September 14, 2006

Via E-Mail (FR0625@ustr.eop.gov)

Ms. Barbara Weisel
Assistant U.S. Trade Representative
Office of Southeast Asia and the Pacific and Pharmaceutical Policy
Office of the United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Re: Acceleration in Duty Reduction Under USSFTA

Dear Ms. Weisel:

General Electric Company ("GE") appreciates this opportunity to comment in response to the recent Federal Register notice addressing the proposed acceleration of the reduction in duties on polycarbonate resin imports from Singapore (71 Federal Register No. 155, p. 46250). GE strongly recommends that the import duties continue to be phased out over the current ten-year period, and not be accelerated.

GE, which employs more than 160,000 people in the United States, is the leading U.S. producer of polycarbonate resin which it sells under the trade name LEXAN®. Polycarbonate resins are valued for their optical clarity and impact strength and are used in a wide range of applications, including optical discs, computer housings, automotive headlamps, water bottles and medical devices. GE operates two LEXAN resin manufacturing facilities in Mount Vernon, Indiana and Burkville, Alabama, which together employ some 2,000 people.

When the U.S. / Singapore Free Trade Agreement was negotiated in 2002, GE and the other two U.S. polycarbonate producers, Bayer Corporation and Dow Chemical Company, submitted comments expressing their opposition to an accelerated duty elimination on polycarbonate imports from Singapore. The overall position of the U.S. polycarbonate industry was summarized in a white paper that is attached to this submission.

The white paper identified various challenges for the U.S. polycarbonate industry that continue to exist today. In addition to those challenges, there is currently an oversupply of polycarbonate in the U.S. market that has depressed prices at a time when petrochemical feedstock costs have risen dramatically. These pressures have been exacerbated by ever-increasing imports of polycarbonate from Singapore where labor costs are roughly 80% lower than in the United States. Singapore is now the leading exporter of polycarbonate to the United States. In fact, between 2002 and 2005 exports of polycarbonate from Singapore to the U.S. increased from $18 million to $70 million as the duty rate was reduced from 5.8% to 4.6%. It is logical to conclude that any acceleration of the duty phase-out would result in a significant increase in the export of low cost polycarbonate from Singapore to the detriment of the U.S. industry.

Teijin Chemical of Japan, an aggressive low cost chemical producer, is the only polycarbonate manufacturer in Singapore. Between 2002 and the present, Teijin has expanded its annual polycarbonate production capacity in Singapore from approximately 130,000 metric tons to more than 200,000 metric tons. Approximately 15% of that production is shipped to the U.S., primarily for use in the manufacture of optical discs. The U.S. optical disc market, which has experienced dramatically decreasing prices and profit margins in recent years, is critically important to the domestic polycarbonate industry. Currently, Teijin controls almost 30% of that market. An accelerated phase-out of duties on polycarbonate from Singapore would have a significant adverse impact on the U.S. polycarbonate industry given the economic challenges we currently face and the substantial cost advantage enjoyed by our competition in Singapore.

On behalf of GE, and for the benefit of the U.S. polycarbonate industry and its employees, we respectfully urge the USTA to maintain the full ten year phase-out period for the duties on polycarbonate resin from Singapore without acceleration. We appreciate the opportunity to provide these comments and would be pleased to provide any additional information you may require.

Respectfully yours,

Brian T. Gladden

Vice President and General Manager

GE Plastics Global LEXAN Business

Attachment

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