Before the United States International Trade Commission

Investigation No. 332-529

MARCH 30, 2012 HEARING TESTIMONY OF BERNARD NEUHAUS AND JOSEPH SPRARAGEN REGARDING ADVICE CONCERNING POSSIBLE MODIFICATION TO THE U.S. G.S.P.; 2011 REVIEW OF COMPETITIVE NEED LIMITATION WAIVERS; ALUMINUM ALLOY PRODUCTS FROM INDONESIA

HTSUS 7606.12.30

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March 30, 2012 Hearing Testimony of Bernard Neuhaus and Joseph Spraragen Regarding Waiver of the Competitive Need Limitation on Imports of Certain Aluminum Alloy Products from Indonesia Classifiable under Subheading 7606.12.30, HTSUS

MR. SPRARAGEN:

Good afternoon Vice-Chairman Williamson and members of the Commission. My name is Joseph Spraragen. I am an attorney with Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP and we are customs and trade counsel to Galex, Inc. I am joined today by Mr. Bernard Neuhaus, of Galex, Inc.

We appreciate the opportunity to appear before the Commission to provide testimony regarding a waiver of the competitive need limitation on certain Aluminum Alloy Products from Indonesia. We are one of the parties that has petitioned the USTR to grant such a waiver.

Mr. Neuhaus, who has extensive industry experience, will testify regarding the impact of this issue to his company and to the downstream U.S. manufacturers and businesses that currently rely upon the products at issue.

Thank you for your consideration.

MR. NEUHAUS:

Good afternoon Vice-Chairman Williamson and members of the Commission. Thank you for the opportunity to speak today in support of granting a CNL waiver on certain Aluminum Alloy Products from Indonesia.

My name is Bernard Neuhaus and I am Vice-President of Galex, Incorporated. I have been in the business of importing and distributing aluminum products for 28 years and have been with Galex for nine years.

Galex is a small U.S. company located in Monsey, New York. Our business is limited to importing and distributing metal products. Currently, a significant percentage of the aluminum products that we import originates in Indonesia. We purchase from Indonesia because their mills produce competitively priced aluminum products of a quality that is required by our customers.

If GSP benefits were lost, we would need to reevaluate our sourcing in order to continue to be able to service our customers' requirements. In the event that we are unable to obtain adequate replacement sources, our business would suffer and our company's continued viability would be at risk. Even if we obtain replacement suppliers, the increase to our costs would hurt our business.

The aluminum products from Indonesia that Galex supplies to its customers are known as common alloy coil and sheet. This material differs, by virtue of chemistry and physical properties, from the value-added material that is supplied by domestic producers and that is imported from Canada, Germany and South Africa. For that reason, it is highly unlikely that our customers, who are themselves U.S. companies, could meet their raw material needs through domestic sources.

Because of the distinct nature of these alloy products, in the event that Indonesia loses GSP benefits, we would most likely have to look to China as an alternative supplier. This is because China produces aluminum alloy products of a similar grade to Indonesia and because its prices would become favorable in the event that the Indonesian products become subject to duty. In fact, we have already been approached by several mills in China that are hoping to expand their exports to the United States.

Our customers are domestic "service centers" who cut and slit the coil for further processing by their customers, who are U.S. manufactures. We also sell directly to small and medium-sized U.S. downstream manufacturers. The products manufactured by our customers include cookware, lighting fixtures, street signs, building materials and transportation products. Our customers are located around the country in states that include Arkansas, Pennsylvania, Washington, California, Utah, Illinois, New Jersey, Minnesota, Florida, Texas, New Mexico and Arizona.

Customers purchase the Indonesian aluminum products because the quality, price and available quantity fit their manufacturing needs. If Indonesia loses GSP, our customers will face higher costs for their raw material needs. This, in turn, would put a strain on their businesses and could lead to reductions in production and in U.S. jobs.

The nature of these imported alloy products is that they require extensive processing before the final product reaches the ultimate consumer. For example, a lighting fixture that is manufactured in Florida may contain aluminum components that were further processed by ten different companies before being assembled into the finished article. Therefore, the continued availability of these products impacts many U.S. business and many hundreds of jobs.

Thank you again for your time.