



SFSA CASTEEL REPORTER

Steel Founders' Society of America

a monthly publication
serving SFSA steel casting industry Members

205 Park Avenue, Barrington, IL 60010
847-382-8240 Fax: 847-382-8287
www.sfsa.org

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Casteel Commentary Highlights:

A CD at Office Depot costs \$1, at Walmart with Shania Twain's name printed on costs \$15 and at Microsoft it costs \$400 or more. The CD has little value until it contains information. Castings contain information in the form of design and until the steel foundry designs its own castings, our customers will prosper selling users our castings with their designs.

SFSA is pleased to announce two promotions. Rob Blair who many of you know from his work in AMC or at the T&O has been promoted to the position of manager of information services. The reflect his increased responsibilities and more fully uses his skills. He is available to members to help as a resource in their information technology use as well as sorting out any problems with our website, publications or communications.

David Poweleit has been promoted to the position of senior design engineer. This recognizes his increased responsibility in providing design engineering support to AMC and the Department of Defense. He is also active in design and casting development for the SFSA effort to develop castings for building construction as a part of our Steel Castings Construction Consortium (SC3). He is available for consultation or discussion on design or to work out design concerns with users.

U.S. EPA MACT Rule

EPA has proposed a rule including steel foundries in the iron rule for a MACT standard. A summary of testimony given by R. Monroe at a public hearing on January 22 is attached to

this newsletter. A more complete set of comments for the steel foundry industry is being prepared in consultation with our members and will be submitted to EPA for their consideration. SFSA is working with AFS and urges you to support their efforts.

Carbon and Low Alloy Research Committee

All members are invited to attend the SFSA Carbon and Low Alloy Research Committee meeting to review the research program on February 18 and 19 at the University of Iowa. Contact M. Blair if you are interested in attending. There will be reviews by C. Beckermann, V. Richards and F. Peters.

2003 SFSA AWARDS

Each year, SFSA asks its members to nominate recipients for the Lorenz Medal, the Briggs Medal, the Barlow Award, and honorary memberships in the Society, for those retired from a member foundry. A description of these awards is included with this newsletter, as well as a nomination form. If you would like to nominate someone for any of these awards, please submit a nomination form to either Ed Curtis, Nominating Committee Chairman, at Harrison Steel Castings or Raymond Monroe at SFSA with complete backup information. Thanks for your help.

Market News

Business remains poor for most steel foundries. While interest rates remain low and consumers continue to spend, businesses are not investing. Capital

investment that drives manufacturing remains low. Manufactured goods, restrained by the strong dollar and poor demand, have experienced deflation in many markets. Purchasers are facing the same lack of demand and poor pricing and seeking price concessions or developing global suppliers to improve their situation. The weakening dollar, continued fiscal and monetary stimulus, and low levels of inventories and investment lay the foundation for a dramatic recovery. The uncertainty of war, oil prices, economic well being and global suppliers, especially China, delay the onset of a normal cyclical recovery. Rational business planning requires that we anticipate continued low levels of demand, conserve our cash and lower our costs. The

SFSA Trend Cards for November confirms the continued slide in demand experienced at the end of last year. This is also reflected in the decline in orders for iron and steel castings by DOC and the drop in steel shipments reported by AISI. Orders and shipments of capital goods fell reflecting the continued contraction of capital investment. Just as rising markets accelerate demand by stimulating the need for added capacity, declining markets suppress demand based on the need to reduce inventories and idle capacity. A strong recovery is likely but uncertain as to when it begins.

Casteel Commentary

We need more business. Steel casting demand for 2001 fell to levels last seen in 1983. Our SFSA business trend survey shows a decline of over 15% for 2002, giving an estimated production of less than 700,000 tons. Our industry has not been this low in tonnage output since 1939. The actual production in nonrailroad steel castings is even more down since unlike 1983 railroad has not collapsed.

Critical to our survival and prosperous recovery is aggressive cost management, development of new capital investment resources, improved labor productivity, increased market development, and improved casting design and quality.

To survive, a steel foundry will have to manage to restrain its cost and continue to operate in the worst conditions in our experience. Low levels of production, unsustainable pricing, global purchasing, unqualified competitors, and unethical buyers will make survival difficult. Paring debt, lowering staffing, liquidating nonessential assets, reducing or eliminating added capital investment, reducing compensation, etc. are all possible and may be required for survival.

Survival will not be enough. As the market turns up, we must find the capital to invest to improve labor productivity, reduce production costs, develop new customers and new castings. The lack of available capital is a major threat and successful steel foundries will need to be creative in creating capital investment if they are to prosper.

Ultimately, we will need to move from production to design. Until we own the part, our quality, performance, margins, and prosperity will be in the hands of our customers not our users. Only when we receive the value of the casting based on the design will we be able to create a secure future.

Raymond Monroe

STEEL FOUNDERS' SOCIETY OF AMERICA

MEETINGS CALENDAR

2003

January
16/19 Board of Directors, Technical Steering Committee, Naples, FL

February
18/19 Carbon and Low Alloy Research Committee, Iowa City, IA
21 North Central T&O, Milwaukee, WI

April
17 National T&O Committee, Rosemont, IL
22/23 *Eastern Division T&O - provisional*
25 North Central T&O, Milwaukee, WI

May
6 Specifications Committee, Kansas City, MO
21/22 *Heavy Section/Operations Product Group - provisional*

June
10/11 Board of Directors, Technical Steering Committee, Rosemont, IL

August
21/22 *Western Division T&O - provisional*

September
9/10 *Southern Division T&O - provisional*
13/17 SFSA Annual Meeting, The Ritz-Carlton Resort, Amelia Island, FL

November
5/8 National T&O Conference - Hotel Inter-Continental, Chicago, IL
18 Specifications Committee, Tampa, FL

Arrangements are being made for the High Alloy Product Group to meet at LaQue, Wilmington, NC

2004

May
18 Specifications Committee, Salt Lake City, UT

September
11/15 Annual Meeting - The Resort at Squaw Creek, Lake Tahoe, CA

November
3/6 National T&O Conference - Hotel Inter-Continental, Chicago, IL
9 Specifications Committee, Washington, DC

**STEEL FOUNDERS' SOCIETY OF AMERICA
BUSINESS REPORT**

SFSA Trend Cards 3 Mo Avg Nov Oct
(%-12 mos. Ago)

Carbon & Low Alloy

Shipments	-27.0	-28.0	-33.1
Bookings	-16.9	-7.0	-6.2

High Alloy

Shipments	-5.1	0.0	-10.6
Bookings	14.4	98.8	-20.9

**Department of Commerce
Census Data**

Iron & Steel Foundries (million \$)

Shipments	1,299	1,279	1,313
New Orders	1,316	1,290	1,334
Inventories	1,701	1,714	1,700

Nondefense Capital Goods (billion \$)

Shipments	56.6	56.1	57.2
New Orders	53.8	53.2	55.3
Inventories	112.2	111.6	112.0

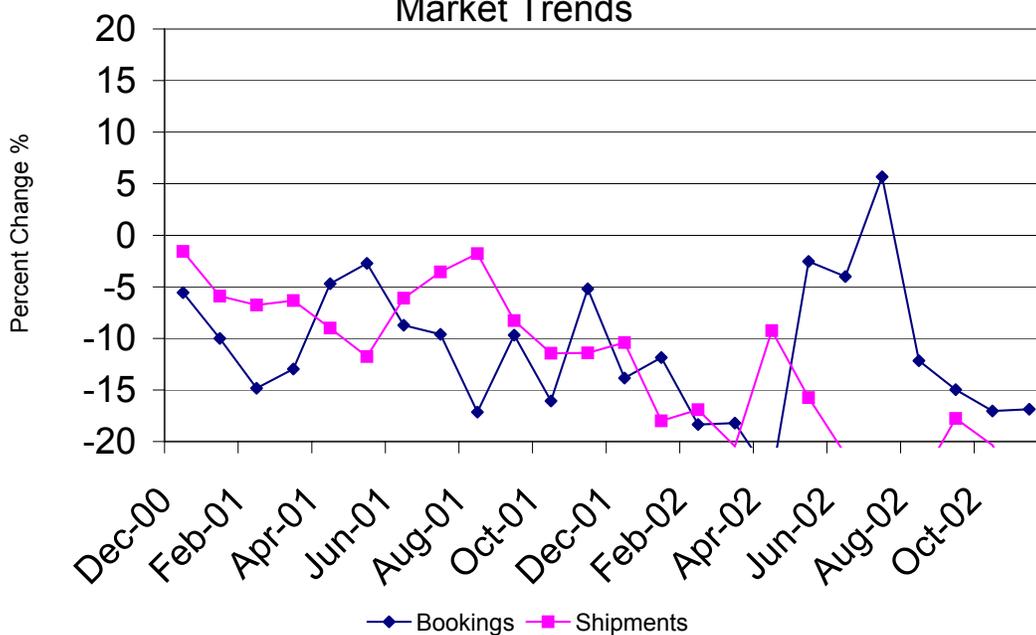
**Nondefense Capital Goods
less Aircraft (billion \$)**

Shipments	53.6	53.3	54.0
New Orders	52.5	53.2	53.6
Inventories	90.1	89.7	89.8
Inventory/Orders	1.72	1.69	1.67
Inventory/Shipments	1.68	1.68	1.66
Orders/Shipments	0.98	1.00	0.99

American Iron and Steel Institute

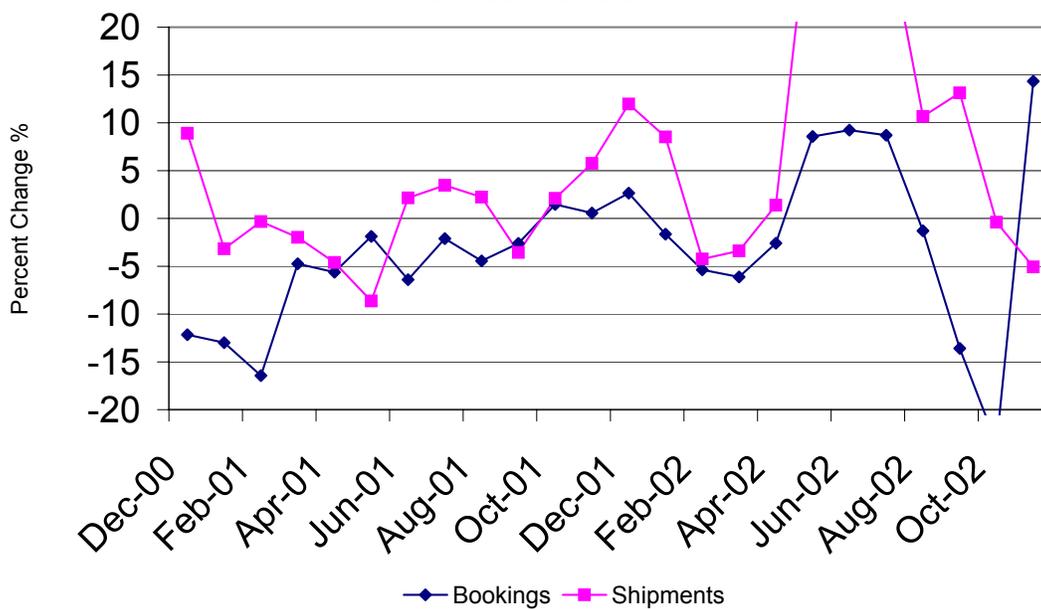
Raw Steel Shipments (million net tons)	8.3	7.8	8.7
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Carbon & Low Alloy Casting Market Trends



SFSA Postcards

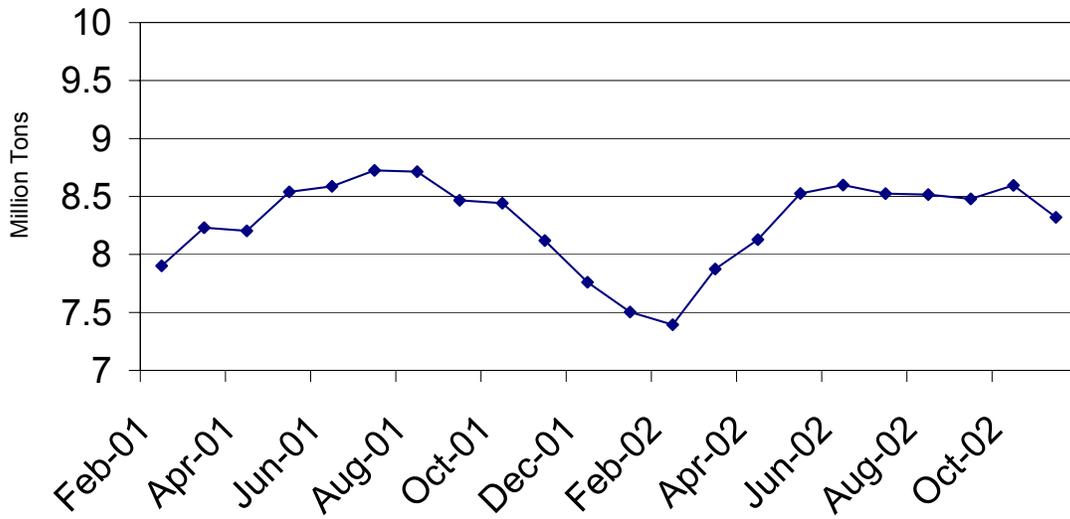
High Alloy Casting Market Trends



SFSA Postcards

Raw Steel Shipments

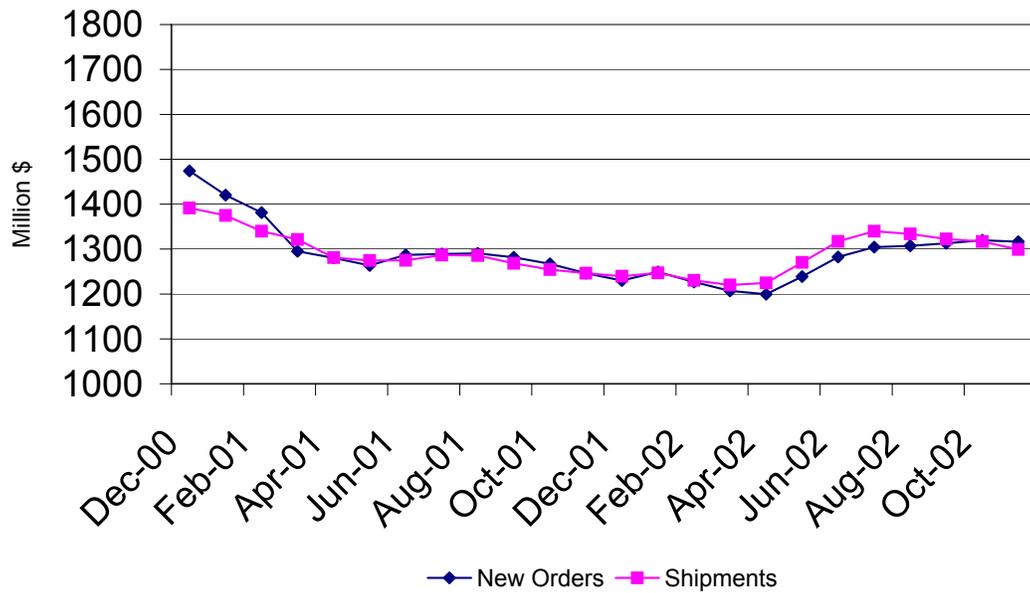
3 month average



AISI Data

Iron and Steel Castings

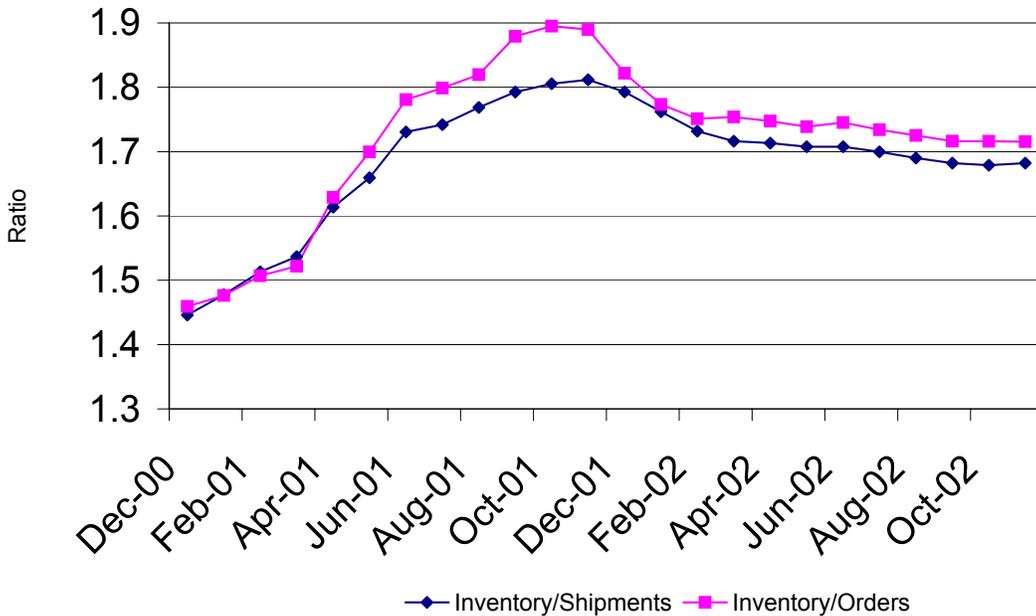
3 month average



SFSA

Nondefense Capital Goods less Aircraft

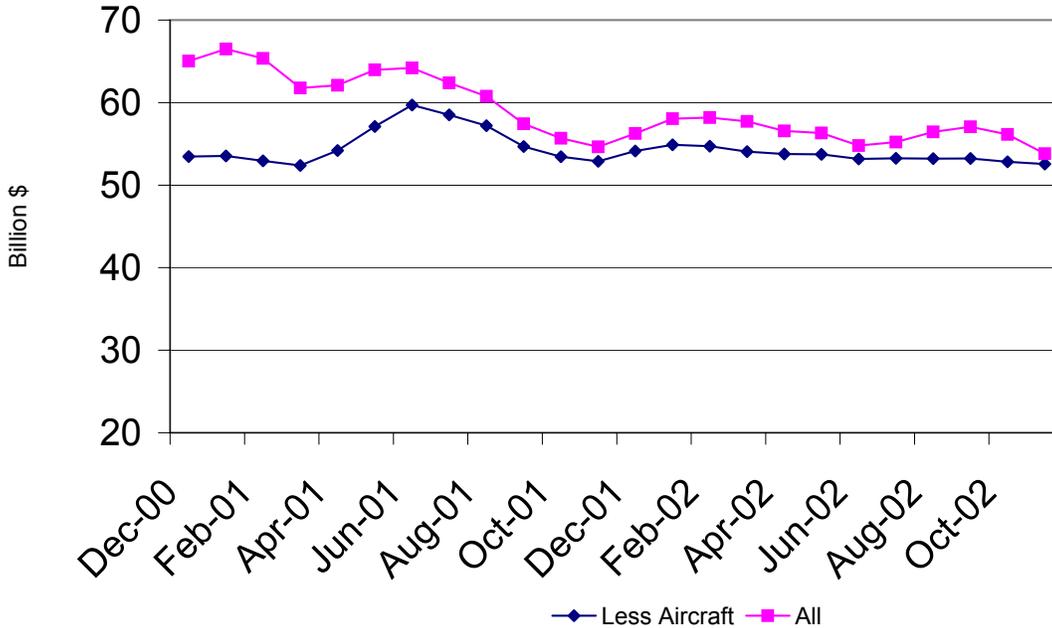
3 month average



Department of Commerce

Nondefense Capital Goods New Orders

3 month average



Department of Commerce

NOMINATION REQUESTS

Frederick A. Lorenz Memorial Medal
Charles W. Briggs Memorial T&O Medal
Thomas E. Barlow Award of Honor

In accordance with procedures adopted by the Board of Directors, Nominations may now be submitted for the award of the Lorenz Memorial Medal, the C.W. Briggs Memorial T&O Medal, and the Thomas E. Barlow Award of Honor. Following is a description of the awards and the procedure.

Please note all nominations are sent to the Executive Vice President or to the Awards Committee, and they should be in writing, giving the specific reasons why the nominations are being made.

The 2003 Awards Committee Chairman is Ed Curtis of Harrison Steel Castings Company.

A. Frederick A. Lorenz Medal

The Frederick A. Lorenz Medal was established by the Steel Founders' Society of America in 1938 in commemoration of the outstanding and unselfish service rendered to the Steel Castings Industry by the late Frederick A. Lorenz, President of the Society from 1934 to 1938.

The medal was designed by the famous sculptor, Kilenyi. The obverse bears a portrait of Mr. Lorenz while the reverse shows an industrial scene, the Society's emblem and the name of the recipient. The first Lorenz Medal was awarded in 1938. The medals are struck in bronze, and the recipient is also given a gold charm and an embossed Certificate of Award. In addition, a scholarship in the recipient's name is presented to the school of his choice.

The Frederick A. Lorenz Memorial Medal may be awarded annually by unanimous vote of the SFSA Board of Directors, and at its sole discretion, to an employee of a member of the SFSA for outstanding service to the Industry.

B. Charles W. Briggs Memorial Technical and Operating Medal

The Technical and Operating Medal was established by the Steel Founders' Society of America in 1944.

The medal was designed by the well known sculptor, Walter A. Sinz. The obverse shows objects and scenes emblematic of the technical and operating activities of the Industry. The reverse depicts an industrial scene, the Society's emblem and the name of the recipient. The first T&O Medal was awarded in 1944. The medals are struck in bronze, and the recipient is also given a gold charm and an embossed Certificate of Award. In addition, a scholarship in the recipient's name is presented to the school of his choice.

The T&O Medal may be awarded annually by the unanimous vote of the Board of Directors, and at its sole discretion, to an employee of a member of the SFSA for an outstanding scientific or engineering contribution, or contributions rendered at any time, toward the technical and operating advancement of the Industry.

In 1969, the medal was renamed the Charles W. Briggs Memorial Technical and Operating Medal in recognition of the activities of C.W. Briggs from 1938 through 1968.

C. Thomas E. Barlow Award of Honor

To provide appropriate recognition of persons who have made distinguished contributions to the Industry, but who are not eligible to receive either the Lorenz Medal or the C.W. Briggs T&O Medal, the Awards Committee may recommend the award of a certificate known as the Thomas E. Barlow Award of Honor and an engraved Steuben glass bowl.

The recipient of this award may include a person not a citizen of the United States, or more than one person if the contribution is regarded as a joint accomplishment.

Recommendations for recipients of the Award of Honor may emanate from the Awards Committee, but also may include nominations from any source. Any recommendations shall be submitted to the SFSA Board of Directors in accordance with the procedures established for the Lorenz Medal and C.W. Briggs T&O Medal Awards.

In 1972, the Award of Honor was renamed the Thomas E. Barlow Award of Honor in recognition of the activities of T.E. Barlow. He was SFSA Executive Vice President from 1965 to 1971.

Method of Making Award Nominations

1. Nominations for recipients of awards of SFSA may be made by:
 - a) An employee of any member of the Society to the Awards Committee
 - b) The Awards Committee, on its own initiative
 - c) Standing Committees to the Awards Committee
 - d) Divisions to the Awards CommitteeAll committees of the Society should consider, at the first meeting of the calendar year, possible nominees for Society awards. Each Committee Chairman should promptly submit any nominations from his committee, along with the reason for the nomination, to the Awards Committee for consideration.
2. The Industry shall be notified by mail so that suggested nominations for the Lorenz and C.W. Briggs T&O Medals can be sent to the Executive Vice President or to the Awards Committee. Any nomination to receive consideration must be in writing.
3. Nominations shall be made not later than May 1, prior to the annual meeting of the Awards Committee for consideration during the current year. Nominations received after this deadline may be considered at the discretion of the Awards Committee, and all such nominations not considered shall be placed on the docket for the coming year.
4. Nominations to be considered by the Awards Committee in any year shall include:
 - a) Nominations received during the current year
 - b) Hold-over nominations -- The Awards Committee may hold over as many as six nominees in each award category for as many years as they see fit to do so.
5. The Awards Committee shall submit its recommendations, if any, to the Board of Directors prior to its June meeting each year.

6. The Board of Directors of SFSA:
 - a) Shall act upon the recommendations of the Awards Committee at its June meeting each year. If awards are to be made, they shall present them at the SFSA meeting in September of the same year.
 - b) May omit an award at its discretion.
 - c) Shall, in making its award, not be limited to the recommendations made by the Awards Committee.

SFSA AWARD NOMINATION

A. Award. (Check one, refer to write-up for award description and nominee qualifications).

1. Lorenz Medal _____
2. Briggs T&O Medal _____
3. Award of Honor-Barlow _____
4. Honorary Membership _____

B. Individual nominated.

1. Name

2. Title

3. Company

C. Reason nominated. (Please be as specific as possible).

D. Nominated by:

1. An Individual
 - a) Name _____
 - b) Company _____
2. A Company
 - a) Name of company _____

b) Name of person completing form _____

3. A Division
a) Division name _____

b) Name of person completing form _____

4. A Product Group
a) Product group name _____

b) Name of person completing form _____

5. A Committee
a) Committee name _____

b) Name of person completing form _____

Please return to:

Raymond W. Monroe
Steel Founders' Society
205 Park Avenue
Barrington, IL 60010-4332
Phone: (847) 382-8240
Fax: (847) 382-8287

Ed Curtis, CHAIRMAN
Harrison Steel Castings Company
P.O. Box 60
Attica, IN 47918-0060
Phone: (765)762-2481
Fax: (765)762-2487

Andy Fulton
M E Global Inc.
3901 University Avenue, N.E.
Minneapolis, MN 55421-3791
Phone: (414)257-3600
Fax: (414)256-9399

Ron Bird
Stainless Foundry & Engineering, Inc.
5110 N. 35th Street
Milwaukee, WI 53209-5303
Phone: (414)462-7400
Fax: (414)462-7303

Summary of Testimony

Raymond Monroe
Executive Vice President
Steel Founders' Society of America

National Emission Standards for Hazardous Air Pollutants
Iron and Steel Foundries

For inclusion in the Public Record

Emissions Standards Division
Office of Air and Radiation
U.S. Environmental Protection Agency

January 22, 2003

SFSA Talking Points for EPA Iron and Steel Foundry MACT, January 22, 2003

1. The rule is a disappointment. After working with the agency for 10 years, investing thousands of hours of contributed time and over a million dollars of consulting effort, the rule ignores most of the industry input. It shows a persistent misunderstanding of the industry. The retirement of two key staff at the agency is undoubtedly a key reason but the rule is a disappointment.
2. Steel foundries were combined with iron foundries in the rule even though they are different. The agency recognized the difference in setting up steel foundries as a separate source category. Steel foundries melt in electric arc furnaces like minimills not in cupolas like iron foundries. In fact, steel foundries produce less than a million tons of castings as an industry making the whole industry smaller than a moderately sized minimill. Minimills are not even major sources but were determined to be area sources by the agency. The agency was working with industry to delist steel foundries but dropped this effort without explanation and included steel foundries in the iron rule. We are unable to identify anyone that will be a major source that is a steel foundry. Steel foundries use not only different melting furnaces they use different binders as well. For example steel foundries do not use seacoal in their green sand. Seacoal has been shown to account for 50 to 100% of the organic HAPs in green sand systems in pouring cooling and shakeout. The inclusion of steel foundries into the iron rule places them under more stringent requirements than if they were considered under the integrated iron and steel making rule.
3. The rule shows a lack of understanding of the industry and creates practices of unproven and undemonstrated benefit. For example, a scrap inspection program is mandated. Naphthalene depleted solvents for binders are required. Pouring operations are defined arbitrarily as pouring areas or pouring stations without clear delineation or justification.
4. The agency imposes an unnecessary burden on small businesses and subjects them to unwarranted enforcement actions by failing to give guidance on applicability of the rule. If the agency knows enough to promulgate a rule, they must know enough to give regulators and industry guidance on applicability.
5. The rule creates perverse incentives not to modernize, mechanize or improve. The requirements on pouring stations compared to pouring areas discourage automation. The requirements on scrap preheating discourage its use even though it reduces emissions
6. The rule dictates both work practices and control limits. This shows the work practice requirements to be unneeded since controls must be used anyway. The capture requirements are arbitrary, costly and unsafe. The rule is frequently unclear leaving uncertainty in permitting and enforcement.
7. The cost of complying will be significantly more than has been estimated by the agency. The tight control limits and need to test and monitor makes compliance costly and exceeds the MACT requirements by imposing requirements far in excess of the legislative requirement without any environmental benefit.