



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 oxide (CAS No. 1314-35-8) (provided for in subheading 2825.90.30)

(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 to manufacture pigments, x-ray screen phosphors, and gas sensors and to fireproof fabrics. The product is mainly imported from China. Opposition to this bill is noted below in the Contacts table.

IV. Estimated effect on customs revenue

Subject product HTS subheading(s)	2825.90.30				
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 (\$)	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Customs revenue loss (\$)	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000

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

The modified article description reflects a change in the CAS number.

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	989-982-1947	Yes	Yes	Yes
	6	ATI Tungsten Materials Jason Suslak	412-394-2823	No	No	No



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. 4541 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 Oxide 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. 4541 – Tungsten Oxide

Dear Commissioners Okun and Williamson:

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

We write today to **object to H. R. 4541** a Miscellaneous Tariff Bill request from Representative Renee Ellmers of North Carolina's 2nd District that would suspend duties on **tungsten oxide** 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 oxide 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 oxide 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 oxide powders are used in the production of tungsten and tungsten carbide powders which 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 oxide 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 oxide, tungsten powder and carbide powder lines are of great importance to GTP's future, and maintaining competitive pricing and market share of these 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 oxide were \$88,314,602, of which \$73,336,244 was imported from China (83%). Calculated duties were \$4,545,938, of which Chinese importers were responsible for \$3,881,646. 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 oxide sales as imports of tungsten oxide 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 oxide, H.R. 4541 does not

meet this requirement, and we urge you to remove tungsten oxide 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. 4541

To suspend temporarily the duty on Tungsten oxide.

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 oxide.

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 OXIDE.**

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 oxide (CAS No. 8024-37-1) (provided for in subheading 2825.90.30)	Free	No change	No change	On or before 12/31/2015	”.
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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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