



UNITED CHEMI-CON INC.

June 13, 2002

The Honorable Bill Thomas, Chair, House Ways and Means Committee
1102 Longworth H.O.B.
Washington, D.C. 20515
202.225-8798
bill.Thomas@mail.house.gov

The Hon. Senator Jesse Helms
United States Senate
403 Dirksen Office Bldg.
Washington, D.C. 20510
202.228.1339
jesse_helms@helms.senate.gov

The Hon. Senator John Edwards
United States Senate
225 Dirksen Office Bldg.
Washington, D.C. 20510
202.228.1374

The Hon. Senator Patty Murray
United States Senate
173 Russell Office Bldg.
Washington, D.C. 20510
202.224.0238
senator_murray@murray.senate.gov

The Hon. Senator Maria Cantwell
United States Senate
717 Hart Senate Office Bldg.
Washington, D.C. 20510
202.228.0514

The Honorable Representative Richard Burr
1526 Longworth H.O.B.
Washington, D.C. 20515
202.225-2995
Richard.BurrNC05@mail.house.gov

The Honorable Representative Doc Hastings
1323 Longworth H.O.B.
Washington, D.C. 20515
202.225.3251

VIA FACSIMILE AND VIA E-MAIL (TO THE APPLICABLE E-MAIL ADDRESSES)

Dear Honorable Chair Thomas
Dear Honorable Senators Helms and Edwards
Dear Honorable Senators Murray and Cantwell
Dear Honorable Representatives Burr and Hastings

This letter addresses Bill HR 4280, introduced in the House on April 16, 2002 by Congressman James DeMint of South Carolina. The bill is currently under review by the House Committee on Ways and Means Subcommittee on Trade as part of the

miscellaneous duty suspension proposals. Congressman Philip Crane is requesting written comments from all interested parties to determine which of the duty suspension bills should be included in a miscellaneous trade package. HR Bill 4280 proposes to temporarily suspend duties, from its enactment up to 12/31/05, for aluminum-etched foil (currently being produced by Chemi-Con Materials Corporation). We strongly urge Congress not to include HR 4280 as part of the miscellaneous tariff bill because it will have a deleterious effect on our manufacturing facilities as well as the economies of both the states of North Carolina and Washington.

United Chemi-Con, Inc. (“UCC”) is a wholly owned subsidiary of Nippon Chemi-Con (“NCC”) and is the world’s largest manufacturer and supplier of aluminum electrolytic capacitors. Established in 1970, UCC distributes more than 8,000 products, including products manufactured by our plants in North Carolina. Our U.S. headquarters are located in Rosemont, Illinois. NCC’s headquarters are located in Japan. Recognizing its responsibility as corporate citizens, and in response to UCC customers’ needs in the U.S. market, in November 1994, NCC opened a U.S. facility, Chemi-Con Materials Corporation, in Moses Lake, Washington, to expand our manufacturing capacity for high-voltage anode foil, the most costly component in the manufacture of electrolytic capacitors, and to support United Chemi-Con’s electrolytic capacitor manufacturing in Lansing, North Carolina. Our facility in Lansing, United Chemi-Con, Inc., employing approximately 250 workers, produces high-voltage electrolytic capacitors, and as such, relies primarily on Chemi-Con Materials Corporation’s domestic anodizing of the capacitors’ most costly component.

If enacted, this bill would have the deleterious effect of increasing imports of this specialized foil and thereby materially injuring the domestic industry that manufactures it. Duty free import of this foil would discourage its domestic anodizing and result in the loss of jobs in both Moses Lake, Washington and Lansing, North Carolina.

Chemi-Con Materials Corporation is one of the assets of Moses Lake's economic development. After numerous plant closings in the 1960s and 1970s, Moses Lake's rural economy began to recover by building partnerships with and encouraging foreign direct investment by companies such as NCC. NCC's anode aluminum foil plant in Moses Lake, Washington currently employs approximately seventy-five people. In 2001 it began a \$32 million expansion project to increase the production of aluminum foil and create an additional twenty-five jobs.

About 60% of the Moses Lake production of the foil (the most critical component of the capacitor) is shipped to UCC for manufacture of finished products in the U.S., while the balance of 40% is exported overseas. The foil anodized by Chemi-Con Materials Corporation uses the most advanced foil formation technology available in the world. As such, the anodizing of this foil in the U.S. is an advantage to burgeoning high-tech industries, such as those industries located in Research Triangle Park, North Carolina. Such high-tech centers benefit from having fabricators of innovative electronic products in their own backyard.

The enactment of HR 4280 would: (1) discourage foreign companies from investing in and expanding manufacturing and research and development centers in the U.S.; and (2) put domestic producers of the primary component (the foil) of electrolytic capacitors at a competitive disadvantage with importers of the foil. The ultimate goal of

local economic development initiatives is to encourage foreign investors to establish long-term investments in the U.S. UCC, and its parent company, NCC, have fostered economic development in both the states of Washington and North Carolina by establishing production facilities of both primary (the foil) and finished goods (electrolytic capacitors) in these two states. While HR 4280 may represent a tiny achievement for free trade, any benefit is outweighed by the greater damage that its passage would pose to job security and economic development in Moses Lake, Washington and in Lansing, North Carolina.

As a result, we would respectfully submit that inclusion of a duty suspension provision for aluminum etched foil would not be in the national interest and request that the bill should not be included as part of the proposed miscellaneous duty suspension legislation.

Sincerely,

Thomas W. Efford
Vice President of Operations

cc: The Honorable Representative Henry J. Hyde
The Honorable Representative Philip M. Crane, Chair, Subcommittee on Trade,
House Ways and Means Committee