



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Industry and Security
Washington, D.C. 20230

MAY 17 2004

Ms. Robin K. Wiener
President
Institute of Scrap Recycling Industries, Inc.
1325 G Street, NW, Suite 1000
Washington, DC 20005-3104

Dear Ms. Wiener:

This is in response to your request by letter dated May 13, 2004, on behalf of yourself and two interested parties to speak at the public hearing scheduled for May 19, 2004, that is being held in response to the filing of a petition on April 7, 2004, for the imposition of monitoring and controls on exports of copper scrap and copper-alloy scrap from the United States.

Your request to speak at the aforementioned public hearing, and the requests of the parties at interest identified in your letter, have been granted. The order of appearance, with the addition of Robert Damuth of Nathan Associates Inc., will be as follows:

Robin K. Wiener, President, Institute of Scrap Recycling Industries, Inc.
Robert Damuth, Vice President, Nathan Associates Inc.
Sheldon Tauben, President, Metalsco, Inc.

While the actual time when you and your colleagues will be asked to speak is approximate, we anticipate that you will be asked to speak shortly after 2:00 p.m. Your colleagues, as listed above, will speak following your presentation.

Those speaking or attending the public hearing are advised to enter the main entrance of the Commerce Department on 14th Street, NW. Security personnel will escort the hearing participants and any members of the public that may wish to attend the hearing to the Auditorium no earlier than 9:30 a.m. Speakers should arrive no later than 9:45 a.m. The hearing will proceed until approximately 1:00 p.m., and then break for one hour for lunch. The proceeding will resume promptly at 2:00 p.m.

All speakers are required to bring 25 copies of their remarks. To assist in the preparation of these statements, enclosed are a list of questions intended to elicit information on the copper scrap industry, and the economic parameters associated with the copper scrap market.



Each speaker will be called individually to address the five member government panel by the undersigned, the Federal Hearing Officer. All procedural matters relating to the hearing will be determined by the Hearing Officer. Only the members of the government panel may ask questions of the speaker. No questions or comments will be entertained from the audience or from other speakers.

We look forward to your participation at the hearing. Our web site, www.bis.doc.gov, has additional information on the hearing and the complete list of speakers. Should you or any of your colleagues have any questions regarding this matter, please contact me on (202) 482-4506.

Sincerely,



Daniel O. Hill
Director
Office of Strategic Industries and
Economic Security

Enclosure

cc: Robert Damuth, Nathan Associates Inc.
Sheldon Tauben, Metalsco Inc.

Copper and Brass Scrap Short Supply Petition: Additional Questions for Interested Parties

Industry Identification

1. What industries, identified by NAICS (North American Industry Classification System) use copper scrap in their production process, e.g., NAICS 331421 (Copper rolling and drawing), NAICS 331423 (Secondary smelting, refining, & alloying of copper), and NAICS 331525 (Copper foundries)?
2. What industries, identified by their NAICS, sell copper scrap to either the domestic or foreign market, e.g., NAICS 421930 (Recyclable Materials Wholesalers), NAICS 421140 (Motor vehicle parts (used) wholesalers), and NAICS 562920 (Materials recovery facilities)?

Production Process Considerations

1. For each of the copper scrap consuming industries, what proportion of the industry (in terms of the industry's capacity, production base, or shipments) uses copper scrap as opposed to copper cathode?
2. Can copper scrap and cathode be used interchangeably in the production process?
3. Are there any production processes that only use copper scrap? Please explain.
4. What types of production changes need to be made to use cathode rather than copper scrap?
5. Is retooling an option when copper scrap prices meet and/or exceed copper cathode prices?
6. Within the copper scrap consuming industries, what percent of copper scrap consumption, by grade, can be converted to refined metal consumption?
7. What type of copper scrap, by grade, is being used in copper scrap consuming industries?
8. Are consumers of scrap able to substitute refined copper for copper alloy scrap? Are they also able to substitute unalloyed scrap for alloy scrap?
9. For each of the scrap consuming industries, what is the share of the cost of production that can be identified as coming from the cost of scrap?
10. What is the turn around time (from the time purchased to the time used in production) for new or return scrap?

Supply and Demand Considerations

1. By specific grades of scrap, could you please provide the trends in value and quantity of shipments, imports, and exports from 1992 to the present, by quarter? In 2004, please provide monthly data?
2. What are the import sources and export destinations by value and quantity for each grade of copper scrap?

3. Which of the above specific grades of scrap are considered by the industry to be in short supply?
4. What, if any, changes have occurred in the scrap market between 1999 and the present that have impacted the sale of copper scrap?
5. Are there any constraints on the availability of cathode that would make access to copper scrap critical?
6. For each of the copper scrap consuming industries, what are the 1999 to the present year-end industry capacity utilization rates?
7. For each of the copper scrap consuming industries, what are the monthly inventories of scrap, copper cathode, and finished products from 1999 to the present?
8. For each of the copper scrap consuming industries, what are the monthly values of unfilled orders and shipments from 1999 to the present?
9. Has the availability of copper scrap affected delivery times for copper consuming industries?
10. What is the current state of import competition for products produced by copper consuming industries including information on price competitiveness and imports as a percent of apparent consumption?
11. Have any countries announced or planned restrictions on exports of copper scrap?
12. Do the prices of imported brass mill products reflect the increased costs of copper scrap; i.e., have they risen and by how much?
13. What is the current level of demand for brass mill products by user industries compared to past business cycles?
14. Has the availability of copper scrap had an impact on the length of production cycle for the industries that use copper scrap (brass mills/foundries)?
15. If export controls were implemented, could restrictions be implemented by scrap type?
16. If export controls were imposed at the levels requested in the petition, would there be a domestic market for the scrap that was embargoed from export?
17. What impact would such an embargo have on domestic scrap prices?
18. How would such an embargo affect the competitiveness of brass mill industry customers?
19. What impact would an embargo have on the competitiveness position of the scrap collection industry?

Scrap Wholesaler/Exporter Considerations

1. What factors have recently impacted the availability of copper scrap?
2. Have there been any changes in the market situation that has affected where or how copper scrap is sold?
3. Is U.S. copper scrap being exported at prices above the world price? If so, is there any justification for the premium?
4. Is the availability of copper scrap responsive to changes in the market price of scrap?

Price Considerations

1. What proportion of costs of copper scrap consuming industries reflects the price of scrap at current prices and then at prices that prevailed before the recent jump in scrap prices?
2. In general, is copper scrap bought on the spot market or is it bought in long-term contracts?
3. Are the increases in price from the rising cost of copper scrap passed along to the consuming industries?
4. What factors influence the price of copper scrap?
5. From 1999 to the present, what price changes have there been in other inputs to production?
6. What is the relationship between copper scrap prices and copper cathode prices?
7. When price increases in copper cathode and copper scrap occur, which one is first?

Domestic Industry Considerations

1. In the last three to five years, what has happened to the profits in the industries that use copper scrap?
2. What are the current employment conditions in the industry? How has this changed in the last three to five years?
3. Have any firms in the industries that use copper scrap shut down because of the jump in scrap prices? If so, how many jobs were lost?
4. What is the annual labor productivity from 1999 to the present?
5. What was the level of industry capital expenditures in the last two years?
6. Has the industry invested in equipment that would allow plants to convert from scrap use to copper cathode?