

Statement of Honeywell International Inc.

**on
H.R. 4196**

**A Bill to Suspend Temporarily the U.S. Duty on
Certain Epoxide Resin Molding Compounds**

**As Provided for in 3907.30.0000
of the
Harmonized Tariff Schedule of the United States**

**before the
Committee on Ways and Means
U.S. House of Representatives**

June 7, 2002

Honeywell International Inc. (Honeywell) appreciates the opportunity to comment on H.R. 4196, introduced by Representative Donald Manzullo of Illinois. This measure provides for the temporary suspension of the U.S. import duty on certain epoxide molding compounds, classified under 3907.30.0000 of the Harmonized Tariff Schedule of the United States (HTSUS).

Granting a suspension of the duty on the product subject to this legislation is justified and appropriate. To our knowledge there is no U.S. commercial production of the exact product in question. For this reason passage of H.R. 4196, while having a positive impact on the competitiveness of Honeywell and its U.S. customers, would not have a detrimental effect on a U.S. industry.

Description of Honeywell

Honeywell is a US\$24-billion diversified technology and manufacturing leader, serving customers worldwide with aerospace products and services; control technologies for buildings, homes and industry; automotive products; specialty chemicals; fibers; plastics; and electronic and advanced materials. Honeywell employs approximately 115,000 people in 95 countries and is traded on the New York Stock Exchange under the symbol HON, as well as on the London, Chicago and Pacific stock exchanges. It is one of the 30 stocks that make up the Dow Jones Industrial Average and is also a component of the Standard & Poor's 500 Index. Additional information on the company is available on the Internet at www.honeywell.com.

Description of the Product and Its Uses

The subject product consists of a silicon-filled epoxide resin molding compound designed to encapsulate semiconductor chips. This encapsulation process provides a protective barrier from contaminants, humidity, shock and electrostatic charges that can destroy the circuitry of the chips, and also assists with heat dissipation. Because of this specific use, the silicon used in this product must be of high purity with low levels of alpha particle emissions.

Epoxide resins range from low viscosity liquids to high melting solids. Semiconductor mold compounds typically contain 10-30 percent epoxy resin made of ortho cresol novolac (OCN) or biphenyl. Whatever the basic structure of the polymer, these resins are characterized by the presence of reactive epoxide groups which allow them to be readily cross-linked at the time of use, e.g., by the addition of an amino compound, an organic acid or anhydride, a boron trifluoride complex or an organic polymer.

The epoxide molding compounds addressed in this legislation are used for encapsulating integrated circuits that feed into various electronics applications.

Suspending the Duty on the Subject Compounds is Warranted

There is no U.S. commercial production of the epoxide resin molding compounds on which suspension of duty is being sought. Also, there are no domestically manufactured materials that can be readily substituted for the products subject to this legislation. It is always conceivable that with additional money and effort, there could possibly be a US company that at some point in the future may be able to meet our requirements. But to Honeywell's knowledge and based on our research, no US manufacturer is today freely offering the same epoxide molding compounds for sale under standard commercial terms.

Even though there may be a US manufacturer of certain other types of epoxide molding compounds, each manufacturer formulates their own unique custom materials from similar, though not exact, base ingredients. Accordingly, any domestically manufactured types of epoxide molding compounds are not identical to, nor can they be readily substituted for, the types of compounds intended to be addressed in HR 4196. In fact, because Honeywell must answer to our own end customers and their product demands, we know that the materials we import are the only ones that currently meet our customers' specific requirements.

Lastly, based on import projections for this product for the period covered by H.R. 4196, this legislation complies with the Committee's "no-cost" requirement.

Summary

To Honeywell's knowledge there is no U.S. commercial production of the exact product in question. This legislation also meets the Committee's "no cost" criterion. For these reasons passage of H.R. 4196, while having a positive impact on the competitiveness of Honeywell and its U.S. customers, would not have a detrimental effect on a U.S. industry. Granting a suspension of the duty on the product subject to this legislation is justified and appropriate.