

RUBBER BANDS FROM CHINA, SRI LANKA AND THAILAND

INV. NOS. 701-TA-598-600 AND 731-TA-1408-1410 (PRELIMINARY)

STATEMENT OF JASON RISNER

February 20, 2018

GOOD MORNING. MY NAME IS JASON RISNER. I AM THE DIRECTOR OF BUSINESS STRATEGY FOR THE PETITIONER ALLIANCE RUBBER CO.

I WAS INVOLVED IN THE PREPARATION OF THE ANTIDUMPING AND COUNTERVAILING DUTY PETITION THAT ALLIANCE FILED ON JANUARY 30, 2018, AND HAVE FIRST-HAND KNOWLEDGE OF THE INJURY AND THREATENED INJURY THAT UNFAIRLY TRADED IMPORTS OF RUBBER BANDS FROM THAILAND, CHINA AND SRI LANKA HAVE BEEN HAVING ON OUR COMPANY.

I. BACKGROUND AND EXPERIENCE

I HAVE WORKED AT ALLIANCE SINCE 2010, AND I AM VERY FAMILIAR WITH ALL FACETS OF THE RUBBER BAND BUSINESS, INCLUDING HOW RUBBER BANDS ARE PRODUCED, HOW THEY ARE MARKETED AND SOLD, THE MARKET FOR RUBBER BANDS IN THE UNITED STATES, THE NATURE OF THE COMPETITION THAT ALLIANCE FACES FOR RUBBER BAND SALES, AND THE ROLE THAT IMPORTED RUBBER BANDS PLAY AND HAVE PLAYED IN THE U.S. RUBBER BAND MARKET.

I HAVE HELD THE TITLE OF ALLIANCE DIRECTOR OF BUSINESS STRATEGY SINCE AUGUST 2016. PRIOR TO THAT TIME, I WAS THE STRATEGIC MARKETING DIRECTOR FOR ALLIANCE FROM FEBRUARY 2010 THROUGH AUGUST 2016.

IN MY ROLE AS DIRECTOR OF BUSINESS STRATEGY, I AM RESPONSIBLE FOR IDENTIFYING STRATEGIC ISSUES AND OPPORTUNITIES THAT COULD AFFECT FUTURE GROWTH AND PROFITABILITY AND FOR DEVELOPING AND IMPLEMENTING PLANS TO INCREASE REVENUES AND PROFITS AT ALLIANCE, AND ESPECIALLY ITS RUBBER BAND BUSINESS.

AS PART OF MY JOB, I TRACK INDUSTRY AND COMPETITIVE TRENDS, IDENTIFY BUSINESS THREATS, SUPPORT CLIENT RELATIONS, AND ASSIST WITH THE CLIENT BASE TO GAIN MARKET SHARE.

AS THE STRATEGIC MARKETING DIRECTOR, I HAD RESPONSIBILITY FOR THE COMPANY'S MARKETING, CORPORATE COMMUNICATIONS AND BUSINESS DEVELOPMENT. I OVERSAW A MARKETING APPROACH AND BRAND STRATEGY FOR ALLIANCE IN SEVEN DISTINCT ENTITIES.

II. THE LIKE PRODUCT

THE SINGLE LIKE PRODUCT FOR THIS INVESTIGATION INCLUDES ALL RUBBER BANDS OF VULCANIZED RUBBER BECAUSE A BAND WILL NOT BE A RUBBER BAND UNLESS IT IS VULCANIZED.

IN ORDER TO FUNCTION AS A RUBBER BAND, WHICH MEANS TO HAVE THE NECESSARY ELASTICITY TO CLOSE AROUND AN OBJECT, RUBBER MUST BE VULCANIZED.

TO VULCANIZE MERELY MEANS TO "CURE" THE RUBBER SO THAT IT WILL WORK AS A RUBBER BAND. NOMENCLATURE WISE, LATEX, NATURAL LATEX, CREPE, AND RUBBER MEAN THE SAME THING.

AS A DOMESTIC PRODUCER OF RUBBER BANDS, ALLIANCE IS CONCERNED ABOUT IMPORTED BANDS THAT ARE EITHER RUBBER OR SYNTHETIC, WHICH INCLUDES NON-LATEX BANDS, WHICH ARE PART OF THE SCOPE.

PHYSICAL CHARACTERISTICS AND USES.

RUBBER BANDS FROM THE UNITED STATES, THAILAND, CHINA AND SRI LANKA HAVE IDENTICAL CHARACTERISTICS AND USES: UTILIZATION OF ELASTICITY TO HOLD MULTIPLE OBJECTS TOGETHER, INCLUDING PAPERS, FRUITS AND VEGETABLES, PIECES OF EQUIPMENT AND OTHER ITEMS.

INTERCHANGEABILITY.

RUBBER BANDS, WHETHER PRODUCED DOMESTICALLY, IN THAILAND, CHINA OR SRI LANKA, OR IN A NON-SUBJECT COUNTRY, ARE USED FOR THE SAME PURPOSES.

CHANNELS OF DISTRIBUTION.

RUBBER BANDS ARE TYPICALLY SOLD IN THE UNITED STATES TO LARGE WHOLESALERS AND RETAILERS.

ALLIANCE USES SEVERAL TRADE CHANNELS TO SELL ITS RUBBER BAND PRODUCTS IN THE UNITED STATES. FOR LARGER VOLUME SALES, ALLIANCE MAY RESPOND TO A REQUEST FOR PROPOSAL, OR ENGAGE IN DISCUSSIONS WITH THE CUSTOMER. OTHER TIMES ALLIANCE IS CONTACTED BY COMPANIES INTERESTED IN PURCHASING ALLIANCE RUBBER BANDS.

ALLIANCE MAINTAINS AN ACTIVE SALES FORCE THAT SEEKS TO SELL ITS RUBBER BANDS WHENEVER POSSIBLE, ACROSS A WIDE RANGE OF INDUSTRIES, INCLUDING OFFICE/STATIONERY, NEWSPAPERS, AGRICULTURAL, MILITARY, AND SPORTS.

MANY OF ALLIANCE'S COMPETITORS ARE DISTRIBUTION COMPANIES THAT IMPORT RUBBER BANDS FROM THAILAND, CHINA OR SRI LANKA AND SEEK TO SELL THE IMPORTED RUBBER BANDS TO THE SAME CUSTOMERS THAT ALLIANCE SEEKS TO SERVE.

CONSUMER AND PRODUCER PERCEPTIONS.

RUBBER BANDS PRODUCED DOMESTICALLY, OR IN THAILAND, CHINA OR SRI LANKA, OR IN A NON-SUBJECT COUNTRY ARE GENERALLY VIEWED SIMILARLY BY PRODUCERS AND CUSTOMERS.

COMMON MANUFACTURING FACILITIES, PRODUCTION PROCESSES, AND EMPLOYEES.

THE MANUFACTURING FACILITIES, PRODUCTION PROCESSES, AND EMPLOYEES USED FOR RUBBER BAND MANUFACTURING IN THE UNITED STATES AND IN THAI, CHINESE AND SRI LANKAN FACTORIES SHARE MANY SIMILARITIES.

HOWEVER, ALLIANCE BELIEVES THAT THE ALLIANCE SYSTEM RESULTS IN A HIGHER QUALITY PRODUCT.

IN ADDITION, NOT ALL OF THE THAI, CHINESE AND SRI LANKAN EXPORTERS SELL THEIR RUBBER BANDS IN PLASTIC BAGS THAT THEY THEMSELVES MANUFACTURE.

III. THE DOMESTIC INDUSTRY

ALLIANCE IS A MANUFACTURER OF RUBBER BAND PRODUCTS, AND PRODUCES NEARLY ALL OF THE DOMESTIC PRODUCTION OF RUBBER BANDS. THESE RUBBER BANDS ARE USED FOR A WIDE RANGE OF BUSINESS, AGRICULTURAL, INDUSTRIAL AND CONSUMER APPLICATIONS. THE HOT SPRINGS MANUFACTURING PLANT IS LARGE AND EMPLOYS APPROXIMATELY 176 EMPLOYEES.

ALLIANCE ACCOUNTS FOR A LARGE PERCENTAGE OF THE TOTAL PRODUCTION OF THE RUBBER BANDS MADE IN THE UNITED STATES THAT ARE MOST SIMILAR TO, AND CONSTITUTE THE "LIKE PRODUCT" IN RELATION TO, THE IMPORTED RUBBER BANDS AT ISSUE IN THIS PROCEEDING.

THE LIKE PRODUCTS MANUFACTURED BY ALLIANCE AT ITS HOT SPRINGS FACTORY CONSTITUTE A MAJOR PROPORTION OF THE TOTAL DOMESTIC PRODUCTION OF THE LIKE PRODUCT.

FORTY YEARS AGO THE LIST OF RUBBER BAND MANUFACTURERS WOULD HAVE BEEN LONGER AND THE ALLIANCE DOMESTIC MARKET SHARE WOULD HAVE BEEN LESS. HOWEVER, THE SHIFT TO LOWER PRICED IMPORTS HAS IMPACTED THE RUBBER BAND INDUSTRY IN THIS COUNTRY, AND IT HAS LEFT ONLY A SINGLE ENTITY – ALLIANCE – WITH ANY SIGNIFICANT SIZE, PRODUCTION CAPACITY, ANNUAL SHIPMENTS AND DOMESTIC EMPLOYMENT IN THIS INDUSTRY.

ALLIANCE DOES NOT HAVE ACCESS TO INFORMATION THAT WOULD STATE THE QUANTITY OF RUBBER BANDS PRODUCED BY OTHER MANUFACTURERS IN THE UNITED STATES NOR THE RELATIVE PERCENTAGES OF PRODUCTION.

HOWEVER, BASED ON OUR EXTENSIVE KNOWLEDGE OF THE RUBBER BAND INDUSTRY AND MARKET, AND THE BEST AVAILABLE INFORMATION, ALLIANCE REASONABLY BELIEVES THAT IT ACCOUNTS FOR AT LEAST 90 PERCENT OF ALL RUBBER BANDS PRODUCED IN THE UNITED STATES AND THAT ITS ONLY SOURCE OF TRUE COMPETITION FOR RUBBER BAND SALES IN THE UNITED STATES IS FROM RUBBER BANDS PRODUCED IN THAILAND, CHINA AND SRI LANKA.

IV. THE DOMESTIC INDUSTRY IS MATERIALLY INJURED OR THREATENED WITH MATERIAL INJURY.

AS REFLECTED IN OUR PETITION AND SUPPLEMENTAL FILINGS MADE BY ALLIANCE TO THE DEPARTMENT OF COMMERCE AND IN OUR ITC QUESTIONNAIRE RESPONSES, THE SUBJECT IMPORTS HAVE MATERIALLY INJURED AND THREATEN MATERIAL INJURY TO THE DOMESTIC INDUSTRY THAT PRODUCES THE IN-SCOPE RUBBER BANDS.

GIVEN THE NATURE OF RUBBER BANDS, THE IMPORTED AND DOMESTIC PRODUCTS ARE CLOSE SUBSTITUTES AND ARE SOLD IN THE SAME COMMERCIAL CHANNELS AND USED BY THE SAME TYPES OF CONSUMERS.

THE VOLUME OF IMPORTS FROM THAILAND, CHINA AND SRI LANKA IS SIGNIFICANT (COMPRISING SEVERAL MILLIONS OF POUNDS PER YEAR), ARE BEING SOLD AT UNFAIR AND SUBSIDIZED PRICES IN THE UNITED STATES AND HAVE PREVENTED THE DOMESTIC INDUSTRY FROM INCREASING PRICES AND PROFITS.

IMPORTS OF THE SUBJECT MERCHANDISE HAVE INCREASED BETWEEN 2014 AND 2016. SUBJECT IMPORTS FROM THAILAND APPEAR TO HAVE GROWN BY 23% FROM 2014 TO 2016.

CHINESE IMPORTS APPEAR TO HAVE RISEN BY 116% BETWEEN 2014 AND 2015, AND STILL REMAINED HIGHER IN 2016 THAN 2014.

SRI LANKAN IMPORTS INCREASED 34% FROM THE FIRST ELEVEN MONTHS OF 2016 TO THE SAME PERIOD IN 2017.

THE DATAWEB STATISTICS ONLY REFLECT THE SECOND HALF OF 2014 DUE TO THE DEDICATED HTSUS NUMBER NOT BEING IN PLACE TILL THEN.

WE OBTAINED THE SPECIAL TARIFF NUMBER IN 2014 TO TRACK THE SUBJECT IMPORTS. BUT BECAUSE THE NUMBER WAS NOT USED BY CUSTOMS UNTIL 2014, THE DATAWEB FIGURES ONLY REFLECT TRANSACTIONS FOR THE SECOND HALF OF 2014.

WE ANNUALIZED THE 2014 FIGURES BY DOUBLING THEM.

WE BELIEVE THIS WAS A REASONABLE APPROACH TO OBTAINING FIGURES FOR 2014 TO COMPARE TO LATER YEARS.

REGARDLESS OF THE CHANNEL OF SALE, THE MAIN DETERMINING FACTOR IN THE DECISION-MAKING PROCESS FOR U.S. CUSTOMERS IS THE PRICE OF THE RUBBER BANDS. THAI, CHINESE AND SRI LANKAN PRODUCERS AND EXPORTERS ARE USING LOW PRICES TO PUSH LARGE VOLUMES OF UNFAIRLY TRADED SUBJECT IMPORTS INTO THE U.S. MARKET AT THE EXPENSE OF THE DOMESTIC INDUSTRY. THAI, CHINESE AND SRI LANKAN COMPANIES SOLD AND CONTINUE TO SELL SUBJECT MERCHANDISE AT DUMPED AND SUBSIDIZED PRICES, PREVENTING U.S. PRODUCERS FROM MAKING THE AMOUNT OF SALES THAT THEY SHOULD BE GETTING.

LOSS OF STAPLES ACCOUNT TO THAI IMPORTS

IN THE SPRING OF 2017, ALLIANCE RECEIVED A SERIOUS SHOCK WHEN WE WERE INFORMED THAT OFFICE SUPPLY SUPERSTORE COMPANY STAPLES, INC. WAS SWITCHING ITS RUBBER BAND BUSINESS FROM ALLIANCE TO ASIAN IMPORTS, WHICH WE HAVE CONFIRMED MEANS THAILAND.

STAPLES IS ALLIANCE'S LARGEST CUSTOMER, AND ITS BUSINESS IS WHAT HELPS OUR COMPANY EARN A PROFIT. THE LOSS OF THE STAPLES BUSINESS TO THAILAND WILL HAVE SERIOUS NEGATIVE REPERCUSSIONS FOR OUR COMPANY.

IT WAS NOT THAT LONG AGO THAT ALLIANCE WAS ABLE TO OBTAIN THE STAPLES RUBBER BAND BUSINESS IN THE FIRST PLACE.

WE BID FOR THE WORK IN 2015 AND IT WAS NOT UNTIL MID 2016 THAT STAPLES STARTED TO BUY OUR RUBBER BANDS.

BUT ONCE THE STAPLES PURCHASES STARTED THEY WERE VERY SIGNIFICANT – MILLIONS OF DOLLARS IN RUBBER BANDS ON AN ANNUAL BASIS.

UNFORTUNATELY, THIS IMPORTANT BUSINESS WIN FOR ALLIANCE WAS SHORT LIVED.

IN THE SPRING OF LAST YEAR WE WERE TOLD THAT STAPLES WAS SWITCHING ITS SOURCING OF RUBBER BANDS TO ASIA BECAUSE IT WAS OFFERED ONE HALF THE PRICE THAT ALLIANCE WAS GIVING STAPLES.

FOR A PRODUCT LIKE RUBBER BANDS, THERE IS NO WAY FOR US TO COMPETE FAIRLY WHEN THE IMPORTS ARE OFFERED AT HALF THE PRICE.

ALLIANCE STANDS TO LOSE MILLIONS OF DOLLARS IN YEARLY REVENUES NOW THAT STAPLES HAS SWITCHED TO THAI IMPORTS.

ALLIANCE LEARNED LATE LAST YEAR (2017) THAT STAPLES BROUGHT IN THEIR FIRST SHIPMENT OF RUBBER BANDS ON NOVEMBER 19, 2017. THE REPORT DOES NOT IDENTIFY THE SHIPPER BUT THE COUNTRY OF ORIGIN IS THAILAND. THE WEIGHT WAS 298,144 POUNDS AND IT WAS ALL RUBBER BANDS.

BECAUSE OF THE TIME THAT IT TAKES FOR STAPLES TO IMPORT RUBBER BANDS FROM THAILAND – THE BANDS ARE TRANSPORTED IN CONTAINER SHIPS ON THE OCEAN – THE SWITCH FROM ALLIANCE TO THE IMPORTS HAS BEEN GRADUAL AND WILL NOT FULLY RAMP UP UNTIL EARLY 2018.

HOWEVER, THE FINANCIAL IMPACT ON ALLIANCE WILL BE MILLIONS OF DOLLARS EACH YEAR IN LOST REVENUES.

ALLIANCE ALSO IS CONCERNED THAT THIS WILL BE THE "TIP OF THE ICEBERG" AS STAPLES WILL CONTINUE TO SOURCE EVEN MORE RUBBER BANDS FROM THAILAND – TO SELL TO OTHER DISTRIBUTORS IN THE UNITED STATES – AND STAPLES' COMPETITORS WILL FOLLOW STAPLES' EXAMPLE AND IMPORT AN INCREASING AMOUNT OF RUBBER BANDS INTO THE UNITED STATES WHICH WILL RESULT IN FEWER SALES FOR ALLIANCE.

INDEED, I RECENTLY HEARD FROM OFFICE DEPOT THAT IT IS CONSIDERING PUTTING OUT ITS RUBBER BAND ACCOUNT FOR BID. THIS SUGGESTS TO ME THAT STAPLES' COMPETITORS ARE CONSIDERING COPYING STAPLES DECISION TO MOVE RUBBER BAND SALES TO THAILAND, OR CHINA OR SRI LANKA.

THE IMPORT STATISTICS AND ALLIANCE'S FINANCIAL RESULTS FOR 2017 WOULD NOT REFLECT THIS SIGNIFICANT DEVELOPMENT BECAUSE OF THE TIME LAG THAT EXISTED FOR STAPLES TO FINISH STOCKING UP RUBBER BANDS FROM ALLIANCE DURING 2017 AND THE AMOUNT OF TIME IT TAKES TO SHIP RUBBER BANDS FROM THAILAND TO THE UNITED STATES ON CONTAINER OCEAN VESSELS.

ALTHOUGH STAPLES IS ONLY ONE OF MULTIPLE RUBBER BAND CUSTOMERS, IT IS BY FAR THE LARGEST SINGLE CUSTOMER, AND THE LOSS OF STAPLES AS A

CUSTOMER WILL HAVE A VERY SIGNIFICANT NEGATIVE IMPACT ON ALLIANCE'S FINANCIALS.

ADDITIONAL WAREHOUSE SPACE

THE STAPLES BUSINESS WAS A PRIMARY REASON WHY ALLIANCE DECIDED TO BUILD AN ADDITIONAL 20,000 SQUARE FOOT WAREHOUSE ROOM ANNEXED TO ITS FACTORY.

ALLIANCE BELIEVED THAT THE STAPLES SALES WOULD CONTINUE INTO 2018 AND BEYOND AND THOUGHT IT NEEDED THE EXTRA WAREHOUSE SPACE TO HOUSE THE RUBBER TO BE USED FOR THE MANUFACTURE OF STAPLES RUBBER BANDS.

NOW THAT STAPLES HAS SWITCHED TO IMPORTED RUBBER BANDS FROM THAILAND, THE NEW ADDITIONAL 20,000 SQUARE FOOT WAREHOUSE IT CONSTRUCTED IN 2017 IS NO LONGER NEEDED.

SIGNIFICANT UNUSED CAPACITY

PART OF THE INJURY EXPERIENCED BY ALLIANCE FROM THE SUBJECT IMPORTS IS THAT WE HAVE A LOT OF CAPACITY FOR PRODUCTION OF RUBBER BANDS THAT IS NOT BEING TAPPED.

GIVEN ALLIANCE'S SIGNIFICANT UNUSED CAPACITY AND THE MARKET SHARE OF IMPORTS, DOMESTIC SHIPMENTS COULD HAVE INCREASED SIGNIFICANTLY BECAUSE ALLIANCE WOULD HAVE VIRTUALLY NO COMPETITION, FOR A REASONABLE PERIOD OF TIME, IF THE SUBJECT IMPORTS WERE FAIRLY TRADED.

THE NEGATIVE PRESSURE ON DOMESTIC PRICES IS CLEAR. THERE HAS BEEN A DECLINE IN AVERAGE UNIT VALUES DURING THE THREE YEAR PERIOD OF INVESTIGATION.

ALLIANCE WOULD HAVE LIKED TO HAVE INCREASED ITS PRICES FOR SALES IN THE UNITED STATES, BUT WAS UNABLE TO DO SO BECAUSE OF THE UNFAIRLY TRADED IMPORTS.

FINANCIALS

ALTHOUGH OTHER FINANCIALS FOR THE LAST THREE YEARS ARE LARGELY STATIC OR SHOW TEMPORARY IMPROVEMENTS IN FINANCIAL PERFORMANCE FROM

2015 TO 2017, ALL OF THAT REFLECTS THE FACT THAT ALLIANCE WAS ABLE TO OBTAIN THE STAPLES ACCOUNT, WHICH STARTED TO MANIFEST ITSELF IN SALES IN 2016, AND CONTINUED IN SHIPMENTS THROUGH MOST OF 2017.

THE LOST SALES DUE TO STAPLES SHIFTING ITS RUBBER BAND PURCHASES TO THAILAND WILL NOT BEGIN TO IMPACT THE PETITIONER'S FINANCIALS UNTIL THIS YEAR (2018).

ADDITIONAL PRICE PRESSURE

ALLIANCE MAY BE ON THE VERGE OF LOSING THE S.P. RICHARDS RUBBER BANDS ACCOUNT. HISTORICALLY, S.P. RICHARDS HAS FEATURED TWO DIFFERENT BRANDS OF RUBBER BANDS. (1) ALLIANCE SUPPLIED THE SP "SPARCO" BRAND AND (2) S.P. RICHARDS HAS BEEN IMPORTING RUBBER BANDS FOR ITS "BSN" BRAND. S.P. RICHARDS IS NOW CONSOLIDATING ITS TWO RUBBER BAND BRANDS INTO A SINGLE BRAND, AND MAY DROP THE SPARCO BRAND THAT ALLIANCE HAS BEEN SUPPLYING, WHILE RETAINING THE IMPORTED BRAND (BSN). THIS WOULD RESULT IN INCREASED FINANCIAL INJURY TO ALLIANCE.

ALLIANCE EXPERIENCED LOSS OF \$156,000 IN REVENUE IN CONNECTION WITH CALPINE CONTAINERS AND THE #14 BLUE GREEN ONION BANDS, AND A LOSS OF \$572,000 IN CONNECTION WITH CALPINE CONTAINERS AND THE #63 RANDOM PRINTED BAND.

ALLIANCE WAS FORCED TO LOWER ITS PRICE AND EVEN THEN LOST TO COMPETITOR SCHERMERHORN AND ITS THAI-PRODUCED RUBBER BANDS: 60% OF THE ASPARAGUS BAND BUSINESS AND 100% OF THE GREEN ONION BAND BUSINESS.

ALLIANCE ALSO EXPERIENCED LOST REVENUE OF \$117,000 IN 2017 FROM THAI RUBBER BANDS WITH REGARD TO BOSKOVICH FARMS AND THE #14 BANDS FOR GREEN ONIONS; \$214,500 IN LOST REVENUE IN 2017 BECAUSE OF THAI RUBBER BANDS AND MURANAKA FARMS AND #14 BANDS FOR GREEN ONIONS; AS WELL AS A LOSS OF \$78,000 IN 2017 IN CONNECTION WITH VEGETABLE GROWERS SUPPLY FOR RUBBER BANDS FOR GREEN ONIONS AND BROCCOLI BECAUSE OF IMPORTS FROM THAILAND.

SCHERMERHORN HAS ALL OF THE BOSKOVICH FARMS GREEN ONION RUBBER BAND BUSINESS AND ADVISED ALLIANCE THAT IT WOULD NEED TO SELL ITS BANDS FOR LESS THAN \$1.50 PER POUND TO GET THE SALES.

THREATENED INJURY

IT IS ALSO CLEAR THAT THE DOMESTIC INDUSTRY IS THREATENED WITH MATERIAL INJURY BY REASON OF THE SUBJECT IMPORTS.

THE THAI, CHINESE AND SRI LANKAN MANUFACTURERS AND EXPORTERS ALREADY HAVE A SIGNIFICANT Foothold IN THE UNITED STATES RUBBER BAND MARKET, ARE SELLING THEIR PRODUCTS IN THE UNITED STATES AT SIGNIFICANT ALLEGED UNFAIR MARGINS AND HAVE EXCESS CAPACITY TO FLOOD THE DOMESTIC MARKET WITH MORE UNFAIRLY TRADED IMPORTS.

THERE ARE PRIMARY PRODUCERS OF RUBBER BANDS IN THE SUBJECT COUNTRIES THAT HAVE HUGE CAPACITY TO MANUFACTURE AND EXPORT MULTIPLE MILLIONS OF RUBBER BANDS TO THE UNITED STATES. ONE OF THE TWO LARGEST THAI PRODUCERS OF RUBBER BANDS – MAHAKIT RUBBER CO. – OWNS ITS OWN RUBBER PLANTATION AS WELL AS ITS OWN RUBBER PRODUCTION AND RUBBER BAND PRODUCTION FACILITIES.

MAHAKIT CAN USE ITS OWN RUBBER TO PRODUCE AN INCREASING NUMBER OF RUBBER BANDS TO DOMINATE THE U.S. MARKETPLACE.

IN ADDITION, ONE OF THAILAND'S LARGEST RUBBER BAND PRODUCERS, LIANG HAH HENG RUBBER FACTORY ("LHH"), PRODUCES APPROXIMATELY 18 MILLION POUNDS OF RUBBER BANDS EACH YEAR, AND EMPLOYS APPROXIMATELY 650 WORKERS. THIS IS A HUGE CAPACITY OF RUBBER BANDS THAT CAN BE SOLD IN THE UNITED STATES AT UNFAIRLY TRADED PRICES.

FURTHERMORE, THE GOVERNMENT OF SRI LANKA HAS MADE IT CLEAR THAT IT WANTS TO INCREASE SIGNIFICANTLY BOTH RUBBER PRODUCT PRODUCTION AND EXPORTS IN THE NEAR FUTURE.

THANK YOU FOR YOUR TIME AND ATTENTION THIS MORNING.