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## U.S. International Trade Commission

**Testimony of Peter Boylan, Sales Manager, UBE America Inc., before the United States Trade Commission on October 30, 2008. Accompanied by Takumi Wakamoto, General Manager, UBE America, Inc., and Leslie Alan Glick, partner, Porter Wright Morris & Arthur LLP.**

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### **Testimony of Peter Boylan, Sales Manager, UBE America Inc.**

Madam Chairwoman and members of the U.S. International Trade Commission, my name is Peter Boylan and I am Sales Manager of UBE America, Inc., a U.S. company located in Wixom, Michigan, near Detroit. I am accompanied by Takumi Wakamoto, General Manager of UBE America, Inc. My job is to sell the UBE Nylon (Thailand) Ltd. or UNT product in the U.S. and I know the U.S. market, the customers and the competition. I can say unequivocally that petitioner BASF does not compete with UNT in the U.S. market and, therefore, could not be injured by GSP benefits for UNT.

1. The reason for this relates to the unique nature of our customers and their requirements. Our customers are one hundred percent so-called "Japanese transplant companies" in the U.S. These companies are affiliated with Japanese companies that supply the Japanese original equipment automotive manufacturers, primarily Toyota and Honda. When these Japanese auto manufacturers build plants in the U.S., they require

their vendors to meet the same specs as those of vendors in Japan. UNT's product had already been certified and tested by the Japanese automakers in Japan and in turn, their U.S. plants have certified the UNT product as the only one that has met their rigid specifications. Since only the UNT product meets the specs of Toyota and Honda for certain applications, BASF is not competing with UNT for these sales and cannot, therefore, be losing sales to UNT as they claim.

2. Allegations by BASF that UNT is undercutting its prices is totally baseless. Firstly, as I have indicated, we are not quoting prices to the same customers and cannot be undercutting BASF if we don't compete for the same customers. Secondly, as indicated by our pricing in our confidential pre-hearing brief table J, compared to average U.S. prices reported by a recognized U.S. source, "The Plastics Web," UNT's prices are higher than those of U.S. producers. In addition to these comparisons involving published prices, I can say personally that I have been visiting customers in the last few weeks to tell them that, for the second time this year, we have to raise their prices due to increased cost. This increase is with the current duty-free benefits under GSP that now exist. If GSP benefits are removed, more price increases will be necessary. I also wish to note that BASF's petition discussed pricing only on nylon-6 film, a product UNT does not even export to the U.S.
  
3. There is absolutely no evidence that UNT has taken even one sale from BASF. The reason for this is the unique nature of our customers and a specialized market that consists only of Japanese affiliated companies in the U.S. that are required to use the UNT product because it has been tested and certified by certain Japanese automobile producers in Japan. UNT is required by these Japanese companies to export nylon-6 to their U.S. affiliates and we do not compete in the U.S. market with BASF.

We should note that in the U.S., BASF has similar exclusivity with certain German and U.S. auto manufacturers that have tested and certified their product and not the UNT product. Thus, there is no direct competition between the BASF and UNT product in the U.S. marketplace.

4. BASF itself is a significant importer of this product into the United States from its parent company in Germany and produced by affiliated companies in Malaysia. German exports to the U.S. represent over 25 percent of total U.S. imports, most of which we believe are from BASF Germany to BASF in the U.S., while imports from Thailand represent less than half of one percent of all U.S. imports.

5. Exports from developed countries, namely Germany and Canada, dominate the U.S. imports for nylon-6.

In conclusion, BASF, which claims to be the world's largest chemical company, is not being and cannot be adversely impacted by the *de minimus* imports from UNT in Thailand that are going to customers who are required by Japanese automakers to supply the UNT product that has been qualified to meet the specs of the Japanese producers. At the same time, removal of GSP benefits would only hurt our U.S. customers by costing them more for the same product which would most likely be passed on to their customers like Toyota and Honda and which could increase the costs of Toyota and Honda vehicles produced in the U.S. to U.S. consumers at a time when U.S. auto producers, which include Toyota and Honda with sizeable production in Ohio, Kentucky, Indiana, California, Texas, and other states, are already facing many difficult challenges. Thank you.