



H&T Battery Components

31 May 2017

Mr. Brad Botwin
Director
Industrial Studies, Office of Technology Evaluation
Bureau of Industry and Security
U.S. Department of Commerce
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Member of the HEITKAMP & THUMANN GROUP

Re: Section 232 Steel Investigation,

Dear Mr. Botwin,

Purpose of Letter: to request that nickel plated steel (HTS Codes - 7210.90, 7212.50 from Japan) and hot rolled coil (HTS Code – 7208.27 from the Netherlands) be exempt from Section 232 actions. Both products are required by H&T to manufacture critical components for Alkaline and Rechargeable batteries. Further actions on any of these specific HTS codes will have a negative influence on the 282 U.S. employees at H&T.

Company Background:

We are writing to you on behalf of our two U.S. manufacturing facilities:

H&T Waterbury, Inc. (120 employees) and
H&T Nevada, LLC. (Presently 53 employees but planned for 162 by end 2018)

These facilities are the U.S. divisions of our global H&T Battery Components which is headquartered in Dusseldorf, Germany. Please note our website: <http://www.ht-group.com> re H&T Battery Components

Our industry is extremely specialized as our U.S. manufacturing facilities only produce one item class for the battery industry, specifically empty steel casings:

- a. For the disposable alkaline battery industry, (AA, AAA, C, D et al, batteries) and
- b. For the rechargeable lithium ion battery industry, principally used in the growing electric vehicle market

These parts are not assemblies, they are sold as individual components to our customers. Our customers use our products by inserting unique chemistries and then final assembling the alkaline and rechargeable batteries used by U.S. companies and citizens throughout the country.

The strength of our H&T Battery Components company is demonstrated by the fact that our two facilities are SOLE SOURCE to 3 critical and very large U.S. manufacturers.



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Steel Background:

The steel required is extremely specialized – *i.e. diffusion annealed nickel plated strip steel*.

This steel is low carbon steel (not an alloy), must be inclusion free (“clean steel”), nickel plated and then annealed after plating to diffuse the iron and nickel atoms at the steel substrate - nickel interface.

Additionally, 99% of this steel must be cold rolled to gauges between 0.008” – 0.020”

There are NO substitute steel products that can be utilized and meet the performance requirements of our customer’s end products.

Battery Casing Steel Supply Background:

a. Single U.S. Supplier -

There is only ONE U.S. domestic supplier capable of thin gauge cold rolling, nickel plating and diffusion annealing. They are a processing mill not a steel melting mill. Therefore the hot band base steel that is required is imported because this hot band is NOT AVAILABLE from any domestic U.S. mill.

By steel mill standards, this battery casing grade of clean steel hot band is simply too small in volume for the domestic mills to invest their resources. For clarification, one blast furnace can produce the annual global volume of starter pig iron utilized in this hot band production in about 15 days and as a result there are only 3 mills in the world producing the required hot band quality and none are located in the U.S.

b. Supplemental Import of Battery Grade Casing Steel –

Our two U.S. manufacturing plants are not able to domestically procure ANY additional product to support our business requirements without importing clean battery grade casing steel or nickel plated battery grade clean steel.

To further demonstrate the uniqueness of this special supply chain, there are only a small handful of potential steel suppliers to choose outside of the U.S. but only one has been fully vetted and qualified to meet the quality standards of both our H&T facilities and of our battery casing customers.

c. Harmonized Tariff Codes:

The specific products that we are seeking to be exempted from Section 232 consideration have the following HTS codes:

1. SAE 1006 – Battery Quality Deep Drawing Steel, Aluminum Killed, Continuously Cast Hot Roll Steel:
HTS Code – 7208.27
2. Diffusion Annealed Non-Alloy Nickel Plated Carbon Steel with a Substrate of Cold-Rolled Battery Grade Sheet (CRBG)
HTS Codes – 7210.90, 7212.50



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Applicable Antidumping Determinations:

- a. *Diffusion annealed nickel plated steel from Japan* is under a current antidumping determination, reference investigation 731-TA-1206. The dumping duty was initially established at a rate of 45.42% for material supporting both our Nevada and Waterbury, Connecticut locations.

- b. *Certain hot-rolled steel flat products* are under a current antidumping determination. The SOLE U.S. based supplier of diffusion annealed nickel plated battery quality steel purchases their hot band from their parent company's hot mill located in the Netherlands. This hot band is imported into the U.S. under a current duty rate of 3.73%

CONCLUSION:

We believe that it is clear that in the best interest of H&T Battery Components, our U.S. employees and in support of our U.S. National Security Interests that this Battery Grade Casing Steel be exempt from any Section 232 action.

An exemption would therefore permit H&T Battery Components to manufacture battery grade casings and source this steel domestically without in cumbrance and to import as necessary in support of our key U.S. customers and the entire USA battery industry.

If you or the Dept. of Commerce have any questions please don't hesitate to contact me.

On behalf of our U.S. employees, we thank you for your understanding and consideration of our steel needs.

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