

U.S. International Trade Commission  
Persulfates from China  
January 16, 2014

Testimony of Thomas Ball, FMC Corporation, Global Sales and Marketing  
Director

Good morning. My name is Thomas Ball. I am Global Sales and Marketing  
Director of the Peroxygens Division of FMC Corporation.

Thank you very much for the opportunity to present my testimony to you  
today.

Initially, I want to tell the Commission that I am in full agreement with all  
aspects of the testimony presented this morning by Bruce Lerner. I fully  
concur with Mr. Lerner's testimony that revocation of the order will force  
FMC to close down its persulfates operations and would directly cause the  
loss of over 100 American jobs in Tonawanda, N.Y. and Philadelphia, PA.

As the Peroxygens Global Sales and Marketing Director my responsibilities include all commercial activities related to persulfates and the other Peroxygens product lines on a global basis.

I first joined FMC in 1984 in the position of Senior Chemist. I have been with FMC for almost 30 years, and began working with persulfates in 2005. Given this experience, I am thoroughly knowledgeable about the sales, marketing, applications and production of persulfates.

Persulfates use oxidation and free radical chemistry to initiate chemical reactions. FMC persulfates have been used in a variety of applications, such as polymer initiation, printed circuit board etching, hair bleach performance enhancing, pool and spa shocks, environmental remediation, and oil and gas recovery.

Since 2007, both the printed circuit board and pool and spa shock markets have largely disappeared in the U.S. Also, since 2007 there have been no new markets or new uses developed for persulfates.

Persulfates are a commodity product. As such, price is a critical component in purchasing decisions.

As Mr. Lerner testified, there is massive excess persulfates production capacity in China. Given this excess capacity, if the order is revoked the Chinese will easily be able to service their existing customers, while flooding the U.S. market with low-priced imports causing material injury to the domestic industry within a matter of months. Chinese persulfates would significantly undersell domestic and third country persulfates, at prices that would depress and suppress the price of domestic persulfates, ultimately putting FMC out of business.

FMC has not been standing still since the order was put in place. There have been continuing improvements in FMC's persulfates operations, made in reliance on the benefits of the order. These improvements include, among others:

- Investment in technology improvements and initiatives to reduce costs, improve productivity and thereby to improve the competitive position of our persulfates in the U.S. market, and
- Funding R&D programs to develop new, higher-value applications for persulfates to increase demand in the U.S. and other markets.

The quality of Chinese persulfates has significantly improved since the order was issued and has continued to improve since the last sunset review was completed. The Chinese product today is, in terms of quality, highly competitive with FMC's persulfates.

There is no reason to change the definition of the domestic like product in this review. The chemical composition of the three persulfates salts that are

produced today, ammonium persulfate, sodium persulfate, and potassium persulfate, are the same as the salts that were produced in 1997. There is only one persulfates industry which consists of the production of ammonium, sodium and potassium persulfates, the same persulfates that were produced during the period of the original investigation.

The same is true for the definition of the domestic industry. There is no reason to alter that definition. FMC Corporation is the only U.S. producer of persulfates.

While persulfates uses, such as in environmental remediation and oil and gas recovery, have increased since 2007, the same basic types of persulfates that were produced at the time the order was issued are used today in these applications.

Historically, demand in the traditional persulfates markets has been driven by polymers and printed circuit boards. However, in the United States, these

markets are mature and this demand has declined. In fact, FMC's sales of persulfates to the printed circuit board industry have stopped completely since that production migrated off-shore to Asia where Chinese persulfates dominate. Environmental remediation and oil and gas uses have been higher profitability markets for FMC during the period of review. However, demand in these markets has proven to be cyclical and growth has been below expectations. FMC was hopeful trends in oil and gas would continue to drive greater demand, but instead we experienced a 34% decline in sales volume in 2013 from 2012. 2013 sales were also significantly below 2011 levels. This has been driven by technology evolution in the process of extracting oil and gas from shale formations.

Contrary to the Commission's stated reasons for conducting a full sunset review, there was absolutely no significant increase in demand in the fourth quarter of 2013. In fact, quite to the contrary FMC sales volumes in the fourth quarter were the lowest of any quarter in 2013 and 6% below the average volumes in the 1<sup>st</sup> 3 quarters.

FMC's plant in Tonawanda is capable of meeting all domestic demand. As a result of the antidumping duty, FMC was able to reinvest in infrastructure upgrades at Tonawanda and these improvements yielded a modest expansion. However, as I just noted, actual demand increases have not materialized. FMC does not expect a material increase in U.S. persulfates demand in the reasonably foreseeable future.

The likelihood of material injury to the domestic industry caused by a flood of Chinese imports if the order is revoked is made even more certain by barriers to Chinese persulfates in other major markets. The EU has an antidumping duty order in place against Chinese persulfates imports as does India.

In conclusion, based on my experience in the domestic persulfates industry, and my knowledge of the Chinese persulfates industry, it is with great confidence and equal concern that I can testify here today, under oath, that

revocation of the order is likely to lead to severe injury to the domestic industry within a reasonably foreseeable time. Thank you.

# End#