CHOLINE CHLORIDE FROM CANADA AND THE UNITED KINGDOM

Determinations of the Commission in Investigations Nos. 731-TA-155 and 731-TA-156 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations

USITC PUBLICATION 1473

DECEMBER 1983

United States International Trade Commission / Washington, D.C. 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigations Nos. 731-TA-155 and 731-TA-156 (Preliminary)

CHOLINE CHLORIDE FROM CANADA AND THE UNITED KINGDOM

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673(a)), that there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, 2/ by reason of imports from Canada and the United Kingdom of choline chloride, provided for in item 439.50 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On November 15, 1983, counsel for Syntex Agribusiness, Inc., filed petitions with the Commission and the Department of Commerce alleging that imports of choline chloride from Canada and the United Kingdom are being sold in the United States at LTFV, and that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports of such merchandise. Accordingly, effective November 15, 1983, the Commission instituted preliminary antidumping investigations under section 733(a) of the Act (19 U.S.C. § 1673b(a)).

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

2/ Commissioners Stern, Haggart, and Lodwick determined only that there was a reasonable indication of material injury concerning imports from Canada; Commissioner Haggart determined only that there was a reasonable indication of material injury with respect to imports from the United Kingdom.

Notice of the institution of the Commission's investigations and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of November 25, 1983 (48 F.R. 53185). The conference was held in Washington, D.C. on December 8, 1983, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

We determine that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of choline chloride from Canada, 1/ and that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of choline chloride from the United Kingdom. 2/

Domestic industry

Under the Tariff Act of 1930, the term "industry" is defined as "the domestic producers as a whole of a like product, or those producers whose collective output of a like product constitutes a major proportion of the total domestic production of that product." 3/ A "like product" is one "which is like or in the absence of like, most similar in characteristics and uses with, the articles subject to an investigation. . . ." 4/

The subject of these investigations is choline chloride, a synthetic product used as a nutritive supplement in animal and poultry feed, imported from Canada and the United Kingdom. 5/ It is routinely added to poultry and swine feed as a supplement to promote growth. 6/

1/ Having found a reasonable indication of material injury, Commissioners Haggart and Lodwick do not reach the issue of threat of material injury.

2/ Having found a reasonable indication of material injury, Commissioner Haggart does not reach the issue of threat of material injury.

3/ 19 U.S.C. § 1677(4)(A).

4/ 19 U.S.C. § 1677(10).

5/ A medicinal grade choline chloride, suitable for human consumption, is not the subject of these investigations. See Petitions in invs. Nos. 731-TA-155 and 156 at 3. This medicinal grade choline chloride accounts for a very small percentage of domestic production. Commission Report (hereinafter "Report") at A-2.

6/ Id. at A-3.

Choline chloride is sold in three standard dilutions: (1) 70 percent solution in water; (2) 60 percent solution dried on an inert carrier material such as ground corn-cob or cereal; and (3) 50 percent solution dried on a carrier material. 7/ Choline chloride is imported from Canada in both the liquid and dry forms. 8/ The liquid form of choline chloride is imported from the United Kingdom. 9/ Choline chloride is produced domestically in both the liquid and the dry forms. 10/

Choline chloride in the liquid and dry forms have the same chemical composition. 11/ Liquid choline chloride is used to produce dry choline chloride by a process in which the liquid is sprayed onto a cereal or corn-cob base. 12/ Because of the additional processing required to produce the dry choline chloride, it is more expensive than liquid choline chloride. 13/

Liquid and dry choline chloride are sold to different immediate end users, with liquid choline chloride generally sold to feed manufacturers (feed mills) and large integrated poultry and livestock producers, and dry choline chloride generally sold to premixers, which sell vitamin, mineral, and micronutrient premixes to small feed mills and small-scale poultry and

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7/ Id. at A-2. Choline chloride producers refer to the 70 percent solution as "liquid" and to the 50 and 60 percent solutions as "dry."

8/ Dry choline chloride has been imported from Canada in both the 50 and 60 percent dilutions. Report at A-19, table 16.

9/ A silica-based dry choline chloride is also produced in the United Kingdom and has been imported into the United States. Tr. at 64. However, the petitioner has expressly excluded the silica-based choline chloride from the scope of this investigation, because it does not compete with and has different uses than cereal based choline chloride. See letter from counsel for petitioner to the Secretary, Dec. 15, 1983; The silica-based product is not interchangeable with and is priced considerably higher than the cereal-based product. Report at A-2. No domestic producer produces a silica-based product. Id.

10/ Petitions in invs. Nos. 731-TA-155 and 156 at 2-4.

11/ Report at A-3-A-4.

12/ Tr. at 47 and 112; Report at A-4.

13/ Tr. at 33 and 110.

livestock producers. 14/ However, there are indications of some interchangeability between liquid and dry choline chloride in that an end user could, and some end users have indicated that they would, switch from liquid to dry if the price difference justified it. 15/ Moreover, some end users have indicated that they purchase both liquid and dry choline chloride. 16/ However, one could not switch from dry to liquid choline chloride without the proper equipment, which is relatively expensive and therefore suitable for use only by larger poultry and livestock producers. 17/

Based on the information available in these preliminary investigations indicating their interchangeability and similarity in chemical composition, we conclude that liquid and dry choline chloride constitute one like product. Therefore, for the purposes of these preliminary investigations, we find that the domestic product "like" the articles being imported is all choline chloride, excluding the medicinal grade and the silica-based choline chloride. Accordingly, we determine that there is one domestic industry 18/ consisting of the five domestic producers of choline chloride. 19/

14/ Report at A-5-A-6.

15/ Memoranda of Dec. 21 and 22, 1983 telephone conversations between staff and choline chloride customers.

16/ Memorandum of telephone conversation between staff and representative of one company.

17/ Tr. at 49.

18/ In so defining the domestic industry, we do not preclude the possibility of redefining the like product in any final investigations should the record indicate that there are sufficient differences in characteristics and uses between liquid and dry choline chloride.

19/ The domestic industry consists of the petitioner, Syntex Agribusiness, Inc. (Syntex), and IMC, Inc., Nutrius, Inc., Thompson-Hayward Chemical Co., and Choline Co., Inc. Report at A-7. IMC, Inc. and Nutrius, Inc. have filed letters with the Commission indicating their support for the petitions. These two firms plus the petitioner account for most of the domestic choline chloride production, according to data supplied to the Commission for its report, Synthetic Organic Chemicals, United States Production and Sales, 1982.

Condition of the domestic industry 20/

Some of the key indicators of the condition of the domestic choline chloride industry are declining. Domestic shipments decreased from 1980 to 1982 and in January-September 1983 as compared with those in the corresponding period of 1982. 21/ 22/

The petitioner's gross profit margin decreased in each year from 1980 to 1982. 23/ This margin also decreased for Syntex and Nutrius combined in January-September 1983 from that in January-September 1982. 24/ Operating profit margins experienced similar declines. 25/ 26/

20/ Because only two domestic producers, the petitioner, Syntex, and Nutrius, Inc., submitted useable information, much of the data relevant to this analysis are confidential. Therefore, our analysis necessarily is presented in general terms. Since Syntex and Nutrius account for a substantial portion of domestic shipments, the indicators that are discussed in the text may be considered representative of industry trends.

21/ Report at A-21, table 17, using apparent consumption less total imports. Domestic shipments data represent the total industry.

22/ We also note that the number of production and related employment workers associated with the production of choline chloride declined in January-September 1983 from the corresponding interim period of 1982. Id. at A-14, table 8. This employment decline in two firms representing a substantial part of the industry at the same time that shipments were declining was considered relevant.

23/ Id. at A-14, table 10.

24/ Id.

25/ Id. Gross profit margins and operating profit margins are ratios that should be similar for similar operations.

26/ Data on other key indicators, such as net sales, production, capacity and capacity utilization, and more extensive employment figures were not available on a consistent and representative basis over the 1980 to 1983 investigation period. For example, data on production, capacity and employment were compiled for Syntex alone in 1980; for Syntex for a full year and for Nutrius' liquid product for six months in 1981; and for both Syntex and Nutrius in 1982 and the interim 1982 and 1983 periods. Data on net sales and absolute profit numbers were available for Syntex alone in 1980 to 1982 and for Syntex and Nutrius combined in the interim periods. Should these investigations return for a final determination, it is expected that more complete data would be forthcoming.

Reasonable indication of material injury or threat thereof

In making our determinations in these preliminary investigations, we considered the volume of the imports of choline chloride which are the subjects of these investigations, the effects of such imports on the prices of like products in the United States, and the impact of such imports on domestic producers of like products. 26/

Imports from Canada 27/

The volume of imports from Canada has grown during the period under investigation, with most of the growth occurring in 1982 and January-September 1983. 28/ Although the quantity of imports of choline chloride from Canada increased marginally from 1980 to 1982, the volume of imports more than doubled in January-September 1983 compared with that in January-September 1982. 29/ The ratio of imports from Canada to domestic consumption increased in each year from 1980 to 1982 and nearly doubled in January-September 1982 compared with January-September 1983. 30/ These increases occurred while U.S consumption declined from 1980 to 1981, and increased very slightly from 1981 to 1982 and from January-September 1982 to January-September 1983. 31/

26/ Sec. 771(7)(B) of the Tariff Act of 1930; 19 U.S.C. § 1677(B).

27/ Because there is only one Canadian producer and importer of choline chloride, much of the data relevant to this analysis are confidential. Therefore, our analysis necessarily is presented in general terms.

28/ Report at A-19 and A-21, tables 16 and 17.

29/ Id. Most of the Canadian imports were in the liquid form. Declining amounts of 50 percent dry choline chloride were imported in 1980, 1981, and 1982. In January-September 1983, however, Chinook imported a much larger amount of 60 percent dry choline chloride. Id.

30/ Id.

31/ Id. at A-21, table 17, A-9, and table 1. Despite these increases in consumption from 1981 to 1982 and from January-September 1982 to January-September 1983, the net result is a decline in consumption since 1980.

Comparisons of domestic and Canadian net delivered prices of choline chloride were made for the period of July 1981 through September 1983. 32/ During that time, domestic prices of both liquid and dry choline chloride were erratic. 33/ However, the net result was a decrease in prices of both the domestic and the imported liquid and dry products from July-September 1981 to July-September 1983. 34/ Prices of liquid choline chloride, which constitute most of the imports, fell more dramatically than the prices of dry choline chloride, which declined only slightly. 35/

During July 1981 through September 1983, margins of underselling by imports of liquid choline chloride from Canada occurred in four of the nine quarters for which prices were reported. 36/ Imports of dry choline chloride from Canada undersold the domestic products during the first three quarters of 1983, the only quarters for which price comparisons were possible. 37/

Domestic producers reported a number of instances of sales lost to imported products as well as instances of lost revenues resulting from "meet or release" clauses in their contracts with customers. 38/ At least four instances of sales lost to the Canadian liquid product on the basis of price were reported. 39/ On a number of occasions, domestic producers had to lower

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32/ No prices were available for dry choline chloride from Canada for the periods of July 1981 to January 1983.

33/ Id. at A-21-A-26.

34/ Id. at A-22-A-26, tables 18, 19, and 20.

35/ Id.

36/ Id. at A-24, table 18. There were no margins of underselling in two of those quarters, and there were margins of overselling in three of the quarters. Id.

37/ Id. at A-25, table 19.

38/ Id. at A-27-A-31. Most choline chloride is sold by contracts of varying time durations. These contracts usually include a provision which gives the producer the option of meeting a lower bid or temporarily releasing the buyer from the contract to purchase the product at a lower price. Id. at A-30, Tr. 112-113. The precise influence of these "meet or release" clauses on prices in this industry should be explored in any final investigation.

39/ Id. at A-27-A-28.

their prices in order to meet lower bids quoted for imports from Canada. 40/

The Canadian producer has within the last year installed equipment which increased its capacity by 60 percent. 41/ This additional capacity enables the Canadian producer to produce more dry choline chloride as well as liquid. 42/ The total Canadian market is only 6 million pounds annually. 43/

Imports from the United Kingdom 44/

Choline chloride was not imported from the United Kingdom until 1982. 45/ Such imports, however, have more than doubled during January-September 1983 as compared with the corresponding period of 1982. 46/ Likewise, the ratio of imports from the United Kingdom to domestic consumption nearly doubled from January-September 1982 to January-September 1982. 47/ However, much of the January-September 1983 imports from the United Kingdom were unsold as of Sept. 30, 1983, so the real share of the domestic market in the 1983 period may be approximately the same as it was in the corresponding 1982 period. 48/

40/ Id. at A-29-A-31.

41/ Tr. at 129; Report at A-17.

42/ Tr. at 133 and 147. Chairman Eckes and Commissioner Stern find that this recent capacity and capability expansion, as well as the significant recent growth in Canadian imports, represents a reasonable indication of threat of material injury to the domestic industry.

43/ Tr. at 11 and 129.

44/ Because there is only one United Kingdom producer of choline chloride, much of the data relevant to this analysis are confidential. Therefore, our analysis necessarily is presented in general terms.

45/ Report at A-19, table 16. There were some small amounts of silica-based dry choline chloride imported from the United Kingdom before 1982, but, as noted previously, such choline chloride is not within the scope of these investigations. See note 9, supra.

46/ Report at A-19, table 16.

47/ Id. at A-21, table 17.

48/ Tr. at 74; Post-Conference brief of respondent Helm, at Confidential Exh. 1.

Imports of liquid choline chloride from the United Kingdom consistently undersold domestic liquid choline chloride from their introduction into the U.S. market in April-June 1982 through April-June 1983. 49/ Margins of overselling by the United Kingdom product were reported in the most recent period, July-September 1983. 50/

Domestic producers have lost sales and revenues to the products imported from the United Kingdom. 51/ In at least one instance, a customer chose to purchase the choline chloride from the United Kingdom over the domestic product because of the lower price quoted. 52/ On other occasions, domestic producers lowered their prices to meet lower bids quoted by the United Kingdom importer. 53/

The United Kingdom producer of choline chloride currently is producing at less than full capacity. 54/ The vast majority of the choline chloride produced by the United Kingdom is exported, with only a small portion of that going to the United States. 55/ All of the choline chloride imported from the United Kingdom during 1983 came into the United States by April, and much of it remains in inventory. 56/

49/ Id. at A-24, table 18.
50/ Id.
51/ Id. at A-29.
52/ Id.
53/ Id. at A-30-A-31.
54/ Id. at A-17-A-18.
55/ Id. at A-18.
56/ Tr. at 60 and 74. Chairman Eckes and Commissioner Stern note that this inventory, combined with the unused capacity and orientation toward exports, along with other factors, represents a reasonable indication of threat of material injury. Commissioner Stern notes that it may be appropriate to cumulate the impact of the imports from the United Kingdom with those from Canada should this case return for a final determination.

Conclusion

On the basis of the foregoing analysis, we determine that there is a reasonable indication of material injury or threat thereof by reason of allegedly LTFV imports of choline chloride from Canada and from the United Kingdom. 57/

57/ See notes 1 and 2, supra.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On November 15, 1983, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce on behalf of Syntex Agribusiness, Inc.(Syntex) (a wholly owned subsidiary of Syntex (U.S.A.), Inc.), alleging that choline chloride imported from Canada and the United Kingdom is being, or is likely to be sold, in the United States at less than fair value (LTFV) within the meaning of the antidumping law of the United States. Accordingly, effective November 15, 1983, the Commission instituted antidumping investigations Nos. 731-TA-155 and 731-TA-156 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of choline chloride from Canada and the United Kingdom, provided for in item 439.50 of the Tariff Schedules of the United States (TSUS).

Notice of the institution of the Commission's investigations 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 of November 25, 1983 (48 F.R. 53185). 1/ A public conference was held in Washington, D.C., on December 8, 1983, at which all interested parties were afforded the opportunity to present information for consideration by the Commission. 2/ The Commission's vote on the investigations was on December 22, 1983.

1/ A copy of the Commission's notice of institution of the investigations is presented in app. A. Commerce's notice of institution of the investigations is presented in app. B.

2/ A copy of the calendar of the public conference is presented in app. C.

The Product

Description and uses

Pure choline chloride is a chemical with the formula $C_5H_{14}ClNO$ and a molecular weight of 139.6. The chemical name for choline chloride is (2-hydroxyethyl)-trimethylammonium chloride. 1/ The pure chemical occurs as white powder or crystals that are soluble in both water and alcohol. Choline chloride is the chloride salt of choline, a chemical that occurs widely, but in low concentration, in many natural products. Choline is a strong organic acid derived from various choline salts. The petitioner explicitly states that choline salts other than choline chloride are not the subject of its complaint.

Choline chloride is marketed in two grades and in several forms. The two grades are medicinal (pharmaceutical) grade and animal-feed grade. The medicinal grade is virtually pure choline chloride and must meet Food and Drug Administration standards for use by humans, which require that choline chloride meet the specifications published in the Food Chemicals Codex. 2/ Specifications are less stringent for the animal-feed grade. Medicinal-grade choline chloride recently had a list price of about $2.30 per pound versus less than 50 cents per pound for 70-percent choline chloride in the animal feed grade. 3/ Thus, there are two markets for choline chloride, a very small market for medicinal grade and the larger animal-feed market, which account for virtually all U.S. consumption of choline chloride. 4/ Imports of medicinal grade choline chloride are not alleged by the petitioner to be a cause of injury to the domestic industry.

According to industry sources, there are three standard dilutions of choline chloride marketed for use in animal feeds: (1) a 70-percent solution in water, (2) a 60-percent dry form absorbed on an inert carrier material such as ground corncobs or on a cereal base carrier, and (3) a 50-percent dry form absorbed on an inert carrier such as silicate or cereal. The 50-percent dry choline chloride product which uses a silica carrier is not produced in the United States and does not compete with the 50-percent dry product which uses a cereal carrier. This product is priced considerably higher than the 60-percent dry choline chloride and is sold to the dairy industry as a milk replacer for weaning calves and piglets and not as a feed additive. All the animal-feed grade is marketed for the same end uses, although different customers purchase different dilutions. Accordingly, the petitioner has stated that the information and data pertaining to imports of 50-percent dry choline chloride on a silica carrier should not be considered in determining material injury or threat of material injury to the U.S. industry producing choline chloride 5/

1/ USAN and the USP Dictionary of Drug Names, 20th ed., The United States Pharmacopeial Convention, Inc., 1982, p. 123.

2/ National Academy of Sciences, Food Chemicals Codex, third ed.

3/ Chemical Marketing Reporter, published list prices, Schnell Publishing Co., Oct. 3, 1983.

4/ Syntex is the only domestic producer which is currently producing medicinal grade choline chloride. ***.

5/ Letter from Mandel and Grunfeld to Kenneth R. Mason dated Dec. 19, 1983.

Medicinal-grade choline chloride has been used in the treatment of certain diseases and medical conditions, including Huntington's disease and drug-induced tardive dyskinesia. 1/ Choline chloride is also sometimes used to increase the choline content of infant formulas and as a nutritional supplement for acutely ill patients. 2/

Choline chloride has been clearly demonstrated to be effective in the nutrition of poultry and swine and is routinely added to the feed rations for these animals. Most commonly used poultry feeds, especially the cereal grains, do not have the optimum amount of natural choline for maximum animal growth, so choline chloride is added to bring the choline content up to the desired level. According to one reference source, young chickens require about 0.15 percent choline in their diet, and young turkeys require 0.20 percent. 3/ Thus, about 3 to 5 pounds of choline chloride are required per ton of feed. The natural choline content of feed can vary widely; therefore, the amount of choline chloride added may also vary. Industry sources have stated that 1 to 1.5 pounds added per ton of feed is a crude approximation.

The choline ion in the choline chloride molecule is the physiologically active part of the molecule. It is necessary in fat metabolism and is also believed to be involved in the metabolism of the essential amino acid methionine, which is also routinely added to poultry and swine feed. Other salts of choline exist, such has choline bitartrate and choline dihydrogen citrate, but they are more expensive to produce than choline chloride and are not price competitive with choline chloride in the animal-feed market. Choline is necessary for animal growth and must be present in the diet in the required amounts. No other chemical is known to be a physiological substitute for the choline ion in animal metabolisms. Humans normally obtain the required amounts in their diets; but poultry, swine, and other livestock need additional amounts added to their feed rations in order to maximize their growth potential.

Manufacturing process

A published procedure for the production of choline chloride involves a process in which 300 parts of a 20-percent solution of trimethylamine is neutralized with 100 parts of concentrated hydrochloric acid. The solution is treated for 3 hours with 50 parts of ethylene oxide under pressure and at a temperature of 60 degrees celsius. The procedure results in a practical quantitative yield of choline chloride. 4/ All domestic and foreign producers of choline chloride are believed to use a variation of this synthesis in their manufacturing process.

The synthesis yields a solution of about 75 percent choline chloride in water. The concentration of the solution varies with variations in the hydrochloric acid used in the manufacturing process. The product is either

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1/ American Medical Association, MAN Drug Evaluations, 4th ed., 1980, p. 262.
2/ Remington's Pharmaceutical Sciences, 16th ed., 1980, pp. 957 and 969.
3/ Kirk-Othmer Encyclopedia of Chemical Technology, 3d ed., vol. 6, 1979, p. 24.
4/ Kirk-Othmer Encyclopedia of Chemical Technology, Vol. 5, John Wiley & Sons, Inc., 1964, p. 407.

concentrated by evaporation or diluted to a standard concentration of 70 percent choline chloride in water, and most is marketed as such. To produce dry choline chloride for the animal-feed market, the aqueous choline chloride solution is mixed with an inert material and dried so that the dry material has a guaranteed minimum analysis of 50 percent or 60 percent choline chloride.

A modification of the synthesis can be used to react trimethylamine and ethylene oxide in the presence of water and carbon dioxide to form choline carbonate, which can easily be converted into the desired salt by reaction with a particular acid. For example, citric acid could be used to produce choline dihydrogen citrate, or tartaric acid could be used to obtain choline bitartrate.

Of the various synthesis processes, the one yielding choline chloride is the most economical because it uses low-cost, commodity-type organic and inorganic chemicals. The published prices of the chemicals used to produce choline chloride in 1982 were about 45 cents per pound for trimethylamine, about 31 cents per pound for ethylene oxide, and about 3 cents per pound for hydrochloric acid . On the other hand, the price of citric acid was about 80 cents per pound and that for tartaric acid, about $1.10 per pound. Thus, the cost of these acids would more than double the cost of producing choline dihydrogen citrate or choline bitartrate compared with the cost of producing choline chloride. As stated earlier, since the choline part of the molecule is the physiologically active moiety, salts other than choline chloride are not price competitive in the large animal-feed market. However, choline dihydrogen citrate and choline bitartrate may offer some advantages, not related to price, in the small pharmaceutical market for choline salts.

U.S. tariff treatment

Choline chloride is classified under item 439.50 of the TSUS. The column 1 rate of duty is 3.7 percent ad valorem and has been in effect since January 1, 1980. 1/ The current column 1 rate reflects the full U.S. Multilateral Trade Negotiations (MTN) concession rate implemented without staging for articles classifiable under TSUS item 439.50. The pre-MTN rate was 5 percent ad valorem until December 31, 1979. The column 2 rate of duty is 25 percent ad valorem. 2/

Imports from designated beneficiary developing countries under item 439.50 are eligible for duty-free entry under the Generalized System of

1/ Col. 1 rates of duty are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

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

Preferences (GSP). 1/ The least developed developing country (LDDC) rate of duty is the same as the column 1 rate of duty. 2/

Channels of distribution

Domestic producers of animal-feed grade choline chloride market their product directly, or through subsidiary operations, to two major types of customers: (1) feed mills and (2) premixers, which sell vitamin, mineral, and micronutrient premixes to feed mills. Ralston-Purina Co. is an example of a large feed company that would purchase significant quantities of choline chloride. Ralston-Purina has about *** feed mills, which purchase the general ingredients--including vitamins and micronutrients---to manufacture its wide range of animal feeds, which are then sold through its own distributors and outlets. Most large-scale poultry and swine producers are also likely to have their own feed mills; they usually purchase 70-percent liquid choline chloride directly from domestic producers, importers, or distributors. There are certain geographical concentrations of chicken, turkey, and swine producers (the principal end-use markets for choline chloride), and it is industry practice to assign sales representatives to serve these geographical areas. Principal chicken-producing states in 1982 were Arkansas, Georgia, Alabama, North Carolina, and Maryland. Key turkey-producing states in that year included Minnesota, North Carolina, California, Missouri, and Pennsylvania. Sales representatives routinely contact customers, and potential customers, in these market areas to solicit sales.

Premixers purchase (or produce) vitamins, minerals, and micronutrients, which they dilute and mix together in concentrations suitable for local feed mills or regional markets. Most producers of choline chloride had premix operations at one time, but the premix market is highly price competitive with low product margins. Some choline producers, including Syntex, have divested themselves of their premix operations. However, Nutrius, Inc., another large producer of choline chloride, continues to operate premix facilities throughout the United States. There are reportedly a few firms that could be considered national premixers. Most local and regional premixers are entrepreneurial entities which purchase all the ingredients for their premixes. According to the petition, these premixers constitute the principal

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1/ 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, as enacted in title V of the Trade Act of 1974 and 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 entry of eligible articles imported directly from designated beneficiary developing countries.

2/ The preferential rates of duty in the "LDDC" column reflect the full U.S. MTN concession rates implemented without staging for particular items and apply to covered products of the least developed developing countries, enumerated in general headnote 3(d) of the TSUS. Where no rate of duty is provided in the "LDDC" column for a particular item, the rate of duty in col. 1 applies.

market for choline chloride in dry 50-percent or 60-percent concentrations. The premixers sell to feed mills that are not equipped to use nutrients in their milling operations. The finished feed must be a homogeneous mixture of all the ingredients, including all the additives added in low concentrations, so that each feed animal will receive all its required nutrients, minerals, and vitamins.

Nature and Extent of Alleged Sales at LTFV

Choline chloride imported from Canada consists of three forms: 70-percent liquid, 60-percent dry, and 50-percent dry on a cereal carrier; the product imported from the United Kingdom consists of the 70-percent liquid form and the 50-percent dry form using a silica carrier. The petition alleges that 70-percent liquid and 60-percent dry choline chloride imported from Canada and 70-percent liquid choline chloride imported from the United Kingdom are being sold in the United States at LTFV. 1/

In support of its allegation of LTFV sales with respect to Canada, the petitioner presented data in the petition comparing the home-market selling prices of 70-percent liquid and 60-percent dry choline chloride with the average U.S. selling prices of these two forms. For the 70-percent liquid product, prices were compared over the period March-August 1983 and resulted in alleged dumping margins ranging from 8.5 percent to 16.9 percent. 2/ A comparison of home-market selling prices and U.S. selling prices for 60-percent dry choline chloride, covering January-August 1983, resulted in alleged dumping margins ranging from 1.2 percent to 24.0 percent. 3/

In determining the dumping margins for the product imported from the United Kingdom, the petitioner compared the foreign market value (ex-factory price) of 70-percent liquid choline chloride in the home market, adjusted for cost of production differences, with the average customs value of U.S. imports. Such comparisons were made for the period November 1982-November 1983 and resulted in alleged dumping margins of 70.5 percent for the period

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1/ The petitioner was unaware at the time it filed the petition that the 50-percent dry form on a silica carrier was being imported from the United Kingdom. Subsequent to its filing of the petition, the petitioner indicated to the Commission by letter that the 50-percent silicate-based product imported from the United Kingdom does not compete with 50-percent or 60-percent dry and 70-percent liquid choline chloride produced and sold in the United States.

2/ See the petition, p. 9.

3/ Ibid., p. 10.

November 1982-March 1983 and alleged margins of 67.3 percent in April-November 1983. 1/

The Domestic Industry

There are five domestic producers of choline chloride as follows:

Syntex Agribusiness, Inc.
Springfield, Mo.

International Minerals and Chemical Corp.
North Brook, Ill.

Nutrius, Inc.
Cleveland, Ohio

Thompson-Hayward Chemical Co.
Kansas City, Kans.

Choline Co., Inc.
Hampton, S.C.

Syntex Agribusiness Inc., the petitioner, is a wholly owned subsidiary of Syntex (U.S.A.) Inc., a multinational corporation principally producing pharmaceutical products. Syntex is incorporated in Panama and has plants and offices in the United States, Puerto Rico, and nine foreign countries.

International Minerals & Chemical Corp. (IMC), is a multinational corporation principally producing fertilizers, industrial products, ferroalloys, industrial minerals and chemicals, animal products, and oil and gas. Most of its plants are located in the United States or Canada.

Nutrius, Inc., is a jointly owned subsidiary of Mitsui & Co. (U.S.A.), Inc. (*** percent) and Mitsui & Co., Ltd. (*** percent). Mitsui & Co., Ltd., is one of Japan's largest trading companies; it deals in iron and steel, nonferrous metals, fuels, chemicals, textiles, and other products. Mitsui & Co. (U.S.A.) Inc., purchased Diamond Shamrock Corp.'s choline chloride operations in 1981 and continued these operations under Nutrius, Inc.

Thompson-Hayward is a wholly owned subsidiary of Harrisons & Crosfield, Ltd., a Canadian firm. The principal business of Harrisons & Crosfield is plantations, chemicals, and building supplies. The choline chloride produced by Thompson-Hayward is marketed by TH Agriculture & Nutrition Co., a wholly owned subsidiary of North American Phillips Corp. North American Phillips is a large conglomerate with numerous plants, warehouses, and service and other facilities in the United States, Canada, Switzerland, the Dominican Republic, the United Kingdom, Mexico, Taiwan, Japan, Hong Kong, and Puerto Rico. Most revenues are derived from consumer electronics and electrical products, professional equipment (medical equipment, business equipment, and so forth)

1/ Ibid.

and military contracts. The firm is incorporated in Delaware with principal offices in New York.

Choline Co., Inc., is a closed corporation, reportedly owned and operated largely by one individual.

The Foreign Industry

Other than information concerning the foreign producers named in the petitions, only limited information is available concerning foreign producers of choline chloride in other countries. The petitions allege that Imperial Chemical Industries, Ltd. (ICI), of the United Kingdom, is the sole producer of choline chloride in the United Kingdom and the manufacturer of the choline chloride complained of in the petition. ICI is the largest chemical firm in the United Kingdom and one of the world's largest producers of chemicals. The firm is vertically integrated in the production of choline chloride, manufacturing the intermediate chemicals--trimethylamine, ethylene oxide, and hydrochloric acid.

In addition, the petitions allege that Chinook Chemical Co. is the sole Canadian producer of liquid choline chloride and is the source of the choline chloride from Canada that is the subject of the complaint.

Import statistics of the U.S. Department of Commerce indicate that small quantities of choline chloride have been imported from Belgium, the Netherlands, West Germany, and Yugoslavia. However about 94 percent of all choline salts were imported from Canada and the United Kingdom in 1982, and about 96 percent of such salts were imported from these countries during January-September 1983.

U.S. Importers

There are principally two firms which import choline chloride into the United States for commercial resale. All import transactions involving Canadian-produced choline chloride are handled directly by the Canadian manufacturer, Chinook Chemical Co., through its sales office in Toronto, Canada. Choline chloride imported by Chinook enters the United States at one of two entry points, Marine City or Port Huron, Mich. Choline chloride, the only choline salt which is imported into the United States by Chinook, is one of several chemical products imported by that firm.

The second firm known to import choline chloride into the United States is Helm New York Chemical Corp. (Piscataway, N.J.). Helm New York imports a wide range of products from various countries but imports choline chloride exclusively from the United Kingdom. Imports of liquid choline chloride from the United Kingdom enter through the port of New Orleans for shipment to a leased warehouse facility in Gretna, La. Bagged (dry) choline chloride imported by Helm is entered through Chicago, where it is also stored before shipment to customers.

Apparent Consumption

Apparent consumption of choline chloride fell by ***percent from 1980 to 1982, declining from *** pounds to *** pounds. However, consumption in January-September 1983 (*** pounds) rose by *** percent over that in the corresponding period of 1982 (table 1). The ratio of imports to consumption increased from *** percent in 1980 to *** percent in 1982. In January-September 1983, the ratio increased to *** percent, compared with a ratio of *** percent in January-September 1982.

Table 1.--Choline chloride: Industry shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1980-82, January-September 1982, and January-September 1983

Period	Industry shipments 1/	Imports	Exports	Apparent consumption	Ratio of imports to--	
					Industry shipments	Apparent consumption
	1,000 pounds, dry weight 2/				Percent	
1980	59,555	***	***	***	***	***
1981	48,515	***	***	***	***	***
1982	49,843	***	***	***	***	***
Jan.-Sept.--						
1982	3/ 43,220	***	***	***	***	***
1983	3/ 39,823	***	***	***	***	***

1/ Includes small amounts of medicinal-grade choline chloride.
2/ On a 100-percent choline chloride basis.
3/ Data represent U.S. production, since industry shipments data are not compiled on a monthly basis.

Source: Industry shipments based on data from U.S. International Trade Commission, Synthetic Organic Chemicals: United States Production and Sales, except as noted; imports and exports, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Choline chloride is an essential element in the diet of poultry, swine, and other animals. Nearly 70 percent of domestic consumption is used in feed for poultry, 1/ especially young chickens, whose dependency on choline decreases with age. The remaining 30 percent of consumption is used in feed for swine and other livestock animals. To establish the likely relationship between U.S. consumption of choline chloride and domestic poultry and livestock production, a series of indexes were prepared. U.S. poultry

1/ See the petition at p. 5.

production rose by 12 percent from 1980 (the base year) to 1982. In contrast, total U.S. livestock and poultry production rose by only 0.6 percent over the same period (table 2).

Table 2.--U.S. livestock and poultry production, 1980-82, January-September 1982, and January-September 1983

Period	Production			Index (1980=100)		
	Livestock	Poultry	Total	Livestock	Poultry	Total
1980	38,585	13,425	52,010	100.0	100.0	100.0
1981	38,673	14,415	53,088	100.2	107.4	102.1
1982	37,266	15,052	52,318	96.6	112.1	100.6
1983	1/ 28,502	1/ 11,671	1/ 40,173	2/ 98.5	2/ 115.9	2/ 103.0

1/ Annualized on the basis of January-September data.
2/ Based on annualized production.

Source: Production, compiled from official statistics of the U.S. Department of Agriculture.

The Question of Material Injury

U.S. production, capacity, and capacity utilization

There are five known U.S. producers of choline chloride. All five received Commission questionnaires in connection with these investigations. Responses were received from three firms, only two of which provided usable data. Syntex and Nutrius, 1/ which provided usable questionnaire data, accounted for *** percent of total U.S. choline chloride production in 1982. The third firm, TH Agriculture and Nutrition Co., Inc., provided only partial data for the 18-month period during which it produced choline chloride.

The two firms reporting data produce both liquid and dry choline chloride. Since the liquid product is needed to produce the dry, total production of liquid and dry choline chloride is overstated by the amount of liquid which is captively consumed. Production of liquid choline chloride, before intracompany transfers to produce dry choline chloride, rose from *** pounds (dry weight) in 1980 to *** pounds in 1982 (table 3). Production decreased by *** percent in January-September 1983 from the level in January-September 1982. An average of *** percent of all liquid choline chloride produced between 1980 and 1982 was captively consumed; the share was *** percent in January-September 1983 and *** percent in the corresponding period of 1982. Production of liquid choline chloride available for shipment to unrelated parties (i.e., total production less captive consumption) rose from 1980 to 1982 but declined by *** percent in January-September 1983, compared with production in January-September 1982.

1/ Nutrius began operations of the choline chloride plant formerly owned by Diamond Shamrock in September 1981. Data are not available for periods prior to this date.

Production of dry choline chloride rose from *** pounds in 1980 (***) to *** pounds in 1982, the first full production year for Nutrius. A change in production strategy by Syntex coupled with the entry of Nutrius into the industry resulted in a shift in the product mix of dry choline chloride production ***. In 1980, production of 50-percent dry choline chloride accounted for about *** percent of Syntex's total dry production. In 1982, it represented only *** percent of the combined dry production of the two firms.

More than *** percent of Syntex and Nutrius' production of dry choline chloride was shipped to affiliated firms. ***. Nutrius has a total of four company-owned animal-feed premix plants to which it ships dry choline chloride produced at its plant in Louisville, Ky. 1/ The amount of dry choline chloride remaining available for shipment to unrelated buyers, after intercompany transfers, rose from *** pounds in 1981 to *** pounds in 1982. The quantity of such merchandise available for sale to unrelated buyers was down by *** percent in January-September 1983 from that which was available for sale in the corresponding period of 1982.

Overall, net production of all choline chloride (less intracompany and intercompany transfers) rose from *** pounds in 1981 to *** pounds in 1982. Such production declined by *** pounds, or by *** percent, in January-September 1983 from that produced in the corresponding period of 1982.

Table 3.--Choline chloride: U.S. production and intracompany and intercompany transfers, by types, 1980-82, January-September 1982, and January-September 1983

* * * * * * *

Data on U.S. producers' choline chloride capacity, production, and capacity utilization are shown in table 4. The increase in capacity in 1981 and 1982 was due to the entry of Nutrius into the industry. Syntex reported capacity based on ***; Nutrius based its capacity on ***. The rate of capacity utilization was significantly higher for *** choline chloride than for *** in all periods.

Table 4.--Choline chloride: U.S. capacity, production, and capacity utilization, by types, 1980-82, January-September 1982, and January-September 1983

* * * * * * *

U.S. producers' shipments

Domestic shipments.--Total U.S. producers' shipments of choline chloride rose from *** pounds, valued at ***, in 1980 to *** pounds, valued at ***, in

1/ These animal feed premix plants are located in Fresno, Ca., Van Buren, Ark., Manson, Iowa, and Louisville, Ky.

1982. Although the quantity of such shipments declined slightly in January-September 1983 from the level shipped in January-September 1982, the value of such shipments remained fairly constant over the same period (table 5). The average unit value of producers' shipments of all choline chloride rose from *** per pound in 1980 to *** per pound in 1981 and then declined to *** per pound in 1982. The average unit value of domestic shipments of liquid and dry choline chloride fell by *** percent and *** percent, respectively, from 1981 to 1982. However, in January-September 1983 the average unit value for liquid choline chloride increased by more than *** percent to *** per pound over the average unit value for such products in the corresponding period of 1982; the average unit value for dry choline chloride remained unchanged at *** per pound.

As a share of all choline chloride shipped by U.S. producers, ***, as shown in the following tabulation:

Period	Ratios of liquid and dry choline chloride shipments to total shipments--			
	Liquid		Dry	
	Quantity	Value	Quantity	Value
1980	***	***	***	***
1981	***	***	***	***
1982	***	***	***	***
January-September--				
1982	***	***	***	***
1983	***	***	***	***

Table 5.--Choline chloride: U.S. producers' domestic shipments, by types, 1980-82, January-September 1982, and January-September 1983

* * * * * * *

Export shipments.--Syntex indicated in its questionnaire response that its principal export markets for choline chloride include ***. Nutrius' choline chloride exports ***.

The two firms reported exports of choline chloride totaling *** pounds (valued at ***) in 1982, all of which consisted of ***. Exports in January-September 1983 totaled *** pounds, valued at ***, compared with

exports of *** pounds, valued at ***, in January-September 1982. The average unit value of the two firms' exports rose in January-September 1983 to *** per pound, up from *** per pound in January-September 1982 (table 6).

Table 6.--Choline chloride: U.S. producers' export shipments, by types, 1980-82, January-September 1982, and January-September 1983

* * * * * * *

U.S. producers' inventories

End-of-period inventories of all choline chloride for the two firms reporting data increased from *** pounds in 1980 to *** pounds in 1982. The amount of choline chloride held in inventory on September 30, 1983, was *** percent higher than such inventories held by producers on September 30, 1982 (table 7). *** choline chloride generally accounted for the bulk of U.S. producers' inventories.

Table 7.--Choline chloride: U.S. producers' end-of-period inventories, by types, as of Dec. 31, 1980-82, Sept. 30, 1982, and Sept. 30, 1983

* * * * * * *

U.S. employment and wages

Syntex and Nutrius each operate only one choline-chloride-producing facility. Together, these two firms employed a total of *** persons in 1982, *** of which were production and related workers. Of these *** production and related workers, ***, or *** percent of the total, were engaged in the production of choline chloride (table 8). Although the average number of production and related workers producing choline chloride declined from *** in January-September 1982 to *** in the corresponding period of 1983, total compensation (including workers' benefits) paid to such workers rose by *** percent to ***. 1/ Further, production and related workers worked a total of *** hours, at a weighted average wage rate of *** per worker hour in January-September 1983, compared with *** hours worked in January-September 1982 at a weighted average hourly wage rate of ***.

Neither Syntex nor Nutrius indicated in their respective questionnaire responses that they suffered an interruption in production due to prolonged shutdowns or employee strikes. Production and related workers employed at both firms are union employees: Syntex's workers are represented by Teamsters Local Union 245, and Nutrius' workers are represented by the International Union of Electrical, Radio & Machine Workers, Local 741.

1/ Syntex entered into a new 2-year labor agreement with its workers in September 1982.

Table 8.--Average number of employees, total and production and related workers engaged in producing choline chloride, hours worked, and wages and total compensation paid to such workers, 1980-82, January-September 1982, and January-September 1983

* * * * * * *

Financial experience of U.S. producers

Profit-and-loss experience.--Financial data on the overall establishment operations in which choline chloride is produced and on the operations producing liquid and dry choline chloride for Syntex and Nutrius are shown in tables 9 and 10. Data presented in the tables covering the period 1980-82 are for Syntex only. Data shown for January-September 1982 and 1983 are for Syntex and Nutrius. 1/

Net sales from all establishment operations ***.

Table 9.--Financial data for Syntex and Nutrius on their overall establishment operations in which choline chloride is produced, 1980-82, January-September 1982, and January-September 1983

* * * * * * *

The data shown in table 9 for the interim periods January-September 1982 and January-September 1983 are for both Syntex and Nutrius. ***.

Syntex's combined net sales from the sale of liquid and dry choline chloride *** (table 10). ***.

In January-September 1983, combined net sales of choline chloride for Syntex and Nutrius ***. A discussion concerning the individual choline chloride operations of Syntex and Nutrius follows.

Table 10.--Financial data for Syntex and Nutrius on their liquid and dry choline chloride operations, 1980-82, January-September 1982, and January-September 1983

* * * * * * *

Syntex.--*** the volume of liquid choline chloride sold between 1980 and 1982, sales *** from 1980 to 1982. The ratio of direct product costs

1/ Because Nutrius was not formed until September 1981, it had no data to report for 1980 and 1981. Nutrius did, however, provide 1982 data based on its fiscal year ending Mar. 31, 1983. However, to aggregate the 1982 data for the two firms may result in misleading conclusions. Data submitted by both firms for January-September 1982 and January-September 1983 are based on the actual 9-month calendar period.

(cost of goods sold) to sales ***. In 1980 direct product costs were *** percent of sales, and in 1982 these costs were *** percent of sales. This resulted in ***.

Syntex's average selling price for liquid choline chloride *** from 1980 to 1982, as did ***. This conclusion is supported by the company's markup ratio in 1980 and 1982, ***. 1/

Between 1980 and 1982, operating expenses *** (table 11).

Table 11.--Financial data on Syntex's operations producing liquid choline chloride, 1980-82, January-September 1982, and January-September 1983

* * * * * * *

Over the two 9-month periods ending on September 30, 1982, and September 30, 1983, sales of liquid choline chloride ***. However, the level of operating expenses ***.

Dry choline chloride's contribution to Syntex's pre-tax earnings ***, as shown in table 12.

Table 12.--Financial data on Syntex's operations in producing dry choline chloride, 1980-82, January-September 1982, and January-September 1983

* * * * * * *

Nutrius.--Nutrius, Inc., was formed in September 1981 when Mitsui & Co. (U.S.A.) Inc., and Mitsui & Co., Ltd., of Japan purchased a plant which produced liquid and dry choline chloride from the Diamond Shamrock Corp. Nutrius provided financial information for its fiscal year ending on March 31, 1983, and for the periods January-September 1982 and January-September 1983.

Sales of liquid and dry choline chloride accounted for ***.

Liquid choline chloride sales in 1982 accounted for *** (table 13). The ratio of direct product costs and operating expenses to sales were *** percent and *** percent, respectively, in 1982. The pretax profit margin was *** percent. The variances among direct product costs, operating expenses, and pretax profit margins between 1982 and the interim period of 1982 were ***. However, ***.

Table 13.--Financial data on Nutrius' operations producing liquid choline chloride, 1982, January-September 1982, and January-September 1983

* * * * * * *

1/ The markup ratio is equal to gross profit divided by cost of goods sold.

In 1982, dry choline chloride sales represented *** (table 14). Direct product costs were *** percent of sales, and operating expenses were *** percent of sales which ***. Between the interim periods of 1982 and 1983, sales ***.

Table 14.--Financial data on Nutrius' operations producing dry choline chloride, 1982, January-September 1982, and January-September 1983

* * * * * * *

Research and development and capital expenditures

Syntex expenditures on research and development averaged *** during 1980-82. The company ***. Nutrius ***. Syntex's expenditures for production and marketing facilities were ***. Nutrius reported capital expenditures of *** in 1982.

The Question of Threat of Material Injury

In its consideration of the question of a reasonable indication of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of imports allegedly sold at LTFV, the rate of increase of U.S. market penetration by such imports, the amounts of such imports held in inventory in the United States, and the capacity of producers in Canada and the United Kingdom to generate exports, including the availability of export markets other than the United States. U.S. import trends for choline chloride and the market penetration of such imports are discussed in the section on the causal relationship between injury and imports allegedly sold at LTFV. U.S. importers' inventories and foreign producers' capacity to generate exports are discussed below.

U.S. importers' inventories

Chinook Chemical Co., the importer of record of the Canadian choline chloride, does not hold inventories of choline chloride in the United States. Helm New York Chemical Corp., the only known importer of choline chloride from the United Kingdom, reported inventories of *** in its questionnaire response. Helm's end-of-period inventories of ***. The level of inventories of ***

held on September 30, 1983, ***, as shown in the following tabulation:

Period	70-percent liquid	50-percent dry	Total
	--Thousands of pounds, dry weight--		
1980	***	***	***
1981	***	***	***
1982	***	***	***
As of Sept. 30--			
1982	***	***	***
1983	***	***	***

Information presented at the Commission's conference indicates that Helm has been unable to sell a substantial portion of the liquid choline chloride which it imported in the first 4 months of 1983, thus accounting for the large accumulation of inventories in 1983. 1/

Capacity of foreign producers to generate exports

Chinook Chemical Co. is the sole Canadian producer of liquid choline chloride and the only known Canadian exporter of liquid and dry choline chloride. 2/ Chinook does not export its choline chloride products to countries other than the United States. With the addition of a new reactor, which was installed in late 1982, Chinook's practical rated capacity increased by about 60 percent to *** pounds (solution basis). Chinook operated at an estimated capacity utilization rate of about *** percent in the first 11 months of 1983 versus an estimated operating rate of about *** percent in 1982. An estimated *** percent of Chinook's 1981 output was exported to the United States. This figure declined to *** percent in 1982 and fell to *** percent during January-November 1983. 3/

ICI, the only known United Kingdom producer and exporter of choline chloride to the United States, is ranked among the top five of the world's largest chemical manufacturers. ICI entered the choline chloride business nearly 8 years ago. The firm is a major manufacturer of trimethylamine, ethylene oxide, and hydrochloric acid, key raw materials used to produce choline chloride, so it was a logical next step that the firm should enter the choline chloride business.

At the time of its entry into the choline chloride business, ICI built a plant in Upper Billingham, on the east coast of England. The plant had a rated capacity to produce 10,000 metric tons, or about 22.0 million pounds, of choline chloride annually, and it continues to be rated at that capacity

1/ Transcript of the conference, pp. 72, 74, and 82.

2/ Dry choline chloride is produced for Chinook by a Canadian molasses-producing firm.

3/ Data on production, capacity, and exports provided by Chinook Chemical Co.

today. 1/ For most of 1983, ICI's capacity utilization averaged about *** percent. 2/

ICI supplies choline chloride to countries throughout the world. ICI's world sales of choline chloride increased from *** pounds in 1980 to *** pounds in 1982, or by nearly *** percent. Sales through November 1983 totaled *** pounds. The world distribution of ICI's sales from 1980 to 1982 and in January-November 1983 are shown in the following tabulation (in percent):

Zone	1980	1981	1982	Jan.-Nov. 1983
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Total	100.0	100.0	100.0	100.0

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

U.S. imports and market penetration

Choline chloride is not separately provided for in the official import statistics maintained by the U.S. Department of Commerce. Instead, U.S. imports of choline chloride are classified for tariff purposes under choline salts. Data on U.S. imports of choline salts are shown in table 15. More than 90 percent of U.S. imports of choline salts between 1978 and 1982 were exported from Canada and the United Kingdom; consequently, the data provided by U.S. importers of the product imported from these countries were used to develop the import data presented in the report.

Total U.S. imports of choline chloride rose nearly *** percent from 1980 to 1982. Such imports increased from *** pounds (dry weight) in 1980 to *** pounds in 1982, and the level of imports in January-September 1983 was substantially higher than the level in the corresponding period of 1982 (table 16). Canada accounted for virtually all U.S. imports during 1980 and 1981. The value of imports increased from *** in 1980 to *** in 1982. The unit value declined from *** per pound in 1980 to *** per pound in 1982 and to *** per pound in January-September 1983.

1/ Transcript of the conference, p. 96.
2/ Ibid., p. 97.

Table 15.--Choline salts: U.S. imports for consumption, by principal sources, 1980-82, January-September 1982, and January-September 1983

Period	Canada	United Kingdom	Other	Total	Percent of total-- Canada	Percent of total-- United Kingdom
	Quantity (1,000 pounds) 1/				Percent	
1980	6,939	362	472	7,774	89.3	4.7
1981	7,067	335	451	7,853	90.0	4.3
1982	8,299	2,369	628	11,296	73.5	21.0
January-September--						
1982	6,018	1,302	485	7,805	77.1	16.7
1983	11,123	2,312	601	14,036	79.2	16.5
	Value (1,000 dollars)					
1980	2,379	625	474	3,479	68.4	18.0
1981	2,280	413	696	3,389	67.3	12.2
1982	2,503	630	1,121	4,253	58.8	14.8
January-September--						
1982	1,806	358	906	3,069	58.8	11.7
1983	3,286	598	1,017	4,901	67.0	12.2
	Unit value (cents per pound)					
1980	34	172	100	45	-	-
1981	32	123	154	43	-	-
1982	30	27	179	38	-	-
January-September--						
1982	30	27	187	39	-	-
1983	30	26	169	35	-	-

1/ On a solution basis.

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

Table 16.--Choline chloride: U.S. imports for consumption, by types and by principal sources, 1980-82, January-September 1982, and January-September 1983

* * * * * * *

Imports of 70-percent liquid choline chloride far exceeded imports of all forms of dry choline chloride in all periods. U.S. imports of the 70-percent liquid product increased by *** pounds from 1980 to 1981 and then rose by *** pounds in 1982. The United Kingdom accounted for ***.

Data on apparent consumption and import penetration levels of U.S. imports from Canada and the United Kingdom are shown in table 17. Industry shipment data used to derive apparent consumption are based on data compiled by the U.S. International Trade Commission from Synthetic Organic Chemicals: United States Production and Sales. Such data, *** of the five firms comprising the domestic industry, were not reported on a liquid versus dry basis. It is not possible therefore to calculate separate consumption data, and hence separate import penetration ratios, for liquid and dry choline chloride.

Apparent consumption of choline chloride decreased from *** pounds in 1980 to *** pounds in 1981 and to *** pounds in 1982 (table 17). Overall, consumption declined by *** percent from 1980 to 1982. This trend is inconsistent with the petitioner's estimate of a 3- to 5- percent annual growth rate in sales of choline chloride. 1/ Also, with U.S. poultry production increasing by more than 12 percent from 1980 to 1982 (table 2), one would anticipate an increasing trend in choline chloride consumption since the production of poultry is the area which offers the greatest growth potential for the product. 2/

U.S. imports as a share of apparent consumption increased from *** percent in 1980 to *** percent in 1982 (table 17). In January-September 1983 the ratio rose to *** percent, compared with *** percent in the corresponding period of 1982. Canada accounted for virtually all the import market share in 1980 and 1981. In 1982, imports from Canada as a share of apparent consumption were *** percent, compared with *** percent for imports from the United Kingdom. In January-September 1983, the shares of imports from Canada and the United Kingdom increased to *** percent and *** percent, respectively, compared with respective shares of *** percent and *** percent in January-September 1982.

1/ Transcript of the conference, p. 37.
2/ Ibid., p. 38.

Table 17.--Choline chloride: Industry shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1980-1982, January-September 1982, and January-September 1983

Period	Industry shipments 1/	Imports			Exports	Apparent consumption	Ratio of imports to consumption		
		From Canada	From the United Kingdom	Total			From Canada	From the United Kingdom	Total
	1,000 pounds, dry weight 2/						Percent		
1980	59,555	***	***	***	***	***	***	3/ ***	***
1981	48,515	***	***	***	***	***	***	3/ ***	***
1982	49,843	***	***	***	***	***	***	3/ ***	***
Jan.-Sept.--									
1982	4/ 43,220	***	***	***	***	***	***	3/ ***	***
1983	4/ 39,823	***	***	***	***	***	***	3/ ***	***

1/ Includes small amounts of medicinal-grade choline chloride.
2/ On a 100-percent-choline-chloride basis.
3/ ***.
4/ Data represent U.S. production, since industry shipments are not compiled on a monthly basis.

Source: Industry shipments based on data from U.S. Internationl Trade Commisssion, Synthetic Organic Chemicals: U.S. Production and Sales, except as noted; imports and exports, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Prices

Choline chloride is sold mainly to two classes of buyers, premixers and end users. End users consist primarily of feed mills. Premixers produce vitamin, mineral, and micronutrient premixes for feed mills that are not equipped to use liquid choline chloride. Data from the two domestic producers that responded to the Commission's questionnaire indicate that approximately *** percent of their production is sold as dry product and about *** percent, liquid choline chloride. Data from the two firms that import choline chloride indicate ***.

Choline chloride prices are nearly always quoted on a delivered basis. A large part (50 percent or more) of choline chloride is sold under contract, which typically provides for a given quantity to be delivered over a given period of time at the then prevailing price. A contract time period may range from 1 to 12 months. Most contracts include a "meet or release clause". 1/

1/ This clause provides that during the term of the contract, should the buyer be able to purchase the product at a lower delivered price, the seller may meet such lower prices and terms. If the seller does not meet the lower prices or terms, the buyer may purchase from the lower cost source until the time the seller is again competitive, at which time the contract will be reactivated.

Contracts are usually awarded to the lowest bidder. Sales are also made on a spot basis.

Domestic producers and importers were requested to provide quarterly prices on sales of 70-percent liquid, 60-percent dry, and 50-percent dry choline chloride to their largest customers for the period July 1981 through September 1983 on an f.o.b. and delivered-price basis. All responding firms provided delivered prices or estimates of the delivered price for any f.o.b. sales during the period. Hence only delivered prices of domestically produced and imported choline chloride are compared. The net delivered selling prices and the average margins of underselling for 70-percent liquid, 60-percent dry, and 50-percent dry choline chloride are presented in tables 18-20.

Imports of 70 percent liquid choline chloride from the United Kingdom undersold the domestic product in all periods for which data are available except one. The one instance of a higher price for imports from the United Kingdom was in the latest period, July-September 1983. In that period, the United Kingdom product oversold the domestic product by *** percent. In April-June 1982, the imported product undersold the domestic product by *** percent. The margin of underselling was *** percent in each of the next two quarters (July-December 1982). The margins of underselling in January-March and April-June 1983 declined to *** percent and *** percent, respectively.

Imports of 60-percent dry choline chloride from Canada undersold the domestic product on a delivered basis in the first three quarters of 1983, the only period for which such data were available. The margins of underselling ranged from a high of *** percent in January-March 1983 to a low of *** percent in April-June 1983.

A comparison of prices for domestically produced and imported 50-percent dry choline chloride shows that the price of the imported product was higher than that of the domestic product in every quarter in which a comparison was made. The margin of overselling ranged from a high of *** percent in April-June 1982 to a low of *** percent in April-June 1983. It should be noted that the high weighted average prices of the product from the United Kingdom compared with those of the U.S.-produced product are believed to reflect the differences in the choline chloride carrier used in the two products. The product imported from the United Kingdom uses a silica carrier, and the domestic product uses a cereal carrier that is much lower priced. The imported product using the silica carrier is sold as a milk replacer for feeding calves and piglets. 1/

Prices of 70-percent liquid choline chloride.--A comparison of prices for domestically produced and imported 70-percent liquid choline chloride from Canada indicates that underselling by imports occurred in four of the nine quarters compared. Margins of underselling ranged from *** percent to *** percent (table 18). Imports undersold the domestic product by *** percent in January-March 1981, July-September 1982, and October-December 1982 and by *** percent in January-March 1983. The domestic price was lower than the import price on three occasions, by *** percent in July-September 1981, by *** percent in April-June 1983, and by *** percent in July-September 1983. The net delivered selling price of domestically produced 70-percent liquid

1/ Transcript of the conference, p. 64.

choline chloride declined erratically between July-September 1981 and July-September 1983,. The price rose from *** per pound in July-September 1981 to *** per pound in October-December 1981, or by *** percent. The price fell to *** per pound in April-June 1982 and then increased to *** per pound in January-March 1983. The domestic price then declined from April-June 1983 through July-September 1983, falling to *** per pound in July-September 1983.

The net delivered selling price of 70-percent liquid choline chloride imported from Canada increased from *** per pound in July-September 1981 to *** per pound in October-December. The price then fell to *** per pound, or by *** percent, in January-March 1982 and remained at that level through the end of 1982. In January-March 1983 the price declined to *** per pound and remained at that level through April-June 1983. In July-September, the price continued to slide to *** per pound.

Weighted average prices of imports from the United Kingdom are also shown in table 18. The net delivered selling price of 70-percent liquid choline chloride during April 1982-September 1983 decreased irregularly from *** per pound to *** per pound. 1/ During April-June 1982 through October-December 1982, the price of the product from the United Kingdom was *** per pound. In January-March 1983 the price rose to *** per pound, or by *** percent, but fell in the next quarter to *** per pound, or by *** percent, and remained at that level through July-September 1983.

1/ There were no prices reported for imports of 70-percent liquid choline chloride prior to April-June 1982.

Table 18.--Weighted average net delivered prices to end users of domestic and imported 70-percent liquid choline chloride, by quarters, July 1981-September 1983

Period	Domestic product	Imports from--		Margins of underselling/(overselling)			
		Canada	United Kingdom	Canada		United Kingdom	
	Cents per pound			Cents	Percent	Cents	Percent
1981:							
July-September	***	***	***	***	***	***	***
October-December	***	***	***	***	***	***	***
1982:							
January-March	***	***	***	***	***	***	***
April-June	***	***	***	***	***	***	***
July-September	***	***	***	***	***	***	***
October-December	***	***	***	***	***	***	***
1983:							
January-March	***	***	***	***	***	***	***
April-June	***	***	***	***	***	***	***
July-September	***	***	***	***	***	***	***

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

Prices of 60-percent dry choline chloride.--The price of domestically produced 60-percent dry choline chloride fluctuated between *** and *** per pound from July-September 1981 to October-December 1982 (table 19). The price rose to *** per pound in January-March 1983 but then declined in April-June 1983 to *** per pound. The price continued to decline in July-September 1983 to a low of *** per pound.

Table 19.--Weighted average net delivered prices to end users of domestic and imported 60-percent dry choline chloride, by quarters, July 1981-September 1983

Period	Domestically produced product	Imported product from Canada	Margins of underselling/ (overselling)	
	Cents per pound	Cents per pound	Cents	Percent
1981:				
July-September	***	***	***	***
October-December	***	***	***	***
1982:				
January-March	***	***	***	***
April-June	***	***	***	***
July-September	***	***	***	***
October-December	***	***	***	***
1983:				
January-March	***	***	***	***
April-June	***	***	***	***
July-September	***	***	***	***

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

There were no prices reported for 60-percent dry choline chloride imported from Canada for the period July 1981-December 1982. The weighed-average net delivered price of 60-percent dry choline chloride imported from Canada declined from *** per pound from January-June 1983 to *** per pound in July-September 1983.

No imports of 60-percent dry choline chloride from the United Kingdom were reported for the period July 1981-September 1983.

Prices of 50-percent dry choline chloride.--Data on the weighted average net delivered selling prices of domestically produced and imported 50-percent dry choline chloride are shown in table 20. The weighted average price for domestically produced 50-percent dry choline chloride (using a cereal carrier) decreased from *** per pound in July-September 1981 to *** per pound in April-June 1982. The price rose in July-September 1982 to *** per pound and remained at that level through October-December 1982. The price then rose to *** per pound in January-March 1983 and remained at that level through July-September 1983.

No imports of 50-percent dry choline chloride from Canada were reported in the period July 1981-September 1983.

The price for 50-percent dry choline chloride (on a silica carrier) imported from the United Kingdom during July 1981-June 1983 1/ ranged from a high of *** per pound to a low of *** per pound. The weighted-average

1/ ***.

delivered price of 50-percent dry choline chloride imported from the United Kingdom increased from *** per pound in July-September 1981 to *** per pound in October-December 1981, or by *** percent. The price remained at this level through January-March 1983. It fell to *** per pound in the subsequent quarter, or by *** percent.

Table 20.--Weighted average net delivered prices to end users of domestic and imported 50-percent dry choline chloride, by quarters, July 1981-September 1983

Period	Domestically produced product	Product imported from the United Kingdom	Margins of underselling/ (overselling)	
	----------Cents per pound----------		Cents	Percent
1981:				
July-September----	***	***	***	***
October-December--	***	***	***	***
1982:				
January-March-----	***	***	***	***
April-June--------	***	***	***	***
July-September----	***	***	***	***
October-December--	***	***	***	***
1983:				
January-March-----	***	***	***	***
April-June--------	***	***	***	***
July-September----	***	***	***	***

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

Appreciation of the U.S. dollar.--The decreases in the value of the Canadian dollar and the British pound against the U.S. dollar (appreciation of the U.S. dollar) may have increased the price competitiveness of choline chloride from Canada and the United Kingdom vis-a-vis choline chloride produced in the United States. Table 21 presents indexes of the average exchange rates between the U.S. dollar and the Canadian dollar and the British pound from January-March 1980 to July-September 1983. When the index is less than 100, the value of the Canadian dollar or British pound decreased relative to the U.S. dollar. This was the case in every period shown since October-December 1980 for the Canadian dollar and since April-June 1981 for the British pound.

Table 21.--Indexes of average exchange rates between the U.S. dollar and the Canadian dollar and the British pound, by quarters, January 1980-September 1983

(January-March 1980=100)

Period	Canadian dollar	British pound
1980:		
January-March	100	100
April-June	99	101
July-September	100	106
October-December	98	106
1981:		
January-March	98	103
April-June	97	92
July-September	97	82
October-December	98	84
1982:		
January-March	97	82
April-June	93	79
July-September	93	77
October-December	94	73
1983:		
January-March	94	68
April-June	94	69
July-September	94	67

Source: Compiled from official statistics of the International Monetary Fund.

The approximately 6-percent depreciation of the Canadian dollar and 33-percent depreciation of the British pound against the U.S. dollar during the period January 1980 through September 1983 indicate the maximum increase in price competitiveness that Canadian and United Kingdom producers could have achieved while keeping their profit margins constant. However, it is likely that there was a tradeoff between lower prices and volume that could have resulted in increased profits to the Canadian and United Kingdom producers. It should be noted that the average exchange rate between the U.S. dollar and the Canadian dollar remained unchanged after September 1982 and that the average exchange rate between the U.S. dollar and British pound declined only marginally after January 1983.

Lost sales

Syntex and Nutrius, the two firms that responded to the Commission's questionnaire, reported *** instances of alleged lost sales of choline chloride involving *** firms. The Commission's staff contacted *** of the *** firms and obtained information involving *** allegations of lost sales.

Allegations of sales lost to imports from Canada.--*** alleged that in January 1983 it lost a sale of *** pounds of 70-percent liquid choline chloride to *** as a result of the lower priced product imported from Canada. ***, a buyer for ***, said that his firm purchased *** pounds of choline

chloride imported from Canada because Chinook was the low bidder on the contract offered for the period January-June 1983.

*** alleged that since March 1983 it lost sales totaling *** pounds of 70-percent liquid choline chloride to *** because of lower priced imports from Canada. ***, a buyer for ***, stated that his firm started purchasing choline chloride from Canada in April 1983 because of the lower price.

*** alleged that it lost sales totaling *** pounds of 70 percent liquid choline chloride to *** because that firm purchased the lower priced product imported from Canada. ***, a buyer for ***, stated that over the last 2 years *** divided its purchases between Chinook and domestic producers, primarily ***. During this period, *** of their purchases were from Chinook and the remainder from domestic producers. *** indicated that choline chloride imported from Canada is usually priced the same as or slightly higher than the product produced domestically. *** also indicated that *** is willing to pay a premium price to Chinook because of its delivery reliability and terms of sale.

*** alleged that it lost sales totaling *** pounds of 70-percent liquid choline chloride to *** in 1982 and 1983 because of the lower priced product imported from Canada. ***, a buyer for ***, stated that Chinook was awarded contracts for the 3-month periods ending June, September, and December 1983 because it was the lowest bidder and also because Chinook offers reliable delivery. *** could not recall if Chinook was awarded a contract by *** prior to January 1983.

*** alleged that it lost sales totaling *** pounds of 70-percent liquid choline chloride to ***. ***, a buyer for ***, stated that his firm has not purchased any product from Chinook in the past 18-24 months.

*** alleged that it lost a sale totaling *** pounds of 70-percent liquid choline chloride to *** because that firm purchased the lower priced product imported from Canada. ***, a buyer for ***, stated that over the past 2 years *** divided its purchases between Chinook and domestic producers, primarily ***. During this period, *** of their purchases were from Chinook and *** from domestic sources. *** indicated that the Canadian product is usually priced the same as or slightly higher than the domestic product. *** stated that his firm is willing to pay a premium price for the Canadian product because of Chinook's delivery reliability and terms of sale.

*** alleged that it lost sales totaling *** pounds of 70-percent liquid choline chloride to *** because that firm purchased the Canadian product instead. ***, a buyer for ***, stated that his firm purchased a majority of its choline chloride from Chinook and a significant quantity from Syntex. *** also stated that his firm likes doing business with Chinook because of Chinook's sales staff. He stated that he stopped purchasing on a regular basis from *** after that firm ***. He also said that *** in many cases would not quote him a firm price which he prefers; *** would say only that it would meet or beat the competition. *** stated that both Chinook and *** are very price competitive.

Allegations of sales lost to imports from the United Kingdom.--*** alleged that in July 1983 that it lost a sale totaling *** pounds of 70-percent liquid choline chloride to *** because of low-priced imports from the United Kingdom. ***, a buyer for ***, stated that he could not recall purchasing any choline chloride from the United Kingdom. He stated that he does call Helms regarding the price of choline chloride imported from the United Kingdom in order to assist him in ascertaining the current U.S. market price. *** stated that Helms usually quotes the lowest price.

*** alleged that in April 1983 it lost a sale to *** for *** pounds of 70-percent liquid choline chloride because of the lower priced product imported from the United Kingdom. *** said that his firm has not purchased choline chloride from the United Kingdom.

*** alleged that in November 1982 and March 1983 it lost sales totaling *** pounds of 70-percent liquid choline chloride to *** because of lower priced imports from the United Kingdom. ***, a buyer for ***, stated that *** awarded at least one contract to Helms because it was the lowest bidder. She was not able to verify the date but believed that it may have been in late 1982 and early 1983.

*** alleged that it lost sales totaling *** pounds of 70-percent liquid choline chloride to *** in 1983 because that firm purchased the product imported from the United Kingdom instead. ***, a buyer for ***, stated that she has not purchased choline chloride from the United Kingdom.

*** alleged that it lost a sale of *** pounds of 70-percent liquid choline chloride in August 1983 to *** because of the lower priced product imported from the United Kingdom. ***, a buyer for ***, stated that his firm has not purchased choline chloride from the United Kingdom.

*** alleged that it lost a sale of *** pounds of 70-percent choline chloride to *** in July 1983 because of the lower priced product imported from the United Kingdom. ***, a buyer for ***, stated that his firm did not purchase choline chloride from the United Kingdom during the past year. He stated that his firm did purchase *** in late June 1982 from Helms at a price of *** per pound, about *** per pound less than the prevailing market price at that time.

Lost revenue

In their responses to the Commission's questionnaire, Syntex and Nutrius reported *** instances during January 1982 through September 1983 where they allegedly had to reduce their prices of choline chloride because of competition with lower priced imports from Canada and the United Kingdom. The alleged lost revenue involved approximately *** on *** pounds of choline chloride. Of the *** instances of reported lost revenues, the Commission's staff investigated *** instances involving *** purchasers and *** of alleged lost revenue on sales of *** pounds of choline chloride.

*** accounted for a single instance of lost revenue, amounting to *** in February 1983. ***, buyer for the firm, stated that *** reduced its price from *** per pound to *** per pound to sell *** pounds of 60-percent dry

choline chloride. *** stated that *** normally offers a 5 percent discount to premixers, hence, the price cut was not from *** per pound but from *** per pound. *** stated that there has been increased price competition over the last year and that Chinook is very aggressive.

*** accounted for four instances of alleged lost revenue amounting to *** in 1983. ***, buyer for the firm, stated that *** had to decrease its price for 60-percent dry choline chloride under the "meet or release clause" of their contract during 1982 and 1983 as a result of competition from other domestic producers and the Canadian importer. However, *** stated that he has been purchasing larger quantities from domestic sources because of the domestic product's better quality.

, a premixer, accounted for two instances of alleged lost revenue totaling *** in March and August 1983. ***, buyer for the firm, stated that *** had to lower its price to meet the competition but that it did not have to lower its price as much as it stated from (per pound to *** and *** in March and August, respectively). He also stated that his firm normally received a 5 percent discount from the *** per pound list price. *** stated that *** has the best quality product in his area.

*** accounted for four instances of alleged lost revenue due to imports from both Canada and the United Kingdom amounting to *** in 1983. ***, buyer for the firm, stated that *** purchases its choline chloride (70-percent liquid and 60-percent dry) by soliciting for bids on specified quantities from domestic and import sources. The contracts are awarded to the lowest bidder with consideration given to the quality of the product and reliability of the supplier. *** stated that their contract does contain the "meet or release" clause but she could not remember if the clause had been invoked with ***.

*** accounted for one instance of alleged lost revenue amounting to *** on *** pounds of 70-percent liquid choline chloride in April 1983. ***, buyer for the firm, stated that *** reduced its price from *** to *** per pound because *** had received an offer of *** per pound from Chinook. *** said that a condition from *** on getting the *** price was that *** could no longer participate in the fillup program that *** was offering.

*** accounted for one instance of alleged lost revenue amounting to *** on *** pounds of 60-percent dry choline chloride in May 1983. ***, buyer for the firm, stated that *** lowered its price from *** to *** per pound on *** pounds in May 1983 in response to price competition from Chinook. *** stated that *** is also a competitive factor and is very price competitive. He believes that *** product is slightly better than that which is imported from Canada.

*** accounted for one instance of alleged lost revenue amounting to *** on *** pounds of 70-percent liquid choline chloride. *** of that firm stated that his company did not purchase choline chloride from *** under a contract during the past year. He stated that his firm has purchased over *** pounds from *** since November 30, 1982, on a spot basis. *** stated that it is his firm's policy to try to diversify its sources for choline chloride and that the firm normally divides the business between *** firms. This business is

further divided between contracts and the spot market. He said *** has a contract in 1983 to deliver approximately *** pounds. Chinook also has a contract to deliver approximately *** pounds, and that an additional *** pounds will be purchased on the spot market. *** stated that his firm has traditionally given a portion of its business to Chinook because ***. *** believes that there is no quality difference between the domestic and imported product.

*** accounted for one instance of lost revenue in July 1983. *** was not able to supply information on the amount of revenue lost but stated that it knew in advance what price it would have to bid to obtain the contract covering *** pounds from July 1, 1983, to December 31, 1983. ***, buyer for ***, stated that his principal concern is obtaining the material at the lowest cost. He stated that Chinook had placed the lowest bid for the period January 1, 1983, through June 30, 1983.

*** accounted for one instance of alleged lost revenue amounting to *** on *** pounds of choline chloride. ***, buyer for the firm, stated that *** divides its annual needs into three parts. There are *** annual contracts, each accounting for *** percent of *** annual requirement with the remainder being purchased on a spot basis. *** stated that *** bid of *** per pound was considerably higher than bids of either of the two firms (***) that won the contracts. He would not state which firm was the low bidder. *** stated that his firm has purchased approximately *** pounds of choline chloride from *** since January 1, 1983, on a spot basis.

*** accounted for one instance of alleged lost revenue amounting to *** on *** pounds of 70-percent liquid choline chloride. ***, the buyer for the firm, stated that his firm has not purchased any choline chloride from Chinook in the last 5 to 6 years. *** also stated that he buys on a spot basis and that *** usually supplies *** to *** of its purchases, with *** accounting for most of the remainder.

APPENDIX A

U.S. INTERNATIONAL TRADE COMMISSION'S NOTICE OF INSTITUTION OF THE INVESTIGATIONS

[Investigations Nos. 731-TA-155 and 731-TA-156 (Preliminary)]

Choline Chloride From Canada and the United Kingdom

AGENCY: International Trade Commission.

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

SUMMARY: The United States International Trade Commission hereby gives notice of the institution of preliminary antidumping investigations 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 Canada and the United Kingdom of choline chloride, provided for in item 439.50 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value.

EFFECTIVE DATE: November 15, 1983.

FOR FURTHER INFORMATION CONTACT: Mr. Woodley Timberlake, Investigator, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C. 20436, telephone 202-523-4618.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to petitions filed on November 15, 1983, on behalf of Syntex Agribusiness, Inc. The Commission must make its determinations in the investigations within 45 days after the date of the filing of the petitions, or by December 30, 1983 (19 CFR 207.17).

Participation

Persons wishing to participate in these investigations 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 entry.

Service of Documents

The Secretary will compile a service list from the entries of appearance filed in these investigation. Any party submitting a document in connection with these 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 investigations. 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 these investigations 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 December 12, 1983, a written statement of information pertinent to the subject matter of these investigations (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 these investigations for 9:30 a.m., on December 8, 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 Mr. Woodley Timberlake (202-523-4618), not later than December 5, 1983, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Public Inspection

A copy of the petitions 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 these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A and B (19 CFR Part 207, 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).

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

Issued November 10, 1983.

Kenneth R. Mason,

Secretary.

[FR Doc. 83-31533 Filed 11-23-83; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

U.S. DEPARTMENT OF COMMERCE'S NOTICE OF INSTITUTION OF THE INVESTIGATIONS

International Trade Administration

[A-412-010]

Choline Chloride From the United Kingdom; Initiation of Antidumping Investigation

AGENCY: International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping investigation to determine whether choline chloride from the United Kingdom is being, or is likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this merchandise 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 December 30, 1983, and we will make ours on or before April 23, 1984.

EFFECTIVE DATE: December 20, 1983.

FOR FURTHER INFORMATION CONTACT: Vincent P. Kane, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230, telephone: (202) 377-5414.

SUPPLEMENTARY INFORMATION:

Petition

On November 15, 1983, we received a petition in proper form filed on behalf of Syntex Agribusiness, Incorporated (Syntex) and the domestic manufacturers in the United States of choline chloride.

In compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from the United Kingdom 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 comparisons of f.o.b. port price for export of aqueous choline chloride to the United States with the adjusted home market delivered price of dry choline chloride. (Inland freight to port of export was assumed to be approximately equal to inland freight on home market deliveries.)

Initiation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition filed on behalf of Syntex and the domestic manufacturers of choline chloride, and we have found that it meets the requirements of section 732(b) of the Act. Therefore, we are initiating an antidumping investigation to determine whether choline chloride from the United Kingdom is being, or is likely to be, sold at less than fair value in the United States. If our investigation proceeds normally, the ITC will make its preliminary determination by December 30, 1983, and we will make our preliminary determination by April 23, 1984.

Scope of Investigation

The merchandise covered by this investigation is choline chloride which is currently classifiable under item number 439.5055 of the *Tariff Schedules of the United States Annotated* (TSUSA) and currently dutiable at 3.7 percent *ad valorem*. Pure choline chloride is a chemical with a chemical formula of $C_5H_{14}ClNO$ and a molecular weight of 139.6. The chemical name is (2-hydroxyethyl) trimethylammonium chloride. Choline chloride is marketed in several forms including, but not limited to, a solution of 70 percent choline chloride in water (aqueous choline chloride) or in potencies of 50 or 60 percent dried on a cereal carrier.

Notification to the 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 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 it confirms that 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 December 30, 1983 whether there is a reasonable indication that imports of choline chloride from the United Kingdom are materially injuring, or are likely to materially injure, a United States industry. If its determination is negative, this investigation will terminate; otherwise it will proceed according to the statutory procedures.

Dated: December 5, 1983.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 83-33641 Filed 12-19-83; 8:45 am]

BILLING CODE 3510-DS-M

[A-122-008]

Choline Chloride From Canada; Initiation of Antidumping Investigation

AGENCY: International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping investigation to determine whether choline chloride from Canada is being, or is likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this merchandise 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 December 30, 1983, and we will make ours on or before April 23, 1984.

EFFECTIVE DATE: December 20, 1983.

FOR FURTHER INFORMATION CONTACT: Vincent P. Kane, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230, telephone: (202) 377-5414.

SUPPLEMENTARY INFORMATION:

Petition

On November 15, 1983, we received a petition in proper form filed on behalf of Syntex Agribusiness, Incorporated (Syntex) and the domestic manufacturers in the United States of choline chloride.

In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from Canada are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the 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 comparisons of United States delivered duty paid prices of both aqueous and dry choline chloride with the home market delivered prices. (Inland freight costs in both markets were assumed to be equal.)

Initiation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition filed on behalf of Syntex and the domestic manufacturers of choline chloride, and we have found that it meets the requirements of section 732(b) of the Act. Therefore, we are initiating an antidumping investigation to determine whether choline chloride is being, or is likely to be, sold at less than fair value in the United States. If our investigation proceeds normally, the ITC will make its preliminary determination by December 30, 1983, and we will make our preliminary determination by April 23, 1984.

Scope of Investigation

The merchandise covered by this investigation is choline chloride which is currently classifiable under item number 439.5055 of the *Tariff Schedules of the United States Annotated* (TSUSA) and currently dutiable at 3.7 percent *ad valorem*. Pure choline chloride is a chemical with a chemical formula of $C_5H_{14}ClNO$ and a molecular weight of 139.6. The chemical name is (2-hydroxyethyl) trimethylammonium chloride. Choline chloride is marketed in several forms including, but not limited to, a solution of 70 percent choline chloride in water (aqueous choline chloride) or in potencies of 60 percent dried on a cereal carrier.

Notification to the 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 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 it confirms that 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 December 30, 1983 whether there is a reasonable indication that imports of choline chloride are materially, injuring, or are likely to materially injure, a United States industry. If its determination is negative, this investigation will terminate; otherwise it will proceed according to the statutory procedures.

Dated: December 5, 1983.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 83-33642 Filed 12-19-83, 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX C

CALENDAR OF WITNESSES APPEARING AT THE CONFERENCE

Investigations Nos. 731-TA-155 and 731-TA-156 (Preliminary)

CHOLINE CHLORIDE FROM CANADA AND
THE UNITED KINGDOM

Those listed below appeared as witnesses at the United States International Trade Commission conference held on December 8, 1983, at the USITC Building, 701 E Street, N.W., Washington, D.C.

In support of the petition

Mandel and Grunfeld--Counsel
New York, N.Y.
on behalf of

Bruce Mitchell--OF COUNSEL
Syntex Agribusiness, Inc.
Earl Barkley, Vice President, Nutrition and Agriculture Div.
Dennis Jones, Sales and Marketing Manager

In opposition to the petition

Graham & James--Counsel
Washington, D.C.

on behalf of

Michael A. Hertzberg--OF COUNSEL

Helm New York Chemical Corporation
Joseph Muiglia

Dow, Lohnes & Albertson--Counsel
Washington, D.C.
on behalf of

William Silverman--OF COUNSEL
Chinook Chemicals Company
Peter Copeland, President

Davis, Polk & Wardwell
Washington, D.C.
on behalf of

Dan Kolb--OF COUNSEL

Imperial Chemical Industries, Limited
Barry O'Meara, Legal Department