CERTAIN CASTOR OIL PRODUCTS FROM BRAZIL

Determination of the Commission in Investigation No. 104-TAA-20 Under Section 104(b) of the Trade Agreements Act of 1979, Together With the Information Obtained in the Investigation

PDF Create! 6 Trial
www.nuance.com

USITC PUBLICATION 1483

JANUARY 1984

United States International Trade Commission / Washington, D.C. 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Alfred E. Eckes, Chairman

Paula Stern

Veronica A. Haggart

Seeley G. Lodwick

Kenneth R. Mason, Secretary to the Commission

Staff assigned:

Bill Schechter, Investigator
James A. Emanuel, Commodity Analyst
Kenneth Conant, Commodity Analyst
Andrew Valiunas, Economist
Chand Mehta, Accountant
Sheila Landers, Attorney Advisor

John MacHatton, Supervisory Investigator

Address all communications to
Office of the Secretary
United States International Trade Commission
Washington, D.C. 20436

PDF Create! 6 Trial
www.nuance.com

CONTENTS

	Page
Determination	1
Views of the Commission	3
Views of Commissioner Stern	11
Information obtained in the investigation:	
Introduction	A-1
Background of the investigation	A-1
The product:	
Description and uses:	
Castor Oil	A-2
HCO and HSA	A-4
U.S. tariff treatment	A-4
The nature and extent of the subsidies	A-5
Preferential financing for exports	A-7
Income tax exemption for export earnings	A-7
IPI export credit program	A-7
Preferential export financing under CIC-GREGE-14-1	A-7
Accelerated depreciation for capital goods manufactured in Brazil	A-7
U.S. producers	A-8
U.S. importers	A-8
Foreign producers	A-10
Channels of distribution	A-10
U.S. market	A-11
U.S. production, capacity, and capacity utilization:	
HCO	A-11
HSA	A-13
Domestic shipments	A-14
U.S. exports	A-15
Inventories	A-15
Employment	A-16
Financial experience of one U.S. producer	A-17
HCO operations	A-18
HSA operations	A-18
Overall establishment operations	A-21
Investment in productive facilities	A-21
Capital expenditures and research and development expenses	A-23
Union Camp's statement of the effects of imports from Brazil on its growth, investment, and ability to raise capital	A-24
Consideration of material injury or threat of material injury to an industry in the United States if the countervailing duty order were to be revoked:	
U.S. imports:	
Background	A-24
Imports of HCO	A-24
Imports of HSA	A-25
Market penetration of the subsidized imports	A-26
Threat of material injury	A-26
Brazilian exports	A-26
Inventories of imported products	A-28

PDF Create! 6 Trial www.nuance.com

CONTENTS

Page

Information obtained in the investigations--Continued
Consideration of material injury or threat of material injury to an industry in the United States if the countervailing duty order were to be revoked--Continued
Prices---------- A-29
Price trends---------- A-29
Importers' purchase price---------- A-31
Freight costs---------- A-33
Appreciation of the U.S. dollar---------- A-36
Lost sales---------- A-37
Lost revenues---------- A-38
Purchasers' views of market competition---------- A-39
Appendix A. Letter requesting this section 104 investigation and the Commission's response to the letter---------- A-41
Appendix B. The Commission's notice of investigation and scheduling of hearing and calendar of witnesses at December 8, 1983, public hearing--- A-47
Appendix C. Letter from Union Camp Corp. alleging subsidized Brazilian exports---------- A-53
Appendix D. The Treasury Department's preliminary and final Federal Register notices establishing countervailing duties for Brazilian castor oil products---------- A-57
Appendix E. Department of the Treasury's Federal Register notices concerning the net amount of the countervailing duty---------- A-61
Appendix F. A discussion of the substitutability of stearic acid for HCO and HSA---------- A-65
Appendix G. Department of Commerce's Federal Register notices for annual review-1979, annual review-1980, and preliminary review-1981----- A-67
Appendix H. Letters to Commission from CasChem on CasChem's financial data---------- A-79
Appendix I. U.S. Department of State telegrams---------- A-83

Tables

1. Castor oil: U.S. imports, by sources, 1980-83, January-October 1982, and January-October 1983---------- A-3
2. HCO and HSA: Apparent U.S. consumption, 1980-82, January-September 1982, and January-September 1983---------- A-11
3. HCO: U.S. production, capacity, and capacity utilization, by firms, 1980-82, January-September 1982, and January-September 1983---------- A-12
4. HSA: U.S. production, capacity, and capacity utilization, 1980-82, January-September 1982, and January-September 1983---------- A-13
5. HCO and HSA: Domestic shipments of domestically produced HCO and HSA, 1980-82, January-September 1982, and January-September 1983--- A-14
6. HCO and HSA: Union Camp's employment and wage data for its Dover, Ohio, plant, 1980-82, January-September 1982, and January-September 1983---------- A-17
7. Income-and-loss experience of Union Camp Corp. on its operations producing HCO, 1980-82, interim 1982, and interim 1983---------- A-19
8. Income-and-loss experience of Union Camp Corp. on its operations producing HSA, 1980-82, interim 1982, and interim 1983---------- A-20

PDF Created with deskPDF PDF Writer - Trial :: http://www.docudesk.com

CONTENTS

Page

9. Income-and-loss experience of Union Camp Corp. on the overall operations of its establishments within which HCO and HSA are produced, 1980-82, interim 1982, and interim 1983------------------ A-22
10. Investment in productive facilities of Union Camp Corp. on specified operations, 1980-82 and as of Sept. 30, 1982 and Sept. 30, 1983---- A-23
11. HCO: U.S. imports for consumption, by sources and by importing firms, 1980-82, January-September 1982, and January-September 1983--------- A-25
12. HSA: U.S. imports for consumption, by sources and by importing firms, 1980-82, January- September 1982, and January-September 1983-------- A-25
13. HCO and HSA: U.S. production, exports of domestic merchandise, imports for consumption from Brazil, India, and all sources, and domestic consumption, 1980-82, January-September 1982, and January-September 1983-- A-27
14. HCO: Weighted-average net delivered prices received by Union Camp and importers from their 8 largest customers and margins of underselling, by quarters, January 1980-September 1983-------------- A-29
15. HSA: Weighted-average net delivered prices received by Union Camp and importers from their 8 largest customers and margins of underselling, by quarters, January 1980-September 1983-------------- A-30
16. HCO: Quantity imported and landed, duty-paid prices paid by Bunge for HCO imported from Brazil, by quarters, January 1980-September 1983-- A-32
17. HSA: Quantity imported and landed, duty-paid prices paid by Bunge for HSA imported from Brazil, by quarters, January 1980-September 1983-- A-33
18. HCO and HSA: Freight costs associated with the shipments by Union Camp and SANBRA to specified destinations and the respective transportation cost advantage or disadvantage to the domestic producer-- A-35
19. Indexes of producer prices in the United States and Brazil and indexes of the nominal and real exchange rates between the U.S. dollar and the Brazilian cruzeiro, by quarters, January-March 1981 through July-September 1983------------------------------- A-37

Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

PDF created with pdfFactory trial version www.pdffactory.com

PDF Create! 6 Trial
www.nuance.com

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 104-TAA-20

CERTAIN CASTOR OIL PRODUCTS FROM BRAZIL

Determination

Based on the record 1/ developed in investigation No. 104-TAA-20, the Commission determines, pursuant to section 104(b) of the Trade Agreements Act of 1979 (19 U.S.C. 1671 note), that an industry in the United States would be materially injured by reason of imports of hydrogenated castor oil (HCO), as provided for in item 178.20 of the Tariff Schedules of the United States (TSUS), from Brazil if the countervailing duty order were to be revoked. 2/ The Commission further determines that an industry in the United States would be materially injured by reason of imports of 12-hydroxystearic acid (HSA), as provided for in item 490.26 of the TSUS, from Brazil if the countervailing duty order were to be revoked. 2/

Background

The outstanding countervailing duty order was issued, on March 16, 1976, as a result of an investigation that was conducted by the U.S. Department of the Treasury after Union Camp Corp. filed a countervailing duty petition on April 30, 1975.

1/ The "record" is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure.

2/ Commissioner Stern determines that industries in the United States would not be materially injured or threatened with material injury, nor would the establishment of industries in the United States be materially retarded, by reason of imports of certain castor oil products (HCO and HSA) from Brazil, if the countervailing duty order covering such imports were to be revoked.

PDF Created with Trial www.nuance.com

On July 17, 1981, the Brazilian Government requested the U.S. International Trade Commission to review the outstanding countervailing duty order under section 104(b)(1) of the act to determine whether an industry in the United States would be materially injured, or threatened with material injury, or the establishment of an industry would be materially retarded by reason of imports of certain castor oil products from Brazil if the outstanding countervailing duty order applicable to such castor oil products were to be revoked. Accordingly, on September 21, 1983, the Commission instituted investigation No. 104-TAA-20, Certain Castor Oil Products from Brazil.

Notice of the institution of the Commission's investigation was given by posting copies of the notice in the office of the Secretary, United States International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on October 5, 1983 (48 F.R. 45479). A public hearing in connection with the investigation was held on December 8, 1983, and the Commission voted on the investigation in public session on January 18, 1984.

PDF Created with deskPDF PDF Writer - Trial :: http://www.docudesk.com

VIEWS OF THE COMMISSION

On the basis of the record developed in investigation No. 104-TAA-20, we determine that industries in the United States would be materially injured by reason of imports of certain castor oil products from Brazil if the countervailing duty order covering such imports were to be revoked.

A Commission determination under section 104 is prospective in nature. The Commission must attempt to predict the likely impact that imports covered by a countervailing duty order would have on the domestic industry if the order were to be revoked. 1/ In making this prospective analysis, it is necessary to consider, among other factors, the past and present performance of the domestic industry, the conditions of competition in the relevant markets, including the trend of imports while the order was in place, and the likely impact of the removal of the countervailing duty order.

The domestic industries

Section 104 of the Trade Agreements Act expressly incorporates the definitions contained in section 771 of the Tariff Act of 1930. 2/ Section 771(4)(A) of the Tariff Act defines the term "industry" as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 3/ "Like product" is defined in section 771(10) as "a product which is like, or in the absence of like, most

1/ 19 U.S.C. § 1671 note (Supp. IV 1980).
2/ Sec. 104(e) of the Trade Agreements Act of 1979, 19 U.S.C. § 1671 note.
3/ 19 U.S.C. § 1677(4)(A).

PDF Create! 6 Trial www.nuance.com

similar in characteristics and uses with, the article subject to an investigation . . . ." 4/

The imported articles subject to this investigation are hydrogenated castor oil (HCO) and 12-hydroxystearic acid (HSA). Both of these products are hydrogenated castor oil derivatives. Both products are hard, brittle waxes with narrow melting ranges. 5/ They are used largely as additives in heavy-duty lubricants when increased performance under high temperatures is required. 6/ The increase in performance provided by these castor oil derivatives makes them uniquely suitable for such uses. 7/

Each of the products, however, has distinctive characteristics and uses. HCO is produced by pumping hydrogen gas into crude castor oil at high temperatures. 8/ HSA is produced by further processing HCO to remove glycerine and is, therefore, more expensive than HCO. 9/ As an additive in lubricating greases, HCO provides a granular structure and the inclusion of glycerine which make it more suitable than HSA for certain lubricants. HSA as an additive provides a fibrous structure, allows incorporation of other fatty acids, and establishes an imperviousness to water, which makes HSA more suitable than HCO for certain lubricants. 10/

On the basis of these differences in characteristics and uses, we conclude that HCO and HSA are separate like products. The domestic products "like" the articles being imported are HCO and HSA. Accordingly, there are

---

4/ 19 U.S.C. § 1677(10).
5/ Commission Report at A-4 (hereinafter "Report").
6/ Id.
7/ Id.
8/ Id.
9/ Id.
10/ Id.

PDF Create! 6 Trial www.nuance.com

two domestic industries, each consisting of the respective HCO and HSA operations of the two domestic producers of these products, Union Camp and CasChem, Inc.

Condition of the industries

A number of economic and financial indicators show that the domestic industries are experiencing difficulties. 11/ These difficulties are the continuation of a long-term trend. 12/ In fact, three domestic firms discontinued production of these products between 1974 and 1980, 13/ and CasChem has largely withdrawn from the merchant sales of HCO and HSA since 1982. 14/ 15/

HCO

Domestic consumption of HCO rose by one-third, from 13.6 million pounds in 1980 to 18.1 million pounds in 1981, before declining to 13.4 million

---

11/ Because there are only two domestic producers, nearly all of the data relevant to the Commission's determination are confidential. Our analysis, therefore, is presented in very general terms.

12/ On a combined basis, imports of HCO and HSA from Brazil increased substantially between 1977 and 1980. See Post Hearing Brief filed on behalf of Union Camp at Exhibit 5 and note 31, infra.

13/ Transcript of the hearing at 55.

14/ Letter from Paul H. Elkins, Vice President of Operations, CasChem, Inc., to Ms. Landers, Office of the General Counsel, U.S. International Trade Commission, dated Jan. 9, 1984. The Commission received financial information from Union Camp only. CasChem was unable to provide financial information for HCO and HSA either individually or on a combined basis.

15/ CasChem's importations of the subsidized Brazilian HCO and HSA in 1982 and 1983 fall within the related-party provision of sec. 771(4)(B) of the Tariff Act, which authorizes the Commission to exclude from the domestic industry, under appropriate circumstances, those domestic producers that import the merchandise under investigation. However, we decided not to exclude CasChem from the domestic industry because (a) financial information on CasChem's HCO and HSA operations was not obtained, so exclusion would not alter the financial data base, and (b) the exclusion of CasChem's production and shipments data would distort the market-share analysis because of the significance of CasChem's contribution to shipments and their own consumption of HCO and HSA.

PDF Create! 6 Trial www.nuance.com

pounds in 1982. 16/ Consumption during January-September 1983 was nearly one-fifth less than that during the corresponding period of 1982. 17/ Domestic production of HCO for domestic consumption 18/ experienced a net decline of nearly one-third from 1980 to 1982 after increasing with consumption in 1981. 19/ It increased only slightly in the interim 1983 period over that in the interim 1982 period. 20/

Prices of the domestic HCO declined throughout the period of the investigation, 21/ and gross margin ratios of Union Camp's HCO operations experienced significant declines from 1981 to 1982 and from January-September 1982 to January-September 1983. 22/

HSA

Domestic consumption of HSA increased significantly, from 6.2 million pounds in 1980 to 7.6 million pounds in 1981, and again, albeit marginally, from 1981 to 1982. 23/ However, consumption during January-September 1983

16/ Report at A-27, table 13.

17/ *Id.*

18/ *Id.* Domestic production for domestic consumption is derived by deducting exports from domestic production. This indicator, rather than production or shipments alone, is the most accurate indicator of the level of domestic firms' activity in the U.S. market because much of CasChem's production of HCO and imports of HSA were for its own consumption, and therefore are not included in domestic shipments, and because U.S. exports are a relatively significant share of domestic production.

19/ *Id.*

20/ *Id.*

21/ *Id.* at A-29.

22/ *Id.* at A-19. More than 80 percent of the cost of producing HCO and HSA is accounted for by the cost of castor oil. Transcript of the hearing at 57. Thus, the profitability of HCO and HSA operations is highly dependent on the relationship of the market price of castor oil to the market prices of the derivatives. Even a small change in the price received for one of the derivative products can have a substantial effect on the profitability of that product. The declining gross margins indicate that Union Camp was not able to achieve price increases at the level needed to offset rising costs.

23/ Report at A-27, table 13.

PDF Create! 6 Trial www.nuance.com

period was almost one-fifth less than that during the corresponding period of 1982. 24/ Domestic production for domestic consumption rose at a greater rate than consumption from 1980 to 1981 before declining by almost one-quarter in 1982 to its 1980 share of consumption. 25/ Domestic production for domestic consumption and its share of the market increased significantly in the interim 1983 period over such aspects in the interim 1982 period. 26/ The price of domestic HSA declined throughout the period of investigation. 27/ Union Camp's gross margin ratios on HSA were significantly higher in 1981 and 1982 than in 1980 and January-September 1983. 28/

Likely effects of imports if the order is revoked

In this investigation, the Commission must determine whether the domestic industry would be injured in the event that the countervailing duty order were to be revoked. The domestic industries are being injured by subsidized imports which account for a substantial share of these markets. It is evident, on the basis of historical trends in the level of imports, that the subsidized imports will increase if the order is revoked, causing further injury to the domestic industries. 29/ Current industry difficulties are

---

24/ Id.
25/ Id.
26/ Id.
27/ Id. at A-30.
28/ Id. at A-20. See footnote 22.
29/ Chairman Eckes further considers the expected increase in the level of imports if the order is revoked in light of any additional cost advantage afforded the imports by the removal of the order. Due to the current vulnerable position of the domestic industry, any incremental advantage to be gained by the imported products will cause further injury to the domestic industry.

PDF Created with deskPDF PDF Writer - Trial :: www.nuance.com

relevant, since they provide a basis for forecasting a continuation of the injury into the future. 30/

During the period under investigation, imports from Brazil of both HCO and HSA increased. 31/ U.S. imports of HCO captured an increasing share of the U.S. market during 1980-82, accounting for over one-half of domestic consumption in 1982, before declining in January-September 1983 compared with those in the corresponding period of 1982. 32/ Imports of HSA from Brazil also increased from 1980 to 1982, accounting for over three-fourths of domestic consumption in 1982. 33/ In January-September 1983, imports of HSA fell from those in the corresponding period of 1982. 34/ Imports of Brazilian HCO and HSA have significantly undersold the domestically produced products throughout the period of the Commission's investigation. 35/

In past investigations under section 104, the Commission has analyzed the effect of a change in the countervailing duty deposit rate on imports as an indication of the effect of the order on the behavior of imports in the

---

30/ For a more complete analysis of the factors considered by Commissioner Haggart in sec. 104 reviews, see her views in Certain Nonrubber Footwear from Brazil, India, and Spain, Inv. Nos. 104-TAA-16, 17, and 18, USITC Pub. No. 1388 (1983) at 27-29.

31/ Furthermore, the level of imports of HCO and HSA from Brazil for the years 1977 through 1979, on a combined basis and in approximate terms, shows that these imports increased substantially between 1977 and 1980. Pre-Hearing Brief filed on behalf of Union Camp (Dec. 2, 1983), at Exhibit 5.

32/ The 1983 declines in market share have been attributed to a weather-related shortfall in the castor bean harvest in Brazil which, in turn, curtailed production of castor oil and forced up prices for Brazilian castor oil products. The vagaries of the weather, always a factor where agricultural products are concerned, cannot be predicted. Thus, this 1-year decline in castor oil production provides no basis for prediction of future market conditions. Report at A-24-A-25.

33/ Id at A-27.

34/ Id. See note 32, supra.

35/ Id. at A-29-A-33.

PDF Create! 6 Trial
www.nuance.com

market. 36/ In the instant investigation, the deposit rate was changed from 8.5 to 2.53 percent as of December 24, 1981. 37/ Subsequently, imports from Brazil of each of these products rose in 1982 from their 1981 levels. Furthermore, margins of underselling in 1982 versus those in 1981 were, on average, 59 percent higher for HCO and 33 percent higher for HSA. 38/

On September 8, 1983, the Department of Commerce, as a result of its section 751 administrative review, determined that the cash deposit for all shipments entered after September 8, 1983, would be 0.82 percent ad valorem. 39/ Under these circumstances, and in light of our analysis of the

---

36/ See, e.g., Certain Scissors and Shears from Brazil, Inv. No. 104-TAA-19, USITC Pub. No. 1456 (1983).

37/ 46 F.R. 62487 (Dec. 24, 1981).

38/ Report at A-29, table 14, and A-30, table 15. Chairman Eckes goes further in establishing a linkage between the 70 percent reduction in the deposit rate and the immediate increase in the competitiveness of the Brazilian imports.

39/ The Department of Commerce has since preliminarily determined concurrently with this sec. 104 investigation that the aggregate net subsidy conferred by the Government of Brazil was 3.75 percent ad valorem for the period from Jan. 1, 1981, through Dec. 31, 1981. 48 F.R. 49320 (Oct. 25, 1983). For the purpose of establishing a cash deposit of estimated countervailing duties, the Department has calculated an amount of 0.40 percent. Inasmuch as this amount is considered to be de minimis, a cash deposit for all shipments entered after the date of publication of a final review will be waived should this amount remain unchanged in the final determination. Id. Since June 26, 1981, the Government of Brazil has been collecting an export tax on exports of castor oil products to the United States to offset the subsidy effects of an export credit program. The fact that Brazil has recently imposed an export tax which may effectively reduce the aggregate net subsidy to a de minimis amount does not compel revocation of the subject order. It should be emphasized that this is only a preliminary finding which is subject to change in Commerce's impending final 751 review. Even if the de minimis deposit rate should be upheld in the final determination, under the bifurcated process mandated by the statute for countervailing duty investigations, it is more appropriate under the facts here that possible revocation of the counterviling duty order based on the existence of the export tax be considered in the context of the Department of Commerce's administrative review process. That process (19 CFR 355.42(b)) allows any interested party to apply to the Secretary of Commerce for the revocation of the order should a final de minimis finding of Commerce remain unchanged for at least a 2-year period following its publication.

PDF Created with deskPDF PDF Writer - Trial :: http://www.docudesk.com

historical data set forth above, revocation of the countervailing duty order cannot be justified. 40/

In past section 104 investigations, the Commission has considered statements by foreign exporters and producers regarding their future capabilities and export intentions. 41/ In this investigation, although information regarding the capabilities of the entire Brazilian industry were not provided, 42/ one foreign producer, SANBRA, has stated that it does not foresee large increases in imports in 1984. 43/ However, other foreign producers and exporters became active in 1982 and 1983 and accounted for a substantial portion of U.S. imports in these years at the expense of SANBRA. 44/ The future intentions of these other producers and exporters could not be discovered, as they did not participate in this investigation. However, the trend of increasing imports from these other Brazilian sources leads to the conclusion that imports from Brazil will continue to capture an increasing share of the U.S. market for these products in the future.

Accordingly, we have determined that the domestic industries producing HCO and HSA, respectively, would be materially injured by the imports of these products from Brazil if the countervailing duty order covering these products were to be revoked.

40/ Chairman Eckes further establishes that if the countervailing duty order were to be revoked, the importers of Brazilian HCO and HSA would receive an incremental competitive advantage which would further enhance their capability to undersell domestic producers and increase their share of the domestic market. Because the Brazilian imports of HCO and HSA have such a large share of the domestic market already (over one-half of the HCO market and almost three-fourths of the HSA market), any increase in imports resulting from the incremental competitive advantage received from revocation would materially injure the domestic industry.

41/ See, e.g., Certain Scissors and Shears from Brazil, Inv. No. 104-TAA-19, USITC Pub. No. 1456 (1983).

42/ Report at A-26, A-28.

43/ Submission in behalf of SANBRA dated Jan. 9, 1984.

44/ Report at A-24, A-25.

PDF Create! 6 Trial www.nuance.com

VIEWS OF COMMISSIONER PAULA STERN

This dissent stems from a fundamental disagreement with my colleagues as to the role of the Commission in section 104 investigations. It is based upon a finding that if this countervailing duty order were removed, any future injury experienced by the domestic industries producing castor oil products would not be due to the small subsidies enjoyed by imports from Brazil. Nor, conversely, would the extension of the order have a materially advantageous effect on the domestic industries' ability to compete successfully with these imports.

Any future competitive advantage that Brazilian imports may have reflect factors which cannot be attributed to the minimal, and possibly *de minimis* net subsidies attributed to these imports. Castor oil products from Brazil command a clear legitimate comparative advantage because of considerably lower raw material, production, and transportation costs. These cost advantages are apparent in the ability of importers of the Brazilian products to undersell domestic producers by margins which substantially exceed the countervailing duty, either in terms of the net subsidy or the estimated duty. The market for these products is mature, other domestic manufacturers have ceased production in this country for reasons other than subsidized imports, and the remaining domestic producers have recently begun to import these products because it is more cost

PDF Create! 6 Trial www.nuance.com

efficient. The aggregate net subsidy for these products has been almost completely phased out, and the Brazilian Minister of Finance assured the Department of Commerce that the offsetting export tax would remain in effect, even in the event that the duty were removed.

Furthermore, under the statutory framework and past Commission interpretation of the statute, once a countervailing duty is outstanding, it is assumed that any subsidy-related injury to the U.S. industry has been remedied and other difficulties experienced by domestic producers should not be attributed to subsidized imports covered by the order. Thus, while the domestic industries have experienced difficulties, whatever injury resulted from unfair trade practices has been remedied by the countervailing duty order in effect. The mere presence of injury to a domestic industry does not justify the continuation of a countervailing duty order when the injury is not caused by the unfair trade practice which the duty is intended to offset.

PDF Create! 6 Trial www.nuance.com

Countervailing Duty Legislation, the Trade Agreements Act and the Material Injury Test Under section 104(b)

Prior to 1934, U.S. trade policy was based on the use of tariff rates to protect U.S. manufacturers and farmers. 1/ Inasmuch as the level of any particular rate of duty was the amount Congress presumed necessary to provide an appropriate level of protection to U.S. producers, any foreign subsidy benefitting products exported to the United States was perceived as a technique for subverting the U.S. tariff for the particular products. 2/ It was this logic which ultimately led to the enactment of a countervailing duty statute to protect the effectiveness of the U.S. tariff by offsetting or "countervailing" any foreign subsidy which could compromise the effect of the U.S. tariff. 3/

1/ Agreement on the Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade.

2/ W. B. Kelly, Jr., "Antecedents of Present Commercial Policy, 1922-1934," in W. B. Kelly, Jr. (ed.), Studies in United States Commercial Policy (Chapel Hill 1963).

3/ G. N. Horlick, "Current Issues in the Countervailing Duty Law," in H. M. Applebaum and A. P. Victor, The Trade Agreements Act of 1979 -- Four Years Later (New York 1983), 7, 11.

PDF Created with Trial www.nuance.com

In 1934, U.S. trade policy changed emphasis. The new policy was based on negotiated reductions in tariffs and most-favored-nation treatment for imports. 4/ The countervailing duty statute was not repealed, but the rationale for the statute shifted from one of protecting the effectiveness of the tariff to one of protecting U.S. producers from "unfair" foreign competition --

> [N]o U.S. manufacturer, no matter how efficient . . . [was] in a position to compete effectively against the subsidy resources of a foreign government. Even if a particular industry . . . [were to be] injured only marginally by subsidized imports, individual members of that industry . . . [had] a legitimate right to protest, for they . . . [were] losing business which they normally would obtain under the economic principle of comparative advantage. [Footnote omitted.] 5/

4/ After World War II, this policy became institutionalized in the creation of the General Agreement on Tariffs and Trade, Oct. 30, 1947, 61 Stat. A3, T.I.A.S. No. 1700, 55 U.N.T.S. 187.

5/ M. J. Marks and H. B. Malmgren, "Negotiating Nontariff Distortions to Trade," 7 Law & Pol'y Int'l Bus. 327, 347 (1975). The countervailing duty statute was amended to cover duty-free merchandise by section 331 of the Trade Act of 1974.

PDF Create Trial www.nuance.com

The United States practice of countervailing dutiable imports automatically upon the receipt of a petition from a complaining domestic industry was inconsistent with the obligations of Article VI of the General Agreement on Tariffs and Trade. 6/ The GATT required that a material injury test be met for the domestic industry in the importing country before a countervailing duty could be assessed. 7/ Hence, the United States agreed to negotiate its countervailing duty law to provide a material injury test for dutiable imports. 8/

In 1974, an amendment of the countervailing duty law authorized the Secretary of the Treasury to waive the imposition of countervailing duties during the four-year period, 1975 through 1979, if he determined that:

6/ Article VI of the GATT requires that the domestic industry in the country of importation must be materially injured or threatened with material injury before the importing country can impose countervailing duties legitimately.

7/ Only a grandfather clause for pre-existing legislation prevented the United States from being in violation of the GATT. (Article VI of the GATT is subject to the Protocol of Provisional Application which provides that Part II of the GATT is subject to existing national legislation.) By the beginning of the Tokyo Round of multilateral trade negotiations, however, the United States had been relying on the technical defense of pre-existing legislation for nearly thirty years.

8/ U.S. Congress, Comm. on Finance, 96th Cong., 1st Sess. (1979).

PDF Create! 6 Trial www.nuance.com

- adequate steps had been taken to reduce substantially or eliminate during such period the adverse effect of a bounty or grant which he has determined is being paid or bestowed with respect to any article or merchandise; and

- there is a reasonable prospect that . . . successful trade agreements will be entered into with foreign countries or instrumentalities providing for the reduction or elimination of barriers to or other distortions of international trade; and

- the imposition of the additional duty under this section with respect to such article or merchandise would be likely to seriously jeopardize the satisfactory completion of such negotiations. . . 9/

When a code on subsidies and countervailing measures was finally agreed to, a new title to the Tariff Act of 1930 was added to implement the countervailing duty provisions, including those requiring a material injury test. 10/ Those orders which had been issued during the four-year period when the imposition of duties had been waived, became subject to a special material injury test in section 104(a) of the Trade Agreements Act.

Congress offered another incentive for nonsignatory nations to sign the code prior to the effective date of the Trade Agreements Act. In section 104(b) of the Act, it provided a material injury test to be applied to all countervailing duty orders in effect on January 1, 1980, as long as the exporting nation was recognized by the Executive to have undertaken the obligations of the code in its trading with the United States. It is under this section that the current investigation of castor oil products from Brazil was conducted.

9/ 19 U.S.C. 1303(d)(1976).

10/ Title I, Section 101, of the Trade Agreements Act of 1979 amended the Tariff Act of 1930 by adding a new Title VII thereto.

PDF Create! 6 Trial www.nuance.com

The Statutory Directives
Under Section 104(b)

Hence, under the statute the Commission is directed to determine whether the revocation of a countervailing duty order in effect on January 1, 1980, would result in material injury or the threat of material injury to U.S. industries. Specifically, the statute directs the Commission to determine whether --

(A) an industry in the United States
(i) would be materially injured, or
(ii) would be threatened with material injury, or

(B) the establishment of an industry in the United States would be materially retarded, by reason of imports of the merchandise covered by the countervailing duty order if the order were to be revoked.

Implied in this directive are several requirements. First, the statute provides that the Commission forecast whether an industry would be materially injured by reason of imports of the merchandise covered by the order in the event that the order were removed. Thus, the Commission's analysis is essentially prospective. 11/

11/ By analogy, the standards applicable to an analysis of "threat of material injury" in a Title VII investigation are also relevant to a section 104 investigation. Specifically, the Commission must not base its determination on mere supposition or conjecture, or on speculative assumptions. See S.Rept.No. 249, 96th Cong., 1st Sess. at 88-89. Alberta Gas Chemicals v. United States, 515 F. Supp. 780, 791 (C.I.T. 1981).

PDF Created with deskPDF PDF Writer - Trial :: http://www.docudesk.com

Second, the same standards for determination regarding causation under Title VII apply under section 104(b). The Commission's mandate in this regard is clear: it is to determine whether the future material injury to the industry will be by reason of the imports covered by the order, in this case, imports benefitting from a 1.72 percent net subsidy in 1979, 2.22 percent in 1980, and preliminarily, a net subsidy of 3.75 percent in 1981. 12/

Third, once a remedial countervailing duty order is outstanding, under the statutory framework, 13/ the problems experienced by domestic producers should not be attributed to subsidized imports covered by the order. Indeed, the Commission generally has assumed, as a threshold matter, that any subsidy-related injury to the U.S. industry has been remedied during the period in which the duties have been imposed. 14/

12/ This is the net subsidy estimated by the Department of Commerce. The actual cash deposit required of importers (which was greater than the net subsidy that was subsequently found) was 2.53 percent during January 1982 through September 8, 1983, 0.82 percent since September 8, 1983, and preliminarily determined to be a de minimis amount of .4 percent, which is to be waived if in Commerce's final determination, the rate continues to be less than .5 percent.

13/ 19 U.S.C. 1671(e)(a). See also C.J. Tower & Sons v. United States, 71 F.2d 438 (C.C.P.A. 1934), the court held that antidumping duties were not penalties. The same reasoning, by analogy, applies to countervailing duties. Compare the Views of the Commission, Unprocessed Float Glass from Belgium and Italy, Inv. nos. 104-TA-11 and 12, USITC Pub. 1344 (February 1983), at 5.

14/ See the unanimous negative determination in Unprocessed Float Glass from Belgium and Italy ("Float Glass"), Inv. Nos. 104-TAA-11 and 12 (USITC Pub. 1344), February 1983 at 5.

PDF Created with Trial www.nuance.com

In determining the material effect of a countervailing duty order on a domestic industry, the Commission has in previous investigations considered the following factors: (1) the amount of the duty, and whether the duty has increased or decreased since imposition of the order, 15/ (2) the trends in import volume and market share, 16/ (3) whether,

---

15/ See, e.g., Float Glass, supra, n.2 at 8-9 and 11-13; Galvanized Fabricated Structural Steel Units from Italy, Inv. No. 104-TAA-4 (USITC Pub. 1204) (December 1981) (Views of Chairman Alberger and Commissioners Calhoun, Stern, and Eckes) at 6-7, Barley from France, Inv. No. 104-TAA-6 (USITC Pub. 1227) (March 1982) (Views of Chairman Alberger and Commissioners Calhoun, Stern and Eckes) at 5 and Certain Spirits from Ireland, Inv. No. 104-TAA-3 (USITC Pub 1165) (July 1981) (Views of Chairman Alberger and Commissioners Bedell and Stern) at 8.

An examination of the trend in the duty may also involve examination of changes or trends in the underlying subsidies. In particular, the fact that a subsidy or a subsidy-derived benefit is being phased out has obvious importance to our prospective analysis. In this investigation, the trends in the two major subsidy programs are declining. The government of Brazil has been collecting an export tax offsetting the benefit of the IPI export credit program, and has also taken corrective actions offsetting the preferential finance program for exports. A recent arrangement with the IMF has had the effect of phasing out subsidy programs as well.

16/ However, where revocation of the order would result in no or little price effect, the Commission has given less weight to the fact that the volume of the imports is increasing or may increase, because such an increase could not fairly be attributed to revocation of the countervailing duty order. See Certain Spirits from Ireland, supra, n.4 at 8.

PDF Create! 6 Trial www.nuance.com

and to what extent the imports compete with the domestic product, and (4) the competitive advantage, if any, that the imports would derive from the lifting of the duty. This last factor is particularly relevant to the central question of the inhibiting price effect of the order on importers and hence whether injury would occur if the countervailing duty order were removed. 17/

17/ While the advantage to an importer resulting from revokation of a countervailing duty is not always necessarily passed through to the price of the imported good, I am assuming this is the case in this investigation in order to give the domestic industry its best opportunity to establish that there is a competitive effect. However, in some previous cases, the amount of the duty has been so tiny that the Commission has found that its removal would not provide an incentive for the importer to lower the price of the goods. See, e.g., Certain Spirits from Ireland, supra, n.4 at 8. Similarly, where the countervailing duty accounts for only a small portion of the margin by which the imported product undersells the domestic product, the Commission has found that the subsidized imports were not causing or threatening to cause material injury. See, e.g., Certain Zoris from the Republic of China, Inv. No. 303-TA-1 (USITC Pub. 787) (Sept. 1976) at 7; Unlasted Leather Footwear Uppers from India, Inv. No. 701-TA-1 (USITC Pub. 1045) (March 1980), Views of Chairman Bedell and Commissioners Moore and Stern at 6 and Views of Vice Chairman Alberger and Commissioner Calhoun at 14.

PDF Create! 6 Trial www.nuance.com

Facts of this Case

The imported products subject to this investigation are hydrogenated castor oil (HCO) and 12-hydroxystearic acid (HSA). Both are castor oil derivatives. There has been virtually no production of castor oil in the United States since 1973, when government price supports for castor beans were terminated. 18/ All castor oil consumed in the United States is imported, primarily from Brazil. 19/

A fraction of the imported castor oil is consumed in the U.S. production of HCO and HSA. 20/ However, castor oil accounts for between eighty and ninety percent of the cost of producing HCO and HSA. 21/

During the period under investigation, three domestic firms produced these products. ACME Hardesty of Jenkinstown,

---

18/ Report at A-3.

19/ Brazil has not exported castor beans since 1968, when the country embarked on an industrialization program which included the development of the castor oil industry. Since that time, Brazil has advanced vertically in the production of castor oil products and exports only castor bean derivatives to the U.S. market. (Report at A-24 and A-3.)

20/ Report at A-3.

21/ Post-Hearing Brief filed on Behalf of Sociedad Algodocira Do Nordeste Brasil (December 16, 1983) at 11. (Respondents' Post-Hearing Brief.)

PDF Create! 6 Trial www.nuance.com

Pennsylvania, terminated production of castor oil derivatives in October 1980. 22/ CasChem, Inc. of Bayonne, New Jersey, has withdrawn from merchant bulk sales of HCO and HSA, but remains a specialty supplier of the domestically-produced products. It markets imported products for the bulk product market. 23/ As a result, it is a significant importer of HCO, and almost an exclusive importer of HSA. 24/ The remaining

---

22/ Report at A-8. Two other former producers ceased production in 1974 and 1976, shortly after U.S. farmers stopped growing castor beans. While the domestic industry did not offer any explanation as to the reasons behind the discontinuation of HCO and HSA manufacture by these other producers, there is no information on the record indicating these companies ceased production of HCO and HSA because of import competition. There was testimony that the HCO/HSA market is mature, with little growth potential. (Transcript at 55, 94, 114.) See also Respondent's Post Hearing Brief at 1, December 16, 1983.

23/ Report at A-8 and letter from Paul H. Elkins, Vice President, Operations, CasChem, Inc., to Sheila Landers, Office of General Counsel, U.S. International Trade Commission, dated January 9, 1984. In a follow-up conversation regarding this letter, a CasChem executive emphasized that the possibility was slight that the company would go back to domestic production of the bulk product, and that removal of the countervailing duty order would not affect the Brazilian advantage in production of HCO and HSA to any extent. See January 17, 1984, memorandum to file from H.L. Gooley, Office of Economics, USITC.

24/ See Memorandum from the General Counsel, Certain Castor Oil Products from Brazil, January 13, 1984. Also, Report at A-8.

PDF Create! 6 Trial www.nuance.com

domestic producer, Union Camp Corp., Wayne, New Jersey, produces HCO and HSA in its Dover, Ohio plant. 25/ Union Camp Corp. also imports HCO and HSA from Brazil. 26/

25/ Report at A-8.

26/ Section 771(4)(B) of the Tariff Act authorizes the Commission to exclude producers who are themselves importers of the subsidized merchandise from the domestic industry in "appropriate circumstances." There is little legislative guidance on the issue of appropriate circumstances. Previous Commission practice has focused on such factors as the percentage of domestic production represented by the producers which would be excluded; whether the domestic producer has chosen to import the subsidized goods to benefit from the unfair trade practice or to compete within the marketplace; and the competitive position of the related domestic producer vis-a-vis other producers, that is, whether it is being shielded from import competition. The Senate Report on the bill which became the Trade Agreements Act of 1979 gives an example of the imports of related U.S. producers not competing with their domestic production as an example of a situation in which the exclusion is appropriate. Senate Finance Committee Report No. 96-249, at 83. Since 1982, CasChem has become primarily an importer of these products, and has limited its domestic production principally to specialty grades of these products that are not competitive with Brazilian imports, and so it can be argued that the company could be excluded under the related parties provision. Alternatively, it might be argued that since CasChem constitutes more than half of domestic production of HCO, excluding CasChem would result in a distorted view of the condition of the HCO domestic industry. Whether or not CasChem is considered a related party, any analysis of the facts in this case discloses that the inclusion or exclusion of a domestic producer from the industry is immaterial, and the industry would not be affected by the revocation of the countervailing duty order.

PDFCreatePilot www.nuance.com Trial

Condition of the Domestic Industries and Causation of the Domestic Industries' Difficulties

The domestic producers in this investigation have experienced economic and financial hardship during the entire period under investigation. Their market share has decreased, 27/ production and shipments have declined, 28/ and operating losses were reported in 1980, 1982 and the interim 1983 period. 29/ None of these difficulties, however, can be attributed to subsidized imports from Brazil, as a countervailing duty order has been in effect to remedy any injury related to these imports. 30/

27/ Report at A-27.

28/ Report at A-12, A-13-14.

29/ Report at A-19, A-20.

30/ The domestic industry has argued that the Department of Commerce determination may not fully reflect the subsidization of these products. The Commission has no statutory authority to look behind the Commerce Department's annual reviews conducted under section 751(a) of the Tariff Act. The bifurcation of functions between the Commission and the administering authority has been upheld by courts whenever put into issue. Compare, Manuli Tape, Inc., et al. v. Daniel Minchew, Chairman of the United States International Trade Commission, et al., Civil Action 77-1152, U.S. District Court for the District of Columbia (Memorandum Order, July 20, 1977).

PDF Create! 6 Trial www.nuance.com

Rather, an analysis of the conditions of competition between Brazilian and domestic producers indicates that Brazilian products enjoy considerable cost advantages due to the location of the raw material for the products in Brazil, 31/ lower costs of production due to vertical integration, 32/ lower labor costs, 33/ and lower transportation costs to the principal U.S. regional markets. 34/ In sum, the Brazilian castor oil industry enjoys a comparative advantage over U.S. producers of castor oil products.

This comparative advantage is clearly demonstrated in an analysis of pricing data of one domestic producer and major importers. Imports of HCO and HSA undersold the domestically produced products by margins substantially exceeding the Brazilian net subsidies during each quarter of the period investigated. 35/ When HCO prices of one domestic producer

---

31/ Report at A-34.

32/ Report at A-24.

33/ Report at A-33. Post Hearing Brief filed on behalf of Sociedade Algodocira Do Nordeste Brasil, supra, n. 25 at 8, n.7.

34/ Report at A-33 - A-36. While exact figures are confidential, input and freight cost advantages alone surpassed the amount of the Brazilian subsidies throughout the period under investigation.

35/ Report at A-29, A-30, A-31. Exact figures are confidential. Furthermore, these margins of underselling were even greater than the amount of the actual duties collected. See note 12 supra.

PDF Create! 6 Trial www.nuance.com

are compared with a major importer of the Brazilian product, margins of underselling ranged between two and five times more than the Brazilian net subsidies. Similarly in the case of HSA, margins of underselling ranged between three and almost six times more than the net subsidies. 36/ When prices of the domestic producer are compared with imports of the other major domestic producer, the margins of underselling are even higher. 37/ Clearly, the ability of the Brazilian producers to undersell the domestic industries in such substantial margins dwarfs the miniscule subsidies involved in this investigation. The industries' injury, rather than resulting from subsidized imports, is the consequence of a fundamental competitive disadvantage.

PDF Create! 6 Trial www.nuance.com

36/ Report at A-29,A-30, A-31.

37/ See Report at Table 14 and Table 15, pp. A-29, A-30, A-31.

No Material Effect of the Countervailing Duty Order

The minimal amount of the duty deposited by importers over the course of the period reviewed in this investigation has already been discussed. 38/ Significantly, since December 24, 1981, the cash deposit required was a mere 2.53 percent. This amount dropped to .82 percent in September 1983, and in March 1984, if Commerce affirms its preliminary finding of a *de minimis* subsidy in a final determination, no duty will be assessed against these imports. 39/

The Minister of Finance of Brazil has assured the Department of Commerce that the offsetting export tax which has had the effect of reducing the net subsidy from 1.72 percent to .40 percent over the course of the investigation was indefinite in duration and would not be affected by the revocation of the outstanding countervailing duty order. 40/ Furthermore, the Government of Brazil recently announced a policy to eliminate subsidies to its manufacturing sector as part of economic

---

38/ See note 12, supra.

39/ See Report at A-6, also Memorandum from the General Counsel regarding Certain Castor Oil Products from Brazil, January 13, 1984.

40/ Unclassified cable from American Embassy, Brasilia, to the Secretary of State, Washington, D.C., January 1984. Presumably this is because of the Brazilian Government's policy of imposing an export tax on certain products to offset any exchange rate advantage occurring after currency devaluation. See Transcript at 135.

PDF Create! 6 Trial www.nuance.com

austerity measures resulting from recent negotiations with the International Monetary Fund. 41/

In light of these assurances and the phase-out of the subsidies, the decline of the duty amount and the fact that soon no duty will be assessed, as well as the substantial margins of underselling which far surpass the duty amount, it is reasonable to assume that the continuation of this order would have no inhibiting price effect on importers of castor oil products. Hence, the imports would derive no competitive advantage from the lifting of the duty.

It is also unlikely that an extension of the order would have an appreciable effect on the domestic industries' market share or the volume of imports. Indeed, the volume of imports of HCO and HSA from Brazil increased considerably from 1980 to 1983 42/ even though subsidies enjoyed by Brazilian producers and duties paid by importers on the Brazilian product declined. Some of this increase in the level of imports, particularly in 1982, was because domestic producers imported significant quantities of the product. 43/ Similarly, increases in market share belonging to the Brazilian imports

---

41/ January 9, 1984 submission by respondent SANBRA.

42/ See Report at Table 11 and Table 12, p. A-25.

43/ See Report at Table 11 and Table 12, p. A-25.

PDF Create! 6 Trial www.nuance.com

for both products, especially in 1982, was so substantial that the marginal duty was clearly not a factor. 44/ When the level of Brazilian imports dropped off in 1983, and prices consequently increased, this was because of a poor crop of castor beans in Brazil, not because of countervailing duties.

The Consequences of the Majority Determination

Section 104(e) of the Trade Agreements Act provides that "Whenever any term which is defined in section 771 of the Tariff Act of 1930 is used in this section, it has the same meaning as when it is used in title VII of that Act." Section 771(7)(A) provides that "The term 'material injury' means harm which is not inconsequential, immaterial, or unimportant." The record of this investigation discloses that the effects, if any, of the countervailing duty order on the competition between domestically produced HCO and HSA have been inconsequential, immaterial, or unimportant. There is nothing in the record to suggest that the revocation of the order would have any future consequence either. Indeed, the entire investigation has shown that the competition in the United States for sales of HCO and HSA could not be materially

44/ See Report at Table 13, p. A-27.

PDF Create! 6 Trial www.nuance.com

affected by the amounts of money that are represented by either the cash deposits made by importers or the net subsidies calculated by the Department of Commerce. 45/

Since the countervailing duty order has not been a factor in the competition between products imported from Brazil and those produced domestically, and since its revocation would not have had any effect on future competition, importers of the HCO and HSA covered by the countervailing duty order may be legally aggrieved by the majority determination, but they are not economically disadvantaged by it. The Government of Brazil has been denied an expectancy interest in a section 104(b) material injury investigation to which it became entitled by becoming a signatory to the international code on subsidies and countervailing measures prior to the effective date of the Trade Agreements Act. Nothing in the Commission's decision will affect the demand for Brazilian imports of HCO and HSA in this market, however. The clear loser in this investigation is the Department of Commerce. The Commission's majority decision forces Commerce to continue applying its limited resources to conduct more annual reviews of the microscopic countervailing duty order on castor oil products from Brazil.

PDF Create! 6 Trial
www.nuance.com

45/ Compare, transcript of the January 18, 1984, staff briefing prior to the Commission vote in this investigation.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On July 17, 1981, the United States International Trade Commission received a request 1/ from the Government of Brazil for an investigation under section 104(b)(1) of the Trade Agreements Act of 1979 (19 U.S.C. 1671) to determine whether an industry in the United States would be materially injured or threatened with material injury, or the establishment of an industry would be materially retarded by reason of imports of certain castor oil products from Brazil if the outstanding countervailing duty order applicable to such castor oil products were to be revoked. 2/ Accordingly, on September 21, 1983, the Commission instituted investigation No. 104-TAA-20, Certain Castor Oil Products from Brazil.

Notice of the institution of the Commission's investigation was given by posting copies of the notice in the office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on October 5, 1983 (48 F.R. 45479). 3/ A public hearing in connection with the investigation was held on December 8, 1983, and the Commission voted on the investigation during a public "Government in the Sunshine" meeting on January 18, 1984.

The products subject to the investigation are hydrogenated castor oil (HCO) and 12-hydroxystearic acid (HSA), as provided for in items 178.20 and 490.26, respectively, of the Tariff Schedules of the United States (TSUS).

Background of the Investigation

The countervailing duty orders that are of concern in this investigation evolved from a letter (dated Sept. 9, 1974) to the United States Tariff Commission from Union Camp Corp., Wayne, N.J., alleging that the Government of

---

1/ A copy of the letter requesting the investigation and a copy of the Commission's response to that letter are presented in app. A.

2/ On Jan. 1, 1980, the Trade Agreements Act of 1979 [Public Law 96-39] became effective. That act provided, in sec. 104(b), that "In the case of a countervailing duty order issued under section 303 of the Tariff Act of 1930 . . . which applies to merchandise which is the product of a country under the Agreement, and which is in effect on January 1, 1980, . . . the Commission, upon the request of the government of such a country . . . submitted within 3 years after the effective date of title VII of the Tariff Act of 1930 [Jan. 1, 1980] shall . . . commence an investigation to determine whether an industry in the United States would be materially injured, or would be threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of the merchandise covered by the countervailing duty order if the order were to be revoked." The request from the Government of Brazil was such a request.

3/ A copy of the Commission's notice of the investigation and scheduling of the hearing is presented in app. B. Also included in app. B is a copy of the calendar of witnesses at the Dec. 8, 1983, hearing.

PDF Create! Trial www.nuance.com

Brazil provided subsidies to manufacturers and/or exporters of HCO and HSA. 1/ The Union Camp complaint was forwarded to the Department of the Treasury, which instituted a countervailing duty investigation (under sec. 303 of the Tariff Act of 1930) after receipt of a formal petition from Union Camp on April 30, 1975 (40 F.R. 18814). On September 11, 1975, Treasury "tentatively determined" that benefits have been received by the Brazilian manufacturers/ exporters of HCO and HSA which may constitute bounties or grants. Subsequently, on March 16, 1976 (41 F.R. 11018), Treasury determined that exports of HCO and HSA from Brazil did receive bounties or grants within the meaning of section 303 of Tariff Act of 1930. The net amount of the subsidy was 11.3 percent of the f.o.b. or ex-works price to the United States of HCO and HSA from Brazil. 2/

On May 17, 1979, Treasury published its notice in the Federal Register (44 F.R. 28790) that the net amount of the subsidy had been reduced to 9.6 percent; it was then reduced again to 8.5 percent on September 28, 1979 (44 F.R. 55825). 3/ Since 1980, the Department of Commerce has conducted two complete annual reviews (for 1979 and 1980) and a preliminary review (for 1981) of the countervailing duty order on certain castor oil products from Brazil. Details of Commerce's annual reviews are presented in the section of this report entitled The Nature and Extent of Subsidies.

The Product

Description and uses

Castor oil.--Although castor oil is not the subject of this investigation, the following discussion of castor oil and the castor plant's cultivation is given in order to provide the necessary background for understanding the economic condition of the U.S. industry producing HCO and HSA, the only articles under investigation, both of which are castor oil derivatives.

Castor oil is a vegetable oil which is derived from the bean of the castor plant, Ricinus Communis L., of the family Eurphorbiaceae. There was considerable production of castor plants in the United States in the 1800's, but by 1900, production had shifted to countries such as Brazil and India, where it was cheaper to do the necessary manual harvesting and hulling. During World War II, the U.S. Government sponsored the domestic production of castor beans because of the defense value of castor oil. Domestic production of castor beans continued after World War II, and from 1957 through 1969, U.S. production of castor beans averaged more than 20,000 metric tons per year. 4/

1/ A copy of Union Camp's letter is presented in app. C.
2/ Copies of Treasury's preliminary and final Federal Register notices are presented in app. D.
3/ Treasury's notices of its declarations of the amounts of the Brazilian bounties and grants are presented in app. E.
4/ Imports of castor oil during that period averaged about 50,000 metric tons annually.

PDF Create! Trial www.nuance.com

However, with the ending of meaningful Government price supports in 1973, the once-sizable U.S. production of castor beans dropped to almost zero by 1974. 1/ Thus, all of the crude castor oil currently consumed in the United States is imported, primarily from Brazil and India. In January-October 1983, Thailand, previously a relatively minor source of castor oil, also became a major source of the product.

Castor oil is recovered from the castor beans by the use of hydraulic presses or expellers (continuous, mechanical screw presses) followed by solvent extraction. The beans yield an oil which is pale yellow, with a slight characteristic odor. At one time castor oil was used primarily for medicinal purposes as a laxative and as a "cure all" for various physical ailments. However, castor oil is now almost exclusively used as an industrial raw material in the preparation of chemical derivatives.

The versatility of castor oil results from its having a composition of about 90-percent ricinoleic acid with a hydroxyl group, which permits a wide variety of processing techniques to transform it into various products. Processing treatments for crude castor oil include sulfonation, hydrogenation, dehydration, thermal decomposition, alkali fusion, and oxidation. Chemicals produced from crude castor oil are used mainly in protective coatings, lubricants, surfactants, hydraulic fluids, cosmetics, pharmaceuticals, and other miscellaneous products such as printing ink, insecticides, and paper coatings.

Only a small fraction of the castor oil consumed industrially in the United States is used to produce HCO or HSA. Most is used in the protective coating industry (paints, varnishes, drying oils) or for sebacic acid production. U.S. imports of castor oil in recent years were as shown in table 1.

Table 1.--Castor oil: U.S. imports, by sources, 1980-82, January-October 1982, and January-October 1983

(In thousand of pounds)

Source	1980	1981	1982	January-October	
				1982	1983
Brazil	83,916	86,576	54,168	46,975	40,957
India	8,685	0	7,644	7,644	8,715
Thailand	0	0	2,863	2,202	8,126
Ecuador	1,217	2,427	0	0	0
All other	388	38	23	23	0
Total	94,206	89,041	64,698	56,844	57,798

Source: Compiled from official statistics of the U.S. Department of Commerce.

1/ Kirk-Othmer, Encylopedia of Chemical Technology, vol. 5, 3rd ed., 1979. Also see U.S. import section of this report for a further explanation of why the U.S. producers of HCO and HSA import only castor oil and not castor beans.

PDF Created with deskPDF PDF Writer - Trial :: http://www.docudesk.com

HCO and HSA.--HCO and HSA, which are the only castor oil products subject to the countervailing duty order in question, are both hydrogenated castor oil products.

Hydrogenation is accomplished by pumping hydrogen gas into the crude castor oil at a high temperature. Depending on the type of hydrogenation, the products which result are HCO, HSA, or methyl esters of HSA. HCO is a hard, amorphous waxy product (light in color) with a melting point of about 80° to 82° C. HCO can be further processed to produce HSA, which is a hard, amorphous, fatty acid with a melting point of approximately 79° to 82° C. Both HCO and HSA are used primarily for the manufacture of heavy-duty lubricants, though some amounts go into certain barium and lithium soaps, and electrical insulation material. The two products are generally sold in bagged form. HCO and HSA have different physical characteristics and price structures, which makes each product more suitable for use in certain applications than the other. For example, HCO provides a granular structure and the inclusion of glycerine in greases, which produces certain benefits. However, the more expensive HSA provides a fibrous structure in complex greases and allows the incorporation of other fatty acids. Because of its glycerine-free nature in greases, it is used in applications where imperviousness to water is a necessary trait.

To a certain degree, HCO and HSA compete with stearic acid which is domestically produced. 1/ Stearic acid, derived from tallow fats, is used in lubricants, though it is not as suitable for heavy-duty, high-temperature lubricants as HCO or HSA. Mixtures of stearic acid and HCO and HSA are often used as heavy-duty lubricants (with up to 25 percent stearic acid). There are over 20 lubricant formulas containing HCO and HSA.

PDF Create! www.nuance.com

U.S. tariff treatment

HCO is classified under item 178.20 of the TSUS, with a column 1 (most-favored-nation (MFN)) rate of duty of 5 cents per pound. 2/ The column 2 rate of duty for HCO is 12.5 percent ad valorem. 3/ HSA is classified under item 490.26 of the TSUS, with a column 1 (most-favored-nation) rate of duty of 5 percent ad valorem and a column 2 rate of 20 percent ad valorem. The column 1 rate for HCO and HSA was not changed during the Tokyo round of the Multilateral Trade Negotiations (MTN). Thus, imports of HCO and HSA from least developed developing countries (LDDC's) are dutiable at the column 1

1/ See app. F for a discussion of the substitutability of stearic acid for HCO and HSA.

2/ The rates of duty in col. 1 are MFN rates, and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. However, such rates would not apply to products of developing countries which are granted preferential tariff treatment under the Generalized System of Preferences (GSP) or under the "LDDC" rate of duty column.

3/ The rates of duty in col. 2 apply to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

rate rather than at a preferential rate. 1/ Neither HCO nor HSA is eligible for duty-free treatment under the GSP. 2/

The castor oil that is imported to produce HCO and HSA has a column 1 rate of duty of 1.5 cents per pound. However, most of this castor oil is entered free of duty under the GSP.

The Nature and Extent of the Subsidies

The first countervailing duty determination with respect to castor oil products from Brazil (Mar. 16, 1976) found the following programs countervailable: 3/

(a) granting to manufacturers and exporters tax credits upon export;

(b) income tax reductions; and

(c) preferential financing.

The Department of the Treasury's investigation also concluded that there were no Brazilian Government controls promoting artifically high prices for castor oil exports.

The Department of Commerce has conducted two complete administrative reviews (covering 1979 and 1980) and one preliminary review (for 1981) of the countervailing duty order on certain castor oil products from Brazil. The results of these administrative reviews are as follows:

PDF Created with deskPDF PDF Creator Trial www.nuance.com

1/ The preferential rates of duty in the "LDDC" column reflect the full U.S. MTN concession rates implemented without staging for particular items which are the products of least developed developing countries, enumerated in general headnote 3(d) of the TSUS. Where no rate of duty is provided in the "LDDC" column for a particular item, the rate of duty provided for in col. 1 applies.

2/ The GSP, under title V of the Trade Act of 1974, provides duty-free treatment of specified eligible articles imported directly from designated beneficiary developing countries. GSP, implemented by Executive Order No. 11888 of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is expected to remain in effect until Jan. 4, 1985. Provisions of the GSP are given in general headnote 3(c) of the TSUS.

3/ T.D. 76-80, 41 F.R. 11018 (app. D).

Review period	Determination
(1) Jan. 1, 1979-Dec. 31, 1979 (published in the Federal Register of Dec. 24, 1981, 46 F.R. 62487). 1/	(1) Final determination.--Counterling duties were reduced to 1.72 percent ad valorem for material exported after Dec. 7, 1979, through Dec. 31, 1979. All unliquidated entries exported prior to Dec. 7, 1979, were to be liquidated according to prior instructions. The cash deposit rate for all future entries was to be 2.53 percent ad valorem.
(2) Jan. 1, 1980-Dec. 31, 1980 (published in the Federal Register of Sept. 8, 1983, 48 F.R. 40534). 1/	(2) Final determination.--The aggregate net subsidy for the period was assessed at 2.22 percent ad valorem. Because of action taken by the Government of Brazil in reducing the various export subsidies, the cash deposit for all shipments entered after date of publication was reduced to 0.82 percent.
(3) Jan. 1, 1981-Dec. 31, 1981 (published in the Federal Register of Oct. 25, 1983, 48 F.R. 49320). 1/	(3) Preliminary determination.--The aggregate net subsidy for the period was 3.75 percent ad valorem. Because of changes in the Brazilian subsidy programs, Commerce preliminarily determined the potential subsidy for purposes of the cash deposit of estimated countervailing duties to be 0.40 percent. Since Commerce considers this deposit rate to be de minimis, the cash deposit for castor oil products was waived on all shipments entered after the date of publication of the final review.

1/ Commerce's Federal Register notices of its annual reviews are presented in app. G.

The latest Commerce preliminary review (for 1981) concentrated on 10 alleged Brazilian export subsidy programs. Of the 10 programs investigated, 5 programs were preliminarily found to be of potential benefit and subject to countervailing duties. Details of these five programs found to be countervailable in Commerce's most recent review follow.

PDF Create! www.nuance.com Trial

Preferential financing for exports

Under this program, companies are declared eligible by the Department of Foreign Commerce of the Banco Central do Brazil ("CACEX") to receive working capital loans for a duration of 1 year. Each firm producing castor oil products could obtain preferential financing for up to 20 percent of the value of its previous year's exports. Commerce preliminarily calculated the benefit conferred by this program for 1981 to be 1.58 percent ad valorem. However, due to corrective actions taken by the Government of Brazil, the potential benefit and cash deposit for this program has been reduced to 0.36 percent ad valorem.

Income tax exemption for export earnings

Exporters of certain castor oil products are eligible under this program for an exemption from income taxes based on the percentage of profit attributable to export sales. The Brazilian Government calculates the tax-exempt fraction of profit as the ratio of export revenue to total revenue. Commerce preliminarily determined the benefit from this program to be 0.02 percent ad valorem for 1981.

IPI export credit program

The IPI is a tax on manufactured products. The Brazilian Government provides a cash payment upon export as a rebate on this tax. Since June 26, 1981, the Brazilian Government had been collecting an export tax on exports of castor oil products to the United States, completely offsetting the benefit of this program. Therefore, according to Commerce, the castor oil exporters received a benefit under this program for only a short period during 1981. Commerce preliminarily found the benefit for this program to be 2.13 percent ad valorem for the period the program was in effect. Since the tax collected on exports of castor oil continues to offset any benefit under the program, the cash deposit for the program is zero percent.

Preferential export financing under CIC-GREGE-14-1

Under this program, operated by the Banco do Brazil, preferential financing is provided to exporters, which are then required to maintain a minimum fixed level of foreign-exchange contracts with the Banco do Brazil. Commerce preliminarily determined the benefit conferred by this program in 1981 to be 0.02 percent ad valorem.

Accelerated depreciation for capital goods manufactured in Brazil

This program allows companies to depreciate Brazilian-made equipment at twice the rate normally permitted under Brazilian Federal tax laws. The benefit of this program is to reduce taxable income and, subsequently, tax

1/ Commerce's Federal Register notices of its annual reviews are presented in app. G.

PDFCreate! 5 Trial www.nuance.com

liabilities. Commerce preliminarily determined the benefit conferred by this program in 1981 to be zero percent.

U.S. Producers

There are currently two U.S. producers of HCO and HSA, CasChem, Inc., Bayonne, N.J., and Union Camp Corp., Wayne, N.J. (Union Camp is the original petitioner for the countervailing duty order). A third domestic producer, Acme Hardesty, Jenkintown, Pa., closed its fatty acid plant and ended production of castor oil products, including HCO and HSA, in October 1980.

CasChem's roots in the production of castor oil and its derivatives go back to 1857, with the founding of the H. J. Baker & Bros. Co., which built a castor oil production plant in Jersey City, N.J. In 1889, the Baker Castor Oil Co. was incorporated and became the operator of the Jersey City plant. During the ensuing years, the Baker Castor Oil Co. acquired the Bayonne, N.J., plant (from the Oilseeds Co. in 1910) and developed many new innovations in the use of castor oil. National Lead Co. acquired a controlling interest in the Baker Castor Oil Co. in 1949, and by 1970, Baker had become a wholly owned subsidiary of National Lead.

In December 1973, the Baker Castor Oil Co. was consolidated into the Industrial Chemical Division of NL Industries, along with other NL chemical divisions. NL Industries divested the castor oil, castor oil derivatives and urethane product lines into CasChem, a new company, in December 1981. * * *.

CasChem (and its forerunners) was, * * *. In * * *, the company began to import HCO and HSA from Brazil. CasChem informed the Commission that it began to import HCO and HSA from Brazil in order to be able to * * *.

Union Camp, a multinational corporation with operations principally in the paper products, chemicals, and building products areas, entered the castor oil products field in 1970 by purchasing its Dover, Ohio, plant from Pennwalt, Inc., Philadelphia, Pa. * * *. Rather, Union Camp's production of HCO and HSA * * * of the Dover plant's operation, having * * * percent of that plant's net sales in 1982. The Dover plant produces four major castor oil derivative products, HCO, HSA, methyl-12-hydroxystearic acid, and sebacic acid. Of the four castor oil products, * * * is the most important to Union Camp, as it accounts for * * * percent of the plant's profits. Union Camp informed the Commission that import competition * * *. In 1983, Union Camp began to import * * * of HCO and HSA from Brazil.

U.S. Importers

During 1980-83, there were nine major importers of HCO and HSA. All known imports of HCO and HSA during the period came from Brazil and India. The names and locations of the major importers are as follows:

Company	Product and country of origin

* * * * * * *

The * * * Bunge Corp., New York, N.Y. Bunge is * * * Sao Paulo, Brazil. Bunge imports and acts as a broker for many agricultural commodities as well as other products. For the castor oil products from Brazil, Bunge * * *. However, Bunge does maintain a continual inventory of castor oil products at its three regional warehouses in Newark, N.J., New Orleans, La., and Charleston, S.C. In 1980 and 1981, Bunge accounted for * * * percent of all HCO and HSA imports from Brazil. However, in 1983, Bunge's share of such imports * * * percent.

York Castor Oil Co. is * * *. York was founded in 1973 by a former vice president of the Baker Castor Oil Co., L. J. Jubanowsky. 1/

* * * * * * *

The two U.S. producers of HCO and HSA, CasChem and Union Camp, have recently become importers. CasChem began importing * * * HCO and HSA in * * * and continued importing in 1983. Union Camp began importing * * * HCO and HSA in 1983. Both companies cited intense competition from Brazilian producers and from U.S. companies that use imported raw materials for their decision to use the imported HCO and HSA. 2/

PDF Create! 6 Trial
www.nuance.com

1/ See confidential submission from York Castor Oil Co., dated October 1983.

2/ Meetings between Mr. W. Schechter of the Commission's staff and Mr. R. S. Hawkins of Union Camp on Oct. 11, 1983, in Wayne, N.J., and Mr. Paul Elkins of CasChem on Oct. 12, 1983, in Bayonne, N.J.

Foreign Producers

Six major producers of Brazilian HCO and HSA export their products to the United States. The names of these producers are as follows: 1/

Brasway, S.A. Industria e Commercio

Cerelit

"Coelho"-Exportadora Coelho

Henkel A.G.

Miraceme Nuodeex

"Sanbra"-Sociedade Algodocira do Nordeste do Brasil

Of the six Brazilian producers, Sanbra is the largest * * * in terms of exports of HCO and HSA to the United States, * * *.

There are three major Indian producers of castor oil and HCO and HSA. They are as follows:

1) Bombay Oil Mills
   Bombay, India

2) Hindustan Lever Brothers, Ltd.
   Bombay, India

3) Jayant, Sebacates
   Bombay, India

There are castor oil producers in both Thailand and the People's Republic of China. However, to date, no imports of HCO or HSA have been recorded from these countries.

Channels of Distribution

HCO and HSA are used in a wide variety of industrial and consumer products. Both domestic producers and importers ship these products in bags by the least expensive, most practical mode of transportation, which is ususally by 40,000-pound truckload.

For the most part, domestic producers ship HCO and HSA directly to the consuming companies. Most of the imported HCO is distributed to consumers by * * *, and smaller portions are imported directly by the consumer. Most of

1/ Based on industry sources, Bunge, York, Latina, and CasChem.

PDF Create! 6 Trial www.nuance.com

the imports of HSA, however, are shipped directly to the principal consumer of imported HSA, * * *.

U.S. Market

As shown in table 2, apparent U.S. consumption of HCO increased by * * * percent from 1980 to 1981. However, such consumption dropped by * * * percent in 1982. The decline in apparent consumption continued in January-September 1983, as the market declined by * * * percent from the already depressed level of the corresponding period of 1982.

Table 2.--HCO and HSA: Apparent U.S. consumption, 1980-82, January-September 1982, and January-September 1983

(In thousands of pounds)

Period	HCO	HSA	Total
1980	***	***	***
1981	***	***	***
1982	***	***	***
January-September--			
1982	***	***	***
1983	***	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Apparent U.S. consumption of HSA during 1980-82 did not follow the same trend as that reported for HCO. Rather, the much smaller HSA market increased from 1980 to 1982 by * * * percent. However, in January-September 1983, this market fell by * * * percent compared with the market in the corresponding period of 1982.

U.S. Production, Capacity, and Capacity Utilization

HCO

U.S. production of HCO increased by * * * percent from 1980 to 1981. However, in 1982 production dropped by * * * percent. The production slide continued in January-September 1983, as U.S. output fell by * * * percent compared with output in January-September 1982 (table 3).

PDF Create! 6 Trial www.nuance.com

Table 3.--HCO: U.S. production, capacity, and capacity utilization, by firms, 1980-82, January-September 1982, and January-September 1983

Item	Production	Capacity	Capacity utilization
	1,000 pounds		Percent
1980:			
Baker	***	***	***
Union Camp	***	***	***
Total	***	***	***
1981:			
Baker	***	***	***
Union Camp	***	***	***
Total	***	***	***
1982:			
CasChem	***	***	***
Union Camp	***	***	***
Total	***	***	***
January-September 1982:			
CasChem	***	***	***
Union Camp	***	***	***
Total	***	***	***
January-September 1983:			
CasChem	***	***	***
Union Camp	***	***	***
Total	***	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Baker/CasChem's combined production capacity for HCO remained constant at * * * pounds on an annual basis during January 1980-September 1983, and its HCO production increased from * * * percent of its HCO capacity in 1980 to * * * percent in 1981, but then fell sharply to * * * percent in 1982. In January-September 1983, CasChem's HCO production amounted to only * * * percent of its HCO capacity, compared with * * * percent in January-September 1982. * * *.

Union Camp's production capacity (as reported and re-verified by Union Camp) * * * declining by * * * percent between 1980 and 1981, and * * * in 1982. * * *. Union Camp's explanation of its HCO (and HSA) production capacity was that all unused hydrogenation capacity was allocated to HCO (or HSA) because this unused capacity is capable of producing HCO (or HSA). 1/

* * * * * * *

1/ See Union Camp's submission of Nov. 16, 1983.

PDFCreate! 6 Trial www.nuance.com

HSA

As shown in table 4, U.S. production of HSA increased by * * * percent between 1980 and 1981. However, in 1982, production fell by * * * percent. In January-September 1983, U.S. production registered an increase of * * * percent over that in the corresponding period of 1982. In January-October 1983, CasChem's * * * of HSA production reflects the company's * * *.

Table 4.--HSA: U.S. production, capacity, and capacity utilization, 1980-82, January-September 1982, and January-September 1983

Item	Production	Capacity	Capacity utilization
	1,000 pounds		Percent
1980:			
Baker	***	***	***
Union Camp	***	***	***
Total	***	***	***
1981:			
Baker	***	***	***
Union Camp	***	***	***
Total	***	***	***
1982:			
CasChem	***	***	***
Union Camp	***	***	***
Total	***	***	***
January-September 1982:			
CasChem	***	***	***
Union Camp	***	***	***
Total	***	***	***
January-September 1983:			
CasChem	***	***	***
Union Camp	***	***	***
Total	***	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Baker/CasChem's capacity for production of HSA was constant at * * * pounds per year during 1980-82 and was unchanged during January-September 1983. Baker/CasChem's production fell from * * * percent of its capacity in 1980 to * * * percent in 1981, but rose to * * * percent in 1982. From January-September 1982 through the corresponding period of 1983, Baker/CasChem's combined capacity utilization dropped from * * * percent to * * * percent.

As was the case in HCO, Union Camp's capacity to produce HSA was quite erratic, falling by * * * percent from 1980 to 1981, * * * from 1981 to 1982, and dropping again by * * * percent between January-September 1982 and the

PDF Create! 6 Trial www.nuance.com

corresponding period of 1983. In addition, when Union Camp's capacity was * * *. Union Camp's capacity utilization rose from * * * percent in 1980 to * * * percent in 1981, fell to * * * percent in 1982, and rose from * * * percent in January-September 1982 to * * * percent in the corresponding period of 1983.

Domestic Shipments

Domestic shipments of HCO increased by * * * percent from 1980 to 1981, but then fell by * * * percent in 1982 (table 5). One of the reasons for the decline was * * * and the generally depressed state of the economy and of demand for HCO. Domestic shipments of HSA experienced a similar decline in 1982, but not * * * that experienced by HCO. Domestic shipments of HSA rose by * * * percent between 1980 and 1981, and then fell by * * * percent in 1982. Such shipments then increased by * * * percent in January-October 1983 compared with those in the corresponding period of 1982.

Table 5.--HCO and HSA: Domestic shipments of domestically produced HCO and HSA, 1980-82, January-September 1982, and January-September 1983

(In thousands of pounds)

Item	1980	1981	1982	January-September-- 1982	January-September-- 1983
HCO:					
Baker/CasChem	***	***	***	***	***
Union Camp	***	***	***	***	***
Total	***	***	***	***	***
HSA:					
Baker/CasChem	***	***	***	***	***
Union Camp	***	***	***	***	***
Total	***	***	***	***	***
Total:					
Baker/CasChem	***	***	***	***	***
Union Camp	***	***	***	***	***
Total	***	***	***	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

PDF Create! 5 Trial www.nuance.com

U.S. Exports

Only Union Camp reported export shipments during 1980-83. Union Camp's exports were * * * until 1982 as shown in the following tabulation (in thousands of pounds):

Item	1980	1981	1982	Jan.-Sept.-- 1982	Jan.-Sept.-- 1983
HCO	***	***	***	***	***
HSA	***	***	***	***	***
Total	***	***	***	***	***

Union Camp reports that 2 years ago Canada placed countervailing duties of about 25 percent ad valorem on imports of HCO and HSA from Brazil and that this enables Union Camp to market its products in Canada. Most of these exports have gone to Canada, with minor amounts having gone to Mexico and the Philippines. 1/

Inventories

Only Union Camp reported end-of-period inventories for the domestic producers. Union Camp's domestically produced end-of-period inventories of HCO increased by * * * percent between 1980 and 1981, and then fell by * * * percent in 1982; such inventories, however, declined by * * * percent by September 30, 1983, compared with the level reported as of September 30, 1982.

The ratios of Union Camp's end-of-period inventories to domestic shipments of HCO are shown in the following tabulation:

Period	End-of-period inventory (1,000 pounds)	Domestic shipments (1,000 pounds)	Ratio end-of period inventories to domestic shipments (percent)
1980	***	***	***
1981	***	***	***
1982	***	***	***
Jan.-Sept.--			
1982	***	***	***
1983	***	***	***

1/ Transcript of the hearing, p. 40.

PDF Created with Trial www.nitropdf.com

Union Camp's end-of-period inventories of its domestically produced HCO increased from * * * percent of its shipments of such merchandise in 1980 to * * * percent in 1982. In relation to its domestic shipments during January-September 1982, Union Camp's end-of-period inventories amounted to * * * percent, dropping * * * percent during the corresponding period of 1983.

Union Camp's end-of-period inventories of domestically produced HSA * * * between 1980 and 1981 but dropped by * * * percent in 1982. As of September 30, 1983, Union Camp's domestically produced inventories were down by * * * percent from the level of September 30, 1982. Union Camp's inventories of its imported HSA accounted for * * * percent of its total inventories of HSA as of September 30, 1983.

The ratios of end-of-period inventories to domestic shipments of HSA are shown in the following tabulation:

Period	End-of-period inventory (1,000 pounds)	Domestic shipments (1,000 pounds)	Ratio end-of period inventories to domestic shipments (percent)
1980	***	***	***
1981	***	***	***
1982	***	***	***
Jan.-Sept.--			
1982	***	***	***
1983	***	***	***

Relative to domestic shipments, Union Camp's end-of-period inventories of domestically produced HSA rose from * * * percent in 1980 to * * * percent in 1981, fell slightly to * * * percent in 1982, and then dropped from * * * percent of January-September 1982 domestic shipments of HSA to * * * percent of the firm's January-September 1983 domestic shipments.

Employment

Baker/CasChem could report employment for all of its production and related workers only in its Bayonne, N.J., plant. CasChem informed the Commission that its Bayonne plant is vertically integrated in the production of castor oil products and so is its work force. Thus, the company was unable to segregate HCO and HSA workers. Baker/CasChem's total number of production and related workers remained stable at * * * workers in 1980 and 1981 and then declined to * * * workers in 1982. In January-September 1983, the number of CasChem's total of production and related workers continued to decline to * * * workers.

Union Camp submitted complete employment and wage information (table 6). However, the number of workers dedicated to HCO and HSA production were based on allocations. Union Camp's employment data revealed that the number of production and related workers for HCO and HSA remained almost unchanged at at * * * workers from 1980 through September 30, 1983, * * *.

PDFCreate 5 Trial www.nuance.com

Table 6.--HCO and HSA: Union Camp's employment and wage data for its Dover, Ohio, plant, 1980-82, January-September 1982, and January-September 1983

Item	1980	1981	1982	January-September--	
				1982	1983
Average number employed in the reporting establishment(s):					
All persons------------	***	***	***	***	***
Production and related workers producing--					
All products----------	***	***	***	***	***
HCO-------------------	***	***	***	***	***
HSA-------------------	***	***	***	***	***
Total, HCO and HSA---	***	***	***	***	***
Wages paid to production and related workers producing--					
All products 1,000 dollars--	***	***	***	***	***
HCO---------------do----	***	***	***	***	***
HSA---------------do----	***	***	***	***	***
Total, HCO and HSA 1,000 dollars--	***	***	***	***	***
Total compensation paid to production and related workers producing--					
All products 1,000 dollars--	***	***	***	***	***
HCO---------------do----	***	***	***	***	***
HSA---------------do----	***	***	***	***	***
Total, HCO and HSA 1,000 dollars--	***	***	***	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Financial Experience of One U.S. Producer

Only Union Camp Corp. (accounting for * * * percent and * * * percent of total production of HCO and HSA, respectively, in 1982) furnished income-and-loss data relative to its establishment operations and to its HCO and HSA operations. 1/

1/ CasChem reports that it was unable to provide financial data in any form. See letter to Commission of Dec. 22, 1983, presented in app. H.

PDF Create! 6 Trial www.nuance.com

HCO operations

Net sales of HCO declined by * * * percent, from * * * in 1980 to * * * in 1982. The primary reasons for this decline were a drop of * * * percent in domestic and export shipments combined with a fall in average selling prices. Net sales increased by * * * percent to * * * in the interim period ending September 30, 1983, compared with * * * in the corresponding period of 1982. This rise in net sales is mainly attributable to the * * * percent increase in the volume of domestic and export shipments during interim 1983 (table 7).

Cost of goods sold reflects only direct manufacturing costs as per the company's records. The portion of manufacturing overhead which is classified by the company as fixed costs is included in general, selling, and administrative expenses, which are allocated.

* * * * * * *

Gross profit, which reflects net sales less direct manufacturing costs, increased from * * *, or * * * percent of net sales, in 1980 to * * *, or * * * percent of net sales, in 1981 and then decreased to * * *, or * * * percent of net sales, in 1982. The increase in gross profit margins despite declining sales during 1981 and 1982 compared with the level of 1980 is a reflection of * * * as percentage of the cost of goods sold (direct manufacturing costs) between 1980 and 1982. Despite increasing sales during interim 1983, gross profit dropped to * * *, or * * * percent of net sales, compared with * * *, or * * * percent of net sales, in the corresponding period of 1982 because of increasing cost of goods sold.

Union Camp reported operating losses thoughout the period under investigation. Operating losses totaled * * *, or * * * percent of net sales, in 1980, * * *, or * * * percent of net sales, in 1981, and * * *, or * * * percent of net sales, in 1982. During interim 1983, operating losses increased by * * * percent despite increasing sales, to * * *, or * * * percent of net sales, compared with the operating loss of * * *, or * * * percent of net sales, in the corresponding period of 1982. Net income before taxes and deficits from operations followed the same trend as the operating income.

HSA operations

Net sales of HSA increased by * * * percent, from * * * in 1980 to * * * in 1981, and then declined to * * * in 1982, or by * * * percent. During the interim period ended September 30, 1983, net sales increased by * * * percent to * * *, compared with * * * in the corresponding period of 1982 (table 8).

PDFCreate 6 Trial www.nuance.com

Table 7.--Income-and-loss experience of Union Camp Corp. on its operations producing HCO, 1980-82, interim 1982, and interim 1983

Item	1980	1981	1982	Interim period ended Sept. 30-- 1982	1983
Net sales 1,000 dollars--	***	***	***	***	***
Cost of goods sold 1/ 1,000 dollars--	***	***	***	***	***
Gross profit-----do----	***	***	***	***	***
General, selling, and administrative expenses 2/ 1,000 dollars--	***	***	***	***	***
Operating income or (loss) 1,000 dollars--	***	***	***	***	***
Other income or (expenses)-net 1,000 dollars--	***	***	***	***	***
Net income or (loss) before income taxes: 1,000 dollars--	***	***	***	***	***
Depreciation and amortization expense 1,000 dollars--	***	***	***	***	***
Cash flow or (deficit) from operations 1,000 dollars--	***	***	***	***	***
Ratio to net sales Of--					
Gross profit percent--	***	***	***	***	***
Operating income or (loss)-percent--	***	***	***	***	***
Net income or (loss) before income taxes: percent--	***	***	***	***	***
Cost of goods sold percent--	***	***	***	***	***
General, selling, and administrative expenses--percent--	***	***	***	***	***

1/ Reflects only direct manufacturing costs.
2/ Includes the portion of manufacturing overhead which is classified by the company as fixed costs.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

PDF Create! 6 Trial www.nuance.com

Table 8.--Income-and-loss experience of Union Camp Corp. on its operations producing HSA, 1980-82, interim 1982, and interim 1983

Item	1980	1981	1982	Interim period ended Sept. 30--	
				1982	1983
Net sales 1,000 dollars--	***	***	***	***	***
Cost of goods sold 1/ 1,000 dollars--	***	***	***	***	***
Gross profit-----do----	***	***	***	***	***
General, selling, and administrative expenses 2/ 1,000 dollars--	***	***	***	***	***
Operating income or (loss) 1,000 dollars--	***	***	***	***	***
Other income or (expenses)-net 1,000 dollars--	***	***	***	***	***
Net income or (loss) before income taxes 1,000 dollars--	***	***	***	***	***
Depreciation and amortization expense 1,000 dollars--	***	***	***	***	***
Cash flow or (deficit) from operations 1,000 dollars--	***	***	***	***	***
Ratio to net sales Of--					
Gross profit percent--	***	***	***	***	***
Operating income or (loss)-percent--	***	***	***	***	***
Net income or (loss) before income taxes percent--	***	***	***	***	***
Cost of goods sold percent--	***	***	***	***	***
General, selling, and administrative expenses--percent--	***	***	***	***	***

1/ Reflects only direct manufacturing costs.
2/ Includes the portion of manufacturing overhead which is classified by the company as fixed costs.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

PDF Created with deskPDF PDF Creator 6 Trial www.nuance.com

Cost of goods sold reflects only direct manufacturing costs as per the company's records. The portion of manufacturing overhead which is classified by the company as fixed costs is included in general, selling and administrative expenses. All of these general, selling, and administrative expenses are allocated. Gross profit, which is the difference between sales and direct manufacturing costs, increased faster than sales, by * * * percent, from * * *, or * * * percent of net sales, in 1980 to * * *, or * * * percent of net sales, in 1981, and then declined by * * * percent to * * *, or * * * percent of net sales, in 1982. The increase in the gross profit margins in 1981, and 1982, compared with the level of 1980, is mainly because of * * * as a percentage of total cost of goods sold. During interim 1983, gross profit declined by * * * percent to * * *, or * * * percent of net sales, despite increasing sales, compared with * * *, or * * * percent of net sales, in the corresponding period of 1982, mainly because of increasing cost of goods sold.

Union Camp reported an operating loss of * * *, or * * * percent of net sales, in 1980, an operating profit of * * *, or * * * percent of net sales, in 1981, and then an operating loss of * * *, or * * * percent of net sales, in 1982. The operating loss increased to * * *, or * * * percent of net sales, in interim 1983, compared with an operating income of * * *, or * * * percent of net sales, in interim 1982. Net income or loss before income taxes followed trends similar to those of operating income or loss. Cash flow from operations rose from a positive * * * in 1980 to * * * in 1981 and then fell to * * * in 1982 and to a negative * * * in interim 1983.

Overall establishment operations

Union Camp produces * * * different kinds of products, including HCO and HSA, in its Dover, Ohio, plant. Net sales of HCO accounted for * * * percent of total establishment sales, and net sales of HSA accounted for * * * percent of total establishment sales during the period covered by the investigation (table 9). The firm operated * * * during all of the periods under investigation, with 1981 being * * * than 1980 and 1982, for total establishment operations. During interim 1983, total establishment operations showed * * * operating income margins.

Investment in productive facilities

Union Camp supplied data relative to its investment in productive facilities employed in the overall establishment as well as in the production of HCO and HSA (table 10). Both HCO and HSA are processed * * *.

Table 9.--Income-and-loss experience of Union Camp Corp. on the overall operations of its establishments within which HCO and HSA are produced, 1980-82, interim 1982, and interim 1983

Item	1980	1981	1982	Interim period ended Sept. 30-- 1982	1983
Net sales 1,000 dollars--	***	***	***	***	***
Cost of goods sold 1/ 1,000 dollars--	***	***	***	***	***
Gross profit-----do----	***	***	***	***	***
General, selling, and administrative (GS&A) expenses- 2/ 1,000 dollars--	***	***	***	***	***
Operating income or (loss) 1,000 dollars--	***	***	***	***	***
Other net income or (expenses) 1,000 dollars--	***	***	***	***	***
Net income or (loss) before income taxes 1,000 dollars--	***	***	***	***	***
Depreciation and amortization expense 1,000 dollars--	***	***	***	***	***
Cash flow or (deficit) from operations 1,000 dollars--	***	***	***	***	***
Ratio to net sales of--					
Gross profit percent--	***	***	***	***	***
Operating income or (loss)-percent--	***	***	***	***	***
Net income or (loss) before income taxes percent--	***	***	***	***	***
Cost of goods sold percent--	***	***	***	***	***
General, selling, and administrative expenses--percent--	***	***	***	***	***
HCO net sales percent--	***	***	***	***	***
HSA net sales--do----	***	***	***	***	***
Total, HCO and HSA net sales percent--	***	***	***	***	***

1/ Reflects only direct manufacturing costs.
2/ Includes the portion of manufacturing overhead which is classified by the company as fixed costs.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

PDF Create! 6 Trial www.nuance.com

A-22

Table 10.--Investment in productive facilities of Union Camp Corp. on specified operations, 1980-82 and as of Sept. 30, 1982, and Sept. 30, 1983

Item	1980	1981	1982	As of Sept. 30 1/--	
				1982	1983
Establishment					
Original cost 1,000 dollars--	***	***	***	***	***
Book value------do----	***	***	***	***	***
Ratio of operating income or (loss) to:					
Net sales-percent--	***	***	***	***	***
Original cost percent--	***	***	***	***	***
Book value percent--	***	***	***	***	***
HCO					
Book value 1,000 dollars--	***	***	***	***	***
Ratio of operating income or (loss) to--					
Net sales-percent--	***	***	***	***	***
Book value---do----	***	***	***	***	***
HSA					
Book value 1,000 dollars--	***	***	***	***	***
Ratio of operating income or (loss) to--					
Net sales-percent--	***	***	***	***	***
Book value---do----	***	***	***	***	***

1/ Interim data are not comparable with annual data.

Source: Compiled from data submitted in response to questionnaires of U.S. International Trade Commission.

PDF Create! 6 Trial www.nuance.com

Capital expenditures and research and development expenses

* * * * * * *

Union Camp's statement of the effects of imports from Brazil on its growth, investment, and ability to raise capital

The Commission asked U.S. producers to describe any actual or potential negative effects of imports of HCO and HSA from Brazil on their firm's growth, investment, and ability to raise capital. Union Camp provided the following response:

* * * * * * *

Consideration of Material Injury or Threat of Material Injury to an Industry in the United States if the Countervailing Duty Order Were to Be Revoked

U.S. imports

Background.--Until 1968, the U.S. producers of HCO, HSA, and other castor oil products imported castor beans from Brazil and India and then processed the castor beans into castor oil and its derivative products. In 1968, Brazil embargoed all sales of castor oil beans and announced that henceforth it would export only castor oil. India followed Brazil's lead and also decided to export only castor oil and not the castor beans to the United States and other countries. In 1983, Thailand also became an important exporter of castor oil to the United States. Thus, the United States became an importer of castor oil instead of castor beans. During the following decade, the producers of castor oil in both Brazil and India advanced vertically in the production of castor oil products and began to export HCO and HSA to the United States.

Imports of HCO.--Total U.S. imports of HCO increased by * * * percent from 1980 to 1981, fell by * * * percent in 1982, and then declined by * * * percent in January-September 1983 compared with imports in the corresponding period of 1982. Only Brazil and India exported HCO to the United States during the period of investigation.

Imports of HCO from Brazil increased by * * * percent during 1980-82. However, in January-September 1983, such imports declined by * * * percent from the level reported in the corresponding period of 1982 (table 11). The * * * U.S. importer of HCO and HSA, * * * blamed the decline in imports on a poor Brazilian crop of castor beans which curtailed Brazilian production of castor oil, HCO, and HSA. Also, the smaller Brazilian crop of castor beans forced up prices for the Brazilian castor oil products, which curtailed U.S. imports.

Imports of HCO from India increased by * * * percent from 1981 to 1982, but then declined by * * * percent in 1982. In January-September 1983, HCO imports from India were the same as those in the corresponding period of 1982. In 1982 and January-September 1983, all of the imports of HCO from India were imported by * * *.

PDF Created with deskPDF PDF Writer - Trial :: http://www.docudesk.com

Table 11.--HCO: U.S. imports for consumption, by sources and by importing firms, 1980-82, January-September 1982, and January-September 1983

(In thousands of pounds)

Source and importer	1980	1981	1982	January-September--	
				1982	1983

* * * * * * *

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Imports of HSA.--Total U.S. imports of HSA increased by * * * percent during 1980-82. However, in January-September 1983, such imports declined by * * * percent from those in the corresponding period of 1982 (table 12). Only Brazil and India exported HSA to the United States during the period under investigation.

During 1980-83, Brazil accounted for * * * of U.S. imports of HSA. Imports of HSA from Brazil increased by * * * percent during 1980-82 and then fell by * * * percent during January-September 1983 from those in the corresponding period of 1982 for the same reasons reported above in the general discussion of HCO imports. The Commission's questionnaire respondents reported no imports of HSA from India in 1982 or in January-September 1983.

Table 12.--HSA: U.S. imports for consumption, by sources and by importing firms, 1980-82, January-September 1982, and January-September 1983

(In thousands of pounds)

Source and importer	1980	1981	1982	January-September--	
				1982	1983

* * * * * * *

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

PDF Created with deskPDF PDF Creator 6 Trial www.nuance.com

Market penetration of the subsidized imports

U.S. imports of HCO captured an increasing share of a declining market during 1980-82 before declining in January-September 1983. Such imports irregularly increased as a share of apparent U.S. consumption, from * * * percent in 1980 to * * * percent in 1982. Such imports accounted for * * * percent of U.S. consumption in January-September 1983, down from * * * percent share in the corresponding period of 1982. U.S. imports of HCO from Brazil followed the same general trend, increasing their share of the U.S. market from * * * percent in 1980 to * * * percent in 1982. In January-September 1983, HCO imports from Brazil accounted for * * * percent of apparent domestic consumption compared with a * * * percent share in the corresponding period of 1982 (table 13).

U.S. imports of HSA followed the same trend as imports of HCO, irregularly increasing their market share from 1980 through 1982 and then declining in January-September 1983. Imports of HSA from Brazil fell from a * * * percent market share in 1980 to a * * * percent share in 1981, and then rose to a * * * percent share in 1982. In January-September 1983, imports of HSA from Brazil as a share of U.S. consumption fell to * * * percent from a * * * percent share in the corresponding period of 1982.

Threat of material injury

Information concerning capacity, production, domestic (Brazilian) shipments, and exports of Brazilian castor oil, HCO, and HSA was requested from counsel for SANBRA (the principal Brazilian exporter). Counsel for SANBRA was able to provide only some of the requested information. Similar data were requested by cablegram from the U.S. Embassy in Brazil. The U.S. Embassy also reported that none of the information requested is available. 1/ United Nations data were checked for information on HCO and HSA, but data on these products are not shown separately.

Brazilian exports.--Brazilian exports of HCO and HSA to all markets increased by * * * percent from * * * pounds in 1980 to * * * pounds in 1981 and then declined * * * percent to * * * pounds in 1982, as shown in the following tabulation:

Year	Exports to United States (1,000 pounds)	Total exports (1,000 pounds)	Ratio of exports to United States to total exports (percent)
1980	***	***	***
1981	***	***	***
1982	***	***	***

SANBRA accounted for * * * percent, * * * percent, and * * * percent of these exports in 1980, 1981, and 1982, respectively.

1/ The replies from the American Counsel in Sao Paulo, Brazil, are presented in app. I.

PDF Create! Trial www.nuance.com

Table 13.--HCO and HSA: U.S. production, exports of domestic merchandise, imports for consumption from Brazil, India, and all sources, and apparent U.S. consumption, 1980-82, January-September 1982, and January-September 1983

Item	Production	Exports 1/	Imports			Apparent consumption	Ratio to consumption of imports--		
			From Brazil	From India	Total		From Brazil	From India	Total
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	Percent	Percent	Percent
1980:									
HCO	***	***	***	***	***	***	***	***	***
HSA	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***	***
1981:									
HCO	***	***	***	***	***	***	***	***	***
HSA	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***	***
1982:									
HCO	***	***	***	***	***	***	***	***	***
HSA	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***	***
January-September-- 1982:									
HCO	***	***	***	***	***	***	***	***	***
HSA	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***	***
January-September-- 1983:									
HCO	***	***	***	***	***	***	***	***	***
HSA	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***	***

1/ Reported only by Union Camp.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

PDF Create! 6 Trial www.nuance.com

Brazilan exports of HCO and HSA to the United States increased * * * percent from * * * pounds in 1980 to * * * pounds in 1981. The ratio of HCO and HSA was * * * percent in 1980 and * * * percent in 1981. HCO and HSA exports to the United States decreased by * * * percent to * * * pounds in 1982. As a result, the ratio of HCO and HSA exports to the United States to total Brazilian exports of HCO and HSA decreased to * * * percent in 1982.

SANBRA is the largest supplier of HCO and HSA to the U.S. market. It supplied * * * percent, * * * percent, and * * * percent of Brazilian exports of these products to the United States in 1980, 1981, and 1982, respectively. * * *.

Inventories of imported products.--Only Union Camp and Bunge reported end-of-period inventories for imported HCO and HSA. * * *.

As shown in the following tabulation, end-of-year inventories of HCO rose by * * * percent between 1980 and 1981, then fell by * * * percent in 1982. Bunge's end-of-period inventories of imported HCO as of September 30, 1983, fell by * * * from the level recorded as of September 30, 1982. Relative to its imports, Bunge's end of period inventories rose * * *, from * * * percent in 1980 to * * * percent in 1982, before falling by * * * from January-September 1982 to January-September 1983. * * *. Its inventories of * * * pounds as of September 30, 1983, amounted to * * * of its imports during January-September 1983 (in thousands of pounds):

Period	HCO		HSA	
	Bunge	Union Camp	Bunge	Union Camp
1980----------	***	***	***	***
1981----------	***	***	***	***
1982----------	***	***	***	***
Jan.-Sept.--				
1982--------	***	***	***	***
1983--------	***	***	***	***

As shown in the preceding tabulation, Bunge's end-of-year inventories of imported HSA dropped by * * * percent between 1980 and 1981, but then rose by * * * percent by the end of 1982. Bunge's inventories as of September 30, 1983, were * * * percent lower than they had been as of the corresponding date of 1982. Bunge's end-of-period inventories fell from * * * percent of its imports in 1980 to * * * percent in 1981 and then * * * percent in 1982. Bunge's inventories as of September 30, 1983, were equivalent to * * * percent of its imports during January-September 1982. Union Camp recorded no inventories or imports of HSA prior to 1983. However, Union-Camp reported an inventory of * * * pounds of HSA on September 30, 1983, equivalent to * * * percent of the total quantity of HSA imported by the firm during the preceding 9 months.

Prices

HCO and HSA are imported from Brazil by ship in 50-pound bags packed on pallets. U.S. petroleum companies are the major purchasers of castor oil products, using them primarily in the production of lubricants. * * *.

There are no published price lists for HCO or HSA. The prices are quoted on a confidential basis and may vary from customer to customer. There is no seasonality in sales of subject products.

The Commission requested price data for HCO and HSA from the two U.S. producers and nine importers. One producer, Union Camp, and three importers responded to the price section of the Commission's questionnaires * * *. * * *. Price data were requested by quarters for the period January 1980-September 1983. The prices requested were net delivered prices for the largest quantities sold to each respondent to eight principal customers during a given quarter. The weighted averages of these prices are presented in tables 14 and 15.

Price trends.--The net delivered prices for HCO sold by Union Camp and three importers are presented in table 14. The data presented show that both the domestic and imported product prices generally declined during 1980-June 1983, before turning up significantly in July-September 1983.

Table 14.--HCO: Weighted-average net delivered prices received by Union Camp and importers from their 8 largest customers and margins of underselling, by quarters, January 1980-September 1983

Period	Union Camp	Importer--			Margin of underselling
		* * *	* * *	* * *	
	Cents per pound				Percent
1980:					
January-March	***	***	***	***	***
April-June	***	***	***	***	***
July-September	***	***	***	***	***
October-December	***	***	***	***	***
1981:					
January-March	***	***	***	***	***
April-June	***	***	***	***	***
July-September	***	***	***	***	***
October-December	***	***	***	***	***
1982:					
January-March	***	***	***	***	***
April-June	***	***	***	***	***
July-September	***	***	***	***	***
October-December	***	***	***	***	***
1983:					
January-March	***	***	***	***	***
April-June	***	***	***	***	***
July-September	***	***	***	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

PDF Create! 6 Trial www.nuance.com

Table 15.--HSA: Weighted-average net delivered prices received by Union Camp and importers from their 8 largest customers and margins of underselling, by quarters, January 1980-September 1983

Period	Union Camp	Importer--			Margin of underselling
		* * *	* * *	* * *	
	Cents per pound				Percent
1980:					
January-March	***	***	***	***	***
April-June	***	***	***	***	***
July-September	***	***	***	***	***
October-December	***	***	***	***	***
1981:					
January-March	***	***	***	***	***
April-June	***	***	***	***	***
July-September	***	***	***	***	***
October-December	***	***	***	***	***
1982:					
January-March	***	***	***	***	***
April-June	***	***	***	***	***
July-September	***	***	***	***	***
October-December	***	***	***	***	***
1983:					
January-March	***	***	***	***	***
April-June	***	***	***	***	***
July-September	***	***	***	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Union Camp's net delivered prices for HCO declined gradually from * * * per pound in January-March 1980 to * * * per pound in January-June 1983, or by a total of * * * percent. However, Union Camp's prices recovered by * * * percent, to * * * per pound in the third quarter of 1983.

Bunge's net delivered prices for HCO declined from * * * per pound in January-March 1980 to * * * per pound in January-June 1983, or by * * * percent over the 3.5-year period. Bunge's HCO prices rose to * * * per pound, however, during the third quarter of 1983, an increase of * * * percent from that of the previous quarter. The prices at which * * * sold their product during April 1982-September 1983, were below those of the domestic producer and in almost every instance, lower than the prices * * *. * * *.

During the entire 15-quarter period under consideration, the imported HCO undersold the domestic product by * * *, ranging between a low of * * * percent in January-March 1980 and a high of * * * percent in April-June 1982. Underselling by Bunge exceeded * * * percent in * * * and amounted to * * * percent in July-September 1983.

PDF Create! 6 Trial www.nuance.com

Union Camp's net delivered prices for HSA declined irregularly from * * * per pound during January-March 1980 to * * * per pound during January-March 1982, or by * * * percent (table 14). Thereafter, Union Camp's net delivered prices for HSA increased irregularly to * * * per pound during July-September 1983, for a total price increase of * * * percent from the 1982 low point. During the entire 15-quarter period, Union Camp's prices fell by a total of * * * percent.

Bunge's net delivered prices for HSA declined irregularly from * * * per pound during January-March 1980 to * * * per pound during October 1982-March 1983, representing an overall price decline of * * * percent. Bunge's prices rose thereafter, however, from * * * per pound in January-March 1983 to * * * per pound in July-September, or by * * * percent. However, in spite of this price increase during 1983, there was a total price decline of * * * percent for the entire 15-quarter period under investigation.

The margins of underselling for imported HSA, which were larger than those for imports of HCO, increased irregularly between January 1980 and September 1983 and varied between a low of * * * percent in January-March 1980 and a high of * * * percent during October-December 1982. In July-September 1983, the margin of underselling amounted to * * * percent.

Importers' purchase price.--Tables 16 and 17 show the prices paid by Bunge for its imports of HCO and HSA during January 1980-September 1983.

The prices paid by Bunge for Brazilian HCO showed an almost uninterrupted decline during January 1980-March 1983, falling from * * * per pound in January-March 1980 to * * * per pound in January-March 1983, a decline of * * * percent (table 16). Bunge's purchase prices then rose to * * * in July-September 1983, or by * * * percent, from the January-March 1983 level.

PDF Created with www.nuance.com

Table 16.--HCO: Quantity imported and landed, duty-paid prices paid by Bunge for HCO imported from Brazil, by quarters, January 1980-September 1983

Period	Imports	Purchase price paid by Bunge 1/
	1,000 pounds	Cents per pound
1980:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
1981:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
1982:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
1983:		
January-March	***	***
April-June	***	***
July-September	***	***

1/ Delivered prices were calculated by adding * * * per pound to f.o.b. prices, as indicated in Bunge's response to the Commission's importers questionnaire.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

PDF Create! 6 Trial www.nuance.com

Prices paid for HSA by Bunge fell through most of the January 1980-September 1983 period and are presented in table 17. The data show that the purchase prices paid for the imported product fell almost continuously from * * * per pound in January-March 1980 to * * * during October 1982-June 1983, a total decline of * * * percent. During July-September 1983, Bunge's purchase prices rose to * * * per pound, or by * * * percent from the previous quarter.

Table 17.--HSA: Quantity imported and landed, duty-paid prices paid by Bunge for HSA imported from Brazil, by quarters, January 1980-September 1983

Period	Imports	Purchase price 1/
	1,000 pounds	Cents per pound
1980:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
1981:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
1982:		
January-March	***	***
April-June	***	***
July-September	***	***
October-December	***	***
1983:		
January-March	***	***
April-June	***	***
July-September	***	***

1/ Delivered prices were calculated by adding * * * per pound to f.o.b. prices, as indicated in Bunge's response to the Commission's importers questionnaires.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Freight costs

At the hearing, Commissioner Stern raised the question of competitive advantage based on freight costs of importers and domestic producers of castor oil products. Counsel for SANBRA, the largest Brazilian exporter of HCO and HSA, for which Bunge is a U.S.-commissioned agent, argued that the imported HCO and HSA had a transportation cost advantage because the purchasers that account for the bulk of SANBRA's sales 1/ are located nearer to the ports of entry used by SANBRA and thus incur little, if any, inland freight cost as an increment of total laid in price. 2/ Bunge maintains inventories of HCO and HSA exported from Brazil by SANBRA at its regional warehouses in Newark, N.J., New Orleans, La., and Charleston. S.C. In contrast, respondents argued,

1/ Transcript of the hearing, pp. 120-123.
2/ Counsel for SANBRA stated that the * * * largest customers of SANBRA have facilities close to ports of entry and together account for * * * percent of SANBRA's total imports of HCO and HSA.

PDF Create! 6 Trial www.nuance.com

petitioners are located inland and incur significant additional freight costs to their purchasers' locations such that the freight cost advantage of imported HCO and HSA amounts on the average to more than 2 cents per pound.

To resolve this question on a factual basis, the Commission staff requested that SANBRA and Union Camp provide 1983 freight costs to specific market areas in which their respective major purchasers are located. These data are presented in table 18. Data are shown by cities and are grouped by regions.

In 1983, SANBRA had a freight * * * in the Gulf Coast. SANBRA's freight costs, based on New Orleans as port of entry, were all * * * than those of Union Camp. Union Camp's cost * * * ranged from about * * * cents per pound (to Beaumont, Tex.) to * * * cents per pound (to Houston) or * * * percent, respectively. In contrast, Union Camp enjoyed a * * * freight cost * * * in shipping to purchasers of HCO and HSA located in the Midwest. Its * * * (* * * cent per pound) for shipments to Oklahoma City and * * * in shipments to the Chicago area (* * * cents per pound), for a freight cost * * * that ranged from * * * percent to * * * percent.

Shipping to the east coast, Union Camp had a freight cost * * * in four of six comparisons in which New York was the port of entry for SANBRA's shipments. Purchasers located in North Carolina * * * cents per pound in freight costs if they bought from Union Camp. For customers located in Philadelphia and Pittsburgh, freight costs were * * * cents per pound * * * for the domestic product. SANBRA, however, had a freight cost * * * of * * * cent per pound for shipments of Brazilian HCO or HSA to customers in Hoboken and New York. A single comparison of freight costs to the west coast region shows that there was * * * in shipping HCO or HSA from Dover, Ohio, or from New Orleans to Los Angeles.

The above comparisons indicate that for sales to purchasers in the specified destinations, SANBRA's freight cost * * * could account for a * * * cent per pound to * * * cents-per-pound. Moreover, SANBRA has affirmed that there is a * * * cents-per-pound difference in average castor oil cost in favor of Brazilian producers. 1/ Together, this input cost * * * and the freight cost * * * to major purchasers located in the Gulf coast region could account for * * *.

1/ Post hearing brief on behalf of SANBRA, Dec. 16, 1983, p. 6.

PDFCreator Trial www.nuance.com

Table 18.--HCO and HSA: Freight costs associated with the shipments and by Union Camp and SANBRA to specified destinations and the respective transportation cost advantage or disadvantage to the domestic producer

Destination	Total freight costs 1/			Transportation cost advantage (-) or disadvantage (+)	
	SANBRA 2/		Union Camp, 3/ from Dover, Ohio		
	From New Orleans	From New York		Value	Amount
	-----------Cents per pound-----------				Percent
East coast:					
Charlotte, N.C---------------	***	***	***	***	***
Charlotte, N.C---------------	***	***	***	***	***
Greenville, N.C--------------	***	***	***	***	***
Greenville, N.C--------------	***	***	***	***	***
Hoboken, N.J-----------------	***	4/ ***	***	***	***
New York, N.Y----------------	***	***	5/ ***	***	***
Philadelphia, Pa-------------	***	***	***	***	***
Pittsburgh, Pa---------------	***	***	***	***	***
Midwest:					
Cicero, Ill------------------	***	6/ ***	***	***	***
Circleville, Ohio------------	***	***	***	***	***
Franklin Park, Ill-----------	***	6/ ***	***	***	***
Kansas City, Mo--------------	***	***	***	***	***
Louisville, Ky---------------	***	***	***	***	***
Oklahoma City, Okla----------	***	***	***	***	***
Olathe, Kans-----------------	7/ ***	***	***	***	***
Ponca City, Okla-------------	***	***	***	***	***
St. Paul, Minn---------------	***	***	***	***	***
St. Paul, Minn---------------	***	***	***	***	***
Toledo, Ohio-----------------	***	***	***	***	***
Whiting, Ind-----------------	***	***	***	***	***
Witchita, Kans---------------	***	***	***	***	***

See footnotes at end of table.

PDFCreate 6 Trial www.nuance.com

Table 18.--HCO and HSA: Freight costs associated with the shipments and by Union Camp and SANBRA to specified destinations and the respective transportation cost advantage or disadvantage to the domestic producer--Continued

Destination	Total freight costs 1/			Transportation cost advantage (-) or disadvantage (+)	
	SANBRA 2/		Union Camp, 3/		
	From New Orleans	From New York	from Dover Ohio	Value	Amount
	Cents per pound				Percent
Gulf coast:					
Beaumont, Tex	***	***	***	***	***
Bellaire, Tex	***	***	***	***	***
Fort Worth, Tex	***	***	***	***	***
Houston, Tex	***	***	***	***	***
Metairie, La	8/ ***	***	***	***	***
New Orleans, La	***	***	***	***	***
West coast:					
Los Angeles, Calif	***	***	***	***	***

1/ Total freight includes an ocean freight component and an inland freight component for transportation in the United States. The inland transportation costs for HCO/HSA for SANBRA are the estimated least expensive means of shipment from New Orleans or New York; for Union Camp, the inland freight cost in most cases is the negotiated rate to purchasers in the specified cities.

2/ SANBRA's costs include * * * cents per pound ocean freight for shipping HCO/HSA to New York and New Orleans from Brazil.

3/ Union Camp's costs include * * * cents per pound to import castor oil to New York from Brazil and * * * cents to transport castor oil from New York to Dover, Ohio.

4/ * * *.

5/ * * *.

6/ * * *.

7/ * * *.

8/ * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Appreciation of the U.S. dollar

Table 19 presents indexes of producer prices in the United States and Brazil and indexes of the nominal and real exchange rates between the U.S. dollar and the Brazilian cruzeiro, by quarters, from January-March 1981 (the base period) through July-September 1983. As shown in table 19, the cruzeiro

Table 19.--Indexes of producer prices in the United States and Brazil and indexes of the nominal and real exchange rates between the U.S. dollar and the Brazilian cruzeiro, by quarters, January-March 1981 through July-September 1983

(January-March 1980=100)

Period	U.S. Producer Price Index	Brazilian Producer Price Index	Nominal exchange-rate index 1/	Real exchange-rate index 1/
1981:				
January-March-----	100.0	100.0	100.0	100.0
April-June--------	102.4	119.7	118.5	101.4
July-September----	103.3	138.2	140.8	105.2
October-December--	103.2	160.5	166.8	107.3
1982:				
January-March-----	104.0	188.4	194.7	107.5
April-June--------	104.2	227.4	226.2	103.7
July-September----	104.8	269.0	267.9	104.4
October-December--	104.8	310.8	325.4	109.7
1983:				
January-March-----	104.9	387.9	461.1	124.7
April-June--------	105.2	512.8	672.2	137.9
July-September----	106.3	2/ 648.7	900.5	147.6

1/ Based on nominal exchange rates expressed in unites of cruzeiros per U.S. dollar.

2/ Based on data for July only.

Source: Compiled from data reported by the International Monetary Fund in International Financial Statistics, November 1983.

devalued in nominal terms by approximately 801 percent against the dollar since the base period, but because of its rapid rate of inflation of more than 640 percent, the cruzeiro devalued in real terms by approximately 48 percent against the dollar since the base period.

Lost sales

Union Camp Corp. supplied the Commission with a list of 18 firms to which it allegedly lost sales of castor oil products because of alleged LTFV imports from Brazil. The Commission contacted six of the purchasing firms, which together accounted for a majority of the total alleged lost sales, and was able to confirm sales of the Brazilian products to five of the companies contacted. * * *. reported that it had not purchased Brazilian HCO or HSA and that it had purchased only domestic HSA but is trying to * * * because of uncertainties with the castor bean crop. The approximate value of the purchases of HCO and HSA by the five purchasers was * * *. 1/

1/ Based on Union Camp estimates and conversations with six purchasers by Commission staff.

PDF Create! 6 Trial www.nuance.com

Details of the five alleged lost sales that confirmed purchases of HCO and HSA from Brazil are as follows:

Purchasing company	Product	Source

* * * * * * *

In all five instances, price was given by the purchasers as the reason for selecting the imported product. * * *, * * *, and * * * stated that they needed to purchase the lowest price material to keep their lubricating greases competitively priced.

* * * * * * *

* * *, * * *, and * * * indicated that availability of HCO and HSA has a significant effect on price. They reported that bid prices during 1982 were declining but recent price quotes have been significantly higher, especially for domestically produced material. They also report that the current bid prices of imported HCO and HSA are generally about * * * cents less than the price of Union Camp.

Lost revenues

Prices for imported HCO were considerably lower than domestic prices on a delivered basis during October 1982-September 1983. The price of imported HCO was approximately * * * cents per pound during this period. This equates to importers' prices that were * * * cents per pound less than domestic prices. During October 1982-September 1983, Union Camp reported a rejected quotation of * * * cents per pound. The Commission contacted seven firms, for which Union Camp alleged it had to reduce prices so as to avoid losing sales to competitors. All seven firms confirmed that Union Camp had to reduce prices for HCO in order to remain competitive with the foreign material. The approximate amount of the HCO revenues lost by Union Camp through price suppression was * * *. 1/

1/ Based on Union Camp estimates and conversations with the seven purchasers by Commission staff.

PDF Create! 6 Trial www.nuance.com

Details of the seven instances of price suppression for HCO are as follows:

Purchasing company	Date of offer	Price quotation		Quantity	Source
		Rejected	Accepted		

* * * * * * *

Prices for imported HSA were also lower than domestic prices on a delivered basis during the period for which data were provided. The price of imported HSA increased by approximately * * * percent, from * * * cents per pound in October 1982 to * * * cents per pound in September 1983. This equates to importers' prices that were * * * cents per pound less than domestic prices. During April-August 1983, Union Camp allegedly offered HSA for * * * cents per pound. The Commission contacted five firms for which Union Camp alleged they had to reduce prices so as to avoid losing sales to competitors. * * *; however, all five firms confirmed that they did purchase HSA from Union Camp when its bid was priced competitively with the Brazilian product. The approximate amount of the HSA revenues lost by Union Camp through price suppression was * * *. 1/

Details of the five instances of price suppression for HSA are as follows:

Purchasing Company	Date of offer	Price quotation		Quantity	Source
		Rejected	Accepted		

* * * * * * *

Purchasers' views of market competition

In order to establish what price difference could be expected to cause a change in sources for purchases of castor oil products, the Commission staff surveyed nine purchasers of HSA and HCO for their comments and conclusions.

1/ Based on Union Camp estimates and conversations with the five purchasers, by Commission staff.

PDF Created with Trial www.nuance.com

According to the information provided by six of the nine companies, the quality of imported and domestic castor oil products was similar; however, one company, * * *, stated that * * *. Firms surveyed agreed that the availability of the product and terms of payment were practically the same. Some purchasers for * * * agreed that a very small price difference, i.e., 1 cent per pound was sufficient to change sources, provided the product met their specifications and conditions. However, one company's representative stated that a price difference of not less than 10 cents per pound was needed for that firm to charge its source. Some of the purchasers indicated that they were indifferent as to the origin of the product. They were interested only in quality and price. One purchaser stated that his company was very pleased with the consistently high quality of the domestic product, as well as very high reliability of deliveries, and that his firm was willing to pay a premium of 1 to 3 cents per pound to the domestic producer.

The price data obtained by the Commission from the producer and importer questionnaires indicate that the imports of castor oil products undersold Union Camp's products during 1983 by * * * percent for HCO and * * * percent for HSA. Thus, the domestic producer would have to make significant reduction in its prices in order to be competitive with HSA and HCO imports from Brazil.

The information received from the nine companies purchasing castor oil products is summarized below:

* * * * * * *

PDF Create! 6 Trial www.nuance.com

APPENDIX A

LETTER REQUESTING THIS SECTION 104 INVESTIGATION AND THE COMMISSION'S RESPONSE TO THE LETTER

PDF Create! 6 Trial www.nuance.com

BRAZILIAN EMBASSY
3006 Massachusetts Ave., N. W.
WASHINGTON, D.C. 20008

RECEIVED
81 JUL 17 P4:55
OFFICE OF THE SECRETARY
DOCKET/USITC

DOCKET NUMBER
748
Office of the Secretary
Int'l Trade Commission

July 15, 1981

The Honorable Kenneth R. Mason
Secretary
U.S. International Trade Commission
701 E Street, N.W., Room 160
Washington, D.C. 20436

Re: Request for Commission Injury Investigation of Certain Castor Oil Products From Brazil

Dear Mr. Secretary:

Pursuant to section 104(b) of the Trade Agreements Act of 1979, 19 U.S.C. §1671(B) and section 207.30(d) of the Commissions rules, the Government of Brazil hereby requests the International Trade Commission to commence an investigation of whether there would be injury by reason of imports of certain castor oil products from Brazil subject to a countervailing duty order if that order were revoked, and to revoke said order. The merchandise in question is subject to a countervailing duty order issued on March 16, 1976 (T.D. 76-80, 41 F.R.11018) and is, therefore, eligible for an injury review. Furthermore, Brazil is a "country under the Agreement" pursuant to the requirements of section 104(1)(B) of the Trade Agreements Act.

Respectfully submitted,

LUIZ FELIPE P. LAMPREIA
Chargé d'Affaires a. i.

PDF Create! 6 Trial www.nuance.com

UNITED STATES
INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C. 20436

OFFICE OF THE SECRETARY

JUL 27 1981

#748

Mr. Luiz Felipe P. Lampreia
Brazilian Embassy
3006 Massachusetts Avenue, NW.
Washington, D.C. 20008

Dear Mr. Lampreia:

Thank you for your letters of July 15, 1981, requesting investigations by the United States International Trade Commission, under section 104(b)(2) of the Trade Agreements Act of 1979, to determine whether an industry in the United States would be materially injured or threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of (1) certain scissors and shears from Brazil subject to countervailing duty order T.C. 77-64 of February 11, 1977; (2) certain cotton yarn from Brazil subject to countervailing duty order T.D. 77-87 of March 15, 1977; and (3) certain castor oil products from Brazil subject to countervailing duty order T.D. 76-80 of March 16, 1977, if the countervailing duty orders were to be revoked. You also request that the 3 countervailing duty orders be revoked. Your letters were received by the Commission on July 17, 1981, and the Commission must, by statute complete its investigations under section 104 within 3 years of the date of the receipt of a request for an investigation, in these cases, by July 17, 1984. It is the intention of the Commission, however, to commence work on these investigations at the earliest date practicable.

In accordance with section 104(b)(3) of the Act, the Commission is notifying the U.S. Department of Commerce (the administering authority under the Act), of the receipt of your requests, in order to permit suspension of liquidation of entries of the affected merchandise made on or after the date of receipt by the Commerce Department of notification from the Commission.

Do not hesitate to contact us if we can be of further assistance.

Sincerely yours,

Kenneth R. Mason
Secretary

cc: Director, Office of Operations

WFTY. Chron, Subj, 7-23-81 (rbg)

PDF Created with deskPDF PDF Writer - Trial :: http://www.docudesk.com

UNITED STATES
INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C. 20436

OFFICE OF THE SECRETARY

July 22, 1981

Mr. Gary Horlick
Deputy Assistant Secretary
of Commerce for Trade Administration
Room 2800
U.S. Department of Commerce
14th & Constitution Avenue, NW.
Washington, D.C. 20020

Dear Mr. Horlick:

This is to notify you pursuant to section 104(b)(3) of the Trade Agreements Act of 1979 (the "Act") that the Commission has received the requests listed in the attachment with respect to countervailing duty orders specified in section 104(b)(1) of the Act that it commence an investigation to determine whether an industry in the United States would be materially injuried or threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of the merchandise covered by any such countervailing duty order if the order were to be revoked. The Commission will notify you of any additional requests it receives for such investigations.

Sincerely,

Kenneth R. Mason
Secretary

PDF Create! 6 Trial www.nitropdf.com

Requests received by the ITC for countervailing duty investigations under section 104 of the Trade Agreements Act of 1979 (July 1-20, 1981)

Article	Country of exportation	Identity of requester	Status of requester	Actual date request received	Starting for reque
1. Certain scissors and shears	Brazil	Luiz Felipe P. Lampreia, Charge D'Affaires, Brazilian Embassy	Brazilian Government	July 17, 1981	July 17,
2. Certain cotton yarn	Brazil	Luiz Felipe P. Lampreia, Charge D'Affaires, Brazilian Embassy	Brazilian Government	July 17, 1981	July 17,
3. Certain caster oil products	Brazil	Luiz Felipe P. Lampreia, Charge D'Affaires, Brazilian Embassy	Brazilian Government	July 17, 1981	July 17,

A-45

PDF Create! 6 Trial www.nuance.com

PDF Create! 6 Trial
www.nuance.com

PDF Create! 6 Trial
www.nuance.com

APPENDIX B

THE COMMISSION'S NOTICE OF INVESTIGATION AND SCHEDULING OF HEARING AND CALENDAR OF WITNESSES AT DECEMBER 8, 1983, PUBLIC HEARING

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 104-TAA-20

CERTAIN CASTOR OIL PRODUCTS FROM BRAZIL

AGENCY: United States International Trade Commission.

ACTION: Institution of a countervailing duty investigation and scheduling of a hearing to be held in connection with the investigation.

EFFECTIVE DATE: September 21, 1983.

SUMMARY: Pursuant to section 104(b)(2) of the Trade Agreements Act of 1979 (19 U.S.C. § 1671 note), the U.S. International Trade Commission is instituting this countervailing duty investigation to determine whether an industry in the United States would be materially injured, or would be threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of certain castor oil products from Brazil which are covered by an outstanding countervailing duty order if that order were to be revoked. The investigation covers imports of hydrogenated castor oil and 12-hydroxystearic acid as provided for in items 178.20 and 490.26, respectively, of the Tariff Schedules of the United States.

FOR FURTHER INFORMATION CONTACT: Mr. Bill Schechter, Investigator, U.S. International Trade Commission, 701 E Street NW., Washington, D.C. 20436; telephone 202-523-0300.

SUPPLEMENTARY INFORMATION:

Background.--On March 16, 1976, the Department of the Treasury issued a countervailing duty order under section 303 of the Tariff Act of 1930 (19 U.S.C. § 1303) on the subject castor oil products imported from Brazil (T.D. 76-80, 41 F.R. 11018). On January 1, 1980, the Trade Agreements Act of 1979 (Pub. L. 96-39) became effective. That act provided, in section 104(b), that "In the case of a countervailing duty order issued under section 303 of the Tariff Act of 1930 . . . which applies to merchandise which is the product of a country under the Agreement, and which is in effect on January 1, 1980 . . ., the Commission, upon the request of the government of such a country . . ., submitted within 3 years after the effective date of title VII of the Tariff Act of 1930 (January 1, 1980) shall . . . commence an investigation to determine whether an industry in the United States would be materially injured, or would be threatened with material injury, or the establishment of an industry in the United States would be materially retarded, by reason of imports of the merchandise covered by the countervailing duty order if the order were to be revoked." On July 22, 1981, the Commission received such a request from the Government of Brazil.

Participation in the investigation.--Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's Rules of Practice and Procedure (19 CFR § 201.11), not later than 21 days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

A-48

PDF Create! Trial www.nuance.com

Upon the expiration of the period for filing entries of appearance, the Secretary shall prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation pursuant to section 201.11(d) of the Commission's rules (19 CFR § 201.11(d)). Each document filed by a party to this investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service (19 CFR § 201.16(c), as amended by 47 F.R. 33682, Aug. 4, 1982).

Staff report.--A public version of the staff report containing preliminary findings of fact in this investigation will be placed in the public record on November 22, 1983, pursuant to section 207.21 of the Commission's rules (19 CFR § 207.21).

Hearing.--The Commission will hold a hearing in connection with this investigation beginning at 10:00 a.m., on December 8, 1983, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on November 25, 1983. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 10:00 a.m. on November 29, 1983, in room 117 of the U.S. International Trade Commission Building.

Testimony at the public hearing is governed by section 207.23 of the Commission's rules (19 CFR § 207.23, as amended by 47 F.R. 33682, Aug. 4, 1982). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with section 207.22 (19 CFR § 207.22, as amended by 47 F.R. 33682, Aug. 4, 1982), and must be submitted not later than the close of business on December 2, 1983. Posthearing briefs must conform with the provisions of section 207.24 (19 CFR § 207.24) and must be submitted not later than the close of business on December 16, 1983.

Written submissions.--As mentioned, parties to this investigation may file prehearing and posthearing briefs by the dates shown above. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before December 16, 1983. A signed original and fourteen (14) true copies of each submission must be filed with the Secretary to the Commission in accordance with section 201.8 of the Commission's rules (19 CFR § 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

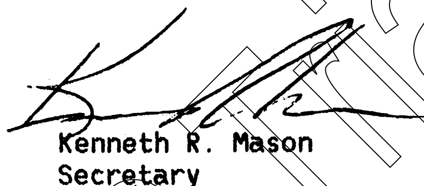
Any business information for which confidential treatment is desired shall be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of section 201.6 of the Commission's rules (19 CFR § 201.6).

PDF Created with deskPDF PDF Writer - Trial :: http://www.docudesk.com

For further information concerning the conduct of the investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A, C, and D (19 CFR part 207, as amended by 47 F.R. 33682, Aug. 4, 1982) and part 201, subparts A through E (19 CFR part 201, as amended by 47 F.R. 33682, Aug. 4, 1982).

This notice is published pursuant to section 207.30 of the Commission's rules (19 CFR § 207.30).

By order of the Commission.



Kenneth R. Mason
Secretary

PDF Create! 6 Trial
www.nuance.com

Issued: September 27, 1983

TENTATIVE CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject : Certain Castor Oil Products from Brazil

Inv. No. : 104-TAA-20

Date and time : December 8, 1983 - 10:00 a.m.

Sessions were held in connection with this investigation in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

IN OPPOSITION TO THE REVOCATION OF THE OUTSTANDING COUNTERVAILING DUTY ORDER:

Plaia, Schaumberg & deKieffer--Counsel
Washington, D.C.
on behalf of

American Manufacturer of Castor Oil Products

Robert S. Hawkins, Corporate Purchasing Manager, Union Camp Corporation

Richard H. Irving, III, Associate General Manager and Assistant Secretary

Donald E. deKieffer)
Cecilia H. Gonzalez)-OF COUNSEL

IN SUPPORT OF THE REVOCATION OF THE OUTSTANDING COUNTERVAILING DUTY ORDER:

The York Castor Oil Company, Westfield, New Jersey

L. J. Jubanowsky, President

- more -

PDF Created 6 Trial www.nuance.com

David, Graham and Stubbs--Counsel
Washington, D.C.
on behalf of

Sociedade Algodeira do Nordeste Brazileiro--SANBRA

Walter Schneider, Manager, Castor Oil Division

Barry E. Cohen)
Thomas G. Sheehan)--OF COUNSEL

PDF Create! 6 Trial
www.nuance.com

APPENDIX C

LETTER FROM UNION CAMP CORP. ALLEGING SUBSIDIZED BRAZILIAN EXPORTS

PDF Create! 6 Trial
www.nuance.com

RECEIVED
'74 SEP 11 AM 9:58
OFFICE OF THE SECRETARY
U.S. TARIFF COMMISSION

1600 VALLEY ROAD, WAYNE, NJ 07470 TELEPHONE (201) 628-9000

September 9, 1974

U.S. Tariff Commission
Washington, D. C.

Gentlemen:

Subject: U.S. Tariff Provisions:

Sec. 336. Equalization of Costs of Production

Castor Oil--Item No. 176.0200 (current duty rate--1.5¢ per pound)

Hydrogenated Castor Oil--Item No. 178.1000 (current duty rate--5¢ per pound)

12-Hydroxystearic Acid--Item No. 490.2600 (current rate of duty--5%)

As a result of the disposal of all government stockpiles of castor oil and this year's demise of a domestic castor bean industry, our country now is totally dependent on imports of castor oil for the needs of American industries.

The Union Camp Corporation was up until 1970 the largest single consumer of castor oil in the United States and may still have this distinction unless the Baker Castor Oil Division of NL Industries has since surpassed us.

Our company does not resell any of the castor oil we purchase but processes it into the following finished products:

Approximately two-thirds of our 1973 purchases were used to produce Sebacic Acid (for which purpose the now ended U.S. stockpile was intended to protect future supplies for national defense needs).

Approximately one-third of the same purchases went into the production of the following related materials:

A-54

hydrogenated castor oil
12-hydroxy stearic acid
methyl esters of the 12-HSA

PDF Created 6 Trial www.nuance.com

U.S. Tariff Commission September 9, 1974

(These three items are used by the lubricant industry for the manufacture of heavy-duty lubricants).

(Our total castor oil usage in 1973 was 37,500,000 lbs.).

Even though Sebacic Acid has been removed from national defense status it still has many essential needs. For example, one of its esters is still the only approved lubricant for the M-16 rifle. Of real concern to us at the moment, however, is the vast difference in the costs of production of the hydrogenated castor oil (HCO) and 12-hydroxy stearic acid as between ourselves and producers in Brazil.

Brazil is the world's largest producer of castor seed with India the second. The former's 1973 production was over 450,000 metric tons, and this year's is expected to reach between 500,000 and 550,000 metric tons. An average crop in the past was less than 400,000 metric tons.

India's production last year was a little over 200,000 metric tons with only a small part available for export. Brazil, therefore, is the world's principal source of supply.

Despite its huge surplus of castor oil, Brazil has been maintaining artificially high export prices--partly to improve its balance of trade and at the same time benefit its farmers and seed crushers, but also, to some extent, protect home industries it is trying to encourage in order to develop new export markets for finished goods produced from castor oil. We have no quarrel with the latter if we have a chance to compete on an equal basis. Brazil, however, is maintaining much higher export prices on castor oil vs. domestic on the one hand but is also allowing the finished products to be exported at prices equal to or lower than the export price of the starting product, castor oil, itself.

Because of this situation we are having increasingly difficult times in selling our HCO and 12-HSA in the U.S. market to which we have been suppliers for over 30 years. It is especially serious when our customers are asking us to meet the much cheaper imported counterparts. To better understand our predicament, for each 100 lbs. of castor oil used, 98 lbs. of HCO is produced and 93.5 lbs. of 12-HSA. Besides the costs of production, flaking and bagging the products, these reduced yields also add to the costs and do not reduce them.

Specifically, castor oil can be bought within Brazil at $150 to as much as $200 per metric ton below the export prices allowable by the export coordinator. The latter not only dictates the export price each month, but also allocates the quantities of oil allowed to be exported by any of the numerous crushers. Many of the latter may be compelled to sell at almost any price domestically to move oil out of his tanks because the exports are not sufficient to keep up with the flood of supplies. There are no controls over domestic sales of casto oil nor on the finished products.

PDF Created with deskPDF PDF Writer - Trial :: http://www.docudesk.com

U.S. Tariff Commission September 9, 1974

In addition, domestic users of castor oil are given certain incentives such as reduced export taxes and indirect subsidies. As long as these advantages continue to accrue to their benefit, we stand a serious chance of losing all our HCO and 12-HSA business to them. The U.S. lubricating industry would then have to rely on foreign producers for their supplies entirely.

We feel we have a case in our favor for a full investigation of the differences in the cost of raw materials between what a Brazilian competitor pays and what we are compelled to pay due mainly to their government's intervention. If you wish us to visit with you for further discussions of this matter, please do not hesitate to call on us. We do hope this matter will be given the quickest attention since the imported products are gaining wider attention from our customers.

Very truly yours,

Matt F. Antonovich
Corporate Purchasing Agent

MFA:va

PDF Created with deskPDF PDF Writer - Trial :: www.docudesk.com

PDF Create! 6 Trial
www.nuance.com

APPENDIX D

THE TREASURY DEPARTMENT'S PRELIMINARY AND FINAL FEDERAL REGISTER NOTICES ESTABLISHING COUNTERVAILING DUTIES FOR BRAZILIAN CASTOR OIL PRODUCTS

FEDERAL REGISTER, VOL. 40, NO. 177—THURSDAY, SEPTEMBER 11, 1975

Customs Service

CASTOR OIL PRODUCTS FROM BRAZIL

Preliminary Countervailing Duty Determination

On April 30, 1975, a "Notice of Receipt of Countervailing Duty Petition" was published in the FEDERAL REGISTER (40 F.R. 18814). The notice indicated that a petition had been received alleging that payments, bestowals, rebates or refunds, granted by the Brazilian Government upon the manufacture, production, or exportation of hydrogenated castor oil and 12 hydroxystearic acid constitute the payment or bestowal of a bounty or grant, directly or indirectly, within the meaning of section 303 of the Tariff Act of 1930, as amended (19 U.S.C. 1303) (referred to in this notice as "the Act").

On the basis of an investigation conducted pursuant to section 159.47(c), Customs Regulations (19 CFR 159.47 (c)), it tentatively has been determined that benefits have been received by the Brazilian manufacturers/exporters of hydrogenated castor oil and 12 hydroxystearic acid which may constitute bounties or grants within the meaning of the Act. These programs include the granting to manufacturers/exporters of tax credits upon export, income tax reductions, and preferential financing. Programs tentatively determined not to be bounties or grants within the meaning of the Act include the exemption from certain indirect taxes upon exportation of the castor oil product under consideration and the governmental control of prices for castor oil exports. The investigation indicated no government controls promoting artificially high prices for castor oil exports. Programs tentatively found not to be applicable to the manufacturers/exporters of the castor oil products under consideration from Brazil include exemption for certain imports from certain indirect taxes and import taxes, an income tax deduction for overseas promotion expenses, and a trading company tax exemption. A final decision in this case is required on or before March 10, 1975.

Before a final determination is made, consideration will be given to any relevant data, views or arguments, submitted in writing with respect to the preliminary determination. Submissions should be addressed to the Commissioner of Customs, 1301 Constitution Avenue, N.W., Washington, D.C. 20229, in time to be received by his office not later than 30 days from the date of publication of this notice in the Federal Register.

This preliminary determination is published pursuant to section 303(a) of the Tariff Act of 1930, as amended (19 U.S.C. 1303(a)).

Dated: September 8, 1975.

VERNON D. ACREE,
Commissioner of Customs.

Approved:

DAVID R. MACDONALD,
Assistant Secretary of the Treasury.

[FR Doc.75-24222 Filed 9-10-75;8:45 am]

PDF Create! 6 Trial www.nuance.com

FEDERAL REGISTER, VOL 41, NO. 52—TUESDAY, MARCH 16, 1976

[T.D. 76-80]

PART 159—LIQUIDATION OF DUTIES

Countervailing Duties, Castor Oil Products From Brazil

On September 11, 1975, a "Notice of Preliminary Countervailing Duty Determination" was published in the FEDERAL REGISTER (40 FR 42222). The notice stated that it tentatively had been determined that benefits have been received by the Brazilian manufacturers/exporters of hydrogenated castor oil and 12 hydroxystearic acid which may constitute bounties or grants within the meaning of section 303 of the Tariff Act of 1930, as amended (19 U.S.C. 1303) (referred to in this notice as "the Act").

The notice stated that the programs under which these benefits were conferred included the granting to manufacturers exporters of tax credits upon export, income tax reductions, and preferential financing. Programs tentatively determined not to be bounties or grants within the meaning of the Act included the exemption from certain indirect taxes upon exportation of the castor oil products under consideration and the governmental control of prices for castor oil exports. The notice also stated that the programs tentatively found not to be applicable to the manufacturers/exporters of the castor oil products under consideration from Brazil included the exemption for certain imports from certain indirect taxes and import taxes, an income tax deduction for overseas promotion expenses, and a trading company tax exemption. The notice provided interested parties 30 days from the date of publication to submit relevant data, views, or arguments, in writing, with respect to the preliminary determination.

After consideration of all information received, it is determined that exports of hydrogenated castor oil and 12 hydroxystearic acid from Brazil are subject to bounties or grants within the meaning of section 303 of the Act. All conclusions reached in the preliminary determination remain unchanged and are adopted in this final determination.

In accordance with section 303 of the Act, the net amount of the bounty or grant has been estimated and declared to be 11.3 percent of the f.o.b. or ex-works price to the United States of hydrogenated castor oil and 12 hydroxystearic acid from Brazil.

Effective on or after the date of publication of this notice in the Federal Register and until further notice, upon the entry for consumption or withdrawal from warehouse for consumption of such dutiable castor oil products imported directly or indirectly from Brazil, which benefit from these bounties or grants, there shall be collected, in addition to any other duties estimated or determined to be due, countervailing duties in the amount ascertained in accordance with the above declaration. To the extent that it has been or can be established to the satisfaction of the Commissioner of Customs that imports of hydrogenated castor oil and 12 hydroxystearic acid from Brazil manufactured by a particular firm are subject to a bounty or grant smaller than the amount which otherwise would be applicable under the above declaration, the smaller amount so established shall be assessed and collected on imports of such hydrogenated castor oil and 12 hydroxystearic acid.

To be eligible to establish that a particular firm receives a bounty or grant smaller than that estimated in the above declaration, such firm or any importer of hydrogenated castor oil or 12 hydroxystearic acid produced by such firm must request, within 30 days from publication of this notice in the Federal Register, that liquidation of all entries for consumption or withdrawal from warehouse for consumption of such dutiable castor oil products from Brazil be suspended pending declarations of the net amounts of the bounties or grants paid. Only pursuant to such a request will liquidation be suspended.

Any merchandise subject to the terms of this order shall be deemed to have benefited from a bounty or grant if such bounty or grant has been or will be credited or bestowed, directly or indirectly, upon the manufacture, production, or exportation of hydrogenated castor oil or 12 hydroxystearic acid manufactured in Brazil.

The table in § 159.47(f) of the Customs Regulations (19 CFR 159.47(f)) is amended by inserting after the last entry for Brazil the words "Certain Castor Oil Products," in the column headed "Commodity," the number of this Treasury decision in the column headed "Treasury Decision," and the words "Bounty Declared-Rate" in the column headed "Action."

(R. S. 251, secs. 303, as amended, 624, 46 Stat. 687, 759, 88 Stat. 2050; 19 U.S.C. 66, 1303, as amended, 1624).

VERNON D. ACREE,
Commissioner of Customs.

Approved: JAMES B. CLAWSON,
Assistant Secretary of The Treasury.

[FR Doc.76-7224 Filed 3-15-76;8:45 am]

PDF Create! 6 Trial
www.nuance.com

PDF Create! 6 Trial
www.nuance.com

APPENDIX E

DEPARTMENT OF THE TREASURY'S FEDERAL REGISTER NOTICES CONCERNING THE NET AMOUNT OF THE COUNTERVAILING DUTY

28790 Federal Register / Vol. 44. No. 97 / Thursday. May 17. 1979 / Rules and Regulations

DEPARTMENT OF THE TREASURY

Customs Service

19 CFR Part 159

[T.D. 79-145]

Certain Castor Oil Products From Brazil—Declaration of Net Amount of Bounty or Grant

AGENCY: U.S. Customs Service. Treasury Department.

ACTION: Net Amount of Bounty or Grant Declared.

SUMMARY: This notice is to advise the public of the new rate of countervailing duty applicable to imports of hydrogenated castor oil and 12 hyroxystearic acid from Brazil. Based upon a review of information received. the net amount of benefits given by the Government of Brazil which constitute bounties or grants within the meaning of the countervailing duty law upon the manufacture. production. or exportation of hydrogenated castor oil or 12 hydroxystearic acid has been determined to be 9.6 percent of the f.o.b. or ex-works price to the United States. Accordingly. effective today. hydrogenated castor oil and 12 hydroxystearic acid from Brazil will be subject to countervailing duty in accordance with this declaration.

EFFECTIVE DATE: May 17. 1979.

FOR FURTHER INFORMATION CONTACT: Mr. Charles F. Goldsmith. Economist. Office of Tariff Affairs. U.S. Department of the Treasury. 15th Street and Pennsylvania Avenue. NW.. Washington. D.C. 20220. telephone (202) 566-2323.

SUPPLEMENTARY INFORMATION: In the Federal Register of March 16. 1976 (41 FR 11018). a notice. T.D. 76-80. was published stating that it had been determined that exports of hydrogenated castor oil and 12 hydroxystearic acid from Brazil received bounties or grants within the meaning of section 303 of the Tariff Act of 1930. as amended (19 U.S.C. 1303).

At that time. notice was given that hydrogenated castor oil or hydroxystearic acid. imported directly or indirectly from Brazil. if entered for consumption or withdrawn from warehouse for consumption on or after March 16. 1976. would be subject to the payment of countervailing duties equal to the net amount of any bounty or grant determined or estimated to have been paid or bestowed. In accordance with section 303 of the Act and based on the information then available. the net amount of bounties or grants was determined to be 11.3 percent of f.o.b. or ex-works price to the United States.

On January 24. 1979. the Government of Brazil announced that it would undertake a four-year program to eliminate its export payments. in the form of IPI credits. which have been determined by the Treasury to constitute bounties or grants. A reduction of 10 percent of the total value of these credits was made at that time. and an additional 5 percent reduction occurred on March 31. 1979. Further cuts of 5 percent each will be made quarterly until the entire value of these credits is completely eliminated by June 30. 1983. The Treasury will adjust the countervailing duty rate in the future to reflect these quarterly changes.

On the basis of these actions taken by the Government of Brazil to reduce the amount of IPI credits paid to exporters of the subject merchandise. it has been ascertained and determined that the net amount of benefits paid or bestowed. directly or indirectly. by the Government of Brazil on the exportation of hydrogenated castor oil and 12 hydroxystearic acid is 9.6 percent.

Accordingly. effective on May 17. 1979. and until further notice. upon the entry for consumption or withdrawal from warehouse for consumption of such dutiable hydrogenated castor oil or 12 hydroxystearic acid. imported directly or indirectly from Brazil which benefit from such bounties or grants. there shall be collected. in addition to any other duties estimated or determined to be due. countervailing duties in the amount ascertained in accordance with the above declaration.

Any merchandise subject to the terms of this declaration shall be deemed to have benefited from a bounty or grant if such bounty or grant has been or will be paid or credited. directly or indirectly. upon the manufacture. production. or exportation of such hydrogenated castor oil or 12 hydroxystearic acid from Brazil.

The table in § 159.47(f) of the Customs Regulations (19 CFR 159.47(f)) is amended by inserting after the last entry for "certain castor oil products" under the country heading "Brazil". the number of this Treasury Decision in the column so headed and the words "New rate" in the column headed "Action".

(R.S. 251. sec. 303. as amended. 624; 46 Stat. 687. 759. 88 Stat. 2049: (19 U.S.C. 66. 1303). as amended. 1624))

Robert H. Mundheim,

General Counsel of the Treasury.

May 10. 1979.

[FR Doc. 79-15441 Filed 5-16-79: 8:45 am]

BILLING CODE 4810-22-M

Federal Register / Vol. 44, No. 190 / Friday, September 28, 1979 / Rules and Regulations

DEPARTMENT OF THE TREASURY

Customs Service

19 CFR Part 159

[T.D. 79-253]

Non-Rubber Footwear, Certain Castor Oil Products, Scissors and Shears, and Cotton Yarn From Brazil; Declaration of Net Amount of Bounty or Grant

AGENCY: U.S. Customs Service, Treasury Department.

ACTION: Net Amount of Bounty or Grant Declared.

SUMMARY: This notice is to advise the public of the new rates of countervailing duty applicable to imports of non-rubber footwear, certain castor oil products, scissors and shears, and cotton yarn from Brazil. These rates will be applicable to such merchandise exported from Brazil on or after September 30, 1979.

EFFECTIVE DATE: September 30, 1979.

FOR FURTHER INFORMATION CONTACT: Mr. Charles F. Goldsmith, Economist, Office of Tariff Affairs, U.S. Department of the Treasury, 15th Street and Pennsylvania Avenue, N.W., Washington, D.C. 20220, telephone (202) 566-2951.

SUPPLEMENTARY INFORMATION: In the Federal Register of May 17, 1979 (44 FR 28790-2) it was announced that due to actions taken by the Government of Brazil to eliminate export payments which have been determined by Treasury to constitute bounties or grants, reductions of the countervailing duty rates applicable to imports of non-rubber footwear, certain castor oil products, scissors and shears, and cotton yarn, would be made quarterly to reflect the staged reduction of these benefits. The present action is taken to reduce the countervailing duty rates applicable to imports of the above merchandise which are exported from Brazil on or after September 30, 1979.

On the basis of the actions taken by the Government of Brazil on September 30, 1979, to reduce the payments to the exporters of the subject merchandise, it has been ascertained and determined that the net amount of bounties or grants paid or bestowed, directly or indirectly by the Government of Brazil on the exportation of the subject merchandise, in terms of the f.o.b. or ex-works price to the United States of the applicable merchandise, is as follows:

(1) Non-rubber footwear:

(A) 9.5 percent for shoes manufactured by firms whose export sales account for 40 percent or less of the value of their total sales; and

(B) 3.7 percent for shoes manufactured by firms whose export sales account for more than 40 percent of the value of their total sales.

(2) Certain castor oil products, 8.5 percent.

(3) Scissors and shears, 12.5 percent.

(4) Cotton yarn, 15.3 percent.

Accordingly, until further notice, upon the entry for consumption or withdrawal from warehouse for consumption of such dutiable non-rubber footwear, certain castor oil products, scissors and shears, and cotton yarn, respectively, imported directly or indirectly from Brazil and exported from that country on or after September 30, 1979, which benefit from such bounties or grants, there shall be collected, in addition to any other duties estimated or determined to be due, countervailing duties in the amount ascertained in accordance with the above declaration.

Any merchandise subject to the terms of this declaration shall be deemed to have benefited from a bounty or grant if such bounty or grant has been or will be paid or credited, directly or indirectly, upon the manufacture, production, or exportation of such non-rubber footwear, certain castor oil products, scissors and shears, and cotton yarn, respectively, from Brazil.

The table in section 159.47(f) of the Customs Regulations (19 CFR 159.47(f is amended by inserting after the last entry for "non-rubber footwear," "certain castor oil products," "scissor and shears," and "cotton yarn," respectively, under the country headi "Brazil", the number of this Treasury Decision in the column so headed and the words "New Rate" in the column headed "Action."

(R.S. 251, section 303, as amended, 624: 4 Stat. 687, 759, 88 Stat. 2049; 19 U.S.C. 66, 13 as amended, 1624).

David R. Brennan,
Acting General Counsel of the Treasury.
September 24, 1979.

[FR Doc. 79-30258 Filed 9-27-79; 8:45 am]

BILLING CODE 4810-22-M

PDF Create! 6 Trial
www.nuance.com

APPENDIX F

A DISCUSSION OF THE SUBSTITUTABILITY OF STEARIC ACID FOR HCO AND HSA

PDF Create! 6 Trial
www.nuance.com

THE SUBSTITUTABILITY OF STEARIC ACID FOR HCO AND HSA

Hydrogenated castor oil (HCO) and 12-hydroxystearic acid (HSA) are minor derivatives of castor oil and are used primarily for the manufacture of heavy-duty lubricants.

With one notable exception, castor oil derivatives are chemically similar to corresponding materials made from domestically produced animal fats and vegetable oils. The exception is the presence of a hydroxy group located in almost all of the 18-carbon chains of this particular vegetable oil. The hydroxy group imparts superior lubricating qualities and raises the melting point of the castor oil derivatives by more than 20°C. compared with those of derivatives of more ordinary fats and oils; it is these factors which make certain castor oil derivatives uniquely suitable for heavy-duty lubricants.

The subject castor oil derivatives, HCO and HSA, are used in lubricants both as is and in the form of lithium soaps. The as-is uses (e.g., for HCO, a hard wax) are predominantly in the metalworking and textile industries. 1/

Lithium soaps (and soaps of other metals) of HSA or other fatty acids are combined with petroleum oils to solidify them to produce lubricating greases which remain in place for long periods of time without further attention--e.g., in the front-wheel bearings of automobiles.

Lubricants for certain types of machinery operated at high speeds or under high pressure must have high melting points (as well as lubricating qualities). Both HCO and HSA are preferred for such heavy-duty lubricants. Less expensive lubricants such as those based on animal tallow and its derivative stearic acid can be used alone for light-duty applications or blended with the castor oil derivatives for intermediate requirements.

The following tabulation summarizes the points made above.

	Price 1/ (cents per pound)	Melting point 2/
HCO	68	87°C
Hydrogenated tallow	34	67°C
HSA	78	85°C
Stearic acid	36	62°C

1/ Chemical Marketing Reporter, Nov. 7, 1983, and Commission staff report on investigation No. 104-TAA-20; partially estimated, by Commission staff.
2/ Data from Union Camp Corp., June and December 1983.

The disparity in prices indicates that the tallow/stearic acid types of derivatives will be chosen where they will meet the requirements, but that the castor oil derivatives command double the prices of the former where heavy-duty, high-temperature lubrication performance is required.

1/ Chemical Purchasing, May 1983, p. 16.

PDF Create! 6 Trial
www.nuance.com

APPENDIX G

DEPARTMENT OF COMMERCE'S FEDERAL REGISTER NOTICES FOR ANNUAL REVIEW-1979, ANNUAL REVIEW-1980, AND PRELIMINARY REVIEW-1981

DEPARTMENT OF COMMERCE

International Trade Administration

Certain Castor Oil Products From Brazil; Preliminary Results of Administrative Review of Countervailing Duty Order

AGENCY: International Trade Administration, Department of Commerce.

ACTION: Notice of preliminary results of Administrative review of countervailing duty order.

SUMMARY: The Department of Commerce has conducted an administrative review of the countervailing duty order on certain castor oil products from Brazil. The review is based upon information for the period January 1, 1979, through December 31, 1979. As a result of this review, the Department has preliminary determined the amount of the net subsidy to be 2.71 percent of the f.o.b. invoice price on the merchandise. Interested parties are invited to comment on these preliminary results.

EFFECTIVE DATE: July 20, 1981.

FOR FURTHER INFORMATION CONTACT: Paul J. McGarr, Office of Compliance, Room 2803, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230 (202-377-1167).

SUPPLEMENTARY INFORMATION: On March 16, 1976, a notice of "Countervailing Duties—Castor Oil Products from Brazil," T.D. 76-80, was published in the **Federal Register** (41 FR 11018). The notice stated that the Department of the Treasury had determined that exports of certain castor oil products from Brazil benefitted from bounties or grants within the meaning of section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) ("the Tariff Act"). Accordingly, imports into the United States of this merchandise were subject to countervailing duties.

On January 1, 1980, the provisions of title I of the Trade Agreement Act of 1979 became effective. On January 2, 1980, the authority for administering the countervailing duty law was transferred from the Department of the Treasury to the Department of Commerce ("the Department"). On January 4, 1980, T.D. 80-13 was published in the **Federal Register** (45 FR 1013) announcing the suspension of liquidation of all entries, or withdrawals from warehouse, for consumption of this merchandise exported from Brazil on or after December 7, 1979. The Department published in the **Federal Register** of May 13, 1980 (45 FR 31455) a notice of intent to conduct administrative reviews of all outstanding countervailing duty orders. As required by section 751 of the Tariff Act, the Department has conducted an administrative review of the order on certain castor oil products from Brazil.

Scope of the Review

Imports covered by this review are hydrogenated castor oil and 12-hydroxystearic acid imported directly or indirectly from Brazil. These imports are currently classifiable under items 178.20 an 490.26, respectively, of the Tariff Schedules of the United States.

There are three known exporters of this merchandise to the United States. The review is based on information from two or these exporters (representing 96% of exports) for the period January 1, 1979, through December 31, 1979, and is limited to the benefits received under programs for perferential financing for exports and income tax exemptions for exports earnings. Programs overrebating the Industrial Products Tax (IPI) and the Goods Circulation Tax (ICM), found countervailable in the order, were eliminated by December 7, 1979, and have no impact on the 1979 entries of this merchanise subject to this review.

Analysis of Programs

(1) *Working capital financing at rates lower than those commerically available.* Under this program, companies are declared eligible to receive working capital loans by CACEX (the Department of Foreign Commerce of the Banco Central, do Brasil), with the loans a duration of up to one year. Firms producing castor oil products can obtain preferential financing for up to 20 percent of the value of the previous year's exports.

The commerical rate paid for the acquisition of short-term working capital is the rate established by the Banco do Brasil for discounting sales of accounts receiveable. Although we are comparing the terms of a loan with the term of a sale of an asset, we have used this comparison because information provided by the Government of Brasil indicates that, within the Brazilian financial system, working capital is normally raised through the sale of accounts receivable.

During 1979, the two reviewed firms contracted for all of their loans at perferential discount rates provided for under Resolution 515 of the Banco Central do Braxil. The preferential rate available under the resolution was 8.0 percent, with an effective annual rate of 8.7 percent. The commerical rate for acquiring working capital was 22.7 percent, plus a 2.4 percent tax on financial transactions. Loans under the preferential financing program are exempt from this tax, thus the total difference between the commerical rate and the preferential rate was 16.4 percent.

On December 7, 1979, the publication of Resolution 583 completely revised the method of calculation of discount rates for preferential financing of exports. The effect of this resolution and its successors in 1980 (Resolutions 602 and 641) was to reduce considerably the benefits to exporters from the preferential financing program. However, because these companies did not contract for loans under Resolution 583, this change had no impact on the merchandise subject to this review.

For 1979, the amount saved divided by total export revenues produced a weighted-average benefit under this program for the two companies of 2.55 percent *ad valorem*.

With the publication of successor Resolution 674, effective January 22, 1981, there has been a considerable increase in benefits under this program. This latest resolution established a fixed interest (rather than discount) rate of 40 percent, with interest payable semi-

37300 Federal Register / Vol. 46, No. 138 / Monday, July 20, 1981 / Notices

annually and the principal fully paya on the due date of the loan. The effective rate of interest for these loans is 44 percent. The comparable rate for discounting sales of accounts receivable is now 59.6 percent plus a 6.9 percent tax on financial transactions from which preferential loans remain exempt. Therefore, based upon the most current information available, we have estimated a potential benefit under this program of 4.5 percent *ad valorem* on future entries.

(2) *Income tax exemptions for export earnings* Under this program, the percentage of profit attributable to export revenue is exempt from income tax. To arrive at this percentage, export revenue is divided by total revenue. Because the Brazilian government counts IPI credits as revenue for tax purposes, the amount of IPI credits earned during 1979 is incorporated into both export and total revenue figures.

Despite the elimination of IPI credits on December 7, 1979, all such credits earned prior to that date were counted among export and total revenues for 1979. This procedure inflated export revenues as a percentage of total revenues and consequently raised the percentage of profit exempt from income taxes. On a weighted-average basis for both firms, the net value of the program is 0.16 percent *ad valorem*.

Verification

Department officials verified the information relied upon in reaching this preliminary determination through examination of government and company documents and discussions with officials of the Government of Brazil. Examples of the type of documents examined include official announcements of government programs, income tax returns, financial statements of firms, loan applications and certificates of eligibility for preferential loans received by the firms.

Preliminary Results of the Review

As a result of our calculations, we preliminarily determine that the aggregate net subsidy conferred by the Government of Brazil on the export of certain castor oil products is 2.71 percent of the f.o.b. invoice price.

The Department intends to instruct the Customs Service to assess countervailing duties of 2.71 percent of the f.o.b. invoice price on all unliquidated entries of certain castor oil products exported from Brazil during the period December 7, 1979, through December 31, 1979. All unliquidated entries exported from Brazil before December 7, 1979 shall be liquidated according to instructions in earlier **Federal Register** notices dated March 16, 1976 (41 FR 11018), July 3, 1979 (44 FR 38839), September 28, 1979 (44 FR 55825) and February 26, 1980 (45 Fr 12413).

Further, as required by section 751(a)(1) of the Tariff Act, a cash deposit of estimated countervailing duties of 4.66 percent of f.o.b. invoice price shall be required on all shipments entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of the present review. This requirement shall remain in effect until publication of the final results of the next administrative review.

Pending publication of the final results of the present review, a deposit of estimated duties of 1.0 percent of the f.o.b. invoice price shall continue to be required on each entry, or withdrawal from warehouse, for consumption of this merchandise, and liquidation shall continue to be suspended.

Interested parties may submit written comments within 30 days of the date of publication of this notice and may request disclosure and/or a hearing within 15 days of the date of publication. Any requests for an administrative protective order must be made within 5 days of the date of publication. The Department will publish the final results of this administrative review including the results of its analysis of any such comments or hearing.

This administrative review and notice are in accordance with section 751(a)(1) of the Traiff Act (19 U.S.C. 1675(a)(1)) and section 355.41 of the Commerce Regulations (19 CFR 355.41).

Gary N. Horlick,
Deputy Assistant Secretary for Import Administration.
July 14, 1981.

[FR Doc. 81-21061 Filed 7-17-81; 8:45 am]
BILLING CODE 3510-25-M

International Trade Administration

Certain Castor Oil Products From Brazil; Final Results of Administrative Review of Countervailing Duty Order

AGENCY: International Trade Administration, Commerce

ACTION: Notice of Final Results of Administrative Review of Countervailing Duty Order

SUMMARY: On July 20, 1981, the Department of Commerce published in **Federal Register** a notice of the preliminary results of its administrative review of the countervailing duty order on certain castor oil products from Brazil. The review is based upon information for the period January 1, 1979 through December 31, 1979. The notice stated that the Department had preliminarily determined the amount of the net subsidy to be 2.71 percent *ad valorem*. Interested parties were invited to comment on these preliminary results. Upon review and analysis of all comments received, the Department determines that countervailing duties in the amount of 1.72 percent *ad valorem* shall be assessed on all entries of this merchandise exported from December 7, 1979 through December 31, 1979. The Department further determines that a cash deposit of estimated countervailing duties of 2.53 percent *ad valorem* shall be required on all shipments entered, or withdrawn from warehouse, for consumption on or after the date of publication of these final results.

EFFECTIVE DATE: December 24, 1981.

FOR FURTHER INFORMATION CONTACT: Paul J. McGarr, Office of Compliance, Room 2802, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230 (202-377-1167).

SUPPLEMENTARY INFORMATION:

Procedural Background

On July 20, 1981, the Department of Commerce ("the Department") published in the **Federal Register** (46 FR 37296) a notice of "Preliminary Results of Administrative Review of Countervailing Duty Order" on certain castor oil products from Brazil (T.D. 76-80, 41 FR 11018). The Department has now completed that administrative review.

Scope of the Review

Imports covered by the review are hydrogenated castor oil and 12-hydroxystearic acid imported directly or indirectly from Brazil. These import are currently classifiable under items 178.20 and 490.26, respectively, of the Tariff Schedules of the United States.

There are three known exporters of this merchandise to the United States. The review is based on information from two of these exporters (representing 96% of exports) for the period January 1, 1979 through December 31, 1979, and is limited to the benefits received under programs for preferential financing for exports and income tax exemptions for export earnings.

Analysis of Comments Received

Interested parties were invited to comment on our preliminary results. The Department received comments only from the Brazilian government and one importer.

The Brazilian government submitted several comments pertaining to the Department's methodology for calculating the value of the net subsidy.

1. Comment: The Brazilian government argues that benefits derived from its program for income tax exemption on export earnings should be allocated over total revenues rather than export revenues. Under this program, exporters reveived an exemption from Brazilian income tax at the end of the fiscal year based on the ratio of export to total sales, provided, of course, that the firm has made an overall profit on total production. The Brazilian government argues that, because the determining factor in a firm's eligibility for this benefit is its overall profitability for a given year, the benefit accrues to the operations of the whole firm and not just to exports. Further, an exemption calculated on this basis cannot directly affect the price of the exported product; it can only have a general effect on all prices, both domestic and export. Thus, by allocating the benefits only to export revenues, the Department overstates the value of the subsidy, and allocating the tax savings over total revenues would more accurately reflect the true value of the benefit conferred.

Determination: When a firm must export to be eligible for benefits under a subsidy program and when the amount of the benefit received is tied directly or indirectly to the firm's level of exports, that program is an export subsidy. The fact that the firm as a whole must be profitable in order to benefit from this program does not detract from the program's basic function as an export subsidy. The possibility that a firm may not be profitable in a particular year and, due to this uncertainty, could not specifically apply benefits from this program to its export prices is not relevant to our determination. Therefore, the Department will continue to allocate the benefits under this program over the firm's export revenues instead of total revenues.

2. Comment: Under the income tax exemption program, the benefit from the tax savings earned during a particular tax year is not calculable by the firm until its books are closed, sometime during the following year, when the firm can determine with finality its income for tax year. Therefore, the numerator in the calculation of this benefit contained in the preliminary results, which ascribes the full value of the tax savings to the year in which it is earned, is incorrect. The Department should recognize this delay and choose as the appropriate numerator either the tax savings adjusted to reflect the loss in the value of the subsidy resulting from its deferred receipt, or alternatively, use the tax savings received during the review period (i.e., that earned during the previous year and calculated during the review period, when the company closed its books).

Determination: The Department agrees that we should use the tax savings received during the period under review. It is our general policy to allocate benefits over the period in which they are received. In the past, it has been our practice to consider benefits from any income tax-related subsidy program as received in the same year in which they were earned. In other words, tax benefits calculated on the basis of company performance in a given fiscal year were allocated over the same period. However, in light of the comments submitted by the Brazilian government, we now recognize that the period over which the benefits are earned is not necessarily coincident with the period in which the benefit is received and used by the firm. Therefore, in such situations of uncertain benefits, tax savings earned as a result of company performance in a given fiscal year will now be allocated over the fiscal year in which they are received.

Although this is entirely consistent with our policies and principles, it represents a change in our method of allocation of many income tax-related subsidies to one year or another. In those cases where an order is outstanding, this change in methodology will necessitate a transitional reallocation of benefits. For example, in the instant case, because the tax savings received during this period of review have already been countervailed as though they were received in the prior period of review, we will not countervail the same benefits again for entries during the current period of review. Benefits earned as a result of company performance during the current period of review will be allocated over exports for the next administrative review. Therefore, for the purpose of this annual review, the estimated duty deposit rate on future entries will include estimated benefits under this program based on the new method of calculation, but no countervailing duties will be actually assessed for this program for the period

for which benefits have already been countervailed.

With the adoption of the above procedure the alternate proposal, of adjusting the tax savings to reflect the loss in value of the subsidy resulting from its deferred receipt, becomes moot.

3. Comment: The Department overstates the benefit conferred by working-capital loans received through the preferential financing program by assuming that the entire interest savings from these short-term loans accrues during the review period in which the loans are granted, even if the loan occurs late in the period and can only affect those entries after the date of the loan. In allocating loans contracted for during the current period of review, the Department should prorate the benefit throughout the duration of a loan, to the extent that such loans extend into a subsequent period of review. Loans from an earlier period which extend into the time covered by the current review should be allocated on the same basis. The Department's current method anticipates the actual receipt of the benefit and does not fully allow for factors, such as increased or decreased exports, which will affect the ultimate *ad valorem* value of the benefits.

Determination: Normally, in a program such as this where access to preferential loans is based upon a fixed percentage of the previous year's exports, there would be little difference between the method the Department employed in its preliminary notice and that proposed by the Brazilian government. However, when each year there is substantial growth in the value of exports over the previous year, the administrative convenience of allocating the whole loan to the period of review in which it was granted can create a distortion and overstate the *ad valorem* value of the benefit. Consequently, the Department agrees with the Brazilian government and is adopting the method proposed.

4. Comment: The Department calculated the deposit rate of estimated countervailing duties for future entries based upon the maximum level of utilization possible under the preferential financing program rather than on the actual level of utilization during the period of review. By doing so, the Department makes the unrealistic assumptions that all loans made under this program have a duration of one full year and that there will be no growth in the value of exports over the previous year. This procedure fails to recognize that the causes for underutilization of the program during the period of review are inherent in the way the program operates and that the actual level of utilization during the review period is a reasonably accurate projection of future utilization.

Determination: The Department chose the method used in the preliminary results believing that the underutilization during the period of review was an anomaly. Thus, we departed from the normal procedure of calculating estimated duties by projecting forward results from the review period, because we believed that such rates would mislead importers and lead to unexpected future liability. We believed that the maximum level of utilization possible under this program would more accurately reflect the results of future reviews.

Upon re-examination of information from the original investigations in this and other Brazilian countervailing duty cases and using corrected information for one of the other pending annual reviews of these cases, we have discovered that the apparent underutilization of this program is not unusual. Consequently, we have determined to use the usual method of projecting results from the review period when calculating the estimated countervailing duty deposit rate.

5. Comment: The Department calculated the country-wide weighted-average net subsidy based upon each firm's share of the total exports to all countries. This is inappropriate since these firms do not export to the United States in the same proportion as their total exports.

Determination: The Department agrees and has adjusted its calculations accordingly.

6. We received a comment from an importer with respect to the Department's preliminary determination to assess countervailing duties at a rate significantly higher than the deposit rate in effect during the period of review. Specifically, since countervailing duties are designed to protect American industry, there is no need to raise the countervailing duty rate. The cost structure of American producers permits them to sell at a price that includes a comfortable profit even when meeting the prevailing import price for hydrogenated castor oil.

Determination: In conducting its section 751 review, the Department follows its legal obligation to determine the value of the net subsidy during the period of review. We are not bound by the deposit rate of estimated duties that prevailed during the period reviewed. The International Trade Commission ("the ITC") determines whether there is material injury or likelihood of material injury to a domestic industry. We note that the Department received notification from the ITC on July 22, 1981 that the Government of Brazil had requested an injury determination with respect to this merchandise under section 104(b) of the Trade Agreements Act of 1979.

Final Results of the Review

As a result of our analysis of the comments received, we determine that during the period of review the net subsidy under the income tax exemption program was 0.17 percent *ad valorem* and under the preferential financing program 1.72 percent *ad valorem*. However, in light of our determination in comment 2, the net subsidy conferred by the Government of Brazil on the export of certain castor oil products for purposes of this annual review is 1.72 percent *ad valorem*. With respect to the estimated duty deposit rate, by also taking into account the legal changes in the preferential financing program discussed in our notice of preliminary results of review, we have determined the appropriate rate for deposit of estimated duties to be 2.53 percent *ad valorem* on future entries.

The U.S. Customs Service shall assess countervailing duties of 1.72 percent of the f.o.b. invoice price on all unliquidated entries of certain castor oil products exported from Brazil during the period December 7, 1979 through December 31, 1979. All unliquidated entries exported from Brazil before December 7, 1979 shall be liquidated according to instructions in earlier **Federal Register** notices dated March 18, 1976 (41 FR 11018), July 3, 1979 (44 FR 38839), September 28, 1979 (44 FR 55825) and February 26, 1980 (45 FR 12413).

Further, as provided by section 751(a)(1) of the Tariff Act of 1930 ("the Tariff Act"), the Customs Service shall collect a cash deposit of estimated countervailing duties of 2.53 percent of the f.o.b. invoice price on all shipments entered, or withdrawn from warehouse, for consumption on or after the date of publication of these final results.

This deposit requirement will remain in effect until publication of the final results of the next administrative review. The Department intends to conduct the next review by the end of March, 1982. The amount of countervailing duties to be imposed on entries made during 1980 will be determined in the next administrative review. Consequently, the suspension of liquidation previously ordered will continue for all shipments exported from Brazil on or after January 1, 1980.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(a)(1))

and § 355.41 of the Commerce Regulations (19 CFR 355.41).

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

December 21, 1981.

[FR Doc. 81-36829 Filed 12-23-81; 8:45 am]

BILLING CODE 3510-25-M

DEPARTMENT OF COMMERCE

International Trade Administration

Certain Castor Oil Products From Brazil; Preliminary Results of Administrative Review of Countervailing Duty Order

AGENCY: International Trade Administration, Commerce.

ACTION: Notice of Preliminary Results of Administrative Review of Countervailing Duty Order.

The Department of Commerce has conducted an administrative review of the countervailing duty order on certain castor oil products from Brazil. The review covers the period January 1, 1980, through December 31, 1980. As a result of the review, the Department has preliminarily determined the net subsidy to be 2.22 percent *ad valorem*. Interested parties are invited to comment on these preliminary results.

EFFECTIVE DATE: May 16, 1983.

FOR FURTHER INFORMATION CONTACT: Lorenza Olivas or Edward Haley, Office of Compliance, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230; telephone: (202) 377-2786.

SUPPLEMENTARY INFORMATION:

Background

On December 24, 1980, the Department of Commerce ("the Department") published in the Federal Register (45 FR 62487) the final results of its last administrative review of the countervailing duty order on certain castor oil products from Brazil (42 FR 8634, March 16, 1976) and announced its intent to conduct the next administrative review. As required by section 751 of the Tariff Act of 1930 ("the Tariff Act"), the Department has now conducted that administrative review.

Scope of the Review

Imports covered by the review are hydrogenated castor oil and 12-hydroxystearic acid, imported directly or indirectly from Brazil. Such imports are currently classifiable under items 178.2000, 490.2650 and 490.2670 of the

PDF Creator Trial www.pdfcompliance.com

Tariff Schedules of the United States Annotated.

The review covers the period January 1, 1980 through December 31, 1980 and three programs found countervailable in the original investigation: preferential financing for exports, income tax exemptions for export earnings, and an export credit premium for the Industrial Products Tax ("IPI").

There are two known exporters of this merchandise to the United States, Ceralit A.A. Industria E Comercio and Sociedade Algodoeira Do Nordeste Brasil, S.A. ("(Sanbra").

Analysis of Programs

(1) *Preferential Financing for Exports.* Under this program companies are declared eligible by the Department of Foreign Commerce of the Banco Central do Brasil ("CACEX") to receive working capital loans at preferential rates. These loans have a duration of up to one year. Each firm producing castor oil products can obtain preferential financing for up to 20 percent of the value of its previous year's exports.

We calculated the subsidy under this program by multiplying the value of loans outstanding under the program during the period by the differential between the commercial interest rate and the preferential interest rate for each loan. For loans granted prior to the period, only that portion extending past January 1, 1980 was included in our calculation. We similarly prorated loans extending past December 31, 1980.

The commercial rate for short-term working capital is the rate established by the Banco do Brasil for discounting sales of accounts receivable. We chose this as the benchmark rate because information provided by the Government of Brazil indicates that working capital in normally raised within the Brazilian financial system through the sales of accounts receivable. The commercial rate includes tax on financial transactions, from which loans under the preferential financing program are exempt, and varied from 25.08 to 37.98 percent during the period April 23, 1979 to December 31, 1980.

During 1980, Ceralit and Sanbra had loans outstanding under Resolutions 515 (effective February 8, 1979) and 602 (effective March 5, 1980) of the Banco Central do Brasil. The effective annual rate for loans granted under these resolutions ranged from 8.70 percent to 26.39 percent and the differential between the commercial and preferential rates ranged from 16.33 percent to 11.59 percent. We calculated the benefit conferred by the program for 1980 to be 2.09 percent *ad valorem.*

With the publication of successor Resolution 674, effective January 22, 1981, there was an increase in potential benefits under the program. The effective rate of interest for loans under this resolution is 44 percent. The comparable rate for discounting sales of accounts receivable is now 72 percent plus a 4.60 percent tax on financial transactions. The differential is 32.60 percent.

To estimate the potential benefit and cash deposit of estimated countervailing duties for this program, we summed the prorated value of loans outstanding during 1980 and found an actual use rate of 16.80 percent. We then multiplied the current 32.60 percent differential between the benchmark commercial and preferential interest rates by the loan use rate to fine a potential benefit under this program of 5.48 percent *ad valorem.*

(2) *Income Tax Exemptions for Export Earnings.* Exporters of certain castor oil products are eligible under this program for exemption from income tax of the percentage of profit attributable to export revenue. The Brazilian government calculates the tax-exempt fraction of profit as the ratio of export revenue to total revenue. The benefit equals the product of the amount of tax-exempt profit and the prevailing 35 percent corporate income tax rate. We therefore preliminarily determine the benefit from this program to be 0.13 percent *ad valorem* for 1980.

(3) *IPI Export Credit Premium.* The Brazilian government eliminated the IPI export credit premium on December 7, 1979, but reinstated it on April 1, 1981. As a result, this program provided no benefit during the review period. Currently, the Government of Brazil collects a tax on exports of certain castor oil products to the United States which fully offsets the benefit received under this program. Therefore, for purposes of the cash deposit of estimated countervailing duties, the potential subsidy under this program is zero percent.

Preliminary Results of the Review

As a result of our review, we preliminarily determine that the net subsidy conferred during 1980 is 2.22 percent *ad valorem.* Accordingly, the Department intends to instruct the Customs Service to assess countervailing duties of 2.22 percent of the f.o.b. invoice price on all shipments of certain Brazilian castor oil products exported on or after January 1, 1980 and on or before December 31, 1980.

Further, as provided by section 751(a)(1) of the Tariff Act, we intend to instruct the Customs Service to collect a cash deposit of estimated countervailing duties of 5.61 percent of the f.o.b. invoice price on all shipments of this merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of the current review. This deposit requirement shall remain in effect until publication of the final results of the next administrative review.

Interested parties may submit written comments on these preliminary results within 30 days of the date of publication of this notice and may request disclosure and/or a hearing within 10 days of the date of publication. Any hearing, if requested, will be held 45 days after the date of publication or the first workday thereafter. Any request for an administrative protective order must be made no later than 5 days after the date of publication. The Department will publish the final results of this administrative review including the results of its analysis of issues raised in such written comments or at a hearing.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(a)(1)) and § 355.41 of the Commerce Regulations (19 CFR 355.41).

Dated: May 7, 1983.

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 83-13041 Filed 5-13-83; 8:45 am]

BILLING CODE 3510-25-M

[C-351-037]

Certain Castor Oil Products From Brazil; Final Results of Administrative Review of Countervailing Duty Order

AGENCY: International Trade Administration.

ACTION: Notice of final results of Administrative review of countervailing duty order.

SUMMARY: On May 16, 1983, the Department of Commerce published the preliminary results of its administrative review of the countervailing duty order on certian castor oil products from Brazil. The review covers the period January 1, 1980 through December 31, 1980. The notice stated that the Department had preliminarily determined the net subsidy for 1980 to be 2.22 percent *ad valorem*.

We gave interested parties an opportunity to comment on the preliminary results. After review of all timely comments received, the final assessment rates are the same as those presented in the preliminary results.

EFFECTIVE DATE: September 8, 1983.

FOR FURTHER INFORMATION CONTACT: Lorenza Olivas or Brian Kelly, Office of Compliance, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230; telephone: (202) 377-2786.

SUPPLEMENTARY INFORMATION:

Background

On May 16, 1983, the Department of Commerce ("the Department") published in the Federal Register (48 FR 21982) the preliminary results of its administrative review of the countervailing duty order on certian castor oil products from Brazil (42 FR 8634, March 16, 1976). The Department has now completed that Administrative review, in accordance with section 751(a)(1) of the Tariff Act of 1930 ("the Tariff Act")

Scope of the Review

Imports covered by the review are shipments of Brazilian hydrogenated castor oil products and 12-hydroxystearic acid. Such merchandise is currently classifiable under items 178.2000, 490.2650 and 490.2670 of the Tariff Schedules of the United States Annotated.

The review covers the period January 1, 1980 through December 31, 1980, and three programs: preferential financing for exports, income tax exemptions for export earnings, and an export credit premium for the Industrial Products Tax ("IPI").

Analysis of Comments Received

We gave interested parties an opportunity to comment on the preliminary results. We received timely comments from the Government of Brazil.

Comment 1: The Government of Brazil argues that the Department has overstated the benefit from the income tax exemption for export earnings. Brazilian federal tax laws permit corporations to invest 26 percent of taxes owed in certain specified corporations. The Brazilian government claims that this provision results in an effective reduction of the corporate income tax rate, which directly diminishes the benefit from the income tax exemption.

Department's Position: We disagree. As a threshold matter, we could only consider an adjustment if those other tax provisions result in a diminshed benefit. In this case, the amount a company invests does not diminish the amount of the tax exemption available for export revenue. Therefore, no offset is appropriate. *See also,* notice of "Suspension of Investigation" of frozen concentrated orange juice from Brazil (48 FR 8839, March 2, 1983).

Comment 2: The Government of Brazil claims that benefits derived from the income tax exemption for export earnings should be allocated over total revenue rather than export revenue. Under this program, a Brazilian exporter receives an exemption from income tax liabilities at the end of the fiscal year based upon the ratio of export to total revenue, provided that the firm has made an overall profit. The Brazilian government argues that, because the determining factor in a firm's eligibility for this benefit is its overall profitability for a given year, the benefit accrues to the operations of the whole firm and not just to exports. Further, an exemption from an income tax calculated on this basis cannot directly affect the price of the exported product alone; it must have a general effect on all prices, both domestic and export. Thus, by allocating the benefits only to export revenue, the Department overstates the value of the subsidy.

Department's Position: The Government of Brazil has made this

PDF Created with deskPDF PDF Writer - Trial :: www.docudesk.com

argument before in section 751 administrative reviews of countervailing duty orders on other Brazilian products. *See, e.g.*, notice of "Final Results of Administrative Review" of certain scissors and shears from Brazil (47 FR 10266, March 10, 1982). In those reviews we responded that, when a firm must export to be eligible for benefits under a subsidy program and when the amount of the benefit received is tied directly or indirectly to the firm's level of exports, that program is an export subsidy. The fact that the firm as a whole must be profitable to benefit from this program does not detract from the program's basic function as an export subsidy. Therefore, the Department will continue to allocate the benefits under this program over export revenue instead of total revenue.

Comment 3: The Government of Brazil claims that, in calculating the interest differential under the program of preferential financing for exports, the exemption of loans received under Resolution 674 from the tax on financial transactions ("the IOF") should not be considered. The IOF is an indirect tax on the financing used for the purchase of physically incorporated inputs. For the Department to determine the interest rate subsidy on preferential loans by considering the IOF tax an integral part of the commercially-available rate (*i.e.*, considering exemption from the tax a subsidy) is contrary to the GATT and U.S. law, both of which permit non-excessive rebate of indirect taxes.

Department's Position: We have addressed this issue in other countervailing duty cases on Brazilian products. *See, e.g.*, notice of "Final Affirmative Countervailing Duty Determination" for prestressed concrete steel wire strand from Brazil (48 FR 4316, February 1, 1983). In those determinations we stated that although the IOF is an indirect tax paid on financial transactions, including the discounting of accounts receivable, we do not consider this fact relevent. Since we consider the discounting of cruzeiro-denominated accounts receivable as the commercial alternative to Resolution 674 loans, it is appropriate that we include the exemption of Resolution 674 loans from the IOF as part of the measurement of the full benefit provided under this program.

Comment 4: The Government of Brazil argues that benefits from the preferential financing are realized by a borrower at the time loans are repaid. Consequently, the Department should calculate the net subsidy based upon the date of repayment of such loans, similar to the Department's treatment of long-term loans, rather than prorate the benefit over the duration of the loans.

Department's Position: In the notice of final results of review of the countervailing duty order on certain scissors and shears from Brazil, we noted that the Government of Brazil argued for the allocation of benefits from these loans throughout the life of the loans rather than for assignment to the period in which the loan was received. We agreed with their argument and prorated the benefits throughout the life of the loan. We believe this to be a reasonable method for allocating these benefits and do not believe that the Government of Brazil has demonstrated that their current approach is more reasonable than their past approach.

Final Results of the Review

After consideration of the timely comments, we determine that aggregate net subsidy to be 2.22 percent *ad valorem* for the period January 1, 1980 through December 31, 1980. The Department will instruct the Customs Service to assess countervailing duties of 2.22 percent of the f.o.b. invoice price on any shipments of the merchandise exported on or after January 1, 1980 and on or before December 31, 1980.

On February 21, 1983, the Government of Brazil reduced the maximum eligibility for preferential financing under Resolution 674 from 20 percent of the previous year's exports to 15 percent, which is lower than the average usage rate of 16.38 percent. Effective January 3, 1983, the Banco do Brasil increased its discount rate to 72 percent. In addition, the Government of Brazil increased the effective preferential interest rate for export financing from 44 percent to 69 percent and lowered the IOF from 4.50 percent to 1.50 percent on June 10, 1983 (Resolutions 832 and 830, respectively). Adding the 1.50 percent IOF to the 72 percent rate for discounting accounts receivable, the adjusted benchmark commercial interest rate is 73.50 percent. As a result, the differential between the commercial benchmark rate and the preferential interest rate is 4.50 percent. Using the adjusted interest differential and assuming, in the absence of knowledge of current usage levels, that Brazilian producers of certain castor oil products borrow the maximum amount to which they are legally entitled since February 21, 1983, we find the potential benefit under the preferential financing for export program to be 0.69 percent rather than 5.48 percent as presented in our preliminary results.

Therefore, as provided by section 751(a)(1) of the Tariff Act, the Department will instruct the Customs Service to collect a cash deposit of estimated countervailing duties of 0.82 percent of the entered value on any shipments of this merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice. This deposit requirement shall remain in effect until publication of the final results of the next administrative review. The Department now intends to conduct the next administrative review.

The Department encourages interested parties to review the public record and submit applications for protective orders as early as possible after the Department's receipt of the requested information.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(a)(1)) and § 355.41 of the Commerce Regulations (19 CFR 355.41).

Dated: August 31, 1983.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 83–24511 Filed 9–7–83: 8:45 am]

BILLING CODE 3510–25–M

49320 Federal Register / Vol. 48, No. 207 / Tuesday, October 25, 1983 / Notices

DEPARTMENT OF COMMERCE

International Trade Administration

[C-351-029]

Certain Castor Oil Products From Brazil; Preliminary Results of Administrative Review of Countervailing Duty Order

AGENCY: International Trade Administration, Commerce.

ACTION: Notice of preliminary results of administrative review of countervailing duty order.

SUMMARY: The Department of Commerce has conducted an administrative review of the countervailing duty order on certain castor oil products from Brazil. The review covers the period January 1, 1981 through December 31, 1981.

As a result of the reviews, the Department has preliminarily determined the aggregate net subsidy for the period to be 3.75 percent *ad valorem*. Interested parties are invited to comment on these preliminary results.

EFFECTIVE DATE: October 25, 1983.

FOR FURTHER INFORMATION CONTACT: Peggy Clarke or Brian Kelly, Office of Compliance, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230; telephone: (202) 377-2786.

SUPPLEMENTARY INFORMATION:

Background

On September 8, 1983, the Department of Commerce ("the Department") published in the Federal Register (48 FR 40534) the final results of its last administrative review of the countervailing duty order on certain castor oil products from Brazil (42 FR 8634, March 16, 1976) and announced its intent to conduct the next review. As required by section 751(a)(1) of the Tariff Act of 1930 ("the Tariff Act"), the Department has now conducted that administrative review.

PDF Creator 6 Trial www.nuance.com

Scope of the Review

Imports covered by the review are shipments of Brazilian hydrogenated castor oil and 12-hydroxystearic acid. Such merchandise is currently classifiable under items 178.2000, 490.2650, and 490.2670 of the Tariff Schedules of the United States Annotated.

The review covers the period January 1, 1981 through December 31, 1981 and ten programs: (1) Preferential financing for exports; (2) income tax exemptions for export earnings; (3) the export credit premium for the Industrial Products Tax ("IPI"); (4) preferential export financing under CIC-CREGE 14-11; (5) accelerated depreciation for capital goods manufactured in Brazil; (6) fiscal benefits for special export programs; (7) tax reductions on equipment used in export promotion ("CIEX"); (8) preferential export financing under Resolution 68 ("FINEX"); (9) incentives for trading companies (Resolution 643); and (10) partially-indexed long-term loans.

Analysis of Programs

(1) Preferential Financing for Exports

Under this program, the Department of Foreign Commerce of the Banco Central do Brasil ("CACEX") declares companies eligible to receive working capital loans at preferential rates. These loans have a duration of up to one year. During the period of review, each firm producing castor oil products could obtain preferential financing for up to 20 percent of the value of its previous year's exports.

We calculated the subsidy under this program by multiplying the principal outstanding under the program during 1981 by the differential between the commercial interest rate and the preferential interest rate for each loan. For loans granted prior to the period, we included only that portion extending past January 1, 1981 in our calculation. We similarly prorated loans extending past December 31, 1981.

The commercial rate for short term working capital is the rate established by the Banco do Brasil for discounting sales of accounts receivable. We chose this as the benchmark rate because information provided by the Government of Brazil indicates that working capital is normally raised within the Brazilian financial system through the sale of accounts receivable. The commercial rate includes the tax on financial transactions ("the IOF"), from which loans under the preferential program are exempt; the rate varied from 37.98 percent to 66.50 percent during the period April 28, 1980 through December 31, 1981.

During 1981, Brasway S.A. Industria e Commercio ("Brasway") and Sociedade Algodocira do Nordeste do Brasil ("Sanbra"), the two companies covered by this review, had loans outstanding under Resolutions 602 (effective March 5, 1980) and 674 (effective Janaury 22, 1981) of the Banco Central do Brasil. The effective annual rate for loans granted under these resolutions ranged from 26.39 percent to 44 percent and the differential between the commercial and preferential rates therefore ranged from 11.60 percent to 22.50 percent. We calculated the benefit conferred by the program for 1981 to be 1.58 percent *ad valorem.*

On February 21, 1983, the Government of Brazil reduced the maximum eligibility for preferential financing under Resolution 674 from 20 percent of the previous year's exports to 15 percent. Effective January 3, 1983, the Banco do Brasil increased its discount rate to 72 percent. In addition, the Government of Brazil increased the effective preferential interest rate for export financing from 44 percent to 69 percent and lowered the IOF from 4.50 percent to 1.50 percent on June 10, 1983 (Resolution 832 and 830), respectively). Adding the 1.50 percent IOF to the 72 percent rate for discounting accounts receivable, the adjusted benchmark commercial interest rate is 73.50 percent. As a result, the differential between the commercial benchmark rate and the preferential interest rate is 4.50 percent.

To estimate the potential benefit and cash deposit of estimated countervailing duties for this program, we summed the prorated value of loans outstanding during 1981, and found a weighted average use rate of 7.95 percent. This rate is lower than the reduced annual amount manufacturers can borrow. We then multiplied the current 4.50 percent interest rate differential by the weighted average loan use rate to find a potential benefit under this program of 0.36 percent *ad valorem.*

(2) Income Tax Exemption for Export Earnings

Exporters of certain castor oil products are eligible under this program for exemption from income tax of the percentage of profit attributable to export revenue. The Brazilian government calculates the tax-exempt fraction of profit as the ratio of export revenue to total revenue. The benefit equals the product of the amount of tax-exempt profit and the prevailing 35 percent corporate income tax rate. We preliminarily determine the benefit from this program to be 0.02 percent *ad valorem* for 1981.

(3) IPI Export Credit Premium

Exports of certain castor oil products are eligible for the maximum IPI export credit premium. A percentage of the f.o.b. invoice price of the exported merchandise is reimbursed in cash to exporters through the bank involved in the export transaction. The Brazilian government eliminated the IPI export credit premium on December 7, 1979, but reinstated it on April 1, 1981.

Since June 26, 1981, the Brazilian government has been collecting an export tax on exports of castor oil products to the U.S. (Resolution 699), completely offsetting the benefit received under this program. Therefore, castor oil exporters received a benefit under this program for three months during 1981. We divided the value of IPI credits received during that period by 1981 exports and found an *ad valorem* benefit of 2.13 percent. Currently, the tax collected on exports of castor oil to the U.S. continues to fully offset the benefit received under this program. Therefore, for purposes of the cash deposit of estimated countervailing duties, the potential subsidy under this program is zero percent.

(4) Preferential Export Financing Under CIC-GREGE 14-1

CIC-GREGE 14-11 is a program operated by the Banco do Brasil that provides preferential financing to exporters, who are then required to maintain a minimum fixed level of foreign exchange contracts with the Banco do Brasil. Exporters of castor oil products participated in this program in 1981.

To calculate the amount of benefit conferred under the program, we multiplied the prorated principal outstanding during 1981 of each loan by the differential between the commercial and preferential interest rates on each loan. Using the preferential rate for each loan (provided by the Brazilian government) and again using the rate for discounting accounts receivable as the commercial rate, we found that the differential between the commercial and preferential rates ranged from 6.98 to 11.50 percent. We preliminarily determine the benefit conferred by the program to be 0.02 percent *ad valorem.*

(5) Accelerated Depreciation for Capital Goods Manufactured in Brazil

This program allows companies that purchase Brazilian-made capital equipment as part of an approved expansion project to depreciate this

equipment at twice the rate normally permitted under Brazilian federal tax laws. The benefit of such a program is reduced taxable income and a subsequent reduction in tax liabilities. Sanbra used this program for the 1980 tax year. We determined the amount by which depreciation under this program exceeded normal depreciation. Sanbra had a loss, not accounted for by the accelerated depreciation, and paid no taxes during 1981. Therefore, we preliminarily determine the benefit conferred by this program to be zero percent.

We believe this program also affects the tax loss carry-forward provided for in Brazilian tax law. By increasing the total loss for the year, it would increase the amount available for carry-forward and thus reduce future tax liability. The benefit from this would be the difference between the loss with normal depreciation and with the accelerated depreciation, realized in future profitable years. We preliminarily determine that this would not affect the benefit for 1981.

(6) Other Programs

We also examined the following programs and preliminarily find that exporters of castor oil products did not use them during 1981.

A. Fiscal Benefits for Special Export Programs ("BEFIEX")
B. Tax Reductions on Equipment Used in Export Production ("CIEX")
C. Preferential Export Financing Under Resolution 68 of the National Council for Foreign Commerce ("FINEX")
D. Incentives for Trading Companies (Resolution 643)
E. Partially-Indexed Long-Term Loans

Preliminary Results of the Review

As a result of the review, we preliminarily determine the aggregate net subsidy to be 3.75 percent *ad valorem* for the period of review. The Department intends to instruct the Customs Service to assess countervailing duties of 3.75 percent of the f.o.b. invoice price on any shipments exported on or after January 1, 1981 and entered, or withdrawn from warehouse, for consumption on or before August 2, 1981.

On August 3, 1981, the International Trade Commission ("the ITC") notified the Department that the Brazilian government had requested an injury determination for this order under section 104(b) of the Trade Agreements Act of 1979. Should the ITC find that there is material injury or threat of material injury to an industry in the United States, the Department will instruct the Customs Service to assess countervailing duties in the amount of the estimated duties required to be deposited on all unliquidated entries of this merchandise entered, or withdrawn from warehouse, for consumption on or after August 3, 1981, and through the date of the ITC's notification to the Department of its determination.

Because of the changes in these programs described above, we preliminarily determine the potential subsidy, for purposes of the cash deposit of estimated countervailing duties, to be 0.40 percent. The Department considers any rate less than 0.50 percent *ad valorem* to be *de minimis*.

As provided by section 751(a)(1) of the Tariff Act, the Department intends to instruct the Customs Service to waive cash deposits of estimated countervailing duties on all shipments of certain Brazilian castor oil products entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this administrative review. This deposit waiver shall remain in effect until publication of the final results of the next administrative review.

Interested parties may submit written comments on these preliminary results within 30 days of the date of publication of this notice and may request disclosure and/or a hearing within 10 days of the date of publication. Any hearing, if requested, will be held 45 days after the date of publication or the first workday thereafter. Any request for an administrative protective order must be made no later than 5 days after the date of publication. The Department will publish the final results of this administrative review including the results of its analysis of issues raised in such written comments or at a hearing.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(a)(1)) and § 355.41 of the Commerce Regulations (19 CFR 355.41).

Dated: October 18, 1983.

Alan F. Holmer,

Deputy Assistant Secretary, Import Administration.

[FR Doc. 83-28929 Filed 10-24-83; 8:45 am]

BILLING CODE 3510-25-M

PDFCompressor trial www.cvision.com

APPENDIX H

LETTERS TO COMMISSION FROM CASCHEM ON CASCHEM'S FINANCIAL DATA

PDF Create! 6 Trial
www.nuance.com

* * * * * * *

PDF Create! 6 Trial www.nuance.com

CasChem

CasChem, Inc.
40 Avenue A
Bayonne, NJ 07002
(201) 858-7900

November 28, 1983

Mr. William I. Schechter
Investigator
Office of Operations
U.S. Int'l Trade Commission
701 E Street, N.W.
Washington, D.C. 20436

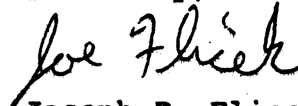
Dear Bill:

RE: Producer's Questionnaire
Certain Castor Oil Products from Brazil

CasChem's financial data submitted previously is complete based on existing financial records.

CasChem purchased the business on December 7, 1981. Prior records are with N.L. Industries. CasChem produces over 250 different products and does not have financial statements on a product basis.

Sincerely,



Joseph R. Flicek
Manager
Financial Analysis

JRF/dd

PDF Created 6 Trial
www.nuance.com

PDF Create! 6 Trial
www.nuance.com

APPENDIX I

U.S. DEPARTMENT OF STATE TELEGRAMS

PDF Create! 6 Trial
www.nuance.com

*   *   *   *   *   *   *

PDF Create! 6 Trial www.nuance.com

PDF Create! 6 Trial
www.nuance.com