

UNITED STATES INTERNATIONAL TRADE COMMISSION

METHYL ALCOHOL FROM BRAZIL

Affirmative Determination of "No Reasonable Indication
of Injury" in Inquiry No. AA1921-Inq. -7
Under the Antidumping Act, 1921,
as Amended



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UNITED STATES INTERNATIONAL TRADE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-Inq.-7]

October 13, 1977

METHYL ALCOHOL FROM BRAZIL

Commission Determines "No Reasonable Indication of Injury"

On September 13, 1977, the United States International Trade Commission received advice from the Department of the Treasury that, in accordance with section 201(c)(1) of the Antidumping Act of 1921, as amended, an antidumping investigation was being initiated with respect to methyl alcohol from Brazil, and that, pursuant to section 201(c)(2) of the act, information developed during Treasury's preliminary investigation led to the conclusion that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such methyl alcohol into the United States from Brazil. Accordingly, the Commission on September 19, 1977, instituted inquiry AA1921-Inq.-7 under section 201(c)(2) of the act to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

A public hearing was held on October 3, 1977, in Houston, Texas. Public notice both of the institution of the inquiry and of the hearing was duly given by posting copies of the notice at the Secretary's Office in the Commission in Washington, D.C., and at the Commission's Office

in New York City, and by publishing the original notice in the Federal Register on September 26, 1977 (42 F.R. 48942).

The Treasury instituted its investigation after receiving a properly filed complaint on August 11, 1977, from the Celanese Corp., New York, N.Y. The Treasury's notice of its antidumping proceeding was published in the Federal Register of September 16, 1977 (42 F.R. 46626).

On the basis of information developed during the course of this inquiry the Commission (Chairman Minchew, Vice Chairman Parker, and Commissioners Moore, Bedell, and Ablondi) determines that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of methyl alcohol into the United States from Brazil allegedly sold at less than fair value as indicated by the Department of the Treasury.

Statement of Reasons of
Vice Chairman Joseph O. Parker and Commissioners
George M. Moore, Catherine Bedell and Italo H. Ablondi

On September 13, 1977, the United States International Trade Commission received advice from the Department of the Treasury that during the course of a preliminary investigation with respect to methyl alcohol from Brazil, Treasury had concluded from the information available to it "that there is substantial doubt that an industry in the United States is being, or is likely to be injured, or is prevented from being established, by reason of the importation of this merchandise into the United States." Acting upon this advice, the Commission, on September 19, 1977, instituted inquiry No. AA1921-Inq.-7 under section 201(c)(2) of the Antidumping Act, 1921, as amended, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Determination

On the basis of information developed during the course of this inquiry, we determine that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, 1/ by reason of the importation of methyl alcohol into the United States from Brazil allegedly sold at less than fair value as indicated by the Department of the Treasury.

1/ Prevention of establishment of an industry in this inquiry is not in question and will not be discussed further in these views.

Discussion

The legislative intent in the enactment of section 201(c)(2) of the Antidumping Act, 1921, as amended, is "to eliminate unnecessary and costly investigations which are an administrative burden and an impediment to trade." 1/ This intent is effectuated when the Commission determines, pursuant to section 201(c)(2), that "there is no reasonable indication that a domestic industry is being or is likely to be injured" by reason of the subject imports, thereby eliminating an unnecessary, costly, and burdensome investigation. Although the quantum of proof required in inquiries under section 201(c)(2) is less than that required in a full investigation under section 201(a) of the Antidumping Act, 1921, as amended, the information obtained in this inquiry requires a finding that there is no reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of methyl alcohol into the United States from Brazil allegedly sold at less than fair value as indicated by the Department of the Treasury.

The antidumping complaint filed with the Department of the Treasury was based on allegations with respect to a quantity of methyl alcohol from Brazil which had been contracted for but not delivered. Although there were no imports of methyl alcohol from Brazil at any time during the period January 1972-July 1977, one shipment--amounting to 5,188 metric tons--was received by Mitsui and Co. at Houston, Tex., on September 20, 1977. The entire shipment was resold by Mitsui to a U.S. purchaser at prices comparable with those received by U.S. producers on their domestic sales of methyl alcohol. On October 1, 1977, at approximately the time the shipment of methyl alcohol from Brazil was received and resold, the complainant increased its standard price for methyl alcohol by approximately 5 percent.

1/ See S. Rept. No. 93-1298, 93d Cong., 2d sess., p. 171, of the Committee on Finance of the United States Senate, which accompanied H.R. 10710, the bill which became the Trade Act of 1974.

The September 1977 shipment of Brazilian methyl alcohol fulfilled the only contract known to exist between any potential U.S. purchaser and any potential Brazilian supplier of methyl alcohol. The prices that Brazilian producers of methyl alcohol can receive in their home market appear to be substantially higher than prices they can receive on sales to the United States which, in the absence of a surplus supply, would deter exports to the United States. Demand for methyl alcohol in Brazil is also increasing. In addition, it should be noted that the United States has been a net exporter of methyl alcohol to Brazil; in 1976, U.S. exports to Brazil amounted to 13,000 metric tons. Furthermore, U.S. imports from Canada are far larger than the total Brazilian potential for export and are increasing rapidly; in 1976, U.S. imports from Canada amounted to 98,000 metric tons. In view of these facts, the September 1977 shipment appears to be the result of an isolated, nonrecurring sale. In the absence of evidence to the contrary, increased shipments to the United States of methyl alcohol from Brazil do not appear to be likely in the near future.

In view of the extremely small quantity involved in the September 1977 shipment (equivalent to only 0.2 percent of 1976 apparent U.S. consumption of methyl alcohol and 0.6 percent of 1976 U.S. open-market consumption), the nonrecurring nature of the shipment, and the absence of any evidence of underselling, or price depression or suppression, we have concluded that there is no reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of methyl alcohol into the United States from Brazil allegedly sold at less than fair value as indicated by the Department of the Treasury.

Statement of Reasons of
Chairman Daniel Minchew

On September 13, 1977, the United States International Trade Commission (Commission) received advice from the Department of the Treasury that, in accordance with section 201(c) of the Antidumping Act of 1921, as amended, an antidumping investigation was being initiated with respect to methyl alcohol from Brazil. The Department of the Treasury concluded, pursuant to a summary investigation, that there is substantial doubt whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of this merchandise into the United States. Upon receipt of this information, the Commission, on September 19, 1977, instituted inquiry No. AA1921-Inq. 7 under section 201 (c)(2) of the Antidumping Act of 1921, as amended, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation into the United States of methyl alcohol from Brazil, which is the subject of the pending Department of Treasury investigation.

Investigations conducted by the Commission on inquiries under section 201(c)(2) must be completed within 30 days.

Determination

On the basis of the information developed in this inquiry, I have determined that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established,^{1/} by reason of the importation into the United States of methyl

^{1/} The question of no reasonable indication of the prevention of establishment of an industry is not at issue in this inquiry.

alcohol from Brazil allegedly sold at less than fair value (LTFV).

The product

Methyl alcohol, considered in this inquiry, is a synthetic, colorless, volatile, flammable liquid made from natural gas feedstock, which is suitable for making formaldehyde, solvents, chloromethanes and numerous other products, as well as for direct use as a fuel. The largest use of methyl alcohol is in the production of formaldehyde, which is used extensively in the making of adhesives for the plywood and particle board industries.

The industry

There are two major operations involved in the making of methyl alcohol: mixing of natural gas with water to form carbon monoxide, carbon dioxide and hydrogen, and removal of carbon dioxide from the resultant mixture with copper catalysts. Most of the U.S. production capacity (55 percent) is based on the high pressure process, which uses significantly more natural gas and is less efficient than the newly developed low pressure processes.

Methyl alcohol is produced in the United States by nine multinational companies. ^{2/} The share of production accounted for by captive consumption by U.S. producers in their own production of intermediate and end products has increased substantially in recent years. In 1976, captive production accounted for 66 percent of U.S. production. U.S. purchasers of open-market methyl alcohol have had to rely on imports to meet part of their raw material requirement.

^{2/} Prior to September 1977, when one company ceased production, there were ten companies producing methyl alcohol in the United States.

No reasonable indication of injury to the U.S. industry

Section 201(c)(2) of the Antidumping Act of 1921, as amended, provides --

If, in the course of making a determination under paragraph (1), the Secretary concludes, from the information available to him, that there is substantial doubt whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States, he shall forward to the Commission the reasons for such substantial doubt and a preliminary indication based upon whatever price information is available, concerning possible sales at less than fair value, including possible margins of dumping and the volume of trade. If, within thirty days after receipt of such information from the Secretary, the Commission, after conducting such inquiry as it deems appropriate, determines there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States, it shall advise the Secretary of its determination, and any investigation under subsection (b) then in progress shall be terminated.

The purpose of this section, which was an amendment to the Antidumping Act [in the Trade Act of 1974] was --

To eliminate unnecessary and costly investigations which are an administrative burden and an impediment to trade.^{3/}

In determining whether there is no reasonable indication of injury or likelihood of injury, it is my feeling that the Commission should look at the usual indices of injury, such as the idling of productive facilities, slackening of production, operations at lower than reasonable levels of profitability, domestic industry unemployment or underemployment, slumping sales, inventory growth and lower wage trends, of critical importance for "causation" is the level of penetration or the possible less than fair value sales.

^{3/} Trade Reform Act of 1974: Report of the Committee on Finance. . ., S. Rept. No. 93-1298 (93d Cong., 2d Sess.), 1974, p. 171.

In my opinion, the low level of imports at possible less than fair value, is the most important factor in my determination.

Apparent U.S. consumption of methyl alcohol reached an all time high of 6.2 billion pounds in 1973. Supply was reportedly very tight at times during 1973-74, when the building industry was vigorous. A downturn in the economy (particularly the housing industry) contributed to a slight decline in 1974, and a sharp drop in 1975 to 4.8 billion pounds. Consumption rebounded to 6.0 billion pounds in 1976 and, for the first six months of 1977, was 3.3 billion pounds (more than 0.4 billion pounds ahead of the level reached in the first half of 1976). U.S. production followed a trend similar to that for consumption, although the severity of the 1975 decline was greater because of a sharp drop in exports also.

U.S. exports of methyl alcohol declined from 1.1 billion pounds in 1972 to 0.5 billion pounds in 1975. Exports amounted to 0.6 billion pounds in 1976. Exports for the first half of 1977 (0.2 billion pounds) were 0.1 billion pounds less than they were in the same period of 1976.

Brazil is one of the principal U.S. export markets. Imports of methyl alcohol from Brazil, on the other hand, were nonexistent until the arrival of a single shipment, which will probably appear in the October 1977 import statistics.

U.S. imports of methyl alcohol increased from a negligible level in 1972 to 0.3 billion pounds in 1976. During January-July 1977, U.S. imports amounted to 0.2 billion pounds, almost double the quantity imported during January-July 1976. Canada supplied from 60 to 70 percent of all U.S. imports in 1975 and 1976, and 97 percent of all U.S. imports during January-July 1977. Imports from Brazil were nonexistent until the arrival

of a single shipment in September 1977. The ratio of imports to consumption increased from 2 percent in 1974 to 5 percent in 1976 and 6 percent in the first 6 months of 1977.

Data supplied by the Department of the Treasury indicate a possible less-than-fair-value margin of 211 percent for the Brazilian shipment that arrived in September 1977. Although the U.S. importer apparently paid less-than-fair-value for the September 1977 Brazilian shipment, the methyl alcohol so purchased was not resold at such prices in the U.S. market.

In view of the small quantities of Brazilian methyl alcohol involved (equivalent to only 0.2 percent of total 1976 U.S. consumption) and lack of evidence of substantial underselling of U.S. producers' prices in the U.S. market I find that there is no reasonable indication that an industry in the United States is being injured by reason of the importation of methyl alcohol from Brazil that may have been sold at less than fair value in the United States. The remaining question to be answered is whether an industry is likely to be injured by imports from Brazil sold at less than fair value.

The September 1977 shipment of Brazilian methyl alcohol fulfilled all contractual obligations between the importer and exporter, and there is no evidence to indicate that additional deliveries are imminent. In addition, the potential threat to the U.S. industries from future deliveries appears slight when viewed with regard to possible expansion of Brazilian capacity, increasing Brazilian demand for methyl alcohol, probable selling price to U.S. purchasers, and the amount of growth of Canadian imports. Therefore, I find that there is no reasonable indication that the domestic industry is likely to be injured by Brazilian imports that may be sold at less than fair value in the United States.

INFORMATION OBTAINED IN THE INVESTIGATION

Summary

On August 11, 1977, the Department of the Treasury received a petition on behalf of the Celanese Corp., New York, N.Y., indicating a possibility that methyl alcohol (methanol) from Brazil is being, or is likely to be, sold in the United States at less than fair value (LTFV).

On September 13, 1977, the United States International Trade Commission received advice from the Department of the Treasury that, during the course of determining whether to institute an investigation with respect to methyl alcohol from Brazil in accordance with section 201(c) of the Antidumping Act, 1921, as amended, Treasury had concluded from the information available that there is reasonable doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of this merchandise into the United States.

Methyl alcohol (commonly referred to as methanol) covered by this inquiry is a synthetic, colorless, volatile, flammable liquid made from natural gas feedstock. Excluded from this inquiry is methyl alcohol made from wood and other vegetable products, commonly referred to as wood alcohol.

Methyl alcohol is used in substantial quantities in the production of formaldehyde; it also finds application in the manufacture of polyvinyl acetate, cellulose acetate, acrylic sheet, acrylic fibers, polyester fibers, coated fabrics, general-purpose solvents, dyes, paints, insecticides, and synthetic natural gas (SNG) as well as for direct use as fuel.

According to the Celanese Corp.'s complaint to Treasury, shipments of methyl alcohol from Brazil were expected to commence in the very near future, and at prices substantially below Brazilian home market prices. The U.S. sales prices of the anticipated shipments, according to Celanese, were expected to be below the prevailing market price for U.S.-made methyl alcohol, which fact would lead to price suppression or depression in a U.S. industry already suffering from reduced profits on its methyl alcohol and already operating at substantially less than full capacity.

Celanese alleged that Metanor, S.A., Madre de Deus, Brazil, had entered into a contract with Mitsui, of Houston, Tex., to provide between 1 million gallons (6.6 million pounds) and 1.5 million gallons (9.9 million pounds) of methyl alcohol per month. At an annual rate, such sales would amount to between 12 million gallons (79.6 million pounds) and 18 million gallons (119.3 million pounds). Such a rate of importation would be equivalent to 28 to 42 percent of total 1976 U.S. imports of methyl alcohol, 1.3 to 2.0 percent of total 1976 U.S. apparent consumption, and 4.3 to 6.4 percent of 1976 U.S. non-captive (merchant) apparent consumption. Celanese contends that the home market price for methyl alcohol in Brazil is 80 to 85 cents per gallon (f.o.b. Madre de Deus) and that, on that basis the LTFV margin would be 53 to 59 cents per gallon. As calculated by Treasury, the LTFV margin is about 211 percent. As calculated by the U.S. International Trade Commission, the margin is about 69 percent. Celanese also contends that Mitsui's selling price to its U.S. customers is about 32 to 34 cents per gallon, substantially below Celanese's current price of 42 cents per gallon.

The Mitsui response to the complaint contended that the Mitsui-Metanor contract called for the importation of a total of only 5,000 metric tons (1,662,896 gallons or 11 million pounds) of methyl alcohol, with shipments to the United States to commence shortly. There were no provisions for further sales to the United States according to the letter on behalf of Mitsui. 1/ This volume of imports would be equivalent to only 3.9 percent of total 1976 U.S. imports, 0.2 percent of total 1976 apparent U.S. consumption, and 0.5 percent of 1976 U.S. open market (merchant) consumption.

As shown by this investigation the first ship containing methyl alcohol from Brazil unloaded its cargo into storage tanks on the Houston Ship Canal on Tuesday, September 20, 1977. This shipment fulfilled the entire Mitsui-Metanor contract. Documentation relating to this shipment is scheduled to be filed with the U.S. Customs Service in early October. The shipment actually amounted to 5,188 metric tons (1,725,490 gallons or 11,440,000 pounds). Mitsui's contract called for a price of * * * per metric ton (* * * cents per gallon or * * * cents per pound), f.o.b. Madre de Deus, Brazil.

In August 1977, * * *, contracted with Mitsui to purchase * * * of the Mitsui-Metanor contract or * * * gallons (* * * million pounds) of methyl alcohol from Mitsui at a price of * * * cents per gallon; in September, * * * contracted to buy the remainder of the shipment. * * *

In addition to Celanese, there are nine other U.S. producers of methyl alcohol. 2/ Their total annual capacity is rated at 1.4 billion gallons (9.1 billion pounds); Texas accounts for nearly two-thirds of the capacity, with seven plants operated by five firms, and Louisiana accounts for nearly a third with four plants operated by four firms. One small plant is located in Florida. In 1976, the U.S. industry operated at about 68 percent of its rated capacity.

Apparent U.S. consumption of methyl alcohol declined from 6.2 billion pounds in 1973 to 4.8 billion pounds in 1975, and then increased to 6.0 billion pounds in 1976. Consumption increased from 2.9 billion pounds in January-June 1976 to 3.3 billion pounds in January-June 1977. U.S. production declined from 7.1 billion pounds in 1973 to 5.2 billion pounds in 1975 and increased thereafter to 6.2 billion pounds in 1976. Six-month figures show a further rise from 3.1 billion pounds in January-June 1976 to 3.4 billion pounds in January-June 1977.

An increasing share of U.S. production has gone into captive production of other products by U.S. methyl alcohol producers, resulting in a substantial decline in their open-market shipments. In 1972-74, more than 50 percent of U.S. production was sold on the open market in competition with imports, but in 1976 only 34 percent reached the open market.

U.S. producers' shipments of methyl alcohol declined annually between 1973 and 1976 from 3.8 billion pounds to 2.1 billion pounds. U.S. exports of

1/ There were no imports of methyl alcohol from Brazil during the period Jan. 1, 1972-July 31, 1977.

2/Rohm & Haas, a producer that captively consumed its entire production, stopped production of methyl alcohol in September 1977. In the future, Rohm & Haas will purchase all its requirements for methyl alcohol.

methyl alcohol also declined, from more than 1 billion pounds in 1972 (30 percent of total U.S. shipments) to 458 million pounds in 1975 (19 percent of total U.S. shipments), but they increased to 561 million pounds in 1976 (26 percent of U.S. shipments). Brazil is one of the principal U.S. export markets. U.S. producers' inventories of methyl alcohol increased from 390 million pounds in 1972 to 506 million pounds in 1975 but then declined to 446 million pounds in 1976. They declined somewhat between July 31, 1976, and July 31, 1977.

Average monthly employment of production and related workers involved in the production of methyl alcohol increased from 390 workers in 1972 to 425 workers in 1974. By 1976 such employment had declined to 355 workers; during January-July 1977, it amounted to 308 workers. The net profit of the five firms that reported their financial experience on methyl alcohol to the U.S. International Trade Commission declined from 33.4 percent of net sales in 1975 to 29.1 percent in 1976 and 10.3 percent during January-July 1977. 1/ The five producers accounted for nearly all of U.S. open-market sales in 1976. * * * experienced reduced profitability on their methyl alcohol sales in January-July 1977 as compared with that in January-July 1976, and * * * of them suffered losses during January-July 1977.

U.S. imports of methyl alcohol increased from a negligible amount in 1972 to 121 million pounds in 1974, declined to 112 million pounds in 1975, and increased to 284 million pounds in 1976. During January-July 1977, they amounted to 210 million pounds, almost double the quantity imported during January-July 1976. As mentioned previously, only one shipment of Brazilian methyl alcohol has been received in the United States since 1971. It amounted to only 11.44 million pounds, and may be included in the October 1977 official import statistics. Two-thirds of all U.S. imports in 1975 and 1976 were from Canada, and 97 percent of all U.S. imports in January-July of 1977 were from Canada. The United Kingdom is the only other major source of imports.

The ratio of U.S. imports to total U.S. consumption amounted to 2 percent in 1974 and then increased to 4.8 percent in 1976 and 5.7 percent in the first six months of 1977. The ratio of U.S. imports to total U.S. open-market shipments increased from 4.5 percent in 1974 to 15.3 percent in 1976. The Brazilian shipment, received on September 20, 1977, is equivalent to 0.2 percent of total 1976 apparent U.S. consumption and 0.6 percent of 1976 U.S. open-market consumption.

The price at which Metanor sold methyl alcohol to Mitsui was significantly lower than prices reported for U.S. producers to their major customers. However, Mitsui resold this shipment to * * * for an average price of * * * cents per gallon (* * * cents per pound), or for a price higher than that of many of * * *'s purchases during the preceding 6 months. Virtually all of * * *'s other purchases were from * * * but some of * * * lowest priced purchases were manufactured by * * * , a U.S. producer. One U.S. producer,

1/ It should be noted that ratios of net profits to net sales for the chemical industry in general, are usually much higher than for other industries. Chemical industry spokesmen often compare such net profits to total capital investment, which generally provides a lower ratio.

***, sold methyl alcohol at prices equivalent to those set by * * * in its resale of its Brazilian merchandise. The other U.S. producers reported significantly higher prices to some customers, however.

Introduction

On August 11, 1977, the Department of the Treasury received a properly filed petition from counsel acting on behalf of Celanese Corp., indicating a possibility that methyl alcohol from Brazil is being or is likely to be sold in the United States at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160). The complaint also provided certain allegations and evidence concerning possible injury to, or the likelihood of injury to, or prevention of establishment of, an industry in the United States.

On September 13, 1977, the United States International Trade Commission received advice from the Department of the Treasury that, during the course of determining whether to institute an investigation with respect to methyl alcohol from Brazil, in accordance with section 201(c) of the Antidumping Act, 1921, as amended, Treasury had concluded from the information available to it that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of this merchandise into the United States. Therefore, on September 19, 1977, the Commission instituted an inquiry, AA1921-Inq.-7, under section 201(c) of that act, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

A public hearing in connection with the inquiry was held in Houston, Tex., on Monday, October 3, 1977. Notice of the Commission's institution of the inquiry and the hearing was duly given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's Office in New York City, and by publishing the original notice in the Federal Register on September 26, 1977 (42 F.R. 48942). 1/

At the same time that the Treasury Department notified the U.S. International Trade Commission that it had concluded that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, it notified the public that the case was being referred to the U.S. International Trade Commission and that the U.S. Customs Service was instituting an inquiry to verify the information submitted to it in connection with the complaint and to obtain the facts necessary to reach a determination as to the fact or likelihood of sales at less than fair value. Treasury's antidumping proceeding notice was published in the Federal Register of September 16, 1977 (42 F.R. 46626). 2/

In the event that the U.S. International Trade Commission finds in the affirmative--that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of methyl alcohol from Brazil that

1/ A copy of the Commission's Notice of Inquiry and Hearing is presented in app. B.

2/ A copy of the Treasury Department's Antidumping Proceeding Notice is presented in app. C.

may be sold in the United States at less than fair value--the Treasury Department investigation as to the fact or likelihood of sales at less than fair value will be terminated. In the event that the Commission finds in the negative, the Treasury Department's investigation will continue. The Commission's determination is due to be reported to the Secretary of the Treasury by no later than Thursday, October 13, 1977.

Description and Uses

Methyl alcohol (commonly referred to as methanol) is a synthetic, colorless, volatile, flammable liquid made from natural gas feedstock. Not covered herein is methyl alcohol made from wood and other vegetable products, commonly referred to as wood alcohol. Owing to problems in supply of natural gas in the United States, there has been an increasing interest in producing methyl alcohol from coal. Several companies have studied coal-gasification units to supply feedstock but to date no new commercial plants have been built in the United States for the production of methyl alcohol from coal.

Until 10 to 12 years ago, all synthetic methyl alcohol was produced by high-pressure processes that depended upon the relatively low price of natural gas which is its primary raw material. In recent years the price of natural gas has risen substantially in the primary producing areas, Texas and Louisiana, where natural gas prices are not subject to Federal regulation. At the same time, more efficient production processes (owned by ICI and Lurgi of the United Kingdom and West Germany respectively) were developed to utilize lower pressures and less natural gas for the same volume of output and to provide greater economies of scale. Virtually all new plants that have been built in recent years are licensed to use the ICI or Lurgi processes, and a number of older, high-pressure plants have been or will be converted to the low-pressure processes. At present, about 45 percent of U.S. production capacity is in low-pressure facilities, as compared with 30 percent of capacity in such facilities in the early 1970's.

The production of methyl alcohol by low pressure consists of the mixing of natural gas with water (converted to steam) at temperatures of 1,500° to 2,000° fahrenheit. This operation forms carbon monoxide, carbon dioxide, and hydrogen, which are piped into a chamber where pressures are generally 700 pounds per square inch. Here, copper catalysts remove the carbon dioxide to produce methyl alcohol, which is piped directly into storage tanks. The process is fed continuously by reserves of natural gas and water, and it continuously feeds the storage tanks in a 24-hour-a-day operation. When inventories have been filled, the plant shuts down its methyl alcohol production, since operating at slower rates is inefficient. The equipment cannot be completely shut down, however, and steam must be circulated through it constantly when methyl alcohol is not being produced, except for scheduled downtime for maintenance (estimated to be about 7 days a year). Startup time, if a plant has been completely shut down, is 2 days.

The high-pressure process, which uses significantly more natural gas and has reciprocating equipment to achieve the higher pressures (5,000 pounds per square inch), breaks down more frequently, has a substantially greater amount of waste associated with it, and cannot be used effectively in larger volume

plants that utilize economies of scale. High-pressure plants in the United States are characterized by their advanced age and smaller capacities.

Methyl alcohol is used in substantial quantities to produce formaldehyde. It is also used in the production of polyvinyl acetate, cellulose acetate, acrylic sheet, acrylic fibers, polyester fibers, coated fabrics, general-purpose solvents, dyes, paints, insecticides, and synthetic natural gas (SNG). It may also find direct use as a fuel. The following table shows the end uses for U.S. consumption of methyl alcohol in 1968, 1973, and 1976.

Methyl alcohol: U.S. consumption, by end uses,
1968, 1973, and 1976 ^{1/}

(In percent)

End use	1968	1973	1976
Formaldehyde-----	45.5	44.5	42.5
Solvents-----	10.1	9.1	7.8
Chloromethanes-----	6.4	7.8	7.7
Acetic acid-----	.2	3.9	4.8
Methylamines-----	4.3	4.2	5.3
Methyl methacrylate-----	4.2	4.4	4.5
Dimethyl terephthalate-----	2.8	3.6	3.9
Glycol methyl ethers-----	2.0	1.1	1.4
Inhibitors for formaldehyde-----	1.2	1.1	1.0
Miscellaneous (including fuels)-----	23.3	20.3	21.1
Total-----	100.0	100.0	100.0

^{1/} Percentages are based on quantities consumed.

Source: Compiled from data in the Chemical Economics Handbook, Market Research Report on Methanol, Stanford Research Institute, August, 1977.

As shown above, formaldehyde production forms the largest market for methyl alcohol. Further downstream, manufacture of urea resins provides the largest end use for formaldehyde. The housing industry is one of the largest markets for such formaldehyde-based resins, which are used as adhesives in the production of plywood and particle board. Several potentially large uses for methyl alcohol are being developed as technology advances in a wide range of fuel, chemical, and other applications. None of these uses, however, are expected to be significant during the next 5 years.

U.S. Tariff Treatment

Methyl alcohol presently enters the United States under two tariff headings. If it is imported only for use in the production of synthetic natural gas (SNG) or for direct use as a fuel, it is provided for under item 427.96 of the Tariff Schedules of the United States (TSUS), free of duty. TSUS item 427.97 provides for all other methyl alcohol at the current rate of

duty of 7.6 cents per gallon. Imports from designated beneficiary developing countries (including imports from Brazil) which enter under this provision are eligible for duty-free treatment under the Generalized System of Preferences. Prior to October 26, 1974, methyl alcohol was imported under a single tariff provision, at 7.6 cents per gallon. The following table shows the current rates of duty, the rates of duty as of January 1, 1967, and the statutory rates of duty.

Methyl alcohol: U.S. rates of duty, Jan. 1, 1967 and 1977, and the statutory rates, by TSUS items

Current TSUS item No.	Description	Rate of duty applicable to :		Statutory Rate of Duty
		most-favored nations as of Jan. 1-- 1967	1977	
427.96	Methyl alcohol: Imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel--	15.3¢ per gallon <u>1/</u>	Free <u>1/</u>	18¢ per gal- lon
427.97	Other-----	15.3¢ per gallon	7.6¢ per gal- lon <u>2/</u>	18¢ per gal- lon

1/ Made free of duty effective October 26, 1974 pursuant to Public Law 93-482. Prior to October 26, 1974, such imports were dutiable, along with other imports of methyl alcohol, at a single rate of duty. On January 1, 1967, they were dutiable at 15.3 cents per gallon, and from January 1, 1972-October 25, 1974, they were dutiable at 7.6 cents per gallon.

2/ U.S. imports from countries designated as beneficiary developing countries under the Generalized System of Preferences were duty free in 1977.

Nature and Extent of Alleged Sales at Less-Than-Fair-Value

On August 11, 1977, the Department of the Treasury received a complaint from Alfred R. McCauley, of Graubard, Moskovitz and McCauley, counsel to Celanese Corp., alleging that methyl alcohol imported from Brazil is being, or is likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act, 1921, as amended. On August 17, 1977, the Department of the Treasury requested information by letter from Mitsui and Co. (USA), Inc., 5000 One Shell Plaza, Houston, Tex., the only known importer of such merchandise. In response to the Treasury letter and the filing of the Celanese complaint, James S. O'Kelly, of Barnes, Richardson, and Colburn, counsel to Mitsui, responded for Mitsui on August 30, 1977. It appears that virtually all information available to Treasury at the time it notified the U.S. International Trade Commission of its conclusion that there was substantial doubt that an industry in the United States is being or is likely

to be injured, or is prevented from being established, by reason of the importation of methyl alcohol from Brazil was derived from information contained in the complaint and information contained in the letter from Mr. O'Kelly of August 30, 1977. 1/

According to the complainant, shipments of methyl alcohol from Brazil were expected to commence in the very near future, and the prices at which such shipments were being offered for sale were substantially lower than the prices offered by the Brazilian producer to purchasers in the Brazilian home market. The U.S. sales price, according to Celanese, also was expected to be below the prevailing market price for U.S.-made methyl alcohol, which fact would lead to price suppression or depression in a U.S. industry already suffering from reduced profit on its methyl alcohol and already operating at substantially less than full capacity.

Celanese alleged that Metanor, S.A., Madre de Deus, Brazil, had entered into a contract with Mitsui, of Houston, Texas, to provide between 1 million gallons (6.6 million pounds) and 1.5 million gallons (9.9 million pounds) of methyl alcohol per month. At an annual rate, such sales would reach between 12 million gallons (79.6 million pounds) and 18 million gallons (119.3 million pounds). Such a rate of importation is equivalent to 28 to 42 percent of total 1976 U.S. imports of methyl alcohol, 1.3 to 2.0 percent of total 1976 apparent U.S. consumption, and 4.3 to 6.4 percent of 1976 U.S. open-market (merchant) consumption. Celanese contends that the home-market price for methyl alcohol in Brazil is 80 to 85 cents per gallon (f.o.b. Madre de Deus), that the price to the U.S. market is 26 to 27 cents per gallon (f.o.b. Madre de Deus), and that the LTFV margin is therefore 53 to 59 cents per gallon. As calculated by Treasury, the LTFV margin (when divided by the U.S. selling price) is about 211 percent; as calculated by the U.S. International Trade Commission, the margin (when divided by the home-market price) is about 69 percent. Celanese also contends that Mitsui's selling price to its U.S. customers is about 32 to 34 cents per gallon, a price substantially below Celanese's current price of 42 cents per gallon. The information presented in the Celanese complaint as to the volume of imports expected under the Mitsui-Metanor contract and the f.o.b. price to the United States of Brazilian methyl alcohol was obtained from * * *. Celanese obtained information on Metanor's home market price from its own agents in Brazil; it obtained information on Mitsui's selling price to its U.S. customers from potential customers contacted by Mitsui.

The Mitsui response to the Celanese complaint contended that the Mitsui-Metanor contract called for the importation of a total of only 1,662,896 gallons (11 million pounds) of methyl alcohol, with shipments to the United States to commence shortly. There were no provisions for further sales to the United States according to the letter on behalf of Mitsui. Imports in this volume are equivalent to only 3.9 percent of total 1976 U.S. imports, 0.2 percent of total 1976 apparent U.S. consumption, and 0.5 percent of 1976 U.S. open-market (merchant) consumption. The letter on behalf of Mitsui did not address the home-market price or the existence of LTFV margins on sales from Brazil but did state that Mitsui's selling prices to its U.S. customers were in line with U.S. producers' prices for methyl alcohol and that any margin of underselling would be insignificant. It is largely on the basis of the Mitsui

1/ A copy of Treasury's letter to the Commission is presented in app. D.

letter of August 30, 1977, that the Treasury Department concluded that there is a reasonable doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of methyl alcohol from Brazil.

This investigation has established that the first ship containing methyl alcohol from Brazil unloaded into Mitsui's storage tanks on the Houston Ship Canal on Tuesday, September 20, 1977. This shipment fulfilled the entire Mitsui-Metanor contract. Documentation relating to the shipment is scheduled to be filed by Mitsui with the U.S. Customs Service in early October. The shipment actually amounted to 1,725,490 gallons (11,440,000 pounds).

The Domestic Industry

Methyl alcohol is produced in the United States by several large, diversified, multinational chemical companies. As shown in the table on page A-11, U.S. productive capacity is concentrated in Texas (especially in the Beaumont-Houston area) and in Louisiana. ^{1/} In addition to the facilities listed in the table, IMC currently has under construction a 110-million-gallon annual capacity plant, and DuPont has under construction a new facility with at least an annual 100-million-gallon capacity. Both plants are due to start production in 1979, and will add at least 15 percent to total U.S. production capacity. In 1976, the U.S. industry operated at about 68 percent of its rated capacity. On September 9, 1977, Rohm and Haas stopped production of methyl alcohol, but overall U.S. production capacity is increasing.

Consideration of Injury or Likelihood Thereof by Reason of Alleged LTFV Sales

U.S. consumption, producers' shipments, and foreign trade

U.S. consumption--Apparent U.S. consumption of methyl alcohol increased from 5,398 million pounds in 1972 to 6,244 million pounds in 1973, but, due in large part to the recession, it declined in 1974 and again in 1975 when it reached a low for the 1972-76 period, as shown in the table on page A-12. In 1976, consumption recovered somewhat but was about 5 percent below the 1973

^{1/} Two plants (one operated by DuPont at Huron, Ohio, and one operated by Celanese at Pampa, Tex.) are not listed on the following page; their capacities are not known. Total production capacity for U.S. producers, by firms, is presented in table 4 for the eight U.S. producers that responded to the U.S. International Trade Commission's questionnaire. The eight firms accounted for nearly 90 percent of total U.S. capacity, as listed in the following table. Those firms that captively consume all of their production normally operated at higher percentages of capacity than did those firms that were more dependent upon outside sales. Overall, for the eight firms, 1976 production was at 77 percent of rated capacity, and during January-July 1977 it amounted to 69 percent of rated capacity.

Methyl alcohol: U.S. production facilities and capacity,
by States and by firms, 1977

Location and firm	Annual capacity		Share of total U.S. capacity
	Volume	Weight	
	Million pounds	Million gallons	Percent
Texas:			
Celanese:			
Clear Lake-----	200	1,326	14.5
Bishop-----	145	961	10.5
Subtotal, Celanese-----	345	2,287	25.0
DuPont:			
Beaumont-----	225	1,492	16.3
Orange-----	115	762	8.4
Subtotal, DuPont-----	340	2,254	24.7
Monsanto (Texas City)-----	100	663	7.3
Tenneco (Houston)-----	80	530	5.8
Rohm and Haas (Deer Park) <u>1/</u> -----	22	146	1.6
Total, Texas-----	887	5,880	64.4
Louisiana:			
Borden (Geismar)-----	160	1,061	11.6
Georgia Pacific (Plaquemine)-----	120	796	8.7
Hercufina (Plaquemine)-----	100	663	7.3
IMC (Sterlington)-----	50	332	3.6
Total, Louisiana-----	430	2,852	31.2
Florida:			
Air Products (Pensacola)-----	60	398	4.4
Total, United States-----	1,377	<u>2/</u> 9,130	100.0

1/ Rohm and Haas stopped production of methyl alcohol on September 9, 1977.

2/ In 1976, U.S. production of synthetic methyl alcohol amounted to 6,241 million pounds or 68.4 percent of annual U.S. capacity.

Source: 1977 Directory of Chemical Producers, Stanford Research Institute.

Note.--For annual capacities of respondents to the U.S. International Trade Commission's questionnaires, see table 4. In addition to the plants listed above, 2 plants (1 operated by Celanese at Pampa, Tex., and 1 operated by DuPont at Huron, Ohio) are in production; their capacities are not known.

Methyl alcohol: U.S. production, shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1972-76, January-June 1976, and January-June 1977

Year	production	Shipments	Exports	Imports ^{1/}	Apparent Consumption		Ratio of imports to Consumption	
					Based on Production	Based on Shipments	Based on Production	Based on Shipments
					Million pounds	Million pounds	Percent	Percent
1972-----	6,471.6	3,542.3	1,073.2	^{2/}	5,398.4	2,469.1	^{3/}	^{3/}
1973-----	7,064.4	3,841.8	820.3	^{2/}	6,244.1	3,021.5	^{3/}	^{3/}
1974-----	6,789.3	3,556.0	980.3	120.9	5,929.1	2,696.6	2.0	4.5
1975-----	5,176.3	2,376.0	458.2	112.1	4,830.2	2,029.9	2.3	5.5
1976-----	6,240.6	2,133.0	561.4	284.1	5,963.3	1,855.7	4.8	15.3
January-								
1976-----	3,114.1	^{4/}	328.3	118.6	2,904.4	^{4/}	4.1	-
1977-----	3,371.9	^{4/}	255.5	191.0	3,307.4	^{4/}	5.8	-

^{1/} U.S. imports from Brazil that may be sold at less than fair value in the United States did not commence until September 1977. At that time, a single shipment of 11,440,000 pounds was received by Mitsui and Co. In terms of quantity, the September 1977 shipment from Brazil would have been equivalent to 0.2 percent of total 1976 U.S. consumption of methyl alcohol and 0.6 percent of 1976 U.S. apparent consumption of methyl alcohol based on shipments.

^{2/} Less than 50,000 pounds.

^{3/} Less than 0.05 percent.

^{4/} Not available.

Source: U.S. production and shipments, Synthetic Organic Chemicals, United States Production and Sales; imports and exports, compiled from official statistics of the U.S. Department of Commerce.

peak year. Because formaldehyde, which is used extensively to produce resins for plywood adhesives, accounts for nearly half of U.S. consumption of methyl alcohol, trends in apparent consumption are largely dictated by activity in the U.S. construction industry, especially the home building sector.

U.S. production and sales--Methyl alcohol reportedly was in very tight supply at times during 1973-74. Since 1975, however, it has been readily available. Production of synthetic methyl alcohol increased slightly more than 13 percent annually during 1968-73. * * * When sufficient capacity * * * had been restored, the economy (particularly the housing industry) had taken a downturn. As a result, production of methyl alcohol declined by 2.6 percent in 1974 (to 6.79 billion pounds) and by 24.7 percent in 1975 (to 5.18 billion pounds). In 1976 it reached 6.24 billion pounds but remained below the 1973-74 production levels. The following table shows U.S. production, captive use, and shipments of methyl alcohol from 1972 through 1976. 1/

Methyl alcohol: U.S. production, captive use, and shipments, 1972-76

Year	Production	Captive use <u>1/</u>	Shipments	Shipments as a share of domestic production
	<u>Million pounds</u>	<u>Million pounds</u>	<u>Million pounds</u>	<u>Percent</u>
1972-----	6,471.6	2,929.3	3,542.3	54.7
1973-----	7,064.4	3,222.6	3,841.8	54.4
1974-----	6,789.3	3,233.3	3,556.0	52.4
1975-----	5,176.3	2,800.3	2,376.0	45.9
1976-----	6,240.6	4,107.6	2,133.0	34.2

1/ Estimated as the difference between production and shipments without allowance for inventory changes.

Source: Synthetic Organic Chemicals, U.S. Production and Sales, United States International Trade Commission.

1/ Tables 4 through 6 present data on U.S. production, captive use, and shipments of methyl alcohol by the eight firms that responded to the U.S. International Trade Commission's questionnaires. The eight firms accounted for over 90 percent of total U.S. production and nearly all of U.S. producers' shipments in 1976. Shipments as a share of domestic production declined from 50 percent in 1972 to 40 percent in 1976, while captive consumption increased from 50 percent of the eight firms' output in 1972 to 60 percent in 1976. Two of the firms captively consumed 100 percent of their production while the other firms captively consumed * * * to * * * percent of their output in 1976.

U.S. producers' sales of methyl alcohol increased from 3,542 million pounds in 1972 to 3,842 million pounds in 1973. Sales by U.S. producers declined in 1974 and again in 1975 when they reached 2,376 million pounds. In 1976 they amounted to 2,133 million pounds. Methyl alcohol captively consumed for the production of derivative products ^{1/} by the producing companies increased annually from 2,929 million pounds in 1972 to 3,322 million pounds in 1974, but declined to 2,800 million pounds in 1975. As shown by the table on page A-13, open-market sales accounted for only 34.2 percent of U.S. production in 1976, while 66 percent was captively consumed by the U.S. producers. Much of the captive consumption is used in the production of formaldehyde, which is produced by all but two of the U.S. producers of methyl alcohol. ^{2/}

U.S. exports--U.S. exports of methyl alcohol, as shown in the following table declined irregularly from 1.1 billion pounds in 1972 to 561 million pounds in 1976. Domestically produced methyl alcohol is exported to virtually all parts of the world. In 1976, principal export markets included Spain, Mexico, the Netherlands, Japan, and Brazil, although more than 20 other countries also imported U.S.-produced methyl alcohol.

Methyl alcohol: U.S. exports of domestic merchandise, 1972-76

Year	Quantity	Value
	<u>1,000 pounds</u>	<u>1,000 dollars</u>
1972-----	1,073,188	18,566
1973-----	820,272	18,417
1974-----	980,269	24,432
1975-----	458,214	16,804
1976-----	561,403	23,254

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

U.S. imports--U.S. imports of methyl alcohol are competitive with domestic production. They increased from a negligible 1,000 pounds in 1972 to 284 million pounds in 1976. The ratios of imports to consumption increased from 2 percent in 1974 to nearly 5 percent in 1976. Principal sources of imports during 1972-76 have been Canada and the United Kingdom. U.S. imports from Canada during January-July 1977, were greater than in all of 1976, and accounted for over 95 percent of total U.S. imports. Other sources of

^{1/} Estimated to be the difference between production and sales without allowance for changes in inventory levels.

^{2/} Rohm & Haas, a major producer of formaldehyde, stopped production of methyl alcohol on September 9, 1977. * * *

imported methyl alcohol, as shown in tables 1 through 3, include Belgium, Japan, the Republic of China (Taiwan), and the Netherlands. There were no imports of methyl alcohol from Brazil during the period covered by the Commission's questionnaires (January 1972 through July 1977) or reported in official import statistics since 1971.

The first Brazilian shipment at issue (and most likely the only one since it fulfilled the entire Mitsui-Metanor contract, as noted on p. A-10) probably will be reported for October 1977, since documents relating to the shipment will not be filed with the U.S. Customs Service until early October. The shipment amounted to 1,725,490 gallons (11,440,000 pounds) equivalent to 4 percent of total imports reported during all of 1976 from all sources, 0.2 percent of total 1976 U.S. consumption, and 0.6 percent of 1976 U.S. open-market (merchant) consumption. As shown in table 1, U.S. imports from Canada increased between January-July 1976 and January-July 1977 by more than the total quantity of the Metanor-Mitsui contract. * * * The table on page A-16 shows U.S. imports by TSUS items, 1972-76, January-July 1976 and January-July 1977.

U.S. producers inventories

The yearend inventories of methyl alcohol for the eight U.S. producers of methyl alcohol that responded to the U.S. International Trade Commission's questionnaire increased from 390 million pounds on December 31, 1972 (* * * percent of 1972 production by the eight firms), to 506 million pounds on December 31, 1975 (* * * percent of 1975 production by the eight firms). Inventories fell to 446 million pounds on December 31, 1976 (* * * percent of 1976 production by the eight firms). The inventory on July 31, 1977 was somewhat smaller than the inventory on July 31, 1976, as shown in the table on page A-17.

Methyl alcohol: U.S. imports for consumption, by TSUS items, 1972-76, January-July 1976,
and January-July 1977

A-16

Period	Imports for use in :		Imports for other :		Imports not desig- :		Total imports	
	synthetic natural	gas (SNG) or for	uses (TSUS item	427.97) <u>1/</u>	nated as to use	(TSUS item	427.96) <u>1/</u>	
	direct use as fuel :	(TSUS item 427.96) <u>1/</u> :						
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	pounds	dollars	pounds	dollars	pounds	dollars	pounds	dollars
1972-----	0	-	0	-	1	1	1	1
1973-----	0	-	0	-	48	41	48	41
1974-----	0	-	0	-	120,944	12,163	120,944	12,163
1975-----	0	-	112,093	3,927	4	1	112,097	3,928
1976-----	2,648	120	277,200	8,508	4,267	169	284,115	8,797
January-July--								
1976-----	2,648	120	159,538	4,771	4,267	169	166,453	5,060
1977-----	0	-	210,244	7,957	0	-	210,244	7,957

1/ Effective Oct. 24, 1974, TSUS item 427.96 (methyl alcohol) was redesignated as TSUS item 427.96 (methyl alcohol imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel) and TSUS item 427.97, for other methyl alcohol.

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

Methyl alcohol: U.S. producers' inventories as of Dec. 31 of 1972-76,
July 31, 1976, and July 31, 1977

Date	Inventories	Inventories as a share of production by reporting firms during the preceding 12-month or 7-month periods
	<u>Million pounds</u>	<u>Percent</u>
Dec. 31--		
1972-----	390	* * *
1973-----	430	* * *
1974-----	454	* * *
1975-----	506	* * *
1976-----	446	* * *
July 31--		
1976-----	548	* * *
1977-----	429	* * *

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

Note--The data shown are for 8 U.S. producers that accounted for over 90 percent of U.S. production and for nearly all of U.S. producers' shipments in 1976.

U.S. Employment

Employment of production and related workers in the production of methyl alcohol by the eight firms that responded to the U.S. International Trade Commission's questionnaires increased from 390 workers in 1972 to 425 in 1974 and declined to 355 in 1976. Such employment declined further in 1977, from 345 workers in January-July 1976 to 308 in January-July 1977, as shown in the following table. Employment trends in the production of methyl alcohol do not reflect trends in production, but rather reflect the general efficiency and technical characteristics of the production units. A decline in production does not generally result in a decline in employment, since employees are not usually laid off; they usually operate the production equipment with steam until methyl alcohol production resumes. Basic changes in employment occur when new plants are opened or when old plants are closed or converted to new methods of producing methyl alcohol.

Methyl Alcohol: Average monthly employment of production and related workers in establishments producing methyl alcohol, 1972-76, January-July 1976, and January-July 1977

Period	Number of production and related workers producing methyl alcohol
1972-----	390
1973-----	397
1974-----	425
1975-----	405
1976-----	355
January-July--	
1976-----	345
1977-----	300

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

Note.--The data shown are for 8 U.S. producers that accounted for over 90 percent of U.S. production and for nearly all of U.S. producer's shipments in 1976.

Financial Situation of Domestic Producers

Five U.S. producers that sell their methyl alcohol on the open market provided profit-and-loss data on the overall operations in their establishments in which methyl alcohol is produced and also on their methyl alcohol operations alone. These producers accounted for nearly all of the methyl alcohol shipped by all U.S. producers in 1976. As shown in table 7, net sales

of all products produced in their establishments in which methyl alcohol was produced increased from * * * million in 1974 to * * * million in 1976 and amounted to * * * million in January-July 1977. The net profits on these sales increased from * * * million (29 percent of net sales) in 1974 to * * * million (32 percent of net sales) in 1976 and amounted to * * * million (25 percent of net sales) in January-July 1977. It should be noted that ratios of net profits to net sales in the chemical industry are generally much higher than the ratios for most other industries. Chemical industry spokesmen often compare net profits to total capital investment which normally shows a lower rate of return.

The five producers' net sales of methyl alcohol increased from * * * million in 1974 to * * * million in 1976 and amounted to * * * million during January-July 1977. Net profits on sales of methyl alcohol increased from * * * million in 1974 to * * * million in 1976, but amounted to only * * * million during January-July 1977. The ratio of net profits to net sales declined annually from 33.4 percent in 1975 to 29.1 percent in 1976 and to 10.3 percent in January-July 1977.

* * * * *
 The deteriorating financial position of domestic producers is, in large part, a result of rapidly escalating costs of production since 1975 (dictated largely by increases in price for natural gas--used both as a raw material and as a fuel) and of price competition in the U.S. market that has prevented prices from increasing as rapidly as costs, as shown in table 9.

Foreign Production

The United States is the world's largest producer of methyl alcohol, accounting for about 30 percent of total world production in 1975. In that year, the Federal Republic of Germany and Japan were the second and third largest producers accounting for 10 percent and 9 percent, respectively. Western Europe accounted for 29 percent of the world's total in 1975, while Eastern Europe produced somewhat less. The U.S.S.R. reportedly accounted for about 70 percent of the production in Eastern Europe.

Total Brazilian production in 1977 is estimated by Mitsui to be 221 million pounds (or less than 1 percent of total world production) of methyl alcohol in 1975. Virtually all of Brazil's production capacity is accounted for by three firms, of which Metanor is, by far, the largest. Mitsui estimates that Metanor is the only Brazilian firm with the capacity for export. One of the other two firms captively consumes all it produces. Mitsui estimated Metanor's annual capacity at 159 million pounds, with no increases in capacity planned for the period 1977-79. Mitsui estimates that Metanor's capacity will increase by * * * million pounds in 1980, or to * * * million pounds. Total methyl alcohol available for export from Brazil, based on Mitsui's estimates of Brazilian production and consumption, are 16 million pounds in 1977, 24 million pounds in 1978, and 13 million pounds in 1979, or 0.3 percent, 0.4 percent, and 0.2 percent, respectively, of apparent U.S. consumption in 1976. These levels are based however, on production levels at 75 percent, 85 percent, and 90 percent of Brazilian capacity. If the Brazilian industry were to produce at 100 percent of its rated capacity, and were to ship all of its additional production to the United States, annual U.S.

imports could be seven times the amount of U.S. imports in the September 1977 shipment, or about 1.4 percent of U.S. apparent consumption in 1976.

Celanese estimated Metanor's capacity in 1977 and 1978 to be somewhat lower than Mitsui's estimate, or 113 million pounds and 135 million pounds respectively, but it anticipates a jump in Metanor's capacity to 420 million pounds in 1980, with the increased production intended for export to the United States. If the Metanor plant operated at full capacity in 1977 and 1980, by Celanese's estimates, the increase in exports to the United States could total 307 million pounds in 1980--5 percent of apparent U.S. consumption in 1976.

U.S. Sales of Methyl Alcohol Allegedly Sold in the United States at Less Than Fair Value

The first U.S. shipment of methyl alcohol from Brazil was unloaded into Mitsui's storage tanks on the Houston Ship Canal on September 20, 1977. Documentation on the imports will not be filed with the U.S. Customs Service until early October. Negotiations between Metanor and a number of potential U.S. purchasers began in the first half of 1977, and the contract with Mitsui, for 5,000 metric tons, was signed in July 1977. The shipment actually amounted to 5,188 metric tons (1,725,400 gallons or 11,440,000 pounds). Mitsui's contract called for a price of * * * cents per gallon (* * * cents per pound), f.o.b. Madre de Deus, Brazil. The landed value of the shipment was * * * cents per gallon (* * * cents per pound).

In July 1977, Mitsui began to negotiate with * * * and other potential purchasers. In August 1977, * * * contracted to purchase * * * metric tons (***) gallons or * * * pounds) of methyl alcohol from Mitsui at a price of ***cents per gallon (* * * cents per pound), and in September 1977, * * * contracted to buy the remainder of the shipment. * * * The average selling price of the entire shipment was * * * cents per gallon (* * * cents per pound).

* * * * *

U.S. Prices

U.S. prices for end users in the open market are generally standard throughout the industry, including trading companies that may have obtained their supplies from foreign sources. The basic discount is 6 cents per gallon (0.9 cents per pound) for formaldehyde producers, although manufacturers of windshield washer fluid also receive a substantial discount. Prices generally change when one firm or another announces a price increase or decrease, and other firms follow the trendsetter. On October 1, 1977, Celanese increased its price by 2 cents per gallon, or from 42 to 44 cents a gallon (6.3 to 6.6 cents per pound). In 1976, the average price per gallon received by the U.S. producers was 38.9 cents per gallon (5.9 cents per pound). Such prices ranged from * * * cents per gallon (* * * cents per pound) for the lowest price domestic producer to * * * cents per gallon (* * * cents per pound) for the highest priced U.S. producer. Some U.S. producers, on occasion, purchase

methyl alcohol to supplement their own production, and enter into so-called co-producer contracts with other suppliers, domestic or foreign. Such contracts generally are signed at well below prevailing market prices. Prices to traders * * * generally fall between the co-producer price and the price for end users that are not formaldehyde producers.

The U.S. International Trade Commission obtained average unit values of U.S. producers' shipments of methyl alcohol by questionnaire. Such average unit values, as shown in table 9, amounted to * * * cents per pound in 1972, * * * cents per pound in 1973, * * * cents per pound in 1974, * * * cents per pound in 1975, and * * * cents per pound in 1976. During January-July 1977, average unit values of U.S. producers' sales ranged from * * * to * * * cents per pound, somewhat below the 1976 level.

As shown in table 8, methyl alcohol from Brazil was sold to Mitsui at significantly lower prices in 1977 than was methyl alcohol sold by * * * the only other major source of imports. * * * 's other purchases during 1977 were at prices equivalent to or below the prices for which it obtained the Brazilian methyl alcohol. * * * 's lowest prices for methyl alcohol appear to be for methyl alcohol manufactured by * * * , a domestic producer.

* * * * *

Costs of Production

Costs of producing methyl alcohol have risen significantly since 1972, with the major increases being for higher priced raw materials and fuel (mostly natural gas). The cost of labor is relatively low for this capital intensive product. The cost of producing methyl alcohol is presented in table 9 and is summarized below.

Methyl alcohol: U.S. costs of production, by type of cost, 1972, 1976, and January-July 1977

(In cents per pound)

Type of cost	1972	1976	January-July 1977
Direct Labor-----:	* * *	* * *	* * *
Raw materials-----:	* * *	* * *	* * *
Fuel-----:	* * *	* * *	* * *
Overhead-----:	* * *	* * *	* * *
Total cost-----:	* * *	* * *	* * *

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

Note--The highest costs experienced were generally reported by * * *.

Evidence of Lost Sales

* * * and * * * have been listed by U.S. producers--* * * and * * * ^{1/}, respectively--as major accounts lost to Brazilian imports. Data gathered by the Commission, however, do not confirm the allegations. There is no additional evidence to indicate that * * * or * * * are customers for Brazilian methyl alcohol, whether directly from Metanor, from Mitsui, or from * * * . DuPont, Tenneco, * * *, and Celanese have indicated that sales at less than fair value from Brazil will be harmful to the U.S. industry, but * * *, * * *, and * * * have indicated that such sales will not be injurious to their interests.

^{1/} At the public hearing, Mr. O'Kelly, attorney for Mitsui, identified * * * (in confidence to the Commission staff) as a domestic producer that contacted Mitsui in an effort to purchase the Brazilian shipment.

APPENDIX A
STATISTICAL TABLES

Table 1.--Methyl alcohol (TSUS items 427.96 and 427.97): U.S. imports for consumption, by principal sources, 1974-76, January-July 1976, and January-July 1977 ^{1/}

Source	1974	1975	1976	January-July--	
				1976	1977
Quantity (1,000 pounds)					
Canada-----	922	70,861	195,048	104,688	203,621
United Kingdom-----	31,234	22,131	80,886	53,584	6,623
Belgium-----	3,854	0	8,181	8,181	0
Japan-----	31,645	9,461	0	0	0
Taiwan-----	25,996	9,640	0	0	0
Netherlands-----	12,915	0	0	0	0
All other-----	14,378	0	0	0	0
Total-----	120,944	112,093	284,115	166,453	210,244
Quantity (1,000 gallons)					
Canada-----	139	10,688	29,420	15,790	30,712
United Kingdom-----	4,717	3,338	12,200	8,082	999
Belgium-----	580	0	1,233	1,234	0
Japan-----	4,773	1,427	0	0	0
Taiwan-----	3,921	1,454	0	0	0
Netherlands-----	1,948	0	0	0	0
All other-----	2,124	0	0	0	0
Total-----	18,242	16,907	42,853	25,106	31,711
Value (1,000 dollars)					
Canada-----	125	1,775	5,873	3,124	7,721
United Kingdom-----	2,180	1,125	2,693	1,706	236
Belgium-----	600	-	231	231	-
Japan-----	2,671	607	-	-	-
Taiwan-----	2,847	420	-	-	-
Netherlands-----	2,015	-	-	-	-
All other-----	1,725	-	-	-	-
Total-----	12,163	3,927	8,797	5,060	7,957
Unit value (cents per pound)					
Canada-----	13.6	2.5	3.0	3.0	3.8
United Kingdom-----	7.0	5.1	3.3	3.2	3.6
Belgium-----	15.6	-	2.8	2.8	-
Japan-----	8.4	6.4	-	-	-
Taiwan-----	11.0	4.4	-	-	-
Netherlands-----	15.6	-	-	-	-
All other-----	12.3	-	-	-	-
Average-----	10.1	3.5	3.1	3.0	3.8
Unit value (cents per gallon)					
Canada-----	89.9	16.6	20.0	19.8	25.1
United Kingdom-----	46.2	33.7	22.1	22.1	23.6
Belgium-----	103.4	-	-	-	-
Japan-----	56.0	42.5	-	-	-
Taiwan-----	72.6	28.8	-	-	-
Netherlands-----	103.4	-	-	-	-
All other-----	81.2	-	-	-	-
Average-----	66.7	23.2	20.5	20.2	25.1

^{1/} Imports in 1972 amounted to 1,429 pounds (225 gallons), valued at \$884, all of which was imported from Canada; in 1973, imports totaled 47,902 pounds (7,225 gallons), valued at \$41,094, with Canada accounting for 44,361 pounds (6,691 gallons), valued at \$2,717, and imports from Italy (probably misclassified) accounted for 3,541 pounds (534 gallons), valued at \$38,377.

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

Table 2.--Methyl alcohol, not elsewhere specified (TSUS item 427.9700): U.S. imports for consumption, by specified sources, and by customs district, 1976

Customs district	Canada	United Kingdom	Belgium	Total, all countries
Quantity (1,000 pounds) ^{1/}				
Seattle, Washington-----	80,334	0	0	80,334
Great Falls, Montana-----	62,965	0	0	62,965
Wilmington, North Carolina-----	7,811	33,403	0	41,214
Houston, Texas-----	0	24,866	8,180	33,046
New York, New York-----	16,990	0	0	16,990
Philadelphia, Pennsylvania-----	0	15,728	0	15,728
Ogdensburg, New York-----	7,764	0	0	7,764
Pembia, North Dakota-----	12,259	0	0	12,259
New Orleans, Louisiana-----	6,637	0	0	6,637
Detroit, Michigan-----	223	0	0	223
Buffalo, New York-----	46	0	0	46
Total-----	195,023	73,997	8,180	277,200
Value (1,000 dollars)				
Seattle, Washington-----	2,035	-	-	2,035
Great Falls, Montana-----	1,601	-	-	1,601
Wilmington, North Carolina-----	353	1,125	-	1,478
Houston, Texas-----	-	778	231	1,009
New York, New York-----	769	-	-	769
Philadelphia, Pennsylvania-----	-	506	-	506
Ogdensburg, New York-----	479	-	-	479
Pembia, North Dakota-----	314	-	-	314
New Orleans, Louisiana-----	300	-	-	300
Detroit, Michigan-----	13	-	-	13
Buffalo, New York-----	3	-	-	3
Total-----	5,867	2,409	231	8,508
Unit value (cents per pound)				
Seattle, Washington-----	2.5	-	-	2.5
Great Falls, Montana-----	2.5	-	-	2.5
Wilmington, North Carolina-----	4.5	3.4	-	3.6
Houston, Texas-----	-	3.1	2.8	3.1
New York, New York-----	4.5	-	-	4.5
Philadelphia, Pennsylvania-----	-	3.2	-	3.2
Ogdensburg, New York-----	6.2	-	-	6.2
Pembia, North Dakota-----	1.1	-	-	1.1
New Orleans, Louisiana-----	4.5	-	-	4.5
Detroit, Michigan-----	5.8	-	-	5.8
Buffalo, New York-----	6.5	-	-	6.5
Average-----	3.0	3.3	2.8	3.1

^{1/} Converted from gallons on the basis of 6.63 pounds per gallon.

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

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

Table 3.--Methyl alcohol, not elsewhere specified (TSUS Item 427.9700): U.S. imports for consumption, by specified sources, and by customs district, 1976

Custom district	Canada	United Kingdom	Belgium	Total, all countries
Quantity (1,000 gallons)				
Seattle, Washington-----	12,117	0	0	12,117
Great Falls, Montana-----	9,497	0	0	9,497
Wilmington, North Carolina-----	1,178	5,038	0	6,216
Houston, Texas-----	0	3,751	1,234	4,984
New York, New York-----	2,563	0	0	2,563
Philadelphia, Pennsylvania-----	0	2,372	0	2,372
Ogdensburg, New York-----	1,171	0	0	1,171
Pembia, North Dakota-----	1,849	0	0	1,849
New Orleans, Louisiana-----	1,001	0	0	1,001
Detroit, Michigan-----	34	0	0	34
Buffalo, New York-----	7	0	0	7
Total-----	29,415	11,161	1,234	41,810
Value (1,000 dollars)				
Seattle, Washington-----	2,035	-	-	2,035
Great Falls, Montana-----	1,601	-	-	1,601
Wilmington, North Carolina-----	353	1,125	-	1,478
Houston, Texas-----	-	778	231	1,009
New York, New York-----	769	-	-	769
Philadelphia, Pennsylvania-----	-	506	-	506
Ogdensburg, New York-----	479	-	-	479
Pembia, North Dakota-----	314	-	-	314
New Orleans, Louisiana-----	300	-	-	300
Detroit, Michigan-----	13	-	-	13
Buffalo, New York-----	3	-	-	3
Total-----	5,867	2,409	231	8,508
Unit value (cents per gallon)				
Seattle, Washington-----	16.8	-	-	16.8
Great Falls, Montana-----	16.9	-	-	16.9
Wilmington, North Carolina-----	30.0	22.3	-	23.8
Houston, Texas-----	-	20.7	18.7	20.2
New York, New York-----	30.0	-	-	30.0
Philadelphia, Pennsylvania-----	-	21.3	-	21.3
Ogdensburg, New York-----	40.9	-	-	40.9
Pembia, North Dakota-----	17.0	-	-	17.0
New Orleans, Louisiana-----	30.0	-	-	30.0
Detroit, Michigan-----	38.2	-	-	38.2
Buffalo, New York-----	42.9	-	-	42.9
Average-----	19.9	21.6	18.7	20.3

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

Table 4.--Methyl alcohol: Rated capacity and U.S. production, by firms, 1972-76, January-July 1976, and January-July 1977

Firm	1972	1973	1974	1975	1976	January-July--	
						1976	1977
Annual (or 7 months) rated capacity (million pounds)							
Celanese-----	***	***	***	***	***	***	***
D Pont-----	***	***	***	***	***	***	***
Monsanto-----	***	***	***	***	***	***	***
Tenneco-----	***	***	***	***	***	***	***
Rohm and Haas-----	***	***	***	***	***	***	***
Borden-----	***	***	***	***	***	***	***
Georgia Pacific---	***	***	***	***	***	***	***
Hercufina-----	***	***	***	***	***	***	***
IMC-----	***	***	***	***	***	***	***
Air Products-----	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***
Production (million pounds)							
Celanese-----	***	***	***	***	***	***	***
Du Pont-----	***	***	***	***	***	***	***
Monsanto-----	***	***	***	***	***	***	***
Tenneco-----	***	***	***	***	***	***	***
Rohm and Haas-----	***	***	***	***	***	***	***
Borden-----	***	***	***	***	***	***	***
Georgia Pacific---	***	***	***	***	***	***	***
Hercufina-----	***	***	***	***	***	***	***
IMC-----	***	***	***	***	***	***	***
Air Products-----	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***
Ratio of production to rated capacity (percent)							
Celanese-----	***	***	***	***	***	***	***
Du Pont-----	***	***	***	***	***	***	***
Monsanto-----	***	***	***	***	***	***	***
Tenneco-----	***	***	***	***	***	***	***
Rohm and Haas-----	***	***	***	***	***	***	***
Borden-----	***	***	***	***	***	***	***
Georgia Pacific---	***	***	***	***	***	***	***
Hercufina-----	***	***	***	***	***	***	***
IMC-----	***	***	***	***	***	***	***
Air Products-----	***	***	***	***	***	***	***
Average-----	83	94	89	68	77	77	69

1/ Not available.

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

Table 5.--Methyl alcohol: Captive use by U.S. producers and share of U.S. production accounted for by captive use, by firms, 1972-76, January-July 1976, and January-July 1977

Firm	1972	1973	1974	1975	1976	January-July--	
						1976	1977
Captive consumption (millions of pounds)							
Celanese-----	***	***	***	***	***	***	***
DuPont-----	***	***	***	***	***	***	***
Monsanto-----	***	***	***	***	***	***	***
Tenneco-----	***	***	***	***	***	***	***
Rohm & Haas-----	***	***	***	***	***	***	***
Borden-----	***	***	***	***	***	***	***
Georgia Pacific---	***	***	***	***	***	***	***
Hercufina-----	***	***	***	***	***	***	***
IMC-----	***	***	***	***	***	***	***
Air Products-----	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***
Share of production accounted for by captive consumption (percent)							
Celanese-----	***	***	***	***	***	***	***
DuPont-----	***	***	***	***	***	***	***
Monsanto-----	***	***	***	***	***	***	***
Tenneco-----	***	***	***	***	***	***	***
Rohm & Haas-----	***	***	***	***	***	***	***
Borden-----	***	***	***	***	***	***	***
Georgia Pacific---	***	***	***	***	***	***	***
Hercufina-----	***	***	***	***	***	***	***
IMC-----	***	***	***	***	***	***	***
Air Products-----	***	***	***	***	***	***	***
Average-----	50	54	56	57	60	57	62

1/ Not available.

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

Table 6.--Methyl Alcohol: U.S. producers' shipments (except resale), share of total U.S. producers' shipments as a share of production and as a share of total open-market shipments by firms, 1972-76, January-July 1976, and January-July 1977

Firm	1972	1973	1974	1975	1976	January-July--	
						1976	1977
U.S. producer's shipments (except resales)							
(million pounds)							
Celanese-----	***	***	***	***	***	***	***
DuPont-----	***	***	***	***	***	***	***
Monsanto-----	***	***	***	***	***	***	***
Tenneco-----	***	***	***	***	***	***	***
Rohm & Haas-----	***	***	***	***	***	***	***
Borden-----	***	***	***	***	***	***	***
Georgia Pacific-----	***	***	***	***	***	***	***
Hercufina-----	***	***	***	***	***	***	***
IMC-----	***	***	***	***	***	***	***
Air products-----	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***
U.S. producers' shipments as a share							
of production (percent)							
Celanese-----	***	***	***	***	***	***	***
DuPont-----	***	***	***	***	***	***	***
Monsanto-----	***	***	***	***	***	***	***
Tenneco-----	***	***	***	***	***	***	***
Rohm & Haas-----	***	***	***	***	***	***	***
Borden-----	***	***	***	***	***	***	***
Georgia Pacific-----	***	***	***	***	***	***	***
Hercufina-----	***	***	***	***	***	***	***
IMC-----	***	***	***	***	***	***	***
Air products-----	***	***	***	***	***	***	***
Average-----	50	46	44	43	40	43	38
U.S. producers' shipments as a share of total domestic							
open-market shipments (percent)							
Celanese-----	***	***	***	***	***	***	***
DuPont-----	***	***	***	***	***	***	***
Monsanto-----	***	***	***	***	***	***	***
Tenneco-----	***	***	***	***	***	***	***
Rohm & Haas-----	***	***	***	***	***	***	***
Borden-----	***	***	***	***	***	***	***
Georgia Pacific-----	***	***	***	***	***	***	***
Hercufina-----	***	***	***	***	***	***	***
IMC-----	***	***	***	***	***	***	***
Air products-----	***	***	***	***	***	***	***
Average-----	***	***	***	***	***	***	***

1/ Less than 0.05 percent.

2/ Not available.

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

Table 7.--U.S. Producers : Net sales, net profit or (loss) and ratio of net profit (or loss) to net sales, for all operations and on methyl alcohol, by firms, 1972-76 and partial year 1977

Firm	On all operations of establishment				On methyl alcohol			
	1974	1975	1976	Jan.-July 1977	1974	1975	1976	Jan.-July 1977
Net sales (in millions of dollars)								
Celanese-----	***	***	***	***	***	***	***	***
DuPont-----	***	***	***	***	***	***	***	***
Monsanto-----	***	***	***	***	***	***	***	***
Tenneco-----	***	***	***	***	***	***	***	***
Rohm & Haas-----	***	***	***	***	***	***	***	***
Borden-----	***	***	***	***	***	***	***	***
Georgia Pacific-----	***	***	***	***	***	***	***	***
Hercufina-----	***	***	***	***	***	***	***	***
IMC-----	***	***	***	***	***	***	***	***
Air Products-----	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***
Net profit or (loss) (in millions of dollars)								
Celanese-----	***	***	***	***	***	***	***	***
DuPont-----	***	***	***	***	***	***	***	***
Monsanto-----	***	***	***	***	***	***	***	***
Tenneco-----	***	***	***	***	***	***	***	***
Rohm & Haas-----	***	***	***	***	***	***	***	***
Borden-----	***	***	***	***	***	***	***	***
Georgia Pacific-----	***	***	***	***	***	***	***	***
Hercufina-----	***	***	***	***	***	***	***	***
IMC-----	***	***	***	***	***	***	***	***
Air Products-----	***	***	***	***	***	***	***	***
Total-----	***	***	***	***	***	***	***	***
Ratio of net profit or (loss) to net sales (percent)								
Celanese-----	***	***	***	***	***	***	***	***
DuPont-----	***	***	***	***	***	***	***	***
Monsanto-----	***	***	***	***	***	***	***	***
Tenneco-----	***	***	***	***	***	***	***	***
Rohm & Haas-----	***	***	***	***	***	***	***	***
Borden-----	***	***	***	***	***	***	***	***
Georgia Pacific-----	***	***	***	***	***	***	***	***
Hercufina-----	***	***	***	***	***	***	***	***
IMC-----	***	***	***	***	***	***	***	***
Air Products-----	***	***	***	***	***	***	***	***
Average-----	28.8	30.8	32.3	24.8	32.4	33.4	29.1	10.3

1/ Does not produce for merchant market.

2/ Not available

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

Table 8.--Methyl alcohol: Lowest net selling price per pound to best customers, by type of sellers, January 1976-September 1977

Month and year	(In cents per pound)											
	U.S. importers		U.S. trading companies					U.S. producers				
	Mitsui (Brazil)	***	***	***	***	***	***	***	***	***	***	***
1976:												
January-----	***	***	***	***	***	***	***	***	***	***	***	***
February-----	***	***	***	***	***	***	***	***	***	***	***	***
March-----	***	***	***	***	***	***	***	***	***	***	***	***
April-----	***	***	***	***	***	***	***	***	***	***	***	***
May-----	***	***	***	***	***	***	***	***	***	***	***	***
June-----	***	***	***	***	***	***	***	***	***	***	***	***
July-----	***	***	***	***	***	***	***	***	***	***	***	***
August-----	***	***	***	***	***	***	***	***	***	***	***	***
September-----	***	***	***	***	***	***	***	***	***	***	***	***
October-----	***	***	***	***	***	***	***	***	***	***	***	***
November-----	***	***	***	***	***	***	***	***	***	***	***	***
December-----	***	***	***	***	***	***	***	***	***	***	***	***
1977:												
January-----	***	***	***	***	***	***	***	***	***	***	***	***
February-----	***	***	***	***	***	***	***	***	***	***	***	***
March-----	***	***	***	***	***	***	***	***	***	***	***	***
April-----	***	***	***	***	***	***	***	***	***	***	***	***
May-----	***	***	***	***	***	***	***	***	***	***	***	***
June-----	***	***	***	***	***	***	***	***	***	***	***	***
July-----	***	***	***	***	***	***	***	***	***	***	***	***
August-----	***	***	***	***	***	***	***	***	***	***	***	***
September-----	***	***	***	***	***	***	***	***	***	***	***	***
October-----	***	***	***	***	***	***	***	***	***	***	***	***
		*	*	*	*	*	*	*	*	*	*	*

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

Table 9.--Methyl alcohol: U.S. producers' cost for the manufacture of methyl alcohol and average selling price for domestic sales, by firms, 1972-76, January-July 1976, and January-July 1977

(In cents per pound)								
Firm	1972	1973	1974	1975	1976	January-July--		
						1976	1977	
U.S. producers' costs								
Celanese-----	***	***	***	***	***	***	***	***
DuPont-----	***	***	***	***	***	***	***	***
Monsanto-----	***	***	***	***	***	***	***	***
Tenneco-----	***	***	***	***	***	***	***	***
Rohm & Haas-----	***	***	***	***	***	***	***	***
Borden-----	***	***	***	***	***	***	***	***
Georgia Pacific-----	***	***	***	***	***	***	***	***
Hercufina-----	***	***	***	***	***	***	***	***
IMC-----	***	***	***	***	***	***	***	***
Air products-----	***	***	***	***	***	***	***	***
Average selling price								
Celanese-----	***	***	***	***	***	***	***	***
DuPont-----	***	***	***	***	***	***	***	***
Monsanto-----	***	***	***	***	***	***	***	***
Tenneco-----	***	***	***	***	***	***	***	***
Rohm & Haas-----	***	***	***	***	***	***	***	***
Borden-----	***	***	***	***	***	***	***	***
Georgia Pacific-----	***	***	***	***	***	***	***	***
Hercufina-----	***	***	***	***	***	***	***	***
IMC-----	***	***	***	***	***	***	***	***
Air products-----	***	***	***	***	***	***	***	***

* * * * *

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

APPENDIX B

U.S. INTERNATIONAL TRADE COMMISSION
NOTICE OF INQUIRY AND HEARING

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-Inq.-7]

METHYL ALCOHOL FROM BRAZIL

Notice of Inquiry and Hearing

The United States International Trade Commission (Commission) received advice from the Department of the Treasury (Treasury) on September 13, 1977, that, during the course of determining whether to institute an investigation with respect to methyl alcohol from Brazil in accordance with section 201(c) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(c)), Treasury had concluded from the information available to it that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of this merchandise into the United States. Therefore, the Commission on September 19, 1977, instituted inquiry AA1921-Inq.-7, under section 201(c)(2) of that act, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

The Treasury advised the Commission as follows (confidential data deleted by the Commission):

Dear Mr. Chairman:

In accordance with section 201(c) of the Antidumping Act of 1921, as amended, an antidumping investigation is being initiated with respect to methyl alcohol from Brazil. Pursuant to section 201(c)(2) of the Act, you are hereby advised that the information developed during our preliminary investigation has led to the conclusion that there is substantial doubt that an industry in the United States is being, or is likely to be injured, or is prevented from being established, by reason of the importation of this merchandise into the United States.

Information available to Treasury indicates that there have been no imports of methyl alcohol from Brazil in at least two years. U.S. domestic production of methyl alcohol increased from 1975 to 1976 and petitioner's sales and production also increased over that period. Petitioner anticipates a -- percent increase in both sales and production of methyl alcohol in 1977 compared to 1976. The likelihood of injury allegation is based upon a contract for delivery of a quantity of methyl alcohol representing approximately percent of 1976 U.S. production and percent of 1976 U.S. sales. No deliveries under the contract have occurred to date and if the 1977 production and sales increases anticipated by petitioner are experienced by the rest of the U.S. industry, the market share held by the impending imports would be even smaller. Treasury has concluded there is substantial doubt as to whether or not an industry is likely to be injured.

Based upon the data submitted by the petitioner, a margin of sales at less than value appears to be approximately percent on the impending imports of the subject merchandise from Brazil.

For purpose of this investigation, the product involved is "methyl alcohol."

Some of the enclosed data is regarded by Treasury to be of a confidential nature. It is therefore requested that the U.S. International Trade Commission consider all the enclosed information to be for the official use of the U.S.I.T.C. only, and not to be disclosed to others without prior clearance from the Treasury Department.

Sincerely yours,

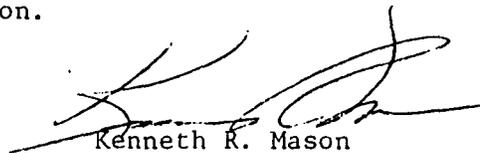
/s/

Robert H. Mundheim

Hearing. A public hearing in connection with the inquiry will be held at 10:00 a.m. on Monday, October 3, 1977, in Concourse D of the Whitehall Hotel, Cullen Center, 1700 Smith Street (between Pease and Jefferson) Houston, Texas 77002. All parties will be given an opportunity to be present, to produce evidence, and to be heard at such hearing. Requests to appear at the public hearing should be received in writing in the office of the Secretary to the Commission not later than noon Wednesday, September 28, 1977.

Written statements. Interested parties may submit statements in writing in lieu of, and in addition to, appearance at the public hearing. A signed original and nineteen true copies of such statements should be submitted. To be assured of their being given due consideration by the Commission, such statements should be received no later than Thursday, September 29, 1977.

By order of the Commission.



Kenneth R. Mason
Secretary

ISSUED: September 21, 1977

APPENDIX C

TREASURY DEPARTMENT'S
ANTIDUMPING PROCEEDING NOTICE

DEPARTMENT OF THE TREASURY
OFFICE OF THE SECRETARY

METHYL ALCOHOL FROM BRAZIL

ANTIDUMPING PROCEEDING NOTICE

AGENCY: U.S. Treasury Department

ACTION: Initiation of Antidumping Investigation

SUMMARY:

This notice is to advise the public that a petition in proper form has been received and an antidumping investigation is being initiated for the purpose of determining whether imports of methyl alcohol from Brazil are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended. Sales at less than fair value generally means that the prices of the merchandise sold for exportation to the United States are less than the prices of such or similar merchandise sold in the home market.

Because there is substantial doubt that an industry is being, or is likely to be, injured as a result of those imports, this case is being referred to the United States International Trade Commission for a determination as to whether or not there is a reasonable indication of injury. If the Commission should find within 30 days that there is no reasonable indication of injury, this investigation will be terminated. Otherwise the investigation will continue to a conclusion.

EFFECTIVE DATE:

(Date of publication in the Federal Register)

FOR FURTHER INFORMATION CONTACT:

Mary S. Clapp, Operations Officer, U.S. Customs Service, Office of Operations, Duty Assessment Division, Technical Branch, 1301 Constitution Avenue, NW., Washington, D.C. 20229, 202-566-5492.

SUPPLEMENTARY INFORMATION:

On August 11, 1977, information was received in proper form pursuant to sections 153.26 and 153.27, Customs Regulations (19 CFR 153.26, 153.27), from counsel acting on behalf of the Celanese Corporation, indicating a possibility that methyl alcohol from Brazil is being, or is likely to be, sold at less than fair value within the meaning of the Anti-dumping Act, 1921, as amended (19 U.S.C. 160 et seq.).

There is evidence on record concerning injury to, or the likelihood of injury to, or prevention of establishment of an industry in the United States. The petitioner has alleged that its profitability has been in decline since 1974, and the industry is operating at less than 75 percent capacity. However, there is evidence which indicates that U.S. domestic production of methyl alcohol increased from 1975 to 1976. There have been no imports of methyl alcohol from Brazil in two years. The allegation of a likelihood of injury to a domestic industry in this case relates to the sale and future delivery of methyl alcohol to a U.S. purchaser. The sale involves the delivery of a quantity of methyl alcohol which represents less than 0.5

percent of 1976 U.S. production and 1.0 percent of 1976 U.S. sales.

On the basis of such evidence, it has been concluded that there is substantial doubt of injury to, likelihood of injury to, or prevention of establishment of an industry in the United States by virtue of such importation from Brazil. Accordingly, the United States International Trade Commission is being advised of such doubt pursuant to section 201(c)(2) of the Act (19 U.S.C. 160(c)(2)).

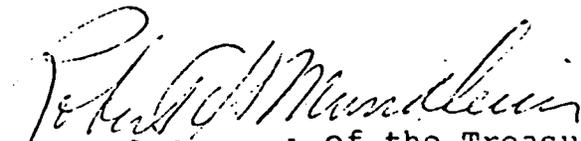
Having conducted a summary investigation as required by section 153.29 of the Customs Regulations (19 CFR 153.29) and having determined as a result thereof that there are grounds for so doing, the U.S. Customs Service is instituting an inquiry to verify the information submitted and to obtain the facts necessary to enable the Secretary of the Treasury to reach a determination as to the fact or likelihood of sales at less than fair value.

A summary of price information received from all sources is as follows:

The information received tends to indicate that the prices of the merchandise sold for exportation to the United States are less than the prices for home consumption.

This notice is published pursuant to section 153.30 of the Customs Regulations (19 CFR 153.30).

SEP 13 1977


General Counsel of the Treasury
Robert H. Mundheim

APPENDIX D

TREASURY DEPARTMENT'S LETTER OF
NOTIFICATION TO THE
U.S. INTERNATIONAL TRADE COMMISSION



A-42

THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D. C. 20220

RECEIVED

SEP 13 1977

'77 SEP 13 AM 11:27

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

Dear Mr. Chairman:

In accordance with section 201(c) of the Antidumping Act of 1921, as amended, an antidumping investigation is being initiated with respect to methyl alcohol from Brazil. Pursuant to section 201(c)(2) of the Act, you are hereby advised that the information developed during our preliminary investigation has led to the conclusion that there is substantial doubt that an industry in the United States is being, or is likely to be injured, or is prevented from being established, by reason of the importation of this merchandise into the United States.

Information available to Treasury indicates that there have been no imports of methyl alcohol from Brazil in at least two years. U.S. domestic production of methyl alcohol increased from 1975 to 1976 and petitioner's sales and production also increased over that period. Petitioner anticipates a *** percent increase in both sales and production of methyl alcohol in 1977 compared to 1976. The likelihood of injury allegation is based upon a contract for delivery of a quantity of methyl alcohol representing approximately 0.2 percent of 1976 U.S. production and 0.6 percent of 1976 U.S. sales. No deliveries under the contract have occurred to date and if the 1977 production and sales increases anticipated by petitioner are experienced by the rest of the U.S. industry, the market share held by the impending imports would be even smaller. Treasury has concluded there is substantial doubt as to whether or not an industry is likely to be injured.

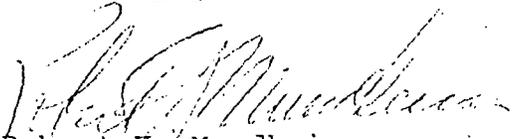
Based upon the data submitted by the petitioner, a margin of sales at less than fair value appears to be approximately 244 percent on the impending imports of the subject merchandise from Brazil.

SEARCHED
SERIALIZED
4163
INDEXED
FILED
SEP 13 1977
FBI - WASHINGTON

For purpose of this investigation, the product involved is "methyl alcohol."

Some of the enclosed data is regarded by Treasury to be of a confidential nature. It is therefore requested that the U.S. International Trade Commission consider all the enclosed information to be for the official use of the U.S.I.T.C. only, and not to be disclosed to others without prior clearance from the Treasury Department.

Sincerely yours,



Robert H. Mundheim

The Honorable
Daniel Minchew, Chairman
United States International
Trade Commission
Washington, D.C. 20436

Enclosures

APPENDIX E

PROBABLE ECONOMIC EFFECTS OF TARIFF CHANGES
UNDER TITLE I AND TITLE V OF THE
TRADE ACT OF 1974 FOR TRADE
AGREEMENT DIGEST NO 40473,
JULY 1975

* * * * *

Library Cataloging Data

U.S. International Trade Commission.

Methyl alcohol from Brazil: affirmative determination of "no reasonable indication of injury" in inquiry no. AA1921-Inq.-7, under the Antidumping act, 1921, as amended.

45 p. illus. 27 cm. (USITC
Publication 837)

1. Alcohol, denatured. I. Title.

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

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USE TO AVOID PAYMENT
OF POSTAGE, \$300



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 - Change as Shown
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label and mail to address
shown above.