

POTASSIUM PERMANGANATE FROM SPAIN

**Determination of the Commission in
Investigation No. 731-TA-126 (Final)
Under the Tariff Act of 1930,
Together With the Information
Obtained in the Investigation**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Alfred E. Eckes, Chairman

Paula Stern

Veronica A. Haggart

Seeley G. Lodwick

Kenneth R. Mason, Secretary to the Commission

Robert Carpenter, Investigator
Jack Greenblatt, Industry Analyst
Carol McCue Verratti, Attorney
Marvin Claywell, Accountant
Larry Johnson, Economist

John MacHatton, Supervisory Investigator

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

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Note.--Data which would disclose confidential operations of individual concerns may not be published and therefore have been deleted from this report.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. 731-TA-126 (Final)

POTASSIUM PERMANGANATE FROM SPAIN

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission unanimously determines, 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 materially injured 2/ by reason of imports of potassium permanganate, provided for in item 420.28 of the Tariff Schedules of the United States, which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted this investigation effective August 9, 1983, following a preliminary determination by the Department of Commerce that imports of potassium permanganate from Spain are being sold in the United States at LTFV.

Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of August 31, 1983 (48 F.R. 39519). The hearing was held in Washington, D.C., on December 2, 1983, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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 Stern determines that an industry in the United States is materially injured, or threatened with material injury, by reason of the subject imports.

VIEWS OF THE COMMISSION

We determine that an industry in the United States is materially injured by reason of imports of potassium permanganate from Spain with respect to which the Department of Commerce has made a final affirmative determination of sales at less than fair value (LTFV). 1/

The Domestic Industry

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 2/ Section 771(10), in turn, defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to" this investigation. 3/

The product under investigation is potassium permanganate from Spain. Potassium permanganate is a compound of manganese, potassium, and oxygen. It exists at room temperature as a dark purple crystalline solid of rhombic shape

1/ In sum, Commissioner Stern notes that the domestic industry in this investigation has experienced economic and financial hardship, and that some of these difficulties are the result of material injury which exists by reason of LTFV imports of potassium permanganate from Spain. Although the sole domestic producer lost its major customer during the period under review for reasons unrelated to imports, an analysis of the industry's performance shows that the industry's injury went beyond the loss of this customer. Declining profits and a decrease in the domestic industry's market share was coincident with both absolute and relative increases in imports from Spain. Price suppression and underselling of the domestic product were found to exist, and were particularly significant since most imports from Spain are sold to local municipalities on a bid basis. Also, extensive lost sales data based on actual contracts lost by the domestic producer further substantiate the conclusion that LTFV imports from Spain have had a materially injurious effect on the domestic industry.

2/ 19 U.S.C. § 1677(4)(A).

3/ 19 U.S.C. § 1677(10).

with a blue metallic sheen. 4/ Potassium permanganate is used by various industries and municipalities as an oxidizer. Municipalities use it primarily for water and waste water treatment for the removal of impurities and the reduction of odor. Industrial uses for potassium permanganate include chemical manufacturing and processing, aquaculture (fish farming), metal processing, air and gas purification, water treatment and waste water treatment. In addition, potassium permanganate is also used as a decoloring and bleaching agent in the textile and tanning industries, as an oxidizer in the decontamination of radioactive wastes, and as an aid in flotation processes used in mining. 5/

Potassium permanganate is manufactured and sold in three grades: technical grade; free-flowing grade; and pharmaceutical grade. 6/ All three grades are imported from Spain and produced by the petitioner, Carus Chemical Co. Most of the potassium permanganate imported from Spain is free-flowing grade. All three grades have the same chemical formula but are generally distinguishable by variations in their degree of purity. At a minimum, the free-flowing grade must have 95 percent potassium permanganate by weight. Technical grade must contain at least 97 percent potassium permanganate by

4/ Commission Report (hereinafter "Report") at A-2.

5/ Report at A-3 - A-5. Currently, use of potassium permanganate for municipal waste water treatment represents one-third of the domestic market. Municipal water treatment also represents one-third of the market. The remaining one-third is composed of various industrial uses. Report at A-5.

6/ Although the importers argued during the preliminary investigations involving imports from Spain and China that the three grades of potassium permanganate are three separate products for the purposes of defining the domestic industry, they have not raised that issue during the final investigation. In fact, counsel for Spain admitted at the hearing that all three grades of potassium permanganate are fungible. Transcript at 174.

weight and pharmaceutical grade generally has at least 99 percent potassium permanganate by weight. 7/

Technical grade potassium permanganate is the basic product from which free-flowing grade and pharmaceutical grade are derived. The major part of the manufacturing process for all three grades is identical. Free-flowing grade is produced by adding an anti-caking agent to technical grade potassium permanganate. This is a simple process which requires relatively little additional expenditure. 8/ The pharmaceutical grade is technical grade that has gone through special testing or recrystallization in order to meet the specifications of a use not appropriate for free-flowing or any technical grade. 9/

For many potassium permanganate uses, such as non-water and non-waste water treatment, technical and free-flowing grade potassium permanganate are interchangeable. 10/ While free-flowing grade potassium permanganate has been preferred for many years for water and waste water treatment because of the use of dry chemical feeders, 11/ the use of technical grade is increasing due to the recent availability of significantly lower priced technical grade

7/ Report at A-3.

8/ Preliminary Conference transcript at 8.

9/ Report at A-3. The processing to qualify technical grade potassium permanganate as pharmaceutical grade is an added cost. Thus, it would not normally be used in place of free-flowing or technical grade. Petitioner's Post Conference Memorandum of Law at 4-5. We note that imports from Spain of pharmaceutical grade potassium permanganate were insignificant during the period of investigation. Report at A-30, table 17.

10/ Report at A-3.

11/ Carus, which created the domestic market for the use of potassium permanganate in municipal water and waste water treatment, would introduce the use of dry chemical feeders when it developed new customers. Report at A-3 - A-4. Free-flowing grade potassium permanganate performs well in dry chemical feeders but technical grade cakes up. Id.

imported from China and the consequent increased use of solution tank feeders. 12/ 13/

Finally, the historically similar pricing of the domestically produced technical grade and free-flowing grade potassium permanganate indicates that they are interchangeable. Technical and free-flowing grades were similarly priced throughout 1981-1982. 14/

Based on the foregoing discussion, we conclude that there is one like product, potassium permanganate. Consequently, we determine that there is one domestic industry consisting of the sole domestic producer, Carus Chemical Co.

The Condition of the Domestic Industry 15/

Based on our analysis of factors such as production, capacity, capacity utilization, U.S. producer's shipments, inventories, employment, 16/ and financial performance, we conclude that the domestic industry in this investigation has experienced material injury. Carus' total production has decreased significantly from 1980 through 1982. It increased slightly in the first 8 months of 1983 compared to the corresponding period of 1982.

Excluding Chemagro, a major customer which ceased purchasing from Carus in

12/ In the solution tank feeders, potassium permanganate is dissolved in a liquid which is then fed into the water or waste water treatment system. This method permits successful use of either technical grade or free-flowing grade potassium permanganate. There are some safety benefits to solution tank feeders, and the cost of solution tank feeders is comparable to that of dry chemical feeders. Report at A-3 - A-4.

13/ Five municipalities contacted by the Commission staff are currently using solution feeders. A sixth municipality is planning to switch to a solution feeder in the near future, and a seventh would switch if the capital investment could be recovered in two years. Report at A-4.

14/ Report at A-35 - A-36, tables 21 and 22.

15/ Since there is only one domestic producer, the specific data concerning the condition of the domestic industry are confidential.

16/ Commissioner Stern notes that Carus' employment problems were related to the loss of Chemagro as a customer and not LTFV imports from Spain.

1981, 17/ overall production increased slightly from 1980-1981, but decreased significantly from 1981-1982. 18/ Since Carus' capacity remained constant during the period of the investigation, its capacity utilization reflected trends similar to that of production. 19/ Employment declined significantly during the period under investigation. 20/ We note that in 1983 there was some indication by some economic factors that the condition of the domestic industry had improved slightly. 21/

Due to a sharp increase in inventories from 1980 to 1981, Carus shut down its LaSalle, Illinois, plant for a period of time during the summer of 1982. This permitted Carus to reduce the level of its inventories. Carus held a similar shutdown during the summer of 1983 for the liquidation of inventories. 22/ In September, 1982, Carus and the union which represents the production workers at Carus signed a contract modification which resulted in wage and benefit concessions by the union equivalent to \$1.80 per hour effective October 1, 1982. 23/

Finally, with regard to evaluating Carus' profitability during the period under investigation, we analyzed sales, operating and net profit or loss, and the ratio of such profits or losses to net sales. 24/ These data showed a

17/ For further discussion concerning the impact of the loss of Chemagro on our determination, see infra n. 27 at 8.

18/ Report at A-11.

19/ Id.

20/ Report at A-15 - A-16.

21/ There was a small improvement in production, capacity utilization, and Carus' domestic shipments during the first eight months of 1983 when compared to the same period in 1982. Report at A-11 - A-12.

22/ Report at A-15.

23/ Report at A-16.

24/ Report at A-21, table 11.

decline in the financial condition of the domestic industry during the period of this investigation. Carus sustained net losses on its chemical operations in 1982 and January - August 1983. 25/

Material injury by reason of LTFV imports from Spain

When determining whether the domestic industry has suffered material injury by reason of LTFV imports, section 771(7)(B) of the Tariff Act of 1930 directs the Commission to consider, among other factors, (1) the volume of imports of the merchandise under investigation, (2) their impact on domestic prices for the like product, and (3) the consequent impact of the imports on the domestic industry. 26/ 27/

The importation of potassium permanganate from Spain began in 1981. In that year, approximately 975,000 pounds of potassium permanganate were imported from Spain. In 1982 the imports from Spain rose to over 1,025,000 pounds. 28/ The amount imported during the first two quarters of 1983 was higher than in the corresponding period of 1982. This trend was curtailed when imports from Spain dropped during the third quarter of 1983, after this antidumping investigation was instituted. In addition, the ratio of imports from Spain to apparent domestic consumption rose substantially from 1981 to 1982 and slightly during the first eight months of 1983 when compared to the

25/ Id.

26/ 19 U.S.C. § 1677(7)(B).

27/ The question of whether the problems of the domestic industry were due to Carus' loss of its largest customer, the Chemagro Agricultural Division of the Mobay Chemical Corporation (Chemagro), has been raised. Chemagro was lost as a customer because it switched to a different manufacturing process that did not require the use of potassium permanganate. Report at A-10. Although the record indicates that the loss of Chemagro has been a source of injury to the domestic industry, there is sufficient information in this investigation to determine that imports of potassium permanganate from Spain are also a cause of material injury to the domestic industry.

28/ Report at A-25, table 14.

corresponding period in 1982. 29/ Significantly, the increase in imports from Spain and Spain's increased share of domestic consumption were coincident with the domestic industry's declining profits and its decrease in market share. 30/

Potassium permanganate is a fungible product which is especially price sensitive. During the period of investigation, the great majority of the imports from Spain were free-flowing potassium permanganate. 31/ These imports particularly impacted sales to municipalities for water and waste water treatment, which represents two-thirds of the total domestic use for potassium permanganate. Contracts for sales to these municipalities are awarded on a sealed bid basis. In those circumstances, price is a critical factor in winning the bid, and small margins of underselling are especially significant. 32/

The pricing information gathered during the course of this investigation reveals that imports of the free-flowing grade from Spain undersold the domestic product for every quarter during the period under investigation except two. 33/ The record also contains evidence of price suppression. Domestic prices of free-flowing potassium permanganate generally fell throughout the period under investigation. Moreover, there were two verified allegations of revenues lost by Carus because it was forced, in order to win the contract, to lower its price to meet or approximate the Spanish price. Although Carus made three allegations of lost revenues, only two purchasers

29/ See Report at A-32, table 19.

30/ Report at A-21, table 11; A-55; A-25, table 14; and A-32, table 19.

31/ Report at A-30, table 17.

32/ See generally, Report at A-5, A-34, and A-39.

33/ Report at A-36, table 22. Commissioner Stern notes that the margins of underselling by the Spanish imports of free-flowing potassium permanganate, on the average, were in the approximate range of the LTFV margin.

responded to the Commission's questionnaires. Both verified the allegations. 34/ Finally, the Commission was able to confirm 14 specific instances of sales lost to imports from Spain on the basis of price. Carus had alleged sales lost to Spain involving 48 purchasers. The Commission sent questionnaires to 15 of the purchasers. All of the questionnaires were returned and 14 verified the allegations. 35/ 36/

Conclusion

Based on the record in this investigation and our discussion above, we conclude that a domestic industry is materially injured by reason of LTFV imports of potassium permanganate from Spain.

34/ Report at A-41.

35/ Report at A-39 - A-40.

36/ Commissioner Stern also finds threat of material injury by reason of imports of potassium permanganate from Spain. While end of period inventories of importers of the Spanish product have declined, the sole Spanish producer has significant excess capacity to produce potassium permanganate, and this excess capacity has increased over the period under investigation. (Report at A-9). Domestic demand for the product in Spain has recently declined (Transcript at 173), and the likelihood of Spanish imports being directed to other major markets, particularly Europe, is slight (Transcript at 169). Moreover, there is an increasing level of Spanish imports of potassium permanganate in the most recent period for which data is available (Jan.-Aug. 1983) and market penetration has also increased.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On February 22, 1983, counsel for Carus Chemical Co. 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 was materially injured, or was threatened with material injury, by reason of imports from the People's Republic of China (China) and Spain of potassium permanganate, provided for in item 420.28 of the Tariff Schedules of the United States (TSUS), which were allegedly being sold at less than fair value (LTFV). Accordingly, the Commission instituted antidumping investigations Nos. 731-TA-125 and 126 (Preliminary), under section 731 of the Tariff Act of 1930, to determine whether there was a reasonable indication that an industry in the United States was materially injured, or threatened with material injury, or the establishment of an industry in the United States was materially retarded, by reason of imports of such merchandise into the United States. On April 8, 1983, the Commission unanimously determined that there was such a reasonable indication of material injury. 1/

On August 1, 1983, Commerce made preliminary determinations that there were reasonable bases to believe or suspect that imports of potassium permanganate from China and Spain were being, or were likely to be, sold in the United States at LTFV within the meaning of section 731 of the Tariff Act of 1930. The notice of preliminary determinations was published in the Federal Register on August 9, 1983 (48 F.R. 36175). Commerce further determined that "critical circumstances," as defined in section 733(e)(1) of the act, existed with respect to imports of potassium permanganate from China. This determination was based on a finding that the importers knew or should have known that the material was being imported at LTFV and that there were massive imports of the Chinese material over a relatively short period (March through July 1983).

As a result of the affirmative preliminary determinations of LTFV sales by Commerce, the Commission instituted investigations Nos. 731-TA-125 and 126 (Final), effective August 9, 1983, 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 imports of potassium permanganate from China and Spain. Notice of the institution of the investigations and of the public hearing to be held in connection therewith 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 August 31, 1983 (48 F.R. 39519). 2/

Following receipt of requests by counsel for the China National Chemicals Import & Export Corp. (the State trading organization handling the exportation of potassium permanganate), Commerce announced the postponement of its final

1/ Commissioner Stern determined that there was a reasonable indication that an industry in the United States was materially injured, or threatened with material injury, by reason of the subject imports.

2/ A copy of the Commission's notice is presented in app. A.

LTFV determination on potassium permanganate from China, first until not later than November 22, 1983, as published in the Federal Register of September 9, 1983 (48 F.R. 40771), and subsequently until not later than December 22, 1983, as published in the Federal Register of October 7, 1983 (48 F.R. 45815). Following a request by counsel for Asturquimica, S.A. (the Spanish producer and exporter of potassium permanganate), Commerce announced the postponement of its final LTFV determination on potassium permanganate from Spain until not later than November 22, 1983, as published in the Federal Register of October 5, 1983 (48 F.R. 45447). As a result of Commerce's postponements of its final LTFV determinations, the Commission postponed its hearing, which was originally scheduled for October 28, 1983, to December 2, 1983. 1/

On November 22, 1983, Commerce made its final determination that potassium permanganate from Spain is being sold in the United States at LTFV. 2/ The Commission's hearing in connection with this investigation, as well as the investigation on LTFV imports from China, was held in Washington, D.C., on December 2, 1983. 3/ On December 22, 1983, the Commission was briefed and voted on this investigation. The Commission is scheduled to issue its final determinations concerning LTFV imports of potassium permanganate from Spain and China on January 5 and January 20, 1984, respectively.

The Product

Description and uses

Potassium permanganate, or permanganate of potash, is the compound of manganese, potassium, and oxygen which has the chemical formula $KMnO_4$. It exists at room temperature as a dark-purple crystalline solid of rhombic shape with a blue metallic sheen. Potassium permanganate has a sweetish, astringent taste; is soluble in water, acetone, and methanol; and decomposes in alcohol. It is highly toxic by ingestion or inhalation, is a strong irritant to tissue, and is a dangerous fire risk when in contact with organic material because of its strength as an oxidizing agent.

Potassium permanganate produced by Carus and Asturquimica, which employ similar manufacturing processes, is classifiable into three grades: Free-flowing, technical, and pharmaceutical. In contrast, all potassium permanganate produced in China is of the same variety, which is most comparable to the U.S. and Spanish pharmaceutical grades but is often referred to as technical grade.

With respect to the U.S. and Spanish products, the free-flowing and pharmaceutical grades represent slight variations in the manufacturing process for the technical-grade product. Each grade has the same chemical formula (identical to that of the Chinese product as well) and is available in a variety of particle sizes, although particle size is seldom an important determinant of end use.

1/ A copy of the Commission's notice of postponement of the hearing and other events connected with the investigations is presented in app. A.

2/ A copy of Commerce's final determination is presented in app. B.

3/ A copy of the calendar of the public hearing is presented in app. C.

The technical grade must be at least 97 percent potassium permanganate by weight, although approximately * * * of the technical grade has an assay of at least 99 percent. The free-flowing grade is produced by adding an anticaking agent to the technical grade, preventing the particles from sticking together when in contact with moisture. As a result of the addition of the anticaking agent, the free-flowing grade is slightly less pure than the technical or pharmaceutical grades. The minimum assay is 95 percent, but the product is usually assayed at 97 or 98 percent.

The pharmaceutical grade must be at least 99 percent potassium permanganate by weight in order to conform with the requirements specified in the United States Pharmacopeia (U.S.P.) and the British Pharmacopeia (B.P.). It is the only grade approved by the Food and Drug Administration for use in applications involving contact with food and for pharmaceutical use. The pharmaceutical grade usually requires more testing than the other grades and may require recrystallization to remove additional impurities or to meet customer specifications regarding particle size. Carus produces this grade, which accounts for about * * * percent of its production, only on order.

Virtually 100 percent of the potassium permanganate produced in China qualifies as pharmaceutical (U.S.P./B.P.) grade. The manufacturing process used in China involves a recrystallization step which yields a large-particle, high-assay product. Although the Chinese product meets the rigid requirements of the pharmaceutical grade, only a relatively small but undetermined percentage of it is purchased for applications requiring that grade. The Chinese producers have not as yet marketed a free-flowing grade in the United States, although at least one * * * has attempted to do so by adding an unspecified ingredient to the Chinese material. This effort by * * * was unsuccessful and was soon abandoned.

The three grades of potassium permanganate are generally substitutable in their various applications. One exception involves pharmaceutical applications, which, according to Carus, account for approximately 0.1 percent of domestic consumption. The free-flowing grade cannot be used in such applications because it does not meet the 99-percent assay requirement. The same is true for about * * * of the technical grade produced by Carus and Asturquimica.

In the more important applications of water and wastewater treatment, which together currently account for about two-thirds of domestic consumption, all three grades can be used, but the free-flowing grade is preferred by customers that use a dry chemical feeder to inject the potassium permanganate into the water. The other grades have a tendency to "cake up" in the feeder, prohibiting a smooth, even injection into the water. The alternative is a solution tank feeder system which can efficiently use any of the three grades. Dry chemical feeders are used by the majority of water and wastewater treatment customers because Carus, as a practice, has provided such feeders to new customers for a trial period, following which the feeders are offered for sale or lease. The majority of these customers have retained the dry chemical feeders, but others have switched to solution feeders for a variety of

reasons. 1/ The dry chemical feeder is a more complex piece of equipment, is more susceptible to mechanical failure, and has caused a number of fires. The costs of the two systems are approximately the same, ranging from about \$2,500 to \$10,000 depending upon the volume of potassium permanganate that must be processed.

Potassium permanganate is used principally as an oxidizing agent in the following applications:

1. Water treatment: 2/
 - (a) Municipal--removes iron, manganese, and hydrogen sulfide; eliminates taste, odor, and color; and controls algae growth.
 - (b) Industrial--controls phenol and other industrial pollutants.
2. Wastewater treatment: 2/
 - (a) Municipal--oxidizes organic and inorganic contaminants, removes toxic and corrosive hydrogen sulfide from sanitary sludge, deodorizes wastewater streams, and dewateres sludge.
 - (b) Industrial--removes soluble iron and manganese from acid mine wastes, removes hydrogen sulfide from sludge, and dewateres sludge.
3. Chemical manufacture and processing: 3/ aids in synthesis of organic products for the chemical process and pharmaceutical industries.
4. Aquaculture (fish farming): 3/ controls fish diseases and parasites, and detoxifies poisons while relieving oxygen depletion in fish ponds.
5. Metal processing: 3/ removes oxides, mill scale, and carbon residues on steel.
6. Air and gas purification: 3/ removes pollutants from air and impurities from industrial gases, and quenches slag from foundry operations.

In addition to the above, potassium permanganate is used as a decoloring and bleaching agent in the textile and tanning industries, as an oxidizer in the decontamination of radioactive wastes, as an aid in flotation processes used in mining, and in numerous other applications.

1/ Five municipalities contacted by the Commission staff are currently using solution feeders: * * *; a sixth, * * *, is planning to switch in the near future; and a seventh, * * *, would switch if the capital investment could be recovered within 2 years. All either use the technical grade or would use it if available at a lower price than the free-flowing grade.

2/ The free-flowing grade is most commonly used in this application.

3/ The technical grade is most commonly used in this application.

According to the petition, estimated U.S. consumption of potassium permanganate by end use was as follows during 1982:

<u>End use</u>	<u>Percent of total</u>
Water treatment-----	37
Wastewater treatment-----	24
Chemical manufacturing and processing-----	14
Aquaculture-----	6
Metal processing-----	6
Air and gas purification-----	6
Other uses-----	7
Total-----	100

Wastewater treatment is the fastest growing market for potassium permanganate, accounting for * * * percent of Carus' new accounts in January-September 1983 and growing at a rate of more than 25 percent a year. This application was developed by Carus in 1980, and by October 1983 it accounted for about one-third of U.S. consumption of the product.

Water treatment, an application for more than 10 years, currently accounts for another one-third of U.S. consumption. This application may grow in importance as a result of a recent finding that potassium permanganate reduces tri-halo-methane (THM) levels in drinking water. THM is a suspected carcinogen.

Consumption of potassium permanganate in the chemical-manufacturing and metal-processing applications had been depressed until recent months because of the influence of the recession on those industries. Sales to the rapidly growing aquaculture industry have been stable because of the increased use of aeration as a substitute for potassium permanganate.

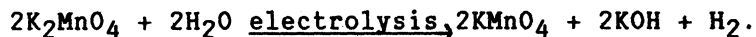
There are no products that compete with potassium permanganate over the complete range of applications in which it is used. However, there are competing products or alternative processes for specific end uses. For example, activated carbon is the major product that competes with potassium permanganate in the purification of drinking water, hydrogen peroxide competes in the treatment of wastewater, and aeration of water is often used as a substitute in aquaculture.

Manufacturing process

Potassium permanganate is manufactured by the oxidation of potassium manganate (K_2MnO_4), which is prepared by the fusion of pyrolusite and potassium hydroxide. The manganese ion in potassium manganate is oxidized to potassium permanganate ($KMnO_4$). The oxidation may be accomplished by one of two methods. The first is by treating a hot solution of potassium manganate with carbon dioxide, which forms crystals when cooled. This method is very

old and is not currently used to manufacture commercial quantities of potassium permanganate anywhere in the world, with the possible exception of China. It is, however, a method sometimes used to make laboratory quantities of this material.

The commercial manufacturing process used in the United States and Spain is continuous electrolysis of a solution of potassium manganate with continuous crystallization, resulting in the production of potassium permanganate and the byproducts potassium hydroxide and hydrogen gas, according to the reaction--



The potassium permanganate crystals formed through these processes are packaged for shipment in steel drums or in bulk. The most common sizes of drums are 50 kilogram (kg) and 150 kg, although some shipments are made in 25 kg drums.

U.S. tariff treatment

Potassium permanganate is classified under item 420.28 of the TSUS. Since January 1, 1983, the column 1 (most-favored-nation) rate of duty for potassium permanganate has been 6.4 percent ad valorem. 1/ This rate represents the fourth in a series of staged reductions granted in the Tokyo round of the Multilateral Trade Negotiations (MTN). The duty is being reduced through eight annual staged reductions beginning with a rate of 7.5 percent ad valorem, effective January 1, 1980, and ending with a rate of 5 percent ad valorem, effective January 1, 1987. From January 1972 through December 1979, the column 1 rate of duty was 3 cents per pound.

Imports of potassium permanganate from least developed developing countries (LDDC's) are dutiable at 5 percent ad valorem. 2/ The column 2 rate of duty is 23 percent ad valorem. 3/ Imports of potassium permanganate from beneficiary developing countries have been designated as eligible for duty-free treatment under the Generalized System of Preferences (GSP). 4/

1/ Col. 1 rates of duty are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. However, these rates do not apply to products of developing countries where such articles are eligible for preferential tariff treatment provided under the Generalized System of Preferences or under the "LDDC" column.

2/ The preferential rates of duty in the "LDDC" column reflect the full U.S. MTN concession rates implemented without staging for particular items which are the products of LDDC's enumerated in general headnote 3(d) of the TSUS.

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

4/ 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 in 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.

Since China has been removed from the list of Communist countries for the purposes of general headnote 3(f) of the TSUS and is neither an LDDC nor a beneficiary developing country under the GSP, imports from both China and Spain are subject to the column 1 rate of duty.

Nature and Extent of Sales at LTFV

On November 22, 1983, Commerce issued a final determination that potassium permanganate from Spain is being sold in the United States at LTFV. The determination was based upon an examination of 100 percent of Asturquimica's sales of potassium permanganate to the United States during July-December 1982. Asturquimica is the only known Spanish producer of potassium permanganate, and accounts for virtually all of Spain's exports of the product to the United States. Commerce found that the foreign market value of potassium permanganate from Spain exceeded the U.S. price on 72.59 percent of the sales compared. The dumping margins ranged from 2.81 percent to 12.31 percent. The weighted-average margin on all sales compared was 5.49 percent. Pursuant to its final determination, Commerce directed the U.S. Customs Service to continue to suspend the liquidation of entries of the subject merchandise, a procedure that began on August 9, 1982, and to require a cash deposit or the posting of a bond equal to the weighted-average margin amount by which the foreign market value of the merchandise exceeds the U.S. price.

The Domestic Market

U.S. consumption

As shown in table 1, overall U.S. consumption of potassium permanganate declined by * * * percent from 1980 to 1981 and * * * percent from 1981 to 1982 and then increased by * * * percent in January-August 1983, compared with consumption in the corresponding period of 1982. Consumption of free-flowing grade followed a similar trend, decreasing by * * * percent from 1980 to 1981 and * * * percent from 1981 to 1982 and then rising by * * * percent in January-August 1983. Both decreasing trends during 1980-82 can be explained in large part by reduced purchases of free-flowing grade by Carus' largest customer, Chemagro Agricultural Division of Mobay Chemical Corp. (Chemagro), a U.S. subsidiary of Farbenfabriken Bayer, AG, of West Germany. Chemagro accounted for * * * percent of U.S. consumption of potassium permanganate in 1980, * * * percent in 1981, and zero in 1982. ^{1/} Consumption of the technical and pharmaceutical grades fell by * * * percent from 1980 to 1981 and * * * percent from 1981 to 1982 and then rose by * * * percent in January-August 1983.

^{1/} For more information concerning Chemagro, refer to the section on the question of material injury, below.

Table 1.--Potassium permanganate: U.S. consumption, by grades, 1980-82, January-August 1982, and January-August 1983

Grade	1980	1981	1982	January-August--	
				1982	1983
	Quantity (1,000 pounds)				
Free-flowing-----	***	***	***	***	***
Technical/pharmaceuti--					
cal-----	***	***	***	***	***
Total-----	***	***	***	***	***
	Percent of total				
Free-flowing-----	***	***	***	***	***
Technical/pharmaceuti--					
cal-----	***	***	***	***	***
Total-----	100.0	100.0	100.0	100.0	100.0

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

Channels of distribution

Distribution of potassium permanganate, whether domestic or imported, takes place through either direct sales to end users or sales to distributors or jobbers, which in turn supply end-user markets.

The domestic producer, Carus, sells * * * (about * * * percent) of its domestic shipments of potassium permanganate to distributors. Carus' primary market in sales to end users consists of municipalities, which purchase on a bid basis.

Imported potassium permanganate is sold by foreign producers to importing firms, which then resell the material either to other distributors (the majority), or to end users, in particular municipalities, on a bid basis.

In general, distributors do not have agreements with domestic or foreign producers, or with importers, to sell one producer's product to the exclusion of the others'. As a matter of practice, many of the small distributors handle Carus' and Chinese material, Carus' and Spanish material, or only one of the three; some of the large distributors sell both the Chinese and Spanish products or all three.

U.S. Producer

The sole U.S. manufacturer of potassium permanganate is Carus Chemical Co., located in La Salle, Ill. The firm is a division of Carus Corp., a small, privately held firm. Carus has manufactured potassium permanganate, sold under the trade name CAIROX, since 1915 and has been the sole U.S. producer since shortly after World War I. The firm also produces small quantities of other chemicals at the La Salle plant.

Carus Corp. has four operating divisions, which, in addition to Carus Chemical Co., include the Open Court Publishing Co., which publishes textbooks in the field of elementary education; the Magazine Division, which publishes Cricket Magazine for children ages 6-12; and the La Salle Transport Co., which operates three small railroads in the Midwest.

U.S. Importers

According to the U.S. Customs Service's net import file, during January 1981-June 1983 there were eight importers of potassium permanganate from China and nine importers of the product from Spain. Four of the importers were supplied from both sources. The share of total imports from each country accounted for by each importer during this period is shown in the following tabulation:

*	*	*	*	*	*	*
*	*	*	*	*	*	*

Foreign Producers

The sole producer of potassium permanganate in Spain is Asturquimica, S.A., located in Trubia, Spain. Asturquimica, organized in 1978, is currently wholly owned by Industrial Quimica del Nalon of Spain (Nalon). Nalon, a company with annual sales of about \$38 million, has been involved in the manufacture of potassium permanganate since 1943.

Data provided by counsel for Asturquimica show that the firm's * * * to produce potassium permanganate * * * from 1981 to 1982 and * * * from 1982 to 1983 (annualized), as production and capacity utilization * * *. The firm * * * during 1983; consequently, inventories * * *. Asturquimica's exports to the United States, as a share of the company's total exports, * * *. The Spanish producer's sales targets for the future are * * * pounds for its home market, * * * pounds for other European markets, and * * * pounds for the U.S. market. Asturquimica's annual levels of capacity, production, * * *, capacity utilization, total exports, and exports to the United States during 1980-82 and 1983, annualized on the basis of data through November, were as follows:

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

There are eight Chinese producers of potassium permanganate: * * *. International trade in the product is handled by the China National Chemicals Import & Export Corp. (SINOCHEM), located in Beijing, China. China's capacity

to produce potassium permanganate was reported to be 12 million pounds a year in 1979. 1/ Capacity subsequently declined following the closure of two plants during 1980-82. Those plants are not expected to reopen. 2/ The Chinese producers have not provided data on production, capacity, shipments, or exports for the period under investigation.

Potassium permanganate is also produced in India by Swadeshi Chemicals Private, Ltd., and in Czechoslovakia, East Germany, and the U.S.S.R. With the exception of the U.S.S.R., which exported a small quantity to the United States in 1981, none of these countries exported potassium permanganate to the United States during 1980-82.

Former manufacturers of potassium permanganate that ceased production during 1980-82 include The Boots Co., Ltd., of the United Kingdom; Rhone Poulenc, of France; and Nippon Chemical Industrial Co., of Japan. The Boots Co. is now a distributor of the Carus product in Europe.

The Question of Material Injury

To obtain information for this section of the report, the Commission sent a questionnaire to Carus Chemical Co., the sole U.S. producer. The analysis in this section is complicated by the 1981 loss of Carus' largest customer, Chemagro. In 1974, Carus signed a 5-year agreement (subsequently extended) to supply free-flowing grade to Chemagro. In order to supply the quantities specified in the agreement, which varied from approximately 4 million to 12 million pounds a year, Carus increased its plant capacity by 50 percent to a level of 30 million pounds a year. 3/ In 1981, Chemagro switched to a different manufacturing process that did not require the use of potassium permanganate. 4/ The impact of the loss of this customer on Carus is evident through examination of the share of total company shipments that were directed to Chemagro, which decreased from * * * percent in 1980 to * * * percent in 1981 and to zero in 1982.

Carus acknowledged in the petition that the loss of Chemagro was unrelated to the alleged injury suffered as a result of dumping, except in the sense that the vulnerability of the company to dumping was exacerbated by the loss of such a large customer. 5/ To the extent possible, the data and analyses that follow both include and exclude Chemagro.

1/ Kirk-Othmer Encyclopedia of Chemical Technology, John Wiley & Sons, New York, 3d ed., vol. 14, pp. 872-873.

2/ Counsel's postconference brief of Mar. 22, 1983, p. 4.

3/ See the petition, p. 4.

4/ In a telephone conversation on Mar. 18, 1983, a Carus official indicated that Chemagro used potassium permanganate in the manufacture of a synthetic organic intermediate which, in turn, was used in the manufacture of a soybean herbicide. By means of a * * * investment, Chemagro was able to develop a completely new manufacturing process that eliminated the oxidation step that formerly required the use of potassium permanganate. Carus' final production and shipment to Chemagro occurred in * * * 1981.

5/ See the petition, p. 3.

U.S. production, capacity, and capacity utilization

Carus' total production of potassium permanganate * * * (table 2).
 Production for customers other than Chemagro * * *. Production for Chemagro
 * * *.

Production of free-flowing grade for all customers * * *. Production of
 free-flowing grade for customers other than Chemagro * * *. Technical-grade
 production * * *. Production of pharmaceutical grade * * *.

Table 2.--Potassium permanganate: U.S. production, capacity, and capacity
 utilization, by grades, 1980-82, January-August 1982, and January-
 August 1983

Item	1980	1981	1982	January-August--	
				1982	1983
Production:					
For Chemagro: free-flowing					
1,000 pounds--	***	***	***	***	***
For other customers:					
Free-flowing--1,000 pounds--	***	***	***	***	***
Technical-----do-----	***	***	***	***	***
Pharmaceutical-----do-----	***	***	***	***	***
Subtotal-----do-----	***	***	***	***	***
Total-----do-----	***	***	***	***	***
Capacity (all grades) <u>1</u> /--do-----	***	***	***	***	***
Capacity utilization:					
Including Chemagro---percent--	***	***	***	***	***
Excluding Chemagro-----do-----	***	***	***	***	***

1/ Practical rated capacity is defined as the normal sustained production
 that can be achieved on an annual basis, making allowances for normal
 maintenance and downtime, and is based on a 24-hour-a-day, 7-day-a-week,
 52-week-a-year operation.

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

Carus' capacity to produce potassium permanganate remained constant at
 * * *. Capacity utilization, taking into consideration production for
 Chemagro, * * *. Excluding production for Chemagro, capacity utilization
 * * *. In 1982, when no material was produced for Chemagro, capacity
 utilization * * *. * * *.

Carus closed its La Salle plant for 9 to 10 weeks during the summers of
 1982 and 1983 in order to liquidate inventories.

U.S. producer's shipments, inventories, and imports

As shown in table 3, Carus' total domestic shipments of potassium permanganate, composed primarily of free-flowing grade, * * *. Shipments to Chemagro * * *, whereas shipments to other domestic customers * * *.

Domestic shipments of free-flowing grade to customers other than Chemagro * * *, whereas domestic shipments of technical grade * * *. Domestic shipments of pharmaceutical grade * * *.

Table 3.--Potassium permanganate: U.S. producer's domestic shipments, by grades, 1980-82, January-August 1982, and January-August 1983

Item	1980	1981	1982	January-August--	
				1982	1983
Quantity (1,000 pounds)					
Free-flowing:					
To Chemagro-----	***	***	***	***	***
To other customers-----	***	***	***	***	***
Total-----	***	***	***	***	***
Technical-----	***	***	***	***	***
Pharmaceutical-----	***	***	***	***	***
Total (including Chemagro)-----	***	***	***	***	***
Total (excluding Chemagro)-----	***	***	***	***	***
Value (1,000 dollars)					
Free-flowing:					
To Chemagro-----	***	***	***	***	***
To other customers-----	***	***	***	***	***
Total-----	***	***	***	***	***
Technical-----	***	***	***	***	***
Pharmaceutical-----	***	***	***	***	***
Total (including Chemagro)-----	***	***	***	***	***
Total (excluding Chemagro)-----	***	***	***	***	***
Unit value (per pound)					
Free-flowing:					
To Chemagro-----	***	***	***	***	***
To other customers-----	***	***	***	***	***
Total-----	***	***	***	***	***
Technical-----	***	***	***	***	***
Pharmaceutical-----	***	***	***	***	***
Total (including Chemagro)-----	***	***	***	***	***
Total (excluding Chemagro)-----	***	***	***	***	***

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

Export shipments, 1/ * * * (table 4). * * *.

Table 4.--Potassium permanganate: U.S. producer's export shipments, by grades, 1980-82, January-August 1982, and January-August 1983

Item	1980	1981	1982	January-August--	
				1982	1983
Quantity (1,000 pounds)					
Free-flowing-----	***	***	***	***	***
Technical-----	***	***	***	***	***
Pharmaceutical-----	***	***	***	***	***
Total-----	***	***	***	***	***
Value (1,000 dollars)					
Free-flowing-----	***	***	***	***	***
Technical-----	***	***	***	***	***
Pharmaceutical-----	***	***	***	***	***
Total-----	***	***	***	***	***
Unit value (per pound)					
Free-flowing-----	***	***	***	***	***
Technical-----	***	***	***	***	***
Pharmaceutical-----	***	***	***	***	***
Total-----	***	***	***	***	***

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

The unit values of Carus' export shipments were * * *. * * *.

The unit values of Carus' exports of potassium permanganate during 1980-82 and January-August 1983, compared with the firm's variable, fixed, and total manufacturing costs per pound, are shown in the following tabulation:

* * * * *

* * * * *

1/ In a telephone conversation on Mar. 25, 1983, a Carus official indicated that the majority of the firm's exports during 1980-82 were to * * *. * * *.

Carus' total shipments of potassium permanganate * * * (table 5). Carus' total shipments to customers other than Chemagro * * *.

Table 5.--Potassium permanganate: U.S. producer's total shipments, by grades, 1980-82, January-August 1982, and January-August 1983

Item	1980	1981	1982	January-August--	
				1982	1983
Quantity (1,000 pounds)					
Free-flowing:					
To Chemagro-----	***	***	***	***	***
To other customers-----	***	***	***	***	***
Total-----	***	***	***	***	***
Technical-----	***	***	***	***	***
Pharmaceutical-----	***	***	***	***	***
Total (including Chemagro)----	***	***	***	***	***
Total (excluding Chemagro)----	***	***	***	***	***
Value (1,000 dollars)					
Free-flowing:					
To Chemagro-----	***	***	***	***	***
To other customers-----	***	***	***	***	**
Total-----	***	***	***	***	***
Technical-----	***	***	***	***	***
Pharmaceutical-----	***	***	***	***	***
Total (including Chemagro)----	***	***	***	***	***
Total (excluding Chemagro)----	***	***	***	***	***
Unit value (per pound)					
Free-flowing:					
To Chemagro-----	***	***	***	***	***
To other customers-----	***	***	***	***	***
Total-----	***	***	***	***	***
Technical-----	***	***	***	***	***
Pharmaceutical-----	***	***	***	***	***
Total (including Chemagro)----	***	***	***	***	***
Total (excluding Chemagro)----	***	***	***	***	***

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

End-of-year inventories held by Carus * * * (table 6). * * *,
End-of-period inventories as a share of shipments * * *.

Table 6.--Potassium permanganate: U.S. producer's inventories, by
grades, 1980-82, January-August 1982, and January-August 1983

Item	1980	1981	1982	January-August--	
				1982	1983
Inventories: 1/					
Free-flowing-----1,000 pounds--	***	***	***	***	***
Technical-----do-----	***	***	***	***	***
Pharmaceutical-----do-----	***	***	***	***	***
Total-----do-----	***	***	***	***	***
Ratio of inventories to shipments:					
Free-flowing (including					
Chemagro)-----percent--	***	***	***	***	***
Free-flowing (excluding					
Chemagro)-----percent--	***	***	***	***	***
Technical-----do-----	***	***	***	***	***
Pharmaceutical-----do-----	***	***	***	***	***
Total (including Chemagro)					
percent--	***	***	***	***	***
Total (excluding Chemagro)					
percent--	***	***	***	***	***

1/ All inventories held by Carus were reported by Carus to be related to
production for customers other than Chemagro.

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

Carus purchased * * *, * * *. Carus' purchases of imports were as
follows:

Item	1980	1981	1982	January-August--	
				1982	1983
				<u>1,000 pounds</u>	
Purchases of imports from--					
China-----	***	***	***	***	***
Spain-----	***	***	***	***	***
Other countries-----	***	***	***	***	***
Total-----	***	***	***	***	***

U.S. employment

The number of workers engaged in employment related to the production of
potassium permanganate and hours worked by such workers, * * * (table 7).

Employment and hours worked * * *. According to Carus, * * *. Average hourly wages and total compensation paid to production workers * * *.

Table 7.--Average number of production and related workers engaged in the manufacture of potassium permanganate, hours worked by such workers, wages paid, and total compensation, 1980-82, January-August 1982, and January-August 1983

Period	Number of workers	Hours worked :Thousands	Wages paid -----Per hour-----	Total compensa- tion 1/
1980-----	***	***	***	***
1981-----	***	***	***	***
1982-----	***	***	***	***
January-August--				
1982-----	***	***	***	***
1983-----	***	***	***	***

1/ Wages plus fringe benefits.

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

Carus shut down its plant for 9 to 10 weeks during the summers of 1982 and 1983 in order to liquidate inventories, resulting in the layoff of more than * * * of its production workers on each occasion. These shutdowns were * * *. On September 28, 1982, Carus and the International Chemical Workers Union, Local 79, which represents the production workers at Carus, signed a negotiated modification to the collective bargaining agreement between the two parties. The contract modification, effective October 1, 1982, resulted in concessions in wages, hours worked, and benefits equivalent to \$1.80 per hour. 1/ * * *. Carus attributed both of these events to * * *.

Financial experience of the U.S. producer 2/

Overall company operations.--Carus' overall company net sales revenue from all four of its divisions * * * (table 8). Overall company net sales * * *. Carus derived about * * * of its overall company sales revenue from the sale of potassium permanganate in * * *. * * *.

Carus' overall company operations * * *. * * *.

Carus reported a * * * cash flow of * * *. * * *.

Manufacturing costs (cost of goods sold) * * *. Operating expenses (general, selling, and administrative expenses) * * *.

1/ See the petition, confidential exhibit 11 (denied confidential treatment by the Commission).

2/ In this section, "Carus" refers to Carus Corp.

Table 8.--Income and loss experience of Carus Corp. on its overall operations, 1980-82, interim period ended Aug. 31, 1982, and interim period ended Aug. 31, 1983 1/

Item	1980	1981	1982	Interim period ended Aug. 31--	
				1982	1983
Net sales---1,000 dollars--:	***	***	***	***	***
Cost of goods sold:					
Raw materials					
1,000 dollars--:	***	***	***	***	***
Direct labor-----do----	***	***	***	***	***
Other factory costs					
1,000 dollars--:	***	***	***	***	***
Total-----do----	***	***	***	***	***
Gross income-----do----	***	***	***	***	***
General, selling, and administrative expenses					
1,000 dollars--:	***	***	***	***	***
Operating income or (loss)					
1,000 dollars--:	***	***	***	***	***
Other income or (expense)					
net-----1,000 dollars--:	***	***	***	***	***
Net income or (loss) before:					
income taxes					
1,000 dollars--:	***	***	***	***	***
Depreciation and amorti-					
zation expense					
1,000 dollars--:	***	***	***	***	***
Cash flow from operations					
1,000 dollars--:	***	***	***	***	***
Ratio to net sales:					
Gross income---percent--:	***	***	***	***	***
Operating income or (loss)-----percent--:	***	***	***	***	***
Net income or (loss) before income taxes					
percent--:	***	***	***	***	***
Cost of goods sold-do----	***	***	***	***	***
General, selling, and administrative expenses:					
percent--:	***	***	***	***	***
Ratio of potassium perman-					
ganate sales to total					
company sales---percent--:	***	***	***	***	***

1/ Carus' accounting year ends on Dec. 31.

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

The overall financial condition of Carus Corp. as of December 31 of 1980-82 is shown in table 9. * * *.

Table 9.--Overall financial condition of Carus Corp., Dec. 31 of 1980-82

Item	Dec. 31--		
	1980	1981	1982
Assets:			
Current assets:			
Cash-----1,000 dollars--:	***	***	***
Accounts receivable-----do--:	***	***	***
Refundable income taxes-----do--:	***	***	***
Inventories-----do--:	***	***	***
Prepaid expenses and deposits-----do--:	***	***	***
Total current assets-----do--:	***	***	***
Plant and equipment, net-----do--:	***	***	***
Other assets-----do--:	***	***	***
Total assets-----do--:	***	***	***
Liabilities:			
Current liabilities:			
Current long-term debt----1,000 dollars--:	***	***	***
Accounts payable-----do--:	***	***	***
Accrued expenses-----do--:	***	***	***
Short-term debt-----do--:	***	***	***
Total current liabilities-----do--:	***	***	***
Unearned subscription income-----do--:	***	***	***
Long-term debt-----do--:	***	***	***
Long-term pension liability-----do--:	***	***	***
Deferred income taxes-----do--:	***	***	***
Shareholders' equity:			
Common stock-----do--:	***	***	***
Paid in capital-----do--:	***	***	***
Treasury stock-----do--:	***	***	***
Retained earnings-----do--:	***	***	***
Total shareholders' equity-----do--:	***	***	***
Total liabilities and shareholders' equity-----do--:	***	***	***
Working-capital ratio-----:	***	***	***
Net sales per dollar of total assets-----:	***	***	***
Ratio of net income or (loss) before income taxes to--:			
Net sales-----percent--:	***	***	***
Total assets-----do--:	***	***	***
Net investment in assets-----do--:	***	***	***
Shareholders' equity-----do--:	***	***	***

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

Total current assets * * *. On the other hand, current liabilities * * *. As a result, the working capital ratio * * *. Retained earnings and shareholders' equity * * *.

* * * * *

Combined publishing, railroad, and magazine operations.---The income-and-loss experience of Carus on its combined publishing, magazine, and railroad operations is presented in table 10 for 1980-82, interim period 1982, and interim period 1983. Net sales * * *. * * *. In the aggregate, Carus' publishing, magazine, and railroad operations were * * *. Net * * * before income taxes * * *. The three enterprises reported a combined pretax net * * *.

Chemicals operations.---Net sales of Carus' chemicals were * * * (table 11). 1/ Net sales were * * *. * * *.

Carus * * *. Carus' chemical operations were * * *. * * *.

Carus posted * * * cash flows of * * *. * * *.

In actual dollars, manufacturing costs (cost of goods sold) * * *. * * *.

In actual dollars, operating expenses * * *. * * *.

Other expenses, * * *. * * *.

Carus * * *. * * *.

During 1982 and 1983, Carus implemented * * *. * * *.

On October 26, 1983, Carus Corp. submitted income-and-loss data relative to its potassium permanganate operations that exclude revenues, costs, and expenses related to sales made to Chemagro. The data have been constructed by * * *. The entire contents of Carus' submission, Schedules 1 through 5, are presented in appendix D. A tabulation from Schedule 1 of the submission is shown below for 1980-82 and January-August 1983:

Item	: 1980	: 1981	: 1982	: Jan.-Aug. 1983
	-----Per pound-----			
Average net selling price of U.S. domestic non-Chemagro CAIROX-----	***	***	***	***
Variable manufacturing cost-----	***	***	***	***
Contribution margin per pound <u>1/</u> -----	***	***	***	***

1/ Average net selling price less variable cost.

This tabulation reveals that the actual variable cost to manufacture CAIROX * * *.

1/ * * *.

Table 10.--Income-and-loss experience of Carus Corp. on its combined publishing, railroad, and magazine operations, 1980-82, interim period ended Aug. 31, 1982, and interim period ended Aug. 31, 1983 ^{1/}

Item	1980	1981	1982	Interim period ended Aug. 31--	
				1982	1983
Net sales---1,000 dollars--:	***	***	***	***	***
Cost of goods sold:					
Raw materials					
1,000 dollars--:	***	***	***	***	***
Direct labor-----do-----:	***	***	***	***	***
Other factory costs					
1,000 dollars--:	***	***	***	***	***
Total-----do-----:	***	***	***	***	***
Gross income-----do-----:	***	***	***	***	***
General, selling, and administrative expenses					
1,000 dollars--:	***	***	***	***	***
Operating income or (loss)					
1,000 dollars--:	***	***	***	***	***
Other income or (expense) net-----1,000 dollars--:	***	***	***	***	***
Net income or (loss) before income taxes					
1,000 dollars--:	***	***	***	***	***
Depreciation and amortization expense					
1,000 dollars--:	***	***	***	***	***
Cash flow from operations					
1,000 dollars--:	***	***	***	***	***
Ratio to net sales:					
Gross income----percent--:	***	***	***	***	***
Operating income or (loss)-----percent--:	***	***	***	***	***
Net income or (loss) before income taxes					
percent--:	***	***	***	***	***
Cost of goods sold-do-----:	***	***	***	***	***
General, selling, and administrative expenses:					
percent--:	***	***	***	***	***

^{1/} Includes operations of the Open Court Publishing Co., the La Salle Transport Co., and Cricket Magazine. Carus' accounting year ends on Dec. 31.

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

Table 11.--Income-and-loss experience of Carus Corp. on its chemical operations, 1980-82, interim period ended Aug. 31, 1982, and interim period ended Aug. 31, 1983 ^{1/}

Item	1980	1981	1982	Interim period ended Aug. 31--	
				1982	1983
Net sales:					
Potassium permanganate					
1,000 dollars--	***	***	***	***	***
Other chemicals-----do----	***	***	***	***	***
Total-----do----	***	***	***	***	***
Cost of goods sold:					
Raw materials-----do----	***	***	***	***	***
Direct labor-----do----	***	***	***	***	***
Other factory costs					
1,000 dollars--	***	***	***	***	***
Total-----do----	***	***	***	***	***
Gross income-----do----	***	***	***	***	***
General, selling, and administrative expenses					
1,000 dollars--	***	***	***	***	***
Operating income or (loss)					
1,000 dollars--	***	***	***	***	***
Other income or (expense), net-----1,000 dollars--	***	***	***	***	***
Net income or (loss) before: income taxes					
1,000 dollars--	***	***	***	***	***
Depreciation and amorti- zation expense					
1,000 dollars--	***	***	***	***	***
Cash flow from operations					
1,000 dollars--	***	***	***	***	***
Ratio to net sales:					
Gross income----percent--	***	***	***	***	***
Operating income or (loss)-----percent--	***	***	***	***	***
Net income or (loss) before income taxes					
percent--	***	***	***	***	***
Cost of goods sold					
percent--	***	***	***	***	***
General, selling, and administrative expenses:					
percent--	***	***	***	***	***
Ratio of potassium perman- ganate sales to total chemical sales--percent--	***	***	***	***	***

^{1/} Carus' accounting year ends on Dec. 31.

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

Investment in productive facilities.--The original cost of Carus' investment in productive facilities used in the production of potassium permanganate * * * (table 12). The original cost of such assets was * * *. The book value of such assets * * *. * * *.

The trend in the relationship of operating income or loss to investment in productive facilities, at cost and at book value, * * *.

Table 12.--Carus Corp.'s investment in facilities used in the production of potassium permanganate, as of Dec. 31 of 1980-82, Aug. 31, 1982, and Aug. 31, 1983

Item	Dec. 31--			Aug. 31--	
	1980	1981	1982	1982	1983
Original cost-----					
1,000 dollars--	***	***	***	***	***
Book value-----do----	***	***	***	***	***
Ratio of operating income					
or (loss) to--					
Net sales-----percent--	***	***	***	***	***
Original cost-----do----	***	***	***	***	***
Book value-----do----	***	***	***	***	***

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

Capital expenditures.--As shown in table 13, capital expenditures for land, buildings, and machinery and equipment used in the production of potassium permanganate * * *. * * *.

Research and development expenditures.--Carus supplied research and development expenses relative to its potassium permanganate operations during 1980-82, January-August 1982, and January-August 1983. Such expenditures were as follows:

* * * * *

Table 13.--Carus Corp.'s capital expenditures for land, buildings, and machinery and equipment used in the production of potassium permanganate, 1980-82, January-August 1982, and January-August 1983

Item	1980	1981	1982	January-August--	
				1982	1983
Land and land improvements :	:	:	:	:	:
1,000 dollars--:	***	***	***	***	***
Buildings or leasehold im- :	:	:	:	:	:
provements :	:	:	:	:	:
1,000 dollars--:	***	***	***	***	***
Machinery, equipment, fix- :	:	:	:	:	:
tures-----1,000 dollars--:	***	***	***	***	***
Total-----do-----:	***	***	***	***	***

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

Carus' statement relating to effects of LTFV imports on its growth, investment, and ability to raise capital.--The following reply was received from Carus regarding actual and potential negative effects of LTFV imports of potassium permanganate on the firm's growth, investment, and ability to raise capital.

* * * * *

The Question of the Threat of Material Injury

In its examination of the question of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of the LTFV imports, the rate of increase of U.S. market penetration by such imports, the quantities of such imports held in inventory in the United States, and the capacity of the producer in Spain to generate exports (including the availability of export markets other than the United States).

Trends in imports and U.S. market penetration are discussed in the section of this report that addresses the causal relationship between the alleged injury and the LTFV imports. Information regarding the capacity of the Chinese and Spanish producers to generate exports is discussed in the section on foreign producers.

Importers' end-of-period inventories of imports of potassium permanganate from Spain declined as a share of those firms' imports from Spain from * * * percent in 1981 to * * * percent in 1982, and, on the basis of annualized imports, fell to * * * percent in January-August 1983 compared with * * * percent in January-August 1982. End-of-period inventories of Chinese potassium permanganate held by importers decreased as a share of those firms'

imports from China from * * * percent in 1980 to * * * percent in 1981, increased to * * * percent in 1982, and then, on the basis of annualized imports, fell to * * * percent in January-August 1983 compared with * * * percent in January-August 1982.

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

U.S. imports

Data contained in this section of the report were obtained from questionnaire responses submitted by importers of potassium permanganate, as well as from official statistics of the U.S. Department of Commerce. Questionnaires were sent to 14 firms, which accounted for 100 percent of imports of potassium permanganate from China and Spain during January 1980-June 1983, according to the U.S. Customs Service's net import file.

Data reported by Commerce.--Total U.S. imports of potassium permanganate, as reported by Commerce, increased by 17.5 percent from 1980 to 1981, rose by 24.3 percent from 1981 to 1982, and nearly doubled in January-August 1983, compared with imports in the corresponding period of 1982 (table 14).

There were no imports of potassium permanganate from Spain in 1980; however, in 1981 and 1982, Spain was the largest source of imports of the product. Imports from Spain rose 5.3 percent from 1981 to 1982 and increased 12.3 percent in January-August 1983, compared with imports in the corresponding period of 1982. The unit values of imports from Spain were consistently higher than those of imports from China but consistently lower than those of imports from other sources. Imports from Spain accounted for 69.5 percent of all imports of potassium permanganate in 1981, 58.9 percent in 1982, and 29.7 percent in January-August 1983.

Imports of potassium permanganate from China decreased 72.4 percent from 1980 to 1981, more than doubled from 1981 to 1982, and more than tripled in January-August 1983, compared with such imports in January-August 1982. Over 70 percent of the imports from China during January-August 1983 entered in the months of April and July. The unit values of imports from China were lower than those of imports from Spain and from other sources throughout the period covered by the investigation. Imports from China accounted for 85.2 percent of all imports of potassium permanganate in 1980, 20.0 percent in 1981, 33.7 percent in 1982, and 66.4 percent in January-August 1983.

Table 14.--Potassium permanganate: U.S. imports for consumption, by specified sources, 1980-82, January-August 1982, and January-August 1983

Source	1980	1981	1982	January-August--	
				1982	1983
	Quantity (1,000 pounds)				
China-----	1/ 1,019	281	588	407	1,365
Spain-----	0	977	1,029	544	611
All other-----	178	2/ 147	3/ 129	125	81
Total-----	1,196	2/ 1,405	3/ 1,746	1,076	2,057
	Value (1,000 dollars)				
China-----	695	183	323	229	708
Spain-----	-	699	704	367	458
All other-----	183	150	142	101	81
Total-----	878	1,033	1,169	697	1,247
	Unit value (per pound)				
China-----	\$0.68	\$0.65	\$0.55	\$0.56	\$0.52
Spain-----	-	.72	.68	.67	.75
All other-----	1.03	1.02	1.11	.81	.99
Total-----	.73	.74	.67	.65	.61
	Percent of total quantity				
China-----	85.2	20.0	33.7	37.8	66.4
Spain-----	-	69.5	58.9	50.6	29.7
All other-----	14.8	10.5	7.4	11.6	3.9
Total-----	100.0	100.0	100.0	100.0	100.0

1/ Includes * * * pounds purchased by Carus.

2/ Does not include * * * pounds of Carus-produced * * * potassium permanganate imported by * * * in 1981.

3/ Does not include * * * pounds of Carus-produced * * * potassium permanganate imported by * * * in 1982.

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

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

Imports of potassium permanganate from China and Spain fluctuated widely on a quarterly basis during the period January 1981-September 1983, according to Commerce statistics. During the two most recent quarters (April-June and July-September 1983), imports from China were more than 3.25 times as great as in any of the nine preceding quarters. Imports from Spain peaked during July-September 1981 and October-December 1982, as shown in table 15.

Table 15.--Potassium permanganate: U.S. imports for consumption, by specified sources and by quarters, January 1980-September 1983

(In thousands of pounds)								
Period	:	China	:	Spain	:	All other	:	Total
	:	:	:	:	:	:	:	
1980:	:	:	:	:	:	:	:	
January-March-----	:	71	:	0	:	43	:	113
April-June-----	:	195	:	0	:	67	:	262
July-September-----	:	441	:	0	:	27	:	468
October-December----	:	312	:	0	:	41	:	353
1981:	:	:	:	:	:	:	:	
January-March-----	:	0	:	79	:	24	:	104
April-June-----	:	69	:	315	:	41	:	426
July-September-----	:	106	:	463	:	1	:	570
October-December----	:	105	:	119	:	81	:	306
1982:	:	:	:	:	:	:	:	
January-March-----	:	190	:	159	:	40	:	388
April-June-----	:	149	:	218	:	85	:	452
July-September-----	:	181	:	207	:	<u>1</u> /	:	388
October-December----	:	68	:	445	:	4	:	517
1983:	:	:	:	:	:	:	:	
January-March-----	:	58	:	198	:	5	:	261
April-June-----	:	689	:	278	:	2	:	969
July-September-----	:	618	:	134	:	122	:	875
	:	:	:	:	:	:	:	

1/ Less than 500 pounds.

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

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

Imports of potassium permanganate from sources other than China and Spain fell by 17.4 percent from 1980 to 1981, by 12.2 percent from 1981 to 1982, and by 35.2 percent in January-August 1983, compared with such imports in January-August 1982. Imports from these sources accounted for 14.8 percent of all imports of potassium permanganate in 1980, 10.5 percent in 1981, 7.4 percent in 1982, and 3.9 percent in January-August 1983. The principal sources of imported potassium permanganate during the period covered by this investigation, according to official statistics, included Belgium, West Germany, Hong Kong, Canada, Japan, the Netherlands, the U.S.S.R., and the United Kingdom. However, most of this material is believed to have originated in China and to have been transshipped. There was no known production of potassium permanganate in Belgium, West Germany, Hong Kong, Canada, or the Netherlands during the period covered by the investigation. 1/

Data on imports of potassium permanganate, as reported by Commerce, do not include imports of Carus-produced material that was exported to Europe and reimported into the United States duty free. The Commission is aware of * * * firms that imported Carus-produced material during the period covered by the investigation. * * * imported a total of * * * pounds of Carus-produced * * * potassium permanganate from * * * on * * * occasions in * * * at an average price of * * * per pound. * * * imported a total of * * * pounds of Carus-produced * * * potassium permanganate from * * * in * * * shipments in * * * at an average price of * * * per pound. All this material had been shipped by Carus to * * *, which sold it to * * *. * * * and * * * purchased the material from * * * and * * *. These imports accounted for * * * percent, * * * percent, and * * * percent of U.S. consumption of potassium permanganate in 1981, 1982, and January-August 1983, respectively, and, if added to the Commerce statistics, would account for * * * percent and * * * percent of all imports of potassium permanganate in 1981 and 1982, respectively. Monthly imports of potassium permanganate are shown in table 16.

1/ Commerce has revised its import statistics to account for 398,896 pounds of Chinese material that was transshipped through Europe in 1983. These revisions have not yet been published but are reflected in tables 14-16.

Table 16.--Potassium permanganate: U.S. imports for consumption, by specified sources and by months, January 1980-October 1983

Period	China	Spain	All other	Total
1980:				
January-----	0	0	<u>1</u> /	<u>1</u> /
February-----	71	0	40	111
March-----	0	0	2	2
April-----	0	0	<u>1</u> /	<u>1</u> /
May-----	115	0	66	181
June-----	80	0	<u>1</u> /	81
July-----	254	0	<u>1</u> /	254
August-----	143	0	24	168
September-----	44	0	2	46
October-----	287	0	40	326
November-----	0	0	<u>1</u> /	<u>1</u> /
December-----	25	0	1	27
1981:				
January-----	0	79	23	102
February-----	0	0	1	1
March-----	0	0	1	1
April-----	40	79	1	120
May-----	0	196	40	236
June-----	30	40	0	69
July-----	33	230	<u>1</u> /	263
August-----	73	154	<u>1</u> /	227
September-----	0	79	0	79
October-----	68	79	80	227
November-----	0	0	0	0
December-----	37	40	1	79
1982:				
January-----	37	79	1	118
February-----	37	40	1	78
March-----	115	40	38	193
April-----	41	48	0	90
May-----	68	86	45	199
June-----	40	84	40	163
July-----	0	44	<u>1</u> /	44
August-----	68	124	0	192
September-----	112	40	<u>1</u> /	152
October-----	37	79	1	117
November-----	31	123	2	156
December-----	0	243	1	244

See footnote at end of table.

Table 16.--Potassium permanganate: U.S. imports for consumption, by specified sources and by months, January 1980-October 1983--Continued

Period	China	Spain	All other	Total
1983:				
January-----	25	79	1	106
February-----	0	119	2	121
March-----	33	0	2	35
April-----	578	79	2	659
May-----	0	136	0	136
June-----	111	63	0	174
July-----	428	88	75	591
August-----	190	45	<u>1/</u>	236
September-----	0	0	47	47
October-----	155	160	38	353

1/ Less than 500 pounds.

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

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

New York, N.Y., was the major U.S. customs district through which imports of potassium permanganate from both China and Spain entered the United States during January 1982-September 1983, accounting for more than 40 percent of imports from each source. During this period, imports from China entered through 12 districts; imports from Spain, through 10 districts; and imports from either source, through 16 districts. The shares of imports of potassium permanganate that entered through principal districts in this period are shown, by principal sources, 1/ in the following tabulation:

Customs district	Share of imports from China	Share of imports from Spain	Share of combined imports from China and Spain
	<u>Percent</u>		
New York, N.Y-----	40.6	45.4	43.1
New Orleans, La-----	10.1	17.9	14.1
Houston, Tex-----	14.4	2.5	8.3
Charleston, S.C-----	9.1	2.4	5.7
Baltimore, Md-----	-	10.2	5.2
All other-----	25.8	21.6	23.6
Total-----	100.0	100.0	100.0

1/ Data on imports from China exclude imports that were transshipped through Europe.

Data reported by importers.--Imports of potassium permanganate, as reported by importers in response to the Commission's questionnaires, are shown in table 17. Imports from China, which can best be described as a technical/pharmaceutical grade, decreased by * * * percent from 1980 to 1981, * * * from 1981 to 1982, and * * * in January-August 1983, compared with imports in January-August 1982. These imports accounted for * * * percent of all imports of potassium permanganate in 1980, * * * percent in 1981, * * * percent in 1982, and * * * percent in January-August 1983.

Table 17.--Potassium permanganate: U.S. imports for consumption, by specified sources and by grades, 1980-82, January-August 1982, and January-August 1983

Source and grade	1980	1981	1982	January-August--		
				1982	1983	
	Quantity (1,000 pounds)					
China-----	***	***	***	***	***	
Spain:						
Free-flowing grade-----	***	***	***	***	***	
Technical grade-----	***	***	***	***	***	
Pharmaceutical grade-----	***	***	***	***	***	
Total-----	***	***	***	***	***	
All other:						
Free-flowing grade-----	***	***	***	***	***	
Technical grade-----	***	***	***	***	***	
Pharmaceutical grade-----	***	***	***	***	***	
Total-----	***	***	***	***	***	
Grand total-----	***	***	***	***	**0	
	Percent of total quantity					
China-----	***	***	***	***	***	
Spain:						
Free-flowing grade-----	***	***	***	***	***	
Technical grade-----	***	***	***	***	***	
Pharmaceutical grade-----	***	***	***	***	***	
Total-----	***	***	***	***	***	
All other:						
Free-flowing grade-----	***	***	***	***	***	
Technical grade-----	***	***	***	***	***	
Pharmaceutical grade-----	***	***	***	***	***	
Total-----	***	***	***	***	***	
Grand total-----	100.0	100.0	100.0	100.0	100.0	

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

There were no imports of potassium permanganate from Spain in 1980. Imports fell * * * percent from 1981 to 1982 and then rose * * * percent in January-August 1983, compared with such imports in January-August 1982. The free-flowing grade accounted for * * * percent of imports from this source in 1981, * * * percent in 1982, and * * * percent in January-August 1983. Such imports followed the same trend as that for total imports from Spain, whereas imports of the technical grade declined steadily from * * * percent of total imports in 1981 to * * * percent in January-August 1983. Imports of the pharmaceutical grade were relatively insignificant, increasing from * * * percent of total imports in 1981 to * * * percent in 1982. * * *. Total imports from Spain accounted for * * * percent of all imports in 1981, * * * percent in 1982, and * * * percent in January-August 1983.

Imports from sources other than China and Spain accounted for * * * percent of all imports in 1980, * * * percent in 1981, and * * * percent in 1982. No such imports were reported for January-August 1983. * * * percent of the imports from these sources during 1980-82 consisted of material produced by Carus, exported to Europe, and reimported duty free. The reimported material accounted for * * * percent and * * * percent of total imports of potassium permanganate from all sources in 1981 and 1982, respectively.

Domestic shipments of imported potassium permanganate

Domestic shipments of imports of potassium permanganate * * * from 1980 to 1981, increased by * * * percent from 1981 to 1982, and rose by * * * percent in January-August 1983, compared with such shipments in the corresponding period of 1982 (table 18). Shipments of imports from China increased * * * percent from 1980 to 1981, declined * * * percent from 1981 to 1982, and then * * * in January-August 1983. Shipments of imports from Spain rose * * * percent from 1981 to 1982 and * * * percent in January-August 1983. Shipments of imports from other sources increased * * * from 1980 to 1981 and then fell * * * percent from 1981 to 1982 and * * * percent in January-August 1983.

Table 18.--Potassium permanganate: Domestic shipments of imports, by specified sources, 1980-82, January-August 1982, and January-August 1983

(In thousands of pounds)				
Period :	China :	Spain :	All other :	Total
1980-----:	*** :	*** :	*** :	***
1981-----:	*** :	*** :	*** :	***
1982-----:	*** :	*** :	*** :	***
Jan.-Aug.--:	:	:	:	
1982-----:	*** :	*** :	*** :	***
1983-----:	*** :	*** :	*** :	***
:	:	:	:	

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

Market penetration of imports

Carus' share of U.S. consumption of potassium permanganate, excluding purchases by Chemagro, fell from * * * percent in 1980 to * * * percent in 1982 and to * * * percent in January-August 1983, compared with * * * percent in January-August 1982 (table 19).

Imports from China accounted for * * * percent of U.S. consumption, excluding Chemagro, in 1980, * * * percent in 1981, * * * percent in 1982, and * * * percent in January-August 1983 compared with * * * percent in January-August 1982. Imports from Spain, which first entered the United States in 1981, increased their share of U.S. consumption, excluding Chemagro, from * * * percent in 1981 to * * * percent in 1982 and to * * * percent in January-August 1983, compared with * * * percent in the corresponding period of 1982. Imports from sources other than China and Spain accounted for * * * percent of U.S. consumption, excluding Chemagro, in 1980, * * * percent in 1981, * * * percent in 1982, * * * percent in January-August 1982, and * * * percent in January-August 1983. Carus' reimported material accounted for * * * percent of consumption, excluding Chemagro, in 1981, and * * * in 1982 and 1983.

Table 19.--Potassium permanganate: Ratios of the U.S. producer's and importers' domestic shipments to U.S. consumption, by specified sources and by grades, 1980-82, January-August 1982, and January-August 1983

(In percent)								
Item	Including Chemagro		Excluding Chemagro		1982	January-August		
	1980	1981	1980	1981		1982	1983	
U.S.-produced:								
Free-flowing grade-----	***	***	***	***	***	***	***	***
Technical grade-----	***	***	***	***	***	***	***	***
Pharmaceutical grade-----	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***
Imported from China-----	***	***	***	***	***	***	***	***
Imported from Spain:								
Free-flowing grade-----	***	***	***	***	***	***	***	***
Technical grade-----	***	***	***	***	***	***	***	***
Pharmaceutical grade-----	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***
Imported from other countries:								
Free-flowing grade-----	***	***	***	***	***	***	***	***
Technical grade-----	***	***	***	***	***	***	***	***
Pharmaceutical grade-----	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***
Grand total-----	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

Carus' share of the free-flowing-grade market, excluding Chemagro, declined from * * * percent in 1980 to * * * percent in 1982 and then increased to * * * percent in January-August 1983, compared with * * * percent in January-August 1982 (table 20). China marketed no free-flowing grade during the period covered by the investigation. Spain's share of this market, excluding Chemagro, rose from * * * percent in 1981 to * * * percent in 1982, and fell from * * * percent in January-August 1982 to * * * percent in January-August 1983. Imports from other sources accounted for * * * percent and * * * percent of consumption, excluding Chemagro, in 1980 and 1981, respectively. * * *.

Table 20.--Potassium permanganate: Ratios of the U.S. producer's and importers' domestic shipments to U.S. consumption, by grades and by specified sources, 1980-82, January-August 1982, and January-August 1983

(In percent)							
Item	Including Chemagro		Excluding Chemagro		1982	Jan.-Aug.--	
	1980	1981	1980	1981		1982	1983
Free-flowing grade:							
U.S.-produced-----	***	***	***	***	***	***	***
Imported from Spain-----	***	***	***	***	***	***	***
Imported from other countries-----	***	***	***	***	***	***	***
Total-----	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Technical/pharmaceutical grades:							
U.S.-produced-----	***	***	***	***	***	***	***
Imported from China-----	***	***	***	***	***	***	***
Imported from Spain-----	***	***	***	***	***	***	***
Imported from other countries-----	***	***	***	***	***	***	***
Total-----	100.0	100.0	100.0	100.0	100.0	100.0	100.0
All grades:							
U.S.-produced-----	***	***	***	***	***	***	***
Imported from China-----	***	***	***	***	***	***	***
Imported from Spain-----	***	***	***	***	***	***	***
Imported from other countries-----	***	***	***	***	***	***	***
Total-----	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

Carus' share of the technical/pharmaceutical-grade market declined from * * * percent in 1980 to * * * percent in 1982 and to * * * percent in January-August 1983, compared with * * * percent in January-August 1982. China's share of this market rose from * * * percent in 1980 to * * * percent in 1981, dropped to * * * percent in 1982, and then rose to * * * percent in January-August 1983, compared with * * * percent in January-August 1982.

Spain's share of the market increased from * * * percent in 1981 to * * * percent in 1982 and to * * * percent in January-August 1983, compared with * * * percent in January-August 1982. Imports from other sources accounted for * * * percent of this market in 1981, * * * percent in 1982, * * * percent in January-August 1982, and * * * percent in January-August 1983.

Prices

Potassium permanganate is sold mainly to two classes of buyers--distributors and end users. End users include local governments and industrial consumers. Carus sells * * * percent of its production to distributors and * * * percent directly to end users. Most importers sell exclusively to distributors, although some importers function as distributors and sell directly to end users. Local governments account for the largest share of total sales of domestically produced and Spanish potassium permanganate, whereas industrial customers account for most sales of the Chinese product. Local governments, which use potassium permanganate for water purification and wastewater treatment, solicit sealed bids. Bid prices generally include delivery costs. The firm that offers the lowest bid is awarded a contract to supply potassium permanganate for periods of up to 1 year. The domestic producer and the distributors compete with each other to obtain municipal contracts. Industrial consumers usually buy the product on a spot basis, but may solicit bids. Prices are usually quoted f.o.b. point of shipment; terms of payment are 30 days net.

* * *. All importers which responded to the Commission's questionnaires indicated that they sold potassium permanganate only in 50 kg drums. Their prices were lower for large quantities of shipments.

Carus and the importers were requested to supply quarterly prices on sales to their largest distributors of the technical and free-flowing grades 1/ of potassium permanganate for the period January 1981-August 1983 on an f.o.b. and on a delivered-price basis. Carus provided f.o.b. prices for the entire period, but did not provide delivered prices. Eight importers provided the Commission with usable price data on their imports from Spain and China, but only on an f.o.b. basis. All prices reported by the domestic producer and importers involved sales to distributors. However, one importer reported that it sells potassium permanganate for the same price to both distributors and end users.

Prices of the technical grade.--The technical grade of potassium permanganate accounted for * * * percent of total imports in 1980, * * * percent in 1981, * * * percent in 1982, and * * * percent in January-August 1983.

U.S. producer's prices.--Carus' weighted average f.o.b. price of the technical grade fell from * * * per pound in January-March 1981 to * * * per pound in October-December 1981, representing a decline of * * * percent

1/ In this section of the report, all imports of the Chinese product are considered to be technical grade.

(table 21). The price remained unchanged at * * * per pound through the next * * *, but rose by * * * percent to * * * per pound in July-August 1983.

Table 21.--Domestic producer's and importers' weighted-average f.o.b. point-of-shipment prices to distributors of technical-grade potassium permanganate, by quarters, January 1981-June 1983, and July-August 1983

Period	Domestic product	Imports from--		Margin of underselling	
		China	Spain	China	Spain
		Cents per pound		Percent	
1981:					
January-March-----	***	***	***	***	***
April-June-----	***	***	***	***	***
July-September-----	***	***	***	***	***
October-December-----	***	***	***	***	***
1982:					
January-March-----	***	***	***	***	***
April-June-----	***	***	***	***	***
July-September-----	***	***	***	***	***
October-December-----	***	***	***	***	***
1983:					
January-March-----	***	***	***	***	***
April-June-----	***	***	***	***	***
July-August-----	***	***	***	***	***

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

Prices of imports from Spain.--No price data for imports of the technical grade from Spain were reported for periods prior to January-March 1982, when a weighted-average f.o.b. price of * * * per pound was reported. The price of the Spanish product fell to * * * per pound in January-June 1982, or by * * * percent, and rose thereafter to * * * per pound in January-June 1983, or by * * * percent.

Imports of the technical grade from Spain undersold the domestic product in all periods for which data are available. The margins of underselling were * * * percent in January-March 1982, * * * percent in April-June 1982, and * * * percent during July-December 1982, but dropped to * * * percent during January-June 1983.

Prices of imports from China.--The price of imports from China fluctuated between * * * per pound and * * * per pound in 1981. The price then dipped to its lowest level--* * * per pound--in January-March 1982, representing a drop of * * * percent from the October-December 1981 level. The price of the Chinese merchandise * * * to * * * per pound during

April-June 1982 and then fell to * * * per pound in October-December 1982, or by * * * percent. In 1983, the price remained at * * * per pound during January-June and then increased to * * * per pound in July-August 1983.

Imports of the technical grade from China undersold the domestic product on an f.o.b. basis in every quarter for which data are available. The margins of underselling ranged from * * * percent to * * * percent during 1981, from * * * percent to * * * percent during 1982, and from * * * percent to * * * percent during January-August 1983. The greatest amount of underselling, * * * percent, occurred in January-March 1982.

Prices of the free-flowing grade.--Free-flowing potassium permanganate accounted for * * * percent of total imports in 1980, * * * percent in 1981, * * * percent in 1982, and * * * percent in January-August 1983. Comparative prices of the free-flowing grade of potassium permanganate are presented in table 22.

Table 22.--Domestic producer's and importers' weighted-average f.o.b. point-of-shipment prices to distributors of free-flowing-grade potassium permanganate, by quarters, January 1981-June 1983, and July-August 1983

Period	Domestic product	Imports from Spain	Margin of underselling or (overselling)
	-----Cents per pound-----		Percent
1981:			
January-March-----	***	***	***
April-June-----	***	***	***
July-September-----	***	***	***
October-December-----	***	***	***
1982:			
January-March-----	***	***	***
April-June-----	***	***	***
July-September-----	***	***	***
October-December-----	***	***	***
1983:			
January-March-----	***	***	***
April-June-----	***	***	***
July-August-----	***	***	***

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

U.S. producer's prices. 1/--Carus' weighted-average f.o.b. price of free-flowing potassium permanganate * * * and was within * * * per pound of its price for technical grade during nearly every quarter for which data are available. Carus' price declined from * * * per pound in January-June 1981 to * * * per pound in July-September 1981. It remained stable at * * * per pound through * * *, and then increased to * * * per pound, or by * * * percent, in July-August 1983.

Prices of imports from Spain.--Imports from Spain accounted for virtually all imports of the free-flowing grade. The price of the free-flowing grade from Spain fluctuated in a very narrow range between * * * per pound and * * * per pound throughout the period. The highest price, * * * per pound, was reached in January-March 1982; the lowest price, * * * per pound, was reached in the most recent period, July-August 1983.

Imports of free-flowing potassium permanganate undersold the domestic product or were priced the same in all but one of the calendar quarters for which comparative prices are available. The one instance of overselling (by * * * percent) occurred in January-March 1982. In all other quarters through June 1983, prices were equal or the margins of underselling ranged from * * * to * * * percent. In July-August 1983, however, the margin of underselling rose sharply to * * * percent, reflecting both an increase of * * * per pound in Carus' price and a * * * per pound drop in the price of the Spanish product.

Exchange rates

Table 23 shows the nominal and real exchange-rate indexes of the Spanish peseta relative to the U.S. dollar. The peseta depreciated in nominal terms by about 44 percent relative to the dollar during the period January 1981-September 1983. The real exchange rate of the peseta relative to the dollar was calculated by deflating the nominal exchange rate by the relative rates of inflation (Spain's index of industrial prices/U.S. index of wholesale prices). Because the rate of inflation in Spain was higher than that in the United States, the peseta depreciated in real terms relative to the dollar by about 20 percent from January 1981 to March 1983, a percentage that is lower than the percentage depreciation in the nominal rate.

1/ Carus' price for its sales of the free-flowing grade to its largest customer, Chemagro, was * * * per pound in 1980 and * * * per pound in 1981.

Table 23.--Nominal and real exchange rate indexes of the Spanish peseta relative to the U.S. dollar, by quarters, January 1981-September 1983

(January-March 1981 = 100.00)				
Period	:	Nominal	:	Real
	:	exchange rate	:	exchange rate
1981:	:		:	
January-March-----:		100.00	:	100.00
April-June-----:		92.26	:	94.86
July-September-----:		85.83	:	89.97
October-December-----:		87.54	:	94.26
1982:	:		:	
January-March-----:		83.08	:	92.04
April-June-----:		79.32	:	90.02
June-September-----:		74.97	:	85.94
October-December-----:		70.06	:	82.03
1983:	:		:	
January-March-----:		64.73	:	80.43
April-June-----:		60.52	:	1/
July-September-----:		55.96	:	1/
	:		:	
1/ Not available.				

1/ Not available.

Source: Compiled from International Monetary Fund, International Financial Statistics.

Table 24 shows the nominal exchange rate indexes of the Chinese yuan relative to the U.S. dollar. The real exchange rate could not be calculated since no price indexes are published for China. The nominal exchange rate of the yuan depreciated in terms of the dollar by about 20 percent from January 1981 to September 1983.

Table 24.--Nominal exchange rate indexes of the Chinese yuan relative to the U.S. dollar, by quarters, January 1981-September 1983

(January-March 1981 = 100.00)	
Period	Nominal exchange rate
1981:	
January-March-----	100.00
April-June-----	93.05
July-September-----	90.24
October-December-----	91.66
1982:	
January-March-----	88.28
April-June-----	86.85
July-September-----	82.36
October-December-----	80.91
1983:	
January-March-----	81.72
April-June-----	80.30
July-September-----	80.45

Source: Compiled from International Monetary Fund, International Financial Statistics.

Lost sales

Carus provided the Commission with a list of end users of potassium permanganate (predominantly municipalities) that allegedly had purchased the Spanish product, which was being offered at lower prices than the Carus product. The purchasers were asked to supply information on their purchases during 1980-82, January-August 1982, and January-August 1983. In all cases, a contract was awarded on the basis of competitive bids. Bids were submitted by distributors (some of which were importers of record) and frequently by Carus itself, very often competing against distributors of the Carus product as well as distributors of imported material. All purchasers had a policy of awarding contracts to the lowest bidder, provided the supplier could meet product specifications and delivery requirements. Most purchasers solicited bids on a yearly basis, although some did so more frequently. Most required the supplier to deliver the material at specified intervals, or as needed during the period covered by the contract, rather than in one shipment.

Carus' allegations of sales lost to the Spanish product involved 48 purchasers and a volume of * * * pounds during the period January 1981-August 1983. The allegations accounted for * * * percent of U.S. consumption during the period under consideration (* * * percent of consumption excluding Chemagro) and for * * * percent of importers' domestic shipments of Spanish material. The Commission sent purchaser questionnaires to 15 of the purchasers, which accounted for a volume of * * * pounds, or 71.9 percent of the volume alleged to have been lost to the Spanish product. All the purchasers responded to the questionnaire. An analysis of the questionnaire responses as they relate to lost-sales verification is provided below.

Purchaser No. 1: * * * was alleged to have purchased Spanish * * * potassium permanganate in * * *, resulting in lost sales to Carus of * * * pounds. Actual purchases were as follows (in pounds):

Country of origin	1980	1981	1982	January-August--	
				1982	1983
China-----	***	***	***	***	***
Spain-----	***	***	***	***	***
United States-----	***	***	***	***	***

A summary of the bids pertaining to the alleged lost sale is shown below:

Contract award date: * * *

Type of customer: * * *

Quantity involved: * * *

Grade: * * *

Item	Firm submitting bid	Country of origin	Price quote (delivered, per pound)
Winning bid-----	* * *	* * *	***
Second-place bid--	* * *	* * *	***
Third-place bid---	* * *	* * *	***
Fourth-place bid--	* * *	* * *	***
Fifth-place bid---	* * *	* * *	***

Because the data received from the remaining 14 purchasers that responded to the questionnaire are confidential and are presented in a format nearly identical to that for Purchaser No. 1, no discussion pertaining to those purchasers is shown in this report.

Lost revenue

Carus provided the Commission with information on instances of sales to end users in which Carus lowered its initial price quotation in order to meet competition from imports from Spain. The petitioner made three lost revenue allegations concerning imports from Spain. They involved three end users, a volume of * * * pounds, and represented * * * in allegedly lost revenue during 1982 and early 1983. The quantity of sales involved in the allegations accounted for * * * percent of U.S. consumption and * * * percent of Carus' domestic shipments during 1982 and January-August 1983. Two of the three purchasers, accounting for * * * pounds and * * * in allegedly lost revenue, or 74.7 percent of the total revenue alleged to have been lost as a result of imports from Spain, responded to the questionnaire. An analysis of the questionnaire responses as they relate to lost revenue verification is provided below.

Carus alleged that in * * * it had to lower its price to * * * from * * * per pound to * * * per pound because of an offer of * * * per pound from a distributor of Spanish material. The allegation involved * * * pounds of * * * potassium permanganate. * * * reported that it gave Carus an opportunity to lower its price from * * *. Carus was awarded the contract, which involved * * * pounds of the * * *.

The petitioner alleged that in * * * it had to lower its price to * * * from * * * per pound to * * * per pound because of an offer of * * * per pound from a distributor of Spanish material. The allegation involved * * * pounds of * * * potassium permanganate. * * * reported that, after receiving the Spanish offer of * * * per pound, Carus was given an opportunity to lower its price from * * * per pound. Carus' second offer of * * * per pound, * * *, was accepted * * *. According to the customer, the contract called for * * * pounds of * * * material.

APPENDIX A

**THE COMMISSION'S NOTICE OF INVESTIGATIONS AND
HEARING AND NOTICE OF POSTPONEMENT OF HEARING**

[Investigations Nos. 731-TA-125 and 126
(Final)]

**Potassium Permanganate From the
People's Republic of China and Spain**

AGENCY: International Trade
Commission.

ACTION: Institution of final antidumping
investigations and scheduling of a
hearing to be held in connection with
the investigations.

EFFECTIVE DATE: August 9, 1983.

SUMMARY: As a result of affirmative
preliminary determinations by the U.S.
Department of Commerce that there is a
reasonable basis to believe or suspect
that imports of potassium permanganate
from the People's Republic of China
(China) and Spain, provided for in item
420.28 of the Tariff Schedules of the
United States, are being, or are likely to

be, sold in the United States at less than fair value (LTFV) within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. 1673), the United States International Trade Commission hereby gives notice of the institution of investigations Nos. 731-TA-125 and 126 (Final) under section 735(b) of the act (19 U.S.C. 1673d(b)) 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. Unless the investigations are extended, the Department of Commerce will make its final dumping determinations in the cases on or before October 17, 1983, and the Commission will make its final injury determinations by December 7, 1983 (19 CFR 207.25).

FOR FURTHER INFORMATION CONTACT: Mr. Robert Carpenter, Office of Investigations, (202-523-0399), U.S. International Trade Commission, Washington, D.C. 20436.

SUPPLEMENTARY INFORMATION:

Background.—On April 8, 1983, the Commission determined, on the basis of the information developed during the course of its preliminary investigations, that there was a reasonable indication that an industry in the United States was materially injured by reason of allegedly LTFV imports of potassium permanganate from China and Spain. The preliminary investigations were instituted in response to a petition filed on February 22, 1983, by counsel on behalf of Carus Chemical Co., of LaSalle, Ill.

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

Upon the expiration of the period for filing entries of appearance, the Secretary shall prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations, pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)). Each document filed by a party to these investigations must be served on all other parties to the investigations (as

identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service (19 CFR 201.16(c), as amended by 47 FR 33682, Aug. 4, 1982).

Staff report.—A public version of the prehearing staff report containing preliminary findings of fact in these investigations will be placed in the public record on October 13, 1983, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing.—The Commission will hold a hearing in connection with these investigations beginning at 10:00 a.m. on October 28, 1983, in the Hearing Room, U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. 20436. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission, not later than the close of business (5:15 p.m.) on October 17, 1983. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 10:00 a.m. on October 18, 1983, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is October 24, 1983.

Testimony at the public hearing is governed by section 207.23 of the Commission's rules (19 CFR 207.23, as amended by 47 FR 33682, Aug. 4, 1982). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 (19 CFR 207.22, as amended by 47 FR 33682, Aug. 4, 1982). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on November 7, 1983.

Written submissions.—As mentioned, parties to these investigations may file prehearing and posthearing briefs by the dates shown above. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before November 7, 1983. A signed original and fourteen (14) true copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the

Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

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

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

This notice is published pursuant to section 207.20 of the Commission's rules (19 CFR 207.20)

Issued: August 22, 1983.

By order of the Commission.

Kenneth R. Mason,
Secretary.

[FR Doc. 83-23943 Filed 8-30-83; 8:45 am]
BILLING CODE 7020-02-M

[Investigation Nos. 731-TA-125 and 126 (Final)]

Potassium Permanganate From the People's Republic of China and Spain

AGENCY: United States International Trade Commission.

ACTION: In conformance with the determination of the International Trade Administration of the Department of Commerce to amend its schedule for the conduct of the referenced investigations, the Commission hereby revises its schedule as follows: the prehearing conference will be held on November 21, 1983; the hearing will be held on December 2, 1983; and the Commission's final determinations shall be issued on or before January 5, 1984.

EFFECTIVE DATE: October 7, 1983.

SUPPLEMENTARY INFORMATION: The Commission instituted these final antidumping investigations effective August 9, 1983, and scheduled a hearing to be held in connection therewith for October 28, 1983 (48 FR 39519, Aug. 31, 1983). However, the Department of Commerce extended the investigations in response to requests from producers of the subject merchandise in the People's Republic of China and Spain. The effect of the extensions was to change the scheduled date for Commerce to make its final determinations from October 17, 1983, to November 22, 1983. Accordingly, the Commission is revising its schedule in the investigations to conform with Commerce's new schedule.

The Commission's hearing, which was to have been held on October 28, 1983, has been rescheduled to begin at 10 a.m. on December 2, 1983, in the Hearing Room, U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on November 18, 1983. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 10:30 a.m. on November 21, 1983, in

room 177 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is November 28, 1983. A public version of the prehearing staff report containing preliminary findings of fact in these investigations will be placed in the public record on November 17, 1983. The deadline for filing posthearing briefs will be announced at the hearing.

FOR FURTHER INFORMATION CONTACT: Robert Carpenter (202-523-0399), Office of Investigations, U.S. International Trade Commission, Washington, D.C. 20436.

By order of the Commission.

Issued: October 11, 1983.

Kenneth R. Mason,
Secretary.

[FR Doc. 83-28484 Filed 10-18-83; 2:45 am]
BILLING CODE 7020-02-M

APPENDIX B
THE DEPARTMENT OF COMMERCE'S
FINAL DETERMINATION

[A469-007]

**Potassium Permanganate From Spain;
Final Determination of Sales at Less
Than Fair Value**

AGENCY: International Trade
Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that potassium permanganate from Spain is being sold in the United States at less than fair value. Therefore, we have notified the U.S. International Trade Commission (ITC) of our determination, and the ITC will determine, within 45 days of publication of this notice, whether these imports are materially injuring, or are threatening to materially injure, a U.S. industry. We have directed the U.S. Customs Service to continue to suspend the liquidation of entries of the subject merchandise which are entered, or withdrawn from warehouse, for consumption, on or after August 9, 1983.

EFFECTIVE DATE: November 28, 1983.

FOR FURTHER INFORMATION CONTACT:

Loc Nguyen, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230; telephone: (202) 377-1785.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that potassium permanganate from Spain is being sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act).

We found that the foreign market value of potassium permanganate from Spain exceeded the United States price on 72.59 percent of sales. These margins ranged from 2.81 percent to 12.31

percent. The overall weighted-average margin on all sales compared is 5.49 percent *ad valorem*.

Case History

On February 22, 1983, we received a petition from counsel for Carus Chemical Company on behalf of the potassium permanganate industry. In accordance with the filing requirements of 353.36 of the Commerce Regulations (19 CFR 353.36); the petitioner alleged that imports of potassium permanganate from Spain are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act and that these imports are materially injuring, or threaten to injure, a United States industry.

A questionnaire was presented to Asturquimica on March 25, 1983. The response was received on May 9, 1983, and a supplemental response was received on June 1, 1983.

On August 2, 1983, we made a preliminary determination that potassium permanganate from Spain was being sold in the United States at less than fair value (48 FR 36,177). We held a hearing on August 31, 1983, to allow the parties an opportunity to address the issues. On August 17 through 19, 1983, we verified the responses of Asturquimica at its offices in Oviedo, Spain. On September 9, 1983, we received a letter from counsel for the Spanish manufacturer and the exporter of potassium permanganate requesting that the final determination be extended until November 22, 1983. We extended our final determination until that date.

Scope of Investigation

The merchandise covered by this investigation is potassium permanganate, an inorganic chemical produced in free flowing, technical and pharmaceutical grades. Potassium permanganate is currently classifiable under item 420.2900 of the Tariff Schedules of the United States Annotated (TSUSA).

This investigation covers the period from July 1 to December 31, 1982. Asturquimica is the only known Spanish producer who exports the subject merchandise to the United States. We examined 100 percent of United States sales made during the period of investigation.

Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value.

United States Price

As provided in section 772(b) of the Act, we used the purchase price of the subject merchandise to represent the United States price because the merchandise was sold to unrelated purchasers prior to its importation into the United States. We calculated the purchase price for Asturquimica based on the c.i.f. price to United States purchasers and in one case on an f.o.b. price. We made deductions for Spanish inland freight, ocean freight, marine insurance, port costs, foreign exchange commissions, a tax on these commissions, and price rebates, as appropriate. We added the amount of indirect taxes on exported merchandise which was rebated at the time of export under the provisions of Degravacion Fiscal a la Exportacion. We also added the amount of sales tax which the Spanish government exempts on export sales. This sales tax amount was computed on the basis of the f.o.b. value of the merchandise.

Foreign Market Value

In accordance with section 773(a)(1) of the Act, we calculated foreign market value based on home market sales of Asturquimica. In calculating foreign market value, we made currency conversions from Spanish pesetas to United States dollars in accordance with § 353.56(a)(1) of the Commerce Regulations using the quarterly or daily exchange rates as appropriate during the period.

All home market sales reported by Asturquimica were to unrelated companies. Since all U.S. sales reported by Asturquimica were made to distributors, in our calculation of fair market value we used only those sales in the home market that were made to wholesalers. We calculated the foreign market value by deducting the cost of loading trucks and a discount for prompt payment where appropriate from the f.o.b. plant price. An adjustment was made for differences in credit costs in accordance with § 353.15 of the Commerce Regulations. The credit costs for both markets were computed on the basis of actual interest expense incurred on each sale. Asturquimica requested that U.S. credit expenses be adjusted for revenue gains or losses resulting from fluctuations in the currency exchange rates. The Department did not allow this exchange rate adjustment for reasons described in the respondent's comments section of this notice. We deducted the home market packing cost and added the U.S. packing cost.

We did not make an adjustment for quantity discounts as requested by

Asturquimica. The respondent's reported quantity discounts are not linked directly to individual sales, but are instead based on the customer's past and anticipated aggregate purchases. The price levels granted on the basis of aggregate purchases may vary depending on the specific customer relationship. Therefore, the Department determined that the discounts were not the type of discount referred to in 19 CFR 353.14(b)(1). In accordance with 19 CFR 353.14(b)(3), the Department would reduce the home market price of sales under consideration to the extent that this discount was granted on the individual sales. Since no such discounts were granted on the sales to wholesalers which were used as the basis of our determination of fair value, no deduction was made.

We did not make a level of trade adjustment as requested by Asturquimica in the calculation of foreign market value because we used only home market sales to customers which we determined to be at the same level of trade as those in the United States.

We did not allow the respondent's claim for a technical services adjustment because the expenses claimed were not linked directly to the sales under consideration as required in 19 CFR 353.15(a).

We did not allow the respondent's claim for an adjustment for bad debts in the home market because the bad debts were incurred in relation to sales outside the period of investigation. See the "Respondent's Comments" section of this notice for further discussion of this claim.

Verification

In accordance with section 776(a) of the Act, we verified data used in making this determination in this investigation, by using verification procedures, which included on-site inspection of manufacturer's facilities and examination of company records and selected original source documentation containing relevant information.

Petitioner's Comments

Comment 1

The claim for a quantity adjustment under 19 CFR 353.14(b)(1) should be disallowed because the discounts are "turnover" discounts designed to reward customers for continued sales and not discounts for quantities purchased pursuant to individual sales.

DOC Position

The claim was rejected because the Department did not find evidence that

the price differentials were due to differences in quantities involved in specific sales. Any discounts granted were based on past sales and anticipated future sales regardless of quantities for individual sales.

Comment 2

The claim for an adjustment due to differences in level of trade should be rejected since the respondent made sufficient sales to wholesalers in the home market to form a proper basis for comparison with the sales to distributors in the United States.

DOC Position

We compared sales to wholesalers in the home market to sales to distributors in the United States, since these were sales at the same level of trade. Therefore, no adjustment was required.

Comment 3

Any adjustment to the United States price for currency fluctuation gains should be in the form of a deduction in order to accurately reflect the artificially low price which is made possible by this gain.

DOC Position

We determined that there is no basis in the Act or regulations for such an adjustment. A further discussion of currency fluctuation gain is contained in the Respondent's Comment section of this notice.

Respondent's Comments

Comment 1

The Department erred in using quarterly exchange rates for the conversion of currency rather than daily exchange rates.

DOC Response

Section 353.56(a) mandates the conversion of foreign currency in accordance with the provisions of section 522 of the Tariff Act of 1930, as amended (19 U.S.C. 372) in making fair value comparisons. This requires the use of the certified quarterly rates where the daily rate has not varied by more than 5 percent from the quarterly rate. There were no variations of over 5 percent during the first quarter of the period of investigation. Therefore, we used the quarterly rate for the first quarter of the period of investigation. Because there were some variations of over 5 percent during the second quarter of the period of investigation, for this quarter we applied quarterly and daily rates wherever appropriate.

Comment 2

The credit expenses in the United States price should be adjusted to account for home market currency revenue gains attributable to currency exchange fluctuations. These gains accrued because payment was received at least 90 days after shipment. Since the value of the peseta was falling relative to the U.S. dollar, the company received additional revenue in pesetas.

DOC Response

Section 353.56(a)(1) stipulates that "any necessary conversion of a foreign currency into its equivalent in United States currency" will be "as of the date of purchase or agreement to purchase, if the purchase price is an element of the comparison". Therefore, it is not DOC policy to take into account differences in home market currency revenue based on currency fluctuations in calculating credit expenses whether the fluctuations are favorable or unfavorable.

Comment 3

The Department should allow an adjustment for differences in quantities based on § 353.14(b)(1) and (3).

DOC Response

The respondent's reported quantity discounts are based on past and anticipated aggregate purchase levels. The discounts also appear to be based on the respondent's relationship with specific customers. Therefore, we determined that these discounts are not the type of quantity discount referred to in 19 CFR 353.14(b)(1). In accordance with 19 CFR 353.14(b)(3), the Department would reduce the home market price of sales under consideration to the extent that this discount was granted on the individual sales. Since no such discounts were granted on the sales to wholesalers which were used as the basis of our determination of fair value, no deduction was made.

Comment 4

The respondent claims that a circumstances of sale adjustment should be made for technical services provided in the home market.

DOC Response

The respondent claims that technical services are provided only with respect to home market sales. The services were described as consisting of consultation with customers on technical uses of the product and discussions concerning problems the customer may be having using the product. The provision of these services is considered as useful selling point by the respondent. As such, the provision of these services is considered

to be of a public relations nature in establishing the buyer/seller relationship rather than services provided pursuant to the specific sales under consideration. In addition, the provision of these services was not tied to the sales to wholesalers which we used to determine fair value. Therefore, no adjustment was allowed.

Comment 5

The respondent claims that an adjustment should be made for differences in circumstances of sale for bad debts incurred in the home market. In its arguments, the respondent states its belief that the fact that the bad debts were incurred on sales during a prior period should not preclude their consideration since there is normally a substantial period of time between the completion of sale and the realization that payment will not be made. The respondent claims that an internal memorandum prepared in June 1982 recommending consideration of increasing domestic price by the end of the year to recover its loss from the bad debt provides a direct relationship between the bad debts and the sales under consideration since prices were increased on July 1, 1983.

DOC Response

We reviewed all the information in the record concerning this claim and determined that an internal memorandum recommending a price increase to recover the bad debt loss did not constitute evidence that the price increase was actually promulgated for this purpose either in whole or in part. Therefore, we determined that the bad debt loss was not directly related to the sale under consideration and rejected the claim.

Comment 6

The allowance for differences in circumstances of sale for credit terms should be recalculated on the basis of the actual credit costs which were verified.

DOC Response

This adjustment was recalculated on the basis of the verified costs. The actual credit costs on home market and U.S. sales under consideration were compared and the adjustment was based on the cost differences.

Suspension of Liquidation

In accordance with section 733(d) of the Act, on August 9, 1983, we instructed the U.S. Customs Service to suspend liquidation of all entries of potassium permanganate from Spain. As of the date of publication of this notice in the

Federal Register, the liquidation for consumption of all entries or withdrawals from warehouse for consumption of this merchandise will continue to be suspended. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average margin amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price. The suspension of liquidation will remain in effect until further notice. The weighted-average margins are as follows:

Manufacturers/producers/exporters	Weighted-average margin (percent)
Asturquiza	5.40
All other manufacturers/producers/exporters	5.40

ITC Notification

In accordance with section 733(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

The ITC will make its determination whether these imports are materially injuring, or threatening to materially injure, a U.S. industry, within 45 days of the publication of this notice.

If the ITC determines that material injury or the threat of material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue an antidumping order, directing Customs officers to assess an antidumping duty on potassium permanganate from Spain entered, or withdrawn, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the U.S. price.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673(d)).

Dated: November 22, 1983.

William T. Archey,

Acting Assistant Secretary for Trade Administration.

[FR Doc. 83-31782 Filed 11-25-83; 8:45 am]

SELLING CODE: 3510-05-10

APPENDIX C

**THE COMMISSION'S CALENDAR
OF THE PUBLIC HEARING**

CALENDAR OF PUBLIC HEARING

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

Subject : Potassium Permanganate from The
People's Republic of China and
Spain

Inv. Nos. : 731-TA-125 and 126 (Final)

Date and time : December 2, 1983 - 10:00 a.m.

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

In support of the imposition of antidumping duties:

Winston & Strawn)
Washington, D.C.)
Debevoise and Liberman) --Counsel
Washington, D.C.)
on behalf of

Carus Chemical Company of LaSalle, Illinois

John J. Bortak, Vice President of Carus Corporation
and General Manager of Carus Chemical Company

Winston & Strawn

Paul Bousquet)
Kenneth Berlin) --OF COUNSEL

Debevoise and Liberman

Charles R. Johnson, Jr. --OF COUNSEL

- more -

Stein, Shostak, Shostak & O'Hara--Counsel
Washington, D.C.
on behalf of

ICC Industries, Inc., of New York, N.Y.,
The ICD Group, of New York, N.Y., and
Wego Chemical and Mineral Corporation, New York, N.Y.

Paul Falick, General Counsel, ICC Industries, Inc.

Jeffrey S. Kane, Product Manager, ICC Industries, Inc.

Salvatore Morreale, Product Manager, ICD Group, Inc.

Jiang Yunlung, Representative of China National Chemicals
Import & Export Corporation (Sinochem)

Steven P. Kersner)
Irwin P. Altshuler)--OF COUNSEL
Donald S. Stein)

Haight, Gardner, Poor & Havens--Counsel
Washington, D.C.
on behalf of

China National Chemical Import & Export Corporation

Randi Breslow--OF COUNSEL

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

Asturquimica, S.A. of Spain

Dennis James, Jr.)
Kathleen F. Patterson)--OF COUNSEL

APPENDIX D

**INCOME-AND-LOSS EXPERIENCE OF CARUS CORP. ON ITS POTASSIUM
PERMANGANATE OPERATIONS, EXCLUDING CHEMAGRO, 1980-82,
JANUARY-AUGUST 1982, AND JANUARY-AUGUST 1983**

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