

**CERTAIN SODIUM SULFUR
CHEMICAL COMPOUNDS
FROM THE FEDERAL REPUBLIC
OF GERMANY, THE PEOPLE'S
REPUBLIC OF CHINA, TURKEY,
AND THE UNITED KINGDOM**

Determination of the Commission in
Investigation No. 701-TA-303
(Preliminary) Under the Tariff Act
of 1930, Together With the
Information Obtained in the
Investigation

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Determinations of the Commission in
Investigations Nos. 731-TA-465-468
(Preliminary) Under the Tariff Act
of 1930, Together With the
Information Obtained in the
Investigations

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 701-TA-303 (Preliminary)
and 731-TA-465-468 (Preliminary)

CERTAIN SODIUM SULFUR CHEMICAL COMPOUNDS FROM THE
FEDERAL REPUBLIC OF GERMANY, THE PEOPLE'S REPUBLIC
OF CHINA, TURKEY, AND THE UNITED KINGDOM

Determinations

On the basis of the record¹ developed in the subject investigations, the Commission determines, pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)), that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports from Turkey of sodium metabisulfite and sodium thiosulfate, provided for in subheadings 2832.10.00 and 2832.30.10, respectively, of the Harmonized Tariff Schedule of the United States (HTS), that are alleged to be subsidized by the Government of Turkey.

Further, the Commission determines,² pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports from the Federal Republic of Germany, the People's Republic of China, Turkey, and the United Kingdom of sodium metabisulfite that are alleged to be sold in the United States at less than fair value (LTFV).

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

² Acting Chairman Brunsdale dissenting with respect to imports of sodium metabisulfite from the Federal Republic of Germany and the United Kingdom.

The Commission also determines, pursuant to section 733(a) of the Tariff Act of 1930, that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports from Turkey of sodium thiosulfate that are alleged to be sold in the United States at less than fair value (LTFV).

Finally, the Commission determines,³ pursuant to section 733(a) of the Tariff Act of 1930, that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from the Federal Republic of Germany, the People's Republic of China, and the United Kingdom of sodium thiosulfate that are alleged to be sold in the United States at less than fair value (LTFV).

Background

On July 9, 1990, a petition was filed with the Commission and the Department of Commerce by Calabrian Corporation, Houston, TX, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of sodium metabisulfite and sodium thiosulfate, in liquid or dry form, from the Federal Republic of Germany, the People's Republic of China, Turkey, and the United Kingdom, and by reason of subsidized imports of these products from Turkey. Accordingly, effective July 9, 1990, the Commission instituted preliminary countervailing duty investigation No. 701-TA-303 (Preliminary) and preliminary antidumping investigations Nos. 731-TA-465-468 (Preliminary).

³ Acting Chairman Brunsdale dissenting.

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of July 13, 1990 (55 F.R. 28834). The conference was held in Washington, DC, on July 31, 1990, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF COMMISSIONERS LODWICK, ROHR AND NEWQUIST

Based on the information obtained in these preliminary investigations, we determine that there is no reasonable indication that an industry in the United States is materially injured or is threatened with material injury by reason of allegedly LTFV imports of sodium metabisulfite from the Federal Republic of Germany (FRG), the People's Republic of China (PRC), Turkey, and the United Kingdom (UK) as well as allegedly subsidized sodium metabisulfite from Turkey.¹ We find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of sodium thiosulfate from the FRG, the PRC, and the UK that are alleged to be sold at LTFV, but no reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of sodium thiosulfate from Turkey that are alleged to be subsidized or to be sold at LTFV.

The legal standard in preliminary antidumping and countervailing duty investigations is set forth in sections 703(a) and 733(a) of the Tariff Act of 1930, 19 U.S.C. §§ 1671b(a) and 1673b(a), which require the Commission to determine whether, based on the best information available at the time of the preliminary determination, there is a reasonable indication of material injury to a domestic industry, or threat thereof, or material retardation of establishment of such an industry, by reason of imports under investigation of sodium metabisulfite and sodium thiosulfate from the FRG, the PRC, Turkey, and the UK.²

¹ Material retardation of the establishment of an industry is not an issue in this investigation and will not be discussed further.

² In *American Lamb v. United States*, 785 F.2d 994 (Fed. Cir. 1986), the United States Court of Appeals for the Federal Circuit addressed the standard for

(continued...)

Like product and domestic industry

In order to make a preliminary determination under the statute, we must define the industry. The statute defines industry as the "domestic producers as a whole of a like product, or those producers whose collective output of the like product constitute a major portion of the total domestic production of the product."³ The statute defines "like product" as a "product which is like, or in the absence of like, most similar in characteristics and uses" with the articles subject to investigation.⁴ The Department of Commerce ("Commerce") has defined the products subject to investigation in this case as:

all grades of sodium metabisulfite and sodium thiosulfate, in dry or liquid form, used primarily to dechlorinate industrial and municipal waste water. The chemical compositions of sodium metabisulfite and sodium thiosulfate are $\text{Na}_2\text{S}_2\text{O}_5$ and $\text{Na}_2\text{S}_2\text{O}_3$, respectively. All other sulfur chemicals are excluded from this investigation.⁵

The Commission's determination of which domestically produced product is "like, or in the absence of like, most similar in characteristics and uses with the articles subject to investigation" is an essentially factual determination made on a case by case basis.⁶ In analyzing like product

²(...continued)

preliminary determinations. The Court held that the reasonable indication standard requires more than a finding that there is a possibility of material injury, and the Commission is to determine if the evidence obtained demonstrates that a reasonable indication exists. The Commission may render a negative preliminary determination only if "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation." *Id.* at 1001.

³ 19 U.S.C. § 1677(4)(A).

⁴ 19 U.S.C. § 1677(10).

⁵ 55 Fed. Reg. 32116 (August 7, 1990).

⁶ *Asociacion Colombiana de Exportadores de Flores v. United States*, 693 F. Supp. 1165, 1168, n.4 (1988) (Asocoflores).

issues, the Commission generally considers factors including: (1) physical characteristics and uses, (2) interchangeability of the products, (3) channels of distribution, (4) customer and producer perceptions of the products, (5) the use of common manufacturing facilities and production employees, and (6) price.⁷ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a given investigation. The Commission has found minor variations to be an insufficient basis for finding separate like products. Rather, the Commission has looked for clear dividing lines among possible like products.⁸

Petitioner, Calabrian Corp. ("Calabrian"), suggests that the Commission find a single like product corresponding to the class or kind as defined by Commerce, namely, "sodium metabisulfite and sodium thiosulfate, whether in crystal or liquid form."⁹ Petitioner bases this argument on what are argued to be the two chemicals' nearly identical chemical properties and end uses¹⁰ and the common raw materials used for the manufacture of these chemicals, namely sulfur dioxide, caustic soda or soda ash, and sulfur.¹¹ According to petitioner, the most important industrial and commercial use for these

⁷ E.g., Fresh and Chilled Atlantic Salmon from Norway, Inv. No. 731-TA-454 (Preliminary) USITC Pub. 2272 (April 1990); Certain All-Terrain Vehicles from Japan, Inv. No. 731-TA-388 (Final), USITC Pub. 2163 (March 1989).

⁸ See, e.g., Fresh and Chilled Atlantic Salmon from Norway, Inv. No. 731-TA-454 (Preliminary) USITC Pub. 2272 (April 1990); Antifriction Bearings (Other than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany, France, Italy, Japan, Romania, Singapore, Sweden, Thailand, and the United Kingdom, Invs. Nos. 303-TA-19 and 20, 731-TA-391-399 (Final), USITC Pub. 2185 (May 1989).

⁹ Petition at 57. Sodium metabisulfite is sold in two forms, dry and liquid. Sodium thiosulfate is sold in three forms: anhydrous sodium thiosulfate, sodium thiosulfate pentahydrate and sodium thiosulfate in solution. No issue has been raised suggesting defining the three forms as separate like products. Therefore, the discussion of sodium metabisulfite and sodium thiosulfate apply to both chemicals in all forms.

¹⁰ Petition at 20.

¹¹ Petition at 7.

chemicals is dechlorinization of waste water.¹² Because of the similarity in end-use, petitioner claims customer perceptions are similar for the two chemicals. Calabrian further asserts that the vast majority of sales of both sodium metabisulfite and sodium thiosulfate, imported and domestically produced, are made through chemical distributors.¹³

Respondents argue that sodium metabisulfite and sodium thiosulfate constitute separate like products due to their different chemical formulas and different chemical properties, including the difference in pH values, differences in physical characteristics, as well as different channels of distribution.¹⁴

Respondents also maintain that these chemicals have largely different uses, with the primary uses for sodium metabisulfite being as a food preservative, a photographic preservative, and in textile manufacturing, whereas sodium thiosulfate cannot be used for any of these purposes.¹⁵ They assert that sodium thiosulfate is instead used primarily in photography (but for an entirely different purpose than sodium metabisulfite), in oil fields and for standardizing iodine solutions.¹⁶ Even in the treatment of waste water, it is suggested that sodium metabisulfite is more appropriate to treat effluent streams with a higher acidity level whereas sodium thiosulfate is better for effluent streams with a lower pH.¹⁷ Thus, respondents argue, there

¹² Petition at 10.

¹³ Transcript of Preliminary Conference, July 31, 1990 ("Tr.") at 13.

¹⁴ Tr. at 73, 113, and 138; Post-Conference Brief of William Blythe & Co., Ltd. ("Blythe Brief") at 1-7; Post-Conference Brief of BASF ("BASF Brief") at 4-6; Post-Conference Brief of Ak-Kim Kimya Sanayi ve Ticaret, A.S. ("Ak-Kim") Brief at 3-8.

¹⁵ Blythe Brief at 3; BASF Brief at 5; Ak-Kim Brief at 4.

¹⁶ See, e.g., BASF Brief at 5.

¹⁷ BASF Brief at 5-6.

is little, if any, interchangeability between the two chemicals,¹⁸ and this is reflected in customer perceptions.¹⁹

Respondents concede that both chemicals are distributed primarily through chemical distributors, but respondent Blythe argues that due to the differing chemical properties, the method of transportation for sodium metabisulfite and sodium thiosulfate is different.²⁰ Although there is common production of the two chemicals at an initial stage,²¹ one respondent stresses that after that stage the processes and equipment for each differed markedly.²² Two of the respondents further assert that differences in pricing support a finding of two like products.²³

We find that sodium metabisulfite and sodium thiosulfate constitute two separate like products. We base this finding on information we have gathered in these investigations establishing the differences in characteristics and end-uses, substantial lack of interchangeability, separate manufacturing facilities and production personnel, and significant price differentials.²⁴ Sodium metabisulfite and sodium thiosulfate share some physical and chemical characteristics. Nevertheless, we find these aforementioned differences, including the difference in pH levels, more important in this case.²⁵ Moreover, due to the different pH levels, sodium metabisulfite and sodium thiosulfate require different methods of transportation and are subject to

¹⁸ BASF Brief at 5-6; Ak-Kim Brief at 7-8; Tr. at 67.

¹⁹ BASF Brief at 7.

²⁰ Blythe Brief at 6, Tr. at 74-75 & 114.

²¹ Blythe Brief at 5.

²² Id.

²³ Blythe Brief at 7; Ak-Kim Brief at 6; Tr. at 76.

²⁴ Report at A-2-A-4; Memorandum INV-N-093 (August 17, 1990).

²⁵ Sodium metabisulfite has a pH of 5 and is therefore slightly acidic and sodium thiosulfate has a pH of 7 and is neutral. Petition at 12.

different regulatory requirements for transportation of the chemicals.²⁶

The two major end uses for sodium metabisulfite are in textiles (stone-washing jeans) and waste water treatment; substantial amounts are also used in photography and food preservation.²⁷ Sodium thiosulfate is used primarily in photography (as a fixer), but also, and increasingly, in waste water treatment.²⁸ As mentioned above, both chemicals can be used for dechlorination of waste water; however, this is the only area in which there is overlapping end-use. Even here, however, sodium metabisulfite and sodium thiosulfate are not interchangeable due to their different pH levels.²⁹

In addition, sodium metabisulfite and sodium thiosulfate are manufactured in separate buildings using separate machinery and require separate production employees.³⁰ Sodium metabisulfite is made in a continuous process whereas sodium thiosulfate is made in batches.³¹ Sodium metabisulfite crystals are formed by cooling a bisulfite solution, while sodium thiosulfate is manufactured by heating a sodium sulfite slurry.³²

For these reasons, we find that sodium metabisulfite and sodium thiosulfate constitute two like products.³³

As a consequence of determining that sodium metabisulfite and sodium thiosulfate constitute two separate like products, we find that there are two

²⁶ See, Tr. at 74-75.

²⁷ Report at A-3-A-4.

²⁸ Report at A-3-A-4.

²⁹ Report at A-3.

³⁰ Even petitioner has admitted that sulfur chemicals are produced by separate production processes. Calabrian Brief at 14. See also, Tr. at 73.

³¹ Blythe Brief at 5.

³² Report at A-5-A-6.

³³ Price is the last factor sometimes examined in making like product determinations. In this investigation, the confidential pricing data of domestically produced sodium metabisulfite and sodium thiosulfate provide further support for a finding of separate like products. Report at A-42-A-44, Appendix E, B-29-B-30.

domestic industries. One domestic industry comprises the producers of sodium metabisulfite,³⁴ and the other domestic industry comprises the producers of sodium thiosulfate.

Condition of the sodium metabisulfite industry

In assessing the condition of the domestic industry, we consider, among other factors, production, shipments, capacity, capacity utilization, inventories, employment, wages, financial performance, capital investments, and research and development expenditures.³⁵ No single factor is dispositive, and in each investigation we consider the particular nature of the industry involved and the economic factors which have a bearing on the state of the industry.³⁶ Before describing the condition of the industry, we note that much of the information on which we base our determination is confidential, and hence the following discussion of the condition of the domestic industry must be general in nature.

U.S. domestic capacity to produce sodium metabisulfite has fluctuated over the period of investigation, rising 4 percent from 1987 to 1988, falling 8 percent in 1989, and declining in the first quarter of 1990 by 15 percent from the same period the year before.³⁷ Domestic production increased

³⁴ Calabrian imported a single shipment of sodium metabisulfite from the PRC, Tr. at 81-82, thus raising the issue of whether Calabrian should be excluded as a related party under 19 U.S.C. § 1677(4)(B). We determine that although Calabrian is a "related party" by reason of this importation, "appropriate circumstances" do not exist to exclude Calabrian from the industry. Calabrian is a significant producer of sodium metabisulfite, made only a single importation of the sodium metabisulfite from the PRC, and does not appear to have derived any benefit from its importation of the allegedly dumped product.

³⁵ See, 19 U.S.C. § 1677(7)(C)(iii).

³⁶ See, 19 U.S.C. § 1677(7)(C)(iii), which requires us to consider the condition of the domestic industry in the context of the business cycle and conditions of competition that are distinctive to the domestic industry. See also, H.R. Rep. 317, 96th Cong., 1st Sess. at 46; S. Rep. 249, 96th Cong., 1st Sess. at 88.

³⁷ Report at A-15, Table 3.

steadily through the period of investigation, with production in interim 1990 also above the level of interim 1989.³⁸ Domestic capacity utilization, reflecting these trends, rose from 1987 to 1989, and increased in interim 1990 as compared to interim 1989.³⁹

U.S. shipments were at a higher level in 1989 than in 1987; shipments rose from the first quarter of 1990 over the first quarter of 1989.⁴⁰ Although U.S. inventories fluctuated,⁴¹ the ratio of inventories to shipments further indicates an industry in robust condition.⁴²

Employment data submitted in confidence are mixed but generally support our finding of a robust industry.⁴³ For example, data submitted to the Commission indicates that the number of workers in the U.S. industry rose through calendar year 1989, whereas total hours worked fluctuated.⁴⁴

In assessing the economic condition of the industry, we look to the financial situation of the industry. Data supplied to the Commission by producers of sodium metabisulfite show increased net sales throughout the period of investigation.⁴⁵ Operating income and profit margins reveal a highly profitable industry over the period of investigation.⁴⁶

We therefore find no reasonable indication of material injury from the imports of sodium metabisulfite.⁴⁷ We thus find it unnecessary to consider

³⁸ Report at A-15, Table 3.

³⁹ Report at A-15, Table 3.

⁴⁰ This trend remains the same whether we include or exclude company transfers.

⁴¹ Report at A-18, Table 7.

⁴² Report at A-18, Table 7.

⁴³ Report at A-19, Table 8.

⁴⁴ Report at A-19, Table 8.

⁴⁵ Report at A-22, Table 12; Memorandum INV-N-094 (August 21, 1990).

⁴⁶ Memorandum INV-N-094 (August 21, 1990).

⁴⁷ See, Views of Acting Chairman Brunsdale.

the issue of causation.⁴⁸

No reasonable indication of threat of material injury by reason of imports of sodium metabisulfite from the FRG, the PRC, Turkey or the UK that are allegedly sold at LTFV or imports of sodium metabisulfite from Turkey that are alleged to be subsidized

We are directed by the statute to consider a number of economic factors in assessing threat of material injury.⁴⁹ The factors the Commission must consider in its threat analysis are:

(I) if a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),

(II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,

(III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,

(IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,

(V) any substantial increase in inventories of the merchandise in the United States,

(VI) the presence of underutilized capacity for producing the merchandise in the exporting country,

(VII) any other demonstrable adverse trends that indicate probability that importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury,

(VIII) the potential for product shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 1671 or 1673 of this title or to final orders under section 1671e

⁴⁸ See, e.g., *American Spring Wire Corp. v. United States*, 590 F. Supp. 1283 (1984), *aff'd sub. nom. Armco, Inc. v. United States*, 760 F.2d 249 (Fed. Cir. 1985).

⁴⁹ 19 U.S.C. § 1677(7)(F).

or 1673e of this title, are also used to produce the merchandise under investigation,

(IX) in any investigation under this title which involves imports of both raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both), and

(X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product.⁵⁰

The Commission is further required to consider the effect of dumping in third country markets.⁵¹ The statute further provides that any threat must be real and actual injury imminent and admonishes that the Commission's determination must not be made on the basis of mere conjecture or supposition.⁵² As the Court of International Trade has recognized, "since a threat of material injury analysis involves projection of future events, it is inherently 'less amenable to quantification' than the material injury analysis."⁵³ One important circumstance for our threat analysis is the robust condition of the domestic industry which we find to be not significantly vulnerable to a threat of material injury. We consider the statutory factors in turn.⁵⁴

⁵⁰ 19 U.S.C. § 1677(7)(F).

⁵¹ 19 U.S.C. § 1677(7)(F)(iii).

⁵² Id. See *Citrosuco Paulista v. United States*, 708 F. Supp. 1333 (CIT 1988). (Commission must consider each of the threat factors but not always necessary for Commission to discuss each threat of injury factor) citing *Asociacion Colombiana de Exportadores de Flores v. United States*, 704 F. Supp. 1068, 1071 n.4 (CIT 1988).

⁵³ *Hannibal Industries, Inc. v. United States*, 710 F. Supp. 332, 338 (CIT 1989), citing *Rhone Poulenc, S.A. v. United States*, 592 F. Supp. 1318, 1329 (CIT 1984).

⁵⁴ For the purposes of this threat analysis, our conclusion does not differ whether or not we cumulate the imports for purposes of our assessment of threat factors (III) and (IV). We note at the outset that factor IX concerning agricultural products is inapplicable to this case.

Factor I relates only to imports of sodium metabisulfite from Turkey. From the information available to the Commission at this early stage of the investigation, we find that some of the subsidies alleged may be export subsidies, and that this factor could provide limited support for an affirmative threat finding.⁵⁵ Nevertheless, in light of the other factors, as well as the prosperous condition of the domestic industry, we do not find that these alleged subsidies are sufficient to indicate even a reasonable indication of threat of imminent injury.

Almost all the producers in the FRG, the PRC, and the UK are utilizing capacity at high rates, and we see no likelihood that there will be a significant increase in exports to the United States due to either unutilized or underutilized capacity.⁵⁶ On the basis of the best information we were able to acquire from China, we conclude that there is no reasonable indication that any underutilized or unutilized capacity that may exist in China will lead to increased imports in the immediate future sufficient to threaten material injury.⁵⁷ Although there has been a rise in market share held by the imports, there is no indication that imports will rise rapidly to an injurious level.⁵⁸

Prices fluctuated but rose slightly overall during the period of investigation. There is, nevertheless, some evidence of price suppression

⁵⁵ See, Report at A-6.

⁵⁶ See, Report at A-26-A-30, Tables 17-23. Based on confidential information, although Blythe may not be the only British producer of sodium metabisulfite, we see no likelihood of a real threat of imminent injury from other U.K. producers. See, Report at A-29.

⁵⁷ Report at A-27-A-28, Tables 18 & 19. We are confident that although the information concerning Chinese production is somewhat lacking, there is virtually no likelihood that we could get better data for the purposes of a final. See, Telegram from U.S. Embassy in Beijing.

⁵⁸ Report at A-38, Table 27.

from 1987 to 1989, indicating that producers have been unable to raise prices to match increasing costs. The most recent trends in this area, however, indicate that this ratio fell in the first quarter of 1990 as compared to the first quarter of 1989.⁵⁹ At best, this factor provide only weak support for a threat determination. Given the lack of significant underselling of the domestic product, we find no probability that, on balance, imports will adversely affect prices. Furthermore, import prices generally rose over the period of investigation as did domestic prices.⁶⁰

Confidential data on the size of the inventories of the subject imports held in the United States also support a negative threat finding.⁶¹

Although some foreign producers produce both sodium metabisulfite and sodium thiosulfate, as do some of the domestic producers, each chemical is produced in separate facilities, using separate equipment, with separate production personnel.⁶² This suggests that conversion from one product to the another is neither easy nor inexpensive. Therefore, we see no likelihood of product shifting as suggested in threat factor VIII.⁶³

Confidential information indicates that imports have not had a negative effect on research and development efforts in this industry in the past. We find no actual or potential negative effects on such efforts.⁶⁴

We find no other adverse trends, nor have we found evidence of dumping in third country markets.⁶⁵

Based on each of the above-mentioned factors, we find no reasonable

⁵⁹ Report at A-21, Table 10.

⁶⁰ REport at A-43, Table 29.

⁶¹ See, Report at A-26, Table 16.

⁶² See, e.g., Report at A-5-A-6; Tr. at 73.

⁶³ 19 U.S.C. § 1677(7)(F)(i)(VIII)

⁶⁴ See, Report at A-15, n. 454.

⁶⁵ Tr. at 51.

indication of threat of material injury by reason of imports from the FRG, the PRC, Turkey, and the UK.

Condition of the sodium thiosulfate industry

Information for the sodium thiosulfate industry is confidential. For that reason the condition of the domestic industry can be discussed only in general terms. Data submitted on production, shipments, and capacity reflect healthy trends.⁶⁶ However, low capacity utilization and the weak financial condition of the industry lead us to determine that there is a reasonable indication that the domestic industry producing sodium thiosulfate is materially injured.⁶⁷

Cumulation

The Commission is required to cumulatively assess the volume and effect of imports from two or more countries of the like product(s) subject to investigation if such imports compete with one another and with the like product(s) of the domestic industry in the United States market.⁶⁸ The legislative history also provides that the imports be "marketed 'reasonably coincident' in time."⁶⁹

In assessing whether imports compete with each other and with the domestic like product, the Commission has generally considered four factors, including:

- (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;

⁶⁶ Report at A-9, Table 1.

⁶⁷ Report at A-39, Table 28; Report A-15, Table 3; Report A-22, Table 11.

⁶⁸ 19 U.S.C. § 1677(7)(C)(iv).

⁶⁹ Chaparral Steel Co. v. United States, 901 F.2d 1097, 1101, 1105, (Fed. Cir. 1990).

(2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and

(4) whether the imports are simultaneously present in the market.⁷⁰

While no single factor is determinative, and the list of factors is not exclusive, these factors provide the Commission with a framework for determining whether the imports compete with each other and with the domestic like product.⁷¹ Only a "reasonable overlap" of competition is required.⁷² In addition, the Court of International Trade has interpreted the cumulation provision to require that the Commission find that imports of each country compete with the domestically produced like product.⁷³

There is no dispute that the imports of sodium thiosulfate from each country are present in the same market with the domestic like product, that there are common channels of distribution, or that the imports are

⁷⁰ See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Invs. Nos. 731-TA-278 through 280 (Final), USITC Pub. 1845 (May 1986), aff'd, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

⁷¹ See Wieland Werke, AG v. United States, 718 F.Supp. 50 (Ct. Int'l Trade 1989); Granges Metallverken AB v. United States, 716 F.Supp. 17 (Ct. Int'l Trade 1989); Florex v. United States, 705 F.Supp. 582 (Ct. Int'l Trade 1989).

⁷² See Wieland Werke, AG v. United States, 718 F.Supp. 50, 52 (Ct. Int'l Trade 1989) ("Completely overlapping markets are not required."); Granges Metallverken AB v. United States, 716 F.Supp. 17, 21, 22 (Ct. Int'l Trade 1989) ("The Commission need not track each sale of individual sub-products and their counterparts to show that all imports compete with all other imports and all domestic like products . . . the Commission need only find evidence of reasonable overlap in competition"); Florex v. United States, 705 F.Supp. 582, 592 (Ct. Int'l Trade 1989) ("[c]ompletely overlapping markets is [sic] not required.").

⁷³ Marsuda-Rogers International v. United States, 719 F. Supp. 1092 (CIT 1989).

simultaneously present in the market with the like product. However, the FRG and British respondents argue that, because of the qualitative difference between the German and British imports and the domestic product, the imports and the domestic like product are not fungible.⁷⁴

The record includes some evidence that quality has played a part in some purchasing decisions and that the quality of the product differs depending on the producer and/or country of origin.⁷⁵ Nevertheless, we find sufficient evidence in the confidential record that imports of sodium thiosulfate from each country under investigation competed with each other and with the domestically produced sodium thiosulfate.⁷⁶ With respect to some producers, prices appear to have been a more important factor than any differences in quality.⁷⁷ The record also reveals common purchasers of imports from different countries under investigation as well as of the domestic like product, which provides evidence of competition. Thus, we find cumulation of imports from the countries under investigation to be appropriate under the statute.

We do not, however, cumulate allegedly dumped and/or subsidized imports of sodium thiosulfate from Turkey. Data from both official sources as well as questionnaire data confirm that over the period of investigation there were no imports into the United States of sodium thiosulfate from Turkey.⁷⁸ The Omnibus Trade and Competitiveness Act of 1988 ("1988 Act") established an exception for cumulation when imports of the merchandise subject to investigation from a given country are negligible and have no discernible adverse

⁷⁴ Tr. at 65, 68, 114, 129, & 135; Blythe Brief at 18.

⁷⁵ Report at A-2 and A-44..

⁷⁶ E.g., Report at A-2; BASF Brief, Exhibit 10; Tr. at 88.

⁷⁷ Report at A-46-A-52.

⁷⁸ Report at A-33; Investigations memo, INV-N-093 (August 20, 1990).

impact on the domestic industry.⁷⁹ In this case we determine that only the imports of sodium thiosulfate from Turkey qualify for this exception. Although the legislation does not address the situation in which there are no imports, we interpret the statute to mean that no imports qualify as "negligible imports".⁸⁰

We decline, however, to find that the imports from any of the other countries qualify as "negligible" in this case, despite what could be characterized as low market shares. The cumulation provision of the statute requires the Commission to cumulate in investigations involving imports from numerous countries "that each account individually for a small percentage of total market penetration but when combined may cause material injury."⁸¹ The 1988 Act created a narrow exception allowing the Commission to decline to

⁷⁹ 19 U.S.C. § 1677(7)(C)(V). In determining whether imports are negligible, the Commission is required to consider all relevant economic factors including whether:

- (I) the volume and market share of the imports are negligible,
- (II) the sales transactions involving the imports are isolated and sporadic, and
- (III) the domestic market for the like product is price sensitive by reason of the nature of the product, so that a small quantity of imports can result in price suppression or depression.

19 U.S.C. § 1677(7)(C)(v). Both the House Ways and Means Committee Report and the Conference Committee Report stress that the Commission is to apply the exception narrowly and that it is not to be used to subvert the purpose and general application of the mandatory cumulation provision of the statute. See H.R. Rep. No. 40, Part 1, 100th Cong., 1st Sess. 131 (1987); H.R. Rep. No. 576, 100th Cong., 2d Sess. at 621.

⁸⁰ American Lamb, 785 F.2d at 1001. (The Court will defer to an agency's interpretation of its own statute when that decision is based on substantial evidence in the record.) We also note that because there were no imports of sodium thiosulfate from Turkey in the market during the period of investigation, they could also be deemed to not be "marketed 'reasonably coincident' in time." Compare, Chaparral Steel Co. v. United States, 901 F.2d 1097, 1101 (Fed. Cir. 1990). Although official customs statistics for imports of sodium thiosulfate are available beginning only in 1989, data obtained from importer questionnaires confirms that there were no imports of Turkish sodium thiosulfate during the period of investigation.

⁸¹ H.R. Rep. 1156, 98th Cong. 2d Sess., (1984) at 173; see, 19 U.S.C. § 1677(7)(C)(iv).

cumulate imports from a source "so small and so isolated that they could not possibly be having any injurious impact on the U.S. industry."⁸² The Commission is instructed, however, to apply the exception sparingly and not so as to subvert the purpose of the cumulation provision. Applying this provision cautiously, we decline, for purposes of these preliminary determinations, to find imports from any one country, except Turkey, to be "negligible" when imports from each country under investigation are potential candidates for consideration as negligible imports.⁸³

Reasonable indication of material injury by reason of imports of sodium thiosulfate from the FRG, PRC, and the UK that are allegedly sold at LTFV.

Under 19 U.S.C. § 1673b(a), the Commission must determine whether there is a reasonable indication that an industry in the United States is materially injured by reason of the subject imports. Material injury is "harm which is not inconsequential, immaterial or unimportant."⁸⁴ The Commission may consider alternative causes but is not to weigh causes.⁸⁵ The Commission need not determine that imports are the principal or a substantial cause of

⁸² H.R. Rep. No. 40, Part 1, 100th Cong., 1st Sess. 130 (1987).

⁸³ Report at A-39, Table 28. Cf., Polyethylene Terephthalate Film, Sheet, and Strip from Japan, the Republic of Korea, and Taiwan, Inv. Nos. 701-TA-458-460 (Preliminary), USITC Pub. 2292 (June 1990) ("PET Film") at 20. (Import share of 0.1 percent was "negligible".)

⁸⁴ 19 U.S.C. § 1677(7)(A).

⁸⁵ E.g., Citrosuco Paulista S.A. v. United States, 704 F. Supp. 1075, 1101 (CIT 1988). Alternative causes may include:

the volume and prices of imports sold at fair value, contraction in demand or changes in patterns of and competition between the foreign and domestic producers, developments in technology, and the export performance and productivity of the domestic industry.

S. Rep. No. 249, 96th Cong., 1st Sess. 74 (1979). Similar language is contained in the House Report. H.R. Rep. No. 317, 96th Cong., 1st Sess. 47 (1979).

material injury.⁸⁶ Rather, we are to determine whether imports are a cause of material injury.⁸⁷

Having determined that the domestic industry producing sodium thiosulfate has been materially injured, we must further determine whether that injury is by reason of the imports under investigation. In determining whether the imports have been a cause of material injury to a domestic industry, we are to consider, among other relevant factors, import volumes, import prices, and the impact of the imports on the domestic industry.⁸⁸

We find a significant increase in imports of sodium thiosulfate from the FRG, the PRC, and the UK from 1987 to 1989.⁸⁹ Over that period, imports of sodium thiosulfate from these countries increased by over 33 percent.⁹⁰ This rising trend continued into the first quarter of 1990 as compared to the first quarter of 1989.⁹¹ In addition, the cumulated market share for sodium thiosulfate from these countries increased significantly from interim 1989 to interim 1990.⁹²

Data collected in these investigations indicate that prices of the imported product have adversely affected the price for the domestic like product. Confidential information shows that imported sodium thiosulfate from

⁸⁶ "Any such requirement has the undesirable result of making relief more difficult to obtain for industries facing difficulties from a variety of sources; industries that are often the most vulnerable to less-than-fair-value imports." S. Rep. No. 249, at 74-75.

⁸⁷ LMI-La Metalli Industriale, S.p.A. v. United States, 712 F. Supp. 959, 971 (CIT 1989), citing British Steel Corp. v. United States, 8 CIT 86, 593 F. Supp. 405, 413 (1984); Hercules Inc., v. United States, 673 F. Supp. 454, 481 (CIT 1987). See also, Maine Potato Council v. United States, 613 F. Supp. 1237, 1244 (CIT 1985) (The Commission must reach an affirmative determination if it finds that imports are more than a "de minimus" cause of injury.)

⁸⁸ 19 U.S.C. § 1677(7)(B).

⁸⁹ Memorandum INV-N-093 (August 20, 1990).

⁹⁰ Memorandum INV-N-093 (August 20, 1990).

⁹¹ Memorandum INV-N-093 (August 20, 1990).

⁹² Report at A-39, Table 28.

these countries undersold domestically produced sodium thiosulfate in several of the quarters for which pricing comparisons can be made.⁹³ Moreover, the Commission has confirmed allegations of lost sales and lost revenue due to lower priced imports of sodium thiosulfate.⁹⁴ This information, combined with confidential pricing data, persuades us that the lower priced imports have adversely affected domestic prices, and have negatively impacted the domestic industry.⁹⁵ Because we find the domestic industry producing sodium thiosulfate to be materially injured by reason of cumulated imports from the FRG, the PRC, and the UK, there is no need to reach the question of threat of material injury.

No reasonable indication of material injury by reason of allegedly LTFV or subsidized imports of sodium thiosulfate from Turkey.

As noted above, we examine the volume, price effects and impact of the imports of the country under investigation. In this case, there have been no imports of allegedly dumped or subsidized Turkish sodium thiosulfate over the period of investigation.⁹⁶ As such, their volume, price effects and impact have been insignificant.

No reasonable indication that there is a threat of material injury by reasons of allegedly LTFV or subsidized imports of sodium thiosulfate from Turkey.

The factors the Commission is required to consider in its threat analysis are set forth above. We note that we are required, even in preliminary determinations, to assess whether threat of material injury is real and imminent. As noted above, we find that some of the subsidies allegedly offered to the Turkish producer of sodium thiosulfate may be export

⁹³ Report at A-43, Table 30.

⁹⁴ Report at A-46-A-52.

⁹⁵ Report at A-43, Table 30.

⁹⁶ Report at A-32.

subsidies but we do not find this determinative in light of the other factors.⁹⁷ In addition, on the basis of confidential data received by the Commission on foreign capacity,⁹⁸ production,⁹⁹ capacity utilization,¹⁰⁰ and inventories,¹⁰¹ we find there is no likelihood that imports will significantly increase to an injurious level. Furthermore, due to the absence of Turkish imports at the present time, we see no likelihood that Turkish import penetration will rise to an injurious level.¹⁰²

As explained above, sodium metabisulfite and sodium thiosulfate are produced in separate equipment, in separate facilities, with separate production personnel.¹⁰³ Hence, there is no suggestion that conversion from one product to the another is easy or inexpensive. While product-shifting might be theoretically possible, in light of the absence of Turkish imports of sodium thiosulfate in the United States, we find this possibility too speculative to support a reasonable indication of threat of material injury.

Lastly, we see no other adverse trends, nor deleterious effects on research and development that might lead us to determine that imports of Turkish sodium thiosulfate pose a threat to the domestic industry. There is no indication of third-country dumping.¹⁰⁴

⁹⁷ See, Report at A-5.

⁹⁸ Report at A-15, Table 3; A-32, n. 58.

⁹⁹ Report at A-29, Table 21; Report at A-30, Table 23; A-26, n. 57.

¹⁰⁰ Report at A-29, Table 21; Report at A-30, Table 23; A-26, n. 57.

¹⁰¹ Report at A-26, Table 16.

¹⁰² 19 U.S.C. § 1677(7)(F)(ii).

¹⁰³ See, e.g., Report at A-5-A-6; Tr. at 73.

¹⁰⁴ Tr. at 51.

VIEWS OF CHAIRMAN ANNE E. BRUNSDALE DISSENTING IN PART

Certain Sodium Sulfur Chemical Compounds from the Federal Republic of Germany, the People's Republic of China, Turkey, and the United Kingdom

Investigation Nos. 701-TA-303 (Preliminary)
and 731-TA-465-468 (Preliminary)

I dissent from the Commission's determination that there is no reasonable indication that the domestic industry producing sodium metabisulfite is materially injured or threatened with material injury by reason of unfairly traded imports from the Federal Republic of Germany (FRG) and the United Kingdom (UK).¹ I also dissent from the Commission's determination that there is a reasonable indication that the domestic industry producing sodium thiosulfate is materially injured by reason of unfairly traded imports. I base these decisions on the Commission's interpretation of the statute that allows a negative preliminary determination only when (1) the record contains clear and convincing evidence that there is no material injury to a domestic industry and (2) there is no likelihood that evidence of such injury will be developed through further investigation.² I

¹ I concur in the majority's conclusions regarding like product and the condition of the domestic industries. While I agree with my colleague's negative determination regarding imports of sodium metabisulfite from Turkey and the People's Republic of China (PRC), my reasons for reaching that conclusion are different from the majority's. Material retardation of the establishment of an industry in the United States is not an issue in this case.

² See American Lamb Co. v. United States, 785 F.2d 994 (Fed. Cir. 1986).

have discussed the application of the preliminary standard extensively in prior opinions.³

Evaluating the Effect of Dumped Imports on the Domestic Industry

In considering whether or not an industry is materially injured, the Commission is required to consider the volume of subject imports, the effect of those imports on the price of the domestic like product, and the impact of the subject imports on domestic producers.⁴ The statute is silent, however, on how the Commission is to assess the causal relationship between the imports and the state of the industry -- the "by reason of" issue. As I have outlined in prior opinions,⁵ I use elementary economic concepts to examine directly the impact of the imports on the domestic industry in question with particular attention to the financial and production factors enumerated in the statute.⁶ I can then assess whether that impact constitutes material injury.

³ See New Steel Rails from Canada, Inv. No. 731-TA-422 (Preliminary), USITC Pub. 2135 (November 1988) at 55-68 (Views of Acting Chairman Anne E. Brunsdale) and Electromechanical Digital Counters from Brazil, Inv. No. 731-TA-453 (Preliminary), USITC Pub. 2273 (April 1990) at 23-31 (Dissenting Views of Chairman Anne E. Brunsdale).

⁴ See 19 U.S.C. § 1677(7)(B).

⁵ See, e.g., Certain Light-Walled Rectangular Pipes and Tubes from Taiwan, Inv. No. 731-TA-410 (Final), USITC Pub. 2169 (March 1989) (Views of Acting Chairman Brunsdale and Commissioner Cass); Certain Electrical Conductor Aluminum Redraw Rod from Venezuela, Inv. Nos. 701-TA-287 and 731-TA-378 (Final), USITC Pub. 2103 (August 1988) (Dissenting Views of Vice Chairman Brunsdale).

⁶ 19 U.S.C. § 1677(7)(C)(iii).

As the statute itself implies, dumped imports can affect the industry in two interrelated ways. First, the imports can take from the domestic producers a share of the domestic market.⁷ Second, dumped imports can suppress or depress the price of the like product in the domestic market.⁸ By focusing the time-tested tools of economics on these areas, I can assess the overall impact of the dumped imports on the domestic industry as required by the statute.

As a starting point, two factors that are important in determining the effect of dumping on the domestic industry are the share of the domestic market accounted for by the unfairly traded imports and the size of the dumping margin. The higher the dumping margin, the greater the extent that the price of the subject imports is reduced by the dumping. The larger the market share of unfairly traded imports, the greater will be the effect of that price reduction on the demand for the domestic like product.

Two additional factors that bear on this issue are the substitutability of the domestic like product and the subject imports and the effect of a change in price on the total demand for that product. If the domestic and imported products are close substitutes, domestic purchasers are more likely to switch from the domestic like product to the imported product in response to a change in their relative price consequent to

⁷ 19 U.S.C. § 1677(7)(C)(i).

⁸ Id. at § 1677(7)(C)(ii).

dumping. Moreover, if a small decline in price leads to a large increase in demand for a product, then it is likely that dumped imports would result in increased domestic consumption, rather than replacing sales that would have been made by the domestic producers.

Sodium Metabisulfite from Turkey and the People's Republic of China. With respect to sodium metabisulfite, I do not agree with my colleagues that a negative determination should result from a finding that the industry is healthy in an absolute sense, and therefore is not materially injured. Certainly, if an industry's profits would be twice or three times as high if not for the presence of imports sold at less than fair value, then I would conclude that the industry in question is injured by reason of those imports. Further, while I find the discussion of the condition of the domestic industry helpful in determining whether any injury resulting from dumped imports is material, I do not believe that an independent legal determination based on the condition of the industry is required by law. An analysis of the condition of the industry by itself fails to address the central question at issue: whether a domestic industry is materially injured or threatened with material injury by reason of imports sold at less than fair value.⁹

I nonetheless reach a negative determination regarding imports of sodium metabisulfite from Turkey and the PRC, but for

⁹ 19 U.S.C. § 1673.

reasons that differ from those of my colleagues. I find that imports from these two countries are negligible and have no discernible adverse impact on the domestic industry. Thus, my conclusion is not that the domestic industry is "uninjured," but rather that the impact of the imports from these countries is immaterial to the state of the industry.

Generally, the Commission is required to consider cumulatively the impact on the domestic industry of the subject imports from different countries.¹⁰ An exception to this requirement, however, exists for imports from a country that "are negligible and have no discernible impact on the domestic industry."¹¹ When applying the exception, the Commission must consider not only the volume of the imports, but whether sales of the imports in the domestic market are isolated and sporadic and whether the domestic market is particularly price sensitive such that a small quantity of imports can have an appreciable effect on the price of the domestic like product.¹² Having considered the factors set forth in the statute, I conclude that cumulation of the subject imports from Turkey and the PRC would not be appropriate.

The share of the U.S. market accounted for by sodium metabisulfite imports from the PRC or Turkey never reached [***] percent in any period of the investigation and was below [***]

¹⁰ 19 U.S.C. § 1677(7)(C)(iv).

¹¹ Id., § 1677(7)(C)(v).

¹² Id.

percent during most of the investigation. Imports from the PRC were particularly insignificant. Evidence on the record suggests that sodium metabisulfite imported from these countries is of relatively low quality and thus is particularly unlikely to result in price suppression or depression in the domestic market.¹³ At least with respect to imports from China, which first began in the [***], imports have been [***].¹⁴

I therefore conclude that imports of sodium metabisulfite from the PRC and Turkey should not be cumulated with the imports from the other countries under investigation. Moreover, the same evaluation that led to this conclusion also leads me to conclude that imports from these countries have had no material effect on the domestic industry. The quantity of sodium metabisulfite imports from Turkey and the PRC is inconsequential and the quality of those imports is questionable. Because the weight of the evidence supports this conclusion and there is no likelihood that additional information in any final investigation would lead to another result, I determine that there is no reasonable indication that imports of sodium metabisulfite are materially injuring the domestic industry.

Sodium Metabisulfite from the UK and the FRG. The record shows that a number of consumers perceive sodium metabisulfite produced by some domestic manufacturers to be of low quality, while

¹³ Report at A-46 - A-51.

¹⁴ Report at A- 42.

imports from the FRG and UK are generally considered to be of high quality.¹⁵ Therefore, while the subject imports are a close substitute for the high quality domestic like product, the substitutability of the domestic like product and the imports from the UK and the FRG is somewhat limited by quality concerns surrounding one domestic producer's product.¹⁶

There is no indication that the quantity demanded of sodium metabisulfite is particularly sensitive to changes in price. The demand for this product is derived from the demand for other goods or services, such as the treatment and dechlorination of waste water and the production of chemical compounds. Given its various end uses, one would not expect a large increase in demand for this product in response to a small decline in its price. In addition, there is no evidence on the record to indicate that there are extremely close substitutes for sodium metabisulfite to which those who use sodium metabisulfite could readily switch in response to a small relative price increase in the chemical.

Imports of sodium metabisulfite from the FRG and UK account for a moderate share of the U.S. market. Petitioner alleges a dumping margin of about 60-70 percent.¹⁷ The preliminary record

¹⁵ Report at A-46 - A-51. Quality in this context does not refer to different grades of the product that would be used for different purposes. Rather, it refers to the purchaser's perceptions about whether the chemical will have the appropriate properties.

¹⁶ There are also longer lead times required for purchase of the imports.

¹⁷ This is a trade-weighted compilation of the various market shares.

suggests that imports from the FRG and UK are reasonably close substitutes to at least some of the domestic like product and demand for sodium metabisulfite seems to be fairly inelastic. Thus, sales of these imports likely would have gone to members of the domestic industry in the absence of dumped imports. These market characteristics combined with the moderate market share and moderately high alleged dumping margins lead me to conclude that there is a reasonable indication that the domestic industry producing sodium metabisulfite is injured by reason of imports from the FRG and UK sold at less than fair value.

Sodium Thiosulfate from the UK, the PRC, and the FRG.¹⁸ The discussion of substitutability and responsiveness of demand to changes in price that applied to sodium metabisulfite largely applies to the industry producing sodium thiosulfate. There is a perceived difference in the quality of the product produced by different domestic producers, while sodium thiosulfate imports from the FRG and UK are considered to be of high quality. In addition, imports of this product from the PRC are considered to be of inferior quality by certain customers and therefore they are less substitutable for the high quality domestic like product. Because sodium thiosulfate is used in water treatment

¹⁸ I concur in the majority's negative determination regarding imports of sodium thiosulfate from Turkey. I only note that, because there have been no reported imports of sodium thiosulfate from Turkey during the period for which such data are available, the result is the same whether imports from Turkey are considered separately under the negligible imports exception or included in the evaluation of the imports from the other countries.

and photographic applications, the responsiveness of demand to changes in price is likely to be limited.¹⁹

Imports of sodium thiosulfate from all of the countries under investigation account for an [***] low share of the U.S. market -- approximately [***] percent in the aggregate in 1989. The alleged dumping margin is about 70 percent.²⁰ Nonetheless, although the record suggests that at least some of the imported sodium thiosulfate is a reasonably close substitute for the domestic like product and demand appears to be inelastic, given the [***] low market share and the questionable quality of some of the domestic like product, the facts on the record lead me to conclude that there is no reasonable indication that any injury caused by these imports is material.²¹

¹⁹ The one possible exception is the existence of a substitute for sodium thiosulfate in its photography applications. See Report at A-2. The elasticity of demand is one of the areas that should be fully explored in a final investigation.

²⁰ This is a trade-weighted compilation of the various market shares.

²¹ With regard to the threat of material injury, I have considered all of the statutory factors, 19 U.S.C. § 1677(7)(F)(i), in accordance with the analysis I outlined in Fresh, Chilled, or Frozen Pork from Canada, Inv. No. 701-TA-298 (Final), USITC Pub. 2218 at 72-75 (September 1989 (Dissenting Views of Chairman Brunsdale and Vice Chairman Cass)). In light of the minimal market share of the subject imports and the other factors relevant to the threat issue, I determine that the subject imports do not constitute a real and imminent threat of material injury. 19 U.S.C. § 1677(7)(F)(ii).

Conclusion

Based on the evidence available to us in this preliminary investigation, there is a reasonable indication of material injury to the domestic industry producing sodium metabisulfite by reason of imports sold at less than fair value from the FRG and the UK. The demand for this chemical does not appear to be particularly responsive to changes in price and imports are apparently close substitutes for the domestic like product. In light of the moderate market share of the imports and the moderately high alleged dumping margins, there is a reasonable indication that dumped imports reduced sales of the domestic like product.

For the reasons stated above, imports of sodium metabisulfite from the PRC and Turkey are negligible and have no discernible adverse impact on the domestic industry.

Finally, there is no reasonable indication of material injury to the domestic industry producing sodium thiosulfate by reason of dumped imports. While imports from some countries seem to be close substitutes for the domestic products, others do not. Further, given the [***] low market share of the imports, it does not seem that any injury in this market as a result of these imports could be considered material.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On July 9, 1990, counsel for Calabrian Corp. (Calabrian), Houston, TX, filed petitions with the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) alleging that an industry in the United States is materially injured or threatened with material injury by reason of imports from the Federal Republic of Germany (FRG), the People's Republic of China (PRC), Turkey, and the United Kingdom (UK) of all grades of sodium metabisulfite and sodium thiosulfate, in liquid or dry form,¹ that are alleged to be subsidized by the Government of Turkey and sold in the United States at less than fair value (LTFV) by the FRG, the PRC, Turkey, and the UK. Accordingly, effective July 9, 1990, the Commission instituted investigations Nos. 701-TA-303 (Preliminary) and 731-TA-465-468 (Preliminary), under sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. §§ 1671b(a) and 1673b(a)), respectively, to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded by reason of imports from the FRG, the PRC, Turkey, and the UK of such merchandise into the United States.

The statute directs the Commission to make preliminary determinations within 45 days of receipt of the petition or, in this case, by August 23, 1990. Notice of the institution of these investigations and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of July 13, 1990 (55 F.R. 28834). Commerce published its notices of institution in the Federal Register of August 7, 1990 (55 F.R. 32116).² The Commission held a public conference on July 31, 1990, at which time all interested parties were allowed to present information and data for consideration by the Commission.³ The Commission voted on these investigations on August 21, 1990. The Commission has conducted no previous investigations on sodium metabisulfite or sodium thiosulfate.

The Product

Description

The sulfur chemicals covered by these investigations include sodium metabisulfite ($\text{Na}_2\text{S}_2\text{O}_5$), sodium bisulfite (NaHSO_3), and sodium thiosulfate ($\text{Na}_2\text{S}_2\text{O}_3$). Sodium metabisulfite is a white crystalline solid that spontaneously hydrolyzes in water into sodium bisulfite. Sodium thiosulfate is a hygroscopic⁴ crystalline salt, which is sold commercially either in the

¹ Sodium bisulfite is the liquid form of sodium metabisulfite.

² Copies of the Commission's and Commerce's Federal Register notices are presented in app. A.

³ A list of witnesses who appeared at the conference is presented in app. B.

⁴ Absorbs water from the air.

anhydrous form (100-percent sodium thiosulfate by weight) or as the pentahydrate (65-percent sodium thiosulfate by weight). U.S. producers normally sell sodium metabisulfite and sodium thiosulfate as solids; if the customer is within several hundred miles from the production facility, the product may be delivered to the customer in solution form. Virtually all imports of the sulfur chemicals under consideration are sold in the United States as a solid. However, before these chemicals can be used commercially they must first be dissolved in an aqueous solution.

Most customers contacted by the Commission indicated that the sulfur chemicals imported from the FRG and the UK are * * *. Some customers indicated that the Chinese material was * * *. These customers indicated that even if the * * *.

Both sodium metabisulfite and sodium thiosulfate are reducing agents that spontaneously react with oxidizing agents such as chlorine gas. Sodium metabisulfite is sold in technical, photographic, and food grades, whereas sodium thiosulfate is only sold in technical or photographic grades. Because the production processes used to make these grades are virtually identical, the price differences between the technical grade (considered slightly less pure) and the photographic and food grades are small. The grade of the chemicals is based on an assay of its purity.⁵ To qualify as food-grade sodium metabisulfite, the assay must be at least 90-percent metabisulfite.⁶ Often a distributor will purchase a purer grade such as food-grade material and sell this grade to its technical customers, even though these customers do not require a product of food-grade quality.⁷

Uses

Because most of the sulfur chemicals covered in these investigations are sold by U.S. producers and importers to distributors, precise end-use distribution data are difficult to obtain. Major end uses for sodium metabisulfite are as a dechlorinating agent (antichlor) or reducing agent for textiles, such as denim fabric,⁸ and for waste water treatment. Because sodium metabisulfite reacts with oxygen, i.e., is an oxygen scavenger,

⁵ The purity of these chemicals depends to a great extent on the purity of the raw materials. Caustic soda is preferred over soda ash because it has fewer impurities, is easier to transport and handle, and is easier to control in the manufacturing process. Synthetic soda ash is the next preferred alkali source because of its low foaming characteristics and low content of impurities (petition, pp. 8-9).

⁶ All of Calabrian's output exceeds 97-percent assay. Calabrian does not have separate runs to produce separate grades. The only grade that Calabrian does not produce is photographic-grade sodium thiosulfate, because it does not have the equipment to crystallize the sodium thiosulfate, a requirement for that grade (petitioner's postconference brief, pp. 32-33; correction to brief dated Aug. 17, 1990).

⁷ Telephone conversations * * *.

⁸ Sodium metabisulfite is used to control or stop the whitening effect resulting from the use of bleaching agents such as chlorine or potassium permanganate on denim jeans.

substantial amounts of sodium metabisulfite are also used in photography and in food applications as a preservative. Sodium metabisulfite is also used in industrial water treatment, in electroplating, in the production of surfactants, and in the production of other chemicals, especially polymers. Sodium thiosulfate, also a reducing agent, was once primarily used in photography, where it acts as a fixer to dissolve undeveloped silver halide from negatives or prints. Sodium thiosulfate consumption in photography, although still substantial, has declined because of competition from substitutes such as ammonium thiosulfate.⁹ However, consumption of sodium thiosulfate in photography may increase because of environmental problems associated with the use of ammonium thiosulfate. In addition to photography, major amounts of sodium thiosulfate are used in the dechlorination of waste water, in oil field applications to stabilize certain geologic formations, and as a chemical intermediate. Sodium thiosulfate is also used in patented UltraSwim shampoo and soap (it turns the chlorine on the hair and skin into a water-soluble chloride, making it easier to rinse out), as an energy storage device, as a reagent for stabilizing iodine for test solutions, and in leather tanning. Food applications are not believed to be a major end use for sodium thiosulfate.

Even in areas where sodium metabisulfite and sodium thiosulfate are applied in the same end use, they are not generally considered to be perfectly interchangeable. Sodium metabisulfite is the preferred antichlor for effluent waste streams that are acidic, whereas sodium thiosulfate is the antichlor of choice for effluent waste streams that are relatively alkaline.^{10 11}

* * * Calabrian estimated that approximately 70 percent and 80 percent of its sales of sodium metabisulfite and sodium thiosulfate, respectively, were to firms for dechlorination and that demand for these products was growing by about * * * per year.¹² Calabrian predicted that demand for these products would probably experience even greater growth as the Environmental Protection Agency (EPA) continued to tighten rules on chlorine effluence. Calabrian testified at the conference that approximately 15 to 20 percent of U.S. sales of sodium metabisulfite were to firms for food preservation.¹³

⁹ Chemical Products Synopsis, April 1985 (Blythe's postconference brief, exhibit 1; Blythe is a UK producer of the subject products).

¹⁰ Transcript of the conference (TR), p. 56.

¹¹ Tenneco Minerals sells sodium sulfite * * *. (Telephone conversations * * *.) BASF recommends that end users combine sodium sulfite with sodium metabisulfite in chromate reduction during effluent stream treatments (postconference brief, p. 20).

¹² Calabrian estimated that approximately 20 percent of its sales of sodium metabisulfite and 20 percent of its sodium thiosulfate sales were to the textile industry as a dechlorinator and to the oil industry for use in oilfields, respectively.

¹³ TR, pp. 51-52 and postconference brief, p. 7.

In its questionnaire response, General Chemical (General), * * * U.S. producer, stated that the demand for sodium metabisulfite * * *. In addition, General saw the demand for sodium metabisulfite * * *.¹⁴ General estimates that approximately * * * and * * * of its sales of sodium metabisulfite and sodium thiosulfate, respectively, were to firms * * *. Photographic applications accounted for approximately * * * and * * * of its sales of sodium metabisulfite and sodium thiosulfate, respectively, whereas food applications accounted for * * * of its sales of sodium metabisulfite and * * * of its sales of sodium thiosulfate.¹⁵ Hoechst Celanese Corp. (Celanese), another U.S. producer, * * *.¹⁶

The majority of the importers were unaware of the end uses for the products because the majority of their sales are to distributors.¹⁷ ¹⁸ * * *, a chemical distributor, sells sodium metabisulfite to the metalplating industry and to soap manufacturers, leather tanneries, and chemical producers.¹⁹ * * *, a chemical distributor, sells sodium metabisulfite and sodium thiosulfate to photochemical manufacturers.²⁰

¹⁴ * * *.

¹⁵ Telephone conversations * * *.

¹⁶ * * *.

¹⁷ * * *. In a letter to the Commission dated Aug. 1, 1990, Browning stated that Calabrian's product is used in dechlorinating waste water.

¹⁸ Sattva Chemical Company, a firm that neither * * * nor was listed in the petition, stated in a letter to the Commission dated July 27, 1990, that it is an importer of anhydrous sodium thiosulfate, which it sells to distributors who sell to end users in the oil and gas exploration and stimulation industries. Browning Chemical stated in a letter to the Commission dated Aug. 1, 1990, that it sells the imported product chiefly to distributors for applications including food preservatives, textiles, metal treatment, stone washing, and photographic use.

¹⁹ * * * also sells sodium sulfite to soap manufacturers and leather tanneries (BASF's postconference brief, Exhibit 5).

²⁰ BASF's postconference brief, Exhibit 5.

Manufacturing process

Sodium bisulfite is produced by saturating an alkaline solution with sulfur dioxide.^{21 22} Sulfur dioxide is typically obtained on site by burning elemental sulfur. The alkaline solution can be a number of different basic chemicals, but it most typically consists either of soda ash (sodium carbonate) or of caustic soda. To produce sodium bisulfite, Calabrian uses caustic soda because of its high purity and advantageous handling characteristics.²³ Other sulfur chemical producers, including General, and many foreign producers, use sodium carbonate (soda ash) solution, in part because of cost factors. Soda ash is generally considered to be less expensive than caustic soda, the price of which has risen sharply in the past several years.

When the concentrated sodium bisulfite solution is cooled, sodium metabisulfite crystals are formed. These crystals are separated from the solution by centrifugation and are then dried. The mother liquor containing the sodium bisulfite solution can either be sold as is or it can be concentrated further.

A substantial amount of the sodium bisulfite solution used in waste water treatment is produced from sulfur dioxide obtained as a byproduct of the treatment of organic wastes and the production of sulfuric acid. Air contaminated with sulfur dioxide is flooded with caustic soda solution in a scrubbing tower. The sulfur dioxide gas is then dissolved and converted into sodium bisulfite. The purified air from which the sulfur dioxide has been removed can then be released into the atmosphere.

²¹ A solution of sodium bisulfite also contains smaller amounts of sodium sulfite coexisting in equilibrium with the sodium bisulfite. To convert a solution that is predominantly sodium sulfite to a solution which is predominantly sodium bisulfite, one need only add acid to the solution.

²² Most producers, with the exception of Calabrian, sell the sodium sulfite that they produce together with the downstream sulfur chemicals, sodium metabisulfite and sodium thiosulfate. Calabrian, which makes sodium sulfite, uses essentially all of it to make downstream sulfur chemicals such as sodium metabisulfite and sodium thiosulfate. Counsel for BASF and counsel for the Turkish respondent testified at the conference that sodium sulfite is like sodium metabisulfite and should be included in the Commission's analysis. Counsel for the Turkish respondent did not continue this argument in its postconference brief (TR, pp. 112-113 and pp. 119-125; BASF's postconference brief, pp. 4-5 and pp. 20-22). Counsel for petitioner argues that sodium borohydride, sodium hydrosulfite, and sodium sulfite constitute an entirely separate like product group. Petitioner adds that although these chemicals are all derived by combining sulfur dioxide and an alkali source, the chemicals subject to the petition have different end uses, are not interchangeable, and have different production processes, channels of distribution, customer and producer perceptions, and prices (see pp. 6-16 of petitioner's postconference brief for further discussion of like product).

²³ Blythe burns sulfur to produce sulfur dioxide in situ, which is then used as a gas to produce sodium metabisulfite and sodium thiosulfate (TR, p. 72).

Sodium thiosulfate is manufactured by heating a sodium sulfite slurry with elemental sulfur. The solution can then be sold as is or it can be cooled to yield pentahydrate crystals. At high temperatures, the thiosulfate solution when crystallized yields anhydrous crystals of sodium thiosulfate. Producers can sell sodium thiosulfate either in solution form or as crystals of either the pentahydrate or the anhydrous product.

U.S. tariff treatment

Sodium metabisulfite and sodium bisulfite are classified in the Harmonized Tariff Schedule of the United States (HTS) subheading 2832.10.00, and sodium thiosulfate is classified in HTS subheading 2832.30.10. The column 1-general rate of duty for all of these chemicals from all countries eligible for most-favored-nation (MFN) status is 1.5 percent ad valorem. The FRG, the PRC, Turkey, and the UK are all eligible for MFN rates. In addition, imports of sodium metabisulfite, sodium bisulfite, and sodium thiosulfate from Turkey and from some other selected developing countries are eligible for duty-free entry under the Generalized System of Preferences (GSP). Imports of sodium metabisulfite, sodium bisulfite, and sodium thiosulfate are also eligible for duty-free entry under the Caribbean Basin Economic Recovery Act and the United States-Israel Free Trade Area Implementation Act of 1985. The 1990 rate of duty on imports of these chemicals from Canada is 0.9 percent ad valorem. The column 2 rate of duty for these chemicals, applicable to imports from those nonmarket countries and areas specified in general note 3(b) of the HTS, is 4.5 percent ad valorem.

Nature and Extent of the Alleged Subsidies and Sales at LTFV

Subsidies

The petitioner alleges that Turkish producers and exporters of sodium metabisulfite and sodium thiosulfate benefit from a wide variety of programs that constitute subsidies within the meaning of countervailing duty laws. The petition alleges that producers exporting industrial products valued over \$250,000 annually may deduct 20 percent of their export revenues from taxable corporate income and exporters who are not producers may deduct 5 percent. In addition, exporters that have shipped at least \$5 million in exports over the past 3 years, with no single year's export value being less than \$1 million, receive export credits below market interest rates. The General Incentives Program, designed to remove development disparities among various regions in the country and to ensure economically efficient investments by region, allows investors to apply for investment incentive certificates from the State Planning Organization. The petition lists 12 programs under the Government of Turkey's General Incentive Program. Commerce's notice of institution states that three of the various programs specified in the petition will not be investigated.²⁴

²⁴ According to a telegram from the U.S. embassy in Ankara * * *.

Sales at LTFV

In order to calculate the estimated dumping margins for sodium metabisulfite and sodium thiosulfate from the FRG, the PRC, Turkey, and the UK, the petitioner compared the U.S. price (purchase price and exporter's sales price) of the subject products with estimates for foreign market value (FMV), which were calculated on the basis of adjusted home market prices when reliable pricing information was available, and on constructed value.

The Federal Republic of Germany.--The petitioner developed margin estimates for sodium metabisulfite based on home market prices to distributors in the FRG, quoted on an ex-works basis. Petitioner calculated U.S. price using both purchase price and exporters' sales price. In this way, margins ranging from 55.64 to 70.37 percent were calculated when using purchase price and 72.27 to 90.62 percent when using exporters' sales price.²⁵

For sodium thiosulfate, petitioner based its estimate of FMV of sodium thiosulfate pentahydrate on home market prices to distributors in the FRG, quoted on an ex-works basis. The petitioner compared the home market price to the U.S. purchase price to calculate an LTFV margin of 110.40 percent.

The People's Republic of China.--Petitioner alleges that the PRC is a state-controlled or nonmarket economy country and therefore based the FMV of the subject product on petitioner's cost of production adjusted for known differences in production costs in India, a country at a similar state of development as the PRC.

Based on its adjusted estimates of FMV and U.S. price, petitioner calculated LTFV margins ranging from 82.06 to 115.91 percent for sodium metabisulfite. Using the adjusted estimates of FMV and U.S. price of sodium thiosulfate pentahydrate, petitioner calculated a LTFV margin of 25.57 percent for sodium thiosulfate.

Turkey.--Petitioner estimated the FMV for sodium metabisulfite by adjusting its cost of production for known differences in Turkish raw materials and direct labor costs. The estimated FMV was compared to the estimated U.S. price, resulting in LTFV margins ranging from 75.41 to 84.12 percent.

There were no imports of sodium thiosulfate from Turkey during the period of investigation; therefore, petitioner based its U.S. price on an offered sales price. Using the adjusted estimates of FMV and U.S. price of sodium thiosulfate pentahydrate, petitioner calculated a LTFV margin of 35.10 percent.

²⁵ The Department of Commerce recalculated petitioner's margins to range from 52.15 percent to 100.40 percent by comparing U.S. price to FMV for sodium metabisulfite and sodium thiosulfate.

The United Kingdom.--Petitioner based its estimate of FMV for sodium metabisulfite on the lowest home market prices to distributors in the UK, quoted on an ex-works basis. The estimated FMV was compared to the estimated U.S. price, resulting in LTFV margins ranging from 50.84 to 65.49 percent. Petitioner's comparison of estimated FMV and estimated U.S. price for sodium thiosulfate pentahydrate resulted in an LTFV margin of 2.72 percent. Petitioner was unable to obtain reliable pricing information concerning anhydrous sodium thiosulfate in the British home market and, therefore, estimated FMV by adjusting its cost of production. The estimated FMV was compared to the estimated U.S. price, resulting in an LTFV margin of 29.10 percent.

The U.S. Market

Apparent U.S. consumption

Apparent U.S. consumption, as presented in this report, is calculated from U.S. producers' questionnaire responses and official import statistics (table 1). U.S. consumption is believed to be slightly overstated because the official import statistics include imports of sodium sulfite.²⁶

Total reported apparent U.S. consumption, by quantity,²⁷ increased by 18 percent from 1987 to 1989 and rose 18 percent from January-March 1989 to January-March 1990. In terms of value, total reported apparent U.S. consumption increased by 27 percent from 1987 to 1989 and rose 15 percent from January-March 1989 to January-March 1990.

²⁶ Petitioner claims that imports of sodium sulfite and sodium bisulfite are negligible or nonexistent due to the prohibitive costs of ocean transportation of chemicals in solution (petition, p. 14 and postconference brief, p. 4). Counsel for BASF disputes this assertion in its postconference brief (p. 13). BASF reportedly imported 3.5 million pounds of sodium sulfite in 1989 and 2.5 million pounds of sodium sulfite in the first quarter of 1990. It is not clear exactly what BASF is exporting to the United States. * * * (telephone conversation * * *).

²⁷ All quantities presented in the report are on a dry (equivalent) basis.

Table 1

Sodium metabisulfite and sodium thiosulfate: U.S. producers' U.S. shipments,¹ U.S. imports, and apparent U.S. consumption, 1987-89, January-March 1989, and January-March 1990

Item	1987	1988	1989	January-March--	
				1989	1990
<u>Quantity (1,000 pounds)</u>					
U.S. producers' U.S. shipments.....	148,320	158,323	169,771	40,414	43,055
U.S. imports ² from--					
FRG.....	11,742	9,726	14,238	2,826	5,185
PRC.....	1,202	1,343	2,399	190	493
Turkey.....	347	937	805	209	642
UK.....	6,409	8,298	7,773	1,369	2,962
Subtotal.....	19,701	20,304	25,215	4,594	9,282
All other sources	4,647	7,403	8,264	2,426	3,457
Total imports....	24,348	27,706	33,479	7,020	12,739
Apparent U.S. consumption.....	172,668	186,029	203,250	47,434	55,794
<u>Value (1,000 dollars)³</u>					
U.S. producers' U.S. shipments.....	32,306	35,400	39,650	9,495	9,930
U.S. imports ² from--					
FRG.....	2,176	1,829	2,827	533	1,025
PRC.....	197	236	458	34	86
Turkey.....	60	160	144	38	119
UK.....	1,232	1,690	1,659	293	656
Subtotal.....	3,665	3,915	5,088	898	1,886
All other sources	1,221	1,508	2,335	608	849
Total imports....	4,887	5,424	7,423	1,506	2,735
Apparent U.S. consumption.....	37,193	40,824	47,073	11,001	12,665

¹ Includes company transfers and open-market sales.

² Includes imports of sodium sulfite. As a result, import data may be somewhat overstated.

³ The value of imports is on a c.i.f. duty-paid basis.

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

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

Apparent U.S. consumption of sodium metabisulfite and sodium thiosulfate as a share of total U.S. consumption in 1989 was * * * and * * *, respectively.²⁸ Apparent U.S. consumption of sodium metabisulfite and sodium thiosulfate * * * by * * * and * * *, respectively, in the first quarter of 1990, as shown in the following tabulation (in 1,000 pounds):

	<u>1989</u>	<u>January-March</u>	
		<u>1989</u>	<u>1990</u>
Sodium metabisulfite:¹			
U.S. producers' U.S. shipments.....	***	***	***
U.S. imports from--			
FRG.....	13,805	2,746	5,026
PRC.....	2,099	115	340
Turkey.....	805	209	642
UK.....	<u>7,582</u>	<u>1,320</u>	<u>2,743</u>
Subtotal.....	24,291	4,390	8,751
All other sources.....	<u>8,178</u>	<u>2,412</u>	<u>3,438</u>
Total imports.....	<u>32,469</u>	<u>6,802</u>	<u>12,189</u>
Apparent U.S. consumption.....	***	***	***
Sodium thiosulfate:			
U.S. producers' U.S. shipments.....	***	***	***
U.S. imports from--			
FRG.....	433	79	159
PRC.....	300	75	153
Turkey.....	0	0	0
UK.....	<u>190</u>	<u>50</u>	<u>219</u>
Subtotal.....	924	204	531
All other sources.....	<u>85</u>	<u>14</u>	<u>19</u>
Total imports.....	<u>1,009</u>	<u>218</u>	<u>550</u>
Apparent U.S. consumption.....	***	***	***

¹ Includes imports of sodium sulfite. As a result, import data may be somewhat overstated.

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

²⁸ Official U.S. import statistics were not maintained by product until 1989.

The following tabulation presents the value of apparent U.S. consumption (in thousands of dollars):

	1989	January-March	
		1989	1990
Sodium metabisulfite:¹			
U.S. producers' U.S. shipments.....	***	***	***
U.S. imports from--			
FRG.....	2,719	518	994
PRC.....	407	21	62
Turkey.....	144	38	119
UK.....	<u>1,608</u>	<u>278</u>	<u>595</u>
Subtotal.....	4,878	855	1,770
All other sources.....	<u>2,251</u>	<u>598</u>	<u>834</u>
Total imports.....	<u>7,129</u>	<u>1,453</u>	<u>2,604</u>
Apparent U.S. consumption.....	***	***	***
Sodium thiosulfate:			
U.S. producers' U.S. shipments.....	***	***	***
U.S. imports from--			
FRG.....	108	15	30
PRC.....	51	12	24
Turkey.....	0	0	0
UK.....	<u>51</u>	<u>14</u>	<u>61</u>
Subtotal.....	210	41	115
All other sources.....	<u>84</u>	<u>11</u>	<u>16</u>
Total imports.....	<u>294</u>	<u>52</u>	<u>131</u>
Apparent U.S. consumption.....	***	***	***

¹ Includes imports of sodium sulfite. As a result, import data may be somewhat overstated.

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

The following tabulation presents U.S. producers' share of the volume of U.S. consumption, by product, in 1989, January-March 1989, and January-March 1990 (in percent):

	1989	January-March	
		1989	1990
* * * * *			

*** produced *** of U.S. consumption of sodium metabisulfite in 1989. In January-March 1990, ***. *** accounted for *** of U.S. consumption of sodium thiosulfate in 1989. *** in the first quarter of 1990.

U.S. producers

Calabrian (the petitioner) accounted for *** of U.S. shipments of sodium metabisulfite and *** of U.S. shipments of sodium thiosulfate in 1989. General (currently the other major U.S. producer of sodium metabisulfite²⁹ and sodium thiosulfate³⁰) accounted for *** of U.S. shipments of sodium metabisulfite and *** of U.S. shipments of sodium thiosulfate. The Commission mailed questionnaires to four firms producing sodium metabisulfite and sodium thiosulfate during the period of the investigation and to one other firm believed to produce sodium bisulfite. Four companies supplied the Commission with responses to the questionnaire. The firms, their shares of total reported U.S. shipments, positions regarding the petition, and locations are presented in table 2.

Table 2
Sodium metabisulfite and sodium thiosulfate: U.S. producers, shares of reported U.S. shipments in 1989, position on the petition, and location

<u>Firm</u>	<u>Share of shipments</u> (Percent)	<u>Position</u>	<u>Location</u>
Calabrian.....	***	Supports	Houston, TX
General.....	***	***	Parsippany, NJ
Celanese.....	***	***	Portsmouth, VA
PVS.....	***	***	Chicago, IL

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

The petitioner is an integrated chemical company with home offices in Somerset, NJ, and sales headquarters in Houston, TX. Calabrian manufactures all of its sodium metabisulfite and sodium thiosulfate at its manufacturing facilities in Port Neches, TX. Calabrian is also a manufacturer of sulfur and metallic derivatives, including cuprous and cupric chloride, cuprous iodine, sulfuric acid, and sodium sulfite. In November 1989, Calabrian purchased all of the sodium metabisulfite operations and equipment of the Virginia Chemicals

²⁹ Celanese stopped producing sodium metabisulfite in November 1989. Celanese accounted for *** of U.S. shipments of sodium metabisulfite in 1989. Tenneco Minerals started a major construction project in March 1990 to add capacity for production of anhydrous sodium sulfite at the site of its trona mine near Green River, WY. In March 1990, Tenneco began marketing Indspec's production of sodium sulfite in Tuscaloosa, AL. ***. (Telephone conversations ***)

³⁰ ***.

Division of Hoechst Celanese Corporation, moved the equipment to Port Neches, TX, and started up production * * * with * * * capacity.

General, the largest producer of sodium metabisulfite and sodium thiosulfate, is a diversified chemical manufacturing company. General produces sodium metabisulfite and sodium thiosulfate at its plants in Claymont, DE, and El Segundo, CA. General is a major supplier of soda ash,³¹ aluminum sulfate, fine chemicals, and electronic chemicals. General also operates three regenerative sulfuric acid plants for refineries located near its plants.

Celanese, Charlotte, NC, is owned by Hoechst AG, a large German corporation.³² Celanese announced in July 1989 that it was ceasing production of anhydrous sodium bisulfite (sodium metabisulfite) and anhydrous sodium sulfite at its plant in Portsmouth, VA, due in part to increased import pressures,³³ the entry into the market of Calabrian, and stated excess capacity of General.³⁴ Celanese started producing sodium metabisulfite in 1957 and added sodium sulfite capability in 1970.³⁵ * * *

PVS Chemicals, Inc., a producer of * * *, reported * * *. Penreco, a division of Pennzoil in Dickinson, TX, * * *.³⁶

³¹ * * *.

³² In February 1987, Hoechst AG acquired Celanese, Inc. and formed Hoechst Celanese for North American operations.

³³ In February 1987, * * * (attachment to the questionnaire response).

³⁴ General increased its sodium metabisulfite production by over 20 percent at its Claymont plant through a debottlenecking project completed in January 1990.

³⁵ Mr. Grisbacher, Regional Sales Manager, Filo Chemical, was a sales representative for Celanese from 1976 to 1989. In a letter to the Commission dated Aug. 1, 1990, he listed several factors that he believed affected the decision to close the Celanese plant: (1) the plant was over 30 years old and needed some major repairs and replacement of equipment to continue to operate successfully, which would have cost several million dollars with no return on investment; (2) General had extra capacity and room for expansion and Calabrian was marketing sodium bisulfite solution in the south with plans to produce dry products; (3) General had access to relatively low-cost soda ash but Celanese had to ship its raw materials into Portsmouth, VA, with a resulting increase in transportation costs; and (4) the combination of these factors with slim prospects for increasing the price of sodium bisulfite led to the decision to close the plant. Counsel for petitioner noted that while the equipment purchased from Celanese is old, it is still a state-of-the-art production process, because the basic technology to produce these chemicals has remained unchanged. Also, the equipment is newer than the equipment at General's Claymont plant (postconference brief, pp. 31-32).

³⁶ Conversation with * * *.

U.S. importers

Approximately 20 firms were named in the petition as importing sodium metabisulfite or sodium thiosulfate from the FRG, the PRC, Turkey, and the UK during the period of investigation.³⁷ Twenty-one questionnaires were mailed to firms identified in the petition and in the Customs Net Import File (CNIF). Twenty-two firms responded,³⁸ 16 of which provided usable data on imports³⁹ and 6 of which responded that they did not import the product under investigation.⁴⁰ One firm did not respond to the Commission's request for information. Data received comprise 83 percent, by quantity, and 86 percent, by value, of 1989 official import statistics for sodium metabisulfite and sodium thiosulfate from the FRG, the PRC, Turkey, and the UK.⁴¹

Channels of distribution

U.S. producers and importers of sodium metabisulfite and sodium thiosulfate sell the largest share of their total shipments to distributors (some of whom are also importers) and the remainder to end users who purchase in minimums of truckload quantities.⁴² U.S. producers and importers were asked to report the quantity of sodium metabisulfite and sodium thiosulfate sold to related and unrelated distributors and to related and unrelated end users in 1989. According to U.S. producer questionnaire responses, approximately * * * of the products were shipped to distributors and * * * were shipped to end users.⁴³ * * *. According to U.S. importer questionnaires, approximately 78 percent of imported sodium metabisulfite was

³⁷ * * * U.S. producers, * * *, reported imports from * * * during the period of investigation. * * *. When Calabrian was considering whether to start production of sodium metabisulfite in 1987, it imported the product to see if it could build up a market sufficient to warrant production (telephone conversation * * *, and TR, p. 50). Calabrian also reported importing * * * of sodium metabisulfite from the PRC during * * * in order to determine the Chinese market price.

³⁸ Counsel for William Blythe & Co., a producer of the subject products in the UK, supplied names and addresses of * * * affiliated firms (* * *) and of its five largest U.S. importers (the Commission mailed questionnaires to four of these firms) in their response to the foreign producer questionnaire. Counsel for Blythe sent importer questionnaires to the * * * firms. * * *.

³⁹ One importer reported * * * but did not provide the information for each country separately.

⁴⁰ * * * firms reported imports of the products from countries not subject to these investigations. Imports were reported from Poland, Italy, Mexico, East Germany, and Japan.

⁴¹ Official U.S. import statistics may be slightly overstated because they include imports of sodium sulfite.

⁴² Calabrian testified at the conference that approximately 75 percent of its sales of the products (in the dry form) are to chemical distributors and the remaining 25 percent of its sales are made directly to large end users (TR, p. 13).

⁴³ These percentages include shipments of liquid sodium bisulfite and liquid sodium thiosulfate.

shipped to distributors and 22 percent was shipped to end users nationwide.⁴⁴ The majority (* * *) of the reported shipments of imported sodium thiosulfate were to distributors.

Consideration of Alleged Material Injury

The information presented in this section of the report is based on the questionnaire responses of four firms which represent all known producers of sodium metabisulfite and sodium thiosulfate and account for the majority of shipments of sodium bisulfite. Questionnaires were sent to five firms believed to produce the products subject to the investigations. The fifth firm, Penreco, * * *.

U.S. capacity, production, and capacity utilization

Capacity to produce sodium metabisulfite increased by 4 percent in 1987-88 and then decreased by 8 percent in 1989. Capacity in the first quarter of 1990 decreased by 15 percent (table 3). The decline in sodium metabisulfite capacity in 1989 can be attributed to Celanese's decision to stop production of sodium metabisulfite in mid-1989. The decline in capacity in 1989 would have been greater except that * * * increased its sodium metabisulfite capacity and * * *.⁴⁵ Capacity to produce sodium thiosulfate * * * throughout

Table 3

Sodium metabisulfite and sodium thiosulfate: U.S. end-of-period capacity, production, and capacity utilization, by type, 1987-89, January-March 1989, and January-March 1990

Product and item	1987	1988	1989	January-March--	
				1989	1990
Sodium metabisulfite:					
Capacity (1,000 pounds).....	270,473	282,473	260,000	76,250	65,000
Production (1,000 pounds).....	129,871	141,051	143,101	34,402	36,378
Capacity utilization (percent)	48.0	49.9	55.0	45.1	56.0
Sodium thiosulfate:					
Capacity (1,000 pounds).....	***	***	***	***	***
Production (1,000 pounds).....	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***

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

⁴⁴ * * *.

⁴⁵ * * *.

the period. Capacity * * * by * * * in 1987-89 and by * * * in the first quarter of 1990.⁴⁶

Capacity utilization for sodium metabisulfite production increased throughout the period, * * * the capacity utilization for sodium thiosulfate * * * in 1988 and then * * * in 1989 and January-March 1990, compared with January-March 1989. Calabrian's production of sodium thiosulfate * * * due to the idling of its production line for anhydrous sodium thiosulfate.⁴⁷

U.S. producers' U.S. shipments

U.S. producers' U.S. shipments of sodium metabisulfite * * * by * * * in 1987-89 and * * * by * * * in the first quarter of 1990 (table 4). U.S. producers' shipments of sodium thiosulfate * * * during the period, by * * * in 1987-89, and by * * * in the first quarter of 1990. Celanese reported * * *. General reported * * *.

* * * accounted for the largest share of U.S. producers' shipments of sodium metabisulfite during the period and * * * accounted for * * * of U.S. producers' shipments (however its share * * * throughout the period of investigation): * * * sodium thiosulfate, with * * * accounting for the largest share of U.S. producers' shipments during the period (table 5).

Table 4
Sodium metabisulfite and sodium thiosulfate: U.S. producers' shipments, by type, 1987-89, January-March 1989, and January-March 1990

* * * * *

Table 5
Sodium metabisulfite and sodium thiosulfate: U.S. producers' U.S. shipments, by producer and by type, 1987-89, January-March 1989, and January-March 1990

* * * * *

U.S. producers were asked to provide data on their shipments of sodium bisulfite, sodium metabisulfite, anhydrous sodium thiosulfate, thiosulfate pentahydrate, and thiosulfate solution in their questionnaire responses. This information is presented in table 6.

⁴⁶ * * *.

⁴⁷ Calabrian credits the idling of the anhydrous sodium thiosulfate equipment to low-priced imports from William Blythe & Co., Ltd. (TR, p. 24).

Table 6

Sodium metabisulfite and sodium thiosulfate: U.S. producers' U.S. shipments; by type, 1987-89, January-March 1989, and January-March 1990

(In 1,000 pounds)

Product	1987	1988	1989	January-March--	
				1989	1990
U.S. producers' U.S. shipments of:					
Sodium bisulfite...	***	***	***	***	***
Sodium metabisulfite.....	***	***	***	***	***
Anhydrous thiosulfate.....	***	***	***	***	***
Thiosulfate pentahydrate.....	***	***	***	***	***
Thiosulfate solution.....	***	***	***	***	***
Total.....	148,320	158,322	169,771	40,414	43,056

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

U.S. producers' U.S. shipments of sodium metabisulfite accounted for the * * * of total U.S. shipments during the period. Such shipments accounted for * * * in 1987, * * * in 1988, * * * in 1989, and * * * in the first quarter of 1990. Combined shipments of sodium metabisulfite and sodium bisulfite accounted for * * * in 1987-88, * * * in 1989, and * * * in the first quarter of 1990. U.S. shipments of sodium thiosulfate pentahydrate generally accounted for the * * * of U.S. shipments of sodium thiosulfate.

U.S. producers' exports

* * * U.S. producers reported export shipments of * * * during the period of investigation.⁴⁸ * * * reported that its exports of the product were to * * *. * * * exported * * * throughout the period; in 1987 more than * * * its exports went to * * * and in other years its exports were to * * *. U.S. producers' exports of * * * are presented in the following tabulation (in 1,000 pounds):

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>January-March</u>	
				<u>1989</u>	<u>1990</u>
	*	*	*	*	*

U.S. producers' exports of * * * between 1987 and 1989 and then * * * during the interim periods. Trends in U.S. producers' exports of * * * during the period were similar to those for * * *.

⁴⁸ * * *

U.S. producers' inventories

Inventory data were provided by the four producers reporting production during the period of investigation (table 7). In general, * * * in the end-of-period inventories of producers of sodium metabisulfite and producers of sodium thiosulfate moved * * * throughout the period of investigation. End-of-period inventories rose by 42 percent from 1987 to 1988, fell by 27 percent in 1989, and * * * between January-March 1989 and January-March 1990. The same trend was reported for inventories as a percentage of U.S. shipments.

Table 7

Sodium metabisulfite and sodium thiosulfate: U.S. producers' end-of-period inventories, by product, as of December 31 of 1987-89, and as of March 31, 1989 and 1990

Item	As of December 31--			As of March 31--	
	1987	1988	1989	1989	1990
	<u>End-of-period inventories (1,000 pounds)</u>				
Sodium metabisulfite.....	***	***	***	***	***
Sodium thiosulfate.....	***	***	***	***	***
Total.....	6,323	8,987	6,524	9,162	***
	<u>Ratio to U.S. shipments (percent)¹</u>				
Sodium metabisulfite.....	***	***	***	*** ²	*** ²
Sodium thiosulfate.....	***	***	***	*** ²	*** ²
Average.....	4.3	5.6	3.8	5.7 ²	*** ²

¹ Ratios are based on data supplied by firms that reported both inventory and shipment information.

² Based on annualized shipments.

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

U.S. employment, wages, and productivity

All four producers supplied data on employment in their questionnaire response (table 8). The number of production and related workers increased from 1987 to 1988 and remained stable in 1989; however, hours worked * * * increased from 1987 to 1988 but decreased in 1989. Between January-March 1989 and January-March 1990, * * *.⁴⁹

⁴⁹ Unions which represent production and related workers employed in the industry producing sodium metabisulfite and sodium thiosulfate are: * * *.

Table 8

Sodium metabisulfite and sodium thiosulfate: Average number of production and related workers, hours worked, total compensation paid, and hourly total compensation, 1987-89, January-March 1989, and January-March 1990¹

Item	1987	1988	1989	January-March--	
				1989	1990
Production and related workers:					
Sodium metabisulfite (number).....	***	***	***	***	***
Sodium thiosulfate (number).....	***	***	***	***	***
Total (number).....	87	101	101	112	***
Hours worked:					
Sodium metabisulfite (1,000).....	***	***	***	***	***
Sodium thiosulfate (1,000).....	***	***	***	***	***
Total (1,000).....	249	315	282	82	***
Total compensation paid:					
Sodium metabisulfite (\$1,000).....	***	***	***	***	***
Sodium thiosulfate (\$1,000).....	***	***	***	***	***
Total (\$1,000).....	***	***	***	***	***
Hourly total compensation:					
Sodium metabisulfite (per hour).....	\$***	\$***	\$***	\$***	\$***
Sodium thiosulfate (per hour).....	***	***	***	***	***
Total (per hour).....	***	***	***	***	***

¹ * * *

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

In its questionnaire, the Commission requested U.S. producers to provide detailed information concerning reductions in the number of production and related workers involved in the manufacture of sodium metabisulfite and sodium thiosulfate, if such reductions involved at least 5 percent of the workforce, or 50 workers. The reported layoffs are shown in the following tabulation:

<u>Firm</u>	<u>Date</u>	<u>Number of workers</u>	<u>Duration</u>	<u>Reason</u>
*	*	*	*	*

Financial experience of U.S. producers

Financial information was provided to the Commission by three producers⁵⁰ on their sodium metabisulfite and sodium thiosulfate operations in addition to their overall establishment operations.⁵¹ These data, representing * * * and * * * of 1989 shipments of sodium metabisulfite and sodium thiosulfate, respectively, are presented in this section.

Overall establishment operations.--Income-and-loss data on the U.S. producers' overall establishment operations are presented in table 9. Profitability varies considerably by producer on these operations as shown in the following tabulation (in thousands of dollars, except where noted):

<u>Item</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>January-March--</u>	
				<u>1989</u>	<u>1990</u>
*	*	*	*	*	*

Table 9

Income-and-loss experience of U.S. producers¹ on their overall establishment operations within which sodium metabisulfite and sodium thiosulfate are produced, accounting years 1987-89, January-March 1989, and January-March 1990

* * * * *

In addition to the product(s) under investigation, * * * indicated in its questionnaire response that it produces * * *. * * * indicated its other overall establishment products are * * *. Combined 1989 net sales of sodium metabisulfite and sodium thiosulfate were * * * of overall establishment net sales for * * * and * * * for * * *.

⁵⁰ * * *. * * * but its data were not included because it was incomplete and relatively insignificant.

⁵¹ * * * was unable to provide financial data on its operations. * * * (telephone conversation, * * *).

Sodium metabisulfite.--Income-and-loss data for the U.S. producers' sodium metabisulfite operations are presented in table 10. Net sales and profitability for sodium metabisulfite operations show a * * *. Selected key financial data by individual producers are presented in the following tabulation (in thousands of dollars, except where noted):

<u>Item</u>	<u>January-March--</u>					
	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1989</u>	<u>1990</u>	
	*	*	*	*	*	*

Table 10

Sodium metabisulfite: Income-and-loss experience of U.S. producers,¹ accounting years 1987-89, January-March 1989, and January-March 1990

* * * * *

A third producer, * * *, did not * * *; however, it submitted * * * of its net sales and operating income which shows * * *.

The major components of cost of goods sold, including raw materials, are shown by producer on a per-pound basis in the following tabulation:

<u>Item</u>	<u>January-March--</u>					
	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1989</u>	<u>1990</u>	
	*	*	*	*	*	*

* * *.⁵² Calabrian indicated that caustic soda costs have increased dramatically in recent months; however, its current costs are comparable to soda ash costs.⁵³ Although approximately 1.3 units of soda ash must be used for each unit of caustic soda when a substitution is made, * * *.

Purchase of Celanese's equipment by Calabrian in 1989 contributed to an increase in * * *. In addition to * * *, other * * * from 1988 to 1989; however, * * * related specifically to the purchased equipment cannot be determined from the questionnaire data. Calabrian indicated that * * *; therefore, * * *. The questionnaire data does appear to * * *. * * *. Calabrian was * * *.⁵⁴ Calabrian's * * * on a per-unit basis in 1988 and 1989 when compared to * * *.

Environmental costs do not appear to be a major factor * * *.

⁵² Telephone conversation on * * *.

⁵³ TR, p. 34.

⁵⁴ Telephone conversation with * * *.

Sodium thiosulfate.--Income-and-loss data for the U.S. producers' sodium thiosulfate operations are presented in table 11. Net sales and profitability for sodium thiosulfate operations * * *. Selected key financial data by individual producers are presented in the following tabulation (in thousands of dollars, except where noted):

<u>Item</u>	<u>1987</u>		<u>1988</u>		<u>1989</u>		<u>January-March--</u>	
							<u>1989</u>	<u>1990</u>
	*	*	*	*	*	*	*	*

The major components of sodium thiosulfate's cost of goods sold, including raw materials, are shown by producer on a per-pound basis in the following tabulation:

<u>Item</u>	<u>1987</u>		<u>1988</u>		<u>1989</u>		<u>January-March--</u>	
							<u>1989</u>	<u>1990</u>
	*	*	*	*	*	*	*	*

Table 11
Sodium thiosulfate: Income-and-loss experience of U.S. producers,¹ accounting years 1987-89, January-March 1989, and January-March 1990

* * * * *

A third producer, * * *, provided * * * financial data on its * * * operations; however, the data were not used since they were incomplete and * * *.

Sodium metabisulfite and sodium thiosulfate.--Income-and-loss data for the U.S. producers' combined sodium metabisulfite and sodium thiosulfate operations are presented in table 12.

Table 12
Sodium metabisulfite and sodium thiosulfate: Income-and-loss experience of U.S. producers,¹ accounting years 1987-89, January-March 1989, and January-March 1990

* * * * *

Selected key financial data for each producer on their combined sodium metabisulfite and sodium thiosulfate operations are presented in the following tabulation (in thousands of dollars, except where noted):

<u>Item</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>January-March--</u>	
				<u>1989</u>	<u>1990</u>
	*	*	*	*	*

The major components of cost of goods sold for sodium metabisulfite and sodium thiosulfate combined are shown by producer on a per-pound basis in the following tabulation:

<u>Item</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>January-March--</u>	
				<u>1989</u>	<u>1990</u>
	*	*	*	*	*

Investment in productive facilities.--The value of property, plant, and equipment and total assets for the U.S. producers are presented in table 13. The return on total assets is presented in table 14.

Capital expenditures.--The capital expenditures reported by the U.S. producers are presented in table 15. * * *.

Table 13

Sodium metabisulfite and sodium thiosulfate: Value of property, plant, and equipment of U.S. producers as of the end of accounting years 1987, 1988, and 1989, March 31, 1989, and March 31, 1990

* * * * *

Table 14

Sodium metabisulfite and sodium thiosulfate: Return on total assets, accounting years 1987-89

* * * * *

Table 15

Sodium metabisulfite and sodium thiosulfate: Capital expenditures of U.S. producers, 1987-89, January-March 1989, and January-March 1990

* * * * *

Research and development expenses.--* * * indicated that its research and development expenses * * *. * * * expenses are presented in the following tabulation (in thousands of dollars):

<u>Item</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>January-March--</u>	
				<u>1989</u>	<u>1990</u>
	*	*	*	*	*

Capital and investment.--The Commission requested the U.S. producers to describe any actual or potential negative effects of imports of sodium metabisulfite and sodium thiosulfate from the subject countries on their existing development and production efforts, growth, investment, and ability to raise capital. Their responses are shown in appendix C.

Consideration of the Question of Threat of Material Injury

Section 771(7)(F)(i) of the Tariff Act of 1930 (19 U.S.C. § 1677(7)(F)(i)) provides that--

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of any merchandise, the Commission shall consider, among other relevant factors⁵⁵--

(I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),

(II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,

(III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,

(IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,

⁵⁵ Section 771(7)(F)(ii) of the act (19 U.S.C. § 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

(V) any substantial increase in inventories of the merchandise in the United States,

(VI) the presence of underutilized capacity for producing the merchandise in the exporting country,

(VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury,

(VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 736, are also used to produce the merchandise under investigation,

(IX) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both), and

(X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product.⁵⁶

The available information on the nature of the alleged subsidies (item (I) above) is presented in the section of this report entitled "Nature and extent of the alleged subsidies and sales at LTFV;" information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) is presented in the section entitled "Consideration of the causal relationship between imports of the subject merchandise and the alleged material injury;" and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts (item (X)) is presented in the section entitled "Consideration of alleged material injury." Item (IX), regarding agricultural

⁵⁶ Section 771(7)(F)(iii) of the act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other GATT member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

products, is not relevant in these investigations. Presented below is available information on U.S. inventories of the subject products (item (V)); foreign producers' operations, including the potential for "product-shifting" (items (II), (VI), and (VIII) above); any other threat indicators, if applicable (item (VII) above); and any dumping in third-country markets.

U.S. importers' inventories

Table 16 presents end-of-period inventories held by U.S. importers from the countries subject to these investigations. Such inventories, on the basis of quantity, * * * by * * * during 1987-89, with inventories of * * * during the period of investigation. End-of-period inventories * * * by * * * for the period January-March 1989 to January-March 1990. The ratio of U.S. importers' end-of-period inventories to U.S. importers' U.S. shipments for * * * and * * * from * * * in 1987 to * * * in 1988. No inventories from * * * existed until 1989.

Table 16

Sodium metabisulfite and sodium thiosulfate: U.S. importers' end-of-period inventories, by sources, as of December 31 of 1987-89, and as of March 31, 1989 and 1990¹

* * * * *

Ability of foreign producers to generate exports and the availability of export markets other than the United States

The Commission requested that counsel representing respondents in the investigations provide information on the foreign producers of sodium metabisulfite and sodium thiosulfate. A similar request for data was made of the U.S. embassy in each of the countries. The information requested of each producer consisted of the production, inventories, capacity, home market shipments, and exports to the United States and all other countries for each of the periods covered by the investigations. The request also asked for projections for these same factors for 1990 and 1991. The following section presents the data received, by country.

The FRG.--Of the two known German producers of sodium metabisulfite or sodium thiosulfate (BASF and Goldschmidt), only BASF appeared as an interested party in these investigations.⁵⁷ BASF AG is * * *.

Table 17 presents the data submitted by counsel for BASF. BASF's sodium metabisulfite production operated * * *. BASF exports * * * of its sodium metabisulfite production. In 1987, 1988, and 1989, the United States accounted for * * *, * * *, and * * *, respectively, of the firm's total shipments. In the first quarter of 1990, BASF shipped approximately * * * of its sodium metabisulfite production to the United States. BASF * * * to the United States in the period under investigation.

⁵⁷ Goldschmidt AG did not supply foreign producer data on its operations in the FRG. * * * (telephone conversation, * * *).

Table 17

Sodium metabisulfite: BASF's capacity, inventories, production, and total shipments, 1987-89, January-March 1989, and January-March 1990

* * * * *

The PRC. --No Chinese firm entered an appearance in these preliminary investigations and the Commission did not receive direct information from any Chinese producer of sodium metabisulfite or sodium thiosulfate. The U.S. embassy in Beijing obtained some rough production and export data for sodium metabisulfite from the PRC government. The following tables contain this information. Table 18 shows the sodium metabisulfite exports of the Shanghai Chemicals Import/Export Corporation (SCIEC) during the period of the investigation. SCIEC does not produce sodium metabisulfite; it acts as an exporting agent whose primary supplier of sodium metabisulfite is the Shanghai Sulfuric Acid Works (SSAW). Table 19 lists SSAW's production and exports of sodium metabisulfite.

In addition, the embassy received fragmentary information on sodium thiosulfate production and exports. According to this information, SCIEC did not export sodium thiosulfate to the United States in 1987 or 1988. In 1989 and January-March 1990, it shipped 68,000 and 34,000 pounds, respectively, of this material to the United States. The embassy information also named the Shanghai Fluorescence Material Works (SFMW) as SCIEC's main supplier of sodium thiosulfate. SFMW's production capacity is 14-16 million pounds annually. In 1988, the firm exported 1.3 million pounds of sodium thiosulfate and, in 1989, it sold 852,000 pounds abroad. The Commission acquired no other information on the sodium thiosulfate market in the PRC.

Table 18

Sodium metabisulfite: Shanghai Chemicals Import/Export Corporation's exports to the United States and all other countries, 1987-89, January-March 1989, and January-March 1990

Item	1987	1988	1989	January-March--	
				1989	1990
	<u>Quantity (1,000 pounds)</u>				
Exports to--					
United States.....	408	816	918	34	204
All other countries.....	<u>3,612</u>	<u>6,850</u>	<u>5,166</u>	<u>578</u>	<u>992</u>
Total exports.....	<u>4,020</u>	<u>7,666</u>	<u>6,084</u>	<u>612</u>	<u>1,196</u>
	<u>Ratios (percent)</u>				
Share of total exports:					
United States.....	10	11	15	6	17
All other countries.....	90	89	85	94	83

Source: Telegram from the U.S. embassy in Beijing.

Table 19

Sodium metabisulfite: Shanghai Sulfuric Acid Works' production and exports, 1987-89, January-March 1989, and January-March 1990

Item	1987	1988	1989	January-March--	
				1989	1990
	Quantity (1,000 pounds)				
Production.....	5,152	6,240	6,022	2,242	2,252
Exports.....	2,920	3,300	2,480	672	672
	Ratios (percent)				
Exports as a percentage of production.....	57	53	41	30	30

Source: Telegram from the U.S. embassy in Beijing.

Turkey.--Ak-Kim Kimya Sanayi ve Ticaret, A.S. (Ak-Kim) is the only known producer of sodium metabisulfite and sodium thiosulfate in Turkey. Ak-Kim produces the chemicals needed by the Ak-Kok group of companies (firms mainly engaged in producing textiles, including carpets). Ak-Kim switched to a soda ash process in its production facilities in 1988.⁵⁸ Tables 20 and 21 present producer information for Ak-Kim. Between 1987 and 1988, Ak-Kim * * * production capacity for sodium metabisulfite by * * *. * * *, Ak-Kim operated at a * * * level of capacity utilization.⁵⁹ Home market sales accounted for * * * of Ak-Kim's sodium metabisulfite production, although the domestic market's share of total shipments * * * between 1987 and 1989. Exports to the United States as a percentage of total shipments * * * from * * * in 1987 to * * * in 1988 and 1989. In the first quarter of 1990, this figure * * *.⁶⁰

Table 20

Sodium metabisulfite: Ak-Kim's capacity, inventories, production, and total shipments, 1987-89, January-March 1989, and January-March 1990¹

* * * * *

⁵⁸ TR, p. 134 and pp. 139-140.

⁵⁹ Ak-Kim has no plans to expand its productive capacity (telegram from the U.S. embassy in Ankara).

⁶⁰ Ak-Kim's main market for exports is the European Community (EC). Its associate member status gives its industrial goods zero duty when entering the EC.

Table 21

Sodium thiosulfate: Ak-Kim's capacity, inventories, production, and total shipments, 1987-89, January-March 1989, and January-March 1990

* * * * *

Ak-Kim's production capacity for sodium thiosulfate remained at * * * over the period of the investigations. Capacity utilization was * * * in 1987 and 1988 and, in fact, Ak-Kim reported * * *.⁶¹ However, in the first quarter of 1990, capacity utilization * * *. In that period, Ak-Kim exported sodium thiosulfate for * * * during the period of investigation. Until 1990, Ak-Kim had sold * * * of its sodium thiosulfate production in the home market. None of Ak-Kim's sodium thiosulfate exports entered the United States during the period of investigation. Ak-Kim made one shipment of 19 tons to the United States in June 1990.

The UK. -- The U.S. embassy in London identified five British producers of sodium metabisulfite: William Blythe & Co., Ltd. (Blythe); Chemimex UK, Ltd.; Farleyway Chemicals, Ltd.; Nickerson Chemicals, Ltd.; and Peter Whiting (Chemicals). Ltd.⁶² Of these firms, only Blythe appeared in these investigations and supplied the Commission with producer data, as outlined in tables 22 and 23. By comparing Blythe's export figures with official U.S. import statistics, it appears that Blythe is * * * exporter of sodium metabisulfite from the UK to the United States.⁶³ The embassy's information also names Blythe as the sole manufacturer of sodium thiosulfate in the UK.⁶⁴

Table 22

Sodium metabisulfite: Blythe's capacity, inventories, production, and total shipments, 1987-89, January-March 1989, and January-March 1990

* * * * *

⁶¹ Ak-Kim * * *.

⁶² The U.S. embassy in London received a telephone call from Mr. Partlin, Business Manager, Blythe, on Aug. 3, 1990, stating that Blythe is the only firm in the UK that produces these products (telegram received on Aug. 10, 1990).

⁶³ Mr. Partlin testified at the conference that Blythe does not plan to expand its production facility, does not plan to expand its sales to the United States, and does not maintain large inventories (TR, p. 77).

⁶⁴ Blythe testified at the conference that it does not sell technical grade sodium metabisulfite or sodium thiosulfate to the United States. * * *.

Table 23

Sodium thiosulfate: Blythe's capacity, inventories, production, and total shipments, 1987-89, January-March 1989, and January-March 1990

* * * * *

Blythe's reported production capacity for sodium metabisulfite * * * from 1987 to 1989. Throughout the period, the company operated at * * * to * * * percent of capacity. The home market accounted for * * * of total shipments. Blythe shipped * * *, * * *, and * * * of its total shipments to the United States in 1987, 1988, and 1989, respectively. In the first quarter of 1990, the United States absorbed * * * of Blythe's total shipments of sodium metabisulfite.

As with Blythe's sodium metabisulfite production, production capacity for sodium thiosulfate * * * throughout the period in question. * * * its production of sodium metabisulfite, however, Blythe's capacity utilization for sodium thiosulfate production was * * * between 1987 and 1989. In the interim period, this figure * * * to * * *. Between 1987 and the first quarter of 1990, exports to the United States * * * from * * * to * * * of Blythe's total shipments. In 1987, Blythe marketed * * * of its total sodium thiosulfate shipments in the United States. In 1988 and 1989, this share stood at * * * and * * *, respectively.⁶⁵ In the interim periods, the percentage of total shipments sold in the United States * * * from * * * to * * *.

Consideration of the Causal Relationship Between Imports of the Subject Merchandise and the Alleged Material Injury

U.S. imports

Table 24 presents official import statistics of the U.S. Department of Commerce. As mentioned earlier in the report, these data may be slightly overstated due to the inclusion of imports of sodium sulfite.

Imports of sodium metabisulfite and sodium thiosulfate, by quantity, from the FRG declined by 17 percent in 1988 and then rose by 46 percent in 1989 to a level 21-percent higher than the level in 1987. Between the first quarter of 1989 and the first quarter of 1990, imports climbed 83 percent.⁶⁶ The unit value of imports from the FRG rose 7 percent between 1987 and 1989.

The quantity of imports from the PRC doubled between 1987 and 1989, while unit values increased by 16 percent. In the interim periods, the quantity of imports from the PRC more than doubled.⁶⁷ Of the four countries

⁶⁵ * * *.

⁶⁶ U.S. importers reported * * * in their questionnaire responses.

⁶⁷ U.S. importers reported * * * imports throughout the period.

Table 24

Sodium metabisulfite and sodium thiosulfate: U.S. imports,¹ by selected sources, 1987-89, January-March 1989, and January-March 1990

Item	1987	1988	1989	January-March--	
				1989	1990
<u>Quantity (1,000 pounds)</u>					
FRG.....	11,742	9,726	14,238	2,826	5,185
PRC.....	1,202	1,343	2,399	190	493
Turkey.....	347	937	805	209	642
UK.....	6,409	8,298	7,773	1,369	2,962
Subtotal.....	19,701	20,304	25,215	4,594	9,282
All other sources.....	4,647	7,403	8,264	2,426	3,457
Total imports.....	24,348	27,706	33,479	7,020	12,739
<u>Value (1,000 dollars)²</u>					
FRG.....	2,176	1,829	2,827	533	1,025
PRC.....	197	236	458	34	86
Turkey.....	60	160	144	38	119
UK.....	1,232	1,690	1,659	293	656
Subtotal.....	3,665	3,915	5,088	898	1,886
All other sources.....	1,221	1,508	2,335	608	849
Total imports.....	4,887	5,424	7,423	1,506	2,735
<u>Unit value (per pound)</u>					
FRG.....	\$0.19	\$0.19	\$0.20	\$0.19	\$0.20
PRC.....	.16	.18	.19	.18	.17
Turkey.....	.17	.17	.18	.18	.19
UK.....	.19	.20	.21	.21	.22
Weighted average, subtotal....	.19	.19	.20	.20	.20
All other sources.....	.26	.20	.28	.25	.25
Weighted average, all imports.	.20	.20	.22	.21	.21

¹ Includes imports of sodium sulfite, sodium bisulfite, sodium metabisulfite, and sodium thiosulfate.

² C.i.f. duty-paid value.

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

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

named in the petition, only the PRC showed an increase in exports to the United States in each of the years under investigation.

Turkish exporters experienced a dramatic rise in U.S. sales in 1988; the quantity of imports from Turkey nearly tripled between 1987 and 1988. In the following year, however, imports from Turkey fell by 14 percent.⁶⁸ The quantity of imports from Turkey increased threefold in the interim period of 1990.⁶⁹ Over the 3-year period 1987-89, the unit value of these imports grew by 3 percent.

Imports from the UK, by quantity, rose by 29 percent in 1988 and fell by 6 percent in 1989.⁷⁰ Overall, the quantity of imports from the UK was 21-percent higher in 1989 than in 1987. The level of imports for the January-March 1990 period was 116 percent above the level for the same period in 1989. At the end of 1989, the unit value stood at a level 11 percent higher than in 1987.

On an aggregate level, the quantity of imports from the FRG, the PRC, Turkey, and the UK rose by 28 percent from 1987 to 1989. For the interim periods, such imports rose by 102 percent.⁷¹ Over the 3-year period, the unit value of these imports increased by 8 percent.

The quantity of imports from all countries increased steadily between 1987 and 1989. As a result, imports in 1989 were 38 percent greater in volume terms than in 1987. In the interim periods, imports expanded significantly; in the first quarter of 1990 imports were 81-percent higher than in the same period in 1989. The unit value of imports declined by 2 percent in 1988 and rose by 13 percent in 1989 (for an overall increase of 10 percent between 1987 and 1989).

Imports from the PRC and Turkey as a share of total imports were low throughout the period (table 25). The FRG had the largest share of total imports, with the UK having the next largest share. Mexico increased its share of total imports from 4 percent in 1987 to 12 percent in 1989. Mexico's share of total imports reached a high of 22 percent in the first quarter of 1989, compared with its share of 12 percent in the first quarter of 1990.

⁶⁸ U.S. importers reported * * * imports throughout the period of investigation.

⁶⁹ U.S. importers reported imports of sodium metabisulfite from Turkey that were * * * than those reported in the official statistics in 1987, 1989, and the first quarter of 1990.

⁷⁰ U.S. importers reported * * * imports throughout the period.

⁷¹ Ms. Hardesty, Browning Chemical, and Mr. Cunningham, counsel for BASF, testified at the conference that although imports increased in 1989-90, the increase essentially reflects the fact that imports partially filled the gap in the market left when Celanese closed down in 1989 (TR, pp. 79 and 108; BASF postconference brief, pp. 3 and 23). Counsel for BASF testified that General filled most of the gap caused by the Celanese shutdown due to its location on the East Coast, which enabled it to better service Celanese's customers (TR, pp. 110 and 130).

Table 25

Sodium metabisulfite and sodium thiosulfate: U.S. imports, by selected sources, percentage share by quantity, 1987-89, January-March 1989, and January-March 1990

Item	(In percent)				
	1987	1988	1989	January-March--	
				1989	1990
FRG.....	48	35	43	40	41
PRC.....	5	5	7	3	4
Turkey.....	1	3	2	3	5
UK.....	26	30	23	20	23
Subtotal.....	81	73	75	65	73
Mexico.....	4	10	12	22	12
All other sources.....	15	17	12	12	16
Total imports.....	100	100	100	100	100

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

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

The HTS lists sodium metabisulfite and sodium thiosulfate separately starting in 1989. The following tabulation details the quantity of sodium metabisulfite and sodium thiosulfate imports for 1989 and provides, for comparison, import figures for the first quarter of 1989 and the first quarter of 1990 (in thousands of pounds).⁷²

	1989	January-March	
		1989	1990
U.S. imports of sodium metabisulfite: ¹			
FRG.....	13,805	2,746	5,026
PRC.....	2,099	115	340
Turkey.....	805	209	642
UK.....	<u>7,582</u>	<u>1,320</u>	<u>2,743</u>
Subtotal.....	24,291	4,390	8,751
All other sources.....	<u>8,179</u>	<u>2,412</u>	<u>3,438</u>
Total imports.....	32,469	6,802	12,189
U.S. imports of sodium thiosulfate:			
FRG.....	433	79	159
PRC.....	300	75	153
Turkey.....	0	0	0
UK.....	<u>190</u>	<u>50</u>	<u>219</u>
Subtotal.....	924	204	531
All other sources.....	<u>85</u>	<u>14</u>	<u>19</u>
Total imports.....	1,009	218	550

¹ Includes imports of sodium sulfite. As a result, import data may be somewhat overstated.

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

⁷² Compiled from official statistics of the U.S. Department of Commerce.

Imports of sodium metabisulfite were substantially higher in the first quarter of 1990 than in the first quarter of 1989. Sodium metabisulfite imports from the FRG, the PRC, Turkey, and the UK increased by 83 percent, 196 percent, 207 percent, and 108 percent, respectively. These increases led to a 79 percent rise in total sodium metabisulfite imports between these two periods.

A similar situation exists for sodium thiosulfate imports. First quarter 1990 imports of sodium thiosulfate from the FRG, the PRC, and the UK were 101 percent, 104 percent, and 338 percent higher, respectively, than in the corresponding period in 1989. Total imports of this product grew by 152 percent. Turkey has not exported sodium thiosulfate to the United States during the period of investigation.

The following tabulation details the value of sodium metabisulfite and sodium thiosulfate imports for 1989 and the interim periods (in thousands of dollars):⁷³

	<u>1989</u>	<u>January-March</u>	
		<u>1989</u>	<u>1990</u>
U.S. imports of sodium metabisulfite: ¹			
FRG.....	2,719	518	994
PRC.....	407	21	62
Turkey.....	144	38	119
UK.....	<u>1,608</u>	<u>278</u>	<u>595</u>
Subtotal.....	4,878	855	1,770
All other sources.....	<u>2,251</u>	<u>598</u>	<u>834</u>
Total imports.....	7,129	1,453	2,604
U.S. imports of sodium thiosulfate:			
FRG.....	108	15	30
PRC.....	51	12	24
Turkey.....	0	0	0
UK.....	<u>51</u>	<u>14</u>	<u>61</u>
Subtotal.....	210	41	115
All other sources.....	<u>84</u>	<u>11</u>	<u>16</u>
Total imports.....	294	52	131

¹ Includes imports of sodium sulfite. As a result, import data may be somewhat overstated.

⁷³ Compiled from official statistics of the U.S. Department of Commerce.

Imports by customs districts

In 1989, the customs districts of Ogdensburg, NY, Chicago, IL, and Los Angeles, CA, accounted for 31 percent, 30 percent, and 10 percent, respectively, of total imports of sodium metabisulfite and sodium thiosulfate from the FRG, as shown in the tabulation on page A-36.⁷⁴ Imports from the PRC primarily entered the United States through Los Angeles, where 82 percent of total Chinese exports passed through customs. Twelve percent of the Chinese product entered through Charleston, SC. New York, NY, was the most important port of entry for imports from Turkey; 35 percent of Turkish exports came into the United States through New York. Other chief entry points included: Los Angeles, CA, 21 percent; Houston-Galveston, TX, 14 percent; and Charleston, SC, 11 percent. The majority, or 54 percent, of imports from the UK landed in Los Angeles, CA. Much of the remaining product arrived at the eastern ports of Ogdensburg, NY, (10 percent), New York, NY (8 percent), and St. Albans, VT (7 percent).

Finally, for total sodium metabisulfite and sodium thiosulfate imports from all countries, Los Angeles ranked first with a 26-percent share of landed imports, followed by Chicago with 17 percent; Ogdensburg, NY, with 14 percent; Laredo, TX, with 12 percent; and New York, NY, with 9 percent. All other ports accounted for the remaining 22 percent of imports. Imports in 1989, by product and by customs districts, are presented in appendix D.

⁷⁴ Compiled from official statistics of the U.S. Department of Commerce. Imports under HTS 2832.10.00 include imports of sodium sulfites and sodium bisulfites.

<u>Source and customs' district</u>	<u>Share of 1989 imports (percent)¹</u>
FRG:	
Ogdensburg, NY.....	31
Chicago, IL.....	30
Los Angeles, CA.....	10
New York, NY.....	8
Charleston, SC.....	8
All others.....	<u>13</u>
Total.....	100
PRC:	
Los Angeles, CA.....	82
Charleston, SC.....	12
Baltimore, MD.....	5
New York, NY.....	2
All others.....	<u>0</u>
Total.....	100
TURKEY:	
New York, NY.....	35
Los Angeles, CA.....	21
Houston-Galveston, TX.....	14
Charleston, SC.....	11
Portland, OR.....	5
All others.....	<u>14</u>
Total.....	100
UK:	
Los Angeles, CA.....	54
Ogdensburg, NY.....	10
New York, NY.....	8
St. Albans, VT.....	6
Portland, OR.....	6
All others.....	<u>16</u>
Total.....	100
ALL SOURCES:	
Los Angeles, CA.....	26
Chicago, IL.....	17
Ogdensburg, NY.....	14
Laredo, TX.....	12
New York, NY.....	9
All others.....	<u>22</u>
Total.....	100

¹ Based on c.i.f. duty-paid value.

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

Market penetration by the subject imports

Table 26 details the degree of market penetration in terms of the percentage of total consumption of sodium metabisulfite and sodium thiosulfate accounted for by U.S. producers, by imports from the four countries under investigation, and by imports from all other sources. Over the 3-year period, U.S. producers' share of the quantity of total consumption fell from 85.9 percent to 83.5 percent. This share declined from 85.2 percent in January-March 1989 to 77.2 percent in January-March 1990.

As a group, the FRG, the PRC, Turkey, and the UK supplied 11.4 percent of the quantity of U.S. consumption in 1987, 10.9 percent in 1988, and 12.4 percent in 1989. Their combined share rose from 9.7 percent to 16.6 percent between the first quarters of 1989 and 1990.

Imports from all other sources increased in each year under investigation. In 1987, 1988, and 1989, imports from all other sources accounted for 2.7 percent, 4.0 percent, and 4.1 percent, respectively, of U.S. consumption. Market penetration by imports from all other sources grew from 5.1 percent to 6.2 percent in the interim periods.

Tables 27 and 28 detail the degree of market penetration in terms of the percentage of total consumption, by product, accounted for by U.S. producers, by imports from the four countries under investigation, and by imports from all other sources in 1989, January-March 1989, and January-March 1990.

Table 26

Sodium metabisulfite and sodium thiosulfate: U.S. producers' U.S. shipments; U.S. imports from the FRG, the PRC, Turkey, the UK, and all other sources; and total apparent U.S. consumption, 1987-89, January-March 1989, and January-March 1990

Item	1987	1988	1989	January-March--	
				1989	1990
	Share (in percent) of the quantity of total apparent U.S. consumption				
U.S. producers' U.S. shipments.....	85.9	85.1	83.5	85.2	77.2
U.S. imports from:					
FRG.....	6.8	5.2	7.0	6.0	9.3
PRC.....	0.7	0.7	1.2	0.4	0.9
Turkey.....	0.2	0.5	0.4	0.4	1.2
UK.....	3.7	4.5	3.8	2.9	5.3
Subtotal.....	11.4	10.9	12.4	9.7	16.6
All other sources.....	2.7	4.0	4.1	5.1	6.2
Total.....	14.1	14.9	16.5	14.8	22.8
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0
	Share (in percent) of the value of total apparent U.S. consumption				
U.S. producers' U.S. shipments.....	86.9	86.7	84.2	86.3	78.4
U.S. imports from:					
FRG.....	5.9	4.5	6.0	4.8	8.1
PRC.....	0.5	0.6	1.0	0.3	0.7
Turkey.....	0.2	0.4	0.3	0.3	0.9
UK.....	3.3	4.1	3.5	2.7	5.2
Subtotal.....	9.9	9.6	10.8	8.2	14.9
All other sources.....	3.3	3.7	5.0	5.5	6.7
Total.....	13.1	13.3	15.8	13.7	21.6
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0

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

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

Table 27

Sodium metabisulfite: U.S. producers' U.S. shipments; U.S. imports from the FRG, the PRC, Turkey, the UK, and all other sources; and total apparent U.S. consumption, 1987-89, January-March 1989, and January-March 1990

* * * * *

Table 28

Sodium thiosulfate: U.S. producers' U.S. shipments; U.S. imports from the FRG, the PRC, Turkey, the UK, and all other sources; and total apparent U.S. consumption, 1987-89, January-March 1989, and January-March 1990

* * * * *

Prices

Sodium metabisulfite and sodium thiosulfate are priced on a per-pound basis. In the first quarter of 1990, sodium metabisulfite was selling at an average of * * * cents per pound, anhydrous sodium thiosulfate at * * * per pound, and sodium thiosulfate pentahydrate from * * * to * * * cents per pound.⁷⁵

Changes in raw material costs.--Calabrian reported that raw material input costs have exerted upward pressure on the prices of certain sodium sulfur chemical compounds over the period of investigation, while * * *, * * *, * * *, and * * * have stated that they have not. A possible explanation for this difference is that Calabrian uses caustic soda as a raw material input whereas General, Blythe, and Ak-Kim use soda ash. * * *,^{76 77} * * *. Calabrian argues that a conversion to soda ash would be too costly and would reduce the quality of its products. However, Ak-Kim stated that it has experienced no problems since it converted to soda ash in 1988 and the cost of the conversion was relatively minor.⁷⁸

Caustic soda has increased in price from \$100 per ton in the beginning of 1987 to just over \$300 a ton in the first half of 1990, compared to a 19.4 percent increase in the price of soda ash, which increased from \$67 per ton in 1987 to \$80 in 1990.^{79 80} Of the remaining two primary raw material inputs, sulfur dioxide * * * by * * * from * * * per ton in 1987 to * * * per ton in 1990,⁸¹ and sulfur has * * * by * * *.⁸²

⁷⁵ Based on weighted-average producer and importer prices submitted in questionnaires responses.

⁷⁶ BASF, postconference brief, annex 14.

⁷⁷ BASF also contends that Calabrian's costs of production may be higher because they buy their oxygen externally, whereas most companies have an internal oxygen source (BASF, post-conference brief, p. 8).

⁷⁸ TR, p. 132.

⁷⁹ Chemical Purchasing Magazine, July 1989, p. 32 and July 1990, p. 34. Calabrian reported that the price it pays for caustic soda increased by over 300 percent from * * * per ton in 1987 to over * * * per ton in 1990 (questionnaire response submitted by Calabrian).

⁸⁰ BASF, postconference brief, p. 8.

⁸¹ Based on * * * submitted in the questionnaire. However, * * * (telephone conversation, * * *).

⁸² Submission by Calabrian at the conference.

Pricing practices.--Sodium bisulfite and liquid sodium thiosulfate compete with imported and domestic sodium metabisulfite and sodium thiosulfate.⁸³ Sodium bisulfite, priced on a dry-equivalent basis, is * * * cents * * * in price than sodium metabisulfite because it does * * *.⁸⁴ Liquid sodium thiosulfate, also priced on a dry-equivalent basis, has lower manufacturing costs than anhydrous sodium thiosulfate and is about * * * in price on a dry-equivalent basis.⁸⁵ Sodium thiosulfate pentahydrate is 65 percent active thiosulfate and is priced at * * *.

There are three grades of sodium metabisulfite--food, photographic, and technical--and two grades of sodium thiosulfate--photographic and technical. In the case of sodium metabisulfite, food grade is priced up to * * * cents more than either the photographic or the technical grade, which are generally almost the same in price.⁸⁶ In the case of anhydrous sodium thiosulfate, the prices of photographic and technical grade are identical and, according to Calabrian, these grades are substitutable.

Sales of these sodium sulfur chemical compounds are generally made on a spot basis. In 1989, * * * of Calabrian's sales were made on a spot basis, as were * * * of the sales of most importers.⁸⁷ All companies reported typical sales terms of net 30 days. Lead times are * * * days for domestic producers, and 1 to 3 days for imported product which is warehoused.⁸⁸ About half of the importers reported lead times for unwarehoused products of 4 to 6 weeks. The lead time reported for an unwarehoused product varied from 3 to 12 weeks.

Price lists are published by both Calabrian and General. Calabrian's price list includes prices for less-than-full-truckload orders, whereas General's price schedule does not. According to both Calabrian and General, these list prices have become * * *.⁸⁹

Over the period of investigation, both Calabrian and General raised list prices a number of times and announced across-the-board increases in previously negotiated prices. General announced two price increases for sodium metabisulfite between February 1987 and January 1989, which ranged from one to one and a half cents per pound. Calabrian announced three price increases between October 1989 and February 1990, also ranging from one to one and a half cents per pound.^{90 91} Since November 1989, Calabrian raised sodium

⁸³ Sodium bisulfite and liquid sodium thiosulfate are not known to be imported from the subject countries; metabisulfite and thiosulfate are imported in the dry form.

⁸⁴ * * *.

⁸⁵ Based on list prices (telephone conversation with * * *).

⁸⁶ Blythe, however, reports that its metabisulfite food grade is not used for technical purposes and that most of its sales in the United States are of the food grade.

⁸⁷ * * * was unable to report this information.

⁸⁸ * * * importers have warehouse facilities.

⁸⁹ * * *.

⁹⁰ There were no across-the-board price increases by Calabrian, either on or off list, before October 1989 (telephone conversation with * * *).

⁹¹ Calabrian notifies its customers of price increases 30 days before they take effect.

thiosulfate prices three times, by one and a half cents each time. Since January 1990, General has raised prices of anhydrous sodium thiosulfate twice by 3 cents and sodium thiosulfate pentahydrate once by 3 cents.

Importers reported that they do not use price lists, with the exceptions of * * *, which publishes a price list, and * * *, which maintains an internal price schedule.⁹² Most importers stated that price lists would be of limited value because prices are negotiated directly with each customer. Most importers also reported they have increased prices over the period of investigation to recover increases in prices charged by foreign manufacturers.

Both Calabrian and General reported that a standard 5-percent discount is given to distributors and that * * *. * * * also gives a 5-percent discount to distributors. Calabrian and General charge truckload prices for sales of 24,000 pounds or more.^{93 94} These companies also provide mixed truckloads, whereby a customer can mix a purchase of metabisulfite or thiosulfate with another chemical product. Although truckload prices are given for sales of 24,000 pounds or more, a full truckload is 40,000 to 44,000 pounds depending on the size of the truck. For less-than-full truckload purchases, the customer will have a higher per-pound freight expense.

Transportation.--Sales are made on both an f.o.b. and a delivered basis. In 1989, Calabrian made * * * of its sodium metabisulfite sales and * * * of its sodium thiosulfate sales on a delivered basis, * * * and * * * on an f.o.b. plant basis, and * * * for each on an f.o.b. warehouse basis. * * * sales of both sodium metabisulfite and sodium thiosulfate to * * *. According to * * *, this shift to * * *.⁹⁵ All * * * made some shipments on a delivered basis; four importers made shipments on an f.o.b. port-of-entry basis and seven on an f.o.b. warehouse basis.⁹⁶

Both producers and importers reported that transportation costs are an important consideration in customers' purchase decisions. The freight on sodium metabisulfite and anhydrous sodium thiosulfate generally ranges from * * * to * * * percent of the * * *; for sodium thiosulfate pentahydrate it ranges * * * to * * * percent.⁹⁷ Sometimes the producer arranges the transportation and sometimes the purchaser does. All but * * * importers reported that the importer generally arranges the freight. Importers' shipments are often sold on a delivered basis and include both overseas and

⁹² * * * its scheduled prices in April 1987, March 1988, and March 1989.

⁹³ A truckload price gives the maximum quantity discount for spot purchases.

⁹⁴ Approximately half of the importers reported that they try to make most of their sales for full container loads (37,478 pounds), although truckload sales (40,000-44,000 pounds) are offered by most importers that warehouse the product. Three importers reported that they would supply less-than-truckload orders.

⁹⁵ Conversation with * * *.

⁹⁶ Based on the responses of 13 importers.

⁹⁷ * * * questionnaire response.

inland freight.⁹⁸ It only costs * * * per pound for an importer to ship sodium metabisulfite or sodium thiosulfate * * *.⁹⁹

Both Calabrian and General reported selling sodium metabisulfite and sodium thiosulfate nationwide. Calabrian distributes all of its sodium metabisulfite and sodium thiosulfate from its producing facility in Port Neches, TX, and warehouses sodium thiosulfate pentahydrate in Los Angeles, CA. According to Calabrian, it has * * *. General sells sodium metabisulfite and sodium thiosulfate from its facility in North Claymont, DE, and from its warehouse in El Segundo, CA. It costs General * * * to transfer the product from its producing facilities in Delaware to El Segundo.¹⁰⁰

Calabrian reported that sodium bisulfite and liquid sodium thiosulfate are only sold within * * * of the Calabrian plant and General reported that sales of these solution products are * * *.¹⁰¹

Most importers reported that their sales of sodium metabisulfite and sodium thiosulfate are concentrated in specific geographic areas, many of which are close to ports of entry. It is not known where and how far the imported products are shipped once they are sold by the importers to distributors. According to both Calabrian and General the imports * * *.¹⁰²

Questionnaire price data.--The Commission requested U.S. producers and importers to provide quarterly price data between January 1987 and March 1990 for sodium metabisulfite, anhydrous sodium thiosulfate, and sodium thiosulfate pentahydrate (tables 29 and 30). * * * U.S. producers provided price information for all three of these products and 13 importers provided price data for the specific products they imported.¹⁰³ ¹⁰⁴ The responding U.S. producers accounted for * * * of total domestic shipments in 1989; the responding importers accounted for * * * of reported U.S. imports from the FRG, * * * from the PRC, * * * from Turkey, and * * * from the UK.

Weighted-average net delivered prices for U.S.-produced sodium metabisulfite * * * from * * * per pound in the first quarter of 1988 to * * * in the first quarter of 1989 and * * * to * * * in the first quarter of 1990. Imported FRG sodium metabisulfite * * * from * * * per pound in the first quarter of 1987 to * * * per pound in the first quarter of 1990, while imported UK sodium metabisulfite * * * from * * * to * * * over this same time period. Imported Turkish sodium metabisulfite * * * from * * * in the fourth quarter of 1987 to * * * in the first quarter of 1990. The price of PRC sodium metabisulfite has * * *, but was again * * * price of * * * in the first quarter of 1990.

⁹⁸ * * *.

⁹⁹ Telephone conversation, * * *.

¹⁰⁰ Conversation with * * *.

¹⁰¹ General Chemical produces sodium bisulfite in * * *.

¹⁰² Telephone conversations with * * *.

¹⁰³ App. E provides sodium metabisulfite prices and quantities for * * * and * * * individually. Price comparisons for sodium metabisulfite have been made using price data for the largest sale made in bags in each quarter. * * * largest sales of sodium metabisulfite for all quarters were made on a * * *. * * *.

¹⁰⁴ Celanese ceased production of these products in November 1989 and * * *.

Table 29

Sodium metabisulfite: Weighted-average net delivered prices reported by U.S. producers and importers and margins of underselling (overselling)¹ by the subject imports, by quarter, January 1987-March 1990

* * * * *

Table 30

Sodium thiosulfate: Weighted-average net delivered prices reported by U.S. producers and importers and margins of underselling (overselling)¹ by the subject imports, by product and by quarter, January 1987-March 1990

* * * * *

The price of U.S.-produced anhydrous sodium thiosulfate * * * between * * * and * * * per pound in 1987, * * * and * * * in 1988 and * * * and * * * in 1989; it * * * in price to * * * in the first quarter of 1990.¹⁰⁵ Only * * * importers, * * *, reported importing anhydrous sodium thiosulfate, * * * from * * *. The weighted-average net delivered price of this * * * anhydrous sodium thiosulfate * * * from * * * in the first quarter of 1987 to * * * in the first quarter of 1990.

The price of U.S.-produced sodium thiosulfate pentahydrate was * * * in 1987-88 at * * * per pound; it then * * * to * * * during 1989 and to * * * in the first quarter of 1990. The price of imported * * * sodium thiosulfate pentahydrate was * * * at * * * during October 1988-March 1990, the period for which data were reported. The * * * sodium thiosulfate pentahydrate * * * between * * * and * * * per pound except for the * * *. The * * * sodium thiosulfate pentahydrate * * * from * * * in 1987 and the first quarter of 1988 to * * * in the last three quarters of 1988.¹⁰⁶ It then * * * to * * * in the second quarter of 1989 before * * * slightly to * * * in the fourth quarter.

Margins of * * * for sodium metabisulfite are shown for the first quarter of 1988 to the first quarter of 1990, the nine quarters for which U.S. price data are available. During this time period, the * * * sodium metabisulfite * * * the U.S. product in * * * quarters, the * * * sodium metabisulfite * * * the U.S. product in * * * quarters, the * * * sodium metabisulfite * * * the U.S. product in * * * quarters, and the * * * sodium metabisulfite * * * the U.S. product in * * * quarters. * * * margins ranged from * * * to * * * percent for the * * * sodium metabisulfite, from * * * to

¹⁰⁵ Calabrian and General both reported that they * * *. Calabrian ceased production of anhydrous sodium thiosulfate * * *.

¹⁰⁶ Three importers reported import price information for sodium thiosulfate pentahydrate imports from the UK. Data provided by * * * are excluded as being unrepresentative (see footnote 5, table 30.) * * *.

*** percent for the *** sodium metabisulfite, from *** to *** for the *** sodium metabisulfite, and from *** to *** for the *** sodium metabisulfite. Both the *** and the *** products *** the U.S. product in the last four quarters of the investigation.

*** anhydrous sodium thiosulfate was priced *** than the U.S. product, by margins ranging from *** to *** percent, except in the first quarter of 1990, when it *** U.S. anhydrous sodium thiosulfate by *** percent. Sodium thiosulfate pentahydrate from the *** and the *** was priced *** than the U.S. product in ***. The margins of *** ranged from *** to *** percent for the *** sodium thiosulfate pentahydrate and from *** to *** percent for the *** sodium thiosulfate pentahydrate. *** sodium thiosulfate pentahydrate was priced *** than U.S. sodium thiosulfate pentahydrate in all quarters.

Quality considerations.--Some of the foreign manufacturers have alleged that the quality of Calabrian's sodium metabisulfite and sodium thiosulfate is inferior. Counsel for Blythe submitted a number of nonconfidential letters in support of this allegation. Sattva Chemical Co. stated that a small purchaser rejected Calabrian's anhydrous sodium thiosulfate for quality reasons and that Halliburton, the company's largest end user, discovered bits of wire, dirt, and stone in Calabrian's anhydrous sodium thiosulfate. An importer, Browning Chemical, also submitted a letter stating that many of its customers had complained about the inferior quality of Calabrian's technical grade product, citing such problems as caking, low assay,¹⁰⁷ and decomposition at high temperature. Several purchasers contacted by the Commission also reported that they had experienced problems with Calabrian's products.

According to Calabrian, its products have always met their customers' chemical specifications *** on a number of occasions ***. ***. Calabrian acquired the ability to produce *** material with the acquisition of the Celanese plant. This plant has been operational since ***.¹⁰⁸

According to General, ***.¹⁰⁹

*** importers reported that their major customers required no qualification tests. Five importers reported that their major customers had qualification processes and that none of their sodium metabisulfite or sodium thiosulfate imports had failed these tests. The importer, ***, reported that a *** technical grade sodium metabisulfite ***. The importer, ***, reported that a shipment of the *** product.¹¹⁰ Calabrian asked ***.¹¹¹

¹⁰⁷ The assay level characterizes the purity of the product.

¹⁰⁸ Telephone conversation with ***, Calabrian, Aug. 2, 1990.

¹⁰⁹ Conversation with ***.

¹¹⁰ Conversation with ***. According to Calabrian the Chinese product was purchased so that it could determine the Chinese price.

¹¹¹ Telephone conversation, ***.

Exchange rates

Quarterly data reported by the International Monetary Fund indicate that the currencies of three of the countries subject to these investigations fluctuated widely in relation to the U.S. dollar over the period from January-March 1987 through January-March 1990 (table 31).^{112 113} The nominal value of the Turkish currency depreciated 68.1 percent while the values of the UK and FRG currencies appreciated 7.5 percent and 8.8 percent, respectively. When adjusted for movements in producer price indexes in the United States and the specified countries, the respective values of the Turkish, the UK, and the FRG currencies appreciated 14.5 percent, 9.1 percent, and 1.0 percent, respectively, during the periods for which data were collected.

Table 31.
Exchange rates:¹ Indexes of nominal and real exchange rates of selected currencies, and indexes of producer prices in specified countries,² by quarter, January 1987-March 1990

Period	U.S. pro- ducer price index	Turkey			UK			FRG		
		Pro- ducer price index	Nominal exchange rate index	Real exchange rate index ³	Pro- ducer price index	Nominal exchange rate index	Real exchange rate index ³	Pro- ducer price index	Nominal exchange rate index	Real exchange rate index ³
1987:										
Jan.-Mar.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June.....	101.6	109.3	94.1	101.2	101.1	106.6	105.9	99.7	101.9	99.9
July-Sept.....	102.8	116.2	85.8	97.0	101.6	104.9	103.7	100.1	100.0	97.4
Oct.-Dec.....	103.3	129.8	79.0	99.3	102.7	113.8	113.2	100.4	107.9	104.9
1988:										
Jan.-Mar.....	103.9	159.5	66.9	102.7	103.8	116.5	116.5	100.4	109.8	106.1
Apr.-June.....	105.5	182.3	58.8	101.6	105.3	119.5	119.3	101.1	107.7	103.2
July-Sept.....	107.1	197.1	50.8	93.5	106.5	110.0	109.5	101.6	98.6	93.5
Oct.-Dec.....	107.6	227.3	43.7	92.4	107.8	116.1	116.3	102.1	103.6	98.3
1989:										
Jan.-Mar.....	109.9	266.7	39.9	96.8	109.3	113.4	112.7	103.6	99.5	93.7
Apr.-June.....	111.9	301.2	36.7	98.7	110.6	105.6	104.4	104.4	95.1	88.8
July-Sept.....	111.5	345.0	34.8	107.8	112.0	103.6	104.1	104.6	95.6	89.7
Oct.-Dec.....	111.9	386.4	33.2	114.5	113.4	102.8	104.2	105.4	101.5	95.6
1990:										
Jan.-Mar.....	113.5	(⁴)	31.9	(⁴)	115.2	107.5	109.1	105.4	108.8	101.0

¹ Exchange rates expressed in U.S. dollars per unit of foreign currency.

² Producer price indexes--intended to measure final product prices--are based on period-average quarterly indexes presented in line 63 of the International Financial Statistics.

³ The real exchange rate is derived from the nominal rate adjusted for relative movements in producer prices in the United States and the specified countries.

⁴ Not available.

Note.--January-March 1987 = 100.

Source: International Monetary Fund, International Financial Statistics, July 1990.

¹¹² International Financial Statistics, July 1990.

¹¹³ The exchange rate for the People's Republic of China is determined by the Government of China rather than the free market. Therefore, meaningful exchange rate data for the Chinese currency cannot be presented.

Lost sales and lost revenues

* * * firms reported allegations of lost sales involving * * * customers, and allegations of lost revenues involving * * * customers. Allegations of lost sales totaled * * * and allegations of lost revenues * * *. Staff contacted the customers listed below concerning 21 allegations representing * * * in alleged lost sales and 8 allegations representing * * * in lost revenues. Unless otherwise noted all price comparisons are made on a delivered basis.

* * *, a chemical distributor and manufacturer located in * * *, was named in one allegation of lost sales involving * * * pounds of sodium metabisulfite valued at * * * in * * *. * * * alleged that to keep this business they would need to meet the * * * price of * * * per pound delivered. * * * confirmed that in 1990 * * * has purchased * * * pounds of sodium metabisulfite from * * * for * * * per pound and that the price of the * * * product was approximately * * * per pound delivered as alleged by * * *. He stated that * * * reduced its purchases of sodium metabisulfite from * * * due to * * * with one of * * * shipments in late 1989. One of * * * customers currently refuses to purchase * * * product. * * * commented that * * * product was likely to * * *. According to * * *, the * * * material is comparable to * * * on-spec material and is qualified for food, photographic, and technical applications.¹¹⁴ He said that * * * has been purchasing the * * * product for approximately * * * years and has just ordered its * * * shipment. He reported that any subsequent purchases of the * * * sodium metabisulfite would be more expensive, although he could not comment specifically on what the price would be. He said that the payment terms for the * * * and the * * * product were comparable but noted that * * * product had to be ordered 8-10 weeks in advance compared to a 2-day lead time for * * * product.

* * * * * * *

* * *, a distributor based in * * *, was named in one lost sale allegation involving * * * pounds of sodium metabisulfite valued at * * * in * * *, as a result of competition from the * * * product priced at * * * per pound. * * * could not recall this specific incident. He stated that he was not currently purchasing sodium metabisulfite from * * * because the price of its product was high and the * * *. He stated that he had purchased * * * pounds from * * * in 1989. * * * currently purchases food grade and technical grade sodium metabisulfite from * * *. * * * stated that * * * price had been lower than * * * price until * * *, when * * * raised its price to be comparable to * * *. He commented that * * * offer a better product mix for his purposes than * * *.¹¹⁵ He would not quote actual current prices for any company.

* * * was named in one lost sale allegation in * * * involving * * * pounds of sodium metabisulfite valued at * * * as a result of competition with the * * * product offered at * * * per pound. * * * could not confirm or deny this specific allegation, although he confirmed that * * * had shifted some of

114 * * *.

115 * * *.

its business from * * * to the * * * because * * * had not been a reliable supplier in * * *. He said the price of the * * * product was approximately * * * per pound f.o.b. port-of-entry and that * * * paid the freight to its warehouse. According to * * *, when * * * stopped manufacturing sodium metabisulfite he tried to add * * * as a source. * * * declined to supply * * * on the grounds that it could not support new business. * * * currently purchases from * * *, importers of the * * * product and other distributors. * * * stated that * * * had never knowingly purchased product from the * * *, * * *, or the * * *. He noted that the quality of the * * * product is below * * * and suggested that this might contribute to the difference in the U.S. and the * * * prices.

* * *, a distributor in * * *, was named by * * * in one lost sale allegation, in * * *, involving * * * pounds of metabisulfite valued at * * * that was lost to a * * * product priced at * * * per pound delivered. According to * * *, a purchaser for * * *, the company has never purchased the * * * product although * * * had heard that its price was competitive. She recollected that purchases from * * * were discontinued in * * *, because * * * prices were not competitive with * * * and * * *. She had no information on * * * current prices but commented that prices offered by * * * were lower than those offered by * * *. Most of * * * purchases are currently made from * * *, which has supplied the company for at least * * *. Purchases are also made from * * *, which, unlike * * *, offers * * * pricing and will supply purchasers with truckloads containing a mix of products. * * * reported that as far as she knew the quality of the * * *, * * *, and * * * products were comparable. The order lead time from * * * is * * * weeks compared to a * * * for * * *.

* * *, located in * * *, was named in one lost revenue allegation involving a sale of * * * pounds of sodium thiosulfate pentahydrate in competition with the * * * product imported by * * *. According to * * *, it had to lower its price from * * * to * * * per pound in order to regain business lost to * * *. * * * confirmed that * * * had purchased * * * pounds of sodium thiosulfate from * * * in the * * * because * * * price was lower than * * *. * * * regained all of * * * business by subsequently lowering its prices. * * * could not recall specific price information. He stated that the quality, order lead times, and payment terms were the same for both companies.

* * *, a distributor located in * * *, was cited in two lost sales and two lost revenues.¹¹⁶ According to * * *, in * * * it lost sales * * * of * * * pounds of sodium thiosulfate valued at * * * and * * * pounds of sodium metabisulfite valued at * * * to * * * sodium thiosulfate pentahydrate and sodium metabisulfite priced at * * * and * * * per pound delivered. According to * * *, when * * * raised * * * prices to list level, * * * switched all of its business to * * *. * * * later lowered its price and regained some of * * * business. * * * stated that although * * * might have lost sales to * * *, it was not because of the * * *. * * * noted that * * * purchases are not made on the basis of price alone and that both the * * * and the * * * products are available at a price lower than * * *. He stated that * * * was * * * original source for these chemical compounds and was chosen on the basis

¹¹⁶ The lost sale and lost revenue allegations are the same.

of its reputation. He reported that in * * * was not interested in selling to * * * because it had buyers for its entire production. * * * currently buys from * * *. According to * * * sodium metabisulfite is * * * as the sodium metabisulfite produced by some of its competitors. * * * distributes these chemical compounds to * * * and * * * producers.

* * *, a distributor located in * * *, was named by * * * in an allegation of lost sales of * * * pounds per quarter of sodium thiosulfate pentahydrate to the * * * product in * * * 1989. * * * stated that prices of the * * * product and the * * * product had been the same and that * * * started buying the imported product because * * * raised its price. He added that * * * had originally purchased only imports and had been purchasing from * * * for approximately * * *. * * * also purchases the * * * product. According to * * *, the * * * sodium thiosulfate pentahydrate is superior to * * * and the * * * sodium thiosulfate pentahydrate inferior. However, he commented that quality is not an important consideration for * * * customers, which primarily use the product to * * *. * * * noted that the order lead time for imports was * * *, compared to approximately * * * for * * *.

* * *, a manufacturer of * * * located in * * *, was named by * * * in one lost revenue allegation in * * * involving a sale of * * * pounds of sodium metabisulfite valued at * * * in competition with * * * imports priced at * * * per pound delivered. * * *, a senior buyer for * * *, denied this allegation, stating that * * * had not purchased the * * * or the * * * sodium metabisulfite for a number of years. He stated that he had asked * * * to meet a competitive price offered by * * *. He noted that * * * currently purchases sodium metabisulfite only from * * * and * * *, but added that it is looking at import sources to keep prices competitive. He did not believe quality would be a problem with metabisulfite imported from * * * or * * * but believed it was likely to be a problem with sodium metabisulfite imported from * * * and * * *.

* * *, a distributor in * * *, was named by * * * in one lost revenue allegation involving * * * pounds of sodium thiosulfate pentahydrate. * * * was forced to reduce their prices from * * * to * * * in order to compete with sodium thiosulfate pentahydrate from * * * priced at * * *. * * * confirmed this allegation. She stated that * * * only purchases the * * * and * * * sodium thiosulfate pentahydrate. She stated that her customers were satisfied with the quality of both the * * * and * * * products.

* * *, a chemical distributor in * * *, was named by * * * in two lost sales allegations. One allegation involved * * * pounds of sodium metabisulfite priced at * * * per pound compared to an import price of * * * per pound and one involved * * * pounds of sodium thiosulfate pentahydrate priced at * * * per pound compared to an import price of * * * per pound. * * * denied these allegations. He stated that * * * had never been one of * * * major suppliers and that * * * had been purchasing imports before * * *. He noted that * * * had raised its prices substantially when * * * and that its product is sometimes of * * *. Some of * * * customers * * * that * * * sodium thiosulfate pentahydrate * * *.

* * *, a chemical distributor in * * *, was named in one allegation of lost revenues in * * *, by * * * affecting * * * pounds of sodium metabisulfite. According to * * *, they reduced their price from * * * to

*** to meet the price of a *** product. *** chose not to comment on this allegation.

***, a distributor with a location in ***, was named by *** in one lost sales allegation in ***, involving *** pounds of sodium metabisulfite priced at *** per pound. According to ***, it lost this business to a *** product priced at *** per pound. *** said he could not easily confirm or deny this allegation, although he did not believe that *** had ever purchased the *** sodium metabisulfite. He said the majority of *** sodium metabisulfite purchases were from ***.

***, a distributor in ***, was named by *** in one lost sales allegation involving *** pounds of sodium metabisulfite priced at *** to a *** product priced at ***. *** could not recall this specific instance. She purchases mainly imported *** product and *** product, with small purchases from ***. *** stated that the *** product was priced several cents *** than ***. She reported that the quality of the *** and *** products was comparable.

***, a distributor in ***, was named by *** in one lost sales allegation involving *** pounds of sodium metabisulfite priced at *** and sodium metabisulfite from *** priced at *** per pound. *** denied this allegation. He stated that the company did not buy metabisulfite from *** and had only purchased *** pounds of sodium metabisulfite ***. He noted that *** currently purchases only from ***.

***, a distributor in ***, was named by *** in one lost sales allegation in *** involving *** pounds of sodium metabisulfite priced at *** and *** product priced at ***. *** confirmed this allegation. He stated that *** had been trying to sell *** sodium metabisulfite and had lost the sale to another distributor selling the *** product. *** only sells the domestically produced sodium metabisulfite. According to ***, the *** is pricing its product ***. He added that *** sodium metabisulfite is available at ***.

***, a distributor in ***, was named by *** in one lost sales allegation in *** involving *** pounds of sodium metabisulfite for sale at *** per pound. According to *** it lost the sale to *** metabisulfite priced at *** per pound. *** was unable to confirm this specific allegation. He noted that price was not always the major consideration in choosing a supplier and that a switch from *** to *** could have been made because *** provides consistently high follow-up service whereas *** does not.

***, a distributor in ***, was named in two lost sales allegations, each composed of *** pounds of food grade sodium metabisulfite. *** alleged that in *** its price of *** per pound for sodium metabisulfite to *** was underbid by *** sodium metabisulfite offered at *** per pound and in *** its price of *** per pound for sodium metabisulfite was underbid by *** at ***. According to *** has not purchased *** sodium metabisulfite for food applications. He stated that *** was *** principle supplier and that only *** of food grade sodium metabisulfite, which was from ***, had been imported in ***.

***, a distributor in ***, was named by *** in two lost sales allegations for sodium metabisulfite in *** involving *** pounds and *** pounds of sodium metabisulfite, offered at *** and *** per pound, respectively, to a *** product priced at ***. *** confirmed that these prices were correct but stated that the quantity reported by *** was greatly exaggerated. In ***, *** purchased *** pounds of sodium metabisulfite from *** and *** pounds of imported sodium metabisulfite. *** said that *** was primarily a distributor for ***.

*** allegedly lost revenues in ***, for the sale of *** pounds of sodium metabisulfite to ***, a chemical distributor located in ***. According to ***, *** rejected *** initial price quote of *** per pound and accepted its *** of *** per pound. *** could not confirm this specific allegation. He stated, nevertheless, that in *** attempted to raise its price by *** per pound. Since the foreign producers were still willing to deliver product at ***, *** backed away from its price hike. *** also noted that, in general, the imports cost *** per pound than the domestic material (*** for the imports compared to *** for the U.S. product), although in individual cases *** matches *** bids. *** added that he does not buy *** products due to its ***.

*** could not verify the allegation that *** had reduced its price from *** per pound to *** per pound in order to compete with sodium metabisulfite imports from the *** on a sale of *** pounds in ***. *** records document the *** per pound selling price but reveal nothing about the alleged initial price quotation. *** was dubious of the *** figure; in fact, he found this price quotation "astronomical." He noted that in *** tried to increase its price from *** per pound to *** per pound but, since *** price remained unchanged, *** retreated from its price increase. He also questioned the alleged quantity involved. A shipment of *** pounds of sodium metabisulfite is roughly *** than a normal shipment. Such a shipment would more likely represent *** of sodium metabisulfite by ***.

*** in *** could not confirm the alleged *** lost sale of *** pounds of technical grade sodium metabisulfite to a *** producer. *** stated that, while his firm buys *** percent of its sodium metabisulfite from ***, the *** material tends to be a few cents *** per pound. He also noted that the figure of *** pounds is certainly *** for a single sale. Such an amount would represent *** sodium metabisulfite ***.

The Commission contacted *** in *** about an alleged lost sale of *** pounds of technical grade sodium metabisulfite to a *** supplier in ***. He stated that in *** his company purchased a total of *** pounds of sodium metabisulfite, all of which were ***. In *** delivered price was *** per pound; the *** import cost ***. *** stressed that the quality of the imported product highly impressed his customers. Due to their positive response to the *** product, *** slowly switched his purchases over to it. He based his decision, first, on the superior quality of the import and, second, on its ***.

Lost sales and lost revenues alleged in petition

***, a distributor in ***, was named by *** in one lost sale allegation of sodium metabisulfite in *** involving *** pounds of sodium metabisulfite valued at *** (** per pound) as a result of competition with the *** and *** products which were priced at a delivered price of ***. *** stated that the company had never purchased the *** or *** sodium metabisulfite. He said that *** stopped purchasing *** product when *** raised prices. Purchases were made from *** until it ***. *** currently purchases *** sodium metabisulfite at a price *** the price of the *** product. *** was unable to give specific information on prices. He said the quality of both the domestic and the *** products were comparable and that the order lead times for both products ranged from ***.¹¹⁷

***, located in ***, was named in one allegation of lost sales in ***. According to *** placed an order for *** of sodium metabisulfite but asked that *** meet the *** price of *** per pound delivered. *** declined to fill the order. *** stated that *** had approached him to make this sale. He confirmed that he asked *** to meet the price of an *** product. He said that *** had never been one of *** suppliers. He noted that *** had been *** sodium metabisulfite until ***. He stated that *** had purchased from *** before it *** sodium metabisulfite. He currently purchases only the *** product from *** and does not know its ***. He remarked that he had to buy at a competitive price or he would be unable to compete with other chemical distributors.

***, a distributor located in ***, was named in one lost sales allegation involving *** of sodium metabisulfite because of competition with the *** product. *** denied this allegation. He stated that all of the imported material purchased by *** is from ***. He said that *** of his purchases were of *** sodium metabisulfite, *** of *** product, and *** of *** product.

***, a chemical distributor in ***, was named in one lost sale allegation involving sodium metabisulfite from ***. According to ***, *** placed a *** for sodium metabisulfite and requested that *** meet a *** delivered price of *** per pound less ***. ***, a purchaser for ***, denied this allegation. He stated that *** did not solicit this order and has never purchased sodium metabisulfite from ***. He reported that *** currently purchases sodium metabisulfite from *** for *** per pound f.o.b., and from *** and *** for *** per pound.

¹¹⁷ *** sodium metabisulfite in the United States.

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APPENDIX A

FEDERAL REGISTER NOTICES

**INTERNATIONAL TRADE
COMMISSION**

[Investigations Nos. 701-TA-303
(Preliminary) and 731-TA-465-468
(Preliminary)]

**Certain Sodium Sulfur Chemical
Compounds From Federal Republic of
Germany, People's Republic of China,
Turkey, and United Kingdom**

AGENCY: United States International
Trade Commission.

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

SUMMARY: The Commission hereby gives notice of the institution of preliminary countervailing duty investigation No. 701-TA-303 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)), and of preliminary antidumping investigations Nos. 731-TA-465-468 (Preliminary), under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)), to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from the Federal Republic of Germany, the People's Republic of China, Turkey, and the United Kingdom, of sodium metabisulfite and sodium thiosulfate, provided for in subheadings 2832.10.00 and 2832.30.10, respectively, of the Harmonized Tariff Schedule of the United States (previously provided for in item 421.54 of the former Tariff Schedules of the United States), that are alleged to be subsidized by the Government of Turkey and sold in the United States at less than fair value by the Federal Republic of Germany, the People's Republic of China, Turkey, and the United Kingdom. As provided in sections 703(a) and 733(a), the Commission must complete preliminary countervailing duty and antidumping investigations in 45 days, or in this case by August 23, 1990.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A and B (19 CFR part 207), and part 201, subparts A through E (19 CFR part 201).

EFFECTIVE DATE: July 9, 1990.

FOR FURTHER INFORMATION CONTACT:
Valerie Newkirk (202-252-1190), Office
of Investigations, U.S. International
Trade Commission, 500 E Street SW.,

Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-252-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-252-1000.

SUPPLEMENTARY INFORMATION:

Background. These investigations are being instituted in response to a petition filed on July 9, 1990, by the Calabrian Corporation, Houston, TX.

Participation in these 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 (19 CFR 201.11), not later than seven (7) days after publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Public service list. Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), each public document filed by a party to the investigations must be served on all other parties to the investigations (as identified by the public 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.

Limited disclosure of business proprietary information under a protective order and business proprietary information service list. Pursuant to § 207.7(a) of the Commission's rules (19 CFR 207.7(a)), the Secretary will make available business proprietary information gathered in these preliminary investigations to authorized applicants under a protective order, provided that the application be made not later than seven (7) days after the publication of this notice in the Federal Register. A separate service list will be maintained by the Secretary for those parties authorized to receive business proprietary information under a protective order. The Secretary will not accept any submission by parties

containing business proprietary information without a certificate of service indicating that it has been served on all the parties that are authorized to receive such information under a protective order.

Conference. The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on July 31, 1990, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Valerie Newkirk (202-252-1190) not later than July 27, 1990, to arrange for their appearance. Parties in support of the imposition of countervailing and antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Written submissions. Any person may submit to the Commission on or before August 2, 1990, a written brief containing information and arguments pertinent to the subject matter of the investigations, as provided in § 207.15 of the Commission's rules (19 CFR 207.15). If briefs contain business proprietary information, a nonbusiness proprietary version is due August 3, 1990. A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the rules (19 CFR 201.8). All written submissions except for business proprietary 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 information for which business proprietary treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Business Proprietary Information." Business proprietary submissions and requests for business proprietary treatment must conform with the requirements of §§ 201.8 and 207.7 of the Commission's rules (19 CFR 201.8 and 207.7).

Parties which obtain disclosure of business proprietary information pursuant to § 207.7(a) of the Commission's rules (19 CFR 207.7(a)) may comment on such information in their written brief, and may also file additional written comments on such information no later than August 6, 1990. Such additional comments must be limited to comments on business proprietary information received on or after the written briefs. A nonbusiness

proprietary version of such additional comments is due August 7, 1990.

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to section § 207.12 of the Commission's rules (19 CFR 207.12).

Issued: July 10, 1990.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 90-16486 Filed 7-12-90; 8:45 am]

BILLING CODE 7020-02-M

[A-570-805]

Initiation of Antidumping Duty Investigation; Certain Sulfur Chemicals From the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce (the Department), we are initiating an antidumping duty investigation to determine whether imports of sodium metabisulfite and sodium thiosulfate (certain sulfur chemicals) from the People's Republic of China (the PRC) are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of certain sulfur chemicals from the PRC are materially injuring, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before August 23, 1990. If that determination is affirmative, we will make our preliminary determination on or before December 17, 1990.

EFFECTIVE DATE: August 7, 1990.

FOR FURTHER INFORMATION CONTACT: Kate Johnson or Jim Terpstra, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 377-4103 or (202) 377-8830, respectively.

SUPPLEMENTARY INFORMATION:

The Petition

On July 9, 1990, we received a petition filed in proper form by the Calabrian Corporation, on behalf of the United States industry producing certain sulfur chemicals. In compliance with the filing requirements of the Department's regulations (19 CFR 353.12 (1990)), petitioner alleges that imports of certain sulfur chemicals from the PRC are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are materially injuring, or threaten material injury to, a U.S. industry.

Petitioner has stated that it has standing to file the petition because it is an interested party, as defined under section 771(9)(C) of the Act, and because

it has filed the petition on behalf of the U.S. Industry producing the product that is subject to this investigation. If any interested party, as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act, wishes to register support for, or opposition to, this petition, please file written notification with the Assistant Secretary for Import Administration.

Under the Department's regulations, any producer or reseller seeking exclusion from a potential antidumping duty order must submit its request for exclusion within 30 days of the date of the publication of this notice. The procedures and requirements regarding the filing of such requests are contained in section 353.14 of the Department's regulations.

United States Price and Foreign Market Value

Petitioner's estimate of United States Price (USP) is based on confirmed price quotes by chemical importers/brokers to petitioner's current or former customers, as well as its own purchase of the subject merchandise from Sinochem. Petitioner deducted, where appropriate, U.S. movement expenses to the importer's customer to obtain an FOB port price. From this FOB price, petitioner deducted the broker mark-up, if applicable, Customs duties, ocean transportation and insurance, foreign and U.S. brokerage charges, and miscellaneous expenses including U.S. Customs duty users' fees, handling expenses, any applicable port fees, and bank fees. In addition, foreign freight expenses were deducted.

Petitioner alleges that the PRC is a nonmarket economy country within the meaning of section 773(c) of the Act. Accordingly, petitioner based foreign market value (FMV) on constructed value (CV). Constructed value was calculated using petitioner's manufacturing costs adjusted for known differences in manufacturing costs in a country at a stage of economic development comparable to the PRC (i.e., India). To calculate an estimated CV for the subject merchandise, petitioner first increased raw material costs for sulfur dioxide, an input for the subject merchandise. Petitioner asserts that this was done to reflect the cost savings it realizes as a result of a patented and licensed process which petitioner claims is unavailable to its foreign competitors. According to petitioner, the other raw materials are commodities which are sold at similar prices worldwide. As such, no adjustments to other raw material costs were made. Petitioner reduced direct labor costs to account for lower labor

costs in India. Its source for Indian labor rates was the Department of Labor, Bureau of Labor Statistics. No adjustments were made for fixed or variable overhead costs, as petitioner did not have information as to differences between U.S. and Indian costs. Petitioner added the statutory minimums of ten percent for general, selling and administrative expenses, and eight percent for profit, in accordance with section 773(e)(1)(B) of the Act. Petitioner also added an amount for U.S. packing and adjusted for imputed credit expenses.

Based on a comparison of USP and FMV, petitioner alleges dumping margins ranging from 25.57 percent to 123.83 percent.

Petitioner also alleges that "critical circumstances" exist, within the meaning of section 733(e) of the Act, with respect to imports of certain sulfur chemicals from the PRC.

Initiation of Investigation

Under section 732(c) of the Act, the Department must determine, within 20 days after a petition is filed, whether the petition sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether the petition contains information reasonably available to the petitioner supporting the allegations.

We have examined the petition on certain sulfur chemicals from the PRC and found that the petition meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of certain sulfur chemicals from the PRC are being, or are likely to be, sold in the United States at less than fair value. We will also make a determination as to whether critical circumstances exist with respect to the subject merchandise. If our investigation proceeds normally, we will make our preliminary determination by December 17, 1990.

Scope of Investigation

The United States has developed a system of tariff classification based on the international Harmonized system of customs nomenclature. On January 1, 1989, the U.S. tariff schedules were fully converted to the harmonized Tariff Schedule (HTS), as provided for in section 1201 *et seq.* of the Omnibus Trade and Competitiveness Act of 1988. All merchandise entered or withdrawn from warehouse for consumption on or after this date will be classified solely according to the appropriate HTS subheadings. The HTS subheadings are provided for convenience and U.S.

Customs Service purposes. The written description remains dispositive as to the scope of the product coverage.

The sulfur chemicals subject to this investigation are all grades of sodium metabisulfite and sodium thiosulfate, in dry or liquid form, used primarily to dechlorinate industrial and municipal waste water. The chemical compositions of sodium metabisulfite and sodium thiosulfate are $\text{Na}_2\text{S}_2\text{O}_5$ and $\text{Na}_2\text{S}_2\text{O}_3$, respectively. All other sulfur chemicals are excluded from this investigation.

Sodium metabisulfite and sodium thiosulfate are currently provided for under the following HTS subheadings: 2832.10.0000 and 2832.30.1000, respectively.

ITC Notification

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all non-privileged and nonproprietary information. We will allow the ITC access to all privileged and business proprietary information in the Department's files, provided the ITC confirms in writing that it will not disclose such information either publicly or under administrative protective order without the written consent of the Deputy Assistant Secretary for Investigations, Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 23, 1990, whether there is a reasonable indication that imports of certain sulfur chemicals from the PRC are materially injuring, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated; otherwise, the investigation will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 732(c)(2) of the Act.

Dated: July 30, 1990.

Eric I. Garfinkel,
Assistant Secretary for Import
Administration.

[FR Doc. 90-18350 Filed 8-6-90; 8:45 am]
BILLING CODE 3510-05-M

[A-412-805]

Initiation of Antidumping Duty Investigation: Certain Sulfur Chemicals from the United Kingdom

AGENCY: Import Administration,
International Trade Administration,
Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce (the Department), we are initiating an antidumping duty investigation to determine whether imports of sodium metabisulfite and sodium thiosulfate (certain sulfur chemicals) from the United Kingdom (the U.K.) are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of certain sulfur chemicals from the U.K. are materially injuring, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before August 23, 1990. If that determination is affirmative, we will make our preliminary determination on or before December 17, 1990.

EFFECTIVE DATE: August 7, 1990.

FOR FURTHER INFORMATION CONTACT: Kate Johnson or Jim Terpstra, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone (202) 377-4103 or (202) 377-8830, respectively.

SUPPLEMENTARY INFORMATION:

The Petition

On July 8, 1990, we received a petition filed in proper form by the Calabrian Corporation, on behalf of the United States industry producing certain sulfur chemicals. In compliance with the filing requirements of the Department's regulations (19 CFR 353.12 (1990)), petitioner alleges that imports of certain sulfur chemicals from the U.K. are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are materially injuring, or threaten material injury to, a U.S. industry.

Petitioner has stated that it has standing to file the petition because it is an interested party, as defined under section 771(9)(C) of the Act, and because it has filed the petition on behalf of the U.S. industry producing the product that is subject to this investigation. If any interested party, as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act, wishes to register support for, or opposition to, this petition, please file written notification with the Assistant Secretary for Import Administration.

Under the Department's regulations, any producer or reseller seeking

exclusion from a potential antidumping duty order must submit its request for exclusion within 30 days of the date of the publication of this notice. The procedures and requirements regarding the filing of such requests are contained in section 353.14 of the Department's regulations.

United States Price and Foreign Market Value

Petitioner's estimate of United States Price (USP) is based on confirmed price quotes by chemical importers/brokers to petitioner's current or former customers. Petitioner deducted, where appropriate, U.S. movement expenses to the importers customer to obtain an FOB port price. From this FOB price, petitioner deducted the broker mark-up, Customs duties, ocean transportation and insurance, foreign and U.S. brokerage charges, and miscellaneous expenses including U.S. Customs duty users' fees, handling expenses, any applicable port fees, and bank fees. In addition, foreign freight expenses were deducted.

Petitioner's estimate of foreign market value (FMV) for sodium metabisulfite and one physical form of sodium thiosulfate is based on ex-works prices to distributors. To adjust FMV, petitioner added additional packing costs and adjusted for imputed credit.

Petitioner's estimate of FMV for another physical form of sodium thiosulfate is based on constructed value (CV), as petitioner was unable to obtain reliable home market or third country pricing information. Constructed value was based on petitioner's manufacturing costs, adjusted for known differences in U.K. production costs. To calculate an estimated CV for the subject merchandise, petitioner first increased raw material costs for sulfur dioxide, an input for the subject merchandise. This was done to reflect the cost savings it realizes as a result of a patented and licensed process which petitioner claims is unavailable to its foreign competitors. According to petitioner, the other raw materials are commodities which are sold at similar prices worldwide. As such, no adjustments were made to other raw materials. Petitioner reduced direct labor costs to account for lower labor costs in the U.K. Its source for U.K. labor rates was the Department of Labor, Bureau of Labor Statistics. No adjustments were made for fixed or variable overhead costs, as petitioner did not have information as to differences between U.S. and U.K. costs. Petitioner added the statutory minimums of ten percent for general, selling and administrative expenses, and eight

percent for profit, in accordance with section 773(e)(1)(B) of the Act. Petitioner also added an amount for U.S. packing and adjusted for imputed credit expenses.

Based on a comparison of USP and FMV, petitioner alleges dumping margins ranging from 29.10 percent to 65.49 percent.

Petitioner also alleges that "critical circumstances" exist, within the meaning of section 733(e) of the Act, with respect to imports of certain sulfur chemicals from the U.K.

Initiation of Investigation

Under section 732(c) of the Act, the Department must determine, within 20 days after a petition is filed, whether the petition sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether the petition contains information reasonably available to the petitioner supporting the allegations.

We have examined the petition on certain sulfur chemicals from the U.K. and found that the petition meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of certain sulfur chemicals from the U.K. are being, or are likely to be, sold in the United States at less than fair value. We will also make a determination as to whether critical circumstances exist with respect to the subject merchandise. If our investigation proceeds normally, we will make our preliminary determination by December 17, 1990.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of customs nomenclature. On January 1, 1989, the U.S. tariff schedules were fully converted to the Harmonized Tariff Schedule (HTS), as provided for in section 1201 *et seq.* of the Omnibus Trade and Competitiveness Act of 1988. All merchandise entered or withdrawn from warehouse for consumption on or after this date will be classified solely according to the appropriate HTS subheadings. The HTS subheadings are provided for convenience and U.S. Customs Service purposes. The written description remains dispositive as to the scope of the product coverage.

The sulfur chemicals subject to this investigation are all grades of sodium metabisulfite and sodium thiosulfate, in dry or liquid form, used primarily to dechlorinate industrial and municipal waste water. The chemical compositions

of sodium metabisulfite and sodium thiosulfate are $\text{Na}_2\text{S}_2\text{O}_5$ and $\text{Na}_2\text{S}_2\text{O}_3$, respectively. All other sulfur chemicals are excluded from this investigation.

Sodium metabisulfite and sodium thiosulfate are currently provided for under the following HTS subheadings: 2832.10.0000 and 2832.30.1000, respectively.

ITC Notification

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all non-privileged and nonproprietary information. We will allow the ITC access to all privileged and business proprietary information in the Department's files, provided the ITC confirms in writing that it will not disclose such information either publicly or under administrative protective order without the written consent of the Deputy Assistant Secretary for Investigations, Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 23, 1990, whether there is a reasonable indication that imports of certain sulfur chemicals from the U.K. are materially injuring, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated; otherwise, the investigation will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 732(c)(2) of the Act.

Dated: July 30, 1990.

Eric L. Garfinkel,

Assistant Secretary for Import Administration.

[FR Doc. 90-18352 Filed 6-6-90; 8:45 am]

BILLING CODE 3510-06-01

[A-426-807]

Initiation of Antidumping Duty Investigation; Certain Sulfur Chemicals from the Federal Republic of Germany

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce (the Department), we are initiating an antidumping investigation to determine whether imports of sodium metabisulfite and sodium thiosulfate (certain sulfur chemicals) from the Federal Republic of Germany (FRG) are being, or are likely

to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of certain chemicals from the FRG are materially injuring, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before August 23, 1990. If that determination is affirmative, we will make our preliminary determination on or before December 17, 1990.

EFFECTIVE DATE: August 7, 1990.

FOR FURTHER INFORMATION CONTACT: Kate Johnson or Jim Terpstra, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, DC 20230; telephone (202) 377-4103 or (202) 377-8830, respectively.

SUPPLEMENTARY INFORMATION:

The Petition

On July 9, 1990, we received a petition filed in proper form by the Calabrian Corporation, on behalf of the United States industry producing certain sulfur chemicals. In compliance with the filing requirements of the Department's regulations (19 CFR 353.12 (1990)), petitioner alleges that imports of certain sulfur chemicals from the FRG are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are materially injuring, or threaten material injury to, a U.S. industry.

Petitioner has stated that it has standing to file the petition because it is an interested party, as defined under section 771(9)(C) of the Act, and because it has filed the petition on behalf of the U.S. industry producing the product that is subject to this investigation. If any interested party, as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act, wishes to register support for, or opposition to, this petition, please file written notification with the Assistant Secretary for Import Administration.

Under the Department's regulations, any producer or reseller seeking exclusion from a potential antidumping duty order must submit its request for exclusion within 30 days of the date of the publication of this notice. The procedures and requirements regarding the filing of such requests are contained in section 353.14 of the Department's regulations.

United States Price and Foreign Market Value

Petitioner based United States Price (USP) on both purchase price (PP) and exporter's sales price (ESP). Petitioner based PP on confirmed price quotes by chemical importers/brokers to petitioner's current and former customers and to firms whose business petitioner actively competed for in 1989 and 1990. Petitioner deducted, where appropriate, U.S. movement expenses to the importer's customer to obtain an FOB port price. From this FOB price, petitioner deducted the broker mark-up, Customs duties, ocean transportation and insurance, foreign and U.S. brokerage charges, and miscellaneous expenses including U.S. Customs duty users' fees, handling expenses, any applicable port fees, and bank fees. In addition, foreign freight expenses were deducted.

For ESP sales, petitioner obtained several confirmed sales or offers for sale to its current or former customers as well as a price quote from BASF Corporation's Chicago warehouse. From the confirmed FOB sales prices, petitioner deducted U.S. freight expenses and input credit expenses to arrive at an ex-factory price for the subject merchandise. We disallowed petitioner's ten percent deduction for general, selling and administrative expenses in the United States as section 772(e)(2) of the Act only allows for the deduction of selling expenses from ESP. For the warehouse price quote, an additional deduction was made for a distributor discount. This deduction was not made on the confirmed sale, as it was already reflected in the price paid by the unrelated distributor. The following deductions were then made from the FOB port price: Customs duties, ocean freight and insurance, U.S. and foreign brokerage, Customs users' fees, port charges, handling fees, bank charges and inland freight. Petitioner also deducted imputed credit expenses to account for inventory carrying costs from the time of shipment from the manufacturer in the FRG to the time of delivery by the BASF subsidiary.

Petitioner's estimate of foreign market value (FMV) is based on ex-works prices to distributors. When PP was used for price comparisons, petitioner adjusted for imputed credit costs. When ESP was used for price comparisons, petitioner deducted imputed credit costs. In its less than fair value allegation, when USP was based on ESP, petitioner made an additional deduction from FMV for indirect selling expenses. We disallowed this deduction because

no indirect selling expenses were reported or deducted from ESP.

We compared USP to FMV based on information provided in the petition, adjusted for indirect selling expenses, as described above. Accordingly, we found margins ranging from 52.15 percent to 100.40 percent.

Petitioner also alleges that "critical circumstances" exist, within the meaning of section 733(e) of the Act, with respect to imports of certain sulfur chemicals from the FRG.

Initiation of Investigation

Under section 732(c) of the Act, the Department must determine, within 20 days after a petition is filed, whether the petition sets forth the allegations necessary for the initiation of antidumping duty investigation, and whether the petition contains information reasonably available to the petitioner supporting the allegations.

We have examined the petition on certain sulfur chemicals from the FRG and found that the petition meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of certain sulfur chemicals from the FRG are being, or are likely to be, sold in the United States at less than fair value. We will also make a determination as to whether critical circumstances exist with respect to the subject merchandise. If our investigation proceeds normally, we will make our preliminary determination by December 17, 1990.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of customs nomenclature. On January 1, 1989, the U.S. tariff schedules were fully converted to the Harmonized Tariff Schedule (HTS), as provided for in section 1201 *et seq.* of the Omnibus Trade and Competitiveness Act of 1988. All merchandise entered or withdrawn from warehouse for consumption on or after this date will be classified solely according to the appropriate HTS subheadings. The HTS subheadings are provided for convenience and U.S.

Customs Service purposes. The written description remains dispositive as to the scope of the product coverage.

The sulfur chemicals subject to this investigation are all grades of sodium metabisulfite and sodium thiosulfate, in dry or liquid form, used primarily to dechlorinate industrial and municipal waste water. The chemical compositions of sodium metabisulfite and sodium thiosulfate are $\text{Na}_2\text{S}_2\text{O}_5$ and $\text{Na}_2\text{S}_2\text{O}_3$,

respectively. All other sulfur chemicals are excluded from this investigation.

Sodium metabisulfite and sodium thiosulfate are currently provided for under the following HTS subheadings: 2832.10.0000 and 2832.30.1000, respectively.

ITC Notification

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all non-privileged and nonproprietary information. We will allow the ITC access to all privileged and business proprietary information in the Department's files, provided the ITC confirms in writing that it will not disclose such information either publicly or under administrative protection order without the written consent of the Deputy Assistant Secretary for Investigations, Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 23, 1990, whether there is a reasonable indication that imports of certain sulfur chemicals from the FRG are materially injuring, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated; otherwise, the investigation will proceed accordingly to statutory and regulatory time limits.

This notice is published pursuant to section 732(c)(2) of the Act.

Dated: July 30, 1990.

Eric I. Garfunkel,
Assistant Secretary for Import Administration.

[FR Doc. 90-18353 Filed 8-6-90; 8:45 am]
BILLING CODE 3510-05-M

(A-489-801)

Initiation of Antidumping Duty Investigation; Certain Sulfur Chemicals from Turkey

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce (the Department), we are initiating an antidumping duty investigation to determine whether imports of sodium metabisulfite and sodium thiosulfate (certain sulfur chemicals) from Turkey are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International

Trade Commission (ITC) of this action so that it may determine whether imports of certain sulfur chemicals from Turkey are materially injuring, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before August 23, 1990. If that determination is affirmative, we will make our preliminary determination on or before December 17, 1990.

EFFECTIVE DATE: August 7, 1990.

FOR FURTHER INFORMATION CONTACT: Kate Johnson or Jim Terpstra, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 377-4103 or (202) 377-8830, respectively.

SUPPLEMENTARY INFORMATION:

The Petition

On July 9, 1990, we received a petition filed in proper form by the Calabrian Corporation, on behalf of the United States industry producing certain sulfur chemicals. In compliance with the filing requirements of the Department's regulations (19 CFR 353.12 (1990)), Petitioner alleges that imports of certain sulfur chemicals from Turkey are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are materially injuring, or threaten material injury to, a U.S. industry.

Petitioner has stated that it has standing to file the petition because it is an interested party, as defined under section 771(9)(C) of the Act, and because it has filed the petition on behalf of the U.S. industry producing the product that is subject to this investigation. If any interested party, as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act, wishes to register support for, or opposition to, this petition, please file written notification with the Assistant Secretary for Import Administration.

Under the Department's regulations, any producer or reseller seeking exclusion from a potential antidumping duty order must submit its request for exclusion within 30 days of the date of the publication of this notice. The procedures and requirements regarding the filing of such requests are contained in section 353.14 of the Department's regulations.

United States Price and Foreign Market Value

Petitioner's estimate of United States Price (USP) is based on confirmed price quotes by chemical importers/brokers to petitioner's current or former customers. Petitioner deducted U.S. freight costs, if the terms of sale included delivery in the sales price, to obtain an FOB port price. No deduction was made if the terms of sale were FOB port. From this FOB price, petitioner deducted the broker mark-up, ocean transportation and insurance, foreign and U.S. brokerage charges, and miscellaneous expenses including U.S. Customs duty users' fees, handling expenses, any applicable port fees, and bank fees. In addition, foreign freight expenses were deducted.

Petitioner was unable to obtain reliable home market or third country pricing information. Petitioner therefore based its estimate of Turkish foreign market value (FMV) on the constructed value (CV) of the Turkish merchandise, using petitioner's manufacturing costs, adjusted for known differences in Turkish production costs. To calculate an estimated CV for the subject merchandise, petitioner increased raw material costs for sulfur dioxide, an input for the subject merchandise. This was done to reflect the cost savings it realizes as a result of a patented and licensed process which petitioner claims is unavailable to its foreign competitors. According to petitioner, the other raw materials are commodities which are sold at similar prices worldwide. As such, no adjustment to other raw material costs were made. Petitioner reduced direct labor costs to account for lower labor costs in Turkey. Its source for Turkish labor rates was the Department of Labor, Bureau of Labor Statistics. No adjustments were made for fixed or variable overhead costs, as petitioner did not have information as to differences between U.S. and Turkish costs. Petitioner added the statutory minimums of ten percent for general, selling and administrative expenses, and eight percent for profit, in accordance with section 773(e)(1)(B) of the Act. Petitioner also added an amount for U.S. packing and adjusted for imputed credit expenses.

Based on a comparison of USP and FMV, petitioner alleges dumping margins ranging from 35.10 percent to 84.12 percent.

Petitioner also alleges that "critical circumstances" exist, within the meaning of section 733(e) of the Act, with respect to imports of certain sulfur chemicals from Turkey.

Initiation of Investigation

Under section 732(c) of the Act, the Department must determine, within 20 days after a petition is filed, whether the petition sets forth the allegations necessary for the initiation of an antidumping duty investigation, and whether the petition contains information reasonably available to the petitioner supporting the allegations.

We have examined the petition on certain sulfur chemicals from Turkey and found that the petition meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether imports of certain sulfur chemicals from Turkey are being, or are likely to be, sold in the United States at less than fair value. We will also make a determination as to whether critical circumstances exist with respect to the subject merchandise. If our investigation proceeds normally, we will make our preliminary determination by December 17, 1990.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of customs nomenclature. On January 1, 1989, the U.S. tariff schedules were fully converted to the Harmonized Tariff Schedule (HTS), as provided for in section 1201 *et seq.* of the Omnibus Trade and Competitiveness Act of 1988. All merchandise entered or withdrawn from warehouse for consumption on or after this date will be classified solely according to the appropriate HTS subheadings. The HTS subheadings are provided for convenience and U.S. Customs Service purposes. The written description remains dispositive as to the scope of the product coverage.

The sulfur chemicals subject to this investigation are all grades of sodium metabisulfite and sodium thiosulfate, in dry or liquid form, used primarily to dechlorinate industrial and municipal waste water. The chemical compositions of sodium metabisulfite and sodium thiosulfate are $\text{Na}_2\text{S}_2\text{O}_5$ and $\text{Na}_2\text{S}_2\text{O}_3$, respectively. All other sulfur chemicals are excluded from this investigation.

Sodium metabisulfite and sodium thiosulfate are currently provided for under the following HTS subheadings: 2832.10.0000 and 2832.30.1000, respectively.

ITC Notification

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will

notify the ITC and make available to it all non-privileged and nonproprietary information. We will allow the ITC access to all privileged and business proprietary information in the Department's files, provided the ITC confirms in writing that it will not disclose such information either publicly or under administrative protective order without the written consent of the Deputy Assistant Secretary for Investigations, Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 23, 1990, whether there is a reasonable indication that imports of certain sulfur chemicals from Turkey are materially injuring, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated; otherwise, the investigation will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 732(c)(2) of the Act.

Dated: July 30, 1990.

Eric I. Garfinkel,

Assistant Secretary for Import Administration.

[FR Doc. 90-18351 Filed 8-6-90; 8:45 am]

BILLING CODE 3510-08-01

[C-439-802]

**Initiation of Countervailing Duty
Investigation: Certain Sulfur Chemicals
From Turkey**

AGENCY: Import Administration,
International Trade Administration,
Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition
filed in proper form with the U.S.
Department of Commerce, we are
initiating a countervailing duty
investigation to determine whether

producers or exporters in Turkey of sodium metabisulfite and sodium thiosulfate ("certain sulfur chemicals"), as described in the "Scope of Investigation" section of this notice, receive benefits which constitute subsidies within the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission (ITC) of this action, so that it may determine whether imports of certain sulfur chemicals from Turkey are materially injuring, or threaten material injury to, a U.S. industry. If this investigation proceeds normally, we will make our preliminary determination on or before October 2, 1990.

EFFECTIVE DATE: August 7, 1990

FOR FURTHER INFORMATION CONTACT: Elizabeth Graham or Larry Sullivan, Office of Countervailing Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 377-4105 and (202) 377-0114.

SUPPLEMENTARY INFORMATION:

The Petition

On July 9, 1990, we received a petition in proper form from The Calabrian Corporation, filed on behalf of the U.S. industry producing certain sulfur chemicals. In compliance with the filing requirements of § 355.12 of the Department's Regulations (19 CFR 355.12) (1990), the petition alleges that producers and exporters of certain sulfur chemicals in Turkey receive subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act). Petitioner also alleges that "critical circumstances" exist within the meaning of section 703(e) of the Act, with respect to imports of certain sulfur chemicals from Turkey.

Since Turkey is a "country under the Agreement" within the meaning of section 701(b) of the Act, title VII of the Act applies to this investigation and the ITC is required to determine whether imports of the subject merchandise from Turkey materially injure, or threaten material injury to, the U.S. industry.

Petitioner has alleged that it has standing to file the petition. Specifically, petitioner has alleged that it is an interested party as defined under section 771(9)(C) of the Act and that it has filed the petition on behalf of the U.S. industry producing the product that is subject to this investigation. If any interested party as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act wishes to register support of or opposition to this petition, please file written notification with the

Commerce officials cited in the "FOR FURTHER INFORMATION CONTACT" section of this notice.

Initiation of Investigation

Under section 702(c) of the Act, we must determine whether to initiate a countervailing duty proceeding within 20 days after a petition is filed. Section 702(b) of the Act requires the Department to initiate a countervailing duty proceeding whenever an interested party files a petition, on behalf of an industry, that (1) alleges the elements necessary for the imposition of a duty under section 701(a), and (2) is accompanied by information reasonably available to the petitioner supporting the allegations. The Department has examined the petition on certain sulfur chemicals from Turkey and has found that most of the programs alleged in the petition meet these requirements. Therefore, we are initiating a countervailing duty investigation to determine whether Turkey producers or exporters of certain sulfur chemicals receive subsidies. However, we are not initiating an investigation on three programs: one that the Department in a previous investigation found to be terminated, one that has been terminated and one that did not meet the requirements under 701(a). We will also make a determination as to whether critical circumstances exist with respect to the subject merchandise. If our investigation proceeds normally, we will make our preliminary determination on or before October 2, 1990.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of customs nomenclature. On January 1, 1989, the U.S. tariff schedules were fully converted to the Harmonized Tariff Schedule (HTS), as provided for in section 1201 *et seq.* of the Omnibus Trade and Competitiveness Act of 1988. All merchandise entered or withdrawn from warehouse for consumption on or after this date will be classified solely according to the appropriate HTS item number(s). The HTS item numbers are provided for convenience and U.S. Customs Service purposes. The written description remains dispositive.

The sulfur chemicals subject to this investigation are all grades of sodium metabisulfite and sodium thiosulfate, in dry or liquid form, used primarily to dechlorinate industrial and municipal waste water. The chemical compositions of sodium metabisulfite and sodium thiosulfate are $\text{Na}_2\text{S}_2\text{O}_5$ and $\text{Na}_2\text{S}_2\text{O}_3$,

respectively. All other sulfur chemicals are excluded from this investigation.

Sodium metabisulfite and sodium thiosulfate are currently provided for under the following HTS subheadings: 2832.10.0000 and 2832.30.1000, respectively.

Allegations of Subsidies

Petitioner lists a number of practices by the Government of Turkey which allegedly confer subsidies on producers or exporters of certain sulfur chemicals. We are initiating an investigation of the following program:

- *Deduction from Taxable Income for Export Revenues*
- *Export Credits*
- *General Incentives Program*
- *Employee Tax Exemption*
- *Investment Financing Fund*
- *Building, Construction Licensing*
- *Charge Immunity*
- *Tax, Duty and Charge Exemptions*
- *Foreign Exchange Allocation*
- *Deferment of Value-Added Tax*
- *Incentive Premium on Domestically Obtained Goods*
- *Wharfage Exemption*
- *Interest Rebates on Export Financing*
- *Exemption from Taxes, Duties and Surcharges on Credits*
- *Exemptions from Custom Duties*
- *Investment Allowance*
- *Partial Reimbursement for Investment Under the Resource Utilization Support Fund*
- *Deduction of Foreign Exchange Corresponding to Export*
- *Export Premium*

We are not initiating an investigation on the programs listed below. Section 702(b) of the Act requires the Department to initiate a countervailing duty proceeding whenever an interested party files a petition on behalf of an industry that (1) alleges the elements necessary for the imposition of a duty under section 701(a), and (2) is accompanied by information reasonably available to the petitioner supporting the allegations. For the programs listed below, the petition did not meet the requirements of section 702(b) of the Act.

1. *Resource Utilization Support Fund (RUSF)* Direct payments provided under RUSF were found to be terminated in *Final Affirmative Countervailing Duty Determination: Acetylsalicylic Acid (Aspirin) from Turkey* (52 FR 24495, July 1, 1987). Absent the provision of new evidence, or an allegation of changed circumstances, we have no basis upon which to re-initiate an investigation of the provision of direct payments under this program.

2. Export and Supplemental Tax Rebate Program According to information available to the Department, this program was terminated pursuant to Turkish Decree 88/13351 as of January 1, 1989.

3. Duty-Free Imports Corresponding to Export Value Under this program, exporters are allowed to import raw materials, auxiliary materials, and packing materials to be incorporated into goods for export without the payment of customs duties. The Department does not consider to be a countervailable subsidy the non-excessive drawback, rebate, or remission of customs duties on imported goods physically incorporated into a final product. See *Final Affirmative Countervailing Duty Determination: Certain Welded Carbon Steel Pipe and Tube Products from Turkey*, 53 FR 1268, 1271 (January 10, 1988). Because petitioner did not allege that the exemption from duties is excessive or is provided on products which are not physically incorporated into the exported product, we are not initiating an investigation of this program.

Notification of ITC

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

Preliminary Determination by ITC

The ITC will determine by August 23, 1990, whether there is a reasonable indication that imports of certain sulfur chemicals materially injure, or threaten material injury to, a U.S. industry. If its determination is negative, this investigation will terminate; otherwise, this investigation will continue according to the statutory procedures. This notice is published pursuant to section 702(c)(2) of the Act.

Dated: July 30, 1990.

Eric Garfinkel,
Assistant Secretary for Import
Administration.

[FR Doc. 90-18354 Filed 8-6-90; 8:45 am]

BILLING CODE 3570-06-01

APPENDIX B
LIST OF WITNESSES

LIST OF PARTICIPANTS IN THE PUBLIC CONFERENCE

Investigations Nos. 701-TA-303 (Preliminary) and
731-TA-465-468 (Preliminary)

CERTAIN SODIUM SULFUR CHEMICAL COMPOUNDS FROM THE
FEDERAL REPUBLIC OF GERMANY, THE PEOPLE'S REPUBLIC OF CHINA,
TURKEY, AND THE UNITED KINGDOM

Those listed below appeared at the United States International Trade Commission's conference held in connection with the subject investigations on July 31, 1990, in hearing room 101 of the USITC Building, 500 E Street, SW, Washington, DC.

In support of the imposition of countervailing and antidumping duties:

Calabrian Corporation

Counsel:

Brownstein Zeidman and Schomer
Steven P. Kersner
Ronald M. Wisla

Witnesses:

Charles E. Cogliandro, Executive Vice President, Calabrian Corp.
Michael D. Wood, Director of Production, Calabrian Corp.
Geraldine G. O'Dell, Assistant Sales Manager, Calabrian Corp.

In opposition to the imposition of countervailing and antidumping duties:

William Blythe & Co., Ltd.

Counsel:

Dow, Lohnes & Albertson
William Silverman
Ryan Trainer

Richards & O'Neil

Charles E. Dorkey, III

Witnesses:

Derek Partlin, Business Manager for Sulfur Chemicals, William Blythe & Co., Ltd.
Deborah Hardesty, Browning Chemical Corp.

BASF Corporation

Counsel:

**Steptoe & Johnson
Richard O. Cunningham
Jay H. Reiziss**

Ak-Kimya Sanayi ve Ticaret, A.S.

Counsel:

**Dickstein, Shapiro & Morin
Arthur J. Lafave III**

APPENDIX C

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS
OF CERTAIN SODIUM SULFUR CHEMICAL COMPOUNDS FROM THE FRG, THE PRC,
TURKEY, AND THE UK ON THEIR GROWTH, INVESTMENT, ABILITY TO
RAISE CAPITAL, OR EXISTING DEVELOPMENT AND PRODUCTION EFFORTS

Response of U.S. producers to the following questions:

1. Since January 1, 1987, has your firm experienced any actual negative effects on its growth, investment, ability to raise capital, or existing development and production efforts as a result of imports of sodium metabisulfite or sodium thiosulfate from the Federal Republic of Germany, the People's Republic of China, Turkey, or the United Kingdom?

* * * * *

2. Does your firm anticipate any negative impact of imports of sodium metabisulfite or sodium thiosulfate from the subject countries?

* * * * *

3. Has the scale of capital investments undertaken been influenced by the presence of imports of the subject merchandise from the subject countries?

* * * * *

APPENDIX D

IMPORTS BY PRODUCT AND BY CUSTOMS DISTRICTS

Sodium metabisulfite:¹

<u>District</u>	<u>Share of total imports</u> <u>(percent)²</u>
FRG:	
Ogdensburg, NY.....	32
Chicago, IL.....	31
New York, NY.....	9
Los Angeles, CA.....	8
Charleston, SC.....	8
All others.....	<u>12</u>
Total.....	100
PRC:	
Los Angeles, CA.....	89
Baltimore, MD.....	6
Charleston, SC.....	3
New York City.....	2
All others.....	<u>0</u>
Total.....	100
TURKEY:	
New York, NY.....	35
Los Angeles, CA.....	21
Houston-Galveston, TX.....	14
Charleston, SC.....	11
Portland, OR.....	6
All others.....	<u>14</u>
Total.....	100
UK:	
Los Angeles, CA.....	54
Ogdensburg, NY.....	10
New York, NY.....	8
St. Albans, VT.....	7
Portland, OR.....	6
All others.....	<u>15</u>
Total.....	100
TOTAL FOR ALL COUNTRIES:	
Los Angeles, CA.....	25
Chicago, IL.....	17
Ogdensburg, NY.....	15
Laredo, TX.....	13
New York, NY.....	9
All others.....	<u>21</u>
Total.....	100

¹ Includes imports of sodium sulfite.² Based on c.i.f. duty-paid value.

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

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

Sodium thiosulfate:

<u>District</u>	<u>Share of total imports</u> <u>(percent)</u> ¹
FRG:	
Los Angeles, CA.....	50
Milwaukee, WI.....	41
Wilmington, NC.....	7
Philadelphia, PA.....	2
All others.....	<u>0</u>
Total.....	100
PRC:	
Charleston, SC.....	75
Los Angeles, CA.....	24
All others.....	<u>2</u>
Total.....	100
UK:	
Los Angeles, CA.....	41
Buffalo, NY.....	22
New York, NY.....	20
Seattle, WA.....	18
All others.....	<u>0</u>
Total.....	100
TOTAL FOR ALL COUNTRIES:	
Los Angeles, CA.....	45
Milwaukee, WI.....	15
Charleston, SC.....	13
New York, NY.....	12
Houston-Galveston, TX.....	5
All others.....	<u>10</u>
Total.....	100

¹ Based on c.i.f. duty-paid value.

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

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

APPENDIX E

DOMESTIC PRODUCERS' AVERAGE NET DELIVERED PRICES AND
TOTAL SHIPMENTS

Table E-1

Sodium metabisulfite: Domestic producers' average net delivered prices for their largest sales and total shipments, by firms and by quarters, January 1987-June 1990

* * * * *

Table E-2

Anhydrous sodium thiosulfate: Domestic producers' average net delivered prices for their largest sales and total shipments, by firms and by quarters, January 1987-June 1990

* * * * *

