

**DEXTRINES AND SOLUBLE OR CHEMICALLY
TREATED STARCHES DERIVED FROM CORN
OR POTATO STARCH FROM BELGIUM,
DENMARK, THE FEDERAL REPUBLIC
OF GERMANY, FRANCE, IRELAND,
ITALY, LUXEMBOURG, THE
NETHERLANDS, AND
THE UNITED KINGDOM**

**Determination of No Material Injury
or Threat Thereof in Investigations
Nos. 701-TA-11 — 19 and
701-TA-22 — 30 (Final)**

PUBLICATION 1061

MAY 1980



UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Catherine Bedell, Chairman

Bill Alberger, Vice Chairman

George M. Moore

Paula Stern

Michael J. Calhoun

Kenneth R. Mason, Secretary to the Commission

Prepared principally by:

Cynthia B. Foreso, Office of Industries

Louis DeToro, Office of Industries

Norman Elrod, Office of Economic Research

Christine Bliss, Office of the General Counsel

Assisted by:

Kenneth Conant III, Office of Industries

Linda Mudd, Office of Industries

Loretta Willis, Office of Investigations

Patricia Augustine, Office of Data Systems

John MacHatton

Supervisory Investigator

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

C O N T E N T S

	<u>Page</u>
Determination of Material Injury-----	1
Views of Commissioners Alberger, Stern and Calhoun-----	5
Statement of reasons of Chairman Bedell and Commissioner Moore-----	15
Information obtained in the investigation:	
Introduction-----	A-1
Development of the instant cases:	
Corn starch derivatives-----	A-3
Potato starch derivatives-----	A-4
Information obtained from the Commerce/Treasury files on the nature and extent of the bounties or grants being paid or bestowed:	
Potato starch derivatives-----	A-4
Corn starch derivatives-----	A-5
Description and uses-----	A-6
U.S. tariff treatment-----	A-8
U.S. producers-----	A-8
U.S. importers-----	A-9
U.S. markets and channels of distribution-----	A-14
Consideration of injury:	
U.S. imports-----	A-14
U.S. production-----	A-20
U.S. producers' domestic shipments and exports-----	A-24
Capacity and capacity utilization-----	A-29
Employment, person-hours, and labor productivity-----	A-29
U.S. producers' inventories-----	A-33
Financial experience of U.S. producers-----	A-37
Consideration of the causal relationship between imports from the EC and the alleged injury:	
Market penetration of imports from the EC-----	A-37
Lost sales-----	A-43
Purchasers' comments on reasons for buying dextrans and soluble or chemically treated starches from the EC-----	A-43
Prices and margins of underselling:	
Producer and importer price comparisons-----	A-43
Prices of dextrans derived from potato starch-----	A-47
Prices of chemically treated starches derived from potato starch-----	A-47
Prices of chemically treated starches derived from corn starch-----	A-47
Purchase price comparisons-----	A-48
Appendix A.--Letter of referral of countervailing duty cases on potato starch and corn starch by the Department of Commerce to the U.S. International Trade Commission-----	A-49
Appendix B.--Treasury Department notice concerning the preliminary determination on corn starch dextrans and soluble or chemically treated starches-----	A-53
Appendix C.--Commerce Department's notice of final countervailing duty determination with respect to corn starch derivatives-----	A-55

CONTENTS

	<u>Page</u>
Appendix D.--Treasury Department notices concerning the preliminary and final determinations on potato starch dextrines and soluble or chemically treated starches-----	A-67
Appendix E.--Transmission of information on findings of the payment of bounties or grants on potato starch production in the European Community-----	A-73
Appendix F.--U.S. International Trade Commission notice of investigation and hearing on corn starch dextrines and soluble or chemically treated starches-----	A-77
Appendix G.--U.S. International Trade Commission notice of investigations and hearing on potato starch dextrines and soluble or chemically treated starches-----	A-87
Appendix H.--Treasury Department notice concerning the initiation of the countervailing duty investigations on corn starch dextrines and soluble or chemically treated starches-----	A-93
Appendix I.--Treasury Department notice concerning the initiation of the countervailing duty investigations on potato starch dextrines and soluble or chemically treated starches-----	A-95
Appendix J.--Supplementary statistical tables on apparent U.S. consumption of dextrines and soluble or chemically treated starches, derived from corn and potato starch, by commodity groups-----	A-97
Appendix K.--Supplementary statistical tables on U.S. importers' and U.S. producers' net selling prices-----	A-109
Appendix L.--Staff memorandum to the Commission dated April 18, 1980, with regard to the operations of the Henkel Corp.-----	A-135

Figures

1. Schematic of the production process for dextrines-----	A-11
2. Schematic of the production process for soluble or chemically treated starches-----	A-12
3. Channels of distribution for dextrines and soluble or chemically treated starches-----	A-15

Tables

1. Dextrines and soluble or chemically treated starches: Share of certain large producers' total annual rated capacity for production of dextrines and soluble or chemically treated starches, accounted for by derivatives of corn starch alone, 1976-78, January-October 1978, and January-October 1979-----	A-10
2. Dextrines and soluble or chemically treated starches: U.S. imports, by questionnaire respondents, and by source, 1976-78, and January-October 1979-----	A-13
3. Dextrines and soluble or chemically treated starches: U.S. imports for consumption, by sources, 1976-79-----	A-17

CONTENTS

Page

Tables--Continued

4. Dextrines and soluble or chemically treated starches: Share of total quantity of imports, and share of quantity of imports from the EC, by principal source, 1976-79-----	A-19
5. Dextrines and soluble or chemically treated starches: U.S. imports from the EC reported by questionnaire respondents, 1976-78, January-October 1978, and January-October 1979-----	A-21
6. Dextrines and soluble or chemically treated starches: U.S. importers' shipments, 1976-78, and January-October 1979-----	A-22
7. Dextrines and soluble or chemically treated starches: U.S. production, 1976-78, January-October 1978, and January-October 1979----	A-23
8. Dextrines and soluble or chemically treated starches: U.S. production by firms, 1976-78, January-October 1978, and January-October 1979-----	A-25
9. Dextrines and soluble or chemically treated starches: Domestic shipments, 1976-78, January-October 1978, and January-October 1979-----	A-27
10. Dextrines and soluble or chemically treated starches: U.S. exports, 1976-78, January-October 1978, and January-October 1979-----	A-28
11. Dextrines and soluble or chemically treated starches: U.S. producers' total annual rated capacity for the production of dextrines and soluble or chemically treated starches by starch derivation, and by firms, 1976-78, January-October 1978, and January-October 1979-----	A-30
12. Dextrines and soluble or chemically treated starches: Ratio of production to total annual rated capacity (ratio of capacity utilization), by firms, 1976-78, January-October 1978, and January-October 1979-----	A-31
13. Average number of employees, total and production and related workers in the manufacture of dextrines and soluble or chemically treated starches, and person-hours worked by the latter, 1976-78, January-October 1978, and January-October 1979-----	A-32
14. Dextrines and soluble or chemically treated starches: Labor and productivity, by firms, 1976-78, January-September 1978, and January-September 1979-----	A-34
15. Dextrines and soluble of chemically treated starches: End-of-period U.S. inventories 1976-78, January-October 1978, and January-October 1979-----	A-35
16. Dextrines and soluble or chemically treated starches: U.S. production, domestic shipments and end-of-period inventories, by principal U.S. producers, 1976-78, January-October 1978, and January-October 1979-----	A-36
17. Dextrines and soluble or chemically treated starches: Selected financial data, by firm, 1976-78, January-September 1978, and January-September 1979-----	A-38

CONTENTS

Page

Tables--Continued

18.	Ratios of net operating profit to net sales, book value, and original cost of capital assets used in the production of dextrines and soluble or chemically treated starches, by firms, 1976-78, January-October 1978, and January-October 1979-----	A-40
19.	Dextrines and soluble or chemically treated starches: U.S. production, exports, imports, and apparent consumption, 1976-78, January-October 1978, and January-October 1979-----	A-41
20.	Dextrines and soluble or chemically treated starches: U.S. apparent consumption and ratios to consumption of total imports, and imports of selected EC countries, 1976-78, January-October 1978, and January-October 1979-----	A-42
21.	Dextrines derived from corn, potato, and other starches: Margins of underselling, 1976, first quarter thru 1979, fourth quarter---	A-44
22.	Soluble starches derived from corn, potato, and other starches: Margins of underselling, 1976, first quarter thru 1979, fourth quarter-----	A-45
23.	Chemically treated starches from corn, potato, and other starches: Margins of underselling, 1976, first quarter thru 1979, fourth quarter-----	A-46

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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigations Nos. 701-TA-11 (Final) through 701-TA-19 (Final)
and 701-TA-22 (Final) through 701-TA-30 (Final)

Dextrines and Soluble or Chemically Treated Starches Derived from Corn or
Potato Starch From Belgium, Denmark, The Federal Republic of
Germany, France, Ireland, Italy, Luxembourg,
The Netherlands and the United Kingdom

Determination

On the basis of the record 1/ developed in investigations Nos. 701-TA-11 (Final) through 701-TA-19 (Final) and investigations Nos. 701-TA-22 (Final) through 701-TA-30 (Final), the Commission unanimously determined, pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)), that an industry in the United States is not materially injured, or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, by reason of the importation of dextrines and soluble or chemically treated starches derived from corn starch or dextrines and soluble or chemically treated starches derived from potato starch (all the foregoing provided for in item 493.30 of the Tariff Schedules of the United States) from Belgium, Denmark, the Federal Republic of Germany, France, Ireland, Italy, Luxembourg, the Netherlands, or the United Kingdom, with respect to which the Commerce Department has found that a subsidy is being provided in the amount of \$183.17 per metric ton for all European Community members and in the amount of an additional \$7.49 per metric ton for imports from the Netherlands.

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

Background

As of January 1, 1980, the Department of the Treasury had made a preliminary but not a final affirmative countervailing duty determination with regard to U.S. imports of dextrines and soluble or chemically treated starches derived from corn starch imported from the European Community and had also made a final affirmative countervailing duty determination with regard to U.S. imports of dextrines and soluble or chemically treated starches derived from potato starch imported from the European Community since the date of enactment of the Trade Agreements Act of 1979 (July 26, 1979). The Commission received advice on the corn and potato starch derivative cases from the Department of Commerce on January 7, 1980, and received the most current information on the status of the bounties and grants applicable to U.S. imports of potato starch derivatives from the Department of Commerce on February 5, 1980. Accordingly, the Commission instituted its nine investigations on imports of dextrines and soluble or chemically treated starches derived from corn starch from each of the member states of the European Community (investigations Nos. 701-TA-11 through 701-TA-19 (Final)), effective January 1, 1980, and instituted its nine investigations on imports of dextrines and soluble or chemically treated starches derived from potato starch from each of the member states of the European Community (investigations Nos. 701-TA-22 through 701-TA-30 (Final)), effective February 5, 1980. Notice of the institution of the investigations and of the public hearing to be held therewith was duly given by posting copies of the notices in the Office of the Secretary, U.S.

International Trade Commission, Washington, D.C., and at the Commission's New York City Office. Notice was also given by publishing the notice of the corn starch derivatives investigations in the Federal Register of January 17, 1980 (45 F.R. 3400) and of the potato starch derivatives investigations in the Federal Register of February 22, 1980 (45 F.R. 11938). The public hearing for both series of investigations was held in Washington, D.C. on April 9, 1980.

VIEWS OF COMMISSIONERS ALBERGER, STERN, AND CALHOUN

In order for the Commission to reach an affirmative determination in this investigation, pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)), it is necessary to find that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded by reason of imports of dextrines and soluble or chemically treated starches derived from corn starch and/or potato starch 1/ from members of the European Economic Community with respect to which the Department of Commerce has found a subsidy is being provided. 2/

The Domestic Industry

In this investigation, we have concluded that the appropriate domestic industry against which the impact of subsidized imports of corn or potato starch derivatives from the European Community (EC) should be measured, consists of those facilities in the United States producing dextrines, soluble, starches and/or chemically treated starches from corn starch and/or potato starch. The record developed in this investigation establishes a clear basis for such a conclusion.

1/ As provided for in item no. 493.30 of the Tariff Schedules of the United States.

2/ The Department of Commerce (Commerce) determined the net value of bounties or grants bestowed on the manufacture, production, or exportation of both corn and potato starch derivatives to be \$183.17 per metric ton for all EC member countries and an additional \$7.49 per metric ton for imports from the Netherlands.

Section 771(4) of the Tariff Act of 1930 (19 U.S.C. 1677(4))

provides in part, as follows:

"(A) In General.--The term 'industry' means 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."

"(D) Product Lines.--The effect of subsidized or dumped imports shall be assessed in relation to the United States production of a like product if available data permit the separate identification of production in terms of such criteria as the production process or the producers' profits. If the domestic production of the like product has no separate identity in terms of such criteria, then the effect of the subsidized or dumped imports shall be assessed by the examination of the production of the narrowest group or range of products, which includes a like product, for which the necessary information can be provided."

Section 771(10) (19 U.S.C. 1677(10)) provides that:

"The term 'like product' means a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title."

The record reveals that the majority of the production of dextrans and soluble or chemically treated starches by the 9 U.S. producers of starch derivatives is derived from corn starch in contrast to the majority of the subsidized imported starch derivatives which are manufactured from potato starch. Only a small percentage of the domestic production of derivatives is based on potato starch. The majority of the U.S. industry is devoted to the production of chemically treated starches, while the majority of imported starch products are dextrans, and a smaller but significant percentage of the imports are chemically treated starches.

Similar production processes are used in the manufacture of corn and potato starch derivatives and once produced, the starch derivatives cannot be

differentiated by source. The record indicates that a particular starch product, whether derived from potato or corn starch, may be used for the same purpose. This interchangeability of derivatives was corroborated by responses received from purchasers, importers, and producers. Interchangeability is also supported by the fact that while the majority of petitioner's starch production is corn starch based, they filed a case against potato starch derivatives indicating that such derivatives are directly competitive. Therefore, we find that potato and corn starch derivatives are like products based on the similarity in their characteristics and uses.

We also determine that the total domestic production of dextrines and soluble or chemically treated starches derived from corn starch and potato starch constitutes a single product line which is defined as the "narrowest group or range of products, which includes a like product, for which the necessary information can be provided." 3/ The "necessary information" referred to in the statute may be either information on the production process or profit and loss information. In the instant investigation the Commission was able only to obtain information on production methods and profit and loss data for all starch products and not individual figures relating to the three specific categories of products, that is dextrines and soluble or chemically treated starches. Therefore, although ordinarily the Commission would have treated the three types of starch products as separate product lines, there was insufficient information available to do so in this case. We have, however, thoroughly examined the information we do have along product lines,

3/ Section 771(4)(A) and (D), Tariff Act of 1930 (19 U.S.C. 1677(4)(A) and (D)).

particularly pricing, and are convinced that the imports in question are not adversely affecting domestic production in such product lines.

Conditions in the Industry

The law requires the Commission to determine whether a domestic industry in the United States is materially injured by reason of imports of the subsidized imports. 4/ In this case we have concluded that the domestic producers of dextrans and soluble or chemically treated starches derived from corn starch and potato starch are not materially injured, or threatened with material injury, and that the establishment of an industry is not materially retarded by reason of subsidized imports of dextrans, and soluble or chemically treated starches derived from corn starch and potato starch from the European Community. 5/

The record of this investigation establishes a sound basis for this conclusion. In making our finding, we considered the role of imports and all relevant economic data, including the following criteria set out in section 771 of the Tariff Act of 1930: volume of imports; the impact of imports on the industry; and their effect on U.S. prices.

4/ Tariff Act of 1930, section 705(b).

5/ Our decision to deal with imports from all members of the European Community is in accordance with section 771(3) of the Tariff Act of 1930 which provides that the Commission may treat a customs union as a country in a countervailing duty case. Because the language used in the statute is permissive, the decision is within the Commission's discretion. Since the EC administers the applicable subsidies in relation to the production of starch derivatives for which all member countries are eligible, liability for injury from these subsidies should be imposed against the Community as a unit. Furthermore, the Government of the Netherlands provides an additional subsidy above that given by the European Community. We gave this matter separate consideration as well.

In addition to declines in the quantity of imports from all sources from 30.3 million pounds in 1976 to 24.5 million pounds in 1979, and the quantity of imports from the EC fell from 30.2 million pounds in 1976 to 23.4 million pounds in 1979, the total value of imports of starch derivatives from all sources and from the EC declined slightly in the same period. While the value of imports from the EC did increase from \$6.0 million in 1976 to \$6.4 million in 1977, the value then dropped dramatically to \$4.4 million in 1978, rising again to \$5.7 million in 1979. The Netherlands was the largest exporter of starch derivatives to the United States, accounting for over 90 percent of all imports since 1976. Commensurate with the decline in the value of imports the ratio of total imports from the EC to domestic consumption decreased from 2.76 percent in 1976 to 1.83 percent in 1978, and increased to 1.91 percent in January-October 1979. Only imports from the Netherlands yielded significant import to consumption ratios. These ratios, however, declined steadily from 2.71 percent in 1976 to 1.74 percent in 1978, and then increased slightly to 1.83 percent in 1979.

Imports from the EC of starch derivatives do not appear to have had an adverse impact on the U.S. industry. While imports declined, there was also a slight decline in apparent U.S. consumption of starch derivatives between 1976 and 1979 and employment and person-hours worked in the industry also declined during this period. These declines in apparent consumption and employment might be expected to indicate a general decline in production. Instead, responding firms reported that the domestic industry experienced a 3 percent increase in overall production from 1977-78 and production during January-October 1979 exceeded production levels during January-October 1978 by 7.4 percent. Production clearly improved. Inventories rose from 1976 to 1978

but then declined in January-October 1979. The ratios of U.S. firms' inventories to domestic production and shipments increased from 1976 to 1978 but declined in January-October 1979.

Despite substantial efforts minimal usable financial data was received from domestic producers. For those firms supplying complete information net operating profits show a steady but modest increase, net return on assets appears to be healthy, and a significant amount of capital expenditure has taken place. The increased profitability of dextrines and soluble or chemically treated starches is significant in light of the fact that profits on all operations of the establishments in which starches are produced, have fallen dramatically during the period covered by the Commission's questionnaire responses. Between 1976 and 1978, net profits on dextrine, soluble and chemically treated starch operations increased by 5 percent despite a drop of over 50 percent in the overall profits of the establishments in which starch derivatives were produced. The ratios of net operating profits to net sales on these starch derivative operations for reporting U.S. producers improved slightly in 1977 from the 1976 level, and fell in 1978, but to a level higher than that obtained in 1976. This ratio fell again in 1979, but was considerably higher than the net return on sales experienced by the majority of U.S. firms.

It would also appear that the subsidized imports have not had the effect of depressing the prices of domestic product to a significant degree, nor is there evidence of significant price undercutting. There is no evidence that dextrines from the EC ever undersold U.S. produced dextrines. Soluble starches from potato starch from the EC undersold U.S. produced soluble starches in most cases, but only part of the underselling of domestic soluble

starches from the EC could have been accounted for by the amounts of subsidies found by the administering authority. Also, petitioners did not complain about soluble starches and imports were quite low. Chemically treated starches derived from potato starch from the EC undersold the U.S. chemically treated starches from potato starch in only one of the 16 calendar quarters examined by the Commission. In all other instances, the European product was priced higher than the domestic product.

Thus despite the fact that the subsidy on production costs of potato and starch derivatives is not small, in view of the relative economic health of the domestic industry, the low level of market penetration, and declining imports, material injury by reason of these subsidized imports cannot be established.

Findings of fact

The conclusion that domestic producers of dextrines and soluble or chemically treated starches are not materially injured or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded by reason of imports from the EC, is based on consideration of the economic factors required by Section 771(7) of the Tariff Act of 1930 (19 U.S.C. 1677(7)). Our findings of fact are:

A. Volume of imports

1. Total U.S. imports of dextrines and soluble or chemically treated starches from all sources decreased from 30.3 million pounds in 1976 to 23.6 million pounds in 1978 and increased slightly to 24.5 million pounds in 1979. (Report at A-14).

2. The Netherlands was the largest exporter to the United States. Imports from the Netherlands amounted to 29.6 million pounds in 1976, decreasing to 19.1 million pounds in 1978 and increasing to 22.4 million pounds in 1979. (Report at A-17). Imports from all EC source fell from 30.2 million pounds in 1976 to 20.0 million pounds in 1978 and rose to 23.4 million pounds in 1979. The ratio of imports from all sources to consumption declined from 2.77 percent in 1976 to 2.16 percent in 1978; and further declined to 2.0 percent during the period January-October 1979. (Report at A-42).

B. Effect of imports on U.S. prices

3. During the relevant period, soluble starches from potato starch imported from the EC undersold U.S. starch derivatives from all starch sources by about 50 percent. (Report A-48). Only part of the underselling of domestic soluble starches from the EC was accounted for by the amounts of subsidies found by the administering authority. In only one other case did directly competing identical goods undersell the U.S. product. Chemically treated starches derived from potato starch from the EC undersold the U.S. chemically treated starches from potato starch in only one of the 16 calendar quarters examined by the Commission.

C. Impact on affected industry

4. U.S. production of dextrines and soluble or chemically treated starches fell by 4 percent during the period 1976 to 1978, but production during January-October 1979 exceeded production during the same period in 1978 by 7.4 percent. The value of U.S. producers' domestic shipments decreased

slightly from \$157 million in 1978, and were valued at \$149 million in January-October 1979, an increase of 9 percent over the corresponding period in 1978.

5. The ratio of imports from the EC to apparent U.S. consumption fell from 2.76 percent in 1976 to 1.83 percent in 1978 and amounted to 1.91 percent in January-October 1979.

6. Profit and loss data provided to the Commission was minimal. With regard to their operations only in the starch derivatives covered by this investigation, net operating profits have increased and profit to sales ratios and net return on assets appear to be healthy.

7. Total annual rated capacity of the domestic producers fell from 1.5 billion pounds from 1976 to 1977 to 1.4 billion pounds in 1978 and amounted to 1.3 billion pounds in January-October 1978 and January-October 1979. The ratio of production of corn starch derivatives to total annual rated capacity rose from 82.4 percent in 1976 to 85.4 percent in 1978; declining slightly from 80.5 percent in January-October 1978 to 78.1 percent in the corresponding period of 1979.

8. The number of production and related workers employed by firms responding to the Commission's questionnaires declined from 1976 to 1979, as did person-hours worked, but this decline can be accounted for by increased labor productivity.

9. Inventories rose from 1976 to 1978 by 13 percent and then declined in January-October 1979. The ratios of U.S. firms' inventories to domestic production and shipments increased from 1976 to 1978 but declined in January-October 1979 from their January-October 1978 levels.

10. Aggregate dextrine operations show a drop in net sales in 1977, recovering in 1978 and increasing by 18.2 percent in January-October 1979 relative to January-October 1978. Net operating profits have shown a steady but modest increase, and a significant amount of capital expenditure has taken place.

11. No information was supplied with respect to the U.S. industry's return on investment, cash flow, wages, growth, and ability to raise capital of the dextrine and soluble or chemically treated starch derived from corn and/or potato starch industry in the United States.

Conclusions of Law

A. The appropriate domestic industry against which the impact of subsidized imports from the EC should be measured, consists of those domestic facilities devoted to the production of all dextrines, soluble or chemically treated starches from corn and/or potato starch.

B. This industry in the United States is not materially injured, or threatened with material injury, and the establishment of an industry in the United States is not materially retarded by reason of subsidized imports of dextrines and soluble or chemically treated starches from corn and/or potato starch from the EC.

STATEMENT OF REASONS OF CHAIRMAN CATHERINE BEDELL
AND COMMISSIONER GEORGE M. MOORE

On the basis of the record developed in this investigation, we determine, pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671(b)), that an industry in the United States is not materially injured, or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded by reason of imports of dextrines and soluble or chemically treated starches provided for in item 493.30 of the Tariff Schedules of the United States from corn starch and potato starch from the European Community (EC) with respect to which the U.S. Department of Commerce has found that a subsidy is being provided.

The domestic industry

In these investigations we have concluded that the appropriate domestic industry against which the impact of the subsidized imports from the EC should be measured consists of the facilities in the United States producing dextrines and soluble or chemically treated starches derived from corn starch and/or potato starch. 1/ There are nine known producers of these starch derivatives in the United States.

Our finding concerning the composition of the appropriate domestic industry is based on section 771(4) of the Tariff Act of 1930 (19 U.S.C. 1677(4)). Section 771(4)(A) defines the term "industry" to mean the domestic producers of a "like product," which is in turn defined in section 771(10) as "a product which is like, or in the absence of like, most similar in

1/ There is insufficient data to allow the Commission to examine the impact of the subject imports on dextrines and soluble or chemically treated starches derived from "other starches" such as wheat, rice, and tapioca.

characteristics and uses with, the article subject to an investigation under this title."

In these investigations, the petitioner seeking relief from imports of subsidized potato starch derivatives was the Corn Refiners Association (CRA), representing U.S. producers of corn starch derivatives. Repeatedly in the prehearing and posthearing briefs, as well as in the testimony at the hearing before the Commission, both parties to the investigation agreed that corn starch and potato starch dextrines and soluble or chemically treated starches can be used interchangeably. 1/

The Commission is required, pursuant to section 771(4)(D) to consider the narrowest range of products which includes a like product. The definition of the narrowest range of products or product line which can be used to measure injury is dependent upon the availability of data which permit the separate identification of production in terms of such criteria as production process or profit-and-loss information. Because the Commission was able to obtain information on production methods and profits only in relation to the production of starch derivatives and not specific products, we define the relevant industry as the domestic producers of dextrines, soluble starches, and/or chemically treated starches derived from corn and/or potato starch.

The subsidy

The Department of Commerce (Commerce) has determined the net value of bounties or grants bestowed on the manufacture, production, or exportation of both corn and potato starch derivatives to be \$183.17 per metric ton for all

1/ See the prehearing brief on behalf of the CRA p. 2, and Henkel's testimony agreeing with the conclusions of the CRA, the posthearing brief on behalf of Avebe, p. 2, and the Commission's report p. 7.

EC-member countries and an additional \$7.49 per metric ton for imports from the Netherlands. 1/

The question of material injury

With respect to the question of material injury, the Commission is directed by section 771 of the Tariff Act of 1930 to consider, among other factors, the volume of imports of the merchandise subject to the investigation, the price effects of such imports, and the impact of such imports on the affected U.S. industry.

The volume of subsidized imports.--The quantity of imports of these starch derivatives from all sources declined irregularly from 30.3 million pounds to 24.5 million pounds during 1976-79. Imports from all EC-member countries amounted to 30.2 million pounds in 1976; 27.1 million pounds in 1977; 20.0 million pounds in 1978; and 23.4 million pounds in 1979. Despite the increase in imports in 1979, they remained well below the levels of imports from the EC reached in 1976 and 1977. The ratio of total imports from the EC to domestic consumption decreased from 2.76 percent in 1976 to 1.83 percent in 1978, and remained below 2 percent in January-October 1979. 2/

Price effects of subsidized imports.--There has been no significant price undercutting by the imported merchandise as compared with the price of like products in the United States and no consistent pattern of price suppression or depression has been found in the Commission's investigation. No underselling by dextrans imported from the European Community was found. Although underselling of imports of soluble starches was found, the

1/ See p. A-5 of the report.

2/ See p. A-41 of the report.

underselling could only be partially accounted for by the European subsidies.

In only one case did imported chemically treated starches from the EC undersell chemically treated starches produced in the United States.

Chemically treated starches derived from potato starch from the EC undersold the chemically treated starches produced in the United States in only 1 of the 16 calendar quarters covered by the Commission's investigation. In all other instances, the European product was priced at higher levels than the like U.S. product. 1/

Impact of subsidized imports on the affected industry.--Section 771 of the act instructs the Commission to examine, with respect to the impact of the subsidized imports on the domestic industry, all relevant economic factors including, but not limited to, actual and potential decline in output, sales, market share, profits, productivity, return on investments, utilization of capacity, factors affecting domestic prices, and actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment. The Commission received questionnaire responses on virtually all of the above-mentioned information for firms believed to account for virtually 100 percent of production and shipments.

U.S. output of dextrines and soluble or chemically treated starches derived from corn and potato starch rose by 3 percent between 1977 and 1978, and output during January-October 1979 was 7 percent above the level reached during the corresponding period of 1978. 2/ The share of the U.S. market accounted for by domestic producers of dextrines and soluble or chemically treated starches increased from 97 percent in 1976 to 98 percent in 1978 and

1/ See p. A-48 of the report.

2/ See p. A-20 of the report.

remained at 98 percent during January-October 1979. The quantities of domestic shipments of dextrines and soluble or chemically treated starches fell by 8 percent from 1976 to 1978, but the value of such shipments during the same period rose by 4 percent. Both the quantity and value of domestic shipments by U.S. producers rose from January-October 1978 to January-October 1979. 1/

Capacity utilization for corn starch derivatives, which accounts for nearly all U.S. capacity for the production of dextrines and soluble or chemically treated starches, rose from 82 percent in 1976 to 85 percent in 1978, but dropped slightly in January-October 1979 from the January-October 1978 level. 2/ While end-of-period U.S. inventories increased actually and relative to domestic production and shipments during 1976-78, such inventories declined both actually and relative to domestic production and shipments in January-October 1979 from their levels in January-October 1978. 3/ While employment and man-hours worked in the production of dextrines and soluble or chemically treated starches decreased during the period 1976-78, the reduction in employment is more than accounted for by increased productivity per man-hours, since production of the products in question increased 4/ No information was received with respect to wages, ability to raise capital, or factors affecting domestic prices that would indicate an adverse effect from subsidized imports of dextrines and solubles or chemically treated starches from the European Community.

1/ See p. A-24 of the report.

2/ See p. A-29 of the report.

3/ See p. A-33 of the report.

4/ See p. A-29 of the report.

For those producers supplying complete information, net profits on their dextrine and soluble or chemically treated starch operations increased by 5 percent between 1976 and 1978, and increased further during January-October 1979 in comparison with the corresponding period of 1978. 1/ There was a decline in the ratio of net operating profit to net sales for starch derivative operations from 1977 to 1979. 2/ However, the industry performance still remains at a high level. The net return on assets appears to be healthy, and substantial and increasing capital expenditures with regard to dextrine and soluble or chemically treated starch operations have taken place during recent years.

Conclusion

We therefore conclude that an industry in the United States is neither materially injured nor threatened with material injury, and that the establishment of an industry in the United States is not materially retarded by reason of imports of dextrans and soluble or chemically treated starches from corn and/or potato starch from the EC which the Department of Commerce has found are being subsidized.

1/ See p. A-37 of the report.

2/ See p. A-37 of the report.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On January 7, 1980, the United States International Trade Commission received advice from the Department of Commerce that a final affirmative countervailing duty determination had been issued between July 26 and December 31, 1979 with respect to potato starch imported from the member States of the European Community (EC) and a preliminary affirmative countervailing duty determination, but no final determination had been issued prior to January 1, 1980, with respect to corn starch from the member States of the European Community. 1/

The Trade Agreements Act of 1979, section 102 (a)(2), requires the United States International Trade Commission to conduct countervailing duty investigations in cases in which, as of January 1, 1980, the Secretary of the Treasury had made a preliminary determination, but not a final determination, under section 303 of the Tariff Act of 1930 as to whether a bounty or grant is being paid or bestowed. On January 2, 1980, the Secretary of the Treasury published a notice in the Federal Register (45 F.R. 121) of a preliminary determination that a bounty or grant was being paid with respect to dextrans and soluble or chemically treated starches derived from corn starch from the EC, provided for under item 493.30 of the Tariff Schedules of the United States (TSUS). 2/ Accordingly, the Commission instituted the following nine final investigations, effective January 1, 1980, pursuant to section 705 of the Tariff Act of 1930, with respect to dextrans and soluble or chemically treated starches derived from corn starch: (1) 701-TA-11 (Belgium); (2) 701-TA-12 (Denmark); (3) 701-TA-13 (the Federal Republic of Germany (West Germany)); (4) 701-TA-14 (France); (5) 701-TA-15 (Ireland); (6) 701-TA-16 (Italy); (7) 701-TA-17 (Luxembourg); (8) 701-TA-18 (the Netherlands); and (9) 701-TA-19 (the United Kingdom).

The countervailing duty statutes, as amended by the Trade Agreements Act of 1979, require that these investigations (Nos. 701-TA-11 through 701-TA-19 (final)) be completed before the later of--(A) the 120th day after January 1, 1980, or (B) the 45th day after the day on which the administering authority makes its final determination. The administering authority made its final determination in these investigations on March 18, 1980 and published its determination in the Federal Register of March 21, 1980 (45 F.R. 18414). 3/ The statutory deadline in these investigations, therefore, is May 1, 1980 (based on the date of the final determination by the Department of Commerce, which is now the administering authority).

Section 104 (a) of the Trade Agreements Act of 1979 also requires the Commission to conduct countervailing duty investigations in cases in which the Commission has received the most current net subsidy information pertaining to

1/ The Commerce Department's letter of advice with respect to potato starch and corn starch from the European Community is presented in app. A.

2/ A copy of Treasury's notice of its preliminary determination with respect to corn starch derivatives is presented in app. B.

3/ A copy of the Commerce Department's Notice of final countervailing duty determination with regard to corn starch derivatives is presented in app. C.

any countervailing duty order in effect on January 1, 1980, which had been waived pursuant to section 303(d) of the Tariff Act of 1930 or published on or after the date of enactment of the Trade Agreements Act of 1979 (July 26, 1979). The Secretary of the Treasury issued a final affirmative determination with respect to dextrines and soluble or chemically treated starches derived from potato starch from the European Community and the Government of the Netherlands in the Federal Register of December 12, 1979, 44 F.R. 75135. 1/ On February 5, 1980, the Commission received the most current net subsidy information with respect to dextrines and soluble or chemically treated starches derived from potato starch 2/ imported from the European Community, provided for under TSUS item 493.30. Accordingly, the Commission instituted the following nine final investigations pursuant to section 705 of the Tariff Act of 1930, with respect to dextrines and soluble or chemically treated starches derived from potato starch: (1) 701-TA-22 (Belgium); (2) 701-TA-23 (Denmark); (3) 701-TA-24 (the Federal Republic of Germany (West Germany)); (4) 701-TA-25 (France); (5) 701-TA-26 (Ireland); (6) 701-TA-27 (Italy); (7) 701-TA-28 (Luxembourg); (8) 701-TA-29 (the Netherlands); and (9) 701-TA-30 (the United Kingdom).

The transition rules for countervailing duty investigations as provided for in the Trade Agreements Act of 1979 require that these investigations (Nos. 701-TA-22 through 701-TA-30 (Final)) be completed within 180 days after the date on which the Commission received information from the administering authority on those countervailing duty orders in effect on January 1, 1980, that had been published on or after July 26, 1980 together with the most current information it has with respect to the net subsidy benefiting the merchandise subject to the countervailing duty orders. Having received such information on these investigations from the Department of Commerce on February 5, 1980, the statutory deadline for completion of these investigations is August 4, 1980. The Commission, however, intends to complete these investigations in conjunction with investigations 701-TA-11 through 701-TA-19 (Final) and to report its determinations in these investigations to the Secretary of Commerce by May 1, 1980.

The Commission must now determine in both series of investigations whether an industry in the United States is materially injured, or is threatened with material injury, or whether the establishment of an industry in the United States is materially retarded by reason of the subsidized imports.

Notice of the institution of both series of Commission investigations and of the public hearing to be held in connection therewith was duly given by posting copies of the notices in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's New York City office. Notice was also given by publishing the notice of the corn starch derivatives investigations in the Federal Register of January 17, 1980

1/ A copy of Treasury's notice of its final affirmative countervailing duty determination with respect to potato starch derivatives is presented in app. D.

2/ A copy of information transmitted to the U.S. International Trade Commission on findings of the payment of bounties or grants on potato starch derivatives is presented in app. E.

(45 F.R. 3400), 1/ and of the potato starch derivatives investigations in the Federal Register of February 22, 1980 (45 F.R. 11938). 2/ The public hearing for both series of investigations was held in Washington, D.C., on Wednesday, April 9, 1980.

This report is based on data obtained from questionnaire responses, fieldwork and interviews with industry representatives, importers and consumers, other U.S. Government agencies, information from prehearing briefs, testimony in the public hearing, post-hearing briefs, and the files of the U.S. International Trade Commission.

Development of the Instant Cases

Corn starch derivatives

Investigations Nos. 701-TA-11, 12, 13, 14, 15, 16, 17, 18, and 19 (Final) (dextrines and soluble or chemically treated starches derived from corn starch from the EC) evolved from a countervailing duty petition filed with the Department of the Treasury on August 2, 1979, by counsel on behalf of Henkel Corp., Edina, Minn., and its wholly owned subsidiary, KSH Iowa. KSH manufactures various specialty starches that are sold by Henkel. The petition alleged that corn starch derivatives provided for under TSUS item 493.30 were subject to EC bounties or grants. Treasury's notice of initiation of its investigation was published in the Federal Register of September 18, 1979 (44 F.R. 54149). 3/ This notice stated that a satisfactory petition had been received and that a countervailing duty investigation had been initiated to determine if benefits were being paid by member countries of the European Community to manufacturers, producers, or exporters of dextrines and soluble or chemically treated starches derived from corn starch which constituted the payment of a bounty or grant within the meaning of the U.S. countervailing duty statutes.

On January 2, 1980, a preliminary countervailing duty determination was published by the Department of the Treasury in the Federal Register (45 F.R. 121). This notice stated that the European Community and the Government of the Netherlands had given benefits which constituted a bounty or grant on the manufacture and/or exportation of dextrines and soluble or chemically treated starches derived from corn starch.

On March 21, 1980, Treasury published a notice of final countervailing duty determination in the Federal Register (45 F.R. 18414) with respect to corn starch derivatives. This notice stated that the investigation had resulted in a determination that the European Community and the Government of the Netherlands had given benefits which constituted bounties or grants under

1/ A copy of the Commission's notice with respect to the institution of the corn starch derivatives investigations is presented in app. F.

2/ A copy of the Commission's notice with respect to institution of the potato starch derivatives investigations is presented in app. G.

3/ A copy of Treasury's notice concerning the initiation of its countervailing duty investigation on corn starch derivatives is presented in app. H.

the countervailing duty law on the manufacture, production, or exportation of dextrines and soluble or chemically treated starches derived from corn starch from the European Community.

Potato starch derivatives

Investigations Nos. 701-TA-22, 23, 24, 25, 26, 27, 28, 29, and 30 (Final) (dextrines and soluble or chemically treated starches derived from potato starch from the EC) evolved from a countervailing duty petition filed with the Department of the Treasury on December 8, 1978 by the Corn Refiners Association, Inc. (C.R.A.), a trade group representing U.S. corn processors. The petition alleged that potato starch derivatives provided for under TSUS item 493.30 were subject to EC bounties or grants. Treasury's notice of initiation of the investigation was published in the Federal Register of January 30, 1979 (44 F.R. 5971). 1/ This notice stated that a satisfactory petition had been received and that a countervailing duty investigation had been initiated to determine if benefits which were being paid by member countries of the European Community to manufacturers, producers, or exporters constituted the payment of a bounty or grant within the meaning of the U.S. countervailing duty statutes.

On June 26, 1979, a preliminary countervailing duty determination was published by the Department of the Treasury in the Federal Register (44 F.R. 37363). 2/ This notice stated that the EC and the Government of the Netherlands had given benefits which constituted the payment of a bounty or grant within the meaning of the U.S. countervailing duty statutes.

On December 19, 1979, Treasury published a notice of its final countervailing duty determination in the Federal Register (44 F.R. 75135). 3/ This notice stated that the investigation had resulted in a determination that the EC and the Government of the Netherlands had given benefits which constituted bounties or grants under the countervailing duty statutes on the manufacture, production, or exportation of dextrines and soluble or chemically treated starches derived from potato starch from the European Community.

Information Obtained from the Commerce/Treasury Files on the Nature and Extent of the Bounties or Grants Being Paid or Bestowed

Potato starch derivatives

The bounties or grants being bestowed by the EC for the manufacture and exportation of dextrines and soluble or chemically treated starches from potato starch consist of production refunds, additional premiums, and export restitution payments. The EC offers a production refund to potato starch

1/ A copy of Treasury's notice concerning the initiation of its countervailing duty investigation on potato starch derivatives is presented in app. I.

2/ A copy of Treasury's notice of its preliminary determination with respect to potato starch derivatives is presented in app. D.

3/ See app. D.

manufacturers of approximately 27.37 European currency units per metric ton (ECU/MT)--(\$31.53 per short ton or 1.58 cents per pound). ^{1/} Also, the EC provides an additional premium of 10 ECU/MT--\$11.52 per short ton or 0.58 cents per pound--to the manufacturers of potato starch.

The EC further provides a "blanket" payment known as an export restitution payment to producers and/or exporters of potato starch derivatives. This payment, 132.28 ECU/MT--\$152.38 per short ton or 7.61 cents per pound--less other bounties and grants, guarantees that monetary restitution will be provided to make up the difference between the total of other production refunds and premiums, and the ECU total for export restitution payments, for exporters of dextrines and soluble or chemically treated starches.

The Treasury Department determined the net value of the bounties or grants bestowed on the manufacture, production, or exportation of potato starch derivatives to be 34.4 percent ad valorem for imports from countries of the EC other than the Netherlands and 36.0 percent ad valorem for imports from the Netherlands.

In addition to the aforementioned bounties and grants--amounting to 132 ECU/MT or 34.4 percent of the customs value of U.S. imports for each of the five European Community members on their exports to the United States of potato starch derivatives--the sole producer of potato starch in the Netherlands--Coöperatieve Verkoop-en Productievereniging Van Aardappelmeel en Dermaten Avebe G.A. (Avebe)--receives additional benefits from the Government of the Netherlands because its plant is located in an economically depressed area. The additional benefits bestowed on exports from the Netherlands amount to about 1.6 percent of the customs value of U.S. imports from the Netherlands, for a total level of bounties and grants from the Netherlands of 36.0 percent. These refunds, premiums, and other payments are considered to be EEC bounties or grants within the meaning of section 303 of the Tariff Act of 1930.

On April 18, 1980, the Commerce Department restated its earlier potato starch subsidy finding to correspond with the later finding applicable to corn starch derivatives. The new subsidy finding is \$183.17 per metric ton for all EC countries plus an additional \$7.49 per metric ton for imports from the Netherlands, applicable to all imports of corn and potato starch derivatives. The Commission received notice of the revision on April 21, 1980. See appendix C for a copy of the Commerce Department's revision.

Corn starch derivatives

On March 21, 1980, in its Notice of final affirmative countervailing duty determination, the Commerce Department found that exports of dextrines and soluble or chemically treated starches derived from corn starch from the

^{1/} The ECU is a standard of value established by the EC, to use as a common factor for the 9 different currencies of the EC member countries. On the average, 1 ECU was equivalent to \$1.27 in 1978.

European Community benefit from subsidies of \$183.17 per metric ton (\$166.00 per short ton or 8.3 cents per pound) and that, in addition, the sole exporter in the Netherlands, Avebe, also benefits from a subsidy from the Government of the Netherlands of \$7.49 per metric ton (\$6.60 per short ton or 0.33 cents per pound). The overall subsidy applicable to exports from the Netherlands, therefore, amounts to \$190.66 per metric ton (\$172.60 per short ton or 8.63 cents per pound). The Commerce Department did not make its determination as a percentage of the value of the exports because of variations between the unit values of exports of the various countries of the EC. See Appendix C for a copy of the Commerce Department's determination with regard to corn starch derivatives.

Description and Uses

Dextrines and soluble or chemically treated starches, as the terms are used in this investigation, describe commodities classifiable under item number 493.30 of the TSUS. Dextrines are products which are made by heating dry starch with or without the addition of an acid. Dextrines are more soluble in cold water than starch and thus are able to retain their adhesiveness when moist. Although dextrine molecules are smaller than starch molecules, their chemical composition is similar. Dextrines produced for commercial use may be divided into three categories: (1) white dextrines; (2) canary or yellow dextrines; and (3) British gums. Soluble starches are prepared by cooking starch in slurry form and then drying it in a process referred to as pregelatinization. Chemically treated starches, which are sometimes referred to as chlorinated, oxidized, or cross-linked starches, are prepared by the treatment of a starch with an alkali hypochlorite or other chemical reagent.

Dextrines may be differentiated by their physical properties and color. The viscosity of canary dextrines is more stable in high-solids concentrations than white dextrines. White dextrines possess a light color as well as a tendency to cohere into a rounded mass; the latter characteristic makes usage for some purposes undesirable. British gums, the strongest of the dextrine adhesives, have a filmy viscosity, and are fairly stable at low-solids concentrations. They are, however, difficult to produce.

Dextrines and soluble or chemically treated starches are used primarily for making adhesives used in sealing folding cartons, grocery bags, and multiwall bags. Because they retain their adhesiveness when moist, dextrines are suitable for their adhesive properties on postage stamps and labels. Dextrines are also used as sizing and coating agents for paper and textile fabrics as well as thickening agents for textile printing. In the food industry, dextrines are used as extenders for spices, binders in pie fillings, texturizers, and in the production of gumlike candies. They are used in the pharmaceutical industry as binders for tablets.

Soluble starches are used primarily as an industrial adhesive and in food preparations such as puddings and pie fillings. Chemically treated starches are manufactured for industrial uses such as textile sizing and coating and papermaking; they are also used in printing ink mixes, in adhesives, in instant soups, and in the canning process.

Over 90 percent of the domestic production of dextrines and soluble or chemically treated starches is derived from corn. The remaining 10 percent is primarily derived from potatoes. Potato dextrines are currently used to make adhesives which are characterized by their flow, strength, and glossiness. Over 85 percent of reported U.S. imports of dextrines and soluble or chemically treated starches from the EC are derived from potatoes, with the remainder derived from corn. Dextrines and soluble or chemically treated starches are also made from tapioca, rice, wheat, sago, and cassava; however U.S. production of and imports of starch derivatives from these sources are minimal.

The production of the domestic industry consists of approximately: 10 percent dextrines; 5 percent soluble starches; and 85 percent chemically treated starches.

The products covered under TSUS item 493.30 are dextrines and soluble or chemically treated starches from all starch sources. In the United States these items are derived predominantly from corn starch. A smaller amount of these U.S. produced starch derivatives are from potato starch and other starches. U.S. imports of starch derivatives from the EC are derived predominantly from potato starch, a readily available commodity in the European Community.

In order to determine whether these starch derivatives from different sources are competitive with one another, the Commission staff surveyed U.S. purchasers of dextrines and soluble or chemically treated starches as well as U.S. importers, U.S. producers, and other specialists. The results of this survey show that in most cases, corn starch derivatives are competitive with potato starch derivatives and may be used interchangeably. This is especially true in those instances where there would be no significant price advantage to corn starch derivatives or potato starch derived dextrines and soluble or chemically treated starches.

In order to switch production from one starch product to another, equipment as well as other technological inputs must be changed, resulting in an increase in cost. Physically, the various starches have slightly different textures, strength and flow. Chemically, the starches are treated with an acid or other reagent to varying degrees in order to reach the same desired end product. The same is true for dextrines, soluble and chemically treated starches--although they may all be derived from a particular starch, these derivatives differ with the degree of acid or other reagent treatment.

Ten out of the 12 purchasers surveyed felt that corn and potato starch derivatives could be used interchangeably to a substantial degree. Starch derivatives possess the same basic chemical characteristics even though their physical characteristics may vary slightly. However, many of these purchasers indicated that there would have to be a major price advantage to induce a change in their purchases. In addition, testimony in the public hearing by the U.S. producers and the major European exporters indicated a high degree of interchangeability between corn starch derivatives and potato starch derivatives for most applications. The U.S. producers, however, indicated that

interchangability between dextrans and soluble or chemically treated starches was not common, 1/ while representatives of the major European exporter and U.S. importers indicated that substitutions among these products are not unusual.2/

U.S. Tariff Treatment

Dextrans and soluble or chemically treated starches are provided for under item 493.30 of the Tariff Schedules of the United States. Prior to January 1, 1980, imports of these products had been dutiable at a column 1 (most-favored-nation) rate of duty of 1.125 cents per pound (an ad valorem equivalent (AVE) of 4.7 percent based on imports in 1979) since June 1951, when a concession granted by the United States in the General Agreement on Tariffs and Trade (GATT) became effective. Effective January 1, 1980, imports of articles provided for under TSUS item 493.30 became dutiable at the reduced rate of 1.05 cents per pound (4.4 percent AVE based on 1979 imports) as a result of a concession granted by the United States in the recently completed Tokyo round of Multilateral Trade Negotiations under the GATT. This rate will be staged downward in eight stages reaching 0.5 cents per pound (2.1 percent AVE based on 1979 imports), by January 1, 1987. The column 2 rate of duty (applicable to dextrans and soluble or chemically treated starches from certain Communist-dominated countries 3/) is 3 cents per pound (equivalent to 14.9 percent ad valorem). The "least developed developing countries" (LDDC) rate of duty for item 493.30 is 0.5 cents per pound, as listed in General Headnote 3(d) of the TSUS.

Notwithstanding the aforementioned most-favored-nation rate of duty of 1.125 cents per pound in effect from June 1951 through December 1979, U.S. imports of dextrans and soluble or chemically treated starches from most-favored nations were dutiable under TSUS item 945.49 at a sharply higher 3 cents per pound (12.5 percent AVE based on 1979 imports) rate of duty during the period January 1964 through December 1979 as a result of the so-called chicken war, pursuant to Presidential Proclamation No. 3564, effective January 7, 1964. The increased rate of duty was negotiated by the United States (together with increased rates on three other products) under Article XXVIII of the GATT to equalize trade value concessions between the United States and the European Community after certain EC member States sharply increased their duties on their imports of poultry from the United States.

U.S. Producers

The Commission staff sent questionnaires to 25 firms that were reported to be possible producers of dextrans and soluble starches or chemically treated starches in the United States. Only 9 of the firms reported production of the corn and potato starch derivatives under investigation; 9 reported no such production. Although no responses were received from the remaining

1/ Transcript of the hearing, p. 75.

2/ Transcript of the hearing, p. 175.

3/ The countries which are subject to col. 2 rates of duty are enumerated in General Headnote 3(f) of the TSUS.

7 firms, it is believed that 100 percent of domestic corn and potato starch derivatives production is accounted for by the 9 producing firms.

The major U.S. producers of corn and potato starch derivatives are the ***. These producers are members of the C.R.A., petitioner in the investigations covering potato starch derivatives. Every member of the C.R.A. which produces corn or potato starch derivatives responded, at least in part, to the Commission's questionnaires.

The U.S. producers which received Commission questionnaires were ADM Corn Sweeteners; American-Maize Products Co.; Amstar Corp.; Anheuser-Busch, Inc.; Cargill, Inc.; Clinton Corn Processing Co.; CPC International, Inc.; Hubinger Co.; National Starch & Chemical Corp.; A. E. Staley Manufacturing Co. (all of which are members of the C.R.A.); Colby Starch Co.; Dri-Clave, Inc.; Evans Adhesive Corp.; Hercules, Inc.; Idaho Potato Starch Co.; Crown International; J. R. Simplot Co.; King of Potatoes, Inc.; Kohnstamm & Co., Inc.; LePage, Inc.; McCormick Co.; Nonpareil, Inc.; and Penick & Ford. Henkel Corp. was also questioned at a later date since it had purchased KSH-Iowa, a bankrupt producer of starch derivatives, in July 1978.

The U.S. producers are located primarily in the Midwest owing to the proximity to corn crops. Starch derivatives from corn accounted for approximately 96.7 percent of the U.S. producers' total annual rated capacity from 1976-79 (table 1). The processes used in the production of dextrines and soluble or chemically treated starches have undergone only minor changes within the last 20 years. 1/

U.S. Importers

The Commission received 12 responses to its questionnaire from importers of dextrines and soluble or chemically treated starches and 2 responses from domestic producers which import. 2/ Responding companies accounted for between 45 and 78 percent of total U.S. imports of these products, as reported in official statistics by the U.S. Department of Commerce. Their share of total imports increased from 45 percent in 1976 to 57 percent in 1977 and to 70 percent in 1978; their share decreased slightly to 72 percent in January-October 1979.

Respondents to the questionnaire imported primarily from the Netherlands; U.S. imports from France and West Germany were less significant. No respondent reported U.S. imports from the other EC nations, as shown in table 2.

In terms of individual starch products imported by respondents, about *** percent of all respondents' imports by weight were dextrines from potato starch, more than *** percent were chemically treated starches from potato starch, and approximately *** percent were chemically treated starches from

1/ Schematics of the production processes for dextrines and soluble or chemically treated starches are shown in figs. 1 and 2.

2/ National Starch & Chemical Corp. and Henkel Corp. were the only producers reporting imports.

Table 1.--Dextrines and soluble or chemically treated starches: Share of certain large producers' total annual rated capacity for production of dextrines, etc., accounted for by derivatives of corn starch alone, 1976-78, January-October 1978, and January-October 1979

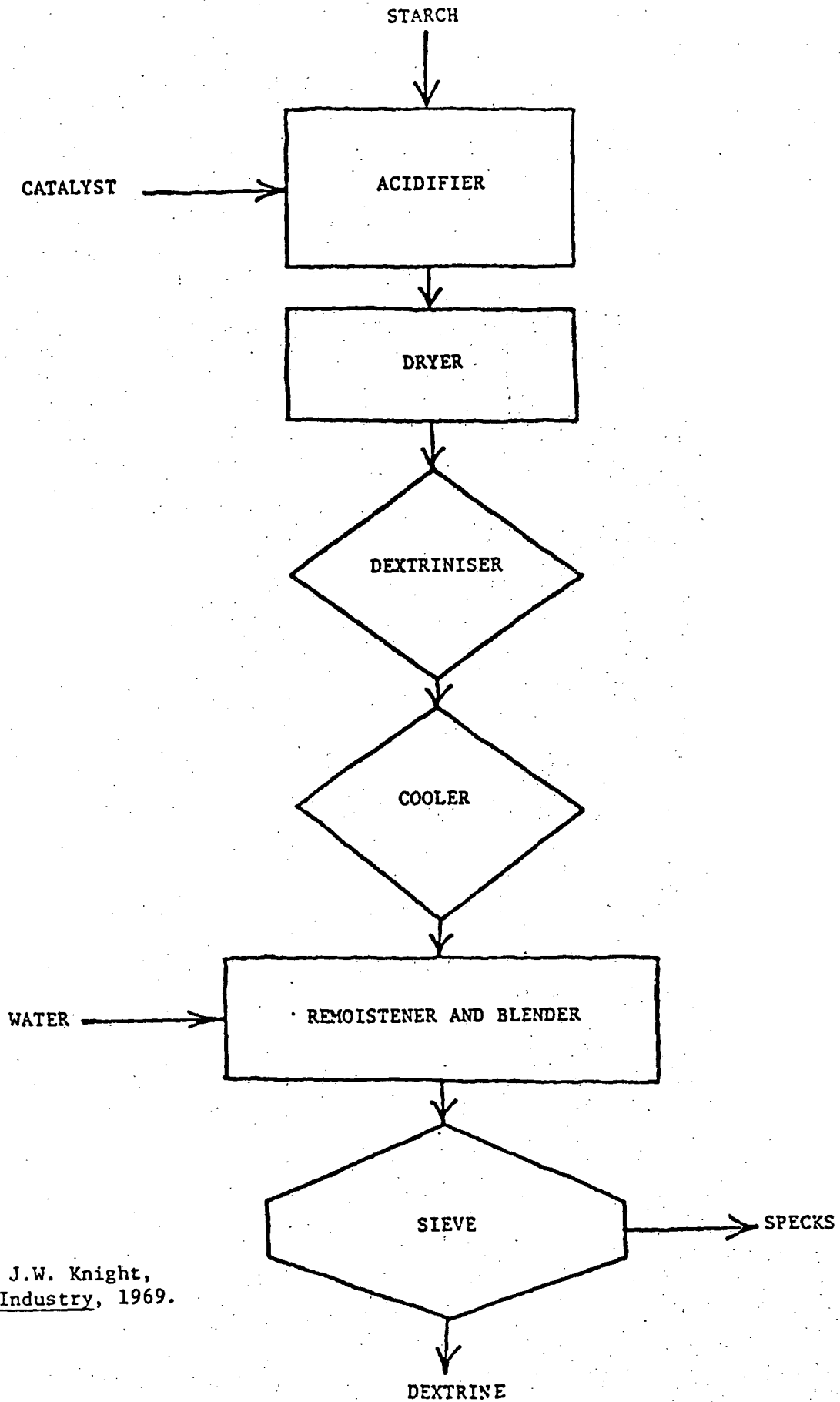
(In percent)						
Firm	:	:	:	:	January-October	
	:	1976	:	1977	:	1978
	:		:		:	1978
	:		:		:	1979

* * * * *

Average-----	96.6	96.9	96.6	96.5	96.5
--------------	------	------	------	------	------

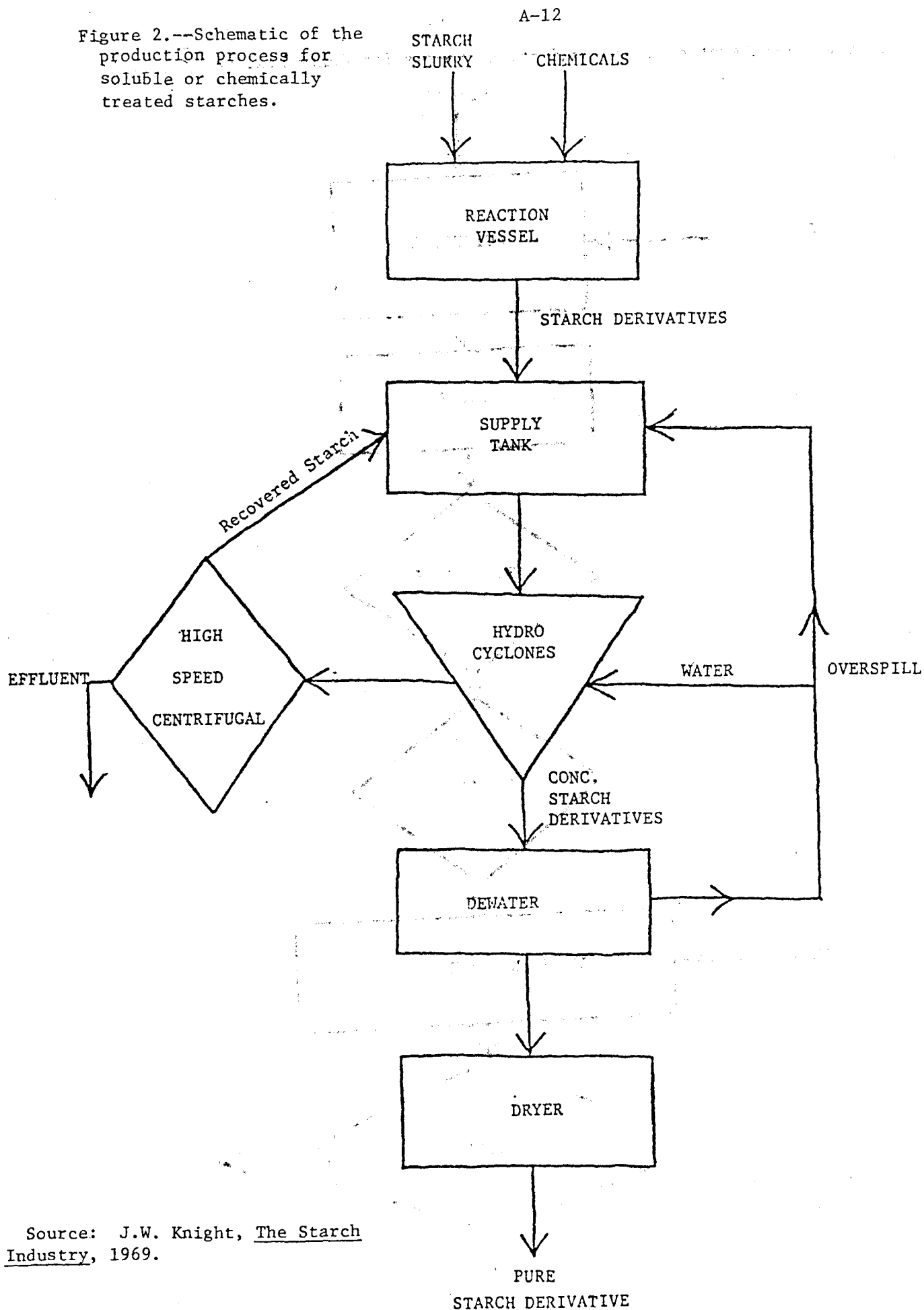
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Figure 1.--Schematic of the production process for dextrines.



Source: J.W. Knight,
The Starch Industry, 1969.

Figure 2.--Schematic of the production process for soluble or chemically treated starches.



Source: J.W. Knight, The Starch Industry, 1969.

Table 2.--Dextrines and soluble or chemically treated starches: U.S. imports, by questionnaire respondents, by importer and source, 1976-78, and January-October 1979

(In thousands of pounds)					
Source and Importer	1976	1977	1978	Jan.-Oct. 1979	
Netherlands:					
* *	*	*	*	*	*
Total from Netherlands--	13,904	15,578	18,175	19,060	
West Germany:					
* *	*	*	*	*	*
Total from West Germany-----					
France:					
* *	*	*	*	*	*
Total from France-----					

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

corn starch. The remaining *** percent of the goods were reported to be soluble starches from potato and corn starch, and dextrines from corn starch. At approximately the same time that Henkel Corp. purchased KSH-Iowa, Avebe of the Netherlands took over KSH-Holland, acquiring 20 percent of the bankrupt operation with 40 percent being controlled by the Government of the Netherlands. Avebe then began to export (through KSH-Holland) to the United States, thereby entering into competition with KSH-Iowa. Competition from Avebe and KSH-Holland was reported to be directed at the textile and billboard-poster-paste applications industries. Prior to 1978, KSH-Holland did not compete with KSH-Iowa, which was then its subsidiary. In 1979, KSH-Iowa incurred a financial loss purportedly owing to competition from Avebe and KSH-Holland.

U.S. Markets and Channels of Distribution

Approximately eight industries make appreciable use of dextrines and soluble or chemically treated starches in the manufacture of their finished products. The starch derivatives which are the subject of this report are used by the brewing and foundry industries, and in the production of certain foods, confectionary, paper, adhesives, textiles, and by the oil well-drilling industry.

Of all dextrines produced, about 90 percent are used to produce adhesives, including adhesives on gum labels, wall paper, and heavy-duty bags. The largest customers for dextrines used as adhesives are the ***. The remaining 10 percent of dextrines are used primarily either in food preparation as binders, extenders, or texturizers, or in gum-like candies such as jelly beans, or in the manufacture of dyestuffs.

Soluble starches are used in the making of adhesives for certain industrial purposes, and in the making of food preparations. Chemically treated starches are employed in textile sizing and coating, papermaking, printing ink, instant soups, canning, and for the production of adhesive materials.

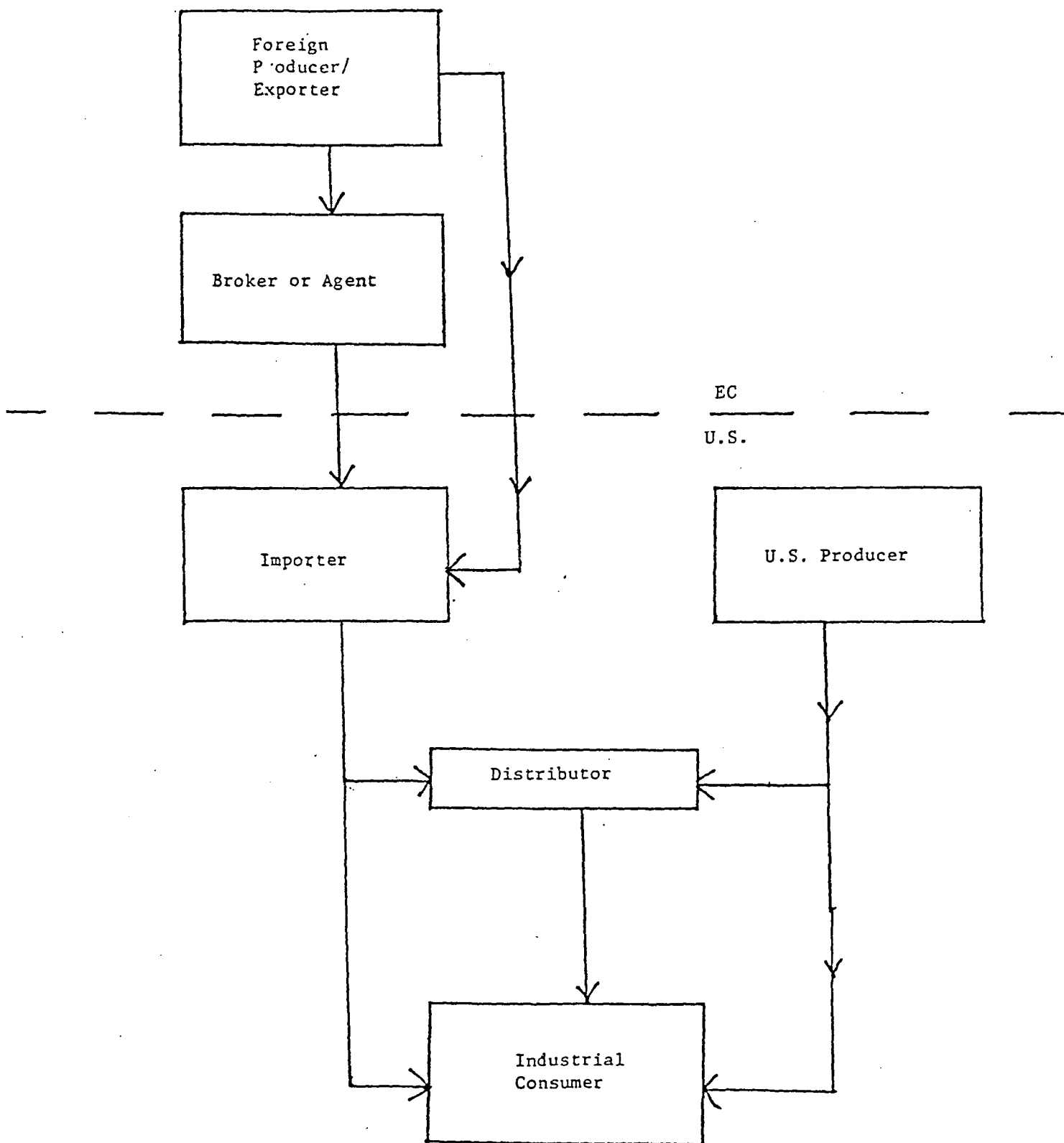
Figure 3 shows the channels of distribution for dextrines and soluble or chemically treated starches. Foreign producers export their product to U.S. importers via a broker or agent. In turn, the U.S. importer sells the product directly or via distributors to the industrial consumer. The domestically produced item is usually sold directly to the industrial consumer by the producers; more infrequently, domestic producers may sell their product via a distributor.

Consideration of Material Injury

U.S. imports

U.S. imports of all dextrines and soluble or chemically treated starches derived from corn, potato, and other starches declined from 30.3 million pounds in 1976 to 23.6 million pounds in 1978, and then increased to 24.5

Figure 3.--Channels of distribution for dextrines and soluble or chemically treated starches.



Source: J.W. Knight, The Starch Industry, 1969.

million pounds in 1979 (table 3). During 1976-79 imports of dextrans and soluble or chemically treated starches from the Netherlands alone fell below 90 percent of total imports in only one year--1978. The value of U.S. imports of all dextrans and soluble or chemically treated starches derived from corn, potato, and other starches, was greatest in 1977 at \$6.5 million (the 1976 value of such imports was \$6.1 million). The value of such imports fell to \$5.0 million in 1978 and then increased to \$5.9 million in 1979.

Import unit values, on the average, rose from 20 cents per pound in 1976 to 24 cents per pound in 1977, decreased to 21 cents per pound in 1978, and in 1979 rose again to 24 cents per pound, following very closely the unit values of imports from the Netherlands, since the Netherlands accounted for at least 81 percent of the imports of starch derivatives covered herein in each of the years examined.

The EC accounted for 99 percent of all U.S. imports of dextrans and soluble or chemically treated starches in 1976, 98 percent in 1977, 85 percent in 1978 and 95 percent in 1979 (table 4).

Significant imports of dextrans and soluble or chemically treated starches derived from corn, potato and other starches from the EC came from the Netherlands. The Netherlands' share of total imports from the EC (quantity basis) fell from 98.3 percent in 1976 to 95.3 percent in 1978, but rose slightly to 95.9 percent in 1979. No other EC country's exports to the United States exceeded 2 percent of all U.S. imports of dextrans and soluble or chemically treated starches during the period 1976-79. Only one non-EC country supplied significant imports in 1976-79. In 1978, Canada accounted for nearly 15 percent of such imports, but its share of total imports fell to 1.6 percent in 1979. Together, non EC imports increased their share of total U.S. imports from 0.6 percent in 1976 to 15.3 percent in 1978, 1/ but their share fell to 4.5 percent in 1979.

Importers that responded to the Commission's questionnaires accounted for *** percent of the total quantity of U.S. imports from the EC in 1978, as published by the U.S. Department of Commerce (table 3). Although coverage of imports for 1976 and 1977 by questionnaire responses is considerably lower than in 1978, and does not include the United Kingdom, Italy, Belgium, or non-EC countries, virtually all imports from the three principal EC sources--the Netherlands, France, and West Germany--for 1978 and January-October 1979 are covered by the questionnaire responses. EC sources not accounted for by questionnaire data accounted for only *** percent of total imports from the EC in 1978 and *** percent of total imports from the EC in January-October 1979.

Questionnaire data show that corn starch derivatives accounted for only *** percent of the total U.S. imports of corn and potato starch derivatives from the Netherlands in 1976, *** percent in 1977, *** percent in 1978, and *** percent during January-October 1979. All of the remaining imports from the

1/ It was alleged in the public hearing that a substantial portion of the non-EC imports in 1978 may have been transshipped from the Netherlands through Canada (transcript, p. 31). However, the major Netherlands exporter denied the allegation (transcript, p. 35). The Commission staff has investigated the imports from Canada and has found that the allegations are unsubstantiated.

Table 3.--Dextrines and soluble or chemically treated starches: U.S. imports for consumption, by source, 1976-79

Source	1976	1977	1978	1979
Quantity (1,000 pounds)				
From the EEC:				
Netherlands-----	29,625	26,422	19,068	22,436
France-----	123	260	297	438
Federal Republic of Germany-----	92	189	398	417
United Kingdom-----	316	217	204	62
Italy-----	0	0	0	18
Belgium-----	0	30	43	5
Total, EEC-----	30,156	27,118	20,010	23,376
From all other sources:				
Canada-----	47	118	3,435	394
Brazil-----	0	0	0	311
Sweden-----	0	166	4	277
Argentina-----	0	176	176	53
Switzerland-----	114	1	1	45
Mexico-----	0	0	2	15
Spain-----	0	0	0	<u>1/</u>
Australia-----	0	0	2	0
India-----	0	0	2	0
Japan-----	8	2	1	0
Hong Kong-----	0	<u>1/</u>	0	0
Total, other sources-----	169	463	3,623	1,095
Total-----	30,325	27,581	23,634	24,472
Value (1,000 dollars)				
From the EEC:				
Netherlands-----	5,739	5,804	3,808	4,891
France-----	171	413	427	559
Federal Republic of Germany-----	44	69	123	161
United Kingdom-----	60	67	80	17
Italy-----	0	0	0	20
Belgium-----	0	50	10	2
Total, EEC-----	6,014	6,403	4,448	5,650
From all other sources:				
Canada-----	35	49	536	100
Brazil-----	0	0	0	58
Sweden-----	0	43	2	90
Argentina-----	0	21	28	14
Switzerland-----	50	1	1	10
Mexico-----	0	0	<u>2/</u>	5
Spain-----	0	0	0	<u>2/</u>
Australia-----	0	0	<u>2/</u>	0
India-----	0	0	<u>2/</u>	0
Japan-----	11	3	2	0
Hong Kong-----	0	1	0	0
Total, other sources-----	96	118	569	277
Total-----	6,108	6,521	5,016	5,928

Table 3.--Dextrines and soluble or chemically treated starches: U.S. imports for consumption, by source, 1976-79--Continued

Source	1976	1977	1978	1979
Unit value (dollars per pound)				
From the EEC:				
Netherlands-----	.19	.22	.20	.22
France-----	1.39	1.58	1.44	1.27
Federal Republic of Germany-----	.48	.36	.31	.38
United Kingdom-----	.19	.31	.39	.28
Italy-----	0	0	0	1.08
Belgium-----	0	1.67	.22	.45
Average, EEC-----	.20	.24	.22	.24
From all other sources:				
Canada-----	.74	.41	.16	.25
Brazil-----	0	0	0	.19
Sweden-----	0	.26	.48	.32
Argentina-----	0	.12	.16	.26
Switzerland-----	.44	.91	.95	.22
Mexico-----	0	0	0	.33
Spain-----	0	0	0	1.30
Australia-----	0	0	0	0
India-----	0	0	0	0
Japan-----	1.39	1.31	3.15	0
Hong Kong-----	0	.07	0	.78
Average, other sources--	.57	.25	.16	.25
Average-----	.20	.24	.21	.24

1/ Less than 500 pounds.

2/ Less than \$500.

Source: The U.S. Department of Commerce and the U.S. International Trade Commission.

Note.--Figures may not add to totals because of rounding.

Table 4.--Dextrines and soluble or chemically treated starches: Share of total quantity of imports, and share of quantity of imports from the EEC, by principal sources, 1976-79

(In percent)					
Source	1976	1977	1978	1979	
Share of imports from all sources:					
EEC sources:					
The Netherlands-----	97.7	95.8	80.6	91.6	
France-----	0.4	0.9	1.3	1.8	
The Federal Republic of Germany-----	0.3	0.7	1.7	1.7	
The United Kingdom-----	1.0	0.8	0.9	0.3	
Italy-----	0	0	0	0.1	
Belgium-----	0	0.1	0.2	1/	
Total, EEC-----	99.4	98.3	84.7	95.5	
Non-EEC sources:					
Canada-----	0.2	0.4	14.6	1.6	
Brazil-----	0	0	0	1.3	
Sweden-----	0	0.6	1/	1.1	
Argentina-----	0	0.7	0.7	0.2	
Switzerland-----	0.4	1/	1/	0.2	
Mexico-----	0	0	1/	0.1	
All other non-EEC sources-----	1/	1/	1/	0	
Total, non EEC sources-----	0.6	1.7	15.3	4.5	
Grand total-----	100.0	100.0	100.0	100.0	
Share of imports from EEC:					
The Netherlands-----	98.3	97.4	95.3	95.9	
France-----	0.4	1.0	1.5	1.9	
The Federal Republic of Germany-----	0.3	0.7	2.0	1.8	
The United Kingdom-----	1.0	0.8	1.0	0.3	
Italy-----	0	0	0	0.1	
Belgium-----	0	0.1	0.2	1/	
Total-----	100.0	100.0	100.0	100.0	

1/ Less than 0.05 percent.

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

Netherlands and all of the imports from France and West Germany were of potato starch derivatives, as shown in table 5.

Questionnaire data also show that open market shipments by the importers accounted for 61 percent of the merchandise imported in 1976, 54 percent in 1977, 48 percent in 1978, and 65 percent during January-October 1979. Internal consumption of imported merchandise, by the importers, in the production of other products plus inventories accounted for the remainder of the imports.

Shipments by importers, as reported by questionnaires, consisted mainly of dextrines derived from potato starch (table 6). Such shipments accounted for *** percent of total shipments of corn and potato starch derivatives by importers in 1978 and *** percent of such shipments in January-October 1979. Chemically treated starches derived from corn and potato starches accounted for *** percent of U.S. importers' shipments of all corn and potato starch derivatives in 1978 and *** percent of such shipments in January-October 1979. Shipments of soluble starches derived from corn and potato starches accounted for only *** percent of U.S. importers' shipments of all corn and potato starch derivatives in 1978 and *** percent of such shipments in January-October 1979. Some imports of both soluble and chemically treated starch imports are derived from corn starch but no dextrine imports are derived from corn starch. All imports of dextrines and soluble or chemically treated starches, are derived from corn and potato starch.

U.S. production

Nine U.S. producers have responded to the Commission's questionnaires on their domestic operations related to the production and sale of dextrines and soluble or chemically treated starches. ^{1/} Although early industry estimates indicated that the producers that responded to the questionnaires accounted for approximately three quarters of U.S. production of the products in question, it is now believed that the nine questionnaire respondents accounted for virtually 100 percent of U.S. production of corn and potato starch derivatives. As shown in tables 7 and 8, U.S. production of dextrines and soluble or chemically treated starches by questionnaire respondents was nearly level for the period surveyed, increasing by 3 percent from 1.29 billion pounds in 1976 to 1.34 billion pounds in 1978. Production by respondents then rose by 7 percent--from 1.11 billion pounds to 1.19 billion pounds--between January-October 1978 and the corresponding period of 1979. ^{2/}

In view of wide variations of end uses for corn and potato starch derivatives, and varying trends of consumption within end-use markets, the relationship between the components of U.S. production was remarkably stable throughout the period covered by the questionnaire responses. Corn starch

^{1/} The report on the operations of the Henkel Corp. is presented in app. L.

^{2/} Using the earlier estimates that the respondents in the Commission's prehearing report accounted for 75 percent of total U.S. production of the starch derivatives in question, representatives of the major Netherlands exporter estimated that total U.S. production in 1978 would be 1.73 billion pounds (transcript of the hearing, p. 159).

Table 5.--Dextrines and soluble or chemically treated starches: U.S. imports from the EC reported by questionnaire respondents, 1976-78, and January-October 1978, and January-October 1979.

Item	1976	1977	1978	January-October	
				1978	1979
Quantity (in thousands of pounds)					
Dextrines and soluble or chemically treated starches derived from:					
Corn starch:					
Belgium-----					
France-----					
Netherlands-----					
West Germany-----					
United Kingdom-----					
All other EC-----					
Total-----					
Potato starch:					
Belgium-----					
France-----	*	*	*	*	*
Netherlands-----					
West Germany-----					
United Kingdom-----					
All other EC-----					
Total-----					
All starches 1/					
Belgium-----					
France-----					
Netherlands-----					
West Germany-----					
United Kingdom-----					
All other EC-----					
Total-----	14,105 :	17,521 :	19,482 :	14,406 :	20,279
Value (1,000 dollars)					
Dextrines and soluble or chemically treated starches derived from:					
Corn starch:					
Belgium-----					
France-----					
Netherlands-----					
West Germany-----					
United Kingdom-----					
All other EC-----					
Total-----					
Potato starch:					
Belgium-----					
France-----					
Netherlands-----	*	*	*	*	*
West Germany-----					
United Kingdom-----					
All other EC-----					
Total-----					
All starches 1/					
Belgium-----					
France-----					
Netherlands-----					
West Germany-----					
United Kingdom-----					
All other EC-----					
Total-----	3,407 :	3,294 :	3,975 :	2,943 :	4,694

^{1/} No imports of starch derivatives derived from starches other than potato or corn starch were reported by respondents to the Commission's questionnaire.

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

Table 6.--Dextrines and soluble or chemically treated starches: U.S. importers' shipments, 1976-78, and January-October 1979

Type	1976	1977	1978	Jan.-Oct. 1979
Quantity (1,000 pounds)				
Dextrines derived from:				
Corn starch-----				
Potato starch-----				
Other-----				
Soluble starches derived from:				
Corn starch-----	*	*	*	*
Potato starch-----				
Other-----				
Chemically treated starches derived from:				
Corn starch-----				
Potato starch-----				
Other-----				
Total-Dextrines, soluble, & chemically treated starches-----	8,635	9,435	9,384	13,265
Value (1,000 dollars)				
Dextrines derived from:				
Corn starch-----				
Potato starch-----				
Other-----				
Soluble starches derived from:				
Corn starch-----				
Potato starch-----	*	*	*	*
Other-----				
Chemically treated starches derived from:				
Corn starch-----				
Potato starch-----				
Other-----				
Total-Dextrines, soluble & chemically treated starches-----	3,288	3,385	3,626	5,018
Unit values (dollars per pound)				
Dextrines derived from:				
Corn starch-----				
Potato starch-----				
Other-----				
Soluble starches derived from:				
Corn starch-----				
Potato starch-----	*	*	*	*
Other-----				
Chemically treated starches derived from:				
Corn starch-----				
Potato starch-----				
Other-----				
Average dextrines, soluble & chemically treated starches-----	.38	.36	.39	.38

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

Table 7.--Dextrines and soluble or chemically treated starches: U.S. production, 1976-78, January-October 1978, and January-October 1979

(In thousands of pounds)						
Item	1976	1977	1978	January-October		
				1978	1979	
Dextrines derived from:						
Corn starch-----	147,673	153,493	153,611	129,410	136,815	
Potato starch-----	0	0	0	0	0	
Other starches-----	0	0	0	0	0	
Total-----	147,673	153,493	153,611	129,410	136,815	
Soluble starches derived from:						
Corn starch-----						
Potato starch-----	*	*	*	*	*	
Other starches-----						
Total-----						
Chemically treated starches derived from:						
Corn starch-----	1,150,703	1,049,961	1,084,684	895,903	969,732	
Potato starch-----	*	*	*	*	*	
Other starches-----						
Total-----	*	*	*	*	*	
Total:						
Corn starch-----	*	*	*	*	*	
Potato starch-----						
Other starches-----						
Total-----	1,386,923	1,293,684	1,336,866	1,107,170	1,189,233	

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

derivatives accounted for *** percent of total U.S. production until January-October 1979 when its share of the total rose slightly to *** percent. Potato starch derivatives accounted for ***percent of the total in each period and derivatives of other types of starches (tapioca, rice, etc.) accounted for *** percent of total U.S. production in each period except January-October 1979, when its share of the total fell to *** percent.

Of total U.S. production of dextrines and soluble or chemically treated starches, chemically treated starches consistently accounted for *** percent, dextrines accounted for *** percent, and soluble starches accounted for *** percent. Corn starch was the only starch source used in U.S. production of dextrines, while potato and other starches were used in the production of soluble and chemically treated starches. Corn starch, however, remained the chief source of starch for soluble and chemically treated starches. About *** percent of the soluble starches produced in the United States are derived from corn starch and about *** percent of the chemically treated starches produced in the United States are derived from corn starch. Potato starch derivatives account for *** percent of U.S. production of soluble or chemically treated starches, with chemically treated starches accounting for *** percent of U.S. production of potato starch derivatives and soluble starches accounting for about *** percent of such production.

U.S. production, by firm, of dextrines and soluble or chemically treated starches is shown in table 8. The questionnaire data show ***.

U.S. producers' domestic shipments and exports

U.S. producers' domestic shipments of dextrines and soluble or chemically treated starches closely followed the trend of U.S. production, decreasing from 1.06 billion pounds in 1976 to 982 million pounds in 1978; shipments then rose from 921 million pounds in January-October 1978 to 968 million pounds in January-October 1979 (table 9). The relationships among the various components of U.S. producers' shipments are nearly identical to the relationship among the components of U.S. production and held quite constant through the 3 year and 10 month period covered by the questionnaire responses.

U.S. producers' exports of dextrines and soluble or chemically treated starches exceeded imports of those products in 1977 and 1978, and nearly equaled imports during January-October 1979. Such exports rose sharply from 28 million pounds in 1976 to 47 million pounds in 1978 but fell by about 9 percent between January-October 1978 and the corresponding period of 1979 (table 10). Chemically treated starches accounted for *** percent of U.S. producers' export shipments of dextrines and soluble or chemically treated starches in 1978, soluble starches accounted for *** percent, and dextrines accounted for *** percent.

Table 8.--Dextrines and soluble or chemically treated starches derived from corn starch, potato starch, and other starches: U.S. production, by firms, 1976-78, January-October 1978, and January-October 1979.

(In thousands of pounds)						
Item	1976	1977	1978	January-October--		
				1978	1979	
Dextrines derived from--						
Corn starch:						
National Starch and Chemical-----						
American-Maize-----	*	*	*	*	*	*
Anheuser-Busch-----						
CPC International-----						
Penick & Ford-----						
A. E. Staley-----						
All other-----						
Total-----	147,673	146,463	153,611	129,410	136,815	
Potato starch:						
National Starch and Chemical-----						
American-Maize-----						
Anheuser-Busch-----						
CPC International-----						
Penick & Ford-----						
A. E. Staley-----						
All other-----						
Total-----						
Other starches:						
National Starch and Chemical-----						
American-Maize-----						
Anheuser-Busch-----						
CPC International-----	*	*	*	*	*	*
Penick & Ford-----						
A. E. Staley-----						
All other-----						
Total-----						
Soluble starches derived from--						
Corn starch:						
National Starch and Chemical-----						
American-Maize-----						
Anheuser-Busch-----						
CPC International-----						
Penick & Ford-----						
A. E. Staley-----						
All other-----						
Total-----						
Potato starch:						
National Starch and Chemical-----						
American-Maize-----						
Anheuser-Busch-----						
CPC International-----						
Penick & Ford-----						
A. E. Staley-----						
All other-----						
Total-----						
Other starches:						
National Starch and Chemical-----						
American-Maize-----						
Anheuser-Busch-----						
CPC International-----						
Penick & Ford-----						
A. E. Staley-----						
All other-----						
Total-----						

Table 8.--Dextrines and soluble or chemically treated starches derived from corn starch, potato starch, and other starches: U.S. production, by firms, 1976-78, January-October 1978, and January-October 1979--Continued

(In thousands of pounds)					
Item & firm	1976	1977	1978	January-October--	
				1978	1979
Chemically treated starches derived from--					
Corn starch:					
National Starch and Chemicals-----					
American-Maize-----					
Anheuser-Busch-----					
CPC International-----					
Penick & Ford-----	*	*	*	*	*
A. E. Staley-----					
All other-----					
Total-----	1,150,703	1,049,961	1,084,684	895,903	969,732
Potato starch:					
National Starch and Chemical-----					
American-Maize-----					
Anheuser-Busch-----					
CPC International-----					
Penick & Ford-----					
A. E. Staley-----					
All other-----					
Total-----					
Other starches:					
National Starch and Chemical-----					
American-Maize-----					
Anheuser-Busch-----	*	*	*	*	*
CPC International-----					
Penick & Ford-----					
A. E. Staley-----					
All other-----					
Total-----					
Total:					
Corn starch-----					
Potato starch-----					
Other starches-----					
Total-----	1,386,923	1,293,684	1,336,866	1,107,170	1,189,233

1/ Data estimated.

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

Table 9.--Dextrines and soluble or chemically treated starches: Domestic shipments, 1976-78, January-October 1978, and January-October 1979

Item	1976	1977	1978	January-October	
				1978	1979
Quantity (1,000 pounds)					
Dextrines derived from:					
Corn starch-----	129,809	125,915	131,567	109,996	112,830
Potato starch-----					
Other starches-----					
Total-----					
Soluble starches derived from:					
Corn starch-----					
Potato starch-----					
Other starches-----					
Total-----					
Chemically treated starches derived from:					
Corn starch-----	849,048	854,201	770,230	728,362	768,234
Potato starch-----					
Other starches-----					
Total-----					
Total:					
Corn starch-----					
Potato starch-----					
Other starches-----					
Total-----	1,061,489	1,066,327	981,546	921,283	967,503
Value (1,000 dollars)					
Dextrines derived from:					
Corn starch-----	17,830	17,797	18,873	15,800	17,171
Potato starch-----					
Other starches-----					
Total-----	*	*	*	*	*
Soluble starches derived from:					
Corn starch-----					
Potato starch-----					
Other starches-----					
Total-----					
Chemically treated starches derived from:					
Corn starch-----	116,142	109,425	114,148	96,007	107,217
Potato starch-----					
Other starches-----					
Total-----					
Total:					
Corn starch-----					
Potato starch-----					
Other starches-----					
Total-----	156,882	152,155	163,607	137,199	149,322

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

Table 10.--Dextrines and soluble or chemically treated starches: U.S. exports, 1976-78, January-October 1978, and January-October 1979

Item	1976	1977	1978	January-October	
				1978	1979
Quantity (1,000 pounds)					
Dextrines derived from:					
Corn starch-----					
Potato starch-----					
Other starches-----					
Total-----					
Soluble starches derived from:					
Corn starch-----					
Potato starch-----					
Other starches-----					
Total-----					
Chemically treated starched derived from:	*	*	*	*	*
Corn starch-----					
Potato starch-----					
Other starches-----					
Total-----					
Total:					
Corn starch-----					
Potato starch-----					
Other starches-----					
Total-----	27,589	33,330	46,614	21,788	19,824
Value (1,000 dollars)					
Dextrines derived from:					
Corn starch-----					
Potato starch-----					
Other starches-----					
Total-----					
Soluble starches derived from:					
Corn starch-----					
Potato starch-----					
Other starches-----					
Total-----					
Chemically treated starches derived from:	*	*	*	*	*
Corn starch-----					
Potato starch-----					
Other starches-----					
Total-----					
Total:					
Corn starch-----					
Potato starch-----					
Other starches-----					
Total-----	6,120	7,300	6,277	5,151	5,071

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

Overall, U.S. producers' exports of dextrines and soluble or chemically treated starches accounted for 2 percent of U.S. production in 1976, 3 percent in 1977, 4 percent in 1978, and 2 percent in January-October 1979. U.S. producers' exports of dextrines increased from *** percent of U.S. production in 1976 to *** percent of U.S. production in 1978 and amounted to *** percent during January-October 1979. Exports of soluble starches accounted for *** percent of U.S. production in 1976, 1977, and 1978, and *** percent in January-October 1979. Exports of chemically treated starches increased from *** percent of U.S. production in 1976 to *** percent in 1978, and dropped to *** percent in January-October 1979.

Capacity and capacity utilization

U.S. producers' total annual rated capacity for the production of dextrines and soluble or chemically treated starches, based on 24-hour-a-day operation, for 350 days per year, fell from 1.48 billion pounds in 1976, to 1.40 billion pounds in 1978, and 1.34 billion pounds in January-October 1979; nearly all of the capacity was for the production of corn starch derivatives (table 11).

The ratio of production of corn starch derivatives to total annual rated capacity rose from 82.4 percent in 1976 to 85.4 percent in 1978 for the reporting firms (table 12) and this ratio declined from 80.5 percent in January-October 1978 to 78.1 percent in January-October 1979. The capacity utilization rates varied considerably from firm to firm, ***.

Employment, person-hours, and labor productivity 1/

Based on the questionnaire responses from seven firms, 2/ table 13 presents the aggregate employment and person-hours (includes hours worked and paid leave) for the establishments in which dextrines and soluble or chemically treated starches are produced. It is clear from the first three columns of table 13, that employment and person-hours have fallen in all production activities of these establishments. From 1976 through 1978, the number of production workers engaged in the production of dextrines and soluble or chemically treated starches fell by 12 percent despite a modest

1/ According to the Departments of Labor and Commerce, there have been no trade adjustment assistance cases for either workers or firms concerning dextrines, soluble starches, or chemically treated starches from any starch source.

2/ The seven firms referenced are Penick & Ford; American-Maize Products; Anheuser-Busch Industrial Products Div.; CPC International, Inc.-Corn Products Unit; A. E. Staley Manufacturing Co.; National Starch & Chemical Corp.; and Clinton Corn Processing Co. These seven firms accounted for *** of U.S. production of dextrines and soluble or chemically treated starches from corn or potato starch in 1978.

Table 11.--Dextrines and soluble or chemically treated starches: U.S. producers' total annual rated capacity for the production of dextrines and soluble and chemically treated starches by starch derivation, and by firms, 1976-78, January-October 1978, and January-October 1979

(In thousands of pounds)						
Starch derivation and firm	1976	1977	1978	January-October		
				1978	1979	
Dextrines and soluble or						
chemically treated starches:						
derived from:						
Corn starch:						
National Starch and Chemical:						
Corp.-----						
A. E. Staley-----						
American-Maize-----						
CPC International-----						
Anheuser-Busch-----						
Penick and Ford-----						
All other-----						
Subtotal, corn starch-----						
Potato starch:						
National Starch and Chemical:						
Corp.-----						
A. E. Staley-----						
American-Maize-----						
CPC International-----						
Anheuser-Busch-----	*	*	*	*	*	*
Penick and Ford-----						
All other-----						
Subtotal, potato starch-----						
Other starches:						
National Starch and Chemical:						
Corp.-----						
A. E. Staley-----						
American-Maize-----						
CPC International-----						
Anheuser-Busch-----						
Penick and Ford-----						
All other-----						
Subtotal, other starches-----						
Total-----	1,483,979	1,475,005	1,398,052	1,277,496	1,344,315	

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

Table 12.--Dextrines and soluble or chemically treated starches: Ratio of production to total annual rated capacity (ratio of capacity utilization), by firms, 1976-78, January-October 1978, and January-October 1979

(In percent)					
Starch derivation and firm	1976	1977	1978	January-October	
				1978	1979
Dextrines and soluble or					
chemically treated starches:					
derived from:					
Corn starch:					
National Starch and					
Chemical Corp.-----					
American-Maize Products----	*	*	*	*	*
Anheuser-Busch-----					
CPC International-----					
Penick & Ford-----					
A. E. Staley-----					
All other-----					
Average-----	82.4	81.2	85.4	80.5	78.1
Potato starch:					
National Starch and					
Chemical Corp.-----					
American-Maize Products----					
Anheuser-Busch-----					
CPC International-----					
Penick & Ford-----					
A. E. Staley-----					
All other-----					
Average-----					
Other starches:	*	*	*	*	*
National Starch and					
Chemical Corp.-----					
American-Maize Products----					
Anheuser-Busch-----					
CPC International-----					
Penick & Ford-----					
A. E. Staley-----					
All other-----					
Average-----					

1/ Not available.

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

Table 13.--Average number of employees, total and production and related workers engaged in the manufacture of dextrines and soluble or chemically treated starches, and person-hours worked by the latter, 1976-78, January-October 1978, and January-October 1979.

Item	1976	1977	1978	January-October--	
				1978	1979
Average number employed in reporting establishments:					
All persons-----Number--	7,777	7,134	6,684	6,649	6,506
Production and related workers engaged in the production of:					
All products-----Number--	5,899	5,421	5,075	4,987	4,951
Dextrines and soluble or chemically treated starches-----Number--	933	813	817	803	782
Percentage producing dextrines and soluble or chemically treated starches-----	15.8	15.0	16.1	16.1	15.8
Person-hours worked:					
All products---1,000 person-hours--	11,765	10,665	10,169	7,883	7,543
Dextrines and soluble or chemically treated starches---1,000 person-hours--	2,150	1,869	1,817	1,403	1,411
Percentage producing dextrines and soluble or chemically treated starches-----	18.3	17.5	17.9	17.8	18.7

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

increase from 1977 to 1978. This compares with a 14 percent decline in the number of production and related workers in other product lines. During the first 10 months of 1979, employment of production and related workers in the production of dextrans and soluble or chemically treated starches fell by an additional 3 percent, while the number of production and related workers in the other product lines decreased by less than 1 percent.

The decline in the number of production and related workers involved in the production of dextrans and soluble or chemically treated starches was made possible by increased labor productivity by the reporting firms. Labor productivity estimates and annual rates of change are detailed in table 14 for the major reporting firms and for the aggregate industry. ^{1/} The dextrin and soluble or chemically treated starch producing industry as a whole realized a substantial 18.8 percent increase in labor productivity between 1976 and 1977 and a more modest 3.3 percent increase from 1977 to 1978. Overall, the reporting producers achieved very healthy labor productivity advances, particularly in light of a 0.5 percent average annual rate of productivity growth during 1976-79 reported by the Bureau of Labor Statistics for the overall private business economy.

U.S. producers' inventories

End-of-period inventories of dextrans and soluble or chemically treated starches for the six U.S. producers which responded to the inventories section of the Commission's questionnaires have increased steadily since 1976 (table 15). The end-of-period inventory of dextrans and soluble or chemically treated starches grew from 131 million pounds in 1976, to 145 million pounds in 1978 or by 13 percent overall. The level of inventories reported declined slightly from January-October 1978 to January-October 1979.

The ratio of inventories to domestic production for dextrans and soluble or chemically treated starches rose from 10.0 percent in 1976 to 11.8 percent in 1978, but fell from 14.0 percent in January-October 1978 to 13.1 percent in January-October 1979.

The ratio of inventories to domestic shipments for dextrans and soluble or chemically treated starches, followed nearly the same pattern as the ratio of inventories to domestic production. Inventories, and ratios of inventories to production and shipments, by firm, are shown in table 16. These data show National Starch consistently held the highest inventories in relation to production and shipments.

^{1/} Labor productivity for each firm was estimated using the total pounds of dextrans and soluble or chemically treated starches relative to the total production worker hours used in the production of dextrans and soluble or chemically treated starches. The industry estimates are a weighted average of the individual firm's estimates.

Table 14.--Dextrines and soluble or chemically treated starches: Labor productivity, by firms, 1976-78, January-September 1978, and January-September 1979

Firm	1976	1977	1978	January-September	
				1978	1979
Penick & Ford:					
Labor productivity-----					
Percentage change-----					
American-Maize Products:					
Labor productivity-----					
Percentage change-----					
A. E. Staley:					
Labor productivity-----					
Percentage change-----					
National Starch & Chemical Corp.					
Labor productivity-----	*	*	*	*	*
Percentage change-----					
Clinton Corn Processing Co.					
Labor productivity-----					
Percentage change-----					
Other: <u>2/</u>					
Labor productivity-----					
Percentage change-----					
Industry:					
Labor productivity-----	100.0	118.8	122.8	100.0	104.7
Percentage change-----	<u>1/</u>	18.8	3.3		4.7

1/ Not available.

2/ ***

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

Table 15.--Dextrines and soluble or chemically treated starches: End-of-period inventories held by U.S. producers, 1976-78, January-October 1978, and January-October 1979

(In thousands of pounds)					
Item	1976	1977	1978	January-October	
				1978	1979
Dextrines derived from:					
Corn starch-----	17,377	19,342	22,036	22,060	23,834
Potato starch-----	0	0	0	0	0
Other starches-----	0	0	0	0	0
Total-----	17,377	19,342	22,036	22,060	23,834
Soluble starches derived from:					
Corn starch-----	*	*	*	*	*
Potato starch-----					
Other starches-----					
Total-----					
Chemically treated starches derived from:					
Corn starch-----	103,483	98,958	110,708	105,303	99,147
Potato starch-----					
Other starches-----					
Total-----	*	*	*	*	*
Total:					
Corn starch-----					
Potato starch-----					
Other starches-----					
Total-----	131,416	133,899	145,796	140,779	137,757

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

Table 16.--Dextrines and soluble or chemically treated starches: U.S. production, domestic shipments and end-of-period inventories, by principal U.S. producers, 1976-78, January-October 1978, and January-October 1979

Period and firm	Production	Domestic shipments	End-of-period inventory	Ratio of inventories to	
				Domestic production	Domestic shipments
				</	

1/ Company estimates.

2/ Not available.

3/ ***

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

Financial experience of U.S. producers

Of the major U.S. producers that responded to the Commission's questionnaires, only two---***---submitted complete profit-and-loss, asset-valuation, and capital-expenditures information. Two other producers, *** also submitted complete information, ***.

Table 17 shows selected profit-and-loss items, asset valuation and capital expenditures for ***. These data are for the operations related only to dextrines and soluble or chemically treated starches as well as for the overall operations in the establishments in which the dextrines and soluble or chemically treated starches are produced. ***.

* * * * * *

Aggregate dextrine operations show a drop in net sales in 1977, followed by a recovery in 1978, and a very strong increase of *** percent in January-October 1979. During 1976-79, net operating profit for the aggregate operations on starch derivatives have shown steady but modest increases, and a significant amount of capital expenditure has taken place. ***.

Selected ratios relating to operating profits are presented in table 18. With regard to their operations only in the starch derivatives covered by the investigation, the previously discussed increase in net operating profits has not been as large as increases in net sales, with the exception of 1977, resulting in declining profit to sales ratios. The ratios of operating profit to both book value and original cost of the assets used in the production of dextrines and soluble or chemically treated starches are also shown in table 18.

Consideration of the Causal Relationship Between Imports From the EC and the Alleged Injury

Market penetration of imports from the EC

Since 1976, the ratio of total imports to domestic consumption of dextrines and soluble or chemically treated starches fell from 2.77 percent in 1976 to 2.16 percent in 1978 (table 19). ^{1/} The ratio of imports to consumption was 2 percent in January-October 1978 and January-October 1979. The ratio of imports from countries other than the EC to domestic consumption of the articles under consideration rose from 0.01 percent in 1976 to 0.04 percent in 1977, and 0.3 percent in 1978, and then fell to 0.1 percent in January-October 1979.

Imports of dextrines and soluble or chemically treated starches from the EC fell from 2.76 percent of domestic consumption in 1976 to 1.83 percent in 1978, and amounted to 1.91 percent in January-October 1979, an 8 percent increase over January-October 1978, as shown in table 20. France, West Germany, the United Kingdom, Italy, and Belgium each accounted for less than 0.05 percent of domestic consumption, as shown in table 20. Only imports from the Netherlands yielded significant import to consumption ratios. These ratios, however, declined steadily from 2.71 percent in 1976 to 1.74 percent in 1978. The ratio of imports from the Netherlands to apparent consumption rose from 1.68 percent in January-October 1978 to 1.83 percent in January-October 1979.

^{1/} Computed from questionnaire data and official statistics of the U.S. Department of Commerce.

Table 17.--Dextrines and soluble or chemically treated starches: Selected financial data, by firm, 1976-78, January-October 1978, and January-October 1979

(In millions of dollars)					
Source	1976	1977	1978	January-October	
				1978	1979

Dextrines & soluble or chemically					
treated starches operations:					
Net sales-----					
Cost of goods sold-----					
General selling & administra-					
tive expenses-----					
Net operating profit-----					
Book value-----					
Replacement cost-----					
Original cost-----					
Capital expenditures-----					
Overall operations:					
Net sales-----					
Cost of goods sold-----					
General selling & administra-					
tive expenses-----					
Net operating profit-----					

Dextrines & soluble or chemically					
treated starches operations:					
Net sales-----					
Cost of goods sold-----					
Generally selling & administra-					
tive expenses-----	*	*	*	*	*
Net operating profit-----					
Book value-----					
Replacement cost-----					
Original cost-----					
Capital expenditures-----					
Overall operations:					
Net sales-----					
Cost of goods sold-----					
General selling & administra-					
tive expenses-----					
Net operating profit-----					

Dextrines & soluble or chemically					
treated starches operations:					
Overall operations:					
Net sales-----					
Cost of goods sold-----					
General selling & administra-					
tive expenses-----					
Net operating profit-----					

Dextrines & soluble or chemically					
treated starches operations:					
Net sales-----					
Cost of goods sold-----					

See footnote at end of table.

Table 17.--Dextrines and soluble or chemically treated starches: Selected financial data, by firm, 1976-78, January-October 1978, and January-October 1979--Continued.

(In millions of dollars)					
Source	1976	1977	1978	January-October	
				1978	1979

--Continued					
General selling & administrative expenses-----					
Net operating profit-----					
Book value-----					
Replacement cost-----					
Original cost-----					
Capital expenditures-----					
Overall operations:					
Net sales-----					
Cost of goods sold-----					
General selling & administrative expenses-----					
Net operating profit-----					

Dextrine & soluble or chemically treated starches operations:					
Net sales-----					
Cost of goods sold-----					
General selling & administrative expenses-----					
Net operating profit-----					
Book value-----					
Replacement cost-----					
Original cost-----					
Capital expenditures-----					
Overall operations ^{3/} :					
Net sales-----					
Cost of goods sold-----					
General selling & administrative expenses-----					
Net operating profit-----					
Total:					
Dextrines & soluble or chemically treated starches operations:					
Net sales-----					
Cost of goods sold-----					
General selling & administrative expenses-----					
Net operating profit-----					
Book value-----					
Replacement cost-----					
Original cost-----					
Capital expenditures-----					
All operations:					
Net sales-----					
Cost of goods sold-----					
General selling & administrative expenses-----					
Net operating profit-----					

1/ Not available.

2/ ***

3/ ***

Source: Compiled from responses to questionnaires of the U.S. International Trade Commission.

Table 18.--Ratios of net operating profit to net sales, book value, and original cost of capital assets used in the production of dextrines and soluble or chemically treated starches, by firms, 1976-78, January-October 1978, and January-October 1979

(In percent)					
Item	1976	1977	1978	January-October--	
				1978	1979
Ratio of net operating profit to net sales:					
***	*	*	*	*	*

Other-----					
Total-----					
Book value:					

Other-----					
Total-----					
Original cost:		*	*	*	*

Other-----					
Total-----					

1/ Not available.

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

Table 19.--Dextrines and soluble or chemically treated starches: U.S. production, exports, imports, and apparent consumption, 1976-78, January-October 1978, and January-October 1979

Period	Production	Exports	Imports			Apparent consumption	Ratio of imports to apparent consumption		
			From EC	From other countries	From all countries		From EC	From all other countries	From all countries
<u>1,000 pounds</u>						<u>Percent</u>			
1976-----	1,091,125	27,588	30,156	169	30,325	1,093,862	2.76	0.01	2.77
1977-----	1,091,234	33,330	27,118	463	27,581	1,085,485	2.51	0.04	2.55
1978-----	1,127,646	58,644	20,010	3,624	23,634	1,092,636	1.83	0.33	2.16
Jan.-Oct.--									
1978-----	940,628	24,788	16,567	2,173	18,740	934,580	1.77	0.23	2.00
1979-----	997,176	19,824	19,129	963	20,092	997,444	1.91	0.10	2.01

Source: Import data from the U.S. Department of Commerce, other data compiled from questionnaires submitted to the U.S. International Trade Commission.

Table 20.--Dextrines and soluble or chemically treated starches: Ratios to U.S. ; apparent consumption of total imports from the EEC and imports of selected EEC countries, 1976-78, January-October 1978, and January-October 1979

Period	Ratio to consumption of--						
	Total imports from EEC	Imports from--					
		Netherlands	France	West Germany	United Kingdom	Italy	Belgium
		Percent					
1976-----	2.76	2.71	0.01	0.01	0.03	0	0
1977-----	2.51	2.45	0.02	0.02	0.02	0	<u>1/</u>
1978-----	1.83	1.74	0.03	0.04	0.02	0	<u>1/</u>
January-							
October:							
1978-----	1.77	1.68	0.03	0.04	0.02	0	<u>1/</u>
1979-----	1.91	1.83	0.04	0.04	0.01	<u>1/</u>	<u>1/</u>

1/ Less than 0.005 percent.

Source: Import data are official statistics of the U.S. Department of Commerce, production and export data used to calculate domestic apparent consumption are compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Consumption data and ratios of imports to consumption by individual classes of merchandise are presented in the appendix tables J-1 through J-12.

Lost sales

The Commission requested U.S. producers of corn and potato starch dextrines and soluble or chemically treated starches to report any sales they had lost to imported merchandise from the EC. Only one producer, Henkel Corp., responded with information on sales lost to subsidized imports from the EC.

At the Commission's public hearing, Henkel Corp. testified that its KSH-Iowa operation had lost sales owing to price-undercutting by Avebe. According to the testimony, the market share was lost by Henkel in the textile and the billboard-poster-paste markets, and that these losses in market share were attributed to competition from the EC, particularly Avebe of the Netherlands. Henkel has also alleged that there is a threat of future lost sales attributable to imports (see app. L.)

Purchasers' comments on reasons for buying dextrines and soluble or chemically treated starches from the EC

Thirty-six domestic purchasers indicated in questionnaire responses that the primary reasons for purchasing dextrines and soluble or chemically treated starches from the EC, were quality (first) and availability; both were considered very important. Lack of alternative sources and price were considered less important as incentives to purchase the products from the EC.

Certain purchasers stated, in response to the Commission's questionnaire, that EC materials were the only ones which would allow optimum yield in their production process, or that, with respect to potato starch materials, no domestic equivalent to the EC product is produced.

Prices and margins of underselling

Producer and importer price comparisons.--The Commission sent questionnaires to U.S. producers requesting price information for the following nine commodities: dextrines derived from corn starch, from potato starch, and from other starches; soluble starches derived from corn starch, from potato and from other starches; and chemically treated starches derived from corn starch, from potato starch, and from other starches. Questionnaires were also sent to importers requesting price information for the same nine commodities imported from five major EC countries as well as all other EC countries (tables 21, 22, and 23).

Data collected by the Commission, however, indicate that potato starch derivatives account for *** percent of total U.S. imports from the EC of corn and potato starch derivatives and for *** percent of U.S. importers' shipments of EC corn and potato starch derivatives. Of the 9.4 million pounds reported

Table 21.--Dextrines derived from corn, potato and other starches: Margin of underselling, 1976,
first quarter thru 1979, fourth quarter

(In percent)									
Period	U.S. produced dextrines derived from corn starch undersold by imports of dextrines derived from--			U.S. produced dextrines derived from potato starch undersold by importers of dextrines derived from--			U.S. produced dextrines derived from other starches undersold by imports of dextrines derived from--		
	Corn starch	Potato starch	Other starches	Corn starch	Potato starch	Other starches	Corn starch	Potato starch	Other starches
1976:									
January-March-----									
April-June-----									
July-September-----									
October-December---									
1977:									
January-March-----		*	*	*	*	*	*	*	*
April-June-----									
July-September-----									
October-December---									
1978:									
January-March-----									
April-June-----									
July-September-----									
October-December---									
1979:									
January-March-----									
April-June-----									
July-September-----									
October-December---									

1/ No imports reported of this commodity.

2/ No U.S. production reported.

3/ ***

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

Table 22--Soluble starches derived from corn, potato and other starches: Margins of underselling 1976,
first quarter thru 1979, fourth quarter

Period	(In percent)								
	U.S. produced soluble starches derived from corn starch undersold by imports of soluble starches derived from--			U.S. produced soluble starches derived from potato starch undersold by imports of soluble starches derived from--			U.S. produced soluble starches derived from other starches undersold by imports of soluble starches derived from		
	Corn starch	Potato starch	Other starches	Corn starch	Potato starch	Other starches	Corn starch	Potato starch	Other starches
	:	:	:	:	:	:	:	:	:
1976:									
January-March-----									
April-June-----									
July-September-----									
October-December---									
1977:									
January-March-----									
April-June-----	*	*	*	*	*	*	*	*	*
July-September-----									
October-December---									
1978:									
January-March-----									
April-June-----									
July-September-----									
October-December---									
1979:									
January-March-----									
April-June-----									
July-September-----									
October-December---									

1/ Not available.

2/ No U.S. production reported.

3/ ***

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

Table 23.--Chemically treated starches derived from corn, potato and other starches: Margins of underselling 1976, first quarter thru 1979, fourth quarter

Period	(In percent)								
	U.S. produced chemically treated starches			U.S. produced chemically treated starches			U.S. produced chemically treated starches		
	derived from corn starch undersold by			derived from potato starch undersold			derived from other starches undersold		
	imports of chemically treated starches			by imports of chemically treated starches			by imports of chemically treated		
	derived from--			derived from--			starches derived from--		
	Corn starch	Potato starch	Other starches	Corn starch	Potato starch	Other starches	Corn starch	Potato starch	Other starches
1976:									
January-March-----									
April-June-----									
July-September-----									
October-December---									
1977:									
January-March-----									
April-June-----									
July-September-----	*	*	*	*	*	*	*	*	*
October-December---									
1978:									
January-March-----									
April-June-----									
July-September-----									
October-December---									
1979:									
January-March-----									
April-June-----									
July-September-----									
October-December---									

1/ None.

2/ No imports reported of this commodity.

3/ No U.S. production reported.

4/ ***

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

by U.S. importers as their shipments of corn and potato starch derivatives, dextrines derived from potato starch accounted for *** percent and chemically treated starches derived from potato starch accounted for ** percent. These, two categories of potato starch derivatives and the largest category of corn starch derivatives--chemically treated starches derived from corn starch accounting for *** percent of U.S. importers' shipments of corn and potato starch derivatives--are discussed in detail in this price section. Together, the 3 categories accounted for *** percent of the quantity of U.S. importers shipments of corn and potato starch derivatives in 1978.

Prices of dextrines derived from potato starch.--U.S. importers reported significant shipments of dextrines derived from potato starch during 1976-79, with weighted average prices ranging from a low of 19.63 cents per pound in the first quarter of 1976 to a high of 26.26 cents per pound in the third quarter of 1979 (table K-1, in app. K). No U.S. production or sales of dextrines derived from potato starch were reported by respondents to the Commission's questionnaires but the U.S. is a producer of dextrines derived from corn starch. Table K-2 indicates that prices received for U.S. producers' shipments of dextrines derived from corn starch ranged from a low of 14.63 cents per pound in the first two quarters of 1976 to 17.75 cents per pound in the third quarter of 1979. In no instance did imports of dextrines derived from potato starch from the EC undersell domestically produced dextrines derived from corn starch. There were no shipments by U.S. importers of dextrines derived from corn starch. Importers and producers' prices for dextrines derived from corn and potato starches, by firms, are shown in table K-3 through K-6.

Prices of chemically treated starches derived from potato starch.--As shown in table K-7, importers' weighted average net prices for chemically treated starches derived from potato starch from the Netherlands (the principal EC source) ranged from a low of *** cents per pound in the fourth quarter of 1979 to a high of *** cents per pound in the third quarter of 1979. As shown in the same table, the U.S. producers' price for the identical product ranged from *** cents per pound in the third quarter of 1976 to *** cents per pound in the third quarter of 1979, resulting in no underselling of the U.S. product by the imported product from the Netherlands during the period. Limited price comparisons available on chemically treated starches derived from potato starch from West Germany indicate a small degree of underselling of the U.S. producer by the importers in the third quarter of 1979 (table K-8). This was more than accounted for by any EC subsidies found by the administering authority. Importers' and U.S. producers' prices for chemically treated starches derived from potato starch are presented in tables K-7 through K-15.

Prices of chemically treated starches derived from corn starch.--As shown in table K-16 importers' weighted average selling prices of chemically treated starches derived from corn starch from the Netherlands ranged from *** cents per pound in the first quarter of 1976 to *** cents per pound in the fourth quarter of 1978. In comparison, U.S. producers' shipments of chemically treated starches derived from corn starch ranged from *** cents per pound in the first quarter of 1978 to a high of *** cents per pound in the fourth quarter of 1979. At no time did imports from the Netherlands undersell the identical U.S. product. U.S. producers' and importers' selling prices of

chemically treated starches derived from corn starch, by firm, are presented in tables K-16 through K-20. These tables indicate the absence of any underselling of the domestic corn starch derivative by imported corn starch derivatives, except for ***.

Purchase price comparisons

Questionnaires requesting the purchase price of dextrines and derived soluble or chemically treated starches from U.S. producers and the EC were also sent to major U.S. buyers. Data developed from the response to these questionnaires are shown in tables K-21 thru K-24. In only one instance did directly competing identical goods imported from the EC--chemically treated starches derived from potato starch (table K-24)--undersell the U.S. produced goods, and this occurred only in the third quarter of 1979 and amounted to a price advantage of 2.22 cents per pound or by 7 percent.

APPENDIX A

LETTER OF REFERRAL OF COUNTERVAILING DUTY CASES ON POTATO
STARCH AND CORN STARCH BY THE DEPARTMENT OF COMMERCE
TO THE U.S. INTERNATIONAL TRADE COMMISSION

RECEIVED

04 JAN 1980

A-50

JAN 7 1980

OFFICE OF THE SECRETARY
U.S. INTL. TRADE COMMISSION
Dear Mr. Mason:

NUMBER

#620

Office of the
Secretary
Int. Trade Commission.

In accordance with the requirements of the Trade Agreements Act of 1979, the following countervail and antidumping cases are being referred to the Commission for a determination of injury or reasonable indication thereof. With regard to countervail investigations, only those cases involving products from countries which signed the Code at Geneva are being referred.

I. Countervailing Duty Cases in which the collection of duties was waived pursuant to the Trade Act of 1974 (5 cases):

Product	Country
Dairy Products (other than quota cheeses)	Member states of the European Communities
Canned Hams	Member states of the European Communities
Butter Cookies	Denmark
Fish	Canada
Leather Handbags	Brazil

II. Countervailing Duty Cases in which final affirmative determinations were issued between July 26. and December 31, 1979 (2 cases):

Product	Country
Tomato Products	Member states of the European Communities
Potato Starch	Member states of the European Communities

III. Countervailing Duty final affirmative determination with regard to frozen beef from member states of the European Communities (1 case).

IV. Countervailing Duty investigations in which a preliminary affirmative determination (but no final determination) has been issued (8 cases):

Product	Country
Corn Starch	Member states of the European Communities

Valves	Italy
Rayon Staple Fiber	Austria
Valves	Japan
Scales	Japan
Malleable Pipe Fittings	Japan
Firearms	Brazil
Ferroalloys	Brazil

V. Countervailing Duty Cases which have been initiated, but for which no preliminary or final determination has been issued (4 cases):

Product	Country
Frozen Potato Products	Canada
Roses	Netherlands
Glass Lined Steel Reactor Pressure Vessels	France
Chains and Parts	Japan

VI. Antidumping Cases for which there have been preliminary affirmative determinations, but no final determinations (3 cases):

Product	Country
Portable Typewriters	Japan
Melamine	Austria
Melamine	Italy

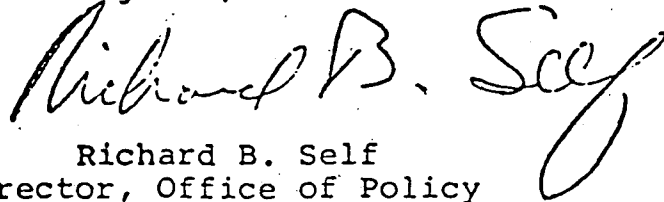
VII. Antidumping Cases which have been initiated, but for which no preliminary or final determinations have been issued (9 cases):

Product	Country
Sodium Hydroxide	United Kingdom
Sodium Hydroxide	West Germany
Sodium Hydroxide	Italy
Sodium Hydroxide	France
Rail Passenger Cars	Italy

Rail Passenger Cars	Japan
Electric Motors	Japan
Microwave Ovens	Japan
Canned Clams	Canada

If you have any questions regarding any of these cases, please feel free to contact me or members of my staff at 566-2323.

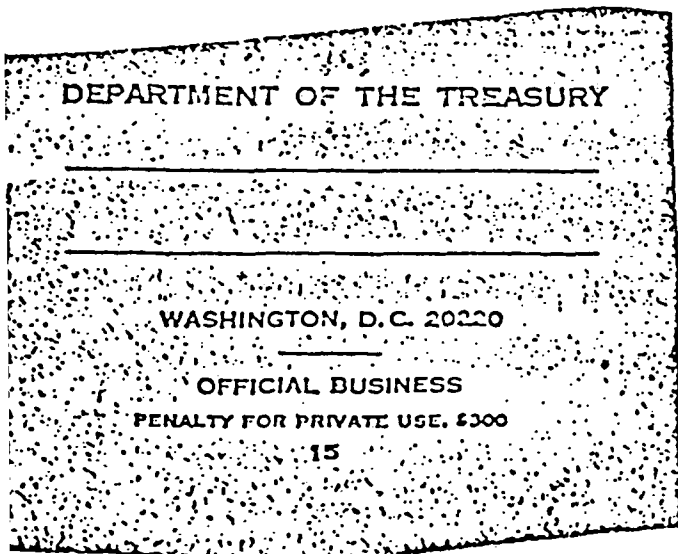
Regards,



Richard B. Self
Director, Office of Policy
Office of the Assistant Secretary
for Trade Administration

cc: Dave Binder

Mr. Kenneth R. Mason
Secretary to the Commission
U.S. International Trade Commission
Washington, D.C. 20436



APPENDIX B

**TREASURY DEPARTMENT NOTICE CONCERNING THE PRELIMINARY DETERMINATION
ON CORN STARCH DEXTRINES AND SOLUBLE OR CHEMICALLY TREATED
STARCHES FROM THE EC**

DEPARTMENT OF THE TREASURY

Customs Service

Dextrines and Soluble or Chemically Treated Starches Derived From Corn Starch From the European Community; Preliminary Countervailing Duty Determination

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

ACTION: Preliminary Countervailing Duty Determination.

SUMMARY: This notice is to inform the public that a countervailing duty investigation has resulted in a preliminary determination that the European Community and the Government of the Netherlands have given benefits which are considered to be bounties or grants within the meaning of the countervailing duty law on the manufacture, production, or exportation of dextrines and soluble or chemically treated starches derived from corn starch. A final determination will be made by March 17, 1979. Interested parties are invited to comment on this action.

EFFECTIVE DATE: January 2, 1980.

FOR FURTHER INFORMATION CONTACT: Stephen Nyschot, Trade Analysis Division, U.S. Customs Service, 1301 Constitution Avenue, N.W., Washington, D.C. 20229; telephone (202) 566-5492.

SUPPLEMENTARY INFORMATION:

On September 18, 1979, a notice of "Receipt of Countervailing Duty Petition and Initiation of Investigation" was published in the Federal Register (44 FR 54149). The notice stated that a petition in satisfactory form was received on August 2, 1979, from counsel on behalf of Henkel Corporation, Edina, Minnesota, alleging that payments conferred by the European Community (EC) upon the manufacture, production, or exportation of dextrines and soluble or chemically treated starches derived from corn starch constitute the payment or bestowal of a bounty or grant within the meaning of section 303, Tariff Act of 1930, as amended (19 U.S.C. 1303) ("the Act"). The EC comprises Belgium, Denmark, the Federal Republic of Germany, France, Ireland, Italy, Luxembourg, the Netherlands, and the United Kingdom. Imports covered by this investigation are classified under item 493.30, Tariff Schedules of the United States Annotated (TSUSA), and include only those dextrines and soluble or chemically treated starches derived from corn starch.

On the basis of an investigation conducted pursuant to § 159.47(c), Customs Regulations (19 CFR 159.47(c)),

it has been preliminarily determined that benefits available to EC producers of the subject merchandise constitute bounties or grants within the meaning of section 303 of the Act. These benefits are in the form of two types of payments made under the EC's Common Agricultural Policy (CAP): "Production refund payments" and "export restitution payments".

A minimum price for corn has been established under the CAP in order to support the price level of corn. Production refund payments are made to processors of the subject merchandise who make contracts in accordance with the minimum price. The full value of these payments is considered a benefit to those processors.

Exporters of the subject merchandise receive export restitution payments based on an established formula for each unit of eligible merchandise exported from the EC. These payments also constitute a bounty or grant because they simply confer a direct benefit on the exported merchandise.

The total bounty or grant associated with the subject merchandise is equal to the sum of the various payments made through all stages of the production process, from corn, to corn starch, to dextrines and soluble or chemically treated starches derived from corn starch. The net value of these payments, in terms of the U.S. import value on a Customs valuation basis, is equal to 34.4 percent *ad valorem*.

The petition also alleged that the Government of the Netherlands provides assistance to Dutch processors of corn starch which constituted a bounty or grant under the Act. It has been preliminarily determined that the Dutch government does provide countervailable benefits to at least one processor of corn starch in the form of financial aid for investment purposes. A second firm was aided when the Government of the Netherlands purchased 40 percent of the company's stock at the time the company's parent firm declared bankruptcy, but additional information is necessary to determine if a countervailable benefit exists. Further data will be obtained regarding both firms before a final countervailing duty determination is made.

Under traditional Treasury practice, whether a domestic program providing a benefit had a trade-distorting effect would be examined in determining if a bounty or grant had been paid or bestowed. This would be determined by the size of the *ad valorem* benefit found and, except where that benefit was of significant size, the proportion of production of the subject merchandise that was exported. In the instant case,

analysis of production exported is unnecessary in view of the magnitude of the benefits. On November 29, 1979, the Court of Customs and Patent Appeals overturned Treasury's administrative practice, *ASC Industries v. United States*, C.A.D. 1237. If this holding remains in effect, Treasury could not, in any circumstance, consider the level of exportation in determining whether a bounty or grant was paid or bestowed under the programs investigated. Thus, whatever standard is used, it appears that a bounty or grant is provided in the instant case.

Accordingly, it is preliminarily determined that bounties or grants, within the meaning of section 303 of the Act, are being paid or bestowed, directly or indirectly, upon the manufacture, production, or exportation of the subject merchandise from the EC.

On January 1, 1980, the Trade Agreements Act of 1979 (Pub. L. 96-39) goes into effect and pursuant to this law, estimated duties will be required to be paid in the form of cash deposit, bond or other security for each entry of merchandise equal to 34.4 percent *ad valorem*.

In accordance with section 102(a)(2) of the Trade Agreements Act of 1979 (19 U.S.C. 1671 note), a final determination will be made no later than March 17, 1980.

Before a final determination is made, consideration will be given to relevant data, views, or arguments submitted in writing with respect to this preliminary decision.

Submissions before January 1, 1980, should be addressed to the Commissioner of Customs, 1301 Constitution Avenue, N.W., Washington, D.C. 20229. On or after January 1, 1980, submissions should be submitted to the Assistant Secretary for Trade Administration, Department of Commerce, 14th and Constitution Avenue, N.W., Washington, D.C. 20230. Submissions should be received no later than February 1, 1980. Any request to present oral views should accompany such submission and a copy of all submissions should be delivered to counsel that has heretofore represented any party to these proceedings.

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

Pursuant to Reorganization Plan No. 28 of 1950 and Treasury Department Order No. 101-5, May 16, 1979, the provisions of Treasury Department Order 165, Revised, November 2, 1934, and § 159.47 of the Customs Regulations (19 CFR 159.47), insofar as they pertain to the issuance of a preliminary

APPENDIX C

**COMMERCE DEPARTMENT'S NOTICE OF FINAL COUNTERVAILING DUTY DETERMINATION
WITH RESPECT TO CORN STARCH DERIVATIVES**



A-56

UNITED STATES DEPARTMENT OF COMMERCE
The Under Secretary for International Trade
Washington, D.C. 20230

RECEIVED

18 MAR 1980.

MAR 19 1980

OFFICE OF THE SECRETARY
U.S. INTL. TRADE COMMISSION

The Honorable
Catherine Bedell
Chairman, International
Trade Commission
Washington, D.C. 20436

701-TA-22 thru 30

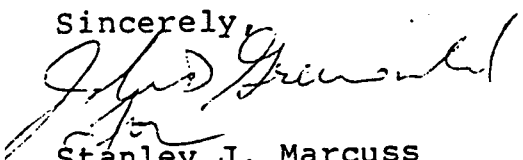
Dear Madam Chairman:

In accordance with section 705(a)(1) of the Tariff Act of 1930, as amended (93 Stat. 159) (the Act), the Department of Commerce has determined that the European Economic Community and the Government of the Netherlands have given subsidies to producers and exporters of corn starch and its derivatives.

Pursuant to section 705(c)(1) of the Act, you are hereby formally advised of this determination and the bases for the determination which are specified in the attached copy of the Federal Register notice.

In accordance with section 355.18(d)(2), Commerce Regulations (19 C.F.R 355.18(d)(2), 45 Fed. Reg. 4940), you will be accorded full access to all nonprivileged and nonconfidential information in our files. All privileged and confidential information in the files will be made available upon confirmation that the confidentiality of such information will not be disclosed, either publicly or under administrative protective order, without the express written consent of the Assistant Secretary for Trade Administration.

Sincerely,


Stanley J. Marcuss
Acting Assistant Secretary
for Trade Administration

Enclosure



DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION

DEXTRINES AND SOLUBLE OR CHEMICALLY TREATED
STARCHES DERIVED FROM CORN STARCH
FROM THE EUROPEAN COMMUNITY

FINAL COUNTERVAILING DUTY DETERMINATION

AGENCY: International Trade Administration
U.S. Department of Commerce

ACTION: Final Countervailing Duty Determination

SUMMARY:

This notice is to inform the public that a countervailing duty investigation has resulted in a final determination that the European Community has given benefits which constitute subsidies within the meaning of the countervailing duty law on the manufacture, production, or exportation of dextrines and soluble or chemically treated starches derived from corn starch. A cash deposit, bond or other security in the amount of these benefits is being required at the time of entry in addition to duties normally collected on dutiable shipments of this merchandise.

EFFECTIVE DATE:

(Date of publication in the Federal Register).

FOR FURTHER INFORMATION CONTACT:

John J. Kenkel, International Trade Administration, Office of Investigation, U.S. Department of Commerce, 14th and Constitution Avenue, NW., Washington, D.C. 20230, telephone (202)566-5492.

SUPPLEMENTARY INFORMATION:

On January 2, 1980, a notice of "Preliminary Countervailing Duty Determination" was published in the Federal Register (45 Fed. Reg. 121). The notice stated that it had been preliminarily determined that

benefits bestowed by the European Community (EC) and the Government of the Netherlands upon the manufacture, production, or exportation of dextrines and soluble or chemically treated starches derived from corn starch constitute the payment of bounties or grants within the meaning of section 303, Tariff Act of 1930, as amended (19 U.S.C. 1303)(referred to as "the Act"). In a notice published in the Federal Register on February 27, 1980 (45 Fed. Reg. 12860), the Department informed the public that under the terms of section 102(a) of the Trade Agreements Act of 1979 (93 Stat. 189, 19 U.S.C. 1671 note)(the Act) investigations under section 303 of the Act (19 U.S.C. 1303) which were pending when Title I of the Trade Agreements Act became effective on January 1, 1980 terminated. Furthermore, in investigations, such as corn starch, where a preliminary, but not a final, determination had been made by January 1, the matter was to be treated as if a preliminary determination under section 703 of the Act (93 Stat. 152, 19 U.S.C. 1671(b) had been made on January 1, 1980. In accordance with section 703(d) of the Act (93 Stat. 153, 19 U.S.C. 1671(d)), the net amount of the subsidies provided, directly or indirectly, upon the manufacture, production or exportation of this merchandise was estimated to be 34.4% ad valorem, liquidation of entries was suspended effective January 1, 1980, and from January 1, until further notice a cash deposit, bond or other security in an amount equal to the net subsidy was required on all entries, or withdrawals from warehouse, for consumption.

The EC comprises Belgium, Denmark, the Federal Republic of Germany, France, Ireland, Italy, Luxembourg, the Netherlands, and the United Kingdom. Imports covered by this investigation are classified under item 493.30, Tariff Schedules of the United States Annotated (TSUSA) and include only those dextrines and soluble or chemically treated starches derived from corn starch. The EC benefits in question are in the form of two types of payments made under the EC's Common Agricultural Policy (CAP): "production refund payments" and "export restitution payments". A minimum price for corn has been established under the CAP in order to support the price level of corn. Production refund payments (equal to \$45.82 per ton) are made to processors of the subject merchandise who purchase corn at the support price. The full value of these payments is considered a subsidy to those processors.

Exporters of the subject merchandise receive export restitution payments based on an established formula for each unit of eligible merchandise exported from the EC. These payments also constitute a subsidy because they confer a direct benefit on the exported merchandise.

Accordingly, it is hereby determined, pursuant to section 705(a)(1) of the Act (93 Stat. 159, 19 U.S.C. 1671d(a)(1)), that a subsidy is being provided by the EC with respect to dextrines and soluble or chemically treated starches derived from corn starch.

The preliminary determination stated a subsidy of 34.4 percent ad valorem. Since the average price of the product differs in

all the countries concerned, it would be inequitable to assess an ad valorem duty in this case. Instead, it has been determined to assess the duty on a volume basis.

Therefore, in accordance with section 355.33(e) of the Commerce Regulations (19 C.F.R. 355.33(e), 45 Fed. Reg. 4946) and until further notice, the net amount of the subsidies bestowed on the merchandise subject to this investigation has been estimated to be \$183.17 per metric ton for imports of the subject merchandise from all countries of the EC.

The preliminary determination also stated that the Government of the Netherlands provides financial assistance to some of the corn starch producers in that country. This assistance is given under the authority of the Wet Investeringsrekening (WIR) law. This law operates via an Investment Account whose purpose is to stimulate and guide investments in the Netherlands particularly in the interest of employment. It aims at promoting small-scale enterprise, regional economic development, town and country planning, and major projects.

It has been determined that the sole Dutch exporter of corn starch and/or derivatives, Cooperatieve Verkoop-en Produktievereniging van Aardappelmeel en Derivaten AVEBE G.A., (AVEBE), is a recipient of financial assistance under the WIR. This assistance is given under a general government program for regional economic development. Because it confers a direct grant upon the company it is deemed a subsidy under the Act. AVEBE received approximately \$4.12 million in 1979, the latest year for which data is available. When this figure is divided by the volume of all

of AVEBE's production for the same year, the average benefit per ton can be established. Using this methodology, it is determined that average benefit of the Government's subsidy for all of AVEBE's production in 1979 was \$7.49 per metric ton. This subsidy is determined to be countervailable since it is a direct grant to AVEBE from the Government.

In addition to investment support, the Government of the Netherlands provides guarantees for AVEBE and loans extended by private banks. No measurable countervailable subsidy exists, because the loans were made at commercially available rates.

Therefore, since AVEBE is the sole Dutch exporter of corn starch and/or derivatives, the countervailable rate of duty to be paid for imports from the Netherlands due to subsidies given by its Government is determined to be \$7.49 per metric ton. This is in addition to the rate of \$183.17 per metric ton to be paid for imports of corn starch and its derivatives from all EC countries.

Pursuant to section 776 of the Tariff Act of 1930, as amended (93 Stat. 186, 19 U.S.C. 1677e), the accuracy of the information was verified. The information concerning the EC subsidy was verified in a published statement of the subsidy in the "Official Journal of the European Communities," and certified by its U.S. office. The verification of the Dutch subsidy was performed by a Department of Commerce official who examined the books and records of the sole exporter of this product. This exporter received the subsidy under the authority of the Wet Investeringsrekening (WIR)

law. Verification was made of the amount of the subsidy received and the total export sales of the company. The verification confirmed that the amount of the grant was countervailable under U.S. law.

In order to allow Customs officials to distinguish the merchandise not subject to it, those officials may take whatever administrative actions are necessary, such as, but not limited to, requiring manufacturer's certification of the material origin if shipments and/or a detailed invoice description of the merchandise.

Effective on or after the publication date of this notice, and until further notice, upon the entry, or withdrawal from warehouse, for consumption of such dextrines and soluble or chemically treated starches derived from corn starch which benefits from these subsidies and which are imported directly or indirectly from the EC, there shall be collected, in addition to any other duties estimated or determined to be due, estimated countervailing duties in the form of a cash deposit, bond or other security in the amount ascertained in accordance with the above declaration.

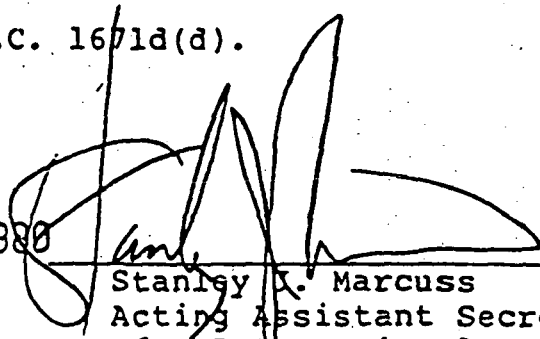
The suspension of liquidation ordered in the notice published in the Federal Register of February 27, 1980 (45 Fed. Reg. 12860), remains in effect until further notice. However, the cash deposit, bond or other security required for entries made subsequent to the date of publication of this final determination shall be in an amount equal to the estimated net subsidy declared herein.

To the extent that it can be established to the satisfaction of the Assistant Secretary for Trade Administration that imports of the subject merchandise from the EC are benefiting

from a subsidy smaller than the amount which otherwise would be applicable under the above declaration, the smaller amount so established shall be assessed and collected.

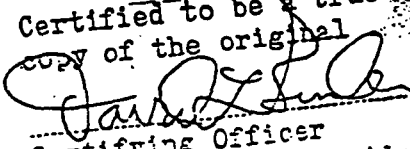
Any merchandise subject to the terms of this order shall be deemed to have benefited from a subsidy if such subsidy has been or will be credited or bestowed, directly or indirectly, upon the manufacture, production or exportation of dextrines and soluble or chemically treated starches derived from corn starch from the EC. This final determination is published pursuant to section 705(d) of the Act (93 Stat. 160, 19 U.S.C. 1671d(d)).

18 MAR 1980



Stanley A. Marcuss
Acting Assistant Secretary
for International Trade

Certified to be a true
copy of the original



Certifying Officer
International Trade Administration
Department of Commerce

DEPARTMENT OF COMMERCE

International Trade Administration

Dextrines and Soluble or Chemically
Treated Starches Derived From Corn
Starch From the European Community;
Final Countervailing Duty
DeterminationAGENCY: International Trade
Administration, U.S. Department of
Commerce.ACTION: Final Countervailing Duty
Determination.

SUMMARY: This notice is to inform the public that a countervailing duty investigation has resulted in a final determination that the European Community has given benefits which constitute subsidies within the meaning of the countervailing duty law on the manufacture, production, or exportation of dextrines and soluble or chemically treated starches derived from corn starch. A cash deposit, bond or other security in the amount of these benefits is being required at the time of entry in addition to duties normally collected on dutiable shipments of this merchandise.

EFFECTIVE DATE: March 21.

FOR FURTHER INFORMATION CONTACT:

John J. Kenkel, International Trade Administration; Office of Investigation, U.S. Department of Commerce, 14th and Constitution Avenue, NW, Washington, D.C. 20230, telephone (202) 566-5482.

SUPPLEMENTARY INFORMATION: On

January 2, 1980, a notice of "Preliminary Countervailing Duty Determination" was published in the Federal Register (45 FR 121). The notice stated that it had been preliminarily determined that benefits bestowed by the European Community (EC) and the Government of the Netherlands upon the manufacture, production, or exportation of dextrines and soluble or chemically treated starches derived from corn starch constitute the payment of bounties or grants within the meaning of section 303, Tariff Act of 1930, as amended (19 U.S.C. 1303) (referred to as "the Act"). In a notice published in the Federal Register on February 27, 1980 (45 FR 12860), the Department informed the public that under the terms of section 102(a) of the Trade Agreements Act of 1979 (93 Stat. 189, 19 U.S.C. 1671 note) [the Act] investigations under section 303 of the Act (19 U.S.C. 1303) which were pending when Title I of the Trade Agreements Act became effective on January 1, 1980 terminated. Furthermore, in investigations, such as corn starch, where a preliminary, but not a final, determination had been made by January 1, the matter was to be treated as if a preliminary determination under section 703 of the Act (93 Stat. 152, 19 U.S.C. 1671(b)) had been made on January 1, 1980. In accordance with section 703(d) of the Act (93 Stat. 153, 19 U.S.C. 1671(d)), the net amount of the subsidies provided, directly or indirectly, upon the manufacture, production or exportation of this merchandise was estimated to be 34.4% *ad valorem*. Liquidation of entries was suspended effective January 1, 1980, and from January 1, until further notice a cash deposit, bond or other security in an amount equal to the net subsidy was required on all entries, or withdrawals from warehouse, for consumption. The EC comprises Belgium, Denmark, The Federal Republic of Germany, France, Ireland, Italy, Luxembourg, the Netherlands, and the United Kingdom. Imports covered by this investigation are classified under item 493.30, Tariff Schedules of the United States Annotated (TSUSA) and include only those dextrines and soluble or chemically treated starches derived from corn starch. The EC benefits in question are in the form of two types of payments made under the EC.

Agricultural Policy (CAP): "Production refund payments" and "export restitution payments". A minimum price for corn has been established under the CAP in order to support the price level of corn. Production refund payments (equal to \$45.82 per ton) are made to processors of the subject merchandise who purchase corn at the support price. The full value of these payments is considered a subsidy to those processors.

Exporters of the subject merchandise receive export restitution payments based on an established formula for each unit of eligible merchandise exported from the EC. These payments also constitute a subsidy because they confer a direct benefit on the exported merchandise.

Accordingly, it is hereby determined, pursuant to section 705(a)(1) of the Act (93 Stat. 159, 19 U.S.C. 1671d(a)(1)), that a subsidy is being provided by the EC with respect to dextrines and soluble or chemically treated starches derived from corn starch.

The preliminary determination stated a subsidy of 34.4 percent *ad valorem*. Since the average price of the product differs in all the countries concerned, it would be inequitable to assess an *ad valorem* duty in this case. Instead, it has been determined to assess the duty on a volume basis.

Therefore, in accordance with § 355.33(e) of the Commerce Regulations (19 CFR 355.33(e), 45 FR 4946) and until further notice, the net amount of the subsidies bestowed on the merchandise subject to this investigation has been estimated to be \$183.17 per metric ton for imports of the subject merchandise from all countries of the EC.

The preliminary determination also stated that the Government of the Netherlands provides financial assistance to some of the corn starch producers in that country. This assistance is given under the authority of the Wet Investeringsrekening (WIR) law. This law operates via an Investment Account whose purpose is to stimulate and guide investments in the Netherlands particularly in the interest of employment. It aims at promoting small-scale enterprise, regional economic development, town and country planning, and major projects.

It has been determined that the sole Dutch exporter of corn starch and/or derivatives, Coöperatieve Verkoop- en Produktievereniging van Aardappelmeel en Derivaten AVEBE G.A., (AVEBE), is a recipient of financial assistance under the WIR. This assistance is given under a general government program for regional economic development. Because it confers a direct grant upon

the company it is deemed a subsidy under the Act. AVEBE received approximately \$4.12 million in 1979, the latest year for which data is available. When this figure is divided by the volume of all of AVEBE's production for the same year, the average benefit per ton can be established. Using this methodology, it is determined that average benefit of the Government's subsidy for all of AVEBE's production in 1979 was \$7.49 per metric ton. This subsidy is determined to be countervailable since it is a direct grant to AVEBE from the Government.

In addition to investment support, the Government of the Netherlands provides guarantees for AVEBE and loans extended by private banks. No measurable countervailable subsidy exists, because the loans were made at commercially available rates.

Therefore, since AVEBE is the sole Dutch exporter of corn starch and/or derivatives, the countervailable rate of duty to be paid for imports from the Netherlands due to subsidies given by its Government is determined to be \$7.49 per metric ton. This is in addition to the rate of \$183.17 per metric ton to be paid for imports of corn starch and its derivatives from all EC countries.

Pursuant to section 776 of the Tariff Act of 1930, as amended (93 Stat. 186, 19 U.S.C. 1677e), the accuracy of the information was verified. The information concerning the EC subsidy was verified in a published statement of the subsidy in the "Official Journal of the European Communities," and certified by its U.S. office. The verification of the Dutch subsidy was performed by a Department of Commerce official who examined the books and records of the sole exporter of this product. This exporter received the subsidy under the authority of the Wet Investeringsrekening (WIR) law. Verification was made of the amount of the subsidy received and the total export sales of the company. The verification confirmed that the amount of the grant was countervailable under U.S. law.

In order to allow Customs officials to distinguish the merchandise not subject to it, those officials may take whatever administrative actions are necessary, such as, but not limited to, requiring manufacturer's certification of the material origin if shipments and/or a detailed invoice description of the merchandise.

Effective on or after March 21, 1980 and until further notice, upon the entry, or withdrawal from warehouse, for consumption of such dextrines and soluble or chemically treated starches derived from corn starch which benefits

from these subsidies and which are imported directly or indirectly from the EC, there shall be collected, in addition to any other duties estimated or determined to be due, estimated countervailing duties in the form of a cash deposit, bond or other security in the amount ascertained in accordance with the above declaration.

The suspension of liquidation ordered in the notice published in the Federal Register of February 27, 1980 (45 FR 12860), remains in effect until further notice. However, the cash deposit, bond or other security required for entries made subsequent to the date of publication of this final determination shall be in an amount equal to the estimated net subsidy declared herein. To the extent that it can be established to the satisfaction of the Assistant Secretary for Trade Administration that imports of the subject merchandise from the EC are benefiting from a subsidy smaller than the amount which otherwise would be applicable under the above declaration, the smaller amount so established shall be assessed and collected.

Any merchandise subject to the terms of this order shall be deemed to have benefited from a subsidy if such subsidy has been or will be credited or bestowed, directly or indirectly, upon the manufacture, production or exportation of dextrines and soluble or chemically treated starches derived from corn starch from the EC. This final determination is published pursuant to section 705(d) of the Act (93 Stat. 160, 19 U.S.C. 1671d(d)).

Stanley J. Marcuss,

Acting Assistant Secretary for International Trade.

March 18, 1980

[FR Doc. 80-8738 Filed 3-20-80; 8:45 am]

BILLING CODE 3510-22-M



UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

A-66

APR 18 1980

4/21/80
2:35

701-TA-22/1

The Honorable
Catherine Bedell
Chairman, International
Trade Commission
Washington, D.C. 20436

Dear Madam Chairman:

The International Trade Commission is now conducting injury investigations involving countervailing duty determinations on dextrans and soluble or chemically treated starches derived from (1) potato starch and (2) corn starch, from the European Community (EC).

The final determination on potato starch derivatives (44 F.R. 75135, December 19, 1979) stated that the net amount of bounties or grants was found to be 34.4% ad valorem for imports from all countries of the EC, plus an additional 1.6% ad valorem for imports from the Netherlands.

The final determination on corn starch derivatives (45 F.R. 18414, March 21, 1980) stated that since the average price of the product differs in all the countries concerned, it would be inequitable to assess an ad valorem duty. Instead, the amount of net subsidy was expressed on a volume basis, at the rate of \$183.17 per metric ton for all EC countries, plus an additional \$7.49 per metric ton for imports from the Netherlands.

Since the same subsidies are involved in both cases, the amount of net subsidy for potato starch derivatives is being corrected so it is the same as that for corn starch derivatives, i.e., \$183.17 per metric ton for all EC countries, plus an additional \$7.49 per metric ton for imports from the Netherlands.

Pursuant to section 705 of the Tariff Act of 1930, as amended (93 Stat. 159, 19 U.S.C. 1671d), you are hereby formally advised of this correction. A copy of the Federal Register Notice announcing this correction is attached.

Will H. Cavitt

for John D. Greenwald
Deputy Assistant Secretary
Import Administration



APPENDIX D

**TREASURY DEPARTMENT NOTICES CONCERNING THE PRELIMINARY AND
FINAL DETERMINATIONS ON POTATO STARCH DEXTRINES AND SOLUBLE
OR CHEMICALLY TREATED STARCHES**

DEPARTMENT OF THE TREASURY**Customs Service****Dextrines and Soluble or Chemically Treated Starches Derived From Potato Starch From the European Community, Preliminary Countervailing Duty Determination****AGENCY:** U.S. Customs Service, Treasury Department**ACTION:** Preliminary Countervailing Duty Determination

SUMMARY: This notice is to inform the public that a countervailing duty investigation has resulted in a preliminary determination that the European Community and the Government of the Netherlands have given benefits which are considered to be bounties or grants within the meaning of the countervailing duty law on the manufacture, production, or exportation of dextrines and soluble or

chemically treated starches derived from potato starch. A final determination will be made by December 8, 1979. Interested parties are invited to comment on this action.

EFFECTIVE DATE: June 28, 1979**FOR FURTHER INFORMATION CONTACT:**

Stephen Nyschot, Duty Assessment Division, U.S. Customs Service, 1301 Constitution Avenue, N.W., Washington, D.C. 20229 (202-566-5492).

SUPPLEMENTARY INFORMATION: On

January 30, 1979, a notice of "Receipt of Countervailing Duty Petition and Initiation of Investigation" was published in the Federal Register (44 FR 5971). The notice stated that a petition in satisfactory form was received on December 8, 1978, from the Corn Refiners Association, Inc., alleging that payments conferred by the European Community (EC) upon the manufacture, production, or exportation of dextrines and soluble or chemically treated

starches derived from potato starch constitute the payment or bestowal of a bounty or grant within the meaning of section 303, Tariff Act of 1930, as amended (19 U.S.C. 1303) ("the Act"). The EC comprised Belgium, Denmark, the Federal Republic of Germany, France, Ireland, Italy, Luxembourg, the Netherlands, and the United Kingdom. Imports covered by this investigation are classified under item 493.30, Tariff Schedules of the United States (TSUS).

On the basis of an investigation conducted pursuant to section 159.47(c), Customs Regulations (19 CFR 159.47(c)), it has been preliminarily determined that benefits available to EC producers of dextrines and soluble or chemically treated starches derived from potato starch constitute bounties or grants within the meaning of section 303 of the Act. These benefits are in the form of payments made to processors of potato starch under the EC's Common Agricultural Policy (CAP), by which the price level of potato starch is supported.

Under the EC plan, a minimum price has been established for the produce of potato farmers. A "production refund payment" is made to processors which make contracts in accordance with the minimum price. An additional amount, known as a "premium payment," has been paid to processors since August 1978. No criteria beyond those established for the production refund payment must be satisfied to receive the premium. These payments are presently estimated to confer a benefit of 10.1% *ad valorem* on the products concerned.

The petitioner also alleged that the sole potato starch producer in the Netherlands received financial assistance from its government in order to comply with environmental standards. The investigation has determined that financing has been provided by the Government of the Netherlands to the identified potato starch producer under a general government program for regional economic development and not specifically for the purposes alleged by the petitioner. The financial aid provided by the Government of the Netherlands confers a benefit of 3.1% *ad valorem* on the recipient company and is preliminarily determined to constitute a bounty or grant. More information will be sought regarding the scope, purposes, and benefits of this program before a final determination is made.

Where the *ad valorem* size of the benefit conferred is small, it has been the policy of the Treasury to consider whether a preponderance of merchandise benefiting from domestic subsidies of the types described above

was exported before treating the benefit as a bounty or grant within the meaning of the countervailing duty law.

However, the size of the benefits which appear to exist is sufficiently great that notwithstanding the fact that a preponderance of the production is not exported, such benefits are preliminarily determined to constitute bounties or grants.

Accordingly, it is preliminarily determined that bounties or grants, within the meaning of section 303 of the Act, are being paid or bestowed, directly or indirectly, upon the manufacture, production, or exportation of the subject merchandise from the EC. A final determination in this case must be made no later than December 8, 1979.

Before a final determination is made, consideration will be given to any relevant data, views or arguments submitted in writing with respect to this preliminary determination. Submissions should be addressed to the Commissioner of Customs, 1301 Constitution Avenue, NW., Washington, D.C. 20229, in time to be received by his office no later than 30 days after publication of this notice in the Federal Register. Any request to present views orally should accompany such submission, and a copy of all submissions should be delivered to any counsel who has heretofore represented any party to these proceedings.

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

Pursuant to Reorganization Plan No. 26 of 1950 and Treasury Department Order No. 101-5, May 16, 1979, the provisions of Treasury Department Order 165, Revised, November 2, 1954, and section 159.47 of the Customs Regulations (19 CFR 159.47), insofar as they pertain to the issuance of a preliminary countervailing duty determination by the Commissioner of Customs, are hereby waived.

Robert H. Mundheim,

General Counsel of the Treasury.

June 19, 1979.

[FR Doc. 79-19782 Filed 6-25-79; 8:45 am]

BILLING CODE 4810-22-M

DEPARTMENT OF THE TREASURY

19 CFR Part 159

(T.D. 80-2)

Dextrines and Soluble or Chemically Treated Starches Derived From Potato Starch From the European Community; Final Countervailing Duty Determination

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

ACTION: Final Countervailing Duty Determination.

SUMMARY: This notice is to inform the public that a countervailing duty investigation has resulted in a final determination that the European Community and the Government of the Netherlands have given benefits which constitute bounties or grants within the meaning of the countervailing duty law on the manufacture, production, or exportation of dextrines and soluble or chemically treated starches derived from potato starch. The deposit of countervailing duties in the amount of these benefits will be required at the time of entry in addition to duties normally collected on dutiable shipments of this merchandise.

EFFECTIVE DATE: December 19, 1979.

FOR FURTHER INFORMATION CONTACT:

Stephen Nyschot, Trade Analysis Division, U.S. Customs Service, 1301 Constitution Avenue, N.W., Washington, D.C. 20229; telephone (202) 566-5492.

SUPPLEMENTARY INFORMATION: On June 26, 1979, a notice of "Preliminary

Countervailing Duty Determination" was published in the Federal Register (44 FR 37363). The notice stated that it had been preliminarily determined that benefits bestowed by the European Community (EC) and the Government of the Netherlands upon the manufacture, production, or exportation of dextrines and soluble or chemically treated starches derived from potato starch constitute the payment of bounties or grants within the meaning of section 303, Tariff Act of 1930, as amended (19 U.S.C. 1303) (referred to as "the Act").

The EC comprises Belgium, Denmark, the Federal Republic of Germany, France, Ireland, Italy, Luxembourg, the Netherlands, and the United Kingdom. Imports covered by this investigation are classified under item 493.30, Tariff Schedules of the United States Annotated (TSUSA), and include only those dextrines and soluble or chemically treated starches derived from potato starch.

The preliminary determination stated that bounties or grants are paid by the EC in the form of "production refund payments", which are made to processors who establish contracts in accordance with the minimum price set for potatoes, and "premium payments", a further unconditional payment made to processors.

On the basis of additional information, it has been determined that, in addition to the payments mentioned above, the EC gives "export restitution payments" to exporters of the subject merchandise. These payments, made based on an established formula for each unit of eligible merchandise exported from the EC, also constitute a bounty or grant because they simply confer a direct benefit on the exported merchandise.

The total bounty or grant associated with the subject merchandise is equal to the sum of the various payments made through all stages of the production process from potato, to potato starch, to dextrine and soluble or chemically treated starches derived from potato starch. The net value of these payments, in terms of the U.S. import value on a Customs valuation basis, is equal to 34.4% *ad valorem*.

The preliminary determination also stated that the Government of the Netherlands provides financial assistance to the sole potato starch producer in that country. The assistance is given under a general government program for regional economic development and not for the purposes alleged by the petitioner. However, these payments are in the form of a grant which confers a direct benefit on the production of potato starch and

therefore, constitute a bounty or grant to the Dutch manufacturer. The average value of this bounty or grant has been calculated to be 1.6% *ad valorem*. This figure represents the average annual benefit bestowed on the Dutch manufacturer in the last three years divided by the value of firm's production in the most recent year for which data is available.

Under traditional Treasury practice, whether a domestic program providing a benefit had a trade distorting effect would be examined in determining whether a bounty or grant had been paid or bestowed. This would be determined by the size of the *ad valorem* benefit found and, except where that benefit was of significant size, the proportion of production of the subject merchandise that was exported. In the instant case, analysis of proportion exported is unnecessary in view of the magnitude of the benefits. On November 29, 1979, the Court of Customs and Patent Appeals overturned Treasury's administrative practice. *ASG Industries v. United States*, C.A.D. 1237. If this holding remains in effect, Treasury could not, in any circumstance, consider the level of exportation in determining whether a bounty or grant was paid or bestowed under the programs investigated. Thus, whatever standard is used, it is determined that a bounty or grant is provided in the instant case.

Accordingly, notice is hereby given that dextrines and soluble or chemically treated starches derived from potato starch which are imported directly or indirectly from the EC, if entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the Federal Register will be subject to the payment of countervailing duties equal to the net amount of any bounty or grant determined or estimated to have been paid or bestowed.

In accordance with section 303 of the Act and until further notice, the net amount of the bounties or grants bestowed on the merchandise subject to this investigation has been ascertained and determined to be 34.4% *ad valorem* for imports of the subject merchandise from all countries of the EC other than the Netherlands (i.e., Belgium, Denmark, the Federal Republic of Germany, France, Ireland, Italy, Luxembourg and the United Kingdom), and 36.0% *ad valorem* for imports of the subject merchandise from the Netherlands.

In order to allow Customs officials to distinguish the merchandise subject to it, those officials may take whatever administrative actions are necessary,

manufacturer's certification of the material origin of shipments and/or a detailed invoice description of the merchandise.

Effective on or after the publication date of this notice, and until further notice, upon the entry, or withdrawal from warehouse, for consumption of such dextrines and soluble or chemically treated starches derived from potato starch, imported directly or indirectly from the EC, which benefit from these bounties or grants, there shall be collected, in addition to any other duties estimated or determined to be due, countervailing duties in the amount ascertained in accordance with the above declaration. To the extent that it can be established to the satisfaction of the Commissioner of Customs that imports of the subject merchandise from the EC are benefiting from a bounty or grant smaller than the amount which otherwise would be applicable under the above declaration, the smaller amount so established shall be assessed and collected.

Any merchandise subject to the terms of this order shall be deemed to have benefited from a bounty or grant if such bounty or grant has been or will be credited or bestowed, directly or indirectly, upon the manufacture, production or exportation of dextrines and soluble or chemically treated starches derived from potato starch from the EC.

PART 159—LIQUIDATION OF DUTIES

§ 159.47 [Amended]

The table in § 159.47(f), Customs Regulations (19 CFR 159.47(f)), is amended by inserting after the last entry for "European Community", the words "dextrines and soluble or chemically treated starches derived from potato starch" in the column headed "Commodity"; the number of this Treasury Decision in the column headed "Treasury Decision"; and the words "Bounty declared-rate", in the column headed "Action".

(R.S. 251, as amended, secs. 303, as amended, 624, 46 Stat. 687, as amended, 759 (19 U.S.C. 65, 1303, 1624))

This final determination is published pursuant to section 303(a), Tariff Act of 1930, as amended (19 USC 1303(a)).

Pursuant to Reorganization Plan No. 25 of 1950 and Treasury Department Order No. 101-5, May 16, 1979, the provisions of Treasury Order No. 165, Revised, November 2, 1954, and § 159.47 of the Customs Regulations (19 CFR 159.47), insofar as they pertain to the issuance of a final countervailing duty

determination by the Commissioner of Customs, are hereby waived.

Robert H. Mundheim,

General Counsel of the Treasury.

December 13, 1979.

[FR Doc. 79-53873 Filed 12-18-79; 8:45 am]

BILLING CODE 4810-22-M

APPENDIX E

TRANSMISSION OF INFORMATION ON FINDINGS OF THE PAYMENT OF BOUNTIES
OR GRANTS ON POTATO STARCH PRODUCTION IN THE EUROPEAN COMMUNITY



A-74

FEB 01 1980
RECEIVED

Mr. Kenneth Mason
Secretary to the Commission
U.S. International Trade Commission
Washington, D.C. 20436

FEB 5 1980

OFFICE OF THE SECRETARY
U.S. INTL TRADE COMMISSION

Dear Mr. Mason:

By this letter the Department of Commerce transmits to the Commission the most current information available regarding subsidies bestowed upon butter cookies produced in Denmark, leather handbags from Brazil, groundfish from Canada, tomato products from the European Community, dextrines and soluble and chemically treated starches derived from potato starch from the European Community, and non-quota cheese from Norway.

The only benefits realized by producers of butter cookies are conferred by the European Communities in the form of export restitution payments made on the butter, egg, meal and sugar content of the cookies. For the month of December 1979, these payments were ECU 65.85 per 100 kilograms of cookies. This is approximately \$0.427 per pound.

In the case of leather handbags from Brazil, benefits are conferred through the provision of loans at preferential rates and reductions in income tax on export earnings. The information received by this office indicates a bounty of one percent ad valorem of the import price for Brazilian handbags.

In the cases involving groundfish imported from Canada, benefits were granted under the following programs:

(1) Federal Vessel Assistance Program; (2) grants by the Department of Regional Economic Expansion for water supply systems, wharf facilities, and fish processing plants; (3) Fishermen's Loan Act; (4) ship construction assistance; and (5) loans provided by the Nova Scotia and New Brunswick Fishermen's Loan Board. The benefits paid are valued at 1.08 percent ad valorem of the f.o.b. import price for fish harvested in the Atlantic region of Canada; benefits for fish harvested in the Pacific region of Canada have been determined to be de minimis in value.

DOCKET NUMBER
#628
Office of the Secretary Int'l Trade Commission



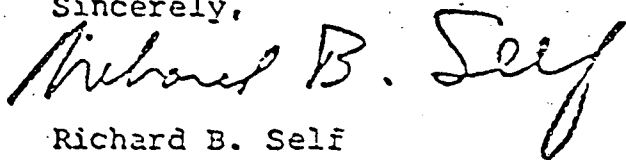
In the case regarding tomato products imported from the European Community, benefits were found in the form of processing subsidies. The value of these payments are currently determined to be \$0.250 per pound for tomato concentrates and \$0.104 per pound for peeled, canned tomatoes.

Dextrines and soluble and chemically treated starches derived from potato starch imported from the European Community receive export restitution payments, as well as production subsidies. These subsidies provide an overall benefit of \$0.076 per pound for all EC exports of this merchandise. Furthermore, the Government of the Netherlands provides additional aid to its exporters of this merchandise in the form of investment assistance, which is equal to 1.6 percent ad valorem of the f.o.b. import value of the Dutch-produced goods.

In the correspondence of January 4, 1980, non-quota cheese from Norway was inadvertently omitted from the list of priority waiver cases. These cheeses benefit from a "basic subsidy" on the milk used in the production of cheese, and a "consumer subsidy" on the cheese itself. There are four types of cheese involved: Nokkelost with 45 percent dry matter, \$0.612/lb; Nokkelost with 30 percent dry matter, \$0.513/lb; Gammelost, \$0.374/lb; and Gjetost, \$0.612/lb.

I trust this information, along with that contained in the enclosed submissions from the EC, Denmark, Canada, Norway and Italy will suffice for your purposes. If you have any questions, please do not hesitate to contact me or my staff at 556-3585.

Sincerely,



Richard B. Self
Director
Office of Policy

6 Enclosures

APPENDIX F

U.S. INTERNATIONAL TRADE COMMISSION NOTICE OF INVESTIGATION
AND HEARING ON CORN STARCH DEXTRINES AND SOLUBLE OR CHEMICALLY
TREATED STARCHES FROM THE EC

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

Notice of Institution of Countervailing Duty Investigations
and Scheduling of Hearings in cases in which
Countervailing Duties have been waived
or published after July 26, 1979

AGENCY: United States International Trade Commission

ACTION: Institution of 30 countervailing duty investigations to determine whether with respect to the articles involved 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 subsidized imported merchandise.

EFFECTIVE DATE: February 5, 1980.

FOR FURTHER INFORMATION CONTACT: The senior/supervisory investigator assigned by the Commission to the particular investigation for which the information is sought. The assignments of senior/supervisory investigators and their telephone numbers at the Commission are designated below.

SUPPLEMENTARY INFORMATION: The Trade Agreements Act of 1979, section 104(a), requires the Commission to conduct countervailing duty investigations in cases where the Commission has received the most current net subsidy information pertaining to any countervailing duty order in effect on January 1, 1980, which had been waived pursuant to section 303(d) of the Tariff Act or on certain duties published after July 26, 1979. On February 5, 1980, the Commission received such information. Accordingly, the Commission hereby gives notice that it is instituting the following investigations pursuant to

section 705 of the Tariff Act of 1930, as added by title I of the Trade Agreements Act of 1979. These investigations will be subject to the provisions of Part 207 of the Commission's Rules of Practice and Procedure (19 CFR 207, 44 FR 76457) and, particularly, subpart C thereof, effective January 1, 1980.

Written submissions. Any person may submit to the Commission on or before the prehearing statement due date specified below for the relevant investigation a written statement of information pertinent to the subject matter of the investigation. A signed original and nineteen true copies of such statements must be submitted.

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 of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business data, will be available for public inspection.

Hearings. The Commission has scheduled a hearing in each investigation on the date specified below. A report containing preliminary findings of fact prepared by the Commission's professional staff will be made available to all interested persons prior to the hearing. Any person's prehearing statement must be filed on or before the indicated date. All parties that desire to appear at the hearing and make oral presentations must file prehearing statements. For further information consult the Commission's Rules of Practice and Procedure, Part 207, Subpart C (44 FR 76457), effective January 1, 1980.

COUNTERVAILING DUTY INVESTIGATIONS IN CASES IN WHICH COUNTERVAILING DUTIES
HAVE BEEN WAIVED OR PUBLISHED AFTER JULY 26, 1979

Inv. No.	Product/Country	Prehearing Report to Parties	Deadline for: Prehearing : Statements : From Parties:	Hearing Date	Hearing Location	Contact Person
701-TA-22 (Final) <u>1/</u>	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Belgium	Mar. 21, 1980	Apr. 7, 1980	Apr. 9, 1980	ITC Building Washington, DC	John MacHae 523-0439
701-TA-23 (Final) <u>1/</u>	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Denmark	"	"	"	"	"
701-TA-24 (Final) <u>1/</u>	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Fed. Rep. of Germany	"	"	"	"	"
701-TA-25 (Final) <u>1/</u>	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/France	"	"	"	"	"
701-TA-26 (Final) <u>1/</u>	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Ireland	"	"	"	"	"
701-TA-27 (Final) <u>1/</u>	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Italy	"	"	"	"	"
701-TA-28 (Final) <u>1/</u>	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Luxembourg	"	"	"	"	"

A-80

1/ This investigation is being consolidated for purposes of the hearing with the investigation involving corn starch from the same country.

COUNTERVAILING DUTY INVESTIGATIONS IN CASES IN WHICH COUNTERVAILING DUTIES
HAVE BEEN WAIVED OR PUBLISHED AFTER JULY 26, 1979

Inv. No.	Product/Country	Prehearing Report to Parties	Deadline for: Prehearing : Statements : From Parties:	Hearing Date	Hearing Location	Contact Person
701-TA-29 (Final) 1/	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/Netherlands	Mar. 21, 1980	Apr. 7, 1980	Apr. 9, 1980	ITC Building Washington, DC	John MacHattie 523-0439
701-TA-30 1/ (Final)	Dextrines and soluble or chemically treated starches derived from potato starch, provided for in TSUS item 493.30/United Kingdom	"	"	"	"	"
701-TA-31 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/Belgium	May 13, 1980	May 28, 1980	June 4, 1980	"	Vera Libeau 523-0368
701-TA-32 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/Denmark	"	"	"	"	"
701-TA-33 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/Fed. Rep. of Germany	"	"	"	"	"
701-TA-34 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/France	"	"	"	"	"
701-TA-35 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/Ireland	"	"	"	"	"

1/ This investigation is being consolidated for purposes of the hearing with the investigation involving corn starch from the same country.

COUNTERVAILING DUTY INVESTIGATIONS IN CASES IN WHICH COUNTERVAILING DUTIES
HAVE BEEN WAIVED OR PUBLISHED AFTER JULY 26, 1979

Inv. No.	Product/Country	Prehearing Report to Parties	Deadline for: Prehearing Statements From Parties	Hearing Date	Hearing Location	Contact Person
701-TA-36 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/Italy	May 13, 1980	May 28, 1980	June 4, 1980	ITC Building Washington, DC	Vera Libeau 523-0368
701-TA-37 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/Luxembourg	"	"	"	"	"
701-TA-38 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/Netherlands	"	"	"	"	"
701-TA-39 (Final)	Hams and pork shoulders, cooked and packed in airtight containers, provided for in TSUS items 107.30 and 107.35/United Kingdom	"	"	"	"	"
701-TA-40 (Final)	Fish, fresh, chilled, or frozen, whether or not whole, but not otherwise prepared or preserved, provided for in TSUS items 110.35 110.50, and 110.55/Canada	Apr. 1, 1980	Apr. 16, 1980	Apr. 21, 1980	"	John MacHatt 523-0439
701-TA-41 (Final)	Handbags of leather, provided for in TSUS items 706.07 and 706.09/ Brazil	Apr. 8, 1980	Apr. 23, 1980	Apr. 28, 1980	"	Bruce Cates 523-0368
701-TA-42 (Final)	Tomatoes (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS items 141.65 and 141.66/Belgium	Apr. 17, 1980	May 2, 1980	May 9, 1980	"	Robert Eninge 523-0312

A-82

COUNTERVAILING DUTY INVESTIGATIONS IN CASES IN WHICH COUNTERVAILING DUTIES
HAVE BEEN WAIVED OR PUBLISHED AFTER JULY 26, 1979

Inv. No.	Product/Country	Prehearing Report to Parties	Deadline for: Prehearing : Statements : From Parties:	Hearing Date	Hearing Location	Contact Person
701-TA-43 (Final)	Tomatoes (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS: items 141.65 and 141.66/Denmark	Apr. 17, 1980	May 2, 1980	May 9, 1980.	ITC Building Washington, DC	Robert Ening 523-0312
701-TA-44 (Final)	Tomatoes (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS: items 141.65 and 141.66/Fed. Rep. of Germany	"	"	"	"	"
701-TA-45 (Final)	Tomatoes (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS: items 141.65 and 141.66/France	"	"	"	"	"
701-TA-46 (Final)	Tomatoes (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS: items 141.65 and 141.66/Ireland	"	"	"	"	"
701-TA-47 (Final)	Tomatoes (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS: items 141.65 and 141.66/Italy	"	"	"	"	"

COUNTERVAILING DUTY INVESTIGATIONS IN CASES IN WHICH COUNTERVAILING DUTIES
HAVE BEEN WAIVED OR PUBLISHED AFTER JULY 26, 1979

Inv. No.	Product/Country	Prehearing Report to Parties	Deadline for: Prehearing : Statements : From Parties:	Hearing Date	Hearing Location	Contact Person
701-TA-48 (Final)	Tomatoes (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS: items 141.65 and 141.66/Luxembourg:	Apr. 17, 1980	May 2, 1980	May 9, 1980	ITC Building Washington, DC	Robert Ening 523-0312
701-TA-49 (Final)	Tomatoes (whether or not reduced in size) packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS: items 141.65 and 141.66/Netherlands	"	"	"	"	"
701-TA-50 (Final)	Tomatoes (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved, provided for in TSUS: items 141.65 and 141.66/United Kingdom	"	"	"	"	"
701-TA-51 (Final)	Butter cookies provided for in TSUS: item 182.20/Denmark	Apr. 24, 1980	May 9, 1980	May 16, 1980	"	Daniel Leat 523-1369

By order of the Commission.

Kenneth R. Mason
Secretary

Issued:

APPENDIX G

U.S. INTERNATIONAL TRADE COMMISSION NOTICE OF INVESTIGATION
AND HEARING ON POTATO STARCH DEXTRINES AND SOLUBLE OR
CHEMICALLY TREATED STARCHES FROM THE EC

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

701-TA-4 (Final) thru 701-TA-19 (Final)
Notice of Institution of Countervailing Duty
Investigations and Scheduling of Hearings

AGENCY: United States International Trade Commission

ACTION: Institution of sixteen countervailing duty investigations to determine whether with respect to the articles involved 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 subsidized imported merchandise.

EFFECTIVE DATE: January 1, 1980.

FOR FURTHER INFORMATION CONTACT: The supervisory investigator assigned by the Commission to the particular investigation for which the information is sought. The assignments of supervisory investigators and their telephone numbers at the Commission are designated below.

SUPPLEMENTARY INFORMATION: The Trade Agreements Act of 1979, section 102(a)(2), requires the Commission to conduct countervailing duty investigations in cases where on January 1, 1980, the Secretary of the Treasury has made a preliminary determination, but not a final determination, under section 303 of the Tariff Act as to whether a bounty or grant is being paid or bestowed. Accordingly, the Commission hereby gives notice that, effective as of January 1, 1980, it is instituting the following investigations pursuant to section 705 of the Tariff Act of 1930, as added by

title I of the Trade Agreements Act of 1979. These investigations will be subject to the provisions of Part 207 of the Commission's Rules of Practice and Procedure (19 CFR 207, 44 FR 76457) and, particularly, Subpart C thereof, effective January 1, 1980.

Written submissions. Any person may submit to the Commission on or before the prehearing statement due date specified below for the relevant investigation a written statement of information pertinent to the subject matter of the investigation. A signed original and nineteen true copies of such statements must be submitted.

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 of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business data, will be available for public inspection.

Hearings. The Commission has scheduled a hearing in each investigation on the date specified below. A report containing preliminary findings of fact prepared by the Commission's professional staff will be made available to all interested persons prior to the hearing. Any person's prehearing statement must be filed on or before the indicated date. All parties that desire to appear at the hearing and make oral presentations must file prehearing statements. For further information consult the Commission's Rules of Practice and Procedure, Part 207, Subpart C (44 FR 76457), effective January 1, 1980.

COUNTERVAILING DUTY INVESTIGATIONS

Inv. No.	Product/Country	Tentative hearing date	Hearing location	Contact person
701-TA-4 (Final)	Taps, cocks, valves and similar devices, and parts : thereof, provided for in TSUS items 680.14, 680.17, : 680.19, 680.25, and 680.27/Italy	Apr. 2, 1980	ITC Building : Washington, D.C.	John MacHatton : 523-0439
701-TA-5 (Final)	Taps, cocks, valves and similar devices, and parts : thereof, provided for in TSUS items 680.14, 680.17, : 680.19, 680.25, and 680.27/Japan	Apr. 2, 1980	ITC Building : Washington, D.C.	John MacHatton : 523-0439
701-TA-6 (Final)	Viscose rayon staple fiber, provided for in TSUS item : 309.43/Austria	Apr. 3, 1980	ITC Building : Washington, D.C.	Vera Libeau : 523-0368
701-TA-7 (Final)	Weighing machinery & scales, provided for in TSUS items : 662.26 and 662.30/Japan	Apr. 4, 1980	ITC Building : Washington, D.C.	John MacHatton : 523-0439
701-TA-8 (Final)	Rifles, shotguns and combination shotguns and rifles, : provided for in TSUS items 730.23 through 730.59 : and parts of each of the foregoing, provided for in : TSUS items 730.63 through 730.77/Brazil	Apr. 5, 1980	ITC Building : Washington, D.C.	Bruce Cates : 523-0368
701-TA-9 (Final)	Malleable pipe fittings, of iron or steel, provided for : in TSUS item 610.74/Japan	Apr. 7, 1980	ITC Building : Washington, D.C.	Lynn : Featherstone : 523-1376
701-TA-10 (Final)	Ferroalloys, provided for in TSUS items 606.24, 606.30, : 606.36, 606.37, and 606.44/Brazil	Apr. 8, 1980	ITC Building : Washington, D.C.	Daniel Leahy : 523-1369
701-TA-11 (Final)	Dextrines and soluble or chemically treated starches : derived from corn starch, provided for in TSUS item : 493.30/Belgium	Apr. 9, 1980	ITC Building : Washington, D.C.	John MacHatton : 523-0439
701-TA-12 (Final)	Dextrines and soluble or chemically treated starches : derived from corn starch, provided for in TSUS item : 493.30/Denmark	Apr. 9, 1980	ITC Building : Washington, D.C.	John MacHatton : 523-0439
701-TA-13 (Final)	Dextrines and soluble or chemically treated starches : derived from corn starch, provided for in TSUS item : 493.30/Federal Republic of Germany	Apr. 9, 1980	ITC Building : Washington, D.C.	John MacHatton : 523-0439

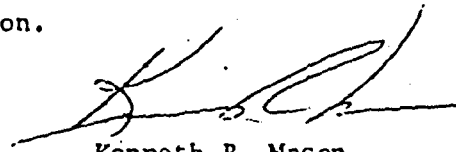
COUNTERVAILING DUTY INVESTIGATIONS

Inv. No.	Product/Country	Tentative hearing date	Hearing location	Contact person
701-TA-14 (Final)	Dextrines and soluble or chemically treated starches : derived from corn starch, provided for in TSUS item : 493.30/France	Apr. 9, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439
701-TA-15 (Final)	Dextrines and soluble or chemically treated starches : derived from corn starch, provided for in TSUS item : 493.30/Ireland	Apr. 9, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439
701-TA-16 (Final)	Dextrines and soluble or chemically treated starches : derived from corn starch, provided for in TSUS item : 493.30/Italy	Apr. 9, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439
701-TA-17 (Final)	Dextrines and soluble or chemically treated starches : derived from corn starch, provided for in TSUS item : 493.30/Luxembourg	Apr. 9, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439
701-TA-18 (Final)	Dextrines and soluble or chemically treated starches : derived from corn starch, provided for in TSUS item : 493.30/Netherlands	Apr. 9, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439
701-TA-19 (Final)	Dextrines and soluble or chemically treated starches : derived from corn starch, provided for in TSUS item : 493.30/United Kingdom	Apr. 9, 1980	ITC Building Washington, D.C.	John MacHatton 523-0439

A-91

A-92

By order of the Commission.

A handwritten signature in black ink, appearing to read 'K. R. Mason', with a long horizontal stroke extending to the right.

Kenneth R. Mason
Secretary

Issued: January 10, 1980

APPENDIX H

TREASURY DEPARTMENT NOTICE CONCERNING THE INITIATION OF THE
COUNTERVAILING DUTY INVESTIGATIONS ON CORN STARCH DEXTRINES
AND SOLUBLE OR CHEMICALLY TREATED STARCHES

DEPARTMENT OF THE TREASURY

Customs Service

Dextrines and Soluble or Chemically Treated Starches Derived From Corn Starch From the European Economic Community; Receipt of Countervailing Duty Petition and Initiation of Investigation

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

ACTION: Initiation of countervailing duty investigation.

SUMMARY: This notice is to advise the public that a satisfactory petition has been received and an investigation is being initiated to determine whether benefits which constitute a bounty or grant within the meaning of the countervailing duty law are granted by the European Community to manufacturers or exporters of corn starch derivatives. A preliminary determination will be made no later than March 8, 1980, and a final determination no later than May 20, 1980.

EFFECTIVE DATE: September 18, 1979.

FOR FURTHER INFORMATION CONTACT: Stephen Nyschot, Duty Assessment Division, U.S. Customs Service, 1301 Constitution Avenue, N.W., Washington, D.C. 20229, (202) 566-5492.

SUPPLEMENTARY INFORMATION: A petition was received in satisfactory form on August 2, 1979, from counsel on behalf of the Henkel Corporation, Edina, Minnesota, alleging that payments conferred by the European Community (EC) upon the manufacture, production, or exportation of dextrines and soluble or chemically treated starches derived from corn starch constitute the payment or bestowal of a bounty or grant within the meaning of section 303, Tariff Act of 1930, as amended (19 U.S.C. 1303). The European Community comprises Belgium, Denmark, the Federal Republic of Germany, France, Ireland, Italy, Luxembourg, the Netherlands and the United Kingdom. Imports covered by this investigation are classified under item 493.30, Tariff Schedules of the United States (TSUS).

The petition alleges that the European Community has granted a production subsidy and an export subsidy to corn starch producers.

The petition further alleges that at least one corn starch producer in the Netherlands has received preferential financing and other financial assistance from the Government of the Netherlands.

Pursuant to section 303(a)(4) of the Tariff Act of 1930, as amended (19

U.S.C. 1303(a)(4)), the Secretary of the Treasury is required to issue a preliminary determination within 6 months of the receipt of a petition in proper form and a final determination within 12 months of the receipt of such petition, as to whether or not any bounty or grant is being paid or bestowed within the meaning of the statute.

However, this case may still be pending when the time limits of the Trade Agreements Act of 1979 (Pub. L. 96-39, 93 Stat. 144) go into effect, in which case the preliminary determination will be due no later than 65 days after January 1, 1980, pursuant to section 102(a)(1) of that Act, and a final determination no later than 75 days thereafter. Therefore, if the preliminary and final determinations in this case are not made before December 31, 1979, then a preliminary determination will be made no later than March 8, 1980, and a final determination will be made no later than May 20, 1980.

This notice is published pursuant to section 303(a)(3) of the Tariff Act of 1930, as amended (19 U.S.C. 1303(a)(3)), and section 159.47(c), Customs Regulations (19 CFR 159.47(c)).

Pursuant to Reorganization Plan No. 26 of 1950 and Treasury Department Order No. 101-5, May 16, 1979, the provisions of Treasury Department Order No. 165, Revised, November 2, 1954 and section 159.47(c) of the Customs Regulations (19 CFR 159.47(c)), insofar as they pertain to the initiation of a countervailing duty investigation by the Commissioner of Customs, are hereby waived.

Dated: September 11, 1979.

David R. Brennan,
Acting General Counsel of the Treasury.

[FR Doc. 79-23870 Filed 9-17-79; 8:45 am]

BILLING CODE 4810-22-M

APPENDIX I

**TREASURY DEPARTMENT NOTICE CONCERNING THE INITIATION OF THE
COUNTERVAILING DUTY INVESTIGATIONS ON POTATO STARCH DEXTRINES
AND SOLUBLE OR CHEMICALLY TREATED STARCHES**

DEXTRINES AND SOLUBLE OR CHEMICALLY
TREATED STARCHES DERIVED FROM
POTATO STARCH FROM THE EUROPEAN
ECONOMIC COMMUNITY

Receipt of Countervailing Duty Petition and
Initiation of Investigation

AGENCY: U.S. Customs Service,
Treasury Department

ACTION: Initiation of Countervailing
Duty Investigation.

SUMMARY: This notice is to advise
the public that a satisfactory petition
has been received and an investigation
is being initiated to determine, whether
or not benefits which constitute a
bounty or grant within the meaning of
the countervailing duty law are granted
by the European Economic Community
to manufacturers or exporters
of potato starch derivatives. A preliminary
determination will be made no
later than June 8, 1979, and a final de-

EFFECTIVE DATE: January 30, 1979.
FOR FURTHER INFORMATION
CONTACT:

Michael E. Crawford, Duty Assessment
Division, U.S. Customs Service,
1301 Constitution Avenue, N.W.,
Washington, D.C. 20229 (202-566-
5492).

SUPPLEMENTARY INFORMATION: A petition was received in satisfactory
form on December 8, 1978, from the
Corn Refiners Association, Inc., Wash-
ington, D.C., alleging that payments
conferred by the European Economic
Community (EEC) upon the manufacture
or exportation of dextrines and
soluble or chemically treated starches
derived from potato starch constitute
the payment or bestowal of a bounty
or grant within the meaning of section
303, Tariff Act of 1930, as amended (19
U.S.C. 1303). Member States of the
European Community include Bel-
gium, Denmark, the Federal Republic
of Germany, France, Ireland, Italy,
Luxemburg, the Netherlands and the
United Kingdom. Imports covered by
this investigation are classified under
item 493.30, Tariff Schedules of the
United States (TSUS).

The petition alleges that the Euro-
pean Community has granted a pro-
duction subsidy and premium pay-
ments to potato starch producers.

The petition further alleges that at
least one potato starch producer in
the Netherlands has received, and
others may be eligible to receive, pref-
erential financing and other financial
assistance from the Government of
the Netherlands for complying with
environmental protection require-
ments.

The petitioner also has claimed that
a high EEC import levy on corn indi-
rectly benefits the potato starch man-
ufacturers by placing EEC corn starch
producers at a competitive disadvan-
tage and therefore constitutes a
bounty or grant. The Treasury De-
partment, however, does not consider
the imposition of a high import levy
on corn to constitute a bounty or
grant within the meaning of the coun-
tervailing duty law of the United
States. Accordingly, there shall be no
further investigation concerning this
allegation.

Pursuant to section 303(a)(4) of the
Tariff Act of 1930, as amended (19
U.S.C. 1303(a)(4)), the Secretary of
the Treasury is required to issue a pre-
liminary determination within 6
months of the receipt of a petition in
proper form and a final determination
within 12 months of the receipt of
such petition, as to whether or not any
bounty or grant is being paid or bestow-
ed within the meaning of the statute.

tion as to whether or not alleged pay-
ments or bestowals conferred by the
EEC upon the manufacture, produc-
tion or exportation of potato starch
derivatives constitute a bounty or
grant within the meaning of section
303, Tariff Act of 1930, as amended,
will be made no later than June 8,
1979. A final determination will be
made no later than December 8, 1979.

This notice is published pursuant to
section 303(a)(3) of the Tariff Act of
1930, as amended (19 U.S.C.
1303(a)(3)), and § 159.47(c), Customs
Regulations (19 CFR 159.47(c)).

Pursuant to Reorganization Plan No.
26 of 1950 and Treasury Department
Order 190 (Revision 15), March 16,
1978, the provisions of Treasury De-
partment Order No. 165, Revised, No-
vember 2, 1954 and § 159.47(c) of the
Customs Regulations (19 CFR
159.47(c)), insofar as they pertain to
the initiation of a countervailing duty
investigation by the Commissioner of
Customs, are hereby waived.

ROBERT E. MURPHY
General Counsel of
the Treasury.

JANUARY 23, 1979.

(19 CFR Doc. 75-3102 Filed 1-25-79; 8:45 am)

F.R. 1/30/79
pp. 5971-2

vol. 44

APPENDIX J

SUPPLEMENTARY STATISTICAL TABLES ON APPARENT U.S. CONSUMPTION OF
DEXTRINES DERIVED FROM CORN AND POTATO STARCH, BY COMMODITY GROUPS

Table J-1.--Corn starch derivatives: U.S. production, exports, imports, and apparent consumption, 1976-78, January-October 1978, and January-October 1979

Period	Production	Exports	Imports			Apparent consumption	Ratio of imports to apparent consumption		
			From EEC	From other countries	From all countries		From EEC	From all other countries	From all countries
			1,000 pounds				Percent		
1976-----	***	***	830	0	830	1,020,062	1/	0	1/
1977-----	***	***	1,148	0	2,148	1,016,975	1/	0	1/
1978-----	***	***	1,291	0	1,291	1,024,405	1/	0	1/
Jan.-Oct.--									
1978-----	***	***	1,003	0	1,003	878,293	1/	0	1/
1979-----	***	***	2,920	0	2,920	947,934	1/	0	1/

1/ Less than 0.5 percent.

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

Table L2.--Potato starch derivatives: U.S. production, exports, imports, and apparent consumption, 1976-78, January-October 1978, and January-October 1979

Period	Production	Exports	Imports			Apparent consumption	Ratio of imports to apparent consumption		
			From EEC	From other countries	From all countries		From EEC	From other countries	From all countries
			1,000 pounds				Percent		
1976-----	***	***	13,494	0	13,494	37,026	36.4	0	36.4
1977-----	***	***	15,671	0	15,671	39,907	39.3	0	39.3
1978-----	***	***	18,500	0	18,500	44,342	41.7	0	41.7
Jan.-Oct.--									
1978-----	***	***	13,662	0	13,662	35,483	38.5	0	38.5
1979-----	***	***	17,711	0	17,711	39,793	44.5	0	44.5

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

Table J-3.--Dextrines derived from corn or potato: U.S. production, exports, imports, and apparent consumption, 1976-78, January-October 1978, and January-October 1979

Period	Production	Exports	Imports			Apparent consumption	Ratio of imports to apparent consumption		
			From EEC	From other countries	From all countries		From EEC	From other countries	From all countries
			-----1,000 pounds-----				-----Percent-----		
1976-----	134,675	2,674	9,628	1/	9,628	141,629	6.8	1/	6.8
1977-----	134,343	2,138	11,663	1/	11,663	143,868	8.1	1/	8.1
1978-----	138,338	4,740	15,209	1/	15,209	148,807	10.2	1/	10.2
Jan.-Oct.--									
1978-----	116,595	2,275	11,462	1/	11,462	125,782	9.1	1/	9.1
1979-----	121,482	2,271	14,932	1/	14,932	134,143	11.1	1/	11.1

1/ Not available.

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

Table J-4.--Dextrines derived from corn starch: U.S. production, exports, imports, and apparent consumption, 1976-78, January-October 1978, and January-October 1979

Period	Production	Exports	Imports			Apparent consumption	Ratio of imports to apparen consumption		
			From EEC	From other countries	From all countries		From EEC	From other countries	From all countries
			1,000 pounds				Percent		
1976-----	134,675	2,674	0	0	0	132,001	0	0	0
1977-----	134,343	2,138	0	0	0	131,205	0	0	0
1978-----	138,338	4,740	0	0	0	133,598	0	0	0
Jan.-Oct.--									
1978-----	116,595	2,275	0	0	0	114,320	0	0	0
1979-----	121,482	2,271	0	0	0	119,211	0	0	0

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

Table J-5.--Dextrines derived from potato starch: U.S. production, exports, imports, and apparent consumption, 1976-78, January-October 1978, and January-October 1979

Period	Production	Exports	Imports			Apparent consumption	Ratio of imports to apparent consumption		
			From EEC	From other countries	From all countries		From EEC	From all other countries	From all countries
			1,000 pounds				Percent		
1976-----	0	0	9,615	1/	9,615	9,615	100	1/	100
1977-----	0	0	11,663	1/	11,663	11,663	100	1/	100
1978-----	0	0	15,196	1/	15,196	15,196	100	1/	100
Jan.-Oct.--									
1978-----	0	0	11,462	1/	11,462	11,462	100	1/	100
1979-----	0	0	14,932	1/	14,932	14,932	100	1/	100

1/ Not available.

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

Table J+6.--Soluble starches derived from corn or potato starch: U.S. production, exports, imports, and apparent consumption, 1976-78, January-October 1978, and January-October 1979

Period	Production	Exports	Imports			Apparent consumption	Ratio of imports to apparent consumption		
			From EEC	From other countries	From all countries		From EEC	From all other countries	From all countries
			-----1,000 pounds-----				-----Percent-----		
1976-----									
1977-----									
1978-----	*	*	*	*	*	*	*	*	*
Jan.-Oct.--									
1978-----									
1979-----									

1/ Not available.

2/ Less than 0.5 percent.

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

Table J-7.--Soluble starches derived from corn starch: U.S. production, exports, imports, and apparent consumption, 1976-78, January-October 1978, and January-October 1979

Period	Production	Exports	Shipments of imports			Apparent consumption	Ratio of imports to apparent consumption		
			From EEC 1/	From other countries	From all countries		From EEC	From all other countries	From all countries
			1,000 pounds				Percent		
1976-----									
1977-----									
1978-----									
Jan.-Oct.--	*	*	*	*	*	*	*	*	*
1978-----									
1979-----									

1/ Imports.

2/ Not available.

3/ Less than 0.5 percent.

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

Table J-8.--Soluble starches derived from potato starch: U.S. production, exports, imports, and apparent consumption, 1976-78, January-October 1978, and January-October 1979

Period	Production	Exports	Shipments of imports <u>1/</u>			Apparent consumption	Ratio of imports to apparent consumption		
			From EEC	From other countries <u>2/</u>	From all countries		From EEC	From all other countries	From all countries
			<u>1,000 pounds</u>				<u>Percent</u>		
1976-----									
1977-----									
1978-----									
Jan.-Oct.--	*	*	*	*	*	*	*	*	*
1978-----									
1979-----									

^{1/} Except in one instance, data submitted for shipments of imports were larger than imports data.

^{2/} Imports.

^{3/} Not available.

^{4/} Less than 0.5 percent.

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

Table J-9.--Chemically treated starches derived from corn or potato starch: U.S. production, exports, imports, and apparent consumption, 1976-78, January-October 1978, and January-October 1979

Period	Production	Exports	Shipment of imports <u>1/</u>			Apparent consumption	Ratio of imports to apparent consumption		
			From EEC	From other countries	From all countries		From EEC	From all other countries	From all countries
			<u>1,000 pounds</u>				<u>Percent</u>		
1976-----	***	***	5,438	<u>2/</u>	5,438	976,421	0.6	<u>2/</u>	0.6
1977-----	***	***	5,277	<u>2/</u>	5,277	876,179	0.6	<u>2/</u>	0.6
1978-----	***	***	4,416	<u>2/</u>	4,416	891,756	0.5	<u>2/</u>	0.5
Jan.-Oct.--									
1978-----	***	***	2,891	<u>2/</u>	2,891	757,634	0.4	<u>2/</u>	0.4
1979-----	***	***	5,474	<u>2/</u>	5,474	811,949	0.7	<u>2/</u>	0.7

1/ In most years, importers' shipments were greater than imports.

2/ Not available.

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

Table J-10.--Chemically treated starches derived from corn starch: U.S. production, exports, imports, and apparent consumption, 1976-78, January-October 1978, and January-October 1979

Period	Production	Exports	Imports			Apparent consumption	Ratio of imports to apparent consumption		
			From EEC	From other countries	From all countries		From EEC	From all other countries	From all countries
			1,000 pounds				Percent		
1976-----	***	***	1,038	0	1,038	942,641	1/	0	1/
1977-----	***	***	2,447	0	2,447	844,040	1/	0	1/
1978-----	***	***	1,486	0	1,486	857,202	1/	0	1/
Jan.-Oct.--									
1978-----	***	***	1,267	0	1,267	726,367	1/	0	1/
1979-----	***	***	2,829	0	2,829	783,284	1/	0	1/

1/ Less than 0.5 percent.

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

Table J-11.--Chemically treated starches derived from potato starch: U.S. production, exports, imports, and apparent consumption, 1976-78, January-October 1978, and January-October 1979

Period	Production	Exports	Imports			Apparent consumption	Ratio of imports to apparent consumption		
			From EEC	From other countries	From all countries		From EEC	From all other countries	From all countries
			1,000 pounds				Percent		
1976-----	***	***	3,577	0	3,577	25,609	14.0	0	14.0
1977-----	***	***	3,629	0	3,629	26,094	14.0	0	14.0
1978-----	***	***	2,948	0	2,948	26,369	11.2	0	11.2
Jan.-Oct.--									
1978-----	***	***	1,888	0	1,888	21,691	8.7	0	8.7
1979-----	***	***	2,428	0	2,428	21,942	11.1	0	11.1

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

APPENDIX K

SUPPLEMENTARY STATISTICAL TABLES ON U.S. IMPORTERS' AND
U.S. PRODUCERS' NET SELLING PRICES

Table K-1.--Dextrines derived from potato starch: Price of imports from the Netherlands, 1976 first quarter through 1979 third quarter.

	Importers' lowest net price			U.S. producers' lowest net price			Importers' Average margin of under-selling		
Period	Range		Weighted average	Range		Weighted average			
	-----cents per pound-----								Percent
1976:									
January-March-----	19.40	21.85	19.63	-	-	-	-	-	-
April-June-----	19.60	21.85	19.78	-	-	-	-	-	-
July-September----	19.80	21.85	19.98	-	-	-	-	-	-
October-December--	21.75	23.00	22.11	-	-	-	-	-	-
1977:									
January-March-----	22.61	24.50	22.73	-	-	-	-	-	-
April-June-----	22.99	24.50	23.09	-	-	-	-	-	-
July-September----	22.81	24.50	23.09	-	-	-	-	-	-
October-December--	22.99	24.50	23.17	-	-	-	-	-	-
1978:									
January-March-----	23.23	25.75	23.70	-	-	-	-	-	-
April-June-----	23.24	25.75	23.76	-	-	-	-	-	-
July-September----	23.36	25.75	23.92	-	-	-	-	-	-
October-December--	23.00	32.31	24.63	-	-	-	-	-	-
1979:									
January-March-----	23.00	31.00	24.43	-	-	-	-	-	-
April-June-----	23.54	28.86	25.83	-	-	-	-	-	-
July-September----	22.67	35.91	26.26	-	-	-	-	-	-
October-December--	22.83	28.85	24.70	-	-	-	-	-	-

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

Table K-2.--Dextrines derived from corn starch: U.S. producer prices, 1976 first quarter through 1979 third quarter.

Period	Importers' lowest net price		U.S. producers' lowest net price		Importers' Average margin of under- selling	
	Range	Weighted average	Range	Weighted average		
	-----cents per pound-----				-----Percent-----	
1976:						
January-March-----	-	-	14.05 15.75	14.63	-	-
April-June-----	-	-	14.05 15.75	14.63	-	-
July-September-----	-	-	14.85 16.64	15.16	-	-
October-December--	-	-	14.90 16.64	15.20	-	-
1977:						
January-March-----	-	-	14.75 16.68	15.17	-	-
April-June-----	-	-	14.05 16.68	14.76	-	-
July-September-----	-	-	14.50 26.21	15.09	-	-
October-December--	-	-	14.50 17.70	15.04	-	-
1978:						
January-March-----	-	-	14.54 17.79	15.42	-	-
April-June-----	-	-	13.55 19.36	15.81	-	-
July-September-----	-	-	14.55 19.06	16.05	-	-
October-December--	-	-	14.55 19.06	16.01	-	-
1979:						
January-March-----	-	-	14.75 20.82	16.90	-	-
April-June-----	-	-	14.75 19.80	17.05	-	-
July-September-----	-	-	16.75 20.82	17.75	-	-
October-December--	-	-	-	-	-	-

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

Table K-3.--Dextrines derived from potato starch: Importer prices, Avebe America, Inc.

Period	Importers' lowest net price		U.S. producers' lowest net price		Importers' Average margin of under- selling	
	Range	Weighted average	Range	Weighted average		
	-----cents per pound-----					-----Percent-----
1976:	:					
January-March----	:					
April-June-----	:					
July-September----	:					
October-December--	:					
1977:	:					
January-March----	:					
April-June-----	:					
July-September----	:					
October-December--	:	*	*	*	*	*
1978:	:					
January-March----	:					
April-June-----	:					
July-September----	:					
October-December--	:					
1979:	:					
January-March----	:					
April-June-----	:					
July-September----	:					
October-December--	:					

A-112

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

Table K-4.--Dextrines derived from corn starch: U.S. producer prices, A.E. Staley.

Period	Importers' lowest net price		U.S. producers' lowest net price		Importers' Average margin of under- selling	
	Range	Weighted average	Range	Weighted average		
	-----cents per pound-----				-----Percent-----	
1976:						
January-March----						
April-June-----						
July-September----						
October-December--						
1977:						
January-March----						
April-June-----						
July-September----	*	*	*	*	*	*
October-December--						
1978:						
January-March----						
April-June-----						
July-September----						
October-December--						
1979:						
January-March----						
April-June-----						
July-September----						
October-December--						

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

Table K-5.--Dextrines derived from corn starch: U.S. producer prices, American-Maize Products.

Period	Importers' lowest net price		U.S. producers' lowest net price		Importers' Average margin of under- selling	
	Range	Weighted average	Range	Weighted average		
	-----cents per pound-----				-----Percent-----	
1976:						
January-March----						
April-June-----						
July-September----						
October-December--						
1977:						
January-March----						
April-June-----						
July-September----						
October-December--	*	*	*	*	*	*
1978:						
January-March----						
April-June-----						
July-September----						
October-December--						
1979:						
January-March----						
April-June-----						
July-September----						
October-December--						

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

Table K-6.--Dextrines derived from corn starch: U.S. producer prices, National Starch and Chemical Corp.

Period	Importers' lowest net price		U.S. producers' lowest net price		Importers' Average margin of under-selling	
	Range	Weighted average	Range	Weighted average		
	-----cents per pound-----				-----Percent-----	
1976:						
January-March----						
April-June-----						
July-September----						
October-December--						
1977:						
January-March----						
April-June-----						
July-September----						
October-December--	*	*	*	*	*	*
1978:						
January-March----						
April-June-----						
July-September----						
October-December--						
1979:						
January-March----						
April-June-----						
July-September----						
October-December--						

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

Table K-7.--Chemically treated starches derived from potato starch: U.S. producer prices, 1976 first quarter through 1979 third quarter. Price of imports from the Netherlands, 1976 first quarter through 1979 fourth quarter.

Period	Importers' lowest net price		U.S. producers' lowest net price		Importers' Average margin of under- selling	
	Range	Weighted average	Range	Weighted average		
	-----cents per pound-----				-----Percent-----	
1976:						
January-March----						
April-June-----						
July-September----						
October-December--						
1977:						
January-March----						
April-June-----						
July-September----						
October-December--	*	*	*	*	*	*
1978:						
January-March----						
April-June-----						
July-September----						
October-December--						
1979:						
January-March----						
April-June-----						
July-September----						
October-December--						

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

Table K-8.--Chemically treated starches derived from potato starch: U.S. producer prices, 1976 first quarter through 1979 third quarter. Prices of imports from West Germany, 1978 second quarter and 1979 third and fourth quarters.

Period	Importers' lowest net price		U.S. producers' lowest net price		Importers' Average margin of under- selling	
	Range	Weighted average	Range	Weighted average		
	-----cents per pound-----				-----Percent-----	
1976:	:	:	:	:	:	:
January-March-----	:	:	:	:	:	:
April-June-----	:	:	:	:	:	:
July-September-----	:	:	:	:	:	:
October-December--	:	:	:	:	:	:
1977:	:	:	:	:	:	:
January-March-----	:	:	:	:	:	:
April-June-----	:	:	:	:	:	:
July-September-----	:	:	:	:	:	:
October-December--	:	:	:	:	:	:
1978:	:	:	:	:	:	:
January-March-----	:	:	:	:	:	:
April-June-----	:	:	:	:	:	:
July-September-----	:	:	:	:	:	:
October-December--	:	:	:	:	:	:
1979:	:	:	:	:	:	:
January-March-----	:	:	:	:	:	:
April-June-----	:	:	:	:	:	:
July-September-----	:	:	:	:	:	:
October-December--	:	:	:	:	:	:

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

Table K-9.--Chemically treated starches derived from potato starch; U.S. producer prices, A.E. Staley. Import prices, the Netherlands.

	Importers' lowest net price		U.S. producers' lowest net price		Importers' Average margin of under- selling
Period	Range	Weighted average	Range	Weighted average	
	-----cents per pound-----				-----Percent-----
1976:					
January-March----					
April-June-----					
July-September----					
October-December--					
1977:					
January-March----					
April-June-----					
July-September----					
October-December--	*	*	*	*	*
1978:					
January-March----					
April-June-----					
July-September----					
October-December--					
1979:					
January-March----					
April-June-----					
July-September----					
October-December--					

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

Table K-10.--Chemically treated starches derived from potato starch: U.S. producer prices, A.E. Staley. Import prices, West Germany.

Period	Importers' lowest net price		U.S. producers' lowest net price		Importers' Average margin of under- selling	
	Range	Weighted average	Range	Weighted average		
	-----cents per pound-----				-----Percent-----	
1976:						
January-March----						
April-June-----						
July-September----						
October-December--						
1977:						
January-March----						
April-June-----						
July-September----						
October-December--	*	*	*	*	*	*
1978:						
January-March----						
April-June-----						
July-September----						
October-December--						
1979:						
January-March----						
April-June-----						
July-September----						
October-December--						

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

Table K-11.--Chemically treated starches derived from potato starch: U.S. producer prices, Penick and Ford. Import prices, the Netherlands.

Period	Importers' lowest net price		U.S. producers' lowest net price		Importers' Average margin of under- selling	
	Range	Weighted average	Range	Weighted average		
	-----cents per pound-----					-----Percent-----
1976:	:	:	:	:	:	:
January-March-----	:	:	:	:	:	:
April-June-----	:	:	:	:	:	:
July-September-----	:	:	:	:	:	:
October-December-----	:	:	:	:	:	:
1977:	:	:	:	:	:	:
January-March-----	:	:	:	:	:	:
April-June-----	:	:	:	:	:	:
July-September-----	:	:	:	:	:	:
October-December-----	*	*	*	*	*	*
1978:	:	:	:	:	:	:
January-March-----	:	:	:	:	:	:
April-June-----	:	:	:	:	:	:
July-September-----	:	:	:	:	:	:
October-December-----	:	:	:	:	:	:
1979:	:	:	:	:	:	:
January-March-----	:	:	:	:	:	:
April-June-----	:	:	:	:	:	:
July-September-----	:	:	:	:	:	:
October-December-----	:	:	:	:	:	:

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

Table K-12.--Chemically treated starches derived from potato starch: U.S. producer prices, Penick and Ford. Import prices, West Germany.

Period	Importers' lowest net price	U.S. producers' lowest net price		Importers' Average margin of under- selling	
	Range	Weighted average	Range	Weighted average	
	-----cents per pound-----				-----Percent-----
1976:					
January-March----					
April-June-----					
July-September----					
October-December--					
1977:					
January-March----					
April-June-----					
July-September----					
October-December--	*	*	*	*	*
1978:					
January-March----					
April-June-----					
July-September----					
October-December--					
1979:					
January-March----					
April-June-----					
July-September----					
October-December--					

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

Table K-13.--Chemically treated starches derived from potato starch: U.S. producer prices, National Starch and Chemical Corp. Import prices, the Netherlands.

Period	Importers' lowest net price		U.S. producers' lowest net price		Importers' Average margin of under- selling	
	Range	Weighted average	Range	Weighted average		
	-----cents per pound-----				-----Percent-----	
1976:						
January-March----						
April-June-----						
July-September----						
October-December--						
1977:						
January-March----						
April-June-----						
July-September----						
October-December--	*	*	*	*	*	*
1978:						
January-March----						
April-June-----						
July-September----						
October-December--						
1979:						
January-March----						
April-June-----						
July-September----						
October-December--						

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

Table K-14.--Chemically treated starches derived from potato starch: U.S. producer prices, National Starch and Chemically Corp. Import prices, West Germany.

Period	Importers' lowest net price	U.S. producers' lowest net price		Importers' Average margin of under- selling	
	Range	Weighted average	Range	Weighted average	
	-----cents per pound-----				-----Percent-----
1976:					
January-March-----					
April-June-----					
July-September-----					
October-December-----					
1977:					
January-March-----					
April-June-----					
July-September-----					
October-December-----	*	*	*	*	*
1978:					
January-March-----					
April-June-----					
July-September-----					
October-December-----					
1979:					
January-March-----					
April-June-----					
July-September-----					
October-December-----					

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

Table K-15.--Chemically treated starches derived from potato starch: Importer prices, Avebe America, Inc. U.S. producer prices.

Period	Importers' lowest net price	U.S. producers' lowest net price		Importers' Average margin of under- selling	
	Range	Weighted average	Range	Weighted average	
	-----cents per pound-----				-----Percent-----
1976:					
January-March----					
April-June-----					
July-September----					
October-December--					
1977:					
January-March----					
April-June-----					
July-September----					
October-December--	*	*	*	*	*
1978:					
January-March----					
April-June-----					
July-September----					
October-December--					
1979:					
January-March----					
April-June-----					
July-September----					
October-December--					

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

Table K-16.--Chemically treated starches derived from corn starch: U.S. producer price, 1976 first quarter through 1979 fourth quarter. Price of imports from the Netherlands, 1976 first quarter through 1979 fourth quarter.

Period	Importers' lowest net price			U.S. producers' lowest net price			Importers' Average margin of under- selling
	Range	Weighted average		Range	Weighted average		
	-----cents per pound-----						-----Percent-----
1976:							
January-March----							
April-June-----							
July-September----							
October-December--							
1977:							
January-March----							
April-June-----							
July-September----							
October-December--	*	*	*	*	*	*	*
1978:							
January-March----							
April-June-----							
July-September----							
October-December--							
1979:							
January-March----							
April-June-----							
July-September----							
October-December--							

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

Table K-17.--Chemically treated starches derived from corn starch: U.S. producer prices, A.E. Staley.
Import prices, the Netherlands.

Period	Importers' lowest net price		U.S. producers' lowest net price		Importers' Average margin of under- selling	
	Range	Weighted average	Range	Weighted average		
-----cents per pound-----Percent						
1976:						
January-March----						
April-June-----						
July-September----						
October-December--						
1977:						
January-March----						
April-June-----						
July-September----						
October-December--	*	*	*	*	*	*
1978:						
January-March----						
April-June-----						
July-September----						
October-December--						
1979:						
January-March----						
April-June-----						
July-September----						
October-December--						

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

A-126

7 000 3 Table K-18.--Chemically treated starches derived from corn starch: U.S. producer prices, Penick and Ford.
 Import prices, the Netherlands.

	Importers' lowest net price		U.S. producers' lowest net price		Importers' Average margin of under- selling	
Period	Range		Weighted average	Range	Weighted average	
	-----cents per pound-----					-----Percent-----
1976:						
January-March----						
April-June-----						
July-September----						
October-December--						
1977:						
January-March----						
April-June-----						
July-September----						
October-December--	*	*	*	*	*	*
1978:						
January-March----						
April-June-----						
July-September----						
October-December--						
1979:						
January-March----						
April-June-----						
July-September----						
October-December--						

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

Table K-19.--Chemically treated starches derived from corn starch: U.S. producer prices, American-Maize Products. Import prices, the Netherlands.

	Importers' lowest net price		U.S. producers' lowest net price		Importers' Average margin of under- selling	
Period	Range		Weighted average	Range	Weighted average	
	-----cents per pound-----					-----Percent-----
1976:						
January-March-----						
April-June-----						
July-September-----						
October-December--						
1977:						
January-March-----						
April-June-----						
July-September-----						
October-December--	*	*	*	*	*	*
1978:						
January-March-----						
April-June-----						
July-September-----						
October-December--						
1979:						
January-March-----						
April-June-----						
July-September-----						
October-December--						

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

Table K-20.--Chemically treated starches derived from corn starch: U.S. producer prices, National Starch and Chemical Corp. Import prices, the Netherlands.

Period	Importers' lowest net price		U.S. producers' lowest net price		Importers' Average margin of under-selling	
	Range	Weighted average	Range	Weighted average		
	-----cents per pound-----				-----Percent-----	
1976:						
January-March----						
April-June-----						
July-September----						
October-December--						
1977:						
January-March----						
April-June-----						
July-September----						
October-December--	*	*	*	*	*	*
1978:						
January-March----						
April-June-----						
July-September----						
October-December--						
1979:						
January-March----						
April-June-----						
July-September----						
October-December--						

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

1 A Table K-21.--Dextrines derived from corn starch: U.S. producers' prices.

Period	Prices of dextrines purchased from						Average margin of under-selling by imports
	EEC			U.S. producers			
	Range	Average		Range	Average		
	cents per pound						Percent
1976:							
January-March	-	-	-	-	-	-	-
April-June	-	-	-	-	-	-	-
July-September	-	-	-	-	-	-	-
October-December	-	-	-	-	-	-	-
1977:							
January-March	-	-	-	8.11	15.60	12.35	-
April-June	-	-	-	7.49	15.90	11.97	-
July-September	-	-	-	7.41	16.20	11.81	-
October-December	-	-	-	7.66	16.50	12.36	-
1978:							
January-March	-	-	-	7.39	16.80	12.03	-
April-June	-	-	-	7.98	17.10	11.86	-
July-September	-	-	-	8.54	17.50	12.84	-
October-December	-	-	-	7.90	18.00	12.15	-
1979:							
January-March	-	-	-	8.56	18.30	14.52	-
April-June	-	-	-	8.77	18.50	14.84	-
July-September	-	-	-	9.93	19.10	15.85	-
October-December	-	-	-	-	-	-	-

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

2 A Table K-22.--Dextrines derived from potato starch; U.S. Purchasers' prices.

Period	Prices of dextrines purchased from						Average margin of under-selling by imports
	EEC			U.S. producers			
	Range		Average	Range		Average	
	cents per pound						Percent
1976:							
January-March----	-	-	-	-	-	-	-
April-June-----	-	-	-	-	-	-	-
July-September----	-	-	-	-	-	-	-
October-December--	-	-	-	-	-	-	-
1977:							
January-March----	19.50	25.00	22.33	-	-	-	-
April-June-----	20.00	25.50	23.25	-	-	-	-
July-September----	20.50	22.50	21.50	-	-	-	-
October-December--	20.90	26.00	23.13	-	-	-	-
1978:							
January-March----	21.20	26.00	23.40	-	-	-	-
April-June-----	21.50	27.00	23.83	-	-	-	-
July-September----	21.70	23.00	22.35	-	-	-	-
October-December--	21.90	27.00	23.96	-	-	-	-
1979:							
January-March----	22.50	28.40	24.96	-	-	-	-
April-June-----	23.00	29.00	25.33	-	-	-	-
July-September----	23.50	27.00	24.83	-	-	-	-
October-December--	-	-	-	-	-	-	-

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

Table K-23.--Chemically treated starches derived from corn starch; U.S. purchasers' prices.

Period	Prices of dextrines purchased from						Average margin of under-selling by imports
	EEC			U.S. producers			
	Range		Average	Range		Average	
	cents per pound						Percent
1976:							
January-March-----	-	-	-	-	-	-	-
April-June-----	-	-	-	-	-	-	-
July-September----	-	-	-	-	-	-	-
October-December--	-	-	-	-	-	-	-
1977:							
January-March-----	24.00	24.00	24.00	6.80	42.00	14.47	-
April-June-----	24.00	24.00	24.00	6.32	97.10	19.17	-
July-September----	24.00	24.00	24.00	6.24	96.30	18.94	-
October-December--	24.00	24.00	24.00	6.49	42.00	14.73	-
1978:							
January-March-----	-	-	-	5.86	98.20	19.56	-
April-June-----	-	-	-	6.40	49.00	15.91	-
July-September----	-	-	-	6.65	49.00	16.03	-
October-December--	-	-	-	6.03	24.00	13.02	-
1979:							
January-March-----	-	-	-	6.55	55.00	15.66	-
April-June-----	-	-	-	6.73	25.00	14.07	-
July-September----	-	-	-	7.76	25.00	14.76	-
October-December--	-	-	-	16.70	16.70	16.70	-

A-132

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

Table K-24.--Chemically treated starches derived from potato starch; U.S. purchasers' prices.

Period	Prices of dextrines purchased from						Average margin of under-selling by imports			
	EEC			U.S. producers						
	Range		Average	Range		Average				
-----cents per pound-----									-----Percent-----	
1976:										
January-March----	-	-	-	-	-	-	-	-	-	-
April-June-----	-	-	-	-	-	-	-	-	-	-
July-September----	-	-	-	-	-	-	-	-	-	-
October-December--	-	-	-	-	-	-	-	-	-	-
1977:										
January-March----	-	-	-	25.70	25.70	25.70	-	-	-	-
April-June-----	-	-	-	25.70	25.70	25.70	-	-	-	-
July-September----	32.00	32.00	32.00	25.70	25.70	25.70	-	-	-	-
October-December--	-	-	-	25.70	26.00	25.85	-	-	-	-
1978:										
January-March----	-	-	-	25.75	26.20	25.97	-	-	-	-
April-June-----	-	-	-	25.75	26.20	25.97	-	-	-	-
July-September----	27.00	27.00	27.00	25.75	26.20	25.97	-	-	-	-
October-December--	-	-	-	25.75	26.20	25.97	-	-	-	-
1979:										
January-March----	-	-	-	25.75	28.12	26.93	-	-	-	-
April-June-----	32.00	32.00	32.00	25.90	28.12	27.01	-	-	-	-
July-September----	25.90	25.90	25.90	28.12	28.12	28.12	2.22		7	
October-December--	-	-	-	-	-	-	-	-	-	-

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

APPENDIX L

STAFF MEMORANDUM TO THE COMMISSION DATED APRIL 18, 1980,
WITH REGARD TO THE OPERATIONS OF THE HENKEL CORP.

Library Cataloging Data

United States. International Trade
Commission.

Dextrines and soluble or chemically
treated starches derived from corn or
potato starch from Belgium, Denmark, the
Federal Republic of Germany, France, Ireland,
Italy, Luxembourg, the Netherlands, and the
United Kingdom : determination of no material
injury or threat thereof in investigations
nos. 701-TA-11 through 19 and 701-TA-22
through 30 / USITC. -- Washington : USITC,
1980.

: ill. ; 28 cm. -- (USITC
publication ; 1061)

"Prepared principally by Cynthia B. Foreso
[and others]"

1. Dextrine. 2. Starch. 3. Corn-starch.
I. Foreso, Cynthia B. II. Title.

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

OFFICIAL BUSINESS

ADDRESS CORRECTION REQUESTED

Postage And Fees Paid
U.S. International Trade Commission



ADDRESS CHANGE

- ☐ Remove from List
 - ☐ Change as Shown
- Please detach address
label and mail to address
shown above.