

**TESTIMONY OF JAMES KWON**  
**KOLON INDUSTRIES, INC.**

Good afternoon. My name is James Kwon, and I manage Kolon Industries' Film Business Team 2 within the company's Film Business Center. I have been selling PET Film for 23 years. In my current position, which I have held for 4 years, I oversee the team that is responsible for selling PET Film in Korea and abroad, including to the U.S.A. With me today is Mr. J.K. Kim, who is the deputy senior manager on my sales team. Given our positions, we are very familiar with the competitive conditions in the global PET Film market.

This order has been in effect now for 20 years, but a lot has changed over that time. Most important is the fact that, of Korea's three largest producers of PET Film – which are SKC, Toray, and Kolon – the U.S. affiliates of two of these companies, SKC and Toray, have U.S. production facilities and are now part of the petitioners. Their goal is now to keep antidumping duties in place against Kolon. But, Kolon competes fairly in the U.S.A. , and we believe this order should be revoked.

Kolon was founded in 1957. In its nearly 55 years in operation, Kolon has established itself as an innovator. Our company's roots were actually in nylon. Kolon was the first Korean company to produce nylon yarn, and its investment in this product helped stimulate Korea's textile production which, in turn, played an important role in Korea's strong economic growth. In the late 1960's and early 1970's, Kolon turned its attention to polyester with the construction of a polyester filament plant in Gumi, Korea. Kolon first began producing PET Film in Korea in 1985. Since then, Kolon has diversified its operations, and today it is a leader in its four major business areas: film and electronic materials, industrial materials, chemicals, and fashion.

Kolon has sold PET Film in the U.S.A. since 1986. We were revoked from the antidumping order in 1996 after the DOC found that Kolon had not dumped for three

consecutive years. Even though we were exempt from antidumping duties, Kolon maintained very stable shipment levels of fairly priced products in the U.S.A. However, the DOC reinstated Kolon into the order through a changed circumstances review proceeding in late 2007. Although it calculated a very low antidumping rate of 1.52%, the DOC found that rate was sufficient to make Kolon once again subject to duties. In the two following reviews, the DOC has calculated *de minimis* duty rates for Kolon, proving once again that Kolon fairly prices its PET Film in the U.S.A.

Kolon produces PET Film at three production facilities in Korea. Historically, we have focused on producing packaging films, which are thinner films widely used in general packaging, printing, laminating, labels, and coated products. In the past couple of years, our company has made the strategic decision to change the focus of its film business by increasing its production and sale of optical display film. This type of film is widely used in LCD and plasma display panels because of its special properties. The prices for optical display generally are much higher than for standard packaging film.

Kolon strongly believes that investing in optical display film and other high value-added products, such as photovoltaic film which is used in solar panels, will help the company become a stronger global leader in this industry and lay a foundation for its future growth. In recent years, demand for optical display film has had the strongest growth of any end use, and I expect this trend will continue. For this reason, in 2007, Kolon opened a new production line dedicated to producing optical display film and photovoltaic film. In 2010, Kolon opened another new production line dedicated to producing optical display film, including hard coating film for use in touch screen devices, and photovoltaic film. We believe that the demand for optical display film

will continue to grow, particularly as new uses for such film, such as touch screen-use hard-coating film, continue to develop.

It is important that I emphasize that this demand is mostly in Asia. Much of the global production of LCDs, plasma display panels, and other devices that incorporate optical display film is in Korea, Japan, Taiwan, and China. We are not aware of any significant channels in the U.S.A. for optical display film, if they do exist. In fact, only 0.1 percent of our 2010 sales quantity to the U.S.A. was optical display film. For this reason, Kolon has for the past few years decreased its focus on the U.S.A. and has increased its shipments within Korea and exports to neighboring countries.

Because Kolon has longstanding relations with U.S.A. customers, we will continue to sell our PET Film in the U.S.A. But, we expect that our export volumes will continue to remain the same or decline. We have no plans or intention to increase our shipments to the U.S.A., whether or not the Commission decides to revoke the order. The future is optical display film and other similar high-value films, and the U.S.A. does not provide the types of opportunities that we need to grow in this area.

Even if circumstances change and demand for packaging film increases in the U.S.A., Kolon could not just shift its production away from optical display film. Our production lines for optical display and photovoltaic film are designed to produce 400 gauge film or greater. These production lines cannot produce film that is thinner than 400 gauge. The most common thickness for packaging film is 48 gauge. In fact, PET Film of any kind that is 400 gauge or greater make up less than 2 percent of our sales to the U.S.A. Our production lines for optical display and photovoltaic film cannot and will not be used to supply packaging film to the U.S.A.

I'd also like to mention that Kolon, like other producers in Korea and in the U.S.A., was hurt by the global recession in late 2008 and 2009. However, things have improved in 2010, due largely to the optical display film sales in Asia. I believe there will be significant growth in demand within Korea and the rest of Asia, particularly because of the growing number of television and other electronics manufacturers in Asia that consume PET Film as a material input. Kolon's shipments to the U.S.A. have been relatively low and declining, and we expect that trend will remain the same in the future.

Thank you.