CYANURIC ACID AND ITS CHLORINATED DERIVATIVES FROM JAPAN

Determination of the Commission in Investigation No. 731-TA-136 (Preliminary) 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Note.--Information which would reveal the confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-136 (Preliminary), Cyanuric Acid and its Chlorinated Derivatives from Japan

Determination

On the basis of the record 1/ developed in investigation No. 731-TA-136 (Preliminary), the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is being materially injured by reason of imports from Japan of cyanuric acid, provided for in item 425.10 of the Tariff Schedules of the United States (TSUS), which are allegedly being sold in the United States at less than fair value (LTFV). 2/ The Commission further determines that there is a reasonable indication that an industry in the United States is being materially injured by reason of imports from Japan of chlorinated derivatives of cyanuric acid, provided for in item 425.10 of the TSUS, which are allegedly being sold in the United States at LTFV. 3/

Background

On June 3, 1983, a petition was filed with the United States International Trade Commission and the U.S. Department of Commerce by counsel on behalf of Monsanto Industrial Chemicals Co., St. Louis, Missouri, alleging that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports from Japan of cyanuric acid and its chlorinated derivatives, which are allegedly being sold at LTFV prices.

1/ The "record" is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (47 F.R. 6190, Feb. 10, 1982).

2/ Chairman Eckes and Commissioner Haggart, voting in the affirmative, find a reasonable indication of material injury, while Commissioner Stern, voting in the negative, finds no reasonable indication of injury or threat thereof.

3/ Chairman Eckes and Commissioner Haggart, voting in the affirmative, find a reasonable indication of material injury, while Commissioner Stern, voting in the negative, finds no reasonable indication of injury or threat thereof.

Accordingly, the Commission instituted a preliminary investigation under section 733(a) 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, by reason of the importation of such merchandise into the United States.

Notice of the institution of the Commission investigation and the conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on June 15, 1983 (48 F.R. 27453). The conference was held in Washington, D.C. on June 28, 1983, and all persons who requested the opportunity were permitted to appear in person or by counsel. The Commission voted on these cases in public session on July 13, 1983.

VIEWS OF CHAIRMAN ALFRED E. ECKES

AND COMMISSIONER VERONICA A. HAGGART

On the basis of the record in investigation No. 731-TA-136 (Preliminary), we determine, pursuant to section 733(a) of the Tariff Act of 1930, 1/ that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of cyanuric acid from Japan which are allegedly sold at less than fair value (LTFV). We further determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of chlorinated derivatives of cyanuric acid from Japan which are allegedly sold at LTFV. 2/

Domestic Industries

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

The imported articles that are the subject of this investigation are cyanuric acid and its chlorinated derivatives. Cyanuric acid is a white, crystalline, solid, synthetic organic chemical which contains a triazine

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1/ 19 U.S.C. 1673b(a).

2/ Since there is a domestic industry, material retardation of the establishment of an industry is not an issue and will not be discussed further.

3/ 19 U.S.C. 1677(4)(A).

4/ 19 U.S.C. 1677(10).

ring. 5/ It is primarily used in its powdered form as a raw material for the production of the chlorinated derivatives. It is also used in a granular form in swimming pools as a stabilizer, prolonging the usefulness of chlorine in the water. 6/

Chlorinated derivatives of cyanuric acid are produced by neutralizing refined cyanuric acid with caustic soda. 7/ The process forms a salt that is subsequently chlorinated. 8/ These chlorinated derivatives are used primarily as swimming pool disinfectants. They also have some miscellaneous uses, such as in dry chlorine bleaches, dishwashing compounds and detergent sanitizers. 9/

The domestic products are produced in the same way as the imported articles and have the same characteristics and uses. For the purposes of this preliminary investigation, our like product analysis thus focuses on three issues: (1) whether powdered cyanuric acid and granular cyanuric acid are distinct like products; (2) whether cyanuric acid and its chlorinated derivatives are distinct like products; and (3) whether the several chlorinated derivatives of cyanuric acid are distinct like products.

For purposes of this preliminary investigation, we find that cyanuric acid, whether powdered or granular, is a single like product. The chemical formula of cyanuric acid is the same regardless of form. Furthermore, although the two forms are not readily substitutable in their uses, it is

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5/ Report at A-2.
6/ Id. at A-3.
7/ There are four chlorinated derivatives of cyanuric acid: sodium dichloro isocyanurate dihydrate, sodium dichloro isocyanurate, potassium dichloro isocyanurate, and trichloro isocyanuric acid. Each of the first three contains approximately 60 percent available chlorine. These three chemicals as a group are referred to as dichloro isocyanurates. Dichloro isocyanurates are used in granular form. Trichloro isocyanuric acid contains approximately 90 percent available chlorine and is available in both granular and tablet form. Report at A-3.
8/ Report at A-3.
9/ Id. at A-3.

possible to convert cyanuric acid from one form to the other. 10/

We further find for purposes of this preliminary investigation that cyanuric acid and its chlorinated derivatives are distinct like products. Unlike the derivatives, cyanuric acid contains no chlorine. Cyanuric acid is used as a raw material in the production of the chlorinated derivatives and as a chlorine stabilizer. 11/ The characteristics and uses of cyanuric acid thus differ from the characteristics and uses of the chlorinated derivatives.

Finally, for purposes of this preliminary investigation, we find that the chlorinated derivatives of cyanuric acid constitute a single like product. The primary use of each of these derivatives is to release chlorine into water. The method of application can differ according to the form of the product (granular or tablet). 12/ However, the different forms can be substituted with ease. In addition, the chlorinated derivatives are divided into two categories based on their chlorine content, but this difference does not significantly affect the end use. 13/

For these reasons, we conclude in this preliminary investigation that there are two like products, cyanuric acid (including both granular and

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10/ This analysis is consistent with past Commission practice. See Precipitated Barium Carbonate from the Federal Republic of Germany, inv. No. 731-TA-31 (Final), USITC Pub. No. 1154 (1981).

11/ Commissioner Haggart notes that her analysis in this case is distinguished from her analysis in Forged Undercarriage Components from Italy, Inv. No. 701-TA-201, USITC Pub. No. 1394 (1983). In Undercarriages, an issue was raised as to whether the petitioners, who produced semifinished forged undercarriage components, should be considered producers of articles "like" the imported finished components where there were no separate and distinct uses for the semifinished components. There is no such question in the instant investigation, since there are domestic producers of products which are clearly "like" each of the imported articles and these articles do have separate and distinct uses.

12/ Report at A-3.

13/ Id.

powdered) and the chlorinated derivatives of cyanuric acid. 14/ Thus, there are two domestic industries consisting of the producers of each of these like products. 15/ 16/

Condition of the domestic industries

Review of the relevant data 17/ indicates that the domestic industries have experienced difficulties throughout the period under investigation. 18/

Cyanuric acid

Apparent domestic consumption of cyanuric acid increased in 1981 over its 1980 level, but decreased between 1981 and 1982, and decreased again in January-May 1983 compared with the same period in 1982. 19/ Domestic production and shipments followed the same general trend. Production increased in 1981, but declined between 1981 and 1982, and dropped in January-May 1983, compared with the corresponding 1982 period. 20/

14/ This definition is based on the record in this preliminary investigation. Should this case return for a final determination we do not preclude a different "like product" definition.

15/ The domestic producers of cyanuric acid are FMC Corporation (FMC) and Monsanto Industrial Chemicals Corporation (Monsanto). The domestic producers of chlorinated derivatives of cyanuric acid are FMC, Monsanto, and Olin Corporation. Report at A-4-5.

16/ Our conclusions regarding the "like products" are based on the statutory criteria concerning such definitions. Nonetheless, the industries engaged in the production of cyanuric acid and its chlorinated derivatives are highly interdependent. In many cases, these products are produced on the same equipment. In addition, a substantial portion of cyanuric acid is used captively in the production of the chlorinated derivatives. The interdependence of these industries is relevant to the analyses of the condition of the domestic industries and of causation.

17/ Due to the small number of firms comprising the domestic industry nearly all the statistical information obtained by the Commission is regarded as confidential business information. For this reason, the information is discussed only in general terms.

18/ Because demand for these products varies by season, data for partial year periods can be compared with annual data only with extreme care.

19/ Report at A-8.

20/ Id. at A-14.

Shipments of domestically produced cyanuric acid for external sale 21/ remained stable during 1980-81, dropped significantly in 1982 and fell dramatically during January-May 1983, compared with the corresponding period in 1982. 22/ Total capacity to produce cyanuric acid fell in 1981 due to cessation of production by Olin, and has remained constant since that time. 23/ Capacity utilization increased in 1981 from its 1980 level, but fell in 1982 and declined again in January-May 1983 compared with the corresponding period in 1982. Employment of production and related workers, hours worked, and compensation paid followed the same pattern as production and shipments. 24/

The industry's financial performance was very weak throughout the period. 25/ Net sales decreased in each year 1980-1982, and decreased in January-May 1983 compared with the corresponding period in 1982. Profit and loss data reflect losses for each of the three years covered, and in the first part of 1983. 26/

21/ Total production of cyanuric acid is substantially higher than production of cyanuric acid for external sale, i.e., sales in the commercial market, because cyanuric acid is generally used as a raw material in the captive production of chlorinated derivatives. A small percentage of total production of cyanuric acid is produced for external sale, either as a final product or as a raw material for the production of chlorinated derivatives by other domestic producers. Report at A-13.

22/ Report at A-16.

23/ Olin's shut-down of its cyanuric acid facilities accounted for the total decrease in industry capacity. The trends in capacity utilization were not affected significantly by this reduction in capacity. Report at A-15.

24/ Report at A-17-18.

25/ The financial data concerns only external sales of cyanuric acid.

26/ Report at A-19. In our analysis of the condition of the domestic industries, we have considered the information in the record of this preliminary investigation regarding the apparent dynamic nature of these markets and the volatile market shares of domestic producers. Further information on these factors will be sought in the event of a final investigation.

Chlorinated derivatives

Despite improved trends in 1981 and the first five months of 1983, the chlorinated derivatives industry has been unable to sustain its 1980 level of performance. Domestic production increased in 1981 over its 1980 level, but fell between 1981 and 1982. Production figures for January-May 1983 show a small increase over the corresponding 1982 period. 27/ Capacity increased during 1980-1982, but fell in January-May 1983, compared to the corresponding period in 1982. Utilization followed the same pattern as production, increasing in 1981, falling in 1982, and showing a slight increase in January-May 1983 over the comparable 1982 period. 28/ Levels of U.S. producers' shipments followed a trend similar to production during 1980-82. Shipments increased in 1981 over 1980, but fell from 1981 to 1982. Shipments in 1982 were below 1980 levels. 29/

The financial performance of the industry deteriorated significantly 30/ during the period under investigation. Net sales decreased in 1981 from 1980, and decreased again in 1982 from the 1981 level. Although net sales increased in January-May 1983 over the corresponding 1982 period, profitability did not similarly increase. Operating income declined and a substantial operating loss was incurred in 1982. Operating income for January-May 1983 also declined compared to the corresponding period in 1982. 31/

27/ Id.at A-14.
28/ Id. at A-15.
29/ Id. at A-16. Data on shipments for January - May 1982 are not available.
30/ Report at A-20.
31/ Id.

Net income followed the same trend as operating income, however, there was a dramatic drop in net profits in 1981 from 1980, and a significant net loss incurred in 1981. For January-May 1983, compared to the corresponding period 1982, net income also decreased. 32/

Reasonable indication of material injury by reason of alleged LTFV imports

In a preliminary investigation, the statute requires that a reasonable indication of material injury by reason of LTFV imports be found to exist. 33/ In reaching its determination, the Commission is directed by Section 771(7) of the Tariff Act of 1930 to consider, among other factors: (1) the volume of imports of the merchandise under investigation; (2) their impact on domestic prices; and (3) the impact of such imports on the domestic industry. 34/

Several factors, in addition to imports, may have caused the economic problems of the domestic industry. 35/ Nevertheless, the Commission does not weigh causes, but rather looks to see whether the imports are a cause of injury. 36/

Cyanuric acid

Imports of cyanuric acid from Japan were at significant levels throughout the period of investigation. Although these imports declined from 1981 to 1982 and from January-May 1982 to the comparable period in 1983, the decline in import volumes coincided with the declines in consumption

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32/ Report A-20. See note 26, supra.
33/ See H.R. Rep. No. 93-317, 96th Cong., 1st sess. 52 (1979), S.Rep. No. 96-249, 96th Cong., 1st sess., 49 (1979).
34/ 19 U.S.C. § 1677(7).
35/ These factors include quality problems experienced by one domestic producer and reduced demand resulting from poor weather during 1982. Report at A-5, A-7.
36/ See H.Rep. 96th Cong. 1st Sess. at p. 47.

experienced during this period. 37/ Imports as a share of apparent U.S. consumption decreased from 1981 to 1982 and declined further from the period January-May 1982 to January-May 1983. 38/

Pricing information was received for cyanuric acid in both powdered and granular form. In addition, the unit values of imports by Olin, the predominant importer of cyanuric acid, were compared to the prices paid by Olin for the domestic product. For granular cyanuric acid the imported product undersold the domestic product in most of the periods for which data are available. 39/ Pricing information for powdered cyanuric acid represents only a small portion of the imports of this product. For the bulk of the imports of powdered cyanuric acid, actual net selling prices are not available; however, the best information available for this portion of the imports is their unit values. This information indicates some underselling in the U.S. market by the imports. 40/

Several instances of lost sales were identified in which price was a factor in the purchasing decision. These lost sales involved substantial volumes and occurred throughout the period of investigation, particularly in 1982 and January-May, 1983. 41/ There are also indications of revenue losses suffered by domestic producers as a result of the imports. 42/

Chlorinated Derivatives

Imports of chlorinated derivatives from Japan were at substantial levels

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37/ Report at A-24. Cyanuric acid import data for 1980 are not available, thereby making it difficult for purposes of this preliminary investigation to analyze import trends over a full three year period. We anticipate this data will be available, should this investigation return for a final determination.
38/ Report at A-24.
39/ Id. at A-28.
40/ Id. at A-28.
41/ Id. at A-32-37.
42/ Id. at A-37.

throughout the period of investigation. These imports declined from 1981 to 1982, but increased in January-May 1983 over the comparable period of 1982. 43/ Imports from Japan as a share of apparent consumption declined from 1981 to 1982 and seem to have remained relatively stable during January-May 1983. 44/

Pricing information revealed instances of underselling by the imported product, although margins of overselling were also recorded. Changes in price of the imported and domestic products usually occurred simultaneously or in very close succession. 45/

Several lost sales were identified in which price was a factor in the purchasing decision. These lost sales involved substantial volumes and occurred throughout the period of investigation, particularly in 1982 and January-May, 1983. 46/ Indications of revenue losses suffered by domestic producers as a result of the imports are also present. 47/

CONCLUSION

We find that the substantial volume of imports from Japan, price competition, evidence of underselling by these imports, and the existence of lost sales provide a reasonable indication of material injury to the domestic industries by reason of alleged LTFV imports of cyanuric acid and chlorinated derivatives of cyanuric acid from Japan.

43/ Report at A-9.
44/ Report at p. A-25. Import data for 1980 are not available for purposes of this preliminary investigation. Because data on domestic shipments are also not currently available for January-May 1982, imports as a share of apparent consumption cannot be calculated for this period.
45/ Report at A-29-30.
46/ Report at A-32-37.
47/ Report at A-37-38.

VIEWS OF COMMISSIONER STERN

In this preliminary investigation, I determine that there is no reasonable indication that an industry in the United States is materially injured by reason of imports of cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid from Japan, which are allegedly sold at less than fair value (LTFV). 1/ Unlike my colleagues, I have found that it is most appropriate at this preliminary stage to make three separate findings. However, had the like product question been resolved otherwise, my determinations would not have been different. My conclusions rest primarily on the failure to establish any reasonable indication of a link between the alleged LTFV imports and any injury to the U.S. industries. The causation analysis is not simple; but the best available information at this preliminary stage links any material injury to domestic market factors unrelated to the subject imports.

The domestic industry

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

1/ Since there is a domestic industry, material retardation of the establishment of an industry is not an issue and will not be discussed.
2/ 19 U.S.C. 1677(4)(A).
3/ 19 U.S.C. 1677(10).

There are three imported products or product groups which are the subject of this investigation: cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid. Each of the three products is clearly distinguishable from each of the other two products, although cyanuric acid is the basic feedstock used to produce the other two products. The molecular formulas of the products are different. The chlorine content of each of the three products is significantly different (cyanuric acid does not contain chlorine, while dichloro isocyanurates contain approximately 60 percent available chlorine and trichloro isocyanuric acid contains approximately 90 percent available chlorine). 4/

Moreover, the uses of the products tend to be different: cyanuric acid is used as a raw material for the production of dichloro isocyanurates and trichloro isocyanuric acid, as a chlorine stabilizer in swimming pools, and also in the production of chlorinated bleaches, herbicides, and whitening agents; dichloro isocyanurates are used as swimming pool disinfectants, and also in dry chlorine bleaches, dishwashing compounds, scouring powders, detergent-sanitizers, algicides, deodorants, and water and sewage treatment. Although dichloro isocyanurates and trichloro isocyanuric acid have generally similar uses, trichloro isocyanuric acid is considerably stronger (owing to its high chlorine content), and is used in commercial laundry bleaches and as a stronger swimming pool disinfectant; it also has a lower solubility in water than dichloro isocyanurates. Trichloro isocyanuric acid is also used in pool care systems where the water is chlorinated by flowing around solid trichloro isocyanuric acid; dichloro isocyanurates cannot be used in the same way.

4/ Report at A-3.

Accordingly, based on the best information now available, there are three distinct products or product groups: cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid.

The characteristics and uses of cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid imported from Japan do not differ from those of the respective products produced in the United States. Accordingly, for the purposes of this preliminary investigation, I determine that there are three separate products "like" the imported products: cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid. 5/

There are two companies in the United States which currently produce cyanuric acid, Monsanto Industrical Chemicals Co. and FMC Corp. 6/ These two companies also are producers of dichloro isocyanurates. There are three current producers of trichloro isocyanuric acid--Monsanto, FMC, and Olin Corp. The domestic industries, therefore, consist of the facilities of these three producers which are devoted to the production of each of the subject products. Each of these three companies has imported or purchased imports of one or more of the subject products during the period under investigation. Olin is a significant importer of cyanuric acid which it uses as a feedstock in the production of the other products. 7/

Condition of the domestic industries 8/

Cyanuric acid.--Production, capacity utilization, and apparent consumption rose in 1981, but declined in 1982 and also in January-May 1983 as

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5/ Should this investigation procede to the final stage, I do not preclude the possibility of a different like product finding based on an expanded record.

6/ Report at p. A-4.

7/ Report at p. A-6.

8/ The record contains substantial amounts of business confidential information. In order to protect the confidentiality of this information, data must necessarily be referred to only in general terms.

compared with January-May 1982. Capacity declined in 1981 and has remained constant since that time. Employment has fallen steadily from 1980 through May of 1983. The industry's financial performance, characterized by the ratio of operating income (or loss) to net sales, improved markedly in 1981 and then declined in 1982. 9/

Dichloro isocyanurates.--Production, industry capacity, and capacity utilization rose in 1981 and were unchanged in 1982. Production and industry capacity then declined in January-May 1983 as compared with the corresponding period of 1982; however, capacity utilization increased. Apparent consumption and domestic shipments rose in 1981 and declined in 1982. The average number of employees producing dichloro isocyanurates rose in 1981 and fell in 1982 to the 1980 level. The industry's financial performance, characterized by the ratio of operating income (or loss) to net sales, improved in 1981 and declined in 1982.

Trichloro isocyanuric acid.--Production, capacity, and capacity utilization rose in 1981. Production dropped sharply in 1982, as did capacity utilization. However, in January-May 1983 as compared with January-May 1982, production, capacity, and capacity utilization all increased markedly. Apparent consumption and shipments increased in 1981, declined in 1982, and experienced a strong increase in the first five months of 1983. The industry's employment increased in 1981, declined in 1982, but rebounded in January-May 1983 to virtually the identical level of 1981. Financial performance, characterized by the ratio of operating income (or loss) to net sales, improved in 1981 and then worsened in 1982.

9/ The related party provision of the Trade Agreements Act of 1979, sec. 771(4)(B), was not applied in this case. All three domestic producers have imported to some extent. Olin, the only significant importer among the domestic producers, did not supply usable financial data. Therefore, the financial data relied on by the Commission necessarily exclude the major producer-importer. Had any other producers been excluded, the remaining data would not have been representative of an industry in the United States.

Accordingly, a number of key indicators show that the domestic industries have experienced difficulties. However, as discussed below, there is no indication that these difficulties were generated by imports from Japan, rather than poor weather conditions, the economic recession, and intense domestic competition resulting from FMC's and Olin's marketing strategies.

Causation

The data and information presented below indicate that the domestic industries' difficulties are not caused by the imports of the subject products from Japan.

Cyanuric acid.--Imports of cyanuric acid from Japan decreased considerably in 1982 and in January-May 1983 compared to the corresponding period of 1982. The ratio of total imports of cyanuric acid from Japan to apparent consumption declined from 18.4 percent during January-May 1982 to 17.1 percent during January-May 1983. With regard to imports of cyanuric acid for external sale, imports from Japan declined both absolutely and as a percent of apparent consumption in 1982, but increased considerably in January-May 1983 compared with the corresponding period of 1982. Price data indicate that imports from Japan of cyanuric acid in powdered form, which account for most of the imports of cyanuric acid from Japan, are being sold at a higher price than cyanuric acid in powdered form which is available domestically. The industry's financial performance worsened in 1982 despite a decrease in imports. The principal importer of cyanuric acid from Japan is Olin Corp. Olin finds it necessary to import cyanuric acid from Japan, not because of any lower price, but because Olin has not been able to obtain enough domestically-produced cyanuric acid to meet its needs and because of normal commercial skepticism about the wisdom of relying on its major U.S. competitors for a crucial feedstock. No link is evident between imports from Japan of cyanuric acid and any injury experienced by the domestic industry.

Dichloro isocyanurates.--Imports of dichloro isocyanurates from Japan declined in 1982, and the ratio of such imports to apparent consumption declined from 12.9 percent in 1981 to 11.8 percent in 1982. Imports from Japan increased in January-May 1983 compared with the corresponding period of 1982, but the changes in apparent consumption and import penetration between these periods are not known. Price data indicate that although underselling may have occurred in 1981, overselling occurred in four of the six quarters since 1981.

Trichloro isocyanuric acid.--Imports from Japan of trichloro isocyanuric acid declined considerably in 1982 compared to the 1981 volume but increased in January-May 1983 compared to the corresponding period of 1982. The ratio of imports from Japan to apparent consumption increased from 23.8 percent in 1980 to 26.5 percent in 1981, but then declined to 23.8 percent in 1982. This ratio also declined from 22.2 percent in January-May 1982 to 19.7 percent in January-May 1983. Accordingly, imports of trichloro isocyanuric acid from Japan are declining absolutely and as a percentage of apparent consumption. Moreover, an examination of the price data presented in the report indicates that there was no clear underselling of the Japanese products during most of the period under investigation. As in the case of the dichloro isocyanurates, there does not appear to be any link between the subject imports and any injury experienced by the domestic industry.

Overview.--The lack of underselling and the apparent lack of any relation between the industry's performance and imports from Japan suggest that those imports are not causing material injury. Furthermore, these are domestic market factors which seem to explain the difficulties in all three products.

One factor is that the market for the subject products is extremely competitive, in large part owing to the fact that FMC and Olin, with their own repackaging operations, are able to sell at relatively low prices directly to distributors and to pool stores. Monsanto must rely on an extra layer of middlemen for its repackaging. 10/ Accordingly, repackagers and tableters, which compete against FMC and Olin in the distributor and pool store market, have put considerable pressure on their suppliers (i.e., Monsanto, as well as the importers of Japanese products) to lower their prices in order that they (the repackagers and tableters) can compete downstream against FMC and Olin. The importers of the Japanese products are affected by this price squeeze as much as Monsanto is affected. The competition from FMC and Olin, not the Japanese producers, appears to be the cause of any price suppression or depression in these industries.

Quality and availability considerations are of major importance to purchasers of the subject products, in many instances eclipsing price as a factor. Monsanto had quality problems with its trichloro isocyanuric acid in 1981, causing a number of purchasers to substitute the Japanese product for that of Monsanto to some extent; a number of these purchasers have found Japanese products to be of high quality and apparently intend to buy a given percentage of their needs from Japanese product suppliers in order to have a reliable second source.

Poor climate was the major factor in the difficulties experienced by the domestic industry in 1982. The climate resulted in what is termed by the industry as a "bad pool year." Apparent consumption decreased significantly during the year, owing mainly to the poor climate and to a lesser extent to the effects of the economic recession.

10/ Report at A-7.

FMC, which accounts for a significant portion of the domestic industry for the subject products, has chosen not to support the petition in this investigation. FMC's reluctance to support the petition, which was presumably filed by Monsanto for the entire domestic industry, is an indication that FMC may not regard Japanese products as the source of its general lack of profitability. Indeed in its latest Annual Report, FMC gave the following explanation for its financial performance:

> Specialty chemicals sales and earnings decreased with reduced demand in all product markets. Poor weather on the West Coast and in the Sun Belt, along with the weak economy, caused demand for "Sun" brand pool chemicals to fall and pricing pressure to increase. Sales and earnings were also weak in chlorinated dry bleaches, plasticizer and fluid additive products after a strong performance in 1981. 11/

No mention was made of the Japanese competition.

It is clear that any injury to the domestic industry has been caused by decreasing consumption owing to poor climate, quality problems experienced by a major domestic producer, and by a highly competitive market owing to the ability of FMC and Olin to sell at relatively low prices directly to distributors, thus putting pricing pressures on repackagers and tableters and ultimately on both Monsanto and Japanese suppliers. The Japanese suppliers have been subject to the same negative factors that Monsanto, and indeed the entire industry, has experienced. In any case, domestic factors, not allegedly unfair imports, appear to explain the industries' performance.

11/ See FMC Corp., 1982 Annual Report, page 5.

No threat of material injury

With regard to threat of material injury, there is no conclusive evidence that Japanese producers intend to export the subject products to the United States at rates that exceed the projected growth rates in the U.S. market of these products. Moreover, inventories held by importers were even lower in all three product categories at the end of May 1983 than at the end of May 1982. Also, imports from Japan in each of the three product categories decreased in 1982. Although imports from Japan have increased in January-May 1983 compared to the corresponding period of 1982, these imports, except in the case of dichloro isocyanurates, have not increased to the extent that U.S. consumption has increased. The ratios of imports from Japan to apparent U.S. consumption decreased significantly for both trichloro isocyanuric acid and for total cyanuric acid.

Accordingly, I determine that there is no reasonble indication that an industry in the United states is materially injured, or threatened in a real and imminent manner with material injury, by reason of imports from Japan of cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid which are alleged to be sold in the United States at LTFV.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On June 3, 1983, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel on behalf of the Monsanto Industrial Chemicals Co., St. Louis, Mo. The petition alleges that cyanuric acid and its chlorinated derivatives are being, or are likely to be, sold in the United States at less than fair value (LTFV), and that by reason of such sales an industry in the United States producing and selling the like products is being materially injured, or is threatened with material injury. Accordingly, effective June 3, 1983, the Commission instituted investigation No. 731-TA-136 (Preliminary) under section 733(a) 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 the importation of cyanuric acid and its chlorinated derivatives, provided for in item 425.10 of the Tariff Schedules of the United States (TSUS). The statute directs that the Commission make its determination within 45 days after its receipt of a petition, or in this case, by July 18, 1983.

Notice of the institution of the Commission's investigation and of the public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on June 15, 1983 (48 F.R. 27453). 1/ The public conference was held in Washington, D.C., on June 28, 1983, at which time all interested parties were afforded the opportunity to present information for consideration by the Commission. 2/ The Commission voted on the investigation on July 13, 1983.

Nature and Extent of Alleged Sales at LTFV

According to the petition, cyanuric acid and its chlorinated derivatives from Japan are being sold in the United States at LTFV. In order to calculate the dumping margins, the petitioner made comparsions for 1982 between (1) the Japanese home-market prices and the "export to the U.S. selling prices in first transaction sales," and also between (2) Japanese home-market prices and the "equivalent f.a.s. origin price" for products destined for the United States. The resulting margins, as alleged by the petitioner, 3/ range from 21.1 to 45.3 percent for the dichloro isocyanurates, from 16.2 percent to 61.7 percent for trichloro isocyanuric acid (method 1), 4/ and from 18.3 to 67.9

1/ A copy of the Commission's notice is presented in app. A. A copy of the U.S. Department of Commerce's notice is presented in app. B.

2/ A list of witnesses appearing at the conference is presented in app. C.

3/ The petitioner calculated the margins by subtracting the respective U.S. price from the Japanese home-market price and by dividing the result by the U.S. price (i.e., not by the Japanese home-market price). If the result were divided by the Japanese home-market price, the margins would be somewhat lower than the margins alleged by the petitioner.

4/ The petitioner did not calculate margins for cyanuric acid under method 1.

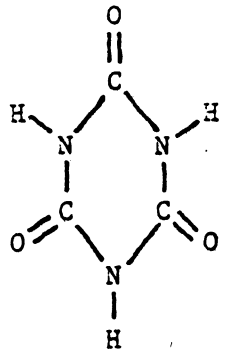
percent for cyanuric acid, from 26.7 to 56.1 percent for the dichloro isocyanurates, and from 26.4 to 65.4 percent for trichloro isocyanuric acid (method 2).

The Products

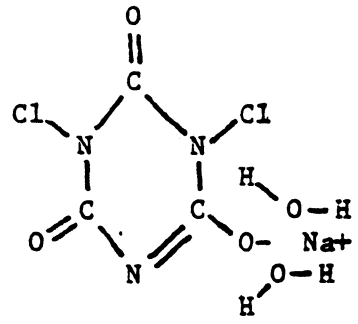
Description and uses

Cyanuric acid (also called isocyanuric acid) and its chlorinated derivatives are white, crystalline, solid, synthetic organic chemicals containing a triazine ring. There are five commercial products, cyanuric acid (Chemical Abstracts Service Registry (CAS) No. 108-80-5), sodium dichloro isocyanurate dihydrate (CAS No. 51580-86-0), sodium dichloro isocyanurate (CAS No. 2893-78-9), potassium dichloro isocyanurate (CAS no. 2244-21-5), and trichloro isocyanuric acid (CAS No. 87-90-1). The molecular formulas for these products are shown in figure 1.

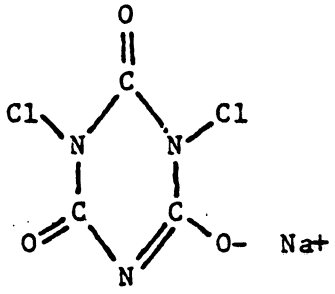
Figure 1.--Molecular formulas for cyanuric acid and its chlorinated derivatives



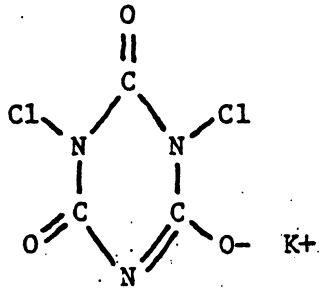
Solid cyanuric acid (predominant form)



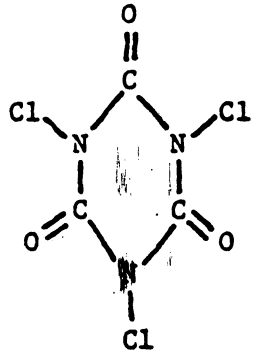
Sodium dichloro isocyanurate dihydrate



Sodium dichloro isocyanurate



Potassium dichloro isocyanurate



Trichloro isocyanuric acid

Source: SRI International, Chemical Economics Handbook, Chlorinated Isocyanurates, Menlo Park, California, September 1982.

Cyanuric acid is produced by pyrolyzing urea at a high temperature and is refined by acid hydrolysis. Dichloro isocyanurates are produced by treating isocyanuric acid with two parts caustic soda (sodium hydroxide) to one part isocyanuric acid followed by chlorination to dichloro isocyanuric acid (DCCA). Sodium dichloro isocyanurate dihydrate is the salt produced by treating DCCA with sodium hydroxide followed by crystallization. The anhydrous form, sodium dichloro isocyanurate, is produced by drying the dihydrate. Potassium dichloro isocyanurate is the salt produced by treating DCCA with potassium hydroxide followed by crystallization. Trichloro isocyanuric acid results from the combination of three parts caustic soda with one part isocyanuric acid followed by chlorination of the nitrogen atoms in the triazine ring.

These products are grouped into three categories based on chlorine content. Cyanuric acid (also called isocyanuric acid) contains no chlorine. Sodium dichloro isocyanurate dihydrate, sodium dichloro isocyanurate, and potassium dichloro isocyanurate contain approximately 60 percent available chlorine. They are placed in a category called dichloro isocyanurates. Trichloro isocyanuric acid contains approximately 90 percent available chlorine. The data and information collected by the Commission in the course of this investigation are based on the three categories specified above.

Cyanuric acid and its chlorinated derivatives are generally produced on a campaign basis. A producer may use the same equipment and work force to produce each product, dedicating its facilities to only one product for a length of time. After a production run, the equipment is generally cleaned and set up for a production run of another related product.

Cyanuric acid is available in powdered and granular forms. Dichloro isocyanurates are shipped in granular forms. Trichloro isocyanuric acid is available in granular and tablet forms.

The chief use of cyanuric acid is as a raw material for production of chlorinated isocyanurates. It is also used as a stabilizer, "a granular chemical which helps prolong the useful life of chlorine in the water [of a pool], even in direct sunlight." 1/ Miscellaneous uses for cyanuric acid include the production of chlorinated bleaches, herbicides, and whitening agents.

The chief use of dichloro isocyanurates is as swimming pool disinfectants. They are also used as the active ingredient in dry chlorine bleaches, dishwashing compounds, scouring powders, and detergent sanitizers. Miscellaneous uses include water and sewage treatment, algicides, and deodorants.

Trichloro isocyanuric acid is used for the same purposes as dichloro isocyanurates, but it has a larger percentage of available chlorine, so it is used in commercial laundry bleaches in addition to being a stronger swimming pool disinfectant. Since it has a lower solubility in water than the dichloro isocyanurates, it is used in pool care systems where the water is chlorinated by flowing around solid trichloro isocyanuric acid.

1/ E.Z. Clor (trademark) Pool Care Products, E.Z. Clor (trademark) Pool Care Guide, 1981, p. 17.

U.S. tariff treatment

Cyanuric acid and its chlorinated derivatives are classified under item 425.10 of the Tariff Schedules of the United States (TSUS), with a column 1 rate of duty of 4.3 percent ad valorem and a column 2 rate of duty of 25 percent ad valorem. 1/ The current column 1 rate of duty is the fourth stage of eight staged reductions resulting from concessions made by the United States in the most recent round of the Multilateral Trade Negotiations (MTN), which will result in a most-favored-nation rate of duty for this item of 3.5 percent ad valorem on January 1, 1987. Least developed developing countries (LDDC's) designated in general headnote 3(d) of the Tariff Schedules of the United States (Annotated) (TSUSA) are granted the full U.S. MTN concession rate for a particular item without staging of duty reductions. Imports entering under item 425.10 are eligible for duty-free treatment under the Generalized System of Preferences (GSP). 2/

U.S. Producers

Since the early 1960's, the two U.S. producers of cyanuric acid and its chlorinated derivatives have been FMC Corp. (Philadelphia, Pa.) and Monsanto Industrial Chemicals Co. (St. Louis, Mo.). In late 1979, a third firm, Olin Corp. (Stamford, Conn.), also became a producer of these products.

FMC's plant is located in South Charleston, W. Va., and is used to produce cyanuric acid, sodium dichloro isocyanurate dihydrate (trademark CDB Clearon), and trichloro isocyanuric acid (trademark CDB-90). FMC's chlorinated isocyanurates are repackaged under the Sun trademark in their plant in Livonia, Mich.

Monsanto owns three plants capable of producing cyanuric acid and its chlorinated derivatives. Its plant in Luling, La., produces * * *. The trademarks for Monsanto's dichloro isocyanurates are as shown in the following tabulation:

1/ The rates of duty in col. 1 of the TSUS 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 TSUSA. However, such rates do not apply to products of developing countries which are granted preferential tariff treatment under the GSP or under the "LDDC" column.

The rates of duty in col. 2 apply to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUSA. Such rates do not apply to products of the People's Republic of China, Hungary, Romania, or Yugoslavia.

2/ The GSP is a program of nonreciprocal tariff preferences granted by the United States to developing countries to aid their economic development by encouraging greater diversification and expansion of their production and exports. The 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. It provides for duty-free treatment of eligible articles imported directly from designated beneficiary developing countries. All beneficiary developing countries are eligible for the GSP.

Product	Trademark
Sodium dichloro isocyanurate dihydrate.	ACL 56
Sodium dichloro isocyanurate----------	ACL 60
Potassium dichloro isocyanurate-------	ACL 59

Monsanto's plant in Sauget, Ill., produces * * *. During the summer and early fall of 1981, the firm's ACL 85 (trademark), trichloro isocyanuric acid, was experiencing premature chlorine release. Process improvements were made which corrected this problem and resulted in improved chlorine availability. Therefore, in 1982, ACL 85 (trademark) was renamed ACL 90 plus (trademark) to reflect the increased chlorine. 1/ Monsanto's third plant in Everett, Mass., * * *. 2/

Olin began production of cyanurates late in 1979. Its chlorinated isocyanurates facility is located in Lake Charles, La. Olin reports that the portion of the plant which produced cyanuric acid was shut down * * *.

U.S. Importers

The principal companies engaged in the importation of cyanuric acid or its chlorinated derivatives from Japan are ICI Americas, Toyomenka America, Inc., Olin Corp., Mitsubishi International, and Sumitomo, Chemicals America. ICI and Toyomenka import for resale. Mitsubishi handles the importation of merchandise for ICI. Olin imports for its own use through * * * although * * * also imports for resale. Two other companies, Plexchem International and Tradig, are believed to import small amounts of the subject products.

ICI and Mitsubishi together accounted for approximately * * * pounds of cyanuric acid and its chlorinated derivatives imported from Japan during 1982. ICI sells the imported products to repackagers and distributors. Mitsubishi International, which handles ICI's imports, is the U.S. subsidiary of a large Japanese trading company, Mitsubishi Corp. Cyanuric acid and its chlorinated derivatives imported by ICI through Mitsubishi are produced in Japan by Shikoku Chemicals Corp.

Toyomenka is also a U.S. subsidiary of a large Japanese trading company (Toyomenka Kaisha, Ltd.), but unlike Mitsubishi, Toyomenka imports cyanuric acid and its chlorinated derivatives into the United States for its own account before reselling the products to repackagers and distributors. Toyomenka accounted for imports of approximately * * * pounds of the subject merchandise in 1982; Toyomenka's imports were produced in Japan by Nissan Chemical Industries, Ltd.

1/ Old stocks and packaging were exhausted before these name changes were made.

2/ An importer's submission claims that this plant was closed and reopened several times in recent years (post conference brief of Steptoe & Johnson, representing Olin Corp., p. 19, footnote).

Olin Corp. is a U.S. producer of dichloro isocyanurates and trichloro isocyanuric acid which also imports cyanuric acid (the principal raw material) from Japan through Sumitomo, a U.S. subsidiary of Sumitomo Shoji Kaisha, Ltd., in Japan. The cyanuric acid imported by Olin is produced by Nissan Chemical Industries, Inc. Olin has imported cyanuric acid for several years owing to problems with its cyanuric acid production facility in Lake Charles, La. Olin imported approximately * * * pounds of cyanuric acid in 1982.

U.S. Market and Channels of Distribution

According to data provided in Commission questionnaires, apparent U.S. consumption of cyanuric acid and its chlorinated derivatives may be divided into the end-use categories shown in the following tabulation:

End use	Percentage distribution of apparent U.S consumption in 1982
Chemical intermediate 1/	***
Swimming pool disinfectants	***
Dishwashing compounds	***
Commercial laundry bleaches	***
Chlorine stabilizer 1/	***
Dry chlorine bleaches	***
Scouring powder and sanitizers	***
All other	***
Total	100

1/ Cyanuric acid only.

As mentioned earlier, cyanuric acid is a raw material used in the production of chlorinated isocyanurates. Sufficient cyanuric acid must be available to support the derived demand for its chlorinated derivatives. In 1982, U.S. producers supplied * * * percent of this derived demand from captive capacity. The size of the merchant market in cyanuric acid, including purchases by Olin Corp., is estimated to be * * * pounds, valued at * * * . Approximately * * * pounds are repackaged for the swimming pool market.

Dichloro isocyanurates are the preferred products when water solubility is the primary consideration for a specific use. Trichloro isocyanuric acid is the preferred product when the highest percentage of available chlorine is the overriding consideration.

FMC supplies the U.S. market with powdered cyanuric acid from its domestic plant * * *. More importantly, it also produces domestic dichloro isocyanurates in granular form and trichloro isocyanuric acid in tablet form. These products are shipped to distributors under the "Sun" trademark and are also sold to repackagers. FMC acquired the Sun Cleanser Co. in 1978 in order to enter the retail market for swimming pool chemicals.

Monsanto supplies the merchant market with some cyanuric acid in both powdered and granular forms. It supplies much larger amounts of the chlorinated isocyanurates in granular form to repackagers under the "ACL" trademark, but unlike FMC and Olin, it does not sell directly to distributors and retailers under its own trademarks. Its customers include firms that repackage any or all of the three categories of products. Some trichloro isocyanuric acid is made into tablets. The repackager is free to market these products under its own trademark to distributors, pool operators, and retailers. Unlike FMC and Olin, Monsanto is not an integrated producer of these products and does not sell its products directly to distributors or retailers.

Olin Corp. is an importer of cyanuric acid and a producer of chlorinated isocyanurates. Its cyanuric acid is obtained from * * *. It sells a small amount of imported granular cyanuric acid in the merchant market. Olin ships its granular products in all three categories to repackagers, which supply the customers of Olin under the "Pace" trademark using Olin's marketing organization. Olin's customers include distributors, pool operators, and large retailers.

The importers of cyanuric acid and its chlorinated derivatives include U.S. producers of these products, independent importers, and U.S. distributors of Japanese producers. Through their U.S. importers, Japanese trading companies supply * * *, Olin, and numerous repackagers, each of which markets chlorinated isocyanurates under their own trademarks.

The products covered by this investigation compete directly with other chemicals, such as calcium hypochlorite, sodium hypochlorite, and small amounts of chlorine gas, which are lower in price than the chlorinated isocyanurates but are less convenient for pool operators to use.

Apparent U.S. Consumption

Data on the apparent U.S. consumption of cyanuric acid, dichloro isocyanurates, and trichloro isocynauric acid are shown in table 1.

Combined apparent U.S. consumption for cyanuric acid (total) , dichloro isocyanurates, and trichloro isocyanuric acid decreased from 162 million pounds in 1981 to 133.7 million pounds in 1982, or by 17 percent. The reason for the decrease in consumption was poor swimming weather on the west coast and in the Sun Belt, coupled with the effects of the economic recession.

Table 1.--Cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid: U.S. producers' domestic shipments, imports from Japan, and apparent U.S. consumption, 1980-82, January-May 1982, and January-May 1983

Item and period	Domestic shipments	Imports from Japan	Apparent consumption	Ratio of imports from Japan to-- Domestic shipments	Ratio of imports from Japan to-- Apparent consumption
	1,000 pounds			Percent	
Cyanuric acid, total:					
1980	***	1/	2/ ***	1/	1/
1981	***	***	***	***	17.7
1982	***	***	***	***	17.3
January-May--					
1982	***	***	***	***	18.4
1983	***	***	***	***	17.1
Cyanuric acid for external sale:					
1980	***	***	***	***	22.8
1981	***	***	***	***	33.1
1982	***	***	***	***	27.2
Cyanuric acid for external sale--Continued					
January-May--					
1982	***	***	***	***	21.3
1983	***	***	***	***	46.8
Dichloro isocyanuric acid--					
1980	***	1/	1/	1/	1/
1981	***	***	3/ ***	***	12.9
1982	***	***	3/ ***	***	11.8
January-May--					
1982	1/	***	1/	1/	1/
1983	***	***	3/ ***	***	15.6
Trichloro isocyanuric acid:					
1980	***	***	***	***	23.8
1981	***	***	***	***	26.5
1982	***	***	***	***	23.8
January-May--					
1982	***	***	***	***	22.2
1983	***	***	***	***	19.7

See footnotes at end of table.

Table 1.--Cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid: U.S. producers' domestic shipments, imports from Japan, and apparent U.S. consumption, 1980-82, January-May 1982, and January-May 1983--Continued

Item and period	Domestic shipments	Imports from Japan	Apparent consumption	Ratio of imports from Japan to--	
				Domestic shipments	Apparent consumption
	1,000 pounds			Percent	
Total: 4/					
1980	***	1/	1/	1/	1/
1981	***	***	3/ ***	***	21.1
1982	***	***	3/ ***	***	18.6
January-May--					
1982	1/	***	1/	1/	1/
1983	***	***	3/ ***	***	18.3
Total: 5/					
1980	***	1/	1/	1/	1/
1981	***	***	3/ ***	***	22.2
1982	***	***	3/ ***	***	19.2
January-May--					
1982	1/	***	1/	1/	1/
1983	***	***	3/ ***	***	20.0
Total: 6/					
1980	117,187	1/	1/	1/	1/
1981	128,834	31,836	3/161,953	24.7	19.7
1982	108,190	24,162	3/133,733	22.3	18.1
January-May--					
1982	1/	12,878	1/	1/	1/
1983	65,295	14,369	3/ 80,088	22.0	17.9

1/ Not available.

2/ Excludes imports by * * *.

3/ Includes imports of dichloro isocyanurates from countries other than Japan.

4/ Includes dichloro isocyanurates and trichloro isocyanuric acid.

5/ Includes dichloro isocyanurates, trichloro isocyanuric acid, and cyanuric acid for external sale.

6/ Includes dichloro isocyanurates, trichloro isocyanuric acid, and total cyanuric acid.

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

Apparent U.S. consumption of cyanuric acid for external sale increased from * * * pounds in 1980 to * * * pounds in 1981, or by 16 percent, and then decreased to * * * pounds in 1982, or by 34 percent. Apparent consumption during January-May 1983 was * * * pounds, representing a decrease of 15 percent compared with apparent consumption in the corresponding period of 1982.

Apparent U.S. consumption of dichloro isocyanuric acid decreased from * * * pounds in 1981 to * * * pounds in 1982, or by 9 percent.

Apparent U.S. consumption of trichloro isocyanuric acid increased from * * * pounds in 1980 to * * * pounds in 1981, or by 13 percent, and then decreased to * * * pounds in 1982, or by 21 percent. Apparent consumption during January-May 1983 was * * * pounds, representing an increase of 56 percent compared with apparent consumption in the corresponding period of 1982.

Foreign Producers

The only countries other than the United States known to produce cyanuric acid or its chlorinated derivatives are Japan, the United Kingdom, France, and Spain. It is believed that the production processes in each of these countries are very similar to those used in the United States.

Japan 1/

The three producers of cyanuric acid or its chlorinated derivatives in Japan are Shikoku Chemicals Corp., Nissan Chemical Industries, Ltd., and Nippon Soda Co., Ltd.

Shikoku Chemicals Corp. commenced production of cyanuric acid * * * and currently produces * * * at its plant in Marugame City, Kagawa Prefecture. These products are marketed as sterilizers for swimming pools, for equipment used by hospitals, for food-processing factories, and as dish cleaners. Shikoku's cyanuric acid is consumed mainly captively as a raw material for the chlorinated derivatives, but it is also sold in domestic and overseas markets.

1/ The American Embassy, Toyko, reports that the Japanese Ministry of International Trade and Industry's (MITI) production and export statistics on chemical products "contain no independent figures for cyanuric acid and its chlorinated derivatives . . . A MITI official explained that these products were completely dropped from the MITI official data because the number of producers concerned is only three and their combined total production is quite insignificant compared to other chemical products . . ." Accordingly, the data presented herein have largely been obtained directly from the companies involved, through the American Embassy in Tokyo.

One source has indicated that Shikoku's annual capacity to produce chlorinated isocyanurates in 1981 was 24.3 million pounds. 1/ 2/ A Shikoku company official indicated that Shikoku's production of the subject materials has not fluctuated very much during the past 3 years, with an annual production of * * * pounds of cyanuric acid and * * * pounds of the chlorinated derivatives. This official reported Shikoku's exports to the United States of subject products during fiscal years 1981-83 (on an Apr. 1-Mar. 31 basis) to be as shown in the following tabulation (in thousands of pounds):

Item	Fiscal year-- 1980	1981	1982
Cyanuric acid----------	***	***	***
Dichloro isocyanuric acid and dihydrate-----	***	***	***
Trichloro isocyanuric acid----------	***	***	***

The United States apparently accounted for most of Shikoku's exports of cyanuric acid during the past 3 years; indeed, only * * * to * * * pounds per year are exported to countries other than the United States. Shikoku's exports of the chlorinated derivatives have totaled about * * * pounds per year, with the United States and the European Community being the principal destinations. Shikoku's exports of these products to the United States are handled by Mitsubishi Corp.

Nissan Chemical Industries, Ltd., commenced production of cyanuric acid * * * and currently produces * * * at a plant in Toyama Prefecture. One source has indicated that Nissan's annual capacity to produce chlorinated isocyanurates in 1981 was 11 million pounds. 3/ However, Nissan has reported its production of the subject products during the fiscal years 1980-82 (on a May 1-Apr. 30 basis) to be as shown in the following tabulation (in thousands of pounds):

Item	Fiscal year-- 1980	1981	1982
Cyanuric acid----------	***	***	***
Sodium dichloro isocyanurate and dihydrate-----	***	***	***
Trichloro isocyanuric acid----------	***	***	***

1/ SRI International, op. cit.

2/ The data appearing in this section were originally reported to the Commission in metric tons, but have been converted to pounds for the purposes of this report.

3/ SRI International, op. cit.

Nissan consumes cyanuric acid within its Toyama plant as a raw material for the chlorinated derivatives, but also supplies cyanuric acid in powder form to * * * in the United States, and in granular form for domestic and foreign swimming pools. Nissan's exports of the subject products to the United States and to all countries during calendar years 1980-82 are shown in the following tabulation (in thousands of pounds):

Item	Exports to the United States	Total exports
Cyanuric acid:		
1980	***	***
1981	***	***
1982	***	***
Sodium dichloro isocyanurate and dihydrate:		
1980	***	***
1981	***	***
1982	***	***
Trichloro isocyanuric acid:		
1980	***	***
1981	***	***
1982	***	***
Total:		
1980	***	***
1981	***	***
1982	***	***

Nissan's exports of these products to the United States are handled by Toyomenka Kaisha and by Sumitomo Corp. * * *. A Nissan offical commented that the decline in Nissan's exports of trichloro isocyanuric acid to the United States in 1982 was chiefly due to the cold summer that made sales of swimming pool sterilizers "extremely dull".

Nippon Soda Co., Ltd. commenced production of * * *. Nippon's * * * is placed on the Japanese market as a sterilizer for swimming pools and water-cleaning tanks. * * *. Nippon does not export these products.

SRI International reported Japan's 1981 capacity to produce chlorinated isocyanurates at 35.3 million pounds, with production of 33.1 million pounds. 1/ More than 24 million pounds were exported mainly to the United States, but also to Western Europe, Australia, and South Africa. 2/ In 1981, domestic Japanese consumption of chlorinated isocyanurates for use as septic tank sanitizers, and to a lesser extent as swimming pool sanitizers, totaled 8.8 million pounds. 3/ Approximately 60 percent of the chlorinated isocyanurates consumed in Japan in 1981 consisted of trichloro isocyanuric acid. 4/

1/ SRI International, op. cit., p. 583.1600 I.
2/ Ibid, p. 583.1600 O.
3/ Ibid, p. 583.1600 M.
4/ Ibid.

Western Europe 1/

Annual capacity to produce chlorinated isocyanurates in Western Europe in 1981 totaled 24 million pounds. Western European consumption of chlorinated isocyanurates in 1981 was 22.5 million pounds, consisting of 15.4 million to 16.5 million pounds produced in Western Europe and of imports of 8.8 million to 9.3 million pounds. Of the 8.8 million to 9.3 million pounds imported into Western Europe, approximately 6.0 million pounds were from the United States, and the remainder was from Japan. Western Europe exported approximately 2.2 million pounds in 1981, mainly to the Republic of South Africa, Kenya, and Australia. Principal uses for chlorinated isocyanurates in Western Europe are dishwashing compounds and swimming pool sanitization. Western European producers of chlorinated isocyanurates are in the United Kingdom, France, and Spain.

In the United Kingdom, Chlor-Chem, Ltd., produced dichloro isocyanurates and trichloro isocyanuric acid at its plant in Widnes, Cheshire. As of 1981, Chlor-Chem was 50 percent owned by FMC Corp. (U.S.A.) and 50 percent owned by FMC (Holdings) Ltd. Chlor-Chem's annual capacity in 1981 was 11.2 million pounds.

In France, Société Toulousaine de Syntese SA (STS) produced dichloro isocyanurates and trichloro isocyanuric acid at its plant in Toulouse, Haute-Garonne. Annual capacity of STS in 1981 was 11.0 million pounds.

In Spain, Derivados Electroquimicos produced dichloro isocyanurates and trichloro isocyanuric acid at its plant in Llerona, Barcelona. Annual capacity in 1981 was 1.8 million pounds.

Consideration of Material Injury to an Industry in the United States

U.S. production

The Commission collected production data from all three producers of the products under investigation. Data were collected on production for captive use, as well as production for external sale. The production data presented in this report for dichloro isocyanurates and trichloro isocyanurates consist of data on production for external sale only. However, where possible, the production data presented for cyanuric acid consist of data on production for external sale and also on total production, since most production of cyanuric acid is used captively. Data on U.S. production of the subject products are shown in table 2.

Cyanuric acid.--Total production of cyanuric acid is necessarily substantially higher than production of cyanuric acid for external sale, because cyanuric acid is generally used as a raw material in the captive production of dichloro isocyanurates and trichloro isocyanuric acid. About * * * percent of total production of cyanuric acid is produced for external sale.

1/ All data appearing in this section are data for 1981 from SRI International, op. cit.

Table 2.--Cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid: U.S. production, by firms, 1980-82, January-May 1982, and January-May 1983

* * * * * * *

An undetermined portion of the cyanuric acid produced for external sale consists of cyanuric acid in granular form for use as a swimming pool chlorine stabilizer.

Total U.S. production of cyanuric acid increased from * * * pounds in 1980 to * * * pounds in 1981, or by * * * percent, and then decreased to * * * pounds in 1982, or by * * * percent. This decrease was due entirely to a decrease of * * *. Production in January-May 1983 was * * * pounds, representing a decrease of * * * percent from the * * * pounds produced in January-May 1982.

U.S. production of cyanuric acid for external sale decreased from * * * pounds in 1980 to * * * pounds in 1981, or by nearly * * * percent, and then decreased to * * * pounds in 1982, or by another * * * percent. Production for external sale in January-May 1983 was * * * pounds, representing a decrease of * * * percent from the * * * pounds produced for external sale in January-May 1982.

Dichloro isocyanurates.--U.S. production of dichloro isocyanurates increased from * * * pounds in 1980 to * * * pounds in 1981, or by * * * percent, and was virtually unchanged in 1982. Production in January-May 1983 totaled * * * pounds, representing a decrease of * * * percent from the * * * pounds produced in January-May 1982. The principal U.S. producer of dichloro isocyanurates through the period under investigation was * * *.

Trichloro isocyanuric acid.--U.S. production of trichloro isocyanuric acid increased from * * * pounds in 1980 to * * * pounds in 1981, or by * * * percent, and then decreased to * * * pounds in 1982, or by * * * percent. Production in January-May 1983 totaled * * * pounds, respresenting an increase of * * * percent from the * * * pounds produced in January-May 1982. * * * was the principal U.S. producer of trichloro isocyanuric acid during the period under investigation.

Monsanto encountered a quality problem 1/ with its trichloro isocyanuric acid in mid-1981 and ceased production for several months. The firm reported that this problem was resolved in time for the 1982 pool year, but at least one purchaser has indicated a belief that the problem continued into the spring of 1982.

1/ The problem consisted of premature chlorine release, or "gassing."

U.S. capacity and capacity utilization

U.S. producers' capacity and capacity utilization for cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid are shown in table 3. Separate data are shown for total cyanuric acid and for cyanuric acid for external sale. Because producers use the same equipment for production of more than one product, capacity data are estimated by the firms on the basis of actual usage.

Table 3.--Cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid: U.S. production, producers' capacity, and capacity utilization, 1980-82, January-May 1982, and January-May 1983

* * * * * * *

Total capacity to produce cyanuric acid decreased from * * * pounds in 1980 to * * * million pounds in 1981 and 1982. Total capacity totaled * * * pounds during January-May of both 1982 and 1983. Capacity utilization for cyanuric acid increased from * * * percent in 1980 to * * * percent in 1982, but decreased to * * * percent in 1982. Capacity utilization also decreased in January-May 1983 compared with that in the corresponding period of 1982.

Capacity to produce dichloro isocyanurates increased from * * * pounds in 1980 to * * * pounds in 1982. Capacity decreased in January-May 1983 compared with that in the corresponding period of 1982 because of * * *. 1/ Capacity utilization for dichloro isocyanurates increased from * * * percent in 1980 to * * * percent in both 1981 and 1982, and increased further in January-May 1983.

Capacity to produce trichloro isocyanuric acid increased from * * * pounds in 1980 to * * * pounds in 1982. Capacity also increased in January-May 1983 compared with that in the corresponding period of 1982, again because of * * *. Capacity utilization for trichloro isocyanuric acid increased from * * * percent in 1980 to * * * percent in 1981, and then decreased to * * * percent in 1982. Capacity utilization during January-May 1983 was * * * percent compared with * * * percent in January-May 1982.

U.S. producers' shipments

Data collected on U.S. producers' shipments of the subject merchandise during the period under investigation are shown in table 4. The data shown are for U.S. producers' shipments of merchandise produced in the United States.

1/ As expressed in * * * questionnaire.

Table 4.--Cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid: U.S. producers' shipments of domestically produced merchandise, 1980-82, January-May 1982, and January-May 1983

* * * * * * *

U.S. producers' shipments of cyanuric acid and its chlorinated derivatives totaled * * * million pounds in 1980, * * * million pounds in 1981, and * * * million pounds in 1982. Most the 1982 decrease in shipments was due to * * *. Shipments of the subject products tend to be higher during the first few months of the year as purchasers build up stocks for repackaging and tableting, with marketing in the late spring.

Cyanuric acid.--U.S. producers' shipments of cyanuric acid decreased from * * * pounds in 1980 and 1981 to * * * pounds in 1982, or by * * * percent. Shipments during January-May 1983 were * * * percent lower than those during the corresponding period of 1982.

Dichloro isocyanurates.--U.S. producers' shipments of dichloro isocyanurates increased from * * * pounds in 1980 to * * * pounds in 1981, or by * * * percent, and then decreased to * * * pounds in 1982, or by percent. Shipments of * * * during January-May 1983 were virtually unchanged from the level of the corresponding period of 1982. U.S. producers' shipments of dichloro isocyanurates throughout the period under consideration consisted solely of dichloro isocyanurates in the granular form. The principal U.S. firm shipping dichloro isocyanurates is * * *.

Trichloro isocyanuric acid.--U.S. producers' shipments of trichloro isocyanuric acid increased from * * * pounds in 1980 to * * * pounds in 1981, or by approximately * * * percent, and then decreased to * * * pounds in 1982, or by * * * percent. Combined shipments of * * * during January-May 1983 were * * * percent above the level of those in the corresponding period of 1982.

U.S. producers' exports

U.S. producers' exports of the subject merchandise are shown in table 5. Most of the exported merchandise during 1980-82 consisted of exports of dichloro isocyanurates in granular form by both * * *. The principal destination of * * *.

Table 5.--Cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid: U.S. producers' exports, 1980-82, January-May 1982, and January-May 1983

* * * * * * *

U.S. producers' inventories

Data collected on U.S. producers' end-of-period inventories of the subject merchandise produced in the United States are shown in table 6. 1/ The data generally exclude inventories of * * *, which was unable to provide inventory data for the entire period; however, for those periods for which * * * inventory data are available, * * *.

Table 6.--Cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid: U.S. producers' end-of-period inventories of domestically produced merchandise, 1980-82, January-May 1982, and January-May 1983

* * * * * * *

U.S. employment, wages, and productivity

The number of production and related workers engaged in the production of cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid increased from * * * in 1980 to * * * in 1981, and then decreased to * * * in 1982 (table 7). The number of workers also decreased in January-May 1983 compared with the number in the corresponding period of 1982. The number of workers producing cyanuric acid decreased during each period under consideration.

Table 7.--Average number of employees and of production and related workers producing cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid, and hours worked by production and related workers producing these products, 1980-82, January-May 1982, and January-May 1983

* * * * * * *

The number of hours worked by production and related workers engaged in the production of cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid increased from * * * in 1980 to * * * in 1981, and then decreased to * * * in 1982. Hours worked during January-May 1983 decreased by 16 percent compared with hours worked in the corresponding period of 1982. Hours worked in the production of cyanuric acid decreased during the period under consideration.

1/ Since production of these products occurs on a campaign basis, inventories of any one product may vary substantially over time. However, to the extent that production runs occur on a regular pattern from year to year, these inventory data should be comparable.

Wages and total compensation paid to production and related workers producing dichloro isocyanurates and trichloro isocyanuric acid are shown in table 8. Data on wages and total compensation paid to production and related workers producing cyanuric acid are not available.

Table 8.--Total compensation of production and related workers engaged in the production of dichloro isocyanurates and trichloro isocyanuric acid, wages paid to such workers excluding fringe benefits, average hourly wages, and output per hour, 1980-82, January-May 1982, and January-May 1983

* * * * * * *

Financial experience of U.S. producers

Two U.S. producers, FMC Corp. and Monsanto Co., furnished usable income-and-loss data relative to the overall operation of their establishments within which cyanuric acid and its chlorinated derivatives are produced. Both producers also supplied usable income-and-loss data relative to their operations producing cyanuric acid and its chlorinated derivatives.

Overall establishment operations.--Overall establishment net sales totaled * * * in 1982, down * * * percent from the * * * in sales reported for 1981, and down * * * percent from the * * * in net sales reported for 1980 (table 9). 1/ Net sales were * * * during January-May 1983, compared with * * * for the corresponding period of 1982.

In the aggregate, the two firms' establishment operations sustained * * *.

Table 9.--Income-and-loss experience of 2 U.S. producers on the overall operation of their establishments within which cyanuric acid and its chlorinated derivatives are produced, 1980-82, January-May 1982, and January-May 1983

* * * * * * *

1/ Data appearing in table 9 may include some figures relating to items other than cyanuric acid and its chlorinated derivatives which happen to be produced in the same establishment(s) as cyanuric acid and its chlorinated derivatives.

Cyanuric acid.--Monsanto and FMC, which together accounted for 100 percent of total 1982 U.S. production of cyanuric acid, furnished usable income-and-loss data for their cyanuric acid operations (table 10). Their net sales of cyanuric acid declined annually during 1980-82, from * * *.

* * * * * * *

Table 10.--Income-and-loss experience of 2 U.S. producers on their operations producing cyanuric acid, 1980-82, January-May 1982, and January-May 1983

* * * * * * *

Dichloro isocyanurates.--Two U.S. producers, FMC and Monsanto, together accounting for about * * * percent of total 1982 production of dichloro isocyanurates, furnished usable income-and-loss data for their dichloro isocyanurates operations (table 11). Their net sales totaled * * *.

Table 11.--Income-and-loss experience of 2 U.S. producers on their operations producing dichloro isocyanurates, 1980-82, January-May 1982, and January-May 1983

* * * * * * *

Trichloro isocyanuric acid.--Two U.S. producers, together accounting for about * * * percent of total 1982 production of trichloro isocyanuric acid, furnished usable income-and-loss data relative to their trichloro isocyanuric acid operations (table 12). * * *.

Table 12.--Income-and-loss experience of 2 U.S. producers on their operations producing trichloro isocyanuric acid, 1980-82, January-May 1982, and January-May 1983

* * * * * * *

The data on dichloro isocyanurates from table 11 and the data on trichloro isocyanurates from table 12 have been aggregated. The aggregated figures are summarized in table 13, which indicates that the two * * *.

Table 13.--Income-and-loss experience of 2 U.S. producers on their operations producing dichloro isocyanurates and trichloro isocyanuric acid, 1980-82, January-May 1982, and January-May 1983

* * * * * * *

The data from tables 10, 11, and 12 have been aggregated, and are presented in the summary table 14. The figures in table 14 indicate that the two firms * * *.

Table 14.--Income-and-loss experience of 2 U.S. producers on their operations producing cyanuric acid, dichloro isocyanurates and trichloro isocyanuric acid, 1980-82, January-May 1982, and January-May 1983

* * * * * * *

Investment in productive facilities.--Two firms supplied data relative to their investment in productive facilities employed in the manufacture of cyanuric acid and its chlorinated derivatives (table 15). Their aggregate establishment investment in such facilities, valued at cost, * * *. Table 15 also denotes that the two firms' investment, valued at cost, for productive facilities used in the production of cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid, also * * *.

Table 15.--Investment of 2 U.S. producers in facilities used in the production of cyanuric acid and its chlorinated derivatives, 1980-82, January-May 1982, and January-May 1983

* * * * * * *

Capital expenditures.--Capital expenditures of two U.S. firms for land, buildings, and machinery and equipment used mainly in the manufacture of cyanuric acid and its chlorinated derivatives were * * *. Capital expenditures for cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid are also shown separately in table 16.

Table 16.--2 U.S. producers' capital expenditures for land and land improvements, building and leasehold improvements, and machinery and equipment used in the production of cyanuric acid and its chlorinated derivatives, 1980-82, January-May 1982, and January-May 1983

* * * * * * *

Research and development expenses.--Research and development expenditures relative to FMC's and Monsanto's cyanuric acid and chlorinated derivative operations are shown in the following tabulation for 1980-82, January-May 1982, and January-May 1983 (in thousands of dollars):

Period	FMC	Monsanto
1980	***	***
1981	***	***
1982	***	***
January-May--		
1982	***	***
1983	***	***

Capital and investment.--The following replies were received from FMC and Monsanto relative to actual and potential negative effects of LTFV imports of cyanuric acid and its chlorinated derivatives on their firms' growth, investment, and ability to raise capital:

FMC: * * *.

Monsanto: * * *.

Consideration of the Threat of Material Injury to an Industry in the United States

There are various factors which may contribute to the threat of injury to the domestic industry, including the ability of the foreign producers to increase the level of their exports to the United States and the likelihood they will do so, any increase in U.S. importers' inventories of the subject products, and any increasing trends in the quantity of imports and U.S. market penetration.

The available data concerning the Japanese industry's capacity to produce the subject products are presented in the section of this report on foreign producers. Information obtained on the Japanese industry's ability to increase the level of exports to the United States is presented below.

A Shikoku official has stated that Shikoku expects both its production and its exports to the United States in 1983 to * * * improved weather conditions compared with those in 1982 when the demand for swimming pool sterilizers dropped considerably both in Japan and the United States, and to an expected increase in domestic demand for such products owing to an improvement in general business conditions.

A Nissan official commented that Nissan expects its exports of the subject products to the United States to * * * pursuant to demand reports that Nissan regularly obtains from SRI International and other U.S. information

sources. He also stated that demand in Japan for sterilizers for swimming pools and water cleaning tanks is expected to * * *. 1/

A Nippon Soda official reported that Nippon Soda is not yet ready for * * *. It was also stated that Nippon Soda is not yet ready to * * *. 2/

Another factor that can be examined in assessing the threat of injury is the trend in U.S. importers' inventories. U.S. importers' inventories of cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid are shown in table 17.

Table 17.--Cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid: U.S. importers' 1/ end-of-period inventories, 1979-82, January-May 1982, and January-May 1983

* * * * * * *

1/ * * * does not * * *, hence is not shown in the table.

Table 17 indicates that following a decrease in inventories in 1980, U.S. importers' inventories increased for each of the three product groups in both 1981 and 1982. Indeed, U.S. importers' inventories for the three product groups combined increased from * * * had, by far, the largest inventories of cyanuric acid, and * * * had, by far, the largest inventories of the chlorinated derivatives.

A discussion of the level of imports and their market penetration is presented in the following section of this report.

Consideration of the Causal Relationship Between Imports Allegedly Sold at LTFV and the Alleged Material Injury

U.S. imports

Aggregate U.S. imports of cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid from Japan decreased from 31.8 million pounds in 1981 to 24.2 million pounds in 1982, or by 24 percent (table 18). 3/ Imports during January-May 1983 totaled 14.4 million pounds, representing an increase of 11 percent over the level of the corresponding 1982 period. The principal importer throughout the period under consideration, except for January-May 1982, was * * *.

1/ Department of State telegram No. 169523, p. 3.
2/ Ibid, pp. 2 and 3.
3/ Aggregate imports in 1981 increased * * * percent from the 1980 level (excludes data for * * * in both years).

Table 18.--Cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid: U.S. imports from Japan, by firms, 1980-82, January-May 1982, and January-May 1983

* * * * * * *

Cyanuric acid.--U.S. imports of cyanuric acid from Japan decreased from * * * million pounds in 1981 to * * * pounds in 1982, or by * * * percent. Imports during January-May 1983 totaled * * * pounds, representing a decrease of * * * percent from the * * * pounds imported during the corresponding period of 1982.

The principal importer of cyanuric acid is * * *, which accounted for * * * percent of aggregate imports of cyanuric acid during 1981 and 1982. Imports of cyanuric acid excluding those by * * * between 1980 and 1982. Olin uses * * * its imported cyanuric acid as a raw material for its production of dichloro isocyanurates and trichloro isocyanuric acid at its plant in Lake Charles, La.

Dichloro isocyanurates.--U.S. imports of dichloro isocyanurates from Japan * * *.

There are currently only two known importers of dichloro isocyanurates from Japan: * * * was the principal U.S. importer throughout 1980-82, * * *. Both * * * import dichloro isocyanurates for their own account and then resell the product to repackagers and dealers.

Trichloro isocyanuric acid.--U.S. imports of trichloro isocyanuric acid from Japan * * *.

As in the case of the dichloro isocyanurates, * * * are the only two major importers of trichloro isocyanurates. * * * was the principal U.S. importer during 1980-82. Both * * * import in order to resell to repackagers and dealers.

Market penetration of imports

Imports of cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid as a share of apparent consumption are shown in table 19.

Table 19.--Cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid: U.S. imports from Japan, apparent U.S. consumption, and the ratio of imports from Japan to apparent consumption, 1980-82, January-May 1982, and January-May 1983

Item and period	U.S. imports from Japan	Apparent U.S. consumption	Ratio of imports from Japan to apparent consumption
	1,000 pounds		Percent
Cyanuric acid, total:			
1980	1/	2/ ***	1/
1981	***	***	17.7
1982	***	***	17.3
January-May--			
1982	***	***	18.4
1983	***	***	17.1
Cyanuric acid for external sale:			
1980	***	***	22.8
1981	***	***	33.1
1982	***	***	27.2
January-May--			
1982	***	***	21.3
1983	***	***	46.8
Dichloro isocyanurates:			
1980	1/	1/	1/
1981	***	3/ ***	12.9
1982	***	3/ ***	11.8
January-May--			
1982	***	1/	1/
1983	***	3/ ***	15.6
Trichloro isocyanuric acid:			
1980	***	***	23.8
1981	***	***	26.5
1982	***	***	23.8

See footnotes at end of table.

Table 19.--Cyanuric acid, dichloro isocyanurates, and trichloro isocyanuric acid: U.S. imports from Japan, apparent U.S. consumption, and the ratio of imports from Japan to apparent consumption, 1980-82, January-May 1982, and January-May 1983--Continued

Item and period	U.S. imports from Japan	Apparent U.S. consumption	Ratio of imports from Japan to apparent consumption
	1,000 pounds		Percent
January-May--			
1982	***	***	22.2
1983	***	***	19.7
Total: 4/			
1980	1/	1/	1/
1981	***	3/ ***	21.1
1982	***	3/ ***	18.6
January-May--			
1982	***	1/	1/
1983	***	3/ ***	18.3
Total: 5/			
1980	1/	1/	1/
1981	31,836	3/ 161,953	19.7
1982	24,162	3/ 133,733	18.1
January-May--			
1982	12,878	1/	1/
1983	14,369	3/ 80,088	17.9

1/ Not available.

2/ Excludes imports by Olin.

3/ Includes imports of dichloro isocyanurates from countries other than Japan.

4/ Includes dichloro isocyanurates and trichloro isocyanuric acid.

5/ Includes dichloro isocyanurates, trichloro isocyanuric acid, and total cyanuric acid.

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

Cyanuric acid.--Imports of cyanuric acid for external sale as a share of U.S. consumption increased from 22.8 percent in 1980 to 33.1 percent in 1981, and then decreased to 27.2 percent in 1982. The ratio of imports to apparent consumption during January-May 1983 was 46.8 percent, compared with 21.3 percent in the corresponding period of 1982.

Dichloro isocyanurates.--Imports of dichloro isocyanurates as a share of U.S. consumption decreased from 12.9 percent in 1981 to 11.8 percent in 1982. The ratio of imports to apparent consumption during January-May 1983 was 15.6 percent.

Trichloro isocyanuric acid.--Imports of trichloro isocyanuric acid as a share of U.S. consumption increased from 23.8 percent in 1980 to 26.5 percent in 1981, and then decreased to 23.8 percent in 1982. The ratio of imports to consumption during January-May 1983 was 19.7 percent, representing a decrease from the 22.2 percent of the corresponding 1982 period.

Prices

Cyanuric acid and its chlorinated derivatives are sold by the three U.S. producers and by importers both on an f.o.b. plant (or port-of-entry) basis and on a delivered basis. The U.S. producers initially quote prices on an f.o.b. basis, but often provide allowances for freight when necessary for freight equalization or to meet other competitive situations, effectively establishing a delivered price. Importers more often quote delivered prices owing to the flexibility of delivery to the various ports of entry.

Sales are made on both a contract basis and on a spot basis. Larger or longstanding accounts frequently contract for most of their anticipated annual requirements in the final months of the year. These contracts may call for delivery of specific quantities on a periodic basis during the life of the contract. These same contract customers also purchase on a spot basis to fulfill unanticipated needs. Other customers, less able to predict their needs, generally purchase on a spot basis as their demands arise. Although many sales may consist of large quantities delivered over time, shipments more normally consist of either truckload quantities (24,000 to 40,000 pounds) or freightcar quantities (160,000 to 180,000 pounds); such shipments may be invoiced separately by the manufacturer. 1/ Some contracts reportedly include terms permitting a customer to request the supplier to meet competitors' prices if prices should decline over the life of the agreement; if the supplier chooses not to meet a lower price, the contract may be terminated under this clause.

U.S. producers, including Monsanto (the petitioner) advertise list prices for the new season in the fall of each year and negotiate from this price as competition requires. Initially, producers offer reductions from the list price to those customers willing to commit to contracts for delivery early in the next calendar year; these reductions generally are available only through mid-December of each year. Monsanto alleges that it has been forced to extend its "early buy" program and to reduce prices below these offered discounts in recent years because of competition from cyanuric acid and its derivatives imported from Japan. One large customer, however, claims that the Monsanto list price has not been realistic in recent seasons, and this customer suggests that it views the list price as only an indication of the maximum possible cost of the product to them.

1/ Some suppliers reported each of these truckload shipments as a separate sale, although each truckload was part of a larger contract requiring frequent shipments. Calculation of weighted-average prices under these circumstances can significantly bias the data; accordingly, only simple average prices are used in the discussion below.

The Commission requested that U.S. producers and importers provide f.o.b. and delivered-price information on their sales to their largest customers 1/ for cyanuric acid in powdered and granular form, for dichloro isocyanurates in powdered and granular form, and for trichloro isocyanuric acid in powdered, granular, and tablet form. Responses suggest that most imports for resale of all three products are in granular form. Only relatively small quantities of powdered cyanuric acid were imported for resale, although Olin imports substantial quantities to use as feedstock in its production of derivatives. No prices were reported for imported dichloro isocyanurates or trichloro isocyanuric acid in either powdered or tablet form. U.S. producers did, however, report prices for both these forms of trichloro isocyanuric acid.

Delivered prices of each form of the three products followed the same general trend, whether from U.S. producers or importers. Prices generally increased from January-March 1981 to mid-1982, declined through January-March 1983, but remained stable or slightly increased in April-June 1983. Prices of each product are discussed separately below. 2/

Powdered cyanuric acid.--Of the three U.S. producers, only * * * reported prices of powdered cyanuric acid, and all * * * sales in commercial quantities were to * * *. 3/ The delivered price of this product was * * * cents per pound in 1981 and increased to * * * cents per pound in January-June 1982; no sales were reported after that time (table 20). * * * subsequently informed the Commission that the product it sold to * * * was undried and only about 94 percent pure, whereas the Japanese product is 99 percent pure. * * * suggested that a premium of about * * * should be added to its price in order to compare prices on an equal basis; this premium would raise the prices above to * * * cents per pound, respectively.

1/ These customers generally buy on contract, although price reductions may take place during the year. Prices reported are those in effect at the time of actual shipment.

2/ Except in one instance, respondents provided actual or estimated delivered prices as well as f.o.b. prices. Accordingly, all prices discussed in this section are on a delivered basis.

3/ * * * also reported prices for sales of very small quantities to one customer. These prices were substantially higher than those to * * * and * * * suggested that they should not be considered representative of the market.

Table 20.--Powdered and granular cyanuric acid: U.S. producers' and importers' average delivered prices and margins of underselling, by types and by quarters, January 1981-June 1983

Period	Powdered			Granular		
	U.S. producers 1/	Importers 2/	Margins of overselling	U.S. producers	Importers	Margins of underselling or (overselling)
	Cents per pound	Cents per pound	Percent	Cents per pound	Cents per pound	Percent
1981:						
Jan.-Mar--	***	***	***	***	***	9.8
Apr.-June-	***	***	***	***	***	-
July-Sept-	***	***	***	***	***	(15.9)
Oct.-Dec--	***	***	***	***	***	(2.4)
1982:						
Jan.-Mar--	***	3/	4/	***	***	7.7
Apr.-June-	***	***	***	***	***	7.7
July-Sept-	3/	***	4/	***	***	1.1
Oct.-Dec--	3/	***	4/	***	***	5.7
1983:						
Jan.-Mar--	3/	***	4/	***	***	3.7
Apr.-June-	3/	***	4/	***	***	(1.2)

1/ * * *.
2/ * * *.
3/ No prices reported.
4/ Not available.

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

* * *. However, the unit value of its purchases on a delivered basis was * * * cents per pound in 1981 and * * * cents per pound in 1982. 1/ These data indicate that * * * was able to obtain powdered cyanuric acid from Japan for * * *.

* * * reported prices for sales of powdered cyanuric acid from Japan. These prices followed the same general trend of other prices, ranging from * * * per pound to * * * per pound, substantially * * *. The quantities represented by these sales were, however, relatively small compared with sales of other products.

1/ * * * reported unit values of * * * cents per pound in 1981 and * * * cents per pound in 1982, not including duty and inland freight. These additional costs are estimated to be * * * cents per pound.

Granular cyanuric acid.--* * * reported prices for granular cyanuric acid. U.S. producers' prices * * * (table 20). The average importers' price followed the same general trend, although because of somewhat sporadic sales by some importers, the average fluctuated considerably. Importers' prices increased from * * *. These prices then declined in 1982 and 1983 to as low as * * * cents per pound in January-March 1983, but increased slightly to * * * cents per pound in April-June 1983. Imports from Japan were priced below the U.S. producers' average price by as much as 10 percent in January-March 1981, but above the producers' price by 16 percent in July-September 1981. The average import price was from 1 to 8 percent lower than the U.S. producers' average price from January 1982 to March 1983.

Dichloro isocyanurates.--* * * reported prices for sales of granular dichloro isocyanurates. 1/ The U.S. producers' average price of this product * * * (table 21). * * *. The importers' average price followed the same trend. The average price of imports was below that of the U.S. product by 3.2 percent in 1981, by 6.3 percent in October-December 1982, and by 1 percent in January-March 1983. Imports were priced above the U.S. product in other periods by from 1 to 9 percent.

Table 21.--Granular dichloro isocyanurates: U.S. producers' and importers' average delivered prices and margins of underselling, by quarters, January 1981-June 1983

Period	U.S. producers	Importers	Margins of underselling or (overselling)
	Per pound	Per pound	Percent
1981:			
January-March	***	***	3.2
April-June	***	***	3.2
July-September	***	***	3.2
October-December	***	***	3.2
1982:			
January-March	***	***	(2.2)
April-June	***	***	(8.4)
July-September	***	***	(0.8)
October-December	***	***	6.3
1983:			
January-March	***	***	0.9
April-June	***	***	(9.4)

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

1/ No producer or importer reported prices for powdered dichloro isocyanurates.

Granular trichloro isocyanuric acid.--FMC, Monsanto, and Olin each reported prices on sales of granular trichloro isocyanuric acid, as did two importers. 1/ 2/ The average U.S. producers' price increased from * * * per pound in 1981 to * * * in January-March 1982, but fell back to * * * in October-December 1982 and January-March 1983 (table 22). The average price increased slightly to * * * in April-June 1983.

As with the other products, the average * * *. Granular trichloro isocyanuric acid from Japan was sold at an average price below that of U.S. producers only in July-September 1982 (2 percent) and in January-June 1983 (from 2 to 5 percent).

Table 22.--Granular trichloro isocyanuric acid: U.S. producers' and importers' average delivered prices and margins of underselling, by quarters, January 1981-June 1983

Period	U.S. producers	Importers	Margins of underselling or (overselling)
	Per pound	Per pound	Percent
1981:			
January-March	***	***	(3.7)
April-June	***	***	(5.6)
July-September	***	***	(5.6)
October-December	***	***	(6.5)
1982:			
January-March	***	***	(0.7)
April-June	***	***	(5.3)
July-September	***	***	2.3
October-December	***	***	(10.2)
1983:			
January-March	***	***	1.9
April-June	***	***	5.4

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

Information from purchasers.--The Commission requested purchasers of cyanuric acid and its chlorinated derivatives to provide information on prices paid for the various products covered by this investigation from U.S., Japanese, and other sources, and to describe the terms offered by both winning

1/ Monsanto also reported prices for powdered trichloro isocyanuric acid for 1981 and 1982. These prices * * *.

2/ FMC and Olin reported prices for trichloro isocyanuric acid in tablet form. The average of these prices fluctuated considerably between * * *, primarily reflecting fluctuations in * * * prices to its major customers.

and losing bidders. Although 15 questionnaires were returned, the information provided was not adequate for complete analysis. Although many purchasers indicated that price is among the most important considerations in their purchase of material, there were a number of instances in which the winning bid was at a price above that of the losing bidder; in some of these instances, the U.S. producer received the order, and in others an importer received the order. It is possible that nonprice inducements were also instrumental in these instances. 1/ Further discussion of customer responses is found below in the sections on lost sales and lost revenues.

Exchange rates

The following tabulation shows an index of the real value (adjusted for inflation) of the Japanese yen in terms of the U.S. dollar for January-March 1981 to April-June 1983:

	Index (January-March 1981=100)	
1981:		
January-March	100	
April-June	92	
July-September	88	
October-December	91	
1982:		
January-March	87	
April-June	83	
July-September	79	
October-December	78	
1983:		
January-March	85	
April-June	85	(estimated)

The yen depreciated by 13 percent from January-March 1981 to the corresponding period of 1982, and an additional 15 percent by October-December 1982. The value of the yen increased in January-March 1983, but remained relatively steady in April-June 1983. The exchange rate has remained relatively steady in recent months.

1/ See, e.g., letter to George Deyman, Office of Investigations, from * * *, June 30, 1983. * * * claims that advertising allowances are used by producers to obtain business. * * * also states that * * * is the price leader in the market for these products. Submissions attached to the questionnaire responses of the * * * also show that free goods, advertising allowances, and gifts are among the nonprice inducements offered to customers by * * * in recent years.

Lost sales

The petitioner presented the Commission with highly detailed lost sales allegations and accompanying documents purporting to verify these allegations. The lost sales allegations related to 13 major purchasers of the subject materials who allegedly purchased Japanese products in place of Monsanto's products in specific instances, generally due to lower prices for the Japanese products.

The first series of lost sales allegations concerns * * *, a repackager located in * * *. The petitioner claims that on a number of occasions in 1982, Monsanto lost sales due to * * * alleged purchases of Japanese products in place of Monsanto's products. In addition, the petitioner claims a projected loss of business in 1983 of * * * pounds of cyanuric acid, * * * pounds of dichloro salts, and * * * pounds of trichloro isocyanuric acid, all due to lower net prices for * * * products.

As shown in the following tabulation, * * * response to the Commission's questionnaire 1/ indicated that it purchased the following amounts of cyanuric acid and its chlorinated derivatives (in thousands of pounds):

*	*	*	*	*	*	*

Factors given in * * * questionnaire for the decision to purchase cyanuric acid or its chlorinated derivatives from a foreign source over a U.S. source were * * * and * * * for purchases of cyanuric acid, * * * and * * * for purchases of dichloro isocyanurates, and * * *, and * * * for trichloro isocyanuric acid.

The second lost sales allegation concerns * * *, located in * * *. The petitioner claims that it lost sales of * * * pounds of cyanuric acid and its chlorinated derivatives in 1982 and will have an apparent loss of * * * pounds in the 1983 pool season, due to lower prices for * * * products.

As shown in the following tabulation, * * * response to the Commission's questionnaires indicated that it purchased the following amounts of the subject products (in thousands of pounds):

*	*	*	*	*	*	*

1/ The Commission sent questionnaires to 24 purchasers of cyanuric acid or their chlorinated derivatives. Most, if not all, of these purchasers are repackagers and tableters. The questionnaires were designed to elicit responses on the purchasers' buying habits during the period under investigation. Fifteen of the questionnaires were completed and returned to the Commission.

When contacted by telephone, an official at * * * said that Monsanto's lost sales allegation relating to * * * is a * * *. The official said that the Monsanto price and the imported product price are * * *. Factors given in * * * questionnaire for the decision to purchase cyanuric acid from a foreign source over a U.S. source were * * *.

The third series of allegations relating to lost sales concerns * * *. The petitioner presented data indicating that purchases by * * * of the petitioner's * * *. The petitioner also stated that it learned that * * * had committed at least * * * pounds to * * * (in 1983), and possibly up to * * * pounds.

* * * stated by telephone that Monsanto * * *. After that, * * * continued to buy from * * *. It was also stated that Monsanto has reduced its prices in competition with imports. The imports still sell at * * *. However, it was stated that the price depression is due to * * *. In fact, * * * requested Monsanto to lower its price on at least one occasion so that * * * could be more competitive with * * * in the market place.

* * * response to the Commission's questionnaire indicated the purchases shown in the following tabulation (in thousands of pounds):

*	*	*	*	*	*	*

Factors given in * * * questionnaire for the decision to purchase from * * *.

The fourth series of lost sales allegations concerns * * *. The petitioner claims that it lost sales volume in 1980 and 1981, and failed to recover these lost sales in 1982. The petitioner also claimed lost sales of * * * pounds in 1982, and * * * pounds of dichloro and * * * pounds of trichloro through March of 1983.

* * * response to the Commission's questionnaire indicated the purchases shown in the following tabulation (in thousands of pounds):

*	*	*	*	*	*	*

An offical of * * * stated that the price of the Japanese product tends to be * * *. They still buy from Monsanto * * *. However, he said that they want * * *.

Factors given in * * * questionnaire for the decision to purchase from * * *.

The fifth series of lost sales allegations by the petitioner concerns * * *. * * * was allegedly one of Monsanto's most loyal customers until 1982, when sales to * * * allegedly decreased by * * * percent, or by * * * pounds (Monsanto's sales to * * * were also allegedly much lower in 1981 than in 1980). Selected specific instances of alleged lost sales due to lower prices by * * * were * * * pounds of trichloro in 1982 and * * * pounds of cyanuric acid, * * * pounds of dichloro, and * * * pounds of trichloro in 1983.

* * * response to the Commission's questionnaire indicated the purchases shown in the following tabulation (in thousands of pounds):

* * * * * * *

Through a telephone conversation with * * * lost sales of * * * pounds of cyanuric acid, * * * pounds of dichloro isocyanurates, and * * * pounds of trichloro isocyanuric acid during 1980-82 * * *. The Japanese products were * * *. In early 1982, Monsanto indicated to * * * that it (Monsanto) was trying to * * *. Monsanto met the Japanese price in * * *.

The sixth lost sales allegation by the petitioner concerns * * *. The petitioner claims that * * * was selected early on by * * * as a target to establish a position on the west coast. The petitioner claims that due to price undercutting by * * *, it has lost much of its former business with * * *, and allegedly had lost sales, as shown in the following tabulation (in millions of pounds):

Period	
1982 pool year 1/	***
1983 pool year 2/-----3/	***

1/ November 1981-November 1982.
2/ November 1982-November 1983.
3/ Estimated sales for the entire pool year.

* * * response to the Commission's questionnaires indicated the purchases shown in the following tabulation (in thousands of pounds):

* * * * * * *

Through a telephone conversation with * * *, lost sales * * *. Monsanto did not receive a contract to supply * * *.

The factor given in * * * questionnaire for the decision to purchase from * * *.

The seventh allegation of lost sales by the petitioner concerns * * * a repackager and tableter located in * * *. The petitioner claims that * * * has historically stated to Monsanto that * * * would give * * * percent of its business to Monsanto and * * * percent to * * *. However, the petitioner believes that Monsanto has not been obtaining * * * percent of * * * business, and allegedly lost sales of * * * pounds of cyanuric acid, * * * pounds of dichloro, and * * * pounds of trichloro, all in 1982, and a combined total of * * * pounds of these products in 1983.

* * * response to the Commission's questionnaire indicated the purchases shown in the following tabulation (in thousands of pounds):

*	*	*	*	*	*	*

Factors given by * * * in the decision to purchase from * * *.

The eighth allegation of lost sales by the petitioner concerns * * *. The petitioner claims that it lost sales of * * * pounds of cyanuric acid, * * * pounds of dichloro, and * * * pounds of trichloro in 1982 due to purchases by * * * from * * *.

* * * response to the Commission's questionnaires indicated the purchases shown in the following tabulation (in thousands of pounds):

*	*	*	*	*	*	*

The factor given in * * * questionnaire for the decision to purchase from * * *.

The ninth allegation of lost sales by the petitioner concerns * * *. The petitioner claims that * * * obtained about * * * percent of * * * business in 1982 due to pricing strategems, and will continue to obtain most of * * * business in 1983, with lost sales for Monsanto. Lost sales claimed by the petitioner for 1982 were * * * pounds of cyanuric acid, * * * pounds of dichloro, and * * * pounds of trichloro.

* * * response to the Commission's questionnaire indicated the purchases shown in the following tabulation (in thousands of pounds):

*	*	*	*	*	*	*

The factors given in * * * questionnaire for the decision to purchase from * * *.

The tenth allegation of lost sales by the petitioner concerns * * *. Specific alleged lost sales cited by the petitioner due to alleged underselling by * * * are as follows:

* * * * * * *

* * * did not return the Commission's questionnaire.

The eleventh allegation of lost sales by the petitioner concerns * * *. The petitioner claims that * * * was a major customer for Monsanto until * * * entered the U.S. market and began aggressively pricing their cyanurate products. The petitioner alleges lost sales of at least * * * pounds of trichloro, and indicated that Monsanto has received no orders from * * * for the 1983 pool season.

* * * response to the Commission's questionnaire indicated the purchases shown in the following tabulation (in thousands of pounds):

* * * * * * *

The factors given in * * * questionnaire for the decision to purchase from * * *.

The twelfth allegation of lost sales by the petitioner concerns * * *. The petitioner claims that Monsanto supplied * * * usage of cyanuric acid until * * * undersold Monsanto in mid-1980, at which point Monsanto allegedly lost the entire account. Alleged lost sales are * * * pounds of cyanuric acid. The Commission did not send a questionnaire to * * *.

The thirteenth allegation of lost sales by the petitioner concerns * * *, a major repackager and tableter. The petitioner claims that * * * has been targeted by * * * for especially aggressive pricing to facilitate its establishment of major positions in the swimming pool market. The petitioner claims that in late 1982, Monsanto lost * * * pounds of * * * trichloro business and * * * pounds of * * * dichloro business to * * *, due to lower pricing by * * *.

In a telephone conversation with an official of * * * concerning Monsanto's alleged loss of * * * pounds of trichloro, the official stated that Monsanto's price was * * *. However, Monsanto was able to obtain * * *.

In addition to lost sales alleged by the petitioner, Olin alleged that it lost sales of * * *. The total amount of these lost sales during 1981-83 is allegedly * * * pounds of * * *. * * * of the purchasers cited by * * * for lost sales were also cited by the petitioner.

FMC made no lost sales allegations in its questionnaire. However, an FMC official indicated in a telephone conversation 1/ that there were perhaps six instances where FMC lost its competitive share. He mentioned that FMC recently lost a bid on * * * to an importer.

Lost revenues

In the Commission questionnaire, the petitioner listed 88 instances where it allegedly had to lower its prices or roll back announced price increases in order to avoid losing sales to competitors selling cyanuric acid or its chlorinated derivatives from Japan. The petitioner also provided supplementary lost sales allegations, with accompanying salesmen's reports or other documentation. Among the firms cited with regard to allegations of lost revenue were * * *.

* * * confirmed that Monsanto reduced its price of * * * per pound to * * * per pound in order to compete with trichloro isocyanuric acid from Japan in late 1982. Monsanto's original price of * * * was apparently a list price, or published price, which was said to be excessively high. It is not clear whether Monsanto received the order despite lowering the price from its list price.

An official of * * * stated that in a specific sale cited by the petitioner as resulting in lost revenues, Monsanto decreased its initial (list) price, because the imported product was originally priced less. Monsanto's accepted price quote was the same as that of the foreign product.

An official of * * * stated that Monsanto and * * * tend to meet each other's price offers. With regard to a specific sale cited by the petitioner as resulting in lost revenues, the official stated that Monsanto apparently did lower its price from its "early buy" price to meet * * * price.

In * * *, Monsanto bid * * * per pound * * * to supply * * * with * * * pounds of dichloro isocyanurates. Because * * * were asking * * * per pound and * * * even less, * * * accepted a lowered Monsanto price of * * * per pound * * *, so that * * * could complete with * * *. * * * also accepted a lowered price of * * * per pound * * * of trichloro isocyanuric acid after Monsanto's initial bid had been * * * per pound * * *. Net loss of revenues is calculated to be * * * from this customer.

1/ Telephone conversation with * * *, June 27, 1983 (see telephone notes, p. 46, in the Commission's record of this investigation).

An official of * * * confirmed that Monsanto lowered its price on a large sale of trichloro isocyanuric acid in * * *. Monsanto alleges that it lowered its price in order to compete with * * *, which had been underselling by * * * cents per pound. The * * * official did not confirm that Monsanto lowered its price to specifically meet the Japanese price. He said that Monsanto "decreased it because they wanted the business." He said that * * * are "strong competitors." He also said that Monsanto is "trying to get an artificially high price."

APPENDIX A

NOTICE OF THE COMMISSION'S INSTITUTION OF
A PRELIMINARY ANTIDUMPING INVESTIGATION

[Investigation No. 731-TA-136 (Preliminary)]

Cyanuric Acid and Its Chlorinated Derivatives From Japan

AGENCY: International Trade Commission.

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

EFFECTIVE DATE: June 3, 1983.

SUMMARY: The United States International Trade Commission hereby gives notice of the institution of a preliminary antidumping investigation under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Japan of cyanuric acid and its chlorinated derivatives, provided for in item 425.10 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value.

FOR FURTHER INFORMATION CONTACT: Mr. George Deyman, Investigator (202-523-0481), or Mr. John MacHatton, Supervisory Investigator (202-523-0439), Office of Investigations, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C. 20436.

SUPPLEMENTARY INFORMATION:

Background.—This investigation is being instituted in response to a petition filed on June 3, 1983, on behalf of the Monsanto Industrial Chemicals Co., a U.S. producer of cyanuric acid and its chlorinated derivatives. The Commission must make its determination in the investigation within 45 days after the date of the filing of the petition, or by July 18, 1983 (19 CFR 207.17).

Participation.—Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided for in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than seven (7) days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the notice.

Service of documents.—The Secretary will compile a service list from the entries of appearance filed in the investigation. Any party submitting a document in connection with the investigation shall, in addition to complying with § 201.8 of the Commission's rules (19 CFR 201.8), serve a copy of the nonconfidential version of each such document on all other parties to the investigation. Such service shall conform with the requirements set forth in § 201.16(b) of the rules (19 CFR 201.16(b)), as amended by 47 FR 33682, Aug. 4, 1982.

In addition to the foregoing, each document filed with the Commission in the course of this investigation must include a certificate of service setting forth the manner and date of such service. This certificate will be deemed proof of service of the document. Documents not accompanied by a certificate of service will not be accepted by the Secretary.

Written submissions.—Any person may submit to the Commission on or before July 1, 1983, a written statement of information pertinent to the subject matter of this investigation (19 CFR 207.15). A signed original and fourteen (14) copies of such statements must be submitted (19 CFR 201.8).

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately, and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6). All written submissions, except for confidential business data, will be available for public inspection.

Conference.—The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 9:30 a.m., on June 28, 1983, at the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. Parties wishing to participate in the conference should contact the staff investigator, Mr. George Deyman (202-523-0481), not later than June 24, 1983, to arrange for their appearance. Parties in support of the imposition of antidumping duties in the investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Public inspection.—A copy of the petition and all written submissions, except for confidential business data, will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A and B (19 CFR 207, as amended by 47 FR 33682, Aug. 4, 1982), and part 201, subparts A through E (19 CFR part 201, as amended by 47 FR 33682, Aug. 4, 1982). Further information concerning the conduct of the conference will be provided by Mr. Deyman.

This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

Issued: June 8, 1983.

Kenneth R. Mason,

Secretary.

[FR Doc. 83-16085 Filed 6-14-83; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

NOTICE OF THE DEPARTMENT OF COMMERCE'S INSTITUTION OF AN ANTIDUMPING INVESTIGATION

Initiation of Antidumping Investigation; Cyanuric Acid and its Chlorinated Derivatives From Japan

AGENCY: International Trade Administration, Commerce.

ACTION: Initiation of antidumping investigation.

SUMMARY: On the basis of a petition filed with the U.S. Department of Commerce, we are initiating an antidumping investigation to determine whether cyanuric acid and its chlorinated derivatives from Japan are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of these products are materially injuring, or are threatening to materially injure, a United States industry. If the investigation proceeds normally, the ITC will make its preliminary determination on or before July 18, 1983, and we will make ours on or before November 10, 1983.

EFFECTIVE DATE: June 24, 1983.

FOR FURTHER INFORMATION CONTACT: Mary S. Clapp, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 377-2438.

SUPPLEMENTARY INFORMATION:

Petition

On June 3, 1983, we received a petition filed by counsel for Monsanto Industrial Chemicals Co. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petitioner alleges that imports from Japan of cyanuric acid and its derivatives are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act), and that these imports are materially injuring, or are threatening to materially injure, a United States industry.

The allegation of sales at less than fair value is supported by information on foreign market value and United States price obtained by the petitioner from independent market research in Japan, petitioner's sales force in the United States, and U.S. government statistics.

Critical circumstances have also been alleged under section 733(e) of the Act (19 U.S.C. 1673b(e)). We will make a determination regarding this issue on the date of our preliminary determination.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for initiation of an antidumping investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined this petition and have found that it meets these requirements.

Therefore, in accordance with section 732 of the Act, we are initiating an antidumping investigation to determine whether cyanuric acid and its chlorinated derivates from Japan are being, or are likely to be, sold in the United States at less than fair value. If the investigation proceeds normally, we will make our preliminary determination by November 10, 1983.

Scope of the Investigation

The merchandise covered by this investigation is cyanuric acid and its chlorinated derivatives, also known as isocyanuric acid, sodium dichloro isocyanurate, potassium dichloro isocyanurate, sodium dichloroisocyanurate dihydrate, and trichloro isocyanuric acid. This merchandise is currently classified under item number 425.1050 of the *Tariff Schedules of the United States Annotated.*

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and to make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided that the ITC confirms it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by July 18, 1983, whether there is a reasonable indication that imports of cyanuric acid and its chlorinated derivatives from Japan are materially injuring, or are threatening to materially injure, a U.S. industry. If its determination is negative, this investigation will terminate; otherwise, the investigation will proceed according to statutory procedures.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 83-17105 Filed 6-23-83; 8:45 am]

BILLING CODE 3510-25-M

APPENDIX C

LIST OF WITNESSES APPEARING AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigation No. 731-TA-136 (Preliminary)

CYANURIC ACID AND ITS CHLORINATED DERIVATIVES FROM JAPAN

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the subject investigation on June 28, 1983 in the Sunshine Room of the USITC Building, 701 E Street, NW., Washington, D.C.

In support of the imposition of antidumping duties

Eugene L. Stewart--Counsel
Washington, D.C.
on behalf of
Monsanto Industrial Chemicals Co.

Donald P. Doherty, Assistant Company Counsel, Monsanto Industrial Chemicals Co.
Jerome F. Crowley, Manager, Financial Analysis, (Detergent Materials), Comptroller's Office, Monsanto Industrial Chemicals Co.
Donald A. Olson, Business Director, Fine Chemicals & Water Treatment, Monsanto Industrial Chemicals Co.

Eugene L. Stewart--OF COUNSEL

In opposition to the imposition of antidumping duties

Graham & James--Counsel
Washington, D.C.
on behalf of
Sumitomo Corp. of America
Toyomenka America, Inc.
Nissan Chemical Industries, Ltd.

Michael A. Hertzberg)
Yoshihiro Saito) --OF COUNSEL

Barnes, Richardson, & Colburn--Counsel
Washington, D.C.
on behalf of
Shikoku Chemicals Corp.
Mitsubishi Corporation
Mitsubishi International Corporation
ICI Corporation

William Hutchinson, Senior Counsel, ICI Americas, Inc.
James C. Miller, Marketing Manager, General Chemical Section, ICI Americas, Inc.

E. Thomas Honey--OF COUNSEL

Other parties appearing at the conference

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

Michael E. Campbell, General Counsel, Consumer Products Group,
Olin Corporation

Richard Cunningham--OF COUNSEL