

Before the  
U.S. International Trade Commission

---

Chlorinated Isocyanurates from Spain and China  
Inv. Nos. 731-TA-1082 and 731-TA-1083 (Second Review)  
USITC Hearing – September 13, 2016

---

Testimony of Jonathan Viner

---

Good morning. My name is Jon Viner and I am the President of Bio-Lab Inc. I have been with Bio-Lab or its parent company since 2000, and I have been President since 2010. As President, I am responsible for all global sales and production activities. We have plants in Lake Charles, Louisiana, Conyers, Georgia, Ontario, California, as well as headquarters in Atlanta, Georgia. All together we support 712 U.S. jobs.

Bio-Lab was not a petitioner in the original investigation. Over the past ten years, however, the antidumping orders have created market conditions that permitted our company to expand domestic production and increase sales. Without unfairly traded imports from China and Spain, the U.S. market has provided a sufficient return on investment to support and expand our business. Our experience over this time period demonstrates the value in preserving the dumping orders and maintaining conditions of fair trade.

On December 31st 2013, the Bio-Lab business was acquired by KIK Custom Products Inc. and certain of its subsidiaries. At that time, Bio-Lab had two production facilities, and KIK operated a tableting facility. The acquisition, coupled with the market conditions created by the antidumping orders, allowed us to increase capacity utilization at all of these facilities. In addition, with the antidumping orders in place, we have been able to charge prices that cover our cost of production. As a result, over the past few years, we have had positive operating results.

Turning to the overall market, demand for chlorinated isos is largely driven by the aftermarket. There is a large installed base of residential swimming pools in the United States. The large majority of these pools use chlorinated isos. Although, many pools use saltwater chlorinators, over 80 percent of residential pools use chlorinated isos.

At the same time, the production of chlorinated isos involves relatively high fixed costs. To reduce our unit costs and prices, we need to run at high utilization rates. In a stagnant market, this means that we are under constant pressure to adjust our prices in order to secure sales volume and fill our capacity.

At Bio-Lab, our sales strategy is to grow market share by participating in every segment of the market. We are an integrated manufacturer, a tableter, and we sell direct to dealers and major retailers.

In terms of mass market retailers, we are the largest supplier. We sell our own or licensed branded products to all the big box stores. We offer a premium branded tablet and the full spectrum of pool chemicals. In addition, we have entered into a licensing agreement with Clorox, under which we now make and sell Clorox® Pool&Spa™ branded products. We sell the Pool Time® brand, which is our own brand, to Home Depot. Another Bio-Lab brand is Pool Essentials®, which we sell to Wal-Mart.

We also supply independent retailers. In this channel we sell dealer direct and through private label distribution. We offer brand name products such as BioGuard®.

In the distributor channel, we sell a distributor brand and a service brand. We also repackage and tablet for private label customers. In this channel, we compete head-to-head with Clearon and Oxy. However, because our strategy focuses on the sale of finished products to distributors, our main competition is with the re-packagers and tableters that are supplied by imports or by Oxy and Clearon.

Distributors sell to independent retailers and to the service segment of the market. Independent retailers will have a retail store, they will build pools, and they will also service pools. In our case, Bio-Lab sells dealer direct. Our dealers will typically offer our premium brand BioGuard®, as well as our ProGuard® brand. ProGuard® is a no frills brand that they can get from us and supply to the service segment. Alternatively, independent retailers can purchase from Arch or other national or regional distributors.

In all of these various market segments we are competing directly and indirectly with imports of chlorinated isos from China and Spain. The Chinese importers sell bulk product to re-packers and tableters that compete with us for sales to big box retailers and distributors. However, the Chinese imports also include trichlor and dichlor in the large sized retail packages. For example, pressed trichlor tablets in 50 lb. pails by the container load. These imports compete directly with our finished goods for sales in the specialty retailer and service market segments.

Importers from China and Spain also attend all of the major trade shows and offer chlorinated isos at these events. For example, at the International Pool and Spa Expo, the Chinese have booths where they offer finished goods, trying to go dealer direct and meet with distributors and re-packers. Representatives of Ercros

also attend these trade shows. In fact, the entire industry is at these events and the Chinese and Ercros representatives will offer chlorinated isos and do deals for the upcoming pool season. In fact, Ercros is a major supplier to our primary competitor at Wal-Mart and one of our biggest competitors in the mass market.

Turning to the global market, Bio-Lab has operations in Australia, New Zealand, South Africa, and all over mainland Europe. In Europe our structure is very similar to the United States. We sell premium products through mass and independent retail channels, and we sell private label products through retailers. We compete in essentially the same fashion in Europe as in the United States. The main difference is that there is only one large manufacturer in Europe. That is Ercros. We use third party tollers to make tablets for us in Europe, using tableting equipment owned by Bio-Lab and using chlorinated isos from Ercros in Spain and from China.

Because of the relatively low market prices in Europe, it is not cost effective for us to bring product over from the United States. In fact, if the antidumping orders are revoked in the United States, Ercros and the Chinese would target the U.S. market because of our larger installed base of swimming pools and because prices in this market are relatively higher than in other parts of the world.

World-wide, demand is flat. Markets are not growing in Europe or the United States. Yet, Ercros is expanding its capacity. And, we have only recently learned that another chemical company may be planning to start production in Spain. Because of the significant presence of Chinese imports in the European market, revocation of the U.S. antidumping orders would cause producers in both countries to shift sales to the U.S. market.

If the antidumping orders are revoked, the U.S. market will be inundated by both Spanish and Chinese imports. Without antidumping duties, imports from China and Spain will cut prices in order to capture market share. In fact, even with the antidumping orders in place, imports from China and Spain are already sold at prices below our own prices. The United States is the world's largest consumer of chlorinated isos, and every manufacturer seeks a share of this market.

For these reasons, the Commission should make an affirmative determination. Without the antidumping duty orders, our market share will shrink, prices will fall, and our isos business will be in peril.

Thank you.