

POTASSIUM CHLORIDE FROM THE U.S.S.R.

**Determination of the Commission in
Investigation No. 731-TA-187 (Final)
Under the Tariff Act of 1930,
Together With the Information
Obtained in the Investigation**

USITC PUBLICATION 1656

MARCH 1985

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Paula Stern, Chairwoman
Susan W. Liebeler, Vice Chairman
Alfred E. Eckes
Seeley G. Lodwick
David B. Rohr

Staff Assigned

Larry Johnson
Kenneth Conant
Daniel Klett
Marvin Claywell
Judith Czako
Robert Eninger

Address all communications to
Kenneth R. Mason, Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

C O N T E N T S

	<u>Page</u>
Determination-----	1
Views of the Commission-----	3
Information obtained in the investigation:	
Introduction-----	A-1
Other investigations concerning potassium chloride-----	A-3
The product:	
Description and uses-----	A-3
Production process-----	A-5
U.S. tariff treatment-----	A-7
Nature and extent of sales at LTFV-----	A-7
U.S. producers-----	A-7
U.S. importers-----	A-9
World potash reserves and production capacity-----	A-10
The U.S. market-----	A-11
Consideration of material injury-----	A-13
U.S. capacity, production, and capacity utilization-----	A-13
U.S. producers' shipments-----	A-14
U.S. producers' inventories-----	A-17
Employment and wages-----	A-17
Financial experience of U.S. producers-----	A-19
Overall establishment operations-----	A-19
Potassium chloride operations-----	A-19
Consideration of threat of material injury-----	A-22
Importers' inventories-----	A-22
The potassium chloride industry in the U.S.S.R.-----	A-24
Consideration of the causal relationship between LTFV imports and material injury or threat thereof:	
U.S. imports-----	A-25
The Southeast market-----	A-27
Prices-----	A-29
F.o.b. price trends-----	A-29
Delivered price comparisons-----	A-34
Transportation costs-----	A-36
Lost sales/lost revenues-----	A-40
Appendix A. The Department of Commerce's <u>Federal Register</u> notices of its preliminary and final LTFV determinations-----	A-41
Appendix B. The Commission's <u>Federal Register</u> notices-----	A-57
Appendix C. List of witnesses appearing at the Commission's hearing-----	A-61

Figures

1. Flow chart of the potassium chloride production process-----	A-6
2. Coarse grade potassium chloride: New Mexican and Saskatchewan producers' prices, f.o.b. mine, by months, 1980-84-----	A-33

Tables

1. Potassium chloride: U.S. consumption, by uses and by grades, 1983----	A-4
2. Potassium chloride: U.S. producers' plant locations, types of operations, years production began, shares of 1983 U.S. production, and parent firms-----	A-8

CONTENTS

	<u>Page</u>
3. Potash: World reserves and capacity, by countries, 1984-----	A-10
4. Potassium chloride: U.S. production, producers' shipments, and apparent consumption, 1962-84-----	A-12
5. Potassium chloride: U.S. production capacity, production, and capacity utilization, 1976-84-----	A-14
6. Potassium chloride: U.S. producers' shipments, 1981-84-----	A-15
7. Potassium chloride: U.S. exports of domestic merchandise, by principal markets, 1980-84-----	A-16
8. Potassium chloride: U.S. producers' yearend inventories, 1976-84----	A-17
9. Potassium chloride: Employment and wage data for production and related workers, 1981-84-----	A-18
10. Income-and-loss experience of 8 U.S. producers on the overall operations of their establishments within which potassium chloride is produced, 1981-84-----	A-20
11. Income-and-loss experience of 8 U.S. producers on their operations producing potassium chloride, 1981-84-----	A-21
12. Potassium chloride: Importers' yearend inventories and shipments of the product imported from selected sources, 1981-84-----	A-23
13. Potassium chloride: U.S. imports for consumption, by principal sources, 1976-84-----	A-26
14. Potassium chloride: U.S. imports and U.S. producers' shipments as a share of consumption, by principal sources, 1981-84-----	A-27
15. Potassium chloride: U.S. producers' and importers' shipments to the Southeast region, total and as a share of their total shipments in the U.S. market, by sources, 1981-83-----	A-28
16. Standard grade potassium chloride: U.S. producers' and importers' f.o.b. prices to the Southeast and non-Southeast markets, and c.i.f. unit values of U.S.S.R. imports, by quarters, January 1982-December 1984-----	A-30
17. Granular grade potassium chloride: U.S. producers' and importers' f.o.b. prices to the Southeast and non-Southeast markets, and c.i.f. unit values of U.S.S.R. imports, by quarters, January 1982-December 1984-----	A-31
18. Standard and granular grade potassium chloride: Delivered price comparisons between domestic and U.S.S.R. potassium chloride, by geographic areas, 1982-84-----	A-35
19. Potassium chloride: Location, date of establishment, and capacity of U.S. producers' storage facilities-----	A-38
20. Transportation cost comparisons between U.S.-produced potassium chloride and potassium chloride imported from the U.S.S.R., by destinations-----	A-38

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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

Investigation No. 731-TA-187 (Final)
POTASSIUM CHLORIDE FROM THE U.S.S.R.

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, 2/ pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from the U.S.S.R. of potassium chloride, provided for in item 480.50 of the Tariff Schedules of the United States, which the Department of Commerce has found are being or are likely to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted this investigation effective September 12, 1984, following a preliminary determination by the Department of Commerce that imports of potassium chloride from the U.S.S.R. were being sold in the United States at LTFV within the meaning of section 731 of the Act (19 U.S.C. 1673). Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of October 3, 1984 (49 F.R. 39115). On November 8, 1984, the Commission was notified by Commerce that it was extending the date for making its final LTFV

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/ Chairwoman Stern did not participate in the investigation.

determination with respect to imports from the U.S.S.R. Accordingly, the Commission revised its schedule for conducting the investigation (49 F.R. 46818). The hearing was held in Washington, DC, on February 5, 1985, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

On the basis of the information collected in this investigation, we determine that an industry in the United States is not materially injured or threatened with material injury, nor is the establishment of an industry in the United States materially retarded, 1/ by reason of imports of potassium chloride from the U.S.S.R. which the Department of Commerce (Commerce) has determined are sold at less than fair value (LTFV). 2/ Our negative determination is based upon the lack of a causal nexus between the condition of the industry and the LTFV imports from the U.S.S.R.

Domestic industry

The statutory framework under which the Commission conducts antidumping investigations requires the Commission first to determine the domestic industry against which to assess the impact of unfairly traded imports. Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "[t]he domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 3/ "Like product" is, in turn, defined as "[a] product which is like, or in the absence of like, most similar in characteristics and uses with the article subject to an investigation" 4/

Both the imported and domestic product in these investigations is potassium chloride (KCl), also known as muriate of potash. In the preliminary

1/ Material retardation is not an issue in this investigation and will not be discussed further.

2/ Chairwoman Stern did not participate in this determination.

3/ 19 U.S.C. § 1677(4)(A).

4/ 19 U.S.C. § 1677(10).

investigation, as well as in the recent final determination concerning subsidized imports of potassium chloride from Israel and Spain, 5/ the Commission defined the like product as potassium chloride, and the domestic industry as composed of all domestic producers of potassium chloride. No party has objected to these determinations or argued in favor of a different conclusion on the issues of like product and domestic industry. We therefore adopt the conclusions reached in the previous investigations, 6/ and determine that the like product is potassium chloride, and the domestic industry is composed of the U.S. producers of potassium chloride. 7/

Condition of the domestic industry

Apparent U.S. consumption of potassium chloride fell from 10.7 million short tons in 1981 to 9.1 million short tons in 1982, a decline of 15 percent. 8/ In 1983, consumption increased by 7 percent, to 9.7 million short tons. 9/ Data for 1984 show a further increase of 6 percent in domestic

5/ Potassium Chloride from Israel and Spain, Invs. Nos. 303-TA-15 and 701-TA-213 (Final), USITC Pub. 1596 (1984).

6/ Id. at 4; Potassium Chloride from East Germany, Israel, Spain, and the U.S.S.R., Invs. Nos. 303-TA-15, 701-TA-213, and 731-TA-184-187 (Preliminary), USITC Pub. 1529 at 4-5 (1984).

7/ There are eight domestic firms that have produced potassium chloride in recent years, although not all of these firms have produced potassium chloride during the entire period of this investigation. Report of the Commission (Report) at A-8.

8/ Domestic consumption of potassium chloride is dependent upon the demand for fertilizer. During a time when cash receipts of farmers are low, farmers may reduce costs by decreasing their purchases of fertilizer. Potassium chloride, which is retained in the soil for two to three years, may be the most severely affected in such a situation. However, application of potassium chloride must be resumed eventually to maintain the quality and quantity of crops. In 1982, demand for fertilizer was severely depressed by weak farm conditions. In 1983, nearly 40 percent of total domestic farmland was idled, largely due to Government-sponsored acreage reduction, paid diversion, and the Payment-in-Kind (PIK) program. Id. at A-11.

9/ Id.

consumption, to 10.3 million short tons. 10/ Domestic production declined steadily from 3.3 million short tons in 1981 to 2.1 million short tons in 1983, a decline of 37 percent. 11/ Data for 1984, however, show an increase in domestic production to 2.4 million short tons, 13 percent above the 1983 level. 12/ Domestic capacity declined somewhat during the period under investigation, 13/ but capacity utilization declined by approximately 30 percent between 1981 and 1983. 14/ Again, data for 1984 show an improvement in capacity utilization to 83 percent. 15/

U.S. producers' domestic shipments (including intracompany transfers) declined by 22 percent between 1981 and 1984, from 2.1 million short tons to 1.7 million short tons. 16/ Domestic producers' inventories increased from 25.0 percent of shipments in 1981 to 28.0 percent of shipments in 1982, and then decreased to 22.6 percent of shipments in 1983. 17/ In 1984, inventory levels declined to 17.8 percent of shipments. 18/ Employment in the domestic industry declined by 38 percent from 1981 to 1983, and remained unchanged in 1984. 19/

U.S. producers' net sales of potassium chloride fell by 41 percent between 1981 and 1983. 20/ In 1984, net sales were \$146 million, an increase

10/ Id.

11/ Id. at A-14.

12/ Id.

13/ Id.

14/ Id.

15/ Id. We note that a part of the improvement in capacity utilization in 1984 is due to the closing of one producer's facilities. Without the subtraction of Mississippi Chemicals' capacity in 1984, the aggregate capacity utilization figure would have been about 10 percent less, which is still an improvement over the 1983 level. Id.

16/ Id.

17/ Id. at A-17.

18/ Id.

19/ Id.

20/ Id. at A-19.

of 12 percent as compared with 1983. 21/ U.S. producers' operating profit in 1981 changed to losses in 1982, 1983, and 1984. 22/

Despite improvement in some indicators of the industry's performance during 1984, the domestic potassium chloride industry as a whole exhibited signs of material injury during the period under investigation. 23/

No material injury by reason of LTFV imports

Under section 735(b) of the Tariff Act of 1930, as amended, the Commission is required to determine whether an industry in the United States is materially injured or threatened with material injury by reason of imports of merchandise which Commerce has determined are sold at LTFV. 24/ In reaching its decision as to whether material injury is by reason of the imports under investigation, the Commission must consider, among other factors, the volume of imports, the effect of imports on prices in the United States for the like product, and the impact of such imports on the relevant domestic industry. Congress has also instructed the Commission to consider factors indicating that the injury is not by reason of the subject imports. 25/ The legislative history of the Act is clear, moreover, that the Commission must satisfy itself that "[i]n light of all the information

21/ Id.

22/ Id.

23/ Commissioner Eckes determines that this industry is experiencing material injury.

24/ 19 U.S.C. § 1673d(b)(1).

25/ "Of course, in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors." H.R. Rep. No. 317, 96th Cong., 1st Sess. 47 (1979).

presented, there is a sufficient causal link between the LTFV imports and the requisite injury." 26/ On the basis of the data developed in this investigation, we conclude that LTFV imports of potassium chloride from the U.S.S.R. are not a cause of material injury to the domestic industry. 27/ 28/

We have considered a number of factors and conditions of trade in the potassium chloride industry which lead us to the conclusion that imports of potassium chloride from the U.S.S.R. have not caused material injury to the domestic industry. The dominant position of Canadian imports in the U.S. market is of great significance. Imports of potassium chloride from Canada have accounted for at least 70 percent of domestic consumption during each year of the period under investigation. Even in the Southeastern region, which the domestic industry argues is its natural, best market, Canadian

26/ S. Rep. No. 249, 96th Cong., 1st Sess. 75 (1979); H.R. Rep. No. 317, 96th Cong., 1st Sess. 47 (1979).

27/ Petitioners have urged the Commission to cumulate the LTFV imports under investigation here with subsidized imports from Israel, which the Commission recently determined were not a cause of material injury to the domestic industry. Potassium Chloride from Israel . . . , supra n.5. We have considered petitioners' arguments concerning the proper interpretation of certain provisions of the Trade and Tariff Act of 1984 (the Act). However, this investigation was initiated prior to the effective date of the Act, and therefore the provisions of the Act do not apply. Under the law in effect prior to the effective date of the Act, which is the law applicable to this investigation, we find no basis for cumulating the LTFV imports from the U.S.S.R. subject to this investigation with subsidized imports from Israel which are subject to a negative final injury determination.

28/ Commissioner Eckes does not join the discussion which immediately follows regarding causation. He does join the remainder of these views on the question of causation commencing with the discussion of import trends on page 10.

imports have by far the largest market share. 29/ In such a situation, imports from the U.S.S.R., which have less than two percent of the market share of Canadian imports nationwide, do not have the ability to affect market conditions or prices.

Potassium chloride reserves are located in only 16 countries. According to the Bureau of Mines, Canada and the U.S.S.R. possess the largest reserves, accounting for 74 percent and 16 percent of all reserves, respectively. Reserves in the United States are dwarfed by comparison, accounting for only 0.5 percent of worldwide reserves. U.S. capacity for the production of potassium chloride has declined over the past 20 years. U.S. production capacity will continue to decrease as the potassium chloride reserves are exhausted. 30/ U.S. consumption is forecast to grow by 25 percent or more from 1981 to 1990. 31/ The domestic industry's share of the U.S. potassium

29/ Petitioners urged us to concentrate our analysis on the Southeastern region in determining whether material injury to the domestic industry exists, and whether imports are a cause of that injury. Petitioners acknowledge that the statutory criteria for a regional industry are not met in this investigation. See 19 U.S.C. § 1677(4)(C). In the absence of a regional industry, we conclude that we must examine the domestic industry on a nationwide basis in determining whether material injury exists. We have, however, considered events in the Southeastern region in determining whether a sufficient causal nexus exists between imports and the injury to the industry. About one-half of Soviet imports of potassium chloride are shipped to the Southeastern region. The rest is generally shipped up the Mississippi River and sold in the Midwest. It is true that imports from the U.S.S.R. as a share of consumption in the Southeastern region have been slightly greater than in the United States as a whole. However, the U.S.S.R. has only a very small market share in this area.

30/ Report at A-13. According to the Bureau of Mines, the reserves held by the Potash Co. of America and Texasgulf may be depleted in the early 1990s. Reserves held by AMAX may be depleted by the year 2000. The other producers, according to the Bureau of Mines, "[a]ppear to have sufficient reserves to operate past the year 2000." Id.

31/ Id. at A-11.

chloride market has been decreasing since the early 1960s. 32/ It is thus clear to us that the U.S. market for potassium chloride, already dominated by imports from Canada, will become increasingly dependent on imports, and the domestic industry's market share will continue to decrease.

Another significant factor in our determination is the high cost of transporting potassium chloride to customers. Transportation costs from New Mexico, where 85 percent of U.S. potassium chloride is produced, can be 50 percent or more of the delivered price of the product. By contrast, ocean shipping rates for potassium chloride imported from the U.S.S.R. are substantially lower, as are inland freight costs from the ports of entry to the customers located in Eastern and Gulf Coastal states, as well as barge shipping rates up the Mississippi River to customers located in the Midwest. Because of the variety of means of transporting potassium chloride and the enormous variation in costs, it has been impossible for us to arrive at a precise calculation of transportation cost advantages and disadvantages. Petitioners argued that the domestic industry enjoys a freight advantage over the dominant Canadian imports in the Southeastern region. Our investigation of delivered pricing and transportation costs leads us to conclude that petitioners have overstated this advantage. To some specific customers in some specific areas, depending on the means of transport, the domestic industry may enjoy a freight advantage. However, by the same reasoning, to some specific customers, in some parts of the United States, imports from the U.S.S.R. enjoy a freight advantage over the domestic industry. 33/ Thus, it

32/ Id. at A-12.

33/ Id. at A-37. Transportation cost advantages for imports from the U.S.S.R. ranged from \$14 to \$45 per ton for sales to destinations in the Midwest and Southeast. Id.

appears likely that at least some, if not all, of the difference in price between the domestic product and the imported product is the result of transportation cost differentials.

One additional factor which we have found to be significant in explaining the condition of the domestic industry is the dramatic decline in export sales. A significant share of U.S. potassium chloride has traditionally been exported from Western and Gulf Coastal states to the overseas potassium chloride market, where the United States enjoys a freight advantage over the Canadian potassium chloride industry. 34/ Export shipments declined dramatically between 1980 and 1983, from 39 percent of U.S. producers' shipments, to 20 percent of sales. Economic problems in overseas markets, and decreased worldwide demand for potassium chloride have contributed to this decline in export sales, which accounted for approximately 75 percent of the decrease in U.S. producers' total shipments during that period. 35/ In 1984, export shipments were 29 percent of total shipments, an improvement of 45 percent over 1983, but still only about three-quarters as much as in 1980. 36/

Imports of potassium chloride from the U.S.S.R. increased from none in 1981 to 66,000 short tons in 1982 and 68,000 short tons in 1983, and then doubled to 138,000 short tons in 1984. 37/ However, those imports represented only 1.3 percent of apparent U.S. consumption in 1984. 38/

Although imports of potassium chloride from the U.S.S.R. undersold domestic potassium chloride during most of the period under consideration, we

34/ Id. at A-12.

35/ Id.

36/ Id. at A-15.

37/ Id. at A-25.

38/ Id.

note that all but one of the purchasers who reported lower delivered prices for imports from the U.S.S.R. also reported that a lower price was necessary to offset the lower quality of the potassium chloride imported from the U.S.S.R. 39/ Of the responding purchasers, two reported that a discount of 3 percent or less was necessary to persuade them to purchase the Soviet imports, two reported that the necessary discount was from 6 to 9 percent, and three reported that the necessary discount was over 9 percent. 40/ In addition, due to the importance of transportation costs, suppliers can have considerable cost advantages depending on proximity to customers and availability of water and rail transportation.

Moreover, we note that imports from the U.S.S.R. have a larger market share in the Southeastern region than in the domestic market as a whole, yet price trends in the Southeast have been stronger than overall price trends. 41/ In the Midwest, the other main area where imports from the U.S.S.R. are sold, the U.S.S.R. has a smaller market share than its 1.3 percent overall share of the domestic market. These factors lead us to conclude that imports from the U.S.S.R. did not have a suppressive or depressive effect on potassium chloride prices.

No threat of material injury

In order to conclude that LTFV imports constitute a threat of material injury to the domestic industry, the Commission must find that the

39/ Id. at A-34. We note in addition that respondents have argued that only 23 percent of the potassium chloride imported from the U.S.S.R. since 1981 could be considered normal quality, such that direct price comparisons are not appropriate. Id.

40/ Id. at A-36.

41/ Id. at A-30-A-31, and A-35.

threat is real and imminent, and not based on a mere possibility that injury might occur at some remote future date. 42/

Although market penetration of imports from the U.S.S.R. increased from 1982 to 1984, imports from the U.S.S.R. were only 1.3 percent of U.S. consumption in 1984. 43/ Given the recent increasing trend in domestic consumption, it is not likely that this level of imports will cause material injury to the domestic industry in the near future. Moreover, prices in the U.S. potassium chloride market rallied somewhat during late 1983 and 1984, although they have not reached their previous levels. 44/ Importers' inventories have not increased significantly, 45/ thus there is little likelihood that a significant additional amount of potassium chloride previously imported from the U.S.S.R. will enter the U.S. market. Production capacity in the U.S.S.R. has been increasing during the period under investigation; however, capacity utilization is high. There is no indication that the U.S.S.R. intends to divert shipments to the United States in preference to other markets. The Commission has received information indicating that only approximately the volume of Soviet imports in 1984 will be available for export to the United States from the U.S.S.R. in 1985 and

42/ *Alberta Gas Chemicals, Inc. v. United States*, 515 F. Supp. 780 (Ct. Int'l Trade 1981). The Trade and Tariff Act of 1984, H.R. 3398, codifies the "real and imminent" standard for determinations of threat of material injury. Section 612(a)(2)(B)(ii). The new Act also codifies the factors to be considered by the Commission in making threat determinations. The factors listed are essentially those which the Commission considers under current practice. Therefore, our analysis of this issue satisfies the requirements of the new Act.

43/ Report at A-27.

44/ We note that there was a decline in domestic prices during the fourth quarter of 1984. However, there were almost no imports from the U.S.S.R. during that period. Transcript of Hearing at 134.

45/ Report at A-23.

1986. 46/ Total exports from the U.S.S.R. as a share of Soviet production have declined from 36 percent in 1982 to 29 percent in 1983. 47/ The United States' share of shipments from the U.S.S.R. has increased only marginally during the period under investigation, from 1.2 to 2.1 percent of total exports in 1982 and 1983 respectively. 48/ We therefore conclude that imports of potassium chloride from the U.S.S.R. do not constitute a real and imminent threat of material injury to the domestic industry.

46/ Id. at A-25.

47/ Id. at A-24.

48/ Id.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On March 30, 1984, counsel for AMAX Chemical, Inc., and Kerr-McGee Chemical Corp. filed with the U.S. International Trade Commission and the U.S. Department of Commerce antidumping and countervailing duty petitions concerning imports of potassium chloride from four countries. The petitions alleged that an industry in the United States is materially injured, and is threatened with material injury, by reason of imports from East Germany, Israel, Spain, and the U.S.S.R. of potassium chloride that is being sold at less than fair value (LTFV) and by reason of imports from Israel and Spain of potassium chloride upon which subsidies are being paid. Accordingly, the Commission instituted preliminary antidumping and countervailing duty investigations under the applicable provisions of the Tariff Act of 1930 to determine whether there was a reasonable indication that an industry in the United States was materially injured, or was threatened with material injury, or the establishment of an industry in the United States was materially retarded, by reason of imports of such merchandise into the United States. 1/

On May 14, 1984, the Commission determined, 2/ on the basis of information developed during the course of its preliminary investigations, that there was a reasonable indication that an industry in the United States was materially injured by reason of allegedly LTFV imports of potassium chloride from East Germany, Israel, Spain, and the U.S.S.R. and by allegedly subsidized imports of potassium chloride from Israel and Spain. Consequently, the Department of Commerce continued its investigations into the nature and extent of the allegedly LTFV and subsidized imports of potassium chloride from the cited countries.

In June 1984, Commerce issued affirmative preliminary determinations in its countervailing duty cases involving imports of potassium chloride from Israel and Spain. 3/ Accordingly, the Commission instituted and conducted final countervailing duty investigations concerning subsidized imports of potassium chloride from those two countries. On September 29, 1984, the

1/ At the same time the cited petitions were filed, counsel for the petitioners filed countervailing duty petitions with Commerce concerning imports of potassium chloride from East Germany and the U.S.S.R. Inasmuch as these countries are not signatories to the General Agreement on Tariffs and Trade (GATT), the Commission was not required to make injury determinations. Commerce initiated countervailing duty investigations on potassium chloride from East Germany and the U.S.S.R., but subsequently rescinded its investigations and dismissed the petitions (49 F.R. 23428, June 6, 1984).

2/ Commissioners Stern and Liebler not participating.

3/ Commerce published its final affirmative subsidy determinations concerning potassium chloride from Israel and Spain in the Federal Register on Sept. 14 and 17, 1984, respectively. Commerce found a net subsidy in the amount of 3.64 percent ad valorem on imports from Israel. With respect to imports from Spain, Commerce found net subsidies in the amount of 7.88 percent ad valorem on exports prior to July 11, 1984, and 6.90 percent ad valorem on exports on or after July 11, 1984.

Commission notified Commerce of its determinations that an industry in the United States is not materially injured or threatened with material injury, nor is the establishment of an industry in the United States materially retarded, by reason of subsidized imports of potassium chloride from Israel and Spain. 1/

On September 12, 1984, Commerce published in the Federal Register (49 F.R. 35845) its preliminary determinations that potassium chloride from East Germany, Spain, and the U.S.S.R. is being, or is likely to be, sold in the United States at LTFV. At the same time, Commerce preliminarily determined that potassium chloride from Israel is not being, nor is it likely to be, sold in the United States at LTFV. 2/ As a result, the Commission instituted final antidumping investigations under section 735(b) of the Tariff Act of 1930 to determine whether an industry in the United States is materially injured or threatened with material injury, or whether the establishment of an industry in the United States is materially retarded, by reason of LTFV imports of potassium chloride from East Germany (investigation No. 731-TA-184 (Final)), Spain (investigation No. 731-TA-186 (Final)), and the U.S.S.R. (investigation No. 731-TA-187 (Final)).

Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of October 3, 1984 (49 F.R. 39115). 3/ On November 8, 1984, the petitioners withdrew their antidumping petition with respect to imports of potassium chloride from Spain. On that same date, the Commission was notified by Commerce that it was extending the date for making its final LTFV determinations with respect to imports from East Germany and the U.S.S.R. Accordingly, the Commission terminated investigation No. 731-TA-186 (Final) and revised its schedule for conducting the investigations concerning potassium chloride from East Germany and the U.S.S.R.

Commerce's final LTFV determinations with respect to imports of potassium chloride from East Germany, Israel, and the U.S.S.R. were published in the Federal Register of January 31, 1985 (50 F.R. 4559). It reached an affirmative determination only with respect to imports from the U.S.S.R. Commerce found no sales at LTFV from East Germany and de minimis (0.0008 percent) LTFV margins on imports from Israel.

The Commission's public hearing was held in Washington, DC, on February 5, 1985. 4/ The briefing and vote was held on March 4, 1985. The statute directs the Commission to make its final determination within 45 days after the final determination by Commerce.

1/ Commissioner Eckes dissented in the voting with respect to imports of potassium chloride from Israel. Chairwoman Stern did not participate in the investigations.

2/ Copies of Commerce's preliminary and final LTFV determinations are presented in app. A.

3/ Copies of the Commission's notices are presented in app. B.

4/ A list of witnesses appearing at the Commission's hearing is presented in app. C.

Other Investigations Concerning Potassium Chloride

In November 1969, the Commission determined that an industry in the United States was being injured by reason of imports of potassium chloride from Canada that were being or were likely to be sold at LTFV. ^{1/} The Department of the Treasury published a finding of dumping in the Federal Register of December 19, 1969. By 1981, all Canadian producers and exporters, except Texasgulf, Inc., had been excluded by Treasury from the dumping finding after Treasury determined that sales by these firms had not been at LTFV and it received assurances from each firm that future sales of potassium chloride to the United States would not be made at LTFV. In April 1981, pursuant to a petition filed by Texasgulf, the Commission determined that an industry in the United States would not be materially injured or threatened with material injury by reason of imports of potassium chloride from Canada if the dumping order were to be modified or revoked. ^{2/} Accordingly, in June 1981, Commerce published a notice in the Federal Register revoking the dumping order. However, the revocation of the dumping order does not affect the assurances that had been given by the Canadian producers not to sell potassium chloride for export to the United States at LTFV.

The Product

Description and uses

Potassium chloride (KCl), also known as muriate of potash, is the chief source of potassium fertilizer applied to fields in the United States. Approximately 94 percent of the potassium chloride consumed in the United States is used in fertilizer; the rest is used to make chemical compounds essential to the manufacture of glass, matches, soaps, medicines, detergents, insecticides, chinaware, solid rocket fuel, and animal feed.

Potash refers to a number of potassium salts used as fertilizers. Potassium chloride, the product under investigation, accounts for approximately 97 percent of all potash fertilizers consumed in the United States and worldwide. For chloride-sensitive crops, a sulfate of potash (either potassium sulfate or potassium magnesium sulfate) is used.

Potassium is one of the three key chemical elements essential for plant growth; the other two are nitrogen and phosphorus. Potassium aids in the synthesis of starch and sugar, stiffens straw in cereal grains, promotes root growth, and enables the plant to better withstand disease and adverse conditions of climate. About 85 percent of the potassium applied to fields in the United States is in the form of potash; the remainder of the potassium nutrient added to the soil is in the form of cereal straw and manure.

^{1/} At the same time, the Commission also made affirmative determinations concerning LTFV imports from France and West Germany. See Potassium Chloride (Muriate of Potash) From Canada, France, and West Germany: Determination of Injury in Investigation Nos. AA1921-58, 59, and 60 . . ., TC Publication 303, November 1969.

^{2/} Potassium Chloride From Canada: Determination of the Commission in Investigation No. 751-TA-3 . . ., USITC Publication 1137, April 1981.

Potassium chloride is produced in a number of grades. The major grades and their uses are shown in table 1.

Table 1.--Potassium chloride: U.S. consumption, 1/
by uses and by grades, 1983

(In percent)			
Grade	Agricultural use	Industrial use	Total
Granular-----:	30.1 :	- :	30.1
Coarse-----:	47.2 :	- :	47.2
Standard <u>2/</u> -----:	7.8 :	3.8 :	11.5
Soluble-----:	8.9 :	2.2 :	11.1
Total-----:	94.0 :	6.0 :	100.0

1/ Data are for U.S. and Canadian producers' shipments, which accounted for 91 percent of U.S. consumption in 1983.

2/ Includes chemical grade. Industrial use of chemical grade accounted for about 1.8 percent of U.S. potassium chloride consumption in 1979.

Source: Derived from statistics published by the Potash & Phosphate Institute.

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

The granular, coarse, and standard grades are approximately 95 percent pure and may contain a minute amount of iron, which gives the product a pink tint. These grades, which differ from one another only in particle size, are suitable for blending with other solid fertilizers for application to the fields. To ensure a homogeneous mixture of solid fertilizer, particles of nearly equal sizes must be blended together. These three grades are not used in liquid fertilizers because the trace of iron-bearing clay in the product tends to clog the farm machinery used to spray the fields. However, a fourth grade, the soluble grade, is approximately 98 percent pure, contains less iron-bearing clays, and is consequently suitable for use in liquid fertilizer. The chemical grade of potassium chloride is even more highly refined; it is used in the manufacture of chemicals for use primarily in the chemical and ceramic industries. In addition, small quantities of standard and soluble grades of potassium chloride are used for other industrial purposes.

Importers of potassium chloride from the U.S.S.R. sell standard and granular grades of potassium chloride in the United States. The U.S.-produced grades are chemically identical to the imported grades under investigation. 1/

1/ The respondents stressed at the Commission's hearing and stated in their posthearing brief (at p. 3) that "a large amount of the sales of U.S.S.R. potash has consisted of 'off-spec' material, known as 'overs' and 'unders,' which does not meet U.S. industry specifications, is generally unacceptable

Footnote continued on next page.

The industry usually expresses the potassium content of potassium chloride in terms of K_2O (potassium oxide). Commercial potassium chloride is generally about 60 percent K_2O . Thus, 1,000 short tons of potassium chloride product is the equivalent of 600 short tons of K_2O . In this report, in order to estimate quantities of potassium chloride, data originally expressed in terms of K_2O content have been divided by 0.6.

Production process

Most potassium chloride in the United States exists in underground deposits; 85 percent of U.S. production is obtained by conventional shaft-mining techniques. Solution mining, another method of extracting potassium chloride from bedded deposits, is especially suited to deposits that are 4,000 feet or more underground or that are too irregular to permit economical shaft mining. In this method, water is injected through wells into the deposit to dissolve the salts, and the resulting brine solution containing potassium chloride is withdrawn from nearby wells. One mine owned by Texasgulf in Utah is operated through this technique; it accounted for *** percent of U.S. production in 1983.

A third production method, extraction from surface and subsurface brines, is used in the United States at the Bonneville salt flats in Utah and at Searles Lake in California. The two mines owned by Kaiser and Kerr-McGee, respectively, that produce potassium chloride by this method accounted for *** percent of U.S. production in 1983. ^{1/}

After recovery, all ore is processed into marketable grades of potassium chloride at the mine site. The process involves several steps, which may include evaporation of brines, flotation, and solution and crystallization. The product is dried and sized and is then ready for sale. Figure 1 illustrates a typical production process.

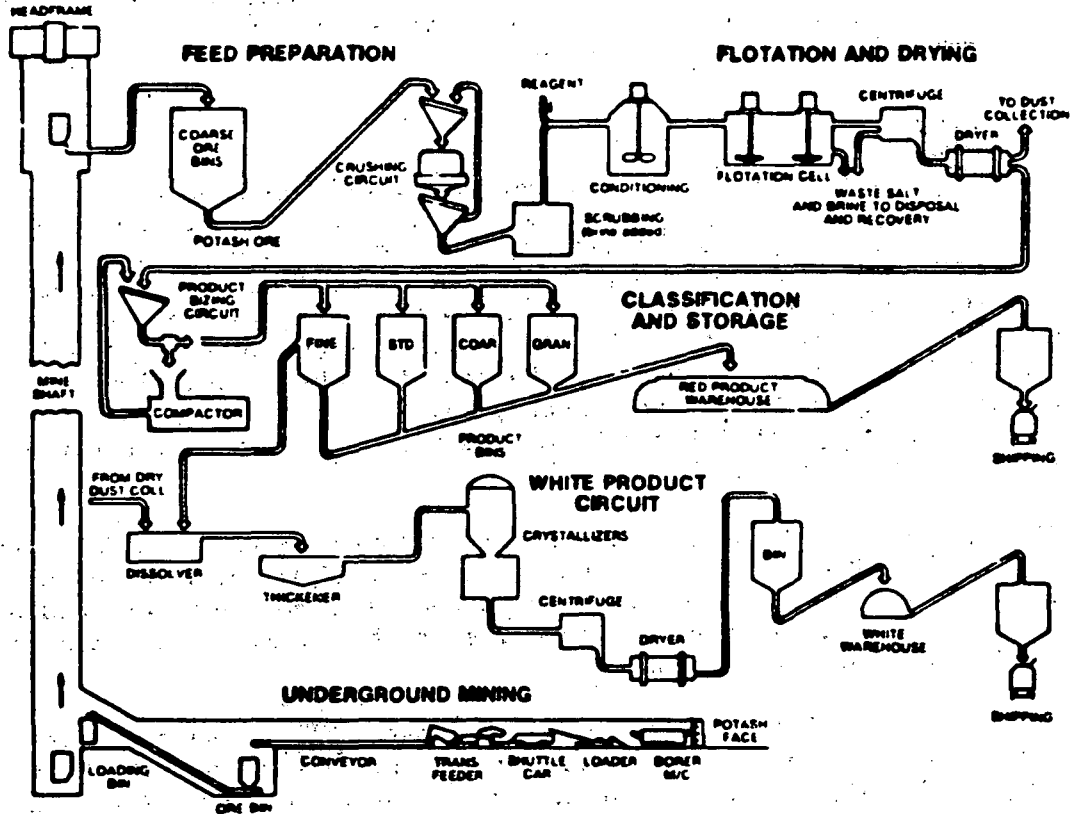
Footnote--Continued from previous page

for use until it is further processed, has a different use from U.S. specification granular potash, and sells at a variable discount off the price of granular potash. In addition, much of the Soviet granular potash, even after it has been screened to meet U.S. specifications, severely cakes and hardens, requiring the use of force to break the product down into a useful state. . . . Respondents calculate that 29 percent of Soviet imports have sold as 'off-spec' material since 1982, and at least a further 48 percent of total Soviet imports consists of this lower quality product."

The petitioners, however, stated (at p. 2 of their posthearing brief) that "Respondents' claims are simply untrue and no competent technical or independent testimony was offered by Respondents at the hearing. Testimony by Petitioners' witnesses and affidavits in the posthearing submissions, submitted in response to questions posed by Commissioners Rohr and Eckes (Tr. 57-60, 169-172), including affidavits of independent engineering consultants, make clear there is no chemical or functional difference between Russian and domestic potash of the same grade or type."

^{1/} The Kaiser mine was closed in October 1983 because of flooding in the brine collection areas.

Figure 1.--Flow chart of the potassium chloride production process



Source: Texasgulf, Inc.

U.S. tariff treatment

Imports of potassium chloride are classified in item 480.50 of the Tariff Schedules of the United States. These imports, regardless of country of origin, have been unconditionally free of customs duty since 1930.

Nature and Extent of Sales at LTFV

The Department of Commerce published its final LTFV determination concerning potassium chloride from the U.S.S.R. in the Federal Register of January 31, 1985. V/O Sojuzpromexport (V/O), the state-owned producer of potassium chloride in the U.S.S.R., accounted for all known exports of potassium chloride from the Soviet Union to the United States during the period of the Department of Commerce's investigation--October 1, 1983, through March 31, 1984. Commerce found a weighted-average LTFV margin of 1.77 percent.

In making its determination, Commerce compared the United States price with the foreign market value. It used the purchase price of the subject merchandise to represent the U.S. price for V/O's sales, because the potassium chloride was sold to unrelated purchasers prior to its importation into the United States. Because the U.S.S.R. has a state-controlled economy, Commerce used prices of potassium chloride in a surrogate country. In Commerce's final LTFV determination, ^{1/} it examined prices of potassium chloride sold by Canadian producers to third countries to determine the foreign market value.

U.S. Producers

The names and production locations of each of the eight U.S. firms that have produced potassium chloride in recent years are presented in table 2. There are six production sites in New Mexico, two in Utah, and one in California. New Mexico accounted for 85 percent of U.S. production in 1983.

Three of the eight firms listed in table 2 ceased producing potassium chloride in the United States during 1982 or 1983. In its form 10-K for 1982, filed with the Securities and Exchange Commission, Freeport-McMoRan Inc., stated--

In February 1982 National Potash Company ("National"), a wholly owned subsidiary, ceased mining potassium ores at its properties located near Carlsbad, New Mexico, as a result of increased costs of production, adverse marketing conditions and greater foreign competition, particularly from mines located in Saskatchewan, Canada.

^{1/} In Commerce's preliminary determination, it used prices of potassium chloride sold in its home market by the only producer in West Germany to determine the foreign market value. (This was also the procedure Commerce employed in making its preliminary determination with respect to imports from East Germany.) In its preliminary determinations, Commerce found LTFV margins of 187.03 percent on imports from the U.S.S.R., 112.17 percent on imports from East Germany, and 43.65 percent on imports from Spain.

Table 2.--Potassium chloride: U.S. producers' plant locations, ^{1/} types of operations, years production began, shares of 1983 U.S. production, and parent firms

Firm and location	Type of operation	Year production began	Share of 1983 U.S. production Percent	Parent
AMAX Chemical Corp., Carlsbad, NM.	Shaft mine	1952	***	AMAX, Inc.
International Minerals & Chemical Corp., Carlsbad, NM.	do	1940	***	-
Kaiser Aluminum & Chemical Corp., Wendover, UT.	Near-surface brines.	2/ 1933	***	Kaiser Industries Corp.
Kerr-McGee Chemical Corp.: Carlsbad, NM. Trona, CA.	Shaft mine Brine wells	1965 1917	*** ***	Kerr-McGee Corp.
Mississippi Chemical Corp., Carlsbad, NM.	Shaft mine	3/ 1931	***	-
National Potash Co., Carlsbad, NM.	do	5/ 1957	***	Freeport McMoran Inc.
Potash Co. of America, Carlsbad, NM.	do	1934	***	Ideal Basic Industries, Inc.
Texasgulf Chemicals Co., Moab, UT.	Solution mine	1964	***	Societe Nationale Elf Aquitaine

^{1/} 1 mine owned by Duval Corp., which opened in 1951, closed in May 1978 because of exhausted reserves.

^{2/} Operations ceased in October 1983 because of flooding.

^{3/} Mine closed in January 1983 because of market conditions.

^{4/} Less than 0.5 percent.

^{5/} 1 mine closed in 1970 because of exhausted reserves and the other closed in February 1982 because of market conditions.

Source: Compiled from information obtained in response to questionnaires of the U.S. International Trade Commission and the U.S. Bureau of Mines.

In January 1983, Mississippi Chemical Corp. closed its Carlsbad, NM, plant. In a letter received by the Commission, the company stated--

* * * * *

Kaiser closed its Utah operations in October 1983 because of flooding in the brine collection areas. Kaiser ***. The three firms that closed in 1982 or 1983 accounted for *** percent of U.S. capacity to produce potassium chloride in 1982.

The Potash Co. of America and International Minerals & Chemical Corp. own three potassium chloride mines in Saskatchewan, Canada. These mines, according to the Tennessee Valley Authority, have a total rated annual capacity of 6.2 million short tons KCl. In addition, the Potash Co. of America opened a mine in New Brunswick, Canada, on January 1, 1984. The New Brunswick mine, constructed at a cost of \$185 million, was slated to have an annual capacity to produce 700,000 short tons of potassium chloride by the end of 1984. The new mine is favorably located to sell the product to the New England, Atlantic, and Gulf Coast States. Texasgulf ***. Denison Potocan Potash Co. is also excavating in New Brunswick, Canada, with production scheduled for 1985.

Potassium chloride is generally shipped by the producers in bulk (railcar, truck, or barge load) to farmers' cooperatives, bulk blenders, and other fertilizer companies. These companies have extensive fertilizer outlets that sell the product to distributors and directly to farmers. Three U.S. producers (or former producers) of potassium chloride--International Minerals & Chemical, Mississippi Chemical, and Kaiser--are also large U.S. fertilizer producers and distributors.

U.S. Importers

Cargill, Inc., and Occidental Chemical Agricultural Products, Inc., are the two importers of potassium chloride from the U.S.S.R. According to their counsel, neither firm has a countertrade or buy-back arrangement with the U.S.S.R. for the purchase of potassium chloride. Cargill was the only importer of the product during 1981-83, whereas Occidental bought it prior to 1981 and contracted for delivery during 1984. 1/

1/ In his prehearing statement (at pp. 1 and 2), Mr. James Schultz stated that Cargill accounted for approximately 90 percent of the potash imported from the U.S.S.R. during the period covered by the Commission's investigation. He also noted (at p. 8) that "Since 1982, Cargill has purchased for internal purposes 27 percent of the Soviet potash it has imported." According to testimony at the Commission's hearing (transcript, pp. 154 and 155) and in the respondents' post-hearing brief (pp. 8 and 9), Cargill does not currently have a contract for the purchase of Soviet potash, and Occidental neither has, nor is currently negotiating, a contract for purchases of Soviet potash. (Negotiations between Occidental and the U.S.S.R. occur annually or quarterly.)

Potassium chloride is one of several fertilizer products included in a \$20 billion, 20-year agreement made in 1982 between the U.S.S.R. and Occidental. According to the agreement, it is anticipated that the value of Occidental's fertilizer purchases from the U.S.S.R. will equal the value of its fertilizer sales (i.e., concentrated or superphosphoric acid) to the U.S.S.R. over the 20-year period. According to counsel for Occidental, every purchase of potassium chloride from the U.S.S.R. is individually negotiated. In addition, Occidental's purchase prices and tonnages of potassium chloride are negotiated with the U.S.S.R. independently of the sale or purchase of other fertilizer products.

Cargill constructed a barge-mounted screener for *** in early 1982. This screener is used when the U.S.S.R. product is discharged from an ocean vessel to a Mississippi River barge. 1/ Cargill also coats potassium chloride in order to reduce dust and caking.

World Potash Reserves and Production Capacity

Potash reserves are located in only 16 countries. According to the Bureau of Mines, Canada and the U.S.S.R. possess the largest potash reserves in the world, accounting for 74 percent and 16 percent of all reserves, respectively (table 3). Reserves in the United States account for only 0.5 percent of worldwide reserves.

Table 3.--Potash: World reserves and capacity, by countries, 1984

Country	Reserves		Capacity	
	Quantity	Share of total	Quantity	Share of total 1/
	Million short tons KCl	Percent	Million short tons KCl	Percent
U.S.S.R-----	5,511	15.8	21	33.5
Canada-----	25,721	73.7	16	26.1
East Germany-----	1,470	4.2	6	10.1
West Germany-----	919	2.6	6	8.8
United States-----	184	0.5	4	6.5
France-----	92	.3	4	6.3
Israel-----	2/	-	2	2.9
Spain-----	110	.3	1	1.8
Other-----	900	2.6	3	4.0
Total-----	34,906	100.0	63	100.0

1/ Computed from unrounded data.

2/ No estimate from the Bureau of Mines is available.

Source: Reserves data, the Bureau of Mines; capacity data, the Tennessee Valley Authority.

1/ Subsequent to the Commission's hearing, counsel for Cargill reported that the annual capacity of its screener operation is ***.

In 1984, according to the Tennessee Valley Authority, the countries with the largest capacities to produce potash were the U.S.S.R., accounting for 34 percent of total capacity; Canada, with 26 percent; East Germany, with 10 percent; and West Germany, with 9 percent. The United States and France each account for about 6 percent of total capacity. Israel and Spain account for 3 percent and 2 percent of worldwide capacity, respectively. According to the Tennessee Valley Authority, world capacity to produce potassium chloride will increase by 3.6 percent from 1984 to 1985.

The U.S. Market

U.S. consumption of potassium chloride fell from 10.7 million short tons in 1981 to 9.1 million short tons in 1982, representing a decrease of 15 percent (table 4). Consumption then increased to 9.7 million short tons in 1983, or by 7 percent. Consumption in 1984, at 10.3 million short tons, was 6 percent greater than that in the previous year.

Canada is the largest supplier of potassium chloride to the U.S. market, accounting for about 73 percent of aggregate U.S. consumption during 1981-84. The Canadian share of the U.S. market is expected to increase as U.S. demand increases and domestic reserves are depleted.

U.S. consumption of potassium chloride is dependent upon the demand for fertilizer. In 1982, such demand was depressed by weak farm conditions. In 1983, demand was affected by Government-sponsored acreage reduction, paid diversion, and Payment-In-Kind (PIK) programs. Nearly 800 million acres, 40 percent of total U.S. farmland, were idled during the year. During times when the cash receipts of farmers are low, they may reduce costs by decreasing their fertilizer purchases. Thus, purchases of potassium chloride, which may be retained in the soil for 2 to 3 years after application, are frequently decreased. However, in the long run, application of potassium chloride must be resumed to maintain the quantity and quality of the crops.

The Bureau of Mines and FERTECON ^{1/} have developed projections for future U.S. consumption of potassium chloride. Their projections, which are nearly the same, forecast U.S. consumption to grow 29 percent and 25 percent, respectively, from 1981 to 1990. ^{2/}

^{1/} FERTECON is an independent British fertilizer research organization.

^{2/} James P. Searls, Potash, Bureau of Mines, Mineral Commodity Profiles, 1983, p. 8, and FERTECON, Potash: A Global Study of Supply, Demand, and Price Trends, Fertilizer Economic Studies Ltd., January 1983, p. 96.

Table 4.--Potassium chloride: U.S. production, producers' shipments, and apparent consumption, 1962-84

Year	U.S. pro- duction	Producers' shipments			Apparent consump- tion	Domestic sales as a share of consumption
		Domestic	Export	Total		
		1,000 short tons KCl				Percent
1962-----	***	***	***	***	***	***
1963-----	***	***	***	***	***	***
1964-----	***	***	***	***	***	***
1965-----	***	***	***	***	***	***
1966-----	***	***	***	***	***	***
1967-----	***	***	***	***	***	***
1968-----	***	***	***	***	***	***
1969-----	***	***	***	***	***	***
1970-----	***	***	***	***	***	***
1971-----	***	***	***	***	***	***
1972-----	***	***	***	***	***	***
1973-----	***	***	***	***	***	***
1974-----	3,617	2,545	1,058	3,603	9,690	26
1975-----	3,572	1,837	1,110	2,947	7,968	23
1976-----	3,418	2,173	1,348	3,521	9,648	23
1977-----	3,365	2,090	1,432	3,521	10,295	20
1978-----	3,408	2,185	1,272	3,457	10,883	20
1979-----	3,363	2,615	995	3,610	12,133	22
1980-----	3,375	2,017	1,292	3,308	10,862	19
1981-----	3,324	<u>1</u> / 2,130	767	2,897	10,731	20
1982-----	2,784	<u>1</u> / 1,920	776	2,696	9,074	21
1983-----	2,083	<u>1</u> / 1,821	465	2,286	9,696	19
1984-----	2,361	<u>1</u> / 1,663	684	2,347	10,302	16

1/ Includes intracompany transfers.

Source: Data for 1962-73, SRI International; data for 1974-80, the Potash & Phosphate Institute; data for 1981-84, questionnaires of the U.S. International Trade Commission and official import statistics of the U.S. Department of Commerce.

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

Eight midwestern farming States account for about 62 percent of U.S. consumption of potassium chloride, as shown below (in percent):

<u>State</u>	<u>Share of 1983 consumption</u>
Illinois-----	15
Iowa-----	10
Indiana-----	8
Ohio-----	8
Minnesota-----	7
Wisconsin-----	5
Missouri-----	5
Michigan-----	4
Total-----	62

Consideration of Material Injury

The information presented in this section of the report was obtained from data published by the Potash & Phosphate Institute and from responses to the Commission's questionnaires, which were sent to all domestic producers.

U.S. capacity, production, and capacity utilization

Data on U.S. producers' productive capacity are presented in table 5. U.S. capacity to produce potassium chloride decreased from 3.6 million short tons KCl in 1981 to 3.2 million short tons in 1983, or by 11 percent. This decrease in capacity takes into account the closing of the National Potash Co. plant in February 1982, but does not take into account the closing of the Mississippi Chemical and Kaiser facilities in 1983 (in January and October, respectively). With the subtraction of the productive capacity of the Mississippi Chemical plant, ^{1/} U.S. capacity to produce potassium chloride in 1984 amounted to 2.8 million short tons, or about 12 percent less than capacity in 1983 and 22 percent less than capacity in 1981.

If a potash mine is closed for several months, the roofs in the underground mining areas may subside. According to the Bureau of Mines, the remaining economic ore reserve in the mine, as a consequence, "may be lost forever . . . and the remaining reserves will not support the startup cost and any capital investment" necessary to reopen the mine. In addition, according to the petitioners, the surface equipment in a beneficiation plant that is not in use deteriorates rapidly. Thus, according to the petitioners, it is also uneconomical to repair such a plant that has been closed for a long time.

U.S. producers' production capacity will continue to decrease as the potash reserves are exhausted. According to the Bureau of Mines, the reserves held by the Potash Co. of America and Texasgulf may be depleted in the early 1990's. Reserves held by AMAX may be depleted by the year 2000. The other producers, according to the Bureau of Mines, "appear to have sufficient reserves to operate past the year 2000."

^{1/} Kaiser ***.

Table 5.--Potassium chloride: U.S. production capacity, production, and capacity utilization, 1976-84

Year	Capacity	Production	Capacity utilization
	-----1,000 short tons KCl-----		Percent
1976-----	3,495 :	3,353 :	96
1977-----	3,503 :	3,248 :	93
1978-----	3,657 :	3,485 :	95
1979-----	3,688 :	3,438 :	93
1980-----	<u>1/</u> 3,837 :	<u>1/</u> 3,460 :	90
1981-----	3,630 :	3,324 :	92
1982-----	3,505 :	2,784 :	79
1983-----	3,234 :	2,083 :	64
1984-----	2,830 :	2,361 :	83

1/ Estimated by multiplying January-November 1980 data by 12/11.

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

Note.--Production data collected by the U.S. International Trade Commission may vary from data collected from other sources because the Commission adjusted some of the data that were reported by fiscal rather than by calendar year.

U.S. production of potassium chloride decreased from 3.3 million short tons KCl in 1981 to 2.1 million short tons in 1983, or by 37 percent. Production in 1984 was 2.4 million short tons, or about 13 percent greater than production in 1983. With the decline in production during 1981-83, utilization of U.S. producers' potassium chloride facilities decreased from 92 percent in 1981 to 64 percent in 1983; it then rose to 83 percent in 1984 (table 5). 1/ (Without the subtraction of Mississippi Chemical's capacity in 1984, the aggregate capacity utilization figure would have been *** percent).

U.S. producers' shipments

U.S. producers' aggregate domestic and export shipments followed the same general trend as production, decreasing from 1981 to 1983 but increasing in 1984 (tables 4 and 6). U.S. producers' domestic shipments (including intra-company transfers) fell without interruption from 2.1 million short tons KCl in 1981 to 1.7 million short tons in 1984, or by 22 percent. The producers' export shipments declined irregularly from 767,000 short tons to 684,000 short tons, or by 11 percent, during the 1981-84 period.

1/ Ideally, U.S. producers operate their potassium chloride facilities 24 hours a day, 7 days a week, with the plants closing only for ordinary maintenance work.

Table 6.--Potassium chloride: U.S. producers' shipments, 1981-84

Item	1981	1982	1983	1984
Quantity (1,000 short tons)				
Domestic shipments-----	***	***	***	***
Export shipments-----	767	776	465	684
Intracompany transfers-----	***	***	***	***
Total-----	2,897	2,696	2,286	2,347
Value (1,000 dollars)				
Domestic shipments-----	***	***	***	***
Export shipments-----	59,605	34,127	18,703	37,851
Intracompany transfers-----	***	***	***	***
Total-----	194,222	148,929	121,955	144,669
Unit value (per short ton)				
Domestic shipments-----	\$***	\$***	\$***	\$***
Export shipments-----	77.71	43.98	40.22	55.34
Intracompany transfers-----	***	***	***	***
Average-----	77.26	60.79	55.76	62.28

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

According to the Bureau of Mines, the United States enjoys a freight advantage over Canada in the overseas potassium chloride markets. A significant share of U.S.-produced potassium chloride is exported from west coast and gulf coast ports to Central and South America, New Zealand, and Japan. The following tabulation shows U.S. producers' export shipments as a share of their total shipments:

	Share (percent)
1976-----	38
1977-----	41
1978-----	37
1979-----	28
1980-----	39
1981-----	26
1982-----	29
1983-----	20
1984-----	29

Economic problems in Brazil, a large importer of potassium chloride, and decreased worldwide demand for potassium chloride contributed to the decline

in U.S. producers' offshore sales in 1981-83. Table 7 shows U.S. exports of potassium chloride, as compiled from official statistics of the U.S. Department of Commerce, during 1980-84. Such exports in 1984 were 57 percent greater than exports in 1983, but they were still only about half those in 1980.

Table 7.--Potassium chloride: U.S. exports of domestic merchandise, by principal markets, 1980-84

Market	1980	1981	1982	1983	1984
Quantity (1,000 short tons)					
Brazil-----	561	233	222	13	320
Japan-----	101	88	136	97	83
New Zealand-----	156	109	96	104	65
Colombia-----	48	24	25	12	48
Mexico-----	70	42	41	40	47
Dominican Republic-----	58	30	21	22	30
Denmark-----	49	18	26	26	0
All other-----	251	242	225	121	95
Total-----	1,295	786	791	436	687
Percent of total quantity					
Brazil-----	43	30	28	3	47
Japan-----	8	11	17	22	12
New Zealand-----	12	14	12	24	9
Colombia-----	4	3	3	3	7
Mexico-----	5	5	5	9	7
Dominican Republic-----	4	4	3	5	4
Denmark-----	4	2	3	6	-
All other-----	19	31	28	28	14
Total-----	100	100	100	100	100
Value (1,000 dollars)					
Brazil-----	64,756	25,670	15,463	892	27,851
Japan-----	8,463	8,725	11,750	7,642	5,976
New Zealand-----	12,668	10,926	7,824	7,615	5,180
Colombia-----	4,573	2,644	1,663	734	4,084
Mexico-----	5,831	3,755	3,367	2,941	3,647
Dominican Republic-----	6,911	3,576	1,670	1,653	2,590
Denmark-----	3,461	1,730	1,730	1,829	-
All other-----	27,477	25,055	17,175	8,672	8,195
Total-----	134,142	82,082	60,642	31,978	57,523

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

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

U.S. producers' inventories

Sales of potassium chloride are seasonal and producers build up inventories in order to have adequate supplies available during the spring and fall. Data on U.S. producers' yearend inventories of potassium chloride are presented in table 8. Such inventories increased sharply from 349,000 short tons KCl in 1980 to 754,000 short tons in 1982, but then decreased to 517,000 short tons by yearend 1983 and 418,000 short tons by yearend 1984. Inventories as a share of producers' total annual shipments increased from 11 percent in 1980 to 28 percent in 1982 and then declined to 23 percent in 1983 and 18 percent in 1984.

Table 8.--Potassium chloride: U.S. producers' yearend inventories, 1976-84

Year	Quantity 1,000 short tons KCl	Ratio of inventories to U.S. producers' shipments Percent
1976-----	738	21.0
1977-----	720	20.4
1978-----	618	17.9
1979-----	325	9.0
1980-----	349	10.6
1981-----	725	25.0
1982-----	754	28.0
1983-----	517	22.6
1984-----	418	17.8

Source: Data for 1976-79, Potash & Phosphate Institute; data for 1980-84, questionnaires of the U.S. International Trade Commission.

Prior to 1979, virtually all U.S. producers' potassium chloride inventories were held at minesite. Since then, U.S. producers have opened warehouses throughout the United States. ^{1/} These warehouses permit more timely delivery to the customer. No data on U.S. producers' offsite warehouse inventories are available prior to 1984. On February 29, 1984, 179,000 short tons KCl, or 15 percent of U.S. producers' total inventories, were held in offsite warehouses. In comparison, Canadian producers held 1.2 million short tons KCl, or 50 percent of their total stocks, in offsite warehouses located primarily in the United States.

Employment and wages

The average number of workers engaged in the production of potassium chloride in the United States decreased from 1,961 in 1981 to 1,224 in 1983, or by 38 percent, and then remained unchanged in 1984 (table 9). Hours worked

^{1/} Additional information concerning U.S. producers' warehouses is presented in a subsequent section of this report.

Table 9.--Potassium chloride: Employment and wage data for production and related workers, 1981-84

Item	1981	1982	1983	1984
Average employment of production and related workers:				
Number-----	1,961	1,721	1,224	1,224
Percentage change-----	<u>1/</u>	-12.2	-28.9	0.0
Hours paid for production and related workers: <u>2/</u>				
Number-----thousands--	4,195	3,515	2,482	2,479
Percentage change-----	<u>1/</u>	-16.2	-29.4	-0.1
Wages paid to production and related workers:				
Value-----1,000 dollars--	45,006	42,854	33,170	34,392
Percentage change-----	<u>1/</u>	-4.8	-22.6	3.7
Total compensation paid to production and related workers: <u>3/</u>				
Value-----1,000 dollars--	51,264	49,548	39,058	40,113
Percentage change-----	<u>1/</u>	-3.3	-21.2	2.7
Hourly wages paid:				
Value-----per worker hour--	\$10.73	\$12.19	\$13.36	\$13.87
Percentage change-----	<u>1/</u>	13.6	9.6	3.8
Labor productivity: <u>4/</u>				
Quantity				
tons per worker hour--	0.792	0.792	0.839	0.952
Percentage change-----	<u>1/</u>	0.0	5.9	13.5
Unit labor costs: <u>5/</u>				
Value-----per ton--	\$15.42	\$17.80	\$18.75	\$16.99
Percentage change-----	<u>1/</u>	15.4	5.3	-9.4

1/ Not available.

2/ Includes hours worked plus hours of paid leave time.

3/ Includes wages and contributions to Social Security and other employee benefits.

4/ Production per hour worked.

5/ Total compensation paid per ton produced.

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

by and wages and total compensation paid to such employees followed generally similar trends. Workers engaged in the production of potassium chloride are largely union members; their average hourly wage increased from \$10.73 in 1981 to \$13.87 in 1984.

Labor productivity, as measured by output per worker hour, rose by 20 percent from 0.792 ton per hour worked in 1981 and 1982 to 0.952 ton per hour worked in 1984. Unit labor costs increased by 22 percent during 1981-83, from \$15.42 per ton to \$18.75 per ton, but then fell by 9 percent to \$17.07 per ton in 1984.

Financial experience of U.S. producers

Eight producers, accounting for all known U.S. production of potassium chloride in 1981-84, provided usable income-and-loss data relative to both their overall establishment operations and their operations producing potassium chloride alone. In the aggregate, the domestic producers experienced declining sales and increasing losses from their potassium chloride operations during 1982 and 1983. Net sales were up somewhat in 1984, but the industry continued to operate unprofitably during that year.

Overall establishment operations.--The income-and-loss experience of eight U.S. producers on the overall operations of their establishments within which potassium chloride is produced is shown in table 10 for 1981-84. Net sales declined annually from \$358 million to \$237 million, or by 34 percent, during 1981-83. Net sales rose by 8 percent to \$257 million in 1984. The domestic producers earned an aggregate operating income of \$49 million, or 13.7 percent of net sales, during 1981, but sustained operating losses in each of the succeeding years. Such losses ranged upward from \$2.9 million, or 1.1 percent of net sales, in 1982 to \$25.4 million, or 9.9 percent of net sales, in 1984. Net income or loss before income taxes followed the same trend as operating income during the reporting period.

Potassium chloride operations.--The income-and-loss experience of the eight U.S. producers on their operations producing potassium chloride is shown in table 11. Net sales declined annually from \$219 million to \$130 million, or by 41 percent, during 1981-83. Net sales were \$146 million during 1984. The eight producers earned an aggregate operating income of \$31.8 million, or 14.5 percent of net sales, in 1981, but sustained operating losses in the other reporting periods. Such losses ranged upward from \$13.3 million, or 8.2 percent of net sales, in 1982 to \$49.5 million, or 33.9 percent of net sales, in 1984. Net income or loss before income taxes followed the same trend as operating income or loss. One of the eight reporting firms sustained an operating loss in 1981; the number reporting such losses jumped to four firms in 1982 and then rose to seven of the eight firms in 1983. Two firms reported operating losses in 1984. The number of firms reporting net losses before income taxes was one in 1981, five in 1982, six in 1983, and three in 1984. The eight firms reported positive cash flows of \$47.7 million and \$4.5 million in 1981 and 1982, respectively, but sustained negative cash flows of \$4.6 million and \$21.8 million in 1983 and 1984, respectively.

Table 10.--Income-and-loss experience of 8 U.S. producers on the overall operations of their establishments within which potassium chloride is produced, 1981-84 1/

Item	1981	1982	1983	1984
Net sales-----1,000 dollars--	358,110	268,057	237,299	256,733
Cost of goods sold-----do-----	287,286	251,323	229,181	268,929
Gross income or (loss)---do-----	70,824	16,735	8,118	(12,196)
General, selling, and administrative expenses				
1,000 dollars--	21,864	19,627	15,198	13,220
Operating income or (loss)				
1,000 dollars--	48,960	(2,892)	(7,080)	(25,416)
Other income or expense:				
Interest expense-----do-----	1,533	2,862	1,961	786
Other income or (expense), net-----1,000 dollars--	(521)	321	2,923	(7,432)
Total other income or (expense), net				
1,000 dollars--	(2,054)	(2,541)	962	(8,218)
Net income or (loss) before income taxes--1,000 dollars--	46,906	(5,433)	(6,118)	(32,634)
Depreciation and amortization expense-----1,000 dollars--	19,307	21,802	20,472	41,139
Cash flow from operations				
1,000 dollars--	66,213	16,369	14,354	8,505
Ratio to net sales of--				
Gross income or (loss)				
percent--	19.8	6.2	3.4	(4.8)
Operating income or (loss)-----do-----	13.7	(1.1)	(3.0)	(9.9)
Net income or (loss) before income taxes				
percent--	13.1	(2.0)	(2.6)	(12.7)
Cost of goods sold-----do-----	80.2	93.8	96.6	104.8
General, selling, and administrative expenses				
percent--	6.1	7.3	6.4	5.1
Number of firms reporting--				
Gross losses-----	1	4	4	1
Operating losses-----	1	5	6	1
Net losses before income taxes-----	1	5	6	3

1/ 3 of the 8 firms ceased producing potassium chloride during 1982 or 1983.

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

Table 11.--Income-and-loss experience of 8 U.S. producers on their operations producing potassium chloride, 1981-84 1/

Item	1981	1982	1983	1984
Net sales-----1,000 dollars---	219,460	163,039	130,016	145,742
Cost of goods sold-----do-----	171,487	162,192	144,411	187,997
Gross income or (loss)-----do-----	47,973	847	(14,395)	(42,255)
General, selling, and administrative expenses				
1,000 dollars---	16,181	14,183	9,536	7,219
Operating income or (loss)				
1,000 dollars---	31,792	(13,336)	(23,931)	(49,474)
Other income or expense:				
Interest expense-----do-----	1,509	2,769	1,839	629
Other income or (expense), net-----1,000 dollars---	(388)	487	2,608	7,544
Total other income or (expense), net				
1,000 dollars---	(1,897)	(2,282)	769	(8,173)
Net income or (loss) before income taxes--1,000 dollars---	29,895	(15,618)	(23,162)	(57,647)
Depreciation and amortization expense-----1,000 dollars---	17,755	20,163	18,604	35,820
Cash flow from operations				
1,000 dollars---	47,650	4,545	(4,558)	(21,827)
Ratio to net sales--				
Gross income or (loss) percent---	21.9	0.5	(11.1)	(29.0)
Operating income or (loss)-----do-----	14.5	(8.2)	(18.4)	(33.9)
Net income or (loss) before income taxes-----percent---	13.6	(9.6)	(17.8)	(40.0)
Cost of goods sold-----do-----	78.1	99.5	111.1	129.0
General, selling, and administrative expenses percent---	7.4	8.7	7.3	5.0
Number of firms reporting--				
Gross losses-----	1	4	5	2
Operating losses-----	1	4	7	2
Net losses before income taxes-----	1	5	6	3

1/ 3 of the 8 firms ceased producing potassium chloride during 1982 or 1983.

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

One firm, ***, sustained a sizeable loss in 1984. ***. The operating results of U.S. producers with and without *** are shown in the following tabulation:

Year	With ***		Without ***	
	Operating income or (loss)	Operating income or (loss) margin	Operating income or (loss)	Operating income or (loss) margin
	1,000 dollars	Percent	1,000 dollars	Percent
1981-----	31,792	14.5	***	***
1982-----	(13,336)	(8.2)	***	***
1983-----	(23,931)	(18.4)	***	***
1984-----	(49,474)	(33.9)	***	***

The tabulation reveals that when *** is excluded from the data, the other U.S. producers, in the aggregate, ***.

Consideration of Threat of Material Injury

In its examination of the question of threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase in the LTFV imports, the rate of increase in U.S. market penetration by such imports, the quantity of such imports held in inventory in the United States, and the capacity of producers in the subject countries to generate exports (including the availability of export markets other than the United States).

Projections of U.S. consumption of potassium chloride are presented in the section of this report concerning the U.S. market. Trends in imports and U.S. market penetration are discussed in the section of this report that addresses the causal relationship between the alleged material injury and the LTFV imports. Information regarding importers' inventories and the capacity of the U.S.S.R. to generate exports follows.

Importers' inventories

U.S. importers of potassium chloride from the U.S.S.R. hold the product in inventory in warehouses in the southeast and midwest and on barges along major waterways in these areas, principally the Mississippi River. Information obtained during the Commission's preliminary investigation indicated that Cargill, an importer of potassium chloride from the U.S.S.R., had *** warehouses, with a capacity of *** short tons, in the southeast and ***

warehouses, with a capacity of *** short tons, in the midwest. 1/ All of these warehouses ***, ***. Information concerning the quantities of imported potassium chloride held in inventory during 1981-84 is presented in table 12.

Table 12.--Potassium chloride: Importers' yearend inventories and shipments of the product imported from selected sources, 1981-84

Origin	1981	1982	1983	1984
Inventory (1,000 short tons KCl)				
U.S.S.R-----	***	***	***	***
East Germany-----	***	***	***	<u>1/</u>
Spain-----	***	***	***	<u>1/</u>
Israel-----	***	***	***	***
Shipments (1,000 short tons KCl)				
U.S.S.R-----	***	***	***	***
East Germany-----	***	***	***	<u>1/</u>
Spain-----	***	***	***	<u>1/</u>
Israel-----	***	***	***	***
As a share of shipments (percent)				
U.S.S.R-----	***	***	***	***
East Germany-----	***	***	***	<u>1/</u>
Spain-----	***	***	***	<u>1/</u>
Israel-----	***	***	***	***

1/ Not available.

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

Note.--Percentages were computed from unrounded data.

1/ James Schultz of Cargill testified at the Commission's hearing that Cargill now owns or leases 19 or 20 warehouses throughout the midwest and southeast. In his prehearing statement (at p. 4), Mr. Schultz noted that Cargill has "concentrated on water-oriented locations that can be served by inexpensive Northbound barge transportation that is often the backhaul for Southbound grain shipments." Additional information on the capacity of the known Cargill warehouses is given in a later section of this report. As indicated earlier, Cargill also operates a barge-mounted screener with an annual capacity (for all products) of *** short tons.

The potassium chloride industry in the U.S.S.R.

The U.S.S.R. potassium chloride industry, comprising some 12 mining operations, is the largest in the world. Total production, as reported by FERTECON, ^{1/} increased irregularly from 15.8 million short tons KCl in 1981 to 17.1 million short tons in 1983 and an estimated 17.5 million short tons in 1984; production in 1984 was 11 percent greater than production in 1981. Data on production of potassium chloride in the U.S.S.R. are presented in the following tabulation (in millions of short tons KCl):

<u>Year</u>	<u>Quantity</u>
1975-----	14.8
1976-----	15.5
1977-----	15.6
1978-----	15.3
1979-----	12.4
1980-----	15.1
1981-----	15.8
1982-----	15.1
1983-----	17.1
1984 (estimated)-----	17.5

According to data submitted by the respondents, the aggregate capacity of the U.S.S.R. to produce potash in 1984 was about 21.0 million short tons per year. ^{2/} Thus, the Soviet industry operated at about 83 percent of its capacity in that year.

According to data submitted by the petitioners, ^{3/} exports accounted for about 36 percent of the U.S.S.R.'s production of potassium chloride in 1982 and 29 percent of production in 1983. Eastern European countries were the principal markets for Soviet potash, taking 67 percent of aggregate exports in 1982 and 62 percent of the total in 1983. The United States accounted for 1.2 percent and 2.1 percent of total exports in those years, respectively. Exports of potassium chloride from the U.S.S.R. in 1982 and 1983, the latest years for which such data are available, are shown in the following tabulation (in thousands of short tons KCl):

^{1/} FERTECON, Quarterly Review of the U.S.S.R. Fertilizer Industry, various issues.

^{2/} Posthearing submission C; the respondents cite FERTECON's 1984 Annual Review, p. 34, as the source of these data. They note that the aggregate figure of 21.0 million tons includes about 1.6 million short tons of potash capacity in Ukrainian mines, which "produce sulphate (sic) of potash almost exclusively."

^{3/} Data on exports are from table 15 of the prehearing statement (p. 49) of Charles L. Trozzo on behalf of the domestic producers.

<u>Market</u>	<u>1982</u>	<u>1983</u>
United States ^{1/} -----	67	107
Latin America-----	241	291
Western Europe-----	739	771
Eastern Europe-----	3,629	3,068
Asia-----	485	597
Other-----	263	141
Total-----	5,424	4,975

^{1/} Official U.S. statistics show that imports from the U.S.S.R. amounted to 66,000 short tons in 1982, 68,000 short tons in 1983, and 138,000 short tons in 1984.

In a letter received by the Commission on February 11, 1985, Albert V. Melnikov, the Deputy Trade Representative of the U.S.S.R. in the United States, stated that "***."

Consideration of the Causal Relationship Between LTFV Imports and Material Injury or Threat Thereof

U.S. imports

U.S. imports of potassium chloride decreased from 8.6 million short tons KCl in 1981 to 7.2 million short tons in 1982; imports then increased to 7.9 million short tons in 1983 (table 13). Imports in 1984, at 8.6 million short tons, were 10 percent greater than imports in 1983. Canada is the largest supplier of potassium chloride, accounting for 90 percent of total imports in 1982-84. Israel was the second largest supplier, accounting for 7 percent of the total, followed by East Germany and the U.S.S.R. with 1 percent each.

Imports of potassium chloride from the U.S.S.R. increased from none in 1981 to 66,000 short tons KCl in 1982 and 68,000 short tons in 1983, and then doubled to 138,000 short tons in 1984. According to counsel, imports from the U.S.S.R. were curtailed in 1981 because of production and transportation problems experienced by the U.S.S.R. producers. Imports of potassium chloride from the U.S.S.R. accounted for 0.7 percent of U.S. consumption in 1982 and 1983 and then increased to 1.3 percent of consumption in 1984 (table 14).

The Bureau of Mines and FERTECON project that the U.S. producers' share of the market will continue to decrease as mines are forced to close as reserves are depleted. By the year 2000, the Bureau of Mines projects that the U.S. producers' share of the market will decrease to 10 percent. The rest of the market will be supplied by imports.

Table 13.--Potassium chloride: U.S. imports for consumption, by principal sources, 1976-84

Source	1976	1977	1978	1979	1980	1981	1982	1983	1984
Quantity (1,000 short tons)									
Canada-----	7,280	7,882	7,915	8,848	8,424	8,052	6,310	6,989	7,923
Israel-----	94	225	366	304	344	450	618	549	442
U.S.S.R. <u>1/</u> -----	0	23	32	13	42	0	66	68	138
East Germany-----	44	10	20	61	54	55	46	135	102
Spain-----	22	56	33	23	12	24	55	58	12
All other-----	35	9	22	27	31	20	59	76	22
Total-----	7,475	8,205	8,390	9,275	8,907	8,601	7,154	7,875	8,639
Percent of total quantity									
Canada-----	97	96	94	95	95	94	88	89	92
Israel-----	1	3	4	3	4	5	9	7	5
U.S.S.R. <u>1/</u> -----	0	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	0	1	1	2
East Germany-----	1	<u>2/</u>	<u>2/</u>	1	1	1	1	2	1
Spain-----	<u>2/</u>	1	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	1	1	<u>2/</u>
All other-----	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	1	1	<u>2/</u>
Total-----	100	100	100	100	100	100	100	100	100
Value (million dollars)									
Canada-----	323	345	359	482	588	677	515	485	578
Israel-----	4	8	18	21	32	45	57	41	39
U.S.S.R. <u>1/</u> -----	0	1	1	1	2	0	5	4	9
East Germany-----	2	<u>3/</u>	1	3	4	4	3	9	7
Spain-----	1	3	1	1	1	2	4	3	1
All other-----	2	<u>3/</u>	2	2	3	2	5	6	3
Total-----	332	358	382	510	629	730	588	548	636

1/ Includes Latvia.2/ Less than 0.5 percent.3/ Less than \$500,000.

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

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

Table 14.--Potassium chloride: U.S. imports and U.S. producers' shipments as a share of consumption, by principal sources, 1981-84

(In percent)					
Source	1981	1982	1983	1984	
U.S. imports from--					
Canada-----	75.0	69.5	72.1	76.9	
Israel-----	4.2	6.8	5.7	4.3	
U.S.S.R-----	-	.7	.7	1.3	
East Germany-----	.5	.5	1.4	1.0	
Spain-----	.2	.6	.6	.1	
All other-----	.2	.7	.8	.2	
Total imports-----	80.2	78.8	81.2	83.9	
U.S. producers' shipments-----	19.8	21.2	18.8	16.1	
Total, all sources-----	100.0	100.0	100.0	100.0	

Source: Tables 4 and 13.

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

The Southeast market

The petitioners assert that the impact of imports from East Germany, Spain, the U.S.S.R., and Israel is particularly acute in the Southeast market. This region includes the following States: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia. Information concerning U.S. producers' and importers' shipments into this region is presented in table 15. The vast bulk of the potassium chloride imported from East Germany, Israel, and Spain is sold in the Southeast market. About half of the imports from the U.S.S.R. are sold to customers in the Southeast market; the rest are sold in the midwest.

Table 15.--Potassium chloride: U.S. producers' and importers' shipments to the Southeast region, 1/ total and as a share of their total shipments in the U.S. market, by sources, 1981-83

Source	1981	1982	1983
Quantity (1,000 short tons KCl)			
United States-----	***	***	***
U.S.S.R-----	***	***	***
Canada-----	***	***	***
East Germany-----	***	***	***
Israel-----	***	***	***
Spain-----	***	***	***
Total-----	2,798	2,328	2,417
Share of total quantity (percent)			
United States-----	***	***	***
U.S.S.R-----	***	***	***
Canada-----	***	***	***
East Germany-----	***	***	***
Israel-----	***	***	***
Spain-----	***	***	***
Total-----	100	100	100
Share of total shipments in the U.S. market (percent)			
United States-----	***	***	***
U.S.S.R-----	***	***	***
Canada-----	***	***	***
East Germany-----	***	***	***
Israel-----	***	***	***
Spain-----	***	***	***
Total <u>3/</u> -----	27	28	24

1/ This region includes the States of Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.

2/ Less than 0.5 percent.

3/ The Southeast region as a share of the total U.S. market.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from data published by the Potash & Phosphate Institute.

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

Prices

Purchasers of potash in the United States range in size from large national fertilizer distributors to local dealers and farmers' cooperatives. The national distributors generally make centralized purchasing decisions and benefit from the purchasing power inherent in controlling the distribution of many hundreds of thousands of tons of potash annually. These purchases, however, may be shipped to any location in the United States in lots as small as single truckloads (20-30 tons). Therefore, the freight component of purchases by any one purchaser may vary substantially from shipment to shipment.

U.S. producers sell most potash on a single sale or spot basis. Prices are based on the producers' published price lists, which show an f.o.b. minehead price for each grade of potash. Freight costs are then added to the minehead price based on a single railcar rate from the mine to the final destination. Actual prices can drop below list prices in weak markets when price competition among all suppliers is most intense. In addition, the actual delivered price may be lower than the minehead price plus single railcar shipping cost if more economical transportation methods are used, such as unit train or barge shipments. Larger customers are also given additional discounts below the published price schedule. Although some producers will establish contracts with their largest customers, these contracts generally establish only guidelines regarding expected quantities to be purchased, and prices can be renegotiated over the life of the contract based on market conditions.

The Commission requested U.S. producers and importers to provide price data for sales of each of the three agricultural grades of potash to their two largest customers in the Southeast market and to their two largest customers outside that marketing region. Both standard and granular grades are imported from the U.S.S.R. Although the Commission requested price data on both an f.o.b. minehead (or port of entry) basis and on a delivered basis, most prices were provided by both producers and importers only on an f.o.b. basis. However, potash purchasers provided delivered price data from which price comparisons can be made. Both f.o.b. and delivered prices are discussed below.

F.o.b. price trends.--Until the 1980's, the Carlsbad producers generally sold potassium chloride on an f.o.b. mine basis. Although the product is still sold on this basis, Carlsbad producers increasingly store potash in warehouses in the midwest and southeast. ^{1/} The subsequent sale may be on an f.o.b. warehouse basis or on a delivered basis. Sales by importers of potash from the U.S.S.R. may be f.o.b. a terminal or warehouse in the midwest or southeast, f.o.b. barge at a port on the Mississippi River, or on a delivered basis.

Usable information on f.o.b. prices was provided by six domestic producers and two importers of U.S.S.R. potash. U.S. producers' f.o.b. prices for standard and granular grade potash to the Southeast and non-Southeast markets generally declined from January-March 1982 to July-September 1983 (tables 16 and 17). U.S. producers' prices for standard grade potash to the non-Southeast market declined by \$13.62 per ton (from \$66.90 to \$53.28 per

^{1/} See the following section of this report on transportation costs.

Table 16.--Standard grade potassium chloride: U.S. producers' and importers' f.o.b. prices to the Southeast and non-Southeast markets, 1/ and c.i.f. unit values of U.S.S.R. imports, 2/ by quarters, January 1982-December 1984

(Per short ton KCl)			
Period	F.o.b. prices		C.i.f. unit value of
	U.S. producers	Imports from the U.S.S.R.	imports from the U.S.S.R.
Southeast market			
1982:			
January-March-----	\$58.85	<u>3/</u>	\$87.67
April-June-----	49.80	<u>3/</u>	85.64
July-September-----	42.89	<u>3/</u>	77.56
October-December-----	37.80	<u>3/</u>	77.11
1983:			
January-March-----	41.72	****	71.83
April-June-----	46.80	***	<u>4/</u>
July-September-----	<u>3/</u>	***	68.95
October-December-----	<u>3/</u>	***	65.54
1984:			
January-March-----	54.00	<u>3/</u>	77.87
April-June-----	48.00	<u>3/</u>	74.97
July-September-----	48.00	<u>3/</u>	71.94
October-December-----	<u>3/</u>	<u>3/</u>	<u>4/</u>
Non-Southeast market			
1982:			
January-March-----	66.90	<u>3/</u>	-
April-June-----	57.60	<u>3/</u>	-
July-September-----	60.49	<u>3/</u>	-
October-December-----	63.58	<u>3/</u>	-
1983:			
January-March-----	57.86	<u>3/</u>	-
April-June-----	58.10	<u>3/</u>	-
July-September-----	53.28	***	-
October-December-----	53.30	<u>3/</u>	-
1984:			
January-March-----	64.20	***	-
April-June-----	62.87	<u>3/</u>	-
July-September-----	54.18	<u>3/</u>	-
October-December-----	53.23	<u>3/</u>	-

1/ Weighted-average prices to the largest 2 customers in the Southeast and non-Southeast markets.

2/ C.i.f. unit values are for all grades of U.S.S.R. potassium chloride imported into the United States. In 1984, 82 percent of the potassium chloride imported from the U.S.S.R. entered through New Orleans, LA, with the remainder entering through Charlotte, SC, Savannah, GA, Tampa, FL, and Wilmington, NC.

3/ No data reported.

4/ No imports in this quarter.

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

Table 17.--Granular grade potassium chloride: U.S. producers' and importers' f.o.b. prices to the Southeast and non-Southeast markets, 1/ and c.i.f. unit values of U.S.S.R. imports, 2/ by quarters, January 1982-December 1984

(Per short ton KCl)			
Period	F.o.b. prices		C.i.f. unit value of
	U.S. producers	Imports from the U.S.S.R.	imports from the U.S.S.R.
Southeast market			
1982:			
January-March-----	\$65.47	<u>3/</u>	\$87.67
April-June-----	60.72	***	85.64
July-September-----	60.61	<u>3/</u>	77.56
October-December-----	56.71	<u>3/</u>	77.11
1983:			
January-March-----	51.62	***	71.83
April-June-----	53.07	***	<u>4/</u>
July-September-----	50.40	***	68.95
October-December-----	53.41	<u>3/</u>	65.54
1984:			
January-March-----	52.04	***	77.87
April-June-----	52.69	***	74.97
July-September-----	49.56	***	71.94
October-December-----	54.74	***	<u>4/</u>
Non-Southeast market			
1982:			
January-March-----	70.17	<u>3/</u>	-
April-June-----	68.70	<u>3/</u>	-
July-September-----	65.22	<u>3/</u>	-
October-December-----	58.88	<u>3/</u>	-
1983:			
January-March-----	60.56	<u>3/</u>	-
April-June-----	62.40	<u>3/</u>	-
July-September-----	58.06	***	-
October-December-----	60.51	<u>3/</u>	-
1984:			
January-March-----	68.14	<u>3/</u>	-
April-June-----	69.55	<u>3/</u>	-
July-September-----	58.89	<u>3/</u>	-
October-December-----	54.85	<u>3/</u>	-

1/ Weighted-average prices to the largest 2 customers in the Southeast and non-Southeast markets.

2/ C.i.f. unit values are for all grades of potassium chloride imported from the U.S.S.R. imported into the United States. In 1984, 82 percent of the potassium chloride imported from the U.S.S.R. entered through New Orleans, LA, with the remainder entering through Charlotte, SC, Savannah, GA, Tampa, FL, and Wilmington, NC.

3/ No data reported.

4/ No imports in this quarter.

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

ton) over this period, or by 20 percent (table 16). 1/ U.S. producers' prices for granular grade potash declined by \$15.07 per ton (23 percent) for sales to the Southeast market, and by \$12.11 per ton (17 percent) for sales to the non-Southeast market over the same period (table 17). U.S. producers' prices subsequently strengthened through the first or second quarter of 1984, before declining again during the last half of the year. Prices for standard grade potash were \$10.97 per ton lower in October-December 1984 than in January-March 1984, and prices for granular grade potash in the non-Southeast market were \$13.29 per ton lower. Prices for granular grade potash in the Southeast market declined in the third quarter of 1984, but increased again in the fourth quarter.

The most complete price series for potash imported from the U.S.S.R. was for sales of granular potash to the Southeast market. The f.o.b. price declined from *** per ton in April-June 1982 to *** per ton in January-March 1983, or by 19 percent (table 17). Similar to domestic price trends, the price of granular potash from the U.S.S.R. strengthened significantly in early 1984, before declining during the remainder of the year. The price of potash from the U.S.S.R. declined from *** per ton in January-March 1984 to *** per ton in October-December 1984, or by 14 percent.

Because of the homogeneity of this product, an analysis of unit value trends for potash imports from the U.S.S.R. may also be helpful. The c.i.f. port of entry unit value of potash imports from the U.S.S.R. declined continuously from \$87.67 per ton in January-March 1982 to \$65.54 per ton in October-December 1983, or by \$22.13 per ton (25 percent). Unit values increased to \$77.87 per ton in January-March 1984 before declining to \$71.94 per ton in the third quarter. 2/

Because of the importance of Canadian potash in the U.S. market, f.o.b. minehead prices for Canadian potash sales to the United States are presented in figure 2. 3/ The figure shows a close correlation between trends in Canadian potash prices and domestic potash prices over the 1980-84 period. 4/ Several firms that produce in both the United States and Canada maintain price lists showing prices both f.o.b. U.S. mine and f.o.b. Canadian mine. These prices are generally set at the same level, and the producer may ship potash from either location unless the customer expresses a preference for one over the other.

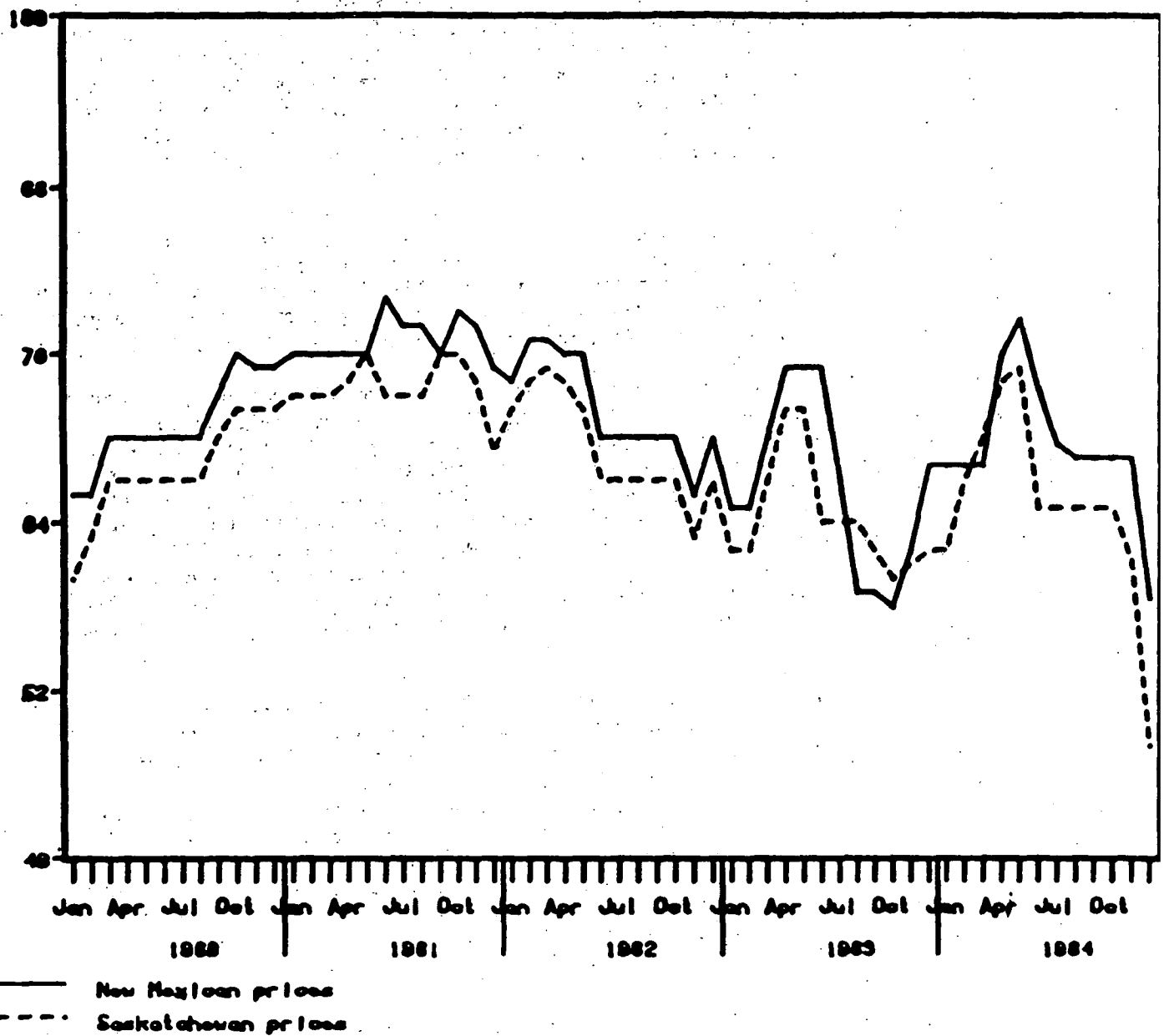
1/ No price was reported for a sale of standard grade potash to the Southeastern market in July-September 1983.

2/ There were no potash imports from the U.S.S.R. in October-December 1984.

3/ This figure is based on data compiled weekly by Green Markets, a U.S. fertilizer publication. The publication's staff conducts telephone surveys to determine prices actually received rather than the often-discounted price list.

4/ Both Canadian and domestic potash prices declined significantly in December 1984, a month in which potash was not imported from the U.S.S.R. Respondents argue that this sheds doubt on the causal relationship between imports from the U.S.S.R. and domestic selling prices (testimony of Bruce Malashevich, Feb. 5, 1985, p. 4).

Figure 2.—Coarse grade potassium chloride: New Mexican and Saskatchewan producers' prices, f.o.b. mine, by months, 1980-84

Dollars per
short ton

Source: Green Markets

Delivered price comparisons. --Because transportation costs can account for a significant portion of the final price, potash purchasers were asked to report delivered prices for their potash purchases. Ten purchasers, accounting for 44 percent of imports from the U.S.S.R. in 1983-84, reported delivered purchase prices or price comparisons. 1/ Eight of these companies reported that the Soviet potash was lower priced, although seven of them also reported that a lower price was necessary to offset the lower quality of the potash imported from the U.S.S.R. The eighth firm reported that only one of the *** barge loads it purchased in 1984 contained lower quality potash, and that the Soviet potash was from *** to *** per ton lower priced than potash from other suppliers. One company, ***, reported that it purchased Soviet potash because of timely delivery to the *** market. Another purchaser, ***, reported that the price of the Soviet potash could not be compared with domestic potash prices because the Soviet product was "run of mine," a lower quality material.

Delivered price comparisons on a regional basis show that potassium chloride imported from the U.S.S.R. was consistently lower priced than domestic potash (table 18). Margins of underselling were most often in the 10 to 15 percent range, although they were as low as *** percent in the Georgia/Alabama region, and as high as *** percent in the Louisiana/Mississippi region.

The economic consultant for the respondents reported that only 23 percent of the potassium chloride imported from the U.S.S.R. since 1981 could be considered normal quality merchandise, where direct price comparisons were appropriate. 2/ All of this normal quality granular potash ***. A price analysis by the consultant, for transactions representing import sales of 12,881 tons of granular potash to six customers, found little underselling relative to prevailing market prices. 3/ Commission staff contacted or received purchaser's questionnaires from all six customers involved in these transactions. The information obtained from these purchasers indicated that underselling generally did exist relative to U.S. producers' prices, although the margin was small for these firms.

Two of the purchasers, representing purchases of *** tons, reported that they bought the Soviet potash primarily because it was available when needed; one of these reported that Soviet potash was slightly lower priced than domestic potash but higher priced than Canadian potash, while the other reported a price differential of about *** percent. Three other purchasers, representing purchases of *** tons, reported that they bought the Soviet potash because of its lower price; one of these reported the price differential to be "significant" relative to domestic prices, while the other two reported price differentials of from *** to *** percent. The sixth purchaser, representing purchases of *** tons, did not recall buying Soviet potash.

1/ ***.

2/ Prehearing testimony of Bruce P. Malashevich, Feb. 5, 1985, p. 7.

3/ See exhibit G in the posthearing submissions of Occidental Petroleum Corp. and Cargill, Inc., for the methodology used.

Table 18.--Standard and granular grade potassium chloride: Delivered price comparisons between domestic and U.S.S.R. potassium chloride, by geographic areas, 1982-84

Geographic area and period	Grade	U.S. price	U.S.S.R. price	Margin of underselling	
		-----Dollars per ton-----		Percent	
Georgia/Alabama:					
Oct.-Dec. 1982-----	Standard	1/ ***	***	***	***
Jan.-Mar. 1983-----	Standard	1/ ***	***	***	***
Apr.-June 1983-----	Standard	1/ ***	***	***	***
July-Sept. 1984-----	Granular	1/ ***	***	***	***
Oct.-Dec. 1984-----	Granular	1/ ***	***	***	***
Midwest: 2/					
July-Sept. 1982-----	Granular	***	***	***	***
Jan.-Mar. 1983-----	Granular	***	***	***	***
Jan.-Mar. 1983-----	Standard	***	***	***	***
Oct.-Dec. 1983-----	Granular	***	***	***	***
Kentucky/Tennessee:					
Jan.-Mar. 1982-----	Granular	***	***	***	***
Apr.-June 1982-----	Granular	***	***	***	***
Jan.-Mar. 1983-----	Granular	***	***	***	***
Louisiana/Mississippi:					
Apr.-June 1983-----	Granular	***	***	***	***
Apr.-June 1984-----	Granular	***	***	***	***
Florida:					
July-Sept. 1983-----	Standard	***	***	***	***
North/South Carolina:					
Oct.-Dec. 1982-----	Standard	***	***	***	***

1/ Delivered prices reported by *** to a customer located in Georgia.

2/ Includes Iowa, Illinois, Indiana, and Missouri.

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

Respondents have argued that, since 1981, 77 percent of the potassium chloride from the U.S.S.R. has had to sell at a discount because it is a lower quality product. 1/ Specifically, the Soviet potash is claimed to have a higher proportion of "fines" and, therefore, is allegedly more vulnerable to caking in storage. 2/ Petitioners argue that there is no quality difference between the domestic and U.S.S.R. potash, that the chemical and functional properties of potash from the two sources are indistinguishable, and that potash from both sources can cake if exposed to moisture. 3/ Petitioners also

1/ Prehearing brief of Occidental Petroleum Corp. and Cargill, Inc., Jan. 30, 1985, pp. 15-19.

2/ See exhibits 1-4 in the posthearing brief (Feb. 13, 1985) of Occidental Petroleum Corp. and Cargill, Inc., for affidavits relating to this issue.

3/ See exhibits 3-6 in posthearing submissions of petitioners, Feb. 13, 1985.

argue that, even if quality differences do exist, the lower price of the Soviet product more than makes up for this quality difference. 1/

Purchasers of Soviet potash were asked to report whether they perceived such potash to be of lower quality, and if so, what was the necessary discount. Seven of nine responding purchasers of Soviet potash reported that the Soviet potash was lower in quality; two reported that the necessary discount was 3 percent or less, two reported that the necessary discount was from 6 to 9 percent, and three reported that the necessary discount was over 9 percent. One purchaser, accounting for *** tons of Soviet potash during 1983-84, reported that ***.

Five of these purchasers also reported that availability of Soviet potash in their market area was an important consideration in their decision to purchase the Soviet product. One purchaser reported that the Soviet potash was the same price as domestic potash, and availability was the primary reason for its decision to purchase the Soviet product. 2/

Transportation costs

Because of the high weight-to-value ratio of potassium chloride, transportation costs can account for a significant portion of the final delivered price to the purchaser. 3/ The traditional method of transportation in the United States has been the single railcar, but alternative, less costly shipping methods are available. These alternative methods include shipment by barge, unit train, truck, or rail-barge combination. 4/ The tabulation on the following page shows the distribution of transportation methods used by five domestic potash producers in 1982, 1983, and January-September 1984.

The data indicate that domestic producers have decreased their dependence on single rail car shipments only slightly, but have increased the proportion of potash shipped by unit train since 1982. However, the proportion of shipments by rail-barge combination has also declined since 1982.

In order to take advantage of lower transportation costs for larger volume shipments and to provide for more timely deliveries, domestic potash suppliers have established terminals or warehouses in major consuming areas. Most of this storage capacity has been established in the midwest since 1980 (table 19).

1/ Hearing transcript, Feb. 5, 1985, pp. 59 and 60.

2/ Exhibit No. 6 in the prehearing brief of Occidental Petroleum Co. and Cargill, Inc.

3/ Transportation costs of potassium chloride can be as much as \$68.00 per short ton from New Mexico to the Southeast market, or one-half or more of the total delivered price.

4/ A unit train generally consists of over 70 rail cars. U.S. producers' rail-barge shipments have generally been by rail from New Mexico to Houston and then by barge to gulf coast customers or to customers along the Mississippi River.

Method	1982	1983	1/ 1984
	Quantity (tons)		
Single rail car-----	638,697	590,255	503,066
Truck-----	327,562	382,592	298,776
Rail-barge-----	434,254	255,357	283,985
Unit train-----	50,000	155,000	78,985
Total-----	1,450,513	1,383,204	1,164,812
	Percent of total		
Single rail car-----	44	43	43
Truck-----	23	28	26
Rail-barge-----	30	18	24
Unit train-----	3	11	7
Total-----	100	100	100

1/ January-September 1984.

In 1984, 82 percent of the potash imported from the U.S.S.R. entered the U.S. market through the port of New Orleans, with the remainder entering through Charlotte, SC, Savannah, GA, Tampa, FL, and Wilmington, NC. Much of the Soviet potash that enters the United States through the port of New Orleans is shipped by barge to markets in the midwest. Occidental and Cargill reported that in 1984, *** percent of their imports of Soviet potash were sold in the Southeastern market (about the same share as in 1982 and 1983, as shown in table 15). It is probable that much of the remaining *** percent was sold to customers in the midwest.

Potash imported from the U.S.S.R. enjoys a transportation cost advantage relative to domestic suppliers by virtue of favorable ocean and barge transportation rates to the markets it serves. 1/ In contrast, U.S. producers must generally rely more on relatively expensive overland transportation, or a combination of overland transportation and barge, to serve the southeastern and midwestern markets. Transportation cost advantages for imports from the U.S.S.R. ranged from \$14 to \$45 per ton for sales to destinations in the midwest and southeast (table 20).

Cargill, the primary importer of potash from the U.S.S.R., has also opened potash warehouse facilities, primarily in the midwest. ***. The warehouses owned by Cargill 2/ have a combined capacity of *** tons, although one of these warehouses, with a capacity of *** tons, is ***.

1/ There may also be some overland freight charges to move the Soviet potash to its final destination. Customers of potash imported from the U.S.S.R. are generally not located far from a waterway. The overland freight costs for sales of Soviet potash for these customers are, therefore, relatively low.

2/ Cargill also leases additional warehouses in the midwest and southeast. As noted previously, a Cargill official testified at the hearing that the firm now owns or leases 19 or 20 warehouses throughout these areas.

Table 19.--Potassium chloride: Location, date of establishment, and capacity of U.S. producers' storage facilities

* * * * *

Table 20.--Transportation cost comparisons between U.S.-produced potassium chloride and potassium chloride imported from the U.S.S.R., by destinations

* * * * *

The tabulation below shows the location, capacity, and opening date for each of the warehouses owned by the firm:

<u>Location</u>	<u>Capacity (tons)</u>	<u>Date opened</u>
* *	* *	* *

Because of the importance of Canadian potassium chloride in the U.S. market, transportation costs for sales of Canadian merchandise are also discussed here. Canadian producers have traditionally been the most competitive in the midwestern U.S. market because of the proximity of Saskatchewan to this market. U.S. producers have enjoyed a freight cost advantage in the Southeastern market, and they assert that their net returns from sales to this market have also been greater. Since the early 1980's, however, changes in freight costs, in shipping methods, and in the location of Canadian producers appear to have lowered the Canadian producers' freight costs for sales of potassium chloride to the United States.

In particular, alternatives to single railcar deliveries, such as unit train or rail-barge shipments, have lowered transportation costs significantly. For example, one recent article concerning Canadian potash shipments to the United States estimated that the shipping cost was about \$15.00 per ton lower for a unit train shipment than for a single railcar shipment. 1/ One purchaser located in Georgia reported that, although it had never purchased Canadian potash by unit train, it planned such a purchase for 1985, with an estimated transportation cost saving of *** percent. 2/ Another Georgia purchaser reported that its physical layout is not conducive to receiving unit trains, although it believed that significant reductions in freight costs could be obtained if it could purchase potash by unit train. 3/ Two purchasers, located in Minnesota and New York, reported that freight cost savings from unit train shipments were not significant. 4/ The contrast in cost savings between purchasers in the southeast and midwest suggests that the freight cost savings by unit train shipments will be most significant in the more distant Southeastern market. One Canadian producer, Central Canada Potash Co. (CCP), reported that the share of its shipments to North American markets accounted for by unit trains increased from 10 percent in 1980 to 77 percent in 1984. 5/

In conjunction with the use of higher volume and lower cost transportation methods, Canadian producers have also increased the capacity of potash warehouses in the United States, in which these larger volumes can be stored until used by customers. Although comprehensive data are not available on Canadian storage facilities in the United States, information is available concerning CCP's U.S. warehouses. Since October 1982, CCP has opened nine warehouses in

1/ Fertilizer Focus, December 1984, p. 3.

2/ See questionnaire of ***. This percentage would convert into a \$***-per-ton cost saving, based on the firm's reported transportation costs.

3/ See questionnaire of ***.

4/ See questionnaires of *** and ***.

5/ Fertilizer Focus, December 1984, p. 10.

the midwest; their combined capacity is 103,500 tons. ^{1/} CCP also reported that it is in the process of setting up three warehouses in Tennessee.

In January 1984, the Potash Co. of America (PCA), which also operates a New Mexico mine, opened a potassium chloride mine in New Brunswick. This producer has shiploading facilities at the Port of St. John, New Brunswick. In its 1982 annual report, Ideal Basic Industries, Inc., the parent firm of PCA, stated that--

The proximity of the mine to deep water will give Potash Company of America a considerable freight advantage to certain markets shipped from other North American points and will widen Atlantic-rim market opportunities.

During the Commission's final countervailing duty investigations on potassium chloride from Israel and Spain in late 1984, counsel for the Dead Sea Works (DSW), the sole Israeli producer, provided estimates of the cost of transporting potash from New Brunswick and Vancouver to locations in the gulf coast region. DSW alleged that such shipments have become increasingly frequent since mid-1983 and will grow substantially as the PCA facility in New Brunswick reaches full production. The estimated cost of such shipments from New Brunswick to Pascagoula, MS, was *** per ton, including loading and unloading charges, or *** below the reported cost of single carload rail shipments from Carlsbad. Similarly, the estimated cost of shipments by unit train from Saskatchewan to Vancouver and by sea to Mississippi was ***; or *** below the reported cost of shipments from Carlsbad. According to purchasers during the prior investigations, U.S. producers have increased combination rail-barge shipments to the Gulf Coast States at \$35-\$38 per ton.

Lost sales/lost revenues

Lost sales and lost revenue allegations relating to potassium chloride imported from the U.S.S.R. were provided by three U.S. producers; the allegations involved nine purchasers. The allegations covered the period 1982-84 and involved a total volume of 126,720 tons, valued at \$8.7 million. Eight of the purchasers, accounting for 99 percent of the volume involved in the allegations, were contacted. Five of the purchasers reported having purchased potash produced in the U.S.S.R., generally citing availability and price as the primary reasons for such purchases. However, all also reported that the Soviet potash was inferior in quality and required an additional discount. None of the purchasers reported ever having used a price quote from a supplier of Soviet potash to obtain a more favorable price from a U.S. producer. However, one purchaser did report that its U.S. suppliers knew its cost of imported potash at any given time, and one purchaser reported that it believed U.S. producers had made some price concessions to avoid losing sales. Details of information obtained from the purchasers follow.

* * * * *

^{1/} Ibid., p. 10.

APPENDIX A

THE DEPARTMENT OF COMMERCE'S FEDERAL REGISTER NOTICES
OF ITS PRELIMINARY AND FINAL LTFV DETERMINATIONS

(A-429-402)

Potassium Chloride From the German Democratic Republic: Preliminary Determination of Sales at Less Than Fair Value

AGENCY: Import Administration,
International Trade Administration,
Commerce.

ACTION: Notice.

SUMMARY: We have preliminarily determined that potassium chloride

(potash) from the German Democratic Republic (GDR) is being, or is likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to suspend the liquidation of all entries of the subject merchandise that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice and to require a cash deposit or bond for each such entry in an amount equal to 112.17 percent of the ex-factory value of the merchandise. If this investigation proceeds normally, we will make a final determination by November 20, 1984.

EFFECTIVE DATE: September 12, 1984.

FOR FURTHER INFORMATION CONTACT: Frank Crowe, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; Telephone (202) 377-4067.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

We have preliminarily determined that potash from the GDR is being, or is likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act of 1930, as amended (the Act). We have preliminarily determined the weighted-average margin of sales at less than fair value to be 112.17 percent.

If this investigation proceeds normally, we will make a final determination by November 20, 1984.

Case History

On March 30, 1984, we received a petition from counsel for AMAX Chemical, Incorporated and Kerr-McGee Chemical Corporation filed on behalf of the domestic producers of potash. In compliance with the filing requirements of § 353.36 of our regulations (19 CFR 353.36), the petitioners alleged that imports of potash from the GDR are being, or are likely to be, sold in the United States at less than fair value within the meaning of the Act, and that these imports materially injure or threaten material injury to a United States industry. After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping investigation. We notified the ITC of our action and initiated such an investigation on April 18, 1984 (49 FR 18004). On May 14, 1984, the ITC determined that there is a reasonable indication that imports of potash are materially injuring a U.S. industry.

On April 27, 1984, a questionnaire was presented to the government of the GDR. On June 5, 1984, we received a response from Kali Bergbau, the state controlled producer of potash in the GDR. As discussed under the "Foreign Market Value" section of this notice, we have preliminarily determined that the GDR is a state-controlled-economy country for the purpose of this investigation.

Scope of Investigation

The merchandise covered by this investigation is potassium chloride, otherwise known as muriate of potash, as currently provided for in item 480.50 of the *Tariff Schedules of the United States*.

Because Kali Bergbau accounted for all exports of this merchandise to the United States, we limited our investigation to that firm. We investigated all sales of potash for the period October 1, 1983, through March 31, 1984.

Fair Value Comparisons

To determine whether sales in the United States of the subject merchandise were made at less than fair value, we compared the United States price with the foreign market value.

United States Price

As provided in section 772 of the Act, we used the purchase price of the subject merchandise to represent the United States price for sales by Kali Bergbau because the merchandise was sold to unrelated purchasers prior to its importation into the United States.

We calculated the purchase based on the f.o.b. price to unrelated purchasers. We made deductions for foreign inland freight, brokerage, and loading charges.

In accordance with the policy set forth in our recent final determination in the investigation of carbon steel wire rod from Poland (49 FR 29434, July 20, 1984) we based these deductions on charges in a non-state-controlled-economy country. The country we used in this investigation was the Federal Republic of Germany (FRG). We used costs in the FRG for the reasons stated below in the "Foreign Market Value" section.

Foreign Market Value

In accordance with section 773(c) of the Act, we used prices of potash sold in the home market of the FRG to determine foreign market value. This is because petitioners alleged that the GDR is a state-controlled-economy country and that sales of the subject merchandise from that country do not permit a determination of foreign market value under section 773(a). After an analysis of the GDR's economy, and

consideration of the briefs submitted by the parties, we have preliminarily concluded that the GDR is a state-controlled-economy country for purposes of this investigation. Basic to our decision on this issue is the fact that the central government of the GDR strictly controls the prices and levels of production of the fertilizer industry, as well as the internal pricing of the factors of production.

As a result, section 773(c) of the Act requires us to use prices or the constructed value of such or similar merchandise in a "non-state-controlled-economy" country. Our regulations establish a preference for foreign market value based upon sales prices. They further stipulate that, to the extent possible, we should determine sales prices on the basis of prices in a "non-state-controlled-economy" country at a stage of economic development comparable to the country with the state-controlled-economy.

After an analysis of countries producing potash, we determined that the FRG would be the most appropriate surrogate. However, we have been unable to develop actual prices for potash in the FRG prior to the preliminary determination.

Therefore, pursuant to § 353.8(a)(1) of our regulations, we based foreign market value on average home market price list prices, during the period under investigation, for the only producer of potash in the FRG. We made deductions for inland freight, based upon the petitioner's estimate of the average distance to purchasers in the FRG, and for a discount for prompt payment as shown on the price list. We made an adjustment for differences in the potassium oxide (K₂O) content of the potash sold in the FRG, which contains 50 percent K₂O, and that exorted from the USSR, which contains 60 percent K₂O. In making this adjustment, we used the relative percentages of K₂O in the potash sold in both markets to determine the difference in market value of the merchandise as authorized by § 353.16 of our regulations.

In the absence of information concerning actual sales in the FRG, we made no circumstance of sale adjustments in reaching this preliminary determination. In addition, counsel for the respondent asserted that the producer in the FRG grants discounts from the price list prices and that the listed prices are for a different level of trade than for GDR sales to the United States. However, we do not have adequate information on which to make a deduction for the reported discounts or to adjust for a difference in the level of

trade. We will seek further information on sales in the FRG, including possible circumstance of sale and level of trade adjustments, for the final determination.

Verification

We will verify all data used in reaching the final determination in this investigation.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to suspend liquidation of all entries of potash from the GDR that are entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeded the United States price, which was 112.17 percent of the ex-factory value. This suspension of liquidation will remain in effect until further notice.

ITC Notification

In accordance with section 733(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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.

The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry before the later of 120 days after we make our preliminary affirmative determination, or 45 days after we make our final determination.

Public Comment

In accordance with § 353.47 of our regulations (19 CFR 353.47), if requested, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination at 2:00 p.m. on October 4, 1984, at the U.S. Department of Commerce, room 4830, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. Individuals who wish to participate in the hearing must submit a request to the Deputy Assistant Secretary for Import Administration, Room 3099B, at the above address

within 10 days of this notice's publication. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed. In addition, prehearing briefs in at least 10 copies must be submitted to the Deputy Assistant Secretary by September 27, 1984. Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.46, within 30 days of publication of this notice, at the above address in at least 10 copies.

Dated: September 6, 1984.

Alan F. Holmer,
Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-36102 Filed 9-11-84; 8:45 am]
BILLING CODE 3510-08-M

[A-508-402]

Potassium Chloride From Israel; Preliminary Determination of Sales at Not Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We preliminarily determine that potassium chloride from Israel is not being, nor is likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination.

If this investigation proceeds normally, we will make a final determination by November 20, 1984.

EFFECTIVE DATE: September 12, 1984.

FOR FURTHER INFORMATION CONTACT:

John R. Brinkmann, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230; telephone: (202) 377-4929.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

We preliminarily determine that there is no reasonable basis to believe or suspect that potassium chloride from Israel is being, or is likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act, 1930, as amended (19 U.S.C. 1673b) (the Act). We found that the United States price of potassium chloride from Israel exceeded the foreign market value on approximately 95 percent of all sales

of this product. The weighted-average margin for the Dead Sea Works, Ltd. (DSW) was 0.08 percent, which is *de minimis*.

If this investigation proceeds normally, we will make a final determination by November 20, 1984.

Case History

On March 29, 1984, we received a petition filed by AMAX Chemicals Inc., Lakeland, Florida, and Kerr-McGee Chemical Corporation, Oklahoma City, Oklahoma, on behalf of U.S. producers of potassium chloride who represent a major portion of that industry. In compliance with the filing requirements of § 353.36 of our regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from Israel are being, or likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping investigation. We notified the ITC of our action and initiated such an investigation on April 18, 1984 (49 FR 18005). On May 14, 1984, the ITC determined that there is a reasonable indication that imports of potassium chloride from Israel are materially injuring a U.S. industry (49 FR 21813).

We presented a questionnaire concerning the allegations to DSW, the only known Israeli producer of potassium chloride, in Washington, D.C., on April 24, 1984, and requested a response by May 23, 1984. In a letter dated May 3, 1984, DSW requested an extension until June 6 to submit its response. We granted an extension until June 6 and on that date we received a response from DSW.

Scope of Investigation

The product covered by this investigation is potassium chloride, currently provided for under item 480.5000 of the *Tariff Schedules of the United States Annotated*. Since DSW is the sole Israeli manufacturer of this merchandise we limited our investigation to this one firm. We investigated 100 percent of sales of this merchandise by DSW to the United States during the period October 1, 1983, through March 31, 1984.

Fair Value Comparisons

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value.

Since we found that the Israeli home market prices were constantly adjusted upward to reflect the high rate of inflation in Israel during the period of investigation, we calculated a foreign market value for each month of the period of investigation. We then made our fair value comparisons using the appropriate monthly foreign market value.

United States Price

As provided in section 772(c), of the Act, we used the exporter's sale price of the subject merchandise to represent the United States price for sales by DSW because the merchandise was first sold to unrelated purchasers after importation into the United States. We calculated the exporter's sales price based on the F.O.B. bulk unpacked price to United States purchasers. We made deductions from the gross price to unrelated purchasers, where appropriate, for Israeli inland freight, U.S. and Israeli brokerage fees, commissions, credit expenses, ocean freight, marine insurance and United States warehousing. The United States warehousing deduction was calculated based on the best information available to the Department. We have requested from DSW, and we utilize in our final determination, information on warehousing as well as other expenses occurred in the United States by or for the account of DSW.

Foreign Market Value

In accordance with section 773(a)(1)(A) of the Act, we calculated foreign market value based on DSW's home market prices. DSW made sufficient sales of potassium chloride in the Israeli home market to form a basis for fair value comparisons. Since the vast majority of DSW's home market sales were made in U.S. dollars all home market sales not so made were converted to U.S. dollars prior to calculating foreign market value. Accordingly, all deductions and adjustments to home market sales which had been calculated in Israeli shekels were converted to United States dollars. All currency conversions of Israeli shekels to U.S. dollars for home market sales were made in accordance with § 353.56(a) of the Commerce regulations using the certified daily exchange rates.

We calculated foreign market value by deducting from the gross, packed F.O.B. ex-works or Dimona prices to unrelated purchasers the following items, where appropriate: packing, inland freight, credit expense, and commissions. We did not allow a claimed adjustment under § 353.15(c) for home market indirect selling expenses

since we have no information on indirect selling expenses in the United States market. To the extent additional information reveals indirect selling expenses in the U.S. market, we will adjust foreign market value for indirect selling expenses up to the amount of such expenses in the U.S., in accordance with § 353.15(c) of the Regulations.

Verification

In accordance with section 773(a) of the Act, we will verify all information used in making our final determination.

ITC Notification

In accordance with 733(f) of the Act, we will notify the ITC of our determination.

Public Comment

In accordance with § 353.47 of our regulations (19 CFR § 353.47), if requested, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination at 2:00 p.m. on October 3, 1984, at the United States Department of Commerce, Conference Room 3708, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230. Individuals who wish to participate in the hearing must submit a request to the Deputy Assistant Secretary for Import Administration, Room 3089, at the above address within 10 days of the publication of this notice. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed.

In addition, prehearing briefs in at least 10 copies must be submitted to the Deputy Assistant Secretary by September 26, 1984. Oral presentations will be limited to issues raised in the briefs. All written view should be filed in accordance with 19 CFR 353.46 within 30 days of publication of this notice, at the above address and at least 10 copies.

Dated: September 6, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

(FR Doc. 84-26100 Filed 9-11-84; 9:45 am)

BILLING CODE 3510-28-01

(A-508-402)

Potassium Chloride From Spain; Preliminary Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We have preliminarily determined that potassium chloride from Spain is being, or is likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to suspend the liquidation of all entries of potassium chloride from Spain that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice, and to require a cash deposit or bond for each such entry in amounts equal to 43.65 percent. If this investigation proceeds normally, we will make a final determination by November 20, 1984.

EFFECTIVE DATE: September 12, 1984.

FOR FURTHER INFORMATION CONTACT: Charles E. Wilson, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230, telephone: (202) 377-5288.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

We have preliminarily determined that potassium chloride from Spain is being, or is likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act 1930, as amended (19 U.S.C. 1673b) (the Act). We have preliminarily determined the weighted-average margin of sales at less than fair value to be 43.65 percent.

If this investigation proceeds normally, we will make a final determination by November 20, 1984.

Case History

On March 29, 1984, we received a petition filed by AMAX Chemicals Inc., Lakeland, Florida, and Kerr-McGee Chemical Corporation, Oklahoma City, Oklahoma, on behalf of U.S. producers of potassium chloride who represent a major portion of that industry. In compliance with the filing requirements of § 353.36 of our regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from Spain are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act.

After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping investigation. We notified the ITC of our action and initiated such an investigation on April 18, 1984 (49 FR 18005). On May 14, 1984, the ITC

determined that there is a reasonable indication that imports of potassium chloride from Spain are materially injuring a U.S. industry (49 FR 21813).

We presented a questionnaire concerning the allegations to Comercial de Potásas, S.A. (COPSA), the only known Spanish exporter of potassium chloride, in Madrid, on May 7, 1984, and requested a response by June 6, 1984. On June 14, 1984, we received a response from COPSA.

Scope of Investigation

The product covered by this investigation is potassium chloride, currently provided for under item 480.5000 of the *Tariff Schedules of the United States Annotated*. Since COPSA is the sole Spanish exporter of this merchandise we limited our investigation to this one firm. We investigated 100 percent of sales of this merchandise by COPSA to the United States during the period October 1, 1983, through March 31, 1984.

Fair Value Comparisons

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value.

United States Price

As provided in section 772 of the Act, we used the purchase price of the subject merchandise to represent the United States price for sales by COPSA, because the merchandise appears to be sold to unrelated purchasers prior to its importation into the United States. We will seek for purposes of our final determination additional information concerning when these transactions take place. We calculated this price based on the FOB, C&F or CIF unpacked prices to unrelated customers in the United States. We made deductions, where appropriate, for foreign inland freight, Spanish brokerage fees, ocean freight, and marine insurance.

Foreign Market Value

In accordance with section 773(a)(1)(A) of the Act, we calculated foreign market value based on COPSA's home market prices. COPSA made sufficient sales of potassium chloride in the Spanish home market to form a basis for fair value comparisons. We calculated home market prices on the basis of the unpacked, ex-mine price to unrelated purchasers. In accordance with § 353.15 of our regulations (19 CFR 353.15), we made a circumstance of sale adjustment for differences in credit terms. We also adjusted, where appropriate, for the differences between

the commissions on sales to the United States and indirect selling expenses in the home market used as an offset to United States commissions in accordance with 19 CFR 353.15(c). We will also seek additional information concerning sales in the home market.

Verification

In accordance with section 773(a) of the Act, we will verify information used in making our determination.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to suspend liquidation of all entries of potassium chloride from Spain which are entered, or withdrawn, for consumption on or after the date of publication of this notice in the Federal Register. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amounts by which the foreign market value of the merchandise exceeded the United States price, which was 43.65 percent. This suspension of liquidation will remain in effect until further notice.

Article VI.5 of the General Agreement on Tariffs and Trade provides that "(n) product . . . shall be subject to both antidumping and countervailing duties to compensate for the same situation of dumping or export subsidization." This provision is implemented by section 772(a)(D) of the Act. Since dumping duties cannot be assessed on the portion of the margin attributable to export subsidies, there is no reason to require a cash deposit or bond for that amount. Accordingly, if a level of export subsidies is determined in the final countervailing duty determination on potassium chloride from Spain, it will be subtracted from the dumping margins for deposit or bonding purposes.

ITC Notification

In accordance with section 773(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

Public Comment

In accordance with section 353.47 of our regulations (19 CFR 353.47), if

requested, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination at 10:00 A.M. on October 3, 1984 at the United States Department of Commerce, Conference Room 4830, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230. Individuals who wish to participate in the hearing must submit a request to the Deputy Assistant Secretary for Import Administration, Room 3099, at the above address within 10 days of the publication of this notice. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed.

In addition, prehearing briefs in at least 10 copies must be submitted to the Deputy Assistant Secretary by September 20, 1984. Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.46, within 30 days of publication of this notice, at the above address and in at least 10 copies.

Dated: September 6, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-24080 Filed 9-11-84; 9:45 am]

BILLING CODE 2510-08-01

[A-461-402]

Potassium Chloride From the Union of Soviet Socialist Republics: Preliminary Determination of Sales at Less Than Fair Value

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We have preliminarily determined that potassium chloride (potash) from the Union of Soviet Socialist Republics (USSR) is being, or is likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to suspend the liquidation of all entries of the subject merchandise that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice and to require a cash deposit or bond for each such entry in an amount equal to 187.03 percent of the ex-factory value of the merchandise. If this investigation

proceeds normally, we will make a final determination by November 20, 1984.

EFFECTIVE DATE: September 12, 1984.

FOR FURTHER INFORMATION CONTACT: Frank Crowe, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; Telephone: (202) 377-4087.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

We have preliminarily determined that potash from the USSR is being, or is likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act of 1930, as amended (the Act). We have preliminarily determined the weighted-average margin of sales at less than fair value to be 187.03 percent.

If this investigation proceeds normally, we will make a final determination by November 20, 1984.

Case History

On March 30, 1984, we received a petition from counsel for AMAX Chemical, Incorporated and Kerr-McGee Chemical Corporation filed on behalf of the domestic producers of potash. In compliance with the filing requirements of § 353.36 of our regulations (19 CFR 353.36), the petitioner alleged that imports of potash from the USSR are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports materially injure or threaten material injury to a United States industry. After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping investigation. We notified the ITC of our action and initiated such an investigation on April 18, 1984 (49 FR 18004). On May 14, 1984, the ITC determined that there is a reasonable indication that imports of potash are materially injuring a U.S. industry.

On April 27, 1984, a questionnaire was presented to the government of the USSR. On July 13, 1984, we received a response from V/O Sojuzpromexport, the state owned producer of potash in the USSR. As discussed under the "Foreign Market Value" section of this notice, we have preliminarily determined that the USSR is a state-controlled-economy country for the purpose of this investigation.

Scope of Investigation

The merchandise covered by this investigation is potassium chloride, otherwise known as muriate of potash,

as currently provided for in item 480.50 of the *Tariff Schedules of the United States*.

Because V/O Sojuzpromexport accounted for all exports of this merchandise to the United States, we limited our investigation to that firm. We investigated all sales of potash for the period October 1, 1983, through March 31, 1984.

Fair Value Comparisons

To determine whether sales in the United States of the subject merchandise were made at less than fair value, we compared the United States price with the foreign market value.

United States Price

As provided in section 772 of the Act, we used the purchase price of the subject merchandise to represent the United States price for sales by V/O Sojuzpromexport because the merchandise was sold to unrelated purchasers prior to its importation into the United States.

We calculated the purchase price based on the f.o.b. price to unrelated purchasers. We made deductions for foreign inland freight, brokerage, and loading charges.

In accordance with the policy set forth in our recent final determination in the investigation of carbon steel wire rod from Poland (49 FR 29434, July 20, 1984) we based these deductions on charges in a non-state-controlled-economy country. We based the brokerage and loading deductions upon costs in the Federal Republic of Germany (FRG). We used costs in the FRG for the reasons stated below in the "Foreign Market Value" section. However, because inland freight costs were not available in the FRG for distances comparable to those related to shipments from the USSR, we based the deduction for inland freight on freight rates within Canada, the next most appropriate surrogate country with rates for comparable distances.

Foreign Market Value

In accordance with section 773(c) of the Act, we used prices of potash sold the home market of the FRG to determine foreign market value. This is because petitioners alleged that the USSR is a state-controlled-economy country and that sales of the subject merchandise from the country do not permit a determination of foreign market value under section 773(a). After an analysis of the USSR's economy, and consideration of the briefs submitted by the parties, we have preliminarily concluded that the USSR is a state-controlled-economy country for

purposes of this investigation. Basic to our decision on this issue is the fact that the central government of the USSR strictly controls the prices and levels of production of the fertilizer industry, as well as the internal pricing of the factors of production.

As a result, section 773(c) of the Act requires us to use prices or the constructed value of such or similar merchandise in a "non-state-controlled-economy" country. Our regulations establish a preference for foreign market value based upon sales prices. They further stipulate that, to the extent possible, we should determine sales prices on the basis of prices in a "non-state-controlled-economy" country at a stage of economic development comparable to the country with the state-controlled-economy.

After an analysis of countries producing potash, we determined that the FRG would be the most appropriate surrogate. However, we have been unable to develop actual prices for potash in the FRG prior to the preliminary determination.

Therefore, pursuant to § 353.8(a)(1) of our regulations, we based foreign market value on average home market price list prices, during the period under investigation, for the only producer of potash in the FRG. We made deductions for inland freight, based upon the petitioner's estimate of the average distance to purchasers in the FRG, and for a discount for prompt payment established by the price list. We made an adjustment for differences in the potassium oxide (K₂O) content of the potash sold in the FRG, which contains 50 percent K₂O, and that exported from the USSR, which contains 60 percent K₂O. In making this adjustment, we used the relative percentages of K₂O in the potash sold in both markets to determine the difference in market value of the merchandise as authorized by § 353.16 of our regulations.

In the absence of information concerning actual sales in the FRG, we made no circumstance of sale adjustments in reaching this preliminary determination. In addition, counsel on behalf of the respondent requested certain allowances for physical differences in the merchandise related to the importers' cost of processing non-standard particle sizes found in the potash from the USSR. However, we do not have an adequate basis on which to make such an adjustment for this determination. We will seek further information on sales in the FRG, including possible circumstance of sale adjustments, and information on

physical differences in the merchandise for the final determination.

Verification

We will verify all data used in reaching the final determination in this investigation.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to suspend liquidation of all entries of potash from the USSR that are entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the *Federal Register*. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeded the United States price, which was 187.03 percent of the ex-factory value. This suspension of liquidation will remain in effect until further notice.

ITC Notification

In accordance with section 733(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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.

The ITC will determine whether these imports materially injure, or threaten material injury to a U.S. industry before the later of 120 days after we make our preliminary affirmative determination, or 45 days after we make our final determination.

Public Comment

In accordance with § 353.47 of our regulations (19 CFR 353.47), if requested, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination at 10 a.m. on October 4, 1984, at the U.S. Department of Commerce, room 4830, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230. Individuals who wish to participate in the hearing must submit a request to the Deputy Assistant Secretary for Import Administration, Room 3099B, at the above address within 10 days of this notice's publication. Requests should contain: (1)

The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed. In addition, prehearing briefs in at least 10 copies must be submitted to the Deputy Assistant Secretary by September 27, 1984. Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.46, within 30 days of publication of this notice, at the above address in at least 10 copies.

Dated: September 6, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

(FR Doc. 84-24101 Filed 9-11-84; 8:45 am)

BILLING CODE 3510-08-01

only known exporter of the subject merchandise. We found no sales at less than fair value.

Case History

On March 30, 1984, we received a petition from counsel for AMAX Chemical, Incorporated and Kerr-McGee Chemical Corporation filed on behalf of the domestic producers of potash. In compliance with the filing requirements of § 353.36 of our regulations (19 CFR 353.36), the petitions alleged that imports of potash from the GDR are being, or are likely to be, sold in the United States at less than fair value within the meaning of the Act, and that these imports materially injure or threaten material injury to a United States industry. After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping investigation. We notified the ITC of our action and initiated such an investigation on April 18, 1984 (49 FR 18004). On May 14, 1984, the ITC determined that there is a reasonable indication that imports of potash are materially injuring a U.S. industry.

On April 27, 1984, a questionnaire was presented to the government of the GDR. On June 5, 1984, we received a response from Kali Bergbau, the state-controlled exporter of potash in the GDR. As discussed under the "Foreign Market Value" section of this notice, we have determined that the GDR is a state-controlled-economy country for the purpose of this investigation.

On September 8, 1984, we preliminarily determined that potash from the GDR is being sold in the United States at less than fair value (49 FR 35845). On October 4, 1984, we held a hearing to address the issues arising in this investigation. On October 25, 1984, we verified Kali Bergbau's response in regard to U.S. sales information at Kali Bergbau's offices in East Berlin. On November 8, 1984, we determined to postpone the final determination until not later than January 25, 1985, at the request of the respondent (49 FR 45202).

Scope of Investigation

The merchandise covered by this investigation is potassium chloride, otherwise, known as muriate of potash, as currently provided for in item 480.50 of the *Tariff Schedules of the United States*.

Because Kali Bergbau accounted for all exports of this merchandise to the United States, we limited our investigation to that firm. We investigated all sales of potash for the period October 1, 1983, through March 31, 1984.

Fair Value Comparisons

To determine whether sales in the United States of the subject merchandise were made at less than fair value, we compared the United States price with the foreign market value.

United States Price

As provided in section 772 of the Act, we used the purchase price of the subject merchandise to represent the United States price for sales by Kali Bergbau because the merchandise was sold to unrelated purchasers prior to its importation into the United States.

We calculated the purchase price based on the f.o.b. price to unrelated purchasers. We made deductions for foreign inland freight, port handling charges and rebates.

In accordance with the policy set forth in our recent final determination in the investigation of carbon steel wire rod from Poland (49 FR 29434, July 20, 1984) we based the port handling and freight deductions on charges in a non-state-controlled-economy country. The country we used in this investigation was Canada for the reasons stated below in the "Foreign Market Value" section.

Foreign Market Value

In accordance with section 773(c) of the Act, we used prices of potash sold for export to third countries from Canada to determine foreign market value. This is because petitioners alleged that the GDR is a state-controlled-economy country and that sales of the subject merchandise from that country do not permit a determination of foreign market value under section 773(a). After an analysis of the GDR's economy, and consideration of the briefs submitted by the parties, we have concluded that the GDR is a state-controlled-economy country for purposes of this investigation. Basic to our decision on this issue is the fact that the central government of the GDR strictly controls the prices and levels of production of the fertilizer industry, as well as the internal pricing of the factors of its production.

As a result, section 773(c) of the Act requires us to use prices or the constructed value of such or similar merchandise in a "non-state-controlled-economy" country. Our regulations establish a preference for foreign market value based upon sales prices. They further stipulate that, to the extent possible, we should determine sales prices on the basis of prices in a "non-state-controlled-economy" country at a stage of economic development

[A-429-402]

Potassium Chloride From the German Democratic Republic; Final Determination of Sales at Not Less Than Fair Value

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that potassium chloride (potash) from the German Democratic Republic (GDR) is not being sold in the United States at less than fair value. Consequently, we are terminating this investigation. We have notified the U.S. International Trade Commission (ITC) of our determination. We have directed the U.S. Customs Service to discontinue the suspension of liquidation of all entries of the subject merchandise that are entered, or withdrawn from warehouse, for consumption, as originally ordered effective on or after September 12, 1984.

EFFECTIVE DATE: January 31, 1985.

FOR FURTHER INFORMATION CONTACT: Frank Crowe, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; Telephone: (202) 377-4087.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that potash from the GDR is not being sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act).

We made fair value comparisons on all sales during the period of investigation made by Kali Bergbau, the

comparable to the "state-controlled economy exporter."

After an analysis of countries producing potash, we preliminarily determined that home market prices in the Federal Republic of Germany (FRG) would be the most appropriate basis for calculating foreign market value. However, we were unable to develop actual prices for potash in the FRG. Of the three remaining countries producing potash which we considered to be at a stage of economic development comparable to the GDR, i.e., France, the United Kingdom and Canada, we were able to obtain verified prices only for Canadian third country sales.

Therefore, pursuant to § 353.8(a)(1) of our regulations, we based foreign market value on weighted-average third country export prices for the period July 1983-June 1984, which included the period under investigation, for one producer of potash in Canada. It should be noted that while two Canadian producers supplied data, we were only able to satisfactorily verify complete sales and cost data from one of those producers. We made an adjustment for physical differences in the merchandise relating to the particle size of granular potash sold in Canada and that exported from the GDR. Potash from the GDR, although nominally called granular, contains a higher percentage of non-standard particles than the Canadian potash. In making this adjustment, we used the cost of screening the potash incurred by the importer in order to produce a marketable granular product. Such an adjustment is authorized by § 353.16 of our regulations.

We made a circumstance of sale adjustment for differences in credit terms in the two markets. In accordance with the above-referenced Polish wire rod determination, we based the interest rate for credit on sales to the U.S. upon the corporate interest rate of the Canadian producer.

Verification

In accordance section 776(c) of the Act, we verified the information used in making this determination by using standard verification procedures, including on-site examination of records and selection of original source documentation containing relevant information.

Petitioners' Comments

Comment 1. The Federal Republic of Germany (FRG) is the most appropriate surrogate country for establishing foreign market value. The Department should consider the overall economic comparability and sectoral

comparability in the selection of the surrogate in preference to the availability of verifiable data. On the basis of the two former criteria, the FRG should be chosen. The petitioners waive verification of FRG internal prices if the Department will use those prices as reflected in published price lists in its determination. Alternately, the Department should use a French price list to determine foreign market value.

DOC Position. While the Department would have preferred the use of the FRG as a surrogate, no producer in that country was willing to supply the necessary data and permit us to verify that data. The same was true for France and the U.K. In only one acceptable surrogate country, Canada, were we able to obtain the requisite data and satisfactorily verify it. The use of price lists or, possibly purchase prices from certain customers in other countries would have required reliance upon incomplete and largely unverifiable data. We do not believe such data to be a proper basis for a fair value determination unless, as is not true here, no other acceptable, verifiable data are available. Further, since verification of the data relied upon is required by section 776 of the Act, and cannot be waived by petitioners at the stage of the investigation, we do not believe we have any choice but to base our determination upon data from a different acceptable surrogate country which have been verified.

Comment 2. Canadian export prices to third countries are an inappropriate basis for determining foreign market value. Such prices are depressed by dumped or subsidized merchandise from the GDR and other countries and may be below the cost of production.

DOC Position. The Department verified that the Canadian producer's third country sales of potash were being made at prices which permit recovery of all costs within a reasonable period; for the period examined, as required by § 353.7 of its regulations. Therefore, although the Canadian producer may be competing with subsidized or dumped merchandise in those markets, this producer is not pricing unfairly to do so. Moreover, we cannot accept petitioners' argument that we should not use Canadian prices because Canadian exporters face competition in world markets. If this were true, the Department would rarely, if ever, be able to rely on a surrogate's third country prices in non-market economy investigations and frequently would be unable to rely upon a surrogate's home market prices.

Comment 3. If the Department fails to use internal prices as reflected in FRG

or French price lists, it should make a cost of production analysis using United States data adjusted for known differences in cost of production to account for technical differences in production in the GDR potash industry.

DOC Position. The surrogate methodology stated in section 353.8 of our regulations establishes a preference for determination of foreign market value based on sales prices over cost of production. Since verified prices have been obtained from the Canadian producer, it would be inappropriate to use U.S. cost of production data adjusted for differences in the GDR's production process.

Respondent's Comment. In calculating the U.S. sales price, the Department used theoretical costs for port charges which overstate the actual charges.

DOC Position. We obtained actual terminal charges from a surrogate producer in Canada. We have used these charges in this determination.

ITC Notification. In accordance with section 735(d)(A) of the Act, we will notify the ITC of our determination. Since a final determination of sales at not less than fair value terminates the investigation, the ITC will not make a final determination of injury.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Dated January 25, 1985

Walter J. Olson,

Acting Assistant Secretary for Trade Administration

[FR Doc. 85-2510 Filed 1-30-85, 8:45 am]

BILLING CODE 3510-06-0

(A-508-402)

Final Determination of Sales At Not Less Than Fair Value; Potassium Chloride From Israel

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice of Final Determination of Sales at Not Less Than Fair Value Potassium Chloride from Israel.

SUMMARY: We have determined that potassium chloride from Israel is not being, nor is likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination.

EFFECTIVE DATE: January 31, 1985

FOR FURTHER INFORMATION CONTACT: John R. Brinkmann, Office of Investigations, Import Administration, International Trade Administration,

Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-4929.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that potassium chloride from Israel is not being, and is not likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). We found that the United States price of potassium chloride from Israel exceeded the foreign market value on approximately 99 percent of all sales of this product. The weighted-average margin for the Dead Sea works, Ltd. (DSW) was 0.0008 percent, which is *de minimis*.

Case History

On March 29, 1984, we received a petition filed by AMAX Chemicals Inc., Lakeland, Florida, and Kerr-McGee Chemical Corporation, Oklahoma City, Oklahoma, on behalf of U.S. producers of potassium chloride who represent a major portion of that industry. In compliance with the filing requirements of § 353.36 of our regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from Israel are being, or likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act.

After reviewing the petition, we determined that it contained sufficient ground upon which to initiate an antidumping investigation. We notified the ITC of our action and initiated such an investigation on April 18, 1984 (49 FR 18005). On May 14, 1984, the ITC determined that there is a reasonable indication that imports of potassium chloride from Israel are materially injuring a U.S. industry (49 FR 21813).

We presented a questionnaire concerning the allegations to DSW, the only known Israeli producer of potassium chloride, in Washington, D.C., on April 24, 1984, and requested a response by May 23, 1984. In a letter dated May 3, 1984, DSW requested an extension until June 6 to submit its response. We granted an extension and on June 6 we received a response from DSW.

On September 6, 1984, the Department made a preliminary determination of sales at not less than fair value 49 FR 35847. On October 11, 1984, the petitioners alleged sales in the home market at prices below the cost of production. We initiated a cost of production investigation and received

responses to our cost of production questionnaire on November 26, 1984.

On September 26, 1984, the petitioners requested an extension of our final determination date of November 20, 1984. We granted an extension until January 25, 1985 (49 FR 40431).

On January 22, 1985, counsel for the petitioners notified the Department that petitioners were withdrawing their petition. Under § 353.41 of Commerce Regulations upon withdrawal of the petition by petitioners, the Department of Commerce may terminate an investigation after giving notice to all parties to the proceeding and consulting with the ITC, and determining that such termination is in the public interest. The withdrawal of the petition occurred only three days before the final determination due date after completion of an extensive investigation which has revealed no sales at less than fair value, thus warranting termination of this investigation, in any event, by publication of a negative final determination. In these circumstances, we are unable to conclude that it is in the public interest to terminate this investigation under § 353.41 and are making a final determination.

Scope of Investigation

The product covered by this investigation is potassium chloride, currently provided for under item 480.5000 of the *Tariff Schedules of the United States Annotated*. We investigated DSW the sole Israeli manufacturer of this merchandise. We investigated 100 percent of sales of this merchandise by DSW to the United States during the period October 1, 1983, through March 31, 1984.

Fair Value Comparisons

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value.

Since we found that the Israeli home market prices were constantly adjusted upward to reflect the high rate of inflation in Israel during the period of investigation, we calculated a foreign market value for each month of the period of investigation. We then made our fair value comparisons using the appropriate monthly foreign market value.

United States Price

As provided in section 772(c) of the Act, we used the exporter's sales price of the subject merchandise to represent the United States price for sales by DSW because the merchandise was first sold to unrelated purchasers after

importation into the United States. We calculated the exporter's sales price for U.S. sales by DSW by deducting from the bulk unpacked gross price to unrelated purchasers amounts for the following items, where appropriate: Israeli inland freight, U.S. and Israeli brokerage fees, commissions to an unrelated seller, ocean freight, marine insurance, credit expenses and all other U.S. selling expenses.

Foreign Market Value

In accordance with section 773(a)(1)(A) of the Act, we calculated foreign market value based on DSW's home market prices.

The petitioner alleged that sales in the home market were at prices below the cost of producing the merchandise. We examined production costs which included all appropriate costs for materials, fabrication and general expenses. We found that all sales in the home market were above the cost of production and therefore used home market prices in accordance with section 773(a)(1)(A) of the Act to determine foreign market value.

Since the vast majority of DSW's home market sales were made in U.S. dollars all home market sales not so made were converted to U.S. dollars prior to calculating foreign market value. Accordingly, all deductions and adjustments to home market sales which had been calculated in Israeli shekels were converted to United States dollars. All currency conversions of Israeli shekels to U.S. dollars for home market sales were made in accordance with § 353.56(a) of the Commerce regulations using the certified daily exchange rates.

We calculated foreign market value by deducting from the gross, F.O.B. ex-works or Dimona prices to unrelated purchasers amounts for the following items, where appropriate: packing, inland freight, credit expenses and commissions. We also made a deduction from DSW's foreign market value for indirect selling expenses up to the amount of such selling expenses incurred in the United States.

Verification

In accordance with section 776(a) of the Act, we verified all data used in making the determination in this investigation by using standard verification procedures.

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination.

Petitioners Comments

The petitioners did not file written comments.

Respondent's Comments

Comment 1. Pursuant to Section 815 of the Trade and Tariff Act of 1984 (Pub. L. 98-573, October 30, 1984), amending Section 773 of the Tariff Act of 1930, comparisons in either an exporter's sales price or purchase price situation are to be compared, not at the "time of exportation of such merchandise," but rather at the "time such merchandise is first sold in the United States. . . ." Accordingly, price comparisons should be made on the basis of date of sale in the U.S., not on the basis of date of exportation.

DOC Position. We made comparisons on the basis of date of sale in the United States.

Comment 2. Pre-sale warehousing expenses should not be deducted from the United States price since it is an overhead cost, not directly related to specific sales.

DOC Position. Under § 353.10(e) of Commerce Regulations "the exporter's sales price shall be adjusted by being reduced by the amount, if any, of expenses generally incurred by or for the account of the exporter in selling . . . (the) merchandise . . . under consideration." Such expenses are not limited to direct selling expenses but include all expenses which the seller actually incurs in selling the merchandise, regardless of whether they are direct or indirect expenses. Pre-sale U.S. warehousing expenses fall into this category.

Comment 3. In the preliminary determination the Department did not allow a claimed adjustment under § 353.15(c) for home market indirect selling expenses. DSW is entitled to an adjustment on home market sales, limited only by the total cost of maintaining an employee in the U.S. and the amount of commission paid to its U.S. agent.

DOC Position. Based on information verified by the Department, we adjusted DSW's home market sales under § 353.15(c) for the indirect selling expenses claimed.

Comment 4. Even though 95 percent of all U.S. sales compared in the preliminary determination were found not to be made at less than fair value, the methodology used by the Department to calculate the weighted-average margin unfairly creates a weighted-average margin where none exists. To correct this inequity both negative and positive margins should be

used in the calculation of the weighted-average margin. Section 777A of the Act, as amended by the Trade and Tariff Act of 1984, at Section 620, permits the Department to use averaging on U.S. price.

DOC Position. Section 777A allows the use of averaging or other generally recognized sampling techniques when certain conditions are met, including whenever a significant volume of sales is involved. We found no reason to average in this case.

Comment 5. The management fee paid by DSW to its parent company (ICL) is not a fee for services but is rather a transfer of profits and should not be considered a production cost.

DOC Position. The audited financial statements of DSW include as an expense, management fees paid to ICL in the normal course of business. Therefore, these expenses have been included as general, selling and administrative costs of production.

Comment 6. The Department should not increase DSW's selling, general and administrative expenses in the cost of production calculation by the full expenses of the Inland Transportation Department and the Marketing Division Management since these departments serve all sales of all products by DSW to all markets.

DOC Position. We determined that the costs of inland transportation and the marketing division management were related solely to home market sales and therefore we included all such costs in the cost of production of the home market products.

Comment 7. DSW contends that it is not a net borrower, therefore financing expense should not be included in the cost of production.

DOC Position. The audited financial statements of the respondent reflect the "interest earning assets" of the company as being dedicated to future capital expansion. These assets are not associated with the manufacture of the product under investigation and, therefore, revenues earned on such assets were not included in the cost of production.

Comment 8. DSW suggests that the appropriate basis for allocation of overhead expenses is the company's production capacity, not actual production.

DOC Position. The Department uses actual production for the allocation of overhead. Allocation based on capacity would result in a portion of overhead

not being absorbed by any of products manufactured by the company.

Walter J. Olson,

Acting Assistant Secretary for Trade Administration,

January 25, 1985.

[FR Doc. 85-2518 Filed 1-30-85; 8:45 am]

BILLING CODE 3510-09-M

[A-461-402]

Potassium Chloride From the Union of Soviet Socialist Republics; Determination of Sales at Less Than Fair Value

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determination that potassium chloride (potash) from the Union of Soviet Socialist Republics (USSR) is being, or is likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination. We have directed the U.S. Customs Service to continue to suspend the liquidation of all entries of the subject merchandise that are entered, or withdrawn from warehouse, for consumption, on or after September 12, 1984, and to require a cash deposit or bond for each such entry in an amount equal to 1.77 percent of the ex-factory value of the merchandise.

EFFECTIVE DATE: January 31, 1985.

FOR FURTHER INFORMATION CONTACT: Frank Crowe, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; Telephone: (202) 377-4087.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that potash from the USSR is being sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). We have determined the weighted-average margin of sales at less than fair value to be 1.77 percent.

Case History

On March 30, 1984, we received a petition from counsel for AMAX Chemical, Incorporated and Kerr-McGee Chemical Corporation filed on behalf of the domestic producers of potash. In compliance with the filing requirements of § 353.36 of our regulations (19 CFR 353.36), the petitioners alleged that

imports of potash from the USSR are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports materially injure or threaten material injury to a United States industry. After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping investigation. We notified the ITC of our action and initiated such an investigation on April 18, 1984 (49 FR 18004). On May 14, 1984, the ITC determined that there is a reasonable indication that imports of potash are materially injuring a U.S. industry.

On April 27, 1984, a questionnaire was presented to the government of the USSR. On July 13, 1984, we received a response from V/O Sojuzpromexport, the state-owned exporter of potash in the USSR. As discussed under the "Foreign Market Value" section of this notice, we have determined that the USSR is a state-controlled-economy country for the purpose of this investigation.

On September 6, 1984, we preliminarily determined that potash from the USSR is being sold in the United States at less than fair value (49 FR 35849). On October 11, 1984, we held a hearing to address the issues arising in this investigation. On October 23, 1984, we verified Sojuzpromexport's response in regard to U.S. sales information at Sojuzpromexport's offices in Moscow, USSR. On November 8, 1984, we determined to postpone the final determination until not later than January 25, 1985, at the request of the respondent (49 FR 45202).

Scope of Investigation

The merchandise covered by this investigation is potassium chloride, otherwise known as muriate of potash, as currently provided for in item 480.50 of the *Tariff Schedules of the United States*.

Because V/O Sojuzpromexport accounted for all exports of this merchandise to the United States, we limited our investigation to that firm. We investigated all sales of potash for the period October 1, 1983, through March 31, 1984.

Fair Value Comparisons

To determine whether sales in the United States of the subject merchandise were made at less than fair value, we compared the United States price with the foreign market value.

United States Price

As provided in section 772 of the Act, we used the purchase price of the

subject merchandise to represent the United States price for sales by V/O Sojuzpromexport because the merchandise was sold to unrelated purchasers prior to its importation into the United States.

We calculated the purchase price based on the f.o.b. price to unrelated purchasers. We made deductions for foreign inland freight, port handling storage charges, discounts and rebates.

In accordance with the policy set forth in our recent final determination in the investigation of carbon steel wire rod from Poland (49 FR 29434, July 20, 1984) we based the freight and port deductions on charges in a non-state-controlled-economy country. We based those deductions upon costs in Canada for the reasons stated below in the "Foreign Market Value" section.

Foreign Market Value

In accordance with section 773(c) of the Act, we used prices of potash sold by Canadian potash producers to third countries to determine foreign market value. This is because petitioners alleged that the USSR is a state-controlled-economy country and that sales of the subject merchandise from that country do not permit a determination of foreign market value under section 773(a). After an analysis of the USSR's economy, and consideration of the briefs submitted by the parties, we have concluded that the USSR is a state-controlled-economy country for purposes of this investigation. Basic to our decision on this issue is the fact that the central government of the USSR strictly controls the prices and levels of production of the fertilizer industry, as well as the internal pricing of the factors of production.

As a result, section 773(c) of the Act requires us to use prices or the constructed value of such or similar merchandise in a "non-state-controlled-economy" country. Our regulations establish a preference for foreign market value based upon sales prices. They further stipulate that, to the extent possible, we should determine sales prices on the basis of prices in a "non-state-controlled-economy" country at a stage of economic development comparable to the country with the state-controlled-economy.

After an analysis of countries producing potash, we preliminarily determined that the Federal Republic of Germany (FRG) was the most appropriate surrogate. However, we were unable to develop actual prices for potash in the FRG. Of the three remaining countries producing potash which we considered to be at a stage of

economic development comparable to the USSR, i.e., France, the United Kingdom (UK) and Canada, we were able to obtain verifiable data only for Canadian third country sales.

Therefore, pursuant to §§ 353.8(a)(1) of our regulations, we based foreign market value on weighted-average third country export prices for the period July 1983-June 1984, which included the period under investigation, for a producer of potash in Canada. It should be noted that while two Canadian producers supplied data, we were only able to satisfactorily verify complete sales and cost data from one of those producers. We made an adjustment for physical differences in the merchandise relating to the particle size of granular potash sold in Canada and that exported from the USSR. The potash from the USSR, although nominally called granular, contains a higher percentage of non-standard particles than is commercially acceptable for a granular product. In making this adjustment as authorized by §§ 353.16 of our regulations, we used the cost of screening incurred by the importers to produce a product marketable as granular. We made a circumstance of sale adjustment to allow for differences in credit terms in the two markets. In accordance with the above-referenced Polish wire rod decision, we based the interest rate for credit on USSR sales to the U.S. upon a surrogate value, the corporate interest rate of the Canadian producer.

Verification

In accordance with section 776(a) of the Act, we verified the information used in making this determination by using standard verification procedures, including on-site examination of records and selection of original source documentation containing relevant information.

Petitioner's Comments

Comment 1. The Federal Republic of Germany (FRG) is the most appropriate surrogate country for establishing foreign market value. The Department should consider the overall economic comparability and sectoral comparability in the selection of the surrogate in preference to the availability of verifiable data. On the basis of the two former criteria, the FRG should be chosen. The petitioners waive verification of FRG internal prices if the Department will use prices as reflected in published price lists in its determination. Alternately, the Department should use a French price list to determine foreign market value.

DOC Position. While the Department would have preferred the use of the FRG as a surrogate, no producer in that country was willing to supply the necessary data and permit us to verify that data. The same was true for France and the U.K. In only one acceptable surrogate country, Canada, were we able to obtain the requisite data and satisfactorily verify it. The use of price lists or, possibly purchase prices from certain customers in other countries would have required reliance upon incomplete and largely unverifiable data. We do not believe such data to be a proper basis for a fair value determination unless, as is not true here, no other acceptable, verifiable data is available. Further, since verification of the data relied upon is required by section 776 of the Act, and cannot be waived by petitioners at this stage of the investigation, we do not believe we have any choice but to base our determination upon data from a different acceptable surrogate country which has been verified.

Comment 2. Canadian export prices to third countries are an inappropriate basis for determining foreign market value. Such prices are depressed by dumped or subsidized merchandise from the USSR and other countries and may be below the cost of production.

DOC Position. The Department verified that the Canadian producer's third country sales of potash were being made at prices which permit recovery of all costs within a reasonable period, for the period examined, as required by § 353.7 of its regulations. Therefore, although the Canadian producer may be competing with subsidized or dumped merchandise in those markets, this producer is not pricing unfairly to do so. Moreover, we cannot accept petitioner's argument that we should not use Canadian prices because Canadian exporters face competition in world markets. If this were true, the Department would rarely, if ever, be able to rely on a surrogate's third country prices in non-market economy investigations and frequently would be unable to rely upon a surrogate's home market prices.

Comment 3. If the Department fails to use internal prices from FRG and French price lists, it should make a cost of production analysis using United States cost data adjusted for known differences in cost of production to account for technical differences in production and inefficiencies in the Soviet potash industry.

DOC Position. The surrogate methodology stated in section 353.8 of our regulations establishes a preference for determination of foreign market

value based on sales prices over cost of production. Since verified prices have been obtained from the Canadian producer, it would be inappropriate to use U.S. cost of production data adjusted for differences in the USSR's production process or for alleged inefficiencies.

Respondent's Comments

Comment 1. Foreign market value should be computed on a monthly basis rather than a six-month weighted average.

DOC Position. As noted in the foreign value section, we actually computed the foreign market value on the basis of sales data for a one year period which included the six-month period of investigation. The period for which data was obtained was the "fertilizer year" 1983/1984 which ran from July 1983 through June 1984. We understand that the Canadian exporter (an agent of the Canadian potash producers) determines interim prices based upon long-term commitments for each half year portion of the fertilizer year, and may base some pricing decisions upon yearly commitments. At the end of a six-month period, the exporter reports adjustments for differences in the interim prices and the prices actually received. Because the net return reported to the individual potash companies for the month of adjustment combines both the adjustment amount and any sales returns for that month, the companies must allocate the total return for the six month period (including the adjustment amount) over tonnage for the period in order to determine an average price for the period. No single month's returns thus reflect the actual net return to the company. Our six month period of investigation straddles two such six month adjustment periods. Therefore, we have used the weighted-average returns for the entire fertilizer year.

Comment 2. The Department should deduct actual Soviet charges for loading and inland freight since the Soviet charges reflect market factors and are expressible in U.S. dollars. The exporter is required to cover all of its costs at fixed rates of exchange determined by the Soviet State Bank. Further, the substitution of surrogate values for actual Soviet charges is contrary to law, disregards prior Treasury and Congressional pronouncements, reverses Commerce's prior practice, constitutes retroactive rulemaking and imposes a countervailing duty against imputed subsidies.

DOC Position. In the previously cited determination with respect to carbon steel wire rod from Poland, we stated that the prices in a state-controlled

economy do not reflect economic reality. In a state-controlled economy such as the USSR, supply and demand forces do not operate to establish prices for such charges that we can rely on for comparison purposes. In addition, the ruble is non-convertible. That the respondents actually incurred the reported ruble expenses and that the respondents were required to cover these expenses with foreign currency receipts beg the question concerning economic reality and the propriety of relying on such expenses.

The Polish wire rod decision, rather than overturning years of consistent administrative interpretation, re-establishes the Department's practice of using surrogate prices for such charges after a departure from that practice in one determination, Shop Towels from the People's Republic of China, 48 FR 37055.

Comment 3. The Department should make an additional allowance for physical differences in the merchandise related to a price differential of the products remaining after screening.

DOC Position. We believe that the allowance made for the cost to importers of the differences adequately reflects the effect of differences in the merchandise and that an additional adjustment based upon resale prices likely would overstate that effect.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the United States Customs Service to continue to suspend liquidation of all entries of potash from the USSR that are entered on withdrawn from warehouse, for consumption, on or after September 12, 1984. The Customs Service shall continue to require a cash deposit or the posting of a bond equal to the estimated weighted-average amount by which the foreign market value of the merchandise subject to this investigation exceeded the United States price, which was 1.77 percent of the ex-factory value. This suspension of liquidation will remain in effect until further notice.

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC 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. The ITC will determine whether these imports are causing material injury, or threaten material injury to a U.S. industry within 45 days of the publication of this notice.

If the ITC determines that material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue an antidumping duty order, directing Customs Officers to assess an antidumping duty on potash from the USSR entered, or withdrawn, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the U.S. prices.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Dated: January 25, 1985.

Walter J. Olson,

Acting Assistant Secretary for Trade Administration.

[FR Doc 85-2517 Filed 1-30-85; 8:45 am]

BILLING CODE 2510-02-M

APPENDIX B

THE COMMISSION'S FEDERAL REGISTER NOTICES

[Investigations Nos. 731-TA-184, 186, and 187 (Final)]

Import Investigations; Potassium Chloride From East Germany, Spain, and the U.S.S.R.

AGENCY: International Trade Commission.

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

SUMMARY: As a result of affirmative preliminary determinations by the U.S. Department of Commerce that there is a reasonable basis to believe or suspect that imports from East Germany, Spain, and the U.S.S.R. of potassium chloride, provided for in item 480.50 of the Tariff Schedules of the United States, are being, or are likely to be, sold in the United States at less than fair value (LTFV) within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. 1673), the United States International Trade Commission hereby gives notice of the institution of investigations Nos. 731-TA-184, 186, and 187 (Final) under section 735(b) of the act (19 U.S.C. 1673d(b)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise. Unless the investigations are extended, the Department of Commerce will make its final dumping determinations in these cases on or before November 20, 1984, and the Commission will make its final injury determinations by January 9, 1985 (19 CFR 207.25).

EFFECTIVE DATE: September 12, 1984.

FOR FURTHER INFORMATION CONTACT: Larry Johnson (202-523-0127), Office of Investigations, U.S. International Trade Commission.

SUPPLEMENTARY INFORMATION:

Background.—On May 14, 1984, the Commission determined, on the basis of the information developed during the course of its preliminary investigations, that there was a reasonable indication that an industry in the United States was materially injured by reason of alleged LTFV imports of potassium chloride from East Germany, Spain, and the U.S.S.R. The preliminary investigations were instituted in response to a petition filed on March 30, 1984, by counsel on behalf of AMAX Chemical, Inc., and Kerr-McGee Chemical Corp.

Participation in the investigations.—Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than 21 days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairwoman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Upon the expiration of the period for filing entries of appearance, the Secretary shall prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations, pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)). Each document filed by a party to these investigations must be served on all other parties to the investigations (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service (19 CFR 201.16(c)).

Staff report.—A public version of the staff report containing preliminary findings of fact in these investigations will be placed in the public record on November 13, 1984, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing.—The Commission will hold a hearing in connection with these investigations beginning at 10:00 a.m., on November 27, 1984, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. 20436. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on November 20, 1984. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 9:30 a.m., on November 21, 1984, in room 117 S-054999 0031(02)(02-OCT-84-15:38:32)

of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is November 23, 1984.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with section 207.22 (19 CFR 207.22). Posthearing briefs must conform with the provisions of section 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on December 4, 1984.

Written submissions.—As mentioned, parties to these investigations may file prehearing and posthearing briefs by the dates shown above. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before December 4, 1984. A signed original and fourteen (14) true copies of each submission must be filed with the Secretary to the Commission in accordance with section 201.8 of the Commission's rules (19 CFR 201.8). 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 to the Commission.

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

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

This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

By order of the Commission.

Issued: September 28, 1984.

Kenneth R. Mason,
Secretary.

[FR Doc. 84-26252 Filed 10-2-84; 8:45 am]
BILLING CODE 7020-02-M

(Investigations Nos. 731-TA-184, 186, and 187 (Final))

Potassium Chloride From East Germany, Spain, and the U.S.S.R.

Agency: International Trade Commission.

ACTION: Termination of investigation concerning potassium chloride from Spain and rescheduling of the hearing to be held in connection with investigations concerning potassium chloride from East Germany and the U.S.S.R.

SUMMARY: The Commission hereby announces the termination of investigation No. 731-TA-186 (Final), Potassium Chloride from Spain, and the rescheduling of the hearing to be held in connection with investigations Nos. 731-TA-184 (Final), Potassium Chloride from East Germany and 731-TA-187 (Final), Potassium Chloride from the U.S.S.R. The hearing has been rescheduled to begin at 10:00 a.m. on February 3, 1985.

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

EFFECTIVE DATE: November 20, 1984.

FOR FURTHER INFORMATION CONTACT: Larry Johnson (202-523-0127), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20438.

SUPPLEMENTARY INFORMATION:

Background

On September 12, 1984, the Commission instituted the subject investigations and scheduled a hearing to be held in connection therewith for November 27, 1984 (49 FR 39115). Subsequently, the Commission was notified by the Department of Commerce that it was extending the date for its final determinations in the investigations concerning potassium chloride from East Germany and the U.S.S.R. (from November 20, 1984, to January 23, 1985) and was terminating its investigation concerning potassium chloride from Spain. The Commission, therefore, is revising its schedule and is terminating its investigation concerning potassium chloride from Spain. As provided in section 735(b)(2)(B) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)(2)(B)), the Commission must make its final determinations in antidumping investigations within 45 days of Commerce's final determination, or in these cases by March 11, 1985.

Staff report

A public version of the prehearing staff report in these investigations was placed in the public record on November 13, 1984, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with these investigations beginning at 10:00 a.m. on February 3, 1985, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC.

Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on January 28, 1985. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 10:00 a.m. on January 29, 1985, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is January 28, 1985.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2), as amended by 49 FR 32569, Aug. 15, 1984)).

Written submissions

All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on February 11, 1985. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before February 11, 1985.

A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 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 during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of section 201.6 of the Commission's rules (19 CFR 201.6, as amended by 49 FR 32569, Aug. 15, 1984).

Authority: This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to section 207.20 of the Commission's rules (19 CFR 207.20).

By order of the Commission.

Issued: November 21, 1984.

Kenneth R. Mason,
Secretary.

(FR Doc. 84-5123 Filed 11-27-84; 9:45 am)
GILLING CODE 7020-40-0

APPENDIX C

LIST OF WITNESSES APPEARING AT THE THE COMMISSION'S HEARING

CALENDAR OF PUBLIC HEARING

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

Subject : Potassium Chloride from the U.S.S.R.

Inv. No. : 731-TA-187 (Final)

Date and time: February 5, 1985 - 10:00 a.m.

Sessions were held in the Hearing Room of the United States International Trade Commission, 701 E Street NW., in Washington, DC.

Congressional/State appearances

Honorable Pete V. Domenici, United States Senator, State of New Mexico

Honorable Jeff Bingaman, United States Senator, State of New Mexico

Honorable Walter Gerrells, Mayor, Carlsbad, New Mexico

In support of the imposition of antidumping duties

Drinker, Biddle & Reath--COUNSEL
Washington, DC
on behalf of

AMAX Chemical, Inc., and Kerr-McGee Corporation

Robert Oleviero, Senior Vice President-Operations, AMAX

J. Van Rogers, Retired--former head of Marketing, AMAX

J. Hartney, Manager of Special Products, Agricultural
Products Division, Kerr-McGee

Charles Trozzo, Economic Consultant
Busnell, Pearsall and Trozzo

W.N. Harrell Smith)
James K. Gkonos)--OF COUNSEL

- more -

In opposition to the imposition of antidumping duties

Georgia Farm Bureau Federation, Macon, Georgia

Benson Ham, Legal Counsel and Legislative Director

Steptoe & Johnson--COUNSEL
Washington, DC
on behalf of

Cargill, Inc., and Occidental Petroleum Corporation

Albert A. Guffey, Vice President for Russian Project
Coordination, Occidental Chemical Agricultural
Products, Inc.

James D. Schultz, Assistant Vice President of the
Commodity Marketing Group, and Manager of Operations
and Administration, Cargill, Inc.

Bruce P. Malashevich, Vice President, Economic
Consulting Services, Inc.

Richard O. Cunningham)
Susan G. Esserman)--OF COUNSEL
Nancy D. McGregor)

