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Before the U.S. International Trade Commission
Sodium Nitrite from Germany and the People's Republic of China, Inv. Nos. 701-TA-453 and 731-TA-1136-1137 (Final)

July 2, 2008

Madam Chairman and members of the Commission, good afternoon, my name is Bill Work and I am the Business Manager, Inorganics and Electronic Chemicals at BASF Corporation in Evans City Pennsylvania. I have been a long-time employee of BASF Corporation and have been in my current position since January 2005. I and others in my group, including Karen Katz, who is here with me today, are responsible for the marketing of a wide variety of products, including sodium nitrite, in the North American market.

BASF Corporation, headquartered in Florham Park, New Jersey, is the North American affiliate of BASF SE (formerly BASF AG) in Germany and employs more than 15,500 people in North America, the majority in the United States. BASF is the world's leading chemical company and has a portfolio that ranges from chemicals and plastics to performance products, agricultural products and fine chemicals. Our chemical portfolio ranges from basic petrochemicals and inorganics to intermediates and specialty chemicals for a variety of industries, including the pharmaceutical, construction, textile and automotive industries. BASF Corporation imports and distributes sodium nitrite produced by our parent company in Germany, which is vertically integrated in the production of the most important raw materials used to produce sodium nitrite, including

caustic soda and ammonia. We are also back-integrated into natural gas, which is the primary input in the production of ammonia. This decreases our costs, increases our productivity and efficiency and makes BASF more efficient than most other global suppliers of sodium nitrite. It is therefore, not fair to accuse BASF of selling sodium nitrite below its costs, without understanding exactly what BASF's costs are.

We strongly believe that the antidumping petition filed by General Chemical is unjustified and no injury claimed by that company can be attributed to BASF's presence in the US marketplace. BASF has charged steadily increasing prices for sodium nitrite in the U.S. market, as raw material costs have increased for our parent company in Germany, and our customer portfolio has remained stable throughout the period 2005-2007, with the addition of only one significant customer. Any financial problems claimed by the petitioner are clearly tied to its acquisition of its only domestic competitor, Repauno Products, and the long-term decline in demand for sodium nitrite in its solution form. Within months after announcing the acquisition, General Chemical closed the former Repauno facility in Gibbstown, New Jersey, leaving only General Chemical's Syracuse, NY plant in production in the United States. Despite being forced to close the Repauno facility, General Chemical still had to absorb the costs of that merger, which undoubtedly affected its financial performance. Clearly, however, General Chemical thought it was worth taking a temporary financial hit in order to gain a monopoly on the U.S. production of sodium nitrite.

Rapauno was primarily a producer of sodium nitrite solution. Since solution is not imported into the United States, the closure of the Repauno facility cannot be attributed to imports. In reality, the facility was closed because Repauno's major customers were shifting production of their downstream products outside the United States, eliminating their need for sodium nitrite solution in the United States. This is part of a long-term decline in U.S. demand for sodium nitrite solution as purchasers of sodium nitrite solution have been closing their facilities or moving production offshore for a number of years. General is now depicting that shift in its solution market as a contraction in overall demand for sodium nitrite, and simply attributing greater combined market share to BASF. However, we cannot be capturing an increasing share of a market in which we do not participate. While General Chemical wants to argue that this is a simple process, a purchaser would, at the very least, need to make significant modifications to their facilities in order to turn granular material into solution, including:

- Equipment to handle the granular product
  Personnel to charge the crystal to a solution tank
  A solution tank
- A Pump and appropriate piping
- A method of agitation
- A heat source to dissolve and keep nitrite in solution, especially in cold weather areas
- A method to address water quality
- A method to manage and control foaming
- A chemist to test the solution for the desired concentration

These are significant investments that a customer is unlikely to make when they can simply purchase solution ready-made from General Chemical. BASF is well aware of the costs of trying to produce solution from imported granular material. BASF has attempted to import granular product from Germany and turn it into solution in the

United States in a safe, responsible manner. We quickly discovered, however, that this process was not cost effective and the resulting solution was not competitive with the prices being offered by General Chemical. I also find it hard to believe that General Chemical is lowering its prices for solution because customers are citing to BASF price-quotes for granular. While customers will always try to get the lowest price possible for any product, it is important to know your customers well enough to know if you're being misled. In this case, it would be essential to have an idea of the costs that customer would have to incur in order to turn a granular product into solution form, if they are not set up to do this already. I would submit that if BASF could not convert German granular product into solution in a cost-effective manner that it is unlikely that many, if any, customers could do so.

There is likewise no threat of injury posed by German exports to the United States. BASF SE's capacity utilization is very high and inventories are declining, so there is no excess supply seeking out American markets. BASF SE's home market sales are higher volume than its sales to the US, and projected to grow; BASF SE's export sales to third countries are stable, and the US represents an overall small percentage of the company's global sales volume. Any suggestion by General that BASF SE is seeking to unload supplies in the US is unsupportable speculation.

In conclusion, there is no injury being caused or threatened by imports from Germany or China. This case seems to be no more than an attempt by General Chemical to acquire monopoly control over the U.S. market for sodium nitrite with government sanction. The

first step was the acquisition of Repauno, the only other domestic producer of sodium nitrite. The second step was the filing of the petition in this case seeking to eliminate all import competition.

We respectfully urge the Commission to reject that attempt and reach a negative determination.

Thank you for your time, I will be happy to answer any questions.