

TESTIMONY OF BRUCE LEE
KOLON USA

Good afternoon. My name is Bruce Lee, and I am the General Manager of Kolon USA's Marketing and Sales Team. Thank you for the opportunity to speak here today.

Kolon USA, or KUSA, was established in 1986, shortly after Kolon expanded into the PET Film business. We are located in Fairfield, New Jersey, and up until now we have been at the same location for our entire existence. As the U.S. sales subsidiary of Kolon Industries, our business is selling Kolon merchandise.

The PET Film business is very much a relationship business. In my experience, purchasers are very conservative in terms of changing their suppliers. They evaluate suppliers not only by the quality of their products, but also by their reliability and assurance of supply over time. Therefore, it has been important for KUSA to establish itself as a reliable supplier and maintain strong relationships. This strategy has worked – some of our most important customers date back to KUSA's earliest days.

Historically, KUSA has concentrated on selling PET Film for packaging and industrial end uses, which have been the bread and butter of the U.S. market. As Mr. Kwon just explained, however, the end uses of PET Film are changing in the world market, particularly in Asia where new customers are demanding optical display PET Film for use in LCD, plasma, and other display devices.

But I just do not see that same demand in the U.S. KUSA has over 30 customers, and of them, only one has purchased these higher-end films. Indeed, these sales made up only 0.1 percent of my sales in 2010. I have been selling PET Film for 21 years, and I know or know of all the major purchasers. To the extent that there is demand in the U.S. for optical display film, it is for very small niche products.

Therefore, KUSA will continue to follow its long-established strategy of selling packaging and industrial end use film. Unfortunately for us, as our parent company increases its production of optical display and similar films for sale in Asia, it is reducing its production of products that we have traditionally sold here in the U.S.

This is because devices such as LCD displays require multiple layers of PET film in addition to optical display film. For example, a single LCD screen typically requires two or three different types of optical display film as well as up to four layers of a thinner release liner PET film. While Kolon has invested in new production lines dedicated to the production of the thicker optical display and photovoltaic film, for the thinner LCD-use release liner, Kolon has simply shifted some of its thinner PET film production for packaging film to the LCD-use release liner film. As a result, it is much more difficult for KUSA to obtain the products that our customers require. You can see in our questionnaire response that KUSA's imports were stable from 2005 through 2008 and, since then, they have declined.

The petitioning companies claim that if the Commission revokes the order, KUSA will significantly increase its U.S. imports. This is simply not true, and the Commission only needs to look at our past actions to understand this. For example, Kolon invested in new production lines in 2007 and again in 2010 for optical display and photovoltaic film. Moreover, Kolon's shipments of PET film have been subject to a 0% antidumping deposit rate since November 2009. But, in 2010, when prices for PET film reached record levels in the U.S., KUSA's imports of PET film remained relatively stable, increasing only slightly in 2010 compared to 2009. In fact, KUSA's imports in 2010 were the second lowest in the period of review. Our imports have also decreased in the first quarter of 2011 compared to the first quarter of 2010.

In short, given the competitive conditions in the U.S. and global markets, as well as our parent's new business focus, KUSA will not increase its imports from Korea in the future.

Thank you.