

U.S. International Trade Commission
Persulfates from China
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This case is about Chinese excess capacity. Excess capacity that encourages Chinese persulfates producers, if the order is revoked, to easily flood the US persulfates market, driving FMC out of business. That excess capacity is so massive they can, overnight, flood the US market while, at the same time, supply all their existing customers in China and all their existing customers in Chinese third country markets.

Chinese excess capacity is several times larger than U.S. consumption and dwarfs FMC production capacity. At one time, the Tonawanda plant was the largest single persulfates facility in the world. That has not been true for some time as there are Chinese producers that overwhelm the capacity of the Tonawanda plant.

The record evidence shows that FMC is vulnerable to material injury. Even if this Commission were to find that the domestic industry is healthy, if the order is revoked the domestic industry, that finding notwithstanding, would still be destroyed by a massive flood of low priced Chinese imports.

This Commission has the benefit, in this review, of looking at the experience of the EU after revoking an antidumping order against Chinese persulfates in 2002. In 2007 the EU imposed a new antidumping order against Chinese persulfates. In 2012 the EU initiated an expiry review and issued its findings in December 2013.

In its 2013 findings, the EU reported that, after the 2002 order revocation, persulfates imports from China increased from 440,000 lbs. in 2001 to 8,800,000 lbs. in 2003 and increased to 19,800,000 lbs. in 2006.

India and the EU have dumping orders against Chinese persulfates. In 2013 the EU and India decided to continue the orders. Both countries confirmed, in their reviews, that China has substantial excess capacity. If this Commission votes in the negative and the order is revoked, given the massive excess Chinese capacity, and the decidedly higher US prices compared to other unprotected markets, one cannot seriously doubt that the Chinese will immediately flood the unprotected US market forcing FMC to shutter its Tonawanda plant.

Chinese persulfates are highly substitutable with US persulfates. As a commodity product, price is a critically important factor. The Chinese have demonstrated (witness the post revocation period in the EU) that they price to gain market share. They do not price to gain profits. They have to move their persulfates quickly, before their product decomposes. The only reason the Chinese have not yet flooded the US persulfates market is the antidumping order.

The intrinsic threat to the domestic industry due to excess Chinese capacity is further compounded by the ease of access to the US market for Chinese persulfates provided by the internet. At Exhibit 8 of our brief we include the English language websites for 12 Chinese persulfates producers. Those 12, in 2012, accounted for an excess capacity of 109 million lbs. Total U.S. persulfates consumption in 2012 was 55 million lbs.

There are several general websites that sell Chinese persulfates from various trading companies/producers and exporters. One of those websites is Alibaba.com. I visited that website last week and searched for Chinese persulfates. 103 pages popped up, with 40 websites per page for a total of 4,120 websites selling Chinese persulfates to the world.

The massive excess capacity, coupled with the export orientation of the Chinese persulfates industry, the importance of price in purchasing decisions and the ease of access to the US market provided by the

internet, mean that access to cheap Chinese imports, if the order is
revoked, for US customers is only a computer click away. Thank you.