

# **NITROCELLULOSE FROM FRANCE**

**Determination of the Commission in  
Investigation No. 701-TA-190  
(Preliminary) Under the Tariff Act  
of 1930, Together with the Information  
Obtained in the Investigation**

**USITC PUBLICATION 1304**

**OCTOBER 1982**

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



# UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Data which would disclose confidential operations of individual concerns may not be published and therefore have been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

Investigation No. 701-TA-190 (Preliminary)

NITROCELLULOSE FROM FRANCE

Determination

Based on the record 1/ developed in investigation No. 701-TA-190 (Preliminary), the Commission determines pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)), that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury 2/ by reason of imports of nitrocellulose from France, provided for under item 445.25 of the Tariff Schedules of the United States, which are alleged to be subsidized by the Government of France. 3/

Background

On September 14, 1982, counsel for Hercules, Inc., Wilmington, Delaware, filed a petition with the U.S. International Trade Commission and the U.S. Department of Commerce alleging that an industry in the United States is being materially injured and threatened with material injury by reason of allegedly subsidized imports of nitrocellulose from France. Accordingly, on September 17, 1982, the Commission instituted a preliminary countervailing duty investigation (No. 701-TA-190) under section 703(a) of the Tariff Act of 1930. Notice of the institution of the investigation and conference therefor was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission and by publishing the notice in the Federal Register on September 22, 1982 (47 F.R. 41885). A public conference was held in Washington, D.C. on October 5, 1982, at which all interested parties were afforded the opportunity to present information for consideration by the Commission.

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

2/ Commissioner Haggart finds a reasonable indication of present material<sup>1</sup> injury only.

3/ Commissioner Frank did not participate in this determination.

## VIEWS OF THE COMMISSION

On the basis of the record in investigation No. 701-TA-190 (Preliminary), we determine that there is a reasonable indication that an industry in the United States is materially injured 1/ or threatened with material injury by reason of imports of nitrocellulose from France upon which bounties or grants are alleged to be paid. 2/

An earlier investigation was held in August 1982 regarding alleged less-than-fair-value sales of nitrocellulose from France. 3/ 4/ The transcript of the conference and the post-conference briefs in that investigation have been incorporated into the record in the instant investigation at the request of the parties. 5/ The following discussion of the facts and our findings therefore parallel those in the earlier investigation to a great extent. 6/

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1/ Commissioner Haggart determines only that there is a reasonable indication of material injury.

2/ Commissioner Frank did not participate in this determination.

3/ Nitrocellulose from France, Inv. No. 731-TA-96 (Preliminary) USITC Pub. No. 1280 (August 1982).

4/ Commissioner Stern notes in the present investigation she is unable to conclude with any reasonable degree of precision that the alleged subsidies are not impacting the domestic industry with material injury. There is no indication on the record that these alleged export subsidies improve the exporter's competitive position in ways other than reducing price. It is likely that the impact of these alleged subsidies is to make possible the dumping that was the subject of the prior investigation. However, there remains on the basis of these facts a reasonable indication of material injury to the domestic industry by the allegedly subsidized imports. See Additional Views of Commissioner Paula Stern in Fireplace Mesh Panels from Taiwan, Inv. No. 701-TA-185 (Preliminary), USITC Pub. No. 1284 (September 1982) at 18.

5/ Letter to Secretary of the Commission, of September 29, 1982, from all parties in this investigation.

6/ Data was updated for the first three quarters for imports, shipments, domestic consumption and market penetration. Information on production, capacity, capacity utilization, inventories, export shipments and exchange rates was updated through August.

Domestic industry

We find that the like product in this investigation is soluble industrial nitrocellulose. Therefore, we find the domestic industry to be Hercules, Incorporated (Hercules), the sole domestic producer. Our conclusions regarding like product and domestic industry in this case are the same as in the antidumping investigation on nitrocellulose from France. 7/

Reasonable indication of material injury by reason of subsidized imports

Section 771(7)(B) of the Act directs the Commission to consider, among other factors, (1) the volume of imports of the merchandise under investigation, (2) their impact on domestic prices, and (3) the consequent impact on the domestic industry. 8/

Volume of imports--Imports from France increased irregularly from 1979 to 1981 and have increased in January through September 1982 in comparison with the same period in 1981. 9/ Apparent U.S. consumption trended downward during the entire period. 10/ The result has been an increasing market penetration of nitrocellulose from France. 11/ Market penetration in the first 9 months of 1982 was significantly higher than in the same period of 1981. 12/

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7/ Inv. No. 731-TA-96, supra note 3, at 4. For a full discussion of this issue, see the above-referenced opinion at 2-4.

8/ 19 U.S.C. § 1677(7)(B). The industry data have been designated confidential because there is only one exporter of French nitrocellulose and only one domestic producer. Consequently, the discussion necessarily focuses on generalized trends.

9/ Report at A-11 and A-13, Table 6.

10/ Id. at A-7-8.

11/ Id. at A-17-18.

12/ Id.

Effect of imports on prices--Weighted average prices of RS grade

nitrocellulose sold on an f.o.b. basis were compared. 13/ While domestic prices increased irregularly during the period from 1979 through June 1982, 14/ prices of the imports increased at a slower rate during the same period. 15/ A comparison of the domestic and imported prices reveals underselling in six of the last seven quarters. For the remaining quarter the prices were the same. 16/ In view of the rise in the cost of goods sold, 17/ the trends in prices indicate the presence of price suppression as a result of the French imports.

Impact of imports on the domestic industry--Decreased production,

shipment, employment, and financial data, as well as the increased inventories of the domestic industry, provide a reasonable indication of material injury by reason of the subject imports.

Although Hercules' production increased from 1979 to 1981, it declined significantly from January through August 1982 over the level in the comparable 1981 period. 18/ Hercules' capacity was increased by 50 percent in 1980 after the only other domestic producer, DuPont, had left the market. The decline in production in the first 8 months of 1982 was so significant that

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13/ Soluble industrial nitrocellulose can be classified in three grades--SS-type, AS-type and RS-type--according to nitrogen content. RS-type nitrocellulose accounts for more than three-fourths of domestic production of nitrocellulose and French imports of nitrocellulose. Id. at A-2.

14/ Report at A-22-23.

15/ Id.

16/ Id. at A-23.

17/ Id. at A-15.

18/ Id. at A-9.



capacity utilization during that time was below Hercules' capacity prior to its 1980 expansion 19/ and is still much lower than its current capacity. 20/

Domestic shipments declined irregularly from 1979 to 1981 with a significant decrease in the first nine months of 1982 as compared with the corresponding period of 1981. 21/ Employment statistics for production and related workers engaged in the production of nitrocellulose also dropped sharply in the January through June 1982 period over the corresponding 1981 period. 22/ These negative indications for the domestic industry occurred during the time the imports were increasing both in absolute and relative terms.

Financial data received from Hercules revealed a decline in all profit and loss indicators. Operating profit or loss and ratio of operating profit to original cost, to book value and to replacement cost of fixed assets have all consistently decreased from 1979 through 1981 and continued such trend in the period January through June 1982 as compared with the same period of 1981.

23/ These declines have coincided with the increase in the volume of imports.

Lost sales were confirmed in all instances investigated by the Commission. 24/ Price was given as the reason for switching to the imported product by all eight companies contacted. 25/

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19/ Id. at A-9. Postconference brief of petitioner, Hercules, submitted in the earlier case, Inv. No. 731-TA-96, supra note 3, and incorporated into the record in this case.

20/ The current expanded capacity of Hercules is less than the combined capacity of Hercules and DuPont.

21/ Report at A-10-11.

22/ Id. at A-14.

23/ Id. at A-15 and A-17, Table 8.

24/ Id. at A-18-19.

25/ Id. at A-19.

Reasonable indication of threat of material injury 26/

The discussion above has noted that the greatest declines in the indicators of the condition of the domestic industry occurred during the most recent months. Other indicators of threat include foreign capacity to increase production, availability of other export markets for increased production, and increased inventories. Production capacity of French nitrocellulose is not currently being fully utilized although the capacity utilization level increased in January through June 1982. 27/ Since the United States is the largest export market, 28/ it can be expected that additional production would be directed toward the United States. Further, French inventories increased significantly in the period from January through June 1982 over the corresponding 1981 period. 29/

Conclusion

We therefore determine that there is a reasonable indication of material injury or threat of material injury to the domestic industry by reason of imports of nitrocellulose from France which are allegedly being subsidized.

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26/ See supra note 1.

27/ Id. at A-20.

28/ Id. at A-20-21.

29/ Id. at A-21.

## INFORMATION OBTAINED IN THE INVESTIGATION

### Introduction

On September 14, 1982, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce on behalf of Hercules Inc., Wilmington, Del., alleging that producers, manufacturers, or exporters in France receive, directly or indirectly, bounties or grants on the production and/or exportation of industrial nitrocellulose within the meaning of the U.S. countervailing duty laws. The Commission therefore instituted a preliminary countervailing duty investigation to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from France of industrial nitrocellulose, provided for in item 445.25 of the Tariff Schedules of the United States (TSUS), upon which the petitioner alleges bounties and/or grants are being paid. The statute directs that the Commission make its determination within 45 days of its receipt of a petition, or in this case, by October 29, 1982.

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 by publishing the notice in the Federal Register of September 22, 1982 (47 F.R. 41885). <sup>1/</sup> The public conference was held in Washington, D.C., on October 5, 1982, <sup>2/</sup> The briefing and vote in this investigation was held on October 20, 1982.

### Previous Commission Investigation With Respect to Industrial Nitrocellulose

The Commission has conducted one prior investigation concerning industrial nitrocellulose from France. On July 2, 1982, a petition was filed on behalf of Hercules Inc., Wilmington, Del., alleging that an industry in the United States is materially injured or is threatened with material injury by reason of the importation from France of industrial nitrocellulose which is allegedly being sold at less than fair value. On August 16, 1982, the Commission made an affirmative determination in this investigation (No. 731-TA-96 (Preliminary)). The record from this investigation has been incorporated into the record of the present investigation.

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<sup>1/</sup> A copy of the Commission's Notice of Investigation is presented in app. A.

<sup>2/</sup> No witnesses appeared at the public conference. Interested parties to the investigation agreed to incorporate the transcript of the conference and postconference submission from the previous antidumping investigation No. 731-TA-96 (Preliminary) into the instant investigation; No. 701-TA-190 (Preliminary). See app. B for Sept. 29, 1982, letter to the Commission by interested parties. A-1

### Nature and Extent of Alleged Subsidies

The petition states that all U.S. imports of industrial nitrocellulose from France are produced by Societe Nationale des Poudres et Explosifs, Paris, France (hereinafter referred to as SNPE), a company owned by the French Government. <sup>1/</sup> Hercules alleges in its petition that SNPE acquired all of its assets in 1971, without any capital expenditure. Therefore all of SNPE's assets are grants within the meaning of the U.S. trade laws. Furthermore, the French Government finances SNPE's expansions and acquisitions. According to Hercules, the alleged subsidies SNPE's receives allows it to sell industrial nitrocellulose in the U.S. at \$0.736 per wet pound which is substantially below the estimated cost of production of \$1.023 per wet pound. Thus, Hercules estimates the total net subsidy at 39 percent per wet pound.

### The Product

#### Description and uses

The imported product which is the subject of the petition is "soluble" industrial nitrocellulose (also known as cellulose nitrate). SNPE is the only producer of soluble industrial nitrocellulose in France.

Both imported and domestic soluble industrial nitrocellulose (hereinafter referred to as nitrocellulose) is available in the following commercial-type grades as shown in the following tabulation. <sup>2/</sup>

<u>Product</u>	<u>Nitrogen content</u> <u>(percent)</u>
SS-type -----	10.9-11.2
AS-type -----	11.3-11.7
RS-type -----	11.8-12.2

The RS-type nitrocellulose accounts for approximately \*\*\* percent of domestic production of nitrocellulose and the vast majority of the imports of nitrocellulose from France. <sup>3/</sup> According to Hercules Corp. (the only domestic producer) and SNPE's exclusive U.S. agent, Fayette Chemical Corp., both the domestic and imported RS-type nitrocellulose are commercially interchangeable with each other. The compatibility of RS-type nitrocellulose with many synthetic resins accounts for its widespread use in the production of lacquer coatings. AS-type nitrocellulose is soluble in the same solvents as RS-type nitrocellulose but tolerates higher proportions of alcohols in the solvent blend. SS-type nitrocellulose is preferred in rotogravure and flexographic inks due to its solubility in solvent systems with high alcohol content.

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<sup>1/</sup> SNPE was created by the French Government in 1971.

<sup>2/</sup> There is another, quite different type of nitrocellulose known as smokeless nitrocellulose, or guncotton. Smokeless nitrocellulose contains a minimum of 12.6 percent, generally 13 percent and above, nitrogen by weight. The smokeless-type nitrocellulose is used principally as an explosive or propellant; it has no plastics applications.

<sup>3/</sup> \*\*\*.

Nitrocellulose used in explosives is generally more viscous and higher in nitrogen content (12.6 to 13.4 percent nitrogen content) than is industrial nitrocellulose. Both the industrial and explosive grades of nitrocellulose are produced in similar equipment up through the nitration step. Beyond nitration, the facilities for industrial and explosive nitrocellulose are distinct. Explosive nitrocellulose retains the fibrous structure of cellulose when produced by conventional production processes. Since it is not possible to manufacture nitrocellulose to an exact nitrogen content, the required product is obtained by careful blending.

There is installed explosive nitrocellulose capacity at three U.S. facilities, located in Holstein, Tenn.; Indiana Army Ammunition plant, Ind.; and Radford, Va. The facility at Radford, Va., is the only one now operational. It is a Government-owned facility which is operated under contract by Hercules. Hercules does not produce any explosive nitrocellulose at its plant in Parlin, N.J.

Nitrocellulose is a white, amorphous, plastics material prepared commercially by reacting cellulose, from cotton linters or wood pulp, with an aqueous mixture of nitric acid and sulfuric acid. In the Hercules process the cellulose and mixed nitrating acids are fed continuously and simultaneously to a vessel, where nitration of the cellulose takes place. After nitration, the slurry of nitrocellulose and spent acid is passed into a centrifuge, which removes the spent acids and water. After removal from the centrifuge, the product is boiled for stability and fed into a continuous digester for proper molecular weight control. Upon completion of the boiling and digesting procedure, the water-wet nitrocellulose is charged into hydraulic presses that compress the nitrocellulose into a cylindrical block and remove the water (dehydration) and replace it with alcohol (ethyl, isopropyl, or n-butyl alcohol). The cylindrical alcohol-wet nitrocellulose block is then granulated and packaged into steel drums for shipment. A flow chart of Hercules production process is presented on page A-5.

Since it is hazardous to ship or store nitrocellulose in the dry form because of its flammable and even explosive nature, it is shipped or stored wet with 30 percent or more alcohol, as required by the U.S. Department of Transportation.

Nitrocellulose is used principally in the manufacture of fast-drying, durable, lacquer coatings. These nitrocellulose lacquers provide a high-luster shine to the coated articles. For over 60 years, nitrocellulose lacquers have been used by the furniture industry because of their ease of application, fast drying, and ease of repairability. However, in the the past few years, this market for nitrocellulose has been shrinking due to the substitution of molded plastic components, which do not use a nitrocellulose lacquer finish for components requiring such a finish.

Industry sources report the following end uses and market shares for nitrocellulose lacquers as shown in the following tabulation:

<u>End use</u>	<u>Percentage distribution of market share</u>
Furniture and wood products-----	35
Flexographic inks-----	10
Rotogravure inks-----	10
Automotive refinishing-----	10
Cellophane coating-----	5
Fingernail polish-----	5
Leather coating-----	5
Miscellaneous applications-----	20
Total-----	<u>100</u>

Hercules Production Process

\* \* \* \* \*

U.S. tariff treatment

Nitrocellulose of the type subject to this investigation is classified in the Tariff Schedules of the United States (TSUS) under the residual or "basket" category for synthetic cellulosic plastics material other than cellulose acetate, TSUS item 445.25. 1/ The rates of duty applicable to nitrocellulose entered under TSUS item 445.25 are 7.1 percent ad valorem (col. 1) 2/ and 34.5 percent ad valorem (col. 2). 3/ The current col. 1 rate became effective on January 1, 1982, and is the third of eight stages of annual rate reductions resulting from concessions granted by the United States in the Tokyo round of the Multilateral Trade Negotiations (MTN) under the General Agreement on Tariffs and Trade (GATT). The final (eighth) stage will result in a duty of 5.2 percent ad valorem. Imports of nitrocellulose under TSUS item 445.25, if entered from least developed developing countries (LDDC's), 4/ are dutiable at 5.2 percent ad valorem; however, there have been no known imports of nitrocellulose from LDDC's in recent years. Imports of nitrocellulose under TSUS item 445.25 are eligible for duty-free entry under the Generalized System of Preferences. 5/

The following table shows the pre-MTN rate and staged rate modifications for item 445.25, 1980-87:

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1/ The smokeless-type of nitrocellulose is classified under TSUS item 485.30, smokeless powders.

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

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

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

5/ The GSP, enacted as title V of the Trade Act of 1974, provides duty-free treatment for specified eligible articles imported directly from designated beneficiary developing countries. GSP, implemented by Executive Order No. 11888 of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is scheduled to remain in effect until Jan. 4, 1985.



Table 1.--Cellulosic plastics materials other than cellulose acetate: Pre-MTN rate of duty and staged rate of duty modifications, 1980-87

TSUS item No.	Pre-MTN col. 1 rate of duty <u>1/</u>	Rates of duty <u>2/</u> effective with respect to articles entered on and after Jan. 1--								
		1980 <u>4/</u>	1981	1982	1983	1984	1985	1986	1987	
445.25	9.7¢ per lb.	7.9%	7.5%	7.1%	6.8%	6.4%	6%	5.6%	5.2%.	
	(8.3% ad valorem) <u>3/</u>									

1/ Rate effective prior to July 1, 1980.

2/ The symbol "%" indicates "percent ad valorem."

3/ Rate from which staged represents the ad valorem equivalent rate of duty of the specific pre-MTN col. 1 rate.

4/ The first rate reduction became effective July 1, 1980.

#### U.S. Producers

Since 1978, Hercules Inc., Wilmington, Del., has been the only U.S. producer of nitrocellulose. Hercules has produced nitrocellulose at a plant in Parlin, N.J., for over 60 years. The firm is a multinational corporation with 80 production plants in the United States and various parts of the world. In 1981, the company had approximately 23,000 employees and sales of approximately \$2.7 billion. Hercules has historically specialized in the production of chemicals, but in recent years has increasingly diversified its product line into other areas.

Prior to 1978, Du Pont, Wilmington, Del., produced nitrocellulose at a plant in Carney's Point, N.J. On July 19, 1977, Du Pont announced to its customers that it was phasing out the sale of industrial nitrocellulose by December 30, 1977. The reason Du Pont discontinued producing nitrocellulose was the company's view that capital expenditures to modernize its production plant and meet environmental regulations was not justified, because the nitrocellulose market would continue to shrink in future years. 1/ According to industry sources, Du Pont held approximately \*\*\* percent of the U.S. nitrocellulose market in 1977. Hercules controlled the other \*\*\* percent. Imports were nonexistent in the U.S. market at the time.

#### U.S. Market

Apparent U.S. consumption declined by \*\*\* percent from \*\*\* million wet pounds in 1979 to \*\*\* million wet pounds in 1980. In 1981, apparent consumption rebounded to \*\*\* million pounds, which was still \*\*\* percent below the 1979 level. However, in January-September 1982, apparent consumption

1/ A copy of Du Pont's announcement is set forth in app. C.

fell by \*\*\* percent from that reported for the corresponding period of 1981, as shown in the following tabulation (in millions of wet pounds):

<u>Period</u>	<u>Apparent U.S. consumption</u>
1979-----	***
1980-----	***
1981-----	***
January-September--	
1981-----	***
1982-----	***

In 1976, the last full year of production by Du Pont, apparent U.S. consumption of nitrocellulose was estimated at \*\*\* million wet pounds. Hercules supplied \*\*\* million wet pounds in that year, and Du Pont supplied an estimated \*\*\* million pounds. 1/

#### U.S. Importers and Foreign Producers

After Du Pont left the U.S. market in 1977, there was a shortage of nitrocellulose. Purchasers of nitrocellulose were put on allocation by Hercules, and many of these purchasers started to use imported nitrocellulose to replace the Du Pont product. Hercules, to alleviate the nitrocellulose shortage, joined with several purchasers of the product and requested that Congress temporarily suspend the duties on imported nitrocellulose until the Hercules nitrocellulose production facilities could be expanded to meet the increase in demand. However, the duty on imported nitrocellulose was never suspended. In 1978 and 1979 imported nitrocellulose began to appear in the U.S. market. The French producer, SNPE, was the first large supplier of imported nitrocellulose in the U.S. market. German and Japanese producers followed SNPE as suppliers to the U.S. market.

In 1978, SNPE contracted with Fayette Chemical Corp., Woodridge, N.J., to be its exclusive agent in the United States. 2/ Fayette, along with Cellofilm of New Jersey, Cellofilm of Illinois, and Cellomer Corp., Newark, N.J., compose the chemical group of Polychrome Corp., Yonkers, N.Y. All of the companies composing the Polychrome chemical group are wholly owned subsidiaries of Polychrome. Polychrome is in turn a wholly owned subsidiary of DaiNippon Ink & Chemical Co. of America, New York, N.Y., which is owned by DaiNippon Ink of Japan.

Fayette acts as an importer and broker for the other companies within the Polychrome chemical group. The Cellofilm divisions are some of the largest users of nitrocellulose in the United States. Currently, Fayette has warehouses in New Jersey and Chicago, Ill., to service its customers. Fayette informed the Commission that it will soon have warehouse facilities in High Point, N.C.

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1/ This data was supplied by Hercules Inc. and Du Pont.

2/ \*\*\* other U.S. companies had previously signed contracts with SNPE in 1977, and SNPE reserved the right to continue to sell directly to these companies. \*\*\*, is still supplied directly by SNPE.

Other large importers of nitrocellulose are as follows:

<u>Importer</u>	<u>Source</u>
E.T. Horn Co., LaMirada, Calif.	Japan
Toyomenka America, Inc., San Francisco, Calif.	Japan
Scholle Chemical Co., Chicago, Ill.	France, West Germany

The industrial nitrocellulose imported from Japan is produced primarily by Asahi Chemical Industry Ltd., Tokyo, Japan, \*\*\*. West Germany's largest exporter of industrial nitrocellulose to the United States is \* \* \*.

#### Consideration of Injury or Likelihood Thereof

##### U.S. production, capacity, and capacity utilization

U.S. production of nitrocellulose during 1979-81 \*\*\* million pounds in 1979 to \*\*\* million pounds in 1981. However, in January-August 1982, production \*\*\* from that in the corresponding period of 1981 (table 2). During the same period, Hercules, in response to the nitrocellulose shortage, increased its capacity from \*\*\* million pounds in 1979 <sup>1/</sup> to \*\*\* million pounds in 1981, or by \*\*\* percent. However, Hercules' capacity utilization for its nitrocellulose production facilities \*\*\*. In January-August 1982, Hercules' capacity utilization rate \*\*\* compared with \*\*\* percent in the corresponding period of 1981.

Table 2.--Nitrocellulose: U.S. production, capacity, and capacity utilization, 1979-81, January-August 1981, and January-August 1982

Period	Production	Capacity	Capacity utilization
	1,000 wet pounds		Percent
1979-----	***	***	***
1980-----	***	***	***
1981-----	***	***	***
January-August--			
1981-----	***	***	***
1982-----	***	***	***

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

At the public conference 1/ and in their postconference brief, 1/ counsel for Fayette and SNPE argued that Hercules made a strategic error in increasing its nitrocellulose production capacity by at least 20 million pounds more than was required to meet the entire U.S. demand. SNPE contends that this overexpansion has caused underutilization of Hercules production facilities and the subsequent profit erosion. 2/ In its postconference brief, 1/ Hercules countered that its recent production (January-June 1982) was only at a level equal to \*\*\* percent of its capacity prior to the expansion. Thus, even if Hercules had not expanded its production facilities, it still would be suffering a decline in production and capacity utilization. Furthermore, in 1977, the combined nitrocellulose capacity of Hercules and Du Pont actually exceeded Hercules capacity in 1980, after the 50-percent expansion of its capacity. 3/

As shown in table 3, the RS-grade of nitrocellulose has accounted for approximately \*\*\* percent of Hercules nitrocellulose production during 1979-82.

Table 3.--Nitrocellulose: U.S. production, by grades,  
1979-81 and January-August 1982

(In thousands of wet pounds)				
Period	RS	AS	SS	
1979-----	***	***	***	
1980-----	***	***	***	
1981-----	***	***	***	
1982 (January-August)----	***	***	***	

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

#### Domestic shipments and export shipments

Hercules' domestic shipments of nitrocellulose \*\*\* million pounds in 1979 to \*\*\* million pounds in 1981. In January-September 1982, domestic shipments \*\*\* percent from the corresponding period of 1981 (table 4). Export shipments by Hercules \*\*\* during 1979-81 from \*\*\* million pounds in 1979 to \*\*\* million pounds in 1981. However, in January-September 1982, export shipments \*\*\* percent from those in the corresponding period of 1981. \*\*\* and \*\*\* are the largest markets for U.S. produced nitrocellulose.

1/ At the public conference and in the briefs of the previous case 731-TA-96, Nitrocellulose From France.

2/ Postconference brief (previous case) of SNPE and Fayette Chemical Corp., pp. 2, 3, and 6.

3/ Postconference brief (previous case) of Dow, Lohnes & Albertson, pp. 6 and 7.

Table 4.--Nitrocellulose: Domestic shipments and export shipments,  
1979-81, January-September 1981, and January-September 1982

(In thousands of wet pounds)			
Period	Domestic shipments	Export shipments	Total
1979-----	***	***	***
1980-----	***	***	***
1981-----	***	***	***
Jan.-Sept.--			
1981-----	***	***	***
1982-----	***	***	***

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

#### U.S. imports

Total U.S. imports of industrial nitrocellulose increased from 10.4 million wet pounds in 1979 to 11.2 million pounds in 1980, and then increased again to 12.7 million pounds in 1981. In January-September 1982 imports declined by 3 percent from the level reported in the corresponding period of 1981, as shown in the following tabulation (in millions of wet pounds).

<u>Period</u>	<u>Imports</u>
1979-----	10.4
1980-----	11.2
1981-----	12.7
January-September--	
1981-----	9.0
1982-----	8.7

The two main sources of U.S. imports of industrial nitrocellulose are France and Japan. Such imports from France \*\*\* million wet pounds in 1979 to \*\*\* million wet pounds in 1980, but then \*\*\* million wet pounds in 1981. In January-September 1982, imports of industrial nitrocellulose from France \*\*\* percent over the level entered in the corresponding period of 1981 (table 6).

SNPE the only french producer submitted data on its exports of industrial nitrocellulose to the United States for 1981 and January-September 1981 and 1982. Because of the large lag time from date of export from France to date of importation in the United States by Fayette Chemical, the trends shown in table 5 differ from the import trends shown in table 6. While exports of French nitrocellulose to the United States \*\*\* than the 1981 import figures, the January-September export figures show \*\*\* from those reported for the corresponding period of 1981.

\* \* \* \* \*

Table 5.--Nitrocellulose: SNPE exports to the United States, by grade  
1981, January-September 1981, and January-September 1982

(Quantities 1,000 wet pounds)				
Source and grade	:	1981	January-September--	
			1981	1982
RS-type-----	:	***	***	***
AS-type-----	:	***	***	***
SS-type-----	:	***	***	***
Total-----	:	***	***	***

Source: SNPE confidential submission.

Imports from Japan \*\*\* million wet pounds in 1979 to \*\*\* million wet pounds in 1980 but then \*\*\* million wet pounds in 1981. In January-September 1982, imports from Japan \*\*\* percent from those in the corresponding period of 1981. While Hercules' domestic shipments and imports from Japan \*\*\*.

As shown in table 6, the RS-type of industrial nitrocellulose accounted for approximately \*\*\* percent of all nitrocellulose imports in 1981. The AS-type was imported from only West Germany during 1979-82.

Table 6.--Nitrocellulose: U.S. imports for consumption, by sources and by grades, 1979-81, January-September 1981, and January-September 1982

(In thousands of wet pounds)						
Source and grades	1979	1980	1981	January September--		
				1981	1982	
France: 1/						
RS-type-----	***	***	***	***		***
AS-type-----	***	***	***	***		***
SS-type-----	***	***	***	***		***
Subtotal-----	***	***	***	***		***
Japan:						
RS-type-----	***	***	***	***		***
AS-type-----	***	***	***	***		***
SS-type-----	***	***	***	***		***
Subtotal-----	***	***	***	***		***
West Germany:						
RS-type-----	***	***	***	***		***
AS-type-----	***	***	***	***		***
SS-type-----	***	***	***	***		***
Subtotal-----	***	***	***	***		***
Total all sources:						
RS-type-----	***	***	***	***		***
AS-type-----	***	***	***	***		***
SS-type-----	***	***	***	***		***
Total-----	10,405	11,241	12,672	8,976		8,747

1/ Based on SNPE export data for 1980 and Fayette Chemical's import data for 1981, January-September 1981, and January-September 1982.

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

#### U.S. inventories

Hercules' yearend inventory of industrial nitrocellulose \*\*\* million pounds in 1979 to \*\*\* million pounds in 1980, and then \*\*\* million pounds in 1981, as shown in the following tabulation:

<u>Period</u>	<u>Quantity</u> (1,000 wet pounds)
1979-----	***
1980-----	***
1981-----	***
January-August--	
1981-----	***
1982-----	***

### Employment and wages

Total employment of production and related workers at the Hercules plant which produces nitrocellulose \*\*\* employees in 1979 to \*\*\* in 1981, but then \*\*\* during January-June 1982 (table 7). Production and related workers engaged in producing nitrocellulose \*\*\* in 1979 to \*\*\* in 1981. The number of production and related workers \*\*\* percent to \*\*\* in January-June 1982. The International Chemical Workers Union advised the Commission <sup>1/</sup> of their concern about this decline in employment, noting that they support the position of Hercules in this investigation.

Wages paid to production and related workers making nitrocellulose \*\*\* million in 1979 to \*\*\* million in 1981. Wages during January-March 1982 were \*\*\* million, which represented a \*\*\* percent \* \* \* from those paid during the corresponding period of 1981.

Table 7.--Average number of employees, total production and related workers and production and related workers engaged in the production of nitrocellulose at Hercules Inc., 1979-81, January-June 1981, and January-June 1982

Item	:	:	:	:	January-June--	
					1981	1982
	:	:	:	:	:	:
Average number employed	:	:	:	:	:	:
in the reporting	:	:	:	:	:	:
establishment:	:	:	:	:	:	:
Production and related	:	:	:	:	:	:
workers-----	:	***	***	***	***	***
Production and related	:	:	:	:	:	:
workers engaged in the	:	:	:	:	:	:
production of nitro-	:	:	:	:	:	:
cellulose-----	:	***	***	***	***	***
	:	:	:	:	:	:

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

### Financial experience of Hercules Inc.

Financial data were received from Hercules Inc. on its nitrocellulose operations and are presented in table 8. Hercules's net sales of nitrocellulose \* \* \*. The quantity of sales \*\*\* in the same period. In January-June 1982, net sales \*\*\*, compared with sales of \*\*\* in the corresponding period of 1981.

Operating profit \*\*\*. In the same period, the ratio of operating profit to net sales \*\*\*. Cost of goods sold as a share of net sales \* \* \*. As a share of net sales, general, selling, and administrative expenses \* \* \*. In January-June 1982, Hercules reported an operating \*\*\*, as compared with an A-14 operating \*\*\* in the corresponding period of 1981.

<sup>1/</sup> Letter dated July 22, 1982, from the International Chemical Workers



\*       \*       \*       \*       \*       \*       \*

Table 8.--Selected financial data for Hercules Inc., on its nitrocellulose operations, 1979-81, January-June 1981, and January-June 1982

Item	1979	1980	1981	Jan.-June--	
				1981	1982
Net sales-----1,000 dollars--	***	***	***	***	***
Cost of goods sold-----do----	***	***	***	***	***
Gross profit-----do----	***	***	***	***	***
General, selling, and administrative expenses-----	***	***	***	***	***
Operating profit or (loss)-----do----	***	***	***	***	***
Ratio of operating profit or (loss) to net sales-----percent--	***	***	***	***	***
Cash flow from operations <u>1/</u> --1,000 dollars--	***	***	***	***	***
Fixed assets employed in the production of nitrocellulose:					
Original cost-----do----	***	***	***	***	***
Book value-----do----	***	***	***	***	***
Replacement cost-----do----	***	***	***	***	***
Ratio of operating profit or (loss) to--					
Original cost of fixed assets----percent--	***	***	***	***	***
Book value of fixed assets-----do----	***	***	***	***	***
Replacement cost of fixed assets----do----	***	***	***	***	***

1/ Defined as operating profit plus depreciation and amortization expense.

2/ Not available.

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

\*                    \*                    \*                    \*                    \*                    \*

Reported interest expense by Hercules

Item	:	:	:	:	:	January-June--	
	:	1979	:	1980	:	1981	1982
	:	:	:	:	:	:	:
Interest expense:	:	:	:	:	:	:	:
For working capital	:	:	:	:	:	:	:
1,000 dollars--	:	***	:	***	:	***	***
For capital investment	:	:	:	:	:	:	:
do----	:	***	:	***	:	***	***
Total-----do----	:	***	:	***	:	***	***
	:	:	:	:	:	:	:

\*                    \*                    \*                    \*                    \*                    \*

Hercules sales and operating profit for its domestic and export operations are presented in the following tabulation:

Item	:	1979	:	1980	:	1981
	:		:		:	
Domestic:	:		:		:	
Net sales-----1,000 dollars--:	:	***	:	***	:	***
Operating profit-----do-----:	:	***	:	***	:	***
Ratio of operating profit to net	:		:		:	
sales-----percent--:	:	***	:	***	:	***
Export:	:		:		:	
Net sales-----1,000 dollars--:	:	***	:	***	:	***
Operating profit-----do-----:	:	***	:	***	:	***
Ratio of operating profit to net	:		:		:	
sales-----percent--:	:	***	:	***	:	***
	:		:		:	

\*            \*            \*            \*            \*            \*

The ratios of operating profit to original cost, book value, and replacement cost of fixed assets are presented in table 8. The return on fixed assets based on each of the three methods of valuation \*\*\* ratio of operating profit to net sales.

#### Consideration of the Causal Relationship Between Alleged LTFV Imports and the Alleged Injury

##### Market penetration of alleged LTFV imports

U.S. imports of industrial nitrocellulose from France captured an increasing share of a declining market during 1979-82. Such imports increased as a share of apparent U.S. consumption from \*\*\*. In January-September 1982, French imports increased their share of the U.S. market to \*\*\* over the level achieved in the corresponding period of 1981 (table 9). During the same period, total imports of nitrocellulose increased their share of the U.S. market each year, from \*\*\*. In January-September 1982, imports secured their highest penetration level of \*\*\*.

Table 9.--Nitrocellulose: U.S. producer's domestic shipments, imports for consumption from France and all countries, and apparent consumption, 1979-81, January-September 1981, and January-September 1982

Period	: Domestic : : shipments :	: Imports : : from : : France 1/ :	: All : : other : : imports :	: Total : : imports :	: Apparent : : consumption :	: Ratio of imports : : to consumption :	: France : : Total : : imports :
	-----1,000 wet pounds-----					----Percent----	
1979-----	***	***	***	10,405	***	***	***
1980-----	***	***	***	11,241	***	***	***
1981-----	***	***	***	12,672	***	***	***
Jan.-Sept--							
1981-----	***	***	***	8,976	***	***	***
1982-----	***	***	***	8,747	***	***	***

1/ Based on SNPE's export statistics for 1980 and Fayette Chemical's import data for 1981 and January-September 1981 and 1982.

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

#### Lost sales

Hercules Inc. supplied the Commission with a list of \*\*\* firms to which they allegedly lost sales of industrial nitrocellulose because of alleged LTFV imports from France. The Commission contacted eight of the purchasing firms, which accounted for a majority of the total alleged lost sales, and was able to confirm lost sales with all eight companies contacted. The approximate range of the value of the confirmed lost sales is \*\*\*. 1/ Some of the purchasing companies began using French or Japanese imports after Du Pont left the market, and a temporary shortage of nitrocellulose developed. Many purchasers stated that their companies were trying to maintain dual suppliers, as was their custom prior to Du Pont's exit from the market. Details of the eight lost sales are as follows:

#### Purchasing company

#### Source

\* \* \* \* \*

1/ Based on Hercules estimates and conversations with the eight purchasers.

2/ Started to purchase SNPE material in 1982.

In all eight instances, price was given by the purchasers as the reason for switching to the imported product. The majority of the purchasers contacted stated that they were forced to purchase the lower priced imported material to keep the price of their own products price competitive within their industry. In all instances, Hercules offered to continue to supply nitrocellulose to these customers, \*\*\*. In some instances, imported nitrocellulose from Japan or West Germany was also substituted for the domestic product. In the case of \*\*\*, the company switched to the Japanese nitrocellulose (\*\* million wet pounds for 1980 and 1981) while purchasing smaller but still substantial amounts from France (approximately \*\*\* wet pounds).

Both \*\*\* and \*\*\* started to purchase significant amounts of French nitrocellulose in 1979. Details of these companies' purchases of the French nitrocellulose are as shown in the following tabulation (in wet pounds):

<u>Company</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
*	*	*	*

\*\*\* informed the Commission that it also purchases large amounts of nitrocellulose from Japan (\*\* million wet pounds in 1980 and 1981). \*\*. However, it continued to purchase \*\* of its nitrocellulose requirements from \*\*. At that point, \*\* decided to obtain most of its nitrocellulose requirements from \*\*. \*\* informed the Commission that although \* \* \*. Thus, \*\* has been obtaining more of its nitrocellulose purchases \*\*.

*	*	*	*	*	*	*
<u>Company</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Hercules-----	***	***	***	***	***	***
Du Pont-----	***	***	***	***	***	***
SNPE-----	***	***	***	***	***	***

*	*	*	*	*	*	*
---	---	---	---	---	---	---

#### Threat of injury

A-19

Foreign capacity and production.--SNPE's current maximum annual capacity to produce industrial nitrocellulose is \*\*\* wet pounds (\*\* dry pounds). Details of SNPE's production capacity and production process at their Bergerac

plant are set forth in app. D. \*\*\*. During 1978-81, SNPE's production of industrial nitrocellulose \*\*\* wet pounds in 1978 and to \*\*\* million wet pounds in 1979 and then \*\*\* wet pounds level in 1980 and 1981. In January-June of 1982, SNPE's production \*\*\* that in the corresponding period of 1981 (table 10). The RS-type of nitrocellulose accounted for \*\*\* of SNPE's production in 1981, \* \* \* \* \*

Table 10.--Nitrocellulose: SNPE production, by types,  
1979-81, January-June 1981, and January-June 1982

(In 1,000 of wet pounds)						
Period	RS	AS	SS	Total		
1978-----	***	***	***	***		
1979-----	***	***	***	***		
1980-----	***	***	***	***		
1981-----	***	***	***	***		
January-June--						
1981-----	***	***	***	***		
1982-----	***	***	***	***		

Source: Confidential submission of SNPE.

Based on SNPE's maximum production capacity, the French producer experienced an \*\*\* capacity utilization level for 1980 and 1981. In January-June 1982, SNPE operated its industrial nitrocellulose production facility at a \*\*\* capacity utilization level.

French domestic shipments and exports.--As shown in table 11, SNPE's domestic shipments in France \*\*\* wet pounds in 1979 to \*\*\* wet pounds in 1980, \*\*\*. In January-June 1982, SNPE's domestic shipments \*\*\* the level of its shipments in the corresponding period of 1981.

Table 11.--Nitrocellulose: SNPE's domestic shipments in France and export shipments, 1979-81, January-June 1981, and January-June 1982

(In thousands of wet pounds)						
Period	:	Domestic shipments	:	Total export shipments	:	Total
1979-----	:	***	:	***	:	***
1980-----	:	***	:	***	:	***
1981-----	:	***	:	***	:	***
January-June--	:		:		:	
1981-----	:	***	:	***	:	***
1982-----	:	***	:	***	:	***
	:		:		:	
1/ Not available.						

1/ Not available.

Source: Confidential submission of SNPE.

During 1979-81, exports of industrial nitrocellulose accounted for \*\*\* percent of SNPE's total shipments. Besides the United States, SNPE's largest export markets for nitrocellulose are \*\*\*.

As shown in the following tabulation, SNPE's yearend inventories of industrial nitrocellulose \*\*\*.

<u>Period</u>	<u>Quantity</u>
As of Dec. 31--	<u>1,000 wet pounds</u>
1978-----	***
1979-----	***
1980-----	***
1981-----	***
As of June 30--	
1981-----	***
1982-----	***

### Prices

Hercules, the domestic producer, argues that its method of packing nitrocellulose for shipments should provide it with a significant price advantage over the French producer. Hercules ships nitrocellulose in returnable steel drums; SNPE ships it in disposable fiber drums. Hercules has stated that its costs for the drums, which amount to about \*\*\* per pound of nitrocellulose, are lower than those for the French product. However, the importer has argued that the cost of the fiber drums is lower.

Prices charged by domestic producers and by importer-distributors of RS nitrocellulose on sales to their largest customers were requested on an f.o.b. and a delivered basis, by quarters, for the period from January 1980 through June 1982. RS nitrocellulose was selected for price comparisons, since it accounts for \*\*\* of domestic production, and also makes up the largest share of imports. Hercules provided both f.o.b. and delivered prices, but Fayette Chemical Corp., which imports and markets the French product, and Toyomenka, Inc., and E.T. Horn, which handle the Japanese product, provided prices on an f.o.b. point of shipment basis only. Therefore, only f.o.b. prices of domestic and imported nitrocellulose could be compared.

Trends in prices.--Weighted-average domestic prices of nitrocellulose \*\*\* over the period from January 1980 through June 1982, even though they \*\*\* during January-June 1982 (table 14). These prices climbed from \*\*\* pound in January-March 1980 to \*\*\* in April-June 1980, and then remained \*\*\* pound during July-December 1981. They then \*\*\* in January-March 1982 and remained \*\*\* April-June 1982.

The overall \*\*\* in the domestic price for the 2.5-year period \*\*\* than the increase in prices of related products during this time span. The Bureau of Labor Statistics index of prices of all paint materials increased by an average of only 16.8 percent during January 1980-June 1982.

Prices of imported nitrocellulose from France \*\*\* than prices of the domestic product during the period of the investigation. They \*\*\* pound in April-June 1980 to \*\*\* in July-September 1981 and then \*\*\* during the next three quarters to \*\*\* in April-June 1982. \*\*\* in the price of French-produced nitrocellulose between January 1980 and June 1982 may be partly a result of the continuing depreciation of the French franc during the period. As shown in table 12, the franc declined by 40 percent in relation to the dollar between January 1980 and August 1982. More recent evidence indicates that the franc continued to depreciate from the end of August through October 1982. 1/

Table 12.--Index of exchange rate of the French franc in relation to the U.S. dollar, by quarters, January 1979-May 1982

(January-March 1980=100)								
Period	:	1979	:	1980	:	1981	:	1982
January-March-----	:	97.2	:	100	:	85.2	:	69.2
April-June-----	:	94.9	:	98.5	:	76.6	:	67.4
July-September-----	:	97.8	:	100.6	:	71.4	:	<u>1/</u> 60.0
October-December-----	:	100.1	:	93.8	:	73.4	:	-
	:		:		:		:	

1/ Data available only for July-August.

1/ Data presented in the business sections of recent newspapers show that the franc declined by 7 percent between Aug. 31 and Oct. 14, 1982



Margins of underselling.--A comparison of domestic and imported prices of nitrocellulose from France indicates that underselling occurred in \*\*\*. Actual margins ranged from \*\*\* pound, and percentage margins ranged from \*\*\* (table 13). During January-September 1980, prices of domestic nitrocellulose were \*\*\* than prices of the French product.

Prices of imported nitrocellulose from Japan are shown in table 13. It is apparent that prices charged by the two importers of Japanese nitrocellulose \*\*\*. Average Japanese prices \*\*\* in January-March 1980 to \*\*\* pound in April-June 1982. They were \*\*\* price during April-December 1980 and July-December 1981 by amounts ranging from \*\*\* per pound. Japanese prices were \*\*\* in all other periods, including January-June 1982. The average price of the Japanese nitrocellulose was \*\*\* of the \*\*\* in five out of the six quarters from January 1981 through June 1982.

Table 13.--RS nitrocellulose: Weighted-average prices f.o.b. of the domestic producer and the importer, and margins of underselling, by quarters, January 1980-June 1982

Period	Hercules Inc.	Fayette Inc.	Margins of underselling of--
			Hercules Inc. ; Fayette Inc.
	Cents per wet pound 1/		-----Percent-----
1980:			
January-March-----	***	***	*** ; ***
April-June-----	***	***	*** ; ***
July-September-----	***	***	*** ; ***
October-December----	***	***	*** ; ***
1981:			
January-March-----	***	***	*** ; ***
April-June-----	***	***	*** ; ***
July-September-----	***	***	*** ; ***
October-December----	***	***	*** ; ***
1982:			
January-March-----	***	***	*** ; ***
April-June-----	***	***	*** ; ***

1/ Prices rounded to the nearest cent.

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

Table 14.--Nitrocellulose: Prices f.o.b. of Japanese importers,  
by quarters, January 1980-June 1982 1/

(In cents per wet pound)				
Period	:	E.T. Horn Co.:	Toymenka :America Inc.:	Average price
1980:	:	:	:	:
January-March-----:	:	***:	***:	***
April-June-----:	:	***:	***:	***
July-September-----:	:	***:	***:	***
October-December-----:	:	***:	***:	***
1981:	:	:	:	:
January-March-----:	:	***:	***:	***
April-June-----:	:	***:	***:	***
July-September-----:	:	***:	***:	***
October-December-----:	:	***:	***:	***
1982:	:	:	:	:
January-March-----:	:	***:	***:	***
April-June-----:	:	***:	***:	***
	:	:	:	:

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

APPENDIX A

NOTICE OF COMMISSION'S INVESTIGATION AND CONFERENCE  
DEPARTMENT OF COMMERCE'S NOTICE OF INITIATION  
OF AN COUNTERVAILING DUTY INVESTIGATION

threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Brazil of melamine, provided for an item 425.10 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value.

**EFFECTIVE DATE:** September 13, 1982.

**FOR FURTHER INFORMATION CONTACT:** Ms. Abigail Eltzroth, Office of Investigations, U.S. International Trade Commission; telephone 202-523-0289.

**SUPPLEMENTARY INFORMATION:**

**Background.**—This investigation is being instituted following receipt of a petition filed by Melamine Chemicals, Inc. on September 13, 1982. Copies of the petition are available for public inspection in the Office of the Secretary, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C. The Commission must make its determination in this investigation within 45 days after the date of the filing of a petition, or by October 28, 1982 (19 CFR § 207.17). This investigation 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 47 FR 6190), and particularly subpart B thereof. Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided for in section 201.11 of the Commission's Rules of Practice and Procedure (19 CFR § 201.11), not later than seven (7) days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Director of Operations, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the notice.

**Service of documents.**—The Secretary will compile a service list from the entries of appearance filed in this investigation. Any party submitting a document in connection with the investigation shall, in addition to complying with section 201.8 of the Commission's rules (19 CFR § 201.8), serve a copy of each such document on all other parties to the investigation. Such service shall conform with the requirements set forth in section 201.16(b) of the rules (19 CFR § 201.16(b)).

**Written submissions.**—Any person may submit to the Commission on or before October 8, 1982, a written statement of information pertinent to the subject matter of this investigation. A signed original and fourteen 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 this investigation for 9:30 a.m., on October 6, 1982 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. Abigail Eltzroth, telephone 202-523-0289, not later than October 4, 1982, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A and B (19 CFR 207), and part 201, subparts A through E (19 CFR 201). Further information concerning the conduct of the conference will be provided by Ms. Eltzroth.

This notice is published pursuant to section 207.12 of the Commission's Rules of Practice and Procedure (19 CFR 207.12).

Issued: September 15, 1982.

By order of the Commission.

Kenneth R. Mason,  
Secretary.

[FR Doc 82-26116 Filed 9-21-82; 8:45 am]  
BILLING CODE 7020-02-M

**[Investigation No. 701-TA-190  
(Preliminary)]**

**Nitrocellulose From France**

**AGENCY:** United States International Trade Commission.

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

**SUMMARY:** The U.S. International Trade Commission hereby gives notice of the institution of investigation No. 701-TA-

190 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from France of nitrocellulose,<sup>1</sup> provided for in item 445.25 of the Tariff Schedules of the United States, which are alleged to be subsidized by the Government of France.

**EFFECTIVE DATE:** September 14, 1982.

**FOR FURTHER INFORMATION CONTACT:** Mr. Bill Schechter, Office of Investigations, U.S. International Trade Commission; telephone 202/523-0300.

**SUPPLEMENTARY INFORMATION:**

**Background**

This investigation is being instituted following receipt of a petition filed by counsel for Hercules, Inc., Wilmington, Delaware. A nonconfidential copy of the petition is available for public inspection during official working hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C. 20436, telephone (202-523-0448). The Commission must make its determination in this investigation within 45 days after the date of the filing of the petition, or by October 29, 1982 (19 CFR 207.17). This investigation 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 47 FR 6190), and particularly subpart B thereof.

Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission not later than seven (7) days after the publication of this notice in the Federal Register (19 CFR 201.11). Any entry of appearance filed after this date will be referred to the Chairman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the notice.

**Service of documents.**—The Secretary will compile a service list from the entries of appearance filed in this investigation. Any party submitting a document in connection with the investigation shall, in addition to complying with section 201.8 of the Commission's rules (19 CFR 201.8), serve a copy of each such document on all other parties to the investigation. Such service shall conform with the

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<sup>1</sup> Also known as cellulose nitrate.

requirements set forth in section 201.16(b) of the rules (19 CFR 201.16(b)).

In addition to the foregoing, each document filed with the Commission in the course of this investigation must include a certificate of service setting forth the manner and date of such service. This certificate will be deemed proof of service of the document. Documents not accompanied by a certificate of service will not be accepted by the Secretary.

**Written submissions.**—Any person may submit to the Commission on or before October 7, 1982, a written statement of information pertinent to the subject matter of this investigation (19 CFR 207.15). A signed original and fourteen (14) copies of such statements must be submitted (19 CFR 201.8).

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately, and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of section 201.6 of the Commission's Rules 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 this investigation for 9:30 a.m., on October 5, 1982, 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. Jim McClure, telephone 202/523-0439, not later than September 29, 1982, to arrange for their appearance. Parties in support of the imposition of countervailing duties and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

**Record.**—The record of Commission investigation No. 731-TA-96 (Preliminary), Nitrocellulose from France, will be incorporated in the record of investigation No. 701-TA-189 (Preliminary).

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A and B (19 CFR 207), and part 201, subparts A through E (19 CFR 201), 47 FR 6182, February 10, 1982 and 47 FR 13791, April 1, 1982. Further information concerning the conduct of the conference will be provided by Mr. McClure.

This notice is published pursuant to section 207.12 of the Commission's Rules of Practice and Procedure (19 CFR 207.12).

Issued: September 17, 1982.

By order of the Commission.

Kenneth R. Mason,  
Secretary.

[FR Doc. 82-26113 Filed 9-21-82; 8:45 am]

BILLING CODE 7020-02-M

#### [Investigation No. 731-TA-52 (Final)]

#### Sheet Piling From Canada

**AGENCY:** United States International Trade Commission.

**ACTION:** Suspension of final antidumping investigation.

**EFFECTIVE DATE:** September 15, 1982.

**SUMMARY:** On September 15, 1982, the United States Department of Commerce suspended its antidumping investigation involving sheet piling from Canada (47 FR 40683, September 15, 1982). The basis for the suspension is an agreement by the Acier Casteel, Inc., a manufacturer and exporter which accounts for substantially all the known imports of this product from Canada, to revise their prices to eliminate sales of this merchandise to the United States at less than fair value. Accordingly, the United States International Trade Commission hereby gives notice of the suspension of its antidumping investigation involving sheet piling, provided for in items 609.96 and 609.98 of the Tariff Schedules of United States Annotated, from Canada (investigation No. 731-TA-52 (Final)).

**FOR FURTHER INFORMATION CONTACT:** Mr. Larry Reavis (202-523-0296), Office of Investigations, U.S. International Trade Commission.

This notice is published pursuant to section 207.40 of the Commission's Rules of Practice and Procedure (19 CFR 207.40).

Issued: September 15, 1982.

By order of the Commission.

Kenneth R. Mason,  
Secretary.

[FR Doc. 82-26117 Filed 9-21-82; 8:45 am]

BILLING CODE 7020-02-M

#### INTERNATIONAL TRADE COMMISSION

**Appointment of Individuals To Serve as Members of Performance Review Boards**

**AGENCY:** 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 Board (PRB).

Acting Chairman of PRB—  
Commissioner Paula Stern  
Member—Commissioner Veronica A. Haggart

Member—Charles W. Ervin  
Member—E. William Fry  
Member—Lorin L. Goodrich  
Member—Norris A. Lynch  
Member—Eugene A. Rosengarden  
Member—Michael H. Stein  
Member—John W. Suomela

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.

Issued: September 14, 1982.

By order of the Chairman.

Kenneth R. Mason,  
Secretary.

[FR Doc. 82-26120 Filed 9-21-82; 8:45 am]

BILLING CODE 7020-02-M

#### [Investigation No. 337-TA-124]

#### Certain Textile Spinning Frames and Automatic Doffers Therefor

Notice is hereby given that the prehearing conference and hearing scheduled for September 27, 1982 (47 FR 38647, September 1, 1982) are cancelled. The Secretary shall publish this Notice in the Federal Register.

Issued: September 10, 1982.

Janet D. Saxon,  
Administrative Law Judge.

[FR Doc. 82-26121 Filed 9-21-82; 8:45 am]

BILLING CODE 7020-02-M

#### DEPARTMENT OF JUSTICE

#### Canada Coal Co.; Proposed Consent Decree in Action To Enjoin Discharge of Water Pollutants

In accordance with Departmental policy, 28 CFR 50.7, 38 FR 19029, notice is hereby given that a proposed consent decree in *United States v. Canada Coal Company, Inc.*, Civil Action No. 78-234, has been lodged with the United States District Court for the Eastern District of Kentucky. The proposed consent decree requires the payment of \$60,000 in

**Preliminary Determination by ITC**

The ITC will determine by October 28, 1982, whether there is a reasonable indication that imports of melamine from Brazil are materially injuring, or are likely to materially injure, a United States industry. If its determination is negative, this investigation will terminate; otherwise, it will proceed according to the statutory procedures. October 4, 1982.

Gary N. Horlick,  
*Deputy Assistant Secretary for Import Administration.*

[FR Doc. 82-27939 Filed 10-8-82; 8:45 am]  
BILLING CODE 3510-25-M

**Initiation of Countervailing Duty Investigation; Industrial Nitrocellulose From France**

**AGENCY:** International Trade Administration, Commerce.

**ACTION:** Initiation of countervailing duty investigation.

**SUMMARY:** On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether producers, manufacturers, or exporters in France of industrial nitrocellulose receive benefits which constitute subsidies within the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of industrial nitrocellulose are materially injuring, or threatening to materially injure, a U.S. industry. If the investigation proceeds normally, the ITC will make its preliminary determination on or before October 29, 1982, and we will make ours on or before December 8, 1982.

**EFFECTIVE DATE:** October 12, 1982.

**FOR FURTHER INFORMATION CONTACT:** Stuart Keitz or Betty H. Laxague, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230, (202) 377-1769/3601.

**SUPPLEMENTARY INFORMATION:***Petition*

On September 14, 1982, we received a petition from counsel for Hercules Incorporated. The petitioner alleges that manufacturers, producers, or exporters in France of industrial nitrocellulose receive benefits that constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act).

The petitioner further alleges that imports of this product are materially injuring, or threatening to materially injure, a U.S. industry.

France is a "country under the Agreement" within the meaning of section 701(b) of the Act; accordingly, title VII of the Act applies and an injury determination is required.

**Initiation of Investigation**

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

Therefore, in accordance with section 702(c) of the Act, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in France of industrial nitrocellulose, as specified in the "Scope of the Investigation" section of this notice, receive benefits that constitute subsidies within the meaning of section 771(5) of the Act. If the investigation proceeds normally, we will make our preliminary determination by December 8, 1982.

**Scope of the Investigation**

The product covered by this investigation is industrial nitrocellulose containing between 10.8% and 12.2% nitrogen. It should not be confused with explosive grade nitrocellulose which contains over 12.2% nitrogen. Industrial nitrocellulose is a dry, white, amorphous synthetic chemical produced by the action of nitric acid on cellulose. The product comes in several viscosities and is used to form films in lacquers, coatings, furniture finishes and printing inks. It is currently classified as cellulosic plastic materials, other than cellulose acetate, under item number 445.2500 of the *Tariff Schedules of the United States Annotated* (TSUSA).

**Allegations of Subsidies**

The petitioner alleges that producers, manufacturers, or exporters in France of industrial nitrocellulose benefit from the following subsidies: financing of security installations; operating and equipment subsidies; equity investment; financing of expansion and acquisitions; preferential loans; and housing and wage subsidies. The petitioner further alleges that certain of these benefits are subsidies by virtue of government ownership of the manufacturer. Government equity ownership *per se* is

not a subsidy. Such ownership gives rise to a potential subsidy only when it is on terms inconsistent with commercial considerations. We will investigate whether aspects of the programs alleged to be subsidies by virtue of government ownership may provide countervailable benefits.

**Notification of ITC**

Section 702(d) of the Act requires us to notify the U.S. International Trade Commission of this action and to provide it with the information used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

**Preliminary Determination by ITC**

The ITC will determine by October 29, 1982, whether there is a reasonable indication that imports of industrial nitrocellulose from France are materially injuring, or threatening to materially injure, a U.S. industry. If its determination is negative, this investigation will terminate; otherwise, they will proceed to conclusion.

October 4, 1982.

Gary N. Horlick,  
*Deputy Assistant Secretary for Import Administration.*

[FR Doc. 82-27940 Filed 10-8-82; 8:45 am]  
BILLING CODE 3510-25-M

**Preliminary Affirmative Countervailing Duty Determinations; Certain Steel Products From the Republic of Korea**

**AGENCY:** International Trade Administration, Commerce.

**ACTION:** Preliminary affirmative countervailing duty determinations.

**SUMMARY:** We have preliminarily determined that certain benefits which constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in the Republic of Korea (Korea) of certain steel products as described in the "Scope of the Investigation" section of this notice. The estimated net subsidy for each firm and for each product is indicated under the "Suspension of Liquidation" section of this notice. Therefore, we are directing the U.S. Customs Service to suspend

APPENDIX B

LETTER OF SEPT. 29, 1982, TO THE COMMISSION  
FROM THE INTERESTED PARTIES.

DOW, LOHNES & ALBERTSON

ATTORNEYS AT LAW

1225 CONNECTICUT AVENUE

WASHINGTON, D. C. 20036

TELEPHONE (202) 862-8000

WRITER'S DIRECT DIAL NO.

TELECOPIER (202) 659-0059

CABLE "DOWLOHNES"

TELEX 89-553

September 29, 1982

BY HAND

Honorable Kenneth R. Mason  
Secretary  
U.S. International Trade Commission  
Washington, D. C. 20436

Re: Countervailing Duty Investigation of Nitrocellulose  
from France, Inv. No. 701-TA-190 (Preliminary)

Dear Mr. Mason:

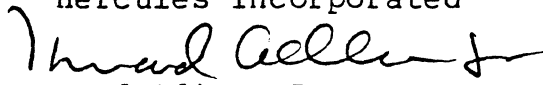
This letter is submitted by counsel for what we believe to be all parties in the above-noted proceeding, to request that the Commission not convene a conference in this investigation but, instead, incorporate into the record of the above-noted proceeding the transcript of the conference and the post-conference submissions in the Commission's preliminary antidumping investigation of nitrocellulose from France, Investigation No. 731-TA-96 (Preliminary).

In making this request, the undersigned do not necessarily agree to any facts found or conclusions drawn by the Commission in Investigation No. 731-TA-96 (Preliminary). We, of course, shall respond to any requests by the Commission for information in the preliminary countervailing duty investigation.

Sincerely,



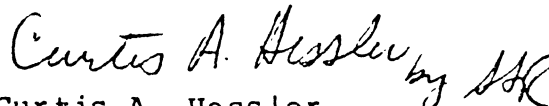
William Silverman  
Attorney for Petitioner  
Hercules Incorporated



Howard Adler, Jr.



Will E. Leonard  
Attorneys for Respondent  
Societe Nationale des Poudres  
et Explosifs



Curtis A. Hessler  
Attorney for Respondent  
Fayette Chemical Corp.



APPENDIX C

DU PONT ANNOUNCEMENT TO LEAVE THE NITROCELLULOSE BUSINESS

1-015694A200033 07/19/77 TWX TEXTFIBERS WILM NWKA  
.33 WILMINGTON DEL 1977/07/19

\* \* \* \*  
\* \* \* \*  
\* \* \* \*

WE REGRET TO NOTIFY YOU THAT DU PONT PLANS TO PHASE OUT THE MANUFACTURE AND SALE OF INDUSTRIAL NITROCELLULOSE BY DECEMBER 30, 1977.

OUR NITROCELLULOSE BUSINESS HAS BEEN OPERATING AT A LOSS FOR SEVERAL YEARS. DURING THIS PERIOD, WE HAVE APPLIED CONSIDERABLE EFFORT AND RESOURCES TO DEAL WITH THE INCREASING COST BURDENS OF RAW MATERIALS, ENVIRONMENTAL CONTROLS AND ENERGY AND TO HELP RESTORE PROFIT MARGINS. HOWEVER, THE CONTINUED LARGE INFUSION OF NEW CAPITAL REQUIRED TO UPGRADE OUR AGING PLANT AND MEET PROJECTED ENVIRONMENTAL REGULATIONS IS NOT ECONOMICALLY JUSTIFIED IN THE FACE OF CURRENT AND FORECAST DEMAND FOR INDUSTRIAL NITROCELLULOSE.

MARKET DEMAND FOR NITROCELLULOSE HAS GROWN LITTLE IN THE PAST DECADE. BOTH DU PONT AND INDEPENDENT STUDIES INDICATE THIS TREND WILL CONTINUE FOR A FEW YEARS, AND LONGER-RANGE, DEMAND WILL SOFTEN AS A RESULT OF ENVIRONMENTAL REGULATIONS FOSTERING WIDER USE OF NONSOLVENT SYSTEMS.

THE CURRENT WORLD CAPACITY FOR INDUSTRIAL NITROCELLULOSE IS CONSIDERED ADEQUATE TO MEET DEMAND, AND NO SHORTAGES RESULTING FROM OUR WITHDRAWAL FROM THIS MARKET ARE FORESEEN.

BASED ON CURRENT PLANNING, WE WILL CEASE ALL SHIPMENTS ON OR BEFORE DECEMBER 30, 1977. ORDERS WILL BE ACCEPTED THROUGH OCTOBER 1. THE PURPOSE OF THIS EARLY NOTICE IS TO GIVE YOU TIME TO PLAN AN ORDERLY TRANSITION TO OTHER SOURCES OF SUPPLY.

WE REGRET ANY INCONVENIENCE THIS MAY CAUSE AND WILL GLADLY WORK WITH YOU TO SMOOTH YOUR CHANGEOVER PERIOD. OUR REPRESENTATIVE WILL BE IN CONTACT WITH YOU SOON TO ANSWER ANY QUESTIONS YOU MIGHT HAVE REGARDING THE PHASEOUT.

DUPONT CO R S ARMSTRONG, MANAGER

**APPENDIX D**

**SNPE's PRODUCTION CAPACITY AND PRODUCTION PROCESS**

Production Capacity of the Bergerac Plant

\* \* \* \* \*

