U.S. INTERNATIONAL TRADE COMMISSION

STATEMENT OF JIM CRUMP
SHELL CHEMICAL LP

IN OPPOSITION TO REQUEST FOR GSP TREATMENT FOR FATTY ALCOHOLS FROM BRAZIL

November 16, 2009

Introduction

Good morning Madam Chairwoman and members of the Commission. My name is Jim Crump. I serve as a Commercial Development Manager for Shell Chemical LP, Shell's chemical business in the United States. My previous positions with Shell have included product manager for alcohols and ethoxylates and market development manager in Shell's chemical trading business. I have been with Shell since 2002. Prior to my work with Shell, I held positions with Exxon Chemical and with E. I. DuPont. In addition, I served as a Senior Manager in the chemical practice of Andersen Consulting, providing consulting services in the United States, Latin America, Europe and Australia.

I hold a BS degree in Chemistry from Harvard University (1973), an MS degree in Chemical Engineering from the University of Houston (1977), and an MBA from the Wharton School of Business, University of Pennsylvania (1992).

I am appearing today to express Shell Chemical's opposition to the GSP Petition submitted by Oleoquimica Oxiteno and to assist the Commission in understanding the likely impact on the domestic industry if this Petition is granted.

Shell Chemical's Alcohol & Ethoxylate Business

Shell Chemical produces alcohols and, like the broader industry, converts the bulk of its manufactured alcohol to ethoxylates, derivatives produced by reaction of alcohol with ethylene

- a significant increase in imports of oleo-based alcohol would be expected to take market share from ethylene-based alcohol manufactured by U.S. producers.

As an illustration, a large soap and detergent, or "S&D" producer of household cleaning products may consume more than 30 kilotons of ethoxylate per year. The typical S&D producer can now switch consumption of ethoxylates from those based on petrochemical alcohol to those based on oleochemical alcohols within 30 to 90 days.

Thus, market influences that adversely affect the competitiveness of petrochemical alcohol relative to oleochemical alcohol result in reduced demand for alcohols produced by Shell and other US alcohol producers using ethylene. Note that Shell's alcohol facility at Geismar is underutilized under current conditions, as indicated in Shell's pre-hearing submission. Note also that during 2000 to 2008, U.S. alcohol production remained relatively unchanged (average growth rate less than 3% per year) while imports of oleochemical alcohol increased substantially:

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Imports, *kilotons*	71	88	87	108	94	99	104	99	145
Imports, *% (2000 = 100%*	100%	123%	122%	150%	132%	139%	146%	139%	203%

Notes: Imports based on trade data provided by the Bureau of Census, US Department of Commerce
Production growth rate is estimated, based on information from confidential sources

These data provide evidence that oleo-alcohol imports have increased dramatically, with negative impact on U.S. alcohol producers, without the preferential tariff treatment sought by Oleoquimica Oxiteno. Existing producers of oleo alcohols, primarily Asian, have succeeded in substantially increasing exports to the United States without such trade preference. Indeed, imports from Asia already have gained U.S. market share at the expense of U.S. producers and further loss of market share to imports would be likely if this GSP Petition were granted.

Given that petrochemical and oleochemical alcohols compete directly in the U.S. marketplace, the requested tariff change threatens domestic producers. In addition, the

c. Trade Policy

Trade policy issues raised by the Petition also lead us to recommend against its acceptance. I will review these in summary because they were covered in our pre-hearing submission. Oleoquimica Oxiteno's representation that economic conditions in a single state of Brazil, Bahia, can reasonably provide a basis for tariff preferences for the nation of Brazil is incorrect and is not consistent with the letter or intent of U.S. law. Also, the Petition, if granted, could lead to exemption from duty for other nations, including Indonesia and Malaysia, that do not meet the economic criteria cited by Oleoquimica Oxiteno. Thus granting the Petition would have far-reaching effects and would appear to be inconsistent with the purpose of the U.S. GSP program.

d. Summary

In summary, granting this petition would have adverse consequences for the domestic industry. Environmental and trade policy considerations also argue against the granting of the Petition. Thank you for your time and attention. I look forward to your questions.