

Arent Fox

October 28, 2008

Sule Akyuz

Attorney

202.828.3421 DIRECT

202.857.6395 FAX

akyuz.sule@arentfox.com

Investigation Number: 332-500

Ms. Marilyn R. Abbott
Secretary
U.S. International Trade Commission
500 East Street, S.W.
Washington, D.C. 20024

Re: **Hearing statement regarding Polyethylene (HTSUS 3901.20.10) from Turkey**

Dear Ms. Abbott:

Polyethylene (HTSUS 3901.20.10) from Turkey is being considered for addition to the list of the Generalized System of Preferences Program. Our petition to designate Polyethylene from Turkey as eligible for GSP benefits has been accepted for review by GSP Subcommittee of the Trade Policy Staff Committee.

On behalf of the Istanbul Mineral and Metals Exporter's Association and Turkish producers of High Density Polyethylene (HDPE), we are pleased to appear before the International Trade Commission concerning IMMIB's proposal to have HDPE designated as eligible for GSP benefits.

HDPE is a primary thermoplastic used in a large number of consumer products. The U.S market for this product is huge, with over 6.8 million tons produced in the United States in 2007, and an additional 475,000 tons imported. The single largest source of imports is Canada, which accounts for 96% of all imports, with much smaller amounts coming from Saudi Arabia (1.96%), Japan (1.1%), Germany (.29%) and Mexico (.16%). Imports are concentrated from developed countries for different reasons. Canada has been a long time producer, and both Canada and Mexico enjoy duty free status under NAFTA. Saudi Arabia enjoys a natural cost advantage due the low cost of inputs and energy. Germany and Japan are long time producers and have

integrated affiliated companies they work with in the United States. No developing countries have more than a trace level of imports into the United States.

The current HDPE tariff for non-FTA countries, including Turkey, is 6.5%. This is a relatively high tariff, and has proven to be an insurmountable obstacle for the Turkish producer of HDPE, Petkim, who operates under tight profit margins.

IMMIB proposes to add HDPE to the list of GSP eligible products for the following reasons:

1. Several countries already enjoy duty free access under free trade agreements, or have natural cost advantages. Leveling the playing field for developing countries like Turkey would allow them to compete fairly and participate at modest levels in the United States market.

2. The U.S. market for HDPE is very large, and imports account for a very small percentage of total, even though the vast majority of imports already enter duty free. Further, demand for HDPE is growing in the United States, and current forecasts suggest that additional sources of supply will be needed in the future. The addition of HDPE as GSP eligible will not adversely impact U.S. producers, but will diversify supply sources and allow developing countries to participate in the growth of this market in the United States.

3. The only producer of HDPE in Turkey is PETKIM. PETKIM currently exports this product to 12 countries, and its export destinations are diversifying annually. In recent years Petkim has operated its HDPE plant at 86-89% capacity utilization rates, leaving a modest amount of extra capacity available for U.S. exports. Petkim's shipment would be modest if HDPE is added to the list of GSP eligible products.

4. Petkim has sent test shipment to the United States to establish that they can meet U.S. requirements. U.S. customers of Turkish HDPE will enjoy high quality product at what will be a relatively constant price.

5. Other countries, specifically the European Union, offer duty free access for Turkish HDPE.

6. Conferring GSP eligibility for HDPE will allow Turkey to export to the United States, resulting in modest increases in employment and more rapid economic development in this important industrial sector in Turkey.

7. Turkey is an important ally and trading partner for the United States. Maintenance of the strong partnership with Turkey is very much in the U.S. national interest. In the last fifteen

years, the U.S. has adopted or entered into nineteen tariff- preference programs and agreements. The GSP Program is the only program available to Turkey.

8. Maintaining diverse supplies of critical materials from a variety of sources, including foreign sources, are also serves the national economic interest of the United States. This enhances the competitive factors in the market thereby keeping prices low and supply sufficient to meet demand. It is also in the national economic interest that Turkey, as a significant export market for US goods and services, continues its efforts to achieve a stable domestic economy and sustainable export competitiveness. Turkey is adopting the free market principles and practices in order for the country to reach a level of development that will permit it to enjoy a sustainable growth rate and commercial relations with other countries that are mutually beneficial.

Respectfully submitted

On behalf of Istanbul Mineral
and Metals Exporters' Association

A handwritten signature in black ink, appearing to read 'Sule Akyuz', is centered on the page. The signature is fluid and cursive, with a large initial 'S' and a long, sweeping tail.

Sule Akyuz, Esq.