SGL GROUP
THE CARBON COMPANY

BROAD BASE | BEST SOLUTIONS

Dear Committee on Ways and Means,

This letter is in support of HR 5161 which requests the temporary suspension of duty on PAN precursor used to produce specific carbon fibers. This bill addresses an "unfair" trade practice that disadvantages those companies that produce carbon fiber in the United States for specific carbon fiber applications. Ultimately, this Bill will create US competitiveness and manufacturing jobs in a key sector like carbon fibers. Although some PAN precursor is manufactured in the United States for uses in aerospace, military, and other small tow applications where filament count is less than 24k filaments per tow, those manufacturers will not be impacted by this Bill. This specific bill addresses 50k precursor where the applications are aimed at US Department of Energy initiatives such as alternative energy and vehicle light weighting. We are currently working on these initiatives, and without a doubt, this Bill will increase our cost competitiveness and create more manufacturing jobs over the next three years.

The carbon fiber produced from this imported precursor is classified as industrial grade and does not compete with carbon fiber produced from US based PAN precursor. Consequently, no PAN precursor of this type is available for purchase US manufacturers. However, foreign produced carbon fiber is allowed to enter into the US and compete for these key energy applications without import duty which greatly impacts the competitive nature of the US based carbon fiber manufacturers who pay import duty on the PAN precursor raw material. These markets are cost sensitive where pricing drives material selection.

SGL Carbon Fibers LLC fully supports this bill and its aim to remove a distinct advantage provided to foreign carbon fiber producers.

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