

PRECIPITATED BARIUM CARBONATE FROM THE FEDERAL REPUBLIC OF GERMANY

**Determination of the Commission
in Investigation No. 731-TA-31
(Final) Under the Tariff Act
of 1930, Together With the
Information Obtained
in the Investigation**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would disclose confidential operations of individual concerns may not be published and, therefore, has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-31 (Final)

PRECIPITATED BARIUM CARBONATE FROM THE FEDERAL REPUBLIC OF GERMANY

Determination

On the basis of the record 1/ developed in investigation No. 731-TA-31 (Final), the Commission unanimously determines, pursuant to section 735(b)(1) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)(1)), that an industry in the United States is materially injured by reason of imports from the Federal Republic of Germany of precipitated barium carbonate, provided for in item 472.06 of the Tariff Schedules of the United States, which the Department of Commerce has determined to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted this investigation effective February 13, 1981, following a preliminary determination by the Department of Commerce that precipitated barium carbonate from West Germany is being, or is likely to be, sold in the United States at LTFV.

Notice of the institution of the Commission's investigation and of the public hearing to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade

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

Commission, Washington, D.C., and by publishing the notice in the Federal Register on March 11, 1981 (46 F.R. 16159). The hearing was held in Washington, D.C., on May 18, 1981, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

On the basis of the record in investigation No. 731-TA-31 (Final), we determine that an industry in the United States is materially injured by reason of imports from the Federal Republic of Germany (West Germany) of precipitated barium carbonate, 1/ which the Department of Commerce has determined to be sold at less than fair value (LTFV).

The domestic industry

In general, the domestic industry is defined as consisting of all domestic producers of a like product or those producers whose total output of the like product constitutes a major portion of domestic production of that product. 2/ A like product is a product which is like, or in the absence of like, most similar in characteristics and uses with the article under investigation. 3/

The imported product under investigation is precipitated barium carbonate from West Germany, a powdered or granular chemical which is used principally to prevent scumming in the manufacture of bricks and discoloration in the production of ceramics, and to increase the brilliance and the refractive index of glass. It is also used in lesser amounts in the manufacture of permanent-magnet ferrites, photographic paper, and in the manufacture of other chemicals. 4/

1/ Classifiable under item 472.06 of the Tariff Schedules of the United States (TSUS).

2/ Sec. 771(4)(A) of the Tariff Act of 1930.

3/ Sec. 771(10).

4/ Report at A-3.

There are two forms of precipitated barium carbonate--an uncalcined or powdered form, and a calcined or granular form. The granular form is obtained by drying precipitated barium carbonate at a higher temperature than is used to obtain the powdered form. There is no chemical difference between the uncalcined and the calcined forms. 5/

As subparts of the two forms, there are also different grades or specifications of barium carbonate. These different grades vary for specific end uses according to particle size, specifications for contaminants, and the degree of refinement. There are no published industrywide specifications distinguishing each grade; instead, producers and end users of barium carbonate have their own internal specifications for what each produces or requires. This has led to a general understanding concerning the specifications of various grades, but there are no universally accepted definitions, and an overlap exists. 6/

Kali-Chemie AG (Kali), the only known West German producer to export to the United States in significant quantities, exports both the uncalcined and calcined forms of barium carbonate in a number of different grades. The domestic industry also produces both the uncalcined and the calcined forms of barium carbonate in a number of different grades/specifications.

Although arguments were made before the Commission regarding the significance of the different grades and forms, it is apparent to us that all barium carbonate, both imported and domestically produced, constitutes a

5/ Id. at A-3 - A-5.

6/ Id. at A-3.

single like product within the meaning of the statute. Although specifications may vary because of the different percentage of contaminants in the barium carbonate, all grades and forms have basically the same chemical formula. It is also clear that the end user can modify his production process, and thus, different forms and grades can be substituted for each other, even though the specifications are different. Mr. David Cassidy of FMC Corp. (FMC), a petitioner, noted during the hearing that the different forms and grades of barium carbonate are not the key factor in the market place because end users can modify their production process and compensate for the differences in the barium carbonate if the price is low enough. 7/ 8/ Thus, the different forms and grades do compete against each other.

Accordingly, we determine that the like product is all precipitated barium carbonate, and that the domestic industry is composed of the producers of precipitated barium carbonate. Virtually all (98%) of the barium carbonate produced in the United States is produced by three companies: FMC, Chemical Products Corp. (CPC), and the Sherwin-Williams Co.

7/ Testimony of Mr David Cassidy of FMC, Transcript of the hearing at 16 and 17.

8/ In its posthearing brief, at 2 and 3 (footnote omitted), Kali-Chemie stated that the like product is barium carbonate.

The information before the Commission requires the conclusion that there is only one "like product," barium carbonate. The imported material is sold at basically the same price . . . despite product differences and the domestic industry's representative testified that there was no significant price difference between the calcined and uncalcined material

Material Injury

Section 771(7)(B) directs the Commission in making its material injury determination, to consider, among other factors, (1) the volume of imports of the merchandise which is the subject of the investigation, (2) the effect of imports of such merchandise on prices in the United States for like products, and (3) the impact of imports of such merchandise on domestic producers of like products. All domestic producers manufacture products in addition to barium carbonate, but, since available data permit the assessment of injury on the basis of barium carbonate separately, and because the allocations to barium carbonate production appear to be reasonable and accurate, we have assessed injury in relation to the production of the like product in accordance with section 771(4)(D) of the statute.

Several factors indicate that material injury is present in this case. The most significant are the declining sales and profitability of the domestic industry. The causal connection between dumped imports and material injury to the domestic industry is demonstrated by the increased market share of LTFV imports together with the substantial margins of underselling.

Volume of imports

Imports of precipitated barium carbonate from West Germany, by far the major foreign supplier, increased substantially in recent years, from 11.4 million pounds in 1977 to 15.6 million pounds in 1979. Although imports slipped to 9.4 million pounds in 1980 as the recession hit barium carbonate sales, the level of imports of barium carbonate remained substantial. Further, in January-March 1981, imports from West Germany reached 3.4

million pounds, or 25 percent more than imports during January-March 1980 (2.7 million pounds). 9/

Market penetration increased from 13.6 percent in 1977 to 18.3 percent in 1978. This increase in part resulted from the fact that the shortfall between domestic capacity and commercial demand increased from 8 million pounds in 1977 to 14 million pounds in 1978. However, after the shortfall began to fade, the U.S. industry was not able to recapture its lost market share. In 1979, when the shortfall narrowed to 8 million pounds, the share of the market held by imports did not decline, and, in fact, increased minimally. This was at a time (1979) when the margins of underselling were at the highest levels for the whole period under consideration. 10/ Although market penetration dropped from 18.6 percent in 1979 to 15.1 percent in 1980, the latest level is still significant and above the 1977 level.

Effect of LTFV imports on prices

The imported product consistently undersold the U.S. product by substantial margins when prices were compared either on a U.S. shipping point or on a delivered basis. On an f.o.b. U.S. shipping point basis (ex-dock versus f.o.b. factory), the average margin of underselling during 1977-80 for granular barium carbonate was about 10 percent, and somewhat higher margins were found for powdered barium carbonate. In 14 out of 16 three-month periods between 1977 and 1980, the imported product was the price leader, underselling every domestic producer, usually by substantial margins.

9/ Report at A-12.

10/ Id. at A-36 - A-40.

When delivered prices are compared for 1979 and 1980, the margins of underselling are even greater. On a delivered basis, for granular barium carbonate, the average margin of underselling for the imported product is close to 20 percent, and for powdered barium carbonate, the average margin for the imported product is close to 12 percent. 11/

Respondents have argued that the Commission should not compare delivered prices in order to determine the margins of underselling, but, rather, should compare ex-dock versus f.o.b. factory prices. The Commission believes that the better standard of comparison is delivered prices, because the end user compares the total or delivered cost of the product from alternative suppliers in making a decision to purchase. 12/

11/ Margins of a similar magnitude were found in sales to all customers which purchased from both Kali and one or more domestic producers.

12/ When comparing importers' prices with domestic producers' prices, the Commission may use comparable price data at various levels in the channels of distribution, but generally the price most relevant to the issues of price depression, price suppression, and lost sales is the price at that level of competition where direct price comparisons first take place. In the market for barium carbonate, the end user, who may also be the importer, is the first such level of competition. It is the total--or delivered--cost of purchases from alternative suppliers which is compared in making a decision to purchase. For some products, there is a portion of the delivered cost which is unrelated to the production of that good--such as transportation expenses--and which is relatively small or nearly equal for all suppliers. In those instances, the effects of imports sold at less than fair value are apparent in comparisons of f.o.b. prices as well as delivered prices. However, when transportation accounts for a particularly large part of the total cost to a customer--such as with barium carbonate--the customer must consider those charges, and it is appropriate that the Commission do likewise. These customers wish to obtain a product of acceptable quality at the lowest possible cost to them. Throughout the period examined by the Commission, there is ample evidence of significant underselling by imports on a delivered-price basis. However, we wish to note that there is also ample evidence of significant underselling at any level where comparisons might have been made, including those of f.o.b. producer's plant versus ex-dock port-of-entry, the level of comparison which had been suggested by counsel for the West German producer.

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Impact of imports on the domestic industry

Although the performance of individual producers has varied significantly, the domestic barium carbonate industry as a whole has been experiencing increasing economic difficulties. U.S. production of barium carbonate fell from 70 million pounds in 1978 to 58 million pounds in 1980. 13/ Although capacity remained stable from 1977 through 1980, capacity utilization declined from 93 percent in 1978 to 77 percent in 1980. 14/ U.S. producers' sales of barium carbonate dropped sharply and steadily at an accelerating rate, from 70 million pounds in 1977 to 49 million in 1980. 15/ During this period, yearend inventories increased steadily from 5 million to 15 million pounds. As a share of sales, these inventories climbed from 7 percent in 1977 to 31 percent in 1980. 16/ Profitability has been low since the beginning of the period under consideration. Profits did increase, somewhat, from 1977 through 1979, but in 1980 the industry suffered a net loss. 17/

The three U.S. producers alleged a number of lost sales to 14 end users. The Commission's staff contacted 12 of these end users and verified that they had indeed purchased barium carbonate from West Germany. Almost all indicated that price was a factor in their decision to purchase the product from West Germany rather than the comparable domestic product, and several indicated that price was the primary reason. 18/

13/ Report at A-14 and A-15.

14/ Id. at A-14 and A-15.

15/ Id. at A-17 and A-18.

16/ Id. at A-19 and A-21.

17/ Id. at A-24 and A-25.

18/ Id. at A-31 - A-33.

The Congress has indicated that "the law does not . . . contemplate that injury from LTFV imports be weighted against other factors . . ." and advises further that it "does not view overall injury caused by unfair competition, such as dumping, to require as strong a causation link to unfairly competitive imports as would be required for determining the existence of injury under fair trade conditions." 19/ Although other factors are considered, the essential point is that the Commission "must satisfy itself that in the light of all the information presented, there is a sufficient causal link between the less-than-fair-value imports and the requisite injury." 20/

In addition to the impact of imports on the barium carbonate industry, there appear to be a number of other factors affecting the industry's performance. These include the general decline in longrun demand for barium carbonate brought about by discontinuance of certain uses and decreased usage in the manufacture of other products, the cyclical drop in consumption occasioned by the domestic decline in manufacturing in 1980, FMC's campaign production process, and the heavy costs borne by various producers related to environmental regulations and transportation costs. However, we are satisfied that a sufficient causal nexus does exist between the material injury of the domestic industry and the LTFV imports. As discussed above, this link is reflected by the pattern of market penetration together with substantial margins of underselling.

19/ H. Rep. No. 96-317, 96th Cong., 1st Sess. 47 (1979).

20/ S. Rep. No. 96-249, 96th Cong., 1st Sess. 75 (1979).

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On September 9, 1980, a petition was properly filed with the U.S. International Trade Commission and the U.S. Department of Commerce on behalf of FMC Corp. (FMC), Chemical Products Corp. (CPC), and the Sherwin-Williams Co. alleging that precipitated barium carbonate imported from West Germany is being, or is likely to be, sold in the United States at less than fair value (LTFV). 1/ Accordingly, on September 12, 1980, the Commission instituted preliminary antidumping investigation No. 731-TA-31 (Preliminary) pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from West Germany of precipitated barium carbonate (provided for under item 472.06 of the Tariff Schedules of the United States (TSUS)) allegedly being sold, or likely to be sold, at LTFV.

On the basis of the record developed during its preliminary investigation, the Commission unanimously determined on October 24, 1980, that there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, 2/ by reason of imports of precipitated barium carbonate from West Germany allegedly sold at LTFV. 3/ As a result of the Commission's affirmative preliminary determination, the Department of Commerce (the administering authority), as directed by section 733(b)(1) of the Tariff Act of 1930, continued its investigation into the

1/ Simultaneous with the filing of the petition concerning barium carbonate from West Germany, two other petitions were filed with the Commission and the Department of Commerce for the initiation of antidumping investigations. One was filed on behalf of FMC and CPC alleging that precipitated strontium carbonate imported from West Germany is being, or is likely to be, sold in the United States at LTFV. The third petition was filed on behalf of FMC alleging that strontium nitrate imported from Italy is being, or is likely to be, sold in the United States at LTFV. According to the three petitions, barium carbonate, strontium carbonate, and strontium nitrate are the principal members of a family of industrial chemicals produced from barite and celestite ore. The allegations in these three petitions involve only one foreign manufacturer of each chemical--Kali-Chemie AG (Kali), the only West German producer of barium and strontium carbonate known to the petitioners, and the Societa Bario e Derivati S.p.A. (SABED), a wholly owned subsidiary of Kali and the only Italian producer of strontium nitrate known to the petitioners which exports this chemical to the United States.

2/ Chairman Alberger found only that there is a reasonable indication that an industry in the United States is materially injured.

3/ Material retardation of the establishment of an industry was determined not to be an issue in this investigation. A copy of the Commission's preliminary determination is presented in app. A.

question of LTFV sales. 1/

On February 13, 1981, the Commission received advice from Commerce of its preliminary determination that there is a reasonable basis to believe or suspect that precipitated barium carbonate from West Germany is being, or is likely to be, sold in the United States at LTFV. 2/ Accordingly, effective February 13, 1981, the Commission instituted investigation No. 731-TA-31 (Final) under section 735(b) of the Tariff Act of 1930 to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of the merchandise concerned. Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of March 11, 1981. The public hearing was held in Washington, D.C., on May 18, 1981. 3/

On May 4, 1981, the Commission received notification from the Department of Commerce of its final determination that precipitated barium carbonate from West Germany is being sold in the United States at LTFV. 4/ As directed by section 735(b) of the Tariff Act, the Commission is required to make its final determination before the 45th day after the day on which the administering authority makes its affirmative final determination. The Commission's briefing and vote in this investigation were held on June 4, 1981.

1/ In investigation No. 731-TA-32 (Preliminary), the Commission determined 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 strontium carbonate from West Germany, provided for in TSUS item 421.72, which are allegedly being sold in the United States at LTFV. In investigation No. 731-TA-33 (Preliminary), the Commission determined that there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports of strontium nitrate from Italy, provided for in TSUS item 421.74, which are allegedly being sold in the United States at LTFV. As a result of the Commission's determinations, the Department of Commerce terminated its investigation into the question of LTFV sales of strontium carbonate, but its investigation into the question of LTFV sales of strontium nitrate was continued.

2/ A copy of Commerce's letter to the Commission and its preliminary determination, as published in the Federal Register of Feb. 18, 1981 (46 F.R. 12769), are presented in app. B.

3/ A copy of the Commission's notice of investigation and hearing and a list of witnesses appearing at the hearing are presented in app. C. The Commission also held its public hearing in connection with investigation No. 731-TA-33 (Final), Strontium Nitrate from Italy, on May 18, 1981.

4/ A copy of Commerce's letter to the Commission and its final determination, as published in the Federal Register of May 7, 1981 (46 F.R. 25494), are presented in app. D.

The Product

Description and uses

Barium carbonate can occur naturally as the mineral witherite, but because of the small quantity available, it is little known commercially in this form. The synthetic product is known as precipitated barium carbonate because it forms as a solid out of a liquid solution. Precipitated barium carbonate is the most important synthetic barium chemical. It appears as a white powder and is poisonous if swallowed or inhaled. Barium carbonate is very heavy and is useful primarily because of its high density and solubility.

Barium carbonate has been available for many years, and it is used in a wide variety of applications, such as to prevent scumming in the manufacture of bricks and discoloration in the production of ceramics, to control X-ray emissions from television picture tubes, and to increase the brilliance and refractive index of glass. It is also used in the manufacture of permanent-magnet ferrites, photographic paper, barium titanate, and other barium chemicals. In addition, barium carbonate can be used as a filler in paper and a purifier in water and waste-treatments and conditioners.

A number of different grades of barium carbonate are manufactured, varying according to particle size, specifications for contaminants, and the degree of refinement. The different grades are generally manufactured for specific end uses. There are no published, industrywide specifications distinguishing each grade; instead, producers and end users of barium carbonate have their own internal specifications for what each produces or requires. This has led to a general consensus concerning the specifications of various grades, but there are no universally accepted definitions. The distinction between grades is not very clear, and some overlap exists.

Despite this, there are two forms of barium carbonate--powdered (also sometimes referred to as uncalcined, soft-fired, or ceramic-grade material) and granular (also sometimes referred to as calcined or glass-grade material)--that are generally distinguishable in terms of the production process, physical characteristics, and intended use. When precipitated barium carbonate is dried in a kiln at about 300°F, the end product is a powder suitable for use in the manufacture of bricks, ceramics, and chemicals. Because of the density of the product and its fine particle size, powdered precipitated barium carbonate, untreated, does not flow well and is, therefore, difficult to handle in bulk quantities. 1/ It also is less suitable in the manufacture of glass, where a larger particle size is desirable. 2/

To obtain the larger particle size particularly desirable in the manufacture of glass, precipitated barium carbonate can be dried at much

1/ Some producers use "sparger" railroad cars which have special openings that allow a liquid to be pumped into the car to dissolve the barium carbonate. The solution can then be pumped out easily and efficiently.

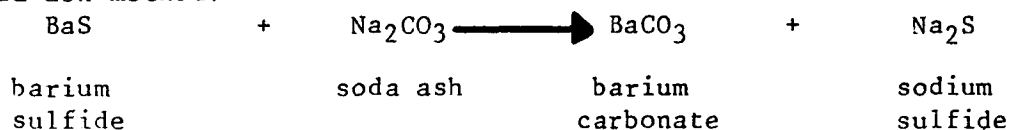
2/ See transcript of the hearing, pp. 106-108.

higher temperatures (1,800 to 2,000°F), which causes the very fine particles to agglomerate and appear as granules. This process is called calcination. This product can be handled relatively easily in bulk quantities. Both forms are shipped either in bulk quantities by railroad car or in palletized 50-pound bags. The specific grades imported from West Germany are discussed in the following section.

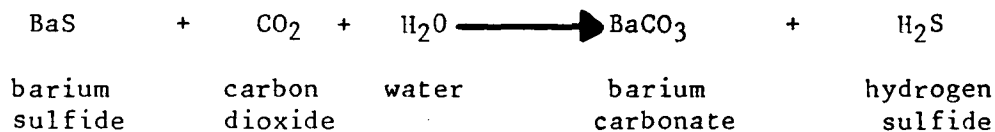
Manufacturing process

The manufacturing process for precipitated barium carbonate begins with barite ore, the natural form of barium sulfate. In the first step of the process, the ore is crushed, ground, and mixed with petroleum coke; the coke is added to the ore as a source of energy and carbon. The mixture is then fed into a kiln where the ore is reduced at high temperatures to barium sulfide. The carbon combines with the oxygen of the sulfate group and escapes as carbon dioxide. The sulfide is taken from the kiln, purified, and dissolved. The sulfide solution is then reacted with either sodium carbonate (soda ash) or carbon dioxide to produce barium carbonate. The reactions occur as follows:

1. The soda ash method:



2. Carbon dioxide method:



In both reactions, the carbonate is precipitated from the solution as a solid which must be dried and screened for packaging or shipment. ^{1/}

Although there are a number of distinct steps, the production process for barium carbonate has been engineered so that it is basically continuous. Production is controlled by how long the equipment is run or by the flow rate used. The equipment itself is not particularly sophisticated and generally dates back to the 1940's and 1950's. Although improvements in operating efficiency are being made, there have been no substantial technological improvements in the process since then.

^{1/} The coproducts obtained in both methods of production are marketable. The sodium sulfide solution obtained in the soda ash method is concentrated and dried. It is then packaged in palletized 50-pound bags for shipment. The hydrogen sulfide obtained in the carbon dioxide method can easily be converted to sodium sulfide, sodium sulfahydrate, or ammonium sulfide and then marketed.

The manufacturing process used by Kali-Chemie AG, the West German producer that exports to the United States, is chemically the same as that used by some U.S. producers. The barite ore is mixed with coke and converted at elevated temperatures to sulfide. The sulfide is then carbonated using carbon dioxide. However, the physical processing of the material is different from that used in the United States. * * *

The six grades Kali produces are an A-grade or normal ceramic grade; a B-grade which is an electric-ceramic grade with a low-sulfur, iron, and aluminum content used in the manufacture of ferrites; a C-grade or sulfur-free grade used in the manufacture of specialty glass; a D-grade or heavy grade, which is the normal glass-grade equivalent; an E-grade which is a chemical grade used to produce barium titanate; and an F-grade which is a high-purity, reagent grade. Kali's barium carbonate is sold only in palletized 50-pound bags.

U.S. tariff treatment

Precipitated barium carbonate is classified under item 472.06 of the TSUS. The column 1 rate of duty is 0.5 cent per pound, 1/ which became effective on January 1, 1980, as a result of concessions granted in the recent Tokyo round of the Multilateral Trade Negotiations (MTN). 2/ The current rate will be further reduced to 0.4 cent per pound effective January 1, 1984. The column 2 rate of duty is 1.5 cents per pound. 3/ The rate of duty for least developed developing countries (LDDC) is 0.4 cent per pound. 4/ Barium carbonate is also designated as an eligible article for purposes of the GSP, as described in general headnote 3(c) of the TSUS. 5/

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

2/ From Jan. 1, 1972, to Jan. 1, 1980, the column 1 rate of duty was 0.6 cent per pound. In 1980, the ad valorem equivalent of the duty of 0.5 cent per pound was 3.3 percent.

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

4/ The rate of duty in rate-of-duty column "LDDC" are preferential rates (reflecting the full U.S. MTN concession rate for a particular item without staging) and are applicable to products of the LDDC's designated in general headnote 3(d) of the TSUS which are not granted duty-free treatment under the Generalized System of Preferences (GSP). If no rate of duty is provided in the "LDDC" column for a particular item, the rate of duty provided in column number 1 applies.

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

Nature and Extent of Sales at Less Than Fair Value

The Department of Commerce's investigation into the question of sales at less than fair value covered the 6-month period April 1-September 30, 1980. Inasmuch as Kali-Chemie AG produced virtually all of the precipitated barium carbonate exported from West Germany to the United States during the period under consideration, Commerce limited its investigation to sales made by that firm. There were adequate sales of precipitated barium carbonate in West Germany during the period of its investigation, so Commerce compared home-market prices with purchase prices to unrelated customers in the United States in arriving at its determination. Home-market prices were computed on the basis of the net weighted average price per ton of the merchandise in West Germany. Purchase prices were calculated on the basis of c.i.f. prices to unrelated U.S. purchasers, with deductions for West German inland freight, ocean freight, and insurance.

LTFV margins were found on 91.9 percent of Kali's sales of precipitated barium carbonate to unrelated purchasers in the United States during the period investigated by Commerce. The margins ranged from 3.3 percent to 38.96 percent; the weighted average margin on all sales was 9.9 percent. ^{1/}

The suspension of liquidation of all entries, or withdrawals from warehouse, for consumption of precipitated barium carbonate from West Germany--which began on the effective date of the Department of Commerce's preliminary determination of LTFV sales--will continue. The posting of a cash deposit, bond, or other security in the amount of 9.9 percent of the f.o.b. ex-factory value of precipitated barium carbonate from West Germany has been required since Commerce's preliminary determination.

U.S. Producers

A decline in demand for precipitated barium carbonate in the last 15 years has led to a reduction in the number of firms producing this chemical in the United States. In the 1960's, there were eight known U.S. producers of precipitated barium carbonate. In 1970-72, two producers--Chicago Copper Co. and PPG Corp.--exited from the industry, and Sherwin-Williams closed one of its two plants. The remaining six producers are the Chemical and Metallurgical Division of GTE Sylvania, Inc., Barium & Chemicals, Inc., J.T. Baker Chemical Co., FMC Corp., Chemical Products Corp., and the Sherwin-Williams Co.

GTE Sylvania produces only a "standard luminescent," high-purity grade of barium carbonate for its own internal consumption. Barium & Chemicals, Inc., also produces barium carbonate for its own internal consumption only. On the other hand, J.T. Baker markets a high-purity, reagent-grade barium carbonate. However, the production of these three producers is believed to account for

^{1/} Commerce computes percentage LTFV margins as the dollar margin (home-market price minus purchase price) divided by the purchase price. The LTFV margins found by Commerce in its final determination were the same as those found in its preliminary determination.

less than 2 percent of total U.S. production. Thus, the three petitioners in this investigation--FMC, CPC, and Sherwin-Williams--account for virtually all domestic production of precipitated barium carbonate.

FMC is a large, multinational corporation which manufactures a wide variety of machinery and chemicals. The Industrial Chemicals Group, which accounted for about one-fourth of FMC's total sales of \$3.5 billion in 1980, is characterized by a high level of capital investment, high-volume bulk processing, and a capability of meeting industrywide product specifications. The FMC plant in which precipitated barium carbonate is produced is located in Modesto, Calif. The facility dates back to the early 1920's, when it was used to produce hydrogen peroxide. The production of barium hydrates and oxides began in 1940 and continued until 1973. The commercial production of barium carbonate, strontium carbonate, and strontium nitrate began in the early 1970's. ^{1/} FMC's facilities in Modesto consist of the main production line used to produce barium carbonate and strontium carbonate, and the "north" plant, which houses the equipment used to produce barium and strontium nitrate, sodium sulfide, and sodium polysulfide. Barium carbonate and strontium carbonate are produced on a campaign basis. That is, the equipment is used to produce barium carbonate for a while, then it is purged, cleaned, and used to produce strontium carbonate. The plant normally "turns around" two to four times per year. It was originally designed for the production of granular material, but with some modification of the process, powdered grades can also be produced.

CPC is a privately owned company founded in 1933. It is a manufacturer of various barium and strontium compounds, sodium silicates, sodium sulfide and sulfahydrate, and ammonium sulfide. It also produces its own barite ore. CPC has been producing precipitated barium carbonate since about 1945, and precipitated strontium carbonate since 1969, in Cartersville, Ga. Although the two chemicals are produced with similar equipment, separate production lines are maintained. CPC produces five grades of barium carbonate--a granular or calcined (glass) grade, a low-sulfur grade, and three powdered or uncalcined grades. The "free flowing" grade is the untreated powder form of barium carbonate. CPC also makes a "microflow" powdered grade, which is spray dried to produce tiny spheres of the product, and a patented "aquaflo" powdered grade, which contains certain additives to improve the flowing properties and ease with which the material dissolves. In 1977-80, these three powdered grades accounted for about * * * percent of CPC's barium carbonate production. Precipitated barium carbonate accounted for about * * * of CPC's total sales of * * * in 1980.

Sherwin-Williams is a large corporation consisting of five operating groups--coatings, chemicals, packaging products, international coatings, and

^{1/} FMC also produces its own natural soda ash and barite. Barite ore is used in producing barium carbonate; FMC imports celestite ore, which is used in producing strontium carbonate, from Mexico. FMC uses soda ash in producing both barium carbonate and strontium carbonate. In turn, about * * * percent of the firm's output of strontium carbonate in recent years was consumed captively in producing strontium nitrate.

specialty products. Sales of precipitated barium carbonate by the chemicals group accounted for only a minuscule portion of Sherwin-Williams' total sales of \$1.2 billion in 1979. The corporation's surviving barium carbonate plant in Coffeyville, Kans., was converted from a lithopone plant around 1955. About * * * percent of the plant's sales consist of zinc-based chemicals. However, no other products are made on the equipment used to produce barium carbonate. At least three distinct grades of barium carbonate are made--a granular grade used chiefly by glass producers, and two powdered grades, one used chiefly in producing ceramic and brick products, and the other used chiefly in producing chemical products. * * *

The relative importance of the producers of barium carbonate fluctuated somewhat during 1977-80. * * *

Foreign Producers

There are a number of different foreign sources of precipitated barium carbonate. U.S. imports during 1977-80 originated principally in West Germany, the People's Republic of China (China), Italy, and Japan; West Germany was, by far, the most important source. Other areas known to produce and export to the U.S. market include Hong Kong, Taiwan, and the United Kingdom, although aggregated imports from these countries during 1977-80 were very small.

There are two producers of precipitated barium carbonate in West Germany--Kali-Chemie AG and Metall Gesellschaft. Only Kali, which was the sole West German producer investigated by the Department of Commerce in making its determination of LTFV sales, is known to export to the United States in significant quantities. Kali is a large, multinational firm that manufactures agricultural, pharmaceutical, and industrial chemicals. Kali's involvement in the barium carbonate market in the United States began in the early 1960's, when it contracted with a number of U.S. distributors to market its product in this country. This producer-distributor arrangement continued until 1972, at which time Kali-Chemie AG established a wholly owned U.S. subsidiary, Kali-Chemie Corp., in New York City to act principally as a marketing, consulting, and negotiating arm of the parent firm.

Approximately * * * percent of Kali-Chemie AG's production of precipitated barium carbonate is consumed in the home market. The remainder is exported, principally to other European countries, Japan, and the United States. According to an official of Kali-Chemie Corp., exports to the U.S. market accounted for less than * * * percent of Kali's annual production during 1976-80.

Channels of Distribution

Virtually all sales of precipitated barium carbonate made by domestic producers in the United States are made directly to the many end users of the product. The end uses and the markets are well established, and the producers know who the customers are and how much they are likely to purchase. There

are usually published price lists available to the customers, and price increases are generally announced 15 to 30 days in advance. There are also annual contracts between the producers and their major customers. However, these contracts typically are loose agreements whose purpose is to guarantee the purchaser a certain volume of material should supplies become tight. The contracts neither commit the producer to supply the material at a given price nor commit the purchaser to purchase the entire volume for which contracted.

As indicated previously, Kali-Chemie AG--the only West German producer investigated by Commerce, and the company which is believed to account for virtually all U.S. imports of precipitated barium carbonate from that country--owns a subsidiary in the United States, Kali-Chemie Corp. Kali-Chemie Corp., which consists of fewer than 10 employees and an office in New York City, handles all marketing, consulting, and negotiating of sales agreements in the United States for Kali-Chemie AG and its affiliates. Kali-Chemie Corp. acts only occasionally as an importer of precipitated barium carbonate for resale in the United States, and neither owns nor leases any warehouses or other facilities except its New York office.

About 20 firms are known to have imported precipitated barium carbonate from West Germany during 1977-80. With two or three exceptions, such importers were end users of the product, generally importing only one grade of material. 1/ * * * 2/

U.S. Market and Apparent Consumption

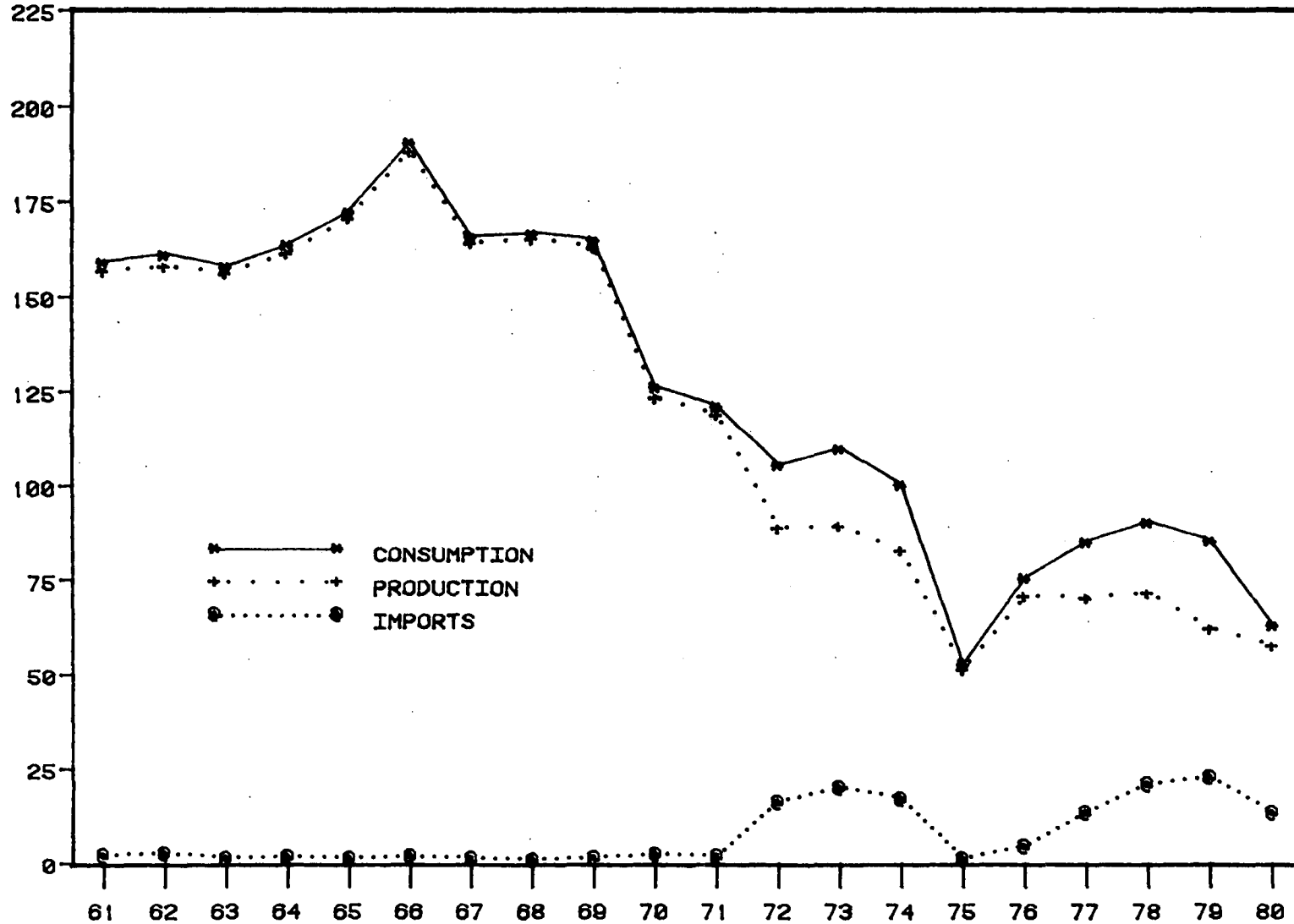
There has been a market for barium carbonate for at least 40 years. Over the years, the product's end uses and end-users' demands have become well established. However, some applications have declined significantly in importance for certain products, while other applications have increased. Because of the declining importance of barium carbonate in the manufacture of television picture tubes, soluble barium chemicals, and permanent-magnet ferrites, aggregate U.S. demand for barium carbonate has been declining for a number of years. As indicated in the figure on the following page, apparent U.S. consumption fell from a peak of about 191 million pounds in 1966 to a low of 53 million pounds in 1975. The market appeared to partially recover in 1976 and to stabilize somewhat during 1977-79, but again dropped sharply in 1980. Some industry sources, notably representatives of both FMC and Kali, expect the market for precipitated barium carbonate to remain stable. They feel that the market is mature and foresee neither real growth nor real declines. Other industry representatives, however, expect demand to continue its longrun decline, and still others expect demand for barium carbonate to grow modestly, probably by less than 2 percent annually.

1/ The Commission obtained questionnaire responses from firms accounting for at least 75 percent of annual U.S. imports of precipitated barium carbonate from West Germany during 1977-80.

2/ * * *

PRECIPITATED BARIUM CARBONATE: U.S. PRODUCTION,
IMPORTS, AND APPARENT CONSUMPTION, 1961-80

MILLION POUNDS



SOURCE: PRODUCTION, U.S. BUREAU OF MINES; IMPORTS, U.S. DEPARTMENT OF COMMERCE; CONSUMPTION, SUM OF PRODUCTION AND IMPORTS.

Because many of the products made with precipitated barium carbonate are sensitive to a recession (e.g., televisions, brick and tile, and small appliances using permanent magnets), the derived demand for the chemical is quite dependent on the business cycle. The figure illustrates the large drop in demand in the recessionary year 1975. Stimulated by an increase in industrial production in the United States, apparent U.S. consumption of precipitated barium carbonate then increased without interruption to 91 million pounds in 1978. In conjunction with the decrease in domestic manufacturing activity beginning in late 1979 and continuing throughout most of 1980, apparent consumption of barium carbonate in the latter year fell to 63 million pounds, or 30 percent less than consumption in 1978. The following tabulation shows apparent U.S. consumption of precipitated barium carbonate during 1972-80, and compares it with the Federal Reserve Board's index of industrial production for all manufacturing: 1/

Year	<u>Consumption of barium carbonate</u>		<u>Manufacturing industrial production</u>	
	<u>Quantity</u> <u>(1,000 pounds)</u>	<u>Annual change</u> <u>(percent)</u>	<u>Index</u> <u>(1967=100)</u>	<u>Annual change</u> <u>(percent)</u>
1972-----	105,853	-	118.9	-
1973-----	110,207	4.1	129.8	9.2
1974-----	100,585	-8.7	129.4	-0.3
1975-----	53,011	- 47.3	116.3	-10.1
1976-----	75,817	43.0	130.3	12.0
1977-----	85,402	12.6	138.4	6.2
1978-----	90,791	6.3	146.8	6.1
1979-----	85,736	-5.6	153.6	4.6
1980-----	63,378	-26.1	146.6	-4.6

The estimated percentage distribution of U.S. consumption of precipitated barium carbonate, by end uses, as shown in the Chemical Profile on barium carbonate published by the Schnell Publishing Co., Sept. 8, 1980, is as follows:

<u>End use</u>	<u>Estimated percent</u> <u>of U.S. consumption</u>
Glass-----	28
Ceramics-----	33
Barium ferrites-----	7
Photographic paper-----	6
Miscellaneous-----	26
Total-----	100

1/ Consumption data for 1972-76 are the sum of domestic production, as reported by the U.S. Bureau of Mines, and imports for consumption, as reported by the U.S. Department of Commerce. Consumption data for 1977-80 are shown in table 11 of this report. The above tabulation indicates that large percentage changes in annual consumption of barium carbonate are frequently occasioned by much smaller percentage changes in the level of domestic manufacturing activity.

U.S. Imports

U.S. imports of precipitated barium carbonate are shown in the figure on page A-10 for the past two decades and in table 1 for 1971-80. As indicated, imports remained at about 2 million pounds annually through 1971. In apparent response to the cessation of barium carbonate production by three domestic establishments during 1970-72, and the concomitant reduction in U.S. production, imports in 1972 increased to almost 17 million pounds and reached somewhat greater levels during 1973 and 1974. Similar to the drop in domestic production in 1975, imports in that year also fell off very sharply--to 1 million pounds. Imports subsequently again rose very sharply--to 5 million pounds in 1976, 14 million pounds in 1977, 21 million pounds in 1978, and to a peak of 23 million pounds in 1979. Imports in 1980 then declined to 14 million pounds.

Imports of precipitated barium carbonate from West Germany, the major foreign supplier, followed a generally similar pattern, except that they declined in 1979, whereas total imports rose. Imports from West Germany increased by 43 percent from 11.4 million pounds in 1977 to a peak of 16.3 million pounds in 1978. Imports from that country then slipped to 15.6 million pounds in 1979, or by 4 percent, and fell 40 percent in 1980, to 9.4 million pounds. Imports of barium carbonate from all other countries, notably China, Japan, and Italy, increased steadily from 2.4 million pounds in 1977 to 7.6 million pounds in 1979, and then decreased in 1980 to 4.4 million pounds. In 1980, Japan and China were able to increase or maintain their exports to the United States in comparison with their respective exports in 1979, while imports from Italy fell off very sharply.

Imports of precipitated barium carbonate from all sources during January-March 1981 amounted to 3.5 million pounds, or a decrease of 18 percent from the 4.3 million pounds imported during the corresponding period of 1980. In contrast, imports from West Germany during January-March 1981 amounted to 3.4 million pounds, or 25 percent more than imports from that country during January-March 1980 (2.7 million pounds). ^{1/}

Consideration of Material Injury to a U.S. Industry

U.S. production, capacity, and capacity utilization

Annual U.S. production of precipitated barium carbonate during 1960-81, as reported by the U.S. Bureau of Mines, is shown in the figure on page A-10.

^{1/} As indicated earlier, liquidation of entries (or withdrawals from warehouse) for consumption of precipitated barium carbonate from West Germany has been suspended since Feb. 18, 1981. An official of Kali-Chemie Corp. testified at the Commission's hearing that the increase in imports from West Germany which took place in early 1981 resulted from some of its customers ordering barium carbonate in advance of their normal requirements in order to avoid the cost of posting bonds on such imports (transcript of the hearing, p. 241).

Table 1.--Precipitated barium carbonate: U.S. imports for consumption,
by specified sources, 1971-80

Year	West Germany	China	Japan	Italy	All other	Total
Quantity (1,000 pounds)						
1971-----	1,920	0	0	0	320	2,240
1972-----	14,091	44	0	1,997	499	16,631
1973-----	13,064	66	521	4,281	2,479	20,411
1974-----	8,230	1,049	465	4,589	3,105	17,439
1975-----	1,318	0	40	0	5	1,363
1976-----	4,790	0	51	0	1/	4,841
1977-----	11,404	220	411	1,786	1/	13,821
1978-----	16,346	595	2,101	1,605	776	21,423
1979-----	15,625	2,462	1,069	3,646	390	23,193
1980-----	9,385	2,351	1,839	176	1/	13,752
Value (1,000 dollars) 2/						
1971-----	79	-	-	-	12	91
1972-----	689	3	-	127	22	840
1973-----	977	4	50	338	235	1,603
1974-----	660	110	80	508	365	1,723
1975-----	101	-	8	-	1	111
1976-----	380	-	43	-	3/	423
1977-----	1,029	16	190	154	1	1,391
1978-----	1,756	39	449	155	66	2,465
1979-----	1,919	169	268	374	40	2,770
1980-----	1,388	253	388	20	2	2,050
Average unit value (cents per pound)						
1971-----	4.1	-	-	-	3.9	4.1
1972-----	4.9	6.2	-	6.4	4.3	5.0
1973-----	7.5	5.9	9.5	7.9	9.5	7.8
1974-----	8.0	10.5	17.2	11.1	11.7	9.9
1975-----	7.7	-	20.2	-	31.1	8.1
1976-----	7.9	-	84.2	-	6,028.6	8.7
1977-----	9.0	7.3	46.2	8.6	8,310.0	10.1
1978-----	10.7	6.6	21.4	9.6	8.5	11.5
1979-----	12.3	6.9	25.1	10.2	10.2	11.9
1980-----	14.8	10.8	21.1	11.1	704.0	14.9

1/ Less than 500 pounds.

2/ U.S. customs value.

3/ Less than \$500.

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

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

As indicated, the longrun trend in U.S. production was similar to that in apparent consumption of the chemical. Production rose fairly regularly during 1960-66, reaching a peak of 189 million pounds in 1966. Subsequently, production dropped sharply until it reached a low of 52 million pounds in 1975. Although production during 1976-80 was greater than that in 1975, it never closely approximated the levels reached during the 1960's. The effect on U.S. production of the closure during 1970-72 of three domestic establishments that produced barium carbonate is apparent from the figure.

U.S. production of precipitated barium carbonate during 1977-80, by firms and by types, is shown in tables 2 and 3. ^{1/} As indicated, production increased from 69 million pounds in 1977 to 70 million pounds in 1978, fell to 63 million pounds in 1979, and dropped to 58 million pounds in 1980. Production in 1980 was 18 percent less than that in 1978.

The trends in production of barium carbonate varied significantly among the different producers. * * *

None of the three principal producers reported any change in capacity to produce precipitated barium carbonate during 1977-80 (table 2). The trend in capacity utilization was thus determined by the trend in production of barium carbonate. The aggregate capacity utilization for the three U.S. producers of barium carbonate increased from 92 percent in 1977 to a peak of 93 percent in 1978, declined to 83 percent in 1979, and slipped further to 77 percent in 1980. * * * ^{2/}

As illustrated by FMC's "campaign" manufacturing process, the equipment used to produce precipitated barium carbonate may also be used to produce precipitated strontium carbonate. FMC and CPC, two of the three petitioners in this investigation, are the only U.S. producers of the latter product. The domestic manufacturers have the capacity to produce enough of either chemical to supply all current domestic requirements. However, their total capacity to produce both precipitated barium carbonate and precipitated strontium carbonate is not sufficient to meet combined demand for both chemicals during periods of peak demand. For example, apparent domestic consumption of precipitated barium carbonate (in the commercial market) exceeded U.S. capacity by 8 million pounds in 1977, 14 million pounds in 1978, and 8 million pounds in 1979. Similarly, apparent domestic consumption of precipitated strontium carbonate in 1978 and 1979 exceeded U.S. capacity to produce that chemical by

^{1/} Because the domestic facilities used in producing precipitated barium carbonate may also be used to produce precipitated strontium carbonate, some tables in this report include data on both chemicals.

^{2/} As shown in table 2, the two producers' aggregate capacity utilization for strontium carbonate production varied between * * * and * * * percent in 1977-80. * * *

Table 2.--Precipitated barium carbonate and precipitated strontium carbonate:
U.S. production, capacity, and capacity utilization, by firms, 1977-80

Item	1977	1978	1979	1980
Production (1,000 pounds)				
Barium carbonate:				
FMC-----	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *
Total-----	69,427	70,560	62,968	57,957
Strontium carbonate:				
FMC-----	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *
Total-----	* * *	* * *	* * *	* * *
Capacity (1,000 pounds) ^{1/}				
Barium carbonate:				
FMC-----	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *
Total-----	75,665	75,665	75,665	75,665
Strontium carbonate:				
FMC-----	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *
Total-----	* * *	* * *	* * *	* * *
Capacity utilization (percent)				
Barium carbonate:				
FMC-----	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *
Average-----	91.8	93.3	83.2	76.6
Strontium carbonate:				
FMC-----	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *
Average-----	* * *	* * *	* * *	* * *

^{1/} Capacity is defined as the normal sustained production that can be achieved on an annual basis, making allowance for anticipated maintenance and downtime. Capacity is based on operating 24 hours a day, 7 days a week, and on the average annual product mix for 1977-80.

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

Table 3.--Precipitated barium carbonate and precipitated strontium carbonate: U.S. production, by types and by firms, 1977-80

Item	Quantity				Percentage distribution			
	1977	1978	1979	1980	1977	1978	1979	1980
	-----1,000 pounds-----				-----Percent-----			
Barium carbonate:								
Granular:								
FMC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Powdered:								
FMC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Total-----	69,427	70,560	62,968	57,957	100.0	100.0	100.0	100.0
Strontium carbonate:								
Granular:								
FMC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Powdered:								
FMC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Total-----	* * *	* * *	* * *	* * *	100.0	100.0	100.0	100.0

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

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

about * * * pounds in each year. 1/

U.S. producers' domestic and export sales

U.S. producers' domestic sales of precipitated barium carbonate declined sharply and at an accelerating rate during the period under consideration, dropping from 70 million pounds in 1977 to 68 million pounds in 1978, 61 million pounds in 1979, and about 49 million pounds in 1980 (table 4). The corresponding annual rates of decline in such sales were: 1978--3 percent, 1979--10 percent, and 1980--20 percent. Sales in 1980 were 30 percent less than sales in 1977. 2/ Because of increasing prices, however, the value of U.S. producers' domestic sales of barium carbonate increased from \$10.5 million in 1977 to \$11.5 million in 1979, or by 10 percent, before declining by 12 percent in 1980 to \$10.1 million.

Domestic sales of granular barium carbonate declined from * * * pounds in 1977 to * * * pounds in 1979, or by * * * percent, and then fell an additional * * * percent to * * * pounds in 1980. 3/ On the other hand, U.S. producers' domestic sales of powdered barium carbonate rose by * * * percent from 1977 to 1979 and then fell sharply, by * * * percent, in 1980.

1/ In contrast to the dwindling domestic demand for precipitated barium carbonate in the last 15 years, it was the potential increase in demand for precipitated strontium carbonate by the manufacturers of television picture tubes that in 1971 enticed Kaiser Chemical Co. to build a 60-million-pound plant in Canada for the production of strontium carbonate. The resulting excess capacity caused one of the three major U.S. producers, Sherwin-Williams, to close one of its plants in 1972. However, neither the demand for strontium carbonate nor the technology upon which the Canadian plant was designed lived up to Kaiser's expectations, and the plant was closed in August 1976. This left only two U.S. producers, FMC and CPC, to service the U.S. market. The market for strontium carbonate has grown so that the capacity of FMC and CPC (taking into account their facilities used in producing barium carbonate) is no longer adequate to meet apparent U.S. consumption in periods of peak demand. With reference to the linkage between U.S. production of both chemicals vis-a-vis imports, the U.S. Bureau of Mines reported in its 1977 Minerals Yearbook on Barite (pp. 4 and 5) that "The large increase in imports of barium carbonate (in 1977) was the indirect result of the closing of Kaiser Industries' strontium carbonate plant in Canada. The FMC Corp. chemicals plant at Modesto, Calif., increased strontium carbonate production to meet the demand resulting from Kaiser's shutdown. Since barium and strontium chemicals are made with the same equipment, FMC cut back on production of barium carbonate. U.S. consumers found the Federal Republic of Germany ready to supply their needs through exports to the United States."

2/ In contrast to the sharp decline in U.S. producers' sales of barium carbonate, their sales of strontium carbonate increased without interruption, although modestly, from * * * pounds in 1977 to * * * pounds in 1980 (table 4).

3/ * * *

Table 4.--Precipitated barium carbonate and precipitated strontium carbonate: U.S. producers' domestic sales, by types and by firms, 1977-80

Item	Quantity				Value			
	1977	1978	1979	1980	1977	1978	1979	1980
	-----1,000 pounds-----				-----1,000 dollars-----			
Barium carbonate:								
Granular:								
FMC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Powdered:								
FMC 1/-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Total-----	69,933	67,787	60,810	48,574	10,458	11,285	11,503	10,067
Strontium carbonate:								
Granular:								
FMC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Powdered:								
FMC-----	* * *	* * *	* * *	2/ * * *	* * *	* * *	* * *	2/ * * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Total-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *

1/ Excludes resales of imported precipitated barium carbonate; such resales amounted to the following (in 1,000 pounds): 1977--* * *; 1978--* * *; and 1979--* * *. FMC reported that these purchases of imported material were made to supplement production during periods when plant production rates were not at capacity due to operational problems.

2/ Estimated.

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

The relative share of U.S. producers' total domestic sales of barium carbonate accounted for by each of the two forms of the product also changed during 1977-80 (table 5). As a percentage of the total quantity of precipitated barium carbonate sold in the domestic market, granular material declined from * * * percent in 1977 to * * * percent in 1979, but increased slightly to * * * percent in 1980. On the other hand, the powdered form's share of U.S. producers' domestic sales of barium carbonate increased steadily from * * * percent in 1977 to * * * percent in 1979, and then declined slightly to * * * percent in 1980.

U.S. producers of precipitated barium carbonate reported no export sales of this chemical during 1977-80, except for * * * exported in 1979 by * * *. This quantity amounted to less than * * * percent of total U.S. production of barium carbonate in that year.

U.S. producers' inventories

U.S. producers' inventories of precipitated barium carbonate increased steadily and at an accelerating rate during 1977-80. Such inventories rose from 5 million pounds on December 31, 1977, to 7 million pounds on December 31, 1979, or by 32 percent. Inventories then doubled to 14 million pounds as of June 30, 1980, and increased further to 15 million pounds by the end of the year (table 6). As a ratio to sales, inventories of barium carbonate climbed steadily from 7 percent at yearend 1977 to 31 percent by the end of 1980.

Yearend inventories of granular barium carbonate declined from * * * pounds in 1977 to * * * pounds in 1979, but rose to * * * pounds in 1980. As a ratio to sales, yearend inventories of granular material increased irregularly from * * * percent in 1977 to * * * percent in 1979, and then jumped to almost * * * percent in 1980. Inventories of the powdered form increased steadily both in quantity and as a ratio to sales of this type barium carbonate during 1977-80. They rose from * * * pounds as of December 31, 1977, to * * * pounds as of December 31, 1979, and then tripled to * * * pounds as of December 31, 1980. As a ratio to sales, end-of-period inventories of the powdered material increased steadily from * * * percent in 1977 to * * * percent in 1980. * * *

* * * FMC is required to hold fairly large inventories of barium carbonate because the firm's campaign plant produces each chemical only a few times per year. Inventory levels of the other two producers were generally within what they considered to be acceptable levels from 1977 to mid-1979, rising to unacceptably high levels only in the latter part of 1979 and in 1980. FMC alluded to its inventory problem in responding to the Commission's questionnaire, stating that * * *. With further reference to Sherwin-Williams' large inventory buildup in 1980, the firm stated in response to the Commission's questionnaire in this investigation that * * * 1/

1/ Sherwin-Williams * * *

Table 5.--Precipitated barium carbonate: Percentage distribution of U.S. producers' sales,
by types and by firms, 1977-80

Item	Quantity				Value			
	1977	1978	1979	1980	1977	1978	1979	1980
Granular:								
FMC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Powdered:								
FMC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Total-----	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

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

Table 6.--Precipitated barium carbonate: U.S. producers' inventories, by types and by firms, as of Dec. 31, 1977-80, June 30, 1979, and June 30, 1980

Item	As of Dec. 31--				As of June 30--	
	1977	1978	1979	1980	1979	1980
Quantity (1,000 pounds)						
Granular:						
FMC-----	* * *	* * *	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal-----	* * *	* * *	* * *	* * *	* * *	* * *
Powdered:						
FMC-----	* * *	* * *	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal-----	* * *	* * *	* * *	* * *	* * *	* * *
Total-----	5,175	6,357	6,862	15,107	6,395	13,732
Ratio of inventories to sales (percent) ^{1/}						
Granular:						
FMC-----	* * *	* * *	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *	* * *	* * *
Average-----	* * *	* * *	* * *	* * *	* * *	* * *
Powdered:						
FMC-----	* * *	* * *	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *	* * *	* * *
Average-----	* * *	* * *	* * *	* * *	* * *	* * *
Average-----	7.2	9.0	10.7	31.1	9.3	25.5

^{1/} In computing these ratios, FMC's sales of imported * * * material were included; the ratios during the January-June periods were computed from sales on an annual basis.

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

U.S. employment, wages, and productivity

The average number of all employees in U.S. establishments in which precipitated barium carbonate is produced increased without interruption from 585 in 1977 to 631 in 1980. * * *

The average number of production and related workers engaged in producing precipitated barium carbonate in 1977-80 is shown in table 7. FMC reported that * * * 1/ As shown in the table, the average number of workers employed by the three domestic producers increased steadily from 177 in 1977 to 187 in 1979, but declined slightly to 185 in 1980. 2/ The decline in the average number of production and related workers in 1980 was due to

* * *

Man-hours worked by production and related workers producing precipitated barium carbonate fluctuated between 185,000 and 194,000 (or by less than 5 percent) in 1977-79, and then increased by 9 percent in 1980 to 206,000. The man-hours worked by * * *

Wages paid to production and related workers producing precipitated barium carbonate increased from \$1.2 million in 1977 to \$1.5 million in 1979, or by 19 percent, and jumped an additional 27 percent in 1980 to almost \$1.9 million. The average hourly earnings of workers engaged in the production of barium carbonate were consistently greater throughout 1977-80 than average hourly wages received by workers in all manufacturing or by those workers employed in producing chemicals and allied products, as indicated by the following tabulation: 3/

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
All manufacturing-----	\$5.68	\$6.17	\$6.69	\$7.27
Chemicals and allied products----	6.43	7.02	7.60	8.29
Precipitated barium carbonate----	6.64	7.29	7.76	9.01

The productivity of production and related workers engaged in the manufacture of precipitated barium carbonate, as measured by physical output per man-hour worked by such employees, decreased without interruption during 1977-80, as shown in the following tabulation:

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Production-----1,000 pounds---	69,427	70,560	62,968	57,957
Man-hours worked-----1,000 hours---	185	194	189	206
Productivity-----pounds per man-hour---	375	364	333	281

1/ The other principal products produced at the Modesto facility are precipitated strontium carbonate and strontium nitrate; barium nitrate is also produced at the plant.

2/ The average number of workers employed in U.S. establishments principally engaged in producing chemicals and allied products followed a similar trend, as follows (in thousands of employees): 1977--1,074, 1978--1,096, 1979--1,111, and 1980--1,013.

3/ Data for workers in all manufacturing and in chemicals and allied products compiled from official statistics of the U.S. Department of Labor.

Table 7.--Average number of employees in U.S. establishments in which precipitated barium carbonate is produced, total and production and related workers, and wages paid to and man-hours worked by production and related workers producing precipitated barium carbonate, by firms, 1977-80

Item	1977	1978	1979	1980
Average number of all employees:				
FMC-----	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *
Total-----	585	596	617	631
Production and related workers:				
Producing all products:				
FMC-----	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *
Total-----	338	342	347	339
Producing barium carbonate:				
FMC 1/-----	* * *	* * *	* * *	* * *
CPC-----	2/* * *	2/* * *	2/* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *
Total-----	177	181	187	185
Man-hours worked by production and related workers producing barium carbonate:				
FMC-----1,000 hours--	* * *	* * *	* * *	* * *
CPC-----do-----	* * *	* * *	* * *	* * *
Sherwin-Williams-----do-----	* * *	* * *	* * *	* * *
Total-----do-----	185	194	189	206
Wages paid to production and related workers producing barium carbonate:				
FMC-----1,000 dollars--	* * *	* * *	* * *	* * *
CPC-----do-----	* * *	* * *	* * *	* * *
Sherwin-Williams-----do-----	* * *	* * *	* * *	* * *
Total-----do-----	1,229	1,415	1,466	1,856

1/ FMC reported that common employees are used to produce all products manufactured at the Modesto, Calif., establishment; the principal other products produced at that facility include precipitated strontium carbonate and strontium nitrate.

2/ * * *

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

The decrease in productivity in 1980 resulted principally because

* * * 1/

Financial experience of U.S. producers

U.S. producers' profit-and-loss experience on their operations in producing precipitated barium carbonate generally improved from 1977 to 1979, but deteriorated greatly in 1980. U.S. producers' net sales of barium carbonate increased from \$10.7 million in 1977 to \$11.6 million in 1979, or by 9 percent, but fell by 12 percent in 1980 to \$10.2 million (table 8). The cost of goods sold followed a similar pattern, but the shifts were smaller. The cost of goods sold increased from \$9.4 million in 1977 to \$9.8 million in 1978, and then declined in 1979 and 1980, amounting to \$9.4 million in the latter year. The ratio of the cost of goods sold to net sales of barium carbonate declined steadily from 88.4 percent in 1977 to 83.7 percent in 1979, but rose to 91.8 percent in 1980.

The gross profit of U.S. producers on their barium carbonate operations also followed a similar pattern, but the shifts were greater. The gross profit increased from \$1.2 million in 1977 to \$1.9 million in 1979, or by 53 percent, but then fell by more than 50 percent in 1980 to \$0.8 million. General, selling, and administrative expenses generated in U.S. producers' barium carbonate operations increased annually over the period under consideration, from \$1.0 million in 1977 to \$1.6 million in 1980.

The net result of all these factors was to produce a net operating profit that increased steadily and significantly from 1977 to 1979, but which fell precipitously in 1980. The net operating profit increased from \$175,000 in 1977 to \$601,000 in 1979, or by almost 250 percent. However, a net operating loss of \$786,000 was incurred in 1980. The ratio of the net operating profit to net sales followed a similar pattern, increasing from 1.6 percent in 1977 to 5.2 percent in 1979; the loss in 1980 was equivalent to 7.7 percent of sales in that year.

The profit-and-loss experience of U.S. producers on their operations in producing precipitated barium carbonate has been quite diverse (table 8).

* * * 2/ 3/

Cash flow.--For the purposes of this report, cash flow from operations is defined as net operating profit plus depreciation and amortization. Because CPC did not list its depreciation and amortization expenses separately, however, total cash flow for the three principal producers' operations on precipitated barium carbonate could not be computed exactly. Instead, CPC's

1/ All three producers reported that they customarily shut down their barium carbonate operations each year for 2 or 3 weeks during the summer in order to allow time for maintenance and repair and to permit employees to take vacations.

2/ * * *

3/ * * *

Table 8.--Profit-and-loss experience of U.S. producers on their operations in producing precipitated barium carbonate, by firms, 1977-80

Year and firm	Net sales	Cost of goods sold	Gross profit or (loss)	General, selling, and administrative expenses	Net operating profit or (loss)	Ratio of net operating profit or (loss) to net sales	Ratio of cost of goods sold to net sales
	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>Percent</u>	<u>Percent</u>
1977:							
FMC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Total-----	10,661	9,429	1,232	1,057	175	1.6	88.4
1978:							
FMC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Total-----	11,404	9,762	1,642	1,172	470	4.1	85.6
1979:							
FMC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Total-----	11,604	9,715	1,889	1,288	601	5.2	83.7
1980:							
FMC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *
CPC-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Sherwin-Williams-----	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Total-----	10,222	9,385	837	1,623	(786)	(7.7)	91.8

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

net operating profit, without adjustment, was simply added to the cash flow figures of the other producers to produce a minimum estimate of aggregate U.S. producers' cash flow from their operations in producing this chemical.

As shown in table 9, the cash flow from the producers' operations on precipitated barium carbonate closely followed the pattern set by their profitability; that is, it showed signs of strengthening from 1977 to 1979 but then dropped precipitously in 1980. The minimum estimate of U.S. producers' aggregate cash flow from operations on barium carbonate increased from \$266,000 in 1977 to \$712,000 in 1979, or by 168 percent, but then plummeted to a negative flow of \$657,000 in 1980.

Table 9.--U.S. producers' cash flow from operations in producing precipitated barium carbonate, by firms, 1977-80

(In thousands of dollars)					
Firm	1977	1978	1979	1980	
FMC-----	* * *	* * *	* * *	* * *	
CPC 1/-----	* * *	* * *	* * *	* * *	
Sherwin-Williams-----	* * *	* * *	* * *	* * *	
Total-----	266	566	712	(657)	

1/ Net operating profit without adjustment.

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

Capital expenditures and research and development expenses.--The three principal producers' capital expenditures and research and development expenses incurred in connection with their operations in producing precipitated barium carbonate are shown in table 10. As indicated, capital expenditures during 1977-80 fluctuated from a low of * * * in 1979 to a peak of * * * in 1978. * * * U.S. producers' research and development expenses almost quadrupled during the 4-year period, rising from \$68,000 in 1977 to \$254,000 in 1980.

In response to the Commission's questionnaire requesting information on the actual and potential negative effects, if any, of imports of precipitated barium carbonate from West Germany on their firms' growth, investment, and ability to raise capital, the three producers reported the following:

<u>FMC.</u> --	*	*	*
<u>CPC.</u> --	*	*	*
<u>Sherwin-Williams.</u> --	*	*	*

Table 10.--Precipitated barium carbonate: Capital expenditures and research and development expenses incurred by U.S. producers, 1977-80

(In thousands of dollars)								
Item	:	1977	:	1978	:	1979	:	1980
	:		:		:		:	
Capital expenditures:	:		:		:		:	
FMC-----	:	* * *	:	* * *	:	* * *	:	* * *
CPC-----	:	* * *	:	* * *	:	* * *	:	* * *
Sherwin-Williams-----	:	* * *	:	* * *	:	* * *	:	* * *
Total-----	:	* * *	:	* * *	:	* * *	:	* * *
Research and development expenses:	:		:		:		:	
FMC-----	:	* * *	:	* * *	:	* * *	:	* * *
CPC-----	:	* * *	:	* * *	:	* * *	:	* * *
Sherwin-Williams-----	:	* * *	:	* * *	:	* * *	:	* * *
Total-----	:	68	:	123	:	214	:	254
	:		:		:		:	

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

Consideration of the Threat of Material Injury

As part of its consideration of threat of material injury to a domestic industry, the Commission may examine the likelihood of a particular situation developing into actual material injury. In this regard, demonstrable trends--for example, the rate of increase of the dumped exports to the U.S. market, the capacity in the exporting country to generate exports, and the likelihood that such exports will be directed to the U.S. market taking into account the availability of other export markets--may be important. This section summarizes the limited data available concerning capacity in West Germany to generate exports of precipitated barium carbonate to the United States. Data on the rate of increase of LTFV imports are presented in the sections entitled "U.S. Imports" (p. A-12) and "Market Penetration of LTFV Imports from West Germany" (pp. A-29-A-31).

The following tabulation shows production and sales of precipitated barium carbonate by Kali 1/--the only West German producer known to export this product to the United States and the only firm found by Commerce to have made sales at less than fair value--and U.S. imports of the chemical during

1/ With the exception of U.S. imports (which are shown in table 1 of this report), the data shown in the tabulation were obtained from representatives of Kali-Chemie Corp. Production data are the sum of reported home-market and export sales.

1976-80 (in thousands of pounds):

<u>Year</u>	<u>Production</u>	<u>Home-market sales</u>	<u>Export sales</u>	<u>U.S. imports</u>
1976-----	* * *	* * *	* * *	4,790
1977-----	* * *	* * *	* * *	11,404
1978-----	* * *	* * *	* * *	16,346
1979-----	* * *	* * *	* * *	15,625
1980-----	* * *	* * *	* * *	9,385

As indicated by the preceding tabulation, Kali's annual production of precipitated barium carbonate during 1976-80 was * * * than the combined production of the three principal U.S. producers, but was * * * as apparent U.S. consumption of the chemical during those years (* * * as large in 1979 and 1980). Although home-market sales accounted for * * * percent of Kali's annual production, and exports to the United States accounted for * * * percent of its output, exports to all markets during 1976-80 were * * *.

In their petition for the initiation of an antidumping investigation, the petitioners stated the following: 1/

Kali's exports of barium carbonate unquestionably pose such a threat (of material injury). The sudden influx of barium carbonate from Germany during the last few years demonstrates irrefutably Kali's ability to seize a substantial share of the U.S. market in an extremely short period. For several reasons, LTFV imports from Germany are likely to maintain or intensify their pressure on the U.S. market in the foreseeable future.

First, according to reliable European sources, the German plant has productive capacity considerably in excess of home market demand. . . .

Second, Kali's dependence on exports to the U.S. will continue. There is only a limited export market outside the U.S. to which Kali's production can be sold. Indeed, the European barium carbonate market is considerably smaller than it was only a few years ago because the brine treatment that once accounted for approximately one quarter of European consumption of the product has been replaced by a process that does not use barium carbonate. In addition, the large Russian market is now being served by its own production facilities (and in fact the Soviet Union has begun to export barium carbonate to Germany).

Third, Kali may find that it will have to engage in even more drastic price cutting to retain its share in the vital U.S. market. As Chinese and other foreign barium carbonate becomes acceptable to more American customers, Kali may be forced to intensify its less than fair value selling tactics. . . .

1/ Petition for Antidumping Relief, Sept. 5, 1980, pp. 27-30.

Fourth, as the recession in the U.S. economy worsens and the domestic industry's customers face a generally contracting demand for their goods, they are likely to shift an increasingly large share of their business to the cheaper imports, in order to cut their costs and thereby retain as much of the shrinking market as possible. . . .

Fifth, Kali has the resources to persist in its LTFV sales indefinitely. Kali-Chemie is a major multinational corporation with assets of over \$200 million and thus has the "deep pocket" it needs to maintain or increase its unfair pricing practices in the United States. . . .

In response to a request for available information pertaining to West Germany's production, capacity, and capacity utilization in producing precipitated barium carbonate, as well as any projected changes during 1981 and 1982, and intentions with respect to exports to the United States in those years, the U.S. Department of State reported the following: 1/

No information is available about future company plans but there are indications that German sales are declining due to imports from Eastern Europe and the expectation is for increased export efforts in order to compensate. In particular, an effort to secure a foothold in the Japanese market is expected.

Consideration of the Causal Relationship Between LTFV Imports from West Germany and the Alleged Material Injury of Threat Thereof

Market penetration of LTFV imports from West Germany

The market penetration of imports of precipitated barium carbonate has followed a pattern similar to that established by the quantity imported. The ratio of U.S. imports from all sources to apparent U.S. consumption of barium carbonate (in the commercial market) increased from 16.5 percent in 1977 to 24.0 percent in 1978 and to 27.6 percent in 1979, but then declined to 22.1 percent in 1980 (table 11). Similarly, the market penetration of imports from West Germany--by far the largest foreign supplier--rose from 1977 to 1979, and then fell in 1980. The ratio of imports from West Germany to apparent U.S. consumption increased from 13.6 percent in 1977 to 18.3 percent in 1978 and 18.6 percent in 1979, but then decreased to 15.1 percent in 1980. 2/

1/ The Department of State reported that since there are only two major firms which produce barium carbonate in West Germany, data on production, capacity utilization, and exports are not published and are not available. In West Germany's export statistics, barium carbonate is included with certain other chemical products.

2/ As indicated previously, in its final determination, the Department of Commerce found LTFV margins on 91.9 percent of sales of the product from West Germany to U.S. purchasers during its period of investigation--Apr. 1 through Sept. 30, 1980. If the same proportion of total imports of precipitated barium carbonate from West Germany in 1980 (9,385,000 pounds) were sold at LTFV, then such LTFV imports accounted for 13.8 percent (or 8,625,000 pounds) of apparent U.S. consumption of the chemical in that year.

Table 11.--Precipitated barium carbonate: U.S. producers' sales, imports for consumption, and apparent consumption for the commercial and total markets, 1977-80

Market and year	U.S. producers' sales 1/		Imports			Apparent consumption	Ratio of imports to consumption		
	Total	Export	From	Other	Total		From	Other	Total
			West				West		
			Germany				Germany		
	1,000 pounds					Percent			
Commercial market:									
1977-----	69,933	0	11,404	2,417	13,821	83,754	13.6	2.9	16.5
1978-----	67,787	0	16,346	5,077	21,423	89,210	18.3	5.7	24.0
1979-----	60,810	2/ ***	15,625	7,568	23,193	84,003	18.6	9.0	27.6
1980-----	48,574	0	9,385	4,367	13,752	62,326	15.1	7.0	22.1
Total market: 3/									
1977-----	* * *	0	11,404	2,417	13,821	* * *	* * *	* * *	* * *
1978-----	* * *	0	16,346	5,077	21,423	* * *	* * *	* * *	* * *
1979-----	* * *	***	15,625	7,568	23,193	* * *	* * *	* * *	* * *
1980-----	* * *	0	9,385	4,367	13,752	* * *	* * *	* * *	* * *

1/ Excludes resales of imported precipitated barium carbonate by 1 domestic producer in 1977-79.

2/ The amount shown in the "Total" column is net of export sales.

3/ Includes intracompany consumption.

Source: U.S. producers' sales, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports, compiled from official statistics of the U.S. Department of Commerce.

Although the market penetration of aggregate imports of precipitated barium carbonate from all countries other than West Germany followed a similar pattern, the increase was sharper. The ratio of imports from all other countries to apparent U.S. consumption more than tripled from 2.9 percent in 1977 to 9.0 percent in 1979, and then slipped to 7.0 percent in 1980.

Lost sales

In their responses to the Commission's questionnaires, the three major domestic producers of precipitated barium carbonate alleged losing sales of this product to LTFV imports from West Germany in the amounts shown in the following tabulation:

<u>Firm</u>	<u>Period</u>	<u>Amount</u> <u>(1,000 pounds)</u>	<u>Value</u> <u>(1,000 dollars)</u>
CPC-----	1979-1980	* * * per year	not given
FMC-----	1979	* * *	* * *
FMC-----	1980	* * *	* * *
Sherwin-			
Williams---	1978 to present	* * *	* * *

In total, the domestic producers listed 14 end users (excluding duplications) as having reduced or ceased purchasing U.S.-made precipitated barium carbonate in 1979 and/or 1980 because of LTFV imports from West Germany. The Commission staff contacted 12 of these end users in an attempt to verify the producers' claims of sales lost. 1/ All but one of the firms contacted acknowledged purchasing the product from West Germany during 1979 and/or 1980, and gave one or both of two principal reasons for doing so--price and the desire to have an alternative source of supply. The purchasers reported that they could obtain barium carbonate from West Germany at lower prices (the general difference in delivered prices mentioned was about 2 or 3 cents per pound), but some firms stated that their primary reasons for buying imports were availability and the need to insure an alternative supply source. Some end users reported that they had experienced problems in obtaining the requisite supplies from domestic producers during 1977-79.

Purchases of precipitated barium carbonate, by countries of origin, by the 12 firms contacted are shown in table 12. As indicated, their purchases of U.S.-made barium carbonate rose from 11.1 million pounds in 1977 to 13.3 million pounds in 1978 and 13.8 million pounds in 1979, but then dropped to 9.7 million pounds in 1980. Their purchases of material imported from West Germany followed a somewhat different trend during 1977-79, rising from 5.6 million pounds in 1977 to 10.9 million pounds in 1978, and then declining to 8.7 million pounds in 1979. Similar to their purchases of the U.S.-made product, however, their purchases of imports from West Germany in 1980 fell--to 6.3 million pounds. These firms' purchases of precipitated barium carbonate

1/ These 12 end users also returned the Commission questionnaires; thus information was obtained on the prices they paid for both the domestic and the imported product.

Table 12.--Precipitated barium carbonate: Purchases made by selected U.S. firms, by sources, 1977-80

Source	1977	1978	1979	1980
Quantity (1,000 pounds)				
United States-----	11,079	13,286	13,753	9,721
Imported:				
West Germany-----	5,642	10,877	8,729	6,266
All other countries-----	* * *	* * *	* * *	* * *
Total-----	* * *	* * *	* * *	* * *
Value (1,000 dollars) <u>1/</u>				
United States-----	1,775	2,342	2,689	2,272
Imported:				
West Germany-----	744	1,704	1,512	1,188
All other countries-----	* * *	* * *	* * *	* * *
Total-----	* * *	* * *	* * *	* * *

1/ Delivered cost to the purchasers' U.S. facilities.

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

from West Germany, as a share of their total purchases of this product, were as follows: 1977--* * * percent, 1978--* * * percent, 1979--* * * percent, and 1980--* * * percent. Material imported from other countries, predominantly China, rose from * * * percent of their total purchases in 1978 to * * * percent in 1980.

End users that purchased precipitated barium carbonate from West Germany were requested to assess the relative importance of certain factors in their purchasing decisions, and to list the single most important factor in their firm's decision to purchase barium carbonate from West Germany rather than purchasing the comparable product produced in the United States. Purchasers were asked to indicate the importance of various factors by using a scale of 1 to 5, with 1 being "not at all important" and 5 being "very important." The aggregated responses from end users that returned the Commission's questionnaires are shown in table 13. Six firms listed price as the single most important factor in their decision to purchase the West German product, and six others listed availability; four purchasers reported alternative sources, and three reported quality as the most important factor.

Table 13.--Precipitated barium carbonate: Reasons reported by end users for purchasing from West Germany, by order of importance

(Number of respondents)						
Item	Very important (5)	Midrange			Not at all important (1)	
		(4)	(3)	(2)		
Alternative sources-----	10	2	2	2	1	
Availability-----	12	1	5	0	0	
Price-----	9	4	4	0	0	
Quality-----	10	2	2	0	2	
Historical supplier						
relationship-----	3	4	2	1	3	
Technical service-----	1	1	4	5	4	
Terms of sale-----	5	1	5	3	2	
Cost of transportation <u>1</u> /-----	1	0	0	0	0	

1/ Not provided for separately in the questionnaire, but listed by 1 purchaser under the space allowed for "other" factors.

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

Prices

The three producers, FMC, CPC, and Sherwin-Williams, account for virtually all domestic production of precipitated barium carbonate. In general, the producers publish price lists for this product, with prices varying according to product grade and volume of sales. Terms of payment are normally 30 days, with no cash discounts allowed. Prices are usually quoted f.o.b. factory, but in some instances--particularly with respect to sales of precipitated barium carbonate by FMC (whose plant is in California)--sales are made on the basis of freight equalization to the domestic producer nearest the purchaser's location. In order to remain competitive with a more advantageously located producer, a company may find it necessary to absorb some freight costs and to accept a lower net return than it would wish. Because FMC ships * * * percent of its production of precipitated barium carbonate to customers located east of the Rocky Mountains, the reduction in its net realized price resulting from freight absorption can be significant. Precipitated barium carbonate is a heavy chemical with a relatively low price per pound, and freight costs can account for as much as 20 percent of its total delivered cost to the end user. 1/

1/ Transcript of the conference, investigations Nos. 731-TA-31-33 (Preliminary), p. 33.

Domestic producers also sell on a contract basis to very large customers who desire a guaranteed source of supply and stability in terms of purchase. Prices, volume of sales, and terms of payment are negotiated under each contract. However, prices are subject to announced increases, and, if prices are increased, the purchaser may be released from its commitment to purchase the full amount originally contracted. * * *

As noted earlier, the marketing, sales negotiating, and customer servicing for barium carbonate produced in West Germany by Kali-Chemie AG are conducted by Kali-Chemie Corp. in New York City. Prices for the imported material are generally quoted on a c.i.f., U.S.-port-of-entry basis. The minimum quantity sold is one ship container, or 20 short tons. Terms of payment are 30 days, and 6 to 8 weeks must be allowed for delivery.

Effect on prices of market conditions.--The domestic market for precipitated barium carbonate was described by industry sources testifying on behalf of the petitioners at the Commission's public conference as balanced during the period 1976 to prerecessionary 1979. These sources stated that during this time the demand for the product matched their ability to supply, and domestic producers could sell all of their production. However, some purchasers claim that during 1976-78 they were unable to obtain sufficient material for their purposes, and that imports were needed to fill the gap between domestic demand and supply. The market was reportedly thrown out of balance because of the recent general economic recession, technological changes which weakened the demand for precipitated barium carbonate, and the alleged price predation of Kali.

Precipitated barium carbonate is used as an input for other products, many of which are strongly affected by economic conditions. Inasmuch as several of the principal industries consuming the product were hard hit by the uncertain economic conditions of recent years, the demand for precipitated barium carbonate has also been adversely affected. The technological changes include those made by * * * Other changes include its replacement by precipitated strontium carbonate in the production of glass for color televisions, a trend away from brite brick, and a switch from barium ferrites to strontium ferrites.

Aggregate demand for precipitated barium carbonate is reportedly price inelastic since, within its relative price range, there are few feasible substitutes in the short term. However, for most uses, the domestic product and the imported product are highly substitutable for each other, and as the price of one increases relative to the price of the other, there may be an increase in the rate of substitution of the less expensive for the more expensive. Other factors which may affect the rate of substitution are the precise chemical content and physical structure of either the domestic or foreign product, the purchaser's need to have a reliable source of supply, and the ability of a purchaser to adapt its own production process to a different supplier's product.

Price trends.--Domestic producers and importers of precipitated barium carbonate were requested to provide the Commission with quarterly data on net prices (f.o.b. U.S. shipping point) realized from sales during 1977-80. End users of precipitated barium carbonate were requested to provide data on all shipments received since January 1, 1979, including the quoted price, f.o.b. supplier's plant or importer's U.S. shipping point, the delivery costs paid by the purchaser, and the final cost delivered to the purchaser's plant. Virtually all importers of precipitated barium carbonate responding to the Commission's questionnaires were end users importing for their own account, and did not resell the merchandise to other firms in the United States. The following discussion of prices thus involves comparisons of prices received by domestic producers with ex-dock prices (c.i.f. plus brokerage and duty) paid by end users for imports from West Germany, and comparisons of delivered prices paid by purchasers of both domestic and imported precipitated barium carbonate. Where importer-end users did not provide ex-dock prices, adjustments were made to provide estimates of the actual ex-dock prices. The Commission's staff constructed weighted average prices received by each producer and all producers together, prices paid by importer-end users, and delivered prices of both foreign and domestic precipitated barium carbonate. The data are presented for both granular and powdered barium carbonate.

FOB prices.--Table 14 shows prices of granular precipitated barium carbonate received by U.S. producers and prices paid by purchasers of imports from West Germany. U.S. producers' prices increased during 1977-80 by 46 percent, while those paid by importer-end users increased by 67 percent. Prices of the domestic material rose irregularly but steadily until 1980, and declined by about 5 percent during that year. * * *

Granular barium carbonate accounted for about * * * percent of Kali's total sales in the United States during 1979-80, and * * * customers reported prices for this product. Table 14 shows that, with the exception of October-December 1980, prices of granular precipitated barium carbonate imported from West Germany remained below those of the domestic product throughout 1977-80. Margins of underselling ranged from * * * percent in October-December 1979 to * * * percent in July-September 1978. Margins in 1980 were generally lower than in previous years and, in October-December 1980, the average price of imports was * * * percent above that of domestic producers. 1/ In October-December 1980, the prices * * *

Table 15 shows prices of powdered precipitated barium carbonate received by U.S. producers and prices paid by purchasers of imports from West Germany. U.S. producers' prices increased during 1977-80 by about 38 percent, while those of imports increased by about 47 percent. Prices of domestic material generally rose steadily through January-March 1980 but declined by about 8 percent after March 1980. Prices of the imported material rose through April-June 1980, and declined 3 percent in October-December 1980.

* * * 2/

1/ The average importers' price in October-December 1980 reflects sales of less than * * * pounds to * * * customers and is heavily influenced by a relatively high price to one which buys from Kali on an infrequent basis. This period of overselling may not be representative of import prices in general.

2/ * * *

Table 14.--Granular recipitated barium carbonate: Average weighted prices, f.o.b. U.S. shipping point, of domestic producers and importers, 1/ by quarters, 1977-80

Period	U.S. producers			Average U.S. producers' price	Average importers' price	Margin of underselling
	CPC	FMC	Sherwin Williams			
	Cents per pound					Percent
1977:						
January-March-----	* * *	* * *	* * *	* * *	* * *	* * *
April-June-----	* * *	* * *	* * *	* * *	* * *	* * *
July-September-----	* * *	* * *	* * *	* * *	* * *	* * *
October-December----	* * *	* * *	* * *	* * *	* * *	* * *
1978:						
January-March-----	* * *	* * *	* * *	* * *	* * *	* * *
April-June-----	* * *	* * *	* * *	* * *	* * *	* * *
July-September-----	* * *	* * *	* * *	* * *	* * *	* * *
October-December----	* * *	* * *	* * *	* * *	* * *	* * *
1979:						
January-March-----	* * *	* * *	* * *	* * *	* * *	* * *
April-June-----	* * *	* * *	* * *	* * *	* * *	* * *
July-September-----	* * *	* * *	* * *	* * *	* * *	* * *
October-December----	* * *	* * *	* * *	* * *	* * *	* * *
1980:						
January-March-----	* * *	* * *	* * *	* * *	* * *	* * *
April-June-----	* * *	* * *	* * *	* * *	* * *	* * *
July-September-----	* * *	* * *	* * *	* * *	* * *	* * *
October-December----	* * *	* * *	* * *	* * *	* * *	* * *

1/ Imported from West Germany.

2/ Not available.

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

Table 15.--Powdered precipitated barium carbonate: Average weighted prices, f.o.b. U.S. shipping point, of domestic producers and importers, 1/ by quarters, 1977-80

Period	U.S. producers			Average U.S. producers' price	Average importers' price	Margin of underselling
	CPC	FMC	Sherwin Williams			
	Cents per pound					Percent
1977:						
January-March-----	* * *	* * *	* * *	* * *	* * *	* * *
April-June-----	* * *	* * *	* * *	* * *	* * *	* * *
July-September-----	* * *	* * *	* * *	* * *	* * *	* * *
October-December----	* * *	* * *	* * *	* * *	* * *	* * *
1978:						
January-March-----	* * *	* * *	* * *	* * *	* * *	* * *
April-June-----	* * *	* * *	* * *	* * *	* * *	* * *
July-September-----	* * *	* * *	* * *	* * *	* * *	* * *
October-December----	* * *	* * *	* * *	* * *	* * *	* * *
1979:						
January-March-----	* * *	* * *	* * *	* * *	* * *	* * *
April-June-----	* * *	* * *	* * *	* * *	* * *	* * *
July-September-----	* * *	* * *	* * *	* * *	* * *	* * *
October-December----	* * *	* * *	* * *	* * *	* * *	* * *
1980:						
January-March-----	* * *	* * *	* * *	* * *	* * *	* * *
April-June-----	* * *	* * *	* * *	* * *	* * *	* * *
July-September-----	* * *	* * *	* * *	* * *	* * *	* * *
October-December----	* * *	* * *	* * *	* * *	* * *	* * *

1/ Imported from West Germany.

2/ No price reported.

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

The effect of competition among domestic producers in 1980 is reflected by declining prices in two of the individual price series. For example,

* * * 1/

Prices of imports at the end of 1980 remained higher than at any time except April-September 1980. However, average prices of imported powdered precipitated barium carbonate remained below those of the domestic product throughout 1977-80. Margins of underselling ranged from * * * percent in July-September 1980 to * * * percent in January-March 1980. Lower margins of underselling after March 1980 were primarily the result of declines in U.S. producers' prices. In the final 6 months of 1980, prices received by * * *

Delivered prices.--Weighted-average delivered prices of granular precipitated barium carbonate are shown for 1979 and 1980 in table 16. During this period delivered prices of the domestic material increased 16 percent while the average f.o.b. price increased 15 percent. Costs of transportation remained a relatively constant share of 13 percent of the total delivered price during 1979-80.

Table 16.--Granular precipitated barium carbonate: Average weighted delivered prices of U.S. producers and importers, 1/ by quarters, 1979 and 1980

Year and quarter	Average U.S. producers' price	Average importers' price	Margin of underselling
	Cents per pound		Percent
1979:			
January-March-----	* * *	* * *	23.1
April-June-----	* * *	<u>2/</u>	<u>2/</u>
July-September-----	* * *	* * *	16.6
October-December-----	* * *	* * *	6.1
1980:			
January-March-----	* * *	* * *	18.6
April-June-----	* * *	* * *	15.4
July-September-----	* * *	* * *	20.2
October-December-----	* * *	* * *	3.8

1/ Imported from West Germany.

2/ Not available.

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

1/ Mr. J. L. Gray, President of CPC, testified at the Commission's hearing that, in the past, the level of strontium impurities contained in precipitated barium carbonate produced by CPC was considered too high by Mallinckrodt. However, Mr. Gray further testified that Mallinckrodt has recently reassessed the quality of barium carbonate produced by CPC and has apparently decided that it is acceptable (transcript of the hearing, pp. 171-173).

Delivered prices of imports of granular barium carbonate increased 45 percent in 1979-80, compared with a 37 percent increase in the average ex-dock prices. Although these changes are probably somewhat overstated (see footnote 1, p. A-35), they indicate that transportation costs have been passed through to the customer by the foreign producer. This is consistent with the fact that most, if not all, imported barium carbonate is shipped by truck and the costs from the port-of-entry to the plant are the responsibility of the purchaser.

Margins of underselling on a delivered basis were generally higher than those on an f.o.b. basis, ranging from 3.8 percent in October-December 1980 to 23.1 percent in January-March 1979. Margins in some quarters may have been particularly high owing to large sales to one importer-end user located close to a major seaport, thereby incurring relatively small transportation expenses.

Weighted-average delivered prices of powdered precipitated barium carbonate are shown for 1979 and 1980 in table 17. During this period, prices of the domestic material increased 10 percent and those of imports increased 11 percent. Prices of both domestic and imported material declined in the final 6-9 months of 1980. F.o.b. prices discussed above increased by 7 percent and 14 percent, respectively. These changes indicate that, as in the case of granular barium carbonate, domestic producers and importers have been able to shift the burden of increased transportation expenses to their customers. Inland freight expenses remained at about 8 percent of the delivered price of domestic material during 1979-80, while declining from 7 percent to about 5 percent of the delivered price of imported material.

Table 17.--Powdered precipitated barium carbonate: Average weighted delivered prices of U.S. producers and importers, ^{1/} by quarters, 1979 and 1980

Year and quarter	Average U.S. producers' price	Average importers' price	Margin of underselling
	Cents per pound		Percent
1979:			
January-March-----	* * *	* * *	10.2
April-June-----	* * *	* * *	14.5
July-September-----	* * *	* * *	14.4
October-December-----	* * *	* * *	12.7
1980:			
January-March-----	* * *	* * *	16.9
April-June-----	* * *	* * *	11.8
July-September-----	* * *	* * *	8.2
October-December-----	* * *	* * *	9.4

^{1/} Imported from West Germany.

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

Except for those of FMC, virtually all shipments of the domestic powdered material are by truck, whereas those of granular barium carbonate are often by the generally less-expensive rail. Almost all shipments of imported precipitated barium carbonate, whether granular or powdered, are by truck. Many customers prefer to receive granular material by rail and in bulk form. Therefore, U.S. producers appear to have a transportation advantage over importers in this material which they do not necessarily have in the powdered material. However, as costs of truck transportation have increased, importers may have reduced this advantage by being able to enter their product at a port closer to the final destination, thereby reducing the effect of freight rate increases. Margins of underselling of powdered material on a delivered basis were similar to those on an f.o.b. basis, ranging from 8.2 percent in July-September 1980 to 16.9 percent in January-March 1980.

APPENDIX A

U.S. INTERNATIONAL TRADE COMMISSION'S PRELIMINARY DETERMINATION

INTERNATIONAL TRADE COMMISSION

**(Investigations Nos. 731-TA-31-33
(Preliminary))**

**Barium Carbonate from the Federal
Republic of Germany; Strontium
Carbonate from the Federal Republic
of Germany; Strontium Nitrate from
Italy**

Determination

On the basis of the record¹ developed in investigation No. 731-TA-31 (Preliminary), the Commission unanimously determines that there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury,² by reason of imports of barium carbonate from the Federal Republic of Germany, provided for in item 472.06 of the Tariff Schedules of the United States (TSUS), which are allegedly being sold in the United States at less than fair value (LTFV).

On the basis of the record¹ developed in investigation No. 731-TA-31 (Preliminary), the Commission determines³ that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury⁴ by reason of imports of strontium

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

² Chairman Alberger found only that there is a reasonable indication that an industry in the United States is materially injured.

³ Commissioners Moore and Bedel dissenting.

⁴ Material retardation of the establishment of an industry is not an issue in this investigation.

carbonate from the Federal Republic of Germany, provided for in item 421.72 of the TSUS, which are allegedly being sold in the United States at LTFV.

On the basis of the record⁶ developed in investigation No. 731-TA-31 (Preliminary), the Commission unanimously determines that there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury,⁶ by reason of imports of strontium nitrate from Italy, provided for in item 421.74 of the TSUS, which are allegedly being sold in the United States at LTFV.

Background

On September 9, 1980, the U.S. International Trade Commission and the U.S. Department of Commerce each received three petitions alleging sales in the United States at LTFV. The products identified in the petitions were: precipitated barium carbonate imported from the Federal Republic of Germany,⁷ precipitated strontium carbonate imported from the Federal Republic of Germany,⁸ and strontium nitrate imported from Italy.⁹ Accordingly, the Commission instituted preliminary antidumping investigations under section 733 of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of the specified products into the United States. The statute directs that the Commission make its determination within 45 days of its receipt of the petition, or in the case by October 24, 1980.

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and in the Commission's New York City Office, located at 6 World Trade Center, and by publishing the notice in the Federal Register on September 24, 1980 (45 FR 63388). The public conference was held in Washington D.C., on October 3, 1980, and all persons who requested the opportunity were

permitted to appear in person or by counsel.

Statement of Reasons for the Affirmative Determination of Chairman Bill Alberger, Vice Chairman Michael J. Calhoun, Commissioners George M. Moore and Catherine Bedell in Investigation No. 731-TA-31 (Preliminary) and in Investigation No. 731-TA-33 (Preliminary)

Determinations

On the basis of the record in investigation No. 731-TA-31 (Preliminary), we determine that there is a reasonable indication that an industry in the United States is materially injured,¹⁰ or is threatened with material injury,¹¹ by reason of imports from the Federal Republic of Germany of barium carbonate, provided for in item 472.06 of the Tariff Schedules of the United States, allegedly sold or likely to be sold in the United States at less than fair value (LTFV).

On the basis of the record in investigation No. 731-TA-33 (Preliminary), we determine that there is a reasonable indication that an industry in the United States is materially injured,¹⁰ or is threatened with material injury,¹¹ by reason of imports from Italy of strontium nitrate, provided for in item 421.74 of the Tariff Schedules of the United States, allegedly sold or likely to be sold in the United States at less than fair value.

The following findings and conclusions, based on the record in these investigations, support these determinations.

The Products

Each of the products subject to these investigations has distinct uses and characteristics, and each is therefore sold in a distinct market. Barium carbonate is used in a variety of ways, principally to prevent scumming in the manufacture of bricks and discoloration in the production of ceramics, and to increase the brilliance and refractive index of glass. It is also used in lesser amounts in the manufacture of permanent-magnet ferrites and photographic paper, and in the manufacture of other chemicals.¹² Strontium nitrate is used primarily in the manufacture of pyrotechnic devices, with small amounts being used in

chromate coatings and as chemical reagents. There appear to be no available commercial substitutes for barium carbonate and strontium nitrate.

Because domestically produced barium carbonate and strontium nitrate are virtually identical to the respective products being imported, we conclude that for investigation 731-TA-31 (Preliminary) the like product is barium carbonate and for investigation 731-TA-33 (Preliminary) the like product is strontium nitrate within the meaning of section 771(10) of the Tariff Act of 1930 (19 U.S.C. 1677(10)).

The Domestic Industry

In these investigations, we have concluded that there are separate appropriate domestic industries against which the impact of the alleged LTFV sales of the imports should be measured, each consisting of the producers of the respective like products.¹³

Each of these chemicals is produced continuously on either a separate production line or for several months at a time on a production line which may also be used for other chemical products. Further, each of the products is very different in characteristics and uses, and each is sold in a different market. Therefore, we conclude that there is a separate industry corresponding to each chemical, and that the data permit the assessment of injury in each industry.

The Question of Reasonable Indication of Material Injury or Threat Thereof

Section 733(a) of the Tariff Act directs that the Commission "shall make a determination, based upon the best information available to it at the time of the determination * * *." Section 771(7)(A) defines the term "material injury" to mean "harm which is not inconsequential, immaterial, or unimportant." Section 771(7)(B) directs that in making its injury determination, the Commission shall consider, among other factors, (1) the volume of imports of the merchandise which is the subject of the investigation, (2) the effect of imports of such merchandise on prices in the United States for like products, and (3) the impact of imports of such merchandise on domestic producers of like products. In light of these directives, we base our decisions on the findings of fact and conclusions of law discussed below.

Barium Carbonate

Volume of imports.—U.S. imports of precipitated barium carbonate from

⁶The record is defined in § 207.2(j) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(j)).

⁷Chairman Alberger found only that there is a reasonable indication that an industry in the United States is materially injured.

⁸Petition filed on behalf of FMC Corp., Chemical Products Corp., and the Sherwin-Williams Co.

⁹Petition filed on behalf of FMC Corp. and Chemical Products Corp.

¹⁰Petition filed on behalf of the FMC Corp.

¹¹Chairman Alberger finds only that there is a reasonable indication that an industry is materially injured.

¹²Material retardation of the establishment of an industry is not in issue in these cases since there are producers of each product under consideration. Thus this issue is not discussed further.

¹³Chemical Profile on barium carbonate, Sept. 8, 1980.

¹³See views of Chairman Alberger and Vice Chairman Calhoun in investigation No. 731-TA-32 for the relationship among these products.

West Germany, by far the major foreign supplier, have increased substantially in recent years, rising from 11.1 million pounds in 1977 to 15.6 million pounds in 1979, or by 37 percent. The market penetration of imports from West Germany has similarly increased, rising from 13.6 percent in 1977 to 18.6 percent in 1979.¹⁴

Effects of imports on prices.—During 1977–79, a period of sharply increased imports of West German barium carbonate, the imported product consistently undersold its domestic counterpart by substantial margins. These margins of underselling, which were at their highest level during 1979, continued into January–June 1980. In all instances, the margins of underselling were more than accounted for by the alleged margins of sales at less than fair value.¹⁵

Impact of imports on the domestic producers.—The record shows that domestic production, capacity utilization, sales, and profit realized from U.S. producers' barium carbonate operations fell during 1977–79 and January–June 1980. During this period—one in which imports increased substantially—inventories held by domestic producers displayed sharp and continuing increases.¹⁶

U.S. production of barium carbonate declined from 69 million pounds in 1977 to 63 million pounds in 1979, and capacity utilization declined from 92 percent to 83 percent.¹⁷ Producers' domestic sales fell from 70 million pounds to 61 million pounds, or by 13 percent, and declined an additional 18 percent in January–June 1980 compared with sales in the corresponding period of 1979.¹⁸ Producers' inventories of barium carbonate increased from 5 million pounds as of yearend 1977 to about 7 million pounds by yearend 1979, and then almost doubled to 14 million pounds as of June 30, 1980.¹⁹

U.S. producers realized low profit from their operations in producing barium carbonate during 1977–79, and virtually no profit during January–June 1980. The ratio of net operating profit to net sales of barium carbonate by domestic producers increased from 1.6 percent in 1977 to 5.2 percent in 1979, but then fell to about 0.05 percent in January–June 1980.²⁰

Strontium Nitrate

Volume of imports.—Imports of strontium nitrate from Italy began only in mid-1978; since that time, however, Italy has been virtually the only foreign supplier of this product to the United States. Imports from Italy increased from zero in 1977 to 0.5 million pounds in 1978, and then jumped to 3.1 million pounds in 1979. The market penetration of imports from Italy similarly increased, rising more than fourfold from 1978 to 1979.²¹

Effects of imports on prices.—During 1977–79, a period of very sharply increased imports of Italian strontium nitrate, the imported product generally undersold its domestic counterpart by substantial margins. The margins of underselling increased markedly during 1979. In all instances, the margins of underselling were more than accounted for by the alleged margins of sales at less than fair value.²²

Impact of imports on the domestic producers.—U.S. production of strontium nitrate increased from 1977 to 1978, but fell substantially thereafter. Production declined by more than one-fourth in January–June 1980 in comparison with production during the corresponding period of 1979. Trends in capacity utilization were similar.²³

End-of-period inventories of strontium nitrate held by the domestic producer increased without interruption during the period January 1977–June 1980. Inventories as of June 30, 1980, were more than double those held a year earlier, and were equivalent to a very large percentage of the producer's annual sales of this product.²⁴

The number of man-hours worked by production and related workers in producing strontium nitrate in the United States, as well as wages paid to such employees, declined from 1978 to 1979. These declines continued into January–June 1980.²⁵

The domestic producer's sales of strontium nitrate increased from 1977 to 1978, and then fell substantially in 1979. The decline in such sales continued into January–June 1980, as compared with sales during the corresponding period of 1979.²⁶

The U.S. producer's profit realized from operations in producing strontium nitrate deteriorated sharply after 1978, the year in which imports of strontium nitrate from Italy first entered the U.S. market. The ratio of net operating profit

to net sales in 1979 was less than half that in 1978, and the ratio continued to fall during January–June 1980.²⁷

Conclusions

On the basis of the large margin of underselling coupled with rising U.S. producers' inventories and the declining trends in their production, capacity utilization, sales, and profit during 1977–79 and January–June 1980, we conclude that there is a reasonable indication that the domestic industry producing barium carbonate is materially injured,²⁸ or is threatened with material injury, by reason of imports from West Germany allegedly sold, or likely to be sold, at less than fair value.

On the basis of the margin of underselling coupled with the high inventories held by the U.S. producer and declining trends in domestic production, capacity utilization, sales, employment, and profit during 1977–79 and January–June 1980, we conclude that there is a reasonable indication that the domestic industry producing strontium nitrate is materially injured,²⁹ or is threatened with material injury, by reason of imports from Italy allegedly sold, or likely to be sold, at less than fair value.

Views of Commissioner Paula Stern

Introduction

On the basis of the best available information in these preliminary antidumping investigations, I voted in the affirmative in both investigations 731-TA-31 (Barium Carbonate from the Federal Republic of Germany) and 731-TA-33 (Strontium Nitrate from Italy). In Investigation 731-TA-32 (Strontium Carbonate from the Federal Republic of Germany), my determination was negative.

I concur with my colleagues regarding the definition of industry in each investigation.*

¹⁴ Report, at pp. A-29 through A-31.

¹⁵ Chairman Alberger's finding is limited to material injury.

* Further, I point out that the available data permit analysis of the effects of the alleged LTFV imports on production of the respective like products. In contrast to *Pipes and Tubes of Iron and Steel from Japan* (Inv. No. 731-TA-15 (Preliminary), April 1980), it is not necessary to aggregate. In these cases, data clearly provide a separate identity for each product. Each of the chemicals is produced either on a separate production line or on an individual production line for several months at a time. As a result, the task of allocating was less complex than in *Pipes and Tubes*. There is a virtually unique demand for each chemical, and all of the companies provided allocated profit-and-loss data. For these reasons, a product-by-product analysis is possible.

¹⁶ Report, at pp. A-33 through A-35.

¹⁷ Report, at pp. A-6, and A-40 through A-44.

¹⁸ Report, at p. A-23 through A-25.

¹⁹ Report, at p. A-17.

²⁰ Report, at pp. A-19 through A-20.

²¹ Report, at pp. A-23 through A-25.

²² Report, at pp. A-28 through A-30.

²³ Report, at pp. A-34 through A-38.

²⁴ Report, at pp. A-6, A-47 and A-48.

²⁵ Report, at pp. A-17 through A-19.

²⁶ Report, at pp. A-24 through A-28.

²⁷ Report, at pp. A-27 through A-28.

²⁸ Report, at pp. A-20 through A-23.

Material Injury by Reason of Alleged LTFV Imports

Investigation 731-TA-31. Barium Carbonate from the Federal Republic of Germany

The most striking indications of the economic difficulties being experienced by the U.S. barium carbonate industry are the data related to sales and profitability. Sales of barium carbonate have fallen steadily since 1977. In 1977 sales amounted to 69.9 million pounds. By 1979 they had fallen thirteen percent to 60.8 million pounds, and from January-June 1980 they declined roughly eighteen percent over the January-June 1979 level. Profitability has been low since the beginning of the period under consideration. Profits did increase from 1977 to 1979; however, from January-June 1980 they fell to less than 0.5 percent of sales.²⁹

The industry is comprised of three domestic producers—FMC Corp. (FMC), Chemicals Products Corp. (CPC), and Sherwin-Williams Co. The unusual production procedure utilized by FMC, where barium and strontium carbonate are produced on the same production line on a "campaign" basis,³⁰ requires looking beyond the aggregated figures on production, capacity and inventories to determine whether FMC's product mix shifts are camouflaging economic difficulties facing the industry as a whole. Production, capacity and inventory figures on a company-by-company basis reveal adverse signs that cannot be attributed to the "campaign" production of FMC. Production has been declining since 1978. Though capacity utilization has generally been high, analysis suggests some weakness in the figures. There has also been a significant build-up of inventories in 1980.

The question that needs to be answered is whether these indications of injury can be attributed to the alleged LTFV imports. A number of causes other than imports were put forward in this preliminary investigation, including the recession-related drop in consumption, the shift from barium to strontium carbonate for use in controlling TV X-ray emissions, and internal problems of the domestic producers. Further analysis of the record also raises another possible cause. The drop in domestic

sales from January-June 1980 is largely accounted for by a drop in sales of chemical grade barium carbonate. However, it is not clear if West Germany ships chemical grade barium carbonate to the United States.³¹

In antidumping cases the Commission does not weigh the causes of injury to a domestic industry. Other factors are to be considered, however, and the essential point is that the Commission "must satisfy itself that in light of all the information presented, there is sufficient causal link between the less-than-fair-value imports and the requisite injury."³²

In this preliminary investigation, I found a reasonable indication that the injury discussed above is by reason of alleged LTFV imports. The staff report in this investigation shows sizeable margins of underselling for both glass and ceramic grade barium carbonate.³³ Underselling by the alleged LTFV imports of the glass grade barium carbonate averaged fourteen percent for the period under consideration. Ceramic grade carbonate imports from West Germany undersold the similar U.S. product by an average of twenty percent over the same period.

Imports increased from 1977 to 1979 from 11.4 million pounds to 15.1 million pounds. Though imports have been dropping since 1978 concomitant with the decline in consumption, market penetration from January-June 1980 was still above the 1977 level. Market penetration increased from 13.6 percent in 1977 to 18.3 percent in 1978. This increase in part results from the fact that the "supply gap" (the shortfall between domestic capacity and demand) increased from 8 million pounds in 1977 to 14 million pounds in 1978. However, in 1979 when the "supply gap" narrowed to 9 million pounds, the share of the market held by imports did not decline. In fact, in 1979, it continued to increase minimally. At that time the margin of underselling was at the highest levels for the whole period under consideration. While market penetration dropped from 19.3 percent in January-June 1979 to 15.4 percent in the same period in 1980, the latest level is still significant.

²⁹ The Staff Report identifies various grades of both barium and strontium carbonate. There are, however, no published industry-wide specifications concerning grades, and staff advises that the end-user can normally adapt to the use of any of the available grades. All the grades of each product are chemically identical.

³⁰ S. Rep. No. 83-248, 93rd Cong., 1st Sess. 70 (1979).

³¹ A brief submitted late in the investigation by the importer raises questions about the veracity of the margins. The staff did not have time to verify data submitted in this brief.

Prices of both U.S.-produced and imported barium carbonate have been increasing substantially. During the period under consideration, U.S. prices of ceramic grade barium carbonate rose 57 percent, while prices of imports increased fifty percent. Over the same period, U.S. prices of glass grade barium carbonate rose fifty percent, while import prices rose 55 percent. Despite the substantial U.S. price increases, the petitioners allege that prices have been suppressed because they have not been able to cover rising costs with sufficiently large price increases. Should the case return for a final determination, this issue needs to be explored further.

Based on the information developed in this investigation concerning the level of imports, the margin of underselling, and the economic condition of the U.S. industry, I have found that there has been a showing of a reasonable indication of material injury by reason of the alleged LTFV imports.³⁴

Investigation 731-TA-32. Strontium Carbonate from the Federal Republic of Germany

In this investigation price data gathered by the Commission staff reveal that underselling has increased significantly from 1977 to the present. In January-June 1977 the price of imported strontium carbonate was only slightly less than the U.S. price. The margin of underselling from mid-1977 through the first quarter of 1979 averaged about five percent. At that time the differential between the prices of U.S. and strontium carbonate imported from West Germany jumped to approximately fifteen percent. By October 1979, however, the margin began to narrow, and in June 1980 stood at about ten percent.^{35 36} While underselling might suggest a causal link to alleged LTFV imports, I have not found any reasonable indication of material injury by reason of such imports.

A number of factors might indicate that the health of the U.S. industry is deteriorating. Though increasing over the 1977-79 period, the figures for production, sales, and capacity utilization are down from January to June 1980. Production dropped more than fifteen percent from the January-June 1979 level. Sales fell nearly five percent over the same period, and

³² Important data necessary to analyze threat were not available in this investigation. This issue requires thorough exploration should this case return for a final determination.

³³ The term "underselling" or "undercutting" as in Section 771(7)(C)(ii)(I) of the Tariff Act of 1930, refers to the circumstances where the price of the alleged LTFV imports is below the price of the domestic like product in the U.S. market.

³⁴ *Supra* note 8 at page 14.

³⁰ Profitability has varied substantially by company. Should this case return for a final investigation, profit data will need to be reviewed carefully to ensure that allocations have been made in a uniform manner by all companies.

³¹ In production by "campaign," common equipment is used to alternately produce barium carbonate and strontium carbonate. Between changeovers, the equipment is purged and cleaned. The plant "turns around" between the production of the two chemicals two to four times per year.

capacity utilization declined accordingly. Inventories in June 1980 were higher than in June 1979, another possible indication of ill health.

However, a careful analysis reveals that these "negative" data are not indicative of material injury by alleged LTFV imports. There are two domestic producers of strontium carbonate, FMC and CPC. FMC uses the same production line for both strontium carbonate and barium carbonate production. From January to June 1980, FMC increased barium carbonate production. This shift fully accounts for the declines in strontium carbonate production, sales, and capacity utilization.³⁷ Also, due to FMC's "campaign" plant operations, inventory levels reported for the period under consideration are not necessarily indicative of economic difficulties. FMC maintains high inventories of strontium carbonate while the barium carbonate "campaign" is on; this is a rational business practice and not a negative factor. Strontium carbonate production, sales, and capacity utilization have not declined at any time during the period under consideration for the other domestic producer, which maintains separate production lines for each carbonate.

Profitability data in the aggregate shows serious declines between 1977 and 1979, but a rebound in 1980 (though not to 1977 levels). It is essential to disaggregate these data in order to reach a judgement on attributing material injury to LTFV imports. On a disaggregated basis the data reveal that one company has been making handsome profits and that these profits increased over the January-June 1980 period. The other company has been facing increasing profitability problems, although the net-profit-to-sales ratio improved in January-June 1980 compared to the same period in 1979. The problems of the latter company cannot be attributed to imports. Though there may be some allocation problems with the financial data, it is clear that this company's costs—both "costs of goods" sold and particularly "general, selling and administrative costs"—are responsible for its financial dilemma. These high costs relate to expenditures necessary to meet environmental regulations and expenditures of freight equalization. These "internal" causes of declining profitability cannot be attributed to the alleged LTFV imports. The other company facing the same alleged LTFV imports but without these

handicaps is clearly not suffering material injury.

There have been substantial price increases by U.S. producers of strontium carbonate over the past few years. Domestic producers' average prices of glass grade strontium carbonate—the principal grade being traded—rose about fifty percent from January-March 1977 to April-June 1980. Despite these price increases, the petitioners allege price suppression. Given the enormous costs of production of one producer, this allegation is not surprising. It is clear that price increases have not compensated for these heavy costs, but this producer also faces domestic competition and its inability to raise prices further has not been demonstrably linked to imports. Moreover, a look at profits for the other company reveals it is not experiencing price suppression.

The overall health of the domestic strontium carbonate industry is clearly reflected in sales that have steadily increased since 1977. Even as consumption dropped in 1980, sales continued to grow. U.S. sales increased almost ten percent from 1977 to 1979. From January-June 1980—although apparent U.S. consumption dropped about ten percent—domestic sales increased over January-June 1979 levels.

On the other hand, imports, which had risen substantially from 1977 to 1979, plummeted from January-June 1980. The alleged LTFV imports grew from 2.3 million pounds in 1977 to 7.7 million pounds in 1979. In January-June 1980, imports amounted to only 397,000 pounds. Import penetration rose substantially from 1977 to 1979. In January-June 1980, however, import penetration fell significantly below the 1977 level. The drop in import penetration in 1980 far surpasses the recession-related drop in consumption during that period. Further, the current low level of import penetration combined with all the other information discussed above dispels the idea that the U.S. industry may be "threatened" by the alleged LTFV imports.

Investigation 731-TA-33.

Strontium Nitrate from Italy.

FMC is the sole domestic producer of strontium nitrate, and all of its problems began when the alleged LTFV imports from Italy arrived in this country in 1978. The actual declines in the company's economic indicators were submitted to the Commission on a confidential basis and can only be referred to in general terms. Declines in production, shipments, capacity utilization, and manhours worked have been sizable.

The decline in profitability has been even more striking, although the data do not show actual losses on the strontium nitrate line.³⁸ Inventories have risen steadily and significantly. However, given the "campaign" nature of FMC's production of strontium carbonate, the raw material from which strontium nitrate is produced, inventory data is not particularly useful as an indicator of economic well-being.

These indications of material injury relate directly to the imports of strontium nitrate from Italy. In 1978, the Olin Corporation, an important FMC customer, shifted all of its strontium nitrate purchases for its Peru, Indiana plant to SABED, the Italian producer. As a result, the alleged LTFV imports rose nearly 500 percent from 1978 to 1979, and the import consumption ratio increased accordingly to approximately twenty percent. The level of imports dropped in January-June 1980—with the concomitant decline in consumption related to the recession—but the market penetration of the alleged LTFV imports increased slightly in comparison to January-June 1979.

On an FOB factory/ex dock basis³⁹ the alleged LTFV imports did not undersell U.S. strontium nitrate at the time they first began to trickle into the United States. Nor did they undersell U.S.-produced strontium nitrate in June of this year on this accounting basis. However, at the time when imports were highest (1979), the margin of underselling was greatest. Moreover, on a delivered-price basis—given the distance from FMC's strontium nitrate plant in California to Olin's plant in Indiana—imports have undersold the domestic product throughout the period under review.

Allegations of price suppression have also been made in this investigation. The petitioner claims that he has not been able to increase his prices enough to recover his costs due to the alleged LTFV imports. This allegation will need to be further explored should this case return for a final investigation. More research needs to be done on the petitioner's costs relative to production.

³⁸The profitability data needs to be reviewed carefully in the final investigation. Profitability data provided to the Commission in this investigation raises a question whether FMC has allocated its costs between strontium carbonate and strontium nitrate. Strontium carbonate is an input in the production of strontium nitrate.

³⁹The domestic producer provided the Commission with f.o.b. factory prices (i.e., net prices received excluding expenses incident to delivering the merchandise to the purchaser). The principal importer of strontium nitrate from Italy provided the Commission with ex dock prices (i.e., purchase price delivered to the first U.S. port of importation, including import duty and clearance charges) paid for such merchandise.

³⁷It is likely that declines in manhours worked in 1980 are also predominantly related to shifts in the barium/strontium mix on the FMC production line.

As mentioned in the strontium carbonate discussion above, it is not clear how much the alleged LTFV imports can be held responsible for FMC's pricing policies.

The importer, Olin, has asked the Commission to dismiss this case because Olin's decision to switch suppliers for its Indiana plant was based on a need for an alternative, reliable source of supply. An Olin representative stated at the conference: "The supply considerations were our sole reason for purchasing from SABED, not price, and not because we wished to cease dealing with FMC."⁴⁰

The legislative history of the Trade Agreements Act of 1979 provides the Commission with considerable discretion in analyzing the relative importance of various factors related to this investigation. The House Report on the Trade Agreements Act states: "The significance of the various factors affecting an industry will depend upon the facts of each particular case. Neither the presence nor the absence of any factor listed in the bill can necessarily give decisive guidance with respect to an injury determination."⁴¹

It would be highly unusual for an evaluation of lost sales information to be pivotal rather than supplementary in reaching a determination in either antidumping or countervailing duty cases. Clearly, lost sales information is among the most subjective data gathered in these investigations since it is prone to interpretation in terms of the self-interest of the party responding to the questionnaire.

In this case Olin staunchly claims that its decision to switch supplier is not "motivated" by price considerations and thus the problems of the U.S. industry should not be attributed to any alleged LTFV practices of SABED. It is clear, however, from other testimony and from Exhibit D of Exhibit 2, a letter sent from Olin to FMC at the time Olin decided to shift supplier, that price did and does factor into Olin's decision to supply the Indiana plant from Italy.

Exhibit D of Exhibit 2 states: "Our right to develop a second source has become of paramount importance with your continued aggressive pricing policy and the surprise revelation that you have serious environmental problems at Modesto." (Emphasis added.) At the conference, in response to questioning by the ITC staff as to whether "Olin would pay a substantially higher price in order to have a second source of supply in Italy than the price that was currently

quoted by FMC, the sole supplier," counsel for Olin stated:

"Obviously there are parameters there, but they (Olin) are willing to pay a higher price and did so."

A second Olin representative added:

"We have paid a higher price. We have to evaluate the term substantial. The market place in the East for our end product is very competitive. It would be difficult for us to sustain a substantial price increase at the Peru facility."⁴²

At another point in the Conference, he stated further:

"Not only have our supply problems with FMC been extremely serious, but we also are concerned about the rate of FMC's price increases."⁴³

The Olin representative also indicated that the decision to use imports at its Peru, Indiana plant and not its Morgan Hill, California plant, was the result of an evaluation of the relative costs of the U.S. and imported products, including the freight cases, to each plant.⁴⁴

The desire of any customer to avoid relying on a sole supplier is inherently related to price considerations. But the central dispute in antidumping cases involves the "fairness" of the price being offered by the alternative, foreign supplier. In this case, there are allegations of substantial dumping margins. If these margins are indeed found to exist by the Department of Commerce and if the Commission in turn votes in the affirmative in a final investigation, the price of Italian strontium nitrate would increase substantially as a result of the application of antidumping duties. Given the testimony in this investigation, it is questionable whether Olin under these circumstances would continue to purchase Italian strontium nitrate.

It is clear that at this stage there is a reasonable indication that there is material injury by reason of the alleged LTFV imports.⁴⁵

Conclusion

Each of these investigations presented a unique configuration of economic data. In the strontium carbonate case, the variation of the performance of the two domestic producers is striking and the role of the alleged LTFV imports in the U.S. market has declined dramatically. In the barium carbonate industry, in contrast, the role of imports has

remained significant and there are reasonable indications of economic difficulties attributable to the subject imports. The strontium nitrate case is highly unusual; in the face of present adverse economic trends, I judged it inappropriate to dismiss the case at this time on the basis of lost sales information undermined by the contradictory record.

Statement of Reasons for the Negative Determination of Chairman Bill Alberger and Vice Chairman Michael J. Calhoun in Investigation 731-TA-32 (Preliminary)

Determination and Conclusion of Law

On the basis of the record in investigation No. 731-TA-32 (Preliminary), we determine that there is no reasonable indication that an industry in the United States is materially injured or is threatened with material injury by reason of imports from the Federal Republic of Germany of strontium carbonate,⁴⁶ provided for in item 421.72 of the Tariff Schedules of the United States, allegedly sold or likely to be sold in the United States at less than fair value.

Pursuant to Section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673(b)) (hereinafter the Tariff Act), in order to reach a determination in this investigation, we are required to define the domestic industry and review the best information available for a reasonable indication of material injury or threat of material injury by reason of the imports of strontium carbonate.

Domestic Industry

The term "industry" is defined in section 771(4)(A) of the Tariff Act (19 U.S.C. 1677(4)(A)) as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." The term "like product" is further defined in section 771(10) of the Tariff Act (19 U.S.C. 1677(10)) 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 the statute, the identification of the domestic industry in each investigation is based upon the proper identification of the "like product" which, in turn, is a function of the article which is the subject of the investigation by the Department of Commerce. The Department of Commerce initiated an

⁴⁰ Conference Transcript, p. 154.

⁴¹ *Id.* p. 159.

⁴² *Id.* pp. 166-167.

⁴³ In this preliminary investigation important information related to "threat of material injury" was not available. Data on Italian capacity and the likelihood of increased exports being directed to the United States will need to be explored if the case returns for a final investigation.

⁴⁶ Material retardation of the establishment of an industry is not in issue in this investigation, since there are producers of strontium carbonate. Thus, this issue is not discussed further.

⁴⁴ Conference Transcript, p. 160.

⁴⁵ H. Rep. No. 96-317, 96th Cong., 1st Sess. 46 (1979).

investigation concerning imports of strontium carbonate.⁴⁰ Furthermore, there is domestically produced strontium carbonate, which is virtually identical to the strontium carbonate being imported. Thus, for the reasons discussed below, we find that in Investigation 731-TA-32 (Preliminary) the like product is strontium carbonate and the domestic industry is the producers of that product.

All strontium carbonate, whether imported or produced in the United States, has the same chemical formula.⁴¹ It is sold for use primarily in the manufacture of picture tubes for color television receivers (80 percent) because of its superior ability to prevent x-ray emissions. It is also used for the production of ferrite magnets, ceramics, and other uses, including the manufacture of strontium nitrate. There appears to be no practical substitute for the major use of strontium carbonate.

The petitioners in this investigation and in Investigations 731-TA-31 and 731-TA-33 (relating to barium carbonate and strontium nitrate, respectively) acknowledge that there is some relationship among the production of various of the three products being investigated. However, we believe that these are distinct products which serve distinct markets. Each of these chemicals is produced by a few companies: Three firms manufacture about 98 percent of U.S. barium carbonate, two firms manufacture 100 percent of the U.S. strontium carbonate, and one firm produces 100 percent of the U.S. strontium nitrate. Each product is produced in either a separate production line or is produced for several months at a time on an individual production line. Further, each of the products is very different in characteristics and uses, and each of the chemicals is sold in a different market. Therefore, we conclude that there is a separate industry corresponding to each chemical and that the data permit the assessment of injury in each industry.

The question of reasonable indication of material injury or threat thereof

Section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1671b) directs the Commission to make a determination, based upon the best information available to it at the time of the determination, whether there is a reasonable indication that an industry is being materially injured or threatened with material injury by reason of the imported merchandise. Section 771(7)(A) (19 U.S.C. 1677(7))

defines the term "material injury" to mean "harm which is not inconsequential, immaterial or unimportant." In making its determination, the Commission must consider, among other factors, (1) the volume of imports of the merchandise which is the subject of the investigation, (2) the effect of imports of such merchandise on prices in the United States for like products, and (3) the impact of imports of such merchandise on domestic producers of like products (19 U.S.C. 1677(7)(B)).

A careful preliminary analysis of the health of the domestic industry has led us to the conclusion that there is no reasonable indication that its condition has sufficient connection to imports to support an affirmative preliminary determination. We were first struck by the drastic decline—almost disappearance—of imports in January-June 1980 after three years of increase. Further analysis led us to the conclusion that the decline in the profitability of the industry is related to the high transportation and other general costs incurred by one of the two domestic producers of strontium carbonate. Another domestic factor affecting the industry, particularly inventories, may have been a buildup in inventories to prepare for the shift of the production of one producer from strontium carbonate to barium carbonate. Yet, in the face of the increase in imports from 1977-1979 and a recent decline in demand, domestic producers have increased prices and sales. Moreover, we found no sales lost by reason of price. Based on these and other considerations, we find no reasonable indication of material injury or the threat thereof by reason of imports of strontium carbonate.

We base our decision on the findings of fact and conclusions of law discussed below.

Volume of Imports

The alleged LTFV imports in this investigation were from Kali-Chemie, A.G., of West Germany, which has accounted for virtually all imports of strontium carbonate since 1977. The volume of imports did increase significantly between 1977 and 1978, and increased slightly in the next year as well. However, the volume of imports in the first six months of 1980 was 85 percent below the amount for the same period of 1979.

In fact, imports in this most recent period were virtually nil, and the market shared enjoyed by West German imports declined substantially from 1979 to the first half of 1980. Moreover, the significant increase in the imports' market share from 1977 to 1978

coincided with a shortfall in supply available from domestic producers in the face of rapidly expanding domestic demand. Thus, purchasers who initially turned to imports because of availability problems may now be seeking to maintain an alternative source of supply.

Effect of LTFV Imports on Prices

The best information available to the Commission at this time does indicate significant price undercutting by the West German imports of glass grade strontium carbonate. This is the grade which accounts for a large majority of domestic production. However, in the period 1977-78, when the import share experienced its biggest gain, the margin of underselling was relatively small, ranging from almost zero to less than 5 percent. The most significant price undercutting occurred in 1979, but during this period, the imports did not increase by nearly as much, even though the margin of underselling grew. The margin of underselling appears to be narrowing in 1980.

Price suppression does not appear to be a factor either. In fact, domestic prices for the glass grade products have increased almost 50 percent since 1977, a rate of increase well above that experienced by the entire chemical industry.

Impact on the Affected Industry

Domestic production of strontium carbonate grew substantially from 1977 to 1979. While production in the first half of 1980 is down slightly, our investigation reveals that one firm has shifted production significantly to barium carbonate. Since this firm makes both articles on the same production facility, its production of each is on a "campaign" basis, meaning that to produce barium carbonate it must temporarily cease production of strontium carbonate. This may explain the downturn in 1980.

Domestic sales were also up during the period under investigation, increasing approximately 10 percent from 1977 to 1979 and then remaining steady in 1979. Aggregate profits have experienced a contrary trend to production and sales. From 1977 to 1979, for example, net operating profits for the two domestic producers declined by more than 50 percent.

At first blush this may appear to provide a reasonable indication of injury. However, one of the two producers reported a steadily improving profit situation and, in fact, has substantial profits. The producer whose losses account for the aggregate decline in profitability experienced huge

⁴⁰ 45 F.R. 60188 (October 6, 1980).

⁴¹ The chemical formula for strontium carbonate is SrCO_3 .

increases in transportation and other selling costs. It is unlikely that competition between and profitability of the two producers would be any different without imports. In addition, this firm shifted much of its production to barium carbonate in 1980, thus accounting for declines in production, shipments, and capacity utilization. Previous to this change, capacity utilization had remained at nearly 100 percent industry wide.

Inventories decreased in 1978, then jumped substantially in 1979. Moreover, inventories are up in the first six months of 1980 over the prior comparable period. Much of this may be because the producer who shifted to barium carbonate sought to build-up its strontium carbonate supplies in anticipation of its changeover. The other producer did not report increasing inventory levels.

Although there were allegations of sales lost to alleged less than fair value imports because of price, we find the evidence on the record does not support the allegations.

Statement of Reasons for the Affirmative Determination of Commissioners George M. Moore and Catherine Bedell in Investigation No. 731-TA-32 (Preliminary)

Determination

On the basis of the record in Investigation No. 731-TA-32 (Preliminary), we determine that there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury,⁴⁹ by reason of imports from the Federal Republic of Germany of strontium carbonate, provided for in item 421.72 of the Tariff Schedules of the United States, allegedly sold or likely to be sold at less than fair value (LTFV).

The following findings and conclusions, based on the record in this investigation, support this determination.

The Product

Strontium carbonate is used primarily in the production of television picture tubes, as well as in the production of ferrite magnets, ceramics, and other uses, including the manufacture of strontium nitrate.⁵⁰ There appear to be no available commercial substitute for strontium carbonate.

Because domestically produced strontium carbonate is virtually

identical to the imported product, we conclude that the "like product" in this investigation, within the meaning of section 771(10) of the Tariff Act of 1930 (19 U.S.C. 1677(10)) is strontium carbonate.

The Domestic Industry

We have concluded that the relevant domestic industry consists of the domestic producers as a whole of strontium carbonate, within the meaning of section 771(4)(A) of the Tariff Act of 1930 (19 U.S.C. 1677(4)(A)).

The Question of Reasonable Indication of Material Injury or Threat Thereof

Section 733(a) of the Tariff Act directs that the Commission "shall make a determination, based upon the best information available to it at the time of the determination * * *." Section 771(7)(A) defines the term "material injury" to mean "harm which is not inconsequential, immaterial, or unimportant." Section 771(7)(B) directs that in making its determination, the Commission shall consider, among other factors, (1) the volume of imports of the merchandise which is the subject of the investigation, (2) the effect of imports of such merchandise on prices in the United States for like products, and (3) the impact of imports of such merchandise on domestic producers of like products. In light of these directives, we base our decision on the findings of fact and conclusions of law discussed below.

Volume of imports

Imports of precipitated strontium carbonate from West Germany have accounted for virtually all U.S. imports of this product since 1977. Imports from West Germany have increased very sharply in recent years, more than trebling from 2.3 million pounds in 1977 to 7.7 million pounds in 1979. The market penetration of imports from West Germany has similarly increased, almost trebling from 1977 to 1979.⁵¹

Effects of imports on prices

During 1977-79, a period of greatly increased imports of West German strontium carbonate, the imported product consistently undersold its domestic counterpart by substantial and generally increasing margins. The margins of underselling increased markedly during 1979 and continued into January-June 1980. In all instances, the margins of underselling were more than

accounted for by the alleged margins of sales at less than fair value.⁵²

Impact of imports on the domestic producers

Stimulated by increasing domestic consumption, U.S. production of strontium carbonate increased from 1977 to 1979; however, production declined by more than 15 percent in January-June 1980 in comparison with production during the corresponding period of 1979. Trends in capacity utilization were similar.⁵³

Yearend inventories of strontium carbonate held by domestic producers more than doubled from 1978 to 1979. Inventories had been reduced somewhat by mid-1980, but they remained at substantially greater levels than those in other recent years.⁵⁴

Producers' domestic sales of strontium carbonate increased from 1977 to 1978, then remained stable in 1979. The increase in such sales from 1977 to 1979 was far less than the increase in apparent domestic consumption, as imports from West Germany captured a much larger share of the market.⁵⁵

U.S. producers' profit realized from operations in producing strontium carbonate deteriorated sharply from 1977 to 1979; the ratio of net operating profit to net sales in 1979 was less than half that 2 years earlier. The ratio of net profit to sales increased somewhat during January-June 1980, in comparison with that in the corresponding period of 1979, but remained at a much lower level than that achieved in 1977, the year immediately preceding the large increase in imports from West Germany.⁵⁶

Conclusion

On the basis of the large margin of underselling coupled with the relatively high inventories held by U.S. producers and the stagnant or declining trends in production, capacity utilization, sales, and profit during 1977-79 and January-June 1980, we conclude that there is a reasonable indication that the domestic industry producing strontium carbonate is materially injured, or is threatened with material injury, by reason of imports from West Germany allegedly sold, or likely to be sold, at less than fair value.

Issued: October 24, 1980.

⁴⁹ Since petitioners do not allege that imports of strontium carbonate materially retard the establishment of an industry in the United States, this issue will not be discussed further.

⁵⁰ Chemical Profile on strontium carbonate, Oct. 1, 1979.

⁵¹ Report, at pp. A-33, A-34, and A-36.

⁵² Report, at pp. A-6, A-40, and A-48 through A-48.

⁵³ Report, at pp. A-17 through A-18.

⁵⁴ Report, at pp. A-24 through A-25.

⁵⁵ Report, at pp. A-20 through A-21.

⁵⁶ Report, at pp. A-29 through A-31.

73820 Federal Register / Vol. 45, No. 217 / Thursday, November 6, 1980 / Notices

By Order of the Commission.
Kenneth R. Mason,
Secretary.

(PR Doc. 80-34547 Filed 11-6-80; 8:45 am)
BILLING CODE 7020-03-M

APPENDIX B

DEPARTMENT OF COMMERCE'S LETTER TO THE COMMISSION
AND NOTICE OF PRELIMINARY DETERMINATION OF
SALES AT LESS THAN FAIR VALUE



UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

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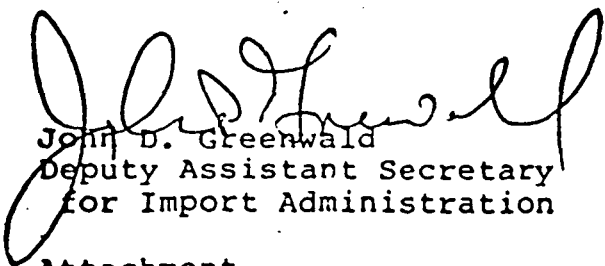
Honorable Bill Alberger
Chairman, International Trade Commission
Washington, D.C. 20436
OFFICE OF THE CHAIRMAN
U.S.I.T.C.

Dear Mr. Chairman:

In accordance with section 733(b)(1) of the Tariff Act of 1930, as amended (19 U.S.C. 1673b) (the Act), the Department of Commerce has preliminarily determined that precipitated barium carbonate from West Germany is being sold in the United States at less than fair value within the meaning of section 731 of the Act. As section 733 of the Act requires, we are hereby formally advising you of this determination and the bases for it, which are specified in the attached copy of the Federal Register notice.

Section 733(d)(3) of the Act, as amended (19 U.S.C. 1673b) directs us to give full access to all nonprivileged and nonconfidential information in our files. We will also make available all privileged and confidential information related to this case, once you confirm that you will maintain its confidentiality and will not disclose it either publicly or under administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

Sincerely,


John D. Greenwald
Deputy Assistant Secretary
for Import Administration

Attachment

OFFICE OF THE SECRETARY
GENERAL/COM

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DEPARTMENT OF COMMERCE**International Trade Administration****Precipitated Barium Carbonate From
the Federal Republic of Germany;
Antidumping—Preliminary
Determination of Sales at Less Than
Fair Value and Suspension of
Liquidation****AGENCY:** U.S. Department of Commerce.**ACTION:** Preliminary Determination of
Sales at Less Than Fair Value and
Suspension of Liquidation.

SUMMARY: The U.S. Department of Commerce has reached a preliminary determination that precipitated barium carbonate from the Federal Republic of Germany is being, or is likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended. Liquidation of entries for consumption is being suspended. A cash deposit, bond or other security in an amount equal to the estimated dumping margin of 9.9 percent will be required at the time of each entry or withdrawal from warehouse. Unless there is an extension, the final determination will be made on or before May 4, 1981.

EFFECTIVE DATE: February 18, 1981.

FOR FURTHER INFORMATION CONTACT:
Alain Letort, Office of Investigations,
Import Administration, International
Trade Administration, Department of
Commerce, Washington, D.C. 20230
(202-377-3524).

SUPPLEMENTARY INFORMATION:**Procedural Background**

On September 9, 1980, the Department of Commerce received an antidumping petition from counsel representing FMC Corporation, Chemical Products Corporation (CPC) and Sherwin-Williams Company. The petition alleges that precipitated barium carbonate from the Federal Republic of Germany is being, or is likely to be, sold in the

United States at less than fair value. After reviewing the petition as required by section 732 of the Tariff Act of 1930, as amended (19 U.S.C. 1673a) ("the Act"), we determined that there were sufficient grounds to initiate an antidumping investigation. Therefore, on October 6, 1980, we announced the initiation in the Federal Register (45 FR 66185).

On October 24, 1980, the United States International Trade Commission (ITC) found that there is a reasonable indication these imports, allegedly sold at less than fair value, are materially injuring or are threatening to materially injure a U.S. industry. The ITC published its determination in the Federal Register on November 6, 1980 (45 FR 73812).

Product Description

This determination relates to precipitated barium carbonate, which is currently classifiable in the Tariff Schedules of the United States (TSUS) under item number 472.06. Barium carbonate is used in the manufacture of black-and-white television picture tubes. In granular form (glass grade), it is used in the glass industry. In powder form (ceramic grade), it is used in the ferrite, ceramic and chemical industries. Other applications are in the manufacture of reflective beads and photo paper, in the formulation of brine treatments, and in the production of other barium chemicals.

FAIR VALUE COMPARISONS: The Department has made fair value comparisons by comparing the purchase price to the home market price.

U.S. Price

Purchase price, as defined in section 772(b) of the Act (19 U.S.C. 1677a), was used because the price to the unrelated customer was agreed to prior to the date of importation. We calculated the purchase price on the basis of the C.I.F. duty-paid price to unrelated U.S. purchasers with deduction for German inland freight, ocean freight and insurance. We determined the purchase price for all sales to unrelated U.S. purchasers in the period April 1 through September 30, 1980.

Foreign Market Value

The home market price, as defined in section 773(a) of the Act (19 U.S.C. 1677b), was used to determine the foreign market value since there were sufficient sales of barium carbonate in West Germany to form a proper basis of comparison. Fair value was calculated on the basis of the net weighted-average price per ton of such merchandise in the home market. U.S. packing costs were

added to the unpacked home market price. Claims were made for adjustments for differences in level of trade and differences in circumstances of sale. We disallowed the claim for differences in level of trade since respondent presented no evidence that the additional costs incurred in selling to end-users in the home market would not have been incurred in sales to distributors (19 CFR 353.19).

We rejected the claim for a circumstance of sale adjustment for advertising since all advertising appeared to be directed at the purchasers of the merchandise rather than were not attributable to a later sale of the merchandise as required in section 353.15, Commerce Regulations (19 CFR 353.15).

We disallowed the claim for a circumstance of sale adjustment for technical services because the respondent did not demonstrate that the services provided were directly related to the sales under consideration. These services appeared to be of a general nature (19 CFR 353.15).

Results of Fair Value Comparisons

Using the above criteria, we found that the purchase price was lower than the foreign market value. The margins ranged from 3.3 percent to 38.96 percent, and the weighted-average margin was 9.9 percent. We compared approximately 90 percent of the sales during the period of investigation; 91.9 percent of those were found to have been made at less than fair value.

Verification

We verified all information we relied on in making the preliminary determination at respondent's headquarters in Hannover, West Germany from corporate books and records. No discrepancies were found in the original response.

Preliminary Determination

Based on a comparison between United States prices and foreign market value in the Federal Republic of Germany, we have preliminarily determined that there is a reasonable basis to believe or suspect that exports of precipitated barium carbonate from West Germany 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 (19 U.S.C. 1673). The weighted-average margin preliminarily found was 9.9 percent.

The Department will afford interested parties an opportunity to present oral views in accordance with § 353.47, Commerce Regulations (19 CFR 353.47).

This hearing is scheduled to be held, if requested, at the U.S. Department of Commerce, Room 3708, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230, beginning at 10:00 a.m., March 18, 1981. Interested parties who desire such a conference should provide a written request for a conference to the Office of the Deputy Assistant Secretary for Import Administration, room 2800, at the address shown above. This request should contain (1) the name, address, and telephone number of the party requesting the conference; (2) the number of participants; and (3) a list of the issues to be discussed. All requests must be received by the Deputy Assistant Secretary no later than 10 days after publication of this notice. Any written views filed in accordance with section 353.46(a), Commerce Regulations (19 CFR 353.46(a)) should be filed at the address indicated above in at least 10 copies. Written views should be filed not later than March 20, 1981.

In accordance with section 733(d)(1) and (2) of the Act (19 U.S.C. 1673b), the liquidation of all entries of this merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice, shall be suspended. The posting of a cash deposit, bond, or other security in the amount of 9.9 percent of the f.o.b. value of precipitated barium carbonate from the Federal Republic of Germany will be required as of that date. This suspension of liquidation shall remain in effect until further notice.

In accordance with section 733(d)(3) of the Act (19 U.S.C. 1673b), we are making available to the ITC all nonprivileged and nonconfidential information related to this case. We will also make available all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information either publicly or under administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

This determination is published in accordance with § 353.39(a)(2), Commerce Regulations (19 CFR 353.39(a)(2)).

Dated: February 11, 1981.

John D. Greenwald,

Deputy Assistant Secretary for Import Administration.

APPENDIX C

NOTICE OF COMMISSION'S INVESTIGATION AND HEARING
AND LIST OF WITNESSES

(Investigations Nos. 731-TA-31 (Final) and 731-TA-33 (Final))

Precipitated Barium Carbonate From the Federal Republic of Germany and Strontium Nitrate From Italy

AGENCY: United States International Trade Commission.

ACTION: Institution of final antidumping investigations.

SUMMARY: As a result of affirmative preliminary determinations by the United States Department of Commerce that there is a reasonable basis to believe or suspect that exports of precipitated barium carbonate from the Federal Republic of Germany and strontium nitrate from Italy are being, or are likely to be, sold in the United States at less than fair value (LTFV) within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. 1673), the United States International Trade Commission (hereinafter "the Commission") hereby gives notice of the institution of investigations Nos. 731-TA-33 (Final)—Precipitated Barium Carbonate from the Federal Republic of Germany—and 731-TA-31 (Final)—Strontium Nitrate from Italy—to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise. For purposes of these investigations, precipitated barium carbonate and strontium nitrate mean those products provided for under items 472.06 and 421.74, respectively, of the Tariff Schedules of the United States (TSUS). These investigations will be conducted according to the provisions of part 207,

subpart C, of the Commission's Rules of Practice and Procedure (19 CFR Part 207, 44 FR 76457).

EFFECTIVE DATE: February 23, 1981.

FOR FURTHER INFORMATION CONTACT:

Mr. Robert Eninger, Office of Investigations, U.S. International Trade Commission, Room 348, 701 E Street, NW., Washington, D.C. 20436; telephone (202) 523-0312.

SUPPLEMENTARY INFORMATION: On October 24, 1980, the Commission unanimously determined, on the basis of the information developed during the course of investigations Nos. 731-TA-31 (Preliminary) and 731-TA-33 (Preliminary), that there was a reasonable indication that an industry in the United States was materially injured or threatened with material injury by reason of imports of precipitated barium carbonate from the Federal Republic of Germany and strontium nitrate from Italy, provided for in items 412.06 and 421.74, respectively, of the TSUS, which were allegedly being sold in the United States at LTFV. As a result of the Commission's affirmative preliminary determinations, the Department of Commerce continued its investigations into the question of LTFV sales. Unless the investigations are extended, the final LTFV determinations will be made by the Department of Commerce on or before May 4, 1981.

Written Submissions

Any person may submit to the Commission a written statement of information pertinent to the subject of these investigations. A signed original and nineteen (19) true copies of each submission must be filed at the office of the Secretary, U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. 20436, on or before May 14, 1981. All written submissions, except for confidential business data, will be available for public inspection.

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

A staff report containing preliminary findings of fact in each investigation will be available to all interested parties on April 29, 1981.

Public Hearing

The Commission will hold a public hearing in connection with these investigations on May 18, 1981, in the Hearing Room of the U.S. International Trade Commission Building, beginning at 10 a.m., e.d.t. Testimony will be received separately at the hearing for each investigation. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than close of business (5:15 p.m., e.d.t.), April 27, 1981. All persons desiring to appear at the hearing and make oral presentations must file prehearing statements and should attend a prehearing conference to be held at 10 a.m., e.d.t., on April 28, 1981, in Room 117 at the United States International Trade Commission Building. Prehearing statements must be filed on or before May 14, 1981.

Testimony at the public hearing is governed by § 207.23 of the Commission's Rules of Practice and Procedure (19 CFR 207.23). This rule requires that testimony be limited to a non-confidential summary and analysis of material contained in prehearing statements and to new information. The Commission will not receive prepared testimony for the public hearing, as would otherwise be provided for by rule 201.12(d). All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing statements in accordance with rule 207.22. Posthearing briefs will also be accepted within a time specified at the hearing.

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

This notice is published pursuant to § 207.20 of the Commission's Rules of Practice and Procedure (19 CFR 207.20, 44 FR 76458).

By order of the Commission.

Issued: March 3, 1981.

Kenneth R. Mason,
Secretary.

[FR Doc. 81-7613 Filed 3-10-81; 8:45 am]

BILLING CODE 7020-02-01

CALENDAR OF PUBLIC HEARING

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

Subject : Precipitated Barium Carbonate from
the Federal Republic of Germany and
Strontium Nitrate from Italy

Inv. Nos. : 731-TA-31 & 731-TA-33 (Finals)

Date and time: May 18, 1981 - 10:00 a.m., e.d.t.

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

In support of the petition:

Leva, Hawes, Symington, Martin & Oppenheimer--Counsel
Washington, D.C.
on behalf of

FMC Corporation, Modesto, California
CPC, Cartersville, Georgia and
Sherwin Williams Co., Coffeyville, Kansas

David B. Cassidy, Product Manager, Barium and
Strontium Products, Alkali Chemicals Division,
FMC Corporation, Philadelphia, Pennsylvania

J. L. Gray, President, Chemical Products Corporation,
Cartersville, Georgia

Frank E. Butler, Manager of Operations, Coffeyville
Plant, Sherwin Williams Co., Coffeyville, Kansas

Joseph H. Price)
Simeon M. Kriesberg) --OF COUNSEL

- more -

In opposition to the petition:

Schreiber, Klink, Schreiber, Lehnardt & Carney--Counsel
New York, N.Y.
on behalf of

Kali-Chemie AG, Kalie-Chemie Corporation and
Societa Bario e Derivati, SpA

Winfried J. Fremuth, President, Kalie-Chemie Corp.

John F. Carney)
Lawrence C. Browne)--OF COUNSEL

Steptoe & Johnson--Counsel
Washington, D.C.
on behalf of

Olin Corporation, the sole US importer of strontium
nitrate from Italy

Richard O. Cunningham)
Ms. Charlene Barshefsky)--OF COUNSEL .

APPENDIX D

DEPARTMENT OF COMMERCE'S LETTER TO THE COMMISSION
AND NOTICE OF FINAL DETERMINATION OF
SALES AT LESS THAN FAIR VALUE



A-62

UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

01 MAY 1981

Honorable Bill Alberger
Chairman, International Trade
Commission
Washington, D.C. 20436


Dear Mr. Chairman:

This is to advise you that we have reached a final determination of sales at less than fair value on precipitated barium carbonate from the Federal Republic of Germany. We referred this case to you on February 12, 1981. Our preliminary affirmative determination was published in the Federal Register on February 18, 1981.

At the time of the preliminary determination, we found a weighted-average margin of 9.9 percent. Since we did not revise our preliminary data, the final weighted-average dumping margin is also 9.9 percent.

A copy of our final determination is enclosed for your information.

Sincerely,


John D. Greenwald
Deputy Assistant Secretary
for Import Administration

25494

Notices

Federal Register

Vol. 46, No. 88

Thursday, May 7, 1981

DEPARTMENT OF COMMERCE

International Trade Administration

Antidumping—Precipitated Barium Carbonate From the Federal Republic of Germany; Final Determination of Sales at Less Than Fair Value

AGENCY: Department of Commerce; ITA.

ACTION: Final Determination of Sales at Less than Fair Value.

SUMMARY: We have determined that precipitated barium carbonate from the Federal Republic of Germany is being sold in the United States at a weighted-average dumping margin of 9.9 percent. The U.S. International Trade Commission is determining whether these imports are materially injuring or threatening material injury to a U.S. industry.

EFFECTIVE DATE: May 7, 1981.

FOR FURTHER INFORMATION CONTACT:
Alain Letort, Office of Investigations,
Import Administration, International
Trade Administration, U.S. Department

of Commerce, Washington, D.C. 20230 (202-377-3534).

SUPPLEMENTARY INFORMATION:

Procedural Background

On September 9, 1980, we received a petition in proper form from counsel representing FMC Corporation, Chemical Products Corporation ("CPC") and Sherwin-Williams Company. The petition alleged that precipitated barium carbonate from the Federal Republic of Germany ("FRG") is being "dumped", that is sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) ("the Act"), thereby materially injuring a U.S. industry. Because the petition contained sufficient grounds to warrant an investigation, on September 30, 1980, we initiated an antidumping investigation and informed the U.S. International Trade Commission ("ITC") of our action (45 FR 66185).

On the basis of information the ITC developed during its preliminary investigation, the Commission unanimously determined, on October 21, 1980, that there is a reasonable indication that these imports are materially injuring, or threatening to injure materially, a U.S. industry (45 FR 73812).

On February 11, 1981, we announced our preliminary determination that there was a reasonable basis to believe or suspect that precipitated barium carbonate from the FRG was, or was likely to be, sold in the United States at less than fair value (46 FR 12767).

Scope of the Investigation

This determination covers precipitated barium carbonate, which is currently classifiable under item 472.06 of the Tariff Schedules of the United States. In its granular form (glass grade), barium carbonate is used in the glass industry and in the manufacture of black-and-white television picture tubes. In powder form (ceramic grade), it is used in the ferrite, ceramic and chemical industries. Other applications are in the manufacture of reflective beads and photo paper, in the formulation of brine treatments, and in the production of other barium chemicals.

The period of investigation was April 1 through September 30, 1980. As Kali-Chemie AG ("Kali") of Hannover (FRG) produced virtually all of the barium carbonate sold to the United States during the period under consideration, we limited the investigation to sales from Kali.

Methodology

U.S. Price

Since nearly all sales of precipitated barium carbonate from the FRG to unrelated U.S. customers were concluded before the merchandise was imported into the United States, we used purchase price, as defined in section 772(b) of the Act, to determine the U.S. price.

We calculated purchase price on the basis of C.I.F. prices to unrelated U.S. purchasers with deductions from home market inland freight, ocean freight and insurance.

Foreign Market Value

We calculated foreign market value on the basis of the net weighted-average price per ton of the merchandise in the home market. We added U.S. packing costs to the unpacked home market price. Claims were made for adjustments for differences in level of trade and differences in circumstances of sale.

We disallowed the claim for differences in level of trade, since respondent presented no evidence that the additional costs incurred in selling to end-users in the home market would not have been incurred in sales to distributors (19 CFR 353.19).

We rejected the claim for a circumstance of sale adjustment for advertising since all advertising appeared to be directed at the purchasers of the merchandise and was not attributable to a later sale of the merchandise as required in § 353.15, Commerce Regulations (19 CFR 353.15).

We disallowed the claim for a circumstance of sale adjustment for technical services because the respondent did not adequately justify the amount of the deduction to be applied.

Verification

In making our final determination, in accordance with section 776 of the Act, we have verified all the information we relied upon, using the corporate books and records of the German company involved, Kali-Chemie AG of Hannover (FRG).

Final Determination

Based on the preceding criteria, and in accordance with § 353.44 of the Commerce Regulations, we have determined that exports of precipitated barium carbonate from the FRG are being sold at less than fair value within the meaning of section 731 of the Act. Margins were found on 91.9 percent of the merchandise sold to unrelated U.S. purchasers during the period, and they

ranged from 3.3 to 38.96 percent. The weighted-average margin over all sales was 9.9 percent.

We have provided interested parties with an opportunity to present oral views in accordance with 19 CFR 353.47 and written views in accordance with 19 CFR 353.46(a).

Continuation of Suspension of Liquidation

The liquidation of all entries, or withdrawals from warehouse, for consumption of this merchandise will continue to be suspended. The Customs Service will require posting of a cash deposit, bond, or other security in the amount of 9.9 percent of the f.o.b. ex-factory value of precipitated barium carbonate from the FRG for all entries, or withdrawals from warehouse, for consumption on or after the date of publication of this notice. The cash deposits, bonds or other security on merchandise entered since the preliminary determination will remain in effect.

ITC Notification

We have referred this case to the ITC so that it may determine whether these imports are materially injuring a U.S. industry. That determination is due on or before June 22, 1981.

As section 735(c)(1)(A) of the Act requires, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information, either publicly or under an administrative protective order, without written consent of the Deputy Assistant Secretary for Import Administration.

If the ITC rules that material injury does not exist, this case will be terminated, and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC rules that such injury does exist, within seven days we will issue an antidumping duty order, directing customs officers to assess an antidumping duty on all precipitated barium carbonate from the FRG, entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, which was sold at less than foreign market value.

John D. Greenwald;

Acting Assistant Secretary for Trade Administration.

May 1, 1981.

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