Barium Carbonate from China

Investigation No. 731-TA-1020 (Second Review)

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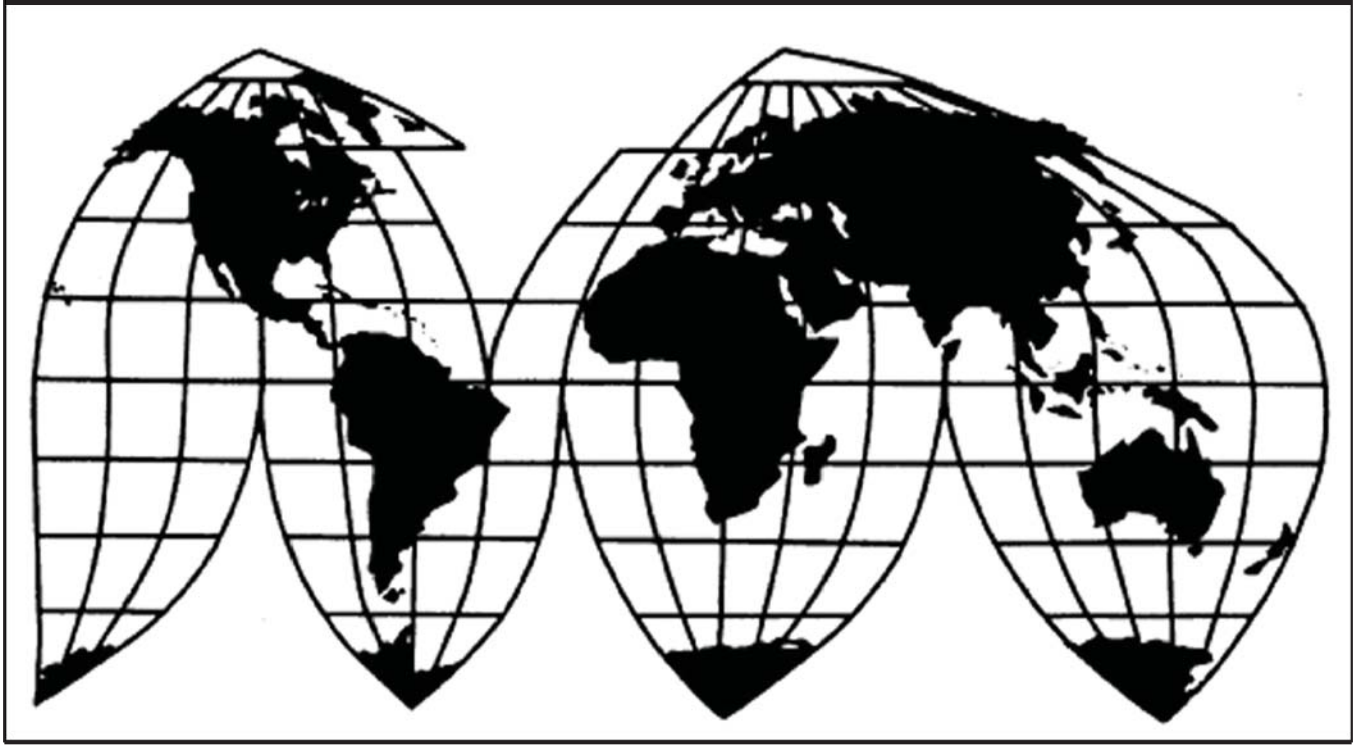
U.S. International Trade Commission



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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1020 (Second Review)

BARIUM CARBONATE FROM CHINA

DETERMINATION

On the basis of the record[1] developed in the subject five-year review, the United States International Trade Commission ("Commission") determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the antidumping duty order on barium carbonate from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted this review on February 3, 2014 (79 F.R. 6219) and determined on May 9, 2014 that it would conduct a full review (79 F.R. 29454, May 22, 2014). Notice of the scheduling of the Commission's review 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* on August 1, 2014 (79 F.R. 44864). The hearing was cancelled at the request of the domestic interested party.

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

VIEWS OF THE COMMISSION

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Act"), that revocation of the antidumping duty order on barium carbonate from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. BACKGROUND

On September 19, 2003, the Commission determined that an industry in the United States was materially injured by reason of imports of barium carbonate from China that the U.S. Department of Commerce ("Commerce") determined to be sold at less than fair value.[1] Commerce issued an antidumping duty order on October 1, 2003.[2] No litigation resulted from the Commission's original determination.

The Commission instituted its first five-year review concerning the antidumping duty order on barium carbonate from China on September 2, 2008.[3] Chemical Products Corporation ("CPC"), the domestic producer accounting for virtually all domestic production during the first period of review, filed the sole response to the Commission's notice of institution and the Commission conducted an expedited review. On January 26, 2009, the Commission determined that revocation of the antidumping duty order on barium carbonate from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[4] Commerce issued a continuation of the antidumping duty order covering the subject merchandise on March 17, 2009.[5] No litigation resulted from the Commission's affirmative determination in the expedited first five-year review.

The Commission instituted this second five-year review on February 3, 2014.[6] The Commission received a substantive response to the notice of institution from domestic interested party CPC and did not receive any response from a respondent interested party. On May 9, 2014, the Commission found CPC's response to the notice of institution individually adequate and the domestic industry party group response adequate. The Commission found

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[1] *Barium Carbonate from China*, Inv. No. 731-TA-1020 (Final), USITC Pub. 3631 (September 2003), at 1 ("*Final Determination*"); *see also* 68 Fed. Reg. 55653 (September 26, 2003).

[2] *Antidumping Duty Order: Barium Carbonate from the People's Republic of China*, 68 Fed. Reg. 56619 (October 1, 2003).

[3] 73 Fed. Reg. 51315 (September 2, 2008).

[4] *Barium Carbonate from China*, Inv. No. 731-TA-1020 (Review), USITC Pub. 4060 (January 2009) ("*First Five-Year Review*") at 3; *see also* 74 Fed. Reg. 20178 (March 10, 2009).

[5] *Barium Carbonate from the People's Republic of China: Continuation of Antidumping Duty Order*, 74 Fed. Reg. 11348 (March 17, 2009).

[6] *Barium Carbonate from China: Institution of Five-Year Review*, 79 Fed. Reg. 6219 (February 3, 2014); *see also Barium Carbonate from the People's Republic of China: Final Results of the Expedited Second Sunset Review of the Antidumping Duty Order*, 79 Fed. Reg. 32221 (June 4, 2014) ("*Commerce Second Sunset Review*").

the respondent interested party group response inadequate. The Commission determined, however, that other circumstances warranted conducting a full review.[7]

The Commission received a questionnaire response from CPC, the sole domestic producer of barium carbonate.[8] The Commission sent importers' questionnaires to 13 firms believed to have imported barium carbonate since 2008 and received usable questionnaire responses from five companies representing 80.9 percent of total U.S. imports of barium carbonate in 2013.[9] The import data used for this determination are based on official Commerce statistics for barium carbonate.[10] The Commission sent foreign producer questionnaires to nine firms believed to be producers of barium carbonate in China and received a response from one firm, Hubei, which represented approximately *** percent of Chinese exports of barium carbonate to the world in 2013.[11]

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c) of the Act, the Commission first defines the "domestic like product" and the "industry."[12] The Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."[13] The Commission's practice in five-year reviews is to examine the domestic like product definition from the original investigation and any completed reviews and consider whether the record indicates any reason to revisit the prior findings.

1. The Subject Merchandise

Commerce has defined the scope of the order in this five-year review as barium carbonate, regardless of form or grade.[14]

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[7] 19 U.S.C. § 1675(c)(3). Commissioners Williamson and Pinkert dissented. Summary Voting Sheet, EDIS Doc. 533605; *see also* Explanation of Commission Determination on Adequacy (May 16, 2014), EDIS No. 534072, and *Barium Carbonate from China, Notice of Commission Determination to Conduct a Full Five-Year Review*, 79 Fed. Reg. 29454 (May 22, 2014).

[8] Memorandum INV-NN-001, Confidential Report ("CR") at I-18 and Table I-3, Public Report ("PR") at I-13 and Table I-3.

[9] CR/PR at IV-1.

[10] CR/PR at IV-1.

[11] CR at IV-6 to IV-7, PR at IV-4.

[12] 19 U.S.C. § 1677(4)(A).

[13] 19 U.S.C. § 1677(10); *see, e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[14] *Commerce Second Sunset Review*, 79 Fed. Reg. at 32221.

Barium carbonate is a heavy, odorless, white-to-cream colored chemical with the chemical formula $BaCO_3$. It is found naturally in the mineral witherite, although most barium carbonate sold commercially is produced synthetically. Barium carbonate is sold commercially in granular, powder, or high-purity form.[15] The granular and powdered forms of barium carbonate, which typically contain at least 98 percent barium carbonate, have essentially the same chemical composition and similar physical properties, differing principally in their particle size. Granular barium carbonate consists of relatively large particles, while powdered barium carbonate consists of smaller particles.[16]

The major end uses for barium carbonate are in the production of specialty glass (such as fiberglass, reflective glass, and pharmaceutical glass) and to prevent discoloration in bricks, tiles, and other ceramic goods.[17] High-purity barium carbonate, with purity greater than 99.5 percent, has a lower percentage of impurities than the forms described above. It is used in the production of ceramic capacitors and fuses, and in the ***.[18] There are no known substitutes for barium carbonate.[19]

In the original investigation, the Commission found one domestic like product consisting of all barium carbonate, including both granular and powdered forms, based on similar physical and chemical characteristics, a significant degree of overlap in end uses and interchangeability, similar channels of distribution, the same production processes and employees, and relatively minor differences in prices between the grades of barium carbonate.[20] The Commission found no clear dividing lines between the granular and powdered forms of the product and accordingly defined the domestic like product as all barium carbonate, coextensive with the scope of subject merchandise.[21] In its expedited first five-year review, the Commission determined that no new facts existed to warrant a conclusion different from the original investigation and again found one domestic like product consisting of barium carbonate, regardless of form or grade, coextensive with the scope of the order.[22]

In this full second five-year review, no new information was obtained that would suggest any reason to revisit the Commission's domestic like product definition from the original determination and first five-year review.[23] CPC, the sole party that provided written submissions in this review, agreed with the Commission's prior definition of the domestic like product.[24] We therefore find a single domestic like product to be coextensive with the scope, consisting of all barium carbonate, regardless of form or grade.

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[15] CR at I-11, PR at I-9.

[16] CR at I-12, PR at I-10.

[17] CR at I-13, PR at I-10.

[18] CPC Response to Questions from the Commission, at 3.

[19] CR at I-13, PR at I-10.

[20] *Final Determination*, USITC Pub. 3631, at 5-6, citing *Barium Carbonate from China*, Inv. No. 731-TA-1020 (Preliminary), USITC Pub. 3561 (September 2003), at 6-7 ("*Preliminary Determination*").

[21] *Final Determination*, USITC Pub. 3631, at 5-6.

[22] *First Five-Year Review*, USITC Pub. 4060, at 5.

[23] *See generally* CR at I-16 to I-17, PR at I-12 to I-13.

[24] *See* CPC Prehearing Brief at 4.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[25] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In the original investigation and expedited first five-year review, the Commission defined the domestic industry as consisting of all domestic producers of barium carbonate.[26] Given our definition of the domestic like product, we define the domestic industry, as we did in the original investigation and first five-year review, to include all domestic producers of barium carbonate, regardless of form or grade, coextensive with the scope. The record in this review indicates that CPC is the only producer of the domestic like product.[27]

III. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDER IS REVOKED

A. Legal Standards

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless (1) it makes a determination that dumping is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[28] The Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") states that "under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the *status quo* – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[29] Thus, the likelihood standard is prospective in nature.[30] The U.S. Court of

[25] 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 apply to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. *See* 19 U.S.C. § 1677.

[26] *Final Determination*, USITC Pub. 3631, at 5; *First Five-Year Review*, USITC Pub. 4060, at 5-6. In this review, CPC has stated that it agrees with the domestic industry definition in the original investigations and first five-year review. CPC Prehearing Brief at 4.

[27] CR at I-17 to I-18 and Table I-3, PR at I-13 to I-14 and Table I-3. There are no related party issues in this review.

[28] 19 U.S.C. § 1675a(a).

[29] SAA, H.R. Rep. 103-316, vol. I, at 883-84. The SAA states that "{t}he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." *Id*. at 883.

International Trade has found that "likely," as used in the five-year review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[31]

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[32] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis in original investigations."[33]

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effects, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[34] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order under review, whether the industry is vulnerable to material injury if the order were revoked, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[35] The statute further provides that the presence or absence of any factor that the

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(…*continued*)

[30] While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[31] *See NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"), *aff'd mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) ("more likely than not" standard is "consistent with the court's opinion"; "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); *Indorama Chemicals (Thailand) Ltd. v. United States*, Slip Op. 02-105 at 20 (Ct. Int'l Trade Sept. 4, 2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); *Usinor v. United States*, 26 CIT 767, 794 (2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

[32] 19 U.S.C. § 1675a(a)(5).

[33] SAA at 887. Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." *Id.*

[34] 19 U.S.C. § 1675a(a)(1).

[35] 19 U.S.C. § 1675a(a)(1). Commerce has not conducted any administrative reviews, changed circumstances reviews, or scope inquiry reviews of the antidumping duty order on barium carbonate from China and, therefore, it has made no findings whether a foreign producer or importer of subject merchandise has absorbed antidumping duties. CR at I-9 to I-10 and Table I-2, PR at I-8 and Table I-2.

Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.[36]

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[37]

1. Demand Conditions

In the original investigation, the Commission explained that the principal uses for barium carbonate were in the production of glass, particularly television glass, bricks, and tile. Production of glass accounted for approximately *** percent of total U.S. consumption of barium carbonate. Glass production relied primarily on the granular form of the product and about *** of U.S. producers' barium carbonate shipments in 2002 were of the granular product.[38] The granular product accounted for an increasing portion of subject imports from China over the period of investigation ("POI"). The Commission found that the brick industry relied almost exclusively on the powdered form of the product.[39]

The Commission found that apparent U.S. consumption decreased from 2000 to 2002 and was higher in interim 2003 than in interim 2002. It also found that the decrease in demand over the POI resulted from a general economic slowdown as well as reduced demand for television glass that resulted from increased imports of finished television sets. The Commission observed that, in general, there were no substitutes for barium carbonate.[40]

In the expedited first five-year review, the Commission found that the principal uses for barium carbonate continued to be in glass, brick, and tile production, that glass production relied primarily on granular barium carbonate, and that brick and tile production relied primarily on barium carbonate in powdered form. Although a significant amount of barium carbonate had been used in the production of glass for cathode-ray tubes for television and computer screens during the original POI, the Commission noted that cathode-ray tubes had been largely replaced by flat panel (*e.g.*, liquid crystal display ("LCD") or plasma) or projection screens, which required little or no barium carbonate, and that, as a result of the switch, glass for cathode-ray tubes was no longer manufactured in the United States. Demand for barium carbonate, when measured by total apparent U.S. consumption, decreased sharply from *** short tons in 2002 to *** short tons in 2007.[41]

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[36] 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[37] 19 U.S.C. § 1675a(a)(4).

[38] *Final Determination*, USITC Pub. 3631, at 7; Confidential Views, EDIS Doc. 531248, at 9.

[39] *Final Determination*, USITC Pub. 3631, at 7.

[40] *Final Determination*, USITC Pub. 3631, at 8.

[41] *First Five-Year Review*, USITC Pub. 4060, at 8; Confidential Views, EDIS Doc. 532249, at 10.

The record in the current review indicates that barium carbonate continues to be used in the production of specialty glass, bricks, and tiles, and that demand for it continues to depend on demand for these downstream products and on the condition of the general economy.[42] Apparent U.S. consumption showed relatively minor annual fluctuations during 2008 to 2013, declining from *** short tons in 2008 to *** short tons in 2013.[43] A majority of market participants reported that demand for barium carbonate in the United States had not changed since 2008.[44] A majority of market participants also reported that they anticipated demand for barium carbonate in the United States would remain unchanged in the future.[45]

2. Supply Conditions

In the original investigation, the Commission found that there were two domestic producers of barium carbonate, with CPC being the predominant producer. The Commission observed that domestic supply also included imports from China, as well as imports from nonsubject countries, primarily Mexico and Germany. The Commission found that imports from nonsubject countries decreased significantly between 2000 and 2002, while subject imports from China increased during the POI.[46] During the expedited first review, the Commission found that CPC accounted for virtually all production of the domestic like product.[47]

In the current review, there is only one U.S. producer, CPC.[48] CPC's production capacity remained steady over the current period of review.[49] CPC was the largest supplier to the U.S. market over the POR and accounted for *** percent of apparent U.S. consumption in 2013.[50] The domestic industry's market share fluctuated over the POR, but was higher in 2013 than in 2008.[51]

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[42] CR at II-9 to II-10, PR at II-5 to II-6.

[43] CR/PR at Table C-1. Apparent U.S. consumption was *** short tons in 2008, *** short tons in 2009, *** short tons in 2010, *** short tons in 2011, *** short tons in 2012, and *** short tons in 2013. It was *** short tons in interim 2013 and *** short tons in interim 2014. *Id*.

[44] CR/PR at Table II-4. ***, two of four responding importers, and seven of 12 purchasers reported that demand for barium carbonate had not changed since 2008. Three purchasers reported that demand had increased and two that demand had decreased or fluctuated. *Id*.

[45] CR/PR at Table II-4. Most firms' expectations of U.S. demand in the future mirrored their descriptions of demand since 2008, although one importer switched from fluctuate to no change and the foreign producer switched from fluctuate to decrease. *Id*.

[46] *Final Determination*, USITC Pub. 3631, at 8.

[47] *First Five-Year Review*, USITC Pub. 4060, at 8.

[48] CR/PR at Table I-3. CPC has a 25 percent ownership share in Solvay CPC Barium & Strontium GmBH, a German producer/exporter of barium carbonate. CR at I-18, PR at I-14; CPC Response to Questions from the Commission, at 5-6.

[49] The U.S. industry's production capacity was *** short tons in each year from 2008 to 2013. CR/PR at Table C-1.

[50] CR/PR at Table C-1.

[51] The U.S. industry's market share was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, and *** percent in 2013. CR/PR at Table C-1.

Subject imports have been present in the U.S. market throughout the POR, but at far lower volumes than those prior to the imposition of the order.[52] Nonsubject imports' market share fluctuated over the period of review and ended lower in 2013 than 2008.[53] Principal nonsubject suppliers of barium carbonate to the U.S. market during the POR were producers in Germany, India, and Italy.[54]

3. Substitutability and Other Conditions

In the original investigation, the Commission found that there was a moderate to high degree of substitution between domestic barium carbonate and subject imports generally, with a higher degree of substitution for the granular form.[55] In the expedited first review, it found that the quality of barium carbonate produced in China had improved since the original POI, the range of barium carbonate produced in China had expanded, and Chinese producers were able to compete effectively in the United States at that time in the full range of end-use applications.[56] Thus, it found that the degree of substitution between domestic barium carbonate and subject imports was even higher than the moderate to high degree of substitution it had found in the original investigation.[57]

The record of the current review continues to indicate that materials of the same grade and form of barium carbonate are highly interchangeable.[58] CPC, the responding subject producer Hubei, and all importers identified a high frequency of interchangeability in comparisons of barium carbonate from different sources.[59] Most reporting purchasers had no opinion on interchangeability.[60] Based on this information, we find a high degree of

[52] Subject import volume was 218 short tons in 2008, 86 short tons in 2009, 53 short tons in 2010, 103 short tons in 2011, 84 short tons in 2012, and 22 short tons in 2013. CR/PR at Table IV-1. It was 22 short tons in interim 2013 and zero short tons in interim 2014. *Id*.

[53] Nonsubject imports' market share was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, and *** percent in 2013. CR/PR at Table C-1. Their share was *** percent in interim 2013 and *** percent in interim 2014. *Id*.

[54] CR/PR at Table IV-1. CPC attributes increased imports from Italy during the latter part of the POR to ***. CR at III-13 n.10, III-19 to III-20 and n.14, PR at III-5 n.10, III-7 and n.14; *see also* CPC U.S. Producer Questionnaire Response, Response to III-13b and Response to Questions from the Commission at 4.

[55] *Final Determination*, USITC Pub. 3631, at 9.

[56] *First Five-Year Review*, USITC Pub. 4060, at 8-9.

[57] *First Five-Year Review*, USITC Pub. 4060, at 9.

[58] CR/PR at Tables II-6, II-7, II-9, and II-10.

[59] CR/PR at Table II-10.

[60] CR/PR at Table II-10. Twelve of 14 purchasers reported that they had no opinion on the interchangeability or quality standards regarding the domestic like product, subject imports, and nonsubject imports. Two responding purchasers reported that barium carbonate produced in the United States was either sometimes or never interchangeable with the subject merchandise and nonsubject imports. CR at II-21, PR at II-13.

substitutability between domestically produced barium carbonate, the subject merchandise, and nonsubject imports.[61]

Price was also an important factor in the purchasing decision. Ten of 15 U.S. purchasers listed price as the first or second most important factor in making purchasing decisions.[62] Fourteen of 17 responding U.S. purchasers listed price as a very important factor in their purchasing decisions.[63]

The principal inputs in the production of barium carbonate are barite ore (barium sulfate), natural gas, and petroleum coke.[64] The industrial price for barite ore, the largest raw material cost factor in the production of barium carbonate, increased by 50.7 percent over the POR.[65] Raw materials costs as a share of the cost of goods sold increased from *** percent in 2008 to *** percent in 2013.[66]

CPC reported using *** and importers reported primarily using the spot market for determining sales prices.[67] Sales of barium carbonate in the U.S. market were primarily made through spot sales.[68]

C. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the antidumping order is revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[69] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[70]

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[61] CR at II-24, PR at II-15.

[62] CR/PR at Table II-6.

[63] CR/PR at Table II-7.

[64] CR/PR at V-1. CPC reported that barite ore accounts for approximately *** percent of total COGS, natural gas accounts for *** percent, and petroleum coke accounts for *** percent. CR/PR at V-1 n.1.

[65] CR/PR at V-1, citing U.S. Geological Survey data.

[66] CR/PR at Table III-7.

[67] CR/PR at V-4.

[68] CR at V-5, PR at V-4. CPC reported selling *** percent of its barium carbonate through spot sales, *** percent under short-term contracts, and *** percent under long-term contracts in 2013. Two of three importers of subject merchandise during the POR reported selling *** percent of their subject imports through spot sales in 2013. One importer of nonsubject barium carbonate reported selling *** percent of its barium carbonate through spot sales and another reported selling *** percent through short-term contracts and *** percent through spot sales in 2013. *Id*.

[69] 19 U.S.C. § 1675a(a)(2).

[70] 19 U.S.C. § 1675a(a)(2)(A-D).

1. The Original Investigation

In its original determination, the Commission found that the volume of subject imports increased over the POI, from *** short tons in 2000 to *** short tons in 2002, as did shipments of subject imports, which increased from *** short tons in 2000 to *** short tons in 2002.[71] As a share of apparent U.S. consumption, shipments of subject imports increased from *** percent in 2000 to *** percent in 2002. The Commission found that subject imports increased relative to domestic production as well; the volume of subject imports was equivalent to *** percent of domestic production in 2000 and *** percent in 2002.[72] Consequently, the Commission found the volume of subject imports to be significant in absolute terms and relative to production and consumption in the United States.[73]

2. The First Five-Year Review

In the expedited first five-year review, the Commission found that the volume of subject imports declined considerably after imposition of the antidumping duty order. Subject imports decreased from *** short tons in 2002, the final full year of the POI, to 192 short tons in 2003, and then decreased regularly to 154 short tons in 2007.[74] Subject imports' share of apparent U.S. consumption also decreased from *** percent in 2002 to *** percent in 2007.[75]

The Commission found that the volume of subject imports would likely be significant if the order were revoked for several reasons. Chinese producers of barium carbonate reportedly had production capacity of *** short tons as of August 2008, substantially greater than apparent U.S. consumption of *** short tons in 2007. Moreover, the reported production capacity reflected a substantial increase from the capacity reported in the original investigation, which increased from *** short tons in 2000 to *** short tons in 2002. The Commission also found the substantial level of Chinese producers' total exports of barium carbonate to be further evidence that significant production capacity existed in China.[76]

The Commission found that the barium carbonate industry in China was export oriented and that the volume of its total exports had increased substantially since the original investigation.[77] Total exports for the Chinese producers responding in the original investigation increased from *** short tons in 2000 to *** short tons in 2002, and those exports accounted for approximately *** of the responding Chinese producers' total shipments. In the first five-year review, total exports of all Chinese producers ranged from *** short tons in 2004 to ***

[71] *Final Determination*, USITC Pub. 3631, at 9-10; Confidential Views, EDIS Doc. 531248, at 13.
[72] *Final Determination*, USITC Pub. 3631, at 9; Confidential Views, EDIS Doc. 531248, at 13.
[73] *Final Determination*, USITC Pub. 3631, at 10; Confidential Views, EDIS Doc. 531248, at 14.
[74] *First Five-Year Review*, USITC Pub. 4060, at 9-10; Confidential Views, EDIS Doc. 532249, at 11-12.
[75] *First Five-Year Review*, USITC Pub. 4060, at 10; Confidential Views, EDIS Doc. 532249, at 12.
[76] *First Five-Year Review*, USITC Pub. 4060, at 10; Confidential Views, EDIS Doc. 532249, at 12.
[77] *First Five-Year Review*, USITC Pub. 4060, at 10.

short tons in 2007.[78] The Commission concluded therefore that subject producers were focused on exports to a significant degree.[79]

The Commission also found that the Chinese producers would be able to increase exports to the United States in the event of revocation by shifting exports from other markets to the United States. It found that the ease with which such a shift would occur was indicated by the increase, rather than decrease, in total exports by the Chinese producers during the POR following the steep decline in Chinese exports to the United States immediately after imposition of the antidumping duty order. It concluded that the Chinese producers' ability to shift volumes among export markets -- and therefore their ability to shift exports to the United States in the event of revocation of the antidumping duty order -- was indicated also by the magnitude of the annual fluctuations of export volumes among the Chinese producers' numerous export markets during the period.[80]

Therefore, the Commission found that the producers in China had the capability to increase exports to the United States and would have had the incentive to do so, if the antidumping duty order were revoked, particularly in light of antidumping measures imposed by the European Union on barium carbonate from China in 2005. Accordingly, the Commission found that imports of barium carbonate from China would likely be significant in the reasonably foreseeable future if the antidumping duty order were revoked.[81]

3. The Current Review

Under the discipline of the antidumping duty order, subject imports were present during each year of the POR, but at very small volumes. The peak annual quantity of subject imports during the period was 218 short tons in 2008, when subject imports' market share was *** percent.[82] The record in this review indicates that the Chinese industry has the ability and incentive to export significant volumes of barium carbonate to the United States and would likely do so if the antidumping duty order were revoked.

The Chinese barium carbonate industry has substantial production capacity. Subject producer Hubei estimates that there are *** producing barium carbonate in China[83] and reported that it alone has an annual production capacity of *** short tons[84] or the equivalent of *** percent of apparent U.S. consumption and *** percent of U.S. production in 2013.[85] Hubei produced *** short tons of barium carbonate in 2013 with a capacity utilization rate of *** percent.[86] The record also shows that in 2012 barium carbonate producers in China had an

[78] *First Five-Year Review*, USITC Pub. 4060, at 10; Confidential Views, EDIS Doc. 532249, at 12.
[79] *First Five-Year Review*, USITC Pub. 4060, at 10.
[80] *First Five-Year Review*, USITC Pub. 4060, at 10.
[81] *First Five-Year Review*, USITC Pub. 4060, at 10.
[82] CR/PR at Table C-1.
[83] CR at IV-5, PR at IV-4.
[84] CR/PR at Table IV-2.
[85] Calculated from CR/PR at Tables IV-2 and C-1.
[86] CR/PR at Table IV-2.

estimated production capacity of *** short tons and produced approximately *** short tons, for a capacity utilization rate of *** percent and an excess capacity of *** short tons.[87]

The industry in China is currently the largest supplier of barium carbonate in the world, and has a significant export orientation. Barium carbonate exports from China accounted for 93.3 percent of global exports, by volume, in 2013.[88] Producers in China exported barium carbonate to over 60 countries.[89] The one subject producer that responded to the Commission's questionnaire indicated that export shipments constituted *** of its total shipments throughout the POR.[90] Moreover, Global Trade Atlas data show that exports of barium carbonate from China to third-country markets fluctuated considerably on an annual basis, indicating that subject producers in China have the ability to shift shipments between export markets with ease.[91]

The Chinese industry has significant incentives to export large volumes of barium carbonate to the United States if the order were revoked. The continued presence of subject imports in the U.S. market, despite the antidumping duty order, shows the continued appeal of the U.S. market. There is also some evidence that prices for barium carbonate are generally higher in the United States than in Asian markets.[92] In addition, demand for barium carbonate in Asia is likely to decrease as cathode-ray tubes for televisions and computer monitors continue to be replaced by flat panel screens.[93] Finally, exports of barium carbonate from China are subject to antidumping measures in both the European Union and India.[94]

In sum, the Chinese barium carbonate industry has significant production capacity and excess capacity, and possesses the capability to shift exports from other markets to the United States rapidly. Subject producers also have the incentive to export additional subject merchandise to the U.S. market, particularly because demand for barium carbonate in Asia is likely to decrease. We consequently find the volume of subject imports, both in absolute terms

[87] CR at IV-5 to IV-6, PR at IV-4; *see also* CPC Response to Notice of Institution at 7-8. The record does not contain any information on potential product shifting by Chinese producers during the POR.

[88] CR at IV-5, IV-10 to IV-12, and Tables IV-3 and IV-4, PR at IV-4, IV-5 to IV-7 and Tables IV-3 and IV-4.

[89] CR at IV-5, IV-10 to IV-12, and Tables IV-3 and IV-4, PR at IV-4, IV-5 to IV-7 and Tables IV-3 and IV-4.

[90] CR/PR at Table IV-2. Hubei did not export barium carbonate to the United States during the POR. *Id*.

[91] CR/PR at Table IV-4. We have also considered inventories of the subject merchandise. Hubei reported end-of-period inventories of *** short tons in 2008, *** short tons in 2009, *** short tons in 2010, *** short tons in 2011, *** short tons in 2012, and *** short tons in 2013. CR/PR at Table IV-2. Its end-of-period inventories were *** short tons in interim 2013 and *** short tons in interim 2014. *Id*.

[92] CR at IV-16, PR at IV-10.

[93] CR at IV-6, PR at IV-4; CPC Response to Notice of Institution at 7-8.

[94] CR at IV-9, PR at IV-5. The EU measures were imposed in July 2005 and were extended for another five years in August 2011 following an affirmative expiry review in which subject imports undersold the EU producers at rates ranging from €6.30 to €56.40 per metric ton. CR/PR at IV-10 and n.12; Council Implementing Regulation (EU) No. 831/2011, *Official Journal of the European Union*, August 19, 2011, at L214/1-10. India imposed antidumping duties on imports of barium carbonate from China in February 2011 with margins ranging from $76 per metric ton to $236 per metric ton. CR at IV-9 to IV-10 and n.14, PR at IV-5 and n.14; Notification No. 6/2011-Customs, *The Gazette of India*, Extraordinary, Part II, Section 3, subsection (i).

and relative to production and consumption in the United States, would likely be significant in the reasonably foreseeable future absent the restraining effect of the antidumping duty order.

D. Likely Price Effects of Subject Imports

When examining the likely price effects of subject imports if the order under review were to be revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.[95]

1. The Original Investigation

In the original investigation, the Commission found that most of the domestic like product and subject imports were substantially interchangeable and used in the same applications, that the quality of subject imports was generally comparable to that of the domestic like product, that there was a moderate to high degree of substitutability between the subject imports and the domestic like product, and that price was a significant factor in purchasing decisions.[96] The subject imports in granular form undersold the domestic like product in 7 of 13 comparisons, with margins ranging from 0.1 percent to 9.1 percent, with the most *** underselling in the final four quarters of the POI, when the volume of subject imports increased by ***.[97] The Commission observed that subject imports of the powdered form of barium carbonate, which accounted for a smaller portion of the market than did the granular form, undersold the domestic like product in all 13 comparisons, with margins ranging from 10.7 percent to 36.0 percent. The Commission found the underselling by subject imports, as well as the margins of underselling, to be significant.[98]

The Commission found that, overall, prices for the domestically produced granular and powdered products declined between the first and final quarters of the POI and that domestic producers' prices were significantly depressed by the subject imports over the POI.[99] The Commission also found that the prices of the subject imports had suppressed prices for the domestic like product to a significant degree by preventing the domestic industry from increasing prices sufficiently to cover increased costs of goods sold.[100] Additionally, it found that several lost sales and lost revenue allegations had been verified and that other record

[95] *See* 19 U.S.C. § 1675a(a)(3). The SAA states that "{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[96] *Final Determination*, USITC Pub. 3631, at 10-11.

[97] *Final Determination*, USITC Pub. 3631, at 11; Confidential Views, EDIS Doc. 531248, at 14.

[98] *Final Determination*, USITC Pub. 3631, at 11, 13.

[99] *Final Determination*, USITC Pub. 3631, at 12.

[100] *Final Determination*, USITC Pub. 3631, at 13.

evidence *** also tended to confirm a significant degree of negative price effects due to the subject imports.[101]

2. The First Five-Year Review

In the expedited first five-year review, the Commission found that subject imports would likely have a significant effect on prices for the domestic like product if the order were revoked. The information obtained during the review indicated the quality of subject imports was more comparable to that of the domestic like product than during the POI and that the subject imports were more competitive in a greater range of applications.[102]

The only data pertaining to prices in the record of the review were average unit values ("AUVs"). The Commission found that the AUVs of subject imports were *** percent lower than the AUVs of domestic producer shipments in 2007.[103] The Commission found that subject imports would be priced aggressively to regain market share if the order were revoked.[104] The pricing patterns observed in the original investigation, together with evidence of continued low prices with the order in place, indicated that the subject imports would be likely to undersell the domestic like product if the order were revoked.[105]

Thus, the Commission found that relatively low-priced subject imports were likely to increase significantly in the reasonably foreseeable future if the antidumping duty order were revoked. It concluded that, at the likely volumes, the subject imports would be likely to have significant depressing or suppressing effects on prices for the domestic product within a reasonably foreseeable time.[106]

3. The Current Review

In this review, the Commission collected pricing data for four products.[107] The pricing comparisons are limited because there were few subject imports during the period of review.[108]

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[101] *Final Determination*, USITC Pub. 3631, at 13; Confidential Views, EDIS Doc. 531248, at 14-15.

[102] *First Five-Year Review*, USITC Pub. 4060, at 11.

[103] *First Five-Year Review*, USITC Pub. 4060, at 11; Confidential Views, EDIS Doc. 532249, at 15.

[104] *First Five-Year Review*, USITC Pub. 4060, at 11.

[105] *First Five-Year Review*, USITC Pub. 4060, at 11-12.

[106] *First Five-Year Review*, USITC Pub. 4060, at 12.

[107] The products were as follows: product 1 -- granular barium carbonate, calcined, sold in any size packaging, with a total $BaCO_3$ + $SrCO_3$ content of at least 97 percent; product 2 -- granular barium carbonate, compacted (compressed), sold in any size packaging, with a total $BaCO_3$ + $SrCO_3$ content of at least 97 percent; product 3 -- free-flowing powdered barium carbonate, similar to CPC's Micro-Flo™, sold in any size packaging, with a total $BaCO_3$ + $SrCO_3$ content of at least 97 percent; and product 4 -- powdered barium carbonate other than free-flowing, sold in any size packaging, with a total $BaCO_3$ + $SrCO_3$ content of at least 97 percent. CR at V-7 to V-8, PR at V-5 to V-6.

[108] Although subject imports were present in the U.S. market in each year of the POR, they were in limited quantities and were limited to two products: free-flowing powdered barium carbonate (product 3) and powdered barium carbonate other than free-flowing (product 4). *See* CR at V-8 and n.8, PR at V-6 and n.8. The information provided by the one importer reporting useable pricing data for product 3,

(continued…)

The reported data indicate, however, that prices for barium carbonate from China were lower than the domestic like product in all three available comparisons, with margins of underselling ranging from *** percent to *** percent.[109]

We find that, if the antidumping duty order were revoked, imports of subject merchandise would likely sell their products at prices lower than the domestic like product. Subject imports undersold the domestic like product during the original investigation and the limited pricing observations for the POR indicate continued underselling. Moreover, as discussed above, we find the volume of subject imports is likely to be significant upon revocation. Because subject imports and the domestic like product are highly substitutable and compete largely on the basis of price, it is likely the Chinese producers would again offer low prices in order to gain market share in the United States. Consequently, there would likely be a recurrence of the significant underselling observed in the original investigation if the antidumping duty order were revoked.

In light of the high degree of substitutability between subject imports and the domestic like product and the importance of price in purchasing decisions, if the antidumping duty order were revoked, the likely significant volume of subject imports sold at prices below those for the domestic like product will likely cause domestic producers either to reduce prices or forego price increases to maintain market share. We accordingly find that the subject imports will likely have significant depressing or suppressing effects on prices for the domestic like product.

E. Likely Impact of Subject Imports[110]

In analyzing the likely impact of imports of subject merchandise if the order under review were to be revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and

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(…*continued*)
however, accounted for *** percent of reported U.S. shipments of subject imports of barium carbonate from China since 2008. CR at V-8, PR at V-6. For product 4, the reported prices were *** percent higher than reported domestic prices and the reported volume was ***. CR at V-8 n.8, PR at V-6 n.8. Therefore, we have excluded the data for product 4 from our pricing analysis.

[109] CR/PR at Table V-5.

[110] Under the statute, "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv); *see also* SAA at 887. In its expedited second sunset review, Commerce determined that revocation of the antidumping duty order on barium carbonate from China would likely lead to a continuation or recurrence of dumping at dumping margins of 34.44 percent for Qingdao Red Star Chemical Import & Export Company, Ltd., and 81.30 percent for the PRC-Wide Entity. *Commerce Second Sunset Review*, 79 Fed. Reg. at 32221.

investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[111] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders at issue and whether the industry is vulnerable to material injury if the orders were revoked.[112]

1. The Original Investigation

In its original determination, the Commission found that subject imports had a significant adverse impact on the domestic industry. It found that the adverse impact of subject imports was most evident in the domestic industry's prices, which the industry had cut in the face of import competition to maintain sales and production volumes. Thus, it determined that the primary effect of subject imports on the domestic industry was reflected in the industry's financial indicators. In this regard, the Commission found that the industry's operating income had decreased as a result of suppression and depression of its prices.[113]

2. The First Five-Year Review

In the expedited first five-year review, the Commission noted that there was limited information on the record concerning the condition of the domestic industry, particularly its financial condition. The limited information did not permit the Commission to determine whether the domestic industry was vulnerable to continuation or recurrence of material injury if the antidumping duty order were revoked.[114] The Commission recognized, however, that due largely to declining demand for barium carbonate in what was previously its principal end use, apparent U.S. consumption, domestic production, and shipments had all decreased since the original investigation.[115]

The Commission found that the domestic industry had experienced positive effects as a result of the imposition of the order. Specifically, it found that the domestic industry's market share and AUVs were higher in 2007 than in any year of the POI. The Commission also found it likely that subject import volume would have been higher, and domestic producers' market share and prices lower, absent the order. Moreover, it found that CPC had been able to sell its

[111] 19 U.S.C. § 1675a(a)(4).

[112] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[113] *Final Determination*, USITC Pub. 3631, at 14-15.

[114] *First Five-Year Review*, USITC Pub. 4060, at 12.

[115] *First Five-Year Review*, USITC Pub. 4060, at 12-13.

barium carbonate at prices that covered its costs and provided it with a reasonable return due to the effects of the order.[116]

Consequently, given the likelihood of significant subject import volume and adverse price effects absent the order, the Commission concluded that revocation of the antidumping duty order would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.[117]

3. The Current Review

In this five-year review, the data indicate that the domestic industry's performance was mixed from 2008 to 2013. Although the domestic industry's annual production capacity remained steady over the period,[118] both production and capacity utilization decreased.[119] U.S. shipments, despite annual fluctuations, showed little change from 2008 to 2013.[120] Both the total value and per unit value of U.S. shipments increased despite a decrease in apparent U.S. consumption.[121] The domestic industry's end-of-period inventories were appreciably lower in 2013 than in 2008.[122] The domestic industry's market share fluctuated over the period and was higher in 2013 than in 2008.[123]

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[116] *First Five-Year Review*, USITC Pub. 4060, at 13.

[117] *First Five-Year Review*, USITC Pub. 4060, at 13.

[118] The U.S. industry's annual production capacity was *** short tons in over the entire POR. CR/PR at Table C-1.

[119] The U.S. industry's production was *** short tons in 2008, *** short tons in 2009, *** short tons in 2010, *** short tons in 2011, *** short tons in 2012, and *** short tons in 2013. It was *** short tons in interim 2013 and *** short tons in interim 2014. CR/PR at Table III-1. The industry's production capacity utilization was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, and *** percent in 2013. It was *** percent in interim 2013 and *** percent in interim 2014. *Id*.

[120] The industry's U.S. shipments were *** short tons in 2008, *** short tons in 2009, *** short tons in 2010, *** short tons in 2011, *** short tons in 2012, and *** short tons in 2013. They were *** short tons in interim 2013 and *** short tons in interim 2014. CR/PR at Table III-3.

[121] The value of the industry's U.S. shipments was $*** in 2008, $*** in 2009, $*** in 2010, $*** in 2011, $*** in 2012, and $*** in 2013. It was $*** in interim 2013 and $*** in interim 2014. CR/PR at Table III-3. Per unit value (dollars per ton) of the industry's U.S. shipments was $*** in 2008, $*** in 2009, $*** in 2010, $*** in 2011, $*** in 2012, and $*** in 2013. It was $*** in interim 2013 and $*** in interim 2014. *Id*.

[122] End-of-period inventories were *** short tons in 2008, *** short tons in 2009, *** short tons in 2010, *** short tons in 2011, *** short tons in 2012, and *** short tons in 2013. CR/PR at Table III-5. They were *** short tons in interim 2013 and *** short tons in interim 2014. *Id*.

[123] The domestic industry's market share was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, and *** percent in 2013. CR/PR at Table C-1. It was *** percent in interim 2013 and *** percent in interim 2014. *Id*.

The number of production and related workers remained steady between 2008 and 2013.[124] The number of hours worked decreased slightly, however,[125] although wages paid increased.[126] Productivity decreased overall,[127] as unit labor costs increased.[128]

The domestic industry's financial indicators also showed mixed results. The total value of net sales increased between 2008 and 2013, but was lower in interim 2014 than in interim 2013.[129] Although the domestic industry was profitable in 2013 with an operating income that was higher than in 2008, it sustained operating income *** of the period of review.[130]

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[124] The number of production and related workers was *** in 2008 and 2009, *** in 2010, *** in 2011 and 2012, and *** in 2013. CR/PR at Table III-6. It was *** in interim 2013 and *** in interim 2014. *Id*.

[125] The number of hours worked was *** in 2008 and 2009, *** in 2010, *** in 2011, *** in 2012, and *** in 2013. CR/PR at Table III-6. It was *** in interim 2013 and *** in interim 2014. *Id*.

[126] Wages paid were $*** in 2008 and 2009, $*** in 2010, $*** in 2011 and 2012, and $*** in 2013. They were $*** in interim 2013 and $*** in interim 2014. CR/PR at Table III-6. Hourly wages also increased over the period. They were $*** in 2008, $*** in 2009, $*** in 2010, $*** in 2011, $*** in 2012, and $*** in 2013. They were $*** in interim 2013 and $*** in interim 2014. *Id*.

[127] Productivity (short ton per 1,000 hours) was *** in 2008, *** in 2009, *** in 2010, *** in 2011, *** in 2012, and *** in 2013. CR/PR at Table III-6. It was *** in interim 2013 and *** in interim 2014. *Id*.

[128] Unit labor costs per short ton were $*** in 2008, $*** in 2009, $*** in 2010, $*** in 2011, $*** in 2012, and $*** in 2013. CR/PR at Table III-6. They were $*** in interim 2013 and $*** in interim 2014. *Id*.

[129] The total value of net sales was $*** in 2008, $*** in 2009, $*** in 2010, $*** in 2011, $*** in 2012, and $*** in 2013. CR/PR at Table III-7. It was $*** in interim 2013 and $*** in interim 2014. *Id*.

[130] The domestic industry's operating income was $*** in 2008, $*** in 2009, $*** in 2010, $*** in 2011, $*** in 2012, and $*** in 2013. CR/PR at Table III-7. It was $*** in interim 2013 and $*** in interim 2014. *Id*.

CPC purchased ***. CR at III-10 and n.6, PR at III-4 and n.6. Having reconsidered the treatment of related party inputs for financial reporting recently in *1,1,1,2 – Tetrafluoroethane from China*, Inv. Nos. 701-TA-509 and 731-TA-1244 (Final), USITC Pub. 4503 (Dec. 2014), at 23 n.147 and 37 (Commissioners Williamson and Schmidtlein concurring on related party input issue), and *Electrolytic Manganese Dioxide from Australia and China*, Inv. Nos. 731-TA-1124 and -1125 (Review), USITC Pub. 4506 (Dec. 2014), at 24 and n.160, as well as this and several other investigations, the Commission has adopted a new standard practice and no longer requires a domestic producer to provide a separate adjustment to eliminate profit or loss on inputs purchased from a related party. Instead, the Commission now requires that relevant costs included in a domestic producer's reported financial results be consistent with and based upon the accounting books and records kept by the firm in the normal course of business when responding to the Commission's U.S. producer questionnaire. However, the Commission will continue to gather relevant information regarding input purchases from related suppliers for its analysis and will examine anomalous patterns, to the extent present, related to such input purchases.

Thus, we rely on CPC's financial information reported in CR/PR at Table III-8 (*i.e.* data reported without an adjustment for profit or loss to the acquisition price of a related party input) in our analysis.

Moreover, the domestic industry's operating income margins reflected a similar pattern.[131] Capital expenditures fluctuated over the period and were significantly higher in 2013 than in 2008.[132]

In light of the foregoing, we find that the domestic industry is currently in a vulnerable condition. Although the industry had a profitable performance overall, the industry's output, capacity utilization, and productivity all decreased from 2008 to 2013; these factors, as well as stagnant demand and the industry's poor financial performance for much of the POR, make it vulnerable to material injury if the antidumping duty order were revoked. Moreover, given the cessation of cathode-ray tube production in the United States in 2005, subject imports would likely compete directly with the domestic industry for the remaining market segments in the event of revocation, particularly the specialty glass, brick, and tile segments which have shown modest growth since 2005.[133] CPC maintains that the imposition of antidumping duties on barium carbonate from China has allowed it to adapt to reduced demand in the United States, has stabilized prices for barium carbonate in the U.S. market, and has enabled CPC to make significant capital investments in its barium carbonate business, particularly for new products and applications.[134]

Should the antidumping duty order be revoked, the volume of subject imports would likely increase to significant levels. Furthermore, the likely volume of subject imports would be priced in a manner that would likely undersell the domestic like product and likely have significant depressing or suppressing effects on prices for the domestic like product. Consequently, the domestic industry would need to respond to subject imports either by foregoing sales and ceding market share or by reducing prices. The resulting loss of production or revenues would likely cause deterioration in the financial performance of the domestic industry from current levels. Deterioration in the domestic industry's financial performance would likely result in losses of employment and decreasing investment.

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[131] The domestic industry's operating income margin was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, and *** percent in 2013. CR/PR at Table III-7. It was *** percent in interim 2013 and *** percent in interim 2014. *Id*.

[132] Capital expenditures were $*** in 2008, $*** in 2009, $*** in 2010, $*** in 2011, $*** in 2012, and $*** in 2013. CR/PR at Table III-9. They were $*** in interim 2013 and $*** in interim 2014. *Id*. CPC explained that capital expenditures for ***. CR at III-13 n.10, III-19 to III-20 and n.14, PR at III-5 n.10, III-7 and n.14; *see also* CPC U.S. Producer Questionnaire Response, Response to III-13b.

CPC reported *** research and development expenses during the POR. CR/PR at Table III-9.

[133] CPC Response to Questions from the Commission, at 12-13. Demand from the aggregated brick and tile end use segment for barium carbonate has increased steadily at a moderate rate since a period low in 2009, consistent with overall trends in the construction industry. *Id*. at 13. The proportions of shipments of barium carbonate to the brick industry, *** percent, is much larger than the proportion of shipments to the tile industry, *** percent. CR/PR at Table II-2. Thus, trends in the brick industry are far more closely correlated to overall demand for barium carbonate in the United States than are trends in the tile industry. CPC reported that, although several tile manufacturers have moved offshore due to environmental regulations, brick manufacturers are more constrained due to high transportation costs. CPC Response to Questions from the Commission, at 14.

[134] CPC Prehearing Brief at 21-23.

We have also considered the role of factors other than subject imports, including the presence of imports from nonsubject countries in the U.S. market over the POR, so as not to attribute likely injury from other factors to the subject imports. Although imports from nonsubject countries were a steady presence throughout the period of review, their market share was at its lowest level in most of the years of the POR when the domestic industry demonstrated poor financial performance.[135] Thus, there does not appear to be any correlation between imports from nonsubject countries and the domestic industry's performance, and there is no contention or indication on the record that such imports are likely to have an adverse impact on the domestic industry in the reasonably foreseeable future. Moreover, given the high degree of substitutability of barium carbonate from different sources and the fact that the domestic industry is currently the largest supplier to the U.S. market, any increase in subject import market share would likely come, at least in substantial proportion, at the expense of the domestic industry. In light of these considerations, we find that any likely effects of imports from nonsubject countries are distinguishable from the likely adverse effects we have attributed to the subject imports.

Accordingly, we conclude that, if the antidumping duty order were revoked, subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty order on barium carbonate from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

[135] CR/PR at Table C-1. Moreover, the largest volume of nonsubject imports during the POR was in 2012 and was due to imports of high-purity barium carbonate from Italy that CPC does not produce in the United States. *See* CR at III-13 n.10, PR at III-5 n.10; CR at IV-2 and n.2, PR at IV-1 and n.2.

PART I: INTRODUCTION

BACKGROUND

On February 3, 2014, the U.S. International Trade Commission ("Commission" or "USITC") gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"),[1] that it had instituted a review to determine whether revocation of the antidumping duty order on barium carbonate from China would likely lead to the continuation or recurrence of material injury to a domestic industry.[2] [3] On May 9, 2014, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act. [4] The following tabulation presents information relating to the background and schedule of this proceeding:[5]

[1] 19 U.S.C. 1675(c).

[2] *Barium Carbonate From China; Institution of a Five-Year Review*, 79 FR 6219, February 3, 2014. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

[3] In accordance with section 751(c) of the Act, the U.S. Department of Commerce ("Commerce") published a notice of initiation of five-year reviews of the subject antidumping duty order concurrently with the Commission's notice of institution. *Initiation of Five-Year ("Sunset") Review,* 79 FR 6163, February 3, 2014.

[4] *Barium Carbonate from China, Notice of Commission Determination To Conduct a Full Five-Year Review,* 79 FR 29454, May 22, 2014. The Commission found that the domestic interested party group response to its notice of institution was adequate and that the respondent interested party group response was inadequate, but the Commission found that other circumstances warranted conducting a full review.

[5] The Commission's notice of institution, notice to conduct a full review, scheduling notice, and statement on adequacy are referenced in appendix A and may also be found at the Commission's web site (internet address *www.usitc.gov*). Commissioners' votes on whether to conduct an expedited or full review may also be found at the web site. Appendix B presents the domestic interested party's request for consideration of cancellation of the Commission's hearing.

Effective date	Action
October 1, 2003	Commerce's antidumping duty order on barium carbonate from China (68 FR 56619)
March 17, 2009	Commerce's continuation of the antidumping duty order on barium carbonate from China (74 FR 11348)
February 3, 2014	Commission's institution of a five-year review (79 FR 6219)
February 3, 2014	Commerce's initiation of a five-year review (79 FR 6163)
May 9, 2014	Commission's determination to conduct a full five-year review (79 FR 29454, May 22, 2014)
June 4, 2014	Commerce's final results of expedited five-year review of the antidumping duty order (79 FR 32221)
July 24, 2014	Commission's scheduling of the reviews (79 FR 44864, August 1, 2014)
December 3, 2014	Date for Commission's hearing (hearing cancelled at the request of the domestic interested party, 79 FR 72202, December 5, 2014)
January 20, 2015	Commission's vote
February 2, 2015	Commission's determination

The original investigation

The original investigation resulted from a petition filed by Chemical Products Corp. ("CPC"), Cartersville, Georgia, on September 30, 2002, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of barium carbonate from China. Following notification of a final determination by Commerce that imports of barium carbonate from China were being sold at LTFV, the Commission determined on September 19, 2003 that a domestic industry was materially injured by reason of LTFV imports of barium carbonate from China.[6] Commerce published the antidumping duty order on barium carbonate from China on October 1, 2003.[7]

Subsequent five-year review

In January 2009, the Commission completed an expedited review of the subject order and determined that revocation of the antidumping duty order on barium carbonate from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[8] Following affirmative determinations

[6] *Barium Carbonate from China*, *Inv. No. 731-TA-1020 (Final)*, USITC Publication 3631, September 2003.

[7] *Antidumping Duty Order: Barium Carbonate from the People's Republic of China*, 68 FR 56619, October 1, 2003.

[8] *Barium Carbonate from China*, Inv. No. 731-TA-1020 (Review), USITC Publication 4060, January 2009.

in the first five-year review by Commerce and the Commission,[9] Commerce issued a continuation of the antidumping duty order on imports of barium carbonate from China, effective March 17, 2009.[10]

RELATED INVESTIGATIONS[11]

On September 9, 1980, an antidumping petition was filed with Commerce and the Commission on imports of barium carbonate and strontium carbonate from the Federal Republic of Germany. On June 4, 1981, the Commission made an affirmative final determination and Commerce subsequently issued an antidumping duty order. In November 1998, as part of a five-year review, Commerce revoked the antidumping duty order effective January 1, 2000, because no domestic interested party responded to the notice of initiation by the applicable deadline.

On October 25, 1983, an antidumping petition was filed with Commerce and the Commission on barium chloride and barium carbonate (precipitated) from China. The Commission made an affirmative preliminary determination on both products; however, Commerce made a negative final dumping determination regarding imports of barium carbonate.

SUMMARY DATA

Table I-1 presents select data from the original investigation (2002),[12] expedited first five-year review (2007), and this second full five-year review (2013). During the original investigation, production data were based on questionnaire responses from CPC and Osram Sylvania, ***. During the expedited first review and the current review, production data is based on information provided by CPC. U.S. imports during the original investigation were based on questionnaire data while subsequent reviews were based on official import statistics.

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[9] *Barium Carbonate from China*, 74 FR 10278, March 10, 2009; *Barium Carbonate from the People's Republic of China: Final Results of the Expedited Sunset Review of the Antidumping Duty Order*, 74 FR 882, January 9, 2009.

[10] *Barium Carbonate from the People's Republic of China: Continuation of Antidumping Duty Order*, 74 FR 11348, March 17, 2009.

[11] Unless otherwise noted, information in this section is derived from the original investigation. *Barium Carbonate from China*, *Inv. No. 731-TA-1020 (Final)*, USITC Publication 3631, September 2003, pp. I-1-I-2.

[12] Appendix C provides historical data from the original investigation (2000-02, January-March 2002, and January-March 2003).

Table I-1
Barium carbonate: Comparative data from the original investigation and subsequent reviews, 2002, 2007, and 2013

Item	Calendar year		
	2002	2007	2013
	Quantity (short tons)		
U.S. consumption quantity	***	***	***
	Share of quantity (percent)		
Share of U.S. consumption:			
U.S. producers' share	***	***	***
U.S. importers' share:			
China	***	***	***
All other sources	***	***	***
Total imports	***	***	***
	Value (1,000 dollars)		
U.S. consumption	***	***	***
	Share of value (percent)		
Share of U.S. consumption:			
U.S. producers' share	***	***	***
U.S. importers' share:			
China	***	***	***
All other sources	***	***	***
Total imports	***	***	***
	Quantity (short tons); value (1,000 dollars); and unit value (dollars per short ton)		
U.S. imports from[1]			
China:			
Quantity	***	154	22
Value	***	60	14
Unit value	***	391	652
Nonsubject sources:			
Quantity	***	3,400	2,338
Value	***	2,724	4,976
Unit value	***	801	2,128
All countries:			
Quantity	***	3,554	2,360
Value	***	2,784	4,990
Unit value	***	783	2,114

Table I-1--*Continued*
Barium carbonate: Comparative data from the original investigation and subsequent reviews, 2002, 2007, and 2013

Item	Calendar year		
	2002	2007	2013
	Quantity (short tons); value (1,000 dollars); and unit value (dollars per short ton)		
U.S. industry:			
Capacity (quantity)	***	([2])	***
Production (quantity)	***	***	***
Capacity utilization (percent)	***	([2])	***
U.S. shipments:			
Quantity	***	***	***
Value	***	***	***
Unit value	***	***	***
Ending inventory	***	([2])	***
Inventories/total shipments	***	([2])	***
Production workers	***	([2])	***
Hours worked (1,000)	***	([2])	***
Wages paid (1,000 dollars)	***	([2])	***
Hourly wages	***	([2])	***
Productivity (short tons per 1,000 hours)	***	([2])	***
Financial data:			
Net sales:			
Quantity	***	([2])	***
Value	***	([2])	***
Unit value	***	([2])	***
Cost of goods sold	***	([2])	***
Gross profit or (loss)	***	([2])	***
SG&A expense	***	([2])	***
Operating income or (loss)	***	([2])	***
Unit COGS	***	([2])	***
Unit operating income	***	([2])	***
COGS/sales (percent)	***	([2])	***
Operating income or (loss)/sales (percent)	***	([2])	***

[1] U.S. shipments of imports, based on questionnaire data, were used in the original investigation (2002).
[2] Data not available.

Source: Compiled from data presented in the original staff report and subsequent reviews, official Commerce statistics, and data submitted in response to Commission questionnaires.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation "would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury."

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

> *(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--*
>
> *(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*
>
> *(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,*
>
> *(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*
>
> *(D) in an antidumping proceeding . . ., (Commerce's findings) regarding duty absorption . . ..*
>
> *(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--*
>
> *(A) any likely increase in production capacity or existing unused production capacity in the exporting country,*
>
> *(B) existing inventories of the subject merchandise, or likely increases in inventories,*
>
> *(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and*

(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.

(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--

(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and
(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,
(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and
(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement."

Organization of report

Information obtained during the course of the review that relates to the statutory criteria is presented throughout this report. A summary of current and historical trade and financial data for barium carbonate as collected in the review is presented in appendix C. U.S. industry data are based on the questionnaire response of one U.S. producer of barium carbonate that is believed to have accounted for all domestic production of barium carbonate in 2013. U.S. import data and related information are based on Commerce's official import

statistics and the questionnaire responses of five U.S. importers of barium carbonate that are believed to have accounted for *** percent of U.S. imports during 2013, including virtually all such imports from China. Foreign industry data and related information are based on the questionnaire response of Hubei Jingshan Chutian Barium Salt Corp. Ltd. ("Hubei"), a producer of barium carbonate from China. Responses by U.S. producers, importers, purchasers, and foreign producers of barium carbonate to a series of questions concerning the significance of the existing antidumping duty order and the likely effects of revocation of the order are presented in appendix D.

COMMERCE'S REVIEWS

Administrative reviews[13]

Commerce has not completed any administrative reviews of the antidumping duty order on barium carbonate from China.

Changed circumstances reviews

Commerce has not conducted any changed circumstances reviews with respect to the antidumping duty order on barium carbonate from China.

Scope inquiry reviews

Commerce has not conducted any scope inquiry reviews with respect to the antidumping duty order on barium carbonate from China.

Five-year reviews

Commerce has issued the final results of its expedited review with respect to the antidumping duty order on barium carbonate from China.[14] Table I-2 presents the dumping margins calculated by Commerce in its original investigation and subsequent reviews.

[13] Commerce has not issued any duty absorption findings with respect to barium carbonate from China.

[14] *Barium Carbonate From the People's Republic of China: Final Results of Expedited Second Sunset Review of the Antidumping Duty Order*, 79 FR 32221, June 4, 2014.

Table I-2
Barium carbonate: Commerce's original, first five-year review, and second five-year review dumping margins for producers/exporters in China

Producer/exporter	Original margin (percent)	First five-year review margin (percent)	Second five-year review margin (percent)
Qingdao Red Star Chemical Import & Export Co., Ltd.	34.44	34.44	34.44
All others	81.30	81.30	81.30

Source: *Antidumping Duty Order: Barium Carbonate from the People's Republic of China*, 68 FR 56619, October 1, 2003; *Barium Carbonate from the People's Republic of China: Final Results of the Expedited Sunset Review of the Antidumping Duty Order*, 74 FR 882, January 9, 2009; and *Barium Carbonate From the People's Republic of China: Final Results of Expedited Second Sunset Review of the Antidumping Duty Order*, 79 FR 32221, June 4, 2014.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of this order as follows:[15]

> *The merchandise covered by this order is barium carbonate, regardless of form or grade. The product is currently classifiable under subheading 2836.60.0000 of the Harmonized Tariff Schedule of the United States ("HTSUS"). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the scope of this proceeding is dispositive.*

Tariff treatment

Barium carbonate is classifiable in the Harmonized Tariff Schedule of the United States ("HTS") under subheading 2836.60.00 and has a general (or normal trade relations) duty rate of 2.3 percent ad valorem.The product

Description and applications[16]

Barium carbonate is a heavy, odorless, white-to-cream colored chemical with the chemical formula $BaCO_3$. It is found naturally in the mineral witherite, although most barium carbonate sold commercially is produced synthetically. Barium carbonate is sold commercially in granular, powder, or high-purity form.

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[15] Ibid.

[16] Unless otherwise noted, the information from this section is drawn from *Barium Carbonate from China*, *Inv. No. 731-TA-1020 (Final)*, USITC Publication 3631, September 2003, pp. I-4-I-6; and *Barium Carbonate from China, Investigation No. 731-TA-1020 (Review),* USITC Publication 4060, January 2009, p. I-7.

The granular and powdered forms of barium carbonate, which typically contain at least 98 percent barium carbonate, have essentially the same chemical composition and similar physical properties, differing principally in their particle size. Granular barium carbonate consists of relatively large particles (average particle size greater than 105 microns), while powdered barium carbonate consists of smaller particles (average size less than 5 microns).

High-purity barium carbonate, with purity greater than 99.5 percent, has a lower percentage of impurities than the forms described above. It is used in the production of ceramic capacitors and fuses known as positive temperature coefficient devices.[17] High-purity barium carbonate is ***.[18] ***.[19]

***.[20]

CPC also makes trademarked products Micro-Flo™ and Aqua-Flo™ that are specialized powdered products for use in brick and tile production. The original investigation noted that these products faced little competition from Chinese barium carbonate. However, CPC asserts that subsequent advances in production technology allow Chinese product to compete with Micro-Flo™ and Aqua-Flo™.[21]

During the original investigation, a substantial amount of barium carbonate sold in the United States was used in the production of glass for cathode-ray tube televisions. This glass is no longer manufactured in the United States, with consequent diminished demand for barium carbonate. The use of barium carbonate in televisions and computer screens declined as cathode ray tubes were replaced by certain flat panel televisions (e.g., LCD or plasma) or projection televisions, which require little or no barium carbonate. Currently, the major end uses for barium carbonate are in the production of specialty glasses (such as fiberglass, reflective glass, and pharmaceutical glass) and to prevent discoloration in bricks, tiles, and other ceramic goods.[22] In general, there are no substitutes for barium carbonate. During the original investigation, glass cullet (recycled glass articles, glass waste, and finished glass that does not meet specifications and is introduced into the production line) reportedly acted as an effective substitute for barium carbonate by reducing demand for new purchases of the chemical for use in certain television glass production.

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[17] Solvay Chemicals website, http://www.solvaychemicals.com/EN/products/Barium_Strontium/Highpurityproducts/BariumCarbonateHighPurity.aspx, accessed on December 10, 2014.
[18] CPC's answers to Commission questions, p. 3.
[19] Ibid., p. 4.
[20] Ibid., pp. 2, 4.
[21] Ibid., pp. 9-10.
[22] Ibid., p. 3.

Manufacturing processes[23]

Commercial grade barium carbonate is generally produced from barite ore, which contains barium sulfate. CPC uses the following process to produce barium carbonate:

- Insoluble barium sulfate in barite ore is reduced to soluble barium sulfide in a reducing kiln using coke as a carbon source.
- Barium sulfide is dissolved in water and leached to reduce impurities.
- The barium sulfide solution is reacted with carbon dioxide to produce a precipitate of barium carbonate.
- The dried barium carbonate is pulverized to produce powdered barium carbonate. To produce the granular grade, the dried barium carbonate undergoes an additional step, calcination.[24]

In the original investigation, CPC reported that its production process shared many fundamental similarities with Chinese producers' process, including the usage of the same raw material, barite ore, and the production of both granular and powdered forms of barium carbonite. However, CPC also reported certain ways in which its process differed from the Chinese producers' process, including:

- CPC using coke as a carbon source in a gas or fuel oil-fired furnace; producers in China using steam coal as a carbon source and pulverized steam coal as the fuel input for the kiln.
- Producers in China using a grade of coal with lower carbon content than the coke used by CPC.
- CPC purchasing carbon dioxide gas directly; producers in China, lacking access to sources of carbon dioxide and, therefore, producing their own carbon dioxide by reacting limestone (calcium carbonate) and coal in a kiln.

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[23] Unless otherwise noted, the information from this section is drawn from *Barium Carbonate from China*, *Inv. No. 731-TA-1020 (Final)*, USITC Publication 3631, September 2003, pp. I-7-I-9; and *Barium Carbonate from China, Investigation No. 731-TA-1020 (Review),* USITC Publication 4060, January 2009, pp. I-7-I-9.

[24] Calcination is heating of a solid to a temperature that is below its melting point but which is sufficiently high to achieve the transformation desired, in this case the transformation to a granular form.

- CPC, due to the availability of natural gas, using the same equipment for both calcining to produce the granular grade and drying with Chinese producers, lacking readily available natural gas, using separate equipment for calcining and drying, fueled by kerosene and coal, respectively.

- At CPC, the production process was designed to control the mix of elemental carbon and barite ore in the reducing kiln continuously and with a high degree of accuracy. However, producers in China could not maintain such a degree of control due to the "lumpy" nature of their feedstock. CPC asserted that such a lack of control would result in a substantial loss of efficiency for the Chinese producers.

According to CPC, because of these differences, the Chinese production process was far less efficient and more complicated than CPC's process, resulting in substantial cost disadvantages for Chinese producers. However, a representative of BassTech, which imported and marketed barium carbonate produced by Red Star, contended that CPC's cost structure was higher than Red Star's because CPC must either procure a much lower quality barite ore locally or import a higher quality barite ore from China. The barite ore that CPC obtains locally was mixed with clay, requiring separation from clay through a process referred to as beneficiation[25] before use for the production of barium carbonate.

CPC asserts that Chinese production quality has improved since the original investigation.[26]

DOMESTIC LIKE PRODUCT ISSUES

The Commission's decision regarding the appropriate domestic product(s) that are "like" the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price.

In its original determination, the Commission defined the domestic like product as barium carbonate, regardless of form or grade.[27] In the first five-year review, CPC agreed with the Commission's domestic like product definition from the original investigation. No new facts were presented to warrant a different conclusion. Accordingly, the Commission found that there is one domestic like product consisting of barium carbonate, regardless of form or grade, coextensive with the scope of the order.[28] In its notice of institution in this current five-year

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[25] Beneficiation is ***. *Confidential Staff Report,* p. I-9.

[26] CPC's answers to Commission questions, p. 10.

[27] *Barium Carbonate from China*, *Inv. No. 731-TA-1020 (Final)*, USITC Publication 3631, September 2003, pp. 5-6.

[28] *Barium Carbonate from China, Investigation No. 731-TA-1020 (Review),* USITC Publication 4060, January 2009, p. 5.

review, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry.[29] CPC commented on the Commission's definition of the domestic like product and domestic industry definitions as stated in the notice of institution.[30] In its prehearing brief, counsel for CPC stated that the Commission should again find a single domestic like product coextensive with the scope, consisting of all forms of barium carbonate, and a domestic industry consisting of CPC as the sole U.S. producer of barium carbonate. Counsel for CPC further stated that there have been no changes in the production process, distribution channels, or end uses for barium carbonate since the first review.[31] In addition, no party has requested that the Commission collect data concerning other possible domestic like products.

U.S. MARKET PARTICIPANTS

U.S. producers

During the original investigation, the U.S. barium carbonate industry consisted of two producers, CPC and Osram Sylvania. CPC is a privately held corporation managed by the Dellinger family, which has produced barium carbonate at Cartersville, Georgia, since 1933.[32] In the original investigation, the Commission identified Osram Sylvania as a small producer of barium carbonate, but CPC reported in its response to the Commission's notice of institution in this review that it *** and that CPC is "not aware that Osram Sylvania currently produces any barium carbonate for resale."[33] CPC indicated in its response to the Commission's notice of institution that it is the only domestic producer of barium carbonate. Presented in table I-3 is the current domestic producer of product, CPC, and its position on continuation of the order, production location, related and/or affiliated firms, and share of reported production of barium carbonate in 2013.

[29] *Barium Carbonate From China; Institution of a Five-Year Review*, 79 FR 6219, February 3, 2014.
[30] CPC's response to notice of institution, p. 21.
[31] CPC's prehearing brief, pp. 3-5.
[32] *Barium Carbonate from China*, Inv. No. 731-TA-1020 (Review), USITC Publication 4060, January 2009, p. I-10; and CPC's website, http://www.cpc-us.com/cpc-barium-division-sp-1474706581.html, accessed November 12, 2014.
[33] CPC's response to notice of institution, p. 13.

Table I-3
Barium carbonate: CPC's position on order, U.S. production locations, related and/or affiliated firms, and share of 2013 reported U.S. production

Firm	Position on petition	Production location	Related or affiliated firm	Share of production (percent)
Chemical Products Corporation	Support	Cartersville, GA	Dellinger Management Corporation	100.0
Total				100.0

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

In addition, CPC is related to Solvay-CPC Barium & Strontium GmBH, a German producer/exporter of barium carbonate. CPC has a 25 percent ownership share in the joint venture, which does not include CPC's barium carbonate operations.[34] [35] Also, ***.[36]

U.S. importers

In the original investigation, 12 U.S. firms supplied the Commission with usable information on their operations involving the importation of barium carbonate, accounting for essentially all of U.S. imports of barium carbonate during 2002.

In the current proceeding, the Commission issued U.S. importers' questionnaires to 13 possible importers of barium carbonate, as well as to CPC and Osram. Usable questionnaire responses were received from 5 firms, representing virtually all of U.S. imports from China in 2013.[37] Table I-4 lists all responding U.S. importers of barium carbonate from China and other sources, their locations, and their shares of U.S. imports in 2013.

[34] CPC's questionnaire response; and CPC's answers to Commission questions, pp. 5-6.

[35] In addition, CPC's joint venture with Solvay does not include the barium carbonate operations of Solvay Italy. As mentioned previously, ***. CPC's questionnaire response.

[36] CPC's questionnaire response.

[37] ***.

Table I-4
Barium carbonate: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2013

Firm	Headquarters	Share of imports by source (percent)		
		China	All other sources	Total
Global Chemical Resources	Toledo, OH	***	***	***
Morimura Bros. (U.S.A.), Inc.	Fort Lee, NJ	***	***	***
Sigma-Aldrich	St. Louis, MO	***	***	***
Solvay Fluorides, LLC[1]	Houston, TX	***	***	***
Wego Chemical & Mineral Corp.	Great Neck, NY	***	***	***
Total		***	***	***

[1] ***. Also, Solvay Fluorides, LLC is ***. Questionnaire response of Solvay Fluorides, LLC.

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

U.S. purchasers

The Commission received 18 usable questionnaire responses from firms that have purchased barium carbonate since 2008.[38] Fifteen responding purchasers are end users, two are distributors, and one is both an end user and a distributor. In general, responding U.S. purchasers were located in all regions of the contiguous United States. The responding purchasers represented firms in a variety of domestic industries, including manufacturers of specialty glass (e.g., reflective glass beads for road signs), bricks, tile products, porcelain or ceramics (e.g. ceramic capacitors for electronics components), and food products.

The three largest overall purchasers of barium carbonate in 2013 were ***, which accounted for *** percent of all reported U.S. purchases, ***, which accounted for *** percent of reported U.S. purchases, and ***, which accounted for *** percent of reported U.S. purchases. The two largest U.S. purchasers of granular barium carbonate in 2013 were ***, accounting for *** percent of all granular purchases, and the two largest purchasers of powdered barium carbonate in 2013 were ***, accounting for *** percent of all powdered purchases.

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of barium carbonate are shown in table I-5 and figure I-1.

[38] Of the 18 responding purchasers, 16 reported purchasing domestic barium carbonate, two reported purchasing imports of barium carbonate from China, and two reported purchasing imports of barium carbonate from other sources.

Table I-5
Barium carbonate: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2008-13, January-June 2013, and January-June 2014

Item	Calendar year						January-June	
	2008	2009	2010	2011	2012	2013	2013	2014
	Quantity (short tons)							
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. imports from.-- China	218	86	53	103	84	22	22	0
All other sources	3,461	811	3,013	3,044	4,663	2,338	1,064	1,196
Total U.S. imports	3,679	897	3,066	3,147	4,747	2,360	1,086	1,196
Apparent U.S. consumption	***	***	***	***	***	***	***	***
	Value (1,000 dollars)							
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. imports from.-- China	104	44	69	183	66	14	14	0
All other sources	2,337	617	2,518	5,175	9,528	4,976	1,429	1,408
Total U.S. imports	2,441	662	2,587	5,359	9,595	4,990	1,443	1,408
Apparent U.S. consumption	***	***	***	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires and official import statistics.

Figure I-1
Barium carbonate: Apparent U.S. consumption, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

U.S. MARKET SHARES

U.S. market share data are presented in table I-6.

Table I-6
Barium carbonate: U.S. consumption and market shares, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

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

U.S. MARKET CHARACTERISTICS

Barium carbonate is used primarily in the production of specialty glass (e.g., reflective glass beads for road signs), bricks, tile products, and frit for glazing porcelain or ceramics (e.g., ceramic capacitors for electronics components) and is sold commercially in granular, powdered, or high-purity form. Most of the current demand for barium carbonate is derived from the demand for these products. It is also used in smaller amounts in applications such as *** and in producing *** for use in food products.[1]

During the original investigation, a substantial amount of barium carbonate sold in the United States was used in the production of glass for cathode-ray tube televisions. As television and computer screen technology moved away from cathode ray tubes towards flat panel (e.g., LCD or plasma) and projection screens, demand for barium carbonate in this application diminished.

The U.S. market for barium carbonate is supplied by one domestic producer, Chemical Products Corporation ("CPC"), and a limited number of import sources.[2] China is the fourth largest U.S. import source for barium carbonate, and well behind Italy, Germany, and India.[3] Between 2008 and 2013, imports of Chinese-produced barium carbonate accounted for 3.2 percent of all U.S. imports.[4]

Apparent U.S. consumption of barium carbonate fluctuated between 2008 and 2013. In 2008, the quantity of apparent U.S. consumption was *** short tons, then dropped to *** short tons in 2009 before climbing incrementally to *** short tons in 2012. In 2013 apparent U.S. consumption dropped to *** short tons.

CHANNELS OF DISTRIBUTION

In the original investigation, both U.S-produced barium carbonate and imports of barium carbonate from China were sold mostly to end users.[5] Specifically, *** percent of the total quantity of barium carbonate shipped by CPC went to television and specialty glass

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[1] *** and ***'s U.S. purchaser questionnaire responses, sections III-1 and III-4.

[2] Imports from one firm, ***, accounted for approximately *** percent of all U.S. imports of barium carbonate between 2008 and 2013.

[3] In addition to one response from a Chinese producer of barium carbonate (Hubei Jingshan Chutian Barium Salt Corp. Ltd. ("Hubei")), the Commission received two responses from nonsubject country foreign producers – German firm Solvay & CPC Barium Strontium GmbH & Co. Kg ("Solvay-CPC") and Italian firm Solvay Bario E Derivati, SpA ("Solvay Bario"). These two nonsubject countries represent the two largest sources of U.S. imports, and so their responses, where relevant, are included in this report.

[4] China is by far the largest global exporter of barium carbonate, however, accounting for 97.1 percent of all exports in 2013. Global Trade Atlas, HS 2836.60, retrieved November 3, 2014.

[5] *Confidential Staff Report, Barium Carbonate from China, Inv. No. 731-TA-1020*, August 2003, p. II-1.

manufacturers, while *** percent went to brick and tile manufacturers.[6] For importers of Chinese barium carbonate, approximately *** percent was granular product – *** percent of which was shipped to glass manufacturers. For the other *** percent (of powdered product), "about *** percent… went to brick and tile manufacturers and the remainder went to other uses".[7]

In the current review, U.S. producer CPC sold barium carbonate ***, while U.S. importers sold *** mostly to end users and *** to distributors (table II-1).

Table II-1
Barium carbonate: U.S. producer CPC's and importers' share of reported U.S. commercial shipments (percent), by sources and channels of distribution, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

In terms of end users, CPC shipped barium carbonate to manufacturers of three main types of product: glass, brick, and tile. Of CPC's total U.S. commercial shipments of barium carbonate in 2013, *** percent went to the glass industry, *** percent went to the brick industry, and *** percent went to the tile industry, as shown in table II-2.

Table II-2
Barium carbonate: U.S. producer CPC's reported U.S. commercial shipments (as a percentage of the total), by type and industry, 2013

* * * * * * *

Importers reported importing *** barium carbonate from China for shipment to ***.

GEOGRAPHIC DISTRIBUTION

U.S. producer CPC reported shipping barium carbonate to *** in the contiguous United States (table II-3). Of the three importers that reported imports of Chinese barium carbonate, each reported selling to one region apiece: the ***, ***, and ***.

[6] *Confidential Views of the Commission, Barium Carbonate from China, Inv. No. 731-TA-1020 (Final)*, September 2003, p. 6.

[7] *Confidential Staff Report, Barium Carbonate from China, Inv. No. 731-TA-1020*, August 2003, p. II-1.

Table II-3

Barium carbonate: Geographic market areas in the United States served by U.S. producer CPC and importers, by number of responding firms

Region	U.S. producer	Importers
Northeast	***	***
Midwest	***	***
Southeast	***	***
Central Southwest	***	***
Mountain	***	***
Pacific Coast	***	***
Other[1]	***	***
Reporting firms	1	3

[1] All other U.S. markets, including AK, HI, PR, and VI, among others.

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

For producer CPC, *** percent of its sales were between 101 and 1,000 miles, *** percent were more than 1,000 miles, and *** percent were within 100 miles of its production facility. For the two importers that reported on shipment distances for barium carbonate from China, one reported shipping *** percent of its sales to distances between 101 and 1,000 miles of its U.S. point of shipment, and the other reported shipping *** percent to distances between 101 and 1,000 miles, *** percent to distances over 1,000 miles, and *** percent to distances within 100 miles of its U.S. point of shipment.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, CPC is the sole U.S. producer of barium carbonate. Based on data reported by CPC, the company appears to have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of U.S.-produced barium carbonate to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the *** availability of unused capacity, though there is also the limited existence of alternate markets or inventories, and *** production alternatives.

Industry capacity

U.S. producer CPC's capacity utilization for barium carbonate decreased irregularly from *** percent in 2008 to *** percent in 2013. This differs from the original investigation, when

CPC's capacity utilization averaged *** percent between 2000 and 2002.[8] CPC's relatively *** current level of capacity utilization suggests that the producer may have a *** ability to increase production of barium carbonate in response to an increase in prices.

CPC reported in its prehearing and posthearing briefs that ***.[9] CPC stated that ***.[10]

Alternative markets

CPC's exports as a share of total shipments decreased from *** percent in 2008 to *** percent in 2013. During the same period, CPC's total export shipments declined from *** short tons to *** short tons. This suggests that CPC may have limited ability to shift shipments between the U.S. market and other markets in response to price changes.

CPC also stated that ***. It reported that ***, and that *** and ***.

Inventory levels

CPC's inventories declined *** from *** short tons in 2008 to *** short tons in 2013. The ratio of CPC's inventories to total shipments also decreased from *** percent in 2008 to *** percent in 2013. These inventory levels suggest that CPC has a somewhat limited ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

CPC stated that is has *** to switch production from barium carbonate to other products. ***. CPC also stated that the markets for barium chloride and other products it produces are *** than the barium carbonate market since U.S. demand for these products ***.

Supply constraints

*** reported that there have been no supply constraints to barium carbonate since 2008 and did not anticipate any changes in the availability of supply.

Subject imports from China

Specific information on the Chinese barium carbonate industry is limited, as the sole Chinese producer that submitted a response to the Commission's questionnaire (Hubei) reported that it ***. According to global trade data, China is by far the largest source of barium carbonate exports in the world, accounting for 97.1 percent of global exports in 2013.[11]

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[8] The difference in capacity utilization between the current review and the original investigation is the result of a decrease in production rather than an increase in capacity, as total capacity remained stable at approximately *** during the current review period.

[9] CPC's prehearing brief, p. 23.

[10] CPC's answers to Commission questions, p. 2.

[11] Global Trade Atlas, HS 2836.60.

Nonsubject imports

The largest sources of nonsubject imports since 2008 were Italy, Germany, and India. Combined, these countries accounted for 98.2 percent of all nonsubject imports between 2008 and 2013, and 99.1 percent of total imports in 2013.[12] Based on available information, imports by *** from *** have accounted for at least *** percent of all nonsubject country imports since 2011.

New suppliers

Fourteen of 16 responding purchasers indicated that no new suppliers have entered the U.S. market since 2008. One purchaser indicated that an Indian firm, Chaitanya, had entered the market since 2008. Another purchaser, ***, reported that though CPC is not a new supplier, it has recently ***.

Fourteen of 15 purchasers reported that they did not expect additional entrants to the U.S. market. One purchaser reported that it did expect additional entrants, suggesting that increasing demand for barium carbonate may lead to other suppliers entering the market.

U.S. demand

Based on available information, the overall demand for barium carbonate is likely to experience small-to-moderate changes in response to changes in price. While barium carbonate accounts for varying amounts of the total cost for end-use products in which it is used, demand responsiveness is constrained by the limited range of substitute products.

End uses

U.S. demand for barium carbonate depends on the demand for U.S.-produced downstream products. As shown in table II-2, CPC reported shipments in 2013 to manufacturers of glass, brick, and tile products. Of the 18 responding U.S. purchasers, eight identified themselves as glass manufacturers, three as brick manufacturers, three as distributors (including one purchaser, ***, who also reported being a glass manufacturer), and six as "other."[13] One importer reported selling *** to a firm that uses barium carbonate to produce ***. The subject country and nonsubject country foreign producers reported end uses that included ***.

None of the U.S or foreign producers reported that they anticipate any changes in end uses. One importer, ***, cited the phase-out of plasma display technology and *** as contributing factors to decreasing downstream demand, while two purchasers suggested that downstream demand would likely increase. Specifically, purchaser *** reported that demand

[12] USITC Dataweb, retrieved November 3, 2014.

[13] Some purchasers identified themselves as one of the manufacturers named above as well as "other". Those purchasers who identified as "other" included a ***.

for bricks has increased slightly over the past two years because the market is recovering from the housing market crash that began in 2008, and purchaser *** reported that *** projects growth for the glass products that contain barium carbonate.

Business cycles

***, all foreign producers and U.S. importers, and 13 of 15 purchasers reported that the market was not subject to business cycles or distinct conditions of competition. Two purchasers reported that the semiconductor/electronics industry is cyclical.

Demand trends

When asked about changes in U.S. demand for barium carbonate, responses varied based on firm type (table II-4). CPC reported that there was *** in U.S. demand. Responding importers reported that there was either no change or that it fluctuated (two firms each). A majority of purchasers reported that there was no change in demand (seven), while three firms reported that there was an increase in demand, one reported that there was a decrease in demand, and one reported that demand fluctuated. The responding Chinese producer also reported that U.S. demand ***, as did the two responding producers from nonsubject countries.

Table II-4

Barium carbonate: Firms' responses regarding U.S. demand, by number of responding firms

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producer	***	***	***	***
Importers	0	2	0	2
Purchasers	3	7	1	1
Subject country foreign producer	***	***	***	***
Nonsubject country foreign producers	***	***	***	***
Anticipated future demand				
U.S. producers	***	***	***	***
Importers	0	3	0	1
Purchasers	3	7	1	1
Subject country foreign producer	***	***	***	***
Nonsubject country foreign producers	***	***	***	***
Demand for purchasers' final products since 2008				
Purchasers	3	6	2	5

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

Most firms' expectations of anticipated U.S. demand mirrored their description of demand since 2008, though one importer switched from "fluctuate" to "no change" and one foreign producer switched from "fluctuate" to "decrease".

Substitute products

All but three responding firms reported that there are no substitutes for barium carbonate and did not anticipate any future changes in substitutes. One purchaser, ***, identified strontium sulfate as a substitute product for mold powders, and another, ***, identified barium titanate as a substitute in electronics ceramics. *** named strontium carbonate as a substitute in shell glass, magnetic materials, and metal smelting. None of these three anticipated future changes in substitutes.

Cost share

Firms reported that barium carbonate accounted for varying amounts of the cost of the end-use products in which it is used. One U.S. importer reported a cost share of *** percent in producing barium titanate for use in ceramic capacitors, and another reported cost shares of *** percent, *** percent, and *** percent in producing ACS (American Chemical Society) reagents. U.S. purchasers reported cost shares ranging from *** percent for powdered barium carbonate and *** percent for granular barium carbonate.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported barium carbonate depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is a moderate-to-high degree of substitutability between U.S.-produced barium carbonate and barium carbonate imported from China.[14]

Lead times

Producer CPC reported that *** percent of its commercial shipments were from inventory with a lead time of *** days. Of the two responding U.S. importers, *** reported that

[14] In its prehearing brief, CPC stated that there is "a very high degree of interchangeability between domestic and subject barium carbonate" based on its comparatively lower price and the expanded range of Chinese barium carbonate since the original investigation. CPC's prehearing brief, p. 5. Staff notes, however, that U.S. product quality (cited as the first-most important factor by 11 out of 14 purchasers) was rated as superior to Chinese product in both quality categories (table II-9), and that all four responding purchasers reported that U.S. and Chinese product is either "sometimes" or "never" interchangeable (two firms each) (table II-10). Staff also notes that very little barium carbonate has been imported from China since 2002.

*** percent of its 2013 sales were from *** with a lead time of *** days, and *** reported that *** percent of its 2013 sales were from *** with a lead time of *** days.[15]

Knowledge of country sources

All 16 responding purchasers indicated that they had marketing/pricing knowledge of domestic barium carbonate. Three firms reported that they also had marketing/pricing knowledge of Chinese barium carbonate, and three firms reported that they also had marketing/pricing knowledge of nonsubject barium carbonate from Italy and Germany (two firms each), as well as India and Japan (one firm each).

As shown in table II-5, most purchasers and their customers "never" make purchasing decisions based on the country of origin. Two purchasers reported that they "sometimes" make decisions based on the country of origin, with one firm citing lead time as an important variable when considering a purchase.

Table II-5

Barium carbonate: Purchasing decisions based on producer and country of origin, by number of reporting firms

Purchaser/Customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	6	1	3	6
Purchaser's customers make decision based on producer	1	0	0	10
Purchaser makes decision based on country	2	0	2	12
Purchaser's customers make decision based on country	1	0	0	10

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

While most purchasers reported that their customers "never" make purchasing decisions based on the producer, the majority of purchasers themselves were split between "always" and "never" making decisions based on the producer (six each). Among those reporting that they "always" make purchasing decisions based on the producer, reasons listed included the fact that their current provider was a good supplier, that the supplier helps them out if there are problems, and that they have a history of working with their suppliers (***).

Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for barium carbonate were price (15 firms), quality (14 firms), and availability (8 firms), as shown in table II-6. Quality was the most frequently cited first-most important factor (cited by 11 firms), followed by price and availability (2 firms each). Price was the most frequently reported

[15] Of the two responding foreign producers, both from nonsubject countries, *** reported that *** percent of its 2013 sales were from its inventory with a lead time of *** days, and *** reported that *** percent came from its inventory with a lead time of *** days and *** percent was produced to order with a lead time of *** days.

second-most important factor (8 firms), followed by quality (3 firms) and availability (2 firms). Price (5 firms) and "other" factors (6 firms) were the most frequently reported third-most important factors. Other factors listed as third-most important included reliability of supply (3 firms) and service (2 firms). A majority of purchasers reported that they either "never" (7 of 17) or "sometimes" (6 of 17) purchase the lowest-priced product. Three firms reported that they "usually" purchase the lowest-priced product, and one firm reported that it "always" purchases the lowest-priced product.

Table II-6
Barium carbonate: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by number of reporting firms

Factor	First	Second	Third	Total
Quality[1]	11	3	0	14
Price	2	8	5	15
Availability	2	2	4	8
Other[2]	2	3	6	11

[1] Specific factors that firms reported considering when determining quality included purity, moisture, particle size, trace metals prevalence, chemical composition, particle size distribution, flowability, reactability, and overall performance in end-use products.
[2] Other factors include reliability of supply, service, delivery timing, good company relations, domestic supply, capability to meet product specifications, and supply stability.

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

When asked if they purchased barium carbonate from one source although a comparable product was available at a lower price from another source, nine purchasers reported that they did so for reasons that included quality, freight costs, lead time, reliability, logistics, trust, and nationalism. Only one purchaser, ***, indicated that certain types of product were only available from certain country sources, and reported that *** were only available from producers in the United States, China, and Italy.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-7). The factors rated as "very important" by more than half of responding purchasers were product consistency and reliability of supply (16 each), availability (15), price and quality meets industry standards (14 each), and delivery time (12).

Table II-7
Barium carbonate: Importance of purchase factors, as reported by U.S. purchasers, by number of responding firms

Factor	Very important	Somewhat important	Not important
Availability	15	2	0
Delivery terms	8	8	1
Delivery time	12	4	1
Discounts offered	4	8	5
Extension of credit	5	6	6
Minimum quantity requirements	4	7	6
Packaging	8	7	2
Price	14	3	0
Product consistency	16	1	0
Product range	5	5	7
Quality exceeds industry standards	8	6	3
Quality meets industry standards	14	3	0
Reliability of supply	16	1	0
Technical support/service	7	7	3
U.S. transportation costs	7	9	1

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

Supplier certification

Twelve of 17 responding purchasers require that all of the barium carbonate they purchase be certified. Purchasers reported that the time to qualify a new supplier ranged from 10 to 120 days, with one purchaser reporting a certification time of 500 days. No purchasers reported that a domestic supplier had failed in its attempt to qualify a product, but one purchaser reported that two foreign suppliers (Chinese firm *** and a supplier from nonsubject country Japan) had failed to qualify due to *** that led to defects in their product.

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2008 (table II-8). Ten of 16 responding purchasers reported that their purchases of U.S.-produced product were constant, two reported a decrease, one reported an increase, and three reported that purchases fluctuated. One firm reported an increase in purchases of Chinese barium carbonate, citing higher end-use product demand. Two firms reported a decrease in purchases from China, with one firm citing the *** as a reason. *** reported both a decrease in purchases of nonsubject country barium carbonate and an increase in purchases of U.S.-produced barium carbonate, explaining that ***.

Table II-8

Barium carbonate: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	0	2	1	10	3
China	7	2	1	0	0
Other	8	2	0	0	0

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

Four of 17 responding purchasers reported that they had changed suppliers since 2008. Specifically, firms dropped or reduced purchases from *** because of price considerations or because they wanted multiple product sources.

Importance of purchasing domestic product

Ten of 16 purchasers reported that purchasing U.S.-produced barium carbonate was not a requisite factor in their purchasing decisions. No firms reported that their purchases of domestic barium carbonate were required by law, one firm reported that purchasing domestic product was required by their customers, and five firms reported that purchasing U.S.-produced barium carbonate was required for other reasons. Of all the domestically purchased barium carbonate, *** percent did not have domestic requirements, *** percent was required by law, *** percent was required by the purchasers' customers, and *** percent was reportedly required to be U.S.-produced for other reasons.

These other reasons were the same as the reasons cited for preferring domestic product: that the domestic producer was a local supplier, that they were a vetted supplier, that they were the only source currently approved by that purchaser, and that the firm had always purchased from that producer.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing barium carbonate produced in the United States, China, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 15 factors (table II-9), for which they were asked to rate the importance of each.

Table II-9
Barium carbonate: Purchasers' comparisons between U.S.-produced and imported product

Factor	U.S. vs. China			U.S. vs. nonsubject			China vs. nonsubject		
	S	C	I	S	C	I	S	C	I
Availability	2	2	0	2	0	0	0	2	0
Delivery terms	2	1	1	2	0	0	0	1	1
Delivery time	2	1	1	2	0	0	0	1	1
Discounts offered	0	2	0	1	0	0	1	1	0
Extension of credit	1	1	0	1	0	0	0	1	1
Minimum quantity requirements	0	1	1	1	0	0	0	2	0
Packaging	1	2	0	0	1	0	0	2	0
Price[1]	1	2	0	2	0	0	2	0	0
Product consistency	3	0	1	1	1	0	0	1	1
Product range	2	1	0	0	1	0	0	0	2
Quality exceeds industry standards	2	0	1	0	1	0	0	1	1
Quality meets industry standards	2	0	1	0	1	0	0	1	1
Reliability of supply	3	0	1	1	1	0	0	2	0
Technical support/service	3	0	1	2	0	0	0	0	2
U.S. transportation costs[1]	3	1	0	2	0	0	0	0	1

[1] A rating of superior means that price/U.S. transportation costs is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.
Note.—S=first listed country's product is superior; C=both countries' products are comparable; I=first list country's product is inferior.

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

Of the five responding purchasers, most reported that U.S. and Chinese barium carbonate were comparable on discounts offered, packaging, and price. A majority of purchasers reported that U.S. product was superior to Chinese barium carbonate on product consistency, reliability of supply, technical support/service, and U.S. transportation costs. No more than one purchaser reported Chinese product to be superior to U.S. product in any of the fifteen factors.

For the two purchasers that compared barium carbonate from the United States and nonsubject countries, both reported that the United States was superior on availability, delivery terms, delivery time, price, technical support/service, and U.S. transportation costs. Neither firm reported that barium carbonate from nonsubject countries was superior to U.S. product in any of the fifteen factors.

For the two purchasers that compared barium carbonate from China and nonsubject countries, both reported that China was superior on price but inferior on product range and technical support/service.

Comparison of U.S.-produced and imported barium carbonate

In order to determine whether U.S.-produced barium carbonate can generally be used in the same applications as imports from China and nonsubject imports, U.S. producers, importers, and purchasers were asked whether the products can "always," "frequently,"

"sometimes," or "never" be used interchangeably. As shown in table II-10, producer CPC reported that barium carbonate from the United States, China, and nonsubject countries were *** interchangeable with one another.

Table II-10

Barium carbonate: Interchangeability between barium carbonate produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. China	***	***	***	***	0	2	0	0	0	0	2	2
Nonsubject countries comparisons:												
U.S. vs. nonsubject	***	***	***	***	0	2	0	0	0	0	2	2
China vs. nonsubject	***	***	***	***	0	1	0	0	0	0	2	2

Note.—A=Always, F=Frequently, S=Sometimes, N=Never.

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

Of the two reporting U.S. importers, both firms reported that U.S. and Chinese barium carbonate as well as U.S. and nonsubject barium carbonate were "frequently" interchangeable and one firm reported that Chinese and nonsubject barium carbonate were "frequently" interchangeable. U.S. purchasers reported that barium carbonate from the United States was either "sometimes" or "never" interchangeable with Chinese and nonsubject-country barium carbonate, and barium carbonate from China was either "sometimes" or "never" interchangeable with nonsubject-country barium carbonate. The responding Chinese producer (as well as the two responding producers from nonsubject countries) reported that the barium carbonate they produced and sold in their home markets were interchangeable with barium carbonate sold to the United States and third-country markets.

As can be seen from table II-11, 13 responding purchasers reported that domestically produced barium carbonate always met minimum quality specifications. Two responding purchasers reported that Chinese barium carbonate sometimes met minimum quality specifications, and a majority (12) reported that they did not know.[16]

[16] Four firms also reported that barium carbonate from Italy always met minimum quality specifications, three reported that barium carbonate from India always met minimum quality specifications, and three reported that barium carbonate from Germany always met minimum quality specifications while one reported that it usually did.

Table II-11

Barium carbonate: Ability to meet minimum quality specifications, by source and number of reporting firms[1]

Source	Always	Usually	Sometimes	Rarely or never	Don't know
United States	13	0	0	0	3
China	0	0	2	0	12

[1] Purchasers were asked how often domestically produced or imported barium carbonate meets minimum quality specifications for their own or their customers' uses.

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

In addition, producers, importers, and purchasers were asked to assess how often factors other than price were significant in sales of barium carbonate from the United States, China, or nonsubject countries. As shown in table II-12, producer CPC reported that factors other than price were *** important ***. Among *** responding U.S. importers, *** reported that factors other than price were *** important for each country pair, but one reported that it was *** important when comparing Chinese and nonsubject barium carbonate.

Table II-12

Barium carbonate: Significance of factors other than price between barium carbonate produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. China	***	***	***	***	***	***	***	***	2	3	1	0
Nonsubject countries comparisons:												
U.S. vs. nonsubject	***	***	***	***	***	***	***	***	1	3	1	0
China vs. nonsubject	***	***	***	***	***	***	***	***	2	1	2	0

Note.—A = Always, F = Frequently, S = Sometimes, N = Never.

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

Among responding U.S. purchasers, most reported that factors other than price were either "always" or "frequently" important in sales of barium carbonate between U.S. and Chinese barium carbonate and U.S. and nonsubject barium carbonate. When comparing Chinese and nonsubject barium carbonate, two firms responded that they were "always" significant, two firms responded that they were "sometimes" significant, and one firm responded that they were "frequently" significant.

ELASTICITY ESTIMATES

This section discusses elasticity estimates; there were no comments on the elasticity estimates in CPC's prehearing brief or answers to the Commission's questions.

U.S. supply elasticity

The domestic supply elasticity[17] for barium carbonate measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of barium carbonate. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced barium carbonate. Analysis of these factors earlier indicates that the U.S. industry is likely to be able to moderately increase or decrease shipments to the U.S. market; an estimate in the range of 3 to 6 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for barium carbonate measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of barium carbonate. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the barium carbonate in the production of any downstream products. Based on the available information, the aggregate demand for barium carbonate is likely to be fairly inelastic; a range of -0.25 to -0.5 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[18] Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/ discounts/ promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced barium carbonate and imported barium carbonate is likely to be in the range of 3 to 5.

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[17] A supply function is not defined in the case of a non-competitive market.

[18] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

The information in this section of the report was compiled from responses to the Commission's questionnaires. CPC, the only company to report U.S. production of barium carbonate since 2008, supplied information on its operations in this review, as it had in prior proceedings on barium carbonate from China.

Changes experienced by the industry

Domestic producers were asked to indicate whether their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons, including revision of labor agreements; or any other change in the character of their operations or organization relating to the production of barium carbonate since 2008. In its questionnaire response, CPC indicated that it ***.

Anticipated changes in operations

The Commission asked domestic producers to report anticipated changes in the character of their operations relating to the production of barium carbonate. CPC ***.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-1 and figure III-1 present CPC's production, capacity, and capacity utilization.[1] Total reported barium carbonate capacity remained stable between 2008 and 2013. U.S. production of barium carbonate decreased by *** percent during the same period, while the capacity utilization rate was *** percentage points lower. U.S. production decreased *** between 2008 and 2009, recovered to *** by 2011, then declined in 2012 and 2013. Production was lower in January-June 2014 than in January-June 2013.

Table III-1
Barium carbonate: CPC's production, capacity, and capacity utilization, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

[1] ***. CPC's questionnaire response.

Figure III-1
Barium carbonate: CPC's production, capacity, and capacity utilization, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

Constraints on capacity

In its questionnaire response, CPC reported that the *** in the production process represented its production constraint. "***".[2]

Alternative products

CPC reported using the same equipment and/or employees to produce both barium carbonate and barium chloride. As detailed in table III-2, barium chloride's share of total production ranged from *** to *** percent. CPC has ***. "***."[3] CPC also reported that ***.

Table III-2
Barium carbonate: CPC's overall capacity, production, and capacity utilization, 2008-13

* * * * * * *

U.S. PRODUCER'S U.S. SHIPMENTS AND EXPORTS

Table III-3 presents CPC's U.S. shipments, export shipments, and total shipments. Commercial U.S. shipments, which accounted for the vast majority of U.S. shipments, decreased between 2008 and 2009, by *** percent, before increasing every year between 2009 and 2013, resulting in *** between 2008 and 2013. However, the value of U.S. shipments increased by *** percent between 2008 and 2013, which resulted in higher unit values. CPC reported small quantities of exports, primarily to ***.

Table III-3
Barium carbonate: CPC's U.S. shipments, export shipments, and total shipments, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

[2] Email from ***, October 31, 2014.
[3] CPC's questionnaire response.

CPC's U.S. shipments of barium carbonate by type and end use in calendar year 2013 are presented in table III-4. A total of *** short tons of U.S. barium carbonate was shipped at a value of $*** ($*** per short ton). The *** of shipments consisted of calcined granular barium carbonate, which was sold *** to glass manufacturers, followed by free-flowing powdered barium carbonate, which was sold *** to brick manufacturers. Calcined granular barium carbonate accounted for *** percent of the volume and sold for ***. Free-flowing powdered barium carbonate accounted for *** percent of the volume and sold for ***. ***. Powdered forms were shipped *** to the brick and glass industries, which together accounted for *** percent of CPC's powdered forms' U.S. volume.

Table III-4
Barium carbonate: CPC's U.S. shipments, by type and end user type, 2013

* * * * * * *

U.S. PRODUCER'S INVENTORIES

Table III-5 presents CPC's end-of-period inventories and the ratio of these inventories to its production, U.S. shipments, and total shipments**.**

Table III-5
Barium carbonate: CPC's inventories, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-6 presents CPC's employment-related data. The number of production-related workers ("PRWs") employed by CPC and total hours worked remained relatively stable between 2008 and 2013. Wages paid increased by *** percent during 2008-13, and were higher in January-June 2014 than January-June 2013.

Table III-6
Barium carbonate: Average number of production-related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

This section of the report presents the financial results of CPC. As noted previously, CPC is the only U.S. producer of barium carbonate.[4] While barium carbonate represented the *** share of CPC's total revenue in 2013 (*** percent), barium chloride (*** percent) also accounts for ***, followed by sodium sulfide (flake) (*** percent) and barium matabórate (*** percent), as well as "all other products" (*** percent).[5] CPC confirmed that the activity reflected by the above-referenced products occurs entirely at the company's facility in Cartersville, Georgia.

CPC purchases ***.[6] As described by CPC, ***.[7] The financial results presented in this section of the report and in Appendix C reflect the costs recognized by CPC in its own accounting books and records.[8]

Operations on barium carbonate

Table III-7 presents the barium carbonate financial results of CPC. A variance analysis of these financial results is presented in Table III-8.[9]

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[4] CPC's annual financial results were reported for calendar-year periods and on the basis of U.S. GAAP.

[5] CPC U.S Producer questionnaire, response to III-5. ***. October 16, 2014 e-mail with attachments from counsel to CPC to USITC auditor. Unless otherwise noted, qualitative information presented in this section of the report is based on CPC's October 16, 2014 submission.

[6] ***.

[7] CPC U.S. producer questionnaire, response to III-8.

[8] The prehearing report provided financial data with and without an adjustment to eliminate profit and loss included in inputs purchased from related suppliers. The current staff report focuses on data without the aforementioned adjustment. Since the issuance of the prehearing report, the Commission has determined that prospectively it will no longer require an adjustment to eliminate profit and loss included in inputs purchased from related suppliers. Instead and notwithstanding unusual circumstances, relevant cost information associated with purchases from related suppliers should correspond to the manner in which this information is reported in the U.S. producer's own accounting books and records. See *1,1,1,2-Tetrafluoroethane from China, Inv. Nos. 701-TA-509 and 731-TA-1244 (Final)*, USITC Publication 4503, December 2014, pp. 23 and 37. For consistency and continuity purposes, Appendix E in the current staff report retains CPC's financial results using the "input at cost" methodology that had been presented in Parts I and III of the prehearing report.

[9] The Commission's variance analysis is calculated in three parts: sales variance, COGS variance, and sales, general and administrative (SG&A) expenses variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A expenses variances) and a volume (quantity) variance. The sales or cost variance is calculated as the change in unit

(*continued*...)

Table III-7
Barium carbonate: Results of operations of CPC, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

Table III-8
Barium carbonate: Variance analysis on the operations of CPC, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

Revenue

The majority of CPC's barium carbonate revenue reflects *** of barium carbonate. Accordingly, the relevant tables present a single line item for revenue.[10]

Sales volume

As shown in table III-8, sales volume variances (both negative and then positive) were larger during the first part of the period. After 2010, subsequent full-year volume variances (positive through 2012 and then negative between 2012 and 2013) were relatively small while, in contrast, the interim 2013-14 negative volume variance was more notable. With regard to the pattern of sales volume, CPC confirmed that ***. With regard to the lower sales volume in interim 2014 compared to interim 2013 specifically, CPC stated that ***.

Sales value

With regard to how sales value is established, CPC reported that it ***.

As shown in table III-7, the directional trend of average sales value and raw material costs was not uniform throughout the period; e.g., the only negative price variance of the period (***) coincided with a *** percent increase in average raw material cost, while the largest positive price variance (***) coincided with a *** percent decline in average raw material cost. With regard to this divergence in general, ***. As described by CPC, the *** increase in average sales value in *** reflects ***. Changes in average sales value to some extent also reflect period-to-period variations in product mix.[11]

(…*continued*)
price/cost times the new volume, while the volume variance is calculated as the change in volume times the old unit price/cost. Summarized at the bottom of table III-8, the price variance is from sales, the cost/expense variance is the sum of those items from COGS and SG&A, respectively, and the net volume variance is the sum of the price, COGS, and SG&A volume variances. The Commission's variance analysis is generally enhanced when product mix remains constant during the period. ***.

[10] ***.

[11] CPC stated that the ***.

Cost of goods sold

Table III-7 shows that generally the largest component of COGS was other factory costs, followed by raw materials and direct labor. For 2013 specifically, CPC identified the following primary inputs, classified as raw material costs, and their corresponding share of total COGS: *** was classified as a component of other factory costs.

In general and while there were several periods when period-to-period changes in average raw material cost were notable, changes in average other factory costs and average direct labor tended to be more important in terms of their impact on CPC's barium carbonate financial results. During 2009 and 2010, when production and sales volumes were at lower levels due to the recession, ***.

In the latter part of the period, CPC's average direct labor and other factory costs ***. ***.[12]

Gross profit or loss

CPC reported *** in several annual periods and a *** in interim 2014. In 2010 and 2011, CPC's *** in part reflect the impact of increases in average raw material costs that were effectively amplified by a decline in average sales value in 2010 and then only partially offset by higher average sales value in 2011. For the reasons previously described, CPC's average other factory costs was also at an elevated level in 2010. These factors generally explain CPC's *** in 2010 and 2011 with subsequent improvement reflecting the combination of an increased spread between average sales value and raw material costs and lower average direct labor and other factory costs.

Table III-7 shows that CPC's gross profit ratio *** between 2012 and 2013 and was *** in interim 2014. To the extent that the spread between average sales value and raw material cost *** at the end of the period generally reflects higher average direct labor and other factory costs. Average direct labor and other factory costs were at their *** levels of the period in interim 2014 (see *Cost of goods sold section* above).

SG&A expenses and operating income

CPC stated that ***. ***.

While total SG&A expenses fluctuated somewhat, they remained within a relatively narrow range. In general, period-to-period variability in SG&A expense ratios (total SG&A expenses divided by total sales) was a function of changes in revenue. As shown in table III-7, SG&A expense ratios remained within a relatively narrow range.

[12] ***. Ibid.

Capital expenditures and research and development expenses

Table III-9 presents CPC's capital expenditures and research and development (R&D) expenses.[13]

CPC reported *** R&D expenses during the period. As shown in table III-9, the company's capital expenditures ***

Table III-9

Barium carbonate: Capital expenditures and research and development expenses of CPC, 2008-13, January-June 2013, January-June 2014

* * * * * * *

***.[14]

[13] CPC's total assets ranged from *** to ***. With respect to a company's overall operations, staff notes that a total net asset value (i.e., the bottom line value on the asset side of a company's balance sheet) reflects an aggregation of a number of assets that are often not product specific. Given the production and sale of other products at CPC's plant in Cartersville, Georgia, as noted above, it is reasonable to assume that allocations were required to report a total net asset value specific to barium carbonate operations.

[14] CPC U.S. producer questionnaire response, response to III-13b. ***. October 16, 2014 e-mail with attachments from counsel to CPC to USITC auditor.

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

Overview

The Commission issued questionnaires to 13 firms believed to have imported barium carbonate since 2008. Five firms provided data and information in response to the questionnaires, while one firm indicated that it had not imported barium carbonate since 2008. Based on official Commerce statistics for imports of barium carbonate, importers' questionnaire data accounted for 80.9 percent of total U.S. imports and virtually all U.S. imports from China during 2013.[1]

In light of the data coverage by the Commission's questionnaires, import data in this report are based on official Commerce statistics for barium carbonate.

Imports from subject and nonsubject countries

Tables IV-1 and figures IV-1 and IV-2 present information on U.S. imports of barium carbonate from China and all other sources. Imports of barium carbonate from China decreased by 89.9 percent between 2008 and 2013. Imports of barium carbonate from China decreased between 2008 and 2010, peaked in 2011, then decreased during 2012-13. Imports of barium carbonate from nonsubject countries also decreased by 32.4 percent during 2008-13 and accounted for the vast majority of total U.S. imports in each full and partial period. The primary nonsubject sources of barium carbonate were Germany and India during 2008-09 and Italy thereafter.[2] Imports of barium carbonate from nonsubject countries, by quantity, decreased overall during 2008-13, but were higher in interim 2014 than in interim 2013. Subject unit values increased each year between 2008 and 2011 then decreased thereafter, with an overall increase in 2013 when compared with 2008. Nonsubject unit values increased each year between 2008 and 2013. High unit values for Italy and all other countries are consistent with the relatively large share of high purity barium carbonate imports from nonsubject countries. ***.[3] During the original investigation, ***.[4]

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[1] ***.

[2] CPC attributes the increase of imports from Italy to ***. CPC's answers to Commission questions, p. 7.

[3] Solvay Fluorides ***.

[4] Confidential Staff Report, INV-AA-122, p. I-6 n 27; and email from ***, June 25, 2003, EDIS no. 188533.

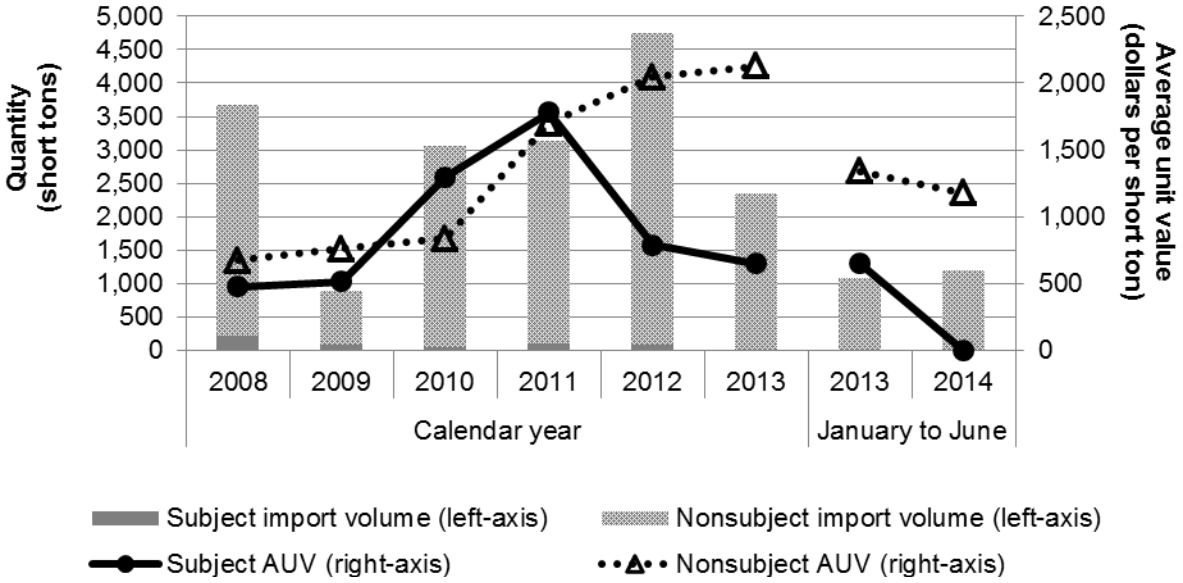
Table IV-1
Barium carbonate: U.S. imports by source, 2008-13, January-June 2013, and January-June 2014

Country	Calendar year						January-June	
	2008	2009	2010	2011	2012	2013	2013	2014
Quantity (short tons)								
China, subject	218	86	53	103	84	22	22	--
Brazil	220	66	--	--	--	--	--	--
Germany	1,649	607	822	775	439	406	262	248
India	1,387	62	585	510	687	288	66	352
Italy	203	56	1,604	1,759	3,516	1,644	736	596
All other countries	2	20	2	--	21	([1])	([1])	--
Nonsubject countries	3,461	811	3,013	3,044	4,663	2,338	1,064	1,196
Total	3,679	897	3,066	3,147	4,747	2,360	1,086	1,196
Value LDP ($1,000)								
China, subject	104	44	69	183	66	14	14	--
Brazil	107	24	--	--	--	--	--	--
Germany	964	369	535	540	312	314	203	222
India	761	33	325	369	474	201	52	232
Italy	491	134	1,642	4,267	8,714	4,453	1,171	954
All other countries	14	56	16	--	28	7	3	--
Nonsubject countries	2,337	617	2,518	5,175	9,528	4,976	1,429	1,408
Total	2,441	662	2,587	5,359	9,595	4,990	1,443	1,408
Unit value (per short ton)								
China, subject	476	516	1,297	1,780	790	652	652	--
Brazil	487	369	--	--	--	--	--	--
Germany	585	609	651	696	711	773	774	896
India	548	535	556	723	690	699	792	660
Italy	2,421	2,394	1,024	2,426	2,478	2,709	1,591	1,600
All other countries	6,830	2,807	7,854	--	1,336	([1])	([1])	--
Nonsubject countries	675	761	836	1,700	2,043	2,128	1,343	1,177
Total	663	738	844	1,703	2,021	2,114	1,329	1,177

[1] Quantities are less than one short ton, resulting in anomalously high unit values, and are thus not presented in this table**.**

Source: Official import statistics, HTS statistical reporting number 2836.60.0000.

Figure IV-1
Barium carbonate: U.S. import volumes and unit values, 2008-13, January-June 2013, and January-June 2014



Source: Official import statistics, HTS statistical reporting number 2836.60.0000.

Figure IV-2
Barium carbonate: U.S. imports by source, 2000-13

* * * * * * *

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO JUNE 30, 2014

The Commission requested importers to indicate whether they had imported or arranged for the importation of barium carbonate from China or other sources for delivery after June 30, 2014. Three of five firms reported such imports from nonsubject sources. ***. Although *** reported such imports, quantities were too small to be captured in the Commission's questionnaire.[5]

U.S. IMPORTERS' INVENTORIES

There were no reported inventories of U.S. imports of barium carbonate from China. Only one firm, ***, reported small quantities of U.S. imports of barium carbonate from nonsubject sources.

[5] Email from ***, November 5, 2014.

THE INDUSTRY IN CHINA

Overview

China is the largest supplier of barium carbonate to the global market. In 2013, China accounted for 93.3 percent of global exports, by volume, shipping barium carbonate to sixty-one countries.[6] In its response to the Commission questionnaire, Chinese producer Hubei estimates ***. Hubei describes end uses for barium carbonate in China ***. CPC estimated that in 2012, barium carbonate producers in China had a production capacity of *** metric tons (*** short tons) and produced approximately *** metric tons (*** short tons) for a capacity utilization rate of *** percent. CPC asserts that Chinese producers of barium carbonate are facing a reduction in demand as production of cathode ray tubes declines in Asian markets, having already ended in the United States.[7]

Operations on barium carbonate

During the original investigation, questionnaire responses were received from two major producers in China, Guizhou Red Star and Hebei Xinji Chemical Group, accounting for an estimated *** percent of reported U.S. imports of the subject merchandise during 2002.[8] In the first five-year review, the Commission conducted an expedited review and did not issue questionnaires; however, CPC provided a list of nine Chinese producers of barium carbonate and their attendant 2008 capacities.[9] In its response to the Commission's notice of institution, CPC stated that based on industry knowledge, it believes that at least eight firms regularly export barium carbonate from China and are capable of exporting the subject product to the United States.[10]

In the current review, the Commission issued questionnaires to nine firms believed to produce barium carbonate in China. Only one usable questionnaire response was received from a Chinese producer/exporter of the subject merchandise, representing approximately *** percent of Chinese exports of barium carbonate in 2013.

Table IV-2 presents Hubei's capacity, production, shipments, and inventories. In addition, Hubei was asked to indicate whether it had experienced any plant openings, closings, relocations, expansions, consolidations, prolonged shutdowns or curtailments, revised labor agreements, or any other change in the character of their operations relating to the production of barium carbonate since 2008. ***.

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[6] Global Trade Information Services Inc. Global Trade Atlas HS 283660. Retrieved December 11, 2014.

[7] CPC's response to notice of institution, pp. 7-8.

[8] *Barium Carbonate from China, Investigation No. 731-TA-1020 (Review),* Staff Report, INV-FF-157, December 30, 2008, p. I-20.

[9] *Barium Carbonate from China, Investigation No. 731-TA-1020 (Review),* Staff Report, INV-FF-157, December 30, 2008, p. I-20.

[10] CPC's response to notice of institution, p. 14.

Table IV-2
Barium carbonate: Hubei's capacity, production, shipments, and inventories, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

Tariff and non-tariff barriers to trade

Foreign producers/exporters of the subject merchandise were asked if their exports of barium carbonate were subject to tariff or non-tarriff barriers to trade in any countries other than the United States. Hubei reported tariff barriers in India and the EU. In February 2011, India imposed antidumping duties on imports of barium carbonate from China, with duties ranging from $76 per metric ton to $236 per metric ton. The Indian decision notes that Chinese imports surged over the proceeding's period of investigation, rising from approximately 10 percent of the Indian market to more than 50 percent.[11] On August 16, 2011, the Council of the European Union (EU) prolonged its antidumping duties against Chinese producers at rates ranging from 6.3 to 56.4 Euros/metric ton.[12] The EU noted that "the investigation showed that the Chinese exporting producers had significant spare capacities during the RIP, i.e. around 280,000 tonnes (approximately 308,647 short tons)."[13] [14] Both the Indian and the EU measures are in effect five years from initiation.

GLOBAL MARKET

Supply

There is little publicly-available information characterizing the global market for barium carbonate. However, the Global Trade Atlas provides data that give an outline of the global market (presented in table IV-3).[15] Global export data suggest that Chinese producers are the largest source of supply for the global market. During 2008-13, China was the predominant exporter of barium carbonate, accounting for at least 89.5 percent of total global exports in each year during that time period. Exports from Belgium, the second largest exporting nation, accounted 5.2 percent or less of total global exports in each year during 2008-13. The highest level of exports, 220,954 short tons was in 2008, with export quantities in 2009-13 fluctuating between 160,257 and 195,102 short tons.

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[11] CPC's response to notice of institution, p. 10; and Hubei's questionnaire response.

[12] Council Implementing Regulation (EU) No 831/2011, *Official Journal of the European Union*, August 19, 2011, pp. L 214/1-10.

[13] CPC's response to notice of institution, p. 9 and exh. 6.

[14] Notification No. 6 /2011-Customs, The Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i).

[15] Global Trade Information Services Inc. Global Trade Atlas, HS 283660. Retrieved December 11, 2014.

Table IV-3
Barium carbonate: World exports, by country, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (short tons)					
Belgium	7,430	8,288	9,761	5,535	5,959	3,208
China	199,989	143,978	174,386	182,493	161,470	149,587
United States	1,741	1,152	1,624	1,862	3,108	1,980
All other countries	11,794	7,379	6,988	5,211	5,314	5,484
Total	220,954	160,797	192,758	195,102	175,851	160,257
	Value (1,000 dollars)					
Belgium	3,460	3,689	4,095	3,036	3,329	2,045
China	49,430	35,924	47,474	74,818	66,670	59,747
United States	3,020	2,030	3,305	1,611	8,507	4,783
All other countries	9,289	7,197	7,150	6,638	7,504	7,077
Total	65,199	48,840	62,024	86,103	86,010	73,652
	Unit value (dollars per short ton)					
Belgium	466	445	420	549	559	637
China	247	250	272	410	413	399
United States	1,735	1,762	2,035	865	2,737	2,416
All other countries	788	975	1,023	1,274	1,412	1,290
Total	295	304	322	441	489	460

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

Source: Global Trade Information Services Inc., Global Trade Atlas, HS 283660. Retrieved December 11, 2014.

As presented in table IV-4, Global Trade Atlas data indicate that during 2008-13, Spain was the largest export market for barium carbonate from China in terms of both quantity and value. During this time period, the quantity of Chinese exports declined by 25.2 percent, from 199,989 to 149,587 short tons, but the value of Chinese exports increased by 20.9 percent from $49.4 million to $59.7 million.

Table IV-4
Barium carbonate: Exports from China, by country, 2008-13[1]

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (short tons)					
Belgium	5,572	7,920	6,798	4,491	4,475	4,427
Egypt	2,561	3,575	4,503	5,876	8,052	8,449
India	31,685	20,526	7,233	11,604	7,208	4,287
Italy	13,599	10,027	12,035	11,260	9,997	10,298
Japan	14,929	12,873	18,119	18,898	6,986	6,527
Malaysia	15,637	8,980	10,125	6,962	3,613	1,251
Russia	4,595	2,462	4,259	5,844	5,505	5,823
South Korea	15,545	9,316	15,083	9,000	11,099	8,056
Spain	38,149	19,861	34,120	28,319	21,663	25,573
All other countries	57,717	48,438	62,111	80,239	82,872	74,896
Total	199,989	143,978	174,386	182,493	161,470	149,587
	Value (1,000 dollars)					
Belgium	1,390	1,908	1,709	1,679	1,759	1,631
Egypt	570	752	1,046	2,156	3,115	3,058
India	7,274	4,084	1,766	4,037	2,501	1,511
Italy	3,535	2,510	3,288	4,346	3,879	3,930
Japan	4,683	5,226	5,803	9,881	5,101	2,550
Malaysia	3,373	2,004	2,467	2,489	1,329	450
Russia	1,137	621	1,087	2,197	2,094	2,126
South Korea	3,574	2,257	3,878	3,753	4,852	4,264
Spain	9,353	4,773	9,049	10,798	8,676	9,695
All other countries	14,541	11,789	17,381	33,482	33,364	30,532
Total	49,430	35,924	47,474	74,818	66,670	59,747
	Unit value (dollars per short ton)					
Belgium	249	241	251	374	393	368
Egypt	223	210	232	367	387	362
India	230	199	244	348	347	352
Italy	260	250	273	386	388	382
Japan	314	406	320	523	730	391
Malaysia	216	223	244	358	368	360
Russia	247	252	255	376	380	365
South Korea	230	242	257	417	437	529
Spain	245	240	265	381	400	379
All other countries	252	243	280	417	403	408
Total	247	250	272	410	413	399

Footnotes continued on next page.

[1] France, Italy, South Korea, Spain, and Taiwan are the largest export markets for Chinese producers based on value.

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

Source: Global Trade Information Services Inc., Global Trade Atlas, HS 283660. Retrieved December 11, 2014.

Demand

Firms' responses regarding demand outside the United States since 2008 and anticipated future demand are summarized in table IV-5 below. The majority of firms reported that demand has not changed since 2008 and indicated that they expect this trend to continue. The responding *** producer, ***, and ***, indicated that demand from outside the U.S. had decreased since 2008, citing the 2008 economic crisis and phase-out of the use of cathode ray tubes in televisions as reasons. Regarding anticipated future demand, *** responded that demand would fluctuate and *** responded that it would increase, both citing potential growth based on recovery from the 2008 economic crisis.

Table IV-5
Barium carbonate: Firms' responses regarding demand outside of the United States, by number of responding firms

* * * * * * *

Global Trade Atlas data indicate that global demand for barium carbonate may have declined during 2008-13. During this period, global imports peaked in 2011 at 245,163 short tons, and then declined to 186,332 short tons in 2012 and 182,915 short tons in 2013. In contrast to export data, import data show a diffuse global market, with several countries importing substantial amounts of barium carbonate. Spain had the highest annual average volume of imports during this period, 26,910 short tons, but with an average unit value, $391 per short ton, below the global average of $560 per short ton. Among leading importers, Japan had the highest average unit value, $1,129 per short ton.

Table IV-6

Barium carbonate: World imports, by country, 2008-13[1]

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (short tons)					
France	17,777	18,291	16,707	15,899	16,143	14,417
India	29,418	19,760	7,580	10,427	5,980	5,664
Italy	17,803	12,023	15,310	14,088	10,441	11,301
Japan	18,053	13,621	22,702	23,950	11,255	11,660
Russia	4,741	2,093	4,275	5,683	6,863	7,214
South Korea	15,721	9,211	15,048	9,964	13,311	9,076
Spain	40,790	16,406	33,229	27,976	20,354	22,702
All other countries	94,107	67,042	92,707	137,176	101,985	100,881
Total	238,410	158,447	207,558	245,163	186,332	182,915
	Value (1,000 dollars)					
France	8,327	7,706	8,024	9,086	12,382	8,887
India	10,194	5,267	2,416	4,108	2,497	2,283
Italy	7,314	4,354	6,097	7,133	5,150	5,378
Japan	12,308	9,448	18,122	25,516	20,440	20,061
Russia	1,647	692	1,513	2,659	3,582	3,480
South Korea	5,829	3,969	6,824	7,715	11,230	9,965
Spain	13,938	4,835	11,230	12,614	9,582	10,177
All other countries	44,382	32,537	49,023	75,745	67,911	63,125
Total	103,940	68,808	103,250	144,576	132,775	123,357
	Unit value (dollars per short ton)					
France	468	421	480	571	767	616
India	347	267	319	394	418	403
Italy	411	362	398	506	493	476
Japan	682	694	798	1,065	1,816	1,720
Russia	347	331	354	468	522	482
South Korea	371	431	453	774	844	1,098
Spain	342	295	338	451	471	448
All other countries	472	485	530	552	666	626
Total	436	434	498	590	713	674

[1] France, Japan, South Korea, Spain, and the United States are the largest importing countries based on value.

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

Source: Global Trade Information Services Inc., Global Trade Atlas, HS 283660. Retrieved December 11, 2014.

Prices

U.S. producers and U.S. importers were asked to compare prices of barium carbonate in the U.S. and foreign markets, but none reported to have any knowledge of pricing structures in any other countries. U.S. producer CPC stated that it was ***. Chinese producer Hubei suggested that the prices of barium carbonate ***, and *** producer *** indicated that the prices in ***.

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw materials costs

U.S. producer CPC reported that raw materials as a share of cost of goods sold (COGS) increased from *** percent in 2008 to *** percent in 2013. The principal inputs used to produce domestic barium carbonate are barite ore (barium sulfate), natural gas, and petroleum coke. Of these, ***.[1]

CPC reported that ***. ***, one of the three responding importers, and all three responding foreign producers indicated that they expect the prices of barite ore to increase, citing its use as a weighting agent in oil and gas exploration.[2] According to U.S. Geological Survey data, the industrial price for barite ore increased by 50.7 percent between 2008 and 2013, as shown in figure V-1.[3]

Energy costs

According to U.S. Energy Information Administration (USEIA) data, natural gas prices decreased by approximately 44.8 percent from 2008 to 2009, then fluctuated between 40.2 and 56.9 percent of the 2008 price until 2013 (figure V-2).

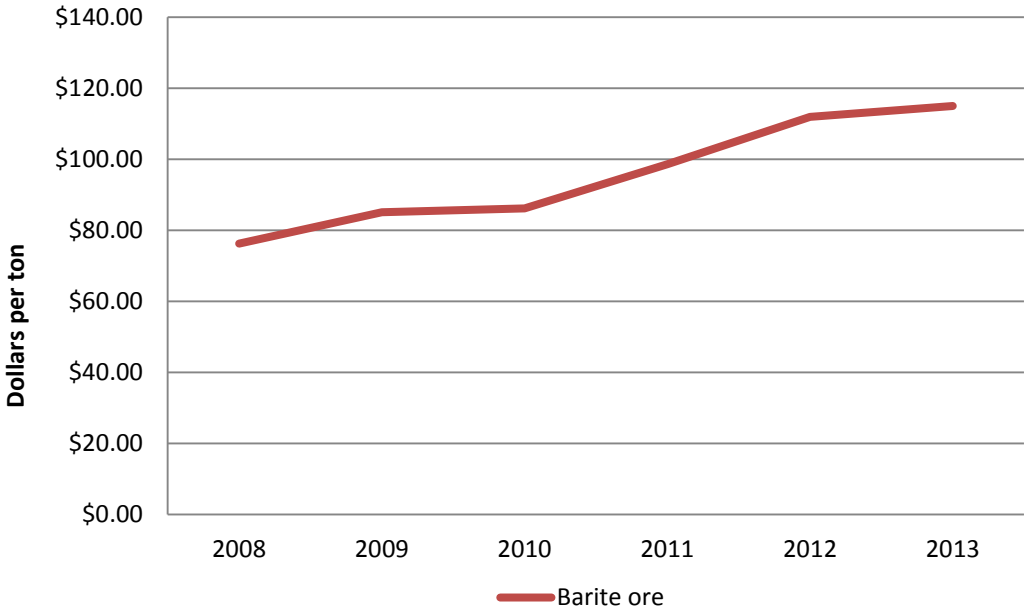
[1] CPC reported that barite ore accounts for approximately *** percent of its total COGS, natural gas accounts for *** percent, and petroleum coke accounts for *** percent.

[2] According to U.S. Geological Survey (USGS) data, "(n)early 95% of the barite sold in the United States was used as a weighting agent in fluids used in the drilling of oil and natural gas wells." http://minerals.usgs.gov/minerals/pubs/commodity/barite/mcs-2014-barit.pdf. As oil and gas production grows, demand for barite ore is expected to grow and put upward pressure on prices.

[3] By comparison, the price of petroleum coke decreased by 14.8 percent from 2008 to 2013.

Figure V-1

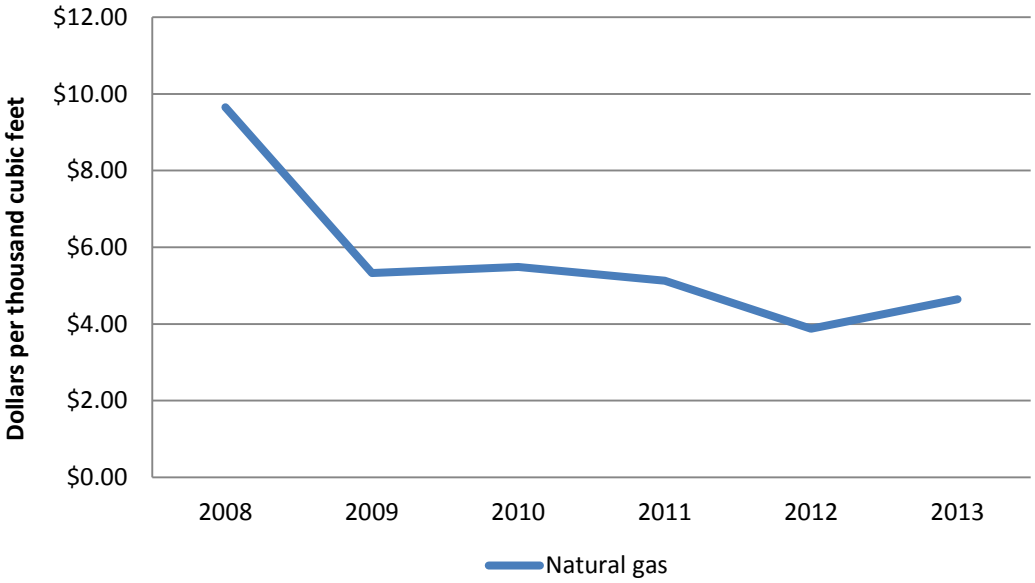
Raw material costs: Prices for barite ore (dollars per ton, f.o.b. mine), annually, 2008-13



Source: USGS barite statistics (estimated price, average value), retrieved November 13, 2014.

Figure V-2

Energy costs: Prices for natural gas (dollars per thousand cubic feet, industrial price), annually, 2008-13



Source: USEIA natural gas statistics, retrieved December 15, 2014.

Transportation costs to the U.S. market

Transportation costs for barium carbonate shipped from China to the United States averaged 18.2 percent from 2008 to 2013 but fluctuated markedly during that time. In 2008, transport costs were 19.8 percent of the total delivered cost, but that dropped to 5.6 percent by 2010. It then rose incrementally to 13.7 percent by 2012, before jumping to 46.8 percent in 2013. These estimates were derived from official import data and represent the transportation and other charges on imports.[4]

Two of five responding importers and *** reported that the exporter typically arranges international transportation. One importer, ***, reported specific costs of shipping barium carbonate to the United States from China, estimating the cost at *** per short ton. Foreign producer Hubei reported a cost of *** per short ton for shipping Chinese-produced barium carbonate.[5]

U.S. inland transportation costs

*** reported that the purchaser typically arranges transportation. CPC estimated U.S. inland transportation costs to be about *** percent of its total delivered cost. Two of three responding importers reported the inland transportation costs of their barium carbonate imports from China to be *** percent and the third reported it to be *** percent of its total delivered cost.

[4] The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for year and then dividing by the customs value based on the HTS subheading 2836.60.0000.

[5] German producer Solvay-CPC and Italian producer Solvay Bario also reported costs of *** per short ton and *** per short ton, respectively, for shipping barium carbonate produced in those nonsubject countries to the United States.

PRICING PRACTICES

Pricing methods

As presented in table V-1, U.S. producer CPC reported using *** to determine its prices of barium carbonate, and importers primarily use transaction-by-transaction negotiations.

Table V-1
Barium carbonate: U.S. producer CPC's and importers' reported price setting methods, by number of responding firms[1]

Method	U.S. producer	Importers
Transaction-by-transaction	***	5
Contract	***	1
Set price list	***	0
Other	***	0

[1] The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

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

Producer CPC reported selling *** percent of its barium carbonate in the spot market, *** percent under short-term contracts, and *** percent under long-term contracts in 2013. The average length of time for its short-term contracts was *** days and for long-term contracts was *** days, under both of which ***.

Two of the three U.S. importers that reported imports of barium carbonate from China between 2008 and 2013 reported selling *** percent of their product in the spot market in 2013. One importer that imported from nonsubject countries indicated that it sold *** percent in the spot market, and another that imported from nonsubject countries reported that it sold *** percent under short-term contract and the remaining *** percent in the spot market.[6]

Two purchasers reported that they purchase weekly, three reported that they purchase monthly, five reported that they purchase quarterly, two reported that they purchase annually, and four purchasers reported "other".[7] Specifically, purchaser *** reported purchasing as required based on production, *** reported purchasing based on demand, *** reported purchasing ***, and *** reported that ***. One of the responding purchasers reported that it expects its purchasing pattern to change in the next two years, indicating that it expects to purchase more frequently.

Half (7 of 14) of the responding purchasers reported that they only contact one firm before making a purchase. Three reported that they contact between one and two suppliers,

[6] Only *** foreign producers from nonsubject countries reported details of their 2013 sales arrangements. *** and *** reported that *** percent of their 2013 barium carbonate sales were ***. Both firms reported that their contracts were *** days in length, ***.

[7] No purchasers reported that they purchase product daily.

two reported contacting as many as three suppliers, one reported contacting as many as four suppliers, and one reported contacting as many as five suppliers before making a purchase.

Most (11 of 17) purchasers also reported that their purchases do not involve negotiations with the supplier. Of the six purchasers that did report negotiating with the supplier, three cited pricing as the primary factor and one reported that it negotiates annually based on its current volume.

Sales terms and discounts

*** reported that they typically quote prices on an f.o.b. basis, while *** reported that they typically quote prices on a delivered basis.

CPC reported that typical sales terms for its U.S.-produced barium carbonate were ***, and that it ***. One importer of Chinese barium carbonate reported that it *** and sales terms of *** days. One importer of barium carbonate from nonsubject countries reported offering annual total volume discounts and sales terms of net 60 days. The other three importers reported offering no discounts and sales terms of net 30 days.

Price leadership

Three U.S. purchasers reported that there was a price leader in the barium carbonate market and all three named U.S. producer CPC. Of the three, all are manufacturers of *** and all *** from ***.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following barium carbonate products shipped to unrelated U.S. customers during January 2008 – June 2014:

Product 1.-- Granular barium carbonate, calcined, sold in any size packaging, with a total $BaCO_3$ + $SrCO_3$ content of at least 97 percent

Product 2.-- Granular barium carbonate, compacted (compressed), sold in any size packaging, with a total $BaCO_3$ + $SrCO_3$ content of at least 97 percent

Product 3.-- Free-flowing powdered barium carbonate, similar to CPC's Micro-Flo™, sold in any size packaging, with a total $BaCO_3$ + $SrCO_3$ content of at least 97 percent

Product 4.-- Powdered barium carbonate other than free-flowing, sold in any size packaging, with a total $BaCO_3$ + $SrCO_3$ content of at least 97 percent

U.S. producer CPC provided useable data for three of the four requested products (products 1, 3, and 4), and one importer provided useable data for one of the requested products (product 3).[8]

Pricing data reported by these firms accounted for *** percent of CPC's U.S. commercial shipments and *** percent of reported U.S. shipments of subject imports of barium carbonate from China since 2008. Price data for products 1, 3, and 4 are presented in tables V-2 and V-3, and figures V-3, V-4, and V-5.

Table V-2
Barium carbonate: Weighted-average f.o.b. prices and quantities of domestic products 1 and 4, by quarter, January 2008-June 2014

* * * * * * *

Table V-3
Barium carbonate: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarter, January 2008-June 2014

* * * * * * *

Figure V-3
Barium carbonate: Weighted-average f.o.b. prices and quantities of domestic product 1, by quarter, January 2008-June 2014

* * * * * * *

Figure V-4
Barium carbonate: Weighted-average f.o.b. prices and quantities of domestic product 4, by quarter, January 2008-June 2014

* * * * * * *

[8] No parties produced or imported product 2, so no pricing data is available.

One other importer, ***, provided pricing data for product 3, but the reported price in one comparison was *** percent of the reported domestic price and *** percent and *** percent of the reported domestic prices in the other two comparisons. The volumes were also *** short tons. These data are therefore excluded from the pricing analysis.

Additionally, one importer, ***, provided pricing data for product 4, but the reported prices were *** percent higher than reported domestic prices and the volume imported was *** for each instance. The importer indicated that "(t)he main reason for the higher price is ***; therefore Staff does not believe this to be comparable with other product 4. As such, pricing data for Chinese-produced product 4 are also excluded from the pricing analysis.

Figure V-5
Barium carbonate: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, by quarter, January 2008-June 2014

* * * * * * *

Price trends

Prices of products 1, 3, and 4 have all increased since 2008. Table V-4 summarizes the price trends, by country and by product. As shown in the table, domestic price increases ranged from *** to *** percent between 2008 and June 2014 while import prices for Chinese product 3 increased by *** between 2011 and 2013, though based on a limited number of quarterly data points.

Table V-4
Barium carbonate: Summary of weighted-average f.o.b. prices for products 1, 3, and 4 from the United States and China

Item	Number of quarters	Low price (per short ton)	High price (per short ton)	Change in price[1] (percent)
Product 1				
United States	26	$***	$***	***
Product 3				
United States	26	***	***	***
China	3	***	***	***
Product 4				
United States	26	***	***	***

[1] Percentage change from the first quarter in which data were available to the last quarter in which price data were available, based on rounded data.

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

Price comparisons

As shown in table V-5, prices for barium carbonate imported from China were below those for U.S.-produced barium carbonate in all instances; margins of underselling ranged from *** to *** percent. This is slightly lower in comparison to the underselling margins reported for the same product (product 3) in the original investigation.[9]

[9] In the original investigation, imports from China were priced lower than domestic product in 7 of 13 comparisons for product 1 (ranging from *** to *** percent), all 5 comparisons for product 3 (ranging from *** to *** percent), and all 13 comparisons for product 4 (ranging from *** to *** percent). In the other six comparisons for product 1, imports from China were priced higher than domestic product by

(*continued*...)

Table V-5

Barium carbonate: Instances of underselling/overselling and the range and average of margins, by country, January 2008 – June 2014

Source	Number of quarters of underselling	Number of quarters of (overselling)	Margins of underselling			Margins of (overselling)		
			Average *(percent)*	Range *(percent)*		Average *(percent)*	Range *(percent)*	
				Min	Max		Min	Max
China	3	0	***	***	***	--	--	--

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

Purchasers' perceptions of relative price trends

Purchasers were asked how the prices of barium carbonate from the United States had changed relative to the prices of barium carbonate from China since 2008. Among the seven purchasers that reported on price changes, two firms reported that there had been no change, one firm reported that the prices changed by the same amount, one firm reported that the price for U.S.-produced barium carbonate is now relatively lower than that from China, and three firms reported that the price for U.S.-produced barium carbonate is now relatively higher than that from China.[10]

(…*continued*)

margins ranging from *** to *** percent. *Confidential Staff Report, Barium Carbonate from China, Inv. No. 731-TA-1020*, August 2003, Tables V-1–V-3.

[10] Only two of fifteen U.S. purchasers reported having marketing/pricing knowledge of barium carbonate from China, and the one that reported on price changes indicated that U.S.-produced barium carbonate is now relatively higher than that from China.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
79 FR 6163, February 3, 2014	*Initiation of Five-Year ("Sunset") Review*	http://www.gpo.gov/fdsys/pkg/FR-2014-02-03/pdf/2014-02226.pdf
79 FR 6219, February 3, 2014	*Barium Carbonate From China; Institution of a Five-Year Review*	http://www.gpo.gov/fdsys/pkg/FR-2014-02-03/pdf/2014-01897.pdf
79 FR 29454, May 22, 2014	*Barium Carbonate from China, Notice of Commission Determination To Conduct a Full Five-Year Review*	http://www.gpo.gov/fdsys/pkg/FR-2014-05-22/pdf/2014-11830.pdf
79 FR 44864, August 1, 2014	*Barium Carbonate From China: Scheduling of A Full Five-Year Review*	http://www.gpo.gov/fdsys/pkg/FR-2014-08-01/pdf/2014-18078.pdf
79 FR 32221, June 4, 2014	*Barium Carbonate From the People's Republic of China: Final Results of Expedited Second Sunset Review of the Antidumping Duty Order*	http://www.gpo.gov/fdsys/pkg/FR-2014-06-04/pdf/2014-12994.pdf
79 FR 72202, December 5, 2014	*Barium Carbonate From China; Revised Schedule for the Subject Review*	http://www.gpo.gov/fdsys/pkg/FR-2014-12-05/pdf/2014-28574.pdf
Note.–The press release announcing the Commission's determinations concerning adequacy and the conduct of a full or expedited review can be found at http://www.usitc.gov/press_room/news_release/2014/er0509mm2.htm. A summary of the Commission's votes concerning adequacy and the conduct of a full or expedited review can be found at http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11656. The Commission's explanation of its determinations can be found at http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11686.		

APPENDIX B

CPC'S REQUEST TO CANCEL THE COMMISSION'S HEARING

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November 26, 2014

VIA EDIS **PUBLIC DOCUMENT**

The Honorable Lisa R. Barton
Acting Secretary
U.S. International Trade Commission
500 E Street, S.W.
Washington, D.C. 20436

Investigation No. 731-TA-1020
(Second Sunset Review)

Re: *Barium Carbonate from China (Second Sunset Review)*: Request to Appear at Hearing and Request for Consideration of Cancellation of Hearing

Dear Secretary Barton:

On behalf of Chemical Products Corporation ("CPC"), a domestic producer of the subject merchandise in the above-referenced sunset review, we hereby file this request to appear at the hearing scheduled for December 3, 2014 in connection with this review. This request is timely filed pursuant to the Commission's scheduling notice of August 1, 2014. *Barium Carbonate From China: Scheduling of A Full Five-Year Review*, 79 Fed. Reg. 44,864 (Aug. 1, 2014).

We further respectfully request that the Commission consider whether the scheduled hearing should be cancelled given considerations of cost and administrative efficiency. CPC recognizes that the hearing can provide an important opportunity for the Commission to achieve a fuller understanding of the facts and legal issues involved in the proceeding. In this sunset review, however, several circumstances noted below indicate that the benefits of a hearing would be limited and may not justify the burden of a hearing on the Commission and staff as well as on CPC. Accordingly, if the Commission is amenable, CPC would propose to submit written testimony and responses to any questions by a date to be specified by the Commission in lieu of an actual hearing.

First, because respondent parties have declined to participate in any phase of this sunset review, it is unlikely that an oral hearing will elicit new information concerning the Chinese barium carbonate industry or the likely effect and impact of future imports on the domestic industry. In fact, CPC likely will be the only attendee to appear at the hearing. While CPC is willing to participate fully in the hearing, we expect that our testimony would focus on the points that we have made previously through our substantive response, questionnaire response, and in our prehearing brief submitted to the Commission on November 24, 2014. Accordingly, a hearing is unlikely to raise any new factual or legal issues not previously presented to the Commission.

Second, a public hearing is not likely to allow the Commission and CPC to fully discuss any questions that the Commission may have for CPC based on the information provided. Because CPC is the only domestic producer of barium carbonate, the Prehearing Report has necessarily redacted basic trade and financial data and industry trend data to avoid revealing business proprietary information of CPC. Thus, it is likely that CPC, in order to respond fully to questions from the Commission, would need to provide supplemental written responses in a confidential posthearing submission, comparable to the written responses that it could provide to the Commission in lieu of a public hearing.

Finally, cancellation of the hearing would allow CPC to avoid travel expenses and related costs associated with attendance at the hearing. CPC has attempted to minimize travel and discretionary expenses in response to current economic conditions affecting CPC's barium carbonate operations, such that these savings would provide a substantial benefit to CPC.

We would like to emphasize that this request that the Commission consider cancelling the hearing scheduled for December 3 does not result from any lack of interest by CPC in continuing the order. CPC maintains an extremely strong interest in retaining the antidumping duty order on barium carbonate from China and remains committed to cooperating with the Commission throughout this proceeding. Should the Commission choose to hold the oral hearing as scheduled on December 3, CPC will attend and participate fully.

We appreciate the Commission's willingness to consider the possibility of cancelling the scheduled hearing and allowing CPC to submit written testimony and answers to questions at a date to be determined by the Commission.

Our firm, as counsel to CPC, is the only party listed on the public service list issued by the Commission in this review. Accordingly, we have not served this submission on any person or entity, nor have we included a certificate of service with this filing.

Thank you for your attention to this filing. Please contact the undersigned if you have questions or need additional information.

Sincerely,

/s/ J. Christopher Wood

J. Christopher Wood
Counsel to Chemical Products Corporation

APPENDIX C

SUMMARY DATA

Table C-1
Barium carbonate: Summary data concerning the U.S. market, 2008-13, January to June 2013, and January to June 201

(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data							
	Calendar year						January to June	
	2008	2009	2010	2011	2012	2013	2013	2014
U.S. consumption quantity:								
Amount	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***
Importers' share (fn1):								
China	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***
U.S. consumption value:								
Amount	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***
Importers' share (fn1):								
China	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***
U.S. imports from:								
China:								
Quantity	218	86	53	103	84	22	22	0
Value	104	44	69	183	66	14	14	0
Unit value	$476	$516	$1,297	$1,780	$790	$652	$652	fn2
Ending inventory quantity	***	***	***	***	***	***	***	***
All other sources:								
Quantity	3,461	811	3,013	3,044	4,663	2,338	1,064	1,196
Value	2,337	617	2,518	5,175	9,528	4,976	1,429	1,408
Unit value	$675	$761	$836	$1,700	$2,043	$2,128	$1,343	$1,177
Ending inventory quantity	***	***	***	***	***	***	***	***
Total imports:								
Quantity	3,679	897	3,066	3,147	4,747	2,360	1,086	1,196
Value	2,441	662	2,587	5,359	9,595	4,990	1,443	1,408
Unit value	$663	$738	$844	$1,703	$2,021	$2,114	$1,329	$1,177
Ending inventory quantity	***	***	***	***	***	***	***	***
U.S. producers':								
Average capacity quantity	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***	***
U.S. shipments:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Export shipments:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***
Productivity (short tons per 1,000 hours)	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***
Net sales:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***
Gross profit of (loss)	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***

Table continued on the next page.

Table C-1--Continued
Barium carbonate: Summary data concerning the U.S. market, 2008-13, January to June 2013, and January to June 201

(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Period changes						
	2008-13	Calendar year 2008-09	2009-10	2010-11	2011-12	2012-13	Jan-Jun 2013-14
U.S. consumption quantity:							
Amount	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***
Importers' share (fn1):							
China	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***
U.S. consumption value:							
Amount	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***
Importers' share (fn1):							
China	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***
U.S. imports from:							
China:							
Quantity	(89.9)	(60.6)	(38.4)	94.3	(18.4)	(73.8)	(100.0)
Value	(86.2)	(57.2)	54.9	166.8	(63.8)	(78.4)	(100.0)
Unit value	37.0	8.4	151.4	37.3	(55.6)	(17.5)	fn2
Ending inventory quantity	***	***	***	***	***	***	***
All other sources:							
Quantity	(32.4)	(76.6)	271.5	1.0	53.2	(49.9)	12.4
Value	112.9	(73.6)	307.9	105.5	84.1	(47.8)	(1.5)
Unit value	215.2	12.7	9.8	103.4	20.2	4.1	(12.3)
Ending inventory quantity	***	***	***	***	***	***	***
Total imports:							
Quantity	(35.9)	(75.6)	241.8	2.6	50.8	(50.3)	10.1
Value	104.5	(72.9)	290.9	107.2	79.1	(48.0)	(2.4)
Unit value	218.7	11.2	14.4	101.8	18.7	4.6	(11.4)
Ending inventory quantity	***	***	***	***	***	***	***
U.S. producers':							
Average capacity quantity	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***
U.S. shipments:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***
Export shipments:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***
Productivity (short tons per hour)	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***
Net sales:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***
Gross profit of (loss)	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***

Notes:
fn1.--Reported data are in percent and period changes are in percentage points
fn2.--Undefined.

HISTORICAL DATA

Table C-1
Barium carbonate: Summary data concerning the U.S. market, using shipments of imports from questionnaire responses in the calculation of U.S. consumption, 2000-02, January-March 2002, and January-March 2003

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APPENDIX D

RESPONSES OF U.S. PRODUCER, U.S. IMPORTERS, U.S. PURCHASERS, AND FOREIGN PRODUCER CONCERNING SIGNIFICANCE OF THE ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION

U.S. PROCUCER'S COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION

The Commission requested U.S. producers to describe any changes in the character of their operations or organizations relating to the production of barium carbonate in the future if the antidumping duty order on barium carbonate from China were to be revoked. The following are quotations from the responses of CPC.

* * * * * * *

The Commission requested U.S. producers to describe the significance of antidumping duty order covering imports of barium carbonate from China in terms of its effect on their firm's production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. The following are quotations from the responses of CPC.

* * * * * * *

The Commission requested U.S. producers to describe any changes in its production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of barium carbonate in the future if the antidumping duty order on barium carbonate from China were to be revoked. The following are quotations from the responses of CPC.

* * * * * * *

U.S. IMPORTERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION

The Commission requested U.S. importers to describe any changes in the character of their operations or organizations relating to the importation of barium carbonate in the future if the antidumping duty order on barium carbonate from China were to be revoked. The following are quotations from the responses of U.S. importers.

* * * * * * *

The Commission requested U.S. importers to describe the significance of the antidumping duty order covering imports of barium carbonate from China in terms of its effect on their firm's imports, U.S. shipments of imports, and inventories. The following are quotations from the responses of U.S. importers.

* * * * * * *

The Commission requested U.S. importers to describe any changes in its imports, U.S. shipments of imports, or inventories of barium carbonate in the future if the antidumping duty order on barium carbonate from China were to be revoked. The following are quotations from the responses of U.S. importers.

* * * * * * *

U.S. PURCHASERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE COUNTERVAILING DUTY AND/OR ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION

The Commission asked U. S. purchasers to identify and discuss any improvements/changes in the U.S. barium carbonate industry since 2008 and explain the factors that were responsible for each improvement/change. Their responses are as follows.

* * * * * * *

The Commission asked U. S. purchasers to discuss any improvements/changes that they anticipate in the future in the U.S. barium carbonate industry, and identify the time period and causes for these improvements/changes. Their responses are as follows.

* * * * * * *

The Commission asked U. S. purchasers to discuss the likely effects of any revocation of the antidumping duty order for imports of barium carbonate from China. Their responses with respect to any potential effects of revocation of the antidumping duty order on (1) the future activities of the individual firm and (2) the U.S. market as a whole are as follows.

(1) the future activities of the individual firm

* * * * * * *

(2) the U.S. market as a whole

* * * * * * *

FOREIGN PRODUCER'S COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION

The Commission requested foreign producers to describe any changes in the character of their operations or organizations relating to the production of barium carbonate in the future if the antidumping duty order barium carbonate from China were to be revoked. The following are quotations from the responses of foreign producers.

* * * * * * *

The Commission requested foreign producers to describe the significance of the antidumping duty order covering imports of barium carbonate from China in terms of its effect on their firm's production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of barium carbonate in the future. The following are quotations from the responses of foreign producers.

* * * * * * *

The Commission requested foreign producers to describe any changes in its production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of barium carbonate in the future if the antidumping duty order on barium carbonate from China were to be revoked. The following are quotations from the responses of foreign producers.

* * * * * * *

APPENDIX E

THE U.S. INDUSTRY'S FINANCIAL RESULTS WITH INPUT ADJUSTMENT FOR RELATED PARTY PROFIT OR LOSS

Table E-1
Barium carbonate: Results of operations of U.S. producer, 2008-13 January-June 2013, and January-June 2014

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Table E-2
Barium carbonate: Variance analysis on the operations of U.S. producer, 2008-13, January-June 2013, and January-June 2014

* * * * * * *