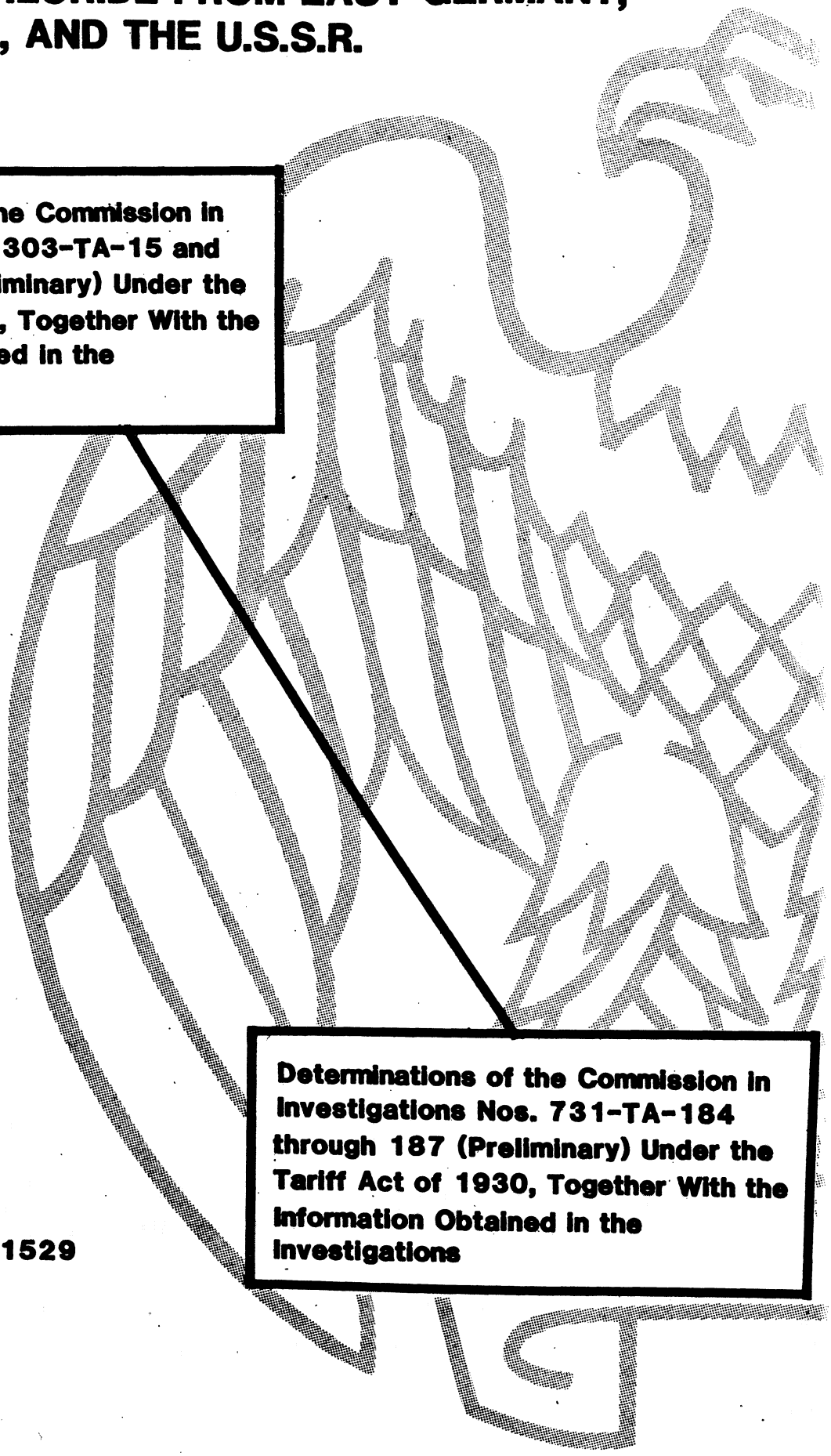
POTASSIUM CHLORIDE FROM EAST GERMANY, ISRAEL, SPAIN, AND THE U.S.S.R.

Determinations of the Commission in Investigations Nos. 303-TA-15 and 701-TA-213 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations



Determinations of the Commission in Investigations Nos. 731-TA-184 through 187 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigations Nos. 303-TA-15, 701-TA-213 and
731-TA-184 through 187 (Preliminary)

POTASSIUM CHLORIDE FROM EAST GERMANY,, ISRAEL,
SPAIN, and the U.S.S.R.

Determinations

On the basis of the record 1/ developed in investigation No. 303-TA-15 (Preliminary), the Commission determines, 2/ pursuant to section 303(a) of the Tariff Act of 1930 (19 U.S.C. 1303), that there is a reasonable indication that an industry in the United States is materially injured or is threatened with material injury, by reason of imports from Israel of potassium chloride, provided for in item 480.50 of the Tariff Schedules of the United States (TSUS), upon which bounties or grants are alleged to be paid. 3/

In addition, on the basis of the record 1/ developed in investigation No. 701-TA-213 (Preliminary), the Commission determines, 2/ pursuant to section 701(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)), that there is a reasonable indication than an industry in the United States is materially injured or is threatened with material injury, by reason of imports from Spain of potassium chloride, provided for in item 480.50 of the TSUS, upon which bounties or grants are alleged to be paid. 3/

In addition, on the basis of the record 1/ developed in investigations Nos. 731-TA-184 through 187 (Preliminary), the Commission determines, 2/ pursuant to section 733(a) of the Tariff Act of 1930, (19 U.S.C. 1673b(a)), that there is a reasonable indication that an industry in the United States is

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1/ The record is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(i)).

2/ Commissioners Liebeler and Stern not participating.

3/ Commissioner Haggart determines that there is a reasonable indication of material injury and therefore does not reach the issue of reasonable indication of threat of material injury.

materially injured or is threatened with material injury by reason of imports from East Germany, Israel, Spain, and the U.S.S.R. of potassium chloride, provided for in item 480.50 of the TSUS, which are alleged to be sold in the United States at less than fair value (LTFV). 3/

Background

On March 30, 1984, counsel for AMAX Chemical Co., Inc. and Kerr-McGee Chemical Co. filed petitions with the U.S. International Trade Commission and the U.S. Department of Commerce alleging that an industry in the United States is materially injured, and is threatened with material injury, by reason of imports of potassium chloride from East Germany, Israel, Spain, and the U.S.S.R. which are allegedly being sold at LTFV and imports of potassium chloride from Israel and Spain upon which bounties or grants are alleged to be paid. Accordingly, the Commission instituted preliminary investigations under the Tariff Act of 1930.

Notice of the institution of the Commission's investigations and of a conference to be held in connection therewith 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 April 6, 1984 (49 F.R. 13753). The conference was held in Washington, D.C. on April 24, 1984, and all persons who requested the opportunity were permitted to appear in person or by counsel.

3/ Commissioner Haggart determines that there is a reasonable indication of material injury and therefore does not reach the issue of reasonable indication of threat of material injury.

VIEWS OF THE COMMISSION

These views present the reasons supporting the affirmative determinations of the Commission in these six preliminary investigations involving potassium chloride imports from four countries. On the basis of the record developed in these investigations, the Commission determines that there is a reasonable indication of material injury to the domestic industry by reason of such allegedly unfairly traded imports of potassium chloride from East Germany, Israel, Spain, and the U.S.S.R. 1/ 2/

The domestic industry

The statutory framework under which the Commission conducts antidumping and countervailing duty investigations requires it first to determine the domestic industry against which to assess the impact of allegedly unfair imports. Section 771(4)(A) of the Tariff Act of 1930 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 in turn defined as "a product which is like, or in the absence of like, most similar in characteristics and uses with the article subject to an investigation. . . ." 4/

1/ Commissioners Stern and Liebeler did not participate in these determinations.

2/ The Commission has reached its determinations on a case-by-case basis. Should these investigations return for final determinations, we do not preclude the possibility of cumulation should circumstances warrant. Chairman Eckes and Commissioner Haggart refer to their views in Certain Carbon Steel Products from Spain, Invs. Nos. 701-TA-155, 157-60, and 162 (Final), USITC Pub. No. 1331 at 12-25 (1982). Commissioner Haggart also refers to her additional views in those investigations. Id. at 26-40.

3/ 19 U.S.C. § 1677(4)(A).

4/ 19 U.S.C. § 1677(10).

The imported product in these investigations is potassium chloride (KCl), also known as muriate of potash. Potassium chloride is a chemical compound that is extracted and purified from mineral deposits. It is the chief source of potassium fertilizer applied to fields in the United States. 5/

Potassium chloride is refined into a number of grades, the major grades being granular, coarse, standard, and soluble. 6/ The granular, coarse and standard grades are approximately 95 percent pure, and differ from one another only in particle size. They are suitable for blending with other fertilizers. 7/ The soluble grade is approximately 98 percent pure, containing less iron clays than the other three, and is thus suitable for use in liquid fertilizer, where the presence of impurities tends to clog the machinery used to spray fields. There is also production of a small amount of chemical grade, which is even more highly refined; it is used in the manufacture of chemicals for use primarily in the chemical and ceramic industries. 8/ East Germany, Israel, and the U.S.S.R. export standard and granular grades of potassium chloride to the United States; potassium chloride from Spain is all standard grade. 9/ The majority of potassium chloride imported from East Germany, Israel, and Spain is sold in 14 states in the

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5/ Approximately 94 percent of the potassium chloride consumed in the United States is used as fertilizer, either blended with other fertilizers, or directly applied. Commission Report in Investigations Nos. 303-TA-15, 701-TA-213, and 731-TA-184-187 (Preliminary), at A-2 (hereinafter "Report"). The remaining six percent is used to make chemical compounds essential in the manufacture of glass, matches, soap, medicines, detergents, insecticides, chinaware, solid rocket fuel, and animal feed. Id.

6/ Report at A-2.

7/ In order to ensure a homogeneous mixture of solid fertilizers, particles of nearly equal size must be blended together. Report at A-2.

8/ See Report at A-3 for U.S. consumption of potassium chloride by uses.

9/ Report at A-3.

southeastern United States. 10/ Approximately one-half of the imports of potassium chloride from the U.S.S.R. are sold in that region. 11/

The domestically produced grades are identical to the comparable imported grades under investigation. 12/ Imported and domestically produced potassium chloride, regardless of grade, have the same chemical formula. The distinctions between grades are based on particle size and the presence of impurities such as iron in the particles. All the different grades of potassium chloride are produced from the same basic stock using the same basic production process, although mining and production processes may differ from location to location, depending in part on the nature of the mineral deposit. 13/ 14/

Based on the foregoing reasons, we conclude that the like product in these investigations is potassium chloride, and that the appropriate domestic industry is composed of all domestic producers of potassium chloride. 15/ The industry consists of eight producers operating nine facilities in the United States. 16/ More than 80 percent of U.S. production occurs in the Carlsbad, New Mexico area. 17/

10/ Report at A-22.
11/ Id.
12/ Report at A-3.
13/ See Report at A-3 - A-5 for a description of the production process.
14/ Report at A-24 - A-29. The nutrient content of potassium chloride is expressed in terms of units of K_2O, potassium oxide, and the product is frequently priced on the basis of its nutrient content, i.e. in terms of dollars per unit of K_2O. See Bureau of Mines, U.S. Department of the Interior, Potash, Bureau of Mines Minerals Yearbook (1982 Preprint), Appendix B to Petitions, at 1, 11. See also, Kerr-McGee Price Schedule, Exhibit 12 to Spanish Respondents Post-Conference Memorandum. All potassium chloride sold in the United States must be at least 60 percent K_2O. Transcript at 62.
15/ See Potassium Chloride from Canada, Inv. No. 751-TA-3, USITC Pub. No. 1137 (1981). No party has argued in favor of, and nothing in the record warrants, reaching a different conclusion in these investigations.
16/ For the names of the eight producers and the type and location of each operation, see Report at A-6, Table 3.
17/ Report at A-4.

Conditions of trade

Our causation analysis in these investigations reflects the congressional mandate that we "focus on the conditions of trade, competition, and development regarding the industry concerned." 18/ Among the conditions of trade which we deem relevant to these investigations and our analysis are the apparent fungibility and price sensitivity of potassium chloride, and the role of other imports in the U.S. market.

The condition of the domestic industry producing potassium chloride deteriorated during the period under investigation. Despite the upturn in domestic consumption between 1982 and 1983, domestic production and shipments continued to decline, and there are indications that prices in 1983 did not recover to previous levels. 19/ In addition, domestic producers have experienced financial losses during most of the period covered by these investigations.

Under these circumstances, in an industry where price is frequently the determining factor in a purchaser's decision to buy from one source as opposed to another, lower offers by importers may result in increased discounting by domestic producers to avoid losing customers. 20/ Such discounting and an

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18/ S. Rep. No. 249, 96th Cong., 1st Sess. 88 (1979).

19/ See Report at A-27 - A-28. Pricing data collected in these investigations are not sufficient for a direct comparison of the price levels of domestic and imported products. However, these data are sufficient to allow comparisons of the trends in price levels, and to provide indications regarding the existence of underselling. See note 37, infra.

20/ Discounting is common in the potassium chloride industry as a whole. Report at A-26, n. 1. There are indications that domestic producers have offered greater-than-normal discounts or have lowered their prices on individual sales in an attempt to avoid losing customers. Report at A-26; Transcript at 24-27.

inability to raise prices may affect the ability of the domestic industry both to remain competitive and to regain profitability. 21/

An additional condition of trade relevant to our consideration of the causal relationship between the allegedly unfairly traded imports and material injury to the domestic industry is the increasing volume of subject imports and increasing penetration levels achieved by these imports. The domestic industry is presently operating at fairly low levels of capacity utilization, making it especially sensitive to import volumes and penetration levels that under other conditions might have less impact on the industry's health.

Moreover, the dominant position of Canadian imports in the U.S. market is a relevant condition of trade in this industry. The high volume and penetration levels of the Canadian imports leave the domestic industry in a more vulnerable position to imports from additional sources than might otherwise be the case. 22/

21/ There are indications from the lost sales data that the countries under investigation as well as the domestic producers sell to some of the same customers. Report at A-30 - A-33. However, the extent to which these producers sell to common customers is unclear from the information presently available. It is expected that such information will be explored in any final investigations. Similar channels of distribution may be considered a significant condition of trade in assessing the impact of the imports under investigation.

22/ As noted previously, imports from East Germany, Israel, and Spain are concentrated in the southeastern region of the United States. In addition, about one-half of the imports from the U.S.S.R. are concentrated in that region. See pages 4-5, supra. Although the statutory criteria for a regional industry are not satisfied in these investigations, certain data for the southeastern region are relevant for our causation analysis. Imports from the countries under investigation, as a share of consumption in the 14 states comprising the southeastern region, increased significantly during the period under investigation. Imports from Canada have a less dominant role in the southeastern region than nationally, and have not increased during the period under investigation. U.S. producers' shipments to the southeastern region declined steadily during the period under investigation. Report at A-22.

Condition of the domestic industry

Apparent U.S. consumption of potassium chloride decreased by 19 percent from 1981 to 1982, and then recovered in 1983 to nearly the 1981 level. 23/ Domestic production, however, declined steadily from 3.2 million short tons in 1981 to 2.1 million short tons in 1983, a decline of 35.9 percent. 24/ Domestic capacity remained fairly steady during the period under investigation, 25/ but capacity utilization declined from 92 percent in 1981 to 59 percent in 1983. 26/

U.S. producers' domestic shipments fell 9 percent between 1981 and 1982, from 2.1 million short tons to 1.9 million short tons, and declined a further 7 percent to 1.7 million short tons from 1982 to 1983. 27/ Domestic producers' inventories increased from 25.9 percent of shipments in 1981 to 28.1 percent of shipments in 1982, but then decreased to 23.9 percent of shipments in 1983 as production cutbacks went into effect. 28/ Employment in the domestic industry fell by 38 percent between 1981 and 1983. 29/

U.S. producers' net sales of potassium chloride fell by 23.9 percent between 1981 and 1982 and by a further 17.2 percent from 1982 to 1983. 30/ U.S. producers' operating profit in 1981 changed to increasing losses in 1982 and 1983. The ratio of this profit or loss to net sales fell from a positive

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23/ Report at A-13.
24/ Report at A-16.
25/ Report at A-15.
26/ Id.
27/ Report at A-16.
28/ Report at A-17 - A-18.
29/ Report at A-18.
30/ Report at A-18 - A-19.

14.6 percent in 1981 to a negative 17.1 percent in 1983. 31/ Average estimated delivered prices for potassium chloride declined from 1982 to 1983. 32/

Reasonable indication of material injury by reason of imports

The Tariff Act of 1930 directs the Commission to make a determination as to whether there is a reasonable indication of material injury by considering, among other factors, (1) the volume of imports of the product which is the subject of the investigation, (2) the effect of the imports of such product on prices in the United States for the like product, and (3) the impact of imports of such product on domestic producers of the like product. 33/

East Germany

Imports of potassium chloride from East Germany decreased from 55,000 short tons in 1981 to 46,000 short tons in 1982, but then increased by 193 percent to 135,000 short tons in 1983. 34/ As a share of domestic consumption, imports from East Germany remained stable in 1981 and 1982 at one percent, and then increased to two percent in 1983. 35/ Prices of imports of potassium chloride from East Germany declined during 1982, then rose during 1983. 36/ There appears to have been underselling by imports from East

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31/ Report at A-19.
32/ Report at A-27 - A-28. See note 37, infra.
33/ Section 771(7)(A), (B), and (C); 19 U.S.C. § 1677(7)(A),(B), and (C).
34/ Report at A-21.
35/ Report at A-22.
36/ Report at A-27 - A-28.

Germany during the periods when domestic producer prices were low. 37/ 38/ The Commission was able to confirm lost sales to purchasers of East German potassium chloride during the period under investigation. 39/

Israel

Imports of potassium chloride from Israel increased by 37.6 percent from 1981 to 1982, from 449,000 short tons to 618,000 short tons, and then decreased by 11.2 percent in 1983 to 549,000 short tons. 40/ Imports from Israel represented four percent of domestic consumption in 1981, increasing to five percent in 1982 and 1983. 41/ Prices of potassium chloride imported from Israel declined during 1982, then rose during the last quarter 1983 and first quarter 1984. 42/ Imports of potassium chloride from Israel undersold

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37/ Report at A-28. Transportation costs account for a substantial proportion of the delivered price of potassium chloride. Report at A-28. The Commission requested information concerning transportation costs from domestic producers and importers. Id. Based on the information received, the Commission estimated delivered prices for potassium chloride, and it is those estimated delivered prices which are relevant to our determinations. In any final investigations, we would expect to develop more precise data on delivered prices for both domestically produced and imported potassium chloride.

38/ Commissioners Haggart and Rohr note that the East German price for standard grade potassium chloride was lower than the domestic price in four out of six quarters for which comparisons could be made. Report at A-28. Estimated margins of underselling ranged from two to 13 percent. Id. For granular grade, East German potassium chloride undersold domestically produced potassium chloride in one out of four quarters for which comparisons could be made. Id. The estimated margin of underselling in that quarter was two percent. Id.

39/ Report at A-30 - A-33. Since potassium chloride is a fungible product, it was not generally possible to link specific lost sales to imports from a particular country. It was clear, however, from the responses received by the Commission, that purchasers have bought imported potassium chloride from the countries under investigation in preference to domestically produced potassium chloride because of lower prices. Id.

40/ Report at A-21.

41/ Report at A-22.

42/ Report at A-27 - A-28.

domestic potassium chloride during half of the periods for which comparisons could be made. 43/ 44/ Lost sales to imports from Israel were confirmed and price was cited as one of the factors for the lost sales. 45/

Spain

Imports of potassium chloride from Spain increased by 129 percent from 1981 to 1982, from 24,000 short tons to 55,000 short tons, and by a further 5.5 percent between 1982 and 1983 to 58,000 short tons. 46/ As a share of domestic consumption, imports from Spain were less than 0.5 percent in 1981, and increased to one percent in 1982 and 1983. 47/ Prices for imports of potassium chloride from Spain declined during 1982 and 1983, and were below U.S. producer prices for all quarters but one. 48/ 49/

43/ Report at A-28. The majority of imports of potassium chloride from Israel is sold pursuant to long term contracts which apparently fix the price at a discount from the North American f.o.b. mine price. See Post Conference Brief on behalf of Dead Sea Works, Ltd. at 3. These contracts include a "meet or release" provision, which enables the Israeli producer to match any price offered by another supplier. Id. Such arrangements may have a tendency to suppress prices.

44/ Commissioners Haggart and Rohr note that the Israeli price for standard grade potassium chloride was lower than the domestic price in four out of six quarters for which comparisons could be made. Report at A-28. Estimated margins of underselling ranged from one to 12 percent. Id. For granular grade, Israeli potassium chloride undersold domestically produced potassium chloride in three out of nine quarters for which comparisons could be made. Id. The estimated margins of underselling ranged from two to eight percent. Id.

45/ Report at A-30 - A-33. See note 39, supra.

46/ Report at A-21.

47/ Report at A-22.

48/ Report at A-29.

49/ Commissioners Haggart and Rohr note that the Spanish price for standard grade potassium chloride was lower than the domestic price in five out of six quarters for which comparisons could be made. Report at A-29. Estimated margins of underselling ranged from two to 13 percent. Id.

U.S.S.R.

There were no imports of potassium chloride from the U.S.S.R. in 1981, although there had been imports of potassium chloride from the U.S.S.R. in prior years. 50/ Imports of potassium chloride from the U.S.S.R. were 66,000 short tons in 1982, and increased by 3 percent to 68,000 short tons in 1983. 51/ As a share of domestic consumption, imports from the U.S.S.R. were 1 percent in both 1982 and 1983. 52/ The available pricing data indicate imports of potassium chloride from the U.S.S.R. undersold domestically produced potassium chloride for all but one quarter for which comparisons could be made. 53/ 54/ The Commission was able to confirm lost sales to purchasers of potassium chloride from the U.S.S.R. 55/

Conclusion

For the foregoing reasons, we determine that there is a reasonable indication of material injury to the domestic industry producing potassium chloride by reason of allegedly subsidized or LTFV imports from East Germany, Israel, Spain, and the U.S.S.R.

50/ Report at A-21.
51/ Id.
52/ Report at A-22.
53/ Report at A-29.
54/ Commissioners Haggart and Rohr note that the Soviet price for granular grade potassium chloride was lower than the domestic price in all four quarters for which comparisons could be made. Report at A-29. The estimated margins of underselling ranged from 12 to 15 percent. Id. For standard grade, the price of imports of potassium chloride from the Soviet Union was lower than the domestic price in one out of the two quarters for which comparisons could be made. Id. The estimated margin of underselling in that quarter was seven percent. Id.
55/ Report at A-30 - A-33. See note 39, supra.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On March 30, 1984, counsel for AMAX Chemical, Inc. and Kerr-McGee Chemical Corp. filed antidumping and countervailing duty petitions with the U.S. International Trade Commission and the U.S. Department of Commerce. The petitions allege that an industry in the United States is materially injured and is threatened with material injury by reason of imports from East Germany, Israel, Spain, and the U.S.S.R. of potassium chloride provided for in item 480.50 of the Tariff Schedules of the United States (TSUS), which are allegedly sold at less than fair value (LTFV), and imports of potassium chloride from Israel and Spain upon which bounties or grants are alleged to be paid. Accordingly, the Commission instituted preliminary investigations under the provisions of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise into the United States. The statute directs that the Commission make its determinations within 45 days after its receipt of the petitions, or in these cases, by May 14, 1984.

Notice of the institution of the Commission's investigations and of a conference to be held in connection therewith 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 of April 6, 1984 (49 F.R. 13753). 1/ The conference was held in Washington, D.C., on April 24, 1984. 2/ The briefing and vote was held on Tuesday, May 8, 1984.

Other Investigations Concerning Potassium Chloride

In November 1969, the Commission determined that an industry in the United States was being injured by reason of imports of potassium chloride from Canada that were being or were likely to be sold at LTFV. The Department of the Treasury published a finding of dumping in the Federal Register of December 19, 1969. By 1981, all Canadian producers and exporters, except Texasgulf Inc., had been excluded by Treasury from the dumping finding. These companies were excluded from the dumping finding after Treasury determined that sales of these firms had not been at LTFV and it received assurances from each firm that future sales of potassium chloride to the United States would not be made at LTFV. In April 1981, pursuant to a petition filed by Texasgulf, the Commission determined that an industry in the United States would not be materially injured, or threatened with material injury, by reason of imports of potassium chloride from Canada, if the dumping order were to be modified or revoked. 3/ Accordingly, in June 1981, Commerce published a

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1/ Copies of the Commission's and Commerce's notices are presented in app. A.
2/ A list of witnesses appearing at the conference is presented in app. B.
3/ Potassium Chloride From Canada: Determination of the Commission in Investigation No. 751-TA-3 . . ., USITC Publication 1137, April 1981.

notice in the Federal Register revoking the dumping order. The revocation of the dumping order, however, does not affect the assurances that had been given by the Canadian producers not to sell potassium chloride for export to the United States at LTFV.

On March 30, 1984, at the same time the petitions for the instant investigation were filed, counsel for the petitioners filed countervailing duty petitions with Commerce concerning imports of potassium chloride from East Germany and the U.S.S.R. Since these countries are not signatories to the General Agreement on Tariffs and Trade, the Commission is not required to make injury determinations concerning imports from these countries.

Description and Uses

Potassium chloride, (KCl), also known as muriate of potash, is the chief source of potassium fertilizer applied to fields in the United States. Approximately 94 percent of the potassium chloride consumed in the United States is used in fertilizer, and the rest is used to make chemical compounds essential to the manufacture of glass, matches, soaps, medicines, detergents, insecticides, chinaware, solid rocket fuel, and animal feed.

Potash refers to a number of potassium salts used as fertilizers. Potassium chloride, the product under investigation, accounts for approximately 97 percent of all potash fertilizers consumed in the United States and worldwide. For chloride-sensitive crops, a sulfate of potash (either potassium sulfate or potassium magnesium sulfate) is used.

Potassium is one of the three key chemical elements used to promote plant growth; the other two are nitrogen and phosphorus. Potassium aids in the synthesis of starch and sugar, stiffens straw in cereal grains, promotes root growth, and enables the plant to better withstand disease and adverse conditions of climate. About 85 percent of the potassium applied to fields in the United States is in the form of potash; the remainder of the potassium nutrient is added to the soil in the form of cereal straw and manure.

Potassium chloride is produced in a number of grades. The major grades and their uses are shown in table 1.

The granular, coarse, and standard grades are approximately 95 percent pure and may contain a minute amount of iron, which gives the product a pink tint. These grades, which differ from one another only in particle size, are suitable for blending with other solid fertilizers for application to the fields. To insure a homogeneous mixture of solid fertilizer, particles of nearly equal sizes must be blended together. These three grades are not used in liquid fertilizers because the trace of iron-bearing clay in the product tends to clog the farm machinery used to spray the fields. However, a fourth grade, the soluble grade, is approximately 98 percent pure, contains less iron clays, and is consequently suitable for use in liquid fertilizer. The chemical grade of potassium chloride is even more highly refined; it is used in the manufacture of chemicals for use primarily in the chemical and ceramic industries. In addition, small quantities of standard and soluble grades of potassium chloride are used for industrial purposes.

Table 1.--Potassium chloride: U.S. consumption, 1/ by uses and by grades, 1983

(In percent)

Grade	Agricultural use	Industrial use	Total
Granular	30.1	-	30.1
Coarse	47.2	-	47.2
Standard 2/	7.8	3.8	11.5
Soluble	8.9	2.2	11.1
Total	94.0	6.0	100.0

1/ Data are for U.S. and Canadian producers' shipments which accounted for 92 percent of U.S. consumption in 1983.

2/ Includes chemical grade. Industrial use of chemical grade accounted for about 1.8 percent of U.S. potassium chloride consumption in 1979.

Source: Derived from statistics published by the Potash & Phosphate Institute.

Note.--Because of rounding, figures may not add to the totals shown.

Importers of potassium chloride from East Germany, Israel, and the U.S.S.R. sell standard and granular grades of potassium chloride in the United States; potassium chloride from Spain is all of the standard grade. The U.S.-produced grades are identical to the imported grades under investigation.

The industry frequently expresses the potassium content of potassium chloride in terms of K_2O (potassium oxide). Commercial potassium chloride is generally about 60 percent K_2O. Thus, 1,000 short tons of potassium chloride product is the equivalent of 600 short tons K_2O. In this report in order to estimate quantities of potassium chloride, data originally expressed in terms of K_2O content have been divided by 0.6.

Production Process

Most potassium chloride in the United States exists in underground deposits; 85 percent is exploited by conventional shaft-mining techniques. Solution mining, another method of extracting potassium chloride from bedded deposits, is especially suited to deposits which are 4,000 feet or more underground or which are too irregular to make shaft mining economical. In this method, water is injected through wells into the deposit to dissolve the salts, and a brine solution containing potassium chloride is withdrawn from nearby wells. One mine owned by Texasgulf in Utah is operated through this technique. This mine accounted for *** percent of U.S. production in 1983.

A third production method, extraction from surface and subsurface brines, is used in the United States at the Bonneville salt flats in Utah and in

Searles Lake in California. The two U.S. companies, Kaiser and Kerr-McGee, which produce potassium chloride by this method accounted for *** percent of U.S. production in 1983.

After recovery, all ore is processed into marketable grades of potassium chloride at minesite. The process involves several steps which may include evaporation of brines, flotation, and solution and crystallization. The product is dried and sized and is then ready for sale. Figure 1 illustrates the production process.

U.S. Tariff Treatment

Imports of potassium chloride are classified in item 480.50 of the Tariff Schedules of the United States. These imports have been duty free since 1930.

Nature and Extent of Alleged LTFV Sales and Alleged Subsidies

The petitioners' allegations concerning LTFV sales and subsidies of imports from East Germany, Israel, Spain, and the U.S.S.R. are summarized in table 2.

Table 2.--Potassium chloride: Allegations as to LTFV sales margins and subsidy margins, by countries, 1984

(In percent)

Country	LTFV sales margin	Subsidy margin
East Germany	116.1	Not less than 47.1 1/
Israel	2/	47.8
Spain	50.8	2/
U.S.S.R	186.1	Not less than 26.7 1/

1/ No injury test is required.
2/ No estimate of the magnitude of these margins is provided in the petitions.

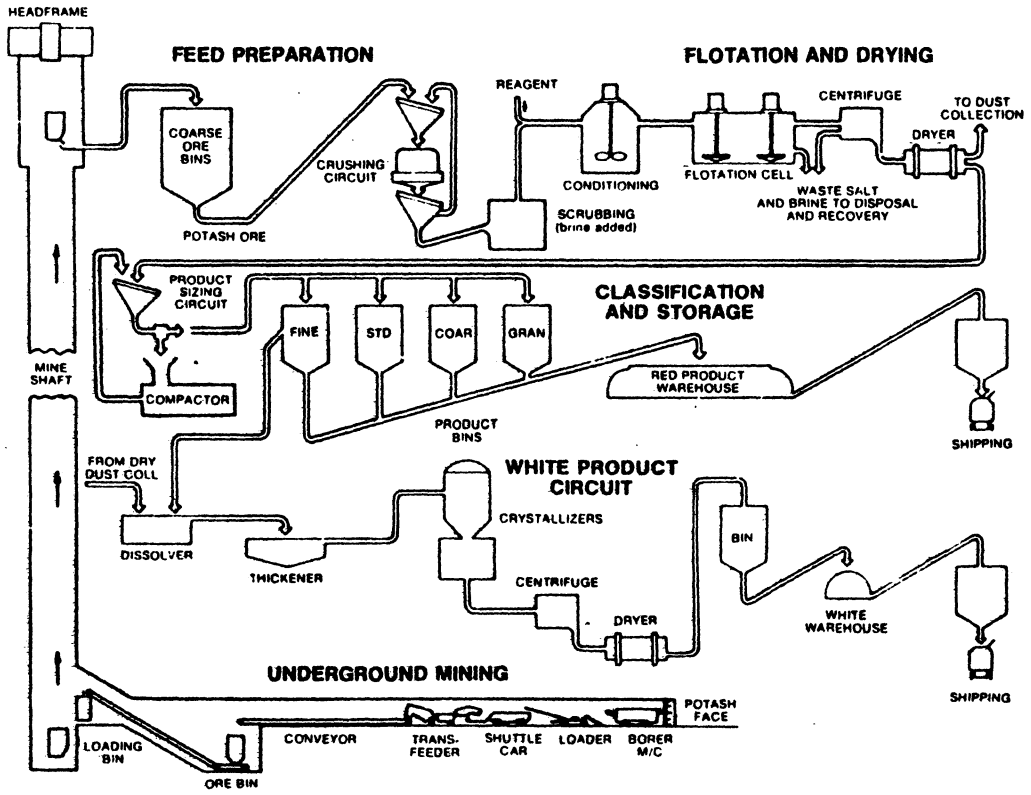
Source: The petitions.

U.S. Producers

The names and production locations of each of the eight U.S. producers is presented in table 3. There are six production sites in New Mexico, two in Utah, and one in California. New Mexico accounted for 85 percent of U.S. production in 1983.

Three producers ceased operations during 1982-3. In its form 10-K for 1982 filed with the Securities and Exchange Commission, Freeport-McMoRan Inc. stated--

Figure 1.--Flow chart of the potassium chloride production process.



Source: Texasgulf Inc.

Table 3.--Potassium chloride: U.S. producers' plant locations, type of operations, year production began, share of 1983 U.S. production, and parent firms 1/

Firm and location	Type of operation	Year production began	Share of 1983 U.S. production	Parent
			Percent	
Kerr-McGee Chemical Corp.,				Kerr-McGee Corp.
Carlsbad, N. Mex.	Shaft mine	1965	***	
Trona, Calif.	Brine wells	1917	***	
AMAX Chemical Corp.,	Shaft mine	1952	***	AMAX, Inc.
Carlsbad, N. Mex.				
Potash Co. of America,	---do---	1934	***	Ideal Basic
Carlsbad, N. Mex.				Industries, Inc.
National Potash Co.,	---do---	2/ 1957	***	Freeport McMoRan Inc.
Carlsbad, N. Mex.				
Mississippi Chemical Corp.,	---do---	3/ 1931	***	
Carlsbad, N. Mex.				
Texasgulf Chemicals Co.,	Solution mine	1964	***	Societe Nationale Elf
Moab, Utah.				Aquitaine
International Minerals &	Shaft mine	1940	***	
Chemical Corp.,				
Carlsbad, N. Mex.				
Kaiser Aluminum & Chemical	Near-surface	5/ 1933	***	Kaiser Industries
Corp., Wendover, Utah.	brines			Corp.

1/ 1 mine owned by Duval Corp. opened in 1951 and closed in May 1978 because of exhausted reserves.
2/ 1 mine closed in 1970 because of exhausted reserves and the other closed in February 1982 because of market conditions.
3/ Mine closed in January 1983 because of market conditions.
4/ ***.
5/ Operations ceased in October 1983 because of flooding.

Source: Compiled from information submitted in response to questionnaires of the U.S. International Trade Commission and the U.S. Bureau of Mines.

> In February 1982 National Potash Company ("National") a wholly owned subsidiary, ceased mining potassium ores at its properties located near Carlsbad, New Mexico, as a result of increased costs of production, adverse marketing conditions and greater foreign competition, particularly from mines located in Saskatchewan, Canada.

In January 1983, Mississippi Chemical closed its Carlsbad, N. Mex., plant. In a letter received by the Commission the company stated--

* * * * * * *

Kaiser closed its Utah operations in October 1983 because of flooding in the brine collection areas. Kaiser ***. The three firms that are closed accounted for *** percent of U.S. capacity to produce potassium in 1983.

The Potash Co. of America and International Minerals & Chemical Corp. own three potassium chloride mines in Saskatchewan, Canada. These mines, according to the Tennessee Valley Authority, have a total rated annual capacity of 6.2 million short tons KCl. In addition, the Potash Co. of America, on January 1, 1984, opened a mine in New Brunswick, Canada. The New Brunswick mine, contructed at a cost of $185 million, will have the capacity to produce 700,000 short tons of potassium chloride by yearend 1984. The new mine is ideally located to sell the product to the New England, Atlantic, and Gulf Coast States. Texasgulf, which formerly owned a share of the Allen Potassium Chloride mine in Canada, is now ***.

Potassium chloride is generally shipped by the producers in bulk (train-carload, barge, or truckload) to farmers' cooperatives, bulk blenders, and other fertilizer companies. These companies have extensive fertilizer outlets which sell the product to distributors and directly to farmers. Three U.S. producers of potassium chloride, International Minerals & Chemical, Mississippi Chemical, and Kaiser, are also large U.S. fertilizer producers and distributors.

The Foreign Producers

East Germany

The 11 potassium chloride mines in East Germany are operated by a state-owned company, V.E.B. Kombinatkali. The 11 mines have a total capacity of 6.4 million short tons (table 4). These mines operated at nearly full capacity during 1981-83. According to counsel for V.E.B. Kombinatkali, the company has no plans to expand its capacity to produce potassium chloride.

East Germany and the other East European countries accounted for about 50 percent of total East German shipments of potassium chloride during 1981-83. Shipments to the United States increased from 0.9 percent of total shipments in 1981 to 3.3 percent in 1983.

Table 4.--Potassium chloride: East German production, capacity, and shipments, 1981-83

Item	1981	1982	1983
Production--1,000 short tons KCl	6,338	6,329	6,324
Capacity--do	6,430	6,430	6,430
Capacity utilization--percent	99	98	98
Shipments to:			
East Germany			
1,000 short tons KCl	1,183	1,209	1,076
United States --do	57	61	206
Europe--do	2,227	2,212	2,133
Asia--do	1,244	1,225	1,257
Africa--do	630	891	1,102
South America--do	674	575	494
Oceania--do	322	178	55
Total--do	6,336	6,351	6,324
Shipments to the United States as a share of total shipments percent	0.9	1.0	3.3

Source: Compiled from data submitted by counsel for East Germany.

Note.--Because of rounding, figures may not add to the totals shown.

Israel

The Dead Sea Works is the sole producer and exporter of potassium chloride in Israel. The firm extracts potassium chloride from evaporation ponds located near the Dead Sea.

Israel's capacity to produce potassium chloride *** from *** short tons KCl in 1981 to a projected *** short tons in 1984, representing *** of *** percent (table 5). During the period, Israel's production *** by *** percent, from *** short tons KCl in 1981 to a projected *** short tons in 1984. More than *** percent of Israel's productive capacity was utilized during 1981-83.

Israel's domestic demand for fertilizer is low, accounting for only *** percent of the Dead Sea Works potassium chloride shipments. The United States is Israel's *** market, accounting for an average of *** percent of total shipments during 1981-84.

Table 5.--Potassium chloride: Israel's production, capacity, and shipments, 1981-83 actual, and 1984 projected

* * * * * * *

Spain

The three Spanish producers of potassium chloride, Minas de Potasa de Suria, S.A., Union Explosivos Rio Tinto, S.A., and Potasas de Navarra, S.A., operate four mines. Only one producer, Suria, exports potassium chloride to the United States.

Spanish capacity to produce potassium chloride *** from *** short tons KCl in 1981 to *** short tons in 1983 and is projected to *** to *** short tons in 1984 (table 6). The Spanish potassium chloride operations ran at full capacity during the period.

Shipments to the home market accounted for almost *** of total Spanish shipments of potassium chloride. Export shipments to the United States accounted for *** percent of total shipments during 1981-84.

Table 6.--Potassium chloride: Spanish production, capacity, and shipments, 1981-83 actual, and 1984 projected

* * * * * * *

The U.S.S.R.

The U.S.S.R. potassium chloride industry, comprising some 12 mining operations, is the largest in the world. Total production, as reported by FERTECON, 1/ increased irregularly from 14.8 million short tons KCl in 1975 to an estimated 17.4 million short tons in 1983, or by 18 percent. Production in 1984 is targeted to increase to 19.0 million short tons, representing an increase of 9 percent over the level of production in 1983. Data on production of potassium chloride in the U.S.S.R. are presented in the following tabulation (in millions of short tons KCl):

Year	Quantity
1975	14.8
1976	15.5
1977	15.6
1978	15.3
1979	12.4
1980	15.1
1981	15.8
1982	15.1
1983 (estimated)	17.4
1984 (targeted)	19.0

1/ FERTECON, Quarterly Review of the U.S.S.R. Fertilizer Industry, No. 22 (October-December 1983), 1984.

FERTECON reports that there is a chronic shortage of rail cars in the U.S.S.R. for transport of potassium chloride to the market. The inventory held at minesite was high in August-November 1983 and FERTECON states that "the mines themselves were forced to cut back production--presumably because there was not sufficient space to store the tonnage."

In 1982, the last year for which data are available, the U.S.S.R. exported about *** of its potassium chloride production. 1/ Eastern Europe accounted for about *** of total exports and the United States accounted for about *** percent of total exports. Exports of potassium chloride from the U.S.S.R. in 1982 are shown in the following tabulation (in thousands of short tons KCl):

	Quantity
United States	***
Latin America	***
Western Europe	***
Eastern Europe	***
Asia	***
Oceania	***
Total	***

FERTECON projects that the increased potassium chloride production in the U.S.S.R. in 1983 and 1984 will be utilized in the domestic market. It states that--

> Despite the big increase in Soviet potash production in 1983, there does not appear to have been any change in export availability, and it is assumed that the additional tonnage was directed to the domestic market--this assumption is supported by the large expansion reported for total fertilizer deliveries in 1983.
>
> There is at present no sign of increased availability of Soviet potash in 1984--certainly Soviet product has not been evident in recent international tenders.

The Importers

East Germany

Philipp Brothers, Inc., a large minerals and metals trading company of New York City, *** market East German potassium chloride in the United States ***. According to Philipp Brothers in its contract with Kali-Bergbau, the exporter of potassium chloride--

1/ Data on exports are from Laurie A. Miller, A. Olaf Wolff, and Mitchell A. Yee, Potash, Chemical Marketing Research Report, Chemical Economics Handbook, SRI International, November 1983, p. 764.1005T.

* * * * * * *

Israel

H. J. Baker & Bro., Inc., is the U.S. sales representative of the Dead Sea Works. The company negotiates the contracts between the Dead Sea Works and its *** U.S. customers. It acts ***.

The Dead Sea Works ***.

Each customer ***.

Spain

Potash Import & Chemical Corp., a subsidiary of a Swiss firm, is the sole U.S. importer of potassium chloride from Spain. The company has *** customers, Independent A.G., Inc., in Fort Pierce, Fla., and ***.

The U.S.S.R.

Cargill, Inc., and Occidental Chemical Agricultural Products, Inc., are the two importers of potassium chloride from the U.S.S.R. According to their counsel, ***. Cargill was the only importer of the product during 1981-83, whereas Occidental bought it prior to 1981 and has contracted for delivery during 1984.

Potassium chloride is one of several fertilizer products included in a 1972, $20 billion, 20-year agreement between the U.S.S.R. and Occidental. According to the agreement, it is anticipated that the value of Occidental's fertilizer purchases from the U.S.S.R. will equal the value of its fertilizer sales over the 20-year period. According to counsel for Occidental, ***.

* * * * * * *

Importers' inventories

U.S. importers of potassium chloride from East Germany, Israel, Spain, and the U.S.S.R. hold the product in inventory in warehouses in the Southeast and Midwest. Philipp Brothers, the importer of potassium chloride from East Germany, has *** warehouses in the Southeast with a total capacity of *** short tons. H.J. Baker, the importer of the product from Israel, also has *** warehouses located in the Southeast. All of the H.J. Baker warehouses ***.

Potash Import & Chemical Corp., the importer for the Spanish product, ***.

Cargill, the importer of potassium chloride from the U.S.S.R., has *** warehouses, with a capacity of *** short tons in the Southeast and *** warehouses in the Midwest, with a capacity of *** short tons. All of these warehouses ***. Information concerning the quantities of inventory held in 1981-83 is presented in table 7.

Table 7.--Potassium chloride: Importers' yearend inventories and annual shipments of the product imported from East Germany, Israel, Spain, and the U.S.S.R., 1981-83

* * * * * * *

World Potash Reserves and Production Capacity

Potash reserves are located in only 16 countries. According to the Bureau of Mines, Canada and the U.S.S.R. possess the largest potash reserves in the world, accounting for 74 percent and 16 percent of all reserves, respectively (table 8). East Germany and Spain account for 4 percent and 0.3 percent, respectively, of all reserves. Reserves in the United States are dwarfed by comparison, accounting for only 0.5 percent of worldwide reserves. The Bureau of Mines has no estimate for reserves in Israel.

In 1984, according to the Tennessee Valley Authority, the countries with the largest capacities to produce potash were tne U.S.S.R., accounting for 34 percent of total capacity; Canada, with 26 percent; East Germany, with 10 percent; and West Germany, with 9 percent. The United States, the fifth largest producing country, accounts for 6 percent of total capacity. Israel

Table 8.--Potash: World reserves and capacity, by countries, 1984

Country	Reserves		Capacity	
	Quantity	Share of quantity	Quantity	Share of quantity
	Million short tons KCl	Percent	Million short tons KCl	Percent
Canada	25,721	74.7	16	26.1
U.S.S.R	5,511	15.8	21	33.5
West Germany	919	2.6	6	8.8
East Germany	1,470	4.2	6	10.1
United States	184	0.5	4	6.5
Spain	110	.3	1	1.8
France	92	.3	4	6.3
Israel	1/	-	2	2.9
Other	900	2.6	3	4.0
Total	34,906	100.0	63	100.0

1/ No estimate from the Bureau of Mines is available.

Source: Reserves data, the Bureau of Mines; capacity data, the Tennessee Valley Authority.

Note.--Because of rounding, figures may not add to the totals shown.

and Spain account for 3 percent and 2 percent of worldwide capacity, respectively. According to the Tennessee Valley Authority, world capacity to produce potassium chloride will increase 3.6 percent from 1984 to 1985.

The U.S. Market

U.S. consumption of potassium chloride fell from a record 12.1 million short tons in 1979 to 8.4 million short tons in 1982, representing a decrease of 31 percent. Consumption then increased to 10.2 million short tons in 1983, as shown in the following tabulation (in thousands of short tons KCl):

	Quantity
1979	12,133
1980	10,862
1981	10,292
1982	8,358
1983	10,218

Canada is the largest supplier of potassium chloride in the U.S. market, accounting for about 74 percent of total U.S. consumption during 1981-83. The Canadian share of the U.S. market is expected to increase as U.S. demand increases and its reserves are depleted.

U.S. consumption of potassium chloride is dependent upon the demand for fertilizer. In 1982 such demand was depressed by weak farm conditions. In 1983, demand was reduced by Government-sponsored acreage reduction, paid diversion, and the Payment-In-Kind (PIK) programs. Nearly 800 million acres, 40 percent of total U.S. farmland, was idled during the year.

During times when the cash receipts of farmers are low, farmers may reduce costs by decreasing their fertilizer purchases. Thus, purchases of potassium chloride, which may be retained in the soil for two to three years, are frequently decreased. However, in the long run, annual application of potassium chloride must be resumed to maintain the quantity and quality of the crops.

The Bureau of Mines and FERTECON, an independent British fertilizer research organization, have developed projections for future U.S. consumption of potassium chloride. These projections, which are very close, forecast U.S. consumption to grow 29 percent and 25 percent, respectively, from 1981 to 1990. 1/

Eight midwestern farming States account for 62 percent of U.S. consumption of potassium chloride, as shown in the following tabulation (in percent):

1/ James P. Searls, Potash, Bureau of Mines, Mineral Commodity Profiles, 1983, p. 8, and FERTECON, Potash; A Global Study of Supply Demand, and Price Trends, Fertilizer Economic Studies Ltd., January 1983, p. 96.

State	Share of consumption
Illinois	15
Iowa	10
Indiana	8
Ohio	8
Minnesota	7
Wisconsin	5
Missouri	5
Michigan	4
Total	62

Consideration of Material Injury or Threat Thereof

The information presented in this section of the report was obtained from data published by the Potash & Phosphate Institute and from responses to questionnaires of the Commission in connection with the current investigations and its 1981 investigation with respect to potassium chloride from Canada (No. 751-TA-3). ***.

*** U.S. producers, ***, are purchasers of potassium chloride imported from Israel. If data concerning these *** producers, which accounted for *** percent of U.S. production during 1981-83, were excluded from information presented in this section, the overall trends would remain the same.

U.S. capacity, production, and shipments

Data on U.S. producers' productive capacity are presented in table 5. U.S. capacity to produce potassium chloride decreased from *** short tons KCl in 1980 to *** short tons in 1983, or by 8 percent (table 9). This decrease in capacity does not take into account the closing of the Kaiser, Mississippi Chemical, and National Potash Co., facilities in 1982 and 1983 because ***. These plants have been closed 6 months, 15 months, and 27 months, respectively. The idled capacity of these plants accounts for *** percent of total capacity in 1983.

Ideally U.S. producers operate their potassium chloride facilities 24 hours a day, 7 days a week, with the plants closing only for ordinary maintenance work. The nine U.S. facilities operate a total of 3,285 days a year. In 1981, the plants were closed *** days for ordinary maintenance. U.S. producers shutdown their potassium chloride operations a total of *** days in 1983, up from *** days in 1981. Of the total number of days closed in 1983, U.S. producers reported that they closed their plants *** days because of the buildup of inventory. Mississippi Chemical and National Potash Co., each of which were closed for most of 1983, accounted for *** of the days closed in that year.

If a potash mine is closed for several months, the roofs in the underground mining areas subside. According to the Bureau of Mines, the remaining economic ore reserve in the mine, as a consequence, "may be lost forever . . . and the remaining reserves will not support the startup cost and any capital investment" necessary to reopen the mine. In addition, according to the petitioner, the surface equipment in a beneficiation plant that is not in use deteriorates rapidly. Thus, according to the petitioner, it is also uneconomical to repair such a plant which has been closed for a long time.

Table 9.--Potassium chloride: U.S. production capacity, production, and capacity utilization, 1976-83

Year	Capacity	Production	Capacity utilization
	1,000 short tons KCl		Percent
1976	3,495	3,353	96
1977	3,503	3,248	93
1978	3,657	3,485	95
1979	3,688	3,438	93
1980	1/ 3,837	1/ 3,460	90
1981	***	***	92
1982	***	***	80
1983	***	***	59

1/ Estimated by multiplying January-November 1980 data by 12/11.

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

Note.--Production data collected by the U.S. International Trade Commission may vary from data collected from other sources because the Commission adjusted some of the data that were reported by fiscal rather than by calendar year.

U.S. producers' production capacity will continue to decrease as the potash reserves are exhausted. According to the Bureau of Mines, the reserves held by the Potash Co. of America and Texasgulf may be depleted in the early 1990's. Reserves held by AMAX may be depleted by the year 2000. The other producers, according to the Bureau of Mines "appear to have sufficient reserves to operate past the year 2000."

Data on U.S. production and shipments of potassium chloride are presented in table 10. U.S. production of potassium chloride decreased steadily from 3.4 million short tons KCl in 1980 to 2.1 million short tons in 1983, representing a decrease of 39 percent. With the decrease in production, utilization of U.S. producers' potassium chloride facilities decreased from more than 90 percent in 1976-81 to 59 percent during 1983.

Table 10.--Potassium chloride: U.S. production, producers' shipments, and apparent consumption, 1962-83

Year	U.S. production	Producers' shipments			Apparent consumption	Domestic sales as a share of consumption
		Domestic	Export	Total		
	1,000 short tons KCl					Percent
1962	***	***	***	***	***	***
1963	***	***	***	***	***	***
1964	***	***	***	***	***	***
1965	***	***	***	***	***	***
1966	***	***	***	***	***	***
1967	***	***	***	***	***	***
1968	***	***	***	***	***	***
1969	***	***	***	***	***	***
1970	***	***	***	***	***	***
1971	***	***	***	***	***	***
1972	***	***	***	***	***	***
1973	***	***	***	***	***	***
1974	3,617	2,545	1,058	3,603	9,690	26
1975	3,572	1,837	1,110	2,947	7,968	23
1976	3,418	2,173	1,348	3,521	9,648	23
1977	3,365	2,090	1,432	3,521	10,295	20
1978	3,408	2,185	1,272	3,457	10,883	20
1979	3,363	2,615	995	3,610	12,133	22
1980	3,375	2,017	1,292	3,308	10,862	19
1981	3,231	2,063	786	2,848	10,292	20
1982	2,710	1,875	808	2,683	8,358	22
1983	2,072	1,742	477	2,218	10,218	17

Source: Data for 1962-73, Stanford Research Institute; data for 1974-83, the Potash & Phosphate Institute.

Note.--Because of rounding, figures may not add to the totals shown.

U.S. producers' shipments followed the same trend as production, decreasing by 33 percent from 1980 to 1983. U.S. producers' export shipments fell by 63 percent during the period. U.S. producers' domestic shipments fell from 2.0 million short tons KCl in 1980 to 1.7 million short tons in 1983, or by 14 percent.

According to the Bureau of Mines, the United States enjoys a freight advantage over Canada in the overseas potassium chloride markets. A significant share of U.S.-produced potassium chloride is exported from west coast and gulf coast ports to Central and South America, New Zealand, and Japan, as shown in the following tabulation:

	U.S. exports as a share of total shipments (percent)
1976	38
1977	41
1978	37
1979	28
1980	39
1981	28
1982	30
1983	21

About 75 percent of the decrease in U.S. producers' total shipments from 1980-83 can be attributed to the decrease in export shipments. Domestic economic problems in Brazil, a large importer of potassium chloride, and decreased worldwide demand for potassium chloride contributed to the decline in U.S. producers' offshore sales.

U.S. producers' inventories

Sales of potassium chloride are seasonal and producers build up inventories in order to have adequate supplies available during the spring and fall. Data on U.S. producers' yearend inventories of potassium chloride are presented in table 11. These inventories increased sharply from 342,000 short tons KCl in 1980 to 753,000 short tons in 1982, and then decreased to 530,000 short tons by yearend 1983. U.S. producers were able to obtain these reductions in inventories by cutting back on production. Inventories as a share of total annual shipments increased from 10 percent in 1980 to 26 percent in 1981 and have remained at that level since then.

Prior to 1979, virtually all U.S. producers' potassium chloride inventories were held at minesite. Since then, U.S. producers opened 11 warehouses throughout the United States. These warehouses permit more timely delivery to the customer. No data on U.S. producers' offsite warehouse inventories are available prior to 1984. On February 29, 1983, 179,000 short tons KCl, or 15 percent of U.S. producers' total inventory was held in offsite warehouses. In comparison, Canadian producers held 1.2 million short tons KCl, or 50 percent of their total inventory, in offsite warehouses, located primarily in the United States.

Information concerning plant closures due to inventory buildup is presented in the section concerning capacity. U.S. producers, however, have also opted to let their inventories increase in the short term rather than to close their plants and incur the costs associated with shutdowns.

Table 11.—Potassium chloride: U.S. producers' yearend inventories, Dec. 31 of 1976-83

Dec. 31—	Quantity	Ratio of inventories to U.S. producers' shipments
	1,000 short tons KCl	Percent
1976	738	21.0
1977	720	20.4
1978	618	17.9
1979	325	9.0
1980	342	10.3
1981	738	25.9
1982	753	28.1
1983	530	23.9

Source: Potash & Phosphate Institute.

Employment

The average number of workers engaged in the production of potassium chloride in the United States decreased steadily from *** in 1981 to *** in 1983, representing a decrease of 38 percent (table 12). Workers engaged in the production of potassium chloride are largely union members; their average hourly wages increased from $10.73 in 1981 to $13.36 during 1983.

Table 12.—Average number of workers engaged in the production of potassium chloride, hours worked, and wages received, 1981-83

Year	Average number of workers	Hours worked	Average wages received	Total compensation
		1,000 hours	Per hour	Per hour
1981	***	***	$10.73	$13.24
1982	***	***	12.19	15.48
1983	***	***	13.36	17.41

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

Financial experience of U.S. producers

Data on U.S. producers' financial experience on their potassium chloride operations are presented in table 13. U.S. producers' net sales decreased from $*** in 1981 to $*** in 1983, or by 37 percent. During the period, U.S. producers' operating profit of $*** in 1981 became an operating loss of $*** in 1983. The ratio of this profit or loss to net sales fell from a positive 15 percent in 1980 to a negative 17 percent in 1983. The decrease in U.S. producers' profitability can be attributed to the

decrease in sales, the decrease in prices, and the increase in production costs. One firm reported an operating loss in 1981; in 1983 seven out of the nine producing facilities were operating at a loss.

Table 13.—Profit-and-loss experience of U.S. potassium chloride producers on their potassium chloride operations, 1981-83 1/

Year	Net sales	Cost of goods sold	Gross profit or (loss)	General, selling, and administrative expenses	Operating profit or (loss)	Ratio of operating profit or (loss) to net sales
	Million dollars					Percent
1981	***	***	***	***	***	14.6
1982	***	***	***	***	***	(9.0)
1983	***	***	***	***	***	(17.1)

1/ Does not include data for ***; *** provided data at the gross profit level for this plant which accounted for *** percent of total sales of potassium chloride in 1983. The ratio of the plant's gross profit to net sales decreased from a positive *** percent in 1981 to a negative *** percent in 1983.

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

Note.—Because of rounding, figures may not result in the differences shown.

Cash flow

Information on U.S. producers cash flow from their potassium chloride operations is presented in table 14. Cash flow decreased from a positive $*** in 1981 to a negative $*** in 1983.

Table 14.—Cash flow from U.S. producers' operations producing potassium chloride, 1981-83

* * * * * * *

The Question of Threat of Material Injury

In its examination of the question of a reasonable indication of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of the alleged LTFV and subsidized imports, the rate of increase of U.S. market penetration by such imports, the quantity of such imports held in inventory in the United States, and the capacity of producers in East Germany, Israel, Spain, and the U.S.S.R. to generate exports (including the availability of export markets other than the United States).

Projections on U.S. consumption of potassium chloride are presented in the section of this report concerning the U.S. market. Trends in imports and U.S. market penetration are discussed in the section of this report that addresses the causal relationship between the alleged injury and the imports which are allegedly sold at LTFV and which are allegedly subsidized. Information regarding the capacity of the foreign producers to generate exports is discussed in the section of this report that covers the foreign industries. Information on importers' inventories is presented in the section on importers.

Consideration of the Causal Relationship Between Alleged LTFV and Subsidized Imports and Material Injury or Threat Thereof

U.S. imports

U.S. imports of potassium chloride decreased from 8.6 million short tons KCl in 1981 to 7.2. million short tons in 1982; imports then increased to 7.9 million short tons in 1983 (table 15). Canada is the largest supplier of potassium chloride, accounting for 89 percent of total imports in 1983. Israel is the second largest supplier, accounting for 7 percent of total imports; followed by East Germany, 2 percent; U.S.S.R., 1 percent; and Spain, 1 percent.

East Germany.—Imports from East Germany increased 145 percent, from 55,000 short tons KCl in 1981 to 135,000 short tons in 1983. Such imports, as a share of U.S. consumption, increased from 1 percent in 1981 to 2 percent in 1983 (table 16).

Israel.—Imports of potassium chloride from Israel increased from 449,000 short tons KCl in 1981 to 618,000 short tons in 1982, or by 38 percent. Imports then decreased to 549,000 short tons in 1983, or 22 percent higher than the level of imports in 1981. Imports from Israel, as a share of U.S. consumption, increased from 4 percent in 1981 to 5 percent in 1982 and 1983.

Spain.—Imports from Spain more than doubled from 24,000 short tons KCl in 1981 to 58,000 short tons in 1983. These imports accounted for less than 0.5 percent of U.S. consumption in 1981 and 1 percent of consumption in 1982 and 1983.

U.S.S.R.—Imports of potassium chloride from the U.S.S.R. increased from none in 1981 to 66,000 short tons KCl in 1982 and 68,000 short tons in 1983. According to counsel, imports from the U.S.S.R. were curtailed in 1981 because of production and transportation problems experienced by the U.S.S.R. producers. Imports of potassium chloride from the U.S.S.R. accounted for 1 percent of U.S. consumption in 1982 and 1983.

Cumulated imports.—Imports of potassium chloride from East Germany, Israel, Spain, and the U.S.S.R. increased from 528,000 short tons KCl in 1981 to 810,000 short tons in 1983, or by 53 percent. These imports accounted for 5 percent of the U.S. market in 1981 and 8 percent of the market in 1982 and 1983.

Table 15.—Potassium chloride: U.S. imports for consumption, by principal sources, 1976-83

Source	1976	1977	1978	1979	1980	1981	1982	1983
	Quantity (1,000 short tons)							
East Germany	44	10	20	61	54	55	46	135
Israel	94	225	366	304	344	449	618	549
Spain	22	56	33	23	12	24	55	58
U.S.S.R. 1/	0	23	32	13	42	0	66	68
Total	160	314	451	401	452	528	785	810
Canada	7,280	7,882	7,915	8,848	8,424	8,052	6,310	6,989
All other	35	9	24	26	31	21	59	76
Total	7,475	8,205	8,390	9,275	8,907	8,601	7,154	7,875
	Percent of total quantity							
East Germany	1	2/	2/	1	1	1	1	2
Israel	1	3	4	3	4	5	9	7
Spain	2/	1	2/	2/	2/	2/	1	1
U.S.S.R. 1/	0	2/	2/	2/	2/	0	1	1
Total	2	4	5	4	5	6	11	10
Canada	97	96	94	95	94	94	88	89
All other	2/	2/	2/	2/	2/	2/	1	1
Total	100	100	100	100	100	100	100	100
	Value (million dollars)							
East Germany	2	3/	1	3	4	4	3	9
Israel	4	8	18	21	32	45	57	41
Spain	1	3	1	1	1	2	4	3
U.S.S.R. 1/	0	1	1	1	2	0	5	4
Total	7	12	22	27	39	51	69	57
Canada	323	345	359	482	588	677	515	485
All other	2	3/	2	2	3	2	5	6
Total	332	358	382	510	629	730	588	548

1/ Includes Latvia.
2/ Less than 0.5 percent.
3/ Less than $500,000.

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

Note.—Because of rounding, figures may not add to the totals shown.

Table 16.—Potassium chloride: U.S. imports and U.S. producers' shipments as a share of consumption, by principal sources, 1981-83

(In percent)

Item	1981	1982	1983
East Germany	1	1	2
Israel	4	5	5
Spain	1/	1	1
U.S.S.R	0	1	1
Total	5	8	8
Canada	75	70	75
All other	1/	0	0
Total	80	78	83
U.S. producers' shipments	20	22	17
Total	100	100	100

1/ Less than 0.5 percent.

Source: Potash & Phosphate Institute.

Note.—Because of rounding, figures may not add to the totals shown.

Future import penetration.—The Bureau of Mines and FERTECON project that the U.S. producers' share of the market will continue to decrease as mines are forced to close as reserves are depleted. By the year 2000, the Bureau of Mines projects that the U.S. producers' share of the market will decrease to 10 percent. The rest of the market will be supplied by imports.

The Southeast market.—The petitioners assert that the impact of imports from East Germany, Israel, Spain, and the U.S.S.R. is particularly acute in the Southeast market. This market includes the following States: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia. Information concerning U.S. producers and importers' shipments into this region is presented in tables 17 and 18.

Table 17.—Potassium chloride: U.S. importers' and producers' shipments to the southeast market, 1/ by sources, 1981-83

* * * * * * *

The vast bulk of the potassium chloride imported from East Germany, Israel, and Spain is sold in the southeast market, as shown in table 18. Only about one-half of the imports from the U.S.S.R., however, enter the Southeast market; the rest is sold in the Midwest. According to counsel for the importers of the U.S.S.R. product, Arkansas and Kentucky are not properly part of the Southeast market. If sales of U.S.S.R. potassium chloride to

these two States were excluded, then the sales to the Southeast market would constitute an even smaller share of total sales, as shown in the following tabulation (in percent):

	Share of total sales
1981	***
1982	***
1983	***
1984 (January-April)	***

The petitioners argue that, in comparison with the Saskatchewan producers, the U.S. producers enjoy a freight advantage in shipping potassium chloride to the Southeast market. Because of the freight advantage, the petitioners assert that in this region they face less competition from Saskatchewan and receive higher net prices (f.o.b. mine) compared with the net prices (f.o.b. mine) received from sales to other regions of the United States. The petitoners allege that subsidized and LTFV imports from East Germany, Israel, Spain, and the U.S.S.R. are gaining an increasing share of this heretofore profitable U.S. market.

Table 18.--Potassium chloride: U.S. importers' and producers' shipments in the Southeast market as a share of their total shipments in the U.S. markets, 1981-83

*	*	*	*	*	*	*

Transportation costs of potassium chloride can be as much as $68.00 per short ton from New Mexico to the southeast market, or one-half or more of the total delivered price. In the southeast market, the product is shipped to the customer by rail, barge, and truck. The Carlsbad, N. Mex., producers have a transportation advantage over the Saskatchewan producers when shipping the product to this market by single traincar. In 1980, this single traincar advantage ranged from $1.12 per short ton for shipments to Maryland to $16.99 per short ton for shipments to Louisiana. In 1983, this single traincar advantage ranged from $1.22 to $12.74 per short ton, respectively. 1/ The petitioners assert that the vast bulk of the potassium chloride sold by North American producers to the southeast market is shipped by single traincars. 2/

Since 1980, railroads have quoted prices for unit train shipments of potassium chloride from Saskatchewan to the southeast market. Each unit train has 70 cars to 100 cars. In 1983, according to information provided by counsel for the Dead Sea Works, use by the Saskatchewan producers of unit

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1/ The petitions, app. A., p. 22.

2/ Telephone conversation between the Commission staff and counsel for the petitioners on May 1, 1984.

train freight rates, has provided them with a transportation advantage over the New Mexican producers in 9 of the 14 Southeast States. This advantage is said to range from $0.06 per short ton for shipments to South Carolina to $13.08 per short ton for shipments to Delaware. The use of the unit train freight rates by the Saskatchawen producers has left the U.S. producers with a transportation advantage in only three Southeast States. This advantage ranges from $1.16 per short ton for shipments to Mississippi to $1.93 per short ton for shipments to Tennessee. 1/ According to counsel for the Dead Sea Works, the U.S. producers transportation disadvantage in the southeast market, which was occasioned by the inauguration of unit train freight rates, has contributed to the U.S. producers declining share of that market. However,counsel for the petitioners stated that ***. 2/

In January 1984, the Potash Co. of America, which also operates a New Mexico mine, opened a potassium chloride mine in New Brunswick. This producer has ship-loading facilities at the Port of St. John, New Brunswick. In its 1982 annual report Ideal Basic, the parent firm of the Potash Co. of America, states—

> The proximity of the mine to deep water will give Potash Company of America a considerable freight advantage to certain markets shipped from other North American points and will widen Atlantic-rim market opportunities.

No information is available on the freight rates available to the New Brunswick producer for shipments to the Southeast market.

Potassium chloride imported from East Germany, Israel, Spain, and the U.S.S.R. is shipped by sea to ports in the Southeast United States. The ocean freight rates can be as low as $15 per short ton for shipments from Israel and Spain. Once the product is landed in the United States it is then stored in a portside warehouse or is transferred to a Mississippi River barge.

Inland freight costs for imported potash from East Germany, Israel, Spain, and the U.S.S.R. are much lower then U.S. producers' freight costs, as can be seen in tables 19 and 20. A large share of the potassium chloride imported from the U.S.S.R. enters the southeast market at New Orleans, La., where it is transferred to Mississippi River barges. The Mississippi River potassium chloride is then sold ***.

Prices

In the 1981 review investigation concerning potassium chloride imported from Canada, the Commission found that spot prices for U.S. and Canadian potash are closely correlated. 3/ Canada is the largest source of potash for

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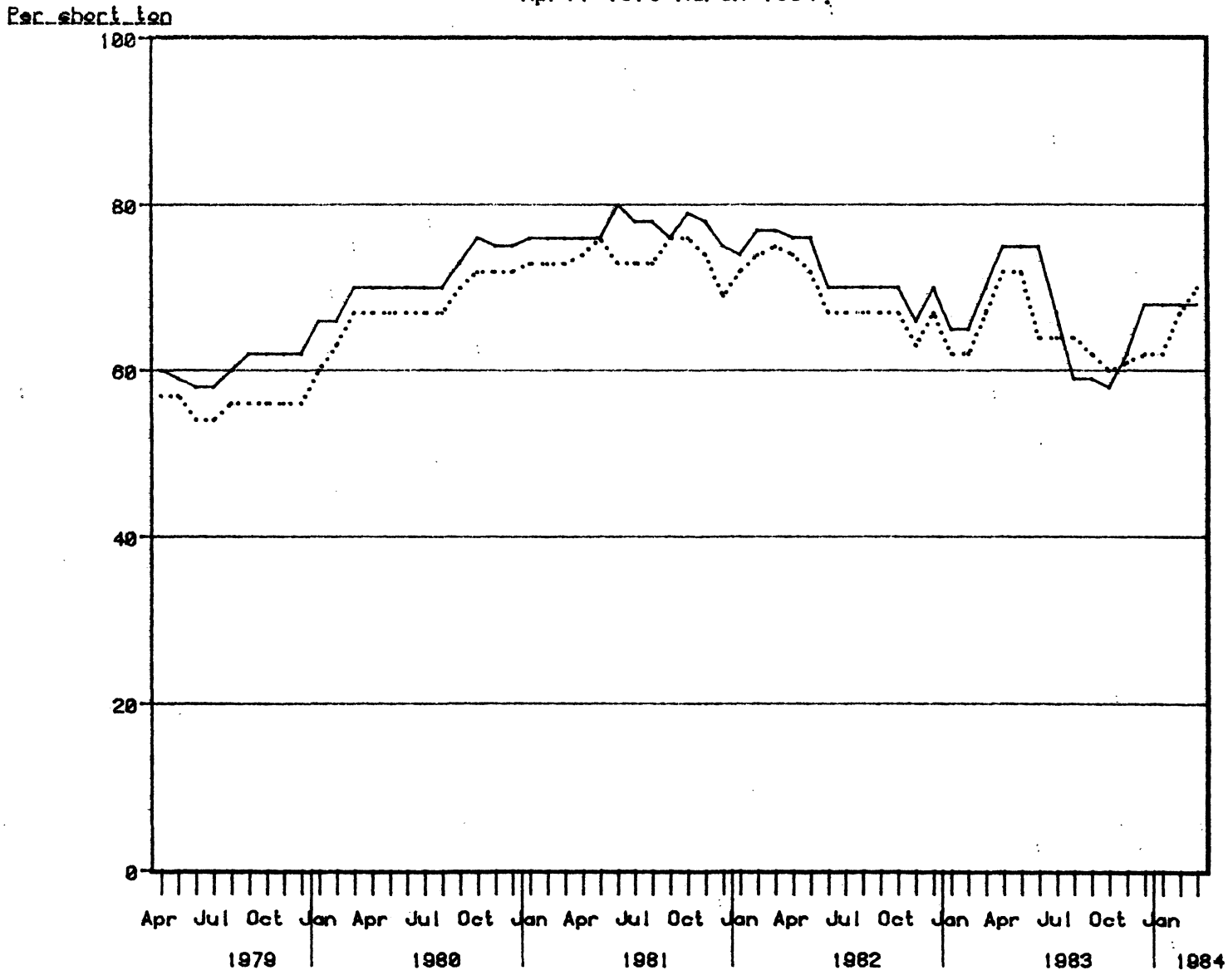
1/ Post conference brief on behalf of Dead Sea Works, Ltd., of Israel, Apr. 26, 1984, app. 10.

2/ Telehone conversation between the Commission staff and counsel for the petitioners on May 1, 1984.

3/ Potassium Chloride from Canada: Determination of the Commission in Investigation No. 751-TA-3. . . , USITC Publication 1137, April 1981, p. A-36 to A-38.

FIGURE 2.--Coarse grade potassium chloride: New Mexican and Saskatchewan producers' prices, f.o.b. mine, by months, April 1979-March 1984.



Source: Green Markets.

the United States. In 1983, imports from Canada accounted for 75 percent of apparent U.S. consumption. New Mexican and Saskatchewan f.o.b. minehead spot prices for coarse grade potash are shown in figure 2. The figure is based on data compiled on a weekly basis by Green Markets, a U.S. fertilizer publication. The publication's staff conducts telephone surveys to determine prices actually received rather than list prices, which are often discounted. 1/

H. J. Baker, the importer of potash from Israel, was the only importer to report that it priced potash on the basis of discounts from the North American or U.S. price. These discounts are applicable *** percent of the Dead Sea Works sales that are made under long-term contracts of *** years. According to counsel for the Dead Sea Works, the company offers discounts of 2 to 10 percent off the U.S. f.o.b. minehead price on long-term contracts. 2/ The exact discount is negotiated, but counsel indicated that the highest discount is not commonly allowed. The discount is described as compensation for the contract's "take or pay" provision, which obligates the customer to purchase the agreed upon amount or pay for it even if the company does not need the product. Some, if not most, of the contracts also include a "meet or release" clause, which obligates the Dead Sea Works to meet a competitor's offer that is lower than the formula price or release the customer from the obligation to buy from its agent. Counsel for the Dead Sea Works cited *** instances in which H.J. Baker had met a competitive price and *** in which it had released the customer from its obligation. All occurred between ***.

The originator of H. J. Baker's pricing scheme explained it to the staff as follows: Prices are based on Carlsbad or Canadian prices less any discount a Carlsbad or Canadian producer would give the particular customer and less the the Dead Sea Works discount described above. The cost of freight to the customer's location from Carlsbad or Saskatchewan, whichever is lower, is then added to the discounted price. The customer is charged for freight from the nearest H.J. Baker shipping point, but the customer is ***.

Long-term contracts are not prevalent in the U.S. industry. *** prefers 3-year contracts for its largest customers, but according to counsel for the company, these contracts differ substantially from the Dead Sea Works. They simply establish a supplier-customer relationship and set a tonnage to be delivered. Prices are negotiated at the beginning of the fertilizer year and, in some cases, more frequently. The salesman bases his price offer on the list price, but is authorized to offer a certain discount on his own authority. *** counsel indicated that the usual discount rarely exceeded 5 percent through mid-1982, but had increased up to 10 percent in response to foreign competition.

In the questionnaires, price information was requested for sales of all three agricultural grades to the two largest customers in the Southeast market. The responses indicated that only two of the grades—standard and granular—were

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1/ The 1981 investigation confirmed that discounts from published price lists are common in this industry. Questionnaire responses submitted during this investigation generally confirmed this finding. Of the six producers that filled out the price section of the questionnaire, four indicated that their company published price lists, but would deviate from them to meet competitive offers. One producer also noted the prevalent industry practice of giving discounts to large accounts.

2/ Post conference brief on behalf of the Dead Sea Works, Ltd., of Israel, pp. 3-4; and app. 1 and 5.

imported from East Germany, Israel, Spain, or the U.S.S.R. during the period inquestion. With the exception of the importer of Spanish potash, which sold only standard grade, the other importers sold both grades during the period for which price data were requested.

F.o.b. price trends.--Until the 1980's the Carlsbad producers generally sold potassium chloride on an f.o.b. mine basis. Although they still sell the product on this basis, Carlsbad producers increasingly store potash in warehouses in the Southeast. The subsequent sale may be on an f.o.b. warehouse basis or a delivered basis. Sales by importers may be f.o.b. a terminal or warehouse in the Southeast or Midwest, or a barge at a port on the Mississippi, or on a delivered basis.

Usable information on f.o.b. prices was provided by five producers and five importers. Trends in f.o.b. prices received by U.S. producers for the two imported grades, standard and granular, diverged slightly during the period January 1982 to June 1984 (tables 19-20). 1/ The price of a ton of standard grade material fell from $*** during January-March 1982 to a low of $*** in the January-March of 1983. The price subsequently rallied, increasing to $*** in the April-June 1983. Thus, the price of standard grade is now at *** percent below its January-March 1982 level.

Similarly, the U.S. producers' f.o.b. price for a ton of granular potash declined from $*** in January-March 1982 to $*** throughout most of 1983. Like that of standard material, the price of granular potash increased during 1983, but the rally started later--during the fourth quarter of that year. Also distinguishing the price trends for the two grades is the continued weakness in prices for granular. The price slipped from $*** per ton during October-December 1983 to $*** per ton in January-March 1984 and to $*** per ton during the most recent period. The most recent price is *** percent below the price during January-March 1982.

Importers' f.o.b. prices for the two imported grades, standard and granular, show somewhat similar trends, but were more erratic. The trend in importers' f.o.b. prices for standard grade was similar to that of domestic producers (table 20). Prices received by importers of Israel, East German, and Spanish material generally declined in 1982, and partially recovered in 1983. For example, the price of Israel potash reached a low of $*** per ton in ***, but increased to $*** by ***. No ***.

Like those of domestic producers, the f.o.b. prices received by importers of Israel and East German granular grade generally declined in 1982 (table 19). However, importers' prices trended upward throughout 1983 and January-June 1984. For example, Israel price ***.

Comparisons between domestic and import prices on an f.o.b. basis.--On an f.o.b. U.S. point of shipment basis, prices received by importers of granular and standard grades were higher than f.o.b. U.S. prices received by U.S.

1/ The trend in prices for coarse grade, which was not imported, was similar to that of standard grade. The f.o.b. mine price of coarse grade fell from $*** in the January-March 1982 to a low of $*** during the January-March 1983, and rose to $*** during the January-March 1984. The most recent price is *** percent below the price during the initial period.

producers in every quarter for which prices could be compared throughout the period. Margins of overselling varied widely, from a low of 40 percent for *** to a high of 123 percent for ***.

Transportation costs.--Since information developed in the investigation of potassium chloride imported from Canada indicated that transportation costs accounted for an unusually high proportion of delivered prices of potash, the questionnaires in this investigation also requested data on freight and insurance costs. Two of the five producers reported all transportation costs. A third reported a mixture of delivered prices and f.o.b. warehouse prices, which included the cost of transporting the product from *** to a warehouse in the Southeast, but not to the customer's location. The producer provided most of the missing data upon request.

Transportation costs from Carlsbad to the Southeastern market can double the domestic f.o.b. price of potash. As reported by three producers, transportation costs ranged from $*** to $*** per ton, exceeding the f.o.b. minehead price in some cases. Most transportation costs were in the high end of the range. Only one company reported transportation costs in the $*** to $*** range. In one case the producer explained that the customer had been able to reduce transportation costs by increasing barge shipments and reducing rail shipments.

For importers, U.S. transportation costs represent a much smaller proportion of delivered costs in the Southeastern market. Transportation costs were reported only for Soviet and Israel granular material. Reported costs ranged from less than $*** to over $*** per ton, depending on the mode of transportation. The lowest cost reported was $*** per ton for *** highest was $*** for a truck or rail shipment, ***. The staff estimated delivered prices by obtaining transportation costs to the purchasers' locations from sellers and purchasers. Estimates of delivery costs range from $*** per ton for intracity truck hauls to a high of $*** for rail shipments from ***.

Comparison of estimated delivered prices.--The inclusion of reported and estimated transportation costs substantially narrows and, in some cases, eliminates the gap between domestic and import prices (tables 19-20). Comparison of delivered prices reported by domestic producers with those estimated for importers reveals a mixed pattern of over- and underselling.

East Germany.--East German delivered prices for standard grade material were lower than the domestic price during four quarters--by ***.

Israel.--Israel's delivered prices for standard grade potassium chloride were lower than U.S. producers' delivered prices during four of the six quarters for which comparisons could be made. ***.

Table 19.--Granular grade potassium chloride: U.S. producers' and importers' prices to the Southeast market, 1/ by quarters, January 1982-June 1984

* * * * * * *

Table 20.--Standard grade potassium chloride: U.S. producers' and importers' prices to the Southeast market, 1/ by quarters, January 1982-June 1984

* * * * * * *

Spain.--For standard grade potassium chloride from Spain, the delivered price suggests a pattern of underselling. In all but one of the quarters for which comparisons could be made, the Spanish price was lower than the U.S. producers' price. The margins of underselling varied ***.

U.S.S.R.--The estimated U.S.S.R. delivered price for granular grade potassium chloride was consistently lower than the domestic price during all quarters for which estimates could be made. The margins varied from ***.

To make domestic and import prices as comparable as possible an effort was made to match sales by a producer and an importer to the same customer of the same grade of potash during the same period. Two cases, *** were found. The imported material cost $*** less per ton in *** and $*** less ***.

Exchange rates

Nominal and real exchange rates between the U.S. dollar, the Spanish peseta, and the Israel shekel are shown in table 21. The nominal value of both currencies fell against the dollar, but the shekel's decline was sharper. By February 1984, it had lost 80 percent of its January 1982 value, while the peseta declined by 34 percent over the same period.

Table 21.--Nominal and real exchange rate indexes between the U.S. dollar and the Spanish peseta and the Israel shekel, by quarters 1982-83, January 1984, and February 1984

Period	Spanish peseta		Israel shekel	
	Nominal	Real	Nominal	Real
1982:				
January-March	100.0	100.0	100.0	100.0
April-June	95.3	97.6	81.6	100.9
July-September	90.2	93.4	64.7	93.6
October-December	84.3	89.2	55.8	108.6
1983:				
January-March	77.9	87.4	47.6	110.4
April-June	72.9	83.7	40.2	113.0
July-September	67.4	78.5	31.4	109.1
October-December	65.5	1/	19.6	104.5
1984:				
January	63.4	1/	15.0	93.1
February	65.6	1/	19.6	1/

1/ Not available.

Source: Compiled from official statistics of the International Monetary Fund.

The nominal exchange rate indexes were adjusted to take differences in inflation rates into account. 1/ For the peseta, the trend was the same: The value declined, but by a smaller proportion—22 percent in real terms as opposed to [illegible] in nominal terms, as of the last period for which real and nominal exchange rates can be compared. For the shekel, the trends differed. Israel's higher inflation rate relative to that of the United States appears to have largely offset the impact of declining nominal exchanges rates during most of the period. Real exchange rates rose between October-December 1982 and April-June 1983. The trend was subsequentlyreversed, with real exchange rates moving downward.

Lost sales

Four U.S. potassium chloride producers reported 22 specific cases of alleged lost sales to 20 purchasers of offshore imports since September 1982. Information concerning the quantity of the alleged lost sales ***. Data on the value of lost sales were incomplete. The producers asserted that these 22 allegations are merely a sampling of their total lost sales. They stated that their sales forces had not kept contemporaneous records concerning the loss of business to offshore imports. The allegations, which they had made, thus, were largely reconstructed from incomplete records and memory. In addition, ***. Four other U.S. producers did not report any lost sales.

The allegations covered sales lost to imports from Israel, East Germany, and the U.S.S.R. There were no sales specified as having been lost to imports from Spain. ***.

* * * * * * *

The Commission's staff contacted 18 of the 20 purchasers named in the allegations, which accounted for *** short tons of the alleged lost sales. Three of the purchasers declined to answer any questions over the phone, and a fourth declined to give specifics beyond saying it had purchased from all four offshore sources in addition to Canada. Details of the information gathered from each of the purchasers are as follows:

Purchaser No. 1.—***. This lost sale allegation by *** involves the purchase of *** short tons from ***. *** reported that *** purchased potassium chloride from all four offshore sources and Canada. He further reported that price, availability, speed of delivery, and alternate sourcing were the most important reasons for buying imported potash and that he would have purchased the imported material even if the domestic product was offered at a comparable price.

1/ The nominal exchange rate indexes are based on quarterly averages published by the International Monetary Fund in International Financial Statistics. Nominal exchange rates were adjusted on the basis of the wholesale price index for the United States and Spain and the industrial price index for Israel.

Purchaser No. 2.—***. These lost sales allegations by *** involve *** short tons almost all of which was alleged to have been lost to imports from Israel. *** reported that he bought potash from Israel, East Germany, and Canada. *** purchases very little from U.S. producers because they have not been making offers. In addition, ***. He cited availability and speed of delivery as the primary reasons for buying imports and stated that freight rates are a significant factor in making domestic potash noncompetitive.

Purchaser No. 3.—***. This lost sale allegation by *** involves *** short tons, unspecified as to ***. *** would not comment on the specific allegation over the phone; he cited price, availability, quality, speed of deliv[illegible]d alternate sources as reasons for buying imported potash.

Purchaser No. 4.—***. This lost sale allegation by *** involves *** short tons from Israel and East Germany. *** declined to provide specific information beyond stating he purchases potash from all four offshore sources and Canada. He cited price, availability, and speed of delivery as reasons to buy imported potash.

Purchaser No. 5.—***. This lost sale allegation by *** involves *** short tons from ***. *** said *** buys imported potash from Canada and the four sources covered in this investigation. Most of *** purchases come from *** whereas most of the *** purchases comes from ***. He stated that price and availability are the most important reasons to buy either domestic or imported material. He believes that it is important to have alternate sources. ***.

Purchaser No. 6.—***. This lost sale allegation involves *** short tons (valued by *** at $***) from ***. *** said about *** percent of his potash requirement comes from Canada. He purchases small quantities of potash from Israel and most of the rest of his purchases are from East Germany and the U.S.S.R. His domestic purchases are very small. He cited price and availability as the most important reasons for buying imports. He does not know of any situation in which he rejected a U.S. producer's offer for potash in favor of an offer to buy potash from the sources covered in this investigation.

Purchaser No. 7.—***. This lost sale allegation involves *** short tons (valued at $*** by ***) from ***. *** would not comment over the phone.

Purchaser No. 8.—***. This lost sale allegation involves *** short tons (valued by *** at $***) from ***. *** states that he buys potash from Israel, the U.S.S.R., Canada, and domestic producers in about equal shares, and has not decreased domestic purchases. He claims the delivered price of imports is lower because of the effects of transportation charges.

Purchaser No. 9.—***. This lost sale allegation involves *** short tons (valued by *** at $***) from Israel. *** states that he purchases potash from Israel, East Germany, and Canada; domestic purchases are only 1 to 2 percent of his total purchases. He quotes speed of delivery and convenience as reasons to buy imports. He claims U.S. producers do not offer to sell potash to *** and would buy imported material even if the domestic product was offered at a comparable price.

Purchaser No. 10.—***. This lost sale allegation involves *** short tons (valued by *** at $***) from ***. *** stated that *** has reduced domestic purchases because of the greater speed of delivery for imports, which come from ***. He claims that to his location "rail service is lousy." He also indicated imports have lower freight rates.

Purchaser No. 11.—***. This lost sale allegation involves *** short tons (valued by *** at $***) from Israel. *** stated that *** purchases potash from *** and has decreased purchases from domestic sources. He stated that price is the bottom line and that the imported price is better. He said, however, that he would not have purchased imports if the domestic product was offered at a comparable price, and that domestic potash is better in quality.

Purchaser No. 12.—***. This lost sale allegation involves *** short tons (valued by *** at $***) from ***. *** said his domestic supplier (***) was unable to supply potash when he needed it and therefore he purchased material from Israel and East Germany. He cited price, availability, and the speed of delivery as reasons for buying imports. He believes that the domestic material is a little better in quality than the material available from other sources; but he would buy whichever is available within 24 hours; that usually would be imported material in nearby warehouses.

Purchaser No. 13.—***. This lost sales allegation by *** did not specify a quantity or value of the sale allegedly lost. *** said that he purchases about *** percent of his requirements from *** with the remainder coming from Canadian and U.S. sources. He believes convenience, followed by price, are the most important reasons to buy imports. He asserted that because of the relative convenience of the imported product, he would buy imports even if domestic potash was priced comparably.

Purchaser No. 14.—***. This lost sale allegation was made by ***. *** stated that price is his most important reason to buy imports. He purchased some Israel potash in 1982, but found it was dusty and needed extra treatment before it could be used in blending. He also bought potash from *** and *** in 1982 and bought potash only from *** in 1983. He stated that he would buy the imported material even if the domestic product were comparably priced.

Purchaser No. 15.—***. This lost sale allegation was made by ***. *** said that he buys most of his potash needs from Canada through ***. He buys about *** percent of his needs from Israel and East Germany through ***. He cited price and availability as the most important reasons to buy imports. He would probably buy domestic potash if it were priced comparably with the price of imports because he believes it is of better quality than the East Germany product. He considers it very important to have alternate sources of supply.

Purchaser No. 16.—***. Lost sales allegations for this company were made by ***. *** did not want to comment on his potash purchases over the phone.

Purchaser No. 17.—***. This lost sale allegation was made by ***. *** said that he buys about *** percent of his potash needs from Canada, about *** percent from domestic producers, and the rest from Israel and East Germany. He cited price as the most important reason to buy imports. He does not consider alternate sourcing to be important and would not buy domestic potash if it were offered at a price comparable to the price of imports, although he believes the quality of domestic potash is better. He stated that he once turned down an offer by *** for *** short tons and bought lower priced potash from East Germany instead.

Purchaser No. 18.—***. This lost sale allegation was made by ***. *** said much of his potash needs come from Canada. He considers price as the most important reason to buy imports. He believes there have been instances in which his firm rejected offers by various U.S. potash producers because of the lower prices offered for the product imported from East Germany and the U.S.S.R.

Lost revenues

Three U.S. potash producers reported 13 specific cases of lost revenues, covering 12 companies, to offshore imports since September 1982. The total quantity involved is *** short tons. Data on the value of the alleged lost revenues are incomplete, but was claimed to be $*** (covering *** short tons) for ***. In addition, *** alleged one case of lost revenue but provided no specifics, and *** alleged that about *** tons of potash were sold since September 1982 "at prices which were depressed and lower than *** would perhaps otherwise have sold the product as a result of imports from the offshore sources named in the petition." There were no allegations specifying lost revenues because of offers of potash from Spain.

The Commission's staff contacted 10 of the 12 purchasers named in the allegations, which accounted for *** short tons of the total amount alleged to have suffered lost revenues. Details of the information gathered from each of the purchasers are as follows:

Purchaser No. 1.—***. This lost revenue allegation involves *** short tons sold by *** for $*** with alleged lost revenue of $***. The offshore quotation that was said to be met was from Israel. *** stated his company gets 95 to 100 percent of its purchases of potash from domestic producers.

Purchaser No. 2.—***. This lost revenue allegation involves *** short tons sold by *** for $*** with a alleged lost revenue of $***. The offshore quotation that was said to be met was from the U.S.S.R. *** was not able to cite any instances in which a U.S. producer lowered its price in order to avoid losing a sale to ***.

Purchaser No. 3.—***. This lost revenue allegation involves *** short tons sold by *** for $*** with alleged lost revenue of $***. The offshore quotations that were said to be met came from Israel and the U.S.S.R. *** would not comment over the phone.

Purchaser No. 4.—***. This lost revenue allegation involves *** short tons sold by *** for $***. *** stated that it was meeting a quotation for product from ***. ***, but believes that U.S. producers have probably made some price concessions to avoid losing sales.

Purchaser No. 5.—***. These lost revenue allegations involve *** short tons sold by *** for $*** and ***. *** did not want to discuss his purchases of potash over the phone. The offshore quotation that were said to be met were from ***.

Purchase No. 6.—***. *** alleged that because of a lower offer from ***, it was forced to lower its price in order to obtain this sale of *** short tons of potash. The value of the sale totaled $***. He did not know of any instance in which the producers were forced to lower their prices in order to make a sale.

Purchaser No. 7.—***. This lost revenue allegation involves *** short tons sold by *** for $***. *** states that it was forced to meet the prices of potash from ***. *** did not know of any specific instances in which the domestic producers have been forced to meet the prices of imported potassium chloride in order to obtain a sale. However, he does believe that the imported material has affected prices.

Purchaser No. 8.—***. This lost revenue allegation involves *** short tons sold by *** for $***. *** states that it was forced to lower its price because of a lower quotation from ***. *** notes that the domestic producers may well have met the prices of the imported product several times; he was not, however, aware of specific instances in which this happened.

Purchaser No. 9.—***. This lost revenue allegation involves *** short tons sold by *** for $***. *** alleges that it lowered its price in order to meet competition from ***. *** was not aware of any specific instances in which the domestic producers met foreign offers in order to avoid losing a sale.

Purchaser No. 10.—***. This lost revenue allegation involves *** short tons sold by *** for $*** million. ***, according to ***, offered potash to this customer at a price which was lower than the price at which *** originally offered the product for sale to this customer. *** states that it was able to make the sale only when it lowered its price. *** could not recall of any instance in which the U.S. producers lowered their prices to avoid losing a sale.

APPENDIX A

THE FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 303-TA-15, 701-TA-213, and 731-TA-184 through 187 (Preliminary)]

Potassium Chloride From East Germany, Israel, Spain, and The U.S.S.R.

AGENCY: International Trade Commission.

ACTION: Institution of preliminary antidumping and countervailing duty investigations and scheduling of a conference to be held in connection with the investigations.

EFFECTIVE DATE: March 30, 1984.

SUMMARY: The United States International Trade Commission hereby gives notice of the institution of a preliminary countervailing duty investigation, 303-TA-15 (Preliminary), under section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Israel of potassium chloride, provided for in item 480.50 of the TSUS, upon which bounties or grants are alleged to be paid.

The Commission also gives notice of the institution of a preliminary countervailing duty investigation 701-TA-213 (Preliminary), under section 701 of the Tariff Act of 1930 (19 U.S.C. 1671b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry is materially retarded, by reason of imports from Spain of potassium chloride, provided for in item 480.50 of the TSUS, upon which bounties or grants are alleged to be paid.

The Commission also gives notice of the institution of preliminary antidumping investigations under 731-TA-184 through 187 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from East Germany, Israel, Spain, and the U.S.S.R. of potassium chloride, provided for in item 480.50 of the Tariff Schedules of the United States

(TSUS), which are alleged to be sold at less than fair value.

FOR FURTHER INFORMATION CONTACT: Abigail Eltzroth, U.S. International Trade Commission, 701 E Street NW., Washington, D.C. 20436, telephone 202-523-0289.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to petitions filed on March 30, 1984, by counsel for AMAX Chemical, Inc., and Kerr-McGee Chemical Corp., U.S. producers of potassium chloride. The Commission must make its determination in these investigations within 45 days after the date of the filing of the petitions, or by May 14, 1984 (19 CFR 207.17).

Participation

Persons wishing to participate in these investigations 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 seven (7) days after the publication of this ntoice 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.

Service of Documents

The Secretary will compile a service list from the entries of appearance filed in these investigations. Any party submitting a document in connection with the investigations shall, in addition to complying with section 201.8 of the Commission's rules (19 CFR 201.8), serve a copy of each such document on all other parties to the investigations. Such service shall conform with the requirements set forth in section 201.16(b) of the rules (19 CFR 201.16(b)), as amended by 47 FR 33682, Aug. 4, 1982).

Written submissions

Any person may submit to the Commission on or before April 26, 1984, a written statement of information pertinent to the subject matter of these investigations (19 CFR 207.15). A signed original and fourteen (14) copies of such statements must be submitted (19 CFR 201.8).

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately, and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of section 201.6 of the Commission's rules (19 CFR 201.6). All written submissions, except for confidential business data, will be available for public inspection.

Conference

The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 9:30 a.m. on April 24, 1984, at the U.S. International Trade Commission Building, 701 E Street, NW, Washington, D.C. Parties wishing to participate in the conference should contact Abigail Eltzroth (202-523-0289), not later than 3:00 p.m., April 20, 1984, to arrange for their appearance. Parties in support of the imposition of antidumping and countervailing duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Public Inspection

A copy of the petitions and all written submissions, except for confidential business data, will be available for public inspection during regular hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A and B (19 CFR 207, as amended by 47 FR 33682, Aug. 4, 1982), and part 201, subparts A through E (19 CFR Part 201, as amended by 47 FR 33682, Aug. 4, 1982).

This notice is published pursuant to section 207.12 of the Commission's rules (19 CFR 207-12).

Issued: April 3, 1984.

Kenneth R. Mason,

Secretary.

[FR Doc. 84-9206 Filed 4-5-84; 8:45 am]

BILLING CODE 7020-02-M

[C-429-401]

Potassium Chloride From the German Democratic Republic; Initiation of Countervailing Duty Investigation

AGENCY: International Trade Administration/Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters of potassium chloride in the German Democratic Republic (GDR), as described in the "Scope of Investigation" section below, receive benefits which constitute bounties or grants within the meaning of the countervailing duty law. The decision to initiate does not imply any judgment as to whether the practices concerned are in fact bounties or grants. We will make our preliminary determination on or before June 25, 1984.

EFFECTIVE DATE: April 26, 1984.

FOR FURTHER INFORMATION CONTACT: Rick Herring, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230, (202) 377-0167.

SUPPLEMENTARY INFORMATION:

Petition

On March 30, 1984, we received a petition filed by AMAX Chemical, Inc., and Kerr-McGee Chemical Corporation on behalf of the U.S. potassium chloride industry. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that manufacturers, producers, or exporters of potassium chloride in the GDR receive benefits which constitute bounties or grants within the meaning of section 303 of the Tariff Act of 1930, as amended (the Act).

Despite the fact that the merchandise under investigation is duty free, the U.S. International Trade Commission is not required to make an injury determination pursuant to section 303(a)(2) of the Act because the United States has no "international obligations" with respect to the GDR within the meaning of that section.

Initiation of Investigation

Under section 702(c) of the Act, we must determine, within 20 days after a petition is filed, whether the petition sets forth the allegations necessary for the initiation of a countervailing duty

investigation and whether it contains information, reasonably available to the petitioner, supporting the allegations. We have examined the petition on potassium chloride and have found that the petition meets those requirements.

Therefore, we are initiating a countervailing duty investigation to determine whether the manufacturers, producers, or exporters of potassium chloride in the GDR, as described in the "Scope of Investigation" section of this notice, receive benefits which constitute bounties or grants. If our investigation proceeds normally, we will make our preliminary determination by June 25, 1984.

Scope of Investigation

The product covered by this investigation is potassium chloride, otherwise known as muriate of potash, currently provided for under item number 480.5000 of the *Tariff Schedules of the United States Annotated.*

Allegations of Bounties or Grants

The petition alleges that the manufacturers, producers, or exporters of potassium chloride in the GDR receive the following benefits which constitute bounties or grants:

- Multiple Exchange Rates
- Price Equalization Bounties or Grants to Producers

This notice of initiation should not be construed to mean that we have resolved the question of whether these practices constitute bounties or grants within the meaning of the countervailing duty law. Similar issues are being investigated in the proceedings on carbon steel wire rod from Czechoslovakia and Poland. Final determinations in those cases will be made by May 1, 1984.

Dated: April 18, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-11303 Filed 4-25-84; 8:45 am]
BILLING CODE 3510-DS-M

[C508-401]

Potassium Chloride From Israel, Initiation of Countervailing Duty Investigation

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in Israel of potassium chloride, described in the "Scope of Investigation" section below, receive benefits which constitute bounties or grants withing the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of the merchandise are materially injuring, or threatening to materially injure, a U.S. industry. If our investigation proceeds normally, the ITC will make its preliminary determination on or before May 14, 1984, and we will make ours on or before June 25, 1984.

EFFECTIVE DATE: April 26, 1984.

FOR FURTHER INFORMATION CONTACT: John Brinkmann or Richard Rimlinger, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230, telephone: (202) 377-4929 or 3965.

SUPPLEMENTARY INFORMATION:

Petition

On March 29, 1984, we received a petition filed by Amax Chemicals Inc., Lakeland, Florida, and Kerr-McGee Chemical Corporation, Oklahoma City, Oklahoma, on behalf of the U.S. industry producing potassium chloride. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that manufacturers, producers, or exporters in Israel of potassium chloride receive, directly or indirectly, benefits which constitute bounties or grants within the meaning of section 303 of the Tariff Act of 1930, as amended (19 U.S.C. 1671) (the Act), and that these imports are materially injuring, or threatening to materially injure, a U.S. industry.

Israel is not a "country under the Agreement" within the meaning of section 701(b) of the Act; therefore, section 303 of the Act applies to this investigation. Since this merchandise enters the United States duty free and there is an international obligation within the meaning of section 303(a)(2) of the Act, an injury determination is required by the United States International Trade Commission (ITC).

Initiation of Investigation

Under section 702(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for the initiation of a countervailing duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on potassium chloride from Israel and have found that the petition meets those requirements. Therefore, we are initiating a countervailing duty investigation to determine whether the manufacturers, producers, or exporters in Israel of potassium chloride, as described in the "Scope of Investigation" section of this notice, receive bounties or grants. If our investigation proceeds normally, we will make our preliminary determination by June 25, 1984.

Scope of Investigation

The product covered by this investigation is potassium chloride, currently provided for under item 480.5000 of the *Tariff Scheduled of the United States Annotated.*

Allegations of Subsidies

The petition alleges that manufacturers, producers, or exporters in Israel of potassium chloride receive: capacity expansion grants under the Law for Encouragement of Capital Investments, preferential tax benefits, export credits through programs for export production and export shipments of the Export Fund, preferential insurance rates, preferential loans under the government of Israel Fund for Encouragement of Marketing Abroad, preferential transportation costs and preferential wharfage charges. We are investigating the above programs except for that concerning preferential loans. We are not investigating this program because petitioners' own data indicate that this program is not being used by the sole producer of potash in Israel. In addition, we will include in this investigation Israeli government programs which in prior cases, we have found might confer countervailable benefits.

Notification to ITC

Section 702(d) of the Act requires us to notify the ITC of these actions and to provide it with the information we use to arrive at these determinations. We will notify the ITC and make available to it all non-privileged and non-confidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by May 14, 1984, whether there is a reasonable indication that imports of potassium chloride from Israel are materially injuring, or threatening to materially injure, a U.S. industry. If that determination is negative, the investigation will terminate; otherwise, the investigation will proceed according to statutory procedures.

Dated: April 18, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-11304 Filed 4-25-84; 8:45 am]

BILLING CODE 3510-DS-M

[C-461-401]

Potassium Chloride From the Soviet Union, Initiation of Countervailing Duty Investigation

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters of potasssium chloride in the Soviet Union, as described in the "Scope of Investigation" section below, receive benefits which constitute bounties or grants within the meaning of the countervailing duty law. The decision to initiate does not imply any judgment as to whether the practices concerned are in fact bounties or grants.

We will make our preliminary determination on or before June 25, 1984.

EFFECTIVE DATE: April 26, 1984.

FOR FURTHER INFORMATION CONTACT: Rick Herring, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230 (202) 377-0187.

SUPPLEMENTARY INFORMATION:

Petition

On March 30, 1984, we received a petition filed by AMAX Chemical, Inc., and Kerr-McGee Chemical Corporation on behalf of the U.S. potassium chloride industry. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that manufacturers, producers, or exporters of potassium chloride in the Soviet Union receive benefits which constitute bounties or grants within the meaning of section 303 of the Tariff Act of 1930, as ameded (the Act).

Despite the fact that the merchandise under investigation is duty free, the U.S. International Trade Commission is not required to make an injury determination pursuant to section 303(a)(2) of the Act because the United States has no "international obligations" with respect to the Soviet Union within the meaning of that section.

Initiation of Investigation

Under section 702(c) of the Act, we must determine, within 20 days after a petition is filed, whether the petition sets forth the allegations necessary for the intiation of a countervailing duty investigation and whether it contains information, reasonably available to the petitioner, supporting the allegations. We have examined the petition on potassium chloride and have found that the petition meets those requirements.

Therefore, we are initiating a countervailing duty investigation to determine whether the manufacturers, producers, or exporters of potassium chloride in the GDR, as described in the "Scope of Investigation" section of this notice, receive benefits which constitute bounties or grants. If our investigation proceeds normally, we will make our preliminary determination by June 25, 1984.

Scope of Investigation

The product covered by this investigation is potassium chloride, otherwise known as muriate of potash, currently provided for under item number 480.5000 of the *Tariff Schedules of the United States Annotated.*

Allegations of Bounties or Grants

The petition alleges that manufacturers, producers, or exporters of potassium chloride in the GDR receive the following benefits which constitute bounties or grants:

- Multiple Exchange Rates
- Price equalization Bounties or Grants to Producers

This notice of initiation should not be construed to mean that we have resolved the question of whether these practices constitute bounties or grants within the meaning of the countervailing duty law. Similar issues are being investigated in the proceedings on carbon steel wire rod from Czechoslovakia and Poland. Final determination in those cases will be made by May 1, 1984.

Dated: April 18, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-11305 Filed 4-25-84; 8:45 am]

BILLING CODE 3510-DS-M

[A-469-404]

Potassium Chloride From Spain; Initiation of Antidumping Duty Investigation

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether potassium chloride from Spain is being, or is likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this product are materially injuring, or are threatening to materially injure, a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before May 14, 1984, and we will make ours on or before September 6, 1984.

EFFECTIVE DATE: April 26, 1984.

FOR FURTHER INFORMATION CONTACT: Terry Link, Office of Investigations, Import Administration, International Trade Administration, United States Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone (202) 377-0189.

SUPPLEMENTARY INFORMATION:

The Petition

On March 30, 1984, we received a petition in proper form filed on behalf of AMAX Chemical, Inc. and Kerr-McGee Chemical Corporation.

In compliance with the filing requirements of §353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from Spain are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act), and that these imports are materially injuring, or are threatening to materially injure, a United States industry. Petitioners calculate United States price based on

1982 Bureau of Census statistics. Foreign market value was based on a 1983 exmine price converted to U.S. dollars using the fourth quarter 1983 Customs exchange rate. Using this comparison, petitioners show a dumping margin of 30.51 percent for Spain.

Initiation of Investigation

• Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioners supporting the allegations. We have examined the petition on potassium chloride, and we have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping investigation to determine whether potassium chloride from Spain is being, or is likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by September 6, 1984.

Scope of Investigation

The merchandise covered by this investigation is potassium chloride, otherwise known as muriate of potash. Potassium chloride is currently classified under item number 480.50 of the *Tariff Schedules of the United States* (TSUS).

Notification to ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by May 14, 1984, whether there is a reasonable indication that imports of potassium chloride from Spain are materially injuring, or threatening to materially injure, a United States industry. If its determination is negative, the investigation will terminate, otherwise, it will proceed according to the statutory procedures.

Dated: April 18, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-11302 Filed 4-25-84; 8:45 am]

BILLING CODE 3510-DS-M

[C569-403]

Potassium Chloride From Spain; Initiation of Countervailing Duty Investigation

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in Spain of potassium chloride as described in the "Scope of Investigation" section below, receive benefits which constitute subsidies within the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of the merchandise are materially injuring, or threatening to materially injure, a U.S. industry. If our investigation proceeds normally, the ITC will make its preliminary determination on or before May 14, 1984, and we will make ours on or before June 25, 1984..

EFFECTIVE DATE: April 26, 1984.

FOR FURTHER INFORMATION CONTACT: Richard Rimlinger, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230, telephone: (202) 377-3962.

SUPPLEMENTARY INFORMATION:

Petition

On March 29, 1984, we received a petition filed by Amax Chemicals Inc., Lakeland, Florida, and Kerr-McGee Chemical Corportion, Oklahoma City, Oklahoma, on behalf of the U.S. industry producing potash. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that manufacturers, producers, or exporters in Spain of potassium chloride receive, directly or indirectly, benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (19 U.S.C. 1671) (the Act), and that these imports are materially injuring, or threatening to materially injure, a U.S. industry.

Spain is considered a "country under the Agreement" within the meaning of section 701(b) of the Act, therefore, Title VII of the Act applies to this investigation and an injury determination is required.

Initiation of Investigation

Under section 702(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for the initiation of a countervailing duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on potassium chloride from Spain and we have found that the petition meets those requirements.

Therefore, we are initiating a countervailing duty investigation to determine whether the manufacturers, producers, or exporters in Spain of potassium chloride described in the "Scope of Investigation" section of this notice, receive subsidies. If our investigation proceeds normally, we will make our preliminary determinations by June 25, 1984.

Scope of the Investigation

The product covered by this investigation is potassium chloride, currently provided for under item 480.5000 of the *Tariff Schedules of the United States Annotated.*

Allegation of Subsidies

The petition alleges that the manufacturers, producers, or exporters in Spain of potassium chloride receive preferential short-term export loans, overrebates of indirect taxes under a program known as Desgravacion Fiscal a la Exportacion or DFE, and that the owner of Spain's largest potassium chloride mine, Union Explosivos Rio Tinto, was granted a debt moratorium and other preferential financing terms by the Spanish government. In addition, we will include in this investigation the Spanish government programs which in prior cases, we have found might confer countervailable benefits.

Notification to ITC

Section 702(d) of the Act requires us to notify the U.S. International Trade Commission of these actions and to provide it with the information we used to arrive at these determinations.

We will notify the ITC and make available to all non-privileged and non-confidential information. We will also allow the ITC access to all privileged

and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by May 14, 1984, whether there is a reasonable indication that imports of potassium chloride from Spain are materially injuring, or threatening to materially injure, a U.S. industry. If that determination is negative, the investigation will terminate; otherwise, the investigation will proceed according to statutory procedures.

Dated: April 19, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-11298 Filed 4-25-84; 8:45 am]

BILLING CODE 3510-DS-M

[A-461-402]

Potassium Chloride From the Union of Soviet Socialist Republics; Initiation of Antidumping Duty Investigation

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping investigation to determine whether potassium chloride from the Union of Soviet Socialist Republics (USSR) is being, or is likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this product are injuring materially, or are threatening to injure materially, a United States industry. If the investigation proceeds normally, the ITC will make its preliminary determination on or before May 14, 1984, and we will make ours on or before September 6, 1984.

EFFECTIVE DATE: April 26, 1984.

FOR FURTHER INFORMATION CONTACT: Michael Ready, Office of Investigations, Import Administration, International Trade Administration, United States Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone (202) 377-2613.

SUPPLEMENTARY INFORMATION:

The Petition

On March 30, 1984, we received a petition from AMAX Chemical, Incorporated and Kerr-McGee Chemical Corporation, filed on behalf of the United States potassium chloride industry. In compliance with the filing requirements of § 353.36, of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from the USSR are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act), and that these imports are injuring materially, or are threatening to materially injure, a United States industry. The petition further alleges that the USSR is a state-controlled economy country within the meaning of the Act. It alleges that sales of potassium chloride in the USSR do not permit a determination of foreign market value and that the Department of Commerce must choose a surrogate country for the purposes of determining the foreign market value of this product.

The petitioners suggest the Federal Republic of Germany (FRG) as a surrogate country and support their allegation of sales at less than fair value by comparing the list price of potassium chloride in the FRG, netted back to an ex-minehead price, to the average ex-minehead price of potassium chloride imported into the United States from the USSR. The ex-minehead price for sales in the U.S. was developed by the petitioners from the average free along side (FAS) price of potassium chloride imported into the United States from the USSR, calculated from import statistics published by the U.S. Department of Commerce. The petitioners deducted an amount for inland freight based on freight charges in the FRG from the FAS price to arrive at an ex-minehead price.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping investigation and whether it contains information, reasonably available to the petitioner, supporting the allegations. We have examined the petition on potassium chloride and we have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping investigation to determine whether potassium chloride from the USSR is being, or is likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by September 6, 1984.

Scope of Investigation

The merchandise covered by this investigation is potassium chloride, otherwise known as muriate of potash. The product is classified under Item number 480.50 of the Tariff Schedules of the United States.

Notification to ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by May 14, 1984, whether there is a reasonable indication that imports of potassium chloride from the USSR are materially injuring, or threatening to materially injure, a United States industry. If its determination is negative, the investigation will terminate, otherwise, it will proceed according to the statutory procedures.

Dated: April 18, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-11300 Filed 4-25-84; 8:45 am]

BILLING CODE 3510-DS-M

[A-429-402]

Potassium Chloride From the German Democratic Republic; Initiation of Antidumping Investigation

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping investigation to determine whether potassium chloride from the German Democratic Republic (GDR) is being, or is likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may

determine whether imports of this product are materially injuring, or are threatening to materially injure, a United States industry. If the investigation proceeds normally, the ITC will make its preliminary determination on or before May 14, 1984, and we will make ours on or before September 6, 1984.

EFFECTIVE DATE: April 26, 1984.

FOR FURTHER INFORMATION CONTACT: Michael Ready, Office of Investigations, Import Administration, International Trade Administration, United States Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone (202) 377-2613.

SUPPLEMENTARY INFORMATION:

The Petition

On March 30, 1984, we received a petition from AMAX Chemical, Incorporated and Kerr-McGee Chemical Corporation, filed on behalf of the United States potassium chloride industry. In compliance with the filing requirements of § 353.36, of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from the GDR are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) ("the Act"), and that these imports are injuring materially, or are threatening to injure materially, a United States industry.

The petition further alleges that the GDR is a state-controlled economy country within the meaning of the Act. It alleges that sales of potassium chloride in the GDR do not permit a determination of foreign market value and that the Department of Commerce must choose a surrogate for the purposes of determining the foreign market value of this product.

The petitioners suggest the Federal Republic of Germany (FRG) as a surrogate country and support their allegation of sales at less than fair value by comparing the list price of potassium chloride in the FRG, netted back to an ex-minehead price, to the average ex-minehead price of potassium chloride imported into the United States from the GDR. The ex-minehead price for sales in the U.S. was developed by the petitioners from the average free along side (FAS) price of potassium chloride imported into the United States from the GDR, calculated from import statistics published by the U.S. Department of Commerce. The petitioners deducted therefrom an amount for inland freight based on freight charges in the FRG for the mine to port distance in the GDR to arrive at an ex-minehead price.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping investigation and whether it contains information, reasonably available to the petitioner, supporting the allegations. We have examined the petition on potassium chloride and we have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping investigation to determine whether potassium chloride from the GDR is being, or is likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by September 6, 1984.

Scope of Investigation

The merchandise covered by this investigation is potassium chloride, otherwise known as muriate of potash. The product is classified under Item number 480.50 of the Tariff Schedules of the United States.

Notification to ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by May 14, 1984, whether there is a reasonable indication that imports of potassium chloride from the GDR are materially injuring, or threatening to materially injure, a United States industry. If its determination is negative, the investigation will terminate, otherwise, it will proceed according to the statutory procedures.

Dated: April 18, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-11299 Filed 4-25-84; 8:45 am]

BILLING CODE 3510-DS-M

[A-508-402]

Potassium Chloride From Israel; Initiation of Antidumping Duty Investigation

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether potassium chloride from Israel is being, or is likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this product are materially injuring, or are threatening to materially injure, a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before May 14, 1984, and we will make ours on or before September 6, 1984.

EFFECTIVE DATE: April 26, 1984.

FOR FURTHER INFORMATION CONTACT: John Brinkmann, Office of Investigations, Import Administration, International Trade Administration, United States Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone (202) 377-4929.

SUPPLEMENTARY INFORMATION:

The Petition

On March 30, 1984, we received a petition in proper form filed on behalf of AMAX Chemical, Inc. and Kerr-McGee Chemical Corporation.

In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from Israel are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act), and that these imports are materially injuring, or are threatening to materially injure, a United States industry. Petitioners calculate United States price based on an f.o.b. price with deductions for ocean freight and estimated handling costs in Israel. Since petitioners were unable to secure home market or third country prices for the merchandise subject to this investigation, foreign market value

was based on United States producers' costs for the merchandise adjusted for labor cost differences in Israel. Using this comparison, there is an apparent dumping margin of 3.3 percent.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioners supporting the allegations. We have examained the petition on potassium chloride, and we have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping investigation to determine whether postassium chloride from Israel is being, or is likely to be, sold in the United States at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by September 6, 1984.

Scope of Investigation

The merchandise covered by this investigation is potassium chloride, otherwise known as muriate of potash. Potassium chloride is currently classified under item number 480.50 of the *Tariff Schedules of the United States* (TSUS).

Notification to ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by May 14, 1984, whether there is a reasonable indication that imports of potassium chloride from Israel are materially injuring, or threatening to materially injure, a United States industry. If its determination is negative, the investigation will terminate; otherwise, it will proceed according to the statutory procedures.

Dated: April 18, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-11301 Filed 4-25-84; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX B

WITNESSES AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 303-TA-15, 701-TA-213, and
731-TA-184 through 187 (Preliminary)

POTASSIUM CHLORIDE FROM EAST GERMANY, ISRAEL,
SPAIN, AND THE U.S.S.R.

Those listed below appeared at the United States International Trade Commission's conference held in connection with the subject investigations on Tuesday, April 24, 1984 in the Sunshine Room of the USITC Building, 701 E Street, N.W., Washington, D.C.

In support of the imposition of additional duties

Ad Hoc Potash Committee
Carlsbad, New Mexico

The Honorable Walter Gerrells
Mayor of Carlsbad, New Mexico

Chapman, Duff & Paul--Counsel
Washington, D.C.
on behalf of

AMAX Chemical, Inc.
Kerr-McGee Chemical Corp.

Charles L. Trozzo
Bushnell, Pearsall & Trozzo

J. Van Rogers,
AMAX Chemical, Inc.

J. J. Hartney
Kerr-McGee Chemical Corp.

W. N. Harrell Smith)
Gary Clyde Hufbauer) --OF COUNSEL

Miller & Chevalier
Washington, D.C.
on behalf of

Potash Co. of America
Division of Ideal Basic Industries, Inc.

Donald Harrison--OF COUNSEL

In opposition to the imposition of additional duties

Daniels, Houlihan & Palmeter
Washington, D.C.
on behalf of

East Germany
Philipp Brothers, Inc.

Michael P. Daniels)
Jeffrey S. Neeley) —OF COUNSEL

Kaplan Russin & Vecchi
Washington, D.C.
on behalf of

Dead Sea Works Ltd.

Julius Kaplan—OF COUNSEL

Sherman & Sterling
New York, N.Y.
on behalf of

Comercial de Potasas, S.A.
Potash Import & Chemical Corp.

Donald L. Cuneo—OF COUNSEL

Steptoe & Johnson
Washington, D.C.
on behalf of

Cargill, Inc.
Occidental Petroleum

Michael Sandler)
Jane C. Luxton) —OF COUNSEL