1,600 U.S. companies, employing approximately 60,000 people.

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14 (without tellurium). Our industry needs to have reliable and globally competitive sources of this basic material and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply.

The economic downturn has been especially severe for the precision machined products industry. The economists who say there "might not have been" a recession certainly weren't looking at our numbers. Our business in 2001 was down 20% from 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases.

Our company and our industry are engaged in the fierce struggle of global competition. Roberts Automatic Products has already lost 10% of our employees and it looks like we will soon lose another 10%. In the last year we have lost business to Europe and Asia and even more importantly so have our customers. The increased cost of steel and stainless steel is a death blow on top of the other pricing pressures we are experiencing.

The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars holds serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry at risk. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope. Thank you for all you can do to see that Camcraft's requests are granted.

We greatly appreciate your support in this crucial matter. If you have any further questions, please do not hesitate to call me.

Sincerely,

Ted Roberts

Ted Roberts, President
952.949.1000

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Bldg.
Washington, D.C. 20515-1316

Dear Congressman Manzullo,

I am just one small voice.

The steel tariffs recently imposed have created a near catastrophic situation for the small metal stamping company I work for. Our inbound steel prices have risen 3 times already—costs our customers vehemently refuse to accept. We are faced with a choice of producing parts at a loss, or losing the business altogether overseas. Neither of these choices is good. We are not rehiring workers due to the uncertainty of the future. Because we are a custom stamper, we must wait for customer orders prior to ordering raw material. Lead times have extended to the point where our production lines are, in some cases, waiting weeks for this material. This is not good either. Several large customers have threatened to buy their stampings abroad. All this in only three months.

The increased revenue to the big steel producers, in my opinion, will not be used for the capital improvements they need to compete with foreign producers. Have they begun the process to buy new, more efficient equipment? Rather, it will be used to feather management pockets, or to buy future political votes. In three more years we will all be in the same boat we were in prior to this. Only, there will be many fewer domestic stampers to complain about it. Despite all the rhetoric and good intentions, I don't believe there will be the fundamental change needed to alter the mess we are now in. These tariffs are rewarding greedy shortsighted companies at the expense of those that did improve their processes and systems to compete in a world economy. Once again, political muscle for the few overpowered common sense and the greater good of the many.

Our company has managed to weather the economic storm from last year. It would be a shame to die a slow death caused by our own government's action.

Sincerely,

Rick Bennett
Thomas Engineering Company
Minneapolis, MN

7024 Northland Drive North • Minneapolis, Minnesota 55428-1503
(763) 533-1501 Fax: (763) 533-8091
www.thomasengineering.com

JUN-07-2002 15:20 HEAT-N-GLO 612 8909570 P.01/01

HEARTH TECHNOLOGIES

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Hearth Technologies Inc. We are located in: Lakeville, MN; Lake City, MN; Mt. Pleasant, IA; and Colville, WA. We employ 2067 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. All of our steel suppliers have broken our contracts based on their suppliers, the steel mills, also breaking their contracts. We have already seen price increases near double digit levels and have no assurance these won't go higher. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We need the steel we buy to be priced by the market, not by the government. Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Ken Hinde

Hearth Technologies Inc. • 20802 Kensington Blvd. Lakeville, MN 55044 • (952) 985-6080 • Fax (952) 985-6081

TOTAL P.01

HEARTH TECHNOLOGIES

7-22-02

The Honorable Donald Manzullo
Chairman – Committee on Small Business
409 Cannon House Office Building
Washington, D.C. 20515

Dear Representative Manzullo:

I want to express my deep concern about the impact of the Bush Administration's tariff on steel imports into the United States and its negative effect on the industry that supports my livelihood. I manufacture Gas fireplaces, Steel stoves, and Wood burning fireplaces, in the *fireplace, woodstove and/or barbecue* industry. The tariff protecting U.S. steel has resulted in higher prices and shortened supply for steel-consuming industries like mine. **I urge you to take action against the steel tariff and protect the steel-consuming industries from these artificially-induced price increases!**

My company and others in this industry rely on raw materials like steel. Our entire industry suffers when the government imposes trade restrictions that affect the availability of these materials. In order to survive in this economy, we need fair access to open markets without unnecessary barriers. **Please protect our businesses from steel tariffs and take action today!**

I do not believe that the saving of a few steel jobs will feel very rewarding to the many that lose their jobs because of the tariffs. **I personally did not vote the way I did to see more protectionist laws.**

Sincerely yours,

Eric Hawkinson
VP of Engineering
Hearth Technologies

Hearth Technologies Inc. • 20802 Kensington Blvd. Lakeville, MN 55044 • (952) 985-6080 • Fax (952) 985-6081
Visit our Web site at: www.hearthtech.com

MORRISSEY, INC.

9304 Bryant Avenue South
Bloomington, MN 55420
612 • 888 • 4675
fax 612 • 888 • 3915

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316 USA

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Morrissey, Inc. We are located in Bloomington, Mn., and we employ 100 workers. We are a non-union company providing the health, dental, insurance and vacation benefits that a union company would. We need you help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have been placed on allocation for certain types of steel that were readily available 3 months ago. We are also being told to expect increases in price for all types of steel, as high as 30 %. The real question is if it will be available at all. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel, would virtually disappear. I have no assurance of steel supplies past August this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.
Sincerely,

David A. Mealman
President
dm:lr

JUN-07-2002 10:57 PM P.01

NORTHERN LIGHTS LASER

Friday, June 07, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Northern Lights Laser. We are located in Chaska, MN and we employ 10 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. The President cannot have expected that prices would rise so fast this year.

My business is in danger if there is not a reliable, international supply of steel to the companies with whom I do business – the metal forming industry. Unless things change rapidly, my customers will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government. And when my customers – the metal forming industry – catches a "cold," we, as a supplier to them, catch "pneumonia."

We are a small business. We need the steel that our customers buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Sincerely,

NORTHERN LIGHTS LASER

Bill Remes

Bill Remes

8157 Century Blvd.
Chaska, MN 55318
PH: 952-361-3650
FAX: 952-361-3430
Bill Remes' Email: wremes@northernlightslaser.com
T:\BREMES\LETTERS\NLL LOGOLETTERHEAD.DOC

TRANSCHEMICAL INCORPORATED
419 EAST DE SOTO AVENUE / ST. LOUIS, MISSOURI 63147 / (314) 231-6905 / FAX (314) 231-3160

NACD Responsible Distribution Process
Quality • Responsibility • Stewardship

June 10, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Phillip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, TransChemical Incorporated. We are located in St. Louis; MO and we employ 25 workers in the Chemical Distribution Industry. We purchase and use steel drum products for the shipping and storage of products used in the food and pharmaceutical industries.

We need your help. The steel tariffs imposed by President Bush in March are substantially increasing the price of steel drum products we use in our business and purchase from steel drum manufacturers.
Continuing steel drum price increases and possible supply limitations, due to tariff-imposed constraints, are diversely affecting my company and are causing major concern for future business needs. The steel products we purchase and require for our business must meet cost and quality requirements, driven by industry standards, for our business to continue successfully.

Our business with many customers is jeopardized if we cannot get the steel products we need. Our customers will not pay increased prices we are being charged for these steel products. Unless things change rapidly, our company faces the potential loss of business to foreign competition that now have a built in cost advantage, thanks to the actions of our government

We need the steel products we buy to be priced by dynamic market variables, not by the government. We cannot afford to come to Washington to buy our steel products.

Please ask the President to help us get the steel products we need to maintain our business in the U.S.A.

Thank you

Sincerely,

Gary L. DuBois

Gary L. DuBois
Operations Manager

Jenkin-Guerin inc.

Jenkin-Guerin, Inc.
4480 Hunt Avenue
St. Louis, Mo. 63110-2182
Phone (314) 652-2905
Fax (314) 652-2923
Website: www.jenkin-guerin.com
E-mail: sales@jenkin-guerin.com

June 10, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, Jenkin-Guerin Inc. We are located in St. Louis, Mo., and we employ 12 workers in the lubrication industry. We purchase and use steel drum products for the shipping and storage of products such as lubricants.

We need your help. The steel tariffs imposed by President Bush in March are substantially increasing the price of steel drum products we use in our business and purchase from steel drum manufacturers.

Continuing steel drum price increases and possible supply limitations, due to tariff-imposed constraints, are diversely affecting my company and are causing major concern for future business needs. The steel products we purchase and require for our business must meet cost and quality requirements, driven by industry standards, for my business to continue successfully.

My business is in danger if I cannot get the steel products I need. My customers will not pay the increased prices I am being charged for these steel products. Unless things change rapidly, my company will lose business to foreign competition that now have a built-in cost advantage, thanks to the actions of our government.

We need the steel products we buy to be priced by dynamic market variables, not by the government. We cannot afford to come to Washington to buy our steel products.

Please ask the President to help us get the steel products we need to stay in business in the U.S.A.

Thank you,

Sincerely,

Jack Krause

Jack Krause
President

PRECISION MANUFACTURERS

LMC INDUSTRIES, INC.
100 MANUFACTURERS DRIVE
ARNOLD, MISSOURI 63010-4727
(636) 282-8080 • FAX (636) 282-7114

METAL STAMPING • PLASTIC INJECTION MOLDING • TOOL AND DIE

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **LMC Industries, Inc.** We are located in Arnold, Missouri and we employ **300** workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have received price increases ranging from **11.5%-32.1%**. In addition lead times have increased from 4 to 8-12 weeks. Our customer provides 4 week maximum. We are very close to shutting our customers production line down with incomplete shipments of steel. Our customers are in the process of purchasing product from Mexico and are considering re-tooling in China. **Our customers operate world wide which puts LMC at tremendous disadvantage.** The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past **June** this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Allan A. Suellentrop

President

THE ECKADAMS COMPANY

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, EckAdams. We have locations in St. Louis, MO, Osceola, AR and Santa Fe Springs, CA and we employ 75 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We need the steel we buy to be priced by the market, not by the government. Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Joseph M Mooney

Joseph M. Mooney

Sr. V.P. - COO

1866 Craig Road, St. Louis, MO 63146-4712 tel: 314.576.8200 fax: 314.579.7588 www.eckadams.com

CONTAINER SPECIALIST SINCE 1975

cls

June 10, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington D.C. 20515-1316
Fax 202-225-2934

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

The C.L. Smith Company is located in St. Louis, MO. We employ 70 workers in the distribution of various type of containers including steel drums and steel pails. We serve a wide range of industrial customers throughout the mid-west. The steel tariffs are increasing the prices of the steel products that we distribute.

I am concerned that the continued increase in prices will send our customers outside the U.S. for their needs. They may elect to move their operation, they may elect to find a source of containers from suppliers outside the USA, or they may close down.

Our steel drum supplier has informed us that cold rolled steel cost has increased almost 50% since the first of the year. We have received a substantial steel price increase already. A second increase will be in effect to us next month. We have also been informed us that more increases are likely because of the tariffs. I am concerned that with every steel increase we may lose business to other countries that will now be even more competitive because of the tariffs.

We need steel products priced competitively. More price increases from the domestic steel industry are not the answer and they need to be stopped.

Sincerely,

John Wichlenski
General Manager

C.L. SMITH COMPANY
1311 SOUTH 39TH STREET • ST. LOUIS, MO 63110 • (314) 771-1202 • FAX (314) 771-3351 • www.clsmith.com

JUN. 6.2002 2:57PM NESCO CONTAINER NO.443 P.1/1

NESCO
CONTAINER CORPORATION

ISO 9002
RAB 10175 / NACB 6355

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, Nesco Container Corporation. We are located in Fenton, MO (St. Louis area) and we employ 65 workers. Our employees have worked hard to build a high-value producing business for our customers. A critical situation is developing beyond our control, and we need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. At this very moment, we are faced with the possibility of running out of steel within the next six weeks. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past August of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you for your assistance in this most critical situation.

Sincerely,

Dale M. Cann
President

2391 Cassens Drive Fenton, Missouri 63026-2502 (800) 966-3786 (636) 343-7300 (636) 326-2891 FAX

JUN. 6. 2002 11:13AM DETROIT TOOL METAL NO. 068 P. 1

7 June, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Detroit Tool Metal Products.** We are located in Lebanon, Missouri and we employ 250 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have placed Purchase Orders that have been confirmed for only half of the requested quantities due to our suppliers being on allocation from the producing mill. We have received price increases ranging from fifteen percent to thirty percent on all steel currently being purchased. We only have firm pricing through July; all of our suppliers have notified our company that they can not get firm pricing from their mill sources after July. The material must be ordered without a confirmed cost to continue to meet our customers delivery expectations. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

Our business is in danger if we cannot get steel. Our customers will not pay the increased prices we are being charged for steel. Unless things change rapidly, our company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

CHRISTOPHER A. McELROY

EXACT TOOL & DIE, INC.

May 18, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Exact Tool and Die, Inc. We are located in Brook Park, Ohio and we employ 36 workers. We need your help!

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past July this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. **We need the steel we buy to be priced by the market, not by our government.** We cannot afford to buy steel at prices dictated by steel mills that have set pricing so high to cover their inefficiencies.

Please ask the President to help us get the steel we need to stay in business in the USA. Thank you.

Sincerely,

Frank K. Chesek

Frank K. Chesek

President

FKC:nr

EXACT TOOL & DIE INC.
5425 W. 140th Street ■ Brook Park, Ohio 44142 ■ (216) 676-9140 ■ Fax: (216) 676-0091

THE MASTER PRODUCTS CO.
6400 PARK AVENUE • CLEVELAND, OHIO 44105-4991 • 216/341-1740
FAX 1-800/227-5181 FAX OHIO 216/341-5555
OVER 70 YEARS OF MASTER QUALITY WASHERS AND STAMPINGS

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

June 6, 2002

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, The Master Products Company. We are located in Cleveland, Ohio and we employ 44 associates. We have been in business at the same location since 1919. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have received price increases from our steel suppliers (service centers) who have passed along the increases given to them by the steel mills. I could give you a long list but virtually every item we send out to our steel suppliers for quote comes back with a 10% to 30% price increase (for the second quarter, 2002 and additional increases projected for the third and fourth quarters), price commitment for only one month or less and something close to what we are asking for because they don't have any available steel. Our suppliers are on allocations from the steel mills. We are a job shop and need consistency in price and quality to survive. Prior to March, 2002 we could count on 90 to 180 day price and delivery commitments from our suppliers. In addition, we have been told by numerous customers with worldwide locations they are going to request quotes for imported product from Japan, China and other countries to reduce their exposure to these price increases we must pass along. If we lost one item in particular because of these increases it would reduce our revenue by 8%. Another customer threatening to leave would further reduce our revenue by 15%. This amounts to a 22% reduction in revenue and includes two customers of our total of 750. The plan to bail out the steel mills and workers who did very little to remain competitive in the "World Economy" over the last 20 years is now threatening all other metal working industries who put the processes and procedures in place to provide quality goods to the domestic and foreign customers. I am truly disappointed in the actions of the politicians who see the tariffs as the politically correct "thing to do" despite the protests by the rest of the world as well as the entire metal working industry both before and after the implementation date. The tariff policies back in the 1930's during the Depression didn't work nor did the price controls on oil during the Carter administration. What would make you think the tariffs would work this time? The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

David T. Mitskavich

David T. Mitskavich

Treasurer

DIE-MATIC CORPORATION

201 Eastview Drive
Brooklyn Hts., OH 44131-1074
www.die-matic.com

Phone: (216) 749-4656
Fax: (216) 749-1160

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attention: Phillip D. Eskeland
Via Facsimile: 202-225-358?

Dear Congressman Manzullo:

I am writing on behalf of our company, Die-Matic Corporation. We are located in Cleveland, Ohio and employ 150 people. We have been in business for 45 years and are an ESOP company. Every employee participates in the ESOP, and in total, they own 48% of the company. The ESOP was created as a retirement plan similar to that of profit sharing. We need your help!

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. The cost of steel jumped 20-30% almost overnight, and we are being told by our steel suppliers to expect another 20-30% increase sometime during the third quarter. In addition, lead times for steel have doubled and in some cases tripled from 2-3 weeks to 8-12 weeks. The steel prices we were quoted by our vendors (Independent Steel, Sheffield Steel & others) last December was to have been firm through the first six months of 2002. That didn't hold true, and we paid more for steel during the second quarter.

Raw material makes up between 50-70% of our selling price, and as you are well aware, the automotive industry as well as all customers expect price reductions not increases. We have been told by steel vendors such as Heidtman Steel that they will quote us galvanized steel but can't promise us delivery. Heidtman even unexpectedly, without warning cancelled an order for 140,000 lbs. of galvanized steel we had open for more then 45 days with them. Another example of the crisis we face centers around new work we were awarded in mid-April which we are currently designing and building. We have not been successful in locating and acquiring steel for the initial tryout and eventually for production. Our customer expects us to have parts in mid-July, and to-date we have contacted more then twelve different steel suppliers without any success.

Customers like TRW are telling us they will not pay the price increases we are passing along to them until January 2003, and even then, they will not make any firm commitments to us. They and others expect small companies like ours to "*eat*" the difference. I am not aware of any company in the U.S. that can afford to "*eat*" such costs for nine months and still remain in business. Other customers such as Camaco are shopping our work around as a result of the proposed increases we have passed along. Should they move the work from our company, we will be forced to reduce the number of people we currently employ.

06/07/2002 10:16 2167491160 DIEMATIC PAGE 02/02

Congressman Manzullo
June 6, 2002
Page 2

The President canno: have expected that prices would rise so fast, or that the ability of companies like ours to obtain steel would virtually disappear. We have no assurance of steel supplies past July/August this year. We cannot afford t› run a business in this manner and remain successful. If the government doesn't act quickly, then companies like Die-Matic will have to rethink our business strategies and ultimately reduce our work force.

Our business is in danger if we cannot get steel. Our customers will not pay the increased prices we are being charged for steel. Unless things change rapidly, our company will lose business to foreign competition that now has a built-in cost advantage thanks to the actions of our own government. We have lost work from Moen and Royal Appliance to Asia for these reasons. I know of another company within our industry who has been forced to buy finished parts from overseas sources in order to maintain his business because his customers wouldn't pay the increases. His sales may be the same, but it is quite obvious that he does not need to employ as many workers as he did in the first quarter due to the President's decision.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We are required to compete in a global market by our customers, and we believe the U.S. steel industry should do the same. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA. We thank you for your time and support!

Sincerely,

Jerry Zeitler

Jerry Zeitler
Vice President/General Manager

Kreider
Corporation

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, The Kreider Corp. We are located in Springfield, Ohio and we employ 70 workers.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Our large customers are now comparing our "New Prices" to companies off shore and our going to move our work to countries that are not affected by the tariff. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would lesson. I have no assurance of steel supplies past Oct. 2002. I think it is a shame that the most powerful country in the world could be defeated by our own economics and by bad decision making by the President.

My business is in danger if we cannot lower steel pricing. My customers will not pay the increased prices that I must pay for steel. Unless things change rapidly, my company will lose business to foreign competition that now have a built-in cost advantage.

We are a small business. We need the steel we buy to be priced by the market, not by the government. The domestic steel companies have taken advantage of the good intentions of the President by raising their prices to match the tariff and increasing their profits while other companies suffer. Will the President pass a law that keeps us in business? I hope that you can change the thinking in Washington. We cannot afford to loose the small companies that make our country strong.

Please ask the President to help us get the steel at a proper price so we can stay in business in the USA. Thank you for your support on this matter.

Sincerely,

Melvin Shearer/ Engineering Manager

Jun 07 02 09:16a p.1

Kreider
Corporation

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, The Kreider Corp. We are located in Springfield, Ohio and we employ 70 workers.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Our large customers are now comparing our "New Prices" to companies off shore and our going to move our work to countries that are not affected by the tariff. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would lesson. I have no assurance of steel supplies past Oct. 2002. I think it is a shame that the most powerful country in the world could be defeated by our own economics and by bad decision making by the President.

My business is in danger if we cannot lower steel pricing. My customers will not pay the increased prices that I must pay for steel. Unless things change rapidly, my company will lose business to foreign competition that now have a built-in cost advantage.

We are a small business. We need the steel we buy to be priced by the market, not by the government. The domestic steel companies have taken advantage of the good intentions of the President by raising their prices to match the tariff and increasing their profits while other companies suffer. Will the President pass a law that keeps us in business? I hope that you can change the thinking in Washington. We cannot afford to loose the small companies that make our country strong.

Please ask the President to help us get the steel at a proper price so we can stay in business in the USA. Thank you for your support on this matter.

Sincerely,

Dennis Schenck

Jun-07-02 04:27P P.01

General Plug & Manufacturing Co.

455 N. Main St. • P.O. Box 26

Grafton, Ohio 44044

TELEPHONE (440) 926-2411
FAX (440) 926-3305

June 7, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my deep appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from the Steel 201 tariffs of "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

General Plug & Manufacturing Company, located in Grafton, Ohio, is a leading manufacturer of precision turned machined products and high volume machined parts for the automotive, heavy equipment, construction, and related industries. The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people. At General Plug & Mfg., we employ 125 people.

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14 (without tellurium). Our industry needs to have reliable and globally competitive sources of this basic material and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply.

The economic downturn has been especially severe for the precision-machined products industry. The economists who say there "might not have been" a recession certainly weren't

Jun-07-02 04:27P P.02

General Plug & Manufacturing Co.
455 N. Main St. • P.O. Box 26
Grafton, Ohio 44044
TELEPHONE (440) 926-2411
FAX (440) 926-3305

Page 2
The Honorable Donald A. Manzullo

looking at our numbers. Our business in 2001 was down +30% from 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases.

Our company and our industry are engaged in the fierce struggle of global competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect now higher material costs for U. S. companies to accelerate that trend.

The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars holds serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry at risk. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope. Thank you for all you can do to see that Camcraft's requests are granted.

We greatly appreciate your support in this crucial matter. If you have any further questions, please do not hesitate to call me.

Sincerely,

Kevin J. Flanigan /BR

Kevin J. Flanigan
President

KJF/br

METAL SEAL & PRODUCTS • INC •

SCREW MACHINE PRODUCTS

4323 HAMANN PARKWAY • WILLOUGHBY, OHIO 44094
TELEPHONE: 946-8500 • AREA CODE: 440
FAX: 953-4984 • AREA CODE: 440

June 7, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my deep appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from the Steel 201 tariffs of "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

Metal Seal & Products, Inc., located in Willoughby, Ohio, is a leading manufacturer of precision turned machined products and high volume machined parts for the automotive, plumbing, electrical, and other industries. Our annual sales are approximately $28,000,000 and we employ 200 people. The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people.

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14 (without tellurium). Our industry needs to have reliable and globally competitive sources of this basic material and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply.

The Honorable Donald A. Manzullo
June 7, 2002
Page 2

The economic downturn has been especially severe for the precision machined products industry. The economists who say there "might not have been" a recession certainly weren't looking at our numbers. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases.

Our company and our industry are engaged in the fierce struggle of global competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect now higher material costs for U.S. companies to accelerate that trend.

The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars holds serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry at risk. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope. Thank you for all you can do to see that Camcraft's requests are granted.

We greatly appreciate your support in this crucial matter. If you have any further questions, please to not hesitate to call me.

Sincerely,

Edmund B. Diemer

Edmund B. Diemer
President

EBD/men

Ward

SINCE 1908

ASHLEY WARD, INC.

SCREW MACHINE PRODUCTS • SPECIAL MANUFACTURING • GRINDING

7490 EASY STREET
MASON, OH 45040

1-513-398-1414
FAX 1-800-287-6482

June 7, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my deep appreciation for your support of Camcraft's request for product exclusions for hot rolled, leaded, carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from the Steel 201 tariffs of "Hot rolled, leaded, carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled, leaded, carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce and have been assigned the alphanumeric designation X-094.1 and X-094.2.

Ashley Ward, Inc., located in Cincinnati, Ohio, is a leading manufacturer of precision turned machined products and high volume machined parts for the durable goods industries. Our annual sales are approximately $35,000,000 and we employ 350 people. The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people.

The most commonly machined steel in our industry is 12L14, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium and only two domestic sources of 12L14 (without tellurium). Our industry needs to have reliable and globally competitive sources of this basic material and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply.

The economic downturn has been especially severe for the precision machined products industry. The economists who say there "might not have been" a recession certainly weren't looking at our numbers. Our business in 2001 was down 15 percent from 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases.

Our company and our industry are engaged in the fierce struggle of global competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect now higher material costs for U.S. companies to accelerate that trend.

The 30 percent tariff on imports of hot rolled, leaded, carbon steel coils and bars holds serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry

The Honorable Donald A. Manzullo
U.S. House of Representatives
June 7, 2002
Page 2

at risk. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope. Thank you for all you can do to see that Camcraft's requests are granted.

We greatly appreciate your support in this crucial matter. If you have any further questions, please do not hesitate to call me.

Sincerely,

ASHLEY WARD, INC.

Terry A. Bien
Executive Vice President

cld

JUN-05-2002 16:30 PURCHASING 330 740 8315 P.01/01

Commercial Metal Forming
An MTS Company

April 3, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Commercial Metal Forming. We are located in Ohio, Texas and California and employ 300 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Our suppliers have reduced availability by 15-50% versus purchases during 2001, meanwhile these same suppliers have increased prices 27-45% from January 2002 through August 2002. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past August of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel. Please ask the President to help us get the steel we need to stay in business in the USA. Thank you.

Sincerely,

John Stamateris

John Stamateris
Materials Manager

TOTAL P.01

GB MANUFACTURING 4198225440 06/07 '02 11:38 NO.986 01

GB Manufacturing Co.

1120 E. Main Street
Delta, Ohio 43515

Phone: 419-822-5323
Fax: 419-822-5765
E-mail: gbmfg.com

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **GB Manufacturing Company.** We are located in Delta, Ohio (a suburb of Toledo) and we employ 150 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable and our steel costs have increases over 32%! The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past August of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you – your help is desperately needed..

Sincerely,
GB Manufacturing Company

Peter A. Machin
President/CEO

06/07/2002 10:35 937-667-6949 WREN INDUSTRIES PAGE 01

WREN
Industries Inc.
PRODUCTION METAL
STAMPINGS & ASSEMBLIES

REMIT TO: P.O. BOX 24009, DAYTON, OHIO 45424
SHIP TO: 265 LIGHTNER ROAD, TIPP CITY, OHIO 45371
PHONE: (937) 667-4403 **FAX:** (937) 667-8421

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of Wren Industries, Inc. Wren is located in Tipp City, Ohio and employs over 200 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Wren's suppliers have been placed on allocation and mill deliveries are a month or two late causing additional manufacturing time, not to mention how close we have come to shutting down our customers. In addition, several suppliers have breached existing contracts by increasing pricing by as much as 48%. Additional hours are now required to expedite steel to assure delivery from our suppliers. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past September/October of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being forced to pay for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA. Thank you.

Sincerely,

Michael R. Tanner
President

WORLD SHIPPING, INC.

1340 Depot Street - Suite 200 / Cleveland, Ohio 44116-1741

Phone: 440-356-7676
Fax: 440-356-4727

June 10th, 2002

Honorable: Donald A. Manzullo
U.S. House of Representatives
409 Cannon House office Building
Washington, D.C. 20515-1316
Fax: 202-225-3587

Subject: Steel Import Restrictions-Injurious 201 Sanctions

Honorable Congressman Manzullo,

World Shipping. Inc. is a Midwest based International Transportation Company founded in 1960 and headquartered in Cleveland, Ohio. From the inception of our business in 1960 and to this day World Shipping, Inc. has been representative agents for numerous International Steamship Lines and Cargo Interests.

Our Agency business has been adversely impacted by this years 201 sanctions. We are strong proponents of Free Trade. Trade restrictions such as 201 sanctions on steel cargoes, not only are injurious to our business but have negative impact on the entire U.S. economy. Placing costly limitations on international trade is both inflationary and counterproductive. The world continues to become a smaller arena for all businesses. We here in the U.S. need to start facing up to the reality that we are part of a global trading economy. In order for the U.S. to grow our economy we need to fully participate in the global realities of conducting business. We should realize that our Industries must provide competitive goods and services (without artificial price supports and protectionist duties and taxes).

Clearly; the best way to achieve this competitiveness is to allow domestic industry unrestricted free market access to global supplies of raw materials and steel products. There may not exist a better stimulus to our economy than allowing U.S. industries unfettered, low cost, global access to fill their supply needs. Encouraging international trade in this fashion will allow U.S. industries to produce competitively priced finished products for profitable sale both domestically and internationally.

In your upcoming meeting with the Secretary of Commerce (Mr. Evans) maybe you can stress the benefits of stimulating the U.S. Economy by eliminating barriers and restrictions to international trade.

Respectfully Submitted,
Dennis M. Mahoney
Vice President Operations

Dennis M. Mahoney

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Kendale Industries Inc. We are located in Valley View, Ohio 44125 and we employ 125 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have been put on allocation and the price of steel is rising faster than the ability of companies like mine to pass on steel increases. My business is in danger if I cannot get steel. My customers WILL NOT PAY the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

You have bailed out the steel companies and the automotive companies. How about helping the small manufacturer in this country that employs most of the people involved in manufacturing. We are the backbone of this country and all Washington worries about are the Union Votes and the major businesses. My people deserve the right to maintain their jobs and with the increased steel prices, we may not be able to support their continued employment.

It's about time that you in the Government listen to the majority and not the Union 's backed by millions of dollars that they use to fight the smaller businesses and obviously you are accustomed to their financial backing also.

Take a stand and support the smaller voices you hear asking for help. Be a man and fight for the backbone of this country. You can always get a job in industry if you take the stand and forget about being supported all your life by the taxpayer. Come on out and earn a living like the rest of hard working Americans.

We deserve a chance and your support even if it means your tour in Congress is over.

Thank you:

Dale K. Honroth, Chairman of the Board

JUN-06 02 12:54 FROM:WM. SOPKO & SONS 216-289-1888 TO:2022253587 PAGE:01

STAMCO industries, inc.

26650 LAKELAND BLVD. ; EUCLID, OH. 44132 ; (216) 731-9333 FAX: (216) 731-9338

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Stamco Industries Inc. We are located in Euclid, Ohio and we employ 120 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Today we are short almost 1 million pounds of steel. We are past due on our customers releases and risk shutting down his assembly line with 1500 workers! Also the U.S. domestic steel mills have raised our cost of steel +52% since January 2002. This is crazy!!

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government.

Please ask the President to remove the 201 Tariff Action at once!

Thank you.

Sincerely,

William E. Sopko

MEDIUM AND HEAVY STAMPING / ENGINEERING AND DESIGN / DIES / PRODUCTION MACHINING

JUN-05-2002 15:49 FROM:NEWAY STAMPING 440 951 1108 TO:2022253587 P.001/001

NEWAY
STAMPING & MFG. CO., INC.

June 5, 2002

Hon. Donald A. Manzullo
U. S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my Company. We are located in Willoughby, Ohio and we employ 106 workers. Our production workers are going to be harmed by the steel tariffs.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have been requested by our steel sources to purchase material with out knowing the price of our material(s). The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain would virtually disappear. I have no assurance of steel supplies past August of 2002.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my Company will lose business to foreign competition that now has a built-in cost advantage, thanks to the action of our own government.

We are a small business. We need the steel we buy to be priced by the makket, not by the government! We cannot afford to come to Qashington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Sincerely,

Richard J. Moroscak
President

Office Address: 4855 E. 345th St. • Willoughby, Ohio 44094 — Mailing Address: P.O. Box 1023 • Willoughby, Ohio 44096
Phone: 440/951-8500 • Fax: 440/951-1108

06/06/2002 16:38 15133983457 BERENFIELD MASON PAGE 01

BERENFIELD
CONTAINERS, INC.

June 6, 2002

The Honorable Donald A. Manzullo
Chairman, Small Business Committee
U.S. House of Representatives
409 Cannon of Representatives
Washington, D.C. 20515-1316

Attention: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, *Berenfield Containers, Inc.* We are headquartered in Mason, Ohio and we employ 260 workers in the manufacture of steel drums. Steel is the largest – and virtually the only – raw material in our manufacturing process.

We need your help. The steel tariffs imposed by President Bush in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would be this difficult.

My business is in danger if I cannot get steel. A majority of our customers will not pay the increased price we are being charged for steel. Unless things change rapidly, my company will lose business to completing, non-steel products that now have a built-in cost advantage, thanks to the actions of our government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the U.S.A.

Thank you for your consideration.

Sincerely,

BERENFIELD CONTAINERS, INC.

Leonard H. Berenfield
President

LHB:dlm

1229 Castle Drive • P.O. Box 350 • Mason, Ohio 45040 • 513/398-1300 Fax: 398-3457 • http://www.iac.net/~bci ISO9002 CERTIFIED

JUN-05-2002 15:24 FROM:NEWAY STAMPING 440 951 1108 TO:2022253587 P.001/001

Letter to Congressman Manzullo

6-5-02

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Neway Stamping. We are located in Cleveland, Ohio and we employ 105 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past August of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Ted Hlavaty, C.E.O.

06/06/2002 17:46 937-233-7640 SELECT INDUSTRIES PAGE 01

Select Industries Corp.
An ISO9001 / QS-9000 Certified Company

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

June 6, 2002

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Select Industries Corp.** We are located in Dayton, Ohio and we employ 325 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Beginning in April of this year we were hit with immediate $20-30.00 per ton increases for flat rolled sheet steel. Beginning July our domestic suppliers are requesting additional increases in the $80-100.00 per ton range. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Tom Lambdin

Tom Lambdin
President

Corporate Offices
P.O. Box 887
Dayton, OH 45401-0887
Phone: 937.233.9191
Fax: 937.233.7640 (Corp.)
Fax: 937.237.6016 (Sales)

JUN 07 2002 09:35 FR WINZLER PLANT 1 419 485 5039 TO 912022253587 P.01/01

WINZELER STAMPING COMPANY

· SINCE 1919 ·

DESIGNERS AND MANUFACTURERS OF STAMPINGS AND FORMED METAL PRODUCTS

June 6, 2002

The Honorable Donald A. Manzullo
U. S. House of Representatives
409 Cannon House Office Building
Washington, DC 20515-1316

Attn: Philip D. Eskeland
Fax: 202/225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Winzeler Stamping Company. We are located in Montpelier, Ohio and we employ 160 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel. Our suppliers have broken their supply contracts and raised prices from 30% to 40%. We have also experienced shortages of steel which has caused us problems in meeting our customers demands. Our narrow margins are being squeezed and causing us to lay off employees.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

WINZELER STAMPING COMPANY

Michael D. Winzeler

Michael D. Winzeler
President/CEO

MDW/lh

PLANT 1: 129 WABASH AVENUE • P. O. BOX 226 • MONTPELIER, OHIO 43543 • (419) 485-3147 FAX (419) 485-5039
PLANT 2: 910 E. MAIN STREET • P. O. BOX 226 • MONTPELIER, OHIO 43543 • (419) 485-8571 FAX (419) 485-5700

** TOTAL PAGE.01 **

June 6,2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Kreider Corp. We are located in Springfield, Ohio and we employ 80 workers.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Our large customers are now comparing our "New Prices" to companies off shore and our going to move our work to countries that are not affected by the tariff. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past Oct. 2002. I think it is a shame that the most powerful country in the world should be defeated by our own economics and bad decision making of the President.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. The domestic steel companies have taken advantage of the good intentions of the President and I hope that you can make amends. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel at a proper price so we can stay in business in the USA.

Thank you.

Sincerely,

Mel Shearer

BERENFIELD
CONTAINERS, INC.

June 6, 2002

The Honorable Donald A. Manzulo
Chairman, Small Business Committee
U.S. House of Representatives
409 Cannon of Representatives
Washington, D.C. 20515-1316

Attention: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, *Berenfield Containers, Inc.* We are headquartered in Mason, Ohio and we employ 260 workers in the manufacture of steel drums. Steel is the largest – and virtually the only – raw material in our manufacturing process.

We need your help. The steel tariffs imposed by President Bush in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would be this difficult.

My business is in danger if I cannot get steel. A majority of our customers will not pay the increased price we are being charged for steel. Unless things change rapidly, my company will lose business to completing, non-steel products that now have a built-in cost advantage, thanks to the actions of our government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the U.S.A.

Thank you for your consideration.

Sincerely,

BERENFIELD CONTAINERS, INC.

Leonard H. Berenfield
President

LHB:dlm

Talan Products Inc.

6/6/02

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Talan Products. We are located in Cleveland, Ohio and we employ 35 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Not only have steel prices risen over 20% in less than 8 weeks our two largest steel vendors have voided existing contracts. We are stuck in the middle, unable to raise prices to our customers and at the mercy of a highly inflated steel market with limited material availability. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a further built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Sincerely,

Pete Accorti
VP Operations/co-owner
Talan Products, Inc.

1985 W. 68th St. • Cleveland, Ohio 44102-3906
216•961•8888
Fax: 216•961•8891
ISO 9002
800•347•8188
www.talanproducts.com

JUN-06-02 10:49 AM ZIP 216 267 5466 P.01

SINCE 1968

ZIP TOOL & DIE CO., INC.

TOOLS • DIES • MACHINING • STAMPINGS

Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

June, 6th 2002

Dear Congressman Manzullo,

We need your help!

ZIP Tool & Die Co. Inc. is located in Cleveland Ohio and we have 15 employees.

The steel tariffs imposed by President Bush in March have increased the price of steel by over 50%.

My customers will not pay the increased prices that we are being charged and will pull the jobs.

We are a small business and the loss of customers will put us out of business.

Please help get this steel problem solved before it is too late.

Thank you,

Sincerely,

David L. Ayres

David L. Ayres
President

12200 SPRECHER AVENUE • CLEVELAND, OHIO 44135 • PHONE: (216) 267-1117 • FAX: (216) 267-5466

Freeway CORPORATION

Certified to
QS-9000 • ISO 9002

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Freeway Corporation. We are located in Valley View, Ohio and we employ 120 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have experienced price increases on low carbon steel since the beginning of 2002 in the 30% to 40% range. High carbon HRP&O (Hot Rolled, Pickled & Oiled) steel prices have skyrocketed by as much as 50% with <u>more increases</u> being discussed. Mill lead times on these products are a minimum of 2-1/2 to 3 months ---- with actual delivery dates much longer than this because deliveries for steel orders are constantly being pushed back. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past September of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank You.

Sincerely,

THE FREEWAY CORPORATION

Patrick J. Flynn
President & COO

9301 Allen Drive • Cleveland, Ohio 44125 • www.freewaycorp.com
Tel. 216.524.9700 • Fax 216.524.7396 • Sales Fax 216.524.6954

06/06/2002 14:11 2165249125 PAT FLYNN PAGE 01

COLUMBUS SHIPPING AGENCY, INC

• SERVING LAKE ERIE PORTS SINCE 1968 •

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, Columbus Shipping Agency. We are located in Cleveland, Ohio and serve Great Lakes Ports in Ohio, Michigan, New York and Pennsylvania. We employ three workers, and serve as agents for charterers and owners of ocean going vessels.

The steel tariffs imposed by the President in March, has reduced the availability of steel and the negative ramifications to the transportation sector was swift and immediate. In 2002, my business has been reduced by almost 30%. This prevents me from making needed reinvestments to my company, and leaves me in a less competitive position when and if the market should improve.

We are a small business and closely dependent upon the free trade of steel to survive. Please ask the President to help preserve our livelihood by reducing or eliminating the tariffs currently in place or providing blanket exemptions to our trading partners.

Sincerely,

Thomas R. Gierszal
Operations Manager
Columbus Shipping Agency, Inc.

103 ERIESIDE AVE. • CLEVELAND, OH 44114-1095 • TEL: (216) 623-6344 • FAX: (216) 623-6346 •
EMAIL: COLUMBUSSHIPPING@WORLDNET.ATT.NET

Great Lakes Marine Agencies, Inc.
3332 St. Lawrence Drive
Toledo, Ohio 43605
Phone: (419) 691-2902 **MCI Telex: 6730399**
Fax: (419) 691-3037 **E-Mail: GRLMA@aol.com**

June 7,2002

Hon.Donald A.Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington,D.C. 20515-1316

Attn.Philip D.Eskeland

Dear Congressman Manzullo;

I am writing on behalf of my company Great Lakes Marine Agencies,Inc. located in Toledo,Ohio and we employ 3 workers.
We are Steamship Agents representing Ship Owner/Operators and Charterers. A great part of our business handling vessels coming to the United States with imported Steel products.

The Steel Tariffs imposed by the president in March 2002 has reduced the availability of steel and the negative ramifications to the transportation sector was swift and immediate. In 2002, my business has been reduced by 45%. This prevents me from making needed reinvestments to my company, promotes laying off and permanently loosing good employees, and leaves me in a less competitive position when and if the market should improve. Another adverse effect is that Hot Rolled Steel Products increased from $210.00 per Metric Ton in 2001 to $ 300.00 per Metric Ton after March 2002.

We are a small business and closely dependent upon the free trade of steel products to survive. Please asked the President to help preserve our livelihood by reducing or eliminating the tariffs currently in place or providing blanket exemptions to our trading partners.

Sincerely Yours,

Ernst D.Tepper (Pres.)
Great Lakes Marine Agencies,Inc.

Steamship Agents • Bulk Cargo Forwarders

Jun. 7. 2002 3:51PM STRIPMATIC PRODUCTS 2162416303 No.2879 P. 1/1

Stripmatic Products Inc.

June 7, 2002

Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Stripmatic Products, Inc., in Cleveland, OH. We employ 30 workers. We need your help in explaining the serious plight of steel users brought on by the steel import tariffs when you meet with Commerce Secretary Evans.

The steel tariffs imposed by the President in March have increased the price more than 20% to date and an expected 10% increase within the next 30 days. We have also seen a drastic reduction in the availability of steel to the point that our supply of steel is not reliable.

The President could not have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past July of this year and will be threatened with losing major customers if we cannot insure an uninterrupted supply of our steel parts to our automotive customers.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things chance rapidly, my company will lose even more business to foreign competition that thanks to the actions of our own government now has a built in cost advantage.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Sincerely,
Stripmatic Products, Inc
William J. Adler, Jr.
William J. Adler, Jr.
President

1501 Abbey Avenue, Cleveland, Ohio 44113
Phone: 1 • 800 • 334 • 5116 Ohio . 216 • 241 • 7143 Fax: 216 • 241 • 6303

elements IV interiors

June 27, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Elements IV Interiors. We are a Haworth, Inc. contract furniture dealer located in Dayton, Ohio and we employ 50 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you.

Sincerely,

Bruce L. LaVielle

Bruce LaVielle, President

A Preferred
HAWORTH
Furniture Dealership

7464 Webster Street
Dayton, OH 45414
937-918-1000 / FAX 937-918-1001
www.elementsiv.com

OFFICE FURNITURE USA

262-338-3491 MATENAER CORPORATION 551 P02 JUN 12 '02 13:15

MATENAER CORPORATION
CONTRACT MANUFACTURING SPECIALISTS
An ISO 9002 Company

810 Schoenhaar Drive
West Bend, WI 53090-2698

Phone: **262.338.0700**
Fax: 262.338.3491

www.matenaer.com

June 11, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington DC 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Matenaer Corporation. We are located in West Bend, Wisconsin and we employ 55 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel. The steel tariffs are a disaster. The following is an example of what happens nearly every day at my company, and I assume, at many others. Based on pre-tariff steel prices, I quoted a part to a potential customer for $320 per one thousand parts. The quote from a Chinese source was around $250. For the extra $70 (actually $700 for 10,000 parts) the customer would have placed the order with us. However, due to the dramatic increase in our steel costs for this part, just to cover the increased cost (no additional markup or margin) our sale price increased to $396 per thousand. The customer would not accept this and determined because of the price difference he placed the order with the Chinese source.

So now, no parts are made by American workers, and no American made steel is used. However, because there is a tariff only on foreign steel, and not on foreign parts made from the same steel otherwise subject to the tariffs, the steel parts arrive in this country but not the steel coil. Everybody – my company, my suppliers, my employees, my community, the steel mills and the local, state and federal taxing authorities all come out losers. The foreign workers and governments come out winners.

The tariffs are benefiting no one and are harming millions of American workers and consumers. Get rid of them now. As a country, if we need to deal with displaced steel workers and retirees, we can do it. But to bring American manufacturers to their knees to protect those workers/retirees is insane.

Thank you.

Sincerely,

Warren Stringer, Jr.
President

Herker Industries, Inc.

N57 W13760 Carmen Avenue
Menomonee Falls, WI 53051
(262) 781-8270
FAX (262) 781-0931

June 6, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my deep appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from the Steel 201 tariffs of "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

Herker Industries, Inc., located in Menomonee Falls, WI, is a leading manufacturer of precision turned machined products and high volume machined parts for various industries, including Aerospace and Machine Tools. Our annual sales are approximately $ 25 million and we employ 180 people. The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people.

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14 (without tellurium). Our industry needs to have reliable and globally competitive sources of this basic material and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply.

The economic downturn has been especially severe for the precision machined products industry. The economists who say there "might not have been" a recession certainly weren't looking at our numbers. Our business in 2001 was down 20% from 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases.

Herker Industries, Inc.

N57 W13760 Carmen Avenue
Menomonee Falls, WI 53051
(262) 781-8270
FAX (262) 781-0931

Our company and our industry are engaged in the fierce struggle of global competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect now higher material costs for U. S. companies to accelerate that trend. We have just had a part that we had been making for 20 years go to Mexico last week.

The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars holds serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry at risk. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope. Thank you for all you can do to see that Camcraft's requests are granted.

We greatly appreciate your support in this crucial matter. If you have any further questions, please do not hesitate to call me.

Sincerely,
Jerry Fancher
VP Manufacturing

JUN-07-2002 10:16 FROM-ACCORD MFG +2626776425 T-428 P.002/002 F-004

Accord Manufacturing, Inc.
N172 W20950 Emery Way, Jackson, Wisconsin 53037
(262) 677-8391 • Fax: (262) 677-8425

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives

409 Cannon House office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, Accord Manufacturing, Inc. We are located in Jackson, Wisconsin and we employ 28. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have received notice from several suppliers of substantial price increases and we have been asked to order steel without a commitment from suppliers as to the price. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past July of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that no has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel!

Please ask the President to help us get the steel we need to stay in business in the USA. Let's keep business in the United States and keep Americans working.

Thank you

Sincerely,

John Kuber
President
Accord Manufacturing, Inc.

06/06/02

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, Graber Products, Inc. We are located in Madison Wisconsin and we employ 80 workers. Our production workers are members of no union. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have seen increases ranging from 7% TO 30% My fear is that I will be forced to purchased fabricated assemblies off shore to stay competitive. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past June of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Donald D Schultz

Purchasing Manager

Graber Products, Inc.

Ultra Tool & Manufacturing, Inc.

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Ultra Tool & Mfg.** We are located in **Menomonee Falls, Wisconsin** and we employ 58 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have seen an across the board increase of $.025 per pound of steel. In addition our steel suppliers, which are in most cases steel warehouses, have been placed on allocation which means that its just a matter of time before supply dries up. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past July this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Terrance L Hansen

Terrance L. Hansen

President

W169 N5954 Ridgewood Drive ◆ Menomonee Falls, WI 53051 ◆ (262) 703-0455 ◆ FAX (262) 703-0468 ◆ www.ultratoolmfg.com

Jun-06-02 09:48A P.01

RES MANUFACTURING COMPANY

Innovative Producers of Quality Metal Products Since 1907

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Res Manufacturing Company. We are located in Milwaukee, WI, and we employ 47 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. For example, we are being notified of immediate and substantial price increases; we have seen a dramatic deterioration of quality; we are seeing extended lead times and in some cases are falling late on customer deliveries because steel is arriving late. Specifically, we are having issues with 10B38 and high strength low alloy material. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past July of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions by our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Regards,

Scott W. Moon

President

lkh

7801 N. 73rd Street Milwaukee, WI 53223-4023 Tel: (414) 354-4530 General Fax: (414) 354-9027 Sales Fax: (414) 354-9434

Jul-19-02 04:22P P.01

RES MANUFACTURING COMPANY
7801 NORTH 73RD STREET
MILWAUKEE, WISCONSIN 53223

FACSIMILE TRANSMITTAL SHEET

TO: Phil Eskeland	FROM: Scott Moon
COMPANY: House Small Business Committee	DATE: 7/19/2002
FAX NUMBER: 202-225-3587	TOTAL NO. OF PAGES INCLUDING COVER: 2
PHONE NUMBER: 202-225-5821	SENDER'S REFERENCE NUMBER: NA
RE: Section 201 steel case	YOUR REFERENCE NUMBER: Letter of July 2, 2002 To Scott Moon Res Manufacturing Company

☐ URGENT X FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

Dear Phil,

Per Congressman Donald Manzullo's letter of July 2, 2002, I have no problem with placing a copy of my letter in the official hearing record on Section 201 for July 23, 2002.

Our firm has had great difficulty getting steel and has had to pass on significant price increases to our customers. These price increases have prompted some of our customers to consider importing finished parts from Asia to avoid the increased costs created by Section 201.

On our standard electrogalvanized, pricing and supply have deteriorated significantly since President Bush enacted Section 201. Attached is a summary of the changes we are seeing.

Last month I found out that Sony Corporation has successfully lobbied (after much expense and effort in Washington, as well as "inventive material specification" activities) to get electrogalvanized steel they purchase exempted from Section 201 tariffs.

We are not as large as Sony or as able to "creatively" work our way thru the obstacles presented by Section 201. Although I am sure it was not President Bush's intention to hurt metals users in the U.S., that is what is now happening, and I am afraid it is happening to the benefit of larger foreign companies such as Sony as well as our overseas competitors.

Material	Material / Thickness	Detail	1 Year Price Change	2001 Delivery	2002 Delivery	Current Actions
Electrogalvanized Steel	.030", .040" and .060"	Materials quoted by our suppliers at beginning of 2002	22% increase	1-2 weeks	1-2 weeks	
	.030", .040" and .060"	Materials not quoted by our suppliers at beginning of 2002 (note: this includes new projects ramping up in volume in 2002 and beyond)	22 - 30% increase (if material is obtainable)	2 days (from service center) or 5-6 weeks (from mill)	10-12 weeks (if available but it may not be available at all)	Try to substitute materials, ask for deviations, etc. and then run through costly activities to change the manufacturing process

06/06/2002 08:39 WAUK TOOL AND STAMP → 912022253587 NO.427 D01

WAUKESHA
TOOL & STAMPING, INC.

Manufacturers of the Sta-Collar™

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Waukesha Tool & Stamping, Inc. We are located in Sussex, Wisconsin and we employ 54 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Prices are increasing on every order we place and is not guaranteed until it is shipped to our facility. Many of the Steel Service Centers are changing prices on material we had on order for the year based on the fact that the mills are not honoring their contracts. The worst issue we face is availability of material. I can not sell items that I can not produce because of material shortages or late delivery. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past the third quarter of this year. Pricing is scheduled to go up again in July. Are the American people ready to pay more for the consumer products?

My business is in danger if I cannot get steel. To date none of my customers will pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Best regards,

Jeffrey S. Clark

President

N53 W24635 South Corporate Circle, P.O. Box 328 • Sussex, WI 53089-0328
Phone: (262) 820-9000 • Fax: (262) 820-8750 • E-mail: sales@waukeshastamping.com • www.waukeshastamping.com

JUN-06-2002 17:46 GRABER PRODUCTS 6082741702 P.01/01

GRĀBER SARIS CycleOps

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, Graber Products, Inc. We are located in Madison, WI and we employ 75 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have already received substantial price increases from our domestic customers in response to the domestic mills raising prices. In talking to veterans of the steel industry they have not seen prices rise this fast since the 1970's. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel prices past June or steel supplies past September this year.

My business is in danger if I cannot get steel. I am also unable to pass the increase in prices onto my customers. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Bill Shager, Executive V.P.

5253 Verona Rd.
Madison, WI 53711
Ph: 608-274-6550 Fax: 608-274-1702
1-800-783-7257

TOTAL P.01

JUN-05-2002 14:38 ATACO STEEL 262 377 3452 P.01/01

ATACO STEEL PRODUCTS CORPORATION
6809 HWY 60 • P.O. BOX 270 • CEDARBURG, WI 53012-0270

PMA PRECISION METALFORMING ASSOCIATION

Area 262 • 377-3000
FAX 262 • 377-3452

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, ATACO Steel Products Corporation. We are located in Cedarburg, Wisconsin and we employ 90 workers. Our production workers are members of International Association of Machinists union. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. The raw material for the major item we manufacture, accounting for 50% of our sales volume, has seen significant increases in price and shortage of supply since the tariffs were enacted. This raw material was dual sourced between a domestic and foreign supplier. Since the tariffs were enacted the foreign supplier is unwilling to supply the product. Many domestic mills are not interested in producing this item because they are operating at near capacity levels. We have had several outages of this material since the tariffs that have resulted in us shutting down our manufacturing line. Coupled with the continued shortages our domestic supplier has increased their price by approximately 50%.

Prices on the remainder of our items have increased by approximately 20%. We are experiencing outgoing shortages in a variety of other areas that has lead to unnecessary delays, increased overtime, and undue hardship to both our operations and our customer's operations. The President cannot have expected that process would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past June this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank You

Sincerely,

William H. Jens
President / CEO

TOTAL P.01

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of Wrico Stamping Company of Wisconsin. We are located in Milwaukee, WI] and we employ 110 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. **We received a 5% price increase May l, and there will be another increase in July. Our distributors have told us there may also be an increase in June. Our distributors expect monthly price increases for the foreseeable future. We have also been asked to order steel without a commitment from the supplier as to the price.** The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past **June** this year.

My business is in danger if I cannot get steel. **My customers will not pay the increased prices I am being charged for steel.** Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need at a competitive price to stay in business in the USA.

Thank you.

Sincerely,

Richard Schultz

Richard Schultz
General Manager

JUN. 8.2002 1:58PM KI GB MFG NO.673 P.2/2

KI
1330 Bellevue Street
Green Bay, Wisconsin 54302

TEL (920) 468-8100
FAX (920) 468-0280
www.ki.com

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Dear Congressman Manzullo:

I am writing in regards to the volatile steel market on behalf of KI, a premier office furniture manufacturer headquartered in Green Bay, WI with plants in CA, MS, NC, KY and WI. We employ 3,000 workers across the U.S. and purchase from a supply base of over 1,000 U.S. manufacturers. We collectively need your help.

The Section 201 decision to impose tariffs on imported steel is having a dramatic impact on our steel supply. We buy steel primarily through steel service centers. Steel mills are ignoring supply agreements with our service centers. An agreement set to expire at the end of 2002 was aborted in April. One of our suppliers has been put on a 50% allocation with Bethlehem Steel and has asked us to source our steel elsewhere. Another supplier has taken prices up 38% effective July 1st.

The action by our steel supply base has put our business in a compromising position. We compete in a global market and are now at an extreme disadvantage. To mitigate the impact of these phenomena we are forced to consider off shore purchase of steel components and finished products. This will result in reduced employment at both KI and at our first-tier and second-tier suppliers. During this time of patriotism, it is with great regret that we are being forced down this path.

Surely the Administration could not have anticipated the amplitude and ferocity of the steel markets reaction. Both supply and price levels have made it untenable to compete in a global market. Our customers will not absorb the additional cost of steel. We need immediate relief, a voice of reason as we try to safeguard all manufacturing in the USA.

Please ask the President to help relieve the steel availability issue and to take action toward stabilizing the steel market. Thank you and God Bless America.

Sincerely,

Gary Van Handel

Gary N. Van Handel
Director Supply Chain Management, KI

06/07/02 17:31 FAX 1 608 783 6115 001

L.B.WHITE

L.B. White Co., Inc.
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Onalaska, WI USA 54650
Agricultural, Construction and Tent Heaters
(800) 345-7200 ■ (608) 783-5691 ■ Fax: (608) 783-6115

Bernie I. Clements
Materials Manager

7 June, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing this letters to express the financial difficulties L. B. White, my company, is now facing due to the Section 201 decision, made in March, 2002.

The steel tariffs imposed by the President in March has substantially increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. **[Examples—have you been placed on allocation, received notice of substantial price increases, or been asked to order steel without a commitment from the supplier as to the price?]** The President could not have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past **September**, this year. Overall cost of steel have gone up 20-30% in a 2 month period. This needs to be stopped by dissolving the Section 201 decision

My business is in danger if I cannot get steel. 60% of the material that goes into the goods we build are produced from steel. **Our customers are farmers** and there is no way they can afford to pay for the price increases we must pass on to them and being a small company we cannot afford to absorb those costs and remain solvent. L.B. White is celebrating its 50th Anniversary this year, and would like to be able to stay in business another 50 years. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, our ability to remain in business is threatened, as a result of a poorly thought out decision, where the impact was not fully understood. I can assure you we do fully understand the impact and it is hitting my company hard, and there is no way these costs can be tolerated.

Please ask the President to help us get the steel, we need to stay in business in the USA. There is simply not enough capacity in the USA to meet the domestic demand, and we cannot shut-off access to the International steel supply. Thank you.

Sincerely,

Bernie I. Clements

Bernie I. Clements

Materials Manager

Richard L. Wilkey **President**
fisher-barton inc

201 Frederick Street
Watertown, WI 53094
(920) 261-0131
FAX (920) 261-4549
dwilkey@fisherbartonsp.com
Lawn Mower Blades, Heat Treated Stampings, Weldments, Coated Agricultural Components, Engineered Thermal Spray Coatings (including ceramic & carbide), and Finish Machined Bronze & Composite Gear Blanks

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

We are a manufacturer of lawn mower blades and we employ 160 associates. We are having very serious problems that resulted from a decision the President made concerning steel imports. It seems to me that the problem will remain until either the President or Congress does something to address the issue. We need your help.

The steel tariffs imposed by the President in March have increased the price of the steel we need from $0.22 to $0.28/lb or from $440/ton to $560/ton. On top of this we can't even get it. Last year we purchased $7,000,000 worth of steel, all from domestic producers. We cannot take a chance on foreign producers due to the critical nature of our product.

At this rate, our customers will go offshore to find lower cost blades. One of our customers has already told us that they are looking and I know that it is only a short time and we will lose the $1,650,000 account along with the associated jobs.

The scenario is bleak. Our costs for steel will go up by almost $2,000,000 which is more than one million more than we made before tax last year and on top of this we will have reduced volume, a double whammy.

What will happen to my business at this rate is clear. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business and we need competitively priced steel. What is the government's objective here? I cannot see how driving our customers off shore will help the domestic steel industry. What is the logic here? Is it possible to meet with some of the decision-makers in Washington and present our plight?

Please do something to reverse this awful situation. I would be interested in your comments on this.

Sincerely,

Richard L. Wilkey

Richard L. Wilkey

Metallurgically Engineered Materials and Processes

fisher barton inc south carolina | Accurate Specialties Inc | fisher barton inc | TST | fisher-barton specialty products inc | wilkey farms llc

ARROW
TOOL & STAMPING CO.
4548 W. Mitchell St. • Milwaukee, WI 53214-5495
Tel: (800) 394-5244 • (414) 383-5710 • Fax: (414) 383-6910

Hon. Donald A. Manzullo
U. S. House of Representatives
409 Cannon House Office Building
Washington, D. C. 20515-1316

Dear Congressman Manzullo,

I am writing this letter to inform you of the damage that the steel tariffs are causing our business and others like us who depend upon this resource. Since these tariffs were imposed, our steel costs have already risen 25% with more increases on the horizon. Our customers will purchase from foreign competition if we try to pass along these increases. In addition to higher prices, our steel suppliers have told us that supply is being limited and that we may not be able to get the steel we need to produce product. Obviously, if our company cannot get the raw material required to meet our customers demand, we will be out of business. This is an unfair advantage that has been given to foreign competition by our own government. Something needs to be done to correct this situation before small businesses like ours are forced to close their doors.

I feel the steel mills have taken advantage of the steel tariffs. They have deliberately shorted supply and should be investigated for price gouging. If tariffs are the answer then I suggest putting tariffs on finished products that use steel as a raw material as well as the steel itself. This would at least even the playing field for companies like ours. However, it seems clear that the market and not the government should control prices.

Please try to convince the President that steel tariffs are threatening small business and are having an adverse effect on the economy as a whole.

Sincerely,

Dave Parker

Mr. Dave Parker
Vice-President

NORDON
BUSINESS ENVIRONMENTS

June 26, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Nordon Business Environments. We are a Haworth, Inc. contract furniture dealer located in Appleton, WI and we employ 24 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you.

Sincerely,

James Gaerthofner

3300 East Winslow Avenue
Appleton, Wisconsin 54911-8301
920-739-6202
920-739-0322 Fax
sales@nordon.com

HAWORTH
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JUN. 7.2002 8:30AM J & E/EARLL 952 469 3950 NO.111 P.1/1

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316
Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, J&E/Earll Manufacturing. We are located in Lakeville, Minnesota and we have 90 employees. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. One example of our problems already is shortages on normally stocked Cold Rolled steel; now we have to wait 10 days or more. Also the tolerances on the material are no longer being met on cut to size blanks in some cases. Cold Rolled steel we are told will go up 8 percent or more over the next month. Galvanized material has increased 25 to 50 percent. We are unable to even get contract pricing, which for years was easily attainable from most suppliers. The President cannot have expected that prices would rise so fast or that the ability of companies like ours to obtain steel would virtually disappear. We have no assurance of steel supplies past June of this year. In the past we have been able to hold our prices for 1 to 3 years. Now we are requoting almost every order that comes in due to the volatility of material prices and availability. Our customers are looking for 2 week lead times and it is taking that long to get material.

Our business is in danger if we cannot get steel. Our customers will not or are reluctant to pay the increased prices we are being charged for steel. They have fixed pricing for the year and in some cases are competing against foreign markets already. Unless things change rapidly, our company will lose business to larger domestic metal fabricators with more buying power or to foreign competition that now has a built-in cost advantage.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Allan Tlougan

Director of Sales & Estimating

07/16/2002 14:47 1-856-845-3392 BELLIA OFFICE FURNIT PAGE 01

A HAWORTH

Bellia

New Jersey
1055 N. Broad Street
Woodbury, NJ 08096
tel 856-845-2234
fax 856-845-3392

Pennsylvania
1105 Vine Street
Philadelphia, PA 19107
tel 215-592-8812
fax 215-592-8849

July 16, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Bellia Office Furniture. We are a Haworth, Inc. contract furniture dealer located in Woodbury, NJ and we employ 50 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to offshore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions. Thank you.

Sincerely,

Anthony J. Bellia
President

e mail info@bellia.net
website www.bellia-furn.com

1418 Niagara Street ▸ Buffalo, NY 14213 ▸ www.boisitc.com

BOI

BUFFALO OFFICE INTERIORS, INC.

June 27, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Buffalo Office Interiors, Inc.** We are a Haworth, Inc. contract furniture dealer located in Buffalo, New York and we employ 26 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you,

Sincerely, Jim J Spano Pres/CEO

James J. Spano, President and CEO

Phone 716.883.8222 ▸ Fax 716.881.3359

JUN-06-2002 10:23 OBERG OUTGOING 724 295 2588 P.01/01

Oberg Industries

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Oberg Industries, Inc. We are located in Freeport and Sarver, Pennsylvania, and Chandler Arizona, and we employ over 700 workers. We have been in business over 53 years and are a growing member of our community. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have seen ACTUAL increases from 7% to 30%, and this week we were shorted on lamination steel for a new and significant customer. Several customers have told us directly that they have quoted foreign sources, including Canada and Mexico. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My current estimate is that 10% to 20% of our current workforce will be affected. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. Yes, we support a strong steel industry – but let's do this by incentives to encourage reinvestment, modernization, and the like.

Please ask the President to help us get the steel we need to stay in business in the USA. Global competition is here – we must accept this reality.

Thank you.

Sincerely,

Ralph Hardt

Ralph E. Hardt
President & CEO

REH / jel

JUN-14-2002 12:40 GENESEE METAL STAMPINGS 716 475 0469 P.01/01

June 14, 2002

Honorable Donald A. Manzullo
US House of Representatives
409 Cannon House Office Building
Washington DC 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

As you are aware, President Bush and the International Trade Commission (ITC) have approved tariffs on imported steel of up to 30%.

As you can imagine this action has given our US mills a license to increase prices at will. In the two months since the tariffs were granted we have seen prices and lead times increase on CR Steel, HR Steel, Electrogalvanized, and Galvanized steel. Our material suppliers have advised us they are now on allocation for certain materials and have current shortages of Electrogalvanized material. With these price increases taking effect we are now seeing Aluminum and other materials following suit.

This form of protectionism does not encourage our US mills to make the productivity improvements necessary to make them more globally competitive. Instead it shifts the burden to us, our customers and eventually the consumer.

Genesee over the past five years or so has utilized productivity gains, continuous improvement programs, value engineering, as well as having made substantial investments in capital equipment in order to hold price increases, if any, substantially below inflation. During this same period labor costs, taxes, health benefits, insurance costs, etc., have exceeded the rate of inflation.

Unfortunately we can no longer afford to absorb these material cost increases. It will be necessary to pass on the increases we are receiving from our suppliers. We will however continue to work with our suppliers on long term contracts, consolidated purchases, standardize sizes, etc. to hold the increases to a minimum.

We solicit your help to lobby our legislature to vote against this protectionism. Please put pressure on Washington to eliminate these tariffs.

Sincerely,

Jeff Dibble
General Manager
Genesee Metal Stampings Inc.
Genesee/Ben Mer Inc.

TOTAL P.01

JUN-05-2002 12:37 FROM RI METPRO TO 12022253587 P.02

R. I. METPRO, INC.

139 JEFFERSON BOULEVARD
WARWICK, R.I. 02888

401-463-8200 FAX: 401-463-5648

SPECIAL EYELET MACHINE PRODUCTS — STAMPINGS

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, DC 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, RI Metpro, Inc. We are located in Warwick, RI and we employ 10 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Examples – we are unable to obtain firm delivery dates and whether our quantity requirements can be met, also substantial price increases are being imposed. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I can not obtain firm delivery information for existing requirements; also my suppliers will only quote on future jobs based on current in house inventory. And that is on a first come first serve basis. Under these conditions it is impossible to obtain future business.

My business is in danger if I cannot obtain steel. My customers will not pay the increased prices I am being charger for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

TOTAL P.02

JUN-05-2002 12:37 FROM RI METPRO TO 12022253587 P.01

June 5, 2002
Page 2

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Walter S. Hough
President

WSH: pas

JUN-07-2002 13:47 P.01

US BAIRD.
EXCELLENCE IN METALFORMING

THE U.S. BAIRD CORPORATION 1700 STRATFORD AVE. STRATFORD, CT 06615-0887

June 7, 2002
An ISO-9001 Company

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
FAX: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, The U.S. Baird Corporation. We are located in Stratford, CT, and we employ 115 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Also, our customers, who work on very small gross margins, have had to pay much higher prices. Therefore, we are not competitive with foreign manufacturers. Hence, our customers do not buy our equipment. The President cannot have expected that prices would rise so fast or that the ability of companies like mine or our customers to obtain steel would virtually disappear. I have no assurance of steel supplies past October his year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA

Thank you.

Sincerely,

THE U.S. BAIRD CORPORATION

D. Blaisdell-Snowdon
Vice Chairman of the Board

TELE: 203.375.3361 FAX: ADMIN/PUR: 203.378.6006 SALES/ENG: 203.378.5197 WEB: WWW.USBAIRD.COM

TOTAL P.01

6/7/2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Signore, Inc** We are located in Ellicottville, New York and we employ 168 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. **We have received notice of substantial price increases.** The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business, thanks to the actions of our own government.

We need the steel we buy to be priced by the market, not by the government. Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Donald Butler

Director of Manufacturing

06/07/02 FRI 12:56 FAX 716 699 8025 SIGNORE 001

Gunlocke

One Gunlocke Drive
Wayland, New York 14572
716-728-5111
716-728-8350 FAX

a HON INDUSTRIES company

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, The Gunlocke Corporation, a subsidiary of HON INDUSTRIES. We are located in Wayland, NY and we employ 607 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We need the steel we buy to be priced by the market, not by the government. Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Phil Martineau

Phil Martineau
President Gunlocke Corporation
Executive Vice President, HON INDUSTRIES

JUN-06-2002 01:59PM FROM-M S WILLETT +4107716972 T-867 P.001/001 F-741

WILLETT

Over 70 Years of Excellence

ADVANCED TECHNOLOGY IN METALFORMING:
PRECISION TOOLING
STAMPINGS
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CAN AND END MAKING SYSTEMS
ENGINEERING
DEVELOPMENT
PROTOTYPES

ISO 9001 CERTIFIED

June 6, 2002

Hon. Donald A. Manzullo
U. S. House of Representatives
409 Cannon House Office Building
Washington, DC 20515-1316

Attn: Phillip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, M. S. Willett, Inc. We are located in Cockeysville, Maryland and we employ 100 workers. We need your help!

The steel tariffs imposed by President Bush in March have increased price and reduced the availability of steel to the point that our steel supply is not reliable. We have received increases more than once since the tariffs were imposed. On 4/1/02, the pricing was increased on several items by $20.00 per ton. We were just advised by one of our major suppliers that the mills are increasing prices again on 7/1/02. Hot Rolled Steel will be increased by $50.00 per ton, while Cold Rolled Steel and coated steels will be increased by $70.00 per ton. Another price increase is expected in August. These increases could cost M. S. Willett as much as $300,000 annually, considering our usage of 6-7,000 tons per year. We will have no choice, at this point, but to pass this increase along to our customers (U. S. consumers).

President Bush could not have expected that prices would rise so fast or that the ability, of companies like mine to obtain steel, would virtually disappear. I have no assurance of steel supplies past July 2002. My suppliers are expressing their concern over the horrific delivery schedules provided by the mills. They are finding that the mills are continually reneging on contracts and deliveries are running 6-16 weeks late.

Willett's business is in danger if we cannot get steel. Unless things change rapidly, Willett will lose more business to foreign competition that now has built-in cost advantage, thanks to our own government. This is already the case with one of our largest customers, Black & Decker, who plans to send all business overseas within the next two years.

We are a small steel stamping business. We need the steel we buy to be priced by the market, not by the government. Please request that President Bush help us get the steel we need to stay in business in the USA. Thank you for your support.

Sincerely,
M. S. Willett, Inc.

Pamela J. Rutledge

Pamela J. Rutledge
Purchasing Agent

Cc: PMA, Christie Carmigiano

M. S. WILLETT, INC.
220 Cockeysville Road, Cockeysville, MD 21030 USA
Tel: 410-771-0460 • Fax 410-771-6972 • www.mswillett.com • Email: info@mswillett.com

Southington Tool & Manufacturing CORPORATION
More than a source...your manufacturing partner

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Dear Congressman Manzullo:

I am writing on behalf of my company, Southington Tool & Mfg. Corp. We are located in Plantsville, CT and we employ 40 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel in not reliable. This tariff will impact our purchases of steel by increasing our costs by $180,000.00 per year. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My customer will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Sincerely,

Edward W. Kalat
President/CEO

CC. Rep. Nancy Johnson
Rep. Ann Dandrow
Rep. Christopher Murphy
Rep. Kosta Diamantis

Mailing: P.O. Box 595 • Southington, CT 06489-0595
Plant: 300 Atwater Street • Plantsville, CT 06479
Tel. (860) 276-0021 • Fax (860) 621-6100
www.stmc.com

JUN-06-2002 16:30 WEBER KNAPP CO. 716 484 9142 P.01/01

Weber Knapp Company
441 Chandler Street
PO Box 518
Jamestown, New York 14702-0518
Telephone: 716 484 9135 Fax: 716 484 9142

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Weber Knapp Company. We are located in Jamestown, New York and we employ 200 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have received notice of substantial price increases, and have been asked to order steel without a commitment from the supplier as to the price. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past August of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We need the steel we buy to be priced by the market, not by the government. Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

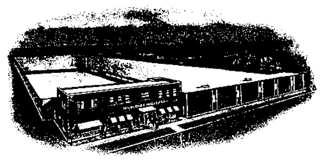
R. Bruce Johnson

Senior Vice President

Weber Knapp Company

PART OF THE FKI GROUP OF COMPANIES

TOTAL P.01



ESTABLISHED 1944

TRUELOVE & MACLEAN INC.
P. O. BOX 4700 WATERBURY, CONNECTICUT 06704
TEL. 203 574-2240
FAX. 203 753-1085

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Truelove & Maclean, Inc. We are located in Waterbury, Connecticut and we employ 230 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Metal is difficult to source and we are getting indications that prices will increase. Common metals are just not available and we are being forced to use substitute materials at a greater expense to our company. The President cannot have expected that prices would rise so fast or that the ability of companies like ours to obtain steel would virtually disappear. I have no assurance of steel supplies past April, 2002.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We need steel to be available and to be priced by the market, not by the government.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Bill Shannon

Bill Shannon
Supply Chain Director
TRUELOVE & MACLEAN, INC.

METAL GOODS MANUFACTURERS

Jun 05 02 01:35p ARCADE 2035761934 p.1

PHONE (203) 366-3871
FAX (203) 576-1934

Arcade Metal Stamping

DIVISION OF ARCADE TECHNOLOGY
"REGISTERED BY UL TO ISO 9002"

38 UNION AVENUE
P.O. BOX 4085
BRIDGEPORT, CONN. 06607

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: (202) 225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Arcade Metal Stamping. We are located in Bridgeport, CT. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past August of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

William Rhone

William Rhone
Owner
Arcade Metal Stamping

Volkert

June 5, 2002

ISO9002

Hon. Donald A. Manzullo
US House of Representatives
409 Cannon House Office Building
Washington, DC 20515-1316

Attn: Philip D. Eskeland
Fax: 202 225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, VOLKERT PRECISION TECHNOLOGIES, INC. We are located in Queens Village, NY and we employ 42 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel. Virtually every supplier of both steel and stainless steel that we deal with has taken these tariffs as an opportunity to raise prices, justified or not. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would become so difficult.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you,

Yours truly,

VOLKERT PRECISION TECHNOLOGIES, INC.

K.J. Helm
President

KJH:mfc

Cc: PMA

222-40 96th Avenue • Queens Village, NY 11429 • Telephone 718-464-9500 • FAX 718-464-8536

TUCKER INDUSTRIES
3170 TUCKER ROAD • BOX 340
BENSALEM, PA 19020
215 638-1900 • FAX #215-638-3477

5 JUNE 2002
HON. DONALD A MANZULLO
U.S. HOUSE OF REPRESENTATIVES
409 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515-1316

DEAR CONGRESSMAN MANZULLO:

I AM WRITING ON BEHALF OF OUR COMPANY, TUCKER INDUSTRIES, A MANUFACTURING COMPANY LOCATED IN BENSALEM, PA. EMPLOYING 65 PEOPLE.

OUR INCOME DEPENDS ON PRODUCTS BEING MADE IN THIS COUNTRY, THE UNITED STATES, NOT MEXICO, NOT CHINA, NOT KOREA OR ANY OTHER COUNTRY.

WE'VE SEEN BUSINESS LEAVE THIS COUNTRY OVER THE PAST THIRTY YEARS, BUT TO ARTIFICIALLY INITIATE THIS TREND IS IN MY OPINION BAD JUDGEMENT.

DUE TO THE STEEL TARIFFS OUR MATERIAL SUPPLY IS SHRINKING AND THE PRICES ARE ESCALATING.

OUR CUSTOMERS WILL NOT ACCEPT AN INCREASE AND IN THIS INSTANCE I AGREE WITH THEM, THIS PUTS THE FULL BURDEN ON US, IT ALL COMES OUT OF OUR POCKET, THERE'S NO ONE THERE TO HELP US OR BAIL US OUT.

WE REALIZE THE PRESIDENT HAD GOOD INTENTIONS FOR THE DOMESTIC STEEL COMPANIES AND THEIR PENSIONERS IN PUSHING FOR THESE TARIFFS BUT WHY TAKE IT FROM THE MANUFACTURING SECTOR TO SUPPORT THIS.

I BELIEVE THE THREE YEAR TARIFFS ARE POSTPONING THE INEVITABLE, THREE YEARS DOWN THE ROAD THE DOMESTIC STEEL COMPANIES WILL BE IN THE SAME PREDICAMENT.

IF WE WANT TO SUPPORT THE DOMESTIC STEEL MARKET LET'S PUT IT IN THE FUEL TAX, THAT WAY EVERYONE CAN PARTICIPATE.

WE CAN'T PUT THE ONUS ON ONE INDUSTRY, LET'S BE ECUMENICAL.

PLEASE ASK THE PRESIDENT TO DROP THE TARIFFS AND TO SUPPORT THE OPEN MARKET, THE FAIR WAY TO SET THE PRICES, THAT WAY WE CAN ALL STAY IN BUSINESS.

A CONCERNED PERSON FOR BUSINESS IN THIS COUNTRY.

REGARDS,

Herbert Tucker

HERBERT J. TUCKER

JUN.10.2002 4:29PM NO.162 P.1

SOUTH JERSEY PORT CORPORATION

An agency of the State of New Jersey

P.O. Box 129
Camden, New Jersey 08101
Tel: 856-757-4905 Fax: 856-757-4931
jmaier@southjerseyport.com

John R. Maier
Assistant Executive Director

June 10, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

The South Jersey Port Corporation operates shipping terminals in one of the poorest cities in the nation, Camden, New Jersey. We employ several hundred people from the city and surrounding area and we are a major employer in the South Jersey region, however, we are currently laying employees off and looking towards a very bleak summer and fall.

Congressman, the steel tariffs imposed by the President this past March has reduced imported cargo to our facilities by over 70%. Previous to the imposition of these unfair and unnecessary excessive tariffs, we were handling close to a million tons of imported steel. We have done less than 150,000 tons so far this year, and the year is half over. We are in a very serious financial position here at the Port Corporation. Our employees have lost man-hours and a number of employees are on layoff. We have also reduced our office and administrative staff.

The South Jersey Port Corporation depends very much on the implementation of the free-trade agreements that our government has entered into. This latest step at protectionism against imported steel is ill founded and economically wrong for our nation.

Congressman Donald A. Manzullo
June 10, 2002
Page 2

We are urging you to work towards reducing or eliminating these baseless and unnecessary tariffs. Please intercede with the President to help preserve our jobs and our livelihood by drastically reducing and/or eliminating the tariffs currently in place on imported steel.

Sincerely,

John R. Maier
Assistant Executive Director

JRM:mm
cc: J. Balzano
M. Grimm, PPC
D. Rochford, Maritime Exchange
U. Schulz, PMTA

Qual-Craft Industries, Inc.

1551 Central Street, Stoughton, Massachusetts 02072-0559
(tel) 781-344-1000 (fax) 781-344-0056
rberish@qualcraft.com

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Att: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Qual-Craft Industries. We are located in Stoughton, Massachusetts. We are an organization of some 60 individual dedicated to fabricating and selling quality scaffold components to the building trades through such retailers as Home Depot and Lowe's. We need your help!!

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Recently, one of my key suppliers informed me that he could no longer honor the bulk of my 2nd quarter requirement at the prices he originally committed too and that he would require a substantial increase in price. Other suppliers did not have material available due to the unique market conditions and as a result we were forced to pay the new price in order to obtain material. In addition we have experiences significant increase in the price of steel in the last sixty days. Material due for delivery this quarter is now 35 % to 40% higher then it was in the 1st quarter of the year. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past August of this year. In addition customers such as Home Depot and Lowe's have made it clear that they will not accept price increases from its vendors. We are virtually selling product at prices that have remained unchanged for more than five year.

My business is in danger if I cannot get steel at competitive prices. My customers will not pay the increased prices I am being charged for steel. Some of my competitors are already sourcing product offshore. Within the past three months we have begun sourcing product in China. Unless things change rapidly, my company will lose business to foreign competition or I will be forced to shift more of my production to China with the resulting reduction in our production staff.

We are a small business. We need the steel we buy to be priced by the market and not the government. Please express our concerns to the President. Without a readily available and competitively priced source of steel we will find it difficult to stay in business. Last year our 60 employees processed more that 3.5 million pounds of steel. Please help us now, before it's to late.

Thank you,

Robert P. Berish
President

JUL-08-2002 MON 10:19 AM QUAL-CRAFT INDUSTRIES FAX NO. 17813440056 P. 01

Qual-Craft Industries, Inc.

1551 Central Street, Stoughton, Massachusetts 02072-0559
(tel) 781-344-1000 (fax) 781-344-0056
rberish@qualcraft.com

July 8, 2002

Congressman Donald A. Manzullo
Chairman
Committee on Small Business
2361 Rayburn House Office Building
Washington D.C. 20515-6315

Att: Phil Eskeland

Re: Import Steel Tariffs

Dear Congressman Manzullo

Thank you for your letter of July 2nd. Let me provide you with a short update regarding our continued difficulty with steel tariffs and the escalating cost of steel.

Last week our largest customer, Home Depot, informed Qual-Craft that they would begin importing three of our products direct from China. This loss of business represents some 15% of our overall volume and will require us to reduce our staff by more than ten percent. What's unusual about this decision on the part of Home Depot is that these products are not labor intensive. The current cost of metal has played a significant role in keeping offshore pricing lower than domestic pricing. Although there certainly are other factors at play, the difference in steel pricing domestically and that of China has placed us at a significant disadvantage.

In order for us to continue to compete in this global marketplace and service ever demanding customers such as Home Depot we have decided to shift some of our production to China. It's a deal we just can't turn down. With both labor and raw material cost significantly lower than our domestic cost to manufacture and the incentive of paying little or no tooling costs, the China alternative is just too important to our overall survival. Unless we can purchase steel at globally competitive prices we will be forced to shift more and more of our manufacturing offshore. Our future as a manufacturer is at stake. In just a few years we will be transformed into a warehouse and distribution facility with 1/5th of our current staff. It's imperative that Congress fully understands the impact of these tariffs and helps us by returning steel pricing to a globally competitive level.

Please add these comments to my previous letter on June 23rd at the House Small Business Committee hearing on this subject. I look forward to having my comments as part of the Congressional Record. Thank you for your kind attention to this issue.

Yours truly,

Robert P. Berish
President

bIHLER of America, Inc.
Your Partner in Manufacturing Technology

55 Readington Road
North Branch
New Jersey, 08876
Tel: 908-725-9000
Fax: 908-725-0457

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Dear Congressman Manzullo:

I am writing on behalf of Bihler of America, Inc. We are located in North Branch, NJ and employ 270 workers and have been growing over the last few years by investing in innovative manufacturing systems, but now we need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have received notice of substantial price increases plus have been placed on allocations. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would be restricted so much.

My customers do not want to hear about price increases for any reason, in fact they are looking for decreases.

Unless things change rapidly, my company will loose business to foreign competition that now has a further cost advantage, thanks to the action of our own government.

This will result in the steel user industry being even less competitive, and overseas finished steel products imports will increase. This will not assist the steel makers, since the U.S. steel users will have far less to produce or will no longer be in business. Already we are loosing to overseas low cost labor and corporate America's obsession for low cost investment, which results in them going offshore to manufacture, taking jobs and production away from America.

We are a small business. We need the steel we buy to be priced by the market, not by the government.

The government advocates free trade, which we deal with, but then to protect steel producers only – makes no sense.

Hon. Donald A. Manzullo June 6, 2002

Page – 2 –

It would have made more sense to put a tariff on products produced from steel coming from overseas, this would have had greater effect, for the steel producers.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Yours sincerely,

BIHLER OF AMERICA, INC.

Brian Robinson
Sales Manager

BR/bgg

bell
office furniture
div. of bell yorktown, inc.

June 26, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Bell Office Furniture. We are a Haworth, Inc. contract furniture dealer located in Bedford Hills, New York and we employ 18 workers. We need your help.

The steel traiffs imposed by the President in March have increased the and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four (4) exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you.

Sincerely,

Peter Mills

333 adams st., bedford hills, ny 10507 • 914-242-7474 • fax: 914-242-7480

Brennans
Office Interiors, Inc.

06/26/02

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Brennans Office Interiors.** We are a Haworth, Inc. contract furniture dealer located in Exton, Pennsylvania, and we employ 40 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions. Thank you.

Sincerely,

Joe

Joe Brennan

Vice-President

967 East Swedesford Road • Suite 501 • Exton, Pennsylvania 19341 • 610-251-2331 • Fax 610-251-0478
300 Martin Luther King Blvd., • Suite 201 • Wilmington, Delaware 19801 • 302-661-1066 • Fax 302-661-1033

Automatic
Machine Products Co.
17 Wall Street, P.O. Box 1018
Attleboro, MA 02703
(508) 222-2300 Fax (508) 222-2307

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Canon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my deep appreciation for your support of Camshaft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion form the Steel 201 tariffs of "hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and
Bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

Automatic Machine Products, located in Attleboro, MA is a leading manufacturer of precision turned machined products and high volume machined parts for the refrigeration and air conditioning Industries. Our annual sales are approximately $8,000,000 and we employ 125 people. The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people.

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14 (without tellurium). Our industry needs to have reliable and globally competitive sources of this basic material and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply.

The economic downturn has been especially severe for the precision machined products industry. The economists who say there "might not have been" a recession certainly weren't looking at our numbers. Our
Business in 2001 was down 30% from 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases

on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases.

Our company and our industry are engaged in the fierce struggle of global competition. We have already seen loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect now
higher material costs for U.S. companies to accelerate that trend.

The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars holds serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry at risk.. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short term hope. Thank you for all you can do to see that Camcraft's requests are granted.

We greatly appreciate your support in the crucial matter. If you have any further questions, please do not hesitate to call me.

Sincerely,

Automatic Machine Products Co.

John S. Holden III.
President

cc. David Burch - PMPA

T&A Screw Machine Products INC.
75 Napco Drive Terryville, Ct. 06786
(860) 583-0221 / fax. (860) 582-0062
WWW. TandA screw . com

June 6, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my deep appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from the Steel 201 tariffs of "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

T&A Screw Machine, located in Terryville, Connecticut, is a leading manufacturer of precision turned machined products and high volume machined parts for the auto, commercial, hand tool, hydraulic and solenoid industries to name a few. Our annual sales are approximately $2,000,000 to 3,000,000 and we employ 17-20 people. The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people.

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14 (without tellurium). Our industry needs to have reliable and globally competitive sources of this basic material and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply.

The economic downturn has been especially severe for the precision machined products industry. The economists who say there "might not have been" a recession certainly weren't looking at our numbers. Our business in 2001 was down 30% from 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases.

Our company and our industry are engaged in the fierce struggle of global competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect now higher material costs for U. S. companies to accelerate that trend. The US auto industry in attempts to satisfy their shareholders have demanded a 5% decrease in costs to them every year. If a US company is unable to achieve this then the part is usually sourced overseas usually Asia. Almost every special interest industry from sugar farmers to steel workers have received protection, tariffs and price guarantees, yet the very backbone of this great nation the manufacturers have been left to fight a difficult battle with no ammunition. If this is not addressed then I predict in 15-20 years we will be just as reliant on manufacturing as we are on petroleum.

The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars holds serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry at risk. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope. Thank you for all you can do to see that Camcraft's requests are granted.

We greatly appreciate your support in this crucial matter. If you have any further questions, please do not hesitate to call me.

Sincerely,
Mark Drouin

in2change...

June 26, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, In2change, Inc. We are a Haworth, Inc. contract furniture dealer located in Mountain View, California and we employ twenty five (25) workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you.

Sincerely,

Mike Piha
President

cc: Jeff Tayler, Haworth

In2Change, Inc. 880 Maude Avenue, Mountain View, CA 94043
Tel. 650.938.0600 - Fax. 650.938.0818 - www.in2change.com

JUN-28-2002 FRI 12:04 PM WESTERN CONTRACT FURNISH FAX NO. 9166382698 P. 01

WESTERN CONTRACT
BUSINESS AND HOME INTERIORS

11455 Folsom Blvd.
Rancho Cordova, CA
95742
Tel 916 638-3338
Fax 916 638 2698

June 27, 2002

BY FAX: 202 225-3587

Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, Western Contract Furnishers of Sacramento. We are a Haworth, Inc. contract furniture dealer located in Rancho Cordova, California and we employ one hundred (100) workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc., my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you.

Sincerely,

David Purser
President

06/06/2002 12:37 FAX 01

Attn: Philip Eskeland

ALL AMERICAN
MANUFACTURING COMPANY
Since 1938

June 6, 2002

Dear Congressman Manzullo:

All American Mfg. Co. has been a supplier of stamped steel products for over 65 years. We have in recent years contended with very competitive overseas sources for our products. Our company has needed to operate on very thin margins- usually less than 3 %.

The trade sanctions imposed are a very, very bad two-edged sword. On the one edge- they have: 1) caused our availability of steel to be cut off- foregin suppliers of steel have cancelled our purchase orders with them, refusing to ship under the tariff rules now in place; 2) The replacement sources, U.S. suppliers, have raised prices two times in the past four months in response to this lack of competition. *My cost of materials has increased by over 15%, from $0.4275 lb. to $0.4925 lb. for the special finish AK, DQ, .010" thick coil steel we use most.* The other steels we purchase are also increasing in price on a steady basis.

The second sword edge refers to finished goods. The competition in our market is Asia, and our customers are able to obtain at opportunistic prices the same products we are making. Steel Tariffs have given Asia a great advantage by cutting the raw materials out from under us, while at the same time increasing their steel supply. **The same steel we tariff so heavily for domestic use now gets to my customers as finished goods- with only a minor tariff. The ones damaged, and paying the price, are the American manufacturers, with lost business, and the American workers in lost jobs.**

The Steel Tariff Rule has already cost jobs in my factory, and is on the verge of costing more jobs. We cannot pass through price increases when the customer can just as easily buy from offshore. I hope my message is clear enough. The sanctions have helped cripple domestic manufacturing while giving a great boost to foreign competition.

It seems a no-brainer, which is just what was needed to pass such poor legislation. I hope your efforts can move us back to using intelligence in governmental actions.

Sincerely,

John F. Norton
President
All American Mfg. Co.

2201 East 51st Street • Los Angeles, California 90058 • (800) 447-6203 • Fax (323) 581-1548 • www.aamfgco.com

Holga Inc.
a HON INDUSTRIES company
7901 Woodley Avenue
Van Nuys, California 91406
(818) 782-0600
(818) 374-5544 FAX, Customer Service
www.holga.com

Holga

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Holga Inc. We are located in Van Nuys, California and we employ 130 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not competitively priced or reliable. Discussions with suppliers have indicated that we can shortly expect to see premiums of up to 30% above recent price levels, as well as longer lead times and frequent instances of shortages. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel at competitive prices would virtually disappear. I have no assurance of reasonably priced or reliable steel supplies past August of this year.

My business is in danger if I cannot procure steel at competitive prices. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government. In turn, my company will have no choice but to significantly reduce its workforce.

We need the steel we buy to be priced by the market, not by the government. Please ask the President to help us get the steel we need to stay in business in the USA. Thank you for your time and attention.

Sincerely,

Thomas D. Head

Thomas D. Head
Vice President, General Manager

Bazz Houston Co.

12700 WESTERN AVE. • GARDEN GROVE, CA 92841
(714) 898-2666 • (562) 598-8666 • FAX (714) 898-1369
www.bazz-houston.com

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of the owners and employees of Bazz Houston Company. We are a small metal stamping company located in Garden Grove, California employing 80 workers. We urgently need your help for the long-term survival of this 40 year old company.

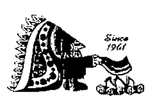
The steel tariffs imposed by the President in March had increased the price and reduced the availability of steel; to the point that our supply has become unreliable. Our steel vendors have given us notice of substantial price increases and have placed us on allocation. We have also been asked to order steel without a price commitment from the supplier. The President could not have expected that prices would rise so fast or that the ability of small companies like mine to obtain steel would virtually disappear. Regretfully, I have no assurance of steel supplies past 3rd Quarter of 2002.

My business is in danger of closing if I cannot get steel at a competitive price. My customers will not pay for the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, not to mention that products currently made here in the U.S.A. would have no tariff added if they were produced by a foreign market and shipped back to the States, thanks to the actions of our own government.
Understanding that the percentage of tariff added to every shipment of steel coming into this country will, over the next three years gradually decrease, it will not be enough just to be complacent with the price increases until said time.

We are a small business. We need the steel we buy to be priced by the market, not by the government. Please ask the President to help us get the steel we need to stay in business in the USA.

Sincerely,

Javier Castro
Vice President
General Manager
Bazz Houston Company



COIL & FLAT SPRINGS • WIRE FORMS • METAL STAMPING • TOOLING • ASSEMBLY

PPM

PACIFIC PRECISION METALS, INC.

JOHN A. DRAXLER, JR.
Vice President Finance
Chief Financial Officer

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-2253587

Dear Congressman Manzullo:

I am writing on behalf of my company Pacific Precision Metals, Inc. We are located in Azusa and La Verne, CA and we employ over 400 workers.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have just been advised, without prior notice, that a particular steel that we use in supplying the automotive industry will not be shipped to us this month due to shortages. Furthermore, most of our steel suppliers have implemented substantial price increases. We also use a certain amount of steel of foreign origin that is not readily available to us domestically, but we do not have the financial ability to hire attorneys to lobby for individual exceptions. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past September this year.

My business is in danger if I cannot get steel. My customers, who are continually pressing for price concessions, will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lost business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely
John Draxler
John Draxler
VP & CFO

601 South Vincent Avenue • Azusa, California 91702 • Telephone: (626) 334-0361 • Fax: (626) 334-7593
www.pacificprecisionmetals.com

Inland Tool & Manufacturing Company, Inc.

Creating Value for our Customers

6/5/2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Inland Tool and Manufacturing.** We are located in Kansas City, Kansas and we employ 21 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. I but on the spot market and all of a sudden it has become a major chore to find a supplier. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past **next month**

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Paul

Paul J Scruton

President

Inland Tool and Manufacturing

630 South 5th Street • Kansas City, Kansas 66105 • (913) 371-5240 • Fax (913) 371-5270
www.inlandtool.com

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Overland Products. We are located in Fremont, Nebraska and we employ 55 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Prices increases have been handed down to us numerous times over the past few months, some very common gauges of steel are hard if not impossible to find and guarantees of delivery are far and few between. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies on a day to day basis which makes our business very difficult to run.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel as US consumers refuse to pay increases in finished products as well. Unless things change rapidly. my company will lose more business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Bill Ekeler

Bill Ekeler

Overland Products

JUN-05-2002 09:47 SHOEMAKER 15096744420 P.01/01

registers & grilles by SHOEMAKER

104 Montgomery Ave.
Cle Elum WA 98922

- Since 1947 -

Phone 509/674-4414
Fax 509/674-4420
www.shoemakermfg.com

June 5th, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of **Shoemaker Manufacturing.** We are located in Cle Elum, Washington and we employ 160 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have been told by our steel suppliers that not only will our steel prices being going up 30 plus percent but that lead times will be doubling and in some cases steel product will not be available for our needs. How can any reasonable person expect our business to be competitive given these developments? The President cannot have expected that prices would rise so fast or that the ability of companies like Shoemaker to obtain steel would virtually disappear. We have no assurance of steel supplies past September of this year.

Our business is in danger if we cannot get steel. Our customers will not pay the increased prices that we are being charged for steel. Unless things change rapidly, Shoemaker will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you,

Richard Low

Richard Low, President

Shoemaker Manufacturing Company

TOTAL P.01

6- 5-02;11:29AM;Utah Stamping Co. ;801 773 6929 # 1/ 1

Utah

UTAH STAMPING COMPANY

F5, Section 3, 5th Street, Freeport West Industrial Park, Clearfield, Utah 84016

(801) 773-6331 Fax: (801) 773-6929

Mailing Address:
P.O. Box 160423
Clearfield, UT 84016-0423

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attention: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, Utah Stamping. We are located in Clearfield, Utah and we employ 95 workers. We desperately need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. (Examples of this are: **have been placed on allocation, received notice of substantial price increases, orders canceled, our delivery to customers threatened due to shortages).** The President cannot have expected that prices would rise as fast or that the ability of companies like ours to obtain steel would virtually disappear. I have no assurance of steel supplies past August of this year. *To make matters worse, our customer Autoliv ASP, Inc., a major supplier to the Automotive Industry, has informed us that if any of their suppliers are unable to make deliveries because of the tariff, they will begin requiring more products from their foreign shore suppliers.*

Our business is in danger if we cannot get steel. Our customers will not pay the increased prices we are being charged for steel. Unless things change rapidly, our company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our government.

Our company is a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the **USA**.

Sincerely,

Michael R. Ott
Vice President

MRO/hmr

JUN-5-2002 03:36P FROM:NORTH STAR COMPANY I 13107158090 TO:12022253587 P:1

NORTH STAR COMPANY, INC.
CUSTOM ROLL FORMED METAL PRODUCTS
14912 S. BROADWAY, GARDENA, CALIFORNIA 90248
TELEPHONE 310/515-2200 FAX 310/71

June 05, 2002

Post-it® Fax Note 7671	Date 06-05-02 # of pages ▶ 1
To Congressman Manzullo	From Bill Sornborger
Co./Dept.	Co.
Phone #	Phone # (310)515-2200
Fax (202)225-3587	Fax #

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Congressman Manzullo,

The steel tariffs have placed our company in a precarious position. I am writing on behalf of our company members and our customers. We are located in Gardena, California and we employ 68 workers. We and the industries we serve need your help!

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Many of our suppliers are on allocation from the mills. HRPO steel prices raised 25%-30% so far. We understand that more increases are coming next month. The President cannot have expected that prices would rise so fast or that the ability of companies like ours to obtain steel would virtually disappear.

Our business is in danger if we cannot get steel. Our customers will not pay the increased prices we are being charged for steel. Unless things change rapidly, our company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA. We're counting on your help and thank you for your speaking on behalf of our customers and employees.

William E. Sornborger
Chairman

CUSTOM ROLL FORMING INSTITUTE
CRFI

VIRCO
2027 HARPERS WAY, TORRANCE, CA 90501
HIGHWAY 65, SOUTH, CONWAY AR 72032

50th 1950-2000

June 7, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Virco Mfg. Corporation. We are located in Torrance, California and Conway, Arkansas and we employ 2200 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. Many customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We need the steel we buy to be priced by the market, not by the government. Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

VIRCO MFG. CORPORATION

Robert A. Virtue

Robert A. Virtue
President

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WALKER
CORPORATION

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Phillip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, Walker Corporation. We are located in Ontario, California and we employ 140 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Our steel suppliers are demanding 20-40 % increase effective June 1, 2002. Some of my suppliers are indicating they cannot guarantee the amount of steel we need to make product requirements. <u>No</u> steel supplier will commit to pricing beyond October 2002. I am very concerned about the chaotic situation that exists today in the U.S. steel market. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel suppliers past October this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Bruce Walker
President/CEO

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CCG

QUALITY OFFICE FURNITURE

June 26, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, CCG Quality Office Furniture. We are a Haworth, Inc. contract furniture dealer located in Salt Lake City, UT and we employ 30 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you.

Sincerely,

John Shinners
V.P. Sales and Marketing

JS:ls

FacilitiesConnection

240 E. Sunset Dr.
El Paso, Texas 79922
Tel. 915.833.8303
Fax. 915.833.2898

www.facilitiesconnection.com

June 26, 2002

Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Facilities Connection. We are a Haworth, Inc. contract furniture dealer located at 240 E. Sunset Drive in El Paso, Texas and we employ 31 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you.

Sincerely,

Patricia Holland-Branch
President & C.E.O.

A HBPZH Company

June 26, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, Canfield Business Interiors. We are a Haworth, Inc. contract furniture dealer located in Sioux Falls, South Dakota and we employ 60 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions. Thank you.

Sincerely,

Larry Canfield
President
Canfield Business Interiors

CANFIELD
BUSINESS INTERIORS
402 WEST NINTH STREET
SIOUX FALLS, SD 57104
PHONE 605-339-1411
FAX 605-339-2778

PURCHASE PLANNERS GROUP

420 BOYD ST
SUITE 302
LOS ANGELES
CA 90013
213 687 4206

June 27, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Purchase Planners Group. We are a Haworth, Inc. contract furniture dealer located in Los Angeles, California and we employ 20 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

FAX 213 687 4154

Page 2

Please support the adoption of these four exclusions.

Thank you.

Sincerely,

David C. Wheeler

Pacific Office Interiors

CORPORATE OFFICE
561-B Kinetic Drive
Oxnard, CA 93030
tel: 805-988-6700
fax: 805-988-6710
poloxnard@aol.com
www.p-o-i.com

June 26, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, **Pacific Office Interiors.** We are a Haworth, Inc. contract furniture dealer located in Oxnard, CA and we employ 35 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you.

Free Taylor

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June 28, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Pomeroy:

I am writing on behalf of my company, Christianson Business Furniture. We are a Haworth, Inc. contract furniture dealer located in Fargo, North Dakota and we employ 10 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoptions of these four exclusions.

Thank you.

Sincerely,

Roger Christianson
Christianson's Business Furniture

1450 25th Street South, Fargo, ND 58103
Phone: 701-293-3944 Fax: 701-293-3626

FLORIDA BUSINESS INTERIORS

June 26, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Florida Business Interiors. We are a Haworth, Inc. contract furniture dealer located in Lake Mary, Florida and we employ 60 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers make our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you.

Sincerely,

Florida Business Interiors, Inc.

Lyndell Patrick

Lyndell Patrick

President

107 Commerce Street, Lake Mary, Florida 32746
Phone (407) 805-9911 • (800) 881-2393 • Fax (407) 805-9977

[redacted]

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Fax: 252-240-0384

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, DC 20151-1316

Dear Congressman Manzullo:

I am writing on behalf of my company, Bally Refrigerated Boxes, Inc. We are located in Morehead City, NC and we employ 200 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Our current suppliers are not able to provide pricing for third and fourth quarter shipments as the mills are quoting "price in effect" at time of shipment. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past July this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Michael H. Coyle

Michael H. Coyle
President

MILLER'S
DISTINCTIVE BUSINESS INTERIORS

July 3, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, DC 20515-1316

ATTN: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, Miller's of Columbia, Inc. We are a Haworth, Inc. contract furniture dealer located in Columbia, South Carolina and we employ forty-seven workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you.

Robert L. Woerner, COO

Robert L. Woerner, COO
Miller's of Columbia, Inc.

2905 TWO NOTCH ROAD • COLUMBIA, SOUTH CAROLINA 29204 • (803) 254-1656

06/28/02 15:37 FAX 18592531690 001

INTERSPACE · LIMITED

June 28, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Interspace Limited. We are a Haworth, Inc. contract furniture dealer located in Lexington, Kentucky and we employ 18 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you.

Sincerely,

Douglas Steele

President

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STAR

MANUFACTURING, INC.

14 June 2002

Honorable Donald A Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Phillip D. Eskeland
Fax (202) 225-3587

Dear Congressman Manzullo:

I am writing on behalf of my comapny and its employees. Star Manufacturing employs 65 workers in our Lexington, Kentucky plant. Our future is in peril and we need your help.

The steel tarriffs imposed by President Bush have increased the price and reduced the availability of steel to the point that we may not be in operation at year's end. Certainly the President did not expect the impact to be so brutal.

My business is in danger if I cannot get steel. My customers will not pay the increased prices because their customers - car and appliance buying Americans - cannot pay more. Star has already lost a significant portion of our business to offshore suppliers and the transfer of work out of this country will increase rapidly now that our foreign competitors have a built-in cost advantage thanks to the actions of our own government.

We are a small business, and our demise will directly affect only about a thousand people, but the situation exist at all levels and there will be a great many American jobs lost and U.S. companies close because our steel is being priced by the government not by the market.

Please ask the President to help us get the steel we need to survive.

Sincerely,

Mark Stanley
President

HICKORY SPRINGS
MANUFACTURING COMPANY

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Hickory Springs Mfg. Co.. Our main offices are located in Hickory, N.C. and we employ over 4,000 workers around the country. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We buy the majority of our steel as slit coil from domestic steel service centers. They have put us on allocation, due to their inability to get steel domestically. From some suppliers, we have been able to get only half of what we had on order. Our prices have skyrocketed 37% since March of this year and 57% since January. As have most companies, in an effort to drive down our costs, we have tried to limit our supplier base to a few qualified suppliers. This isn't possible anymore. Sourcing has turned into begging and we are buying from anyone who has steel just to keep our plants running. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We need the steel we buy to be priced by the market, not by the government. Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Dwayne Welch

Dwayne Welch
Director of Sales and Manufacturing
Hickory Springs Mfg. Co.

Hickory Springs Manufacturing Company
235 2nd Avenue, N.W. • P.O. Box 128 • Hickory, North Carolina 28603-0128 • Telephone: 828/328-2201

Clairon Metals Corporation
11194 Alcovy Road
Covington, GA 30014
770-786-9681
FAX # 770-786-4183

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Phillip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Clairon Metals Corporation. We are located in Covington, Georgia and we employ 235 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have been placed on allocation and also given up to 16% price increases and asked to place orders beyond commitments from our customers. Our suppliers have started missing deliveries due to low inventory levels and have also broken contract pricing. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past July this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA. Thank you.

Sincerely,

Larry Grant

Larry Grant
Vice President of Manufacturing

Jun. 7. 2002 2:30PM GENERAL STEEL DRUM No.5594 P. 2/2

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The Honorable Donald A. Manzullo
Chairman, Small Business Committee
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

June 7, 2002

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, General Steel Drum Corporation. We are located in Charlotte, North Carolina, and we employ 80 workers in the manufacture of steel shipping containers - drums and pails. Steel is the largest - and virtually the only - raw material in our manufacturing process.

We need your help. The steel tariffs imposed by President Bush in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have been placed on allocation by our major current supplier with less than 50% of our regular usage available to us. We have been advised by our backup supplier that they have no steel available for us for the second half of this calendar year. Steel price increases have amounted to 50%. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of adequate steel supplies past August of this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to competing, non-steel products that now have a built-in cost advantage, thanks to the actions of our government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the U.S.A.

Thank you.

Sincerely,

Robert G. Bradford
Chairman

ESTUL TOOL & MANUFACTURING COMPANY, INC.

P.O. BOX 188
MATTHEWS, N.C. 28106
704/847-8188
FAX 704/847-0921
DUNS NUMBER 003150646

June 6, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, Estul Tool and Manufacturing Company, Inc. We are located in Matthews, North Carolina and we employ 46 workers. We need your help in the matter of steel tariffs.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Our steel vendors are now quoting deliveries based upon new steel prices that reflect a 30 percent increase. It is very coincidental that these increases match the amount of the steel tariffs that have been imposed on foreign steels. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past August 31st this year.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Each customer has told us that due to current economic conditions that they cannot accept any increases on any of the items we produce for them. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel. Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you for your time.

Sincerely,

Robert G. Estridge, Jr.

Robert G. Estridge, Jr.

Senior Vice President

06/06/02 THU 16:19 FAX 336 722 1586 REYNOLDA CUTTING TOOLS 001/002

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June 6, 2002

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing to express my deep appreciation for your support of Camcraft's request for product exclusions for hot rolled leaded carbon steel coils and bars, which in their final processed form, are used for the production of precision machined products. We would like to add our support to your efforts to encourage the President and USTR to approve Camcraft's product exclusion requests.

These requests, which seek exclusion from the Steel 201 tariffs of "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 with tellurium per ASTM A-29" and "Hot rolled leaded carbon steel coils and bars designated AISI 12L14 per ASTM A-29" (without tellurium), were filed on April 23, 2002 with the USTR and Department of Commerce, and have been assigned the alphanumeric designation X-094.1 and X-094.2.

Reynolda Cutting Tools, located in Winston-Salem, NC, is a leading manufacturer of cutting tools for the precision turned machined products and high volume machined parts for the automotive, plumbing, defense, and electronics industries. Our annual sales are approximately $3 million and we employ 27 people. The turned parts industry nationwide includes approximately 1600 U.S. companies, employing approximately 60,000 people.

12L14 is the most commonly machined steel in our industry, and the foundation of America's manufacturing capabilities. Unfortunately, there is only one domestic producer of 12L14 with tellurium, and only two domestic sources of 12L14 (without tellurium). Our industry needs to have reliable and globally competitive sources of this basic material and cannot be dependent on only one or two sources who can artificially raise their prices or cut off our supply.

The economic downturn has been especially severe for the precision machined products industry. The economists who say there "might not have been" a recession certainly weren't looking at our numbers. Our business in 2001 was down 35% from 2000. Just as we are beginning to see recovery, we are faced with rising prices. There have already been two rounds of price increases on these grades of steel, and we have been told that a third is on the way. Although we have not yet experienced short supply situations, we fear that this will occur as demand increases.

Our company and our industry are engaged in the fierce struggle of global competition. We have already seen a loss of jobs in our industry to low cost foreign competition, especially Asia, and we expect now higher material costs for U. S. companies to accelerate that trend. The 30 percent tariff on imports of hot rolled leaded carbon steel coils and bars holds serious consequences for the precision machined products industry. While we appreciate that the Steel 201 remedy was put in place to aid the U.S. steel industry in its time of crisis, it does not make sense to save one industry by putting another, larger industry at risk. Ironically, increasing the domestic price of free machining steel by shutting off our supply of imported steel will do nothing to aid in the recovery of the U.S. mills; it will only accelerate the movement of machined parts manufacturing to offshore suppliers. Product exclusions for this basic material are our industry's only avenue for short-term hope. Thank you for all you can do to see that Camcraft's requests are granted. We greatly appreciate your support in this crucial matter. If you have any further questions, please do not hesitate to call me.

Sincerely,
Andrew Egbert
Vice-President
Reynolda Cutting Tools, Inc.

JUN-7-2002 01:28P FROM: TO:12022253587 P:1/1

SIGNATURE TECHNOLOGIES, INC
13375 Stemmons Frwy., Suite 320
Dallas, Texas 75234 USA
Fax: 972.488.2924
Phone 972.488.9777

SIGNATURE. TECHNOLOGIES

June 7, 2001

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, DC 20515-1316 USA

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I own a company that supplies high technology equipment to the metalforming industry. I incurred my impact from the "recession" last year and had to lay off half my work force by December of 2001. I am now faced with possible business closure because of the steel import tariffs. This increase in costs to my customers has resulted in moving funds from capital investment in equipment in a reserve for tariff payments.

Our patented technology gives machines the ability to feel. This capability gives US manufacturers the ability to use technology to compete against foreign labor where the costs of labor are so low they can afford to inspect every part by hand. A few years ago we saved 5000 jobs at TI in Attleboro, MA when our system's performance changed the balance and the plans to move the plant to Asia were shelved.

My point is that the indirect ramifications related industries are profound as a result of the President's decision to impose theses tariffs. These impacts put the US in a non-competitive situation and my customers must move their business's off-shore compete foreign competition and gain access to materials. Small businesses, either manufacturing parts from steel, or supplying products and services to the metalforming industry are already severely impacted.

How about doing what's good for small business. Big business seems to be where all the problems come from (Enron?) and where their influence in Washington's policy continues to result in problems for the US economy. Innovation and our countries future rest in small business...otherwise why would big businesses plan their growth on acquisition of small businesses? Please give my customers' their steel, without tariffs!

Sincerely,

Michael J. O'Brien
President

FROM :METCOM Inc FAX NO. :9315261092 Jun. 07 2002 04:43PM P1

METCOM Inc. *Metal Components For Industry*

P.O BOX 49085 • ALGOOD, TN 38506 • 1920 FISK ROAD • COOKEVILLE, TN 38506 • TELEPHONE: 931/526-8412 • FAX 931/526-1092

6/7/02

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, METCOM Inc. We are located in Cookeville, Tennessee and we employ 87 employees. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. Many of our suppliers have increased the prices of steel ... many up to 20%. We have also seen decreased availability that has decreased our on-time delivery up to 5%. The President cannot have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear.

My business is in danger if I cannot get steel. My customers will not pay the increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has a built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Heather Reavill

Heather Reavill
Operations Manager

PMA PRECISION METALFORMING

FILE No.731 06/10 '02 16:17 ID:AAPER ALCOHOL FAX:502 633 0685 PAGE 1/ 1

AAPER ALCOHOL
The Clear Leader

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon Office Building
Washington D. C. 20515-1316

June 10, 2002

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company AAPER Alcohol and Chemical Company. We are located in Shelbyville KY and we employ over 50 workers in the repackage and distribution of Pure Ethyl Alcohol & Specially Denatured Alcohol to colleges, hospitals and universities. For all of our 23 years of business, we purchase and use steel drum products for the shipping and storage of chemical products such as Ethyl Alcohol, Methanol, Acetone, and Isopropyl Alcohol.

The Steel tariffs imposed by President Bush are continuing to increase the price of steel drum products we use in our business and purchase from steel drum manufacturers.

These steel drum price increases and possible supply limitations caused by these tariffs are a major concern for my future business. The steel products we purchase and require for our business must meet cost and quality requirements that include meeting the standards of ISO & UN Certification, as well as regulatory restrictions of DOT, and the BATF. Since the majority of my business is sold on yearly bids, my customers will not pay the increased prices I am being charged for these steel products.

It is up to you and your office to assist the US steel drum manufacturers to price their product due to market variables not government intervention.

Thank you.

Sincerely,

Evan K Hoffmann

Evan K Hoffmann
Director of Materials Management

P.O. Box 339 • Shelbyville, KY 40066-0339 • 1-800-456-1017 • 1-502-633-0650 • Fax: 1-502-633-0685
http://www.aaper.com

J. Patrick Keith
606 Falling Leaf
Friendswood Tx 77546

Fax: 202-225-3587

Hon. Donald A. Manzullo
U. S. House of Representatives
409 Cannon House Office Building
Washington D.C. 20515-1316

June 6, 2002
(D-Day 58)

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

With America fighting a war on terrorism, this country cannot suffer the economic strangulation that is being inflicted upon it by President Bush's steel tariffs.

I lived through President Nixon's price regulations during the Vietnam War and am now looking at another period in America's history where black marketeering and price and supply manipulation will strangle an already sluggish economy.

I am employed by a small business. It needs competitively priced steel to make its products. It already looses work and jobs to foreign competition. The foreign competion does not suffer this disadvantage.

Mr. Bush, for whatever reason, has made a bad decision. It leads to the "I" word....inflation. This decision hurts America and aids the Terrorists.

Please put us back on the right path!

Sincerely,

Pat Keith

J. Patrick Keith

FROM : Flexible FAX NO. : 6157549347 Jun. 05 2002 02:27PM P1

Flexible Metal Products

Flexible Metal Products
300 Industrial Park Drive, Suite B
Mt. Juliet, TN 37122
615-754-9815
Fax 615-754-9347

June 5, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company Flexible Metal Products. We are located in Mount Juliet, TN and we employ fifty workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of steel is not reliable. We have been notified that the price of all of the material we purchase as increased in price between a $1.00 and $5.00 on all alloys effective June 1, 2002. Also, there is a shortage on numerous steels.

The President could not have expected that prices would rise so fast or that the ability of companies like mine to obtain steel would virtually disappear. I have no assurance of steel supplies past June this year.

My business is in danger if I cannot get steel. My customers will not pay increased prices I am being charged for steel. Unless things change rapidly, my company will lose business to foreign competition that now has built-in cost advantage, thanks to the actions of our own government.

We are a small business. We need the steel we buy to be priced by the market, not by the government. We cannot afford to come to Washington to buy steel.

Please ask the President to help us get the steel we need to stay in business in the USA.

Thank you.

Sincerely,

Vera Smith
V. President

Jun 05 02 11:18a YORK HR&QUALITY 601-544-2530 p.1

YORK® Engineered Systems Group

HATTIESBURG DIVISION
77 Academy Drive
Hattiesburg, MS 39401

Mark Guinan
Human Resources Manager
77 Academy Drive
Hattiesburg, MS 39401
Phone: (601) 544-8911 xt 125
Fax: 601-544-2530
E-Mail: mark.guinan@york.com

June 5, 2002

The Honorable Donald A. Manzullo
U.S. House of Representative
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Phillip D. Eskeland
Fax 202-225-3587

Dear Congressman Manzullo:

Greeting from the Great State of Mississippi. I am writing on behalf of my Company, York International Corporation and the 300 people we employee here in Hattiesburg. We need your help and hope that even though we are not a "small business" that you will listen to our plea.

The steel tariffs imposed by President Bush in March are creating serious problems for our business and our customers. We are now on a rationing system, are paying much higher than budgeted prices for our metals and face possible curtailment before the end of the year on our most basic components. The President could not have foreseen the havoc that this ill-conceived action has caused. We are trying to recover from the events of last year and now have this additional obstacle thrown in our path.

Our suppliers are losing customers just to meet their commitments to us and we have been told that we can expect to have at least a 30 % shortfall over our requirements for the year. I have it on good authority that the U.S. Steel Mills are not working overtime or making any attempts to increse their production to meet the demands of the consumers but are pulling the same type of scam that the energy companies did to restrict the supplies to increase their profits.

Our business, and the well being of the country as a whole, is in great danger if this is not addressed immediately. Our customers will not pay the increased prices we are being charged for steel. Unless things change rapidly we will lose business to foreign competitors that have a built in low cost advantage, all thanks to the misguided actions of our own government.

Even though we are not a small business we too need basic commodities like steel to be priced by the market, not by the government. I do not want to look into the faces of my employees and tell them that they don't have jobs anymore because we can't build a competitive product due to the steel tariffs. Help me assure that I don't have to.

Sincerely,

Mark A. Guinan

Mark A. Guinan, SPHR
Human Resources Manager

June 26, 2002

Hon. Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company, J M J Corporation. We are a Haworth, Inc. contract furniture dealer located in Richmond, VA and we employ 60 workers. We need your help.

The steel tariffs imposed by the President in March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the costs and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with by aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufacturers makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. These exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you.

Sincerely,

John S. Massd, Jr President

Jun-27-02 09:08A Nashville Office Int 615 329 1322 P.01

NOI

June 27, 2002

Hon. Don A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, DC 20515-1316

Attn: Philip D. Eskeland
Fax: 202-225-3587

Dear Congressman Manzullo:

I am writing on behalf of my company Nashville Office Interiors. We are a Haworth, Inc. contract furniture dealer located in Nashville, Tennessee and we employ 97 workers. We need your help.

The steel tariffs imposed by the President on March have increased the price and reduced the availability of steel to the point that our supply of office furniture products may be disrupted. This is at a time when the Office Furniture Industry is suffering the greatest decline in sales in its entire recorded history. Many manufacturers and dealers in the industry are in grave financial positions because of the sales decline. Adding the cost and disruptions of the steel tariffs to this mix is a catastrophic combination.

Without some form of relief, the Office Furniture Industry will be irreparably harmed and more vulnerable to the off shore competition in the North American market. As an industry we have been successful in maintaining the North American market share with aggressive advances in product, services and customer value. The dramatic increase in domestic steel pricing, the availability of low cost foreign manufactured products, and the weak financial strength of the domestic manufactures makes our industry very vulnerable to imported products.

To maintain a strong competitive position in this difficult market, Haworth, Inc. my primary furniture supplier, has applied for four exemptions to the steel tariff. The exemptions are N358.01, N358.02, N358.03 and N358.04. I am requesting your support for these exemptions to help keep Office Furniture Manufacturing a US based industry for North America.

Please support the adoption of these four exclusions.

Thank you.
Sincerely,

[signature]
President

JUL-19-2002 11:39 VIRCO MFG CORPORATION 310 782 6098 P.02/03

VIRCO
2027 HARPERS WAY, TORRANCE, CA 90501
HIGHWAY 65, SOUTH, CONWAY AR 72032

July 19, 2002

VIA FACSIMILE AND FIRST CLASS MAIL

The Honorable Donald A. Manzullo
United States House of Representatives
Washington, DC 20551

Dear Representative Manzullo:

Our company manufactures and sells classroom furniture throughout the United States as well as furniture for other public facilities such as churches, convention centers, and municipalities. Our annual sales are approximately $250 million. We employ about 700 people in California, and 1500 people in Arkansas.

Cold-rolled steel is the largest dollar expenditure of the raw materials that we use. As such, it is a major determinant in the cost of the product that we make and the price that we charge our customers.

Until the last few months, we have availed ourselves of high quality steel from various sources around the world as well as domestically produced cold-rolled steel.

With the imposition of the recently enacted steel tariffs, we now find ourselves facing a double problem: higher prices and shortage of supply.

Our domestic sources are telling us that they cannot guarantee to ship our requirements for the first quarter of 2003, and they cannot assure us as to what the price would be. Conversely, we are committed to a number of annual contracts that have no flexibility for price increases. The ultimate customers served by us are basically public funded entities who rely on local tax dollars. In this scenario, everyone suffers. The manufacturer pays a higher price and the only way to recover the increased cost is to raise the price to the end user, which is ultimately the local taxpayer.

We have resisted the temptation to buy fabricated steel parts from low cost foreign suppliers. At the same time, we have an obligation to return a profit to our shareholders. Loyalty to domestic suppliers at non-competitive prices that hurt the consumer seems to disadvantage all parties.

Honorable Donald A. Mansullo
Page 2
July 19, 2002

I would urge you to immediately seek remedies to these tariffs to the extent that they be eliminated completely or significantly reduced so as to enable American manufacturers to compete with foreign suppliers not subject to these import tariffs.

Sincerely,

Virco Mfg Corporation

Robert A. Virtue
President

C: Brad Miller, Manager of Communications & Government Affairs
BIFMA International

Great Lakes Chemical Corporation
Global Supply Chain
Americas Purchasing Group

P. O. BOX 7020 ■ EL DORADO, AR 71731-7020 ■ (870) 862-5141 ■ FAX (870) 881-6202

06/10/02

The Honorable Donald A. Manzullo
U.S. House of Representatives
409 Cannon House Office Building
Washington, D.C. 20515-1316

Attn: Philip D. Eskeland

Dear Congressman Manzullo:

I am writing on behalf of my company, Great Lakes Chemical Corporation. We are a global manufacturer of various products including Polymer Additives, Water Treatment Chemicals, Oilfield Chemicals, and Agri-Chemicals. I function as the Director of Americas Purchasing for the corporation and I am writing you to address the issue of steel pricing in the United States in relation to the recent tariff issues in the steel industry.

We desperately need your assistance in resolving this issue. The steel tariffs imposed by President Bush in March are substantially affecting the price of our steel drum products and subsequently affecting our profitability and ability to compete in a global marketplace.

Continuing steel drum price increases and possible supply issues, due to tariff imposed supply constraints, are adversely affecting my corporation and causing major concern for our future business endeavors. The steel drums we purchase must be competitive in cost and of the highest quality due to the nature of the materials we transport in them.

As I am sure you are aware, the chemical industry has been in a recession for a lengthy period of time due to other market drivers and I can assure you that we will not be able to pass through any of these price increases that we will be forced to assume due to the tariff situation. This could result in several issues including the loss of business to foreign competition and/or the decision to stop production of certain products.

We are sure that you will understand that we need the steel products we buy to be priced by dynamic market variables, not by the government. This is the only way we can ensure that we are on the same playing field as our competition and further grow our business, which positively affects several thousand lives within our company's family.

We implore you to ask the President to help us get the steel products we need in a fair market environment so that we can continue to grow and remain competitive with other nations.

Sincerely,

Daniel P. Sistrunk
Director of Purchasing
Great Lakes Chemical Corp.
PH: 870-864-1575
FAX: 870-881-6249

Responsible Care®
Good Chemistry at Work

MARLYN STEEL DECKS, INC.
6808 Harney Road Tampa, FL 33610
Phone: (813) 621-1375 Fax: (813) 623-3005
Email: MARLYNSTEEL@aol.com
www.marlynsteel.com

August 22, 2002

Representative Donald Manzullo, Chairman
Small Business Committee
2361 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Manzullo:

I appreciate the work you are doing to help small business and the users of steel that are being damaged by the steel tariffs imposed by President Bush.

I would like to share with you the problems and abuses that we have encountered as a result of the implementation of Section 201. We compete with companies that are owned by steel mills, Wheeling Corrugating, a division of Wheeling Pittsburgh Steel, and Vulcraft, a division of Nucor. We are also a customer of Nucor. The three of us, along with others, manufacture steel roof and floor deck used in commercial construction. This industry operates on high volume with low margins. Approximately 80-85% of our cost is in the cost of the steel coils.

Last year before Section 201 was imposed, we were competitive in the market and purchased about 50% of our steel coils from Nucor. As of this writing, Nucor has raised our prices in excess of 70% and has cut the amount of steel they will sell us by 80%. Meanwhile, Vulcraft is under - bidding everyone by 20-40% with no apparent concerns about steel supply.

Vulcraft/Nucor, with the help of the U.S. Government, is skyrocketing our cost; cutting off our supply of steel and setting steel deck prices so low that no one can compete. Vulcraft already controls 30-40% of the steel deck market in this country. If they are allowed to continue this predatory policy, they will soon control most, if not all, of the market.

Section 201 has given these two companies an unfair advantage over the other independent deck manufacturers. We need some kind of relief from this unfair government imposed advantage afforded these two companies.

I urge you to help exempt all steel used in the manufacture of steel roof and floor deck from the tariffs imposed by Section 201, or force these two companies to stop taking unfair advantage of this situation in their quest to eliminate competition.

We need steel to keep our plant operating and we need it at a competitive price. We need free trade to keep these companies in check. Please help us get back on a fair playing field.

Sincerely,

Richard R. James
President

-----Original Message-----
From: Michael Tofte [mailto:[redacted]dprecision.com]
Sent: Thursday, July 25, 2002 4:43 PM
To: Smbiz
Subject: Steel Tariff Issue
Importance: High

As a future owner of a small metal stamping operation in Houston, Tx, I appreciate what you are planning to do to help us out of this terrible situation. We cannot quote because there is no steel. We have just been informed of a huge package of metal stamped products that would fit great in our line of work is being sent to China. There is nothing we can do about it. Luckily , some of our customers have allowed us to pass on some increases but there will be little or no oppurtunity to grow our business. PLEASE HELP US OR WE ARE ALL GOING TO GO DOWN!!!!!!!!!!!!! HELP, HELP, HELP.

ITD Precision

Two Texas Locations

Metal Stampings for the 21st century

ISO 9002 DNV

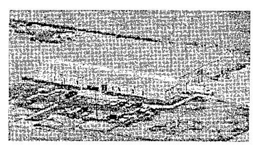
How to contact us

MEMBER PMA

Houston Plant

5531 Mitchelldale
Houston, TX 77092
(713) 688-0880
(713) 688-5029 fax

South Texas Plant



818 North FM 509
Harlingen, TX 78550
(956) 440-9960

-----Original Message-----
From:[redacted]
Sent: Monday, June 10, 2002 5:30 PM
To:[redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Thank you for the request for input. I am a mortgage loan officer with
National City Mortgage Services. As such, any business that is challenged
for
production, sales and profit effects my ability to write mortgage loans.
When
people are ffaced with potential lay-offs and work reduction that is a bad
thing, most especially in a small community like Belvidere. I am in tghe
positon of being affected more as "ripple" effect thatn directly.
Sincerly,
Allen McQuinn
National City Mortgage Services
130 S State
Belvidere, Illinois 61008

-----Original Message-----
From: Steve Slack [mailto [redacted]
Sent: Monday, June 10, 2002 5:12 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Chairman Manzullo: While the steel tariffs did not impact our business directly since we are a financial institution (Home State Bank located in Crystal Lake,IL), several of our customers were impacted. More directly impacted from my perspective is my sister bank in Hammond ,IN. If you haven't sent this to Christopher Morrow at Mercantile National Bank, you should. I believe you have his e-mail address.

Steve Slack
President

-----Original Message-----
From: Paladino, Tom [redacted]
Sent: Monday, June 10, 2002 4:35 PM
To: [redacted]
Cc: Schwietert, Jack
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

We are a manufacturer of precision machined parts used in automobiles, hand power tools, appliance motors, air conditioning and refrigeration equipment. Due to the global consolidation of the automotive component business, many of our customers are European based (e.g. Bosch, Siemens, Valeo). In order to compete against their European based suppliers, we must purchase raw material that is specified in a unique manner that forces our U.S. mills to either no quote us, or quote with exceptions to the required specifications. Thus, we have been buying raw material overseas in order to compete against these overseas suppliers. There is not an "apple to apple" comparison between the steels called out on these automotive component specifications. The automotive industry comprises 40 % of the market for precision turned parts, and most of the new equipment sold to our industry is in support of automotive projects.

:he impact of the tariff is dramatic, because we are having to absorb this 30% increase on cold drawn steel bar stock, and our European based customers are abandoning their strategy of purchasing locally, and going back to Europe to take advantage of the lower prices. The steel cost can be as much as 35% of the selling price on the parts we make! We petitioned for exclusion, but were told that the deadline for exception was May 20th, thus we have no other avenue to pursue. We are a $30,000,000/year company that employs 150 people in the Chicago area.

-----Original Message-----
From: Lam Chanthalalay [redacted]
Sent: Monday, June 10, 2002 5:14 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Dear Mr. Congressman,

When the pricing of steel is too high we can't complete with oversea company. We have lost a lot of contracts to keoran and taiwain and also we can not complete with a biger company.

Thank you,

Jay

-----Original Message-----
From: Mark Maffei [redacted]
Sent: Tuesday, June 11, 2002 9:08 AM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Mr. Manzullo:

In reply to your request for how steel tariffs have affected my business I can provide the following. My steel suppliers have raised the price for steel by 10% since the tariffs were applied. I lose a lot of business to overseas manufacturers who manufacture parts similar to mine with the cheap steel available in their own country. The tariffs result in my costs rising, but have not affected the price of imported finished goods, which sometimes are imported for less than my cost to manufacture. If a tariff is going to be applied to steel, it should also be applied to the products that overseas manufacturers produce with overseas steel.

Mark Maffei, President
Androck Hardware Corporation

-----Original Message-----
From: DevecoCorp[redacted]
Sent: Tuesday, June 11, 2002 9:17 AM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

I appreciate the opportunity to voice my concerns regarding the tariff on foreign steel and how it has affected Deveco Corporation. If you don't receive this in time for your meeting today, you will still have the information for future reference.

Deveco Corp. is a small family owned company that has worked extremely hard over the last several decades to grow a prosperous business. We pride ourselve on service & are able to compete with larger companies because we can offer a more personal touch in the service we provide to our customers. We have control over that aspect of our business and make it a priority to keep customers satisfied. Unfortunately there are areas we do not have control over.

Today's economy has put a strain on all businesses large and small. While struggling to maintain and survive until there is some relief in the economy, we are now fighting price increases due to the affects the foreign steel tariff has had on our suppliers. Deveco manufactures a line of products that must be shipped in steel containers. We also receive raw materials that are packaged in steel containers. So the increase in the cost of steel affects us in several ways. Even the products not shipped in steel containers are affected due to the rising costs of import steel as well as domestic steel that our chemical suppliers are seeing.

Many of our suppliers have been forced to absorb price increases to stay competative. That is only an option for them for so long. At this time, we are seeing the increases that they can no longer absorb and must pass on to us.

A large portion of Deveco's customer base is tied to the automotive industry. In the last several months, we have received requests and sometimes demands for across the board price decreases or discounts or face losing the business. In light of the increases we are now seeing & will continue to see if there is no change, we are in a very precarious position. We are forced to take the increases from our suppliers , but are not able to pass the increase along to our customer. This affects us a great deal. There is a trickle down affect that is difficult to stop.

As I said, we have control over many aspects of our business & business strategy. In this particular area, we have no control. All we can do is appeal to those who represent us, advising them of how we are affected in the hopes that it will help make a difference.

Again, thank you for the opportunity to voice our concerns and be heard.

Respectfully,

Dan Stanton
President
Deveco Corporation

-----Original Message-----
From: Leslye Sandberg [mailto:[redacted]
Sent: Monday, June 10, 2002 7:48 PM
To: [redacted]
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

Dear Don:

Yes, as a small manufacturer who utilizes steel in most of our products, we have already seen price increases and anticipate more. We use light gauge galvanized and stainless steel (slit coil). Our suppliers have had some difficulty in finding the products we use so we have increased our planning and lead times accordingly. It may come to carrying greater inventory than we would like in an effort to make sure we don't run short. This, too, is a cash drain on small business.
In speaking to a fellow manufacturer just last week, he has told me that there are some steels they simply can not get and can no longer support the customers. Other customers will have to accept price increases or this manufacturer will have to walk away from the business.
If you are looking for a manufacturers forum with a group of small businesses that might be affected, you might contact the North Suburban Manufacturers Association (NSMA) for a list of emails to members. The Executive Director, Nancy Weise, can be reached at nancy@nsmaweb.com.

Good luck,
Leslye Sandberg
Permatron Corporation

-----Original Message-----
From: [redacted]
Sent: Tuesday, June 11, 2002 7:49 AM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Dear Don,

I work for Gunite Corp. which is a large iron foundry. It is not a small business. Steel tariffs will not have any significant adverse effect in foundry. However, the tariffs will marginally increase the cost of our finished components (brake drums, wheels and hubs for heavy duty trucks). We use a number of steel bolts in each unit of brake drum/wheel/hub. We also use steel bearings in hubs.

Best regards,

Laxmi

-----Original Message-----
From: Randy Gay [redacted]
Sent: Tuesday, June 11, 2002 7:47 AM
To: [redacted]
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

Congressman Manzullo,

As a small business in Illinois I am curious to find out where your office stands with regards to the 30% steel tariffs imposed by President Bush. Our company name is Action Tool & Mfg. in Rockford, IL. We build tooling for automotive and commercial applications. Our primary process is metal stamping. As an Illinois manufacturer that consumes close to 6000 tons of steel on an annual basis, this issue hits close to home. Coil steel comprises approx. 80-85% of the cost of our metal stampings. The effect created by slapping foreign steel with a 30% tariff is a steel price increase from the domestic mills amounting to approx. 35%-40% based on my second half 2002 steel price quotations. These types of increases are very difficult to pass on to the customer, especially the automotive customers who are under extreme pressure from the major automakers to cut costs. The end result being something of a trickle back effect where the smaller automotive manufacturers will be forced to either pass along price increases or give up existing business. This will move automotive and other industries to look overseas for manufacturing. The fallout from the tariff clearly has the potential to erode manufacturing in the United States, except it will be less noticeable because it is going to start at the small business' and work its way right up the ladder, unless something is done to control the skyrocketing cost of raw material.

The tariff acts as a great hiding place for domestic mills. Instead of streamlining their operations to take out cost and improve efficencies, as many of us in manufacturing are forced to do to stay competitive, they will continue to run in the same manner that got them in trouble in the first place. Despite what the steel industry says there are mills out there (Nucor) that are profitable and successful, these are companies that have invested the time and money to bring their organizations to the forefront of their industry. We face foreign competition on a daily basis, unfortunatley, we do not have a security blanket to fall back on, instead, we must work harder and smarter to stay ahead of the competition be it foreign or domestic. The tariff decision is not a good long term solution and does not serve the best interests of this country, instead it is a weak attempt by President Bush to secure a few union votes in swing states. I think the President would be quite surprised to see just how many votes will be lost when the consequences of these tariff's come to fruition. If you would like to discuss this matter in more detail please do not hesitate to call.

Randy Gay
V.P. Manufacturing
Action Tool & Mfg. Inc.
Rgay@actiontool.com
www.actiontool.com

-----Original Message-----
From: Michael R. McKinnon [redacted]
Sent: Monday, June 10, 2002 4:47 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Dear Don,

Unfortunately, I cannot provide you with specific information, however I can provide you with general information we are hearing from our customers.

As you are aware, we are a hot dip galvanizer that galvanizes steel parts. If our customers do not remain profitable the will cease to exist. If they do not exist we will have no one to supply and our business along with our 75 employees will be out of business.

We are hearing from our manufacturing customers that there raw material prices for steel have increased significantly and quality material is becoming hard to find. It appears the steel industry is reducing the supply of material further pushing up prices.

A wire product manufacturer advised prices went up 10% in May, another 5% June 1, and they are being advised an additional 10% increase slated for August.

Another customer of ours that uses 10 gauge flat stock states their costs have gone up about 20%. Also, since they can no longer find the quality material they had been using, they have had to compromise on the quality of the steel which is less desirable for galvanizing. The steel being use results in an excessive amount of zinc driving up our selling price to our customer as well as our cost for zinc.

It is also my understanding the tariffs that were imposed affect raw materials. They do not apply to more finished materials. As a result, completed products of domestically manufactured goods are at a much greater disadvantage of imported products. This will ultimately have an even more devastating impact on the small manufacturer.

I hope this information helps. Unfortunately some if it is third hand.

Michael McKinnon
Rogers Brother, Inc.

-----Original Message-----
From: Larry Voss [mailto:[redacted]
Sent: Monday, June 10, 2002 3:24 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Don,

Thanks for asking as this subject came up at a meeting this morning on a bid we were submitting. One of the items noted (which I believe to be true) was the tariff appied to raw material and not finished or partially fabricated items. If we buy foreign steel for this job, we would get charged a hefty tariff, but if we buy the fabrications complete, there is no additional cost. Therefore, the protectionism the United States has implemented would benefit the producers of the raw material "if" U.S. raw steel was used. What is missing is the impact of the fabrication that would probably coincide with this loss. We are seeing an increase already in the cost of the raw material and by buying complete fabrication from foreign companies we can effectively reduce our cost to be competitive in the U.S. but it does eliminate potential labor hours domestically. Incidently, our main competition is foreign with the loss of Beloit Corporation from the paper-making equipment industry.

Our opinion at Paperchine is almost all tariffs are anti-competitive and serve as a crutch for the businesses that they are supposedly helping. Our belief, is price duties placed on foreign steel will allow our U.S. steel producers to raise their prices, increase their profits and pay out higher incentives to their management and their shareholders without doing anything to increase their competitiveness or efficiencies. There is zero incentive for them to spend for research, capital improvements and employee training if an artificial trade barrier is erected.

We are highly in favor of tax credits, such as investment spending, research and development and training initiatives that work on the core issues of efficiency gains and invigorating manufacturing in the U.S. We spend a fair amount of our budget each year to re-invest in our own growth through new products, efficiency etc.

Feel free to contact us regarding this subject anytime. P.S. Paperchine was recently awarded the #18th fastest growing comapany in the U.S. (1st in Illinois) by Entrepreneur Magazine for 2001. We were #24 (2nd in Illinois) for our first year in 2000. Regards, Larry Voss, Vice President and CFO

> Dear Congressman Manzullo:

Although it has not occurred "yet", I have a feeling that now the price for the many steel dental instruments used daily in this country---both those made here and those made elsewhere, will become more expensive to purchase and repair---likely, to some degree, causing an increase in the cost of dental services to offset the additional expense.

Respectfully,

Joseph F. Hagenbruch, D.M.D.

-----Original Message-----
From: Skip Trotter [mailto[redacted]
Sent: Tuesday, June 11, 2002 5:31 AM
To: [redacted]
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

Dear Mr. Manzullo,

These tariffs have affected us in a way that we did not expect. We had blanket orders set up with our steel supplier and now they are non existent. We are forced to pay a higher price for steel with no competitive alternative. Thus as a business we absorb these costs. Why do not we hit tariffs in other areas such as import/export of product into our country. We have just lost close to $500,000 and will lose a total of $1.3 million to China over the next 6 months. Why is that? It is frustrating to tell our employees that they do not have a job anymore, it is going to China. Now we put another person in the unemployment line so we as a business can pay a higher unemployment tax. This is something you have not heard before. If we don't take care of our own business and educate our young people we are going to become a third world nation.

Skip Trotter
VP Operations
Trotter Machine Inc.

-----Original Message-----
From: Virginia [mailto:[redacted]
Sent: Monday, June 10, 2002 4:44 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Dear Congressman Manzullo,

I am a REALTOR®. Although I specialize in listing and selling property on the western side of Whiteside County, what happens in Sterling/Rock Falls impacts our area as well. Fulton does not have enough industry to employ its almost 5000 residents. Our workers traditionally commute to Cordova, the Quad Cities, Morrison, and Sterling to work at jobs that offer good wages, health benefits, advancement, and still allow the workers to live in the small communities of their choice. No longer can workers look to the Army Depot in Savanna. The prison in Thomson remains a distant hope. Now the 1400 jobs at the wiremill in Sterling have shrunk to 200. The woeful situation at the wiremill was directly effected by the influx of foreign steel onto the American market.

Needless to say, sales are not brisk in my area. There are sales, but I see sales moving best at the high and low extreme ends of the market. The average worker with the average salary is safeguarding or delaying his desire to upgrade.

I find myself doing more appraisals for lenders/buyers who are refinancing current properties rather than upgrading. I also have commercial property that I have not been able to move for two years...a lovely supper club and bare land.

The school systems in our county have lost enrollment as families have moved to other areas where jobs were available. With the decrease in enrollment comes a loss of revenue which leads to a further loss of jobs within the school systems which again impacts the real estate industry.

I have a question for you and Secretary Evans: Can you tell me who supplied the steel that was used in the construction of the (to be) maximum security prison in Thomson, Illinois? We know it was not supplied by the steelmill in Sterling, Illinois....less than fifty miles away. Was it foreign steel?

Virginia Ray

-----Original Message-----
From: Fred [mailto:[redacted]
Sent: Thursday, June 13, 2002 4:39 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

TARRIFS ADVERSELY AFFECT FOREST CITY GEAR. Fred Young

-----Original Message-----
From: Jim Evans [mailto[redacted]
Sent: Wednesday, June 05, 2002 11:06 AM
To:[redacted]
Subject: Trying to save steel is killing our economy.

Chairman Manzullo,

With 170,000 steel workers as opposed to 2.4 million downstream consumers of steel it poses quite a problem when the administration seeks to aid the steel industry and the first thing the steel manufacturers do is attempt to gouge and for lack of a better term rape the very people they are suppose to be servicing. Withholding needed steel and claiming a shortage is not the best means to better the economy that supports you.

The Administration has taken a child, put them in a candy store and left them unsupervised. They have given them the store, are they now going to baby-sit as well or are 40% of the nation's small to medium businesses going to end up closing their doors in payment for the mistake that was made?

Imported steel was never the problem and tariffs were never the answer. The problem was and still is the inability of the United States Steel manufacturers to operate their businesses efficiently and effectively in a global economy due to poor planning (as is evidenced by the current market conditions), poor investments, lack of process improvement, lack of plant upgrades and increasing costs of unionized labor. Take away the ridiculous salaries paid to the management staffs and employ people that will work at a normal working class wage instead of the $35-$45 per hour Union wage in an effort to keep their job and company running and then perhaps they can survive in the normal playing field of economics.

All we can do is hope that President Bush recognizes his Political mistake and corrects soon enough to save the people that truly need saving at this point.

Sincerly,
Jim Evans
Purchasing Manager
Akron, OH

[redacted]

June 14, 2002

Chairman Don Manzullo
U.S. Committee on Small Business

Dear Representative Manzullo;
I'm sorry I was unable to respond earlier.
I am the owner of MLP Seating Corp, a small business that manufactures furniture using tubular steel frames. Our products are sold to the commercial seating and gaming industries. We employ about 40 people and have been in business over 50 years.
Since the implementation of the steel tariffs by President Bush, we are seriously concerned about our future. We have seen swift and dramatic price increases for our frames. In addition, our suppliers are cautioning of the possibility of further increases and potential shortages in steel supply later this summer.
While we can adjust our prices in selected markets, in most cases we must hold our prices due to competing foreign market pressures and the weak economy. Our business has already been suffering over the last few months due to general economic conditions. Consequently, the steel price increases only further exacerbate a bad situation.
We need your help to reverse these protectionist decisions that are intended to help one segment of the economy at the cost of numerous others. Thank you for your support and concern.
Sincerely,
Ralph D. Samuel
President

-----Original Message-----
From: Zaruba, Paul [mailto:[redacted]
Sent: Wednesday, June 12, 2002 5:13 PM
To: [redacted]
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

ear Congressman Manzullo,

I was not able to reply to your message yesterday as I was out of the office. I am replying today in hopes that late information may be better than none at all.

I am the V.P./General Manager of a small forging operation in Havana, IL. Our principle product is used by John Deere and Case/NH on combines and hay mowing equipment. In the current 'down' market, we employ 45 people in our manufacturing operation. In previous years we employed as many as 135 people.

We recently received an 8.6% increase on steel costs from our domestic steel suppliers on all material shipped after June 1, 2002. They justify this increase due to the escalating price of steel scrap used to produce our material. Scrap comodity prices as published by the American Metal Market have increased over 35% since the beginning of this year due to increased demand created by the steel tariffs.

My company is the only manufacturer of our product in North America. Consequently, ALL of our competition is overseas in Germany, England, and Japan. Due to the strength of the US Dollar, we are already burdened by competitive pricing pressures. Our customers can, and do, buy significant volumes of product from our competitors because it is less costly. Now, in order to maintain what's left of our extremely small profit margin, we are forced to ask our customers for a price increase. Increasing our pricing to our customers will cause us to be even less competitive in the world market and threatens further erosion of our market share.

ast year we lost the business of a major customer due to the dollar strength. This loss caused the elimination of approximately 15 jobs (30% of our employees). The current steel issue added to the already strong dollar issue will almost certainly cause continued loss of business and jobs. The only way we will be able to stay in business long term is to purchase product from Asia or anywhere outside North America and resell it to our customers. If this occurs, another 30% - 50% of our employees will most likely be out of work. Many of our employees are in their 50's and looking forward to retirement in a few years. If the current trend continues, they will need to cash in their retirement funds to provide funds to live on until they can collect Social Security - if that hasn't been spent on "other" programs by then.

When will our government officials realize that the decisions they are making are putting the people who elected them and pay the taxes that support their salaries out of work? Somehow they must understand that these people will not re-elect the same politicians who were in office when they lost their jobs, homes, cars, retirement funds, and even sometimes their families. Unfortunately, unless something changes quickly it will be too late to turn things back around.

We need action NOW before it's too late.

I sincerely hope you are successful in your endeavors to improve these issues.

Thank you for your efforts.

Paul Zaruba
VP/General Manager
MacLean Forge
15350 N. State Rt. 97
Havana, IL 62644

-----Original Message-----
From: [redacted]
Sent: Friday, June 14, 2002 8:29 AM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Dear Congressman Manzullo;

Thank you for the letter. Unfortunately, I did not pick up my E-mail yesterday. So this is "a day late, and a dollar short."

We were reviewing stainless steel costs for our Washdown Separators a couple of weeks ago, and asked about pricing on other steels. The inside sales person at the steel jobber told us that prices per hundredweight for steels affected by the new import orders had been going up at the rate of one
dollar each week for the two months following the order.

Our stainless steel prices have also taken a couple of large jumps since the first quarter of this year.

All this, on top of two years of lousy industrial sales, is killing business. When a consumer is strapped for cash, he just whips out the credit cards. When our industrial customers are strapped for cash, THEY QUIT BUYING. We try extending credit in the form of lease agreements and conditional sales contracts, but it seems to make no difference.

The economists talk about the "short recession." They should try making
a living in the industrial world. Things "recessed" at least a year before financial people woke up to conditions.

Thank you for this opportunity to talk. Sorry it's too late.

D. M. Wisner, Managing Partner

-----Original Message-----
From: Sheldon L. Epstein [mailto:[redacted]
Sent: Monday, June 10, 2002 7:38 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Hello Rep. Manzullo,

Thank you for your inquiry regarding how steel tariffs have affected our business. We build machine vision inspection systems and other electronic instruments used by manufacturers to monitor quality in their production processes.

Although we are not a significant purchaser of steel in any form, steel companies (U.S. Steel, Bethlehem Steel, Inland Steel and LTV Steel) used to be our customers. We concluded years ago that these companies were poorly managed and operating with obsolete (and sometimes dangerous) equipment. For these reasons and because we perceived a credit risk, we dropped all of the steel companies as customers.

Steel companies have received repeated tariff protection and subsidies since at least the 1970s. Each time they were given a boon, they chose to use those funds for purposes other than plant modernization. For example, US Steel bought Marathon Oil. While that may have been a good decision for USS shareholders, it did nothing to improve production efficiency or provide additional sources of quality steel for other US manufacturers.

U.S. steel manufacturers are doomed to fail because of management incompetence and the Federal Government should let that happen. Suppose you were a recent engineering graduate from M.I.T. (I am Class of 1960), would you go to work for any of the major steel manufacturers? I hardly think so. If you have any doubts, then I suggest that you check with the placement offices of major engineering schools on how many degreed engineers were hired by the major steel companies. I suggest that you start with The University of Illinois.

In closing, please note that Illinois is a major steel consuming state - we're not a significant producer. Big steel purchasers (e.g.. Caterpillar and John Deere) are far better customers for us than any of the steel companies ever were. Given a pot of money to invest, I could easily find 100 industries with far more promise for investors, employees, customers and vendors than any of the so-called aggrieved steel companies.

While I understand the political rationale for granting some tariff protection, I look forward to the day when it ends and the U.S.A. can regain its moral authority as the "Free Trade" champion of the World.

Best Regards,

Sheldon L. Epstein, Shel@k9ape.com
Chief Engineer & Owner
Epstein Associates -- K9APE
P.O.B. 400
Wilmette, IL 60091-0400 U.S.A.
www.k9ape.com

10th Illinois Congressional District - Before Redistricting
9th Illinois Congressional District - After Redistricting

-----Original Message-----
From: TechniKrom [mailto:[redacted]
Sent: Monday, June 10, 2002 8:56 PM
To: [redacted]
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

Dear Don,

Thanks for your update. TechniKrom is a small high tech U.S. owned and operated business making stainless steel purification equipment for the Biotech, Pharmaceutical and Fine Chemical Industries. We are competing in a global market where our chief competitors in the U.S. are large European firms. Any increases in the cost of 316 stainless steel that affects us but not our competitors reduces our ability to compete in the U.S. as well as throughout the world. We greatly appreciate your efforts to consider and minimize adverse economic impacts on small businesses like ours.

regards,

TechniKrom, Inc.
Lou Bellafiore

From: HARNERR[redacted][mailto:[redacted]
Sent: Monday, June 10, 2002 9:17 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

How cana republican set tariffs up This is reminds one of Smoot harley in
the
trigger of the depression.

-----Original Message-----
From: jtswenby[redacted] [mailto:[redacted]]
Sent: Monday, June 10, 2002 9:44 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

My company supplies pallets to several fastener manufacturers. They are no longer competitive with foreign competition and are moving their production offshore.

This reduces their need for pallets inturn effecting my business. We are now selling 40% less pallets to our customers then we were 2 years ago.

-----Original Message-----
From: Bob Trojan [mailto[redacted]
Sent: Tuesday, June 11, 2002 7:58 AM
To: [redacted]
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

Yes, Don, we are also seeing prices increases for our steel.
We are a new, small company manufacturing hydraulic cylinders. These products use steel tubing and bar stock as essential raw materials. We purchase from distributors of these products and they are beginning to pass on some of the increases.

What I don't understand is why the U.S. steel companies simply didn't hold prices and gain a greater market share. Instead, they are increasing prices!
Additionally, we are being told that the foreign importers are bringing steel into Canada thus avoiding the tariffs. So now we are back where this started except that the prices have gone up!

Help, Help!!

Bob Trojan
President/CEO
Rockford Linear Actuation, Inc.
[redacted]
815-986-4401

-----Original Message-----
From: [redacted] [mailto: [redacted]
Sent: Tuesday, June 11, 2002 8:06 AM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Dear Don:

For us, a small fastener manufacturer, steel tarrifs will ultimately reduce our profit margins. Because of the tariffs, we just received our first steel increase in over 12 years. Because of competitive pricing, we can't pass these costs on to our customers. We are forced to absorb the increases. Rising steel prices will, ultimately, cause an inflationary spiral. It's inevitable.

Mark Kramer
President
Keen Fastening Systems, Inc.
Elk Grove Village

-----Original Message-----
From: Bobby [mailto:[redacted]
Sent: Tuesday, June 11, 2002 8:12 AM
To: [redacted]
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

Dear Don,

Our situation at Dasco Pro is OK for now but only because we had signed a year contract back in January with a steel broker/jobber who inventories the steel for us and we guarantee them our entire business for the whole year.

They have already told us that we will be seeing "a pretty substantial increase come January 2003 due to what's happening out there in the marketplace". So obviously the tariff's are going to have a dramatic effect on our costs at that time.

We sell our products to the hardware and home center market where we have not had a price increase since 1995 and will not see a chance to do so for quite awhile! Along with the 20 to 30% price increases we are experiencing in group health and business insurance, margins are going to shrink substantially in the next year. We still have to pay a good wage for our workers and have to provide excellent benefits to attract good workers. But, this all costs quite a bit.

Needless to say, I am very worried about our business in the next year! Thank you in advance for all your help in small business matters.

Sincerely,
Bob Reitsch

-----Original Message-----
From: Ken Sien [mailto:[redacted]
Sent: Tuesday, June 11, 2002 8:31 AM
To: [redacted]
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

We have experienced 10% to 35% price increases, lead-times as long as 16 weeks for contract material and a severe drop in quality on this high priced ,long lead-time material.

-----Original Message-----
From: Richard Malek [mailto:[redacted]
Sent: Tuesday, June 11, 2002 7:29 AM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Chairman Manzullo,

I greatly appreciate all the work that you are doing for the small manufacturer's in the steel industry. My company, Tech-Max Machine, Inc. has been impacted by the steel tariff in the cost of our raw materials. We have not been able to pass on the increased cost of raw material steel to our customers. This has put further pressure on our already deceasing margins.

I am part owner of Tech-Max Machine, Inc., and I am a current member of the Board of Directors of the Tooling & Manufacturing Association (TMA). I am very active in promoting our industry and defending our markets. In addition to the steel tariff, I would like to see more work done on as issue that has had a far greater impact on our business and that is the strength of the dollar. We are a computerized machine shop that makes metal parts for various industries. For the first time in our company history, we are losing orders to foreign competition. In fact most of our competition comes from Canada. How can we possibly compete with companies that can quote 45% below our prices?

Please feel free to contact me anytime if I can be of assistance. I am a willing participant to "get the word out" and appreciate your contribution to our cause. My daytime office phone is (847) 238-1070.

Sincerely,

Richard Malek
Tech-Max Machine, Inc.
[redacted]
(847) 238-1070
(847) 238-8769 Fax
www.Tech-Max.com

Elk Grove Village

-----Original Message-----
From: Haupers, Joe [mailto:[redacted]
Sent: Tuesday, June 11, 2002 7:31 AM
To: [redacted]
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

Mr. Manzullo,

Thank you for writing us and asking our opinion. Yes the steel tariffs have most definitely hurt our business. It is bad enough we are in the state of economy we are in. Much of the business we are competing for is going abroad. And once that happens it is very difficult to get it back. American manufacturers definitely need some relief not only for this current time, but for the future also. I have several major customers that have openly admitted they are being pressured from their top management to purchase their machined products abroad. We can't constantly lose business to countries because of unfair competition. It is difficult enough right now without the tariffs. We are going to end up losing manufacturing in this country and end up being a country full of service industries. If we are to survive as a country, we must be able to manufacture our own products. I believe the government needs to get involved in this quickly. It is for the good of our country.

A Concerned American Manufacturer,

Joseph A. Haupers
Swiss Precision Machining, Inc.
Niles, IL. 60714

-----Original Message-----
From: [redacted] [mailto: [redacted]]
Sent: Tuesday, June 11, 2002 7:43 AM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

FACT
LARGEST CUSTORMER NOW BUYING FROM INDIA.
SECOND LAGREST, NUCOR WHERE I BUY ALL MY HIGH CARBON STEEL WONT TAKE ORDERS FOR THE FOURTH QUARTER OF 2002. EVERY ORDER THAT I RECIEVE NOW NEEDS TO BE INCREASED BECAUSE STEEL PRICE INCREASES. ART LASSER CEO WOOD BROS.STEEL STAMPING.

Dear Chairman Manzullo,

' appreciate your asking. To be blunt, it is badly hurting my business, and is hurting every single other metal stamper I have talked to, especially those of us serving the automotive industry.

I have actually had to tell customers "you either accept this material increase pass through or move the tooling". A month ago we were paying around $18/cwt for HRPO, today we are paying closer to $30/cwt.

My greatest usage is in 1008/1010 cold rolled CQ and DQ. I use in excess of 13 million pounds of this material every year, primarily to manufacture safety critical brake booster components. My customers for these include Robert Bosch, Continental Teves, Jidosha Kiki, and Tokico. All of these companies are foreign, and "global".

Through them, I have parts on just about every car and truck Ford and Chrysler produce. I have been told that due to the increases, all of my customers are putting forth a "significant" effort to find a supplier outside of CONUS, in order to reduce their cost impact.

If this actually happens, Tro manufacturing, a 50+ year old family business employing 45 people, will probably go under. This will in turn hurt the suppliers I use. In addition, more manufacturing work will have been permanently removed from the US.

Do you see a pattern here?

As a citizen, taxpayer and Veteran, I have a lot of personal heartburn with bailing out an inept, inefficient, and probably criminal group of steel manufacturers at the direct expense of tens, if not hundreds of thousands of steel users, not to mention the direct cost to every single consumer in the US.

The really sad part of this is that some foreign steel companies probably are dumping. Even given that, why is it that there are US steel companies that were thriving? We are rewarding incompetence, and punishing those of us that have been doing well.

Best regards,

Scott Sanda

-----Original Message-----
From: Pat Derry [mailto[redacted]
Sent: Tuesday, June 11, [redacted] 8:29 AM
To: [redacted]
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

Don,
We compete against imported stainless steel hinges produced in China. Since Chinese Stainless Steel has been subsidized by their government we have had extreme price pressure. We were considering buying stainless steel coil stock and producing the hinge at RPC in Rockford. Now we have a tariff on the steel but no tariff on the fabricated hinges produced in China and shipped into our markets. You've made the situation worse not better.
Good Luck
Pat Derry
President and CEO
Rockford Process Control, Inc
2020 Seventh St.
Rockford, Ill 61104
815-966-2000

-----Original Message-----
From: Bruce Reinhard [mailto:[redacted]]
Sent: Tuesday, June 11, 2002 8:35 AM
To: [redacted]
Subject: FW: Manzullo: Have Steel Tariffs Affected You?

> ----------
> From: Stan Valiulis
> Sent: Monday, June 10, 2002 4:03 PM
> To: Bruce Reinhard
> Subject: RE: Manzullo: Have Steel Tariffs Affected You?
>
> Dear Mr Manzullo:
>
> The increases in steel will dramatically impact our business at the worst
> possible time. The economy is soft and our customers have gone to
> internet reverse auctions
> which are shrinking our margins dramatically and forcing overseas
> manufacturing. We are in the Retail store fixturing business and our
> products are 80% steel and steel wire.
>
> As an observation, we do business in Europe and they have a poor opinion
> of our governments decsion to protect the domestic steel market during
> such an uneasy period
> in world history.
>
> Thank you for your interest in our situation.
>
> Regards
> Stanley Valiulis
> CEO Southern Imperial Inc.
> Rockford,IL
>
>

-----Original Message-----
From: Bruce Gillilan
Sent: Monday, June 10, 2002 5:46 PM
To: [redacted]
Subject: FW: Manzullo: Have Steel Tariffs Affected You?

Dear Chairman Manzullo:

Absolutely no question that the steel tariffs are just about to affect my company, my customers, and my employees in a very adverse fashion. Thus far we have not received any cost increases from our foreign suppliers but it appears inevitable it will happen soon.

We do purchase about 40% of our total consumption of steel domestically but only for our easy to produce non-critical sizes. We have purchased our most critical sizes of hardened and tempered steel from the only sources in 'he world capable of providing the quality needed for the knife and saw blade applications we serve. The primary source we have used for the past 30 years is Boehler/Uddeholm located in Sweden. This is maybe the most expensive mill in the world.

The raw materials Uddeholm uses have fewer impurities than our domestic materials. The tolerances of their rolling mills are tighter than are produced in the States. The slitting and edging steps are readily available in the States but this material must be single strand hardened

-----Original Message-----
From: Jeff Ross [mailto:[redacted]
Sent: Tuesday, June 11, 2002 1:05 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Don,

Steel is a tough one for us.
Firstly, in our industry, we are subject to the Buy America laws that govern the transit industry. We are required to use domestic steel for all of our transit projects. However, our Canadian competitor might use steel made in Canada, then hot dip galvanize the steel, thereby covering the source of origin. Either way, very few Transit Authority's audit or care about where the steel comes from unless they are questioned. All a manufacturer has to do is sign a certificate, and he is off and running. This leaves us in a very uncompetitive position. The FTA also has Buy America waivers, for projects under $100,000.00. Most of our projects are in this range. The bottom line is that the FTA has created a situation for us, where we are actually penalized for using domestic steel. Our U.S. competitors have decided to manufacture their products from aluminum to eliminate the steel problem. Where do we go from here? Probably Canada, as many other U.S. transit manufacturers have gone. When policy dictates that we send our transit dollars to Canada, everyone in the U.S. loses.

Jeffrey A. Ross
Ross and White Co.
1090 Alexander Court
PO Box 970
Cary, IL. 60013-0970
847 516 3900 ext. 400
fax 847 516 3989
[redacted]
www.rossandwhite.com

-----Original Message-----
From: Schapor Nejati [mailto:[redacted]]
Sent: Tuesday, June 11, 2002 12:54 PM
To: [redacted]
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

Dear Mr. Manzullo:
I have been experiencing significant steel price increase in the last few months, therefore it has direct effects on our product final cost, and products become very expensive, it is difficult to compete with over seas manufacture.

S. Nejati

-----Original Message-----
From: AltoMfg[redacted][mailto[redacted]]
Sent: Tuesday, June 11, 2002 11:41 AM
To:[redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

We are a small custom rollformer using slit coil material that typically represents 1/2 of our job cost. With a target return of about 6% on jobs we run, the 30% increase in steel prices over the last several months have dramatically reduced the profitability of our company and forced us to turn away some jobs , lose others to foreign producers and reduce our work force to remain competitive and viable.

-----Original Message-----
From: [redacted] [mailto [redacted]]
Sent: Tuesday, June 11, 2002 11:25 AM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

We are a small manufacturing business in Rockford, Illinois. We are experiencing increasing difficulty in obtaining smaller lots of steel. In the past we were able to purchase almost any diameter and length combination in smaller lots without much difficulty. Recently, it is near impossible to get the steel we require for special jobs. The steel distributers are consistantly telling us we need to make a "mill buy" to get the material we require. This size lot would recquire us to 2-3 times in excess inventory than the original order would be worth.

We also are competing against larger US ballsscrew manufacturers. They are able to purchase this material in larger lots since thay have to sales base to justify the excess inventory. This shortage of steel in our opinion has been one of the results of the steel tarriffs.

Thank you for you time,

Andy O'Connell
V.P. Operations
Rockford Ball Screw Company
3450 Pyramid Drive
Rockford, Il 61109
www.rockfordballscrew.com

-----Original Message-----
From: cms [mailto:[redacted]
Sent: Tuesday, June 11, 2002 2:36 AM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Dear Chairman Manzullo,

We are suffering from availability of steel as well as higher prices. Before the tariffs, we were able to receive steel in 1 - 2 weeks. We are now waiting 4 - 5 weeks. In our manufacturing world, lead times are generally "Just in Time" or a 2 - 4 week delivery after receipt of order, for parts. Our customers will not wait 6 - 8 weeks for deliveries and they will go elsewhere with their business. They are not accepting price increases for the higher material costs that we are being forced to pay.

Thank you,
Janet Kaiser, Century Metal Spinning Co.
3565 N. Milwaukee Ave., Chicago, IL 60641
jkaiser@centurymetalspinning.com
voice: 773-282-7103
fx: 773-282-0362

----- Original Message -----
From: "Larry Voss" [redacted]
To: [redacted]
Sent: Monday, June 10, 2002 3:23 PM
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

> Don,
>
> Thanks for asking as this subject came up at a meeting this morning on a bid
> we were submitting. One of the items noted (which I believe to be true) was
> the tariff appied to raw material and not finished or partially fabricated
> items. If we buy foreign steel for this job, we would get charged a hefty
> tariff, but if we buy the fabrications complete, there is no additional
> cost. Therefore, the protectionism the United States has implemented would
> benefit the producers of the raw material "if" U.S. raw steel was used. What
> is missing is the impact of the fabrication that would probably coincide
> with this loss. We are seeing an increase already in the cost of the raw
> material and by buying complete fabrication from foreign companies we can
> effectively reduce our cost to be competitive in the U.S. but it does
> eliminate potential labor hours domestically. Incidently, our main
> competition is foreign with the loss of Beloit Corporation from the
> paper-making equipment industry.
>
> Our opinion at Paperchine is almost all tariffs are anti-competitive and
> serve as a crutch for the businesses that they are supposedly helping. Our
> belief, is price duties placed on foreign steel will allow our U.S. steel
> producers to raise their prices, increase their profits and pay out higher
> incentives to their management and their shareholders without doing anything
> to increase their competitiveness or efficiencies. There is zero incentive
> for them to spend for research, capital improvements and employee training
> if an artificial trade barrier is erected.
>
> We are highly in favor of tax credits, such as investment spending, research
> and development and training initiatives that work on the core issues of
> efficiency gains and invigorating manufacturing in the U.S. We spend a fair
> amount of our budget each year to re-invest in our own growth through new
> products, efficiency etc.
>
> Feel free to contact us regarding this subject anytime. P.S. Paperchine was
> recently awarded the #18th fastest growing comapany in the U.S. (1st in
> Illinois) by Entrepreneur Magazine for 2001. We were #24 (2nd in Illinois)
> for our first year in 2000. Regards, Larry Voss, Vice President and CFO
>

South Beloit

-----Original Message-----
From: Bob Tlapa [mailto:[redacted]
Sent: Tuesday, June 11, 2002 10:11 AM
To: [redacted]
Subject: Re: Manzu[redacted]e Steel Tariffs Affected You?

Dear Mr. Manzullo,

Regarding the steel tariffs, it has affected our business in an indirect way but no less dramatic. We are one of only two U.S. Manufacturers of CNC wire bending equipment. This type of equipment uses steel wire. Because of the negative impact this tariff has on the producers of steel wire parts, we have seen a definite slowing of orders for machines. This can be attributed to a still shaky economy or it's a result of the tariffs or a combination of both. Prior to the tariffs, there were definite signs of a resurgence in the wire fabricators' business. Within a month of the tariffs going into effect, there was a definite slowdown. Coincidence? Possibly but probably unlikely.

We are currently in the middle of a wire trade show here in Chicago. I have heard fabricators voicing their displeasure with the tariffs situation and they are saying that it has had a negative impact on their business. If someone from your office had the time, it would be worthwhile for them to go to Navy Pier TODAY Tuesday, June 11 and "cruise" the show and interview the attendees to get more information.

On a similar subject, it is a fact that European countries provide subsidies to their industries for attending trade shows to promote the export of their products. For decades, the French has been bending the rules and using the subsidies as a method for undercutting prices under the guise of "trade show" funding. I have of this nearly 30 years ago. Things haven't changed and it was confirmed by our representative in the UK.

This brings to mind the possibility that subsidies such as this can be used as a retaliatory measure to "punish" U.S. companies by using predatory pricing tactics as punitive reaction to our tariffs. With a strong U.S. dollar and cutthroat pricing from abroad, it makes it very difficult to compete domestically against foreign made machines.

An investigation of these practices should be made to determine if, in fact, they do exist and to what extent and bring to them to the Administration's attention.

Sincerely,
Robert Tlapa
Vice President
Sales and Marketing
AIM, Inc.
1609 S. Laramie Ave.
Cicero, IL 60804
708-780-0008

-----Original Message-----
From: [redacted] [mailto: [redacted]]
Sent: Wednesday, June 12, 2002 8:37 AM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

I appreciate hearing what you are working on with our government policies. As a small business owner I have been affected tremendously by the steel tariff. My steel prices have increased any where from 25% to 50%. The market for capital equipment is still feeling the downside of the economy and
customers will not pay more for our products. Therefore we are forced into absorbing the increase in steel prices.

We have inquired with several state and federal agencies looking for assistance to our economic problems. NO money is available to help us with the losses we have incurred. The government will be happy to loan me money if I will expand my business, but not to help me stay in business.

The steel tariffs are not the only problem that we have to deal with. It was
just the last one to come about and make it more difficult for the small business manufacturers to survive knowing other industries are getting government assistance.

Thank you for your concern
Micheal Hamilton
Magnum Press Automation, Inc.

Jerseyville, IL 62052

-----Original Message-----
'rom: customer service [mailto:[redacted]
Sent: Tuesday, June 11, 2002 9:56 AM
To: [redacted]
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

Dear Congressman Manzullo,

We are a young start-up manufacturer of drinking water appliances and we firmly believe that the recent steel tarriffs serve to increase prices for all manufacturers - and consumers - and only protect a few large companies that have failed to reshape themselves for more than 20 years.

How unusual that a republican, conservative President can find himself on the voting end of such a one-sided, liberal protectionist measure.

If protectionism and tarrifs are the "final solution" for uncompetitive companies, then the end of manufacturing in the US is near.

Instead, let's champion the steel companies that have reshaped themselves and put them up as an example of innovation and change. The future should not be based on protecting poor leadership of the past but on responding to new challenges through change ... lessons for our US Government as well.

The future of manufacturing in the US depends on new industries, new innovations, newly trained and educated workers ... the jobs of the past will gladly go offshore if leadership looks to the future and embraces change.

)itto for the textile industry and all the other tarriffs now on the books! They only serve to hold our society back and lock up resources - both human and financial capital - to a dying past.

Does America want to allocate its resources (in the form of tarriffs paid by American consumers) in a futile attempt to recapture a time gone by ... or should leadership in Washington and corporations across the country usher in the exciting new era of technology ... every dollar sent to the steel industry is a dollar less that can prepare US manufacturing - and our workers - for the future.

The technology revolution is still very young and its benefits accrue to all of our society.

All the Best!

George Knoll
President
Natural Choice Corporation
748 Landmark Drive
Belvidere, IL 61008
phone 815-547-7726
email gknoll@naturalchoicewater.com
web www.naturalchoicewater.com

-----Original Message-----
From[redacted]ExcelGear[redacted]
Sent: Tuesday, June 11, 2002 6:38 PM
To:[redacted]
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

Yes. We are paying 5- 16% more for steel now because of tariff. Increase depends on type and grade of steel we buy. Prices of scrap material also has gone up
Sorry for the delay in replying and thank you for trying to help small businesses.
Sincerely,
N.K. Chinnusamy

-----Original Message-----
From: [redacted] [mailto: [redacted]]
Sent: Tuesday, June 11, 2002 9:58 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Dear Congressman Manzullo:
I am writing as a reply to your e-mail regarding tariffs on steel. I am a manufacturer's representative working in the industrial sales area. Our company sells machine tools, tooling, and accessories primarily to the already devastated metalworking industry. Here in the Midwest our distributors and customers estimate that their businesses are at 50 to 60 percent of what they were in 1999. Cash flow and revenues for many manufacturers in the metalworking and manufacturing industries have been extremely poor. Higher steel prices only exagerate the problem for our customers who have already made cuts in personnel, cuts in prices, and cuts in spending. Our sales volume in 2002 is about 40 percent of what it was a year ago because our customers have no money to spend on plant improvements they desperately need. This is a most difficult time for manufacturers, especially those in the metalworking industry. I suggest that you poll machine tool distributors. It will give you an idea of how grave the situation has been. I hope this information is helpful and sincerely appreciate the work you have done on behalf of small businesses.
Sincerely,
Doug Emory

-----Original Message-----
From: Jim [mailto:[redacted]]
Sent: Tuesday, June 11, 2002 4:24 PM
To: [redacted]
Cc: Rocky; Bruce Braker (E-mail)
Subject: FW: Manzullo: Have Steel Tariffs Affected You?

Dear Chairman Manzullo,

Ramcel Engineering is a job shop metal stamping company employing 75 people. A significant percentage of our business is stampings made using hot dipped galvanized steel. The tariffs have caused us great pain and anxiety because it is very difficult to obtain this type of material. In addition, prices have risen as much as 25% which cuts into our profit margin. This obviously puts us at a pricing disadvantage with our competitors in Asia and elsewhere.

I can understand the President's concerns for the steel mills as we :ertainly need to be able to make some of our steel in America. But, there must be a better way because the tariffs are driving manufacturing out of our country at an accelerated pace. Please help small manufactures, like Ramcel, however you can.

Sincerely,

James C. Mengarelli
Executive Vice President
Ramcel Engineering Co.
Phn 847-272-6980
Fax 847-272-7196
e-mail:[redacted]

-----Original Message-----
From: Thomas Humphris [mailto:[redacted]
Sent: Monday, June 10, 2002 2:22 PM
To: [redacted]
Subject: Steel Tariffs

Dear Don:

We are longtime manufacturers representatives of several manufacturing companies providing engineered components throughout Northern Illinois and Southern Wisconsin. I prefer not to get into specific names, but will give you one example of a component affecting three customers in Illinois. Total annual cost of the component to these three customers is approximately $300,000.00 in a very mediocre economy. Because of the tariff on cold rolled steel this component has just been increased nine percent for a total annual increase of $27,000.00. Naturally, that cost will increase as it is funneled to the consumer.

Unfortunately, we never seem to learn from history. Probably a more pertinent observation is that politics seems to override history and common sense. I do appreciate your efforts to bring sanity into the equation.

Very truly yours,
Tom Humphris

TH/jt

-----Original Message-----
From: Roger C Schulz [mailto[redacted]
Sent: Monday, June 10, 2002 2:15 PM
To: [redacted]
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

I sent you a letter by Fax last week about this exact topic. Please find it and read it. It will explain a lot.

In a nut shell, we experienced immediate price increases on many of the steel items that we purchase. These price increases ranged from 10% to 30%. Some steel items are becoming VERY difficult to locate at any price, as the US mills selectively drop products that were lower margin for them. I doubt very much if the US mills are doing ANYTHING to upgrade their processes; I suspect they are just upgrading their profits.

The absolute worst situation is that many of our competitors (and our customers) will now begin importing products to compete with those made in our plant. We are caught between a rock and a hard place. If we raise our prices to account for the steel increase, our customers will buy foreign products. If we absorb the increase in costs, our profits will be reduced substantially, and potentially threaten our very existence as a manufacturer. Our customer base refuses to accept price increases; we have no choice but to look
at foreign manufacturing of our own products as our only viable alternative.

Remember, there are NO tariffs on imported products, just steel. Our Asian friends should be ecstatic!!!

It is a said commentary on the state of our leadership to trade the votes of a few thousand steel workers for the livelihood of thousands of employees of steel consuming industries.

The announcement of "exemptions" for selected items is silly, too. Just get rid of the tariffs altogether.

I could go on and on about this, but that's for another day. this is what you asked for.

Sincerely,

Roger Schulz
Director of Purchasing
Fulton Corporation
Fulton, IL

[redacted]

-----Original Message-----
From: Nucor Industrial [mailto:[redacted]
Sent: Monday, June 10, 2002 2:36 PM
To: [redacted]
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

Dr. Mr. Manzullo
Thank You! I thought no one in the government was interested in hearing from common citizens anymore. It seems the government is just a big self perpetuating machine that sucks in all the tax money it can and spits out nothing but crumbs for the constituency, except for all the headaches and heartaches it causes in not being responsive to needs. And small business has needs, as it employs the lions share of the voting citizenry these days.
The steel tariffs are artificially inflating the prices of steel and who truly believes the domestic suppliers are going to keep their prices significantly lower than the imports? We are seeing increases on a daily basis, and it is affecting our competitiveness against fabricators who have a large standing inventory, when most of us are forced by economics to purchase on a by-the-job basis. We have seen increases of 10-15% on some items with more on the way.
Old out-of-date steel mills NEED to be forced from business by the economic milieu. There are many efficient modern technologically superior producers domestically, many of the producing top notch steel competitively with foreign manufacturers. Let these people make a profit without worrying that older mills will go out of business. We all have that worry and must keep up, some large corporations just don't want to make the effort or feel that their government will bail them out. I needed a bail out too a couple years ago, but I went bankrupt, reorganized and restructured, and am now making more money than I EVER made in the ten years previously. Change is not a bad thing, it's just difficult to push through sometimes, but after it's all over everyone will be glad the changes were made. I am in the business of business infrastructure,
and as such, am well aware of the problems and costs of maintaining old vs. new technologies and business systems. But fear of change never kept me from making a dollar, nor should it anyone else. Let the market set the prices, not artificial arbitrary government policies which more often than not are knee jerk reactions to a temporary self induced state of affairs. If business ran itself like the government often does, there would be damn few profits turned in a year. Thank you for letting me vent.
Sincerely,
Thomas A. Tewell
Nucor Industrial Services
Tuscola,IL 61953

-----Original Message-----
From: lawrence.chapo[redacted]
[mailto:[redacted]
Sent: Monday, June 10, 2002 3:02 PM
To: [redacted]
Cc: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Dear Don,

The steel tariff issue shows just how political and hypocritical our foreign policy in the trade area is. It creates tensions in general. It clearly shows how the cliches of "level playing field" and attacks on subsidies are invoked selectively. It takes away our position of the moral high ground in other areas as well, including the issue of terrorists.

I hope this can be of use to you.

Larry

-----Original Message-----
From: Conkling, Bill [mailto[redacted]
Sent: Monday, June 10, 2002 3:25 PM
To: [redacted]
Cc: Bigger, Patti
Subject: Manzullo: Have Steel Tariffs Affected You?

The steel we purchase is made from scrap steel. The price our domestic suppliers pay for scrap steel which is melted to produce new steel has increased over 40% since the tariffs were imposed. Our suppliers have imposed a surcharge on steel shipped to us based on the market price of scrap steel. I estimate this will cost Specialty Screw a minimum of $75,000 this year.

I would also refer you to an article in the May 10, 2002 issue of the Wall Street Journal entitled "Foreign Steelmakers Increase Prices.

Bill Conkling, VP & CFO
1-815-969-4131
[redacted]specialtyscrew[redacted]

-----Original Message-----
From: Drummond, Rod, /rwd [mailto:[redacted]
Sent: Monday, June 10, 2002 4:22 PM
To: [redacted]
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

Dear Congressman Manzullo:

I am responding to your question about steel costs. We have seen an increase of 22 to 25%. The net affect on our product cost is approximately 2.5%. Of course our business is down dramatically so we are not buying much material at this time. Any cost increase is more bad news for our industry.

I trust you can get this point across in your meeting tomorrow.

Best Regards,

Rod Drummond
Ingersoll International Inc.

-----Original Message-----
From: Jim F Eddins [mailto:[redacted]
Sent: [redacted]3:59 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Don:

The tariff on raw materials does not help anyone but the steel producers in this country and the government. It really is only the government benefiting since the foreign steel companies will reduce the cost and still make the domestic steel producers un- competitive. The tariff has caused those in the manufacturing sector to become non-competitive by increasing their raw material beyond reasonable levels. Congress would be wise to concentrate their attention on the finished products coming into this country at prices unattainable by American Manufacturers. I sell a gear reducer to our customer at $96.00 with a 11.5% margin and the competitive unit from China is $57.50. By 2007 it is my guess that Congress is going to have to place orders for tanks with a foreign power in order to maintain our military.

Jim Eddins - President
Eddins Industrial Associates, Inc.

-----Original Message-----
From: DARRIN SCHMIDT [mailto:[redacted]
Sent: Monday, June 10, 2002 4:53 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Chairman Manzullo,

Thank you for giving me the opportunity to respond to your email. When I first heard that President Bush announced that he was invoking tariffs on foreign steel, we here at VIBE THREADING & MFG, INC. were pleased. Our goal is to supply our customers with American made goods and products. We have been losing business to foreign markets who are able to produce a product at a much lower cost. What we thought would be a plus turned out to be the opposite.

Our domestic supplier on cold rolled material raised our price almost immediately. Then we were faced with the situation of a so called "shortage". Which I thought and still believe to be an inaccurate statement.

I thought it would have been a golden opportunity for domestic suppliers to reap the benefits, but it turned ›ut not to be.

On a second note, I read in the Register Star that President Bush was eliminating tariffs on 61 additional products. The President said that these were products that were not manufactured by many domestic companies. We manufacture a product that is not manufactured by more than several domestic companies. I would like to know what additional 61 products were eliminated from the tariff. Maybe the President and the government should look at those types of products and encourage domestic manufacturers to look into producing these items. I would like to obtain the list of those 61 additional products and see if any of them would be something we would be able to produce at VIBE THREADING & MFG, INC.

Once again, thank you for the opportunity to respond to your email and I wish you luck in your meeting with President Bush.

Kind regards,

Darrin Schmidt
Vice President

From: HZSkolnik [mailto:[redacted]
Sent: Monday, June 10, 2002 4:55 PM
To: [redacted]
Subject: Fwd: Manzullo: Have Steel Tariffs Affected You?

Dear Ed,

Thank you for asking about our business experience with respect to the recent Steel Tariff. Since your meeting is tomorrow, I will briefly offer some of the effects that we have encumbered.

From the date of the initial statement by President Bush, the steel drum industry has hurried to prepare for the inevitable. Domestic steel price increases accompanied by steel shortages and allocations is the primary concern for Skolnik. As a small manufacturer (we employ about 75 people) our annual steel purchasing does not make us a heavy hitter with the US mills. However, Skolnik is an excellent customer of steel service centers, and therefore, we have used our relationships with these venders to secure consistent flow of incoming material. The inventory of steel in the US is now gone, and steel mills are already going on allocation for supply. Small companies are starting to feel the crunch as available materials are scarce and large companies get the preference on supply.

Of course, increasing our raw material by 30% is so severe, that we were forced to inform our customers of a product price increase. Surprisingly, many were aware of the Tariff and were not surprised to hear about the increase. However, they were all very surprised to hear that the Tariff would have such a large effect on steel containers and drums. With both the drum walls, rings and plugs made from steel. The Tariff resulted in about a 15% price increase at Skolnik.

Our export opportunities have been severely effected. We have distribution in Europe and the UK, and the sudden price increase for our products has taken us out of the competitive markets in most of these countries. In fact, the Tariff has been a boon to non-American companies that are competing outside the US. We have completely lost the ability to be competitive in the global market.

Interestingly, foreign companies that were not able to compete in the US are now very able to sell into the US and even with the added freight, be competitive with domestic companies. The fact that raw steel is effected by the Tariff but imported finished goods are not, has created a loop hole in which foreign companies making steel based items for drums can sell their finished products below our raw material costs.

The Steel Tariff has also effected us inside the US as packaging product alternatives that are not made of steel have not had a price increase. Therefore, plastic and paper have received a windfall of additional business due to the increase in steel drum prices.

Our customers have already increased prices to their customers, and ultimately, these products will end up on the shelves of retail and commercial businesses, all costing American business more expense.

Ed, Skolnik is a small but unique company. We have a strong spirit and the will to survive most economic hurtles. We will survive this one too, but in the end, I do not believe we will have improved the economic condition of the country, our businesses or the lives of the retiree's of the steel mills.

Good luck in tomorrow's meeting.

Best regards,

Howard (Skolnik), President/CEO
SKOLNIK INDUSTRIES, INC.
CHICAGO

-----Original Message-----
From: Main [mailto:[redacted]jrminternational.com]
Sent: Tuesday, June 11, 2002 4:49 PM
To: [redacted]
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

Dear Mr. Manzullo:
Because of the tariff, we are uncompetitive with foreign manufacturers. The price to our end users is unacceptably expensive. The majority of the steel we buy is stainless steel.

We appreciate your efforts to keep small American businesses competitive in the global market.

Regards,
James R. Mattox

-----Original Message-----
From: [redacted]
Sent: Monday, June 10, 2002 3:58 PM
To: [redacted]
Subj[redacted]: Manzullo: Have Steel Tariffs Affected You?

To put it bluntly, horrifically. It has become an even more difficult struggle to survive day to day, no matter what shape the economy is in. One must have the best price in order to obtain the business as a contract supplier and manufacturer. Many suppliers to the auto companies request price reductions annually, and yet material has gone up in excess of 30% since the March 5 tariffs were put into place. More specifically, we have lost an account that provided us with nearly $500,000 in revenue each year because they have decided to source their products on mainland China. Is the government going to put a tariff on ALL goods coming in from foreign lands, so the playing field is level? Why was steel singled out? Is it because the steel mills here in the United States got lazy and refused to become productive, competitive and lean?

As a small manufacturer, we were forced to become more productive, more competitive, and run our operations leaner. Please do whatever you can to keep our people employed, our country working and our unemployment rolls unnecessarily well stocked.

Thank you for your hard work on our behalf.

Al Panico
Anthony Pelletier
E. Robert Heidelbauer

Partners of The Line Group, Inc.

-------- Forwarded message --------
Date: Tue, 11 Jun 2002 10:39:58 -0400
From: [redacted]
Reply-to: [redacted]
To: [redacted]
Cc: [redacted]
Subject: Fw: Manzullo: Have Steel Tariffs Affected You?

Dear Chairman Manzullo:

Thank you for you interest in H. Neuman & Co. Both of our locations, Neuman and New Hampshire Industries have been adversely affected by the steel tariffs. We saw our contracts thru steel service centers completely ignored and price increases of up to 35% forced on us. We have also been told that we will be held to last years consumption levels, and while the word allocation is not being used, if it walks like a duck and it quacks like a duck...

Our customers have actually begun to research the sourcing of finished product, that we currently supply, from oversees suppliers as the finished steel component will not be subjected to the tariffs.

Good luck with your meeting. I trust you will hear from an overwhelming number of my colleagues.

J. Todd Miller
President
New Hampshire Industries

-----Original Message-----
From: [redacted]
Sent: Tuesday, June 11, 2002 4:37 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

In a message dated 6/10/02 1:10:27 PM Central Daylight Time, [redacted]

Chairman Don Manzullo
U.S. Committee on Small Business

Dear Don:

The Tariffs have given the Steel Companies the ability to push the prices on domestic steel which we use up. We ship grain dryers overseas and try to compete with other companies. We are still selling to Russia but they are producing the products made from steel in Russia. All parts that we make and buy are affected by this. Our sales are very soft and we have lost the need for the 32,400 Sq. Foot Plant that we built 3 years ago.

My take on the problem is that we need to have an internal energy efficiency and personnel efficiency change to make our steel plants competitive. The less we pay for steel the less all our products cost including government bridges, roads and buildings.

The steel from the World Trade Center Disaster was shipped to China. Why didn't a US Steel Company buy this for Recycling? It was reportedly some of the best steel ever made. Recycled steel cost much less and could have helped keep the US compete.

Steve Morreim
QED Dryer Sales & Manufacturing.

-----Original Message-----
From: [redacted]
Sent: Monday, June 10, 2002 10:41 PM
To: [redacted]
Subject: Steel Tariffs

Dear Congressman Manzullo:

The news release and request for information regarding your meeting with the Secretary of Commerce was forwarded to me by Constantine Grapsas of AIM, Inc.
in Cicero.

I am the principle owner of Merrill Manufacturing Corp. in Merrill, WI. We are a custom fabricator of wireforms and welded wire assemblies and our primary raw material is drawn steel wire. These tariffs have definitely affected our business. We have not seen any recent price increases as a result of the tariffs. We are being told to expect a 10% increase within 60 days. The biggest problem we have had is a serious deterioration of the quality of material that is available and the basic availability of material.
One significant event that had great impact on us was the closing of Northwestern Steel several months ago. Not only were they a direct supplier to Merrill Mfg., they were also suppliers of steel rod to other vendors that supplied material to us. Their closing is a good example of what has been a serious deterioration in the overall steel industry over the last decade. They have not stayed on top of the industry and now find they are having difficulty competing in a world market. Rather than fix the problem, they came running to the government to bail them out.

Small business is paying the price. We too, have to compete in a world economy. Our greatest competition comes from China. We have not cried to the government for help and protection. We are working harder to compete so as not to continue losing business to foreign competition. We must continue to cut costs in every way we can.

Steel wire is a bit of an orphan to the overall steel industry. We do not have the leverage of the big users. If the steel industry is getting support on some products through selective tariffs, they will focus on producing those products and material for rod and wire will shrink. We have tried to purchase domestic steel as best we can. This is no longer a situation where we can choose. We are being forced to purchase foreign wire and wire produced
from foreign rod. This has doubled our lead times and puts additional pressure on our customers to go offshore.

Tariffs are like putting on a band-aid coated with poison. They give the appearance of doing good and, all the while they are killing the patient. Better to tell the patient to find a good doctor with meaningful remedies and
start listening and doing the things necessary to get well. Bluntly, it's

about time the steel industry gets its act together and starts functioning responsibly in a world economy.

You also mentioned the strong dollar as a barrier. There's no doubt the strong dollar is as much a tax as inflation. It is a major cause of the imbalance of trade. It might bring in some foreign investment for the short term, but they will run when our businesses are failing from the inability to
compete. We are turning into too much of a service economy. The wealth of America did not come from the service industry. It came from manufacturing Small manufacturers are still the backbone of this nation. The only way to create wealth is through manufacturing. Service only redistributes that wealth. Once again, we need to have an equal opportunity to compete in a world economy, not one where we are fighting with one or more hands tied behind our backs.

I hope this input is helpful to you.

Sincerely,

MERRILL MANUFACTURING CORP.

Richard L. Taylor
President

Merrill Manufacturing Corp.
236 South Genesee Street
P.O. Box 55
Merrill, WI 54452

(715) 536-5533

From: [redacted]
ent: Monday, June 10, 2002 5:46 PM
o: [redacted]
Subject: FW: Manzullo: Have Steel Tariffs Affected You?

Dear Chairman Manzullo:

Absolutely no question that the steel tariffs are just about to affect my company, my customers, and my employees in a very adverse fashion. Thus far we have not received any cost increases from our foreign suppliers but it appears inevitable it will happen soon.

We do purchase about 40% of our total consumption of steel domestically but only for our easy to produce non-critical sizes. We have purchased our most critical sizes of hardened and tempered steel from the only sources in the world capable of providing the quality needed for the knife and saw blade applications we serve. The primary source we have used for the past 30 years is Boehler/Uddeholm located in Sweden. This is maybe the most expensive mill in the world.

The raw materials Uddeholm uses have fewer impurities than our domestic materials. The tolerances of their rolling mills are tighter than are produced in the States. The slitting and edging steps are readily available in the States but this material must be single strand hardened and tempered in very tightly controlled atmospheres. There are very few processors in the States who possess this equipment and they are not prepared to produce it to the tolerances we require. Finally the polished surface they produce is superior to any available in the States.

The primary application we serve is manufacturing of blades for fabricating polyurethane foam. We are ISO 9000 certified, our customers are very quality conscious and many serve the automotive industry's quality demands. Our competitors for quality products are from Germany. We simply cannot compromise the quality that we deliver to our customers. We must continue to use the highest quality steel available but we will begin offering a second level of quality. One will be that same as had been provided for so many years but with a steel tariff surcharge which is expected to cost us 82% more as a result of the 201 tariff and the antidumping countervailing tariff. For the record, we typically pay about $2.10 per pound of steel, the total cost on Swedish steel with the proposed tariff will be $3.82 per pound. The other quality level will be using domestically produced steel but with significant exceptions to our quality standards including no guarantees for performance but without any surcharge.

With the specter of 82% increases in our raw material costs it is inevitable that our German competitors will attack our market share in the States using the very grade and source of steel that we must use. It is reasonable to assume that my 60 employees jobs are in jeopardy if I am unable to figure out some way to avoid the imposition of these tariffs. I have a very large packet of information regarding Free Trade Zones which may hold some promise. We expect to apply for duty drawbacks for shipments to our export customers.

My projection is that as we pass on the cost increase to foam producers, they will pass it on to auto and furniture manufacturers, and they will pass in on to consumers. Ultimately it starts to look like inflation and in the meantime nothing will have been done about the root cause of the problem in this country. The added tariffs will not help resolve the health care demands of 55 year old retired steel workers and certainly in a couple of years the US steel companies profits will once again disappear.

If the steel industry is really is such a crises, go for the real fix.
Charge 10 cents per pound on all the steel content of all imports; whether Toyotas, knife and saw blades, or structural steel. The revenue generated needs to go into supporting Medicare for those retirees when they reach age 65. The retirees who are younger than 65 maybe need to go to work. The revenue increases domestic mills receive need to be plowed into capital improvements and not just paid out to shareholders and executive compensation.

Thank you for your effort on behalf of this small business person.

Sincerely,

Bruce G. Gillilan, President
[redacted]
Simmons Engineering Corporation
1200 S. Willis Ave.
Wheeling, Illinois 60090

-----Original Message-----
From: [redacted]
Sent: Monday, June 10, 2002 2:54 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Don,

Although the results of tariffs on steel are currently transparent to my company, it would be short sighted to think that one would be exempt of any short or long term affects from this action.
As a manufacturer I fear counter-measures in other commodities will ultimately affect our business as well as others. With tariffs being a wedge
between countries, I forsee unavoidable future increases on goods that will touch literally everyone.

Jeff Basile

-----Original Message-----
From: [redacted]
Sent: Monday, June 10, 2002 3:07 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

This is in reply to your e-mail re:tariffs.

We do not have any great horror stories to offer. The only impact so far is naturally an incease in the cost of our steel. I assume that most suppliers are burying the increase into the unit price. I did have one supplier list the charge as " Section 201 Tariff". IS this making me not competetive?? I can't say.

Larry Akerman
B & B Tool Company
Rockford, IL.

-----Original Message-----
From: Chuck Davis [mailto[redacted]
Sent: Monday, June 10, 2002 2:51 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

It is to our knowledge, this hasn't affected us as of yet. Although, we find it already difficult for our suppliers to receive foreign wire, that we utilize, in a timely manner. This would not be very good news for us if we had to wait even longer and cause our customers to receive late product. We do not understand how these tariffs can be put into effect - when there is suppose to be a Nafta agreement? Does this not tie into this process somehow? AND WHEN we 'us' AMERICAN company's are going to really see where the FREE TRADE comes in for us????? It seems as though we are having to fight even harder to reap any benefits. Furthermore, it is getting very wearing on the small business man to have to keep dodging bullets like these. Really, all we want to do is make an honest living and look forward to the future, not look BEHIND to see what's coming next from good OLE uncle Sam!

That's all I have to say about that-

;od Bless you Mr. Manzullo
Charlotte Vincer
Sales Mgr.
Riverside Spring Company

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-----Original Message-----
From: Weil, Ed [mailto:[redacted]
ent: Monday, June 10, 2002 2:03 PM
To: [redacted]
Cc: mel (E-mail)
Subject: RE: Manzullo: Have Steel Tariffs Affected You?

It is having little or no effect on Power Conversion Products which is my company - however, I am working with another Illinois-owned company that is in the outdoor furniture manufacturing business - while visiting two of their factories recently I was told that steel costs have risen dramatically as a result of the tariffs - it is certainly affecting their business in a negative way - the oft-told story that I hear is that we are costing several jobs for every one that we save with these tariffs - I am copying Mel Cohen who is CEO of the particular organization in question - he might add something if he wishes to do so -

Regards,

Ed

-----Original Message-----
From: Todd Gregory [mailto:[redacted]
Sent: Monday, June 10, 2002 12:34 PM
To: [redacted]
Subj[redacted]ave Steel Tariffs Affected You?

As Chairman of Deacons at my church, we felt very fortunate to have ordered some of the new steel for our church expansion at the pre-tariff prices. Our experience led me to realize how much impact this will have on any business considering expansions and thereby the consequences to our economy as that trickles down. Any time Government benefits from any type of increase to consumers, it creates hardships on the economy and the Nation. Jobs will be lost because of it.

Todd Gregory
Roscoe, IL

-----Original Message-----
From: H.Verne Loeppert [mailto:[redacted]
Sent: Mond[redacted]June 10, 2002 2:20 PM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

Dear Don,
Not now...I am retired, but...I worked for my dad many years ago. Our business sold tool steel that had been imported from Sweden. England and Germany. Some of our stuff simply was not made in the United States. WW II, cut off the supply. I went into the Navy. I came out in 1946 and worked for my dad again. We imported steel again, especially from Sweden. We imported large slabs and cut them into smaller die blocks. We started finishing stock into precision ground flat stock. Within three to four years, U.S. mills were finishing and selling ground flat stock. We were selling old hardening and high carbon-high chrome stock before the us mills finally got into the business. What did I learn? When tarifs increased the cost of foreign stock, US could get a higher price for domestic made steel. The same holds true in automobiles, machine tools and the suits I bought from Hong Kong. Quality and delivery time became more important than price.

regards,
Verne Loeppert
>
>

-----Original Message-----
~om: Bill Biedermann [mailto:[redacted]
.nt: Monday, June 10, 2002 5:47 PM
To: [redacted]
Subject: RE: Manzullo[redacted]e Steel Tariffs Affected You?

Don

We have been hit due to retaliatory actions in the agribusiness sector. China has recently canceled a wheat purchase. Although there has been no official statement that I am aware of, trade sources have related this to trade barrier related issues, and specifically mentioned the steel tariffs.

As a small business owner, active member of the NFA and NIBA (commodity trade and regulatory associations), we at Allendale believe in balanced policies that will ultimately position the US and its partners for expanded trade, not restricted trade.

I will be in DC June 11 as my family attends a wedding the coming weekend. Penny and I have been trying to schedule some time to stop by, however, I know your schedule is very busy and we too are trying to fit 5 days into three. Good luck with your meeting.

Bill Biedermann
Sr. Vice President
Allendale Inc.
4506 Prime Parkway
'cHenry IL 60050
.ww.allendale-inc.com
800 2 MARKET (800 262 7538)

-----Original Message-----
From: [redacted]
Sent: Monday, June 10, 2002 12:20 PM
To: [redacted]
Subject: Manzullo: Have Steel Tariffs Affected You?

-----Original Message-----
From: SkildMfg[redacted]
Sent: Tuesday, June 11, 2002 7:00 AM
To: [redacted]
Subject: Re: Manzullo: Have Steel Tariffs Affected You?

So far, no effect. We have been buying primarily U.S. produced steels all along.