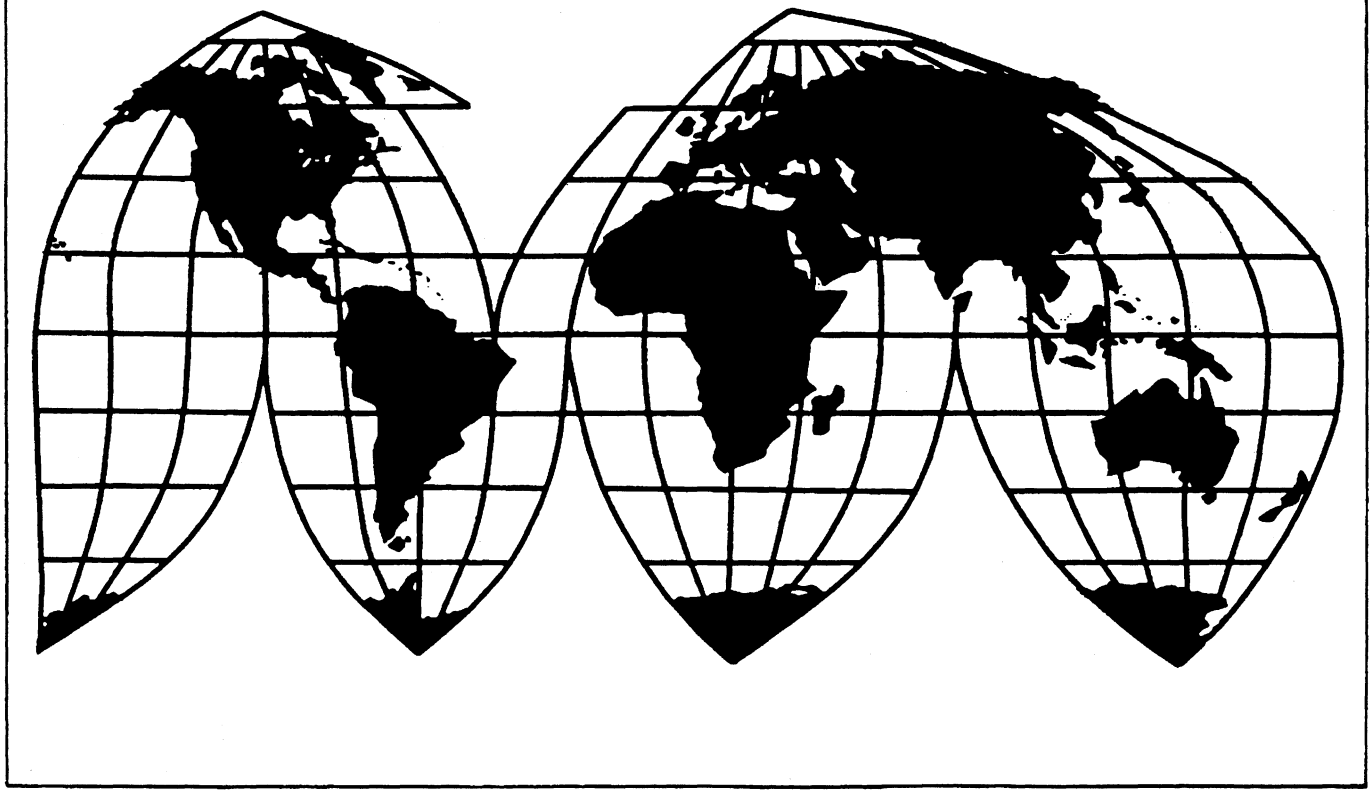
Anhydrous Sodium Sulfate From Canada

Investigation No. 731-TA-884 (Preliminary)

Publication 3345 **September 2000**

U.S. International Trade Commission



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CONTENTS

CONTENTS–*Continued*

CONTENTS–*Continued*

Appendixes

Figures

CONTENTS–*Continued*

Page

Tables

CONTENTS–*Continued*

Page

Tables–*continued*

NOTE

Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-884 (Preliminary)

ANHYDROUS SODIUM SULFATE FROM CANADA

DETERMINATION

On the basis of the record[1] developed in the subject investigation, the United States International Trade Commission unanimously determines, pursuant to section 733(a) of the Tariff Act of 1930,[2] that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports of anhydrous sodium sulfate from Canada,[3] that are alleged to be sold in the United States at less than fair value (LTFV).

BACKGROUND

On July 10, 2000, a petition was filed with the Commission and the Department of Commerce by Cooper Natural Resources (CNR), Tulsa, OK, and IMC Chemicals (IMCC), Overland Park, KS, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of anhydrous sodium sulfate from Canada. Accordingly, effective July 10, 2000, the Commission instituted antidumping investigation No. 731-TA-884 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of July 17, 2000.[4] The conference was held in Washington, DC, on July 31, 2000, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] 19 U.S.C. § 1673b(a).

[3] For purposes of this investigation, anhydrous sodium sulfate, also referred to as "salt cake" or "disodium sulfate," is an inorganic chemical with a chemical composition of Na_2SO_4. The "Chemical Abstract Service" number for anhydrous sodium sulfate is 7757-82-6. All forms and variations of anhydrous sodium sulfate are included within the scope of the investigation, regardless of grade, level of purity, production method, or form of packaging. Anhydrous sodium sulfate is currently classifiable under subheadings 2833.11.10 and 2833.11.50 of the Harmonized Tariff Schedule of the United States (HTS).

[4] 65 FR 44075.

VIEWS OF THE COMMISSION

Based on the record in this investigation, we find that there is no reasonable indication that an industry in the United States is materially injured, or threatened with material injury, by reason of imports of anhydrous sodium sulfate from Canada that are allegedly sold in the United States at less than fair value ("LTFV").[1]

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured, threatened with material injury, or whether the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[2] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[3]

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

To determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[4] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant domestic industry as the "producers as a {w}hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[5] In turn, the Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation ..."[6]

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[1] Whether there is a reasonable indication that the establishment of a domestic industry is being materially retarded by reason of the subject imports is not at issue in this investigation.

[2] 19 U.S.C. § 1673b(a); *see also,* American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Aristech Chemical Corp. v. United States, 20 CIT 353, 354 (1996).

[3] American Lamb, 785 F.2d at 1001 (Fed. Cir. 1986); *see also*, Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[4] 19 U.S.C. § 1677(4)(A).

[5] 19 U.S.C. § 1677(4)(A).

[6] 19 U.S.C. § 1677(10).

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[7] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[8] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[9] Although the Commission must accept the determination of the Department of Commerce ("Commerce") as to the scope of the imported merchandise allegedly subsidized or sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.[10]

B. Product Description

In its notice of initiation, Commerce defined the imported merchandise within the scope of this investigation as follows:

> *anhydrous sodium sulfate, also referred to as "salt cake" or "disodium sulfate," from Canada. Anhydrous sodium sulfate is an inorganic chemical with a chemical composition of Na_2SO_4. The "Chemical Abstract Service" number for anhydrous sodium sulfate is 7757-82-6. All forms and variations of anhydrous sodium sulfate are included within the scope of the investigation, regardless of grade, level of purity, production method or form of packaging. Anhydrous sodium sulfate is currently classifiable under subheadings 2833.11.10 and 2833.11.50 of the Harmonized Tariff Schedule of the United States (HTS).*[11]

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[7] *See, e.g.*, NEC Corp. v. Dep't of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749, n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. *See,* Nippon Steel, 19 CIT at 455, n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[8] *See, e.g.*, S. Rep. No. 96-249, at 90-91 (1979).

[9] Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; *see also,* S. Rep. No. 96-249, at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[10] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-52 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

[11] Confidential Report ("CR") at I-3, Public Report ("PR") at I-2; Commerce's Notice of Initiation, 65 FR 47954 (Aug. 4, 2000).

Anhydrous sodium sulfate is an inorganic chemical that is principally used to produce soaps and detergents, textiles, pulp and paper, and glass. It is also used in the production of carpet fresheners, starch, and animal feed, and in the conditioning of coal. Anhydrous sodium sulfate is produced either "naturally" (i.e., from lake brine in which it occurs naturally) or "synthetically" (i.e., as a by-product of numerous other chemical processes, such as the manufacture of rayon or the recycling of batteries).[12]

C. Domestic Like Product Issues

Petitioners (Cooper Natural Resources ("CNR") and IMC Chemicals Inc. ("IMCC")) argue that the Commission should find a single domestic like product consisting of anhydrous sodium sulfate in all grades, levels of purity, and forms, regardless of production methods or forms of packaging.[13] Respondent (Canadian producer and exporter Saskatchewan Minerals, a division of Goldcorp Inc.) agrees with petitioners' definition for purposes of the preliminary phase of this investigation.[14] We find that the record in this investigation supports petitioners' proposed definition of the domestic like product. Both the natural and synthetic producers' processes for anhydrous sodium sulfate result in a chemically identical end product that is not commercially distinguishable in terms of physical characteristics, end use, interchangeability, or customer perception.[15]

Although the record indicates that producers sell and purchasers often specify particular grades of anhydrous sodium sulfate (e.g., glass grade or detergent grade), there is no evidence of any clear differences between these grades. To the contrary, the limited information available points to a high degree of substitutability among grades and inconsistent use of grade names.[16]

Based on the foregoing, and in light of the agreement of the parties, we define the domestic like product as consisting of all anhydrous sodium sulfate, coextensive with Commerce's scope of investigation.

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[12] The parties have variously referred to the anhydrous sodium sulfate that is not derived from natural sources as synthetic, by-product, co-product, or waste product. This opinion uses the term synthetic to refer to such anhydrous sodium sulfate. The record indicates that 9 out of 10 responding synthetic producers account for anhydrous sodium sulfate as a by-product. CR at III-3, PR at III-3.

[13] Petition at 8, 15.

[14] Conference Transcript ("Tr.") at 112.

[15] Tr. at 18.

[16] CR at I-4-5, PR at I-5; Tr. at 9, 37. The only exception to this interchangeability among grades concerns "salt cake." Salt cake is a less processed form of anhydrous sodium sulfate that is off-white or yellow in color, which in turn makes it unsuitable for applications in which whiteness is important (*e.g.*, production of detergent, textile, or glass). Trace minerals and other elements are refined out of salt cake for use in those applications. The record indicates that salt cake accounts for a small and decreasing share of domestic production of anhydrous sodium sulfate. Tr. at 47.

D. Domestic Industry and Related Parties

The domestic industry is defined as "the producers as a {w}hole of a domestic like product."[17] In defining the domestic industry, the Commission's general practice has been to include in the industry all of the domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.[18] Based on our finding that the domestic like product consists of all anhydrous sodium sulfate, we conclude that the domestic industry consists of all domestic producers of that product.[19] [20]

There are 20 known domestic producers of anhydrous sodium sulfate. The two petitioners, CNR and IMCC, are "natural producers," meaning that they intentionally produce the product from lake brine in which anhydrous sodium sulfate occurs naturally. All other domestic producers are "synthetic producers" meaning that they produce anhydrous sodium sulfate from other raw materials in which it does not occur naturally. All domestic synthetic producers are also considered "by-product producers," which means that they produce this product in conjunction with various other chemical products in a single process and do not separately account for the production costs of anhydrous sodium sulfate.[21]

III. NO REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY LTFV IMPORTS

In the preliminary phase of antidumping duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.[22] In making this determination, the Commission must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[23] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[24] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the

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[17] 19 U.S.C. § 1677(4)(A).

[18] *See*, United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

[19] No domestic producer of anhydrous sodium sulfate is related to any importer or Canadian producer of anhydrous sodium sulfate nor did any domestic producer report subject imports. Therefore, there are no related party issues in this preliminary investigation. *See,* Tr. at 34.

[20] Imports from Canada of anhydrous sodium sulfate accounted for *** percent of U.S. imports during the period of investigation. Therefore, negligibility is not an issue in this investigation.

[21] While none of the synthetic producers entered appearances in this investigation, a number of such producers indicated that they ***. Table III-1, CR at III-2, PR at III-2.

[22] 19 U.S.C. § 1673b(a).

[23] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor . . . {a}nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B); *see also*, Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

[24] 19 U.S.C. § 1677(7)(A).

United States.[25] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[26]

For the reasons discussed below, we determine that there is no reasonable indication that the domestic industry producing anhydrous sodium sulfate is materially injured by reason of subject imports from Canada that are allegedly sold in the United States at LTFV.

A. Conditions of Competition

There are several conditions of competition pertinent to the U.S. market for anhydrous sodium sulfate. First, the parties concur that demand for anhydrous sodium sulfate is declining because of a shift in consumer preferences to liquid detergents that use no anhydrous sodium sulfate as well as to concentrated powdered detergents that use less anhydrous sodium sulfate.[27] The decline of textile production in the United States, the shift from glass to other types of containers, and changes in paper production technology have also caused demand for anhydrous sodium sulfate to decline.[28] Apparent consumption of anhydrous sodium sulfate (based on quantity) declined 5.0 percent from 1997 to 1999, but was 4.3 percent higher in Jan.-Mar. ("interim") 2000 than in interim 1999.[29]

The market for anhydrous sodium sulfate is a mature one with well established end uses and relatively few buyers;[30] approximately 15 purchasers account for more than half of U.S. consumption.[31] Moreover, anhydrous sodium sulfate is a relatively minor and inexpensive ingredient in the products in which it is used, thus the price of anhydrous sodium sulfate does not significantly affect demand for the product.[32] Additionally, there is a high degree of substitutability between anhydrous sodium sulfate produced in the United States and Canada as well as between natural and synthetic anhydrous sodium sulfate.[33] [34]

Transportation costs are an important factor in the price of anhydrous sodium sulfate because such costs are high relative to the value of the product.[35] U.S. producers report that transportation costs account for approximately 32 percent of total cost.[36]

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[25] 19 U.S.C. § 1677(7)(C)(iii).

[26] *Id.*

[27] Tr. at 10.

[28] *Id.* at 10, 77-78.

[29] CR at IV-8, PR at IV-8. Apparent consumption of natural anhydrous sodium sulfate declined *** percent from 1997 to 1999, and was *** percent lower in interim 2000 than in interim 1999. Apparent consumption of synthetic anhydrous sodium sulfate increased *** percent from 1997 to 1999, and was *** percent higher in interim 2000 than in interim 1999.

[30] *Id.* at 44.

[31] Tr. at 19.

[32] Tr. at 21; CR at II-4,6, PR at II-3,4.

[33] Tr. at 18; CR at II-7, PR at II-5.

[34] We note that Canadian producers produce only natural anhydrous sodium sulfate.

[35] CR at V-1, PR at V-1.

[36] *Id.*

Synthetic anhydrous sodium sulfate production is a by-product of processes used to produce other, higher-value products. Synthetic producers must dispose of their anhydrous sodium sulfate in order to maintain production of those higher-value products.[37] Accordingly, synthetic production is not particularly affected by demand or price. Rather, its supply is primarily affected by demand for the higher-value products, than demand for anhydrous sodium sulfate. As demand for, and production of, the more valuable products have increased, production of synthetic anhydrous sodium sulfate has also correspondingly increased.[38] Importantly, while natural producers' capacity has not changed, synthetic producers have increased capacity during the period of investigation due to increased production of their more valuable products.[39] The synthetic producers' share of domestic consumption rose sharply in the period examined, rising from *** percent of U.S. consumption in 1997 to *** percent in 1999. The synthetic producers' share was *** percent in interim 2000 compared to *** percent in interim 1999.[40]

Synthetic producers *** inventories of anhydrous sodium sulfate.[41] However, the domestic natural producers have significant inventories, which *** during the period of investigation, rising from *** percent of total U.S. shipments in 1997 to *** percent in 1999.[42]

In addition to the inventories, domestic natural producers maintain they have significant reserves. According to information from the U.S. Geological Survey, U.S. natural producers have reserves of 860,000 short tons and a reserve base of 1.4 million short tons which affects their capacity to produce natural anhydrous sodium sulfate.[43] Petitioners estimate their own reserves to be approximately *** million short tons.[44]

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[37] Tr. at 39. Various domestic synthetic producers have submitted letters for the record disputing respondent's claim that they treat anhydrous sodium sulfate as a "waste product." We agree that the record supports the synthetic producers' claim that they would always prefer to obtain the best possible price for their anhydrous sodium sulfate and that there are costs associated with upgrading Glauber salt to marketable anhydrous sodium sulfate. CR at III-3, PR at III-3; CR at VI-15-16, PR at VI-6. In our view, however, the most important fact about by-product production, as to which there is no serious disagreement, is that by-product producers have no choice but to keep making anhydrous sodium sulfate, regardless of market conditions, if they wish to continue producing their primary products. CR at III-3, PR at III-3; CR at VI-1-2, PR at VI-1.

[38] Synthetic production rose from *** short tons in 1997 to *** short tons in 1999. Synthetic production was *** short tons in interim 2000, compared to *** short tons in interim 1999. Table III-2, CR at III-5, PR at III-4.

[39] Overall industry capacity increased 3.9 percent from 1997 to 1999, and was 7.9 percent higher in interim 2000 than in interim 1999. Industry capacity for natural anhydrous sodium sulfate *** while industry capacity for synthetic anhydrous sodium sulfate increased *** percent from 1997 to 1999 and was *** percent higher in interim 2000 than in interim 1999. CR at III-4, PR at III-3.

[40] CR at IV-8, PR at IV-5.

[41] Table III-5, CR at III-13, PR at III-12.

[42] Table C-1, CR & PR at Appendix C.

[43] *See*, CR at II-2 n.5, PR at II-2, defining reserves and reserve base.

[44] Petition at 63.

B. Volume of Subject Imports

Section 771(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[45]

The volume of subject imports fell substantially during the period of investigation. Imports from Canada were *** short tons in 1997, *** short tons in 1998, *** short tons in 1999; they were *** short tons in interim 1999, and *** short tons in interim 2000.[46] The subject imports' market share also declined, falling from *** percent in 1997 to *** percent in 1999; it was *** percent in interim 2000 compared to *** percent in interim 1999.[47] This drop in market share occurred at the same time that apparent consumption declined.

Based on the declining volume of subject imports, as well as their declining share of the U.S. market, we find that the volume of subject imports is not significant.

C. Price Effects of the Subject Imports

Section 771(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether–

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[48]

As discussed previously, natural and synthetic anhydrous sodium sulfate and domestic and Canadian anhydrous sodium sulfate are all highly substitutable.[49] Sales are generally made through contracts that last a year or longer, although there are also spot sales. Although there was evidence that some contracts include provisions for adjusting prices during the year, such provisions do not appear to

[45] 19 U.S.C. § 1677(7)(C)(i).

[46] Table IV-2, CR at IV-3, PR at IV-3. We note that the official U.S. import statistics show a significantly lower level of subject imports than data submitted by U.S. importers. CR at IV-1, PR at IV-1. However, respondent stated that the Commission should rely on the import data submitted in the Commission's questionnaires. Respondent's Postconference Brief, Exhibit 9.

We disagree with petitioners' assertion that revised importer questionnaire data submitted by respondent are suspect. ***.

[47] Table IV-5, CR at IV-12, PR at VI-8.

[48] 19 U.S.C. § 1677(7)(C)(ii).

[49] Tr. at 18; CR at II-7, PR at II-5.

be commonly invoked.[50] While price is an important factor, purchasers consider quality, producer reliability, and established buyer-seller relationships to also be important to their choice of suppliers.[51]

The average unit value ("AUV") of anhydrous sodium sulfate declined steadily over the period of investigation, with the AUV for the domestic producers' U.S. shipments falling from $104.08 in 1997 to $93.73 in 1998 and $74.44 in 1999. The AUV for U.S. shipments was $70.51 in interim 2000, compared to $78.46 in interim 1999.[52]

Because so many large sales are made through an annual bid process, we examined bid prices for sales during the period of investigation. Contrary to petitioners' allegations, our data show that more than half the contracts for which the Commission received information were split and awarded to more than one source, and the lowest bidder was not necessarily awarded any portion of the contract. Of the 34 contracts involving competitive bids, 7 were awarded entirely to the lowest bidder, 15 were awarded partially to the lowest bidder, and 8 were not awarded to the lowest bidder.[53] During the period of investigation, Canadian producers' bids were higher than at least one domestic producer's more than two-thirds of the time, especially during 1999 and 2000 when the Canadian producer bid higher than the lowest domestic bidder in 13 out of 16 instances.[54] Moreover, while respondent was the lowest bidder for 7 contracts, domestic synthetic producers were the lowest bidder for 13 contracts.[55] Importantly, both the instances of underbidding by the respondent and the volume of merchandise tied to the respondent's underbidding were concentrated with one purchaser, ***.[56] In contrast, the number of instances of underbidding by domestic synthetic producers and the volume of merchandise tied to their underbidding were spread out among several purchasers.[57] Thus, to the extent that low bidders may have led domestic prices down, domestic synthetic producers appear to be the downward price leaders. We therefore do not find significant underbidding by the subject imports.

Similarly, petitioners' lost sales and lost revenue allegations do not support their claim that subject imports contributed significantly to domestic price declines. Many of the allegations were denied or only partially confirmed.[58] Moreover, we note that the domestic producers' lost revenue allegations are based on a comparison to the previous years' price for the same customer, rather than

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[50] CR at V-3, PR at V-3.

[51] Anhydrous sodium sulfate tends to represent a small share of the cost of the downstream products in which it is used. Tr. at 21; CR at II-6, PR at II-4. Because of this, many smaller purchasers buy anhydrous sodium sulfate from a single long-term source without attempting to obtain a lower price through competitive bidding and some purchasers split their purchases among several suppliers at different prices. Tr. at 89-90; Tables V-1 through V-4; CR at V-6-19, PR at V-4-5. Purchasers indicate that they prefer not to risk a proven, reliable supply of a needed but relatively insignificant input in order to obtain a price reduction that would contribute relatively little to their bottom line. Tr. at 105-106.

[52] Table III-3, CR at III-7, PR at III-7.

[53] CR at V-20, PR at V-5.

[54] Tables V-3 through V-5, CR at V-13-22, PR at V-4-7.

[55] Tables V-1 through V-4, CR at V-6-19, PR atV-4-5; Respondent's Postconference Brief at 9-10. Petitioners contend that respondent's *** forced all bidders to lower their prices the next year. However, since *** bids are sealed, producers would not necessarily be aware of the contract-winning price. Additionally, ***.

[56] *Id.*

[57] *Id.*

[58] CR at V-24-28, PR at V-8-10.

reductions in the bid for the same year's sale, as are typically the basis for lost revenue allegations. Such comparisons are inherently suspect in a market where prices have declined significantly from year to year.

Overall, we find no indication that prices of the Canadian product are depressing or suppressing domestic anhydrous sodium sulfate prices to a significant degree or that underselling by the subject imports is significant. Rather, the evidence suggests that the rising capacity and production of domestic synthetic producers have exacerbated excess supply conditions in this declining market and driven prices down.[59]

D. Impact

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.[60] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[61] [62] [63]

The domestic industry's performance was mixed over the period of investigation. Despite declining apparent consumption, the domestic industry as a whole experienced rising production capacity, production, and shipments between 1997 and 1999 and data for these factors were higher in interim 2000 as compared with interim 1999.[64] Capacity utilization initially declined, falling from 84.6 percent in 1997 to 71.8 percent in 1998, then recovered to 80.5 percent in 1999, and was 77.5 percent in

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[59] A comparison of the AUVs of domestic shipments of natural and synthetic anhydrous sodium sulfate provides further support for this conclusion. The AUV of domestic synthetic anhydrous sodium sulfate was higher than the AUV of domestic natural anhydrous sodium sulfate in 1997, $*** compared to $***. However, the AUV of domestic synthetic anhydrous sodium sulfate dropped below the AUV for domestic natural anhydrous sodium sulfate in 1998, $*** compared to $***, and remained significantly lower for the remainder of the period of investigation. The AUV of domestic synthetic anhydrous sodium sulfate was $*** in 1999 compared to $*** for natural anhydrous sodium sulfate. In interim 1999, it was $*** compared to $*** for natural anhydrous sodium sulfate. In interim 2000, the AUV for domestic synthetic anhydrous sodium sulfate was $*** compared to $*** for domestic natural anhydrous sodium sulfate. Table III-3, CR at III-8, PR at III-7.

[60] 19 U.S.C. § 1677(7)(C)(iii). *See also,* SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." *Id.* at 885).

[61] 19 U.S.C. § 1677(7)(C)(iii); *see also,* SAA at 851 and 885 and Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25, n.148.

[62] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its notice of initiation, Commerce estimated dumping margins ranging from 19.29 to 100.10 percent. 65 Fed. Reg. 47954 (Aug. 4, 2000).

[63] Commissioner Bragg notes that she does not ordinarily consider the magnitude of the margin of dumping to be of particular significance in evaluating the effects of subject imports on the domestic producers. *See,* Separate and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China, Inv. No. 731-TA-731 (Final), USITC Pub. 2968 (June 1996).

[64] Table III-2, CR at III-5, PR at III-4; Table III-3, CR at III-7, PR at III-6.

interim 2000 compared with 69.5 percent in interim 1999.[65] Moreover, the domestic industry steadily increased its share of domestic consumption from *** percent in 1997 to *** percent in 1999. The domestic industry's market share was *** percent in interim 2000, compared to *** percent in interim 1999.[66]

By contrast, the industry's employment[67] and financial performance declined over most of the period of investigation. In discussing financial performance, we note that, due to accounting conventions, full financial data are available only for the two natural producers, who accounted for *** percent of domestic production in 1999.[68] [69] The data show steady declines in commercial sales values, gross profits, and operating income between 1997 and 1999, with some measures improving between the interim periods. The two natural domestic producers' operating income margin rose from *** percent in 1997 to *** percent in 1998, then declined to *** percent in 1999, and was *** percent in interim 2000 compared with *** percent in interim 1999.[70] Similarly, available data show that synthetic product producers experienced declining net sales on a per ton basis throughout the period of investigation.[71] We note, however, that while the two natural producers reported *** associated with declining revenues, the synthetic producers ***.[72]

These results demonstrate that declining prices for anhydrous sodium sulfate in the U.S. market have adversely affected the domestic industry's revenues and profitability to some extent, despite rising sales volumes.[73] As discussed above, however, we do not find the volume of subject imports to be significant, nor do we find that subject imports are having any significant negative price effect. The falling demand and the price declines that are at the root of the industry's financial woes are not due to subject imports. Accordingly, we find that the subject imports are not having a significant adverse impact on the domestic industry.

We therefore conclude that there is no reasonable indication that the domestic industry is materially injured by reason of the subject imports.

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[65] Table III-2, CR at III-5, PR at III-4; Memorandum INV-X-187.

[66] Table IV-5, CR at IV-12, PR at IV-8.

[67] Production and related workers declined from 198 in 1997 to 157 in 1999 and were 150 in interim 2000, compared to 152 in interim 1999. Hours worked declined from 401,000 in 1997 to 337,000 in 1999 and were the same, 82,000, in interim 1999 and 2000. Table III-6, CR at III-14, PR at III-13.

[68] CR at III-2, PR at III-1.

[69] According to U.S. generally accepted accounting principles, principal production costs are not assigned to by-products, and related sales revenue is treated as either a deduction from cost of goods sold or "other revenue." Under these circumstances, a traditional profit-and-loss statement for by-product producers of anhydrous sodium sulfate does not exist. By contrast, the two petitioners account for production of this product in a manner which allows a traditional profit-and-loss statement to be developed. CR at VI-2, PR at VI-1.

[70] Table VI-1, CR at VI-3, PR at VI-2.

[71] Table VI-2, CR at VI-4, PR at VI-2.

[72] CR and PR at Appendix D. Overall capital expenditures by the domestic industry rose from $*** in 1997 to $*** in 1999. Table VI-7, CR at VI-14, PR at VI-5.

[73] The Commission data may overstate the effect of domestic price declines on the domestic industry's profitability because the financial data reflect not only the domestic sales of the two natural producers, but also their export sales of domestically produced product. When the two are separated, it is clear that ***. Producer questionnaire of ***; Table VI-6, CR at VI-12, PR at VI-5; CR at VI-13, PR at VI-5.

IV. NO REASONABLE INDICATION OF THREAT OF MATERIAL INJURY BY REASON OF ALLEGEDLY LTFV IMPORTS

Section 771(7)(F) of the Act directs the Commission to consider whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued . . . "[74] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination.[75] In making our determination, we have considered all statutory factors that are relevant to this investigation.[76]

The production capacity of the Canadian anhydrous sodium sulfate industry remained unchanged over the period of investigation and is not projected to increase in the near future. However, the Canadian industry's production declined from 1997 to 1999 and between the interim periods, resulting in declining capacity utilization.[77] Moreover, the United States is by far the largest export market for the Canadian industry.[78] Nonetheless, despite the existence of this excess capacity, the volume of subject imports decreased rather than increased during the period of investigation. Nothing in the record indicates that this will soon change. Accordingly, we see no likelihood that the existing unused production capacity will, in the imminent future, result in substantially increased imports of the subject merchandise into the United States.

We have found that subject imports are not presently entering the United States at prices that are depressing or suppressing domestic prices to a significant degree and that any underselling by subject imports is not significant. There is no evidence to suggest that this situation is likely to change. In particular, we note that, among the *** contracts for which respondent engaged in competitive bidding for delivery in 2000, it was not the lowest bidder on any of the contracts, and among the *** of those contracts that it won in whole or in part, it was the highest bidder in each instance. Accordingly, we do not find that subject imports are likely to enter the United States at prices that are likely to have a significant depressing or suppressing effect on domestic prices.

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[74] 19 U.S.C. §§ 1673d(b)(1) and 1677(7)(F)(ii).

[75] 19 U.S.C. § 1677(7)(F)(ii); *see, e.g.*, S. Rep. No. 249 at 88-89; *see also,* Metallverken Nederland B.V. v. United States, 744 F. Supp. 281, 287 (Ct. Int'l Trade 1990).

[76] 19 U.S.C. § 1677(7)(F)(i). Factor I is inapplicable because no subsidies are alleged. Factor VII is inapplicable because this investigation does not involve imports of a raw agricultural product. There are no known antidumping duty orders or findings concerning anhydrous sodium sulfate from Canada in effect in any third country markets.

[77] Table VII-1, CR at VII-2, PR at VII-1.

[78] *Id.* Petitioners argue that transportation costs severely constrain the ability of Canadian producers to export to markets other than the United States. However, transportation costs are also an issue for domestic producers, yet they significantly increased their export sales during the period of investigation. 13

U.S. importers' inventories of Canadian anhydrous sodium sulfate rose over the period of investigation, but never exceeded *** percent of total imports or of U.S. shipments of imports.[79] Inventories held by Canadian producers were never large, and declined as a share of total shipments over the period.[80]

There is no potential for product-shifting in this investigation, because there are no facilities in Canada currently producing other products that could also be used to produce anhydrous sodium sulfate.[81] Because we have found no causal link between the domestic industry's financial troubles and *** and the volumes or prices of the subject imports, we cannot conclude that subject imports are having actual or potential negative effects on the existing development and production efforts of the domestic industry. Nor are there any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports of the subject merchandise.

For the foregoing reasons, we find no reasonable indication that the U.S. industry producing anhydrous sodium sulfate is threatened with material injury by reason of subject imports from Canada.

CONCLUSION

For the reasons stated above, we determine that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of allegedly LTFV imports of anhydrous sodium sulfate from Canada.

[79] Table VII-2, CR at VII-5, PR at VII-3.

[80] Table VII-1, CR at VII-2, PR at VII-1.

[81] CR at II-4, PR at II-3.

PART I: INTRODUCTION

BACKGROUND

This investigation results from a petition filed on July 10, 2000, by Cooper Natural Resources (CNR), Tulsa, OK, and IMC Chemicals (IMCC), Overland Park, KS, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (LTFV) imports of anhydrous sodium sulfate[1] from Canada. Information relating to the background of this investigation is presented in table I-1.[2]

Table I-1
Anhydrous sodium sulfate: Chronology of investigation No. 731-TA-884 (Preliminary)

Date	Action
July 10, 2000	Antidumping petition filed with the Commission and Commerce. Commission institutes investigation No. 731-TA-884 (Preliminary)
July 17, 2000	Commission's notice of institution is published in the *Federal Register*[1]
July 31, 2000	Commission's public conference[2]
August 4, 2000	Commerce's notice of initiation is published in the *Federal Register*[3]
August 22, 2000	Commission's public briefing and vote
August 24, 2000	Commission's transmittal of determination to Commerce
August 30, 2000	Commission's determination is published in the Federal Register[4]
August 31, 2000	Commission's transmittal of views to Commerce

[1] 65 FR 44075, July 17, 2000. A copy of this notice is presented in app. A.
[2] A list of witnesses appearing at the conference is presented in app. B.
[3] 65 FR 47954, August 4, 2000. A copy of this notice is presented in app. A.
[4] 65 FR 52783, August 30, 2000. A copy of this notice is presented in app. A.

Source: Various notices of the Commission and Commerce.

[1] For purposes of this investigation, anhydrous sodium sulfate, also referred to as "salt cake" or "disodium sulfate," is an inorganic chemical with a chemical composition of Na_2SO_4. The "Chemical Abstract Service" number for anhydrous sodium sulfate is 7757-82-6. All forms and variations of anhydrous sodium sulfate are included within the scope of the investigation, regardless of grade, level of purity, production method, or form of packaging. Anhydrous sodium sulfate is currently classifiable under subheadings 2833.11.10 and 2833.11.50 of the Harmonized Tariff Schedule of the United States (HTS).

[2] *Federal Register* notices cited in table I-1 are presented in app. A.

ORGANIZATION OF THIS REPORT

Information on the subject merchandise, alleged antidumping duty margins, and the domestic like product are presented in Part I. Information on conditions of competition and other economic factors are presented in Part II. Information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment are presented in Part III. The volume of imports of the subject merchandise is presented in Part IV. Part V presents data on prices in the U.S. market. Part VI presents information on the financial experience of U.S. producers. Information on the subject country foreign producer, U.S. importers' inventories, and countervailing duty and antidumping duty orders in other countries is presented in Part VII.

SUMMARY OF DATA PRESENTED IN THIS REPORT

A summary of data collected in the investigation is presented in appendix C. Except as noted, U.S. industry data are based on the questionnaire responses of 14 firms, accounting for 100 percent of U.S. production of natural anhydrous sodium sulfate in 1999, and approximately 85 percent of U.S. production of synthetic anhydrous sodium sulfate. U.S. import data are based on the questionnaire responses of 23 firms, accounting for over 90 percent of U.S. imports, except as noted.

For purposes of this report, manufacturers that use brine lakes as the source of their raw material are referred to as "natural" producers and their production as "natural" anhydrous sodium sulfate. Manufacturers that produce anhydrous sodium sulfate as a by-product or co-product in conjunction with the production of other chemicals are referred to as "synthetic" producers and their production as "synthetic" anhydrous sodium sulfate.

THE NATURE AND EXTENT OF ALLEGED SALES AT LTFV

Based on petitioners' comparisons of export prices to normal value, the estimated dumping margins for anhydrous sodium sulfate from Canada ranged from 19.29 to 100.10 percent.[3] Petitioners also alleged that Canadian producers made sales in their home market at prices below their fully allocated cost of production (COP). Accordingly, Commerce initiated a country-wide sales-below-COP investigation.

THE PRODUCT

Scope

The imported product subject to this investigation, as defined by Commerce, is–

anhydrous sodium sulfate, also referred to as "salt cake" or "disodium sulfate," from Canada. Anhydrous sodium sulfate is an inorganic chemical with a chemical composition of Na_2SO_4. The "Chemical Abstract Service" number for anhydrous sodium sulfate is 7757-82-6. All forms and variations of anhydrous sodium sulfate are included within the scope of the investigation, regardless of grade, level of purity, production method, or form of packaging. Anhydrous sodium sulfate is currently classifiable under subheadings 2833.11.10 and 2833.11.50 of the Harmonized Tariff Schedule of the United States (HTS).

[3] *See*, Commerce's notice of initiation, 65 FR 47954, August 4, 2000. *See also*, petition at pp. 28-40 and app. 13-2

U.S. Tariff Treatment

Table I-2 presents current tariff rates for the subject merchandise. Anhydrous sodium sulfate is classified in chapter 28 (inorganic chemicals) of the HTS under subheadings 2833.11.10 and 2833.11.50.[4]

Table I-2
Anhydrous sodium sulfate: Tariff rates, 2000

Item	Description	Normal trade relations[1]	Preferential[2]	Column 2[3]
		Rates (percent ad valorem, except as noted)		
2833.11.10	Disodium sulfate: Salt cake	Free	Free	Free
2833.11.50	Other	0.4	Free	3.6

[1] Formerly known as the most-favored-nation duty rate.
[2] Applies to eligible goods under the Generalized System of Preferences, Caribbean Basin Economic Recovery Act, Israel FTA, Andean Trade Preference Act, NAFTA (goods of Canada and Mexico).
[3] Applies to imports from a small number of countries that do not enjoy normal or preferential trade relations duty status.

Source: Harmonized Tariff Schedule of the United States (2000).

Description and Uses

Anhydrous sodium sulfate is a whitish, granular, crystallized powder with the chemical formula Na_2SO_4. The "anhydrous" description refers to the fact that the anhydrous sodium sulfate does not contain attached water molecules. Moreover, during the storage of anhydrous sodium sulfate, it is critical to keep moisture content low to prevent caking.[5] Anhydrous sodium sulfate, as sold commercially, generally contains a minimum 99 percent Na_2SO_4.[6] However, a relatively impure form of sodium sulfate referred to as "salt cake" and which the petitioners state is within the scope of the petition

[4] In addition to these two HTS subheadings, petitioners argue that imports from Canada also may enter the United States under HTS subheading 2833.19.00. *See*, petition, p. 19. The Commission requested that Canadian exporters provide the Commission with additional information regarding this issue.

Both Canadian exporters, Millar Western and Saskatchewan Minerals (SaskMin), reported entering anhydrous sodium sulfate to the United States under 3 HTS subheadings: 2833.11.10, 2833.11.50, and 2833.19.00. Imports entering under subheading 2833.19.00 (sulfates other than disodium sulfates) are misclassified entries. SaskMin estimated that approximately *** percent of its exports entered the United States under the latter subheading while Millar Western estimated that approximately *** percent of its exports entered the United States under this subheading. *See*, submission of SaskMin, August 11, 2000, and submission of Millar Western, August 4, 2000.

[5] Kirk-Othmer, *Sodium Compounds (Sodium Sulfate)* by David Butts in *Encyclopedia of Chemical Technology*, 1997, Volume 22, p. 409.

[6] Stanford Research Institute (SRI), *Chemical Economics Handbook*, 771.1000A, June 1996. I-3

is produced commercially.[7] In addition to anhydrous sodium sulfate, various forms of sodium sulfate exist that are attached to water, such as sodium sulfate decahydrate or Glauber salt, $Na_2SO_4 \cdot 10H_2O$. These forms of sodium sulfate, according to the petitioners, are outside the scope of the petition.[8]

Anhydrous sodium sulfate does not typically exist as universally well-defined grades. Rather, anhydrous sodium sulfate manufacturers produce grades that are designated as suitable for use in key applications (e.g., detergents, textiles, glass, and paper). The principal differences in grades relate to color (e.g., white, off-white, or yellow) and particle size (ranging from fine to coarse and the particle size consistency). In paper and detergent manufacture, specifications focus on color, whereas in detergent manufacture, the manufacturer must focus on producing a grade of sodium sulfate with a particle size that is compatible with the blend so as to prevent segregation of the components. Despite these differences, the different grades tend to be interchangeable with little or no differences in price.[9]

According to estimates provided by the U.S. Geological Survey, approximately 45 percent of sodium sulfate was used in the manufacture of soap and detergents in the United States in 1999, 18 percent in textiles, 13 percent in pulp and paper, and 10 percent in the manufacture of glass. Smaller end uses are in the production of carpet fresheners, starch, animal feed, and coal conditioning.[10]

In contrast to certain chemicals whose role tend to be similar across the spectrum of applications, sodium sulfate plays different roles in its various applications. In the production of powdered soap and certain detergents, anhydrous sodium sulfate is used as a filler and diluent because it is a suitable mixing agent. It is also less expensive and odorous (but whiter and purer) than other fillers. In this application, the anhydrous sodium sulfate is principally used in conventional large-size detergent boxes; proportionately, less anhydrous sodium sulfate is used in concentrated powers and none is used in liquid detergents. In textile production, anhydrous sodium sulfate permits dyes to penetrate textile fibers evenly. It is also non-corrosive and relatively environmentally friendly. In the pulp and paper industry, anhydrous sodium sulfate is used in the manufacture of Kraft paper and is an active ingredient, an oxidizing agent, in the pulping liquor. In making glass, anhydrous sodium sulfate acts as a fining agent to remove small bubbles from a glass melt. In addition, anhydrous sodium sulfate acts as a flux and helps prevent the formation of silica scum during refining.[11]

The petitioners have indicated that there are a number of substitutes for anhydrous sodium sulfate but that all these substitutes possess undesirable features. For example, although sodium chloride could be used in soap, detergent, and textile manufacture, its corrosiveness is a problem for some users and manufacturers. Another potential substitute in these applications, sodium hydrosulfide, causes odor and post-manufacturing water treatment problems. Emulsified sulfur and caustic soda, also possible substitutes, have price and availability problems. In glass manufacture, although gypsum is a substitute, its disadvantages are that it requires more energy to be heated and is more impure. Other chemicals such

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[7] Petition, pp. 8-9.

[8] Ibid., p. 9.

[9] Ibid., p. 11.

[10] According to data compiled from questionnaires of the Commission, 40.7 percent of U.S. producers' anhydrous sodium sulfate shipments in 1999 went to the soap and detergent market, 11.3 percent to the textile-dyeing market, 7.8 percent to the glass market, 6.4 percent to the pulp and paper market, and the remainder (33.8 percent) to the resins, pharmaceuticals, carpet freshener, and starches markets.

[11] Petition, pp. 9-10.

as calcium sulfate, barium sulfate, fluorspar, and sodium chloride can be used as fining agents; however, sodium sulfate is preferred because it reduces silica scum formation. Soda ash is not a preferred substitute because, while it can be used to reduce silica scum, it does not act as a fining agent.[12]

According to the petitioners, despite the presence of different grades for anhydrous sodium sulfate, there is only one like product for anhydrous sodium sulfate "...because its characteristics and uses, interchangeability, manufacturing processes, facilities, and employees, channels of distribution, customer and producer perceptions, and pricing demonstrate that there is no other product 'like' anhydrous sodium sulfate."[13] In contrast, according to the petitioners, "...there is a clear dividing line between anhydrous sodium sulfate and other products."[14] The petitioners also state that "There are no meaningful differences between U.S.-origin and Canadian-origin anhydrous sodium sulfate."[15]

Production Process

Anhydrous sodium sulfate can be produced either from natural sources or through synthetic processes, as a by-product or co-product. Anhydrous sodium sulfate is derived from natural sources through the extraction of Glauber salt from brines. To remove the Glauber salt from the other constituents of the brine, the brine is filtered and refrigerated. The Glauber salt is then heated to remove the water of hydration, forming anhydrous sodium sulfate which is then centrifuged, dried, classified by product size, and shipped to the customer.

The principal difference between the U.S. and Canadian production processes, according to the petitioners, relates to energy costs. According to a submission provided by the petitioners, all Canadian production facilities except for SaskMin's Chaplin plant employ submerged combustion technology to remove the water of crystallization; in the United States, single-effect evaporators are used. According to the petitioners, the Canadian process requires approximately four times more natural gas per unit of production than in the United States, resulting in a saving in the United States of about $21 per short ton of anhydrous sodium sulfate produced. There are also differences in how the liquid brine is cooled to precipitate the Glauber salt. In the United States, the brine is cooled electrically, whereas in Canada cold weather is relied upon; however, according to the petitioners, the system used in the United States is more cost effective overall.[16]

CNR produces only anhydrous sodium sulfate at its Cedar Lake, TX production facility while IMCC produces three basic products at its Searles Lake, CA production facility: anhydrous sodium sulfate, soda ash, and borax decahydrate.[17] Figure I-1 presents a simplified process flow diagram for the production of anhydrous sodium sulfate from brine wells used at CNR's Cedar Lake facility.

Sodium sulfate is also, as noted above, produced synthetically as a by-product or co-product from various processes. For example, in the manufacture of rayon, sodium sulfate is formed when sulfuric acid and cellulose xanthate react with free sodium hydroxide. In the production of sodium dichromate,

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[12] Ibid., pp. 11-12.

[13] Ibid., pp. 8-9.

[14] Ibid.

[15] Ibid.

[16] Submission provided to staff by petitioners. *See*, letter submitted by Steptoe and Johnson, July 20, 2000.

[17] ***. *See*, postconference brief of petitioners, app. I-C.

sulfuric acid is added to a boiling solution of sodium chromate to form sodium dichromate, and the anhydrous sodium sulfate crystallizes out. Sodium sulfate is also produced as a by-product in the production of hydrochloric acid from the reaction of sulfuric acid and sodium chloride. However, this latter process is not believed to be currently in significant use in the United States. Sodium sulfate also can be produced as a by-product of battery recycling, cellulose processing, and pulp mills operations and as a by-product in the production of various chemicals.

Figure I-1
Anhydrous sodium sulfate: Simplified process flow diagram of CNR's Cedar Lake production facility

* * * * * * *

Source: CNR.

DOMESTIC LIKE PRODUCTS

Petitioners argue that the Commission should adopt one like product consisting of all domestically produced anhydrous sodium sulfate regardless of grade, level of purity, production method, or form of packaging.[18] For purposes of this preliminary investigation, respondents do not contest petitioners' definition of the like product or the domestic industry.[19]

MARKET PARTICIPANTS

U.S. Producers

The Commission identified two natural anhydrous sodium sulfate producers, CNR and IMCC, and approximately 15 synthetic or by-product anhydrous sodium sulfate producers.[20] A more detailed discussion of U.S. production, shipments, and employment data is presented in *Part III: Condition of the U.S. Industry*.

U.S. Importers

Based on responses to the Commission's questionnaires, 23 U.S. companies reported imports of anhydrous sodium sulfate from Canada during the period 1997-99. SaskMin (a Canadian producer) was the largest U.S. importer during this period.[21] A more detailed discussion of U.S. imports and apparent consumption is presented in *Part IV: U.S. Imports, Apparent Consumption, and Market Shares*.

U.S. Purchasers

The principal U.S. purchasers of anhydrous sodium sulfate are soap and detergent, textile-dying, pulp and paper, and glass manufacturers. The largest U.S. purchasers were ***. A more detailed discussion of purchasers is presented in *Part II: Conditions of Competition in the U.S. Market* and to a lesser extent in *Part V: Pricing and Related Information.*

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[18] Petition, pp. 15-19.

[19] Conference transcript, p. 112.

[20] The Commission received completed U.S. producers' questionnaires from CNR, IMCC, and 12 of the synthetic producers.

[21] SaskMin was the importer of record for *** percent of U.S. imports in 1997, *** percent in 1998, *** percent in 1999, and *** percent in the first quarter of 2000.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET SEGMENTS/CHANNELS OF DISTRIBUTION

U.S. and Canadian natural producers sell anhydrous sodium sulfate predominantly to end users (about 65 percent from U.S. producers), while many producers of synthetic anhydrous sodium sulfate sell to distributors. Sales to end users are made predominantly by submitting bids on a per-tonnage, one-year supply basis, although long-term multi-year contract sales also are made.[1]

The business cycle for larger producers (both natural and synthetic) of anhydrous sodium sulfate is driven by the needs of end users, with customers traditionally purchasing on an annual basis. This business cycle is less of a concern for smaller synthetic producers who sell predominantly to distributors. Based on general economic trends and knowledge of factors affecting use of the products made with anhydrous sodium sulfate, the U.S. market is fairly predictable.[2]

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, U.S. anhydrous sodium sulfate producers are likely to respond to changes in demand with moderate changes in the quantity of shipments of U.S.-produced anhydrous sodium sulfate to the U.S. market. The main contributing factors to the moderate degree of responsiveness of supply are the existence of alternative markets and the significant inventories and reserves of sodium sulfate of natural producers moderated by inflexible supply of synthetic producers and lack of unused capacity of natural producers.

Industry capacity

U.S. natural producers' capacity utilization to produce anhydrous sodium sulfate increased slightly from *** percent in 1997 to *** percent in 1999.[3] These data indicate that U.S. producers have little unused capacity with which they could change the production of anhydrous sodium sulfate in the event of a price change. Synthetic producers' capacity utilization is not meaningful as it depends on the production of other products.[4]

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[1] Petition, p. 13.

[2] Petition, p. 49.

[3] Petitioners claim that they are the producers who must decrease their production in response to the alleged unfairly-traded subject imports, since synthetic producers based their production on the production of their primary product and have no inventory or storage capability. Petition, p. 48.

[4] Respondents' economic analysis for postconference brief, pp. 1-3.

Alternative markets

Exports of anhydrous sodium sulfate are a significant portion of total shipments, increasing from *** percent of total shipments in 1997 to *** percent in 1999. This indicates that U.S. producers can divert shipments to or from alternative markets in response to changes in the price of anhydrous sodium sulfate.

Inventory levels

Inventories and reserves are significant relative to the size of the anhydrous sodium sulfate industry. As a percent of U.S. shipments, inventories almost tripled during the period of investigation, increasing from 15.0 percent in 1997 to 41.1 percent in 1999. Also, U.S. natural producers have reserves of 860,000 short tons and a reserve base of 1.40 million short tons.[5] These data indicate an ability to use inventories and reserves as a means of increasing shipments of anhydrous sodium sulfate to the U.S. market.

Production alternatives

The ability of U.S. producers to produce alternative products depends on whether they are a natural or synthetic producer. For natural producers, the facilities and employees that are used to produce anhydrous sodium sulfate are dedicated to the production of anhydrous sodium sulfate.[6] Depending on the synthetic production method, there may be some employees and some parts of some facilities that are used to produce both anhydrous sodium sulfate and other products.[7] This indicates that U.S. producers have a limited ability to switch production to or from alternate products in response to changes in the price of anhydrous sodium sulfate.

Subject Imports

Based on available information, Canadian anhydrous sodium sulfate producers are likely to respond to changes in demand with moderate changes in the quantity of shipments of U.S.-produced anhydrous sodium sulfate to the U.S. market. The main contributing factors to the moderate degree of responsiveness of supply are the existence of alternative markets moderated by a lack of additional capacity and inventories.

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[5] U.S. Geological Survey, Mineral Commodity Summaries, February 2000, p. 157. Reserve base is defined as that part of an identified resource that meets specified minimum physical and chemical criteria related to current mining and production practices, including those for grade, quality, thickness, and depth. Reserves are defined as that part of the reserve base which could be economically extracted or produced at the time of determination. *See*, petition, app. 1, app. C for a further elaboration. Petitioners, based on their own proven reserves, believe these figures to be significantly understated, with actual proven reserves of approximately *** million short tons. Petition, p. 63.

[6] Petition, p. 17, and testimony of Joseph Kane of CNR, conference transcript, p. 40.

[7] Petition, p. 17.

Industry capacity

Canadian natural producers' capacity utilization to produce anhydrous sodium sulfate decreased from *** percent in 1997 to *** percent in 1999. These data indicate that Canadian producers have a limited amount of unused capacity with which they could change the production of anhydrous sodium sulfate in the event of a price change.

Alternative markets

Shipments of Canadian anhydrous sodium sulfate to the home market and other export markets make up about *** of all shipments, increasing from *** percent of total shipments in 1997 to *** percent in 1999. This indicates that Canadian producers can divert shipments to or from alternative markets in response to changes in the price of anhydrous sodium sulfate in the United States.

Inventory levels

Inventories make up a moderate portion of total shipments, falling from *** percent of total shipments in 1997 to *** percent in 1999. These data indicate a limited ability to use inventories as a means of increasing shipments of anhydrous sodium sulfate to the U.S. market.

Production alternatives

The ability of Canadian producers to produce alternative products is limited even more than for the U.S. industry as all responding Canadian producers are natural producers. As was the case for natural U.S. producers, the facilities and employees that are used to produce anhydrous sodium sulfate are dedicated to the production of anhydrous sodium sulfate. This indicates that Canadian producers have a very limited ability to switch production to or from alternate products in response to changes in the price of anhydrous sodium sulfate in the United States.

U.S. Demand

Demand Characteristics

Based on available information, U.S. anhydrous sodium sulfate consumers are likely to respond to changes in price with small changes in their purchases of anhydrous sodium sulfate. The main contributing factors to the low degree of responsiveness of demand are the low cost share of anhydrous sodium sulfate in its end uses and the limited substitutability of other products for anhydrous sodium sulfate.

Demand for anhydrous sodium sulfate depends on demand for the downstream products it is used to produce, such as soap and detergents (about 40.7 percent of U.S. producers' domestic shipments of anhydrous sodium sulfate in 1999 (see table III-4)), textiles (11.3 percent), glass (7.8 percent), and pulp and paper (6.4 percent). While apparent consumption fell by about 5 percent between 1997 and 1999, petitioners believe that consumption will remain flat or grow at the same rate as the rest of the economy in the near future.[8] Most producers, importers, and purchasers who indicated knowledge about demand indicated that it decreased during the period of investigation, with a few stating that it remained the same.

[8] Petition, p. 45.

Petitioners claim that worldwide demand for dry powder detergent (which contains a significant amount of anhydrous sodium sulfate) is growing, especially in Asia, Central America, and South America where dry powder detergents constitute nearly 100 percent of market share and liquid detergents (which use no anhydrous sodium sulfate) are not forecast to gain market share for many years. However, petitioners also claim that there has been a consumer shift in the United States from traditional dry powder detergent to more concentrated liquid detergent.[9] Respondents also note that as a result of this consumer shift, dry powder detergents have become more concentrated.[10]

Petitioners also acknowledge that while worldwide demand for anhydrous sodium sulfate is expected to grow as manufacturers replace older dyeing and finishing machinery with machines that best utilize non-corrosive anhydrous sodium sulfate, decreased textile production in the United States has contributed to a decline in consumption of anhydrous sodium sulfate.[11]

Substitute Products

Petitioners claim that there is very limited substitutability between anhydrous sodium sulfate and other chemical products and that no single product can substitute perfectly in its principal applications. Imperfect substitutes include sodium chloride (NaCl) (corrodes washing machines and stainless steel textile manufacturing equipment), sodium hydro sulfide (NASH) (its odor and chemical properties create post-manufacturing water treatment problems), emulsified sulfur and caustic soda (price and availability are unstable), and gypsum (requires more energy to be heated, contains more impurities, and is freight-sensitive).[12] In their questionnaire responses, some producers, importers, and purchasers list these and other chemicals as substitutable products.

Respondents claim that substitutability of other chemicals depends on their end use. In particular, they claim that substitutability is strongest in the pulp and paper and glass industries. They also claim that while there is less substitutability for producers of dry powder detergent and textiles, some of these producers have substituted other chemicals for anhydrous sodium sulfate.[13]

Cost Share

Because anhydrous sodium sulfate is used a filler in most of its applications, the percentage of the cost of the end product accounted for by anhydrous sodium sulfate is low for most end uses.[14]

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[9] Ibid.

[10] Testimony of Scott Humphreys, conference transcript, pp. 103-104.

[11] Petition, p. 45.

[12] *See*, petition, pp. 11-12, for a more detailed discussion.

[13] Testimony of Birney Humphrey, conference transcript, pp. 101-104; testimony of William Hess, conference transcript, p. 103; and testimony of Scott Humphreys, conference transcript, pp. 103-104.

[14] Testimony of Joseph Kane, conference transcript, p. 21; respondents' postconference brief, p. 5. II-4

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported anhydrous sodium sulfate depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, leadtimes between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is a high degree of substitutability between anhydrous sodium sulfate from the United States and Canada.

Factors Affecting Purchasing Decisions

Petitioners claim that price is the overwhelming factor determining whether or not a sale is made. They claim that as a fungible, commodity product where demand is limited by outside factors such as set production requirements of other manufacturing processes and a limited number of customers, anhydrous sodium sulfate is traded almost exclusively on price.[15]

However, many purchasers indicated that while price is an important factor in the acceptance or rejection of a sales offer, quality and long-term relationships with suppliers are also important.[16] Also, according to the bid data submitted by purchasers, in 8 of 34 cases of competitive contracts the firm with the lowest bid won none of the contract and in 15 of 34 cases the firm with lowest bid won only part of the contract.

Comparisons of Domestic Products and Subject Imports

Petitioners claim there is no differentiation between anhydrous sodium sulfate produced in the United States and anhydrous sodium sulfate imported from Canada since the imported and domestic products compete for the same sales, in the same market, at the same time.[17] While questionnaire responses indicate agreement that U.S.-produced and imported anhydrous sodium sulfate from Canada are used interchangeably, responses as to whether there were differences in product characteristics or sales conditions were mixed.

Seven of 8 producers, 9 of 11 importers, and 8 of 11 purchasers responded that U.S.-produced and imported anhydrous sodium sulfate from Canada are used interchangeably. Although only 1 of 8 producers indicated that there were differences in product characteristics or sales conditions, 6 of 11 importers and 7 of 12 purchasers indicated that there were differences. Most importers and purchasers who indicated that there were differences cited superior quality or consistency of the Canadian product, particularly compared to synthetically produced anhydrous sodium sulfate.

[15] Petition, pp. 14-15 and 43-44.

[16] Respondents' postconference brief, pp. 10-12.

[17] Petition, pp. 15 and 43-44.

Comparisons of Domestic Products and Nonsubject Imports

In their questionnaire responses, most producers, importers, and purchasers indicated that U.S.-produced and nonsubject imports of anhydrous sodium sulfate are used interchangeably and that there are no differences in product characteristics or sales conditions.

Comparisons of Subject Imports and Nonsubject Imports

In their questionnaire responses, most producers, importers, and purchasers indicated that Canadian and nonsubject imports of anhydrous sodium sulfate are used interchangeably and that there are no differences in product characteristics or sales conditions.

PART III: CONDITION OF THE U.S. INDUSTRY

Information on capacity, production, shipments, inventories, and employment is presented in this section of the report, and is based on the questionnaire responses of two natural anhydrous sodium sulfate producers in the United States representing 100 percent of U.S. production of natural anhydrous sodium sulfate in 1999,[1] and 12 synthetic anhydrous sodium sulfate producers representing approximately 85 percent of U.S. production of synthetic anhydrous sodium sulfate in 1999.[2]

U.S. PRODUCERS

Table III-1 presents a list of U.S. producers responding to the Commission's questionnaires, including information on the location of production facilities, the by-products or co-products produced, and the share of reported U.S. production in 1999.

Natural Producers

There are currently two U.S. producers of natural anhydrous sodium sulfate, CNR and IMCC. CNR's production facility is located at Cedar Lake in Loop, TX, where it produces only anhydrous sodium sulfate. IMCC's production facility is located at Searles Lake in Trona, CA, where it produces four products: soda ash (*** percent of sales), sodium borates (*** percent of sales), sodium bicarbonate (*** percent of sales), and anhydrous sodium sulfate (*** percent of sales).[3]

IMCC accounted for *** percent of U.S. production of natural anhydrous sodium sulfate in 1999 while CNR accounted for *** percent of such production. As a share of total U.S. production of all anhydrous sodium sulfate in 1999, IMCC accounted for *** percent of U.S. production, while CNR accounted for *** percent.

[1] In its postconference brief, SaskMin argues that IMCC is a by-product producer rather than a natural producer because the firm produces three other products at the same facility. *See*, postconference brief of SaskMin, pp. 1-2.

[2] The petition identified 11 synthetic anhydrous sodium sulfate producers. The Commission received responses from 9 of these firms. Two companies, DLD Resources and Fansteel, did not respond to the Commission's request for information. In addition to the producers identified in the petition, the Commission identified 7 other U.S. producers and received responses from 3 of these firms: Devro-Teepak, FMC, and Indspec. Based on information contained in the petition and on information provided by ***, Commission staff estimates that firms not responding to the Commission's questionnaires accounted for approximately *** short tons or approximately 15 percent of U.S. capacity and production of synthetic anhydrous sodium sulfate. *See*, petition, pp. 4-5; and phone conversation with ***, August 15, 2000.

[3] Questionnaire response of IMCC, p. 12.

Table III-1
Anhydrous sodium sulfate: U.S. producers, location of production facilities, position with respect to the petition, and share of U.S. production, 1997-99[1]

Company	Location of production facilities	Position with respect to the petition	By-product(s) produced	Production in 1999 *(short tons)*	Share of U.S. production in 1999 *(percent)*
Natural anhydrous sodium sulfate producers:					
CNR	Loop, TX	Petitioner	None	***	***
IMCC	Trona, CA	Petitioner	Sodium borates	***	***
Subtotal				***	***
Synthetic anhydrous sodium sulfate producers:					
Acordis	Axis, AL	***	Rayon fiber	***	***
Devro-Teepak	Lisle, IL	***	Cellulose casing	***	***
Doe Run	Boss, MO	***	Battery recycling	***	***
Exide	Baton Rouge, LA	***	Battery recycling	***	***
FMC	Bessemer City, NC	***	Lithium carbonate	***	***
GNB	Columbus, GA	***	Battery recycling	***	***
Indspec[2]	Petrolia, PA	***	Resorcinol	***	***
J.M. Huber	Havre de Grace, MD	***	Silica products	***	***
Lenzing	Lowland, TN	***	Rayon fiber	***	***
OxyChem[2]	Castle Hayne, NC	Support	Chromium	***	***
Roche Vitamins	Belvedere, NJ	***	Ascorbic acid	***	***
RSR	Middleton, NY	***	Battery recycling	***	***
Subtotal				***	***
Total				623,603	100.0

[1] The Commission received questionnaire responses from all natural anhydrous sodium sulfate producers in the United States and from 12 firms representing approximately 85 percent of U.S. synthetic anhydrous sodium sulfate production.
[2] Company is a subsidiary of Occidental Petroleum Corp., Los Angeles, CA.

Note.–Because of rounding, numbers may not total to 100 percent.

Source: Compiled from data submitted in response to Commission questionnaires.

Synthetic Producers

There are approximately 18 producers of synthetic anhydrous sodium sulfate in the United States that manufacture anhydrous sodium sulfate as a result of manufacturing higher-value primary products such as silica products,[4] chromic acid,[5] rayon fiber, ascorbic acid, resorcinol, cellulose-casing production, and battery recycling.

Petitioners argue that most synthetic producers manufacture anhydrous sodium sulfate as a co-product,[6] while respondents argue that such producers manufacture anhydrous sodium sulfate as a by-product or waste product.[7] The Commission asked producers how they accounted for anhydrous sodium sulfate in their financial records: 10 out of 10 responding firms accounted for anhydrous sodium sulfate as a by-product.[8] One firm, OxyChem, stated at the conference that it produced anhydrous sodium sulfate as a co-product; ***.[9]

As a share of total anhydrous sodium sulfate production, synthetic producers accounted for *** percent of U.S. production in 1997, *** percent in 1998, *** percent in 1999, and *** percent in interim 2000.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. producers' capacity, production, and capacity utilization data are presented in table III-2 and figure III-1.

Overall industry capacity for all anhydrous sodium sulfate increased 3.9 percent from 1997 to 1999, and increased 7.9 percent from interim 1999 to interim 2000. Industry capacity for natural anhydrous sodium sulfate remained steady throughout the period January 1997-March 2000. However, industry capacity for synthetic anhydrous sodium sulfate increased *** percent from 1997 to 1999, and increased *** percent from interim 1999 to interim 2000.

Overall industry production of all anhydrous sodium sulfate decreased 0.8 percent from 1997 to 1999, but increased 20.7 percent from interim 1999 to interim 2000. Industry production of natural anhydrous sodium sulfate increased *** percent from 1997 to 1999, and increased *** percent from interim 1999 to interim 2000. Industry production of synthetic anhydrous sodium sulfate decreased *** percent from 1997 to 1999, but increased *** percent from interim 1999 to interim 2000.

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[4] Fred Fischer and James Fetzer of the Commission's staff toured J.M. Huber's silica plant in Havre de Grace, MD on July 28, 2000, where the company produces anhydrous sodium sulfate as a by-product of its silica production process. The company noted that it costs them approximately $*** per short ton to recover the anhydrous sodium sulfate, with most of the cost related to drying or removing the water from its sodium sulfate slurry. J.M. Huber ***. In comparison, J.M. Huber ***. *See*, field trip memo to Lynn Featherstone from Fred Fischer, July 28, 2000.

[5] OxyChem, a producer of chromic acid, noted at the conference that the demand for its primary product drives the volume of its anhydrous sodium sulfate production. The company receives approximately $1,780 per ton for its chromic acid. *See*, testimony of Michael Cortese, conference transcript, pp. 39 and 57.

[6] *See*, conference transcript, p. 12.

[7] *See*, conference transcript, p. 64. ***. *See*, producers' questionnaire response of ***, pp. 10-11. ***.

[8] Two firms, ***, did not provide a response to the question.

[9] *See*, conference transcript, p. 12, and OxyChem's producers' questionnaire response, p. 13. III-3

Table III-2
Anhydrous sodium sulfate: U.S. producers' capacity, production, and capacity utilization, 1997-99, January-March 1999, and January-March 2000

Item	Calendar year			January-March	
	1997	1998	1999	1999	2000
Natural anhydrous sodium sulfate:[1]					
Capacity *(short tons)*	***	***	***	***	***
Production *(short tons)*	***	***	***	***	***
Capacity utilization *(percent)*	***	***	***	***	***
Synthetic anhydrous sodium sulfate:[2]					
Capacity *(short tons)*	***	***	***	***	***
Production *(short tons)*[3]	***	***	***	***	***
Capacity utilization *(percent)*	***	***	***	***	***
All anhydrous sodium sulfate:					
Capacity *(short tons)*	724,788	785,858	752,811	184,937	199,462
Production *(short tons)*	625,733	579,351	620,922	131,948	159,221
Capacity utilization *(percent)*	84.6	71.8	80.5	69.5	77.5

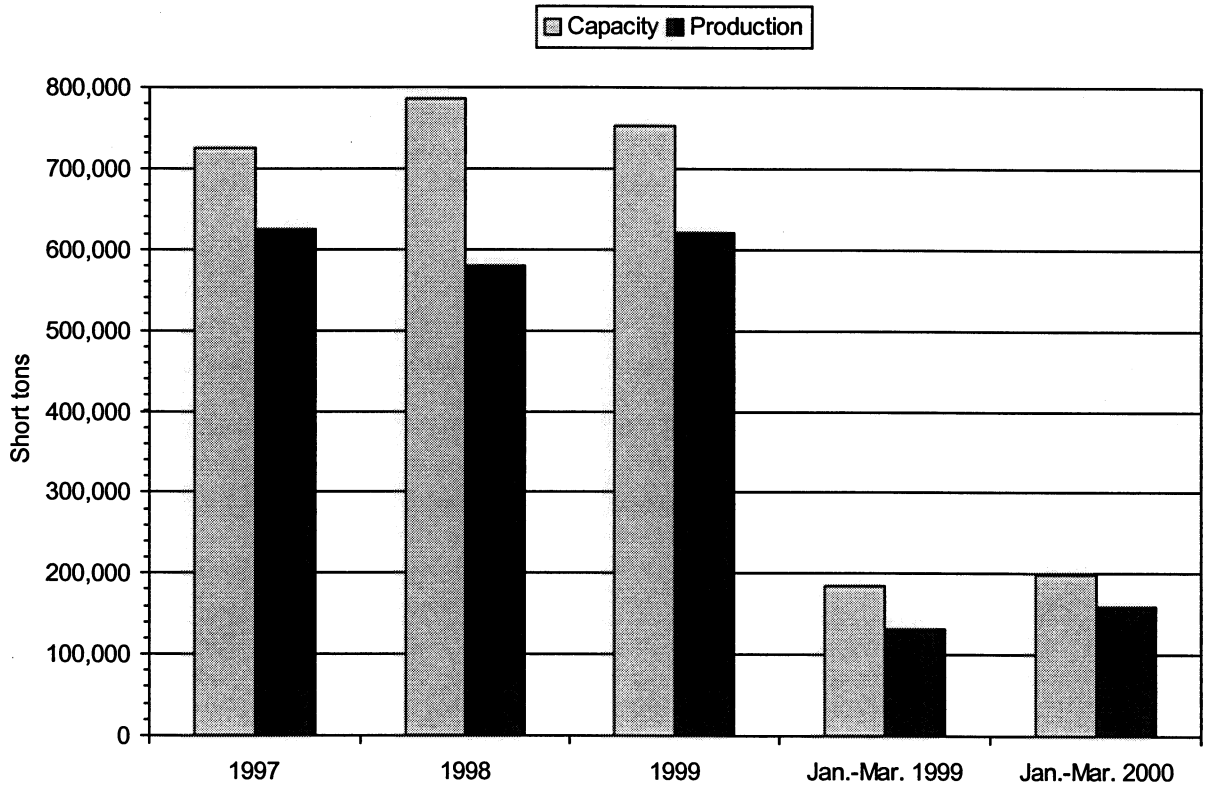
[1] Data are for two natural anhydrous sodium sulfate producers.
[2] Data are for 12 synthetic anhydrous sodium sulfate producers.
[3] ***.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' SHIPMENTS

Data on U.S. producers' shipments are presented in table III-3. The quantity of U.S. producers' domestic shipments of all anhydrous sodium sulfate increased 1.0 percent from 1997 to 1999, and increased 9.9 percent between interim 1999 and interim 2000. With respect to natural anhydrous sodium sulfate, U.S. producers' domestic shipments decreased *** percent from 1997 to 1999, and decreased *** percent between interim 1999 and interim 2000. With respect to synthetic anhydrous sodium sulfate, U.S. producers' domestic shipments increased *** percent from 1997 to 1999, and increased *** percent between interim 1999 and interim 2000.

Figure III-1
Anhydrous sodium sulfate: U.S. producers' capacity and production, 1997-99, January-March 1999, and January-March 2000



Source: Table III-2.

Table III-3
Anhydrous sodium sulfate: U.S. producers' shipments,[1] by types, 1997-99, January-March 1999, and January-March 2000

Item	Calendar year			January-March	
	1997	1998	1999	1999	2000
	Quantity (short tons)				
Natural anhydrous sodium sulfate:					
Commercial shipments	***	***	***	***	***
Internal shipments	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments[2]	***	***	***	***	***
Total shipments	***	***	***	***	***
Synthetic anhydrous sodium sulfate:					
Commercial shipments	***	***	***	***	***
Internal shipments	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
All anhydrous sodium sulfate:					
Commercial shipments	461,944	453,175	466,760	100,296	110,215
Internal shipments	0	0	0	0	0
U.S. shipments	461,944	453,175	466,760	100,296	110,215
Export shipments	148,870	121,091	198,366	63,543	38,973
Total shipments	610,814	574,266	665,126	163,839	149,188
	Value ($1,000)				
Natural anhydrous sodium sulfate:					
Commercial shipments	***	***	***	***	***
Internal shipments	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Synthetic anhydrous sodium sulfate:					
Commercial shipments	***	***	***	***	***
Internal shipments	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
All anhydrous sodium sulfate:					
Commercial shipments	48,077	42,478	34,744	7,869	7,771
Internal shipments	0	0	0	0	0
U.S. shipments	48,077	42,478	34,744	7,869	7,771
Export shipments	10,147	7,134	7,501	2,263	1,446
Total shipments	58,224	49,612	42,245	10,133	9,217

Table continued...

Table III-3--*Continued*
Anhydrous sodium sulfate: U.S. producers' shipments,[1] by types, 1997-99, January-March 1999, and January-March 2000

Item	Calendar year			January-March	
	1997	1998	1999	1999	2000
	Unit value (per short ton)				
Natural anhydrous sodium sulfate:					
Commercial shipments	***	***	***	***	***
Internal shipments	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Synthetic anhydrous sodium sulfate:					
Commercial shipments	***	***	***	***	***
Internal shipments	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
All anhydrous sodium sulfate:					
Commercial shipments	$104.08	$93.73	$74.44	$78.46	$70.51
Internal shipments	(3)	(3)	(3)	(3)	(3)
U.S. shipments	104.08	93.73	74.44	78.46	70.51
Export shipments	68.16	58.91	37.81	35.61	37.10
Total shipments	95.32	86.39	63.51	61.84	61.78

[1] Includes shipments of U.S.-produced product only.
[2] ***.
[3] Not applicable.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' SHIPMENTS BY MARKET SEGMENT

U.S. producers' shipments by market segment are presented in table III-4. In 1999, 40.7 percent of U.S. producers' domestic shipments of all anhydrous sodium sulfate went to the soap and detergent market, 11.3 percent went to the textile-dyeing market, 7.8 percent went to the glass market, 6.4 percent went to the pulp and paper market, and 33.8 percent went to all other markets.[10]

In 1999, the majority of U.S. producers' domestic shipments of natural anhydrous sodium sulfate (*** percent) went to the soap and detergent market, followed by shipments to the textile-dyeing market (*** percent), the glass market (*** percent), the pulp and paper market (*** percent), and all other markets (*** percent).

In 1999, *** percent of U.S. producers' domestic shipments of synthetic anhydrous sodium went to the soap and detergent market, *** percent went to the pulp and paper market, *** percent to the textile-dyeing market, *** percent to the glass market, and *** percent to all other markets.

U.S. PRODUCERS' PURCHASES

No U.S. producers reported purchasing anhydrous sodium sulfate from other domestic producers, Canadian producers, or U.S. importers.

[10] Other markets include resins, pharmaceuticals, carpet fresheners, and starches.

Table III-4
Anhydrous sodium sulfate: U.S. producers' shipments, by market segments, 1997-99, January-March 1999, and January-March 2000[1]

Item	Calendar year			January-March	
	1997	1998	1999	1999	2000
	Quantity (short tons)				
Natural anhydrous sodium sulfate:					
Soap and detergents	***	***	***	***	***
Textiles	***	***	***	***	***
Pulp and paper	***	***	***	***	***
Glass	***	***	***	***	***
Other[2]	***	***	***	***	***
Subtotal	***	***	***	***	***
Synthetic anhydrous sodium sulfate:					
Soap and detergents	***	***	***	***	***
Textiles	***	***	***	***	***
Pulp and paper	***	***	***	***	***
Glass	***	***	***	***	***
Other[2]	***	***	***	***	***
Subtotal	***	***	***	***	***
All anhydrous sodium sulfate:					
Soap and detergents	132,212	115,226	146,920	35,382	32,810
Textiles	75,170	57,305	40,975	11,345	8,532
Pulp and paper	39,049	25,182	23,089	4,978	4,497
Glass	30,086	27,459	28,301	5,953	6,889
Other[2]	100,255	112,773	122,064	23,933	31,722
Subtotal	376,772	337,945	361,349	81,591	84,450

Table continued...

Table III-4--*Continued*
Anhydrous sodium sulfate: U.S. producers' shipments, by market segments, 1997-99, January-March 1999, and January-March 2000 [1]

Item	Calendar year			January-March	
	1997	1998	1999	1999	2000
	Value ($1,000)				
Natural anhydrous sodium sulfate:					
Soap and detergents	***	***	***	***	***
Textiles	***	***	***	***	***
Pulp and paper	***	***	***	***	***
Glass	***	***	***	***	***
Other[2]	***	***	***	***	***
Subtotal	***	***	***	***	***
Synthetic anhydrous sodium sulfate:					
Soap and detergents	***	***	***	***	***
Textiles	***	***	***	***	***
Pulp and paper	***	***	***	***	***
Glass	***	***	***	***	***
Other[2]	***	***	***	***	***
Subtotal	***	***	***	***	***
All anhydrous sodium sulfate:					
Soap and detergents	8,665	8,629	6,063	1,614	1,254
Textiles	8,235	5,905	4,196	1,196	946
Pulp and paper	1,714	1,304	1,074	228	252
Glass	3,054	2,758	2,494	620	555
Other[2]	12,352	11,805	10,126	2,074	2,363
Subtotal	34,020	30,401	23,953	5,732	5,370

Table continued...

Table III-4--*Continued*
Anhydrous sodium sulfate: U.S. producers' shipments, by market segments, 1997-99, January-March 1999, and January-March 2000 [1]

Item	Calendar year			January-March	
	1997	1998	1999	1999	2000
	Unit value (per short ton)				
Natural anhydrous sodium sulfate:					
Soap and detergents	***	***	***	***	***
Textiles	***	***	***	***	***
Pulp and paper	***	***	***	***	***
Glass	***	***	***	***	***
Other[2]	***	***	***	***	***
Average	***	***	***	***	***
Synthetic anhydrous sodium sulfate:					
Soap and detergents	***	***	***	***	***
Textiles	***	***	***	***	***
Pulp and paper	***	***	***	***	***
Glass	***	***	***	***	***
Other[2]	***	***	***	***	***
Average	***	***	***	***	***
All anhydrous sodium sulfate:					
Soap and detergents	$65.54	$74.89	$41.27	$45.62	$38.22
Textiles	109.55	103.05	102.40	105.42	110.88
Pulp and paper	43.89	51.78	46.52	45.80	56.04
Glass	101.51	100.44	88.12	104.15	80.56
Other[2]	123.21	104.68	82.96	86.66	74.49
Average	90.29	89.96	66.29	70.25	63.59

[1] Shipment data presented in this table may not reconcile with shipment data presented in table III-3 because of differences in reporting by each firm.
[2] "Other" markets include resins, pharmaceuticals, carpet fresheners, and starches.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' INVENTORIES

Data on U.S. producers' inventories are presented in table III-5.

Table III-5
Anhydrous sodium sulfate: U.S. producers' end-of-period-inventories, 1997-99, January-March 1999, and January-March 2000

Item	Calendar year			January-March	
	1997	1998	1999	1999	2000
Natural anhydrous sodium sulfate:					
End-of-period inventories *(short tons)*	***	***	***	***	***
Ratio to production *(percent)*	***	***	***	***	***
Ratio to U.S. shipments *(percent)*	***	***	***	***	***
Ratio to total shipments *(percent)*	***	***	***	***	***
Synthetic anhydrous sodium sulfate:					
End-of-period inventories *(short tons)*	***	***	***	***	***
Ratio to production *(percent)*	***	***	***	***	***
Ratio to U.S. shipments *(percent)*	***	***	***	***	***
Ratio to total shipments *(percent)*	***	***	***	***	***
All anhydrous sodium sulfate:					
End-of-period inventories *(short tons)*	69,463	117,313	191,894	74,111	68,221
Ratio to production *(percent)*	11.1	20.2	30.9	14.0	10.7
Ratio to U.S. shipments *(percent)*	15.0	25.9	41.1	18.5	15.5
Ratio to total shipments *(percent)*	11.4	20.4	28.9	11.3	11.4

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

U.S. producers' employment data are presented in table III-6. ***.[11] ***.[12]

Table III-6
Average number of production and related workers producing anhydrous sodium sulfate, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1997-99, January-March 1999, January-March 2000

Item	Calendar year			January-March	
	1997	1998	1999	1999	2000
Natural anhydrous sodium sulfate:					
Production and related workers	***	***	***	***	***
Hours worked *(1,000)*	***	***	***	***	***
Wages paid *($1,000)*	***	***	***	***	***
Hourly wages	***	***	***	***	***
Productivity *(tons per 1,000 hours)*	***	***	***	***	***
Unit labor costs *(per short ton)*	***	***	***	***	***
Synthetic anhydrous sodium sulfate:[1]					
Production and related workers	***	***	***	***	***
Hours worked *(1,000)*	***	***	***	***	***
Wages paid *($1,000)*	***	***	***	***	***
Hourly wages	***	***	***	***	***
Productivity *(tons per 1,000 hours)*	***	***	***	***	***
Unit labor costs *(per short ton)*	***	***	***	***	***
All anhydrous sodium sulfate:					
Production and related workers	198	179	157	152	150
Hours worked *(1,000)*	401	367	337	82	82
Wages paid *($1,000)*	8,206	7,507	7,129	1,677	1,706
Hourly wages	$20.48	$20.46	$21.14	$20.41	$20.83
Productivity *(tons per 1,000 hours)*	1,486	1,549	1,824	1,639	1,914
Unit labor costs *(per short ton)*	$13.78	$13.21	$11.59	$12.45	$10.88

[1] Data are based on firms producing anhydrous sodium sulfate as a by-product or co-product.

Source: Compiled from data submitted in response to Commission questionnaires.

[11] Questionnaire response of ***, question II-2, p. 3. ***. ***. ***. ***.

[12] Questionnaire response of ***, question II-2, p. 3.

PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission sent questionnaires to 30 U.S. firms that were believed to import anhydrous sodium sulfate from Canada during the period January 1997-March 2000. Twenty-three firms responded to the Commission's request for information.[1] Table IV-1 presents a list of U.S. importers responding to the Commission's questionnaires.[2]

U.S. IMPORTS

Data on U.S. imports from Canada are based on responses to the Commission's importers' questionnaire. Data on imports from all other countries are based on official statistics of Commerce.[3]

Official import statistics for Canada are significantly lower than data submitted by U.S. importers.[4] At the conference, petitioner and respondents were asked to comment on discrepancies between official statistics and data reported by U.S. importers. Respondents stated that import data submitted by U.S. importers should be used as the basis of analysis rather than official statistics even though the use of such data is adverse to their arguments.[5] Table IV-2 presents data on U.S. imports of anhydrous sodium sulfate.

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[1] SaskMin, a Canadian producer, responded to the Commission's importers' questionnaire because it was the importer of record for all of its shipments to the United States. SaskMin was the importer of record for *** percent of U.S. imports in 1997, *** percent in 1998, *** percent in 1999, and *** percent in the first quarter of 2000.

[2] The Commission received a response from *** too late for incorporation of the firm's data in this report; however, this firm imported only *** short tons in 1997, *** short tons in 1998, and ***. The firm's imports account for *** of imports from Canada.

[3] Official statistics of Commerce include data from the following HTS subheadings: 2833.11.10, 2833.11.50, and 2833.19.00. Because official statistics do not break out imports by type (i.e., natural vs. synthetic), imports from all other sources are categorized as natural anhydrous sodium sulfate imports.

[4] Official statistics indicate imports from Canada of 168,532 short tons in 1997, 120,179 tons in 1998, 81,561 tons in 1999, 22,058 tons in interim 1999, and 15,307 tons in interim 2000. However, when compared to data supplied to the Commission by U.S. importers, this represents an under-reporting of *** short tons in 1997, *** tons in 1998, *** tons in 1999, *** tons in interim 1999, and *** tons in interim 2000.

[5] *See*, postconference brief of SaskMin, exhibit 9.

Table IV-1
Anhydrous sodium sulfate: U.S. importers, company location, and type of business, 1999

Category/company	Company location	Type of business
Distributors:		
Giles Chemical	Waynesville, NC	Distributor
HCl/Dyce Chemical	Chesterfield, MO	Distributor
Ideal Chemical & Supply	Memphis, TN	Distributor
JS Corp.	Niceville, FL	Distributor
Pelican Chemicals	Missoula, MT	Distributor
Prillaman Chemical	Charlotte, NC	Distributor
Prior Chemical	New York, NY	Distributor
SaskMin	Chaplin, SK	Canadian producer
Van Waters & Rogers	Kirkland, WA	Distributor
End users:		
Ball-Foster	Muncie, IN	Glass manufacturing
Cargill Corn Milling	Cedar Rapids, IA	Corn starch
Cerestar USA	Hammond, IN	Hydroxy propyl starch
Chem-Way	Charlotte, NC	Textile dyeing
Haviland Products	Grand Rapids, MI	Pharmaceuticals, resins
Huish Detergents	Salt Lake City, UT	Detergents
International Paper	Memphis, TN	Pulp & paper bleaching
Korex	Wixom, MI	Detergents
Malco Products	Barberton, OH	Carpet fresheners
National Starch and Chemical	Bridgewater, NJ	Corn starch
Neste Resins	Eugene, OR	Resins
Proctor & Gamble	Cincinnati, OH	Detergents
Reckitt Benckiser	Wayne, NJ	Detergents
Unilever Home & Personal Care	Greenwich, CT	Detergents

Source: Compiled from data submitted in response to Commission questionnaires.

Table IV-2
Anhydrous sodium sulfate: U.S. imports, by sources, 1997-99, January-March 1999, and January-March 2000[1]

Source	Calendar year			January-March	
	1997	1998	1999	1999	2000
	Quantity (short tons)				
Natural anhydrous sodium sulfate:					
Canada	***	***	***	***	***
All other sources	1,680	2,050	2,917	532	624
Total	***	***	***	***	***
Synthetic anhydrous sodium sulfate:					
Canada	0	0	0	0	0
All other sources	0	0	0	0	0
Total	0	0	0	0	0
All anhydrous sodium sulfate:					
Canada	***	***	***	***	***
All other sources	1,679	2,050	2,916	532	622
Total	***	***	***	***	***
	Value ($1,000)				
Natural anhydrous sodium sulfate:					
Canada[2]	***	***	***	***	***
All other sources	1,305	1,443	1,855	527	756
Total	***	***	***	***	***
Synthetic anhydrous sodium sulfate:					
Canada	0	0	0	0	0
All other sources	0	0	0	0	0
Total	0	0	0	0	0
All anhydrous sodium sulfate:					
Canada	***	***	***	***	***
All other sources	1,305	1,443	1,855	527	756
Total	***	***	***	***	***
	Unit value (per short ton)				
Natural anhydrous sodium sulfate:					
Canada	***	***	***	***	***
All other sources	$777.25	$703.90	$636.15	$990.60	$1,215.43
Average	***	***	***	***	***
Synthetic anhydrous sodium sulfate:					
Canada	(3)	(3)	(3)	(3)	(3)
All other sources	(3)	(3)	(3)	(3)	(3)
Average	(3)	(3)	(3)	(3)	(3)
All anhydrous sodium sulfate:					
Canada	***	***	***	***	***
All other sources	777.25	703.90	636.15	990.60	1,215.43
Average	***	***	***	***	***

Table continued...

Table IV-2--*Continued*
Anhydrous sodium sulfate: U.S. imports, by sources, 1997-99, January-March 1999, and January-March 2000[1]

Source	Calendar year			January-March	
	1997	1998	1999	1999	2000
	Share of quantity (percent)				
Natural anhydrous sodium sulfate:					
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
Synthetic anhydrous sodium sulfate:					
Canada	([3])	([3])	([3])	([3])	([3])
All other sources	([3])	([3])	([3])	([3])	([3])
Total	([3])	([3])	([3])	([3])	([3])
All anhydrous sodium sulfate:					
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
Natural anhydrous sodium sulfate:					
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
Synthetic anhydrous sodium sulfate:					
Canada	([3])	([3])	([3])	([3])	([3])
All other sources	([3])	([3])	([3])	([3])	([3])
Total	([3])	([3])	([3])	([3])	([3])
All anhydrous sodium sulfate:					
Canada	***	***	***	***	***
All other sources	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0

[1] Data on U.S. imports from Canada are based on responses to the Commission's importers' questionnaire. Data on imports from all other countries are based on official statistics of Commerce. Because official statistics do not break out imports by type (i.e., natural vs. synthetic), imports from all other sources are categorized as natural anhydrous sodium sulfate imports.
[2] Value based on delivered basis.
[3] Not applicable.

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

Source: Compiled from data submitted in response to questionnaires of the Commission and from official statistics of Commerce.

U.S. IMPORTERS' SHIPMENTS BY MARKET SEGMENT

U.S. importers' shipments of imports of anhydrous sodium sulfate from Canada, by market segment, are presented in table IV-3 and are based on export data provided by both Canadian producers. In 1999, the vast majority of imports from Canada (*** percent) went to the soap and detergent market, followed by shipments to the pulp and paper market (*** percent), textile-dyeing market (*** percent), glass market (*** percent), and all other markets (*** percent).[6]

Table IV-3
Anhydrous sodium sulfate: U.S. importers' shipments of imports from Canada, by market segments, 1997-99, January-March 1999, and January-March 2000

*	*	*	*	*	*	*

U.S. PRODUCERS' IMPORTS

No U.S. producers reported importing anhydrous sodium sulfate during the period January 1997-March 2000.

APPARENT U.S. CONSUMPTION

Table IV-4 and figure IV-1 present data on apparent U.S. consumption of anhydrous sodium sulfate. Apparent U.S. consumption (based on quantity) of all anhydrous sodium sulfate decreased 5.0 percent from 1997 to 1999, but increased 4.3 percent from interim 1999 to interim 2000. Apparent U.S. consumption of natural anhydrous sodium sulfate decreased *** percent from 1997 to 1999, and decreased *** percent from interim 1999 to interim 2000. Apparent U.S. consumption of synthetic anhydrous sodium sulfate increased *** percent from 1997 to 1999, and increased *** percent from interim 1999 to interim 2000. From January 1997 to March 2000, synthetic anhydrous sodium sulfate represented an increasing share of apparent U.S. consumption, accounting for *** percent of U.S. consumption in 1997, *** percent in 1998, *** percent in 1999, and *** percent in interim 2000.

U.S. MARKET SHARES

Table IV-5 presents data on market shares. The market share of U.S. producers (based on quantity) increased throughout the period January 1997-March 2000, accounting for *** percent of apparent U.S. consumption in 1997, *** percent in 1998, *** percent in 1999, and *** percent in interim 2000. With respect to apparent U.S. consumption of natural anhydrous sodium sulfate, U.S. producers' market share increased from January 1997 to March 2000, accounting for *** percent in 1997, *** percent in 1998, *** percent in 1999, and *** percent in interim 2000. U.S. producers accounted for 100 percent of apparent U.S. consumption of synthetic anhydrous sodium sulfate.

[6] "Other" markets include resins, pharmaceuticals, carpet fresheners, and starches.

Table IV-4
Anhydrous sodium sulfate: U.S. shipments of domestic product, U.S. import shipments, by sources, and apparent U.S. consumption, 1997-99, January-March 1999, and January-March 2000

Source	Calendar year			January-March	
	1997	1998	1999	1999	2000
	Quantity (short tons)				
Natural anhydrous sodium sulfate:					
U.S. producers' shipments	***	***	***	***	***
U.S. shipments of imports from–					
Canada	***	***	***	***	***
All other sources[1]	1,679	2,050	2,916	532	622
Total imports	***	***	***	***	***
Apparent consumption	***	***	***	***	***
Synthetic anhydrous sodium sulfate:					
U.S. producers' shipments	***	***	***	***	***
U.S. shipments of imports from–					
Canada	0	0	0	0	0
All other sources[1]	0	0	0	0	0
Total imports	0	0	0	0	
Apparent consumption	***	***	***	***	***
All anhydrous sodium sulfate:					
U.S. producers' shipments	461,994	453,175	466,760	100,296	110,215
U.S. shipments of imports from–					
Canada	***	***	***	***	***
All other sources[1]	1,679	2,050	2,916	532	622
Total imports	***	***	***	***	***
Apparent consumption	***	***	***	***	***

Table continued...

Table IV-4--*Continued*
Anhydrous sodium sulfate: U.S. shipments of domestic product, U.S. import shipments, by sources, and apparent U.S. consumption, 1997-99, January-March 1999, and January-March 2000

Source	Calendar year			January-March	
	1997	1998	1999	1999	2000
	Value ($1,000)				
Natural anhydrous sodium sulfate:					
U.S. producers' shipments	***	***	***	***	***
U.S. shipments of imports from–					
Canada	***	***	***	***	***
All other sources[1]	1,305	1,443	1,855	527	756
Total imports	***	***	***	***	***
Apparent consumption	***	***	***	***	***
Synthetic anhydrous sodium sulfate:					
U.S. producers' shipments	***	***	***	***	***
U.S. shipments of imports from–					
Canada	0	0	0	0	0
All other sources[1]	0	0	0	0	0
Total imports	0	0	0	0	0
Apparent consumption	***	***	***	***	***
All anhydrous sodium sulfate:					
U.S. producers' shipments	48,077	42,478	34,744	7,869	7,771
U.S. shipments of imports from–					
Canada	***	***	***	***	***
All other sources[1]	1,305	1,443	1,855	527	756
Total imports	***	***	***	***	***
Apparent consumption	***	***	***	***	***

[1] Data for imports from "all other sources" are based official statistics; therefore, such data are presented for imports rather than shipments of imports. Because official statistics do not break out imports by type (i.e., natural vs. synthetic), imports from all other sources are categorized as natural anhydrous sodium sulfate imports.

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

Source: Compiled from data submitted in response to questionnaires of the Commission and from official statistics of Commerce.

Figure IV-1
Anhydrous sodium sulfate: Apparent U.S. consumption, by sources, 1997-99, January-March 1999, and January-March 2000

* * * * * * *

Source: Table IV-4

Table IV-5
Anhydrous sodium sulfate: Apparent U.S. consumption and market shares, 1997-99, January-March 1999, and January-March 2000

* * * * * * *

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Raw material costs make up a very small part of the total cost of anhydrous sodium sulfate for natural producers. The main raw material for anhydrous sodium sulfate is lake brine (salt water from a lake), which contains about 10 to 20 percent sodium sulfate.[1] Because of the large fixed costs incurred by natural producers, the share of material cost is very low.[2] Mineral royalties are estimated to account for about *** percent of the total cost of anhydrous sodium sulfate production.[3]

Transportation Costs to the U.S. Market

Transportation costs for anhydrous sodium sulfate from Canada to the United States (excluding U.S. inland costs) are estimated to be approximately 11 percent of the total cost for anhydrous sodium sulfate. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.

U.S. Inland Transportation Costs

Transportation costs for anhydrous sodium sulfate make up a substantial portion of its purchase price and vary according to geographic location. U.S. producers report that transportation costs make up about 32 percent of total cost of anhydrous sodium sulfate.[4]

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Canadian dollar depreciated 6.5 percent relative to the U.S. dollar from January 1997 to March 2000 (figure V-1). The real value of the Canadian dollar depreciated 2.2 percent vis-a-vis the U.S. dollar in that time period.

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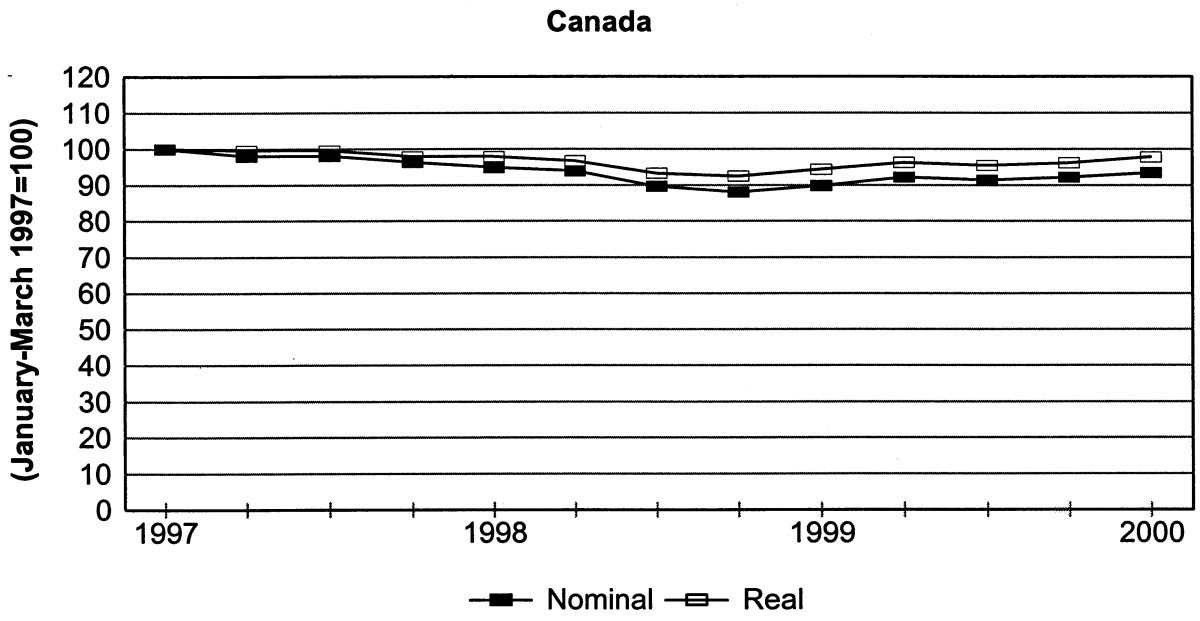
[1] Testimony of Joseph Kane, conference transcript, p. 45, testimony of Kelly O'Brien, conference transcript, p. 45.

[2] Testimony of Richard Cunningham, conference transcript, p. 46.

[3] Petition, app. 17.

[4] This is the median value. The average value of 24 percent is less representative due to outliers.

Figure V-1
Exchange rates: Indices of the nominal and real exchange rates between the Canadian dollar and the U.S. dollar, by quarters, January 1997-March 2000



Source: International Monetary Fund, *International Financial Statistics*, July 2000.

PRICING PRACTICES

Pricing Methods

The market for anhydrous sodium sulfate can be generally described as consisting of three purchase methods: noncompetitive bidding involving only one potential supplier, competitive bidding involving more than one potential supplier, and market transactions. About 90 percent of domestic shipments by producers were negotiated on a contract basis and 10 of 12 purchasers reported that they require that their suppliers enter into annual or long-term supply arrangements. Although 8 out of 10 responding importers reported that all of their sales were spot, the largest importer *** reported that *** percent of its imports were negotiated by contract.

Negotiations are usually for a contact of an annual or longer duration. Negotiations may last a few months, with the seller submitting an initial bid and if necessary a final bid to a purchaser. Some purchasers require competing bidders to be pre-qualified by the purchaser in order to participate in the bidding process. Most purchasers have only one set of specifications for anhydrous sodium sulfate, although these specifications can vary by purchaser depending on their end use.

Sales Terms and Discounts

Purchasers reported that no discounts were received except for "dummy price rebates" that distributors receive from the producers to mask the original price from end users. Only one producer (***) and no importers reported giving quantity discounts. In their questionnaire responses, 9 of 12 purchasers reported that the negotiated price can change during the contract period if market conditions change. Purchasers usually conduct negotiations with U.S. producers and importers concurrently, as 9 of 11 purchasers attested to. Most purchasers reported that payment terms were net 30 days and, except for a few cases, purchasers were quoted delivered prices by producers.

BID DATA

The Commission requested U.S. producers to provide their yearly bids for anhydrous sodium sulfate and requested end users of anhydrous sodium sulfate to provide data on the price negotiation process for each of their facilities. Data were requested for the period January 1997-June 2000.

Seven end users provided usable bid data for sales of the requested products, although not all firms reported pricing for all years (see tables V-1 to V-4).[5] Bid data reported by these end users accounted for approximately 26 percent of U.S. producers' shipments of anhydrous sodium sulfate and 67 percent of U.S. shipments of subject imports from Canada in 1999.[6] Bid data were grouped by year, purchaser, and location of purchasing facility. Initial and final bids are provided when available, but in most cases only a final bid was available.[7] A total of 65 bid contracts for anhydrous sodium sulfate were reported for the period examined, involving 695,944 short tons valued at $77.5 million (in winning bid

[5] Comparisons between reported purchaser data and U.S. producer data have been noted in footnotes throughout the tables. Among U.S. producers, *** reported some usable data. *** provided data only for 1999 and 2000 and *** only provided data for their winning bids.

[6] For 1997 to 1999, the reported bid data accounted for approximately 28 percent of U.S. producers' total shipments of anhydrous sodium sulfate and 67 percent of U.S. shipments of subject imports from Canada.

[7] In cases where only an initial bid was available, it was assumed that the initial and final bids were the same. V-3

values).[8] Of these contracts, 62 percent of the quantity and 60 percent of the value of the contracts were awarded to U.S. suppliers.[9] Data comparisons based on the bidding process, as well as purchaser-specific bid information, are detailed below.

Table V-1
Anhydrous sodium sulfate: Bid information on contracts and sales to purchasers for shipment during 1997, by purchaser and location of purchasing facility

*	*	*	*	*	*	*

Table V-2
Anhydrous sodium sulfate: Bid information on contracts and sales to purchasers for shipment during 1998, by purchaser and location of purchasing facility

*	*	*	*	*	*	*

Table V-3
Anhydrous sodium sulfate: Bid information on contracts and sales to purchasers for shipment during 1999, by purchaser and location of purchasing facility

*	*	*	*	*	*	*

[8] This includes 8,144 short tons that were valued at f.o.b. prices due to unavailability of the delivered price. Their f.o.b. value was $1.2 million.

[9] No purchaser reported a bid for product imported from a nonsubject country, and the only reported bids for product imported from Canada were ***.

Table V-4
Anhydrous sodium sulfate: Bid information on contracts and sales to purchasers for shipment during 2000, by purchaser and location of purchasing facility

*	*	*	*	*	*	*
*	*	*	*	*	*	*[10]

Comparisons By Bidding Process

Of the 65 reported contracts for anhydrous sodium sulfate, 31 contracts worth *** resulted from a non-competitive bid process and 34 contracts worth *** resulted from a competitive bid process.[11] Of the 34 contracts involving competing bids, 7 were entirely awarded to the lowest bidder, 15 were at least partially awarded to the lowest bidder, and 8 were not awarded to the lowest bidder.[12] Twenty-seven of the 34 competitive contracts involved competition between U.S. and Canadian suppliers.

[10] ***.

[11] ***.

[12] In one case, two firms both made the lowest bid. In this case they split the award. This case is included in the 7 contracts that were entirely awarded to the lowest bidder. There were also 4 contracts for which it was unclear who the lowest bidder was because delivered prices were not available for all bidders.

Reported Purchaser Bid Data

For the seven responding purchasers who solicited bids from suppliers, available information on purchasers' individual anhydrous sodium sulfate purchase processes is detailed below.

***

* * * * * * *

***

* * * * * * *

***

* * * * * * *

***

* * * * * * *

***

* * * * * * *[13]

[13] It also negotiated a two-year contract for 1999 and 2000 for its St. Louis facility, but supplemented that with an additional contract in 2000.

***

* * * * * * *

***

* * * * * * *

Table V-5 shows that more than two-thirds of the time, Canadian producers bid higher than the lowest U.S. bid for competitive contracts, especially during 1999 and 2000 where they bid higher 13 of 16 times.

Table V-5
Anhydrous sodium sulfate: Canadian producers' lowest reported bids in competitive contracts, 1997-2000

Year	Below lowest U.S. bid	Above lowest U.S. bid
1997	2	1
1998	2	3
1999	3	6
2000	0	7
Total	7	17

Note.--There were also three contracts for which it was unclear who the lowest bidder was because delivered prices were not available for all bidders.

Source: Compiled from data submitted in response to Commission questionnaires.

LOST SALES AND LOST REVENUES

The Commission requested U.S. producers of anhydrous sodium sulfate to report any instances of lost sales or revenues they experienced due to competition from imports of anhydrous sodium sulfate since 1997. Of the responding U.S. producers, three reported that they either lost sales or had to reduce prices or roll back announced price increases. The *** lost sales allegations totaled *** and involved *** tons of anhydrous sodium sulfate, and *** lost revenue allegations totaled *** and involved *** tons of anhydrous sodium sulfate. Staff contacted 10 purchasers, and a summary of the information obtained follows the allegations presented in tables V-6 and V-7.

Table V-6
Anhydrous sodium sulfate: U.S. producers' lost sales allegations

*	*	*	*	*	*	*

Table V-7
Anhydrous sodium sulfate: U.S. producers' lost revenue allegations

*	*	*	*	*	*	*

Lost Sales

*	*	*	*	*	*	*[14]
*	*	*	*	*	*	*[15]
*	*	*	*	*	*	*[16]

Lost Revenues

*	*	*	*	*	*	*[17]
*	*	*	*	*	*	*[18]
*	*	*	*	*	*	*[19]

[14] Staff phone conversation with ***, August 7, 2000.

[15] Fax from ***, August, 11, 2000.

[16] Fax from ***, August, 15, 2000.

[17] Staff phone conversation with ***, August 4, 2000.

[18] Staff phone conversation with ***, August 4, 2000.

[19] Staff phone conversation with ***, August 8, 2000.

*	*	*	*	*	*	*[20]
*	*	*	*	*	*	*[21]
*	*	*	*	*	*	*[22]
*	*	*	*	*	*	*[23]
*	*	*	*	*	*	*[24]

[20] Fax from ***, August 15, 2000.

[21] Fax from ***, August 15, 2000.

[22] Staff phone conversation with ***, August 4, 2000.

[23] Fax from ***, August 11, 2000.

[24] Staff phone conversation with ***, August 15, 2000.

PART VI: FINANCIAL CONDITION OF THE U.S. INDUSTRY

BACKGROUND

Fourteen U.S. producers provided financial information regarding their operations on anhydrous sodium sulfate.[1] These data represent all primary producers of anhydrous sodium sulfate during the period examined, as well as the majority of identified by-product producers.

Cooper Natural Resources (CNR) and IMC Chemicals (IMCC) produce anhydrous sodium sulfate as a primary product and co-product, respectively, in what has been referred to as a "natural" production process.[2] Acordis, Devro-Teepak, Doe Run, Exide, FMC, GNB, Indspec, J.M. Huber, Lenzing, OxyChem, Roche Vitamins, and RSR produce anhydrous sodium sulfate as a by-product in various "synthetic" production processes.[3] [4]

Whether designated a primary product, a co-product, or a by-product, all anhydrous sodium sulfate is an output of either a natural or synthetic manufacturing process. As a by-product, anhydrous sodium sulfate is considered incidental to the production of a primary product and also possesses a relatively low sales value compared to the primary product. According to U.S. generally accepted accounting principles, principal production costs are not assigned to by-products, and related sales revenue is treated as either a deduction from COGS (cost of goods sold) or "other revenue."[5] Under these circumstances, a traditional profit-and-loss statement for by-product producers of anhydrous sodium sulfate does not exist. In contrast, primary producers of anhydrous sodium sulfate account for this product in a manner which allows a traditional profit-and-loss statement to be developed.

The different accounting methods used by primary and by-product producers required the Commission to modify somewhat the scope of financial data collected: primary/co-product producers provided complete profit and loss information; by-product producers provided sales volume and value only.[6]

---

[1] The majority of U.S. producers provided financial information based on fiscal years ending December 31. Doe Run and Exide reported fiscal years ending March 31 and October 31, respectively.

[2] In 1996, CNR purchased the anhydrous sodium sulfate operations of Elf Atochem. From CNR's website retrieved on July 28, 2000 at *http://www.coopernatural.com/History.htm*. CNR's principal activity is the production and sale of anhydrous sodium sulfate. In early 1998, IMC Global purchased the Harris Chemical Group. In late 1998, IMCC, which was formed as a result of this acquisition, was put up for sale and subsequently classified by IMC Global as a "discontinued operation." From Note 4, page 163 of IMC Global's 1999 10-K. In early 2000, IMC Global began "exploring strategic options" (e.g., divestiture or joint venture) for the continuing operations associated with the rest of the 1998 Harris Chemical Group acquisition. From Note 18, page 180 of IMC Global's 1999 10-K.

[3] ***.

[4] ***.

[5] Cost Accounting: Using a Cost Management Approach, L. Gayle Rayburn, Fifth Edition (1993), pp. 258 and 261.

[6] According to OxyChem's website, anhydrous sodium sulfate is considered a "co-product" of sodium bichromate production at Castle Hayne, NC. Retrieved from OxyChem's website on July 13, 2000 at *http://www.oxychem.com/products/sodium_sulfate*. ***.

OPERATIONS ON ANHYDROUS SODIUM SULFATE

Income-and-loss data for the primary U.S. producers on their anhydrous sodium sulfate operations are presented in table VI-1. Volume and value of by-product sales of anhydrous sodium sulfate, as well as per-short-ton sales value, are presented in table VI-2. Data on a per-short-ton basis for the primary producers are presented in table VI-3. Selected financial data for primary producers of anhydrous sodium sulfate are presented in table VI-4. Volume and value data for individual by-product producers are presented in table VI-5.

Table VI-1
Results of U.S. producers in the primary production of anhydrous sodium sulfate, fiscal years 1997-99, January-March 1999, and January-March 2000

*	*	*	*	*	*	*

Table VI-2
Volume and value of U.S. producers' by-product sales of anhydrous sodium sulfate, fiscal years 1997-99, January-March 1999, and January-March 2000

*	*	*	*	*	*	*

Table VI-3
Results of operations (per short ton) of U.S. producers of primary anhydrous sodium sulfate, fiscal years 1997-99, January-March 1999, and January-March 2000

*	*	*	*	*	*	*

Table VI-4
Results of operations of U.S. producers of anhydrous sodium sulfate (as a primary or co-product), by firms, fiscal years 1997-99, January-March 1999, and January-March 2000

*	*	*	*	*	*	*

Table VI-5
Volume and value of U.S. producers' by-product sales of anhydrous sodium sulfate, by firms, fiscal years 1997-99, January-March 1999, and January-March 2000

*	*	*	*	*	*	*

The two primary producers of anhydrous sodium sulfate exhibited somewhat different patterns with respect to their financial performance during the period examined. From 1997 and 1998, CNR reported a decrease of *** percent in sales volume, while IMCC reported a *** increase. In 1999, sales volume increased for both companies: *** percent for IMCC and *** percent for CNR. Due to the *** decline in its sales volume in 1998, CNR's 1999 sales volume was still lower than that reported for 1997.

Collectively, by-product sales volume increased from 1997 to 1998, with much of the net increase accounted for by ***. The increase in sales volume by *** offset the relatively large decreases in sales volume reported by some of the other by-product producers.[7] While some by-product producers increased their sales volume in 1999, overall by-product sales volume decreased in that year. At the end of the period examined (first quarter 2000), by-product sales volume was only marginally lower than first quarter 1999 sales volume.

Between 1997 and 1998, CNR's average unit sales value declined by *** percent. In contrast, for the same period IMCC's average unit sales value increased *** percent. While all by-product producers reported lower average sales values between 1997 and 1998, particularly large reductions were reported by ***.[8] In contrast, while OxyChem's average unit sales value declined throughout the period, these declines represented ***.

[7] ***.

[8] ***.

In 1998, IMCC reported a ***-percent increase in total gross income as a result of higher average unit sales value, only somewhat higher average unit COGS, and increased sales volume. CNR, on the other hand, reported lower average unit sales value and higher average unit COGS between 1997 and 1998.[9] These factors, combined with *** lower sales volume in 1998, resulted in a ***-percent decrease in CNR's total gross income from 1997 and 1998. Overall gross income for the primary producers declined by *** percent from 1997 and 1998.

CNR and IMCC both reported *** declines in their average unit sales value from 1998 to 1999. While IMCC's sales volume again increased, a ***-percent decline in average unit sales value resulted in a *** in 1999. CNR's ***-percent decline in average unit sales value, in conjunction with an increase in sales volume, resulted in a *** gross margin in 1999. Combined gross income for the primary producers was ***.

With a net reduction in SG&A (selling, general, and administrative expenses) and only somewhat smaller overall gross income, combined operating income for the primary producers was *** from 1997 to 1998. In 1999, CNR's total SG&A expenses were reduced ***.[10] In part because of this reduction in SG&A, CNR's *** decline in average unit sales value between 1998 and 1999 resulted in ***. Because it was already reporting ***. From 1998 to 1999, the combined operating income for the primary producers declined by *** percent to ***.

CNR's first quarter 2000 sales volume was *** first quarter 1999. While CNR's average unit sales value continued to decline, its average unit gross margin was somewhat improved at the end of the period due to lower COGS. ***.[11] In contrast, IMCC reported somewhat lower sales volume for the first quarter 2000 compared to the first quarter 1999 and a higher average unit sales value. Despite the higher average unit sales value (which was still significantly lower than the high reported in 1998), IMCC's gross and operating margins were both ***. At $***, the combined *** for the primary producers was *** less than the *** reported for the first quarter of 1999.

The overall change in average unit sales value and sales volume was mixed for the primary and by-product producers. While both groups reported a decline in average unit sales value during the period examined, the decline for by-product producers was apparent in 1998 whereas for primary producers the decline began in 1999 and was ***. Unlike average unit sales value, where a declining pattern was shared, primary producers' sales volume increased between 1997 and 1999, while by-product producers' sales volume declined by a somewhat smaller percentage. (Note: The overall increase in primary producers' sales volume was due to a large net increase in sales volume by IMCC, while CNR's sales volume declined from 1997 to 1999.)

A variance analysis for the two primary producers of anhydrous sodium sulfate is presented in table VI-6 and is derived from information reported in table VI-1, as well as domestic and export shipment information reported in the questionnaire responses of CNR and IMCC. In this instance, the variance analysis is designed to provide an assessment of changes in revenue specifically as it relates to

[9] ***.

[10] ***.

[11] ***.

domestic and export sales.[12] The analysis is most effective when the product involved is homogeneous and product mix does not vary.

Table VI-6
Variance analysis of U.S. producers' operations on anhydrous sodium sulfate (as a primary or co-product), fiscal years 1997-99, January-March 1999, and January-March 2000

*	*	*	*	*	*	*

With respect to the primary producers, the volume and value of commercial shipments and export shipments varied somewhat during the period examined.[13] From 1997 to 1999, CNR's ***. In contrast, IMCC's ***. In absolute terms, export shipments of CNR and IMCC ***.

The variance analysis shows that an unfavorable price variance resulted in an estimated $*** reduction in operating income. The negative effect of this unfavorable price variance was partially offset by a *** favorable cost/expense variance (most notably with respect to SG&A) and a somewhat *** favorable volume variance.

CAPITAL EXPENDITURES, R&D EXPENSES, AND INVESTMENT IN PRODUCTIVE FACILITIES

The U.S. producers' capital expenditures and R&D expenses, together with the value of their fixed assets, are presented in table VI-7.

Table VI-7
Value of assets, capital expenditures, and R&D expenses of all U.S. producers of anhydrous sodium sulfate, fiscal years 1997-99, January-March 1999, and January-March 2000

*	*	*	*	*	*	*

[12] ***.

[13] ***.

* * * * * * *[14]

CNR's website states that significant capital expenditures (since the purchase from Elf Atochem) have improved the company's product standards. According to the website, engineering and production improvements allow the company to now manufacture "certified premium textile grade."[15] ***.

By-product producers reported varying levels of detail regarding their investment in plant and equipment used in the production of anhydrous sodium sulfate. For the most part, the by-product producers that provided this information reported plant and equipment related to further processing. In some instances, the value of equipment related to anhydrous sodium sulfate had already been fully depreciated or written off.[16]

Relatively large capital expenditures were reported by ***. As noted previously, in 1997 a facility was built at ***.[17] ***. ***.[18] ***'s 1999 capital expenditure was for a dryer related to anhydrous sodium sulfate processing.[19] During the period examined, somewhat smaller capital expenditures to improve sodium sulfate quality (e.g., from a lower grade to food grade) were reported by ***.[20]

CAPITAL AND INVESTMENT

The producers' comments regarding any actual or potential negative effects of imports of anhydrous sodium sulfate from Canada on their firms' growth, investment, ability to raise capital, and/or development and production efforts (including efforts to develop a derivative or more advanced version of the product) are presented in appendix D.

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[14] ***.

[15] Retrieved on July 28, 2000 at *http://www.coopernatural.com/History.htm.*

[16] ***.

[17] ***.

[18] ***.

[19] ***.

[20] ***.

PART VII: SUBJECT COUNTRY INDUSTRY DATA

The Commission analyzes a number of factors in making threat determinations.[1] Information on the alleged margins was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

The Commission sent foreign producers' questionnaires to both Canadian producers of anhydrous sodium sulfate and received responses from both companies.

THE INDUSTRY IN CANADA

Two companies in Canada, Saskatchewan Minerals (SaskMin) and Millar Western, manufactured anhydrous sodium sulfate during the period 1997-99.[2] SaskMin was the largest Canadian producer and exporter, accounting for *** percent of Canadian production and *** percent of Canadian exports to the United States during this period. Data on the industry in Canada are presented in table VII-1.

Table VII-1
Anhydrous sodium sulfate: Data on the industry in Canada, 1997-99, January-March 1999, January-March 2000, and projected 2000-01

*	*	*	*	*	*	*

[1] *See*, 19 U.S.C. § 1677(7)(F)(i)).

[2] Two other Canadian companies, Airborne Technologies and Ormiston Mining and Smelting, ceased production of anhydrous sodium sulfate in 1997. SaskMin acted as the sales agent and U.S. importer for Airborne Technologies' material, which totaled *** short tons and was valued at ***. *See*, letter of Clifford Chance Rogers & Wells dated August 2, 2000, submitted on behalf of SaskMin. *See also*, State Department telegram, Ottawa 02791, August 11, 2000. Neither Airborne Technologies or Ormiston Mining were identified by petitioners as producers or exporters of the subject merchandise. *See*, petition, p. 20.

Saskatchewan Minerals

SaskMin is a division of Goldcorp Inc., Toronto, Ontario, Canada. The company has two production facilities, one located in Chaplin, Saskatchewan (SK), and the other in Ingebrigt Lake, SK. The Chaplin plant was built in 1947 and has an annual capacity of *** short tons per year. The Ingebrigt Lake plant was built in 1967 and has an annual capacity of *** short tons. Both plants have storage facilities for *** shorts tons of anhydrous sodium sulfate. For the period 1997-99, *** percent of SaskMin's exports to the United States went to the soap and detergents market, *** percent to the pulp and paper market, *** percent to the textile market, and *** percent to the glass market. SaskMin accounted for *** percent of exports of anhydrous sodium sulfate from Canada to the United States in 1997, *** percent in 1998, *** percent in 1999, and *** percent in January-March 2000.[3]

SaskMin's exports to the United States decreased throughout the period 1997-99. The company's exports to the United States decreased *** percent from 1997 to 1998, decreased *** percent from 1998 to 1999, and are projected to decrease *** percent from 1999 to 2000.[4]

Millar Western

Millar Western, Edmonton, Alberta, Canada, is a privately owned company active in forest resources, construction, and chemicals industries, with its primary business in the wood products industry. The company has one anhydrous sodium sulfate production facility located in Palo, SK, 75 miles west of Saskatoon, SK. The company has two production lines, one producing "pulp-grade" anhydrous sodium sulfate for the kraft pulp industry and the other producing "purity-grade" anhydrous sodium sulfate for the household detergent, carpet freshener, and resin industries. Approximately *** percent of the company's production is detergent grade product, while approximately *** percent is lower-grade off-color product.

For the period 1997-99, *** percent of Millar Western's anhydrous sodium sulfate exports to the United States went to the pulp and paper market, *** percent to the soap and detergents market, and *** percent to the carpet freshener and resin markets. Millar Western accounted for *** percent of exports of anhydrous sodium sulfate to the United States from Canada in 1997, *** percent in 1998, *** percent in 1999, and *** percent in January-March 2000.[5]

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[3] SaskMin submitted its questionnaire responses on July 26, 2000. The company subsequently submitted revised data pertaining to the value of U.S. imports on August 2, 2000. *See*, letter of Clifford Chance Rogers & Wells submitted on behalf of SaskMin, August 2, 2000.

Fred Fischer of the Commission's staff toured SaskMin's Chaplin production facility on August 2, 2000, and performed a verification of the company's importer and foreign producer questionnaire data. Data verification was performed on the revised data submitted by SaskMin to the Commission on August 2, 2000.

[4] SaskMin exported *** short tons to the United States in 1997, *** short tons in 1998, *** short tons in 1999, and projects that it will export *** short tons in 2000 and *** short tons in 2001.

[5] Fred Fischer of the Commission's staff toured Millar Western's production facility on August 1, 2000, and performed a verification of the company's foreign producer questionnaire data. VII-2

Millar Western's exports to the United States decreased steadily throughout the period 1997-99.[6] The company's exports to the United States decreased *** percent from 1997 to 1998, decreased *** percent from 1998 to 1999, and are projected to decrease *** percent from 1999 to 2000.[7]

Millar Western currently services *** accounts in the United States, and indicated to the Commission that ***.[8]

U.S. IMPORTERS' INVENTORIES

Table VII-2 presents data on U.S. importers' end-of-period inventories of subject imports.

Table VII-2
Anhydrous sodium sulfate: U.S. importers' end-of-period inventories of imports from Canada, 1997-99, January-March 1999, and January-March 2000

*	*	*	*	*	*	*

[6] Millar Western's ***.

[7] Millar Western exported *** short tons to the United States in 1997, *** short tons in 1998, *** short tons in 1999, and projects that it will export *** short tons in 2000 and *** short tons in 2001.

[8] ***. *See*, submission of Millar Western, August 4, 2000.

APPENDIX A

FEDERAL REGISTER NOTICES

UNITED STATES INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–884 (Preliminary)]

Anhydrous Sodium Sulfate From Canada

AGENCY: United States International Trade Commission.

ACTION: Institution of antidumping investigation and scheduling of a preliminary phase investigation.

SUMMARY: The Commission hereby gives notice of the institution of an investigation and commencement of preliminary phase antidumping investigation No. 731–TA–884 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Canada of anhydrous sodium sulfate, provided for in subheadings 2833.11.10 and 2833.11.50 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by August 24, 2000. The Commission's views are due at the Department of Commerce within five business days thereafter, or by August 31, 2000.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's rules of practice and procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

EFFECTIVE DATE: July 10, 2000.

FOR FURTHER INFORMATION CONTACT: Fred Fischer (202–205–3179 or ffischer@usitc.gov), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (*http://www.usitc.gov*).

SUPPLEMENTARY INFORMATION:

Background.—This investigation is being instituted in response to a petition filed on July 10, 2000, by Cooper Natural Resources, Tulsa, OK, and IMC Chemicals Inc., New York, NY.

Participation in the investigation and public service list.—Persons (other than petitioners) wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in §§ 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level)

representative consumer organizations have the right to appear as parties in Commission antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this investigation available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigation under the APO issued in the investigation, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference.—The Commission's Director of Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on July 31, 2000, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Fred Fischer (202–205–3179 or ffischer@usitc.gov) not later than July 24, 2000, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in §§ 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before August 3, 2000, a written brief containing information and arguments pertinent to the subject matter of the investigation. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

In accordance with § 201.16(c) and 207.3 of the rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.
Issued: July 11, 2000.

Donna R. Koehnke,

Secretary.

[FR Doc. 00–17992 Filed 7–14–00; 8:45 am]
BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–122–835]

Initiation of Antidumping Duty Investigation: Anhydrous Sodium Sulfate From Canada

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: August 4, 2000.

FOR FURTHER INFORMATION CONTACT: Irina Itkin or Shawn Thompson at (202) 482–0656 and (202) 482–1776, respectively; Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

Initiation of Investigations

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are references to the provisions codified at 19 CFR Part 351 (1999).

The Petition

On July 10, 2000, the Department of Commerce (the Department) received a petition filed in proper form by Cooper Natural Resources and IMC Chemicals, Inc. (hereinafter collectively, "the petitioners"). The Department received information supplementing the petition throughout the initiation period.

In accordance with section 732(b) of the Act, the petitioners allege that imports of anhydrous sodium sulfate from Canada are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that such imports are materially injuring an industry in the United States.

The Department finds that the petitioners filed this petition on behalf of the domestic industry because they are interested parties as defined in section 771(9)(C) of the Act and have demonstrated sufficient industry support with respect to the antidumping duty investigation that they are requesting the Department to initiate (*see Determination of Industry Support for the Petition*, below).

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that the Department's industry support determination, which is to be made before the initiation of the investigation, be based on whether a minimum percentage of the relevant industry supports the petition. A petition meets this requirement if the domestic producers or workers who support the petition account for: (1) At least 25 percent of the total production of the domestic like product in the region, and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition.

Section 771(4)(A) of the Act defines the "industry" as the producers of a domestic like product. Thus, to determine whether the petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to the law.[1]

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," *i.e.*, the merchandise described in the scope of the petition.

The domestic like product referred to in the petition is the single domestic like product defined in the "Scope of Investigation" section, below. No party has commented on the petition's definition of the domestic like product, and there is nothing on the record to indicate that this definition is inaccurate. The Department, therefore, has adopted the domestic like product definition set forth in the petition.

Moreover, the Department has determined that the petition contains adequate evidence of industry support; therefore, polling is unnecessary. In this case, the petitioners represent over 50 percent of total production of the domestic like product in the United States. *See Initiation Checklist* dated July 31, 2000 (*Initiation Checklist*), at page 3. Accordingly, the Department determines that this petition is filed on behalf of the domestic industry within the meaning of section 732(c)(4)(A) of the Act.

Scope of Investigation

For purposes of this investigation, the product covered is anhydrous sodium sulfate, also referred to as "salt cake" or "disodium sulfate," from Canada. Anhydrous sodium sulfate is an

[1] *See Algoma Steel Corp. Ltd. v. United States*, 688 F. Supp. 639, 642–44 (CIT 1988); *High Information Content Flat Panel Displays and Display Glass from Japan: Final Determination; Rescission of Investigation and Partial Dismissal of Petition*, 56 FR 32376, 32380–81 (July 16, 1991).

inorganic chemical with a chemical composition of Na_2SO_4. The "Chemical Abstract Service" number for anhydrous sodium sulfate is 7757–82–6. All forms and variations of anhydrous sodium sulfate are included within the scope of the investigation, regardless of grade, level of purity, production method, or form of packaging. Anhydrous sodium sulfate is currently classifiable under subheadings 2833.11.10 and 2833.11.50 of the Harmonized Tariff Schedule of the United States (HTSUS). Although these HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

During our review of the petition, we discussed the scope with the petitioners to ensure that it accurately reflects the product for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the Department's regulations (see Antidumping Duties; Countervailing Duties; Final Rule, 62 FR 27295, 27323 (May 19, 1997)), we are setting aside a period of time for parties to raise issues regarding product coverage. The Department encourages all parties to submit such comments by August 31, 2000. Comments should be addressed to Import Administration's Central Records Unit at Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determination.

Export Price and Normal Value

The following are descriptions of the allegations of sales at less than fair value upon which the Department based its decision to initiate this investigation. The sources of data for the deductions and adjustments relating to home market price and U.S. price are also discussed in the *Initiation Checklist.* Should the need arise to use any of this information as facts available under section 776 of the Act in our preliminary or final determinations, we may re-examine the information and revise the margin calculations, if appropriate.

Export Price

The petitioner identified Saskatchewan Minerals and Millar Western Industries Ltd. as the major producers and exporters of subject merchandise in Canada.

The petitioner determined export price (EP) based on direct and contemporaneous sales or offers for sales to U.S. unaffiliated purchasers of anhydrous sodium sulfate, through invoices and affidavits. This information was obtained from industry sources in the United States. The petitioner calculated a net U.S. price by subtracting freight expenses.

Normal Value

With respect to normal value (NV), the petitioner provided home market prices based on invoices and affidavits. These products are comparable to the products exported to the United States which serve as the basis for EP. The petitioners calculated NV by deducting foreign movement expenses, commissions, and domestic packing expenses. The petitioners also adjusted NV for differences in credit expenses.

In addition, the petitioner provided information demonstrating reasonable grounds to believe or suspect that sales of anhydrous sodium sulfate in the home market were made at prices below the cost of production (COP), in accordance with section 773(b) of the Act, and requested that the Department conduct a country-wide sales-below-cost investigation.

Pursuant to section 773(b)(3) of the Act, COP consists of the cost of manufacturing (COM), sales, general, and administrative (SG&A) expenses, and packing. To calculate the foreign producers' COM, the petitioners used the production costs and consumption rates of one of the petitioning companies, adjusted for known differences between costs incurred to produce sodium sulfate in the United States and in Canada using publicly available data. To calculate depreciation and SG&A, the petitioners relied upon the experience of the same U.S. producer. We recalculated SG&A using the consolidated financial statements of GoldCorp Inc., the parent company of Saskatchewan Minerals because this information better reflects the experience of Saskatchewan Minerals. The petitioners also based financing expenses on the consolidated financial statements of this parent company. Based upon the comparison of the adjusted prices of the foreign like product in the home market to the calculated COP of the product, we find reasonable grounds to believe that sales of the foreign like product were made below the COP, in accordance with section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country-wide cost investigation.

In addition, pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, the petitioners also based NV for sales in Canada on constructed value (CV). The petitioners calculated CV using the same COM, SG&A, and financial expense figures used to compute Canadian home market costs. We recalculated SG&A expenses as noted above. Consistent with section 773(e)(2) of the Act, the petitioners also added to CV an amount for profit. Profit was based upon a 1999 management report for GoldCorp Inc.

Based on these separate comparisons, the estimated dumping margins for anhydrous sodium sulfate from Canada ranged from 19.29 to 100.10 percent.

Initiation of Cost Investigation

As noted above, pursuant to section 773(b) of the Act, the petitioner provided information demonstrating reasonable grounds to believe or suspect that sales in the home market were made at prices below the fully allocated COP and, accordingly, requested that the Department conduct a country-wide sales-below-COP investigation in connection with the requested antidumping investigation. The Statement of Administrative Action (SAA), submitted to the U.S. Congress in connection with the interpretation and application of the URAA, states that an allegation of sales below the COP need not be specific to individual exporters or producers. SAA, H.R. Doc. No. 316 at 833 (1994). The SAA, at 833, states that "Commerce will consider allegations of below-cost sales in the aggregate for a foreign country, just as Commerce currently considers allegations of sales at less than fair value on a country-wide basis for purposes of initiating an antidumping investigation."

Further, the SAA provides that "new section 773(b)(2)(A) retains the current requirement that Commerce have 'reasonable grounds to believe or suspect' that below cost sales have occurred before initiating such an investigation. 'Reasonable grounds' * * * exist when an interested party provides specific factual information on costs and prices, observed or constructed, indicating that sales in the foreign market in question are at below-cost prices." *Id.* Based upon the comparison of the adjusted prices from the petition for the representative foreign like products to their costs of production, we find the existence of "reasonable grounds to believe or suspect" that sales of these foreign like products were made below their respective COPs within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating the requested country-wide cost investigation.

Fair Value Comparisons

Based on the data provided by the petitioners, there is reason to believe that imports of anhydrous sodium sulfate from Canada are being, or are likely to be, sold at less than fair value.

Allegations and Evidence of Material Injury and Causation

The petition alleges that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the imports of the subject merchandise sold at less than NV. The petitioner contends that the industry's injured condition is evident in the declining trends in net operating profits, net sales volumes, profit-to-sales ratios, and production volumes. The allegations of injury and causation are supported by relevant evidence including U.S. Customs import data, lost sales, and pricing information. We have assessed the allegations and supporting evidence regarding material injury and causation, and have determined that these allegations are properly supported by accurate and adequate evidence and meet the statutory requirements for initiation (see Initiation Checklist at page 4).

Initiation of Antidumping Investigation

Based upon our examination of the petition on anhydrous sodium sulfate, we have found that the petition meets the requirements of section 732 of the Act. Therefore, we are initiating an antidumping duty investigation to determine whether imports of anhydrous sodium sulfate from Canada are being, or are likely to be, sold in the United States at less than fair value. Unless this deadline is extended, we will make our preliminary determination no later than 140 days after the date of this initiation.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the petition has been provided to the representatives of the Government of Canada. We will attempt to provide a copy of the public version of each petition to each exporter named in the petition, as appropriate.

International Trade Commission Notification

We have notified the ITC of our initiation, as required by section 732(d) of the Act.

Preliminary Determination by the ITC

The ITC will determine, no later than August 24, 2000, whether there is a reasonable indication that imports of sodium sulfate from Canada are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination will result in the investigation being terminated; otherwise, this investigation will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 777(i) of the Act.

Dated: July 31, 2000.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 00–19821 Filed 8–3–00; 8:45 am]

BILLING CODE 3510–DS–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–884 (Preliminary)]

Anhydrous Sodium Sulfate From Canada

Determination

On the basis of the record [1] developed in the subject investigation, the United States International Trade Commission unanimously determines, pursuant to section 733(a) of the Tariff Act of 1930,[2] that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports of anhydrous sodium sulfate from Canada,[3] that are alleged to be sold in the United States at less than fair value (LTFV).

Background

On July 10, 2000, a petition was filed with the Commission and the Department of Commerce by Cooper Natural Resources (CNR), Tulsa, OK, and IMC Chemicals (IMCC), Overland Park, KS, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of anhydrous sodium sulfate from Canada. Accordingly, effective July 10, 2000, the Commission instituted antidumping investigation No. 731–TA–884 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the **Federal Register** of July 17, 2000.[4] The conference was held in Washington, DC, on July 31, 2000, and all persons who requested the opportunity were

[1] The record is defined in § 207.2(f) of the Commission's rules of practice and procedure (19 CFR 207.2(f)).

[2] 19 U.S.C. 1673b(a).

[3] For purposes of this investigation, anhydrous sodium sulfate, also referred to as "salt cake" or "disodium sulfate," is an inorganic chemical with a chemical composition of Na_2SO_4. The "Chemical Abstract Service" number for anhydrous sodium sulfate is 7757–82–6. All forms and variations of anhydrous sodium sulfate are included within the scope of the investigation, regardless of grade, level of purity, production method, or form of packaging. Anhydrous sodium sulfate is currently classifiable under subheadings 2833.11.10 and 2833.11.50 of the Harmonized Tariff Schedule of the United States (HTS).

[4] 65 FR 44075.

permitted to appear in person or by counsel.

The Commission transmitted its determination in this investigation to the Secretary of Commerce on August 24, 2000. The views of the Commission are contained in USITC Publication 3345 (September 2000), entitled Anhydrous Sodium Sulfate From Canada: Investigation No. 731–TA–884 (Preliminary).

Issued: August 24, 2000.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 00–22197 Filed 8–29–00; 8:45 am]

BILLING CODE 7026–02–P

APPENDIX B

CALENDAR OF PUBLIC CONFERENCE

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC

CALENDAR OF PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the following investigation:

ANHYDROUS SODIUM SULFATE FROM CANADA
Inv. No. 731-TA-884 (Preliminary)

July 31, 2000 - 9:30 a.m.

The conference was held in Room 101 (Main Hearing Room) of the United States International Trade Commission Building, 500 E Street, SW, Washington, DC.

In Support of the Imposition of Antidumping Duties:

STEPTOE & JOHNSON, LLP
Washington, DC
on behalf of

COOPER NATURAL RESOURCES
IMC CHEMICALS, INC.

Joseph Kane, V.P. and Business Director, Cooper Natural Resources
Kelly O'Brien, Business Manager, IMC Chemicals
Kenneth Button, Economic Consulting Services Inc.

Richard Cunningham)
Thomas Trendl)–OF COUNSEL

OCCIDENTAL CHEMICAL CORP. (OXYCHEM)

Michael Cortese, Director of Sales and Marketing, Chrome Chemicals, OxyChem

CALENDAR OF PUBLIC CONFERENCE–*Continued*

In Opposition to the Imposition of Antidumping Duties:

CLIFFORD CHANCE ROGERS & WELLS, LLP
Washington, DC
on behalf of

SASKATCHEWAN MINERALS DIVISION, GOLDCORP, INC.

Stephen Hodgson, General Manager, Saskatchewan Minerals
Terrence Lavineway, Director of Marketing, Saskatchewan Minerals
John Begeman, V.P. of Western Operations, GoldCorp
Victoria Russell, V.P. Legal Affairs, GoldCorp
Birney Humphrey, V.P. & General Manager, Giles Chemical Industries
Scott Humphreys, independent consultant
John Riley, Nathan Associates, Inc.

William Silverman)
Douglas Heffner)–OF COUNSEL

SANDLER, TRAVIS & ROSENBERG, PA
Washington, DC
on behalf of

THE PROCTER & GAMBLE MANUFACTURING CO.

William Hess, Senior Purchasing Manager, The Procter & Gamble Manufacturing Co.

Philip Gallas)
Beth Ring)–OF COUNSEL
Mark Ludwikowski)

APPENDIX C

SUMMARY DATA

Table C-1
Natural anhydrous sodium sulfate: Summary data concerning the U.S. market, 1997-99, January-March 1999, and January-March 2000

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Table C-2
Synthetic anhydrous sodium sulfate: Summary data concerning the U.S. market, 1997-99, January-March 1999, and January-March 2000

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Table C-3
Anhydrous sodium sulfate: Summary data concerning the U.S. market, 1997-99, January-March 1999, and January-March 2000

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APPENDIX D

EFFECTS OF IMPORTS ON U.S. PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of anhydrous sodium sulfate from Canada on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product).

Actual Negative Effects

Narrative excerpts from producer responses reporting actual negative effects are provided below. Statements that are not in quotes reflect a negative response checked in section III-9 of the questionnaire.

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Anticipated Negative Effects

Narrative excerpts from producer responses reporting anticipated negative effects are provided below. Statements that are not in quotes reflect a negative response checked in section III-10 of the questionnaire.

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