Global Tungsten & Powders

June 22, 2012

The Hon. Kevin Brady
Chairman, House Ways and Means Subcommittee on Trade
1102 Longworth House Office Building
Washington, DC 20515

The Hon. Jim McDermott
Ranking Member, House Ways and Means Subcommittee on Trade
1102 Longworth House Office Building
Washington, DC 20515

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

Dear Representatives Brady and McDermott:

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

Global Tungsten & Powders
Hawes Street
Towanda, PA 18848
☎ (570)268-5000

www.globaltungsten.com

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 and the U.S. International Trade Commission. 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,

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

Attachment: GTP brochure

Cc: Ms. Allison Giles, Majority Staff Director
Representative Tom Marino

Tungsten Carbide Powder

Technical Information Bulletin

Powders That Shape Your World

Global Tungsten & Powders Corp. is a leading global supplier of tungsten carbide for the production of hard material parts. Our tungsten carbide powders are available in a range of grain sizes for a variety of applications. Micro grain powders are widely specified for circuit board drills, nozzles and round tools. Fine powders are used in the manufacture of metal cutting tools and inserts. Medium and coarse powders are required for mining tools; energy, drilling tools, wear and die parts and road construction bits. The physical and chemical properties of GTP tungsten carbide powders are carefully controlled to ensure consistency in lot-to-lot performance. Our manufacturing capabilities in North America and Europe deliver word-class quality and service.

	Powder Characteristics						Use test data @ 6% Co [2]				
	FSSS Unmilled (μm) MIN	FSSS Unmilled (μm) MAX	Cr MAX [1]	Fe MAX [1]	Ni MAX [1]	O_2 MAX [1]	Density [3]	Coercivity [4]	Mag Sat [5]	Shrinkage [6]	Hardness [7]
GT04U	-	0.7	100	150	150	3500	14.61	383	142	20.4	93.6
GT07U	0.7	1.0	100	150	150	2500	14.49	240	154	19.6	92.0
GT17S	1.1	1.4	50	500	100	1800	14.95	215	157	19.0	92.2
GT20S	1.4	1.7	50	500	100	900	14.95	190	157	19.0	91.9
GT25S	1.7	2.1	50	500	100	900	14.95	185	157	18.7	91.8
GT30S	2.1	2.5	50	500	100	900	14.95	200	157	17.0	92.0
GT35S	2.5	2.9	50	500	100	900	14.95	175	157	17.0	91.7
GT37S	2.9	3.6	50	500	100	900	14.95	170	157	16.8	91.7
GT40S	3.6	4.3	50	500	100	900	14.95	150	157	16.6	91.3
GT45S	4.3	5.0	50	500	100	900	14.95	145	157	16.5	91.3
GT55S	5.0	6.0	50	500	100	600	14.95	125	157	16.3	90.9
GT60S	6.0	8.0	50	500	100	600	14.95	118	150	16.1	90.4
GT63S	8.0	10.9	50	400	100	500	14.95	105	157	16.2	89.8
GT65S	11.0	15.0	50	400	100	500	14.95	95	150	16.2	89.4
GT68S	15.0	19.9	50	400	100	500	14.95	85	157	16.2	88.9
GT70S	20.0	40.0	75	1,000	100	500	14.95	70	157	16.2	88.3
GT75S	20.0	40.0	75	1,000	100	500	14.95	68	150	15.4	87.8

Notes:

- Carbon total for all types is 6.08% minimum, 6.18% maximum
- Free carbon total is 0.08% for Types GT04U, GT07U, and GT17S. All other types 0.05%
- Capability to co-carburize certain WC types (GT04, GT07, GT17, GT20) with various dopants (Vanadium/Tantalum/Chromium) to customer specified levels.

Footnotes:

[1] All contaminants shown at the ppm level

[2] Use test data for GT04 is at 8% Co / 0.5% Cr_3C_2 / 0.3% VC & GT07 is at 10% Co / 0.25% Cr_3C_2, all others are at 6% Co as noted above

[2] Density is g/cm^3

[3] Coercivity is noted in oersted (Oe) units

[4] Magnetic Saturation is noted as gauss units (G)

[5] Shrinkage is noted in percent (%)

[6] Hardness is noted as Rockwell A (HRA)

Global Tungsten & Powders Corp.
1 Hawes Street
Towanda, PA 18848 / USA

Phone: (570) 268-5000
Fax: (570) 268-5323
e-mail: info@globaltungsten.com

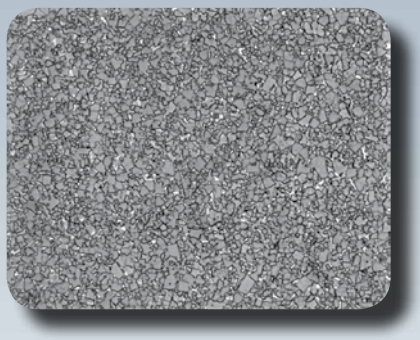
Tungsten Carbide Powder
Technical Information Bulletin

Powders That Shape Your World

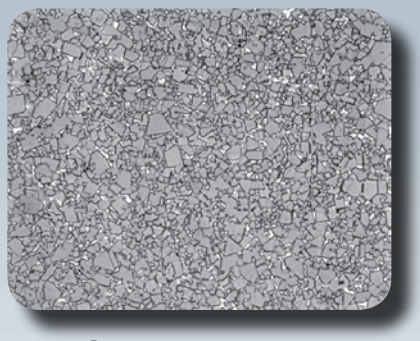
GTP

Type GT04

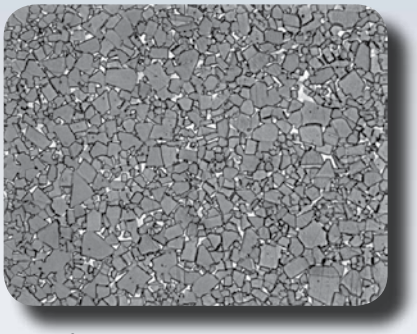
Type GT20



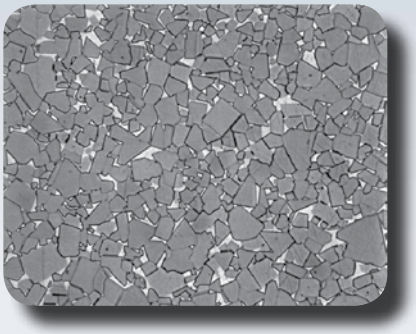
Type GT45



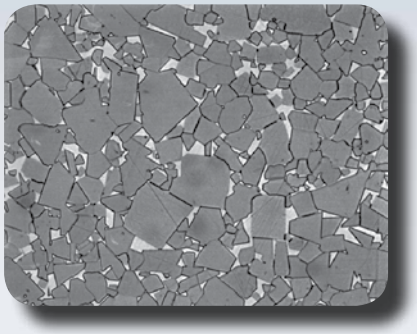
Type GT60



Type GT65



Type GT70



Magnified 1,500 times

Customization

GTP has the capability to tailor our powder based on specific customer requirements.

Certification

Lot data for the above physical and chemical specifications is reported in a laboratory test that is provided for each shipment. Chemical analysis is performed on every 10th lot. Information is available for customer evaluation.

Packaging

Fifty kilogram (50kg) per yellow pail with polyethylene liner. (Five gallon pails for types GT04 through GT20, 3.5 gallon pails for types GT25 through GT75.)

Global Tungsten & Powders
1 Hawes Street
Towanda, PA 18848
USA
Phone: +1 (570) 268-5000
Fax: +1 (570) 268-5323
julianne.packard@
globaltungsten.com

Global Tungsten & Powders spol.
Zahradni 1442/46
Bruntal 792 01
Czech Republic
Phone: +420 (555) 559 301
Fax: +420 (555) 559 302
stepan.pelc@
globaltungsten.com

History of Global Tungsten & Powders:

For over 40 years, GTP in Towanda has been producing tungsten, molybdenum, cobalt, and tantalum powder products. GTP produces a wide range of materials, which are used in the manufacture of numerous products. These products include metal working tools for cutting, rolling, and stamping; high temperature jet engine components and protective coatings; circuit manufacturing chemicals for microelectronics; catalysts for petrochemical processing. In 2000 HMZ in the Czech Republic became a part of the Global Tungsten & Powders group providing a European hub for the production of high quality tungsten and tungsten carbide powders.