

**Polyvinyl Alcohol From Taiwan  
Inv. No. 731-TA-1088 (Final)**

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**Public Exhibits for the Testimony of  
Sekisui Specialty Chemicals America, LLC  
January 25, 2011**

## Conditions of Competition

- Demand is derived
- Demand declined from 2007-2009 and improved in 2010
- Technical constraints create economic incentives to produce the various PVA grades in a technically determined sequence
- Demand is price inelastic
- US production exceeds US demand
- There is global oversupply
- Production is capital intensive
- Taiwanese PVA is largely interchangeable with domestic product
- Price is a key factor in determining who wins a sale

Interchangeability  
Between U.S. and Subject Taiwanese PVA  
Number of U.S. purchasers reporting

Always	11
Frequently	4
Sometimes	2
Never	1

## Purchasers' Comparison: U.S. versus Taiwan

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Factor	Superior	Comparable	Inferior
Availability	-	<b>13</b>	2
Availability of preferred type	1	<b>12</b>	2
Delivery terms	-	<b>15</b>	-
Delivery time	3	<b>11</b>	1
Discounts offered	-	<b>14</b>	1
Extension of credit	-	<b>15</b>	-
Hydrolysis	-	<b>15</b>	-
Viscosity	-	<b>15</b>	-
Lower price	1	<b>10</b>	3
Minimum quantity requirements	-	<b>13</b>	2
Packaging	1	<b>14</b>	-
Product consistency	-	<b>15</b>	-
Quality meets industry standards	-	<b>15</b>	-
Quality exceeds industry standards	-	<b>15</b>	-
Product range	-	<b>15</b>	-
Reliability of supply	1	<b>10</b>	4
Supplier prequalification	-	<b>15</b>	-
Technical support/service	1	<b>10</b>	4
Lower U.S. transportation costs	1	<b>11</b>	3

Source: U.S. ITC, Prehearing Staff Report, Table II-9 at II-58.

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## Taiwan Import Volume Gains Will Be By Low Pricing

“By far the most important factor today is price, and then price, and then price again. Once we meet the subject import price, these other non-price factors may become the tie breaker in a buying decision. But, if we don't meet the price, we lose the business.”

-Ms. McCord on behalf of Dupont

DuPont's Supply to Customers Not Significantly Impacted by Hurricane Ike in 2008

“{i}n my opinion, ..., we have not gotten any demonstrably worse and in fact had excess production capacity available to supply our customers at the end of 2008 as demonstrated by the fact that we simply took our plant down and yet still had very high inventories.”

- Ms. Korte, Dupont

Subject Import Volume Is Nearly Equal to  
All Non-Subject Imports

January-June 2010  
(Quantity in 1,000 pounds)

U.S. Imports from:

<b>Taiwan</b>	<b>13,139</b>
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All Other Sources	13,780
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All Sources	26,919
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## Subject Imports from Taiwan

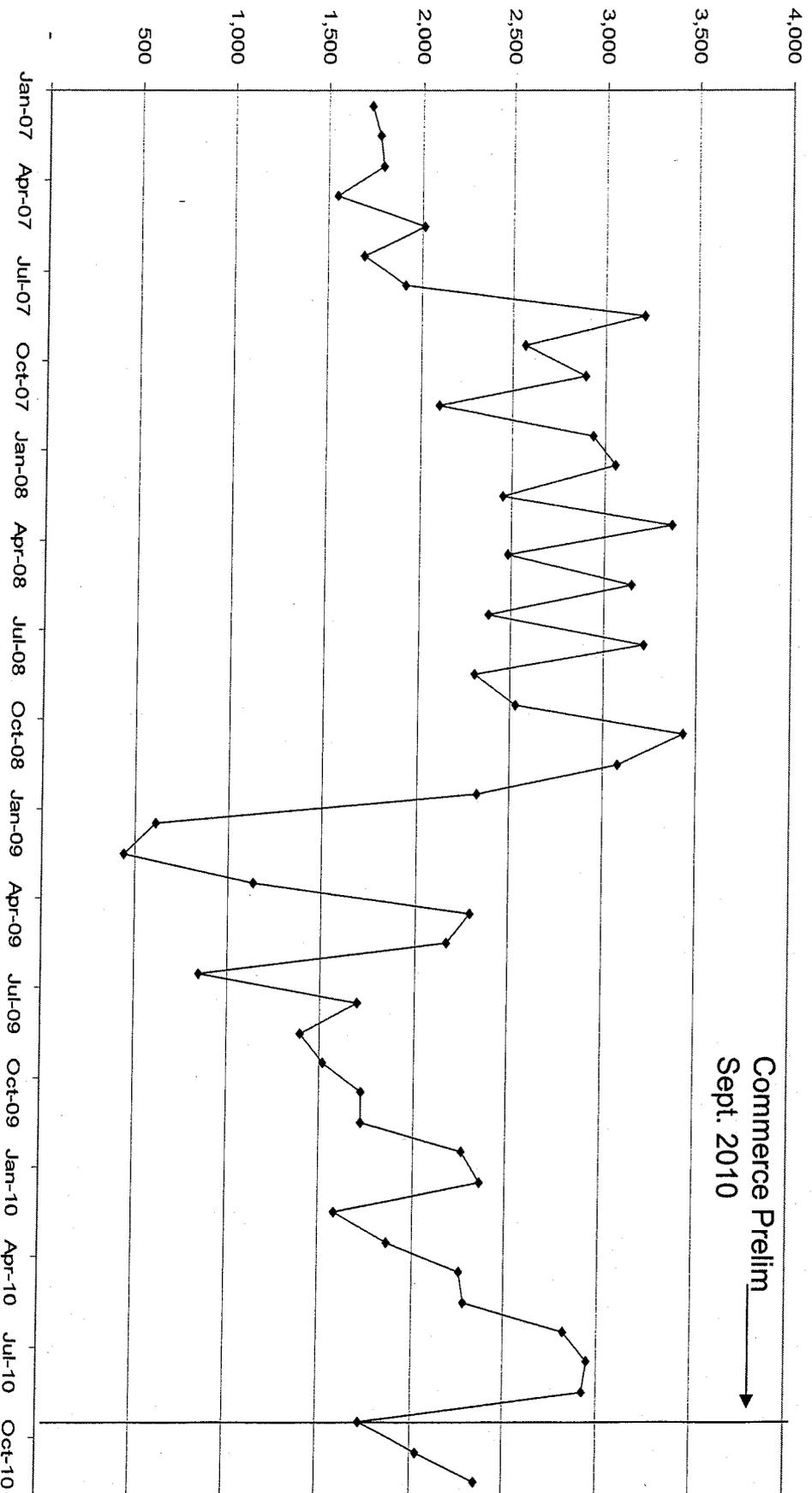
(Quantity in 1,000 pounds)

Prelim. Investigation POI					Final Investigation POI				
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>Jan.-June</u>		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Jan.-June</u>	
			<u>2003</u>	<u>2004</u>				<u>2009</u>	<u>2010</u>
15,639	14,076	23,539	10,956	13,837	26,127	33,733	17,781	7,483	13,139

# Monthly Imports of PVA from Taiwan

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Jan. 2007-Nov. 2010



Source: U.S. ITC Dataweb, U.S. Imports for Consumption, HTS# 3905.30.0000.

## U.S. Import AUVs: Taiwan Lower than Non-Subject

(AUVs in \$/Lbs.)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Jan.-June</u>	
				<u>2009</u>	<u>2010</u>
Taiwan	0.92	1.16	1.10	1.12	1.06
All Non-Subject	1.31	1.61	1.39	1.46	1.50

# Taiwan Underselling the U.S. Producers

## (Number of Quarters)

	<b>Prelim. Investigation POI</b> <u>(2001-2003 + Jan.-June 2004)</u>	<b>Final Investigation POI</b> <u>(2007-2009 + Jan.-June 2010)</u>
<b>Underselling</b>	<b>34 (49%)</b>	<b>58 (83%)</b>
Overselling	34	11
Equal	2	1
Total	<hr/> 70	<hr/> 70

Source: U.S. ITC Preliminary Staff Report, Table V-6 at pg. V-13; Final Staff Report at pg. V-39.

## Taiwan Undersold Non-Subject Countries (Number of Quarters)

	<u>China</u>	<u>Germany</u>	<u>Singapore</u>	<u>Japan</u>	<u>Spain</u>
Underselling	43	43	42	10	7
Overselling	7	7	9	--	--
Equal	--	2	--	--	--
Total	<u>50</u>	<u>52</u>	<u>51</u>	<u>10</u>	<u>7</u>

## CCP's Economist re "Multi-Sourcing"

Customers "will be willing to pay more to guarantee supply sources in case of a supply crisis at one of their sources."

-Dr. Seth Kaplan, Economist on behalf of CCP

## Subject Imports Will Continue to Increase

- 10-year history of increasing import volume and market share
- CCP has increased production capacity
- CCP has recently established a PVA plant in China
- CCP is dependent on the export market
- U.S. Market Prices are Higher than Global Prices
  - Global Oversupply
  - U.S. Antidumping Order Against China, Japan, and Korea

## U.S. PVA Prices Are Higher than EU PVA Prices

(AUV of Total PVA Imports on CIF basis)

	2007	2008	2009	Jan.-June 2010
United States	\$1.09	\$1.29	\$1.23	\$1.25
European Union	\$0.96	\$1.23	\$1.14	\$1.03

## U.S. PVA Prices Are Higher Than PVA Prices in Other Markets

“In general, from 2003 to the fall of 2003 to the fall of 2008 price gaps in the U.S. and non-U.S. markets has narrowed over the years, but the U.S. still remains the highest priced market. . . . Despite the rise in the Asian pricing over the 2003 to 2008 period, they were still substantially lower than U.S. average market prices, . . .”

-Ms. Laura Korte

Manager, Vinyls Business, E.I. DuPont