

CARBON FIBER TECHNOLOGY LLC

JUNE 4, 2002

Committee on Ways & Means
U.S. House of Representatives
Washington, D.C. 20515

RE: H.R. 4135 – Duty Suspension Legislation

To Whom It May Concern:

On behalf of Carbon Fiber Technology LLC, I am writing to express support for H.R. 4135, a bill to temporarily suspend the duty on acrylic fiber tow that was introduced by Representative Barbara Cubin on April 10, 2002. Carbon Fiber Technology, located in Evanston, WY manufactures carbon fiber from this specific acrylic precursor. We have 46 full time employees in Wyoming.

We are interested in securing a temporary duty suspension to remain competitive with importers of carbon fiber. Since 1999 finished carbon fiber has entered the U.S. duty free. We currently pay a duty rate of 8% on our acrylic precursor. We have recently lost a significant portion of our production to overseas facilities because of because of costs. A major part of that differential is duty. If we are to have any possibility of winning this business back in future years, we need duty relief.

Attached is a summary of applicable product information that we would like to submit as part of the record of for this bill to be considered by the House of representatives.

Thank you for your consideration. Please feel free to contact me if you have any questions.

Sincerely,

Steven E. Russell
President/CEO

c.c. Congresswoman Barbara Cubin

CARBON FIBER TECHNOLOGY LLC

Laura Rodriguez
International Trade Analyst
USITC
500 E Street S.W.
Washington, D.C. 20436

Dear Ms. Rodriguez:

I am the President and CEO of Carbon Fiber Technology LLC, a Wyoming LLC, with its manufacturing site and offices in Evanston, Wyoming. Our company currently manufactures carbon fiber for our two owners, Aldila and SGL Carbon Fibers and Composites. We have 46 full time employees in Wyoming.

We are interested in securing a temporary duty suspension on acrylic fiber tow, which we import to further manufacture into carbon fiber. We currently pay a duty rate of 8%. Since the inception of our operations in 1998, we have imported approximately \$16 million of acrylic fiber tow. We paid on average annual basis \$400,000 on the product.

As a domestic manufacturer, we are competing against imports of carbon fiber that became duty free in 1999. One of our parent companies has recently completed a study and decided to move half of what we produce for them to production in their factory in Scotland, because it is less expensive there. A major part of that differential is duty. If we are to have any possibility of winning this business back in future years, we need duty relief. We are requesting temporary duty suspension so that our company may compete on an even playing field. Attached is a summary of applicable product information for your review.

This matter is of vital importance to our company. We are requesting your assistance in this matter. Please do not hesitate to contact me if you have any questions or would like additional information.

Sincerely,

Steve Russell

CARBON FIBER TECHNOLOGY LLC

PROPOSED DUTY SUSPENSION SUMMARY

Acrylic Fiber Tow (Polyacrylonitrile tow) HTSUS No. 5501.30.0000

Acrylic Fiber Tow/ Carbon Fiber

General Information Regarding Carbon Fiber Technology LLC:

Carbon Fiber Technology LLC is a joint venture between Aldila, Inc. and SGL Carbon Fibers and Composites, Inc that was formed in 1999. The Carbon Fiber Technology facility located in Evanston, Wyoming commenced operations in 1998. The company has presently employs 46 people full time.

Carbon Fiber Technology is engaged in the business of manufacturing acrylic fiber tow into carbon fiber to be utilized in the production of graphite golf club shafts and injection molding materials for industrial applications. Carbon fiber manufactured at the facility is primarily purchased by Aldila, Inc. and SGL Carbon Fibers. Carbon Fiber Technology is requesting a duty suspension on acrylic fiber tow that is manufactured into carbon fiber.

Product Description

The acrylic fiber tow utilized to process the large bundles of carbon fiber has specific qualities that differentiate it from normal textile acrylic. The acrylic fiber tow consists of six (6) sub bundles crimped together that each contains 45,000 filaments. The tow contains 4%-8% water to help maintain integrity. Such acrylic fiber contain a minimum of 92% acrylonitrile, not more than 0.1% zinc and average filament denier shall be either 1.35 +/- 0.08 or 1.2 +/- .08. The chemical name of the imported material is polyacrylonitrile tow. We will supply a specification sheet upon request.

End Product Use

Acrylic fiber tow is manufactured into carbon fiber classified under HTSUS 6815.10.0000. The carbon fiber specifically manufactured by Carbon Fiber Technology is purchased and further manufactured by companies that manufacture graphite golf club shafts and injection molding materials for industrial applications.

Amount of Acrylic Fiber Tow Imported Per Year

1998 \$3.2 million
1999 \$3.6 million
2000 \$5.2 million
2001 \$3.9 million

Duty Paid

1998 \$270,000
1999 \$300,000
2000 \$400,000
2001 \$360,000
2002 \$310,000(Estimated)

Future Duty Projection

2003 \$350,000

2004 \$375,000
2005 \$400,000

HTSUS Tariff Numbers

The Harmonized Tariff Schedule number for acrylic fiber tow is 5501.30.0000 at a duty rate of 8.0%.

Where Imported From

The specific acrylic fiber tow utilized by Carbon Fiber Technology is imported from Japan.

Domestic Suppliers

There are no domestic suppliers of acrylic fiber tow meeting or representing a substitute for the chemical or physical properties required by Carbon Fiber Technology.

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