ANHYDROUS SODIUM METASILICATE FROM FRANCE

Determination of the Commission in Investigation No. 731-TA-25 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation

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

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Washington, D.C. 20436

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

Anhydrous Sodium Metasilicate from France
Investigation No. 731-TA-25 (Final)

AGENCY: United States International Trade Commission

ACTION: Institution of a final antidumping duty investigation.

SUMMARY: As a result of the affirmative preliminary determination on August 29, 1980, by the United States Department of Commerce that there is a reasonable basis to believe or suspect that anhydrous sodium metasilicate from France is being, or is likely to be, sold in the United States at less than fair value within the meaning of section 733 of the Tariff Act of 1930 (19 U.S.C. 1673b), the United States International Trade Commission (hereinafter "the Commission") hereby gives notice of the institution of investigation No. 731-TA-25 (Final) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise. For purposes of this investigation, the term "anhydrous sodium metasilicate" means anhydrous sodium metasilicate, provided for in item 421.34 of the Tariff Schedules of the United States. This investigation will be conducted according to the provisions of Part 207 of the Commission's Rules of Practice and Procedure (19 CFR 207, 44 F.R. 76457), Subpart C, effective January 1, 1980.

EFFECTIVE DATE: September 16, 1980.

FOR FURTHER INFORMATION CONTACT: Mr. Bill Schechter, Staff Investigator, Office of Investigations, U.S. International Trade Commission, Room 348, 701 E Street, NW., Washington, D.C. 20436; telephone (202) 523-0300.

SUPPLEMENTARY INFORMATION: On June 30, 1980, the Commission unanimously determined, on the basis of the information developed during the course of investigation No. 731-TA-25 (Preliminary), that there is a reasonable indication that an industry in the United States is materially injured by reason of the importation of anhydrous sodium metasilicate from France, provided for in item 421.34 of the Tariff Schedules of the United States, which are allegedly sold at less than fair value. As a result of the Commission's determination, the Department of Commerce (the administering authority) continued its investigation into the question of less-than-fair-value sales. The final determination by the Department of Commerce of whether anhydrous sodium metasilicate from France is being, or is likely to be, sold in the United States at less than fair value will be made within 75 days after the date of its preliminary determination, or in this case, by November 12, 1980.

WRITTEN SUBMISSIONS: Any person may submit to the Commission a written statement of information pertinent to the subject of this investigation. A signed original and nineteen (19) true copies of each submission must be filed at the Office of the Secretary, U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. 20436, on or before December 10, 1980. All written submissions, except for confidential business data, will be available for public inspection.

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

A staff report containing preliminary findings of fact will be available to all interested parties on November 13, 1980.

PUBLIC HEARING: The Commission will hold a public hearing in connection with this investigation on December 3, 1980, in the Hearing Room of the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. 20436, beginning at 10:00 a.m., e.s.t. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m., e.s.t.), November 25, 1980. All persons desiring to appear at the hearing and make oral presentations must file prehearing statements and should attend a prehearing conference to be held at 2:00 p.m., e.s.t., on November 25, 1980, in Room 117 at the U.S. International Trade Commission Building. Prehearing statements must be filed on or before November 28, 1980. For further information concerning the conduct of the investigation, hearing procedures, and rules of general applications, consult the Commission's Rules of Practice and Procedure, Part 207, Subpart C (19 CFR 207), and Part 201, Subparts A through E (19 CFR 201).

The Commission has waived Commission rule 201.12(d) as amended, "Submission of prepared statements" in connection with this investigation. This rule stated that "Copies of witnesses' prepared statements should be filed with the Office of the Secretary of the Commission not later than 3 business days prior to the hearing and submission of such statements shall comply with sections 201.6 and 201.8 of this subpart." It is nevertheless the Commission's request that parties submit copies of witnesses' prepared testimony as early as practicable before the hearing in order to permit Commission review.

This notice is published pursuant to section 207.20 of the Commission's Rules of Practice and Procedure (19 CFR 207.20, 44 F.R. 76458).

By order of the Commission.

Kenneth R. Mason
Secretary

Issued September 17, 1980

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

731-TA-25 (Preliminary)

ANHYDROUS SODIUM METASILICATE FROM FRANCE

Notice of Institution of Preliminary Antidumping Investigation and Scheduling of Conference

Investigation instituted. Following receipt of a petition on May 15, 1980, filed by PQ Corp., Valley Forge, Pa., the United States International Trade Commission on May 23, 1980, instituted a preliminary antidumping investigation under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from France of anhydrous sodium metasilicate, provided for in item 421.34 of the Tariff Schedules of the United States, allegedly sold or likely to be sold at less than fair value. This investigation will be subject to the provisions of part 207 of the Commission's Rules of Practice and Procedure (19 CFR 207, 44 F.R. 76457) and particularly, subpart B thereof, effective January 1, 1980.

Written Submissions. Any person may submit to the Commission on or before June 16, 1980, a written statement of information pertinent to the subject matter of the investigation. A signed original and nineteen 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.

Conference. The Director of Operations of the Commission has scheduled a conference in connection with the investigation for 10:00 a.m., e.d.t., on June 13, 1980, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. Parties wishing to participate in the conference should contact the supervisory investigator for the investigation, Mr. John MacHatton (202-523-0439). It is anticipated that parties in support of the petition for antidumping duties and parties opposed to such petition will each be collectively allocated one hour within which to make an oral presentation at the conference. Further details concerning the conduct of the conference will be provided by the supervisory investigator.

Inspection of petition. The petition filed in this case is available for public inspection at the Office of the Secretary, U.S. International Trade Commission, and at the New York City office of the U.S. International Trade Commission located at 6 World Trade Center.

Kenneth R. Mason
Secretary

Issued: May 23, 1980

C O N T E N T S

CONTENTS

Tables

CONTENTS

CONTENTS

Note.-- Information 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.

Investigation No. 731-TA-25 (Final)
ANHYDROUS SODIUM METASILICATE FROM FRANCE

Determination

On the basis of the record 1/ developed in investigation No. 731-TA-25 (Final), the Commission unanimously determined, pursuant to section 735(b)(1) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)(1)), that an industry in the United States is threatened with material injury by reason of imports of anhydrous sodium metasilicate from France, provided for in item 421.34 of the Tariff Schedules of the United States (TSUS), which the Department of Commerce has determined is being, or is likely to be, sold in the United States at less than its fair value (LTFV). 2/

Background

The Commission instituted investigation No. 731-TA-25 (Final) on September 16, 1980, following a preliminary determination by the Department of Commerce that anhydrous sodium metasilicate from France is being, or is likely to be sold, in the United States at less than its fair value within the meaning of section 733(b) of the Tariff Act of 1930. Notice of the institution of the Commission's investigation and of the public hearing to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington,

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

2/ Section 207.25(d)(3) of the Commission's Rules of Practice and Procedure requires a finding as to whether material injury by reason of the less-than-fair-value imports would have been found but for the suspension of liquidation of entries of the merchandise by the Department of Commerce. There is insufficient information to support a determination that there would have been material injury but for the suspension of liquidation in the record of this investigation.

Commerce's final determination of sales at LTFV was published in the Federal Register on Nov. 24, 1980 (45 F.R. 77498).

D.C. and by publishing the notice in the Federal Register on September 24, 1980, (45 F.R. 63387). The hearing was held in Washington, D.C., on December 3, 1980, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of Chairman Bill Alberger, Vice Chairman Michael J. Calhoun, Commissioner George M. Moore and Catherine Bedell

On the basis of the record developed in investigation No. 731-TA-25 (Final), we determine pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) that an industry in the United States is threatened with material injury, by reason of the importation from France of anhydrous sodium metasilicate, provided for in item 421.34 of the Tariff Schedules of the United States, which the U.S. Department of Commerce has determined is being, or is likely to be, sold at less than fair value (LTFV). 1/

The industry

Section 771(4) of the Tariff Act of 1930 defines the term "industry" as,

> the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product.

The term "like product" is defined in section 771(10) of the act as,

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

In analyzing the impact of the LTFV imports on the domestic industry producing the like product, section 771(4)(D) further provides that where possible the

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1/ Section 207.25(d)(3) of the Commission's Rules of Practice and Procedure requires a finding as to whether material injury by reason of the less-than-value imports would have been found but for the suspension of liquidation of entries of the merchandise by the Department of Commerce. There is insufficient information to support a determination that there would have been material injury but for the suspension of liquidation in the record of this investigation.

The Department of Commerce determined on November 24, 1980 that ASM from France is being sold in the United States at less than fair value, with a weighted-average price margin of 60 percent of the exporter's sales price or 37.8 percent of the fair market value.

Commission is to assess the impact of imports or the production of the like product,

> 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 producer's profits. If 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.

Thus, the appropriate domestic industry consists of the domestic producers of products like (or in the absence of like, most similar to) the imported articles which Commerce has found are being, or are likely to be, sold at less than fair value.

In the present case, four U.S. firms produce ASM "like" the imported ASM and thus constitute the domestic industry against which the impact of LTFV sales should be measured. 1/

It should be noted that the four U.S. ASM producers also manufacture sodium metasilicate pentahydrate (SMP), a product which shares certain physical qualities and end uses with ASM. We are of the view that ASM and SMP are different products and that the appropriate domestic industry produces only ASM. 2/ Available data clearly permits separate analysis of the impact of the dumped imports in relation to U.S. production of the like product. 3/

1/ The subject imported ASM enters in four grades. The grading has to do with particle size. It is our view that all imported grades are commercially competitive and interchangeable with the domestic ASM product and that the domestic ASM is therefore "like" the imported ASM.

2/ No one asserted that the appropriate industry included both domestic ASM and SMP production facilities. In fact, counsel for the importer asserted that the relevant domestic industry consists only of those U.S. firms producing ASM (see transcript of public hearing, p. 124).

3/ Vice Chairman Calhoun has additional views on the question of "like product". These views follow immediately after this opinion.

Threat of material injury by reason of LTFV imports

In order to make an affirmative determination in this investigation, we must find that an industry in the United States.--

(1) is materially injured, or

(2) is threatened with material injury, or

(3) the establishment of an industry in the United States is materially retarded

by reason of the LTFV imports found by Commerce. In the present case we have determined that an industry in the United States is threatened with material injury by reason of LTFV imports.

The Tariff Act, while defining "material injury," does not expressly defined the concept of "threat" of material injury. However, the legislative history provides considerable help. The report of the Committee on Ways and Means of the House of Representatives on the Trade Agreements Act of 1979 states that "threat of material injury" is to be found "before actual material injury occurs and should be interpreted in a manner to prevent actual material injury from occurring". 1/

The Ways and Means Committee Report further states that the Commission, in determining "threat of material injury," should consider the following:

In examining threat of material injury, the ITC will determine the likelihood of a particular situation developing into actual material injury. In this regard, demonstrable trends--for example, the rate of increase of the subsidized or dumped exports to the U.S. market, capacity in the exporting country to generate exports, the likelihood that such exports will be directed to the U.S. market taking into account the availability of other export markets, and the nature of the subsidy in question (i.e. is the subsidy the sort that is likely to generate exports to the U.S.) will be important. However, in considering threat, high present capacity utilization of the domestic industry and the absence of other indicia of present injury should not be considered as conclusive as to the absence of threat of injury.

An increase in market penetration may be an early warning signal of injury. Indicia of the threat of material injury will vary from industry to industry. The ITC should place emphasis on the rate of increase of market penetration, particularly if market penetration is achieved by prices which are below U.S. price levels, but which are not maintained in the home market. 2/

1/ House Report No. 96-317, at p. 47.
2/ House Report 96-317, at p. 47-48.

In making our determination that an industry is threatened with material injury we considered, among other factors, the following statutory criteria contained in subsection 771(7)(B): (1) the volume of imports of the merchandise subject to the investigation, (2) the effect of imports of such products on prices of like products produced in the United States, and (3) the impact of the imports on the affected domestic industry. 1/ We have based our decision on the findings of fact and conclusions of law discussed below.

Import volume: Imports of ASM from France have increased steadily from 1976 to 1980. Imports jumped from 40,000 pounds in 1976 to 982,000 pounds in 1977, and then almost tripled to 2,664,000 pounds in 1978. In 1979, imports rose 107 percent, to 5,506,100 pounds. From January-September 1980, imports rose 1.9 percent over the corresponding period of 1979; however, ASM imports in 1980 may have been affected by the pending case and, more particularly, by Commerce's preliminary determination of sales at LTFV (tentative 50 percent margin) and the subsequent bonds that were required to be posted on all French ASM imports entering the United States after September 5, 1980.

At the public hearing Rhone-Poulenc, Inc. (USA), stated that its parent company, Rhone-Poulenc, S.A., has set a firm ceiling of 3,000 metric tons (6.6 million pounds) of ASM it will export to the United States in any given year. However, even if Rhone-Poulenc S.A. adheres to the voluntary level, its ASM exports to the United States would still increase by an additional 20 percent over 1979 levels, probably causing a severe adverse effect on the domestic market.

Rhone-Poulenc has stated that its plant in France produced ASM at 87.7 percent of name plate capacity in 1979. They also state that the plant

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1/ Tariff Act of 1930, as amended by the Trade Agreements Act of 1979, section 771 (19 U.S.C. 1677(7)).

produced 75 percent of beaded capacity in that year. 1/ By its own account, Rhone-Poulenc S.A. markets ASM in over 70 countries. 2/ Aside from Rhone-Poulenc's self-imposed quota on shipments to the U.S., there is no legal barrier which would bar French exports of ASM from being diverted from other countries to the United States. Rhone-Poulenc, Inc., because it has established regional warehouses and an established U.S. sales network, has been able to obtain an increasing share of the domestic market. The French company also has a unique backhaul shipping arrangement which lowers its shipping costs in transporting the ASM from France . At the company's discretion, depending upon price, profitability, and sales, Rhone-Poulenc, Inc. would seemingly have no problem marketing an increasing amount of ASM in the U.S. and only the self-imposed quota holds the company from continued expansion into the U.S. market.

The bulk of the imported ASM is entered through the Port of New York, and prior to 1979, the vast majority of Rhone-Poulenc's sales were in that area. However, in 1979, only 78 percent of ASM imports entered through New York. This switch was caused by Rhone-Poulenc's market expansion into other areas such as Miami, Los Angeles, and San Francisco. This trend indicates that Rhone-Poulenc is expanding its areas of import penetration with a deliberate marketing plan.

Market penetration.--ASM is sold in two distinct commercial markets, namely the large volume bulk market and the list-price package market. Total national market penetration for anhydrous sodium metasilicate rose from 0.8 percent in 1977 to 4.4 percent in 1979. The package market comprised a significant*** percent of total commercial shipments from 1977 to 1979. 3/

The package market takes on a special significance in this case because that is the only market in which the imported and domestic products compete.

1/ Rhone-Poulenc prehearing statement, at p. 42.
2/ Rhone-Poulenc prehearing statement, at p. 40.
3/ Report at p. A-37.

As stated at the public hearing, Rhone Poulenc currently cannot compete in the bulk market because of shipping problems. Over the period of 1977 to 1979, ASM imports increased their share of the commercial U.S. package market from *** percent to *** percent. 1/

While the Northeast market does not meet the statutory criteria for a regional industry 2/, it has been shown that the importer has captured an increasingly larger share of that area's package market, rising from 5.5 percent in 1977 to 25.3 percent in 1979. 3/ The Commission has found that the majority of purchasers of domestic ASM who switched to the imported product did so because of price. 4/

Although an extensive study has not been conducted on any other marketing areas, we feel that the trend of market penetration as shown in the Northeast will probably prevail in these other areas. As imports into other ports increase, Rhone-Poulenc will capture an increasing percentage of the package markets in those areas. The information gathered by the Commission on lost sales indicates that several purchasers in the San Francisco area have switched to the imported ASM. 5/ All signs indicate that Rhone-Poulenc will continue to capture increasingly large package market shares in all areas of importation if it is permitted to continue selling ASM at large LTFV margins.

1/ Report at p. A-37.

2/ Under section 771(c)(ii) of the Tariff Act of 1930, for a regional industry to be established, "the demand in that market is not supplied, to any substantial degree, by producers of the product in question located elsewhere in the United States."

In this instance, the Northeast market is supplied by three plants, only one of which is located in the Northeast market. Both plants outside the area, one in Texas and the other in Illinois, ship significant quantities of ASM into the Northeast market, therefore disallowing the finding of a regional industry.

3/ Report at p. A-35.

4/ Ibid, at A-45.

5/ Ibid.

Over the period studied, the price differential between the imported and domestic products varied from $4.85 per 100-pound bag to $1.40 per 100-pound bag, with the imported product underselling the domestic by 6 to 35 percent. The September 1980 differential, $1.40 per bag, is the lowest during the period of 1977 to September 1980. The LTFV margins, based on the Commerce investigation, ranged from $2 to $9 per unit. 1/ Thus, the margins accounted for virtually all of the underselling by the imported French ASM. The weighted average LTFV margins was 60 percent of the exporters' sales price or 37.8 percent of the fair market value.

The Commission contacted 12 firms, and was able to confirm 10 sales totaling 3.5 million pounds with an approximate value of $660,000 lost by domestic producers to ASM imported by Rhone Poulenc from France. Furthermore, through information obtained from other industry sources, the Commission was able to determine an additional lost sale of 228,000 pounds valued at $43,320. In all eleven instances of lost sales, price was given by the purchasers as the principal reason for switching to the imported product.

Conclusion

On the basis of the foregoing considerations, we conclude that an industry in the United States is threatened with material injury by reason of imports from France of anhydrous sodium metasilicate, which the Department of Commerce has determined are being sold in the United States at less than fair value.

1/ Report p. A-3.

ADDITIONAL VIEWS OF VICE CHAIRMAN CALHOUN

I wish to make more explicit my finding concerning the like product and the domestic industry. In this investigation, the article being imported is anhydrous sodium metasilicate (ASM) from France. It enters in compositions which are divided into four grades based on particle size and which range from powder to granular. The grades have no bearing on chemical properties, but largely relate to such properties as water solubility and dustiness. Imported ASM, as is the case with domestically produced ASM, is primarily used as a source of alkali in the production of detergents.

There are four U.S. firms that produce ASM and they account for 100 percent of the domestic production. The ASM produced by these firms is virtually identical in characteristics and uses with the ASM imported from France. However, these firms also manufacture sodium metasilicate pentahydrate (SMP) which shares some physical qualities and some end uses with ASM. Nevertheless, it is my view that ASM and SMP are not like products. While ASM and SMP may share some characteristics and uses, domestically produced ASM is virtually identical to imported ASM and is, therefore, "like" the imported ASM. Such a finding makes it unnecessary to address products which might be "most similar." Thus, I find the like product to be domestically produced ASM and the appropriate domestic industry in this case to be the producers of ASM.

VIEWS OF COMMISSIONER PAULA STERN

On the basis of the record developed in Investigation No. 731-TA-25 (Final), I determine that an industry in the United States is threatened with material injury by reason of imports of anhydrous sodium metasilicate (ASM) from France, which the U.S. Department of Commerce (Commerce) has determined are being, or are likely to be, sold in the United States at less than fair value (LTFV).1/

The Industry

The industry is comprised of the domestic producers of ASM. ASM, an alkali source for detergent formulations, is chemically distinct from the next most similar product, sodium metasilicate penetahydrate (SMP). By and large ASM and SMP are not interchangeable in most detergent formulations, and ASM is produced by a separate production process. Moreover, data were available for an analysis of the impact of the LTFV imports on domestic ASM production.

The four U.S. producers of ASM -- PQ Corporation (PQ), Stauffer Corporation (Stauffer), Diamond-Shamrock, Co., and Mayo Co. -- are all vertically integrated. To a greater or lesser degree, they all produce ASM for their own "captive" consumption as well as for the "commercial" market. Commercial (non-captive) sales are comprised of

1/ Section 207.25(d)(3) of the Commission's Rules of Practice and Procedure requires a finding as to whether material injury by reason of the less-than-fair-value imports would have been found but for the suspension of liquidation of entries of the merchandise by the Department of Commerce. There is insufficient information to support a determination that there would have been material injury but for the suspension of liquidation in the record of this investigation.

shipments either in 100-pound bags in the so-called "package" market */ or in "bulk". To date imports have been sold only in the "package" market.

Vulnerability of the Domestic Industry

During the past few years domestic producers of ASM have been adjusting to a variety of adverse market developments. Demand for ASM has fallen as key consumers have shifted to other products. Detergent builders have found caustic soda and soda ash, the principal substitutes for ASM, to be economically attractive, and traditional institutional users of ASM-based detergents have established on-premises laundries utilizing non-ASM based detergents. The 1978 regulation banning the use of ASM in dishwasher detergent represented another loss for the industry. More recently, the recession has led to decreased sales.

It is these essentially non-import-related, demand developments that are reflected in the negative aggregate economic data for the industry. **/ From 1977-1979 production fell roughly 15 percent from 195 million pounds to 165 million pounds, and shipments fell about 13 percent. During the same period, capacity followed a similar trend, declining to 237 million

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*/ In the preliminary investigation the Commission referred to these shipments as "spot" market sales.

**/ See my Views in the preliminary investigation, (USITC Pub. No. 1080, June 1980). at pp. 19-20.

pounds in 1979, 21 percent below the 1977 level. Employment dropped 33 percent, from 152 workers in 1977 to 105 workers in 1979 and inventories rose 5 percent during this period. Capacity utilization was 65 percent in 1977 and 73 percent in 1979. The increase was due to the closing of Stauffer's Skaneateles, New York plant in recognition of the overcapacity in the industry.

Market developments have resulted in a nearly flat financial picture for the industry as a whole, with profits at a reasonable level. However, the performance of individual firms has differed greatly. Despite the demand adversities, several companies have managed to gain or to maintain high profits. PQ, the petitioner, has faced additional internal problems -- high costs and technical difficulties at one plant -- and, as a result, has suffered increasing financial losses.

The negative economic indicators on industry performance over the last few years demonstrate that the ASM industry is in a weak position. Moreover, the industry is inherently vulnerable to injury by LTFV imports because: (1) ASM, a fungible product, is highly price sensitive, and (2) the production machinery must operate continuously, 24 hours a day, 7 days a week --profitability falls rapidly when capacity utilization declines.

Imports

The Past -- From 1977-1979 imports of ASM from France increased significantly Such imports rose from 40,000 pounds in 1976 to 982,000 pounds in 1977, and then almost tripled to 2,663,500 pounds in 1978. In 1979

ASM imports from France increased over 100 percent from 1978 levels to 5,506,100 pounds. */ These imports have accounted for an increasing share of the declining ASM market. In 1977 they represented 0.5 percent of total U.S. ASM consumption as compared to 3.2 percent in 1979.

On a national basis the three percent market share of LTFV ASM has not resulted in present material injury. However, as the House Committee on Ways and Means points out, "an increase in market penetration may be an early warning signal of injury." **/ In examining threat of material injury, the Committee has advised the ITC to "place emphasis on the rate of increase of market penetration, particularly if market penetration is achieved by prices which are below U.S. price levels, but which are not maintained in the home market."

The rate of increase of market penetration has been significant. A fuller examination of the nature of this penetration demonstrates the "threat" most vividly. LTFV penetration of the commercial market quadrupled from 0.8 percent in 1977 to 4.4 percent in 1979. In the package market, where imports actually compete, the French market share increased 8-fold during this period. In that market, penetration by French imports continued to rise in 1980. The importance of the package market was not clear in the

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*/ From January-September 1980, imports rose 1.9 percent over the corresponding period in 1979. However, ASM imports in 1980 may have been affected by the initiation of this investigation on May 15, 1980.

**/ H. Rep. No. 96-317, 96th Cong., 1st Session. (47) 1979.

preliminary investigation. Now we know that the package market comprises a significant part of the total market (***percent) */, and that -- because of the need to maintain high capacity utilization--the health of the domestic industry is affected by its performance in the "package" market. **/

As I noted in the preliminary investigation, analysis of the geographical pattern of the growth of import penetration also raises the specter of material injury by LTFV imports on a national basis. ***/ Penetration of the Northeast package market by LTFV imports rose from 5.5 percent in 1977 to 25.3 percent in 1979. At the same time, sales to other areas of the United States increased. In 1977 all imports entered through the Port of New York. In 1978 imports to Miami commenced, and in 1979 shipments to Los Angeles and San Francisco began. By 1980, shipments to California had more than doubled from 1979 levels ****/, imports arrived in Chicago, and the volume of imports accounted for by shipments to the Northeast fell to 78 percent. Clearly, the potential for adverse impact on the U.S. industry by the LTFV imports is spreading nationwide.

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*/ See Staff Report, p.A-37

**/ See PQ submission, dated December 9, 1980, answering questions posed during the hearing, at pp. 20-21

***/ See my Views in the preliminary investigation (USITC Pub. No. 1080, June 1980), at pp. 24-29.

****/ This is based on January-September comparisons.

These patterns of import penetration are particularly indicative of a threat of material injury because the penetration has been achieved with LTFV prices which have resulted in significant underselling. */ Rhone Poulenc's prices have undersold U. S. products in all parts of the country. Underselling has ranged from $1.40 per 100-pound bag to $4.80 per 100-pound bag. This means that on a typical truckload shipment of roughly 44,000 pounds of ASM the savings to the customer on the imported product are substantial -- $616.00 - $2,112.00.

The result has been lost sales for the U. S. industry. The ITC staff has confirmed $660,000 of lost sales by reason of price. Lost sales were reported not only in the Northeast, but in other parts of the country as well. In the Northeast, where imports have been concentrated, the major ASM producers**/ have all reported sizeable declines in shipments to the package market from 1977-79. For the petitioner, this decline has further strained the financial position of its Rahway, New Jersey plant which has been beset by rapidly escalating costs for fuel and other raw materials since 1978. ***/

The Future -- In examining threat of material injury, the Senate Finance Committee states that "demonstrable trends -- for example, the rate

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*/ The LTFV margins account for virtually all of the underselling of U.S. ASM by Rhone-Poulenc, Inc. (Rhone Poulenc). Rhone Poulenc S.A. (also Rhone Poulenc) is the sole French exporter of ASM to the United States; the company now markets all its ASM through Rhone Poulenc, Inc.

**/ PQ Corp., Diamond Shamrock Corp., and Stauffer Chemical Co.

***/ The petitioner is the only U.S. producer presently with a plant in the Northeast.

of increase of the . . . dumped exports to the U.S. market, capacity in the exporting country to generate exports, the likelihood that such exports will be directed to the U.S. market taking into account the availability of other import markets . . . will be important." The rapid increase in the rate of penetration has been established, the capacity and intentions of Rhone Poulenc need to be addressed.

Information provided by Rhone Poulenc shows that in 1979 its capacity utilization rate for beaded ASM was roughly 76 percent; for other ASM the rate was somewhat higher. Since ASM production machinery operates continously, it would be in Rhone Poulenc's interest to utilize any idle capacity.

In 1979 Rhone Poulenc's shipments to the U.S. accounted for roughly a fifth of its capacity for production of beaded ASM and a much smaller percentage of its ASM capacity. Rhone Poulenc has testified that it sells ASM to 70 countries. */ Data submitted in the preliminary investigation indicated that sales volumes to these countries have fluctuated radically from year to year.**/ This permits Rhone Poulenc flexibility in adjusting the amount of goods shipped to the United States.

In this final investigation the counsel for Rhone Poulenc sought to assure the Commission that the level of future LTFV exports to the United States would not threaten the U.S. industry. This defense, however, was not convincing. Rhone Poulenc's arguments and their flaws included:

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*/ Testimony has varied. In the preliminary investigation 49 countries were cited.

**/ Prehearing statement on behalf of Rhone-Poulenc Inc., and Rhone Poulenc S.A. in Investigation No. 731-TA-25 (Preliminary), Exhibit 5.

(1) The "marginal supplier philosophy" -- the assertion was made that Rhone Poulenc envisions only a minor role in the U.S. market. However, lost sales information gathered in the investigation indicated that purchasers had shifted to LTFV imports not just for "marginal" or "minor" supplies, but for all their ASM needs. */ Moreover, the "marginal supplier philosophy" was offered as an explanation of "why Rhone Poulenc occupies so tiny a share of the domestic ASM market and will continue to do so in the future." Where imports have been concentrated, their market share is now over 25 percent. This is not a "tiny" market share and such an incursion by imports nationwide would seriously affect the U.S. industry.

(2) "Structural barriers" -- the contention is that Rhone Poulenc exports, and hence potential injury, are limited by the company's inability to supply bulk customers and by United States inland freight costs preventing Rhone Poulenc from supplying ASM in U.S. markets removed from ports of entry. The petitioner supplied information to the Commission indicating that it is indeed possible for Rhone Poulenc to make bulk shipments. However, even if Rhone Poulenc sells only to the package market such sales pose a "threat" to the U.S. industry. Furthermore, the inland freight argument does not hold up. Most ASM is consumed near ports of entry. **/ In fact, Rhone Poulenc's potential shipment points are more diverse than those of the U.S. industry and the company is benefitting from a backhaul freight arrangement that enables it to supply the West as economically as the East.

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*/ Staff Report, at A-45.

**/ See Staff Report, at A-9.

Rhone Poulenc's proposal that it supply the Gulf Coast area for PQ further confirms its favorable supply position. */

(3) The "marketing plan" -- Rhone Poulenc provided the Commission with its worldwide marketing plan for all grades of ASM for the next five years. The plan shows decreasing shipments to the United States after 1982. **/ The forward to the plan indicates that the basis for the projections/ strategy is the fact that the European dishwasher detergent market will be growing by 10 percent a year during the next five years, while the institutional detergent market (where all U.S. sales occur) will not expand in developed countries. Thus, sales are projected to increase more rapidly in Europe than in North America.

The forward also made reference to the fact that the French dishwasher detergent market had been growing even more rapidly in the past few years; growth ranged from 15 to 20 percent. U.S. demand for ASM, we know, was declining during that period. Still Rhone Poulenc made significant increases in market penetration in the U.S. at that time. Data supplied in the preliminary investigation indicated that from 1978-79 Rhone Poulenc sales declined substantially to many of its major and minor markets in Europe, while sales to the U.S. increased significantly. Thus, it is clear that contrary to general demand trends, as perceived by Rhone Poulenc planners, it has been in Rhone Poulenc's interest to increase exports to the United States.

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*/ See Hearing Transcript, p. 205.

**/ This refers to shipments of AN grade ASM.

As counsel for the petitioner points out, marketing plans are revised periodically in order to account for the "changing environment" which could include many economic and political circumstances in any of the 70 countries supplied by Rhone Poulenc. This is made abundantly clear by the fact that the Rhone Poulenc marketing plan submitted in the final investigation (dated January 1, 1980) varies from the shorter version submitted in the preliminary investigation.

(4) The "voluntary quantitative limit" -- as a final assurance against an affirmative finding on "threat," counsel for Rhone Poulenc indicated that the company intends to limit its shipments of ASM to the United States to 3,000 metric tons (6.6 million pounds) per year. Such an assurance is not a "remedy" which can be accepted by the Commission in an antidumping investigation. In any case, if Rhone Poulenc exported the full amount of the self-imposed quota, ASM imports would increase by 20 percent over 1979 levels in a market which is not expected to expand significantly.

Conclusion

The Congress has directed that for an affirmative finding of "threat of material injury by LTFV imports" the threat must be "real" and the injury must be "imminent." */ Such a finding must not be based on

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*/ S. Rep. No. 96-249, 96th Cong., 1st Session. (89) 1979.

"speculation" or "conjecture." In this case the "threat" has been demonstrated by the performance of Rhone Poulenc in the U.S. market over the past few years. It would be conjectural to expect demonstrable market penetration trends to reverse rather than continue in their upward direction. Given the substantial underselling of the U.S. product by imports enjoying the advantage of Rhone Poulenc's sizeable LTFV pricing, this inherently vulnerable U.S. industry is imminently in jeopardy.

INFORMATION OBTAINED IN THE INVESTIGATION

INTRODUCTION

On May 15, 1980, the U.S. International Trade Commission and the U.S. Department of Commerce received a petition from PQ Corp., Valley Forge, Pa., alleging that anhydrous sodium metasilicate (ASM) (the class or kind of merchandise described in the petition), provided for under item 421.34 of the Tariff Schedules of the United States (TSUS), is being, or is likely to be, sold in the United States at less than fair value. Accordingly, the Commission on May 23, 1980, instituted a preliminary antidumping investigation under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of the importation of such merchandise into the United States. On June 30, 1980, the Commission unanimously determined that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the importation from France of anhydrous sodium metasilicate. 1/

On August 29, 1980, the U.S. Department of Commerce made a preliminary determination that anhydrous sodium metasilicate from France is being, or is likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930. 2/ Accordingly, on September 16, 1980, the Commission instituted investigation No. 731-TA-25 (Final) under section 735 of the act, to determine whether an industry in the United States is materially injured or is threatened with material injury, or the establishment of an industry is materially retarded, by reason of the importation of such merchandise into the United States. By statute, the Commission must render its final determination concerning injury before the later of-- (A) the 120th day after the day on which Commerce makes its affirmative preliminary determination, or (B) the 45th day after the day on which Commerce makes its affirmative final determination. The Department of Commerce made its final determination that anhydrous sodium metasilicate from France is being sold at LTFV on November 19, 1980 (45 F.R. 77498). 3/ Thus, the Commission's final determination of injury is due no later than January 2, 1981. The Commission is currently scheduled, however, to deliver its final determination to the Department of Commerce by December 23, 1980, an administrative deadline.

1/ A copy of the Commission's preliminary injury determination is presented in app. A.

2/ A copy of the Commerce Department's preliminary determination of sales at less than fair value is presented in app. B.

3/ A copy of the Commerce Department's final determination of sales at less than fair value is presented in app. C.

In connection with the investigation, a public hearing was held in Washington, D.C., on December 3, 1980. 1/ Notice of the institution of the investigation and of the public hearing was given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of September 24, 1980 (45 F.R. 63387). 2/ The Commission voted on the investigation on December 16, 1980.

Nature and Extent of Sales at Less Than Fair Value

The Department of Commerce's final determination of sales at less than fair value (LTFV) was based on an examination of exports from France of anhydrous sodium metasilicate manufactured by Rhone-Poulenc, S.A. Paris, France. Rhone-Poulenc is the only known significant exporter of ASM from France to the United States. During the 8-month period investigated by Commerce (October 1, 1979-May 31, 1980) Rhone-Poulenc exported four grades of ASM to the United States: AN (58 percent of sales), AG (5 percent of sales), AS (22 percent of sales) and AST (15 percent of sales).

Commerce determined that there were sufficient sales in the home market to permit the use of price comparisons in order to determine whether or not ASM is being, or is likely to be, sold at LTFV. Since the vast majority of sales were made to U.S. customers through Rhone-Poulenc's wholly owned U.S. subsidiary, Commerce used the exporter's sales price to determine the U.S. price. Commerce calculated the exporter's sales price on the basis of the selling price from the subsidiary to the first unrelated purchaser in the United States with deductions for French inland freight, ocean freight, insurance, U.S. duty, brokerage, wharfage, U.S. inland freight, U.S. warehousing, discounts, and selling expenses. For those few transactions in which sales were made directly from France to unrelated U.S. customers, Commerce used the purchase price as defined in section 772(b) of the Antidumping Act (19 U.S.C. 1677a(b)) to determine the U.S. price. Commerce calculated the purchase price on the basis of the c.i.f. U.S. price to unrelated U.S. purchasers with deductions for ocean freight, insurance, French inland freight, f.o.b. charges, and commissions.

The foreign market value was calculated on the basis of sales to industrial users in the home market at the time of exportation of ASM to the United States. Commerce based the foreign market value on the net sales price to large volume, wholesale purchasers, taking into account deductions for rebates and French inland freight, and adjusting for differences in packing costs and credit cost differential.

In accordance with section 353.15(c)(19 CFR 353.15(c), 45 F. R. 8194), Commerce deducted, as an offset, a portion of selling expenses incurred in the home market not greater than selling expenses deducted from the U.S. price. Finally, Commerce allowed adjustments to reflect the difference in

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1/ A list of the witnesses appearing at the hearing is presented in app. D.
2/ A copy of the Commission's notice of investigation and hearing is presented in app. E.

credits costs between the home market and the U.S. market, and to reflect the cost of inland freight paid by Rhone-Poulenc in home-market sales.

After making fair-value comparisons on all exports of ASM from France to the United States during the period of investigation, Commerce made its final determination that the purchase price and exporter's sales price were lower than the home-market price of ASM for all sales, with a weighted average margin of 60 percent of the exporters' sales price.

The Commerce Department's margins of LTFV sales are calculated as a share of the exporters' sales price, while the margin generally used by the Commission is calculated as a share of the fair-market value. Therefore the weighted average margin as used by the Commission is 37.8 percent of the fair-market value based on the Commerce Department's work sheets. Table 1 shows the weighted average margins for each grade of ASM examined by Commerce. Individual transactions are shown in appendix F. The range of margins in dollars per 100 pound unit varies from * * *.

The Product

Description and uses

Anhydrous sodium metasilicate, which is primarily used in the detergent industry, is one of several sodium silicates produced and used commercially. Sodium silicate products are manufactured by fusing silica (sand) and soda ash (sodium carbonate) at high temperatures in large tank furnaces that are similar to glassmaking furnaces. The particular type of sodium silicate produced is determined by the ratio of sand to soda ash charged in the furnace. In order to prevent damage to the furnaces from alternating heating and cooling periods, the furnaces must be operated continuously, 24 hours a day, 7 days a week. Sodium silicates may be noncrystalline solids or integral mixtures of compounds; however, ASM, the subject of this investigation, is a definite crystalline chemical compound having the chemical formula Na_2SiO_3. Sodium metasilicate pentahydrate (SMP), a closely related product, contains five molecules of water and has the formula $Na_2SiO_35H_2O$. Although other hydrated forms are possible, the anhydrous and pentahydrate forms constitute the major commercial forms of sodium metasilicate.

Each of the three major domestic producers of ASM uses a different production process. PQ, the petitioner, uses the rotary dryer process. This process involves * * *. The following diagram (supplied by PQ Corp.) shows the basic flow patterns for the raw materials and the finished product.

Diamond Shamrock Corp., another U.S. producer, also uses liquid sodium silicate in the production of ASM, but the Diamond "Fluid-Bed" production process * * *.

While both PQ and Diamond Shamrock use a liquid silicate feed production process, Stauffer Chemical Co., the third major producer, Mayo Products Co., and Rhone-Poulenc Inc., use a dry-feed kiln process. In the Stauffer process * * *.

Table 1.--Anhydrous sodium metasilicate: Total less than fair value sales covered by the Department of Commerce's LTFV investigation, Oct. 1, 1979, through May 31, 1980

Grade	Total quantity sold	Total exporters' sales price	Total fair market value	Total LTFV margins	Total exporters' sales price per unit	Total fair market value per unit	Total LTFV margin per unit	Total LTFV margin as a proportion of total fair market value	Total LTFV margin as a proportion of total exporter's sales price
	(Cwt)							Percent	Percent
AN grade----									
AG grade----	*	*	*	*	*	*	*		
AS grade----									
AST grade---									
All grades--								37.8	61.0

Source: work sheets supplied to the U.S. International Trade Commission by the U.S. Department of Commerce.

ANHYDROUS SODIUM METASILICATE BEAD PROCESS DIAGRAM

* * * * * * *

Currently, all of the major U.S. producers of ASM are producing it in a beaded form. The beading of the material lessens the amount of dust that develops in the handling of ASM.

Although Stauffer, PQ, and Diamond have different methods of producing ASM, the output of all three producers is commercially interchangeable. It is an established industry practice for one U.S. producer to manufacture and package ASM for another U.S. producer's customers in the former's geographical area. This is done to reduce shipping costs that would otherwise have to be absorbed by the seller. * * *.

The methods of both PQ and Diamond for manufacturing SMP are signficantly different from their ASM manufacturing processes. * * *.

SMP, on the other hand, is manufactured by PQ and Diamond by a * * *. The two forms of sodium metasilicate are produced independently of each other and are sometimes produced at different locations. All the domestic sodium metasilicate producers except Chemical Products Co., which only produces the SMP form, manufacture both the pentahydrate and the anhydrous forms.

Stauffer Chemical also uses * * *.

Nearly all the sodium metasilicate consumed in the United States is used by the detergent industry as a "builder" for detergents. It provides a source of alkali, one of the main cleaning components in a detergent. Other sources of alkali which are used are soda ash, caustic soda, and sodium orthosilicate, all of which are less expensive per pound of alkali (expressed in terms of Na_2O content) than sodium metasilicate. Detergent manufacturers are therefore willing to pay a premium to obtain other properties present with sodium metasilicates, whether ASM or SMP. These properties include better wetting powers, better neutralization of acidic soils, better saponification (the process of reacting alkali with fats to form a soap), increased emulsification, superior deflocculation, optimum sudsing action, prevention of soil redeposition, uniform buffering (the ability of a solution to resist changes in acidity, which is expressed as units of pH), and corrosion inhibition of the metal parts in both process equipment and household washers.

Once a detergent manufacturer has decided to use sodium metasilicate, its form is determined on the basis of such factors as--

1. The type of work being processed (metal cleaning; concrete cleaning; industrial uniforms or ladies' lingerie);

2. The amount and type of soil involved;

3. Water-supply hardness (mineral content) and water temperature; and

4. The washing equipment to be used; i.e., will the detergent be mopped on a floor or placed in a large industrial washing machine with heavy agitation.

If all properties were the same for the pentahydrate and anhydrous forms, the detergent manufacturer would probably choose ASM because it is less expensive per pound of alkali. ASM contains almost twice as much alkali as SMP, and since it contains no water the transportation cost per pound of alkali is significantly less than the cost for SMP. However, there are certain desirable properties of SMP that can lead a detergent manufacturer to choose this higher cost product. Some of these properties are as follows:

1. SMP has a faster rate of solution than ASM. This difference is very significant in colder water.

2. SMP has a lower bulk density. For a detergent compounder, this means that a given weight of SMP will go further toward filling a box than the same weight of ASM.

3. SMP melts in its own water of hydration at about $70^{o}C$, in contrast to ASM, which has no water of hydration. This means that above this temperature it develops a tacky consistency, which is of value in certain industrial processes.

4. SMP has slightly better surfactant absorption properties than ASM.

5. SMP has an endothermic heat of solution (i.e., it absorbs heat rather than gives off heat when it dissolves), which can be a safety advantage for operators preparing solutions of sodium metasilicate.

6. SMP remains stable at higher humidities than does ASM.

In the laundry industry two other criteria are evaluated when making the decision as to which form of sodium metasilicate to use: product cleaning and product damage. ASM is superior in product cleaning because of the higher Na_2O and SiO_2 content; SMP is superior in terms of nondestruction of fabrics (product damage).

The formulation of a detergent is a very complicated process with many variables which must be considered. Each of the raw materials used in the formulation must be able to perform a specific function separately as well as in conjunction with the other raw materials. For example, in some highly alkaline cleaners, caustic soda beads are used in conjunction with ASM. SMP could not be used in this case because of the hygroscopicity of the caustic bead, which would draw the moisture out of the SMP and cause the two products to bond together. There would be a solid detergent block instead of a free-flowing detergent.

At the public hearing, counsel for the importer, Rhone-Poulenc, stated that in their view the relevant industry in this investigation consists of only those U.S. companies producing ASM (p. 124, hearing transcript).

Federal specifications for sodium metasilicate have been issued and are included in appendix G. These specifications list two types of sodium metasilicate: SMP and ASM.

U.S. tariff treatment

Anhydrous sodium metasilicate is classified in the provision for all sodium silicates in item 421.34 of the TSUS, as are sodium metasilicate pentahydrate and certain other sodium silicate products. The column 1 (most-favored-nation) rate of duty for such imports is 1.1 percent ad valorem, which represents the full effect of a concession (effective January 1, 1980) granted at the recently concluded Tokyo round of Multilateral Trade Negotiations. The column 2 rate of duty is 3 percent ad valorem. Prior to January 1, 1980, the column 1 and column 2 rates of duty were 0.15 cent per pound (effective January 1, 1972) and 0.375 cent per pound, respectively. Imports of sodium silicates have been designated as eligible articles under the Generalized System of Preferences.

U.S. Market

Since the four largest U.S. producers of sodium metasilicate are vertically integrated and captively consume part of their own production, data on apparent U.S. consumption will be presented on both a total and on a commercial market basis. The commercial market excludes captive consumption of ASM and SMP by the U.S. producers, while the total market includes all commercial shipments and U.S. producers' captive consumption of their own output.

Total U.S. consumption of sodium metasilicates declined by 32.5 million pounds from 1977 to 1979, as shown in the following tabulation (in thousands of pounds):

Period	Consumption of domestic merchandise		
	Commercial market	Captive consumption	Total consumption
1977	268,109	69,760	337,869
1978	247,748	69,246	316,994
1979	254,081	51,290	305,371
January-September--			
1979	173,455	26,992	200,447
1980	173,500	21,514	195,014

The commercial market declined by 20 million pounds from 1977 to 1978, but increased by 6 million pounds in 1979.

Captive consumption by U.S. producers during 1977-79 accounted for 17 to 22 percent of the total market for sodium metasilicate. The great bulk of the captive consumption consisted of ASM--97 percent in 1979. Apparent U.S. consumption of ASM in the commercial market declined by 8 percent from 127 million pounds in 1977 to 117 million pounds in 1978, but rebounded to 125 million pounds in 1979. Consumption of SMP in both the total and commercial market declined annually during 1977-79 and again in January-September 1980, as shown in the following tabulation:

Period	Commercial market apparent consumption		Captive consumption		Total apparent consumption	
	ASM	SMP	ASM	SMP	ASM	SMP
1977	127,313	140,796	66,750	3,010	194,063	143,806
1978	116,833	130,916	66,415	2,830	183,248	133,746
1979	124,984	129,097	49,745	1,545	174,729	130,642
January-September--						
1979	83,591	89,864	26,132	860	109,723	90,724
1980	86,520	86,980	20,543	971	107,063	87,951

Source: Data submitted in response to questionnaires of the U.S. International Trade Commission.

According to industry sources, the decline in apparent consumption of sodium metasilicates is due primarily to the partial replacement of ASM in detergent formulations by less expensive sources of alkali, such as caustic soda or soda ash. Prices of these products have not increased as rapidly in recent years as prices of ASM, thus the detergent formulators are currently favoring these economically attractive substitutes wherever possible. However, the U.S. industry expects that the situation will change as prices for caustic soda and soda ash continue to rise and become less competitive with ASM prices.

The major ASM market areas tend to be located in the industrial regions of the country. These areas can be broken into three general groups. The first is the Boston to Philadelphia corridor, which is referred to as the Northeast Market. The second group includes the major Southern and Western port cites and their metropolitan areas. Included in this group are Atlanta, Miami, New Orleans, Houston, Dallas, Los Angeles, and San Francisco. The third major area is the triangle formed by Chicago, Indianapolis, and St. Louis.

U.S. producers

There are currently four U.S. producers of ASM. Their names and the locations of their production facilities are as follows:

(1) PQ Corp.; Rahway, N.J., South Gate, Calif., and Utica, Ill.

(2) Diamond Shamrock Corp., Dallas, Tex.

(3) Stauffer Chemical Co., Joliet, Ill.

(4) Mayo Products Co., Divison of Pennwalt Corp., Smyrna, Ga.

All the U.S. producers are vertically integrated. They internally consume part of their own production of ASM to formulate detergent mixtures for their laundry products division. Furthermore, each of the four U.S. producers manufactures SMP. A fifth company, Chemical Products Corp., Cartersville, Ga., manufacturers SMP but not ASM.

PQ Corp. is the only privately owned multinational company among the U.S. producers. A major manufacturer of soluble silicates since 1831, PQ also manufactures other industrial chemicals and glass beads. The company also has a laundry division, which formulates cleaning products for commercial and institutional textile care and industrial cleaning. PQ is the * * * U.S. producer of ASM, accounting for an estimated * * * of U.S. production in 1979, and is * * * to the commercial U.S. market, accounting for * * * of commercial sales of ASM in 1979. PQ reported to the Commission that, * * *.

Stauffer Chemical Co. * * * domestic ASM producer, accounting for * * * of total U.S. production in 1979, but it captively consumes * * * ASM production in its detergent-compounding operations. Stauffer manufactures all its ASM products at its Joliet, Ill., plant, the * * *. In late 1978, Stauffer closed its Skaneateles Falls, N.Y., ASM plant.

Diamond Shamrock is the * * * U.S. producer of ASM; it accounted for * * * of U.S. production in 1979. Diamond Shamrock's sales in 1979 were equivalent to * * * of its ASM production, and * * *. Mayo Products Co., * * *, was acquired by Pennwalt Corp. in 1979.

U.S. importers

The largest U.S. importer of ASM is Rhone-Poulenc, Inc., Monmouth Junction, N.J., a wholly owned subsidiary of the French producer and exporter, Rhone-Poulenc, S.A., Paris, France (the ninth largest chemical group in the world). For the past several years Rhone-Poulenc, Inc., has accounted for more than 95 percent of all U.S. imports of ASM from France. In late 1979, * * *.

Rhone-Poulenc, Inc., is a medium-sized, rapidly growing company which also manufactures and markets chemicals and other products produced and processed in its own plants in the United States. Founded in 1948, this subsidiary markets a variety of products including chemicals, pesticides, animal health products, fragrances, photographic and graphic arts materials, metal castings and stampings, and information services. In addition to its main offices in Monmounth Junction, N.J., the company has offices and manufacturing facilities throughout the United States.

Consideration of Injury or Likelihood Thereof

U.S. capacity, production, and capacity utilization

Anhydrous sodium metasilicate.--U.S. capacity to produce ASM declined from 300 million pounds in 1977 to 288 million pounds in 1978 and then fell sharply to 225 million pounds in 1979, representing a net decline of 25 percent from the 1977 level (table 2). * * *. At the same time, U.S. production of ASM declined by 15 percent, from 195 million pounds in 1977 to 165 million pounds in 1979. Capacity utilization for the ASM industry declined slightly from 65 percent in 1977 to 64 percent in 1978, but rose to 73 percent in 1979. This increase was largely due to the significant reduction in available industry capacity brought on by the Skaneateles Falls plant closing. In January-September 1980, U.S. capacity increased by 4 million pounds, * * *. Futhermore, U.S. production increased in January-September 1980 by 5 million pounds compared with the corresponding period in 1979. The increase in * * * ASM production more than offset * * * declining production for this period.

Diamond Shamrock was the only U.S. producer * * * . Largely owing to the closure of Stauffer's Skaneateles Fall plant, capacity utilization for that firm's ASM facilities * * *. PQ experienced * * * in production, from * * * in 1977 to * * * in 1979, and a * * *. Accordingly, capacity utilization for PQ's production facilities * * *. In 1981, ASM capacity * * *. Thus total U.S. capacity will * * * to * * * million pounds in 1981.

As shown in table 3, production and capacity utilization at PQ's Rahway plant * * *. PQ has alleged that the market for the Rahway facility in the Northeastern States has eroded because of increased LTFV imports from France: Rhone-Poulenc's imports of ASM have been concentrated in the Northeast. * * *.

Table 2.--Anhydrous sodium metasilicate: U.S. capacity, production, and capacity utilization, by firms, 1977-79, and January-September 1980

Year and firm	Capacity	Production	Capacity utilization
	1,000 pounds	1,000 pounds	Percent
1977:			
PQ Corp	***	***	***
Diamond Shamrock Corp	***	***	***
Stauffer Chemical Co	***	***	***
Mayo Products Co	***	***	***
Total	300,400	195,270	65
1978:			
PQ Corp	***	***	***
Diamond Shamrock Corp	***	***	***
Stauffer Chemical Co	***	***	***
Mayo Products Co	***	***	***
Total	288,100	185,145	64
1979:			
PQ Corp	***	***	***
Diamond Shamrock Corp	***	***	***
Stauffer Chemical Co	***	***	***
Mayo Products Co	***	***	***
Total	225,000	165,159	73
January-September 1979:			
PQ Corp	***	***	***
Diamond Shamrock Corp	***	***	***
Stauffer Chemical Co	***	***	***
Mayo Products Co	***	***	***
Total	169,800	100,519	59
January-September 1980:			
PQ Corp	***	***	***
Diamond Shamrock Corp	***	***	***
Stauffer Chemical Co	***	***	***
Mayo Products Co	***	***	***
Total	177,300	105,208	59

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

Table 3.--Anhydrous sodium metasilicate: PQ Corp.'s capacity, production, and capacity utilization, by plants, 1977-79, January-September 1979, and January-September 1980

Year and plant	Capacity 1/	Production	Capacity utilization
	1,000 pounds	1,000 pounds	Percent
1977:			
Rahway	***	***	***
Utica	***	***	***
South Gate	***	***	***
1978:			
Rahway	***	***	***
Utica	***	***	***
South Gate	***	***	***
1979:			
Rahway	***	***	***
Utica	***	***	***
South Gate	***	***	***
January-September 1979:			
Rahway	***	***	***
Utica	***	***	***
South Gate	***	***	***
January-September 1980:			
Rahway	***	***	***
Utica	***	***	***
South Gate	***	***	***

1/ Because of rounding, PQ's actual total capacity is slightly larger, as shown in table 2.

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

Sodium metasilicate pentahydrate.--U.S. capacity to produce SMP declined from 186 million pounds in 1977 and 1978 to 170 million pounds in 1979, representing a decline of 9 percent (table 4). * * *. Stauffer's SMP production capacity * * *. However, Diamond Shamrock * * *. U.S. production of SMP declined from 140 million pounds in 1977 to 133 million pounds in 1979. Capacity utilization for the SMP industry increased from 75 percent in 1977 and 1978 to 79 percent in 1979. PQ's SMP capacity utilization * * *.

Table 4.--Sodium metasilicate pentahydrate: U.S. capacity, production, and capacity utilization, by firms, 1977-79, January-September 1979, and January-September 1980

Year and firm	Capacity	Production	Capacity utilization
	1,000 pounds	1,000 pounds	Percent
1977:			
PQ Corp	***	***	***
Diamond Shamrock Corp	***	***	***
Stauffer Chemical Co	***	***	***
Mayo Products Co	***	***	***
Chemical Products Co	***	***	***
Total	186,050	140,310	75
1978:			
PQ Corp	***	***	***
Diamond Shamrock Corp	***	***	***
Stauffer Chemical Co	***	***	***
Mayo Products Co	***	***	***
Chemical Products Co	***	***	***
Total	186,050	139,196	75
1979:			
PQ Corp	***	***	***
Diamond Shamrock Corp	***	***	***
Stauffer Chemical Co	***	***	***
Mayo Products Co	***	***	***
Chemical Products Co	***	***	***
Total	169,550	133,336	79
January-September 1979:			
PQ Corp	***	***	***
Diamond Shamrock Corp	***	***	***
Stauffer Chemical Co	***	***	***
Mayo Products Co	***	***	***
Chemical Products Co	***	***	***
Total	127,110	71,863	57
January-September 1980:			
PQ Corp	***	***	***
Diamond Shamrock Corp	***	***	***
Stauffer Chemical Co	***	***	***
Mayo Products Co	***	***	***
Chemical Products Co	***	***	***
Total	134,610	72,856	54

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

U.S. producer's commercial and captive shipments

Anhydrous sodium metasilicate.--As shown in table 5, U.S. producers' commercial shipments of ASM declined irregularly from 126 million pounds in 1977 to 119 million pounds in 1979; or by 5 percent. Captive shipments were stable at about 66 million pounds in 1977 and 1978, but declined sharply to 50 million pounds in 1979, or by 25 percent. The large decline is largely attributable * * *. Total U.S. shipments of ASM declined from 193 million pounds in 1977 to 169 million pounds in 1979, or by 12 percent. In the January-September 1980, commercial shipments of ASM increased by 13.6 million pounds compared with the corresponding period of 1979. However captive ASM shipments declined by 21 percent or 5.6 million pounds during January-September 1980, when compared with the corresponding period of 1979. Accordingly, total ASM shipments declined by 2.7 million pounds in * * * January-September 1980 from the total amount of ASM shipments in the corresponding period of 1979. Only * * * suffered significant declines in commercial shipments during 1977-79. * * * commercial sales fell from * * * in 1977 to * * * in 1979, or by * * *. * * * declining trend in commercial shipments appears to be continuing in 1980. * * * commercial shipments dropped from * * * in 1977 to * * * in 1978, but * * * in 1979. However, in January-September 1980, * * * commercial shipments * * * from the amount of commercial shipments in the corresponding period of 1979. Diamond Shamrock's commercial shipments * * * in 1977 and 1978 and * * * in 1979 and * * * in 1980. Mayo experienced * * * in commercial shipments during the period.

* * * * * * *

Table 5.--Anhydrous sodium metasilicate: U.S. producers' Commercial shipments, captive shipments, and total shipments, by firms, 1977-79, January-September 1979, and January-September 1980

Year and firm	Commercial shipments	Captive shipments	Total shipments	Ratio of captive shipments to total shipments
	1,000 pounds	1,000 pounds	1,000 pounds	Percent
1977:				
PQ Corp	***	***	***	***
Diamond Shamrock	***	***	***	***
Stauffer Chemical Co	***	***	***	***
Mayo Products Co	***	***	***	***
Total	126,331	66,750	193,081	35
1978:				
PQ Corp	***	***	***	***
Diamond Shamrock	***	***	***	***
Stauffer Chemical Co	***	***	***	***
Mayo Products Co	***	***	***	***
Total	114,169	66,416	180,585	37
1979:				
PQ Corp	***	***	***	***
Diamond Shamrock	***	***	***	***
Stauffer Chemical Co	***	***	***	***
Mayo Products Co	***	***	***	***
Total	119,478	49,745	169,223	29
January-September 1979:				
PQ Corp	***	***	***	***
Diamond Shamrock	***	***	***	***
Stauffer Chemical Co	***	***	***	***
Mayo Products Co	***	***	***	***
Total	79,595	26,132	105,727	25
January-September 1980:				
PQ Corp	***	***	***	***
Diamond Shamrock	***	***	***	***
Stauffer Chemical Co	***	***	***	***
Mayo Products Co	***	***	***	***
Total	82,448	20,543	102,991	20

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

Note.--Commercial shipments include shipments to coproducers, but exclude shipments received from coproducers and then resold.

* * * * * * *

Sodium metasilicate pentahydrate.--U.S. producers' commercial shipments of SMP declined by 8 percent during 1977-79, from 141 million pounds in 1977 to 129 million pounds in 1979 (table 6). Unlike the ASM captive market, the SMP captive market represents less than 2 percent of total shipments. These captive shipments declined by almost 50 percent during 1977-79, from 3 million pounds in 1977 to 1.5 million pounds in 1979. In January-September 1980, total SMP shipments declined by 2 million pounds from the amount of total shipments in the corresponding period of 1979. As was the case in the ASM market, both PQ and Stauffer * * * the most significant declines in the SMP market during 1977-80. * * * commercial SMP shipments * * * in 1977 to * * * in 1979. * * * commercial shipments * * * in 1977 to * * * in 1978, and * * * in 1979. In January-September 1980, * * * commercial SMP shipments * * * the amount commercial shipments in the corresponding period in 1979.

Diamond Shamrock's commercial shipments * * * in 1977 to * * * in 1978, and then * * * in 1979. Chemical Products Co.'s commercial shipments * * * in 1977 to * * * in 1979, while Mayo Products Co. showed a * * * in 1977 to * * * in 1979.

Table 6.--Sodium metasilicate pentahydrate: U.S. producers' commercial shipments, and total shipments, by firms, 1977-79, January-September 1979, and January-September 1980

Year and firm	Commercial shipments	Captive shipments	Total shipments	Ratio of captive shipments to Total shipments
	1,000 pounds	1,000 pounds	1,000 pounds	Percent
1977:				
PQ Corp	***	***	***	***
Diamond Shamrock Corp	***	***	***	***
Stauffer Chemical Co	***	***	***	***
Mayo Products Co	***	***	***	***
Chemical Products Co	***	***	***	***
Total	140,796	3,010	143,806	2.1
1978:				
PQ Corp	***	***	***	***
Diamond Shamrock Corp	***	***	***	***
Stauffer Chemical Co	***	***	***	***
Mayo Products Co	***	***	***	***
Chemical Products Co	***	***	***	***
Total	130,916	2,830	133,746	2.1
1979:				
PQ Corp	***	***	***	***
Diamond Shamrock Corp	***	***	***	***
Stauffer Chemical Co	***	***	***	***
Mayo Products Co	***	***	***	***
Chemical Products Co	***	***	***	***
Total	128,984	1,545	130,529	1.2
January-September 1979:				
PQ Corp	***	***	***	***
Diamond Shamrock Corp	***	***	***	***
Stauffer Chemical Co	***	***	***	***
Mayo Products Co	***	***	***	***
Chemical Products Co	***	***	***	***
Total	89,751	860	90,611	.9
January-September 1980:				
PQ Corp	***	***	***	***
Diamond Shamrock Corp	***	***	***	***
Stauffer Chemical Co	***	***	***	***
Mayo Products Co	***	***	***	***
Chemical Products Co	***	***	***	***
Total	86,980	971	87,951	1.1

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

Note.--Commercial shipments exclude shipments to coproducers, but include shipments received from coproducers and resold.

U.S. exports

U.S. exports of ASM increased from 212,000 pounds in 1977 to 516,000 pounds in 1979. These sales represented only 0.1 percent of domestic production in 1977, and 0.3 percent in 1979. The largest exporter has been * * * of total U.S. exports. * * * informed the Commission that its ASM exports were sent to * * *. During January-September 1980, an estimated 452,000 pounds of ASM were exported from the United States (* * *). There were no reported exports of SMP during the period.

Inventories

Anhydrous sodium metasilicate.--Inventories of ASM held by domestic producers climbed from 17.2 million pounds in 1977 to 20.1 million pounds in 1978, and then decreased to 18.1 million pounds in 1979 (see table 7).

For January-September 1980, end-of-period inventories totaled 10.2 million pounds, representing an increase of 3 million pounds compared with the corresponding period of 1979. The highest level of inventories during 1977-80 was held by * * *, which accounted for an average of * * * of the total held each year. * * * was second largest in inventory holdings, accounting for an average of * * * of the total over the period.

Sodium metasilicate pentahydrate.--Inventories of SMP increased sharply from 4 million pounds in 1977 to 7.6 million pounds in 1978, but declined to 6.4 million pounds in 1979 (see table 8). For January-September 1980, end-of-period inventories totaled 4.3 million pounds, representing a decrease of 0.8 million pounds from the amount of inventories in the corresponding period of 1979. * * * held the highest level of SMP inventories during the period, accounting for * * * of the industry's totals.

Employment and wages

Anhydrous sodium metasilicate.--The total employment at establishments producing ASM declined from 517 employees in 1977 to 399 in 1979, and to 398 during January-September 1980 (table 9). In 1977, production and related workers engaged in producing ASM totaled 151.5, however, during January-September 1980 this number had fallen by one-third to 102.5 persons. This decline in employment * * *.

Wages paid to production and related workers making ASM were not reported by all producers for each period during January 1977-September 1980. However, the Commission staff estimates, that these wages increased from $1.6 million in 1977 to $1.7 million in 1978, and then, * * * dropped to $1.5 million in 1979. Wages paid during January-September 1980 are estimated at $1.3 million, or 15 percent higher than for the corresponding period of 1979--and covered 3 percent more workers than those in the corresponding period of 1979.

Table 7.--Anhydrous Sodium Metasilicate: End-of-period inventories, production, total shipments, by firms, 1977-79, January-September 1979, and January-September 1980

Year and firm	End -of- Period Inventories	Production	Total shipments	Ratio of inventories to--	
				Production	Shipments
	1,000 pounds	1,000 pounds	1,000 pounds	Percent	Percent
1977:					
PQ Corp	***	***	***	***	***
Diamond Shamrock Corp	***	***	***	***	***
Stauffer Chemical Co	***	***	***	***	***
Mayo Products Co	***	***	***	***	***
Total	17,207	195,270	193,081	9	9
1978:					
PQ Corp	***	***	***	***	***
Diamond Shamrock Corp	***	***	***	***	***
Stauffer Chemical Co	***	***	***	***	***
Mayo Products Co	***	***	***	***	***
Total	20,127	185,145	180,585	11	11
1979:					
PQ Corp	***	***	***	***	***
Diamond Shamrock Corp	***	***	***	***	***
Stauffer Chemical Co	***	***	***	***	***
Mayo Products Co	***	***	***	***	***
Total	18,102	165,159	169,223	11	11
January-September 1979--					
PQ Corp	***	***	***	***	***
Diamond Shamrock Corp	***	***	***	***	***
Stauffer Chemical Co	***	***	***	***	***
Mayo Products Co	***	***	***	***	***
Total	7,208	100,519	105, 27	7	7
January-September 1980--					
PQ Corp	***	***	***	***	***
Diamond Shamrock Corp	***	***	***	***	***
Stauffer Chemical Co	***	***	***	***	***
Mayo Products Co	***	***	***	***	***
Total	10,202	105,208	102,991	10	10

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

Table 8.--Sodium Metasilicate Pentahydrate: End-of-period inventories, production, and total shipments, by firms, 1977-79, January-September 1979, and January-September 1980

Year and firm	End-of-Period Inventories	Production	Total shipments	Ratio of inventories to-- Production	Ratio of inventories to-- Shipments
	1,000 pounds	1,000 pounds	1,000 pounds	Percent	Percent
1977:					
PQ Corp	***	***	***	***	***
Diamond Shamrock Corp	***	***	***	***	***
Stauffer Chemical Co	***	***	***	***	***
Mayo Products Co	***	***	***	***	***
Chemical Products Co--	***	***	***	***	***
Total	4,000	140,310	143,806	3	3
1978:					
PQ Corp	***	***	***	***	***
Diamond Shamrock Corp	***	***	***	***	***
Stauffer Chemical Co	***	***	***	***	***
Mayo Products Co	***	***	***	***	***
Chemical Products Corp	***	***	***	***	***
Total	7,623	139,196	133,746	5	6
1979:					
PQ Corp	***	***	***	***	***
Diamond Shamrock Corp	***	***	***	***	***
Stauffer Chemical Co	***	***	***	***	***
Mayo Products Co	***	***	***	***	***
Chemical Products Co--	***	***	***	***	***
Total	6,426	133,336	130,529	5	5
January-September 1979--					
PQ Corp	***	***	***	***	***
Diamond Shamrock	***	***	***	***	***
Stauffer Chemical Co	***	***	***	***	***
Mayo Products Co	***	***	***	***	***
Chemical Products Co--	***	***	***	***	***
Total	5,150	71,863	90,611	7	6
January September 1980--					
PQ Corp	***	***	***	***	***
Diamond-Shamrock Corp	***	***	***	***	***
Stauffer Chemical Co	***	***	***	***	***
Mayo Products Co	***	***	***	***	***
Chemical Products Co--	***	***	***	***	***
Total	4,349	72,856	87,951	6	5

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

Table 9.--Average number of employees, total and production and related workers engaged in the production of anhydrous sodium metasilicate, 1977-79, January-September 1980

Item	1977	1978	1979	January-September--	
				1979	1980
Average number of employees in the reporting establishments:					
All persons	517	509	399	392	398
Production and related workers	373	370	293	288	295
Production and related workers engaged in the production of sodium metasilicate	152	152	105	100	103

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

Sodium metasilicate pentahydrate.--Total employment at establishments producing SMP dropped from 688 in 1977 to 580 in 1979 and is estimated to have remained at that level during January-September 1980 (table 10). Employment of production and related workers engaged in producing SMP declined from 123.5 in 1977 to an estimated 94.5 during January-September 1980. * * * remained the largest employer in the production of SMP from January 1977 through September 1980.

Wages paid to production and related workers making SMP were not reported by all producers for each period during January 1977-September 1980. Staff estimates show wages increased from $1.2 million in 1977 to $1.4 million in 1978, then declined to $1.3 million in 1979. Wages during January-September 1980, at $1.1 million, were 9 percent greater than wages for the corresponding period of 1979.

Table 10.--Average number of employees, total and production and related workers engaged in the production of sodium metasilicate pentahydrate, 1977-79, January-September 1979, and January-September 1980

Item	1977	1978	1979	January-September--	
				1979	1980
Average number of employees in the reporting establishments:					
All persons	688	685	580	573	580
Production and related workers	505	506	434	430	437
Production and related workers engaged in the production of sodium metasilicate pentahydrate	123.5	121.5	92.5	94.5	94.5

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

Profit-and-loss experience of domestic producers of anhydrous sodium metasilicate

The Commission requested profit-and-loss data from all four U.S. producers of anhydrous sodium metasilicate. Usable data were received from the three largest domestic producers: PQ Corp., Stauffer Chemical, and Diamond Shamrock, which accounted for * * * of total U.S. production of ASM and of U.S. commercial shipments of ASM in 1979. 1/ Each company was required to provide intercompany transfers at market, in order to provide a degree of uniformity for industry financial data. * * *. Furthermore, all of the companies used various arbitrary allocation methods and their best estimates in the preparation of the financial data. Therefore the following financial data are still limited in their usefulness as a measure of profitability.

As set forth in table 11, total ASM sales by the three companies declined from $19.3 million in 1977 to $18.2 million in 1978 and then rebounded to $19.6 million in 1979, or by 2 percent during 1977-79. In January-June 1980 total ASM sales increased by 14 percent compared with the corresponding period of 1979, from $9.3 million to $10.7 million. However, it should be noted that while the monetary value realized from total sales increased slightly during 1977-79, the number of units (one unit equals 100 pounds) declined from 1,239,709 units in 1977 to 1,116,108 units in 1979, representing a decline of 10 percent. The rise in the dollar volume of sales was primarily due to increases in the average selling price of ASM.

1/ At the public hearing PQ pointed out that the Commission's financial data represented only 64 percent of domestic ASM sales in 1977, 59 percent in 1978, and 66 percent in 1979 (Transcript of Public Hearing, p. 22-23, 84).

Table 11.--Selected financial data for U.S. producers on their anhydrous sodium metasilicate operations, by plants and firms, 1977-79, January-June 1979, and January-June 1980

	Quantity sold	Net Sales	Cost of goods sold	Gross profit or (loss)	General, administrative, and selling expenses	Net operating profit or (loss)	Ratio of cost of goods sold to net sales	Ratio of net operating profit or (loss) to net sales
	100-pound units	1,000 dollars					Percent	
1977:								
PQ Corp:								
South Gate plant	***	***	***	***	***	***	***	***
Rahway plant	***	***	***	***	***	***	***	***
Utica plant	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Stauffer Chemical 1/	***	***	***	***	***	***	***	***
Diamond Shamrock	***	***	***	***	***	***	***	***
Total or average	1,239,709	19,262	13,631	5,631	1,631	4,000	70.8	20.8
1978:								
PQ Corp:								
South Gate plant	***	***	***	***	***	***	***	***
Rahway plant	***	***	***	***	***	***	***	***
Utica plant	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Stauffer Chemical 1/	***	***	***	***	***	***	***	***
Diamond Shamrock	***	***	***	***	***	***	***	***
Total or average	1,066,731	18,189	12,568	5,621	1,585	4,036	69.1	22.2
1979:								
PQ Corp:								
South Gate plant	***	***	***	***	***	***	***	***
Rahway plant	***	***	***	***	***	***	***	***
Utica plant	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Stauffer Chemical 1/	***	***	***	***	***	***	***	***
Diamond Shamrock	***	***	***	***	***	***	***	***
Total or average	1,116,108	19,592	14,079	5,513	1,828	3,685	71.9	18.8
January-June 1979:								
PQ Corp:								
South Gate plant	***	***	***	***	***	***	***	***
Rahway plant	***	***	***	***	***	***	***	***
Utica plant	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Stauffer Chemical 1/	***	***	***	***	***	***	***	***
Diamond Shamrock	***	***	***	***	***	***	***	***
Total or average	537,456	9,312	6,740	2,572	820	1,752	72.4	18.8
January-June 1980:								
PQ Corp:								
South Gate plant	***	***	***	***	***	***	***	***
Rahway plant	***	***	***	***	***	***	***	***
Utica plant	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Stauffer Chemical 1/	***	***	***	***	***	***	***	***
Diamond Shamrock	***	***	***	***	***	***	***	***
Total or average	528,208	10,652	7,577	3,075	1,015	2,060	71.1	19.3

1/ Stauffer Chemical profit-and-loss data includes such data on commercial shipments, but excludes data on intracompany transfers.

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

The aggregate net operating profit of the three companies declined from $4 million in 1977 and 1978 to $3.7 million in 1979. In January-June 1980 net operating profit increased by $308,000 compared with the corresponding period of 1979. In 1977-79, the ratio of net operating profit to net sales (net operating margins) increased from 20.8 percent in 1977 to 22.2 percent in 1978, even though net sales declined in that year; in 1979 the net operating margin declined to 18.8 percent. In January-June 1980, the net operating margin increased to 19.3 percent from 18.8 percent in the corresponding period of 1979.

* * * * * * *

* * * * * * *

Subsequent to its submission of its questionnaire, * * * submitted revised data on the transferring * * * at market price. 1/ The revised data deflate all the figures stated in table 11 except sales, but the data continue to show the same financial trend. Aggregate data on ASM and SMP are present in table 12.

1/ The revised data are included in the table in appendix G.

Table 12.--Selected financial data for U.S. producers on their anhydrous and penthydrate sodium metasilicate operations, 1977-79, January-June 1979, and January-June 1980

Item	1977	1978	1979	January-June-- 1979	January-June-- 1980
	Anhydrous sodium metasilicate				
Quantity sold (100 pound units)--	1,239,709	1,066,731	1,116,108	537,456	528,208
Net sales	19,262	18,189	19,592	9,312	10,652
Cost of goods sold	13,631	12,568	14,079	6,740	7,577
Gross profit	5,631	5,621	5,513	2,572	3,075
General, selling and administrative-expenses	1,631	1,585	1,828	820	1,015
Net operating profit	4,000	4,036	3,685	1,752	2,060
Cash flow from operations	4,688	4,712	4,397	2,073	2,436
Book value of fixed assets	5,971	6,285	6,805	6,429	6,798
Ratio of net operating profit to--					
Net sales	20.8	22.2	18.8	18.8	19.3
Book value of fixed assets	67.0	64.2	54.2	27.3	30.3
	Pentahydrate sodium metasilicate				
Quantity sold (100 pound units)--					
Net sales					
Cost of goods sold					
Gross profit					
General, selling and administrative expenses	*	*	*	*	*	*	*
Net operating profit					
Book value of fixed assets					
Ratio of net operating profit to--					
Net sales					
Book value of fixed assets					

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

Profit-and-loss experience of domestic producers of sodium metasilicate pentahydrate

The Commission requested profit-and-loss data from the five domestic producers of sodium metasilicate pentahydrate, and received usable data from three. These producers--PQ Corp., Diamond Shamrock, and Chemical Products Co.--accounted for * * * of total U.S. production of SMP and * * * of U.S. commercial shipments of SMP in 1979. As with ASM, each producer was required to provide intercompany transfer values at market rather than standard cost, in order to insure a measure of industrywide uniformity for the relevant financial data. * * *. Additionally, each producer used various arbitrary allocation methods and their best estimates in the preparation of the financial data. Therefore, the following financial data are still limited in their use as a measure of profitability.

As set forth in table 13, * * *.

* * * * * * *

Table 13.--Selected financial data for U.S. producers on their sodium metasilicate pentahydrate operations, by plants and firms, 1977-1979, January-June 1979, and January-June 1980

	Quantity sold	Net sales	Cost of goods sold	Gross profit	General, administrative, and selling expenses	Net operating profit	Ratio of cost of goods sold to net sales	Ratio of net operating profit to net sales
	100 pound units	1,000 dollars					Percent	
1977:								
The PQ Corp	***	***	***	***	***	***	***	***
Diamond Shamrock	***	***	***	***	***	***	***	***
Chemical Products	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***
1978:								
The PQ Corp	***	***	***	***	***	***	***	***
Diamond Shamrock	***	***	***	***	***	***	***	***
Chemical Products	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***
1979:								
The PQ Corp	***	***	***	***	***	***	***	***
Diamond Shamrock	***	***	***	***	***	***	***	***
Chemical Products	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***
January-June 1979:								
The PQ Corp	***	***	***	***	***	***	***	***
Diamond Shamrock	***	***	***	***	***	***	***	***
Chemical Products	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***
January-June 1980:								
The PQ Corp	***	***	***	***	***	***	***	***
Diamond Shamrock	***	***	***	***	***	***	***	***
Chemical Products	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***

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

U.S. Imports

Anhydrous sodium metasilicate

The only known source of U.S. imports of ASM is France; Rhone-Poulenc, S.A., Paris, France, is the only known French producer of this product. The Commission received questionnaires from two importers (Rhone-Poulenc, Inc., and Pariser Ind.) accounting for 100 percent of U.S. imports from France of the product under investigation.

Imports of ASM from France increased from 40,000 pounds in 1976 to 982,000 pounds in 1977, and then almost tripled to 2.7 million pounds in 1978, as shown in the following tabulation:

	Quantity (pounds)
1976	40,000
1977	982,400
1978	2,663,500
1979	5,506,100
Jan.-Sept.--	
1979	3,996,100
1980	4,072,100

In 1979, ASM imports from France increased more than 100 percent from the 1978 level to 5.5 million pounds. During January-September 1980, imports of ASM from France increased slightly, when compared with those in the corresponding period of 1979. Rhone-Poulenc USA's imports in January-September 1980 were almost the same as those during the corresponding period in 1979. Counsel for Rhone-Poulenc, Inc., has advised the Commission that its parent company has placed a voluntary 6.6 million pound (3,000 metric tons) limit on ASM exports to the United States.

Rhone-Poulenc, Inc., advised the Commission that it has warehouse facilities to service ASM imports in Miami, Los Angeles, San Francisco, Chicago, and New Brunswick, N.J. These regional warehouses service and facilitate the sale of ASM in their particular regional markets. Table 14 shows that through the end of 1978, the vast majority of Rhone-Poulenc's imports of ASM were entered through the Port of New York; they were marketed in the Northeastern United States. However, in 1979, only * * *percent of Rhone-Poulenc's ASM imports were marketed in that area. This seems to indicate that Rhone-Poulenc is expanding into new markets and is concentrating less on the Northeast. Imports of ASM into San Francisco for January-September 1980 * * * , when compared with the corresponding period of 1979. In 1980, Rhone-Poulenc USA began importing into Chicago, Ill.

Table 14.--Anhydrous sodium metasilicate: U.S. imports for consumption, by ports of entry, 1976-79, January-September 1979, and January-September 1980

(In thousands of pounds)

Year	New York	Miami	Los Angeles	San Francisco	Chicago	Total
1976	40	***	***	***	***	40
1977	982	***	***	***	***	982
1978	2,488	***	***	***	***	2,664
1979	4,300	***	***	***	***	5,506
January-September--						
1979	3,016	***	***	***	***	3,996
1980	2,526	***	***	***	***	4,072

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

Sodium metasilicate pentahydrate

In 1979, Rhone-Poulenc USA imported * * * of SMP from its parent company in France. * * *. Rhone-Poulenc informed the Commission that it has discontinued SMP imports.

U.S. shipments and inventories of the imported products

Anhydrous sodium metasilicate.--Shipments of imported ASM within the United States * * *.

* * * * * * *

Sodium metasilicate pentahydrate.--Inventories of imported SMP amounted * * * .

Table 15.--U.S. imports, shipments, and importer's end-of-period inventories, by U.S. importer's marketing areas, 1977-1979, January-September 1979 and January-September 1980

(Quantity in pounds)

Importation and market area	Imports for consumption	Imported ASM shipments	End-of-period inventories
1977:			
New York	***	***	***
Miami	***	***	***
Los Angeles	***	***	***
San Francisco	***	***	***
Chicago	***	***	***
Total (including other areas)	982,400	***	***
1978:			
New York	***	***	***
Miami	***	***	***
Los Angeles	***	***	***
San Francisco	***	***	***
Chicago	***	***	***
Total (including other areas)	2,663,500	***	***
1979:			
New York	***	***	***
Miami	***	***	***
Los Angeles	***	***	***
San Francisco	***	***	***
Chicago	***	***	***
Total (including other areas)	5,506,100	***	***
January-September 1979:			
New York	***	***	***
Miami	***	***	***
Los Angeles	***	***	***
San Francisco	***	***	***
Chicago	***	***	***
Total (including other areas)	3,996,100	***	***
January-September 1980:			
New York	***	***	***
Miami	***	***	***
Los Angeles	***	***	***
San Francisco	***	***	***
Chicago	***	***	***
Total (including other areas)	4,072,100	***	***

Consideration of the Causal Relationship between LTFV Imports and the Alleged Injury

Market penetration of LTFV imports

U.S. imports of ASM from France captured an increasing share of a declining U.S. ASM market during 1977-79. Such imports increased as a share of the total U.S. market, including captive use by the U.S. producers, from 0.5 percent in 1977 to 3.2 percent in 1979 (table 16). Imports from France increased their share of the commercial U.S. market, which excludes captive use by the U.S. producers, from 0.8 percent in 1977 to 4.4 percent in 1979. It should be noted that the total U.S. market declined by about 10 percent during 1977-79, while the commercial market suffered only a 2 percent decline. In January-June 1980, ASM imports from France slightly increased their share of the U.S. ASM market compared with the corresponding period in 1979. SMP imports have been insignificant. They were entered in only 1979, when they accounted for about * * * of apparent U.S. consumption.

Table 16.--Anhydrous sodium metasilicate: U.S. producers' domestic shipments, imports for comsumption, and apparent consumption for the, commercial markets and total markets, 1977-79, January-September 1979, and January-September 1980

Period	Shipments	Imports	Apparent consumption	Ratio of imports to apparent consumption
	Pounds	Pounds	Pounds	Percent
Commercial market: 1/				
1977	126,331,000	982,400	127,313,400	0.8
1978	114,169,000	2,663,500	116,832,500	2.3
1979	119,478,000	5,506,100	124,984,100	4.4
January-September--				
1979	79,595,000	3,996,100	83,591,100	4.8
1980	82,448,000	4,072,100	86,520,100	4.7
Total market: 2/				
1977	193,081,000	982,400	194,063,400	.5
1978	180,585,000	2,663,500	183,248,500	1.5
1979	169,223,000	5,506,100	174,729,100	3.2
January-September--				
1979	105,727,000	3,996,100	109,723,100	3.6
1980	102,991,000	4,072,100	107,063,100	3.8

1/ Excludes captive consumption.
2/ Includes captive consumption.

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

Market penetration of alleged LTFV imports in the package and bulk markets

Anhydrous sodium metasilicate is sold in two distinct markets. The first market is the large-volume contract market (or bulk market) where U.S. producers contract periodically with large-volume customers for ASM. Shipments to these large-volume customers are in bulk form, arriving in rail hopper cars and 2,000-pound bulk sacks. The second market is the package market, where customers purchase lesser quantities and pay list price for ASM. Shipments in the package market are made in 100-pound bags or 400-pound drums. Rhone-Poulenc competes only in the package market and only ships ASM in 100-pound bags. Rhone-Poulenc has informed the Commission that they are unable to compete in the large-volume bulk market because of difficulties in storage during transatlantic shipping. In 1979, the package market accounted for*** percent of commercial U.S. shipments of ASM. PQ Corp. sold approximately * * * of ASM to package market customers in 1979, which represented * * * of its commercial shipments in that year.

Since Rhone-Poulenc began importing significant quantities of ASM in 1977, the New York-New Jersey region has been the principal market for the imported product. In 1979, * * * of Rhone-Poulenc's ASM imports were marketed in the area surrounding the Port of New York.

The Commission received data on commercial bulk and package sales in the Northeast and nationwide markets from PQ, Stauffer, and Diamond Shamrock. These three U.S. ASM producers have accounted for approximately * * * of total commercial shipments during 1977-79. In the northeastern market, the three U.S. producers accounted for more than * * * of commercial shipments. It should be noted that only PQ has an ASM production plant in the northeastern market. Both Stauffer and Diamond shipped ASM into this region from Illinois and Texas. PQ accounts for approximately * * * of U.S. shipments in the northeastern market. The following shipments, apparent consumption, and penetration data are based on information supplied by the aforementioned three U.S. producers, and Rhone-Poulenc. At the public hearing PQ acknowledged that as a matter of law they could not argue regional injury because Stauffer and Diamond ship ASM from plants outside the northeast area. 1/

In the northeastern package market (consisting of New York, New Jersey, Pennsylvania, and Connecticut) imports of ASM from France captured an increasing share of a declining market during 1977-79. Such imports increased as a share of the commercial package market, from 5.5 percent in 1977 to 25.3 percent in 1979 (see table 17). In January-September 1980, ASM imports in the northeastern package market declined by 490,000 pounds from the 1979 level, but their share of the market increased by 0.3 percent because apparent consumption declined by 18 percent from that in the corresponding period of 1979. In the total northeastern commercial market, imports of ASM from France increased their share of that market from 4 percent in 1977 to 18 percent in 1979. From January to September 1980, imports accounted for 16.5 percent of the total market, decreasing from a 17-percent share of the market for the corresponding period of 1979.

1/ pg. 87 of hearing transcript.

Table 17.—Northeast market: 1/ U.S. shipments, imports, and apparent consumption, by markets, 1977-79, January-September 1979, and January-September 1980.

Period	Shipments	Imports	Apparent consumption	Ratio of imports to apparent consumption
	1,000 Pounds	1,000 Pounds	1,000 Pounds	Percent
Spot (package) market:				
1977	16,876	982	17,858	5.5
1978	12,958	2,300	15,258	15.0
1979	12,701	4,300	17,001	25.3
Jan.-Sept—				
1979	9,843	3,016	12,859	23.5
1980	8,065	2,526	10,591	23.8
Bulk market:				
1977	7,702	0	7,702	-
1978	6,403	0	6,403	-
1979	6,853	0	6,853	-
Jan.-Sept—				
1979	4,884	0	4,884	-
1980	4,712	0	4,712	-
Total market:				
1977	24,578	982	25,560	3.8
1978	19,361	2,300	21,661	11.9
1979	19,554	4,300	23,854	18.0
Jan.-Sept—				
1979	14,727	3,016	17,743	17.0
1980	12,777	2,526	15,303	16.5

1/ Consists of New York, New Jersey, Pennsylvania, and Connecticut.

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

Data on domestic shipments of ASM by producers, markets, areas, and types are presented in table 18, and data on import penetration in the package and bulk markets for the United States as a whole are shown in table 19.

Table 18.--Anhydrous sodium metasilicate: Domestic shipments of ASM, by areas, producers, and markets, 1977-79, January-September 1979, and January-September 1980

(In thousands of pounds)

Areas and firms	1977			1978			1979			January-Sepetmber 1979			January-September 1980		
	Bulk	Package	Total	Bulk	Package	Total	Bulk	Package	Total	Bulk	Package	Total	Bulk	Package	Total
New York, New Jersey, Pennsylvania, and Connecticut:															
PQ Corp-------	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Diamond Shamrock Corp---	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Stauffer Chemical Co----------	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mayo Products Co----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total-----	7,702	16,876	24,578	6,403	12,958	19,361	6,853	12,701	19,554	4,884	9,843	14,727	4,712	8,065	12,777
Other:															
PQ Corp-------	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Diamond Shamrock Corp---	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Stauffer Chemical Co----------	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mayo Products Co----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total:															
PQ Corp-------	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Diamond Shamrock Corp---	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Stauffer Chemical Co----------	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Mayo Products Co----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***

1/ Not available.

Source:

Table 19.—Total Domestic Market: U.S. shipments, imports, and apparent consumption and ratio of imports to apparent consumption, by markets 1977-1979 January-September 1979, and January-September 1980

Year	Shipments	Imports	Apparent consumption	Ratio of imports to apparent consumption
	1,000 pounds	1,000 pounds	1,000 pounds	Percent
Package market:				
1977	***	982	***	***
1978	***	2,664	***	***
1979	***	5,506	***	***
Jan.-Sept--				
1979	***	3,996	***	***
1980	***	4,072	***	***
Bulk market:				
1977	***	0	***	***
1978	***	0	***	***
1979	***	0	***	***
Jan.-Sept—				
1979	***	0	***	***
1980	***	0	***	***
Total market:				
1977	***	982	***	***
1978	***	2,664	***	***
1979	***	5,506	***	***
Jan.-Sept--				
1979	***	3,996	***	***
1980	***	4,072	***	***

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

Prices of anhydrous sodium metasilicate

Prices of ASM for bulk market customers are offered on a list price basis (table 20). However, it is an accepted industry practice for producers to offer their largest customers * * * discount from the published list price, as * * *. Both Rhone-Poulenc and PQ agree that there is no competition between exports and domestically produced ASM in the large-volume bulk market. It is in the package market that Rhone-Poulenc and the domestic producers compete.

Table 20.--Anhydrous Sodium Metasilicate: Contract list prices 1/ for PQ Corp., Diamond Shamrock, and Stauffer, by specified periods, January 1977-September 1980.

(Price in dollars per 100 pound unit)

Period	PQ Corp.	Diamond Shamrock Corp.	Stauffer
1977:			
January-March	$15.80	-	$15.80
April-June	15.80	-	15.80
July-September	15.80	-	15.80
October-December	15.80	-	17.25
1978:			
January	17.25		17.25
February	17.25		17.25
March	17.25		17.25
April	17.25	***	17.25
May	17.25	***	17.25
June	17.25	***	17.25
July	17.25	***	17.25
August	17.25	***	17.25
September	17.25	***	17.25
October	17.25	***	17.25
November	17.25	***	17.25
December	17.25	***	17.25
1979:			
January	17.25	***	17.25
February	18.50	***	17.25
March	18.50	***	17.25
April	18.50	***	18.50
May	18.50	***	18.50
June	18.50	***	18.50
July	18.50	***	18.50
August	18.50	***	18.50
September	18.50	***	18.50
October	18.50	***	20.35
November	20.35	***	20.35
December	20.35	***	20.35
1980:			
January	20.35	***	20.35
February	20.35	***	20.35
March	20.35	***	20.35
April	22.20	***	22.80
May	22.20	***	22.80
June	22.20	***	22.80
July	22.20	***	22.80
August	22.20	***	22.80
September	22.20	***	22.80

1/ The price given is the freely offered list bulk contract price for ASM.

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

Each domestic producer has a nationwide list price for the package market and sells all its ASM f.o.b. point of shipment. Since there is freight equilization in the industry, the point of shipment is considered to be the ASM plant located nearest to the purchaser. Rhone-Poulenc's prices sometimes differ on the basis of geographical area, and are all f.o.b. Rhone-Poulenc's warehouse. However, Rhone-Poulenc will * * *. As set forth in table 21. 1/ Rhone-Poulenc maintained a price of $13.75 (per 100-pound unit) from April 1977 through May 1978 in the New York metropolitan area. PQ's unit price during the same period went from $16.70 to $18.60, while Diamond's price * * * and Stauffer increased its price from $17.15 to $18.60. Thus, the imported product was $3.40 to $4.85 less than the domestic product in 1977, and $4.50 to $4.85 less than the domestic product during the first five months of 1978. The imported price in the New York area climbed to $15.25 per unit in the last quarter of 1978, which still gave the imported product a $3.00 to $3.35 advantage.

In the Miami area the imported ASM ranged in price from $14.50 per unit for the first quarter of 1978 to $15.50 per unit for the balance of the year. At the same time the domestic producers were selling ASM for $18.25 to $18.60 per unit, which gave the importers a $2.75 to $3.10 advantage for most of the year.

Rhone-Poulenc informed the Commission that it was able to secure low-cost shipping tariffs to the Pacific coast because of an unique "backhaul" arrangement with the * * *. Thus Rhone-Poulenc was able to market * * *.

During 1979, Rhone-Poulenc's prices in the San Franciso and Los Angeles area held steady at $17.50. During the same time period, average domestic prices rose from $18.60 to $21.90, giving the imported material an advantage of $4.40 by the end of the year. In addition to the lower price for the imported ASM in the San Francisco area, purchasers of the imported material saved an additional $1.10 in freight costs that would be paid if they purchased the domestic product. 2/ By the end of 1979, Rhone-Poulenc's Miami price was $16.50, which was $5.40 less than the domestic price. Finally, Rhone-Poulenc's price in December 1979 for the New York area was $18.00, or $3.90 less than the domestic price.

The underselling trend continued in 1980, with Rhone-Poulenc's price increasing to $22.50 for all marketing areas in April. At the same time, the major domestic producers raised their prices to $23.90 (* * *) and $24.55 (Stauffer), therefore making the imported product $1.40 to $2.05 less expensive. Over the period of January, 1977 to September, 1980, PQ and Stauffer raised their prices 43 percent, and Diamond raised its price *** percent. Rhone-Poulenc's prices increased 64 percent. The current $1.40 to $2.05 price difference between the imported and the domestic product is the lowest during the period studied. The LTFV margins found by Commerce account for virtually all of the underselling of the U.S. product by Rhone-Poulenc.

1/ Since all ASM is competitive there are no breakouts of Rhone-Poulenc's different ASM grades in table 21.

2/ Transcript of Public Hearing, p. 166.

Table 21.--Anhydrous Sodium Metasilicate: Package market sale prices for PQ Corp., Diamond-Shamrock, Stauffer, and Pennwalt (Mayo), by market areas and by specified periods, January 1977-September 1980.

(Per 100 pound units)

Period	Rhone-Poulenc, Inc. New York 1/ metro area	Rhone-Poulenc, Inc. Los Angeles metro area	Rhone-Poulenc, Inc. San Francisco metro area	Rhone-Poulenc, Inc. Miami metro area	Rhone-Poulenc, Inc. Chicago metro area	PQ Corp. (nationwide)	Diamond shamrock (nationwide)	Stauffer (nationwide)	Pennwalt (Mayo) (nationwide)
1977:									
January-March	-	-	-	-	-	$16.70	***	&17.15	
April-June	$13.75				-	17.15	***	17.15	
July-September	13.75				-	17.15	***	17.15	
October-December	13.75				-	17.15	***	18.60	
1978:									
January	13.75			$14.50	-	18.60	***	18.60	
February	13.75			14.50	-	18.60	***	18.60	
March	13.75			14.50	-	18.60	***	18.60	
April	13.75			15.50	-	18.60	***	18.60	
May	13.75			15.50	-	18.60	***	18.60	
June	14.00			15.50	-	18.60	***	18.60	
July	14.25			15.50	-	18.60	***	18.60	
August	14.25			15.50	-	18.60	***	18.60	
September	14.75			15.50	-	18.60	***	18.60	
October	15.25			15.50	-	18.60	***	18.60	
November	15.25			15.50	-	18.60	***	18.60	
December	15.25			15.50	-	18.60	***	18.60	
1979:									
January	15.25	$17.50	$17.50	14.50	-	18.60	***	18.60	
February	15.25	17.50	20.00	15.50	-	18.60	***	18.60	
March	15.25	17.50	17.50	15.50	-	19.90	***	18.60	
April	15.25	17.50	17.50	15.50	-	19.90	***	19.90	
May	16.50	17.50	17.50	15.50	-	19.90	***	19.90	
June	16.50	17.50	17.50	17.50	-	19.90	***	19.90	
July	16.00	17.50	17.50	16.50	-	19.90	***	19.90	
August	17.50	17.50	17.50	16.50	-	19.90	***	19.90	
September	17.00	17.50	17.50	16.50	-	19.90	***	19.90	
October	17.50	17.50	17.50	16.50	-	21.90	***	21.90	
November	19.00	17.50	17.50	16.50	-	21.90	***	21.90	
December	18.00	17.50	17.50	16.50	-	21.90	***	21.90	
1980:									
January	18.50	19.50	18.50	18.50	-	21.90	***	21.90	
February	18.50	19.50	18.50	18.50	-	21.90	***	21.90	***
March	18.50	19.50	18.50	18.50	-	23.90	***	21.90	***
April	22.50	22.50	22.50	22.50	-	23.90	***	24.55	***
May	22.50	22.50	22.50	22.50	-	23.90	***	24.55	***
June	22.50	22.50	22.50	22.50	-	23.90	***	24.55	***
July	22.50	22.50	22.50	22.50	-	23.90	***	24.55	***
August	22.50	22.50	22.50	22.50	-	23.90	***	24.55	***
September	22.50	22.50	22.50	22.50	-	23.90	***	24.55	***

1/ ***
2/ ***
3/ ***
4/ ***

Source: Compiled from data submitted in response to U.S. International Trade Commission questionnaires, and stated sources.

Prices of sodium metasilicate pentahydrate

As with ASM, there are two distinct types of markets for SMP. The first is the bulk market, where the producer contracts on a periodic basis with large-volume purchasers of SMP. The second, and more profitable market, is the package market. Purchasers pay a list price for the SMP, and buy it in varying quantities.

The price of SMP has risen steadily since 1977. The average package market price of the three major producers (* * * (see table 22). At the same time, the average bulk contact price has risen from * * * (see table 23).

Sales of SMP by the importer, Rhone-Poulenc, have been * * *. During January-September 1980, importer's sales of SMP have been * * * pounds. During the corresponding period in 1979 importer's sales had been * * * pounds. Rhone-Poulenc has advised the Commission that it is * * * .

According to industry sources, the decline in apparent consumption of sodium metasilicate has been primarily the result of partial replacement of ASM in detergent formulations by less-expensive sources of alkali such as caustic soda or soda ash. Data presented in table 24 indicate that prices of these substitute products did decline in relation to sodium metasilicate prices (both ASM and SMP) during the 1977-79. While the index of sodium metasilicate prices increased by 39 percent between January 1977 and January 1980, the index of caustic soda prices actually fell by 12 percent during this period. Although the price of soda ash rose by 36 percent during this time span, the increase was still smaller than that recorded for sodium metasilicate.

However, between January and September of 1980, prices of caustic soda and soda ash have both increased much more rapidly than prices of sodium metasilicate. During this 8-month period, the index of caustic soda prices rose by 28 percent, and the index of soda ash prices climbed by 40 percent. By contrast, the index of sodium metasilicate prices increased by only 7 percent during the period.

Table 22.--Sodium Metasilcate Pentahydrate: Package market sales prices for PQ Corp., Diamond Shamrock, Stauffer, and Chemical Products Co. 1/, by specified periods January-1977-September 1980

(Per 100-pound unit)

Period	PQ	Diamond shamrock	Stauffer	Chemical products Co.
1977:				
January-March	$12.70	***	$12.70	***
April-June	12.70		12.70	
July-September	12.70		12.70	
October-December	12.70		13.75	
1978:				
January-March	13.75		13.75	
April-June	13.75		13.75	
July-September	13.75		13.75	
October-December	13.75		13.75	
1979:				
January	13.75		13.75	
February	13.75		13.75	
March	14.75		13.75	
April	14.75		14.75	
May	14.75		14.75	
June	14.75		14.75	
July	14.75		14.75	
August	14.75		14.75	
September	14.75		14.75	
October	16.25		16.25	
November	16.25		16.25	
December	16.25		16.25	
1980:				
January	16.25		16.25	
February	16.25		16.25	
March	16.25		16.25	
April	17.70		18.20	
May	17.70		18.20	
June	17.70		18.20	
July	17.70		18.20	
August	17.70		18.20	
September	17.70		18.20	

1/ Pentahydrate pricing information was unavailable from

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

Table 23.--Sodium Metasilicate Pentahydrate: Bulk market sales prices for PQ Corp., Diamond Shamrock, Stauffer, and Chemical Products Co., 1/ by specified periods, January 1977-September 1980

(Per 100-pound unit)

Period	PQ Corp.		Diamond Shamrock	Stauffer	Chemical Products Co.
	BASF Wyandotte	Economics Labs			
1977:					
January-March	***	***	***	***	***
April-June	***	***	***	***	***
July-September	***	***	***	***	***
October-December	***	***	***	***	***
1978:					
January-March	***	***	***	***	***
April-June	***	***	***	***	***
July-September	***	***	***	***	***
October-December	***	***	***	***	***
1979:					
January	***	***	***	***	***
February	***	***	***	***	***
March	***	***	***	***	***
April	***	***	***	***	***
May	***	***	***	***	***
June	***	***	***	***	***
July	***	***	***	***	***
August	***	***	***	***	***
September	***	***	***	***	***
October	***	***	***	***	***
November	***	***	***	***	***
December	***	***	***	***	***
1980:					
January	***	***	***	***	***
February	***	***	***	***	***
March	***	***	***	***	***
April	***	***	***	***	***
May	***	***	***	***	***
June	***	***	***	***	***
July	***	***	***	***	***
August	***	***	***	***	***
September	***	***	***	***	***

1/ Pentahydrate information was unavailable from Penwalt (Mayo).
2/ Information on pricing was unavailable for this time period.

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

Table 24.--Indexes of wholesale prices for industrial chemicals, basic inorganic chemicals, sodium metasilicate, sodium hydroxide, and sodium carbonate, by months, January 1977-September 1980.

(January 1977=100)

Period	Industrial chemicals	Basic inorganic chemicals	Sodium meta-silicate	Sodium hydroxide (caustic soda)	Sodium carbonate (soda ash)
1977:					
January	100.0	100.0	100.0	100.0	100.0
February	100.5	100.8	102.7	99.2	99.6
March	100.3	100.5	105.0	98.3	100.1
April	100.9	101.4	105.0	98.3	100.7
May	101.2	101.9	105.0	99.2	102.9
June	101.2	101.6	105.0	99.4	102.1
July	101.4	102.0	104.7	99.5	102.5
August	101.3	101.7	104.9	99.6	103.8
September	101.1	101.8	105.1	100.2	103.8
October	101.5	102.8	105.0	102.4	103.8
November	101.6	103.0	105.1	100.2	103.9
December	101.7	103.2	105.4	100.1	103.8
1978:					
January	101.2	103.5	111.3	98.7	101.8
February	101.2	103.3	112.1	97.3	102.7
March	101.2	104.0	114.2	95.6	107.6
April	101.2	104.2	114.6	94.4	107.6
May	101.1	104.4	114.6	92.6	107.6
June	101.1	105.3	114.5	96.2	115.5
July	101.6	105.6	114.7	95.2	115.5
August	102.2	106.0	113.8	95.5	118.1
September	102.2	106.4	114.5	95.5	118.1
October	102.9	106.5	115.1	96.0	118.1
November	102.6	106.5	114.4	95.7	122.0
December	103.4	107.2	114.4	95.5	122.0
1979:					
January	105.6	108.1	114.3	91.6	125.3
February	107.1	109.2	114.4	90.1	129.3
March	108.2	109.2	114.6	87.7	129.3
April	112.0	109.3	119.9	87.5	129.3
May	115.3	109.5	122.2	87.3	129.3
June	117.0	110.1	122.5	87.4	132.6
July	112.0	110.9	122.0	86.6	132.6
August	125.0	111.5	122.5	87.0	135.9
September	126.4	112.7	122.1	87.8	135.9
October	128.9	112.7	134.3	87.7	135.9
November	130.1	113.3	138.0	88.0	135.9
December	131.9	114.2	139.0	87.6	135.9
1980:					
January	136.7	115.9	138.8	88.5	135.9
February	138.9	118.8	139.1	93.8	136.8
March	141.4	122.7	139.1	95.0	150.2
April	145.4	124.4	138.4	96.3	165.9
May	148.2	126.2	143.7	100.1	165.8
June	147.7	126.5	150.7	102.8	-
July	147.9	128.3	151.0	105.9	165.1
August	148.5	132.3	151.0	112.3	190.1
September	147.2	134.0	148.1	113.0	190.3

1/ Includes anhydrous sodium metasilicate and sodium metasilicate pentahydrate.

Source: U.S. Bureau of Labor Statistics.

Lost sales

* * * supplied the Commission with a list of 25 different firms to which they allegedly lost sales of ASM because of alleged LTFV imports from France. The Commission contacted 12 of these firms, and was able to confirm 10 lost sales totaling 3.5 million pounds with an approximate value of $660,000. * * * of these lost sales totally switched ASM purchases to the imported product. Futhermore, through information obtained from * * * and other industry sources, the Commission was able to determine an additional lost sale of 228,000 pounds, valued at $43,320. Of those firms which bought the imported material, *** were found to have switched their purchases entirely to the imported ASM.

In all 12 instances of alleged lost sales, price was given by the purchasers as the principal reason for switching to the imported product. The majority of the purchasers contacted stated that they had to purchase the lower price imported product to keep their selling price down to a competitive level in the open market. Several stated that they thought the lower priced imported ASM was a factor in moderating prices of the domestic ASM. * * *, informed the Commission that the imported material was of poorer quality than the domestic, but the other purchasers contacted saw no discernible difference, nor any effect on their end product. * * *, stated that * * * shipped a gray-colored ASM from * * * which was returned by the purchaser. In 1980, * * * purchased * * * pounds of ASM from Rhone-Poulenc. * * * purchase of the imported material was subsequent to an increase in the price of domestic ASM and before * * * was able to raise its ASM price. (See March 1980 ASM pricing data, table 18, for * * *.) In effect, * * * made a double saving on this purchase. Approximately 4 or 5 months ago, * * * switched from buying ASM in bags to buying ASM in bulk lots, and has ended its purchases of the imported material. Its major suppliers are * * *.

* * *, informed the Commission that it had switched back to * * * when the ASM antidumping investigation was instituted. The * * * has been buying ASM for its * * * since the mid-1950's. The contract is awarded on price, and in 1980 was granted to * * * ASM annually, and the contracts formerly went to domestic manufacturers.

At the Commission's hearing, Mr. John Prinvale, President, M and M Enterprises, San Carlos, Calif., informed the Commission that large volume users of ASM were installing bulk liquid silicate and caustic soda tanks to change from using ASM, owing to its high cost. He stated that he believed

Details of the lost sales are as follows:

Purchasing company	Seller	Actual lost sales	
		Quantity	Value
		Pounds	
***			
***	***	***	***
***			
***	***	***	***
***			
***			
***	***	***	***
***			
***	***	***	***
***			
***	***	***	***
***			
***	***	***	***
***			
***	***	***	***
***			
***	***	***	***
***			
***			
***			
***	***	***	***
***			
***	***	***	***
***			
***			
***			
***	***	***	***
Total		3,721,600	704,930(E)

1/ * * *.

Source: Information obtained in response to ITC questionnaires and telephone coversations.

Diamond Shamrock was doing most of this installation. 1/ The Commission staff contacted Diamond Shamrock regarding this alleged switch from ASM, and was informed * * *. Diamond Shamrock also stated that * * *.

Finally, the Commission was able to determine that * * * imported from Rhone-Poulenc SA (France), or bought from Rhone-Poulenc, Inc. (USA), a total

1/ Hearing transcript, p. 165.

of * * *, valued at * * *. * * *, the president of the company, has alleged that PQ will not sell ASM to his company, and he was forced to turn to * * * for his source. * * * currently has a related lawsuit pending against * * *. If * * * is counted as a lost sale, the totals would increase substantially to * * * confirmed as being lost sales, with an approximate aggregate value of * * *.

APPENDIX A

UNITED STATES INTERNATIONAL TRADE COMMISSION'S PRELIMINARY REASONABLE INDICATION OF INJURY DETERMINATION

INTERNATIONAL TRADE COMMISSION

Appointment of Individuals To Serve as Members of Performance Review Boards

AGENCY: United States International Trade Commission.

ACTION: Appointment of individuals to serve as members of Performance Review Boards.

SUPPLEMENTARY INFORMATION: The Chairman of the U.S. International Trade Commission has appointed the following individuals to serve on the Commission's Performance Review Boards (PRB):

Chairman of PRB—Commissioner Michael J. Calhoun.
Member—Commissioner Catherine Bedell.
Member—Commissioner Paula Stern.
Member—Charles W. Ervin.
Member—Norman S. Fieleke.
Member—Norris A. Lynch.
Member—Russell N. Shewmaker.
Member—Michael H. Stein.

Notice of these appointments is being published in the Federal Register pursuant to the requirement of 5 U.S.C. 4314(c)(4).

FOR FURTHER INFORMATION CONTACT: Terry P. McGowan, Director of Personnel, U.S. International Trade Commission (202) 523-0182.

By order of the Chairman.
Issued: July 2, 1980.
Kenneth R. Mason,
Secretary.

[FR Doc. 80-20493 Filed 7-8-80; 8:45 am]
BILLING CODE 7020-02-M

[Investigation No. 731-TA-25 (Preliminary)]

Anhydrous Sodium Metasilicate From France

Determination

On the basis of the record in investigation No. 731-TA-25 (Preliminary), the Commission unanimously determines that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury [1] by reason of imports from France of anhydrous sodium metasilicate, provided for in item 421.34 of the Tariff Schedules of the United States (TSUS), which are allegedly sold or likely to be sold at less than fair value (LTFV).

[1] Chairman Alberger found reasonable indication of material injury only.

Background

On May 15, 1980, the U.S. International Trade Commission and the Department of Commerce each received a petition from PQ Corp., Valley Forge, PA., alleging that anhydrous sodium metasilicate is being, or is likely to be, sold in the United States at less than fair value. Accordingly, the Commission instituted a preliminary antidumping investigation under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from France of anhydrous sodium metasilicate, provided for in item 421.34 of the TSUS, allegedly sold or likely to be sold at less than fair value. The statute directs that the Commission make its determination within 45 days of its receipt of the petition, or in this case by June 30, 1980.

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's Office in New York City, and by publishing the notice in the Federal Register of May 29, 1980 (45 FR 36228). A public conference was held in Washington, D.C., on June 13, 1980.

In arriving at its determination, the Commission has given due consideration to the information provided by the Department of Commerce, to all written submissions from interested parties, and to information adduced at the conference and obtained by the Commission's staff from questionnaires, documented personal interviews, and other sources, all of which have been placed on the administrative record of this preliminary investigation.

On June 4, 1980 the Department of Commerce issued a notice announcing that it had found the petition to be properly filed within the meaning of its rules and that it was instituting an investigation. Notice to such effect was published in the Federal Register of June 10, 1980 (45 FR 39324). The product scope of the Commerce investigation is the same as that instituted by the Commission.

Views of Chairman Bill Alberger and Vice Chairman Michael J. Calhoun

Determination and Conclusion of Law

On the basis of the record developed in investigation No. 731-TA-25 (Preliminary), we determine that there is a reasonable indication that an industry in the United States is materially injured [2] by reason of imports from France of anhydrous sodium metasilicate, allegedly sold or likely to be sold at less than fair value (LTFV).

Discussion

In this investigation, we consider the relevant domestic industry to be comprised of the four firms currently producing anhydrous sodium metasilicate (ASM) in the United States. Section 771(4) of the Tariff Act of 1930 (19 U.S.C. 1677(4)) provides, in part, guidance for determining what constitutes a domestic industry 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 producer's 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.

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

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.

ASM, the imported product alleged to be sold at LTFV, is a sodium silicate product made primarily for use by the detergent industry. Sodium metasilicate is used by the detergent industry as a source of alkali, one of the main cleaning components of detergent. Sodium metasilicate in either its Sodium Metasilicate Penthydrate form (SMP) or ASM form is more desirable than other sources of alkali because of such inherent characteristics as better wetting powers and better neturalization of acidic soils. However,

[2] Commissioner Calhoun found both material injury and threat thereof.

the SMP and ASM forms of sodium metasilicate are not interchangeable in most formulations of detergent. Though both have a sodium metasilicate base, they are manufactured by different processes and provide different properties for the users. It is my view that they are separate and distinct, and that injury can and should be assessed by analysis of the production and profitability of ASM operations as the like product and relevant product line.

Indication of Material Injury

France is the only known source of ASM imports to the United States and all such imports are produced by Rhone-Poulenc. In 1976 only a small amount of imported ASM from France appeared on the U.S. market. Since that time, import levels have increased consistently and substantially. In addition, the importers have expanded from their initial marketing area from the Northeast U.S. to new markets throughout the country.

From 1977 to 1979, shipments of ASM by domestic producers have declined by 7.5 percent. Domestic capacity to produce ASM has declined 21 percent over the same period. Declining demand was given as the reason for the closing of one domestic ASM plant in 1978. The Commission staff confirmed 9 instances of lost sales from information supplied by U.S. producers. In every instance, price was the reason purchasers gave for switching to the imported product. Purchasers did not substantiate the claims by importers that qualify differences were critical in decisions to switch from the domestic product to the imported product.

The petitioner noted that it sells ASM in two distinct markets, namely the large volume contract market and the spot market. Imported ASM and the domestic product compete in the spot market. Though smaller than the large volume contract market, the spot market comprises a substantial amount of the domestic commercial market for ASM. It is this market where small order customers purchase lesser quantities and pay list price for ASM. All sales lost to importers have occured in this spot market. Both petitioner and Rhone-Poulenc agree that there is currently no market penetration by imports in the large volume contract market.

In a price comparison between domestic and imported ASM, alleged LTFV imports consistently undersold the domestic market by $1.40 to $4.85 per 100-pound unit during the 1977–1979 period. Increases in the ASM raw material costs have exceeded all price increases made by the petitioner since January 1, 1977. Further, the rise in the general industrial commodities price index has also exceeded the price index rise of sodium metasilicate, the basic ingredient of ASM.

Based on declining domestic shipments, sharply increasing imports from France, clear price underselling, lost sales on the basis of price at margins of underselling roughly equal to the alleged LTFV margins, evidence of price suppression, declining profits and employment, and rising inventories, it is clear that this case should continue. There is a reasonable indication of material injury[3] to the domestic industry producing ASM by reason of imports of such product from France alleged to be sold at LTFV.

Findings of Fact[4]

The following findings of fact are relevant to our determination in the investigation. To the extend data are available, these findings contain our analysis of the statutory criteria required by section 771(7) (B) and (C) of the Tariff Act of 1930.

Volume of Imports

1. Imports from France of Anhydrous Sodium Metasilicate (ASM) increased from a small amount in 1976 to a significant level in 1977, and in 1978 almost tripled their 1977 mark. In 1979, French imports doubled their 1978 level.

2. ASM imports from France have taken an increasing share of a declining domestic market during 1977–1979.

The Effect of Imports on Prices

3. During the period 1977–79 ASM imports from France consistently undersold the domestic product by $1.40 to $4.85 per 100 pound unit in the spot market. (Report, at pp. A–26–29; table 8) (Public version A–19–23, table 8)

4. The alleged LTFV margins, which ranged from 22 to 46 percent during the period 1977–80, account for most, if not all, of the underselling of the U.S. product by Rhone-Poulenc, the French producer and sole exporter to the U.S. market. (Report, at pp. A–2, 28) (Public version pp. A–1, 19)

5. Prices of PQ Corp.'s product have risen by 29 percent since January 1, 1977, while raw material costs have risen by 52 percent and the general industrial commodities price index has risen by 42 percent during the same period. (Transcript of public conference, June 13, 1980, at p. 10)

Impact on the Affected Industry

6. Between 1977 and 1979 U.S. ASM capacity fell by 21 percent, commercial shipments by domestic producers declined by 7.5 percent, domestic producers' inventories rose irregularly, industry employment declined, and 78–79 industry profit ratios fell. (Report at pp. A–12–16, 19–22; tables 1, 3, 5, and 6) (Public version pp. A–8–11, 13–15; tables 1, 3, 5, and 6)

7. The Commission was able to confirm that in 9 specific cases, sales totalling about 2.3 million pounds in quantity and $376,000 in value were lost by domestic producers to the alleged LTFV imports. Purchasers gave price as the reason for switching from domestic ASM to the imported product. None of the firms gave quality as the reason. (Report at pp. A–24–26) (Public version at p. A–18, 19)

8. A majority of the purchasers contacted by the Commission stated that lower priced imported ASM was a factor in moderating the price of the domestic product. (Report, at p. A–26) (Public version p. A–19)

9. No information was obtained by the Commission with respect to investment, return on investment or cash flow.

10. Information on wages obtained by the Commission was not complete. Wages paid to production and related ASM workers for each period during 1977 to March 1980 was not reported by all producers.

Supporting Statement by the Acting Director of Operations for an Affirmative Preliminary Determination on Anhydrous Sodium Metasilicate From France (Investigation No. 731-TA-25 (Preliminary))[5]

I. Recommendation

On the basis of my review of the information developed during this investigation, I recommend that the Commission determine that there is a reasonable indication that an industry in the United States is materially injured or is threatened with material injury by reason of the importation of anhydrous sodium metasilicate from France that is allegedly sold in the United States at less than fair value. The question of material retardation of the establishment of an industry in the United States is not an issue in this investigation as there are four companies producing anhydrous sodium metasilicate in the United States.

[3] Commissioner Calhoun voted for both material injury and threat thereof.

[4] We concur generally with the analysis made by the Acting Director of Operations and include his statement for informational purposes at the end of our opinion at page 9–10.

[5] We concur generally with this analysis made by the Acting Director of Operations and include it at the end of our opinion for informational purposes.

II. The Industry

The industry in the United States is composed of four U.S. firms producing anhydrous sodium metasilicate (hereafter referred to as ASM). In 1979 they collectively produced 165 million pounds of ASM. A substantial portion of their production is used captively by the U.S. producers in the production of other products.

III. Material Injury

(1) U.S. imports of ASM from France are all alleged to be at LTFV prices, and all are produced by Rhone-Poulenc. Imports from France, the only known source of U.S. imports of ASM, increased from a minimal amount in 1976 to a significant level in 1977, and in 1978 almost tripled from the 1977 levels. Imports of alleged LTFV imports of ASM from France more than doubled in 1979 from their 1978 levels.

(2) U.S. producers' commercial shipments of ASM declined by 7.5 percent from 1977 to 1979.

(3) U.S. industry capacity to produce ASM in 1979 declined 21 percent from its 1977 level.

(4) Two U.S. producers supplied the Commission with a list of purchasing firms from which they allegedly lost sales of ASM to alleged LTFV imports from France. The Commission staff was able to confirm nine lost sales totaling approximately 2.3 million pounds, with an estimated value of $376,000. In all nine lost sales, price was given by the purchasers as the reason for switching to the imported product. Arguments that quality differences between the domestic producer's product and the imported product accounted for the switch to the imported material were not supported by the purchasers' responses. Lost sales confirmed by the staff, although heaviest in the Northeastern States, were present in other parts of the United States as well.

(5) A price comparison of domestic and imported ASM allegedly sold at LTFV indicated that imports consistently undersold the domestic product by $1.40 to $4.85 per 100-pound unit during the 1977–79 period. The alleged LTFV margins, ranging from 22–46 percent during the period 1977–80, could have accounted for most, if not all, of the margins of underselling of the U.S. product by Rhone-Poulenc. The underselling of the U.S. product has occurred in all parts of the United States in which Rhone-Poulenc sells the alleged LTFV merchandise.

IV. Threat of Material Injury

(1) While apparent U.S. consumption of ASM was declining in the commercial, captive and total markets from 1977 through 1979 U.S. imports of ASM from France accounted for an increasing share of the declining U.S. market. Such imports increased as a share of the U.S. aggregate market from less than 1 percent in 1977 to nearly 5 percent in 1979.

(2) Alleged LTFV imports are currently being marketed in the New York Metropolitan area; Miami, Florida; and in Los Angeles and San Francisco, California. The importer has announced plans to enter the Midwest market through Chicago, Illinois.

Statement of Reasons of Commissioners George M. Moore and Catherine Bedell

On the basis of the information available in investigation No. 731-TA-25 (Preliminary), we determine that there is a reasonable indication that an industry in the United States is materially injured (or threatened with material injury) by reason of the inportation from France of anhydrous sodium metasilicate, provided for in item 421.34 of the Tariff Schedules of the United States, allegedly sold at less than fair value.

The following findings and conclusions, which are based on the record in this investigation, support our determination.

Domestic Industry

The first question which we must answer concerns what is the industry against which the impact of the subject imports must be assessed. The term "industry" is defined in section 771(4)(A) of the Tariff Act of 1930 (19 U.S.C. 1677(4)(A)) as meaning "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 producton of that product." The term "like product" is further defined in section 771(10) of the Tariff Act as meaning "a product which if like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ."

In the present case we find the industry to consist of the four U.S. firms producing anhydrous sodium metasilicate (hereinafter ASM).[6] Each of these firms is vertically integrated, and each internally consumes a part of its own ASM production in the formulation of detergent mixtures for its laundry products division.[7]

The Question of Reasonable Indication of Material Injury

Section 703(a) of the Tariff Act directs that the Commission "shall make a determination, based upon the best information available to it at the time of the determination . . . ." Section 771(7)(A) defines the term "material injury" to mean "harm which is not inconsequential, immaterial, or unimportant." And sections 771(7) (B) and (C) direct that the Commission, in making its determination, consider, among other factors, (1) the volume of imports of the merchanise which is the subject of the investigation, (2) the effect of imports of such merchandise on prices in the United States for like products, and (3) the impact of imports of such merchandise on domestic producers of like products. In light of these directives, we base our decision on the findings of fact and conclusions of law discussed below.

Volume of imports. With regard to the volume of imports, the record shows that ASM imports from France increased from *** pounds in 1976 to *** pounds in 1977, *** pounds in 1978, and *** pounds in 1979.[8] Imports were *** pounds and *** pounds in January-March 1979 and 1980, respectively.[9] All the ASM imports from France are manufactured by Rhone-Poulenc, S.A., of Paris.[10]

ASM imports from France took an increasing share of a declining U.S. ASM market during 1977–79. Such imports increased as a share of the U.S. aggregate market (including captive use by the U.S. producers) from * * * percent in 1977 to * * * percent in 1979.[11]

Thus, during the period 1977–79 there has been a marked increase in the volume of ASM imports from France and these imports have accounted for an increasing share of U.S. ASM consumption.

Effect of imports on prices. The record shows that during the period 1977–79 ASM imports from France consistently undersold the domestic product by $1.40 to $4.85 per 100 pound unit in the spot market.[12] The alleged LTFV margins, which ranged from 22 to 46 percent during the period 1977–80, account for most, if not all, of the underselling of the

[6] See Commission Report in investigation No. 731-TA-25 (Preliminary), at p. A-10 (see public version, at p. A-7).

[7] Comission report, at p. A-10 (public version, at p. A-7).

[8] Commission report, at p. A-17 (public version, at p. A-12).

[9] Id.

[10] Commission report, at p. A-2 (public version, at p. A-1).

[11] Commission report, at p. A-23 (public version, at p. A-17). See also table 7, at p. A-24 (public version, at p. A-17).

[12] Commission report, at pp. A-26-28 (public version, at pp. A-19-20).

U.S. product by Rhone-Poulenc.[13] Such underselling of the U.S. product occurred in the four U.S. market areas for which the Commission received price data.[14]

Furthermore, information indicates that prices of PQ Corp's product have risen by 29 percent since January 1, 1977, while raw material costs have risen by 52 percent and the general industrial commodities price index has risen by 42 percent during the same period.[15]

In view of the relatively large LTFV margins and margins of underselling and of the declining U.S. market of ASM, it is appropriate to infer at this time that such sales have had a suppressing and/or depressing effect on domestic ASM prices, not withstanding some price increases by domestic manufacturers.

Impact of imports on domestic producers. The record shows that between 1977 and 1979 U.S. ASM capacity fell by 21 percent,[16] commercial shipments by domestic producers declined by 7.5 percent percent,[17] inventories rose irregularly by 5 percent,[18] employment declined by 31 percent,[19] and profits declined.[20] Furthermore, the Commission was able to confirm at least 9 sales, totalling about 2.3 million pounds in quantity and $376,000 in value, lost to the alleged LTFV imports.[21] Purchasers gave price as the reason for switching.[22] None of the firms gave quality as the reason.[23] A majority of the purchasers contacted stated that lower priced imported ASM was a factor in moderating the price of domestic ASM.[24]

The record thus shows that domestic ASM producers have lost sales to the alleged LTFV imports for reasons of price and there is information indicating that the prices of the alleged LTFV imports have depressed and/or suppressed domestic ASM prices.

Conclusion

On the basis of the information available to the Commission at this time, we believe that there is a reasonable indication of material injury to a domestic industry by reason of imports from France of anhydrous sodium matasilicate provided for in item 421.34 of the TSUS.

Views of Commissioner Paula Stern

Introduction

In this preliminary investigation I have found that a reasonable indication of material injury or threat of such injury due to alleged less-than-fair-value (LTFV) imports of anhydrous sodium metasilicate (ASM) from France does exist. This is not to say that contradictory information did not abound. Discrepancies related not only to the central issue of the effects of the alleged LTFV imports on the health of the domestic industry, but also to issues that set the parameters of the investigation—the designation of the imports under consideration and the identity of the domestic industry. I have followed the Congress's directive concerning "best available information" [25] in arriving at decisions on each of these matters in this preliminary investigation. Should this case return to the ITC for a final determination, my final judgment based on additional information available at that time may not be the same.

The Imported Product

The Commerce Department initiated this case in regard to "anhydrous sodium metasilicate from France" falling under TSUS item 421.34. However, Rhone-Poulenc S.A. (Rhone-Poulenc), the foreign producer,[26] contends that most grades of ASM imported into the United States are not competitive with the U.S. product.[27] The best available information indicates that all grades of ASM are competitive with the U.S. product.[28] I, therefore, have made my assessment of reasonable indication of injury in this case by examining the role of all ASM imports in the U.S. market.

The Domestic Industry

The impact of allegedly dumped imports may be measured against the industry producing a "like product," if data are available permitting "the separate identification of production in terms of such criteria as production process or producers' profits." [29] In this case the best available information indicates that on the whole ASM serves different uses than sodium metasilicate pentahydrate (SMP), the next most similar product. Moreover, the production process for ASM requires different machinery than that used to manufacture SMP.[30] Also, the staff was able to obtain separate data related to ASM production. Therefore, my analysis in this case focused on the effects of alleged LTFV imports on domestic producers of ASM.

There are four U.S. producers of ASM—PQ Corporation (PQ), Stauffer Corporation (Stauffer), Diamond-Shamrock, Co. and Mayo Co.—all of whom are vertically integrated. To a greater or lesser degree, they all produce ASM for their own "captive" consumption as well as for non-captive sales. For some companies commercial (non-captive) sales are, in turn, divided between large contracts and retail sales in the so-called "spot market." To date, imports of ASM have been competing only with U.S. sales in the spot market. Since imports are packaged in 100-pound bags and large users of ASM prefer bulk shipments, it is questionable whether imports could seriously compete for large volume contract sales. Imports obviously do not compete with captive sales.

Conditions in the Industry

Demand for ASM in the United States has been declining. In 1977 total U.S. apparent consumption of ASM was 196 million pounds. By 1979, it had fallen roughly eleven percent to 175 million tons. The drop in demand is related to changes in the U.S. markets using ASM.[31] During the past few years substitutes for ASM, principally caustic soda and soda ash, have become economically attractive. Also, the record

[13] Commission report, at p. A-28 (public version, at p. A-19).

[14] Table 8 of Commission report, at p. A-27 (public version, at p. A-20).

[15] Transcript of public conference, Jun. 13, 1980, at p. 10.

[16] Commission report, at p. A-12 (public version, at p. A-8).

[17] Commission report, at p. A-15 (public version, at p. A-10).

[18] Commission report, at p. A-18 (public version, at p. A-13).

[19] Table 5 in Commission report, at p. A-19 (public version, at p. A-13).

[20] Commission report, at p. A-21 (public version, at p. A-14) and table 6, at p. A-22 (public version, at p. A-15).

[21] Commission report, at p. A-24 (public version, at p. A-18).

[22] Commission report, at p. A-25 (public version, at p. A-18).

[23] Commission report, at p. A-25 (public version, at p. A-19).

[24] Commission report, at p. A-26 (public version, at p. A-19).

[25] In a preliminary investigation the Congress has directed the Commission to make its determination on the basis of the "best available information." See Sec. 733(a) of the Tariff Act of 1930. This section was added by the Trade Agreements Act of 1979 (P.L. 96-39) which took effect on January 1, 1980.

[26] Almost all French ASM is supplied by Rhone-Poulenc. Also, France supplies virtually all the ASM imported into the United States.

[27] At the conference, the sales manager for Rhone-Poulenc, Inc. of N.J. reported that in 1977 these "non-competitive" grades represented 100 percent of Rhone-Poulenc's sales, in 1978 eight-six percent, and in 1979 forty-seven percent. (See Conference Transcript, pp. 47-48.)

[28] Staff Report, p. A-19.

[29] See Sec. 771(4)(A)(D) and Sec. 771(10) of the Tariff Act of 1930. These sections were added by the Trade Agreements Act of 1979 (P.L. 96-39) which took effect on January 1, 1980.

[30] Staff Report, p. A-2.

[31] ASM provides a source of alkali for detergent formulations.

of the investigation [32] indicates that changes in the institutional laundry business have reduced the demand for ASM even further. In the past, hotels, hospitals, schools and similar institutions sent their laundry to commercial laundries for cleaning. These laundries utilized ASM in formulating their detergents. Recently, many institutions have established their own "on-premises laundries" utilizing finished detergents which are not ASM-based. These developments appear to have affected captive consumption of ASM more than non-captive consumption. Between 1977 and 1979 intracompany use of ASM declined about 24 percent, whereas non-captive consumption fell only about four percent. This background is important to evaluate fairly the relationship between the economic health of the domestic ASM industry and the LTFV imports that are the subject of this investigation. [33]

A glance at the aggregate economic data available for this industry reveals an industry experiencing economic difficulty. From 1977–1979 production fell roughly fifteen percent from 195 million pounds to 165 million pounds and shipments fell about thirteen percent. During the same period, capacity followed a similar trend, declining in 1979 to 237 million pounds, 21 percent below the 1977 level. Employment dropped 33 percent from 152 workers in 1977 to 105 workers in 1979. Meanwhile, inventories rose five percent from 1977 to 1979.[34]

A closer look at the data, however, provides a more realistic view of the industry's condition. Specifically, the closure of Stauffer's Skaneateles plant accounts for the declines noted above in employment and capacity, and almost all of the drop in production. (It also largely explains why industry capacity utilization, which fell slightly between 1977 and 1979 from 65 percent to 63 percent, rose from 1978 to 1979 to 70 percent.) These negative indicators cannot be attributed to imports because the large decline in Stauffer's shipments was almost entirely in shipments for captive consumption. The recent changes in ASM consumption patterns and the closing of the Stauffer plant do not, however, explain the full decline in shipments. Shipments to the non-captive market dropped several percentage points further than demand in that market.

The Trade Agreements Act of 1979 directs the Commission to evaluate "all relevant economic indicators which may have a bearing on the state of the U.S. industry" that is alleged to be impacted by alleged LTFV imports. Factors to be examined include, but are not limited to: (1) actual and potential declines in output, sales, market share, profits, production, return on investments and utilization of capacity; (2) factors affecting domestic prices; and (3) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital and investment.[35] However, the record of this investigation does not include information on an industry-wide basis on productivity, return on investments, cash flow, growth, ability to raise capital and investment. More critically, the financial data on the record have not been particularly helpful.[36]

Impact of the Imports

Indications of actual material injury by reason of LTFV imports are not clear-cut. However, the causal factors that often link alleged LTFV imports to such injury are clearly present.

Imports growth and penetration.—From 1977 to 1979 the volume of imports of ASM from France increased significantly in absolute terms and relative to U.S. consumption. Imports of ASM from France rose from a negligible amount in 1976 to a substantial quantity in 1977, and then almost tripled in 1978. In 1979 ASM imports from France increased over 100 percent from the 1978 levels.[37] Furthermore, these imports accounted for an increasing share of the declining U.S. market for ASM during this period. In 1977 they represented less than one percent of total U.S. ASM consumption as compared to more than three percent in 1979. In the non-captive market where imports and the domestic product actually compete, the import/consumption ratio has risen at a more rapid rate than in the total ASM market, from less than one percent in 1977 to more than four percent in 1979.

Price considerations.—Imports consistently and substantially undersold U.S.-produced ASM from 1977 to 1979. Prices of imports were $1.40 to $4.85 per 100-pound unit below U.S. prices in the spot market during this period. The alleged LTFV margins, from 22 to 46 percent during the 1977–1979 period, would account for most, if not all, of the underselling. For at least one member of the industry—the petitioner, PQ—the comparative pricing information points toward price suppression. The record indicates that PQ's raw materials costs rose twice as fast as its prices from 1977–1979.

This price information is particularly significant because the record shows that purchasers of ASM shift suppliers in reaction to what would appear to be small price differences—two to four cents a pound.[38] The Commission confirmed nine lost sales alleged by the petitioner valued at roughly $376,000. In all nine instances the purchasers reported that price was the reason for switching to the imported product.

The Congress has pointed out that the "significance of the various factors affecting an industry will depend upon the facts of each particular case." [39] To assess the impact of lost sales, underselling and price suppression on the domestic ASM industry, data are required on the profits of the industry because the other factors examined above do not provide a clear picture. For reasons discussed above, meaningful financial data were not obtained. If the Commission receives this case as a final investigation, financial data for all the companies, consistently allocated and broken out for captive and market sales should be provided.

Threat

The severe data limitations have led me to conclude that the aggregate economic indicators may not fully reflect present adversity due to alleged LTFV imports. But the regional pattern of import penetration coupled with a more individual analysis of available information indicates that a threat of

[32] Prehearing statement on behalf of Rhone-Poulenc by Donohue & Donohue, June 12, 1980, pp. 17–18.

[33] the Committee on Ways and Means has directed the ITC to "take account of evidence presented to it which demonstrates that the harm attributed by the petitioner to the . . . dumped imports is attributable to other factors," such as "contraction in demand or changes in patterns of consumption." Committee on Ways and Means, Report on the Trade Agreements Act of 1979, Report No. 96–317, 96th Cong., 1st Sess., July 3, 1979, at p. 47.

[34] Other data available were not particularly illuminating. Wages rose slightly from 1977 to 1978, and after the Stauffer plant closing dropped slightly in 1979. Exports are not important to this industry due to prohibitive shipping costs. (See Staff Report, p. A–13.)

[35] See Sec. 771(7)(C)(iii) of the Tariff Act of 1930. This section was added by the Trade Agreements Act of 1979 (P.L. 96–39) which took effect on January 1, 1980.

[36] Profit data were obtained from only two companies on the basis of various arbitrary allocation methods, covering 50 percent of production. Methods used by each company differed, particularly in regard to the valuation of intracompany ASM consumption. Profit data were not obtained from one of the largest ASM producers.

[37] While imports did decline in the first quarter of 1980 as compared to the first quarter of 1979, it is not clear that this decline will continue.

[38] Since most ASM is sold by the truckload (roughly 40,000 pounds), small price differences per pound translate to sizeable amounts on a per-order basis. (See Transcript of Conference, at p. 7.)

[39] Committee on Ways and Means, House Report No. 96–317, 96th Cong., 1st Sess., July 3, 1979, at p. 46.

material injury due to imports does exist.[40] In 1976 and 1977 virtually all imports entered through the port of New York, but in 1978 some imports began to enter through the port of Miami. In 1979, Rhone-Poulenc began to ship to Los Angeles and San Francisco as well. In that year most of the imports still entered through New York, with small but roughtly equal percentages imported through Miami, Los Angeles and San Francisco. Recently, Rhone-Poulenc began to ship to Chicago.[41, 42]

The company with the greatest stake in the Northeast market is the petitioner. The petitioner makes the largest sales on the spot market, where imports are competing, and is the only company with a plant in the Northeast[43] to service that market. Data on the health of PQ's Northeast operations reveal serious economic difficulties that may not be attributable to the general drop is ASM demand. Since alleged LTFV imports have only recently begun to compete with the domestic industry outside the Northeast, the strength of the industry outside the Northeast, even if not yet materially affected, may become so within the immediate future.

In this case, the situation that has developed in the Northeast may be indicative of the vulnerability of the domestic industry in the face of large volumes of alleged LTFV imports.[44] The industry as a whole is already operating at less than full capacity (70 percent) and further import penetration could decrease production even more. Lost sales already have been reported not only in the Northeast, but in other parts of the country as well. Even if the declining demand is halted or reversed as predicted by some industry sources, the alledged, LTFV imports at substantially lower prices than U.S. products could fill any new demand that develops.[45] Rhone-Poulenc's 1979 prices undersold U.S. products in all parts of the country.

While more information is needed concerning the importance of the spot market to the overall viability of domestic ASM production, at this preliminary juncture it appears that the industry is—and will continue to be—vulnerable to injury. The question that needs to be addressed is whether the pattern of import penetration evident in the 1977–1979 data will continue, thus becoming a cause of material injury.

In examining threat of material injury, the Senate Finance Committee states that "demonstrable trends—for example, the rate of increase of the . . . dumped exports to the U.S. market, capacity in the exporting country to generate exports, the likelihood that such exports will be directed to the U.S. market taking into account the availability of other import markets . . . will be important."

Information presented in this investigation supports the view that the broader distribution of imported ASM which began in 1979 will continue. In fact, Mr. Molteni, sales manager for Rhone-Poulenc, stated at the conference ". . . what we are attempting to do . . . is to sort of spread out ourselves a little bit so we don't concentrate in any one area which is usually the reason why you get a petition, where we have grabbed in any geographical area too high a portion." But it should be noted that Rhone-Poulenc has the capacity to continue to increase its exports and to direct such exports to the entire United States market. Information provided by Rhone-Poulenc shows that in 1979 its capacity utilization rate for the production of the grade of ASM which is most popular in the United States was roughly 76 percent, leaving 24 percent excess capacity.[46] There is also existing excess capacity for production of its other grades of ASM, which Commission information indicates compete with United States ASM.

In addition to this actual excess capacity, it is important to look at Rhone-Poulenc's international sales pattern to obtain a complete picture of the potential for increased alleged LTFV imports to the United States. Rhone-Poulenc sells ASM in 49 countries. Data submitted in this investigation shows that sales volumes to other countries (unlike those to the United States which have consistently risen) fluctuate radically from year to year. From 1978 to 1979, Phone-Poulenc sales to many of its major and minor markets in Europe and elsewhere dropped significantly.[47] At the same time that sales to these countries dropped, sales to the United States, Rhone-Poulenc's largest market outside Euripe, doubled. Figures on actual excess capacity, therefore, underestimate potential Rhone-Poulenc exports of ASM since exports to other countries in one year may be shipped to the United States another year.[48]

The geographic pattern of the import penetration raises the specter of material injury from alleged LTFV imports. An affirmative determination that an industry is likely to be injured by LTFV imports must, according to the Senate Finance Committee, rest on evidence showing that the likelihood is "real and imminent."[49] The Report states further that "economic factors which may indicate that a threat of material injury is present vary from case to case and industry to industry. The ITC will continue to focus on the conditions of trade and competition and the nature of the particular industry in each case."

For the final investigation more information will be needed concerning the ability of Rhone-Poulenc to utilize existing idle capacity, comparative prices for French ASM in Rhone-Poulenc's different export markets, and projected demand for ASM in various countries over the next few years. However, based on the best information now available concerning the state of the U.S. industry, the rapid growth of imports, Rhone-Poulenc's capacity utilization, and the possibility that increased exports could be directed to the entire United States, I determine there is a reasonable indication that the ASM industry in the United States is threatened with material injury by reason of the alleged LTFV imports.

Conclusion [50]

Growing imports, increasing market penetration, lost sales and underselling

[40] The criteria which I believe should be satisfied before treating a regional industry as the domestic industry for the purposes of the law are: (1) the producers in the geographic area in question must make almost all of their sales within the region's markets, (2) the market must not be served to any substantial degree by domestic producers from other areas, and (3) the industry in question should constitute a significant segment of the national industry. The record in this case does not show that these conditions have been met, and I am, therefore, not making my determination on a regional basis.

[41] The record indicates that it is Rhone-Poulenc's practice to market its products near ports of entry.

[42] Information provided by the petitioner indicates that the import/consumption ratio in the Northeast was ten to fifteen percent in 1979.

[43] As noted above, Stauffer closed its Skeneateles, New York plant in 1978.

[44] Diamond-Shamrock, which does its major business in the Central United States, took part in the conference to "express concern for future" business in that area.

[45] The industry informed the Commission that the prices of soda ash and caustic soda, the principal substitutes for ASM, are becoming less competitive with ASM. As a result, demand for ASM is expected to stabilize and then to increase.

[46] In the first four months of 1980 this rate increased to 86 percent, but confidential information indicates that this figure may not be representative.

[47] Rhone-Poulenc's total export sales to all countries declined substantially between 1978 and 1979.

[48] Rhone-Poulenc puts a limit on potential increased exports to the United States. The company has informed the Commission that it has a self-imposed quota on its shipments to the U.S. At this point in the investigation the significance of such a quota commitment cannot be assessed. (See prehearing brief of Donohue & Donohue on behalf of Rhone-Poulenc, at p. 24.)

[49] S. Rept. No. 96–249, 96th Cong., 1st Sess. (89) 1979.

[50] Commissioner Stern concurs in the Findings of Fact stated in the "Views of Chairman Bill Alberger and Vice Chairman Michael J. Calhoun," with the

Footnotes continued on next page

are striking. What has emerged is a picture of an industry whose non-captive segment is stagnant and facing an uncertain future. Based on the record available, the possibility that there is material injury cannot be dismissed at this point. Furthermore, there is a reasonable indication that the threat of material injury due to subject imports is real and imminent.

Issued: June 30, 1980.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 80-20496 Filed 7-8-80; 8:45 am]

BILLING CODE 7020-02-M

[Investigation No. 337-TA-87]

Certain Coin-Operated Audio Visual Games and Components Thereof; Order

Pursuant to my authority as Chief Administrative Law Judge of this Commission, I hereby designate Administrative Law Judge Janet D. Saxon as Presiding Officer in this investigation.

The Secretary shall serve a copy of this order upon all parties of record and shall publish it in the Federal Register.

Issued: June 30, 1980.

Donald K. Duvall,

Chief Administrative Law Judge.

[FR Doc. 80-20494 Filed 7-8-80; 8:45 am]

BILLING CODE 7020-02-M

[731-TA-7 (Final)]

Certain Electric Motors From Japan; Institution of Final Antidumping Duty Investigation and Hearing

AGENCY: United States International Trade Commission.

ACTION: Institution of final antidumping duty investigation to determine whether an industry in the United States materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of certain electric motors from Japan, upon which the Administering Authority has made a tentative affirmative preliminary determination are being, or are likely to be, sold in the United States at less than fair value.

EFFECTIVE DATE: June 17, 1980.

FOR FURTHER INFORMATION CONTACT: Mr. Bruce Cates of the Commission's staff (202) 523-0369.

SUPPLEMENTARY INFORMATION: *Background.* A petition was received in satisfactory form on August 27, 1979, from the Motor and Generator Section of the National Electrical Manufacturers Association, alleging that certain electric motors imported from Japan are being sold at prices far below fair value and that, as a result, an industry in the United States is being materially injured and is threatened with material injury. These sales are alleged to constitute sales at less than fair value pursuant to section 731 of the Tariff Act of 1930 as amended (Pub. L. No. 96-39, 93 Stat. 162), hereinafter "the Act." Notice of the institution of the Commission's preliminary investigation and of a public conference to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's New York Office, and by publishing the notice in the Federal Register of January 14, 1980 (45 FR 2715). A public conference was held in Washington, D.C. on January 30, 1980.

On February 14, 1980, the Commission determined "that there is a reasonable indication that an industry in the United States is materially injured by reason of the importation (from Japan) of AC, polyphase electric motors, over 5 horsepower but not over 500 horsepower, provided for in item 682.41 through 682.50 of the Tariff Schedules of the United States, which are allegedly sold at less than fair value." Notice of the determination was published in the Federal Register of February 22, 1980. (45 FR 11939). On May 5, 1980, a Notice of Postponement of Preliminary Determination was published by the Department of Commerce in the Federal Register (45 FR 29619). The postponement was based on a determination that the case is "extraordinarily complicated" and extended the deadline for the preliminary determination to June 16, 1980.

On June 16, 1980, the Commerce Department made a tentative affirmative less-than-fair-value determination, but no final determination with regard to certain electric motors from Japan. On June 17, 1980, the Commerce Department granted a 60-day extension of the deadline for their final determination. Therefore, the final determination which was due on September 2, 1980, will be made not later than October 29, 1980.

Authority: The provisions of the Trade Agreements Act of 1979 (Pub. L. 96-39, 93 Stat. 144 (July 26, 1979) (19 U.S.C. 1671 et seq.)) repealed the Antidumping Act, 1921, and replaced it with Subtitle B of Title VII of the Tariff Act of 1930 (19 U.S.C. 1673) (hereinafter "the Tariff Act") effective on January 1, 1980. The antidumping statutes, as amended by the Trade Agreements Act of 1979, require that the Commission complete this investigation before the 45th day after which the administering authority (Commerce) makes its final affirmative determination. Commerce's final determination is due on October 29, 1980, and therefore the statutory deadline for completion of the Commission's investigation is December 12, 1980. Consequently, effective as of June 17, 1980, the Commission is instituting antidumping investigation No. 731-TA-7 (Final) pursuant to section 735(b) of the Tariff Act, as added by Title I of the Trade Agreements Act of 1979. This investigation will be conducted according to the provisions of Part 207 of the Commission's Rules of Practice and Procedure (19 CFR 207, 44 FR 76457), subpart C thereof.

Scope: The present investigation is being titled "Certain Electric Motors from Japan" to conform with the title used by the Department of Commerce in its investigation. For the purposes of this investigation, the term "certain electric motors" means polyphase AC electric motors, other than submersible well pump motors, over 5 horsepower but not over 500 horsepower, provided for in item Nos. 682.4130, 682.4200, 682.4545, 682.4600, 682.5010, and 682.5030 of the Tariff Schedules of the United States Annotated. The scope of this investigation has been narrowed to exclude submersible well pump motors as a consequence of the exclusion of such merchandise from the investigation by the Commerce Department.

Written Submissions: Any person may submit to the Commission on or before the prehearing statement due date specified below a written statement of information pertinent to the subject of this investigation. A signed original and nineteen (19) true copies of each submission must be filed at the Office of the Secretary, U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C.

Any submission of business information for which confidential treatment is desired shall be submitted separately from other documents. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information."

Footnotes continued from last page

exception of Finding No. 6. For reasons stated above in footnote 36. Commission Stern does not believe that the figures obtained on industry profits are meaningful.

APPENDIX B

COMMERCE DEPARTMENT'S PRELIMINARY DETERMINATION OF SALES AT LESS THAN FAIR VALUE.

be in the public interest. We see no point in sustaining long-dormant authority any further.

We also tentatively conclude that an oral evidentiary hearing in not needed in the circumstances of this case. Our tentative decision that the authority should not be renewed is grounded on policy considerations supported by officially noticeable information or facts that are not in dispute. We perceive no material issues of fact that require exploration through oral hearings.

Accordingly,

1. We direct all interested persons to show cause why the applications of Pan American World Airways, Inc., Northwest Airlines, Inc., and Trans World Airlines, Inc., for renewal of their temporary certificates of public convenience and necessity to provide service between points in the United States and points in the People's Republic of China should not be denied, and the *Trans-Pacific Certificate Renewal Case*, Docket 5031 *et al.*, terminated;

2. Any interested persons objecting to the issuance of an order making final the Board's tentative findings and conclusions shall, no later than September 19, 1980, file with the Board and serve on the persons named in paragraph five, a statement of objections, together with a summary of testimony, statistical data, and concrete evidence expected to be relied upon in support of the objections. If an oral evidentiary hearing is requested, the objector should state in detail why such a hearing is considered necessary and what relevant and material facts he would expect to establish through such hearing which could not be established in written pleadings. If objections are filed, answers may be filed, but no later than September 29, 1980;

3. If timely and properly supported objections are filed, we will give further consideration to the matters and issues raised by the objections before we take further action: *provided*, that we may proceed to enter an order in accordance with our tentative findings and conclusions set forth in this order if we determine that there are no factual issues presented that warrant the holding of an oral evidentiary hearing;

4. In the event no objections are filed, all further procedural steps will be deemed to have been waived, and the Board shall enter an order which (1) shall make final our tenative findings and conclusions set forth in this order, and (2) subject to the disapproval of the President pursuant to section 801(a) of the Act, shall deny the applications of Pan American World Airways, Inc., Northwest Airlines, Inc., and Trans World Airlines, Inc., for renewal of their U.S.-China authority in Dockets 5710, 5168, and 5065, respectively; and

5. We are serving this order upon Pan American World Airways, Inc., Northwest Airlines, Inc., Trans World Airlines, Inc., and the Departments of State and Transportation.

We shall publish this order in the **Federal Register** and shall transmit a copy of this order to the President of the United States.

By the Civil Aeronautics Board.

Phyllis T. Kaylor,[5]

Secretary.

[FR Doc. 80-27280 Filed 9-4-80; 8:45 am]

BILLING CODE 6320-01-M

[Docket 38620]

Yukon Air Service, Inc. d.b.a. Air North Fitness Investigation; Assignment of Proceeding

This proceeding is hereby assigned to Administrative Law Judge William A. Kane, Jr. Future communications should be addressed to Judge Kane.

Dated at Washington, D.C., August 29, 1980.

Joseph J. Saunders,

Chief Administrative Law Judge.

[FR Doc. 80-27283 Filed 9-4-80; 8:45 am]

BILLING CODE 6320-01-M

DEPARTMENT OF COMMERCE

International Trade Administration

Anhydrous Sodium Metasilicate From France; Antidumping—Preliminary Determination of Sales at Less Than Fair Value and Suspension of Liquidation

AGENCY: U.S. Department of Commerce.

ACTION: Preliminary determination of sales at less than fair value and suspension of liquidation.

SUMMARY: This notice is to advise the public that, as a result of an antidumping investigation, the Department of Commerce has determined preliminarily that anhydrous sodium metasilicate from France is being or is likely to be sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930. Sales at less than fair value generally occur when the price of merchandise exported to the United States is less than the price of such or similar merchandise sold in the home market, or to third countries, or less than the constructed value. Liquidation of entries, or withdrawals from warehouse, for consumption is being suspended, and a cash deposit, bond or other security in an amount equal to the estimated margin set forth herein shall be required at the time of each such entry or withdrawal from warehouse. Unless this investigation is extended, the Department will make a final determination not later than November 19, 1980.

EFFECTIVE DATE: September 5, 1980.

FOR FURTHER INFORMATION CONTACT: Koichi O. Beckwith, Office of Investigations, International Trade Administration, Department of Commerce, Washington, D.C. 20230 (202-377-3174).

SUPPLEMENTARY INFORMATION:

Procedural Background

On May 15, 1980, the Department of Commerce received a petition in proper form from counsel on behalf of PQ Corporation, Valley Forge, Pennsylvania, alleging that anhydrous sodium metasilicate from France is being sold at less than fair value within the meaning of section 731, Tariff Act of 1930 (19 U.S.C. 1673 *et seq.*) (the Act). After conducting a summary investigation as required under section 732 of the Act (19 U.S.C. 1673a), we determined that there were sufficient grounds to initiate a full-scale investigation, and published a Notice of Initiation of Antidumping Investigation in the **Federal Register** on June 10, 1980 (45 FR 39324).

On June 30, 1980, the United States International Trade Commission (ITC) determined that there is a reasonable indication that an industry in the United States is being materially injured, or is threatened with material injury, by reason of imports of anhydrous sodium metasilicate from France allegedly sold at less than fair value. The ITC published notice of that determination in the **Federal Register** on July 9, 1980 (45 FR 46255).

Product Description

Merchandise covered by this investigation is anhydrous sodium metasilicate (ASM) classifiable under item number 421.3400, Sodium compounds: Silicates, Tariff Schedules of the United States Annotated (TSUSA).

Sodium silicates are colloidal solutions, hydrated powders or anhydrous powders and glasses. The ratio of SiO_2 to NA_2O for each type of sodium silicate can vary, and the resulting product will have distinctive characteristics. Sodium metasilicate has a definite crystalline form, a molecular

[5] All Members concurred.

SiO_2/NA_2O ratio of 1:1 and a chemical formula of $NA_2 SiO_3$. It is alkaline and readily soluble in water. Applications include waste paper de-inking, ore flotation, bleach stabilization, clay processing, medium or heavy duty cleaning, and compounding into other detergent formulations.

Nature of the Industry

Approximately 4,908,000 pounds of sodium silicates were imported from France in 1979, valued at $443,000. There is only one known significant exporter of ASM from France to the United States, Rhone-Poulenc S.A. Rhone-Poulenc S.A. is a large, multi-divisional corporation which operates mainly in the production and sale of chemicals and related products. During the period of investigation, Rhone-Poulenc exported four grades of ASM to the United States: AN (58 percent of sales), AG (5 percent of sales), AS (22 percent of sales) and AST (15 percent of sales). Most of these sales are made through Rhone-Poulenc's wholly-owned U.S. subsidiary, although there are also some sales made directly from France to unrelated purchasers in the U.S. There are sufficient sales in the home market to permit the use of price to price comparison in order to determine whether or not ASM is being or is likely to be sold at LTFV.

United States Price

For transactions in which sales were made to U.S. customers through wholly-owned U.S. subsidiaries of the French producer, we used exporter's sales price (ESP), as defined in section 772(c) of the Act (19 U.S.C. 1677a) to determine the United States Price. We calculated ESP on the basis of the selling price from the subsidiary to the first unrelated purchaser in the United States, with deductions, where applicable, for ocean freight, insurance, U.S. duty, brokerage, wharfage, U.S. inland freight, U.S. warehousing, discount, and general expenses.

For transactions in which sales were made directly from France to unrelated U.S. customers, we used purchase price, as defined in section 772(b) of the Act (19 U.S.C. 1677a) to determine the United States Price. We calculated purchase price on the basis of the CIF U.S. price to unrelated U.S. purchasers with deductions, where applicable, for ocean freight, insurance, French inland freight, FOB charges, and commission.

Foreign Market Value

We calculated the Foreign Market Value (FMV), in accordance with section 773(a)(1)(A) of the Act (19 U.S.C. 1677b). Therefore, for the purposes of this investigation, FMV is the price at which sales were made in France to the first unrelated purchaser. Where appropriate, we adjusted home market sales by deducting rebates and transportation costs. For comparisions to ESP, we deducted as an offset a portion of selling expenses not greater than selling expenses deducted from the U.S. price. Finally, we made an adjustment for differences in packing costs.

We made fair value comparisons on all exports of ASM from France to the U.S. The overall weighted-average margin on all sales of ASM during the period of investigation was 50 percent.

Verification

In accordance with section 733(b)(2) of the Act (19 U.S.C. 1673b), we determined that the information which we received during the first 60 days of this investigation appeared sufficient to provide a reasonable basis for a preliminary determination. Therefore, we disclosed to the respondent the information upon which we could base a preliminary determination, and we disclosed to the petitioner all non-confidential information upon which we could base a preliminary determination. Subsequently, in accordance with section 733(b)(2) of the Act, the petitioner furnished an irrevocable written waiver of verification of information received during the first 60 days of the investigation. Nothwithstanding this waiver of verification, we will verify any information submitted after the 60th day of this investigation if that information is used as a basis for the Final Determination.

Preliminary Determination

Based upon the foregoing, and in accordance with section 733(b) of the Act (19 U.S.C. 1673b), I hereby determine preliminarily that there is a reasonable basis to believe or suspect that anhydrous sodium metasilicate from France is being, or is likely to be, sold at less than fair value within the meaning of the antidumping law. In accordance with section 733(d)(1), (2) of the Act (19 U.S.C. 1673b), Customs officers are being directed to suspend liquidation of all entries, or withdrawals from warehouse, for consumption on or after the effective date of this determination. Importers will be required to post a cash deposit, bond or other security in the amount of 50 percent of the FOB value of each such entry or withdrawal.

In accordance with section 733(d)(3) of the Act (19 U.S.C. 1673b), we are making available to the ITC the information upon which this determination is based.

The Department will provide the ITC with all non-privileged and non-confidential information relating to this investigation. The Department will also make available to the ITC all privileged and confidential information in its files, provided that the ITC confirms that it will not disclose such information either publicly or under an administrative protective order without the written consent of the Department.

The Department will afford interested parties an opportunity to present oral views in accordance with section 353.47, Commerce Regulations (19 CFR 353.47, 45 Fed. Reg. 8204). This hearing is scheduled to be held, if requested, at the U.S. Department of Commerce, Room 3708, 14th and Constitution Avenue, N.W., Washington, D.C. 20230, beginning at 10:00 a.m., Friday, October 3, 1980.

Interested parties who desire such a conference should provide a written request for a conference to the Office of the Deputy Assistant Secretary for Import Administration, Room 2800, at the address shown above. The request should contain: (1) the name, address, and telephone number of the party requesting the conference; (2) the number of participants; and (3) a list of the issues to be discussed. All requests must be received by the Deputy Assistant Secretary no later than 10 days after publication of this notice. Any written views filed in accordance with section 353.46(a), Commerce Regulations (19 CFR 353.46(a), 45 FR 8203), should be filed at the address indicated above, in at least 10 copies. Any written views should be filed not later than October 6, 1980.

This determination is published pursuant to section 353.39(a)(2), Commerce Regulations (19 CFR 353.39(a)(2), 45 Fed. Reg. 8200).

Dated: August 29, 1980.

B. Waring Partridge,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. 80-27157 Filed 9-4-80; 8:45 am]
BILLING CODE 3510-25-M

Maritime Administration

Change in Membership of Performance Review Board

This notice announces a change in membership of the Performance Review Board (PRB) for the Maritime Administration. The purpose of the PRB, as established by the Assistant Secretary for Maritime Affairs (44 FR 63130, Nov. 2, 1979), is to assure the equitable treatment of Maritime

APPENDIX C

COMMERCE DEPARTMENT'S FINAL DETERMINATION OF SALES AT LESS THAN FAIR VALUE

(b) "Discrete movement components" means screws, parts, components and subassemblies not assembled together with another part, component or subassembly at the time of importation into the territory. (A mainplate containing set jewels or shock devices, together with other parts, would be considered a single discrete component, as would a barrel bridge subassembly.) Excluded are dials, dial washers, dial screws, hour wheels, hands, automatic mechanisms and related parts, day-date mechanisms and calendar features, and jewels.

Section 8. (a) All firms must, as a condition for receipt of allocations or reallocations based on subsection 3(a) criteria, certify to the Departments that they will not alter assembly operations during calendar year 1981 in a manner which would result in their failure to satisfy the respective criteria.

(b) If the Departments have reason to believe that a producer has not complied with or is not complying with the certification required by subsection (a) of this Section, they may issue an order requiring the producer to show cause within 30 days of receipt of the order why the duty-free quota to which it would otherwise be entitled should not be cancelled or reduced by the Departments.

(Pub. L. 89-805, 80 Stat. 1521 (19 U.S.C. 1202) as amended; 15 CFR Part 303)

Issued at Washington, D.C., on November 19, 1980.

John Greenwald,

Deputy Assistant Secretary for Import Administration, International Trade Administration, Department of Commerce.

Wallace O. Green,

Acting Assistant Secretary for Territorial and International Affairs Department of the Interior.

[FR Doc. 80-36541 Filed 11-21-80; 8:45 am]

BILLING CODE 4310-10-M

BILLING CODE 3510-25-M

DEPARTMENT OF COMMERCE

International Trade Administration

Anhydrous Sodium Metasilicate From France; Antidumping—Final Determination of Sales at Less Than Fair Value

AGENCY: U.S. Department of Commerce.

ACTION: Final determination of sales at less than fair value.

SUMMARY: This notice is to advise the public that, as a result of an antidumping investigation, the Department of Commerce has determined that anhydrous sodium metasilicate from France is being sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended. Sales at less than fair value generally occur when the price of merchandise exported to the United States is less than the price of such or similar merchandise sold in the home market, or to third countries, or less than the constructed value. This case has beeen referred to the United States International Trade Commission for a determination concerning possible material injury to an industry in the United States.

EFFECTIVE DATE: November 24, 1980.

FOR FURTHER INFORMATION CONTACT: Steve Garment, Office of Investigations, International Trade Administration, Department of Commerce, Washington, D.C. 20230, (202-377-1756).

SUPPLEMENTARY INFORMATION:

Procedural Background

On May 15, 1980, the Department of Commerce received a petition in proper form from counsel on behalf of PQ Corporation, Valley Forge, Pennsylvania, alleging that anhydrous sodium metasilicate from France is being sold at less than fair value within the meaning of section 731, Tariff Act of 1930, as amended (19 U.S.C. 1673 *et seq.*) (the Act). After conducting a summary investigation as required under section 732 of the Act (19 U.S.C. 1673a), we determined that there were sufficient grounds to initiate a full-scale investigation, and published a Notice of Initiation of Antidumping Investigation in the **Federal Register** on June 10, 1980 (45 FR 39324). The period of investigation was October 1, 1979 through May 31, 1980.

On June 30, 1980, the United States International Trade Commission (ITC) determined that there is a reasonable indication that an industry in the United States is being materially injured, or is threatened with material injury, by reason of imports of anhydrous sodium metasilicate from France allegedly sold at less than fair value. The ITC published notice of that determination in the **Federal Register** on July 9, 1980 (45 FR 46255). On September 5, 1980, the Department of Commerce published a "Preliminary Determination of Sales at Less than Fair Value and Suspension of Liquidation" in the **Federal Register** (45 FR 58929).

Product Description

Merchandise covered by this investigation is anhydrous sodium metasilicate (ASM) classifiable under item number 421.3400, Sodium compounds: Silicates, Tariff Schedules of the United States Annotated (TSUSA).

Sodium silicates are colloidal solutions, hydrated powders or anhydrous powders and glasses. The ratio of SiO_2 to Na_2O for each type of sodium silicate can vary, and the resulting product will have distinctive characteristics. Sodium metasilicate has a definite crystalline form, a molecular SiO_2/Na_2O ratio of 1:1 and a chemical formula of Na_2SiO_3. It is alkaline and readily soluble in water. Applications include waste paper de-inking, ore flotation, bleach stabilization, clay processing, medium or heavy duty cleaning, and compounding into other detergent formulations.

Nature of the Industry

Approximately 4,908,000 pounds of sodium silicates, valued at $443,000, were imported from France in 1979. According to information available to the Department, the only significant exporter of ASM from France to the United States is Rhone-Poulenc S.A., a large, muti-divisional corporation which operates mainly in the production and sale of chemicals and related products. During the period of investigation, Rhone-Poulenc exported four grades of ASM to the United States: AN (58 percent of sales), AG (5 percent of sales), AS (22 percent of sales) and AST (15 percent of sales).

Most of these sales are made through Rhone-Poulenc's wholly-owned U.S. subsidiary, although there are also some sales made directly from France to unrelated purchasers in the U.S. Because there are sufficient sales in the home market, we used home market sales to establish foreign market value in order to determine whether or not ASM is being or is likely to be sold at less than fair value.

United States Price

For transactions in which sales were made to U.S. customers through wholly-owned U.S. subsidiaries of the French producer, we used exporter's sales price (ESP), as defined in section 772 (c) of the Act (19 U.S.C. 1677a(c)) to determine the United States price. We calculated ESP on the basis of the selling price from the subsidiary to the first unrelated purchaser in the United States with deduction, where applicable, for French inland freight, ocean freight, insurance, U.S. duty, brokerage, wharfage, U.S. inland freight, U.S. warehousing, discounts, and selling expenses. For transactions in which sales were made directly from France to unrelated U.S. customers, we use purchase price, as defined in section 772(b) of the Act (19 U.S.C. 1677a(b)) to determine the United States price. We calculated purchase price on the basis of the CIF U.S. price

to unrelated U.S. purchasers with deductions, where applicable, for ocean freight, insurance, French inland freight, FOB charges, and commissions.

Foreign Market Value Compared to Purchase Price

We calculated the foreign market value, as defined in § 353.3 Commerce regulations (19 CFR 353.3, 45 FR 8191), on the basis of sales to industrial users in the home market as of the date the imported ASM was purchased or agreed to be purchased. We based the foreign market value on the net sales price to the purchasers who purchased in large, wholesale quantities, taking into account deductions for rebates and French inland freight, where appropriate. In addition, we made an adjustment for differences in packing costs and an adjustment for credit cost differential.

Foreign Market Value Compared to Exporter's Sales Price

We calculated the foreign market value, as defined in § 353.3 Commerce regulations (19 CFR 353.3, 45 FR 8191), on the basis of sales to industrial users in the home market at the time of exportation of the ASM to the United States. We based the foreign market value on the net sales price to these purchasers who purchased in large, wholesale quantities, taking into account deductions for rebates and French inland freight, where appropriate.

We also made adjustments for differences in packing costs and credit costs. Finally, in accordance with § 353.15(c) (19 CFR 353.15(c), 45 FR 8194), we deducted, as an offset, a portion of selling expenses incurred in sales in the home market not greater than selling expenses deducted from the United States price. We discuss claims for additional adjustments to the foreign market value in the following section.

Issues

A public hearing was held on October 3, 1980. Interested persons were provided an opportunity to present written and oral views in accordance with § 353.44(e), Commerce Regulations (19 CFR 353.44(e), 45 FR 8203).

At the public hearing, the respondent requested that we make three adjustments in our calculation of the exporter's sales price and the foreign market value. Those three adjustments are (1) an adjustment for differences in circumstances of sale to reflect the cost of technical services performed by Rhone-Poulenc, S.A., on behalf of its customers in France; (2) an adjustment to reflect the difference in credit costs between the home market and the United States market; and (3) an adjustment to reflect the cost of inland freight paid by Rhone-Poulenc in home market sales.

With regard to the adjustment for technical services, we have disallowed this claim. Our policy is to require the respondent to document and to demonstrate that the technical services have a reasonably direct bearing on, relationship to, or effect upon the sales under consideration. The respondent failed to establish such a relationship. Consequently, we treated technical services as a general expense for purposes of the selling expense adjustment. Finally, we allowed the other two adjustments, because information supplied by Rhone-Poulenc, and verified by Department officials, supported these claims.

Verification

Prior to the Preliminary Determination, and in accordance with section 733(b)(2) of the Act, the petitioner furnished an irrevocable, written waiver of verification of information received within the first 60 days of the investigation. Consequently, we did not verify this data. We did, however, verify all information submitted after the 60th day of this investigation, if we used that information as a basis for the final determination. We verified this information by examination of freight records, payment records and other internal corporate records provided by Rhone-Poulenc and information provided by various French banks and the Department concerning interest rates in France and the United States, respectively.

Results of Fair Value Comparisons

We made fair value comparisons on all exports of ASM, from France to the United States sold during the period of investigation. Using the above criteria, we found that purchase price and exporter's sales price were lower than the home market price of ASM for all sales, with a weighted-average margin of 60 percent. Increases in margins over those reported in the preliminary determination were largely due to the recalculation of both United States price and foreign market value to reflect corrections in application and magnitude of French inland freight costs.

Final Determination

On the basis of the information developed in the investigation and for the reasons stated above, I hereby determine, pursuant to section 735(a) of the Act (19 U.S.C. 1673d(a)) that anhydrous sodium metasilicate from France is being sold at less than fair value. In accordance with section 735(c)(1)(A) of the Act (19 U.S.C. 1673d(c)(1)(A)), we are making available to the International Trade Commission ("ITC") the information upon which this determination is based. The Department will provide the ITC with all non-privileged and non-confidential information relating to this investigation. The Department will also make available to the ITC all privileged and confidential information in its files, provided that the ITC confirms that it will not disclose such information either publicly or under an administrative protective order without the written consent of the Department. Suspension of liquidation will remain in effect until further notice, and importers will be required to post a cash deposit, bond or other security in the amount of 60 percent of the FOB value of each such entry or withdrawal.

This determination is published pursuant to § 353.44(f), Commerce Regulations (19 CFR 353.44(f), 45 FR 8203).

Donald A. Furtado,

Acting Under Secretary for International Trade.

[FR Doc. 80-36546 Filed 11-21-80; 8:45 am]

BILLING CODE 3510-25-M

Discrete Semiconductor Device Subcommittee of the Semiconductor Technical Advisory Committee; Closed Meeting

AGENCY: International Trade Administration, Commerce.

SUMMARY: The Semiconductor Technical Advisory Committee was initially established on January 3, 1973, and rechartered on August 29, 1980 in accordance with the Export Administration Act of 1979 and the Federal Advisory Committee Act. The Subcommittee was approved for continuation on September 19, 1980 pursuant to the charter of the Committee.

The Discrete Semiconductor Device Subcommittee was formed to study transistor, diode, photoconductive, and thyristor semiconductor devices with the goal of making recommendations to the Department of Commerce relating to the appropriate parameters for controlling exports for reasons of national security.

TIME AND PLACE: December 10, 1980, at 9:30 a.m. The meeting will take place at the Main Commerce Building, Conference Room A, 14th Street and Constitution Avenue NW., Washington, D.C. The Subcommittee will meet only in Executive Session to discuss matters

APPENDIX D

WITNESSES APPEARING AT THE HEARING OF DECEMBER 3, 1980

TENTATIVE CALENDAR OF PUBLIC HEARING

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

Subject : Anhydrous Sodium Metasilicate from France

Inv. No. : 731-TA-25 (Final)

Date and time: December 3, 1980 - 10:00 a.m., e.s.t.

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

In support of the petition:

Mandel, Grunfeld & Sosnov--Counsel
Philadelphia, Pennsylvania
on behalf of

PQ Corporation

Stanley W. Silverman, Marketing Manager - Industrial Chemicals Division, PQ Corporation

J. Stephen Hamilton, Product Manager - Industrial Chemicals Division, PQ Corporation

Dr. James S. Falcone, Technical Manager, Industrial Chemicals Division, Research & Development

Robert W. Spencer - Research & Development Chemist

Ms. Ella L. Davis, Chemist - Technical Associate

Paul Holloway, Manager, Engineering & Production, PQ Corporation

Ernest Posner, Esq. - Corporate Counsel

Steven R. Sosnov--OF COUNSEL

- more -

In opposition to the petition:

Donohue and Donohue--Counsel
New York, N. Y.
on behalf of

Rhone-Poulenc Chimie Minerale, of Courbevoie, France
&
Rhone-Poulenc, Inc., of Monmouth Junction, New Jersey

Henri Van Daele, Manager for the Detergency Group of Rhone-Poulenc, SA of Paris, France

Henry Molteni, Consutant to Rhone-Poulenc, Inc., of Monmouth Junction, New Jersey

John Prinvale, President, M&M Enterprises, San Carlos, California

Marc G. Matusewitch, Sales Manager, Industrial Chemicals, Rhone-Poulenc Chemical Company - Chemical Div., Monmouth Junction, New Jersey

Vincent E. DeFelice, Vice President - General Counsel and Secretary, Rhone-Poulenc Inc., Monmouth Junction, New Jersey

Joseph F. Donohue, Sr.)
John M. Peterson)-OF COUNSEL
James A. Geraghty)

APPENDIX E

COMMISSION'S NOTICE OF INVESTIGATION AND HEARING

documents shall be made available during regular business hours at a time and place mutually agreeable to the parties.

The offer must be filed and served no later than October 9, 1980. The offer, as filed, shall contain information required pursuant to § 1121.38(b)(2) and (3) of the Regulations. If no such offer is received, the certificate of public convenience and necessity authorizing abandonment shall become effective November 10, 1980.

Agatha L. Mergenovich,

Secretary.

[FR Doc. 80-29490 Filed 9-23-80; 8:45 am]

BILLING CODE 7035-01-M

[Docket No. AB-1 (Sub-100F)]

Chicago & North Western Transportation Co.—Abandonment and Abandonment of Operations Over Lake Superior & Ishpeming Railroad Co., in Marquette County, Mich.; Findings

Notice is hereby given pursuant to 49 U.S.C. 10903 that by a Certificate and Decision decided September 5, 1980, a finding, which is administratively final, was made by the Commission, Review Board Number 5, stating that, the present and future public convenience and necessity permit the abandonment of operations on a line of railroad known as the Ishpeming-Martins Landing line extending from railroad milepost 74.4 (Lake Superior and Ishpeming Railroad Company milepost) near Ishpeming, to railroad milepost 190.3 (C&NW milepost) near Clowry, a distance of 8.8 miles, the first 4.4 miles of which are owned exclusively by the Lake Superior and Ishpeming Railroad Company, while the C&NW owns an undivided one-half interest in the second 4.4 miles with the Lake Superior; and also an abandonment of a portion of the same line of railroad extending from railroad milepost 190.3 near Clowry to railroad milepost 196.6 at Martins Landing, to the end of the line, a distance of 6.3 miles, all of the above being in Marquette County, MI, subject to the conditions for the protection of railway employees prescribed by the Commission in *Oregon Short Line R. Co—Abandonment Goshen*, 360 I.C.C. 91 (1979), and further that C&NW shall keep intact all of the right-of-way underlying the track, including all the bridges and culverts for a period of 120 days from the decided date of the certificate and decision to permit any state or local government agency or other interested party to negotiate the acquisition for public use of all or any portion of the right-of-way. A certificate of public convenience and necessity permitting abandonment was issued to the Chicago and North Western Transportation Company. Since no investigation was instituted, the requirement of § 1121.38(a) of the Regulations that publication of notice of abandonment decisions in the Federal Register be made only after such a decision becomes administratively final was waived.

Upon receipt by the carrier of an actual offer of financial assistance, the carrier shall make available to the offeror the records, accounts, appraisals, working papers, and other documents used in preparing Exhibit I (Section 1121.45 of the Regulations). Such documents shall be made available during regular business hours at a time and place mutually agreeable to the parties.

The offer must be filed and served no later than October 9, 1980. The offer, as filed, shall contain information required pursuant to § 1121.38(b) (2) and (3) of the Regulations. If no such offer is received, the certificate of public convenience and necessity authorizing abandonment shall become effective November 10, 1980.

Agatha L. Mergenovich,

Secretary.

[FR Doc. 80-29491 Filed 9-23-80; 8:45 am]

BILLING CODE 7035-01-M

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-25 (Final)]

Anhydrous Sodium Metasilicate From France

AGENCY: United States International Trade Commission.

ACTION: Institution of a final antidumping duty investigation.

SUMMARY: As a result of the affirmative preliminary determination on August 29, 1980, by the United States Department of Commerce that there is a reasonable basis to believe or suspect that anhydrous sodium metasilicate from France is being, or is likely to be, sold in the United States at less than fair value within the meaning of section 733 of the Tariff Act of 1930 (19 U.S.C. 1673b), the United States International Trade Commission (hereinafter "the Commission") hereby gives notice of the institution of investigation No. 731-TA-25 (Final) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise. For purposes of this investigation, the term "anhydrous sodium metasilicate" means anhydrous sodium metasilicate, provided for in item 421.34 of the Tariff Schedules of the United States. This investigation will be conducted according to the provisions of Part 207 of the Commission's *Rules of Practice and Procedure* (19 CFR 207, 44 FR 76457), Subpart C, effective January 1, 1980.

EFFECTIVE DATE: September 16, 1980.

FOR FURTHER INFORMATION CONTACT. Mr. Bill Schechter, Staff Investigator, Office of Investigations, U.S. International Trade Commission, Room 348, 701 E Street, NW., Washington, D.C. 20436; telephone, (202) 523-0300.

SUPPLEMENTARY INFORMATION: On June 30, 1980, the Commission unanimously determined, on the basis of the information developed during the course of investigation No. 731-TA-25 (Preliminary), that there is a reasonable indication that an industry in the United States is materially injured by reason of the importation of anhydrous sodium metasilicate from France, provided for in item 421.34 of the Tariff Schedules of the United States, which are allegedly sold at less than fair value. As a result of the Commission's determination, the Department of Commerce (the administrating authority) continued its investigation into the question of less-than-fair-value sales. The final determination by the Department of Commerce of whether anhydrous sodium metasilicate from France is being, or is likely to be, sold in the United States at less than fair value will be made within 75 days after the date of its preliminary determination, or in this case, by November 12, 1980.

Written Submissions

Any person may submit to the Commission a written statement of information pertinent to the subject of this investigation. A signed original and nineteen (19) true copies of each submission must be filed at the Office of the Secretary, U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. 20436, on or before December 10, 1980. All written submissions, except for confidential business data, will be available for public inspection.

Any submission of business information for which confidential treatment is desired shall be submitted separately from other documents. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests

for confidential treatement must conform with the requirements of section 201.6 of the Commission's *Rules of Practice and Procedure* (19 CFR 201.6).

A staff report containing preliminary findings of fact will be available to all interested parties on November 13, 1980.

Public Hearings

The Commission will hold a public hearing in connection with this investigation on December 3, 1980, in the Hearing Room of the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. 20436, beginning at 10:00 a.m., e.s.t. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m., e.s.t.), November 25, 1980. All persons desiring to appear at the hearing and make oral presentations must file prehearing statements and should attend a prehearing conference to be held at 2:00 p.m., e.s.t., on November 25, 1980, in Room 117 at the U.S. International Trade Commission Building. Prehearing statements must be filed on or before November 28, 1980. For further information concerning the conduct of the investigation, hearing procedures, and rules and general applications, consult the Commission's *Rules of Practice and Procedure*, Part 207, Subpart C (19 CFR 207), and Part 201, Subparts A through E (19 CFR 201).

The Commission has waived Commission rule 201.12(d) as amended, "Submission of prepared statements" in connection with this investigation. This rule stated that "Copies of witnesses" prepared statements should be filed with the Office of the Secretary of the Commission not later than 3 business days prior to the hearing and submission of such statements shall comply with sections 201.6 and 201.8 of this subpart." It is nevertheless the Commission's request that parties submit copies of witnesses' prepared testimony as early as practicable before the hearing in order to permit Commission review.

This notice is published pursuant to section 207.20 of the Commission's *Rules of Practice and Procedure* (19 CFR 207.20, 44 FR 76458).

By order of the Commission.

Issued: September 17, 1980.

Kenneth R. Mason,

Secretary.

[FR Doc. 80-29623 Filed 9-23-80; 8:45 am]

BILLING CODE 7020-02-M

[731-TA-31, -32, and -33 (Preliminary)]

Barium Carbonate and Strontium Carbonate From the Federal Republic of Germany and Strontium Nitrate From Italy; Institution of Preliminary Antidumping Investigations and Scheduling of Conference

AGENCY: United States International Trade Commission.

ACTION: Institution of preliminary antidumping investigations to determine whether there is a reasonable indication that an industry in the United States is materially injured or is threatened with material injury, or the establishment of an industry is materially retarded, by reason of imports from the Federal Republic of Germany of precipitated barium carbonate and precipitated strontium carbonate, provided for in items 472.06 and 421.72, respectively, of the Tariff Schedules of the United States (TSUS), and imports from Italy of strontium nitrate, provided for in TSUS item 421.74, which are allegedly being sold or likely to be sold at less than fair value.

EFFECTIVE DATE: September 9, 1980.

FOR FURTHER INFORMATION CONTACT: Miriam A. Bishop, Investigator (202-523-0291).

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted following receipt on September 9, 1980, of petitions filed by Leva, Hawes, Symington, Martin & Oppenheimer, Washington, D.C., on behalf of domestic producers of barium carbonate, strontium carbonate, and strontium nitrate.

Authority

Section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) requires the Commission to make a determination of whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports alleged to be, or likely to be, sold in the United States at less than fair value. Such a determination must be made within 45 days after the date on which a petition is filed under section 732(b) or on which notice is received from the Department of Commerce of an investigation commenced under section 732(a). Accordingly, the Commission, effective September 9, 1980, instituted preliminary antidumping investigations Nos. 731-TA-31, -32, and -33. 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 B thereof.

Written Submissions

Any person may submit to the Commission on or before October 8, 1980, a written statement of information pertinent to the subject matter of these investigations. A signed original and nineteen 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.

Conference

The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 10 a.m., e.d.t., on October 3, 1980, at the U.S. International Trade Commission Building, 701 E Street, NW, Washington, D.C. Parties wishing to participate in the conference should contact the investigator for the investigation, Ms. Miriam A. Bishop (202-523-0291). It is anticipated that parties in support of the petitions for antidumping duties and parties opposed to such petitions will each be collectively allocated one hour within which to make an oral presentation at the conference. Further details concerning the conduct of the conference will be provided by the investigator.

Inspection of Petition

The petitions filed in these cases are available for public inspection at the Office of the Secretary, U.S. International Trade Commission and the New York City office of the U.S. International Trade Commission located at 6 World Trade Center.

Issued: September 12, 1980.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 80-29621 Filed 9-23-80; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX F

ANHYDROUS SODIUM METASILICATE: LESS-THAN-FAIR-VALUE SALES COVERED BY COMMERCE'S LTFV INVESTIGATION . . . . OCTOBER 1, 1979 THROUGH MAY 31, 1980

Anhydrous sodium metasilicate: Less-than-fair-value sales covered by Commerce's LTFV investigation
Oct. 1, 1979, through May 31, 1980

Item	Quantity sold	Total exporters' sales price	Total fair market value	Total LTFV margin	Exporters' sales price per unit	Fair market value per unit	LTFV margin per unit	Total LTFV margin as a proportion of total fair market value	Total LTFV margins as a proportion of total exporters' sales price
	(CWT)							Percent	Percent
Margin calculated on the basis of exporters' sales prices:									
AN grade:									
Sale No. 1									
Sale No. 2									
Sale No. 3									
Sale No. 4									
Sale No. 5									
Sale No. 6									
Sale No. 7									
Sale No. 8									
Sale No. 9									
Sale No. 10									
Sale No. 11									
Sale No. 12									
Total or average									
AG grade:									
Sale No. 1									
Sale No. 2	*		*	*		*	*	*	*
Sale No. 3									
Total or average									
AS grade:									
Sale No. 1									
Sale No. 2									
Sale No. 3									
Total or average									
AST grade:									
Sale No. 1									
Sale No. 2									
Sale No. 3									
Sale No. 4									
Sale No. 5									
Sale No. 6									
Sale No. 7									
Total or average									

Source: Work sheets supplied to the U.S. International Trade Commission by the U.S. Department of Commerce.

Note.--The Commerce Department reported that it was unable to identify the individual customers to whom the sales were made.

APPENDIX G

FEDERAL SPECICICATIONS FOR SODIUM METASILICATE

O-S-604D
June 9, 1978
SUPERSEDING
Fed. Spec. O-S-604C
April 9, 1962

FEDERAL SPECIFICATION

SODIUM METASILICATE, TECHNICAL

This specification was approved by the Commissioner, Federal Supply Service, General Services Administration, for the use of all Federal agencies.

1. SCOPE AND CLASSIFICATION

1.1 Scope. This specification covers two types of sodium metasilicate (see 6.1).

1.2 Classification. Sodium metasilicate shall be of the following types, as specified (see 6.2):

Type I - Pentahydrate ($Na_2SiO_35H_2O$).
Type II - Anhydrous (Na_2SiO_3).

2. APPLICABLE DOCUMENTS

2.1 The following documents, of the issues in effect on date of invitation for bids or request for proposal, form a part of this specification to the extent specified herein.

Federal Specification:

PPP-D-705 - Drum, Shipping and Storage: Steel, 16 and 30 Gallon Capacity.

(Activities outside the Federal Government may obtain copies of Federal Specifications, Standards, and Handbooks as outlined under General Information in the Index of Federal Specifications and Standards and at the prices indicated in the Index. The Index, which includes cumulative monthly supplements as issued, is for sale on a subscription basis by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

(Single copies of this specification and other Federal Specifications required by activities outside the Federal Government for bidding purposes are available without charge from Business Service Centers at the General Services Administration Regional Offices in Boston, New York, Philadelphia, Washington, DC, Atlanta, Chicago, Kansas City, MO, Fort Worth, Houston, Denver, San Francisco, Los Angeles, and Seattle, WA.

(Federal Government activities may obtain copies of Federal Specifications, Standards, and Handbooks and the Index of Federal Specifications and Standards from established distribution points in their agencies.)

Military Standard:

MIL-STD-105 - Sampling Procedures and Tables for Inspection by Attributes.

(Copies of Military Specifications and Standards required by contractors in connection with specific procurement functions should be obtained from the procuring activity or as directed by the contracting officer.)

3. REQUIREMENTS

3.1 Appearance. Sodium metasilicate shall be white and granular.

3.2 Physical and chemical characteristics. Sodium metasilicate shall conform to the applicable physical and chemical characteristics of table I when tested as specified in 4.2.2.

TABLE I. Physical and chemical characteristics

Characteristics	Type I (percent by wt.)	Type II (percent by wt.)
Total alkalinity (as Na_2O)	28.5 to 30.0	49.5 to 53.5
Total silica (as SiO_2)	27.5 to 29.0	44.0 to 49.2
Insoluble matter, maximum	0.2	0.25
Material passing a 149-micron (No. 100) sieve, maximum	10.0	3.0
Material retained on a 2.00 mm (No. 10) sieve, maximum	10.0	10.0

4. QUALITY ASSURANCE PROVISIONS

4.1 Responsibility for inspection. Unless otherwise specified in the contract or purchase order, the contractor is responsible for the performance of all inspection requirements as specified herein. Except as otherwise specified in the contract or order, the contractor may use his own or any other facilities suitable for the performance of the inspection requirements specified herein, unless disapproved by the Government.

4.2 Quality conformance inspection.

4.2.1 Examination of preparation for delivery. Sampling for inspection shall be conducted in accordance with MIL-STD-105, inspection level S-2, AQL 4.0 percent defective. An examination shall be made to determine compliance with the requirements of section 5.

4.2.2 Testing. Sample size shall be one pound, drawn at random from the lot. Testing shall be conducted as specified in 4.3. The lot shall be rejected if the sample fails one test.

4.3 Test methods. Tests shall be conducted as follows:

4.3.1 Total alkalinity. Total alkalinity as sodium oxide (Na_2O) shall be determined as follows:

Weigh 20 g of the sample to the nearest mg, transfer to a 500-ml volumetric flask and dilute to the mark. Transfer a 50-ml aliquot to a 250-ml beaker and titrate with 0.5N-hydrochloric acid (HCl) using methyl orange as the indicator. Reserve the titrated solution for the determination of total silica. Calculated the total alkalinity by:

$$\text{Total alkalinity as } Na_2O\text{, percent} = \frac{N \times V \times 3.1}{W}$$

where: N = normality of the HCl
V = milliliters of HCl required for titration, and
W = grams of sample in the aliquot.

APPENDIX H

REVISED PROFIT AND LOSS TABLE 11

Appendix H

Revised financial data for U.S. producers on their anhydrous sodium metasilicate operations, plants and firms, 1977-79, January-June 1979, and January-June 1980, to reflect *** transferring of *** at market price.

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