

TESTIMONY OF LIAO CHIA-CHI (ASHLEIGH)
KING YOUNG ENTERPRISE CO., LTD.

Good afternoon. My name is Ashleigh Liao, and I am a sales manager of King Young Enterprise Company, a Taiwanese ribbons company founded in 1988. As part of my responsibilities, I handle sales to Berwick Offray, and I am very familiar with the nature of competition within the U.S. market for narrow woven ribbons.

I am also speaking on behalf of King Young's President, Yu Pi-Lan, who is here with me today, given that she is not used to speaking English. Ms. Yu Pi-Lan is the founder of King Young and is directly responsible for managing the operations of the company, including sales to our major customers. She has more than 20 years experience in this industry. We will be pleased to provide answers to any questions you may have.

Today, I will cover three basic subjects. First, King Young's sales with Berwick. Second, the importance of design in this industry. And, third, the future prospects for demand in the U.S. market.

King Young first began directly shipping ribbons to the U.S. in 1997. In 1999, we first began selling to Berwick, and it is still one of our customers today. I would first like to describe the sales process with Berwick, which is generally the same as with our other customers. Berwick contacts us from its U.S. or Hong Kong offices, usually by e-mail, and lets us know the particular products they are interested in buying. We will then begin the development process and produce a sample for them. In some cases, Berwick provides a design for us to produce, and in other instances, King Young provides its own design. Once Berwick approves the product, it will place a purchase order with us by e-mail, and we then manufacture the merchandise to order.

In terms of price negotiations, King Young quotes prices to Berwick according to the product specifications that Berwick provides. However, the profitability of sales to Berwick has

declined over the years. Each year since 2007, Berwick has requested that we reduce our prices by about 5 to 10 percent. King Young has agreed to lower its prices in response to Berwick's demands because they are one of our longstanding customers, and it is important for us to preserve our relationship.

Given our experiences with Berwick, I was quite surprised when I learned about Berwick's claim that Taiwanese producers have been dumping in the U.S. It did not make any sense that Berwick would ask us to lower our prices, and then turn around and accuse us of selling at uncompetitive prices.

To me, it seems clear that Berwick has filed this petition because it is trying to protect its own imports of ribbons. When Berwick purchases from King Young, it does so either as a direct importer or as a broker on behalf of major U.S. purchasers. In the past couple of years, several of Berwick's customers have approached us directly to purchase ribbons. And, King Young is more than happy to sell to them because we are able to sell at higher prices than when we sell to Berwick.

The buyers that approached us directly have explained that they wanted to deal with us directly because they preferred our excellent service and product varieties since both are crucial to their choice of suppliers. The ability to produce many different styles and types of ribbons, including custom-made ribbons, is particularly important. Contrary to Berwick's position here, ribbons is not a commodity with little product variety. It really is a fashion-driven product, and fashion trends are extremely important. The companies who are the most successful are the ones that can develop their own design ideas or can work with their customers to come up with innovative new designs. In the past year alone, King Young has invested in the development of more than 7,000 new product designs on its own or in coordination with its customers because

we have recognized that innovation and quality are key competitive advantages. A company that only offers stock ribbons from inventory will not last long in this industry.

Finally, I'd like to mention that King Young, like other producers in Taiwan, mainland China, and the U.S., has been hit hard by the global recession. Unfortunately for us, people spend less money on ribbons when the economy is bad, and our production and sales have been hit hard as a result. However, in 2010, things have already started to turn around. I believe there will be significant growth in demand within the domestic Chinese market because of the growing number of apparel and other manufacturers there that consume ribbons as a material input.

I believe that the Commission should not take the actions that Berwick is requesting today. Berwick is seeking to protect its imports of ribbons, not its U.S. production. In fact, I understand that, in the past year, Berwick has been shifting its purchases from Taiwan to our competitors in India and Malaysia, among others. King Young competes fairly in the U.S., and we have focused our resources on being very responsive to the needs of our customers through new designs, quality products, and improved services. I believe that the other Taiwanese producers follow the same approach. Taiwan has contributed to developing new demand that did not previously exist in the U.S., and which Berwick is unable to supply with U.S. production. The U.S. has benefited from Taiwanese imports.

That concludes my remarks. Thank you.