



MEMORANDUM ON PROPOSED TARIFF LEGISLATION of the 112th Congress

Date approved

I. Background

Bill number:

Sponsor name:

Sponsor state:

Interested entity:

Name

City

State

Other bills on product (112th Congress only):

Nature of bill:

Expiration date:

Current or previous chapter 99 heading:

Retroactive date:

CAS number (if applicable):

Industry analyst:

Telephone:

Tariff Affairs contact:

Telephone:

Note:

1. Access to an electronic copy of this memorandum is available at http://www.usitc.gov/tariff_affairs/congress_reports/.
2. In regard to the country(ies) of origin listed in section III, this report focuses on dutiable imports and does not take into account any tariff preference programs or special rates of duty.

II. Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Tungsten carbide (CAS No. 71002-45-4) (provided for in subheading 2849.90.30)

(If enacted, the tariff relief provided for in this bill would be available to any entity that imports the product that is covered by the bill.)

Description above compared with bill as introduced:

- Same
- Different (see Technical Comments section)

III. Other product information, including uses/applications and source(s) of imports

The subject product is used in manufacturing cutting tools for machinery, armor-piercing ammunition, surgical instruments, athletic equipment, and jewelry. The subject product is mainly imported from China and Vietnam. Opposition to this bill is noted below in the Contacts table.

IV. Estimated effect on customs revenue

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Subject product HTS subheading(s) | 2849.90.30 | | | | |
| Item | 2013 | 2014 | 2015 | 2016 | 2017 |
| Col.1-general rate of duty or percentage point reduction (%) | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 |
| Estimated value of <i>dutiable</i> imports (\$) | 55,000,000 | 55,000,000 | 55,000,000 | 55,000,000 | 55,000,000 |
| Customs revenue loss (\$) | 3,025,000 | 3,025,000 | 3,025,000 | 3,025,000 | 3,025,000 |

Note: Customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ. Regarding the HTS subheading listed in the article description of the bill, the Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only U.S. Customs and Border Protection is authorized to issue a binding ruling on this matter. The Commission believes that Customs should be consulted prior to enactment of the bill.

Dutiable imports were based on (more than one may apply):

- Official statistics of the U.S. Department of Commerce
- Provided by industry sources
- Industry information
- Commission estimates

Duty reduction notes:

- This bill is not a duty reduction
- This bill is a temporary duty reduction. Rates are shown below.

Col.1-general duty rate (%) Temporary rate (%) Percentage point reduction (%)

V. Technical comments

None

VI. Continuation

VII. Contacts with domestic firms/organizations

| | # | Firm/organization and contact name | Telephone number | Claims same or competing product made in the United States | Submission attached | Opposition noted |
|--|---|--|------------------|--|---------------------|------------------|
| | 1 | Kennametal (Interested entity) Erica Wright | 724-539-5645 | No | No | No |
| | 2 | Global Tungsten and Powders Paul Sedor | 570-268-5000 | Yes | Yes | Yes |
| | 3 | Buffalo Tungsten Tyler Showalter | 716-683-9170 | No | No | No |
| | 4 | Chem-Met Art Fox | 301-868-3355 | No | No | No |
| | 5 | Curtis Tungsten Ronald Curtis | 909-982-1947 | No | Yes | Yes |
| | 6 | ATI Tungsten Materials Jason Suslak | 412-394-2823 | Yes | Yes | Yes |



Allegheny Technologies Incorporated
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Elliot.Davis@ATImetals.com
www.ATImetals.com

Elliot S. Davis
Senior Vice President, General Counsel,
Chief Compliance Officer and Corporate Secretary

June 18, 2012

Mr. Jack Greenblatt
International Trade Analyst
U.S. International Trade Commission
500 E St, S.W.
Washington, D.C. 20515

Re: H.R. 4539 and S. 2670- ATI Tungsten Materials

Dear Mr. Greenblatt:

I am writing on behalf of ATI Tungsten Materials, a division of a wholly owned subsidiary of Allegheny Technologies Incorporated, ("ATI") in regard to legislation pending before the 112th Congress which, if enacted, would provide for the temporary suspension of duties for certain products. ATI is opposed to H.R. 4539 and S. 2670, which seek to suspend temporarily the duty on tungsten carbide. Introduced on April 24, 2012 by Representative Ellmers, and May 7, 2012 by Senator Casey, respectively, the bills seek to amend Subchapter II of Chapter 99 of the Harmonized Tariff Schedule of the United States by inserting a new heading, 9902.01.00, for Tungsten carbide (CAS No. 71002-45-2) (provided for in subheading 2849.90.30) until December 31, 2015. Tungsten carbide is a fine gray powder, which can be pressed and formed into shapes for use in industrial machinery, cutting tools, abrasives, and other tools and instruments. ATI opposes H.R. 4539 and S. 2670 because it is a domestic manufacturer of tungsten carbide, which is the product described in both bills, and further uses this domestically-produced raw material in downstream products that are also domestically-produced.

Allegheny Technologies Incorporated is one of the largest and most diversified specialty metals producers in the world and employs approximately 11,500 full-time employees worldwide. Our major markets are aerospace and defense, chemical process industry/oil and gas, electrical energy, medical, automotive, food equipment and appliance, machine and cutting tools, and construction and mining. Our Tungsten Materials division is a leader in manufacturing rough mold, semi-finished and finished cemented tungsten carbide, tungsten heavy alloy components, and tungsten powder products. Additionally, ATI uses such tungsten powder as a raw material in our ATI Stellram division, which is a leading manufacturer and distributor of world class cutting tools in turning, milling, drilling, threading, and grooving for metalworking industries.

Within the United States, ATI manufactures tungsten carbide powder and downstream products using tungsten carbide in our manufacturing facilities in Nashville, TN; Grant, AL;

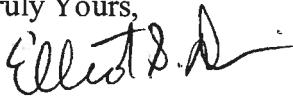
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Madison, AL; Huntsville & Gurley, AL; and Houston, TX; which employ approximately 750 people in total. In addition to producing the tungsten carbide products listed above, ATI is committed to developing new applications for tungsten carbide, and has dedicated employees engaged in researching such applications employed in the above listed facilities, and other ATI locations throughout the United States.

If enacted, H.R. 4539 and S. 2670 could lead to price erosion at the expense of our domestic manufacturing operations and put at risk employees of our U.S. operations. Increased tungsten carbide in, and imports from, China could result in price suppression and erode average U.S. selling prices. Such lower prices would make it increasingly difficult for ATI to continue to sustain U.S. investment in tungsten carbides.

In the current challenging economic environment, it is critically important that H.R. 4539 and S. 2670 be dropped, and we appreciate the opportunity to express our views on this matter.

Very Truly Yours,



Elliot S. Davis
Senior Vice President, General Counsel,
Chief Compliance Officer and Corporate Secretary

ESD/grd



855 WEST 23RD ST.
UPLAND, CA 91784
PH (909) 982-1947, Home Ronald Curtis

E-mail: curtistungsten9@aol.com

COMMITTEE ON WAYS AND MEANS Dated: June 10, 2012
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515
Attn: The Honorable Dave Camp, Chairman
The Honorable Kevin Brady, Chairman, Subcommittee on Trade

Gentleman:

I, Ronald L. Curtis, CEO of Curtis Tungsten and majority owner of the Andrew Tungsten mine located in Los Angeles County, California wrote this OPPOSITION LETTER TO H.R. 4539 for the following reasons:

1. The Andrew Tungsten Mine is the only one in production in the United States, re-opened in mid 2007.
2. There was no domestic production of Tungsten Concentrates from July 1994 to September 2007. The US was totally dependent on China during this period to time.
3. Should the Committee suspend the import duty on Tungsten Concentrates it will bring USA back to similar situation of 1991. Curtis Tungsten filed a complaint with USITA and it was referred to USITC, Investigation #731-TA-497. Final Ruling was unanimous and it imposed a 151% import duty on all China Tungsten Concentrates, which has been reduced to current import duty level in 2000. Curtis Tungsten shut down in July of 1994 do to China dumping/flooding cheap Tungsten Concentrates on the world market which depressed the price down to our break-even cost.
4. Suspension of the import duty will lower the price of imports which will promoter predatory pricing and with in a short period, 5 years, cause the only producing tungsten mine to once again shut. The USA will again be totally dependent on China Tungsten Carbide thus giving control of our National Security to a "Friendly Trading Partner".

A President of a large National Bank in Chicago made the following statement; "SHOW ME A COUNTRY WITHOUT MINES AND I WILL SHOW YOU A PEOPLE SUNK IN DEGRADATION AND POVERTY; AND POVERTY MAKES COWARDS OF NATIONS AS WELL AS INDIVIDUALS. ELIMINATE THE MINER AND YOU SET CIVILIZATION BACK TO THE DARK AGES."

Gentleman I respectfully ask that you vote to oppose the suspension of the import duty.

Thank You


RONALD L. CURTIS, CEO, CURTIS TUNGSTEN



June 22, 2012

Commissioner Deanna Tanner Okun
Chairwoman, United States International Trade Commission
500 E Street SW
Washington, DC 20436

Commissioner Irving A. Williamson
Vice Chairman, United States International Trade Commission
500 E Street SW
Washington, DC 20436

RE: Objection to H.R. 4539 – Tungsten Carbide

Dear Commissioners Okun and Williamson:

Global Tungsten & Powders (GTP) is a US domestic producer of multiple specialty chemicals and refractory powders, including tungsten carbide.

We write today to **object to H. R. 4539** a Miscellaneous Tariff Bill request from Representative Renee Ellmers of North Carolina's 2nd District that would suspend duties on **tungsten carbide** for a period of three years.

We do not believe that passage of this bill is in the national interest: removing these duties will threaten American producers of tungsten carbide powders, including GTP, by allowing Chinese producers to "dump" material into the US market. This will eliminate competition from US manufacturers, ultimately resulting in a foreign monopoly controlling this tungsten carbide material.

GTP is the largest tungsten producer in the US and the second largest ammonium paratungstate (APT) producer in the world. APT is the precursor for all tungsten products produced. We produce tungsten chemicals, tungsten oxides, tungsten and tungsten carbide powders, phosphors, SOFC interconnect plates and many other specialty materials. In 2011, GTP produced over eight million kgs of APT, most of that material was further processed into tungsten oxide, tungsten powder, and tungsten carbide powder, and a majority of these products were sold in the US. GTP products, all manufactured by 1000 American workers in Towanda, Pennsylvania, are used in a wide variety of commercial and defense components. During our long history of

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manufacturing in Pennsylvania, we have invested hundreds of millions of dollars in our chemical operations, reduction furnaces, powder spray drying capabilities, carburizing furnaces, presses, sintering furnaces, and analytical equipment. Our process starts with ore concentrate and tungsten-containing secondary raw material. We have a large chemical plant on site and use a hydrometallurgical process to convert our starting raw materials into ammonium metatungstate, ammonium paratungstate and tungsten oxides. From there, the chemicals are reduced into metal powders and further processed into carbide powders. There are few US manufacturers that produce tungsten oxide powders, and GTP is the only vertically integrated company that can produce tungsten oxide from the full slate of ore concentrates.

Tungsten carbide powders are used in the production of tool inserts, rods, and drill bits for applications involved in automotive production, defense and aerospace manufacture, and energy exploration. In recent years, increasing imports of tungsten carbide from China, priced at unsustainably low levels, have created price erosion in the US market. If a duty suspension is granted, continued Chinese dumping will price US manufacturers out of the industry. The continued success of our tungsten carbide powder line is of great importance to GTP's future, and maintaining competitive pricing and market share of tungsten carbide powders are key components in this strategy.

Additionally, the relaxation of duties will deprive the federal government of significant revenues, all collected from foreign manufacturers. Based on 2011 U.S. import data as reported by USITC, the customs value of imports of tungsten carbide were \$109,417,856, of which \$39,974,037 was imported from China(37%) and \$22,161,230 (20%) was imported from Vietnam. Calculated duties were \$5,079,640, of which Chinese importers were responsible for \$2,198,584. As you know, suspension of the duty at this level would significantly exceed the annual "PAYGO" type of limitations that are normally suggested by the CBO. In addition, there would be lost tax revenues on reduced tungsten carbide sales as imports of tungsten carbide take more U.S. market share.

During the past 12 months, GTP has invested over \$15 million dollars of capital equipment in an expansion of our APT and tungsten oxide production areas to meet customer demand, and we are currently further expanding and modernizing our tungsten and tungsten carbide powder furnaces. A removal of the duty could shift volume from US producers to more imports from China, threatening the economic rationale for this investment. Clearly, the maintenance of the current US duty rate is important for the continued viability of GTP and other US domestic producers of tungsten and tungsten carbide powders. Decreasing or suspending the U. S. duty will encourage more imports to displace domestic market share, thereby negatively affecting any new investments in the U. S. tool industry and energy exploration community, including GTP's Towanda facility.

As you are well aware, Miscellaneous Tariff Bill requests are usually only granted if they are "noncontroversial," including no domestic production. Because GTP and other US manufacturers are engaged in the manufacture of tungsten carbide, H.R. 4539 does not

meet this requirement, and we urge you to remove tungsten carbide from the Miscellaneous Tariff Bill package.

In order to inform all parties of our objection, we will also send copies of this letter to the Department of Commerce. Please do not hesitate to contact Paul Sedor of GTP in our Towanda, PA offices at (570) 268-5105 or Jeff Green of Green & Company, at their Washington, DC offices at (202) 546-0388 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Stacy Garrity".

Stacy Garrity
Director Sales and Marketing
Global Tungsten & Powders
(570) 268-5175

Attachment: GTP brochure

Cc:

Mr. Michael A. Levitt
Assistant General Counsel for Legislation & Regulation
United States Department of Commerce

Mr. Dan Shepherdson
Attorney Advisor
United States International Trade Commission

Mr. Joshua M. Levy
Congressional Relations Officer
United States International Trade Commission

Mr. Jack Greenblatt
International Trade Analyst
United States International Trade Commission

Mr. Larry Johnson
International Trade Analyst
United States International Trade Commission

112TH CONGRESS
2D SESSION

H. R. 4539

To suspend temporarily the duty on Tungsten carbide.

IN THE HOUSE OF REPRESENTATIVES

APRIL 24, 2012

Mrs. ELLMERS introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To suspend temporarily the duty on Tungsten carbide.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. TUNGSTEN CARBIDE.**

4 (a) IN GENERAL.—Subchapter II of chapter 99 of
5 the Harmonized Tariff Schedule of the United States is
6 amended by inserting in numerical sequence the following
7 new heading:

| | | | | | | | |
|---|------------|--|------|-----------|-----------|----------------------------|----|
| “ | 9902.01.00 | Tungsten carbide (CAS No. 71002-45-4) (pro- vided for in subheading 2849.90.30) | Free | No change | No change | On or before 12/31/2015 | ”. |
|---|------------|--|------|-----------|-----------|----------------------------|----|

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) applies to goods entered, or withdrawn from

- 1 warehouse for consumption, on or after the 15th day after
- 2 the date of the enactment of this Act.

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