

**Statement: Joe Mayer, Short Supply Petition Hearing**  
**May 19, 2004**

Thank you, Mr. Chairman and members of the panel, for the opportunity to appear here today.

I am Joe Mayer and I am appearing on behalf of the Copper and Brass Fabricators Council, Inc., and its 20 member companies. The Council is a trade association which represents the principal copper and brass mills in the United States. These mills together account for the fabrication of more than 80 percent of all copper and brass mill products produced in the United States, including sheet, strip, plate, foil, bar, rod, and both plumbing and commercial tube. These products are used in a wide variety of applications, chiefly in the construction, automotive, and electrical/electronic industries.

The brass mill industry is one of America's vital basic industries. The industry comprises the mills which melt and cast cathode and copper and copper-alloy scrap into billets and slabs which they then roll, draw or extrude into the various types of mill products I have listed.

Under normal market conditions, the brass mill industry enjoys a plentiful supply of copper and copper-alloy scrap at prices which encourage the mills to recycle the scrap as a fully acceptable substitute for expensive cathode copper in more than 50 percent of their products.

Unfortunately, today's market is far from normal. Currently, brass mills are experiencing steep increases in scrap prices with unprecedented speed. This price volatility is directly related to huge increases in exports of U.S. scrap, particularly to China.

As a result, U.S. brass mills, despite improving orders and sales, are enduring severe stresses on operating income in an industry noted for narrow profit margins in the best of times.

These adverse economic conditions are a direct result of shortages in the domestic availability of scrap supplies. No other economic factor impacting the operations of the brass mill industry today remotely compares to the current short supply of copper and copper-alloy scrap in its effects.

This is a broad outline of our case. We will now offer a series of witnesses whose knowledge and experience will provide the data and details which we believe constitute a compelling case on the merits of our petition.

Our witnesses today will include: Mr. James L. Mallory, President of the Non-Ferrous Founders' Society, who will present the views of his members; David Hartquist, our trade counsel; Michael Kerwin, our economist in this matter; Roy Allen, President of Hussey Copper Ltd.; Thomas Baker, Vice President of Marketing for Olin Corporation's Metals Group; Jeffery Burghardt, Director of Metals and Stores, Outokumpu American

Brass; George Dykhuizen, President of Extruded Metals and Vice Chairman of the Council; and James Rourke, Vice President and General Manager, Mueller Brass Company.

On behalf of the co-petitioners, we thank you for this opportunity to present our views in this matter. We thank you, in particular, for your accommodation of all of our witnesses in today's proceeding and for your extraordinary efforts in this compressed time schedule to acquaint yourselves with the operations of our complex industry through arduous site visits and other industry contacts.

And now I call upon Mr. Mallory to continue our presentation.