

KRITZER



Peninsula Copper Industries, Inc.

June 2, 2004

Copper Short Supply Petition
Regulatory Policy Division
P O Box 273
Washington, DC 20044

Re: Copper Short Supply Petition

To Whom It May Concern:

Peninsula Copper Industries Inc. is a major U.S. based consumer of copper scrap as raw material for the manufacturer of copper chemicals.

Over the past several years and more specifically the past two years, we have noted the copper scrap market has changed its historical mechanisms to the severe detriment of our company. The availability of all grades of copper scrap, which PCI consumes, has decreased markedly while the differential spread below exchange traded copper has greatly decreased thereby increasing the cost of copper to PCI. This supply situation can be linked directly to the presence of Chinese demand for copper scrap in the U.S. marketplace.

The export figures amply illustrate this phenomenon over the recent past. The reason the Chinese can outbid long established domestic consumers must be addressed. The VAT rebate practice provides a clear example of unfair trade. This practice alone would support countervailing action by the U.S. government. The VAT rebate along with lax import control, widely reported smuggling and a non-accessible Shanghai Metal Exchange create a distinctly unfair trading platform. The U.S. domestic copper scrap consuming industry cannot compete in this environment and will ultimately decline to a small fraction of its former position if no action is taken.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Cedere", written over a horizontal line.

Kevin Cedere
President
Peninsula Copper Industries, Inc.