

March 30, 2012

**STATEMENT OF MR. NATHAN KAHN, PRESIDENT OF  
EMPIRE RESOURCES, INC.**

Mr. Vice Chairman, members of the Commission, my name is Nathan Kahn and I am the President of Empire Resources, Inc. My wife and I founded Empire Resources over two decades ago. Our company is headquartered in Fort Lee, New Jersey. We import and distribute semi-finished aluminum products, including sheet, foil, wire, plate, and coil. We have 50 U.S. employees based at our headquarters in New Jersey, and our warehouse in Baltimore.

While the U.S. duties on imported aluminum products are low, the market is extremely price sensitive. As a result, failure to approve a CNL waiver could lead to a major drop in imports of Indonesian aluminum.

Historically, U.S. producers have not competed in our market segment, which focuses on orders from small, typically family-owned U.S. metal-fabricating businesses. Instead, the big winner from revoking GSP would be China. The price difference between Indonesian and Chinese aluminum is just over 3%, which roughly equals the applicable U.S. duty rate. In other words, GSP is critical to Indonesia's competitiveness.

While the value of Indonesian imports increased in 2011, this was largely attributable to a surge in global aluminum prices in the first half of the year. This surge led U.S. manufacturers to stockpile aluminum when prices fell in order to protect against further increases. Many of our customers were also rebuilding depleted inventories in anticipation of an increase in U.S. demand in 2012.

Global aluminum prices have since fallen sharply. With the stabilization of prices and inventories, I expect the volume and value of imports from Indonesia to fall back from levels in the second half of 2011.

Indonesian imports serve a niche market segment, ultimately consisting of small and mid-sized U.S. manufacturers, who are buying in smaller volumes and are very price sensitive. Indonesia competes with imports from China, rather than imports from Canada, Germany, or South Africa, or U.S. production, which all command significantly higher prices.

Indonesian aluminum is generally sold through U.S. distributors like Empire Resources, who supply other distributors as well as small and mid-sized U.S. metal fabricators. These U.S. fabricators in turn use imported aluminum to produce appliances, automobile parts, packaging, and housing and construction materials. Downstream metal fabrication supports tens of thousands of highly-skilled U.S. manufacturing jobs. In recent years, China has emerged both as a supplier of aluminum inputs and as a major competitor for U.S. metal fabricators – our customers – for finished fabricated aluminum products such as auto parts, electrical appliances, and window frames.

Revocation of GSP would force Empire Resources and other U.S. distributors to raise prices and increase imports from China. Competition from Indonesia helps keep a lid on Chinese prices. If Indonesia loses GSP, and Indonesian and Chinese prices go up, U.S. fabricators will find themselves in a cost-price squeeze from imports of Chinese fabricated aluminum products. This could lead to a significant loss of downstream U.S. manufacturing jobs.

Mr. Vice Chairman, I appreciate the opportunity to appear before the Commission. Empire Resources is still a relatively small, family-run

company, but we have managed to survive some very difficult economic times. We've worked closely with our customers to help them support U.S. manufacturing and jobs. We are proud of our relationship with PT Alumindo which has been a good supplier and worked closely with us to meet our customers' needs. A CNL waiver would be good for our company, but it would also be good for our U.S. customers, their employees, U.S. manufacturing, and U.S.-Indonesia relations. Thank you very much.